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Disclosure requirements for the Group Erste&Steiermärkische Bank d.d. as of 31 March 2021

ZAGREB, JUNE 2021

Registered at the Commercial Court in Rijeka MBS: 040001037 · Company No./MB: 3337367 · VAT ID: HR23057039320 · IBAN: HR9524020061031262160 · SWIFT/BIC: ESBCHR22 · Equity of 1,698,417,500 HRK paid in total and divided in 16,984,175 shares, nominal value of the share is 100.00 HRK · Management Board: Christoph Schoefboeck, Krešimir Barić, Borislav Centner, Hannes Frotzbacher, Martin Hornig, Zdenko Matak · Chairman of the Supervisory Board:Willibald Cernko

Disclosure requirements according to Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms ("CRR") and according to Article 165 and 166 of Credit Institution Act for the Group Erste&Steiermärkische Bank d.d. as of 31 March 2021, as follows:

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OVERVIEW OF DISCLOSED NOTES IN THE DISLOSURE REQUIREMENTS

The disclosure of the templates according to Guidelines EBA/GL/2016/11 (Guidelines on disclosure requirements under Part Eight of Regulation (EU) No 575/2013) can be found in the following chapters:

Qualitative Template	Quantitative Template	Description	Chapter
	EU OV1	Overview of RWA	4. Capital requirements
EU LI3		Outline of the differences in the scopes of consolidation (entity by entity)	3. Scope of consolidation
	EU CR8	RWA flow statements of credit risk exposures under the IRB approach	4. Capital requirements

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1. GENERAL INFORMATION

DISCLOSURE REQUIREMENTS COVERED: ART. 436 (a) CRR

Erste&Steiermärkische Bank d.d. („Bank”) was established in 1954 and was entered into the Court Register as a joint stock company on 24 January 1990. The Bank’s registered head office is at Jadranski trg 3a, Rijeka, the Republic of Croatia.
The Bank is the holding company for the Erste Bank Croatia Group (“Group”) that operates in the Republic of Croatia, Republic of Montenegro and Republic of Slovenia.

The Bank is licensed to conduct commercial banking activities in the Republic of Croatia. The Bank’s main operations are as follows:

- accepting deposits from the clients and deposits placement,
- granting loans, issuing guarantees and letters of credit to the individuals, companies, public institutions and other clients,
- treasury operations in the interbank market,
- trust management and investment banking services,
- performing domestic and international payments,
- providing banking services through an extensive branch network in the Republic of Croatia.

The Bank's share capital, fully subscribed, amounts to HRK 1,698,417,500.00 and is divided into 16,984,175 ordinary shares. As of December 30, 2015, all shares of the Bank hold companies Erste Group Bank AG (10,023,326 shares or 59.02%) and Steiermärkische Bank und Sparkassen AG (6,960,849 shares or 40.98%).

2. OWN FUNDS

Since 1 January 2014, the Group has been calculating the regulatory capital and the regulatory capital requirements according to Basel III. The requirements were implemented within the EU by the CRR and the Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 (CRD IV) that were enacted in national law in Croatian Credit Institutions Act (ZOKI), as well as within various technical standards issued by the European Banking Authority (EBA).
All requirements as defined in the CRR, ZOKI and the aforementioned technical standards are fully applied by the Group for regulatory purposes and for the disclosure of regulatory information.

Based on the Regulation (EU) 2017/2395 of the European Parliament and of the Council, the Group does not apply the transitional period for mitigating the impact of IFRS 9 on own funds that arise from the calculation of the expected credit loss.

Group's total capital ratio as of March 31, 2021 is 18.49%, and own funds are HRK 10,043 million.

The Bank uses the internal ratings model method („IRB approach“) for the following credit risk exposure categories:
1. Founding IRB approach (“FIRB“) for exposures towards:
• central governments and central banks,
• institutions and in relation to subcategories of the institution exposures: banks, public government bodies and financial institutions to which the CNB issued approval for making business operations and which meet the same prudential requirements as credit institutions,
• corporations and
• equity shares – simple risk weight approach.
2. Advanced IRB approach (“AIRB“) for exposure towards retail customers.
3. Gradual IRB approach implementation approval is given to:
• the Bank for the category of exposure towards institutions, the exposure subcategory of local and regional self-management authority,
• the entities within the Group of institutions in the Republic of Croatia: Erste bank a.d. Podgorica.
4. Permanent exemption or implementation of standardized approach is approved for:
• subcategories of exposure: non-profit public companies which do not meet requirements set for public government entities; leasing companies; insurance companies; investment companies; all other unclassified exposures,
• exposures towards counterparty credit risk,
• exposures towards equity shares in companies whose credit commitments meet the requirements set for the 0% risk weight based on the standardized approach.
The Bank started with the application of IRB approach with the reporting date as of 30 September 2011. For the group members standardized approach for credit risk exposure is used.

The capital requirement calculation for the Bank’s operational risk is calculated using standardized approach (”TSA”), according to the Title III of CRR, Article 317. The Group members Erste Card Club d.o.o. and S-Leasing d.o.o. have started to apply TSA, while other members apply Basic indicator approach (“BIA“) in accordance to the Article 315 of the same Title of CRR.

Market risk for the Group is calculated using standardized approach.

The table below presents the composition of the regulatory capital based on the Commission Implementing Regulation (EU) No 1423/2013 on the disclosure of own funds published in the Official Journal of the EU.

2. OWN FUNDS (CONTINUED)

Table 1: Own funds per 31 March 2021

in HRK million	31 Mar 2021
Common Equity Tier 1: instruments and reserves	
Capital instruments and the related share premium accounts	3,499
of which: Ordinary shares	1,698
of which: Share premium	1,801
Retained earnings	6,051
Accumulated other comprehensive income (and other reserves)	342
Funds for general banking risks	85
Independently verified interim profits net of any foreseeable charge or dividend	-
Common Equity Tier 1 (CET1) capital before regulative adjustments	**9,977**
Common Equity Tier 1 (CET1) capital: regulatory adjustments	
Additional value adjustments (negative value)	(13)
Intangible assets (net of related tax liabilities) (negative amount)	(366)
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability, where the conditions in Article 38(3 are met) (negative amount)	-
Gains or loss on liabilities valued at fair value resulting from changes in own credit standing	(2)
CET1 capital elements or deductions – other	(107)
Total regulatory adjustments to Common Equity Tier 1 (CET1)	**(488)**
Common Equity Tier 1 (CET1) capital	**9,489**
Additional Tier 1 (AT1) capital: instruments	
Additional Tier 1 capital items before regulatory adjustments	**-**
Additional Tier 1: regulatory adjustments	
Total regulatory adjustments to Additional Tier 1 (AT1) capital	**-**
Additional Tier 1 (AT1) capital	**-**
Tier 1 capital (T1=CET1 + AT1)	**9,489**
Tier 2 (T2) capital: instruments and provisions	
Capital instruments and the related share premium accounts	325
Credit risk adjustments	229
Tier 2 (T2) capital before regulative adjustments	**554**
Tier 2 (T2) capital: regulatory adjustments	
Total regulatory adjustments to Tier 2 (T2) capital	**-**
Tier 2 (T2) capital	**554**
Total capital = (TC=T1+T2)	**10,043**
Total risk weighted assets	**54,304**
Capital ratios and buffers	
Common Equity Tier 1 (as a percentage of the risk exposure amount)	**17.47%**
Tier 1 (as a percentage of the risk exposure amount)	**17.47%**
Total capital (as a percentage of the total risk exposure amount)	**18.49%**
Amounts below the threshold for deduction (before risk weighting)	
Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	8
Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	42
Applicable caps on the inclusion of provisions in Tier 2	
Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	229
Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	38,126

3. SCOPE OF CONSOLIDATION

The regulatory scope of consolidation is defined in Part One, Title II and Chapter 2 Section 3 of the CRR.
The definition of entities to be consolidated for regulatory purposes are mainly defined in Articles 4 (1) (3) and (16) to (27) CRR in line with the Articles 18 and 19 CRR. Based on the relevant sections in Article 4 CRR, entities to be consolidated are determined based on the business activity of the relevant entities.
In addition, the following update according to Art 18 (7) applies: Where an institution has a subsidiary which is an undertaking other than an institution, a financial institution or an ancillary services undertaking or holds a participation in such an undertaking, it shall apply to that subsidiary or participation the equity method. That method shall not, however, constitute inclusion of the undertakings concerned in supervision on a consolidated basis.
The definition pursuant to CRR differs from the scope of consolidation according to IFRS, which also includes insurance companies and other entities, that are subject to full consolidation.

Main differences between the accounting scope and the regulatory scope based on the different requirements as defined within IFRS and CRR:

- Based on the CRR, mainly credit institutions pursuant to Article 4 (1) (1) CRR, investment firms pursuant to Article 4 (1) (2) CRR, ancillary services undertakings pursuant to Article 4 (1) (18) CRR and financial institutions pursuant to Article 4 (1) (26) CRR have to be considered within the regulatory scope of consolidation. Under IFRS all other entities not required to be consolidated under CRR, such as insurance undertakings, must be included in the accounting scope of consolidation.
- Exclusion of entities from the regulatory scope of consolidation can be applied based on Article 19 CRR. According to Article 19 (1) CRR, entities can be excluded from the regulatory scope if their total assets and off balance sheet items are less than the lower amount of either EUR 10 million or 1% of total assets and off balance sheet items of the parent company. The Group makes use of Article 19 (1) CRR.
- According to Article 19 (2) CRR, entities can also be excluded if the limits defined in Article 19 (1) CRR are exceeded, but are not relevant for regulatory purposes. Exclusion of entities based on Article 19 (2) CRR needs prior approval of the competent authorities. For entities that exceed the limits as defined in Article 19 (1) CRR by insignificant amounts, the Group apply Article 19 (2) CRR and follows the requirements for the approval process as defined within this article. The Group does not apply Article 19 (2) CRR for credit institutions and investment firms.

Entities within the different scopes of consolidation

Table 2: EU LI3: Outline of the differences in the scopes of consolidation (entity by entity)

						2021
	IFRS Full	IFRS Equity	CRR Full	CRR Proportional	CRR De Minimis	CRR Equity
Credit institutions:						
Erste bank AD Podgorica, Montenegro	x	-	x	-	-	-
Financial institutions, financial holding companies and mixed financial holding companies:						
Erste & Steiermärkische S-Leasing d.o.o.	x	-	x	-	-	-
Erste Card d.o.o., Slovenia	x	-	x	-	-	-
ERSTE CARD CLUB d.o.o. za financijsko posredovanje i usluge	x	-	x	-	-	-
Ancillary service undertakings, investment firms and asset management companies:						
Erste Nekretnine d.o.o.	x	-	-	-	x	-
Erste Group IT HR d.o.o.	x	-	-	-	x	-
Izbor nekretnina d.o.o.	x	-	-	-	x	-
Other companies:						
Erste d.o.o. društvo za upravljanje obveznim mirovinskim fondom	-	x	-	-	-	x

4. CAPITAL REQUIREMENTS

DISCLOSURE REQUIREMENTS COVERED: ART. 438 CRR

The total amount of capital requirements is measured in relation to regulatory capital. The amounts of capital have to be sufficient to cover the minimum capital requirements. The following capital requirements arise from credit risk, market risk and operational risk. Regulatory capital for the entire reporting period was sufficient.

Table 3: RWAs and Minimum capital requirements as of 31 March 2021

	RWAs	Minimum capital requirements
TOTAL RISK EXPOSURE AMOUNT	**54,304**	**4,344**
RISK WEIGHTED EXPOSURE AMOUNTS FOR CREDIT, COUNTERPARTY CREDIT AND DILUTION RISKS AND FREE DELIVERIES	**48,707**	**3,897**
Standardised approach (SA)	**10,581**	**846**
SA exposure classes excluding securitisation positions	10,581	846
Central governments or central banks	1,568	125
Regional governments or local authorities	528	42
Public sector entities	102	8
Multilateral Development Banks	-	-
International Organisations	-	-
Institutions	89	7
Corporates	4,118	329
Retail	3,049	244
Secured by mortgages on immovable property	420	34
Exposures in default	233	19
Items associated with particular high risk	-	-
Covered bonds	-	-
Claims on institutions and corporates with a short-term credit assessment	-	-
Collective investments undertakings (CIU)	113	9
Equity	17	1
Other items	344	28
Securitisation positions SA	-	-
of which: resecuritisation	-	-
Internal ratings based Approach (IRB)	**38,126**	**3,050**
IRB approaches when neither own estimates of LGD nor Conversion Factors are used	27,646	2,212
Central governments and central banks	9,742	779
Institutions	103	8
Corporates - SME	6,902	552
Corporates - Specialised Lending	3,717	297
Corporates - Other	7,182	575
IRB approaches when own estimates of LGD and/or Conversion Factors are used	8,569	686
Central governments and central banks	-	-
Institutions	-	-
Corporates - SME	-	-
Corporates - Specialised Lending	-	-
Corporates - Other	-	-
Retail - Secured by real estate SME	352	28
Retail - Secured by real estate non-SME	2,516	201
Retail - Qualifying revolving	-	-
Retail - Other SME	263	21
Retail - Other non-SME	5,438	435
Equity IRB	785	63
Securitisation positions IRB	-	-
Of which: resecuritisation	-	-
Other non credit-obligation assets	1,126	90
Risk exposure amount for contributions to the default fund of a CCP	-	-

4. CAPITAL REQUIREMENTS (CONTINUED)

RWAs and Minimum capital requirements as of 31 March 2021 (continued)

	RWAs	Minimum capital requirements
TOTAL RISK EXPOSURE AMOUNT FOR SETTLEMENT/DELIVERY	**-**	**-**
Settlement/delivery risk in the non-Trading book	**-**	**-**
Settlement/delivery risk in the Trading book	**-**	**-**
TOTAL RISK EXPOSURE AMOUNT FOR POSITION, FOREIGN EXCHANGE AND COMMODITIES RISKS	**142**	**11**
Risk exposure amount for position, foreign exchange and commodities risks under standardised approaches (SA)	142	11
Traded debt instruments	52	4
Equity	-	-
Particular approach for position risk in CIUs	-	-
Memo item: CIUs exclusively invested in traded debt instruments	-	-
Memo item: CIUs invested exclusively in equity instruments or in mixed instruments	-	-
Foreign Exchange	90	7
Commodities	-	-
Risk exposure amount for Position, foreign exchange and commodities risks under internal models (IM)	-	-
TOTAL RISK EXPOSURE AMOUNT FOR OPERATIONAL RISK (OpR)	**5,410**	**433**
OpR Basic indicator approach (BIA)	536	43
OpR Standardised (STA) / Alternative Standardised (ASA) approaches	4,874	390
OpR Advanced measurement approaches (AMA)	-	-
ADDITIONAL RISK EXPOSURE AMOUNT DUE TO FIXED OVERHEADS	**-**	**-**
TOTAL RISK EXPOSURE AMOUNT FOR CREDIT VALUATION ADJUSTMENT	**45**	**4**
Advanced method	-	-
Standardised method	45	4
Based on OEM	-	-

4. CAPITAL REQUIREMENTS (CONTINUED)

Table 4: EU OV1 – Overview of RWAs

			RWAs		Minimum capital requirements
			31.12.2020	31.3.2021	31.3.2021
	1	**Credit risk (excluding CCR)**	**48,593**	**48,566**	**3,885**
Article 438(c)(d)	2	Of which the standardised approach	10,686	10,511	841
Article 438(c)(d)	3	Of which the foundation IRB (FIRB) approach	27,125	27,574	2,206
Article 438(c)(d)	4	Of which the advanced IRB (AIRB) approach	8,798	8,569	686
Article 438(d)	5	Of which equity IRB under the simple risk-weighted approach or the IMA	762	679	54
Article 107 Article 438(c)(d)	**6**	**CCR**	**103**	**186**	**15**
Article 438(c)(d)	7	Of which mark to market	90	141	11
Article 438(c)(d)	8	Of which original exposure	-	-	-
	9	Of which the standardised approach	-	-	-
	10	Of which internal model method (IMM)	-	-	-
Article 438(c)(d)	11	Of which risk exposure amount for contributions to the default fund of a CCP	-	-	-
Article 438(c)(d)	12	Of which CVA	13	45	4
Article 438(e)	**13**	**Settlement risk**	**-**	**-**	**-**
Article 449(o)(i)	**14**	**Securitisation exposures in the banking book (after the cap)**	**-**	**-**	**-**
	15	Of which IRB approach	-	-	-
	16	Of which IRB supervisory formula approach (SFA)	-	-	-
	17	Of which internal assessment approach (IAA)	-	-	-
	18	Of which standardised approach	-	-	-
Article 438(e)	**19**	**Market risk**	**256**	**142**	**11**
	20	Of which the standardised approach	256	142	11
	21	Of which IMA	-	-	-
Article 438(e)	**22**	**Large exposures**	**-**	**-**	**-**
Article 438(f)	**23**	**Operational risk**	**5,409**	**5,410**	**433**
	24	Of which basic indicator approach	534	536	43
	25	Of which standardised approach	4,875	4,874	390
	26	Of which advanced measurement approach	-	-	-
Article 437(2), Article 48 and Article 60	**27**	**Amounts below the thresholds for deduction (subject to 250% risk weight)**	**-**	**-**	**-**
Article 500	**28**	**Floor adjustment**	**-**	**-**	**-**
	29	**Total**	**54,361**	**54,304**	**4,344**

4. CAPITAL REQUIREMENTS (CONTINUED)

For exposures subject to Part Three, Title II, Chapter 3 of the CRR (IRB approach) the variations of RWAs over the period are analyzed.

Most significant changes on risk-weighted assets are driven by change of asset size and asset quality:

Table 5: EU CR8 – RWA flow statements of credit risk exposures under the IRB approach

		RWA amounts	Capital requirements
1	RWAs as at the end of the previous reporting period[1]	37,909	3,033
2	Asset size	499	40
3	Asset quality	(450)	(36)
4	Model updates	-	-
5	Methodology and policy	-	-
6	Acquisitions and disposals	-	-
7	Foreign exchange movements	97	8
8	Other	-	-
9	**RWAs as at the end of the reporting period**	**38,054**	**3,044**

1. The previous reporting period is 31.12.2020.

A slight RWA increase compared to the previous reporting period is mainly a consequence of changes in asset size what is mainly off-set with the changes in asset quality.

4.1. CAPITAL INSTRUMENTS' MAIN FEATURES

DISCLOSURE REQUIREMENTS COVERED: ART. 437 (1) (b) CRR

Table 6: Capital instruments‘ main features (Common Equity Tier 1 instruments)

		Common Equity Tier 1 instruments
1.	Issuer	Erste&Steiermärkische Bank d.d.
2.	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	HRRIBARA0001
3.	Governing law(s) of the instrument	Art.167. and 169. Company law
	Regulatory treatment	
4.	Transitional CRR rules	Common Equity Tier 1
5.	Post-transitional CRR rules	Common Equity Tier 1
6.	Eligible at solo/(sub-) consolidated/ solo and (sub-) consolidated	solo and consolidated
7.	Instrument type (types to be specified by each jurisdiction)	ordinary shares
8.	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	1,698 HRK
9.	Nominal amount of instrument	1,698,417,500.00 HRK
9.a	Issue price	100.00 HRK
9.b	Redemption price	N/A
10.	Accounting classification	shareholders' equity
11.	Original date of issuance	20. Nov 54
12.	Perpetual or dated	no maturity
13.	Original maturity date	no maturity
14.	Issuer call subject to prior supervisory approval	no
15.	Optional call date, contingent call dates and redemption amount	N/A
16.	Subsequent call dates, if applicable	N/A
	Coupons / dividends	
17.	Fixed or floating dividend/coupon	floating
18.	Coupon rate and any related index	N/A
19.	Existence of a dividend stopper	no
20.a	Fully discretionary, partially discretionary or mandatory (in terms of timings)	fully discretionary
20.b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	fully discretionary
21.	Existence of step up or other incentive to redeem	no
22.	Noncumulative or cumulative	noncumulative
23.	Convertible or non-convertible	nonconvertible
24.	If convertible, conversion trigger(s)	N/A
25.	If convertible, fully or partially	N/A
26.	If convertible, conversion rate	N/A
27.	If convertible, mandatory or optional conversion	N/A
28.	If convertible, specify instrument type convertible into	N/A
29.	If convertible, specify issuer of instrument it converts into	N/A
30.	Write-down features	no
31.	If write-down, write-down triggers(s)	N/A
32.	If write-down, full or partial	N/A
33.	If write-down, permanent or temporary	N/A
34.	If temporary write-down, description of write-up mechanism	N/A
35.	Position in subordinated hierarchy in liquidation (specify instrument type immediately senior to instrument)	N/A
36.	Non-compliant transitioned features	no
37.	If yes, specify non-compliant features	N/A

“N/A“ not applicable

4.1. CAPITAL INSTRUMENTS' MAIN FEATURES (CONTINUED)

Table 7: Capital instruments‘ main features (Tier 2 Capital instruments)

		Tier 2 Capital instruments			
1.	Issuer	Erste& Steiermärkische Bank d.d.	Erste& Steiermärkische Bank d.d.	Erste& Steiermärkische Bank d.d.	Erste& Steiermärkische Bank d.d.
2.	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	subordinated loan	subordinated loan	subordinated loan	subordinated loan
3.	Governing law(s) of the instrument	Croatian Law	Croatian Law	Croatian Law	Croatian Law
	Regulatory treatment				
4.	Transitional CRR rules	Tier 2 instrument	Tier 2 instrument	Tier 2 instrument	Tier 2 instrument
5.	Post-transitional CRR rules	Tier 2 instrument	Tier 2 instrument	Tier 2 instrument	Tier 2 instrument
6.	Eligible at solo/(sub-) consolidated/ solo and (sub-) consolidated	solo and (sub-) consolidated	solo and (sub-) consolidated	solo and (sub-) consolidated	solo and (sub-) consolidated
7.	Instrument type (types to be specified by each jurisdiction)	subordinated loan	subordinated loan	subordinated loan	subordinated loan
8.	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	168 HRK	80 HRK	44 HRK	33 HRK
9.	Nominal amount of instrument	30,000,000.00 EUR	30,000,000.00 EUR	30,000,000.00 EUR	80,000,000.00 EUR
9.a	Issue price	N/A	N/A	N/A	N/A
9.b	Redemption price	N/A	N/A	N/A	N/A
10.	Accounting classification	liability – amortised cost	liability – amortised cost	liability – amortised cost	liability – amortised cost
11.	Original date of issuance	11 December 2017	19 March 2015	19 March 2015	10 July 2014
12.	Perpetual or dated	dated	dated	dated	dated
13.	Original maturity date	11 December 2024	31 December 2022	19 March 2022	09 July 2021
14.	Issuer call subject to prior supervisory approval	no	no	no	no
15.	Optional call date, contingent call dates and redemption amount	N/A	N/A	N/A	N/A
16.	Subsequent call dates, if applicable	N/A	N/A	N/A	N/A
	Coupons/ dividends				
17.	Fixed or floating dividend/ coupon	N/A	N/A	N/A	N/A
18.	Coupon rate and any related index	N/A	N/A	N/A	N/A
19.	Existence of a dividend stopper	no	no	no	no
20. a	Fully discretionary, partially discretionary or mandatory (in terms of timings)	mandatory	mandatory	mandatory	mandatory
20. b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	mandatory	mandatory	mandatory	mandatory
21.	Existence of step up or other incentive to redeem	no	no	no	no
22.	Noncumulative or cumulative	noncumulative	noncumulative	noncumulative	noncumulative
23.	Convertible or non-convertible	nonconvertible	nonconvertible	nonconvertible	nonconvertible
24.	If convertible, conversion trigger(s)	N/A	N/A	N/A	N/A
25.	If convertible, fully or partially	N/A	N/A	N/A	N/A
26.	If convertible, conversion rate	N/A	N/A	N/A	N/A
27.	If convertible, mandatory or optional conversion	N/A	N/A	N/A	N/A
28.	If convertible, specify instrument type convertible into	N/A	N/A	N/A	N/A
29.	If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A	N/A
30.	Write-down features	no	no	no	no
31.	If write-down, write-down triggers(s)	N/A	N/A	N/A	N/A
32.	If write-down, full or partial	N/A	N/A	N/A	N/A
33.	If write-down, permanent or temporary	N/A	N/A	N/A	N/A
34.	If temporary write-down, description of write-up mechanism	N/A	N/A	N/A	N/A
35.	Position in subordinated hierarchy in liquidation (specify instrument type immediately senior to instrument)			Instruments are subordinated to Tier 1 capital	
36.	Non-compliant transitioned features	no	no	no	no
37.	If yes, specify non-compliant features	N/A	N/A	N/A	N/A

“N/A“ not applicable

4.1. CAPITAL INSTRUMENTS' MAIN FEATURES (CONTINUED)

DISCLOSURE REQUIREMENTS COVERED: ART. 437 (1) (c) CRR

Ordinary shares of the Erste&Steiermärkische Bank d.d. represent fully subscribed share capital in amount of HRK 1,698,417,500.00 and it is fully paid. Bank's share capital is divided into 16,984,175 ordinary shares issued in dematerialized form, each par value of HRK 100.00, which are registered at Central Depositary and Clearing Company (“SKDD“) under RIBA-R-A mark and has no maturity. Each share bears one voting right on General Assembly. Bank’s shares are conducted in Central Depository and Clearing Company Inc., Zagreb. Dividends are paid out to shareholders according to their share in capital. Every increase or decrease of paid up capital has to be based on decision by General Assembly. Instruments are not secured neither are covered with guarantee which upgrade status from creditor.

Subordinated loans shown in table main capital’s features meet the conditions regulated by Article 63 CRR for recognition as Tier II capital instruments.

5. LEVERAGE RATIO

DISCLOSURE REQUIREMENTS COVERED: ART. 451 CRR

The leverage ratio represents the relationship between Tier 1 and the leverage exposure pursuant to Article 429 CRR. Essentially, the leverage exposure represents the sum of unweighted on balance sheet and off-balance sheet positions considering valuation and risk adjustments as defined in the CRR.
As of 31 March 2021, the leverage ratio for the Group amounted to 10.26%. The calculation is based on the Delegated Regulation (EU) 2015/62 of 10 October 2014, which was published in the Official Journal of the European Union on 17 January 2015. As such, the ratio is calculated on period-end values as of 31 March 2021, while the Tier 1 capital is determined based on fully loaded Basel III definitions, i.e. not including any transitional provisions.

Leverage exposure breakdown and reconciliation

Table 8: LRSum form: Summary reconciliation of accounting assets and leverage ratio exposures:

	in HRK million
Total assets as per published financial statements	88,559
Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	25
(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio total exposure measure in accordance with Article 429(13) of Regulation (EU) No 575/2013)	-
Adjustments for derivative financial instruments	148
Adjustments for securities financing transactions "SFTs"	102
Adjustment for off balance sheet items (i.e., conversion to credit equivalent amounts of off balance sheet exposures)	4,257
(Adjustment for intragroup exposures excluded from the leverage ratio total exposure measure in accordance with Article 429(7) of Regulation (EU) No. 575/2013)	-
(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with Article 429(14) of Regulation (EU) No. 575/2013)	-
Other adjustments	(81)
Total leverage ratio exposure	**93,010**

5. LEVERAGE RATIO (CONTINUED)

The following table provides a breakdown of the total leverage exposure measure into its main parts as well as the calculation of the period-end leverage ratio as of 31 March 2021.

The disclosure table has been aligned with the table proposed by the Implementing Technical Standards (EBA/ITS/2014/04/rev1) published by the EBA on 15 June 2015.
Line items that were not relevant to the Group were omitted; therefore, the numbering of lines in the table is not consecutive.

Table 9: LRCom form: Leverage ratio common disclosure

		in HRK million
On balance sheet exposures (excluding derivatives and SFTs)		
1.	On balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	87,562
2.	(Asset amounts deducted in determining Tier 1 capital)	(486)
3.	Total on balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)	87,076
Derivative exposures		
4.	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	88
5.	Add on amounts for PFE associated with all derivatives transactions (mark to market method)	148
6.	Total derivative exposures (sum of lines 4 and 5)	236
Securities financing transaction exposures		
7.	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	853
8.	Counterparty credit risk exposure for SFT assets	102
9.	Total securities financing transaction exposures (sum of line 7 and 8)	955
Other off balance sheet exposures		
10.	Off balance sheet exposures at gross notional amount	14,350
11.	(Adjustments for conversion to credit equivalent amounts)	(10,093)
12.	Other off balance sheet exposures (sum of lines 10 and 11)	4,257
Capital and total exposure measure		
13.	Tier 1 capital	9,490
14.	Leverage ratio total exposure measure (sum of lines 3, 6, 9, 12)	92,524
Leverage ratio		
15.	Leverage ratio	10.26%

5. LEVERAGE RATIO (CONTINUED)

LRQua form: Disclosure on qualitative items

Management of the risk of excessive leverage

Leverage ratio is one of the core risk metric included in the Group Risk Appetite Statement ("RAS"). The leverage ratio is planned as part of the annual forecasting and budgeting process. As a RAS metric, the development of the leverage ratio is regularly monitored by the Management Board and Supervisory Board and reported to relevant counterparties in Erste Holding. Leverage ratio is calculated quarterly.

Split-up of on balance sheet exposures (excluding derivatives and SFTs)

Table 10: LRSpl form: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

		in HRK million
EU-1.	Total on balance sheet exposures (excluding derivatives, SFTs), of which:	88,517
EU-2.	Trading book exposures	956
EU-3.	Banking book exposures, of which:	87,561
EU-4.	Covered bonds	-
EU-5.	Exposures treated as sovereigns	32,900
EU-6.	Exposures to regional governments, MDB, international organizations and PSE not treated as sovereigns	1,718
EU-7.	Institutions	315
EU-8.	Secured by mortgages on immovable properties	8,420
EU-9.	Retail exposures	14,791
EU-10.	Corporate	23,725
EU-11.	Exposure in default	188
EU-12.	Other exposures (e.g. equity, securitizations, and other non-credit obligation assets)	5,504

6. COUNTERCYCLICAL BUFFER REQUIREMENTS

DISCLOSURE REQUIREMENTS COVERED: ART. 440 CRR

The Group calculates countercyclical buffer requirements at consolidated level.

Table 11: Institutions specific countercyclical capital buffer rate

Total risk exposure amount	**36,621**
Institutions specific countercyclical capital buffer rate	0.00%
Institutions specific countercyclical buffer requirement	-

7. ABBREVIATIONS

CRD IV – Capital Requirements Directive 2013/36 EU
CRO – Chief Risk Officer
CRR – Capital Requirements Regulation 575/2013
EBA – European Banking Authority
IFRS – International Financial Reporting Standards
RAS – Risk Appetite Statement
SKDD – Central Depositary and Clearing Company