

Erste Bank a.d. Novi Sad

Basel 2 Pillar III disclosure of data and information as at 30 June 2015

September 2015

GENERAL INFORMATION

ERSTE BANK A.D. NOVI SAD

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1. INTRODUCTION

Erste Bank a.d. Novi Sad (hereinafter referred as "the Bank"), member of Erste Bank Group, prepared Disclosure Report on data and information (hereinafter referred as "Disclosure Report" or "Report") as at 30 June 2015.

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, 91/2010 and 14/2015) and according to National Bank of Serbia Decision on Disclosure of Data and Information by Banks ("Official Gazette of the Republic of Serbia", no. 125/2014 and 4/2015).

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.

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).

2. CAPITAL AND CAPITAL ADEQUACY

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 and 51/2014) on calculating the regulatory capital.

In accordance with the Decision on Disclosure of Data and Information, information on Bank's capital and capital adequacy is further provided in the following insets:

- Form PI-PAK (Inset 1) - the detailed structure of the regulatory capital of the Bank as at 31 December 2014 (with references to the position of the balance sheet assets set out in Inset 3 provided);
- Form PI-FIKAP (Inset 2) - data on main features of financial instruments included in calculation of Bank's capital;
- Form PI-UPK (Inset 3) - the balance sheet of the Bank, prepared in accordance with IAS / IFRS standards with breakdown and references to items enabling link to the positions included in Capital reports prepared in accordance with the decision on reporting on capital adequacy of banks (Inset 1);
- Form PI-AKB (Inset 4) - overview of capital requirements calculated as at 30 June 2015.

Inset 1 - Form PI-KAP**Data on Bank's capital position**

(RSD thousand)

No	Item	Amount	Data source reference to Inset 3
I	TOTAL CORE CAPITAL	11,809,828	
1.	CORE CAPITAL BEFORE DEDUCTIONS	14,589,923	
1.1.	Nominal value of paid-in shares, except cumulative preferential shares	10,040,000	a
1.2.	Share premium	124,475	b
1.3.	Reserves from profit	4,425,448	v
1.4.	Retained earnings from previous years		g
1.5.	Profit of the current year		d
1.6.	Minority participations in subordinate companies		đ
1.7.	Other positive consolidated reserves		e
2.	DEDUCTIBLES FROM CORE CAPITAL	2,780,094	
2.1.	Losses from previous years		ž
2.2.	Loss of the current year		z
2.3.	Intangible assets	307,273	i
2.4.	Acquired own shares, except cumulative preferential shares		j
2.5.	Amount of shares received in pledge, except cumulative preferential shares		k
2.6.	Regulatory value adjustments:	2,472,821	
2.6.1.	Unrealised losses on securities available for sale	4,104	l
2.6.2.	Other net negative revaluation reserves		lj
2.6.3.	Gains on bank liabilities measured at fair value due to the change in bank's credit rating		m
2.6.4.	Required reserve from profit for estimated losses on balance-sheet assets and off-balance sheet items of the bank	2,468,717	
2.7.	Other negative consolidated reserves		n
II	TOTAL SUPPLEMENTARY CAPITAL	1,261,551	
1.	SUPPLEMENTARY CAPITAL BEFORE DEDUCTIONS	1,261,551	
1.1.	Par value of paid in cumulative preferential shares		nj
1.2.	Share premium on cumulative preferential shares		o
1.3.	Part of revaluation reserves of the bank	72,738	p
1.4.	Hybrid instruments		r
1.5.	Subordinated liabilities	1,188,813	s
1.6.	Overallocation of impairment allowances, provisions and required reserves from profit relative to expected losses		
2.	DEDUCTIBLES FROM SUPPLEMENTARY CAPITAL	0	
2.1.	Acquired own cumulative preferential shares		t
2.2.	Receivables in respect of balance-sheet assets and off-balance sheet items of the bank secured by a hybrid instrument or subordinated liability		
2.3.	Amount of cumulative preferential shares received in pledge		ć
2.4.	Amount of capital in excess of limitations on supplementary capital		
III	TOTAL CAPITAL	12,977,819	
1.	TOTAL CAPITAL BEFORE DEDUCTIONS	13,071,379	
2.	DEDUCTIBLES FROM CAPITAL	93,560	
	Of which reduction in core capital	46,780	
	Of which reduction in supplementary capital	46,780	
2.1.	Direct or indirect investment in banks and other financial sector entities that exceed 10% of the capital of such banks and/or other financial sector entities	93,560	(u+f+h)
2.2.	Investment in hybrid instruments and subordinated liabilities of other banks and financial sector entities in which the bank has direct or indirect investment that exceeds 10% of the capital of such entities		
2.3.	Total amount of direct and indirect investment in banks and other financial sector entities in the amount of up to 10% of their capital, as well as investment in their hybrid instruments and subordinated liabilities that exceeds 10% of the sum of core and supplementary capital of the bank for which the calculation of capital is made		
2.4.	The amount by which qualified participation in non-financial sector entities has been exceeded		
2.5.	Underallocation of impairment allowances, provisions and required reserves from profit relative to expected losses		
2.6.	The amount of exposure to free deliveries if the counterparty failed to fulfil its obligation within four working days		
2.7.	Receivables from and potential liabilities toward entities related to a bank or employees in the bank which the bank has negotiated under the terms that are more favourable than the terms negotiated with other parties		
IV	NOTES		
	Positive/negative difference between total impairment allowances for balance sheet assets, provisions for losses on off-balance sheet items and required reserves from profit on the one hand, and total estimated losses under IRB approach on the other		
	Amount of impairment allowances, provisions and required reserves from bank's profit		
	Of which on a group basis		
	Of which on an individual basis		
	Amount of expected losses under IRB approach		
	Gross amount of subordinated liabilities	1,933,113	

Inset 2 - Form PI-FIKAP**Main features of financial instruments included in calculation of Bank's capital**

No.	Instrument features	The share capital of the Bank	The subordinated loan granted by Erste Group Bank AG, Vienna	The subordinated loan granted by Erste GCIB Finance I B.V., Amsterdam
1.	Issuer	Erste Bank ad Novi Sad	Erste Bank ad Novi Sad	Erste Bank ad Novi Sad
2.	Treatment as per legislation			
2.1.	Treatment as per the Decision on Capital Adequacy of Banks	Core capital instrument	Supplementary capital instrument	Supplementary capital instrument
2.2.	Individual/group/individual and group level of inclusion of instrument in capital on group level	Individual and group	Individual and group	Individual and group
2.3.	Type of instrument	Ordinary shares	Subordinated debt issued in the form of financial instrument	Subordinated debt issued in the form of financial instrument
3.	Amount recognised for the purpose of calculating regulatory capital (in RSD thousand, as at the last reporting date)	Amount of 10,164,474 thousand RSD is recognized for the purposes of calculating regulatory capital (nominal value plus share premium in the amount of 124,474 thousand RSD).	Not included in the calculation of regulatory capital (in accordance with the provisions of the Capital Adequacy Decision), since less than a year remains until maturity date.	Amount of 1,188,813 thousand RSD recognised as supplementary capital. This amount is calculated by applying the appropriate reduction weights for commitments in the last five years before maturity (cumulative 20% per year) in accordance with the Capital
4.	Nominal value of instrument	10,040,000 thousand RSD	Value as at 30.06.2015 was EUR 1,028,571 . (initial value was EUR 10,800,000)	EUR 15,000,000
5.	Accounting classification	Share capital	Liability – depreciated amount	Liability – depreciated amount
6.	Initial date of issuance of instrument	August 2005 (date of acquisition of Novosadska banka a.d by members of Erste Group shown)	20.12.2005	27.12.2011
7.	Instrument with or with no maturity date.	No maturity date	maturity date	maturity date
7.1.	Original maturity	No maturity date	20.12.2015	27.12.2021
8.	Does the issuer have call option	No	No	No
8.1.	First day of activating call option right activation	-	-	-
8.2.	Subsequent dates of call option activation (if applicable)	-	-	-
9.	Coupons/dividends		referring to interest on subordinated loan	referring to interest on subordinated loan
9.1.	Fixed or variable dividends/coupons	Variable	Variable	Variable
9.2.	Full, partial or no discretion regarding the time of payment of dividends/coupons	Full discretion	No discretion	No discretion
9.3.	Full, partial or no discretion regarding the amount of dividends/coupons	Full discretion	No discretion	No discretion
9.4.	Step up option	No	No	No
9.5.	Non-cumulative or cumulative dividends/coupons	Non-cumulative	Non-cumulative	Non-cumulative
10.	Convertible or non-convertible instrument	Non-convertible	Non-convertible	Non-convertible
10.1.	If convertible, terms under which conversion may take place	-	-	-
10.2.	If it is convertible, specify if it is partially or fully convertible	-	-	-
10.3.	If it is convertible, rate of conversion.	-	-	-
10.4.	If it is convertible, mandatory or voluntary conversion	-	-	-
10.5.	If it is convertible, specify instrument to which it is converted.	-	-	-
10.6.	If it is convertible, the issuer of the instrument to which it is converted.			
11.	Write-off option	No	No	No
11.1.	If there is write-off option, specify terms under which the write-off may take place.	-	-	-
11.2.	If there is write-off option, specify if partial or full	-	-	-
11.3.	If there is write-off option, specify if temporary or permanent write-off	-	-	-
11.4.	If the write-off is temporary,specify terms of re-recognition	-	-	-
12.	Type of an instrument which will be paid off directly before the said instrument during liquidation	Subordinated debt issued in the form of financial instrument	Other	Other

Inset 3 - Form PI-UPK

Breakdown of elements in the Bank's Balance Sheet and references to positions included in regulatory capital (Inset 1)

Designation of item	Item	Balance sheet	References
A	ASSETS		
A.I	Cash and assets with the central bank	17,609,928	
A.II	Pledged financial assets		
A.III	Financial assets recognised at fair value through income statement and held for trading	6,543,145	
A.IV	Financial assets initially recognised at fair value through income statement		
A.V	Financial assets available for sale	3,716,514	
A.VI	Financial assets held to maturity	6,416,250	
A.VII	Loans and receivables from banks and other financial organisations	3,194,220	
A.VIII	Loans and receivables from clients	63,604,364	
A.IX	Change in fair value of hedged items		
A.X	Receivables arising from hedging derivatives		
A.XI	Investments in associated companies and joint ventures		
	<i>Of which direct or indirect investments in banks and other financial sector entities</i>		u
A.XII	Investments into subsidiaries	93,560	
	<i>Of which direct or indirect investments in banks and other financial sector entities</i>	93,560	f
A.XIII	Intangible assets	307,273	i
A.XIV	Property, plant and equipment	671,157	
A.XV	Investment property	240,973	
A.XVI	Current tax assets	2,673	
A.XVII	Deferred tax assets	210,513	
A.XVIII	Non-current assets held for sale and discontinued operations		
A.XIX	Other assets	499,789	
	<i>Of which direct or indirect investment in banks and other financial sector entities that exceed 10% of the capital of such banks and/or other financial sector entity</i>		h
A.XX	TOTAL ASSETS (AOP items from 0001 to 0019 in the balance sheet)	103,110,359	
P	LIABILITIES		
PO	LIABILITIES		
PO.I	Financial liabilities recognised at fair value through income statement and held for trading	48,393	
PO.II	Financial liabilities initially recognised at fair value through income statement		
PO.III	Liabilities arising from hedging derivatives		
PO.IV	Deposits and other liabilities to banks, other financial organisations and central bank	20,363,539	
PO.V	Deposits and other liabilities to other clients	64,158,102	
PO.VI	Change in fair value of hedged items		
PO.VII	Own securities issued and other borrowings		
	<i>Of which liabilities arising from hybrid instruments</i>		r
PO.VIII	Subordinated liabilities	1,933,735	
	<i>Of which subordinated liabilities included in bank's supplementary capital</i>	1,188,813	s
PO.IX	Provisions	493,922	
PO.X	Liabilities under assets held for sale and discontinued operations		
PO.XI	Current tax liabilities		
PO.XII	Deferred tax liabilities		
PO.XIII	Other liabilities	697,350	
PO.XIV	TOTAL LIABILITIES (AOP items from 0401 to 0413 in the balance sheet)	87,695,041	
	CAPITAL		
PO.XV	Share capital	10,164,475	
	<i>Of which nominal value of paid-in shares, except cumulative preferential shares</i>	10,040,000	a
	<i>Of which share premium on share capital, except cumulative preferential shares</i>	124,475	b
	<i>Of which nominal value of cumulative preferential shares</i>		nj
	<i>Of which share premium on cumulative preferential shares</i>		o
PO.XVI	Own shares		
	<i>Of which acquired own shares, except cumulative preferential shares</i>		j
	<i>Of which acquired own cumulative preferential shares</i>		t
PO.XVII	Profit	742,338	
	<i>Of which retained earnings from previous years</i>		g
	<i>Of which profit of the current year</i>	742,338	
	<i>Of which profit of the current year for which the General Assembly of the Bank adopted a decision on allocation to the core capital</i>		d
PO.XVIII	Loss		
	<i>Of which losses from previous years</i>		ž
	<i>Of which loss in the current year</i>		z
PO.XIX	Reserves	4,508,505	
	<i>Of which reserves from profit which represent element of core capital</i>	4,425,448	v
	<i>Of which other positive consolidated reserves</i>		e
	<i>Of which other negative consolidated reserves</i>		n
	<i>Of which other net negative revaluation reserves</i>		lj
	<i>Of which gains on bank liabilities measured at fair value due to the change in bank's credit rating</i>		m
	<i>Of which positive revaluation reserves created on the basis of effects of changes in fair value of fixed assets, securities and other assets which are, in accordance with IFRS/IAS, credited to these reserves.</i>	72,738	p
	<i>Of which unrealised losses on securities available for sale</i>	4,104	l
	<i>Of which actuarial gains</i>	11,683	
	<i>Of which tax liabilities</i>	2,740	
PO.XX	Unrealised losses		
PO.XXI	Non-controlling participation		
	<i>Of which minority participation in subordinated companies</i>		d
PO.XXII	TOTAL CAPITAL (result of adding up and/or subtracting the following balance sheet items: 0415-0416+0417-0418+0419+0420) ≥ 0	15,415,318	
PO.XXIII	TOTAL CAPITAL SHORTFALL (result of adding up and/or subtracting the following balance sheet items: 0415-0416+0417-0418+0419+0420) < 0		
PO.XXIV	TOTAL LIABILITIES (result of adding up and/or subtracting the following balance sheet items: 0414+0421-0422)	103,110,359	
B.Π.	OFF-BALANCE SHEET ITEMS		
B.Π.A.	Off-balance sheet assets	134,008,894	
	<i>Of which amount of shares received in pledge, except cumulative preferential shares</i>		k
	<i>Of which amount of cumulative preferential shares received in pledge</i>		č
B.Π.Π.	Off-balance sheet liabilities	134,008,894	

Inset 4 - Form PI-AKB**Bank's total capital requirements and capital adequacy ratio**

(RSD thousand)

No	Name	Amount	Coverage by core capital	Coverage by supplementary capital
		1	2	3
I	CAPITAL	12,977,819		
1.	TOTAL CORE CAPITAL	11,763,048		
2.	TOTAL SUPPLEMENTARY CAPITAL	1,214,771		
II	CAPITAL REQUIREMENTS	7,807,602		
1.	CAPITAL REQUIREMENTS FOR CREDIT RISK, COUNTERPARTY RISK AND SETTLEMENT/DELIVERY RISK IN CASE OF FREE DELIVERIES	6,654,202	6,654,202	
1.1.	Standardised approach (SA)	55,451,686		
1.1.1.	Exposures to central governments and central banks	0		
1.1.2.	Exposures to territorial autonomies and local self-government units	567,291		
1.1.3.	Exposures to public administrative bodies	12,917		
1.1.4.	Exposures to multilateral development banks	0		
1.1.5.	Exposures to international organisations	0		
1.1.6.	Exposures to banks	931,052		
1.1.7.	Exposures to corporates	32,606,786		
1.1.8.	Retail exposures	15,111,238		
1.1.9.	Exposures secured by real estate collateral	4,397,609		
1.1.10.	Past due items	327,017		
1.1.11.	High-risk exposures	0		
1.1.12.	Exposures in the form of covered bonds	0		
1.1.13.	Exposures in the form of open-end investment funds	0		
1.1.14.	Other exposures	1,497,776		
1.2.	Internal Ratings Based Approach (IRB)			
1.2.1.	Exposures to central governments and central banks			
1.2.2.	Exposures to banks			
1.2.3.	Exposures to corporates			
1.2.4.	Retail exposures			
1.2.4.1.	Retail exposures secured by real estate collateral			
1.2.4.2.	Qualifying revolving retail exposures			
1.2.4.3.	Other retail exposures			
1.2.5.	Equity exposures			
1.2.5.1.	Approach applied:			
1.2.5.1.1.	Simple Risk Weight Approach			
1.2.5.1.2.	PD/LGD Approach			
1.2.5.1.3.	Internal Models Approach			
1.2.5.2.	Types of equity exposures			
1.2.5.2.1.	Exchange traded equity exposures			
1.2.5.2.2.	Non-exchange traded equity exposures in sufficiently diversified portfolios			
1.2.5.2.3.	Other equity exposures			
1.2.5.2.4.	Equity exposures to which a bank applied Standardised Approach to credit risk			
1.2.6.	Exposures to other assets			
2	CAPITAL REQUIREMENTS FOR SETTLEMENT/DELIVERY RISK ARISING FROM UNSETTLED TRANSACTIONS	0	0	
3	CAPITAL REQUIREMENTS FOR MARKET RISKS	193,372	193,372	
3.1.	Capital requirements for price, foreign exchange and commodity risks calculated under standardised approaches	193,372	193,372	
3.1.1.	Capital requirements for price risk arising from debt securities	96,187	96,187	
3.1.2.	Capital requirements for price risk arising from equity securities	0	0	
3.1.3.	Capital requirements for foreign exchange risk	97,185	97,185	
3.1.4.	Capital requirements for commodity risk			
3.2.	Capital requirements for price, foreign exchange and commodity risks calculated under the Internal Models Approach			
4	CAPITAL REQUIREMENTS FOR OPERATIONAL RISK	960,028	960,028	
4.1.	Capital requirements for operational risk calculated under the Basic Indicator Approach	960,028	960,028	
4.2.	Capital requirements for operational risk calculated under the Standardised Approach			
4.3.	Capital requirements for operational risk calculated under the Advanced Approach			
5	COVERAGE OF CAPITAL REQUIREMENTS	7,807,602	7,807,602	
III	CAPITAL ADEQUACY RATIO (%)	19.95		

3. CREDIT RISK MITIGATION QUANTITATIVE DISCLOSURES

The table below presents net exposure before and after the use of credit protection for every level of credit quality.

Exposure class	Risk weight band	RSD '000	
		Net Exposure*	Exposure* after CRM
Central Governments and Central Banks	0%	17,802,229	21,666,237
Local Governments and Local Authorities	50%	1,389,721	1,389,721
Public Administrative Bodies	100%	12,917	12,917
Institutions	20%	2,623,808	2,647,569
	50%	612,442	612,442
	100%	243,832	243,832
	150%	22	22
Corporates	100%	42,885,946	37,754,596
Retail	75%	21,265,757	20,993,448
	100%	337,043	325,970
Exposures secured by residential property	35%	7,203,783	7,203,783
	100%	1,934,880	1,934,880
Past due exposures	100%	232,857	232,685
	150%	63,030	63,030
Other items	0%	10,176,346	10,176,346
	20%	58,297	58,297
	100%	1,503,979	1,495,200
Total		108,346,890	106,810,975

* Without items for which there can be no payments

Table 1: Net 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 2015:

Exposure class	RSD '000		
	Net Exposure*	Guarantees*	Cash deposit
Central Governments and Central Banks	17,802,229	-	-
Local Governments and Local Authorities	1,389,721	-	-
Public Administrative Bodies	12,917	-	-
Institutions	3,480,104	-	-
Shares in Investment Funds	-	-	-
Corporates	42,885,946	3,887,770	1,243,581
Retail	21,602,800	-	283,383
Exposures secured by residential property	9,138,663	-	-
Past due exposures	295,887	-	172
Other items	11,738,623	-	8,779
Total	108,346,890	3,887,770	1,535,915

* Without items for which there can be no payments

*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.

Table 2: Net exposure and CRM by type of CRM instrument

4. BANKING GROUP

Starting from 2014, the Bank became a parent company in the Banking Group consisting of Erste Bank ad Novi Sad and Financial Leasing Company S-Leasing doo, Belgrade.

The Bank prepares consolidated financial statements in accordance with International Financial Reporting Standards as well as consolidated reports in accordance with the NBS Decision on Consolidated Supervision of Banking Group.

For both purposes, consolidation is performed by applying full consolidation method for the subsidiary S-Leasing.

In accordance with the NBS Decision on Disclosure of Data and Information by banks, information on Banking Group consolidated capital as at 30 June 2015, is further provided in the following insets:

- Form PI-PAK (Inset cons. 1) - the detailed structure of the regulatory capital on consolidated basis (with references to the position of the consolidated balance sheet assets set out in Inset cons 3 provided);
- Form PI-FIKAP (Inset cons. 2) - data on main features of financial instruments included in calculation of Banking Group regulatory capital;
- Form PI-UPK (Inset cons. 3) - consolidated balance sheet of the Banking group (prepared in accordance with IAS / IFRS standards) with breakdown and references to items enabling link to the positions included in Consolidated Capital report prepared in accordance with the Decision on reporting on capital adequacy of banks (Inset cons. 1);
- Form PI-AKB (Inset cons. 4) – overview of Capital Requirement calculated on consolidated basis.

Inset cons. 1 - Form PI-KAP

Consolidated data on capital position of the Banking group

(RSD thousand)

No	Item	Amount	Reference to Inset cons. 3
I	TOTAL CORE CAPITAL	11,886,149	
1.	CORE CAPITAL BEFORE DEDUCTIONS	14,668,763	
1.1.	Nominal value of paid-in shares, except cumulative preferential shares	10,040,000	a
1.2.	Share premium	124,475	b
1.3.	Reserves from profit	4,425,448	v
1.4.	Retained earnings from previous years	0	g
1.5.	Profit of the current year	0	d
1.6.	Minority participations in subordinate companies	43,100	d
1.7.	Other positive consolidated reserves	35,740	e
2.	DEDUCTIBLES FROM CORE CAPITAL	2,782,613	
2.1.	Losses from previous years	0	ž
2.2.	Loss of the current year	0	z
2.3.	Intangible assets	309,792	i
2.4.	Acquired own shares, except cumulative preferential shares	0	j
2.5.	Amount of shares received in pledge, except cumulative preferential shares	0	k
2.6.	Regulatory value adjustments:	2,472,821	
2.6.1.	Unrealised losses on securities available for sale	4,104	l
2.6.2.	Other net negative revaluation reserves	0	lj
2.6.3.	Gains on bank liabilities measured at fair value due to the change in bank's credit rating	0	m
2.6.4.	Required reserve from profit for estimated losses on balance-sheet assets and off-balance sheet items of the bank	2,468,717	
2.7.	Other negative consolidated reserves	0	n
II	TOTAL SUPPLEMENTARY CAPITAL	1,261,551	
1.	SUPPLEMENTARY CAPITAL BEFORE DEDUCTIONS	1,261,551	
1.1.	Par value of paid in cumulative preferential shares	0	nj
1.2.	Share premium on cumulative preferential shares	0	o
1.3.	Part of revaluation reserves of the bank	72,738	p
1.4.	Hybrid instruments	0	r
1.5.	Subordinated liabilities	1,188,813	s
1.6.	Over-allocation of impairment allowances, provisions and required reserves from profit relative to expected losses	0	
2.	DEDUCTIBLES FROM SUPPLEMENTARY CAPITAL	0	
2.1.	Acquired own cumulative preferential shares	0	t
2.2.	Receivables in respect of balance-sheet assets and off-balance sheet items of the bank secured by a hybrid instrument or subordinated liability	0	
2.3.	Amount of cumulative preferential shares received in pledge	0	ć
2.4.	Amount of capital in excess of limitations on supplementary capital	0	
III	TOTAL CAPITAL	13,147,700	
1.	TOTAL CAPITAL BEFORE DEDUCTIONS	13,147,700	
2.	DEDUCTIBLES FROM CAPITAL	0	
	Of which reduction in core capital	0	
	Of which reduction in supplementary capital	0	
2.1.	Direct or indirect investment in banks and other financial sector entities that exceed 10% of the capital of such banks and/or other financial sector entities	0	(u+f+h)
2.2.	Investment in hybrid instruments and subordinated liabilities of other banks and financial sector entities in which the bank has direct or indirect investment that exceeds 10% of the capital of such entities	0	
2.3.	Total amount of direct and indirect investment in banks and other financial sector entities in the amount of up to 10% of their capital, as well as investment in their hybrid instruments and subordinated liabilities that exceeds 10% of the sum of core and supplementary capital of the bank for which the calculation of capital is made	0	
2.4.	The amount by which qualified participation in non-financial sector entities has been exceeded	0	
2.5.	Under-allocation of impairment allowances, provisions and required reserves from profit relative to expected losses	0	
2.6.	The amount of exposure to free deliveries if the counterparty failed to fulfil its obligation within four working days	0	
2.7.	Receivables from and potential liabilities toward entities related to a bank or employees in the bank which the bank has negotiated under the terms that are more favourable than the terms negotiated with other parties	0	
IV	NOTES	0	
	Positive/negative difference between total impairment allowances for balance sheet assets, provisions for losses on off-balance sheet items and required reserves from profit on the one hand, and total estimated losses under IRB approach on the other	0	
	Amount of impairment allowances, provisions and required reserves from bank's profit	0	
	Of which on a group basis	0	
	Of which on an individual basis	0	
	Amount of expected losses under IRB approach	0	
	Gross amount of subordinated liabilities	1,933,113	

Inset cons. 2 - Form PI-FIKAP consolidated**Main features of financial instruments included in calculation of Bank's capital on consolidated basis**

No.	Instrument features	The share capital of the Bank	The subordinated loan granted by Erste Group Bank AG, Vienna	The subordinated loan granted by Erste GCIB Finance I.B.V., Amsterdam	Minority interest in a subsidiary S-Leasing
1.	Issuer	Erste Bank ad Novi Sad	Erste Bank ad Novi Sad	Erste Bank ad Novi Sad	S-Leasing doo Beograd
2.	Treatment as per legislation				
2.1.	Treatment as per the Decision on Capital Adequacy of Banks	Core capital instrument	Supplementary capital instrument	Supplementary capital instrument	Core capital instrument
2.2.	Individual/group/individual and group level of inclusion of instrument in capital on group level	Individual and group	Individual and group	Individual and group	Group
2.3.	Type of instrument	Ordinary shares	Subordinated debt issued in the form of financial instrument	Subordinated debt issued in the form of financial instrument	Minority participations
3.	Amount recognised for the purpose of calculating regulatory capital (in RSD thousand, as at the last reporting date)	Amount of 10,164,474 thousand RSD is recognized for the purposes of calculating regulatory capital (nominal value plus share premium in the amount of 124,474 thousand RSD).	Not included in the calculation of regulatory capital (in accordance with the provisions of the Capital Adequacy Decision), since less than a year remains until maturity date.	Amount of 1,188,813 thousand RSD recognised as supplementary capital. This amount is calculated by applying the appropriate reduction weights for commitments in the last five years before maturity (cumulative 20% per year) in accordance with the Capital	Minority interest in the capital (25%) is recognised in total amount of 43,100 thousand RSD (includes share capital, retained earnings from previous years and the deduction for losses in the current year).
4.	Nominal value of instrument	10,040,000 thousand RSD	Value as at 30.06.2015 was EUR 1,028,571 . (initial value was EUR 10,800,000)	EUR 15,000,000	The total paid up capital amounts to 60.455 thousand RSD, of which 25% are in the minority participation.
5.	Accounting classification	Share capital	Liability – depreciated amount	Liability – depreciated amount	Minority participations
6.	Initial date of issuance of instrument	August 2005 (date of acquisition of Novosadska banka a.d by members of Erste Group shown)	20.12.2005	27.12.2011	15.01.2014 (date when Erste Bank ad Novi Sad acquired 75% share in capital of S-Leasing shown)
7.	Instrument with or with no maturity date.	No maturity date	maturity date	maturity date	No maturity date
7.1.	Original maturity	No maturity date	20.12.2015	27.12.2021	No maturity date
8.	Does the issuer have call option	No	No	No	No
8.1.	First day of activating call option right activation	-	-	-	-
8.2.	Subsequent dates of call option activation (if applicable)	-	-	-	-
9.	Coupons/dividends		referring to interest on subordinated loan	referring to interest on subordinated loan	
9.1.	Fixed or variable dividends/coupons	Variable	Variable	Variable	Variable
9.2.	Full, partial or no discretion regarding the time of payment of dividends/coupons	Full discretion	No discretion	No discretion	Full discretion
9.3.	Full, partial or no discretion regarding the amount of dividends/coupons	Full discretion	No discretion	No discretion	Full discretion
9.4.	Step up option	No	No	No	No
9.5.	Non-cumulative or cumulative dividends/coupons	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
10.	Convertible or non-convertible instrument	Non-convertible	Non-convertible	Non-convertible	Non-convertible
10.1.	If convertible, terms under which conversion may take place	-	-	-	-
10.2.	If it is convertible, specify if it is partially or fully convertible	-	-	-	-
10.3.	If it is convertible, rate of conversion.	-	-	-	-
10.4.	If it is convertible, mandatory or voluntary conversion	-	-	-	-
10.5.	If it is convertible, specify instrument to which it is converted.	-	-	-	-
10.6.	If it is convertible, the issuer of the instrument to which it is converted.	-	-	-	-
11.	Write-off option	No	No	No	No
11.1.	If there is write-off option, specify terms under which the write-off may take place.	-	-	-	-
11.2.	If there is write-off option, specify if partial or full	-	-	-	-
11.3.	If there is write-off option, specify if temporary or permanent write-off	-	-	-	-
11.4.	If the write-off is temporary,specify terms of re-recognition	-	-	-	-
12.	Type of an instrument which will be paid off directly before the said instrument during liquidation	Minority participations	Other	Other	Subordinated debt issued in the form of financial instrument

Inset cons. 3 - Form PI-UPK consolidated

Breakdown of elements in the consolidated Balance Sheet with references to Capital positions in form PI-KAP
(Inset cons. 1)

Designation of item	Item	Balance sheet	References
A	ASSETS		
A.I	Cash and assets with the central bank	17,609,928	
A.II	Pledged financial assets		
A.III	Financial assets recognised at fair value through income statement and held for trading	6,543,145	
A.IV	Financial assets initially recognised at fair value through income statement		
A.V	Financial assets available for sale	3,716,514	
A.VI	Financial assets held to maturity	6,416,250	
A.VII	Loans and receivables from banks and other financial organisations	3,194,160	
A.VIII	Loans and receivables from clients	66,990,719	
A.IX	Change in fair value of hedged items		
A.X	Receivables arising from hedging derivatives		
A.XI	Investments in associated companies and joint ventures	118	
	<i>Of which direct or indirect investments in banks and other financial sector entities</i>		u
A.XII	Investments into subsidiaries		
	<i>Of which direct or indirect investments in banks and other financial sector entities</i>		f
A.XIII	Intangible assets	309,792	i
A.XIV	Property, plant and equipment	678,616	
A.XV	Investment property	240,973	
A.XVI	Current tax assets	20,863	
A.XVII	Deferred tax assets	210,553	
A.XVIII	Non-current assets held for sale and discontinued operations	698	
A.XIX	Other assets	520,414	
	<i>Of which direct or indirect investment in banks and other financial sector entities that exceed 10% of the capital of such banks and/or other financial sector entity</i>		h
A.XX	TOTAL ASSETS (AOP items from 0001 to 0019 in the balance sheet)	106,452,743	
P	LIABILITIES		
PO	LIABILITIES		
PO.I	Financial liabilities recognised at fair value through income statement and held for trading	48,393	
PO.II	Financial liabilities initially recognised at fair value through income statement		
PO.III	Liabilities arising from hedging derivatives		
PO.IV	Deposits and other liabilities to banks, other financial organisations and central bank	23,581,468	
PO.V	Deposits and other liabilities to other clients	64,158,102	
PO.VI	Change in fair value of hedged items		
PO.VII	Own securities issued and other borrowings		
	<i>Of which liabilities arising from hybrid instruments</i>		r
PO.VIII	Subordinated liabilities	1,933,735	
	<i>Of which subordinated liabilities included in bank's supplementary capital</i>	1,188,813	s
PO.IX	Provisions	508,673	
PO.X	Liabilities under assets held for sale and discontinued operations		
PO.XI	Current tax liabilities		
PO.XII	Deferred tax liabilities		
PO.XIII	Other liabilities	720,740	
PO.XIV	TOTAL LIABILITIES (AOP items from 0401 to 0413 in the balance sheet)	90,951,111	
	CAPITAL		
PO.XV	Share capital	10,164,475	
	<i>Of which nominal value of paid-in shares, except cumulative preferential shares</i>	10,040,000	a
	<i>Of which share premium on share capital, except cumulative preferential shares</i>	124,475	b
	<i>Of which nominal value of cumulative preferential shares</i>		nj
	<i>Of which share premium on cumulative preferential shares</i>		o
PO.XVI	Own shares		
	<i>Of which acquired own shares, except cumulative preferential shares</i>		j
	<i>Of which acquired own cumulative preferential shares</i>		t
PO.XVII	Profit	783,684	
	<i>Of which retained earnings from previous years (Erste Bank)</i>		g
	<i>Of which profit of the current year</i>	747,944	
	<i>Of which profit of the current year for which the General Assembly of the Bank adopted a decision on allocation to the core capital</i>		d
	<i>Of which loss in the current year (75% S-leasing)</i>		z
	<i>Of which other positive consolidated reserves</i>	35,740	e
PO.XVIII	Loss		
	<i>Of which losses from previous years</i>		ž
PO.XIX	Reserves	4,508,505	
	<i>Of which reserves from profit which represent element of core capital</i>	4,425,448	v
	<i>Of which other negative consolidated reserves</i>		n
	<i>Of which other net negative revaluation reserves</i>		lj
	<i>Of which gains on bank liabilities measured at fair value due to the change in bank's credit rating</i>		m
	<i>Of which positive revaluation reserves created on the basis of effects of changes in fair value of fixed assets, securities and other assets which are, in accordance with IFRS/IAS, credited to these reserves.</i>	72,738	p
	<i>Of which unrealised losses on securities available for sale</i>	4,104	l
	<i>Of which actuarial gains</i>	11,683	
	<i>Of which tax liabilities</i>	2,740	
PO.XX	Unrealised losses		
PO.XXI	Non-controlling participation	44,968	
	<i>Of which minority participation in subordinated companies</i>	43,100	d
	<i>Of which minority participation related to gains of the current year</i>	1,868	
PO.XXII	TOTAL CAPITAL (result of adding up and/or subtracting the following balance sheet items: 0415-0416+0417-0418+0419+0420) ≥ 0	15,501,632	
PO.XXIII	TOTAL CAPITAL SHORTFALL (result of adding up and/or subtracting the following balance sheet items: 0415-0416+0417-0418+0419+0420) < 0		
PO.XXIV	TOTAL LIABILITIES (result of adding up and/or subtracting the following balance sheet items: 0414+0421-0422)	106,452,743	
B.Π.	OFF-BALANCE SHEET ITEMS		
B.Π.A.	Off-balance sheet assets	134,008,894	
	<i>Of which amount of shares received in pledge, except cumulative preferential shares</i>		k
	<i>Of which amount of cumulative preferential shares received in pledge</i>		č
B.Π.Π.	Off-balance sheet liabilities	134,008,894	

Inset cons. 4 - Form PI-AKB consolidated

Data on total capital requirements and capital adequacy ratio on consolidated basis

No	Name	Amount	(RSD thousand)	
			Coverage by core capital	Coverage by supplementary capital
		1	2	3
I	CAPITAL	13,147,700		
1.	TOTAL CORE CAPITAL	11,886,149		
2.	TOTAL SUPPLEMENTARY CAPITAL	1,261,551		
II	CAPITAL REQUIREMENTS	8,201,161		
1.	CAPITAL REQUIREMENTS FOR CREDIT RISK, COUNTERPARTY RISK AND SETTLEMENT/DELIVERY RISK IN CASE OF FREE DELIVERIES	7,025,828	7,025,828	
1.1.	Standardised approach (SA)	58,548,564		
1.1.1.	Exposures to central governments and central banks	0		
1.1.2.	Exposures to territorial autonomies and local self-government units	568,265		
1.1.3.	Exposures to public administrative bodies	12,917		
1.1.4.	Exposures to multilateral development banks	0		
1.1.5.	Exposures to international organisations	0		
1.1.6.	Exposures to banks	931,052		
1.1.7.	Exposures to corporates	34,684,144		
1.1.8.	Retail exposures	16,082,651		
1.1.9.	Exposures secured by real estate collateral	4,397,609		
1.1.10.	Past due items	344,011		
1.1.11.	High-risk exposures	0		
1.1.12.	Exposures in the form of covered bonds	0		
1.1.13.	Exposures in the form of open-end investment funds	0		
1.1.14.	Other exposures	1,527,914		
1.2.	Internal Ratings Based Approach (IRB)			
1.2.1.	Exposures to central governments and central banks			
1.2.2.	Exposures to banks			
1.2.3.	Exposures to corporates			
1.2.4.	Retail exposures			
1.2.4.1.	Retail exposures secured by real estate collateral			
1.2.4.2.	Qualifying revolving retail exposures			
1.2.4.3.	Other retail exposures			
1.2.5.	Equity exposures			
1.2.5.1.	Approach applied:			
1.2.5.1.1.	Simple Risk Weight Approach			
1.2.5.1.2.	PD/LGD Approach			
1.2.5.1.3.	Internal Models Approach			
1.2.5.2.	Types of equity exposures			
1.2.5.2.1.	Exchange traded equity exposures			
1.2.5.2.2.	Non-exchange traded equity exposures in sufficiently diversified portfolios			
1.2.5.2.3.	Other equity exposures			
1.2.5.2.4.	Equity exposures to which a bank applied Standardised Approach to credit risk			
1.2.6.	Exposures to other assets			
2	CAPITAL REQUIREMENTS FOR SETTLEMENT/DELIVERY RISK ARISING FROM UNSETTLED TRANSACTIONS		0	
3	CAPITAL REQUIREMENTS FOR MARKET RISKS	210,773	210,773	
3.1.	Capital requirements for price, foreign exchange and commodity risks calculated under standardised approaches	210,773	210,773	
3.1.1.	Capital requirements for price risk arising from debt securities	96,187	96,187	
3.1.2.	Capital requirements for price risk arising from equity securities	0	0	
3.1.3.	Capital requirements for foreign exchange risk	114,586	114,586	
3.1.4.	Capital requirements for commodity risk	0	0	
3.2.	Capital requirements for price, foreign exchange and commodity risks calculated under the Internal Models Approach		0	
4	CAPITAL REQUIREMENTS FOR OPERATIONAL RISK	964,560	964,560	
4.1.	Capital requirements for operational risk calculated under the Basic Indicator Approach	964,560	964,560	
4.2.	Capital requirements for operational risk calculated under the Standardised Approach	0	0	
4.3.	Capital requirements for operational risk calculated under the Advanced Approach	0	0	
5	COVERAGE OF CAPITAL REQUIREMENTS	8,201,161	8,201,161	
III	CAPITAL ADEQUACY RATIO (%)	19.24		

Novi Sad, September 2015

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