BANK SUPERVISION DEPARTMENT

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METHODOLOGY FOR THE REPORT ON THE LEVERAGE RATIO

This Methodology sets out the form and contents of forms on the leverage ratio, bank exposures which are included in the calculation of the leverage ratio by risk weights, as well as types of bank exposures included in the calculation of the leverage ratio.

Banks do not fill in the grey fields.

1. The leverage ratio is the ratio of Tier 1 capital, which is the sum of Common Equity Tier 1 capital and Additional Tier 1 capital in accordance with the decision governing the capital adequacy of banks, to the bank's exposure measure, and is expressed as a percentage.

2. The total exposure amount is the sum of the following values:

- on-balance sheet exposure from Section 3 of this Methodology, unless it is a deductible item when calculating Tier 1 capital in accordance with the decision governing the capital adequacy of banks;

- derivative exposures from Section 7 of this Methodology;

- add-on for counterparty credit risk exposure of repurchase and reverse repurchase transactions, margin lending transactions, securities or commodities lending or borrowing agreements and long settlement transactions calculated in accordance with Sections 19 to 24 of this Methodology;

- exposures under off-balance sheet items from Section 8 of this Methodology.

3. Banks shall calculate on-balance sheet exposures, except financial derivatives from Annex 2 of the Decision on Capital Adequacy of Banks and credit derivatives, in accordance with the following rules:

- the value of on-balance sheet exposures shall be determined in accordance with Section 37, paragraph 1 of the Decision on Capital Adequacy of Banks;

- physical or financial collateral, guarantees or credit risk mitigation purchased shall not be used to reduce the exposure value of assets;

- loans shall not be netted with deposits;

- banks may not net exposures arising from repurchase and reverse repurchase transactions, margin lending transactions, securities or commodities lending or borrowing agreements and long settlement transactions.

4. Banks may reduce the exposure amount from Section 2 of this Methodology by the value of the deductible from Common Equity Tier 1 capital from Section 13, paragraph 1, item 4) of the Decision on Capital Adequacy of Banks.

5. A bank's calculation of the total exposure amount need not include the exposures from Section 40 of the Decision on Capital Adequacy of Banks if the conditions from paragraph 1 of that Section have been met and if the bank has obtained the consent of the National Bank of Serbia referred to in that Section.

6. By way of derogation from Section 3 of this Methodology, exposure amounts in the form of cash receivables and cash payables arising from repurchase and reverse repurchase transactions, margin lending transactions, securities or commodities lending or borrowing agreements and long settlement transactions with the same counterparty may be measured by banks on a net basis, provided that the following conditions are met:

1) transactions have the same final settlement date;

2) the right to set off the amount owed to the counterparty with the amount owed by the counterparty is legally enforceable in any of the following situations:

- in the normal course of business;

- in the event of default, liquidation or bankruptcy;

3) the counterparties intend to settle net, settle simultaneously, or the transactions are subject to a settlement mechanism that results in the functional equivalent of net settlement. The mechanism equivalent to net settlement exists when the cash flows of the transaction are equivalent, in effect, to a single net amount on the settlement date.

7. Banks shall calculate the exposure value of financial derivatives from Annex 2 of the Decision on Capital Adequacy of Banks and credit derivatives, including the ones in off-balance sheet records, in accordance with Sections 12 to 18 of this Methodology.

8. Banks shall calculate the amount of exposures arising from off-balance sheet items, except financial derivatives from Annex 2 of the Decision on Capital Adequacy of Banks, credit derivatives and exposures arising from repurchase and reverse repurchase transactions, margin lending transactions, securities or commodities lending

or borrowing agreements and long settlement transactions, in accordance with Section 37 of the Decision on Capital Adequacy of Banks, when the nominal value of off-balance sheet items shall not be reduced by the amount of specific credit risk adjustments. Pursuant to Section 113, paragraph 9 of the Decision on Capital Adequacy of Banks, where a commitment refers to the extension of another commitment, the lower of two conversion factors associated with the individual commitment shall be used. Where off-balance sheet items are classified as low-risk items in accordance with Section 37, paragraph 2, item 1) of the Decision on Capital Adequacy of Banks, the 10% conversion factor shall be used.

9. Where a bank acts as a clearing member for a QCCP, its calculation of exposures may exclude derivative trade exposures from Annex 2 of the Decision on Capital Adequacy of Banks, credit derivatives, repurchase and reverse repurchase transactions, margin lending transactions, securities or commodities lending or borrowing agreements and long settlement transactions, provided that trade exposures are netted with the QCCP and that conditions from Section 292, paragraph 1, item 3) of the Decision on Capital Adequacy of Banks have been met.

10. If a bank which is a clearing member for a QCCP guarantees to the QCCP that it will compensate for the losses arising from the client's default under a derivative transaction, which the client entered directly with the QCCP, the bank shall include the exposure arising from that guarantee in the exposure derivative exposure in accordance with Sections 12 to 18 of this Methodology.

11. Banks may exclude exposures to public administrative bodies, which meet the condition from Section 43, paragraph 5 of the Decision on Capital Adequacy of Banks, from the exposure amount even when those exposures arise under deposits which the bank is legally obliged to transfer to the public administrative body in order to finance investments of public importance.

a) Derivative exposures

12. Banks shall calculate derivative exposures from Annex 2 of the Decision on Capital Adequacy of Banks and credit derivatives, including those in off-balance sheet records, by applying the Mark-to-Market Method in accordance with Section 250 of the Decision on Capital Adequacy of Banks.

When calculating the amount of potential future exposures arising from credit derivatives, banks shall apply the rule from Section 286, paragraph 2, item 1) of the Decision on Capital Adequacy of Banks on all credit derivatives, and not only on trading book credit derivatives.

When calculating derivative exposures, banks may use contracts for novation and other netting agreements, in accordance with Section 282 of the Decision on Capital Adequacy of Banks, provided that all conditions from Sections 283 and 284 of the Decision on Capital Adequacy of Banks have been met as set out in Section 285 of the Decision on Capital Adequacy of Banks. Banks may not use contractual cross-product netting agreements. However, banks my use netting agreements within one product category from Annex 2 of the Decision on Capital Adequacy of Banks, as well as credit derivatives, if they are the subject of the contractual cross-product netting agreement from Section 282, paragraph 1, indent three of the Decision on Capital Adequacy of Banks.

13. When calculating derivative exposures, banks shall not reduce the exposure amount by the value of the collateral received under these agreements.

14. To calculate the exposure referred to in Section 12 of this Methodology, banks may reduce the current exposure by the variation margin received in cash from the counterparty, if the amount of the variation margin has not already been deducted from the exposure amount, in accordance with the applicable accounting regulations and when the following conditions have been met:

- if transactions are not performed through a QCCP, the cash received is not segregated;

- variation margin is calculated and exchanged on a daily basis based on mark-to-market valuation of derivative positions;

- the cash variation margin is received in the same currency as the currency of settlement of the derivative contract;

- variation margin exchanged is the full amount that would be necessary to extinguish the mark-to-market exposure of the derivative, subject to the threshold and minimum transfer amounts;

- derivative transactions and variation margins are covered by a single master netting agreement which banks may use for risk mitigation purposes in accordance with Section 282 of the Decision on Capital Adequacy of Banks.

As regards indent three of paragraph 1 of this Section, where a credit derivative is the subject of a master netting agreement, the settlement currency of the derivative agreement shall be any currency agreed on in the derivative agreement, master netting agreement or an annex to the master netting agreement governing the issue of eligible collateral in derivative transactions.

Where the variation margin received in cash from the counterparty is recognised by the bank as an asset, under the applicable accounting regulations, the bank may exclude the asset from the calculation of the exposure provided that conditions from paragraph 1 of this Section have been met.

The amount of the variation margin that can be deducted from the exposure amount may not exceed the current exposure amount, and the said amount may not be deducted from potential future exposure, including for the purposes of Section 285, paragraph 1, item 3) of the Decision on Capital Adequacy of Banks.

15. In addition to the exposure from Section 12 of this Methodology, the bank's total exposure amount shall also include the amount of the effective notional value referenced by a credit derivative, reduced by a negative change in fair value amount that has been incorporated into the calculation of Tier 1 capital with respect to the written credit derivative. The resulting exposure amount under written credit derivatives may be further reduced by the effective notional value of a purchased credit derivative on the same reference name, but only provided the following conditions have been met:

- in case of single name credit derivatives, the purchased credit derivative is on a reference obligation which ranks pari passu with or is junior to the underlying reference obligation of the written credit derivative and the credit event on the senior reference asset would result in a credit event on the subordinated reference asset;

- if a bank purchases a credit derivative on a pool of reference entities, the exposure amount of the written credit derivative on a pool of reference entities may be reduced by the exposure value of the purchased credit derivative on a pool of reference entities only when the pool of reference entities and the level of subordination in both transactions are identical;

- the remaining maturity of the purchased credit derivative is equal to or greater than the remaining maturity of the written credit derivative;

- when determining the additional exposure value of written credit derivatives, the notional value of the purchased credit derivative is reduced by a positive change in fair value amount that has been incorporated into the calculation of Tier 1 capital with respect to the purchased credit derivative;

- for tranched products, the purchased credit derivative is on a reference obligation with the same level of seniority as the reference obligation of the written credit derivative.

If the notional value of the written credit derivative has not been reduced by the notional amount of the purchased credit derivative, the bank may deduct the potential future exposure of such written credit derivative from the total value of potential future exposure from Section 12 of this Methodology, calculated in accordance with Section 250, item 2) or Section 286, paragraph 2, item 1) of the Decision on Capital Adequacy of Banks. If potential future exposure is determined according to Section 285, paragraph 1, item 3) of the Decision on Capital Adequacy of Banks, PCE_{gross} can be reduced by the amount of each individual potential future exposure of written credit derivatives without any adjustments made to NGR (net-to-gross ratio).

16. Banks may not reduce the notional amount of the written credit derivative when purchasing protection through a TRS derivative and when a bank records net payments received on such derivative as income, but does not record the offsetting deterioration in the value of assets as an expense which affects the amount of Tier 1 capital.

17. If a bank purchases a credit derivative on a pool of reference entities, it may reduce the exposure amount of the written single-name credit derivative in accordance with Section 15 of this Methodology only if the purchased credit derivative is economically equivalent to buying protection separately on each of the individual names in the pool. If a bank purchases a credit derivative on a pool of reference names, it may recognise the offsetting when the pool of reference entities and the level of subordination in both transactions are identical.

18. By way of derogation from Section 12 of this Methodology, when calculating exposures for single-currency interest rate swaps and basis swaps from Annex 2 of the Decision on Capital Adequacy of Banks, a bank may apply the Original Exposure Method in accordance with Section 251 of the Decision on Capital Adequacy of Banks, provided that the bank applies the same method to calculate risk-weighted exposures as well.

If the bank applies the Original Exposure Method from Section 251 of the Decision on Capital Adequacy of Banks, the exposure amount obtained by applying this method may not be reduced by the amount of the received variation margin in cash.

b) Add-on for counterparty credit risk exposure of repurchase and reverse repurchase transactions, margin lending transactions, securities or commodities lending or borrowing agreements and long settlement transactions

19. In addition to the exposure amount arising from repurchase and reverse repurchase transactions, margin lending transactions, securities or commodities lending or borrowing agreements and long settlement transactions, including those that are off-balance sheet, the bank’s total exposure amount shall also include the add-on for

counterparty credit risk exposure in accordance with Sections 20 and 21 of this Methodology.

20. For each individual transaction, banks shall calculate the add-on (E_i^*) for counterparty credit risk exposure for transactions that are not the subject of master netting agreements which meet the conditions from Section 154 of the Decision on Capital Adequacy of Banks, according to the following formula:

$E_i^* = \max(0, E_i – C_i)$

E_i = is the fair value of securities or cash lent to the counterparty under a transaction;

C_i = is the fair value of securities or cash received from the counterparty under a transaction.

21. The add-on for counterparty credit risk exposure of repurchase and reverse repurchase transactions, margin lending transactions, securities or commodities lending or borrowing agreements and long settlement transactions, including those that are off-balance sheet, that are the subject of master netting agreements which meet the conditions from Section 154 of the Decision on Capital Adequacy of Banks (E_i^*), shall be calculated by banks for each individual netting agreement in accordance with the following formula:

$E^* = \max(0, \Sigma E_i – \Sigma C_i)$

ΣE_i = is the total fair value of securities or total cash lent to the counterparty under a netting agreement;

ΣC_i = is the total fair value of securities or total cash received from the counterparty under a netting agreement.

22. By way of derogation from Section 19 of this Methodology, when calculating the add-on for counterparty credit risk exposure of repurchase and reverse repurchase transactions, margin lending transactions, securities or commodities lending or borrowing agreements and long settlement transactions, including those that are off-balance sheet, banks may apply the Financial Collateral Simple Method in accordance with Section 173 of the Decision on Capital Adequacy of Banks, and shall use the risk weight of at least 20%.

When calculating exposure, a bank may use the Financial Collateral Simple Method in accordance with Section 173 of the Decision on Capital Adequacy of Banks provided that the bank uses the same method to calculate risk-weighted exposures as well.

23. The value of securities in repurchase transactions, margin lending transactions, under securities lending agreements or long settlement transactions that are derecognised due to a sales accounting transaction, shall be included by the bank in the calculation of the exposure amount.

24. Where a bank acts as an intermediary between two counterparties in repurchase and reverse repurchase transactions, margin lending transactions, securities or commodities lending or borrowing agreements and long settlement transactions, including those that are off-balance sheet, the following rules shall apply:

- a bank providing an insurance scheme or guarantee to a client or a counterparty but only for the difference between the value of the security or cash its client has lent and the value of collateral the borrower has provided, shall include in the exposure amount only the amount of the add-on for counterparty credit risk exposure in the manner set out in Sections 20 or 21 of this Methodology;

- if a bank does not provide an insurance scheme or guarantee to the counterparties, it will not include these transactions in its exposure value;

- where a bank is economically exposed to the underlying security or cash in the transaction in the amount greater than the add-on for counterparty credit risk exposure in accordance with Sections 20 or 21 of this Methodology, the full amount of cash or the full value of the security under the relevant transaction must be included in the exposure amount.

ANNEX 24

Report on the Leverage Ratio – Form LR1

Form LR1 contains information on the amount of elements included in the calculation of the leverage ratio, as well as the value of the ratio itself. Banks shall calculate the leverage ratio on a quarterly basis, with the balance as at the last day in the quarter.

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Explanations as to how to fill in certain rows in Form LR1 are given below.

1. EXPOSURE FOR REPURCHASE AND REVERSE REPURCHASE TRANSACTIONS, MARGIN LENDING TRANSACTIONS, SECURITIES OR COMMODITIES LENDING OR BORROWING AGREEMENTS AND LONG SETTLEMENT TRANSACTIONS

In this field, enter the exposure amount for repurchase and reverse repurchase transactions, margin lending transactions, securities or commodities lending or borrowing agreements and long settlement transactions calculated in accordance with Section 3, indent four and Section 6 of this Methodology.

When filling in this field, banks should also take into account the exposure amount in accordance with Section 24, indent three of this Methodology.

This field does not show the amount of cash received or securities lent under the above transactions with the counterparty, which are recognised in the bank's balance sheet (the accounting criteria for derecognition have not been met), however, this amount is disclosed in row 19 of this Form.

This field does not show the exposures for transactions in which the bank acts as an intermediary between two counterparties in accordance with Section 24, indent one of this Methodology, however, this amount is disclosed in row 4 of this Form.

2. ADD-ON FOR COUNTERPARTY CREDIT RISK EXPOSURE OF REPURCHASE AND REVERSE REPURCHASE TRANSACTIONS, MARGIN LENDING TRANSACTIONS, SECURITIES OR COMMODITIES LENDING OR BORROWING AGREEMENTS AND LONG SETTLEMENT TRANSACTIONS

In this field, enter the add-on amount for counterparty credit risk exposure of repurchase and reverse repurchase transactions, margin lending transactions, securities or commodities lending or borrowing agreements and long settlement transactions in accordance with Section 19 of this Methodology.

When filling in this field, banks should also take into account the exposure amount in accordance with Section 24, indent three of this Methodology. This field does not show the exposures arising under transactions in which the bank acts as an intermediary between the two counterparties in accordance with Section 24, indent one of this Methodology, however, this amount is disclosed in row 4 of this Form.

3. ADD-ON FOR COUNTERPARTY CREDIT RISK EXPOSURE OF REPURCHASE AND REVERSE REPURCHASE TRANSACTIONS, MARGIN LENDING TRANSACTIONS, SECURITIES OR COMMODITIES LENDING OR BORROWING AGREEMENTS AND LONG SETTLEMENT TRANSACTIONS WHERE THE ADD-ON IS CALCULATED UNDER THE FINANCIAL COLLATERAL SIMPLE METHOD IN ACCORDANCE WITH THE DECISION GOVERNING THE CAPITAL ADEQUACY OF BANKS

In this field, enter the add-on amount for counterparty credit risk exposure of repurchase and reverse repurchase transactions, margin lending transactions, securities or commodities lending or borrowing agreements and long settlement transactions where the Financial Collateral Simple Method is used to calculate the add-on in accordance with Section 22 of this Methodology and Section 173 of the Decision on Capital Adequacy of Banks.

When filling in this field, banks should also take into account the exposure amount in accordance with Section 24, indent three of this Methodology.

This field does not show the add-on for counterparty credit risk exposure of repurchase and reverse repurchase transactions, margin lending transactions, securities or commodities lending or borrowing agreements and long settlement transactions which is obtained by applying the method from Section 19 of this Methodology.

4. ADD-ON FOR COUNTERPARTY CREDIT RISK EXPOSURE OF REPURCHASE AND REVERSE REPURCHASE TRANSACTIONS, MARGIN LENDING TRANSACTIONS, SECURITIES OR COMMODITIES LENDING OR BORROWING AGREEMENTS AND LONG SETTLEMENT TRANSACTIONS WHERE THE BANK ACTS AS AN INTERMEDIARY

In this field, enter the add-on amount for counterparty credit risk exposure of repurchase and reverse repurchase transactions, margin lending transactions, securities or commodities lending or borrowing agreements and long settlement transactions where the bank acts as an intermediary in accordance with Section 24, indent one of this Methodology, which is calculated in accordance with Sections 20 and 21 of this Methodology.

This field does not show the exposure amount in accordance with Section 24, indent three of this Methodology, however, that amount is disclosed in rows 1 and 2 or rows 1 and 3 of this Form, depending on the method that the bank applies to calculate the add-on for such transactions.

5. (-) EXPOSURE FOR REPURCHASE AND REVERSE REPURCHASE TRANSACTIONS, MARGIN LENDING TRANSACTIONS, SECURITIES OR COMMODITIES LENDING OR BORROWING AGREEMENTS AND LONG SETTLEMENT TRANSACTIONS WHERE THE BANK ACTS AS AN INTERMEDIARY BETWEEN THE CLIENT AND THE CCP, AND THE TERMS OF THE CCP-RELATED TRANSACTION STIPULATE THAT THE BANK IS NOT OBLIGED TO REIMBURSE THE CLIENT FOR ANY LOSSES SUFFERED DUE TO THE CHANGES IN THE VALUE OF THAT TRANSACTION IN THE EVENT THAT THE CCP DEFAULTS

In this field, enter the amount from Section 9 of this Methodology, if the condition from Section 292, paragraph 1, item 3) of the Decision on Capital Adequacy of Banks has been met. The amount in this field must be reported as a negative figure.

When a portion of a transaction with a CCP which is excluded from the calculation of the exposure in accordance with Section 9 of this Methodology is a security, the value of such security is not disclosed in this field, except when it is a repledged security, included in the calculation of exposure in its full amount, in accordance with Section 37, paragraph 1 of the Decision on Capital Adequacy of Banks, when the value of such security is also disclosed in row 19 of this Form.

The amount disclosed in this field must also be disclosed by banks in rows 1, 2 and 3 of this Form.

If a bank has posted initial margin under repurchase and reverse repurchase transactions, margin lending transactions, securities or commodities lending or borrowing agreements and long settlement transactions, and if the bank has disclosed this amount in row 19 of this Form, and not in rows 2 or 3 of this Form, then such amount may be disclosed in this row.

6. DERIVATIVES: CURRENT REPLACEMENT COST, WHERE THE BANK APPLIES THE MARK-TO-MARKET METHOD IN ACCORDANCE WITH THE DECISION GOVERNING THE CAPITAL ADEQUACY OF BANKS

State the current replacement cost of financial derivatives from Annex 2 of the Decision on Capital Adequacy of Banks and credit derivatives in cases when the bank uses the Mark-to-Market Method in accordance with Sections 250, 282, 283, 284 and 285 of the Decision on Capital Adequacy of Banks and Sections 12 to 17 of this Methodology. In this field, banks also disclose the amount of the variation margin received.

This field does not show the amount of exposure calculated using the Original Exposure Method in accordance with Section 18 of this Methodology and Section 251 of the Decision on Capital Adequacy of Banks.

7. (-) VARIATION MARGIN RECEIVED IN CASH FROM THE COUNTERPARTY ELIGIBLE FOR REDUCING THE CURRENT REPLACEMENT COST OF DERIVATIVES

State the value of variation margin received in cash from the counterparty that can be used to reduce the current replacement cost of derivatives in accordance with Section 14 of this Methodology. The amount in this field must be reported as a negative figure.

This field does not show the amount of variation margin received under transactions that are excluded from the total exposure amount in accordance with Section 9 of this Methodology.

8. (-) DERIVATIVES: CURRENT REPLACEMENT COST, WHERE THE BANK ACTS AS AN INTERMEDIARY BETWEEN THE CLIENT AND THE CCP, AND THE TERMS OF THE CCP-RELATED TRANSACTION STIPULATE THAT THE BANK IS NOT OBLIGED TO REIMBURSE THE CLIENT FOR ANY LOSSES SUFFERED DUE TO THE CHANGES IN THE VALUE OF THAT TRANSACTION IN THE EVENT THAT THE CCP DEFAULTS

This field shows the current replacement cost of derivatives in cases where the bank acts as an intermediary in derivative transactions that can be excluded from the exposure value in accordance with Section 9 of this Methodology, provided that the conditions from Section 292, paragraph 1, item 3) of the Decision on Capital Adequacy of Banks have been met.

The amount disclosed in this field is also disclosed in row 6 of this Form.

The amount in this field must be reported as a negative figure.

9. POTENTIAL FUTURE EXPOSURES OF CREDIT DERIVATIVES WHERE THE BANK APPLIES THE MARK-TO-MARKET METHOD IN ACCORDANCE WITH THE DECISION GOVERNING THE CAPITAL ADEQUACY OF BANKS

State the potential future exposures of financial derivatives from Annex 2 of the Decision on Capital Adequacy of Banks and credit derivatives in accordance with Sections 12 to 17 of this Methodology in cases when the bank applies the Mark-to-Market Method in accordance with Section 250 of the Decision on Capital Adequacy of Banks and Section and 286, paragraph 2, item 1) of that Decision in case of all credit derivatives, and not only those held in the trading book.

This field does not show the amount of exposure calculated using the Original Exposure Method in accordance with Section 18 of this Methodology and Section 251 of the Decision on Capital Adequacy of Banks.

10. (-) POTENTIAL FUTURE EXPOSURES OF DERIVATIVES WHERE THE BANK ACTS AS AN INTERMEDIARY BETWEEN THE CLIENT AND THE CCP, AND THE TERMS OF THE CCP-RELATED TRANSACTION STIPULATE THAT THE BANK IS NOT OBLIGED TO REIMBURSE THE CLIENT FOR ANY LOSSES SUFFERED DUE TO THE CHANGES IN THE VALUE OF THAT TRANSACTION IN THE EVENT THAT THE CCP DEFAULTS

This field shows the potential future exposures of derivatives in cases where the bank acts as an intermediary in derivative transactions that can be excluded from the exposure value in accordance with Section 9 of this Methodology, provided that the conditions from Section 292, paragraph 1, item 3) of the Decision on Capital Adequacy of Banks have been met. The amount in this field must be reported as a negative figure.

The amount disclosed in this field is also disclosed in row 9 of this Form.

11. DERIVATIVES EXPOSURES WHERE THE BANK APPLIES THE ORIGINAL EXPOSURE METHOD IN ACCORDANCE WITH THE DECISION GOVERNING THE CAPITAL ADEQUACY OF BANKS

State the exposure amount under single-currency interest rate swaps and basis swaps from Annex 2 of the Decision on Capital Adequacy of Banks calculated in accordance with the Original Exposure Method from Section 251 of the Decision on Capital Adequacy of Banks in cases when conditions from Section 18 of this Methodology have been met.

Banks which are not using the Original Exposure Method for calculating exposure amount do not fill in this field.

In this field banks do not disclose derivative exposures from Section 12 of this Methodology calculated using the Mark-to-Market Method from Section 250 of the Decision on Capital Adequacy of Banks.

12. (-) DERIVATIVES EXPOSURES UNDER THE ORIGINAL EXPOSURE METHOD WHERE THE BANK ACTS AS AN INTERMEDIARY BETWEEN THE CLIENT AND THE CCP, AND THE TERMS OF THE CCP-RELATED TRANSACTION STIPULATE THAT THE BANK IS NOT OBLIGED TO REIMBURSE THE CLIENT FOR ANY LOSSES SUFFERED DUE TO THE CHANGES IN THE VALUE OF THAT TRANSACTION IN THE EVENT THAT THE CCP DEFAULTS

This field shows derivative exposures in cases where the bank acts as an intermediary in derivative transactions that can be excluded from the exposure amount in accordance with Section 9 of this Methodology when the bank uses the Original Exposure Method from Section 251 of the Decision on Capital Adequacy of Banks, provided that the conditions from Section 292, paragraph 1, item 3) of the Decision on Capital Adequacy of Banks have been met. The amount in this field must be reported as a negative figure.

The amount disclosed in this field is also disclosed in row 11 of this Form.

13. NOTIONAL AMOUNT OF WRITTEN CREDIT DERIVATIVES (PROVIDED CREDIT PROTECTION)

State the notional amount of written credit derivatives in cases when the bank provides credit protection to the counterparty in accordance with Sections 15 to 17 of this Methodology.

14. (-) NOTIONAL AMOUNT OF PURCHASED CREDIT DERIVATIVES THAT MAY BE OFFSET AGAINST THE NOTIONAL AMOUNT OF WRITTEN CREDIT DERIVATIVES

State the notional amount of purchased credit derivatives on the same reference name as written credit derivatives in accordance with Sections 15 to 17 of this Methodology. The residual maturity of the purchased credit derivative is equal to or longer than the residual maturity of the written credit derivative. The notional amount of purchased credit derivatives disclosed in this row cannot be higher than the notional amount of written credit derivatives in row 13 for each individual reference name. The amount in this field must be reported as a negative figure.

15. OFF-BALANCE SHEET EXPOSURES CLASSIFIED AS LOW-RISK WITH THE 10% CONVERSION FACTOR

State the amount of off-balance sheet exposures classified as low-risk, to which the 10% conversion factor was applied in accordance with Section 8 of this Methodology.

The amount of off-balance sheet items disclosed in this row is not reduced by the amount of specific credit risk adjustments.

This field does not show the exposure amount of financial derivatives from Annex 2 of the Decision on Capital Adequacy of Banks, credit derivatives and exposures arising from repurchase and reverse repurchase transactions, margin lending transactions, securities or commodities lending or borrowing agreements and long settlement transactions.

16. OFF-BALANCE SHEET EXPOSURES CLASSIFIED AS MEDIUM/LOW-RISK

State the amount of off-balance sheet exposures classified as medium/low-risk in accordance with Section 8 of this Methodology.

The amount of off-balance sheet items disclosed in this row is not reduced by the amount of specific credit risk adjustments.

This field does not show the exposure amount of financial derivatives from Annex 2 of the Decision on Capital Adequacy of Banks, credit derivatives and exposures arising from repurchase and reverse repurchase transactions, margin lending transactions, securities or commodities lending or borrowing agreements and long settlement transactions.

17. OFF-BALANCE SHEET EXPOSURES CLASSIFIED AS MEDIUM-RISK

State the amount of off-balance sheet exposures classified as medium-risk in accordance with Section 8 of this Methodology.

This field also shows the amount of liquidity facilities and other securitisation commitments. This means that the 50% conversion factor is applied to all securitisation liquidity facilities, in accordance with Section 223 of the Decision on Capital Adequacy of Banks.

The amount of off-balance sheet items disclosed in this row is not reduced by the amount of specific credit risk adjustments.

This field does not show the exposure amount of financial derivatives from Annex 2 of the Decision on Capital Adequacy of Banks, credit derivatives and exposures arising from repurchase and reverse repurchase transactions, margin lending transactions, securities or commodities lending or borrowing agreements and long settlement transactions.

18. OFF-BALANCE SHEET EXPOSURES CLASSIFIED AS FULL-RISK

State the amount of off-balance sheet exposures classified as full-risk in accordance with Section 8 of this Methodology.

The amount of off-balance sheet items disclosed in this row is not reduced by the amount of specific credit risk adjustments.

This field does not show the exposure amount of financial derivatives from Annex 2 of the Decision on Capital Adequacy of Banks, credit derivatives and exposures arising from repurchase and reverse repurchase transactions, margin lending transactions, securities or commodities lending or borrowing agreements and long settlement transactions.

19. OTHER EXPOSURES

State the amount of balance sheet exposures from Section 2, indent one of this Methodology in accordance with Section 3 of that Methodology.

This field does not show the amount of off-balance sheet items, or the exposure amount of financial derivatives from Annex 2 of the Decision on Capital Adequacy of Banks, credit derivatives and exposures arising from repurchase and reverse repurchase transactions, margin lending transactions, securities or commodities lending or borrowing agreements and long settlement transactions.

In this field, banks also enter the amount of cash received or the securities provided in repurchase and reverse repurchase transactions, margin lending transactions, securities or commodities lending or borrowing agreements and long settlement transactions, which are recognised in the balance sheet (the accounting criteria for derecognition have not been met). In this field banks also report deductibles from Common Equity Tier 1 capital and Additional Tier 1 capital (e.g. intangible assets, deferred tax assets, etc.).

20. THE VALUE OF COLLATERAL PROVIDED FOR WHICH DERIVATIVE EXPOSURE IS REDUCED

State the amount of the collateral by which the exposure value of derivatives is reduced in accordance with Section 13 of this Methodology.

This field does not include the amount of initial margin deposited in a transaction under derivatives with a QCCP, or the amount of variation margin received in cash, from Section 14 of this Methodology.

21. (-) RECEIVABLES FOR CASH VARIATION MARGIN PROVIDED TO THE COUNTERPARTY IN DERIVATIVES TRANSACTIONS

In this field, disclose the amount of variation margin received in cash from a counterparty in derivatives transactions from Section 14, paragraph 3 of this Methodology, provided that conditions from paragraph 1 of that Section have been met. The amount in this field must be reported as a negative figure.

The amount disclosed in this field is also disclosed in row 19 of this Form.

22. (-) INITIAL MARGIN EXPOSURES WHERE THE BANK ACTS AS AN INTERMEDIARY BETWEEN THE CLIENT AND THE CCP, AND THE TERMS OF THE CCP-RELATED TRANSACTION STIPULATE THAT THE BANK IS NOT OBLIGED

TO REIMBURSE THE CLIENT FOR ANY LOSSES SUFFERED DUE TO THE CHANGES IN THE VALUE OF THAT TRANSACTION IN THE EVENT THAT THE CCP DEFAULTS

This field shows exposures arising from initial margin in cases where the bank acts as an intermediary in derivative transactions that can be excluded from the exposure amount in accordance with Section 9 of this Methodology provided that the conditions from Section 292, paragraph 1, item 3) of the Decision on Capital Adequacy of Banks have been met. The amount in this field must be reported as a negative figure.

The amount disclosed in this field is also disclosed in row 19 of this Form.

23. VALUE OF SECURITIES LENT IN REPURCHASE TRANSACTIONS, MARGIN LENDING TRANSACTIONS, SECURITIES LENDING AGREEMENTS AND LONG SETTLEMENT TRANSACTIONS THAT ARE DERECOGNISED DUE TO A SALES ACCOUNTING TRANSACTION

This field shows the amount from Section 23 of this Methodology.

24. (-) INTRAGROUP EXPOSURES

State the amount of exposures to entities in the bank's banking group if the conditions from Section 40, paragraph 1 of the Decision on Capital Adequacy of Banks have been met, in accordance with Section 5 of this Methodology.

If conditions from Section 40, paragraph 1 of the Decision on Capital Adequacy of Banks have not been met, the bank shall enter such exposures in appropriate rows.

The amount in this field must be reported as a negative figure.

25. (-) EXPOSURES TO PUBLIC ADMINISTRATIVE BODIES IN ACCORDANCE WITH THE DECISION GOVERNING THE CAPITAL ADEQUACY OF BANKS

State the amount of exposures to public administrative bodies in accordance with Section 11 of this Methodology and Section 43, paragraph 5 of the Decision on Capital Adequacy of Banks. The amount in this field must be reported as a negative figure.

26. (-) EXPOSURES TREATED AS DEDUCTIBLES FROM COMMON EQUITY TIER 1 CAPITAL AND ADDITIONAL TIER 1 CAPITAL IN ACCORDANCE WITH THE DECISION GOVERNING THE CAPITAL ADEQUACY OF BANKS

State the amount of exposures that treated as deductibles from Common Equity Tier 1 capital and Additional Tier 1 capital in accordance with Sections 11 to 21 and Section 26 of the Decision on Capital Adequacy of Banks. The amount in this field must be reported as a negative figure.

27. TOTAL AMOUNT OF EXPOSURES FOR THE PURPOSE OF CALCULATING THE LEVERAGE RATIO

State the total exposure amount calculated as the sum of the amounts from rows 1 to 26 of this Form.

28. TIER 1 CAPITAL IN ACCORDANCE WITH THE DECISION GOVERNING THE CAPITAL ADEQUACY OF BANKS

In this field, enter the amount of Tier 1 capital in accordance with the Decision on Capital Adequacy of Banks, from row 1.1 of the Report on Bank Capital (KAP Form) from Annex 1 of the Decision on Reporting on Capital Adequacy of Banks.

29. LEVERAGE RATIO

State the value of the leverage ratio which is obtained as the ratio of Tier 1 capital from row 28 of this Form and total exposure from row 27 of this Form, and is expressed as a percentage.

ANNEX 24

Breakdown of bank exposures included in the calculation of the leverage ratio by risk weight – Form LR2

Form LR2 contains information about bank exposures included in the calculation of the leverage ratio by risk weight.

This form shows data on on- and off-balance sheet exposures from the banking book (including securitisation positions and equity holdings under which the bank is exposed to credit risk), as well as exposures of the trading book subject to counterparty credit risk.

In case of exposures subject to risk mitigation techniques which imply a substitution of the counterparty credit risk weight with the risk weighting of the guarantee, when filling in the form, the bank shall rely on the risk weight which is applied after the substitution effect.

Banks that obtained the consent for the application of the internal ratings-based approach (hereinafter: IRB Approach) in case of exposures to which such approach is applied (other than those for which specific regulatory risk weights are provided for), shall determine the risk weight by dividing the amount of the risk-weighted exposure (obtained by using the prescribed formula for the calculation of risk-weighted exposures or the supervisory formula (in case of the calculation of credit risk-weighted exposures and credit risk-weighted exposures under securitisation, respectively) by the exposure amount, after taking into account the inflows and outflows due to the application of credit risk mitigation techniques with substitution effect on the exposure.

Exposures classified as in default will not be disclosed in rows 1.1 to 1.8, but in row 1.9 of this Form.

*** * ***

Explanations as to how to fill in certain columns in Form LR2 are given below.

COLUMN 3 ON- AND OFF-BALANCE SHEET EXPOSURES (STANDARDISED APPROACH)

State the exposure amount of on-balance sheet assets and off-balance sheet items remaining after reductions for specific credit risk adjustments, additional value adjustments, the amount of the required reserve for estimated losses and other capital reductions relating to that item, and after the application of credit risk mitigation techniques in accordance with Chapter IV, Part 1 of the Decision on Capital Adequacy of Banks. Banks fill in this column for exposures to which they apply the Standardised Approach for the calculation of credit risk-weighted exposures.

COLUMN 4 ON- AND OFF-BALANCE SHEET EXPOSURES (IRB APPROACH)

State the exposure amount of on-balance sheet assets and off-balance sheet items in accordance with Section 113 of the Decision on Capital Adequacy of Banks as well as in accordance with the first sentence in Section 186, paragraph 1 of that Decision, after taking into account the inflows and outflows arising from the implementation of credit risk-mitigation techniques. Banks fill in this column for exposures to which they apply the IRB Approach for the calculation of credit risk-weighted exposures.

COLUMN 5 OFF-BALANCE SHEET EXPOSURE BEFORE APPLYING THE CONVERSION FACTOR

State the exposure amount of off-balance sheet items before the application of the conversion factor from Section 37 of the Decision on Capital Adequacy of Banks.

Explanations as to how to fill in certain rows in Form LR2 are given below.

1. TOTAL ON- AND OFF-BALANCE SHEET EXPOSURES FROM THE BANKING BOOK, AS WELL AS EXPOSURES OF THE TRADING BOOK SUBJECT TO COUNTERPARTY CREDIT RISK (BREAKDOWN OF EXPOSURES BY RISK WEIGHT)

State the sum of rows 1.1 to 1.9.

In rows 1.1 to 1.9 of this Form, disclose the exposure amount of on-balance sheet assets and off-balance sheet items from the banking book (including securitisation positions and equity holdings under which the bank is exposed to credit risk), as well as exposures of the trading book under which the bank is exposed to counterparty credit risk, divided by risk weights assigned to those exposures in accordance with the Decision on Capital Adequacy of Banks.

1.9 EXPOSURES CLASSIFIED IN DEFAULT STATUS

State the amount of exposures in default in accordance with Section 55 of the Decision on Capital Adequacy of Banks for exposures subject to the Standardised Approach, while if the IRB Approach is applied, all exposures with 100% PD are considered exposures in default.

2. EXPOSURES FOR LOW-RISK OFF-BALANCE SHEET ITEMS (ATTRACTING A 0% CONVERSION FACTOR)

State the exposure amount of off-balance sheet items classified as low-risk in accordance with Section 37, paragraph 2 of the Decision on Capital Adequacy of Banks.

ANNEX 24

Breakdown of bank exposures included in the calculation of the leverage ratio – Form LR3

Form LR3 contains information about the types of bank exposures included in the calculation of the leverage ratio. This form shows exposures included in the calculation of the leverage ratio after taking into account the exposures that may be excluded from the calculation of total exposure amount in rows 5, 8, 10, 12, 22, 24 and 25 of Form LR1.

* * *

Explanations as to how to fill in certain columns in Form LR3 are given below.

Type of off-balance exposure

COLUMN 3 EXPOSURES INCLUDED IN THE CALCULATION OF THE LEVERAGE RATIO

State the exposure amounts included in the calculation of the leverage ratio in accordance with this Methodology.

COLUMN 4 RISK-WEIGHTED ASSETS

State the amount of risk-weighted assets calculated by applying the Standardised Approach in accordance with Chapter IV, Part 1 of the Decision on Capital Adequacy of Banks, or the IRB Approach in accordance with Chapter IV, Part 2 of the Decision on Capital Adequacy of Banks, as applicable, if the bank has obtained the consent of the National Bank of Serbia to apply that approach.

Explanations as to how to fill in certain rows in Form LR3 are given below.

1. OFF-BALANCE SHEET ITEMS

This row shows off-balance sheet items, except financial derivatives from Annex 2 of the Decision on Capital Adequacy of Banks, credit derivatives and exposures for repurchase and reverse repurchase transactions, margin lending transactions, securities or commodities lending or borrowing agreements and long settlement transactions, from rows 15 to 18 of Form LR1.

1.1 TRADE FINANCING

State the part of the previous item which refers to trade finance transactions (short-term documentary credits, etc.).

1.1.1 Under official export credit insurance scheme

State the part of the previous item which refers to trade finance transactions within an official export credit insurance scheme (pertaining to the support of the government or another authority, such as an export credit agency through direct crediting/financing, refinancing, support through a fixed interest rate until loan maturity, provision of one-off funds, insurance and guarantees).

2. DERIVATIVES AND REPURCHASE AND REVERSE REPURCHASE TRANSACTIONS, MARGIN LENDING TRANSACTIONS, SECURITIES OR COMMODITIES LENDING OR BORROWING AGREEMENTS AND LONG SETTLEMENT TRANSACTIONS SUBJECT TO THE CONTRACTUAL CROSS-PRODUCT NETTING AGREEMENT

This row shows the exposure amount of derivatives, repurchase and reverse repurchase transactions, margin lending transactions, securities or commodities lending or borrowing agreements and long settlement transactions subject to the contractual cross-product netting agreement defined in Section 2, item 91) of the Decision on Capital Adequacy of Banks.

3. DERIVATIVES NOT SUBJECT TO THE CONTRACTUAL CROSS-PRODUCT NETTING AGREEMENT

State the exposure amount of derivatives which are not subject to the contractual cross-product netting agreement in accordance with the definition from Section 2, item 91) of the Decision on Capital Adequacy of Banks.

4. REPURCHASE AND REVERSE REPURCHASE TRANSACTIONS, MARGIN LENDING TRANSACTIONS, SECURITIES OR COMMODITIES LENDING OR BORROWING AGREEMENTS AND LONG SETTLEMENT TRANSACTIONS NOT SUBJECT TO THE CONTRACTUAL CROSS-PRODUCT NETTING AGREEMENT

State the exposure amount of repurchase and reverse repurchase transactions, margin lending transactions, securities or commodities lending or borrowing agreements and long settlement transactions not subject to the contractual cross-product netting agreement from Section 2, item 91) of the Decision on Capital Adequacy of Banks.

5. EXPOSURE AMOUNTS RESULTING FROM THE ADDITIONAL TREATMENT FOR CREDIT DERIVATIVES (ITEM 13, FORM LR1 – ITEM 14, FORM LR1)

State the exposure amount resuling from the additional treatment for credit derivatives, calculated as the difference between the notional amount of written credit derivatives (credit protection provided) from row 13 of Form LR1 and the notional amount of purchased credit derivatives from row 14 of Form LR1.

6. OTHER EXPOSURES FROM THE TRADING BOOK

State the amount of other exposures from row 19 of Form LR1, excluding the banking book exposures. The column "Value of risk-weighted assets" shows the capital requirement multiplied by 12.5.

Other exposures from the banking book

Explanations as to how to fill in certain columns are given below.

COLUMN 3 EXPOSURES INCLUDED IN THE CALCULATION OF THE LEVERAGE RATIO – STANDARDISED APPROACH

State the exposures included in the calculation of the leverage ratio in accordance with this Methodology, to which the bank applies the Standardised Approach for the calculation of credit risk-weighted exposures in accordance with Chapter IV, Part 1 of the Decision on Capital Adequacy of Banks.

COLUMN 4 EXPOSURES INCLUDED IN THE CALCULATION OF THE LEVERAGE RATIO – IRB APPROACH

State the exposures included in the calculation of the leverage ratio in accordance with this Methodology, to which the bank applies the IRB Approach for the calculation of credit risk-weighted exposures in accordance with Chapter IV, Part 2 of the Decision on Capital Adequacy of Banks, if the bank has obtained the consent of the National Bank of Serbia for the application of that approach.

COLUMN 5 RISK-WEIGHTED ASSETS – STANDARDISED APPROACH

State the amount of risk-weighted assets calculated using the Standardised Approach, in accordance with Chapter IV, Part 1 of the Decision on Capital Adequacy of Banks.

COLUMN 6 RISK-WEIGHTED ASSETS – IRB APPROACH

State the amount of risk-weighted assets calculated using the IRB Approach in accordance with Chapter IV, Part 2 of the Decision on Capital Adequacy of Banks, if the bank has obtained the consent of the National Bank of Serbia for the application of that approach.

Explanations as to how to fill in certain rows are given below.

1. EXPOSURES IN THE FORM OF COVERED BONDS

This row shows the exposures in the form of covered bonds in accordance with Section 57 of the Decision on Capital Adequacy of Banks (for the purpose of filling in the column: Standardised Approach) or Section 108, paragraph 1, item 4) of that Decision (for the purpose of filling in the column: IRB Approach).

Exposures in default status are not disclosed in this row.

2. EXPOSURES TO CENTRAL GOVERNMENTS AND CENTRAL BANKS AND EXPOSURES THAT ARE TREATED AS EXPOSURES TO THOSE ENTITIES

This row shows exposures to central governments and central banks and exposures treated as exposures to those entities which are obtained by adding up the amounts in rows 2.1 to 2.5.

Exposures in default status are not disclosed in this row.

2.1 EXPOSURES TO CENTRAL GOVERNMENTS AND CENTRAL BANKS

In this row, enter the exposures related to central governments and central banks in accordance with Section 41 of the Decision on Capital Adequacy of Banks (for the purpose of filling in the column: Standardised Approach) or Section 73, paragraph 2, item 1) of that Decision (for the purpose of filling in the column: IRB Approach).

Exposures in default status are not disclosed in this row.

2.2 EXPOSURES TO TERRITORIAL AUTONOMIES AND LOCAL GOVERNMENT UNITS

In this row, enter the exposures related to territorial autonomies and local government units in accordance with Section 42, paragraphs 2 and 4 of the Decision on Capital Adequacy of Banks (for the purpose of filling in the column: Standardised Approach) or Section 74, paragraph 1, indent one of that Decision (for the purpose of filling in the column: IRB Approach).

Exposures in default status are not disclosed in this row.

2.3 EXPOSURES TO PUBLIC ADMINISTRATIVE BODIES

In this row, enter the exposures related to public administrative bodies in accordance with Section 43, paragraph 5 of the Decision on Capital Adequacy of Banks (for the purpose of filling in the column: Standardised Approach) or Section 74, paragraph 1, indent one of that Decision (for the purpose of filling in the column: IRB Approach).

Exposures in default are not disclosed in this row.

2.4 EXPOSURES TO MULTILATERAL DEVELOPMENT BANKS

In this row, enter the exposures related to multilateral development banks in accordance with Section 44, paragraph 3 of the Decision on Capital Adequacy of Banks (for the purpose of filling in the column: Standardised Approach) or Section 74, paragraph 1, indent two of that Decision (for the purpose of filling in the column: IRB Approach).

Exposures in default status are not disclosed in this row.

2.5 EXPOSURES TO INTERNATIONAL ORGANISATIONS

In this row, enter the exposures related to international organisations in accordance with Section 45 of the Decision on Capital Adequacy of Banks (for the purpose of filling in the column: Standardised Approach) or Section 74, paragraph 1, indent three of that Decision (for the purpose of filling in the column: IRB Approach).

Exposures in default status are not disclosed in this row.

3. EXPOSURES TO TERRITORIAL AUTONOMIES, LOCAL GOVERNMENT UNITS, MULTILATERAL DEVELOPMENT BANKS, INTERNATIONAL ORGANISATIONS AND PUBLIC ADMINISTRATIVE BODIES NOT TREATED AS EXPOSURES TO CENTRAL GOVERNMENTS

In this row, enter the exposures related to territorial autonomies, local government units, multilateral development banks, international organisations and public administrative bodies, which are not treated as exposures to central governments, obtained by adding up amounts from rows 3.1 to 3.3 of this Form.

Exposures in default status are not disclosed in this row.

3.1 EXPOSURES TO TERRITORIAL AUTONOMIES OR LOCAL GOVERNMENT UNITS

In this row, enter the exposures related to territorial autonomies or local government units in accordance with Section 42, paragraphs 1, 3 and 5 of the Decision on Capital Adequacy of Banks (for the purpose of filling in the column: Standardised Approach) or Section 75, paragraph 1, indent one of that Decision (for the purpose of filling in the column: IRB Approach).

Exposures in default status are not disclosed in this row.

3.2 EXPOSURES TO PUBLIC ADMINISTRATIVE BODIES

In this row, enter the exposures related to public administrative bodies in accordance with Section 43, paragraphs 1 to 4 and paragraph 6 of the Decision on Capital Adequacy of Banks (for the purpose of filling in the column: Standardised Approach) or Section 75, paragraph 1, indent two of that Decision (for the purpose of filling in the column: IRB Approach).

Exposures in default status are not disclosed in this row.

3.3 EXPOSURES TO MULTILATERAL DEVELOPMENT BANKS

In this row, enter the exposures related to multilateral development banks in accordance with Section 44, paragraphs 1 and 2 of the Decision on Capital Adequacy of Banks (for the purpose of filling in the column: Standardised Approach) or Section 75, paragraph 1, indent three of that Decision (for the purpose of filling in the column: IRB Approach).

Exposures in default status are not disclosed in this row.

4. EXPOSURES TO BANKS

In this row, enter the exposures related to banks in accordance with Sections 46 to 49 of the Decision on Capital Adequacy of Banks (for the purpose of filling in the column: Standardised Approach) or Section 73, paragraph 2, item 2) of that Decision (for the purpose of filling in the column: IRB Approach).

If a bank applies the IRB Approach when calculating risk-weighted exposures to banks, in the column “IRB Approach” it will not disclose exposures in the form of covered bonds from Section 108, paragraph 1, item 4) of the Decision on Capital Adequacy of Banks, or exposures from Section 75, indents one to three of that Decision.

Exposures in default status are not disclosed in this row.

5. EXPOSURES SECURED BY MORTGAGES ON IMMOVABLE PROPERTY

In this row, enter the exposures secured by mortgages on immovable property in accordance with Sections 52 to 54 of the Decision on Capital Adequacy of Banks (for the purpose of filling in the column: Standardised Approach).

The column “IRB Approach” shows exposures with regard to the retail exposures class in accordance with Section 73, paragraph 2, item 4) of the Decision on Capital Adequacy of Banks and exposures with regard to the corporate exposures class in accordance with Section 73, paragraph 2, item 3) of that Decision which are secured by mortgages on immovable property from Section 143, paragraph 1, item 1) of that Decision.

Exposures in default status are not disclosed in this row.

5.1 EXPOSURES SECURED BY MORTGAGES ON RESIDENTIAL PROPERTY

In this row, enter the part of the exposures from the previous row which are secured by mortgages on residential property in accordance with Section 53 of the Decision on Capital Adequacy of Banks (for the purpose of filling in the column: Standardised Approach).

The column “IRB Approach” shows the part of the exposures from the previous row classified as retail exposures, in accordance with Section 73, paragraph 2, item 4) of the Decision on Capital Adequacy of Banks, and exposures in the corporate exposures class, in accordance with Section 73, paragraph 2, item 3) of that Decision, which are secured by mortgages on residential property from Section 143, paragraph 1, item 1) of that Decision.

Exposures in default status are not disclosed in this row.

6. RETAIL EXPOSURES

In this row, enter the retail exposures in accordance with Section 51 of the Decision on Capital Adequacy of Banks (for the purpose of filling in the column: Standardised Approach) or Section 73, paragraph 2, item 4) of that Decision, unless they are secured by mortgages on residential property from Section 143, paragraph 1, item 1) of that Decision (for the purpose of filling in the column: IRB Approach).

Exposures in default status are not disclosed in this row.

6.1 EXPOSURES TO SMEs CLASSIFIED AS RETAIL EXPOSURES

In this row, enter the exposures related to SMEs classified as retail exposures in accordance with Section 2, item 4) and Section 51, paragraph 1, indent one of the Decision on Capital Adequacy of Banks (for the purpose of filling in the column: Standardised Approach).

The column "IRB Approach" shows exposures to SMEs classified as retail exposures in accordance with Section 2, item 4) and Section 73, paragraph 2, item 4) of the Decision on Capital Adequacy of Banks, which are not secured by mortgages on immovable property from Section 143, paragraph 1, item 1) of that Decision.

Exposures in default status are not disclosed in this row.

7. EXPOSURES TO CORPORATES

In this row, enter the exposures related to corporates which are obtained as the sum of amounts from rows 7.1 and 7.2 of this Form.

Exposures in default status are not disclosed in this row.

7.1 EXPOSURES TO FINANCIAL SECTOR ENTITIES IN THE CORPORATE EXPOSURE CLASS

In this row, enter the exposures related to financial sector entities in the corporate exposures class from Section 50 of the Decision on Capital Adequacy of Banks (for the purpose of filling in the column: Standardised Approach) or Section 73, paragraph 2, item 3) of that Decision which are not secured by mortgages from Section 143, paragraph 1, item 1) of that Decision (for the purpose of filling in the column: IRB Approach).

For the purpose of filling in this row, a financial sector entity means regulated or unregulated companies, except banks from row 4 of this Form, which perform one or several activities listed in Section 2, item 9) of the Decision on Liquidity Risk Management by Banks.

Exposures in default status are not disclosed in this row.

7.2 EXPOSURES TO NON-FINANCIAL SECTOR ENTITIES IN THE CORPORATE EXPOSURE CLASS

In this row, enter the exposures related to non-financial sector entities in the corporate exposure class which are obtained as the sum of amounts in rows 7.2.1 and 7.2.2 of this Form.

Exposures in default status are not disclosed in this row.

7.2.1 Exposure to SMEs

In this row, enter the exposures related to SMEs classified as corporate exposures which are non-financial sector entities, in accordance with Section 2, item 4) and Section 50 of the Decision on Capital Adequacy of Banks (for the purpose of filling in the column: Standardised Approach).

The column "IRB Approach" shows exposures to SMEs classified as corporate exposures which are non-financial sector entities in accordance with Section 2, item 4) and Section 73, paragraph 2, item 3) of the Decision on Capital Adequacy of Banks, which are not secured by mortgages from Section 143, paragraph 1, item 1) of that Decision.

Exposures in default status are not disclosed in this row.

7.2.2 Exposure to other corporates

In this row, enter the exposures related to other corporates not listed in rows 7.1 and 7.2.1, in accordance with Section 50 of the Decision on Capital Adequacy of Banks (for the purpose of filling in the column: Standardised Approach) or Section 73, paragraph 2, item 3) of that Decision, which are not secured by mortgages from Section 143, paragraph 1, item 1) of that Decision (for the purpose of filling in the column: IRB Approach).

Exposures in default status are not disclosed in this row.

8. EXPOSURES IN DEFAULT

In this row, enter the exposures in default status in accordance with Section 55 of the Decision on Capital Adequacy of Banks (for the purpose of filling in the column: Standardised Approach).

The column "IRB Approach" shows exposures in the exposure classes from Section 73, paragraph 2 of the Decision on Capital Adequacy of Banks which are in default in accordance with Section 93 of that Decision.

9. OTHER EXPOSURES

In this row, enter the high-risk exposures, exposures in the form of securitisation positions, exposures to banks and corporates with a short-term credit assessment, exposures in the form of units in open-ended investment funds, equity exposures and other exposures in accordance with Sections 56, 58, 59, 60, 61 and 62 of the Decision on Capital Adequacy of Banks (for the purpose of filling in the column: Standardised Approach).

The column “IRB Approach” shows exposures in the exposure classes from Section 73, paragraph 2, items 5) to 7) of the Decision on Capital Adequacy of Banks.

Exposures in default status are not disclosed in this row.

9.1 OF WHICH EXPOSURES UNDER SECURITISATION POSITIONS

In this row, enter the part of the securitised exposures from the previous field in accordance with Section 58 (for the purpose of filling in the column: Standardised Approach) of the Decision on Capital Adequacy of Banks or Section 73, paragraph 2, item 6) of that Decision (for the purpose of filling in the column: IRB Approach).

Exposures in default status are not disclosed in this row.

10. EXPOSURES UNDER TRADE FINANCING

In this row, enter the exposures under trade financing, which primarily refer to short-term documentary credits.

Exposures disclosed in this row are also disclosed in other rows in this form depending on the type of the counterparty.

Exposures in default status are not disclosed in this row.

10.1 UNDER OFFICIAL EXPORT CREDIT INSURANCE SCHEME

In this row, enter the part of the exposures from the previous row of this form under trade financing, under an official export credit insurance scheme (which refers to the support of the government or another authority such as an export credit agency).

Exposures disclosed in this row are also disclosed in other rows in this form depending on the type of the counterparty.

Exposures in default status are not disclosed in this row.