

Erste Bank a.d. Novi Sad

**Basel 2 Pillar III disclosure of data and information
as at 30 June 2016**



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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: Erste Group), prepares Disclosure Report on data and information (hereinafter referred as: Disclosure Report or Report) as at 30th June 2016. The Report is available at the Bank's website (http://www.erstebank.rs/rs/O_nama/Izvestaji). The data and/or information in this Report are presented in Republic of Serbia Dinars (hereinafter: RSD) currency and all values are rounded to the nearest thousand (RSD `000), except when otherwise indicated.

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).

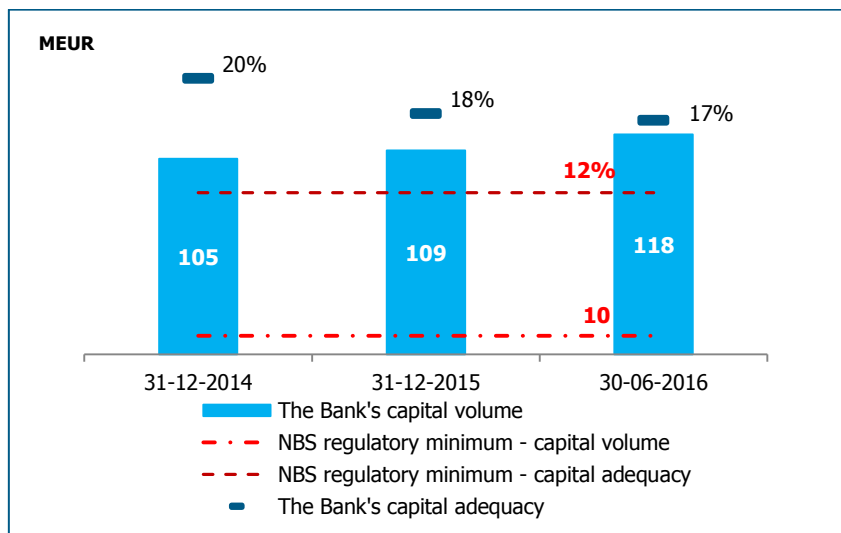
Activities that ensure correctness and adequacy of data and/or information published within the scope of the Disclosure Report are subject to an independent audit.

2. CAPITAL AND CAPITAL ADEQUACY

The Bank complied with the articles of the 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. During the reporting period, the Bank's capital has been above the required regulatory minimum.

Additionally, 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.

Abovementioned compliance with regulatory limits is illustrated in the following graph.



Graph 1: The Bank's regulatory capital and capital adequacy

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

- Form PI-KAP (Inset 1) - the detailed structure of the regulatory capital of the Bank as at 30 June 2016 (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-KAP).
- Form PI-AKB (Inset 4) - overview of capital requirements calculated as at 30 June 2016.

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	13.492.893	
1.	CORE CAPITAL BEFORE DEDUCTIONS	15.779.379	
1.1.	Par 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	5.614.904	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	2.286.486	
2.1.	Losses from previous years		ž
2.2.	Loss of the current year		z
2.3.	Intangible assets	292.723	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:	1.993.763	
2.6.1.	Unrealised losses on securities available for sale	5.003	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	1.988.760	
2.7.	Other negative consolidated reserves	0	n
II	TOTAL SUPPLEMENTARY CAPITAL	1.106.568	
1.	SUPPLEMENTARY CAPITAL BEFORE DEDUCTIONS	1.106.568	
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	225.772	p
1.4.	Hybrid instruments		r
1.5.	Subordinated liabilities	880.796	s
1.6.	Overallocation of impairment allowances, provisions and required reserves from profit relative to expected losses		
2.	DEDUCTIBLES FROM SUPPLEMENTARY CAPITAL		
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	14.505.900	
1.	TOTAL CAPITAL BEFORE DEDUCTIONS	14.599.461	
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 persons that exceed 10% of the capital of such banks and/or other financial sector persons	93.560	(u+f+h)
2.2.	Investment in hybrid instruments and subordinated liabilities of other banks and financial sector persons in which the bank has direct or indirect investment that exceeds 10% of the capital of such persons		
2.3.	Total amount of direct and indirect investment in banks and other financial sector persons 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		u
2.4.	The amount by which qualified participation in non-financial sector persons has been exceeded		f
2.5.	Underallocation of impairment allowances, provisions and required reserves from profit relative to expected losses		h
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 persons 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	1.849.859	

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
1.	Issuer	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
2.2.	Individual/group/individual and group level of inclusion of instrument in capital on group level	Individual and group	Individual and group
2.3.	Type of instrument	Ordinary shares	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 10.164.475 thousand RSD is recognized for the purposes of calculating regulatory capital (nominal value plus share premium in the amount of 124.475 thousand RSD).	Amount of 880.796 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 in accordance with the Capital Adequacy Decision.
4.	Nominal value of instrument	10.040.000 thousand RSD	EUR 15,000,000
5.	Accounting classification	Share capital	Liability – depreciated amount
6.	Initial date of issuance of instrument	1 st issue: 4.012.090 RSD 23.11.2004. 2 nd issue: 1.369.980 RSD 15.06.2006. 3 rd issue: 1.735.310 RSD 28.12.2006. 4 th issue: 2.922.620 RSD 19.12.2007.	27.12.2011
7.	Instrument with or with no maturity date	No maturity date	maturity date
7.1.	Original maturity	No maturity date	27.12.2021
8.	Does the issuer have call option	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
9.1.	Fixed or variable dividends/coupons	Variable	Variable
9.2.	Full, partial or no discretion regarding the time of payment of dividends/coupons	Full discretion	No discretion
9.3.	Full, partial or no discretion regarding the amount of dividends/coupons	Full discretion	No discretion
9.4.	Step up option	No	No
9.5.	Non-cumulative or cumulative dividends/coupons	Non-cumulative	Non-cumulative
10.	Convertible or non-convertible instrument	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
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

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
(RSD thousand)			
A	ASSETS		
A.I	Cash and assets with the central bank	15.510.031	
A.II	Pledged financial assets		
A.III	Financial assets recognised at fair value through income statement and held for trading	9.756.525	
A.IV	Financial assets initially recognised at fair value through income statement		
A.V	Financial assets available for sale	7.065.906	
A.VI	Financial assets held to maturity	6.656.826	
A.VII	Loans and receivables from banks and other financial organisations	3.157.899	
A.VIII	Loans and receivables from clients	82.594.904	
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 person persons</i>		u
A.XII	Investments into subsidiaries	93.560	
	<i>Of which direct or indirect investments in banks and other financial sector persons</i>	93.560	f
A.XIII	Intangible assets	292.723	i
A.XIV	Property, plant and equipment	711.252	
A.XV	Investment property	235.463	
A.XVI	Current tax assets	1.115	
A.XVII	Deferred tax assets	161.382	
A.XVIII	Non-current assets held for sale and discontinued operations		
A.XIX	Other assets	566.538	
	<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)	126.804.124	
P	LIABILITIES		
PO	LIABILITIES		
PO.I	Financial liabilities recognised at fair value through income statement and held for trading	58.592	
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	31.435.422	
PO.V	Deposits and other liabilities to other clients	74.925.134	
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	1.849.859	
	<i>Of which subordinated liabilities included in bank's supplementary capital</i>	880.796	s
PO.IX	Provisions	614.598	
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	760.995	
PO.XIV	TOTAL LIABILITIES (AOP items from 0401 to 0413 in the balance sheet)	109.644.600	
	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	1.125.013	
	<i>Of which retained earnings from previous years</i>		g
	<i>Of which profit of the current year</i>	1.125.013	
	<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	5.870.036	
	<i>Of which reserves from profit which represent element of core capital</i>	5.614.904	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>	225.772	p
	<i>Of which unrealised losses on securities available for sale</i>	5.003	i
	<i>Of which actuarial gains</i>	28.358	
	<i>Of which tax liabilities</i>	6.006	
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	17.159.524	
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)	126.804.124	
B.Π.	OFF-BALANCE SHEET ITEMS		
B.Π.A.	Off-balance sheet assets	155.143.581	
	<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>		ć
B.Π.Π.	Off-balance sheet liabilities	155.143.581	

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	14.505.900		
1.	TOTAL CORE CAPITAL	13.446.113		
2.	TOTAL SUPPLEMENTARY CAPITAL	1.059.788		
II	CAPITAL REQUIREMENTS	10.014.705		
1.	CAPITAL REQUIREMENTS FOR CREDIT RISK, COUNTERPARTY RISK AND SETTLEMENT/DELIVERY RISK IN CASE OF FREE DELIVERIES	8.671.036	8.671.036	
1.1.	Standardised approach (SA)	72.258.635		
1.1.1.	Exposures to central governments and central banks			
1.1.2.	Exposures to territorial autonomies and local self-government units	784.230		
1.1.3.	Exposures to public administrative bodies	11.834		
1.1.4.	Exposures to multilateral development banks			
1.1.5.	Exposures to international organisations			
1.1.6.	Exposures to banks	848.244		
1.1.7.	Exposures to corporates	46.519.261		
1.1.8.	Retail exposures	16.329.319		
1.1.9.	Exposures secured by real estate collateral	6.008.900		
1.1.10.	Past due items	282.410		
1.1.11.	High-risk exposures			
1.1.12.	Exposures in the form of covered bonds			
1.1.13.	Exposures in the form of open-end investment funds			
1.1.14.	Other exposures	1.474.437		
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			
3	CAPITAL REQUIREMENTS FOR MARKET RISKS	320.257	320.257	
3.1.	Capital requirements for price, foreign exchange and commodity risks calculated under standardised approaches	320.257	320.257	
3.1.1.	Capital requirements for price risk arising from debt securities	217.231	217.231	
3.1.2.	Capital requirements for price risk arising from equity securities	0	0	
3.1.3.	Capital requirements for foreign exchange risk	103.026	103.026	
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	1.023.412	1.023.412	
4.1.	Capital requirements for operational risk calculated under the Basic Indicator Approach	1.023.412	1.023.412	
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	10.014.705	10.014.705	
III	CAPITAL ADEQUACY RATIO (%)	17,38		

3. 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 CRM techniques, by risk weight band.

Exposure class	Risk weight band	RSD '000	
		Net Exposure*	Exposure after CRM
Central Governments and Central Banks	0%	27.280.247	30.244.016
Local Governments and Local Authorities	50%	1.762.200	1.762.200
Public Administrative Bodies	100%	11.834	11.834
Multilateral development banks	0%	0	0
Institutions	20%	3.093.325	3.093.078
	50%	709.945	709.945
	150%	57.096	57.096
	100%	15.244	15.244
Corporates	100%	57.803.778	52.566.238
Retail	75%	23.143.881	22.890.436
	100%	281.432	289.499
Exposures secured by residential property	35%	10.250.394	10.250.394
	100%	2.517.635	2.631.411
Past due exposures	100%	282.381	0
	150%	583	0
Other items	0%	2.304.630	2.304.630
	20%	911	911
	100%	1.676.047	1.631.266
Total		131.191.562	128.458.198

* Net exposure (the amount of gross book value of these positions less value adjustments and less required reserve for estimated losses) without items for which there can be no payments

Table 1: Net exposure before and after CRM per exposure class

Net exposure per exposure class is secured by the following amount of collateral type recognised as credit risk mitigation as at 30 June 2016:

Exposure class	RSD '000		
	Net Exposure*	Guarantees**	Cash deposit
Central Governments and Central Banks	27.280.247	-	-
Local Governments and Local Authorities	1.762.200	-	-
Public Administrative Bodies	11.834	-	-
Multilateral development banks	-	-	-
Institutions	3.875.609	-	246
Shares in Investment Funds	-	-	-
Corporates	57.803.778	2.963.769	2.407.816
Retail	23.425.313	-	279.622
Exposures secured by residential property	12.768.029	-	-
Past due exposures	282.964	-	308
Other items	3.981.588	-	44.789
Ukupno	131.191.562	2.963.769	2.732.781

* Net exposure (the amount of gross book value of these positions less value adjustments and less required reserve for estimated losses) 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

The Banking Group prepares consolidated reports in accordance with International Financial Reporting Standards. The Banking Group also prepares consolidated reports in accordance with the Decision on Consolidated Supervision of Banking Group (RS Official Gazette, no. 45/2011).

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 2016, is further provided in the following insets:

- Form PI-KAP (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-KAP);
- 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 Table 2 in Inset cons. 3
I	TOTAL CORE CAPITAL	13.572.092	
1.	CORE CAPITAL BEFORE DEDUCTIONS	15.860.336	
1.1.	Par 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	5.614.904	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	43.630	d
1.7.	Other positive consolidated reserves	37.328	e
2.	DEDUCTIBLES FROM CORE CAPITAL	2.288.244	
2.1.	Losses from previous years	0	ž
2.2.	Loss of the current year	0	z
2.3.	Intangible assets	294.481	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:	1.993.763	
2.6.1.	Unrealised losses on securities available for sale	5.003	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	1.988.760	
2.7.	Other negative consolidated reserves	0	n
II	TOTAL SUPPLEMENTARY CAPITAL	1.106.568	
1.	SUPPLEMENTARY CAPITAL BEFORE DEDUCTIONS	1.106.568	
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	225.772	p
1.4.	Hybrid instruments	0	r
1.5.	Subordinated liabilities	880.796	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	14.678.660	
1.	TOTAL CAPITAL BEFORE DEDUCTIONS	14.678.660	
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 persons that exceed 10% of the capital of such banks and/or other financial sector persons	0	(u+f+h)
2.2.	Investment in hybrid instruments and subordinated liabilities of other banks and financial sector persons in which the bank has direct or indirect investment that exceeds 10% of the capital of such persons	0	
2.3.	Total amount of direct and indirect investment in banks and other financial sector persons 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 persons 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 persons 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	1.849.859	

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	Minority interest in a subsidiary S-Leasing
1.	Issuer	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	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	Group
2.3.	Type of instrument	Ordinary shares	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 10.164.475 thousand RSD is recognized for the purposes of calculating regulatory capital (nominal value plus share premium in the amount of 124.475 thousand RSD).	Amount of 880.796 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 in accordance with the Capital Adequacy Decision.	Minority interest in the capital (25%) is recognised in total amount of 43.630 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	EUR 15,000,000	The total paid up capital amounts to 67.500 thousand RSD, of which 25% are in the minority participation.
5.	Accounting classification	Share capital	Liability – depreciated amount	Minority participations
6.	Initial date of issuance of instrument	1 st issue: 4.012.090 RSD 23.11.2004. 2 nd issue: 1.369.980 RSD 15.06.2006. 3 rd issue: 1.735.310 RSD 28.12.2006. 4 th issue: 2.922.620 RSD 19.12.2007.	27.12.2011	1 st issue: 6.538.920 RSD 17.06.2003. 2 nd issue: 33.716.916 RSD 29.06.2009. 3 rd issue: 4.076.256 RSD 27.09.2011. 4 th issue: 16.122.628 RSD 09.04.2013. 5 th issue: 7.045.000 RSD 13.05.2015.
7.	Instrument with or with no maturity date	No maturity date	maturity date	No maturity date
7.1.	Original maturity	No maturity date	27.12.2021	No maturity date
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	
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	Full discretion
9.3.	Full, partial or no discretion regarding the amount of dividends/coupons	Full discretion	No discretion	Full 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	Minority participations	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	15.510.041	
A.II	Pledged financial assets		
A.III	Financial assets recognised at fair value through income statement and held for trading	9.756.525	
A.IV	Financial assets initially recognised at fair value through income statement		
A.V	Financial assets available for sale	7.065.906	
A.VI	Financial assets held to maturity	6.656.826	
A.VII	Loans and receivables from banks and other financial organisations	3.195.456	
A.VIII	Loans and receivables from clients	87.080.562	
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 person persons</i>		u
A.XII	Investments into subsidiaries		
	<i>Of which direct or indirect investments in banks and other financial sector persons</i>		f
A.XIII	Intangible assets	294.481	i
A.XIV	Property, plant and equipment	717.505	
A.XV	Investment property	235.463	
A.XVI	Current tax assets	17.162	
A.XVII	Deferred tax assets	161.764	
A.XVIII	Non-current assets held for sale and discontinued operations	443	
A.XIX	Other assets	579.422	
	<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)	131.271.674	
P	LIABILITIES		
PO	LIABILITIES		
PO.I	Financial liabilities recognised at fair value through income statement and held for trading	58.592	
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	35.798.340	
PO.V	Deposits and other liabilities to other clients	74.925.134	
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	1.849.859	
	<i>Of which subordinated liabilities included in bank's supplementary capital</i>	880.796	s
PO.IX	Provisions	628.202	
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	746.657	
PO.XIV	TOTAL LIABILITIES (AOP items from 0401 to 0413 in the balance sheet)	114.006.784	
	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	1.143.134	
	<i>Of which retained earnings from previous years (Erste Bank)</i>		g
	<i>Of which profit of the current year</i>	1.143.134	
	<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
PO.XVIII	Loss		
	<i>Of which losses from previous years</i>		ž
PO.XIX	Reserves	5.907.550	
	<i>Of which reserves from profit which represent element of core capital</i>	5.614.904	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>	225.772	p
	<i>Of which unrealised losses on securities available for sale</i>	5.003	l
	<i>Of which other positive consolidated reserves</i>	37.328	e
	<i>Of which actuarial gains</i>	28.543	
	<i>Of which tax liabilities</i>	6.006	
PO.XX	Unrealised losses		
PO.XXI	Non-controlling participation	49.732	
	<i>Of which minority participation in subordinated companies</i>	43.630	d
	<i>Of which minority interests relating to the profit for the year</i>	6.102	
PO.XXII	TOTAL CAPITAL (result of adding up and/or subtracting the following balance sheet items: 0415-0416+0417-0418+0419-0420+0421) ≥ 0	17.264.890	
PO.XXIII	TOTAL CAPITAL SHORTFALL (result of adding up and/or subtracting the following balance sheet items: 0415-0416+0417-0418+0419-0420+0421) < 0		
PO.XXIV	TOTAL LIABILITIES (result of adding up and/or subtracting the following balance sheet items: 0414+0422-0423)	131.271.674	
B.П.	OFF-BALANCE SHEET ITEMS		
B.П.A.	Off-balance sheet assets	155.143.581	
	<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.П.П.	Off-balance sheet liabilities	155.143.581	

Inset cons. 4 - Form PI-AKB consolidated

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

		(RSD thousand)		
No	Name	Amount	Coverage by core capital	Coverage by supplementary capital
		1	2	3
I	CAPITAL	14.678.660		
1.	TOTAL CORE CAPITAL	13.572.092		
2.	TOTAL SUPPLEMENTARY CAPITAL	1.106.568		
II	CAPITAL REQUIREMENTS	10.553.866		
1.	CAPITAL REQUIREMENTS FOR CREDIT RISK, COUNTERPARTY RISK AND SETTLEMENT/DELIVERY RISK IN CASE OF FREE DELIVERIES	9.173.431	9.173.431	
1.1.	Standardised approach (SA)	76.445.256		
1.1.1.	Exposures to central governments and central banks	0		
1.1.2.	Exposures to territorial autonomies and local self-government units	784.230		
1.1.3.	Exposures to public administrative bodies	27.528		
1.1.4.	Exposures to multilateral development banks	0		
1.1.5.	Exposures to international organisations	0		
1.1.6.	Exposures to banks	848.246		
1.1.7.	Exposures to corporates	49.481.828		
1.1.8.	Retail exposures	17.456.966		
1.1.9.	Exposures secured by real estate collateral	6.008.900		
1.1.10.	Past due items	294.460		
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	1.543.098		
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	343.936	343.936	
3.1.	Capital requirements for price, foreign exchange and commodity risks calculated under standardised approaches	343.936	343.936	
3.1.1.	Capital requirements for price risk arising from debt securities	217.231	217.231	
3.1.2.	Capital requirements for price risk arising from equity securities	0	0	
3.1.3.	Capital requirements for foreign exchange risk	126.705	126.705	
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	1.036.500	1.036.500	
4.1.	Capital requirements for operational risk calculated under the Basic Indicator Approach	1.036.500	1.036.500	
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	10.553.866	10.553.866	
III	CAPITAL ADEQUACY RATIO (%)	16,69		

Novi Sad, September 2016

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