

METHODOLOGY FOR COMPILING REPORT ON THE LEVERAGE RATIO

This Methodology sets out the form and contents of forms on the leverage ratio which banks are required to calculate in accordance with the Guidelines on the Manner of Calculation of Total Bank Exposures Included in the Calculation of the Leverage Ratio (hereinafter: Guidelines).

Banks do not fill in the grey fields.

SCHEDULE 24

Report on the leverage ratio – LR1 Form

The LR1 form contains information about the amounts of elements included in the leverage ratio calculation and the ratio level. Banks shall calculate leverage ratio quarterly with data as at the last day of the quarter.

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The explanations on how to fill in specific rows in the LR1 form are given below.

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

In this field, a bank enters 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 4 and Section 6 of the Guidelines.

When filling in this field, banks need also take into account the exposure amount in accordance with Section 24, indent 3 of the Guidelines.

In this field, a bank does not disclose the amount of cash received or securities provided in the abovementioned transactions with the counterparty, which is recognised in the bank's balance sheet (the accounting criteria for derecognition are not met); rather, that amount is disclosed in row 19 of this form.

In this field, a bank does not disclose exposures arising from transactions where the bank acts as an intermediary between two contracting parties in accordance

with Section 24, indent 1 of the Guidelines; rather, that amount is disclosed in row 4 of this form.

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

This field shows the add-on for counterparty credit risk 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 the Guidelines.

When filling in this field a bank needs also to take into account the exposure amount in accordance with Section 24, indent 3 of the Guidelines. This field does not disclose exposures arising from transactions where the bank acts as an intermediary between two contracting parties in accordance with Section 24, indent 1 of the Guidelines; rather, that amount is shown in row 4 of this form.

3. THE ADD-ON FOR COUNTERPARTY CREDIT RISK 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 CAPITAL ADEQUACY OF BANKS

In this field, a bank discloses the add-on for counterparty credit risk 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 Section 22 of the Guidelines and Section 173 of the Decision on Capital Adequacy of Banks.

When filling in this field a bank needs also to take into account the exposure amount in accordance with Section 24, indent 3 of the Guidelines.

This field does not disclose the add-on for counterparty credit risk 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 by applying the method from Section 19 of the Guidelines.

4. THE ADD-ON FOR COUNTERPARTY CREDIT RISK 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, a bank discloses the add-on for counterparty credit risk 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 1 of the Guidelines, which is calculated in accordance with Sections 20 and 21 of the Guidelines.

This field does not disclose the exposure amount in accordance with Section 24, indent 3 of the Guidelines. Rather, that amount is disclosed in rows 1 and 2 or rows 1 and 3 of this form, depending on the method applied to calculate the add-on for those transactions.

5. (-)THE 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 A CLIENT AND A CCP, AND THE TERMS OF THE CCP-RELATED TRANSACTION STIPULATE THAT THE BANK IS NOT OBLIGATED 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, a bank discloses the amount from Section 9 of the Guidelines, if the condition from Section 292, paragraph 1, item 3) of the Decision on Capital Adequacy of Banks is met. The amount in this field is disclosed with a negative sign.

In case when a part of the transaction with the CCP which is excluded from the exposure calculation in accordance with Section 9 of the Guidelines is a security, the value of that security is not disclosed in this field, except in case of a repledged security which is in full amount included in exposure calculation in accordance with Section 37, paragraph 1 of the Decision on Capital Adequacy of Banks, when the value of that security is disclosed also in row 19 of this form.

A bank must disclose the amount from this field also in rows 1, 2 and 3 of this form.

In the case that the bank has posted initial margin based on repurchase and reverse repurchase transactions, margin lending transactions, securities or commodities lending or borrowing agreements and long settlement transactions, and disclosed that amount in row 19, instead of row 2 or 3 of this form, such amount may be shown in this row.

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

In this field, a bank discloses current replacement cost of derivatives from Annex 1 of the Decision on Capital Adequacy of Banks and credit derivatives where the bank applies 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 the Guidelines. This field also discloses the amount of received variation margin.

This field does not disclose the exposure amount calculated by applying the original exposure method in accordance with Section 18 of the Guidelines 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 THE DERIVATIVES EXPOSURE

In this field, a bank discloses the amount of variation margin in cash received from the counterparty that may be used to reduce the current replacement cost for the derivatives exposure, in accordance with Section 14 of the Guidelines. The amount in this field is disclosed with a negative sign.

This field does not disclose the amount of variation margin received based on transactions which are excluded from the total exposure amount in accordance with Section 9 of the Guidelines.

8. (-) DERIVATIVES: CURRENT REPLACEMENT COST, WHERE THE BANK ACTS AS AN INTERMEDIARY BETWEEN A CLIENT AND A CCP, AND THE TERMS OF THE CCP-RELATED TRANSACTION STIPULATE THAT THE BANK IS NOT OBLIGATED 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, a bank discloses the amount of current replacement cost of derivatives, where the bank acts as an intermediary in derivative transactions that may be excluded from exposure amount in accordance with Section 9 of the Guidelines, if the conditions from Section 292, paragraph 1, item 3) of the Decision on Capital Adequacy of Banks are met.

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

The amount in this field is disclosed with a negative sign.

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

In this field, a bank enters the potential future exposure of credit derivatives from Annex 1 of the Decision on Capital Adequacy of Banks and credit derivatives in accordance with Sections 12 to 17 of the Guidelines in the case when the bank applies the mark-to-market method in accordance with Section 250 of the Decision on Capital Adequacy of Banks and Section 286, paragraph 2, item 1) of that Decision in the case of all credit derivatives, not only those allocated to the trading book.

This field does not disclose the exposure amount calculated by applying the original exposure method in accordance with Section 18 of the Guidelines 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 A CLIENT AND A CCP, AND THE TERMS OF THE CCP-RELATED TRANSACTION STIPULATE THAT THE BANK IS NOT OBLIGATED 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, a bank enters potential future exposures of derivatives in the case that a bank acts as an intermediary in derivative transactions which may be excluded from exposure amount in accordance with Section 9 of this Methodology, if the conditions from Section 292, paragraph 1, item 3) of the Decision on Capital Adequacy of Banks are met. The amount in this field is disclosed with a negative sign.

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 CAPITAL ADEQUACY OF BANKS

In this field, a bank discloses the exposure amount based on single-currency interest rate swaps and basis swaps from Annex 1 on the Decision on Capital Adequacy of Banks calculated by applying the Original Exposure Method referred to in Section 251 of the Decision on Capital Adequacy of Banks, provided that conditions from Section 18 of the Guidelines are met.

A bank which does not apply the original exposure method when calculating exposures does not fill in this field.

In this field, a bank does not disclose the exposure amounts arising from derivatives from Section 12 of the Guidelines, calculated by applying 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 A CLIENT AND A CCP, AND THE TERMS OF THE CCP-RELATED TRANSACTION STIPULATE THAT THE BANK IS NOT OBLIGATED 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 row, a bank discloses the amount of derivatives exposure in the case where the bank acts as an intermediary in derivative transactions which may be excluded from the exposure amount in accordance with Section 9 of the Guidelines, when the bank applies 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 are met. The amount in this field is disclosed with a negative sign.

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)

In this field a bank discloses the notional amount of written credit derivatives in the case where the bank provides credit protection to the counterparty in accordance with Sections 15 to 17 of the Guidelines.

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

In this field, a bank discloses the notional amount of purchased credit derivatives which refer to the same reference entity as the written credit derivatives in accordance with Sections 15 to 17 of the Guidelines, where 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 from row 13 for each individual reference entity. The amount in this field is disclosed with a negative sign.

15. OFF-BALANCE SHEET EXPOSURES CLASSIFIED AS LOW-RISK (A 10% CONVERSION FACTOR)

In this field, a bank discloses the amount of off-balance sheet exposures classified as low-risk to which a 10% conversion factor is applied in accordance with Section 8 of the Guidelines.

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 disclose the exposure amount arising from financial derivatives referred to in Annex 1 of the Decision on Capital Adequacy of Banks, credit derivatives and exposures under 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-RISK

In this row, a bank discloses the amount of off-balance sheet exposures classified as medium-risk in accordance with Section 8 of the Guidelines.

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 disclose the exposure amount arising from financial derivatives referred to in Annex 1 of the Decision on Capital Adequacy of Banks, credit derivatives and exposures under 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

In this field, a bank discloses the amount of off-balance sheet exposures classified as medium-risk in accordance with Section 8 of the Guidelines.

In this field a bank also discloses liquidity facilities and other assumed commitments in securitisation. This means that all liquidity facilities in securitisation shall be subject to a 50% conversion factor 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 disclose the exposure amount arising from financial derivatives referred to in Annex 1 of the Decision on Capital Adequacy of Banks, credit

derivatives and exposures under 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

In this row, a bank discloses the amount of off-balance sheet exposures classified as full-risk in accordance with Section 8 of the Guidelines.

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 disclose the exposure amount arising from financial derivatives referred to in Annex 1 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.

19. OTHER EXPOSURES

In this field, a bank discloses the amount of balance sheet exposures from Section 2, indent 1 of the Guidelines, in accordance with Section 3 of the Guidelines.

This field does not disclose the amount of off-balance sheet items nor the exposure amount arising from financial derivatives from Annex 1 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.

In addition, a bank also enters in this field the amount of cash received or the amount of 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 are not met). Further, this field also discloses 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

In this field, a bank discloses the value of collateral provided for which derivative exposure is reduced in accordance with Section 13 of the Guidelines.

This field does not include the amount of initial margin posted in a derivative transaction with a qualifying CCP, nor the amount of cash variation margin received as referred to in Section 14 of the Guidelines.

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

In this field, a bank discloses the amount of cash variation margin received from the counterparty under a derivative transaction referred to in Section 14, paragraph 3 of the Guidelines, provided that the conditions set out in paragraph 1 of that Section are met. The amount in this field is disclosed with a negative sign.

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 A CLIENT AND A CCP, AND THE TERMS OF THE CCP-RELATED TRANSACTION STIPULATE THAT THE BANK IS NOT OBLIGATED 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, a bank discloses the initial margin exposures where the bank acts as an intermediary in derivative transactions which may be excluded from exposure amount in accordance with Section 9 of the Guidelines, when the conditions from Section 292, paragraph 1, item 3) of the Decision on Capital Adequacy of Banks are met. The amount in this field is disclosed with a negative sign.

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

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

In this field, a bank discloses the amount from Section 23 of the Guidelines.

24. (-) INTRAGROUP EXPOSURES

In this field, a bank discloses the amount of intragroup exposures if conditions from Section 40, paragraph 1 of the Decision on Capital Adequacy of Banks are met, in accordance with Section 5 of the Guidelines.

If conditions from Section 40, paragraph 1 of the Decision on Capital Adequacy of Banks are not met, the bank shall distribute the exposures into appropriate rows.

The amount in this field is disclosed with a negative sign.

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

In this field, a bank discloses exposures to public administrative bodies in accordance with Section 11 of the Guidelines and Section 43, paragraph 5 of the Decision on Capital Adequacy of Banks. The amount in this field is disclosed with a negative sign.

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

In this field, a bank discloses exposures treated as deductibles from Common Equity Tier 1 capital or 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 is disclosed with a negative sign.

27. TOTAL AMOUNT OF EXPOSURES BASED ON THE RULES FOR CALCULATING THE LEVERAGE RATIO

In this field, a bank discloses the total exposure amount calculated by summing the amounts from rows 1 to 26 of this form.

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

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

29. LEVERAGE RATIO

In this field, a bank discloses the value of the leverage ratio, calculated as the ratio of Tier 1 capital from row 28 of this form to the total exposure from row 27 of this form and expressed as a percentage.

Schedule 24

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

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

This form shows data on total on- and off-balance sheet exposures from the non-trading book (including securitised positions and equity investments that expose the bank to credit risk), as well as exposures of the trading book subject to counterparty risk.

In the case of exposures to which risk mitigation techniques are applied that involve the substitution of the counterparty's risk weight with the risk weight of the protection provider, the bank shall use the risk weight applicable to the exposure after the substitution when completing the form.

Banks that have obtained approval to apply the Internal Ratings-Based (IRB) approach, shall determine the risk weight – for exposures to which this approach is applied (except for those for which prescribed risk weights exist) – by dividing the amount of risk-weighted exposure (obtained by applying the prescribed formula for calculating risk-weighted exposure or the supervisory formula — in the case of calculating credit risk-weighted exposures and credit risk-weighted exposures arising from securitisation, respectively) by the amount of the exposure, after taking into

account inflows and outflows resulting from the application of credit risk mitigation techniques involving risk weight substitution.

Exposures classified in default status are not disclosed in rows 1.1 to 1.8, but in row 1.9 of this form.

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The explanations on how to fill in specific columns in the LR2 form are given below.

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

In this field, a bank discloses on- and off-balance sheet exposures after deductions for specific credit adjustments, additional value adjustments, the amount of required reserve for estimated losses, and other capital deductions related to that position, after applying credit risk mitigation techniques in accordance with Part 1 of Chapter IV of the Decision on Capital Adequacy of Banks. The bank shall fill in this column for exposures to which it applies standardised approach for the calculation of credit risk-weighted exposures.

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

In this field, a bank discloses on- and off-balance sheet exposures in accordance with Section 113 of the Decision on Capital Adequacy of Banks and in accordance with the first sentence from Section 186, paragraph 1 of that Decision, after taking into account inflows and outflows resulting from the application of credit risk mitigation techniques. The bank fills in this column for exposures to which it applies the IRB approach for the calculation of credit risk-weighted exposures.

COLUMN 5. OFF-BALANCE SHEET EXPOSURES BEFORE APPLYING THE CONVERSION FACTOR

In this field, a bank discloses the amount of off-balance sheet exposures before the application of the conversion factor from Section 37 of the Decision on Capital Adequacy of Banks.

The explanations on how to fill in specific rows in the LR2 form are given below.

1. TOTAL ON- AND OFF-BALANCE SHEET EXPOSURES FROM THE NON-TRADING BOOK AS WELL AS EXPOSURES OF THE TRADING BOOK SUBJECT TO COUNTERPARTY RISK (BREAKDOWN IN ACCORDANCE WITH THE RISK WEIGHT):

In this field, a bank discloses the sum of rows 1.1– 1.9.

In rows 1.1. to 1.9. of this form a bank discloses the amount of on- and off-balance sheet exposures from the non-trading book (including securitised positions and equity investments that expose the bank to credit risk), as well as exposures of the trading book subject to counterparty risk, distributed by risk weights that are allocated to those exposures in accordance with the Decision on Capital Adequacy of Banks.

1.9. EXPOSURES CLASSIFIED IN DEFAULT STATUS

In this field, a bank discloses the amount of exposures classified in default status in accordance with Section 55 of the Decision on Capital adequacy of Banks for exposures to which standardised approach is applied, whereas in the case of application of IRB approach all exposures with a PD of 100% are considered to be exposures in default status.

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

In this field, a bank discloses the amount of off-balance sheet exposures classified in low-risk category in accordance with Section 37, paragraph 2 of the Decision on Capital Adequacy of Banks.

SCHEDULE 24

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

LR3 form contains information about the types of bank's exposures included in leverage ratio calculation. In this form a bank discloses exposures included in leverage ratio calculation after considering exposures that may be excluded from total exposure calculation from rows 5, 8, 10, 12, 22, 24 and 25 of the LR1 form.

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The explanations on how to fill in specific columns in the LR3 form are given below.

Type of off-balance sheet exposure

COLUMN 3. EXPOSURES INCLUDED IN THE CALCULATION OF THE LEVERAGE RATIO

In this column, a bank discloses exposure amounts that are included in the calculation of the leverage ratio in accordance with the Guidelines.

COLUMN 4. RISK-WEIGHTED ASSETS

In this column, a bank discloses the amount of risk-weighted assets calculated by applying the standardised approach in accordance with Part 1, Chapter IV of the Decision on Capital Adequacy of Banks or by applying the IRB approach in accordance with Part 2, Chapter IV of the Decision on Capital Adequacy of Banks, if the bank obtained the National Bank of Serbia's consent to apply that approach.

The explanations on how to fill in specific rows in the LR 3 form are given below.

1. OFF-BALANCE SHEET ITEMS

In this row, a bank discloses off-balance sheet items, apart from financial derivatives from Annex 1 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 LR1 form.

1.1. TRADE FINANCING

In this row, a bank discloses a part of the previous position relating to trade financing (short-term documentary credits etc.).

1.1.1. UNDER OFFICIAL EXPORT CREDIT INSURANCE SCHEME

In this row, a bank discloses a part of the previous position relating to trade financing under an official export credit insurance scheme (including support from the government or other authority such as export credit agency through direct lending/financing, refinancing, support in the form of granting a fixed interest rate until loan maturity, providing grants, insurance, and issuing 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

In this row, a bank discloses exposures for 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 defined in Section 2, item 92) of the Decision on Capital Adequacy of Banks.

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

In this row, a bank discloses exposures for derivatives not subject to the contractual cross-product netting agreement in accordance with the definition from Section 2, item 92) 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

In this row, a bank discloses exposures for 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 referred to in Section 2, item 92) of the Decision on Capital Adequacy of Banks.

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

In this row, a bank discloses exposure amounts resulting from the additional treatment for credit derivatives, calculated as the difference between the Notional amount of written credit derivatives (provided credit protection) from row 13 in the LR1 form and Notional amount of purchased credit derivatives from row 14 in the LR1 form carried in absolute amount.

6. OTHER EXPOSURES FROM THE TRADING BOOK

In this row, a bank discloses the amount of other exposures from row 19 in the LR1 form, excluding exposures in the non-trading book. In the column “Risk-weighted assets” it discloses the amount of capital requirement multiplied by 12.5.

Other exposures from the non-trading book

The explanations for filling in individual columns are given below.

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

In this column, a bank discloses the amount of exposures included in the calculation of the leverage ratio in accordance with the Guidelines, to which the bank applies standardised approach in calculating credit-risk weighted exposures in accordance with Part 1 of Chapter IV of the Decision on Capital Adequacy of Banks.

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

In this column, a bank discloses the amount of exposures included in the calculation of the leverage ratio in accordance with the Guidelines, to which the bank applies the IRB approach in calculating credit-risk weighted exposures in accordance with Part 2 of Chapter IV of the Decision on Capital Adequacy of Banks, if the bank obtained the National Bank of Serbia’s consent to apply that approach.

COLUMN 5. RISK-WEIGHTED ASSETS – STANDARDISED APPROACH

In this column, a bank discloses the amount of risk-weighted assets calculated by applying the standardised approach, in accordance with Part 1 of Chapter IV of the Decision on Capital Adequacy of Banks.

COLUMN 6. RISK-WEIGHTED ASSETS – IRB APPROACH

In this column, a bank discloses the amount of risk-weighted assets calculated by applying the IRB approach, in accordance with Part 2 of Chapter IV of the Decision

on Capital Adequacy of Banks, if the bank obtained the National Bank of Serbia's consent to apply that approach.

The explanations on how to fill in individual rows are given below.

1. EXPOSURES IN THE FORM OF COVERED BONDS

In this row, a bank discloses 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

In this row, a bank discloses exposures to central governments and central banks and exposures that are treated as exposures to those entities that are arrived at by summing amounts from 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, a bank discloses exposures 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 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.

2.2. EXPOSURES TO TERRITORIAL AUTONOMIES AND LOCAL GOVERNMENT UNITS

In this row, a bank discloses exposures 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 1 of that Decision (for the purpose of filling in the column: IRB approach).

Exposures in default status are not disclosed in this row.

2.3. EXPOSURES TO PUBLIC ADMINISTRATIVE BODIES

In this row, a bank discloses exposures 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 1 of that Decision (for the purpose of filling in the column: IRB approach).

Exposures in default status are not disclosed in this row.

2.4. EXPOSURES TO MULTILATERAL DEVELOPMENT BANKS

In this row, a bank discloses exposures 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 2 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, a bank discloses exposures 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 3 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, a bank discloses exposures to territorial autonomies, local government units, multilateral development banks, international organisations and public administrative bodies not treated as exposures to central governments, which are arrived at by summing the 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, a bank discloses exposures 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 1 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, a bank discloses exposures 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 2 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, a bank discloses exposures 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 3 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, a bank discloses exposures 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 1, item 2) of that Decision (for the purpose of filling in the column: IRB approach).

If a bank applies IRB approach in calculating risk-weighted exposures to banks, in the column “IRB approach” it shall not disclose exposures in the form of covered bonds from Section 108, paragraph 1, item 4) of the Decision on Capital Adequacy of Banks, nor exposures from Section 75, indents 1 to 3 of that Decision.

Exposures in default status are not disclosed in this row.

5. EXPOSURES SECURED BY MORTGAGES ON IMMOVABLE PROPERTY

In this row, a bank discloses 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).

In the column “IRB approach”, a bank discloses exposures from the retail exposures class in accordance with Section 73, paragraph 1, item 4) of the Decision on Capital Adequacy of Banks and class of exposures to companies in accordance with Section 73, paragraph 1, item 3) of that Decision secured by mortgage on immovable property referred to in 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, a bank discloses a part of exposures from the previous row 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).

In the column “IRB approach”, a bank discloses a part of exposures from the previous row, from the retail exposures class, in accordance with Section 73, paragraph 1, item 4) of the Decision on Capital Adequacy of Banks, and exposures from the class of exposures to companies, in accordance with Section 73, paragraph 1, item 3) of that Decision, which are secured by mortgages on residential property referred to in 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, a bank discloses 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 1, item 4) of that Decision, if they are not secured by mortgages on residential property referred to in 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, a bank discloses exposures to SMEs classified as retail exposures in accordance with Section 2, item 4) and Section 51, paragraph 1, indent 1 of the Decision on Capital Adequacy of Banks (for the purpose of filling in the column: Standardised approach).

In the column “IRB approach” a bank shows exposures to SMEs in the class of retail exposures in accordance with Section 2, item 4) and Section 73, paragraph 1, item 4) of the Decision on Capital Adequacy of Banks that 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, a bank discloses exposures to corporates that are obtained by summing the 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, a bank discloses exposures to financial sector entities in the corporate exposure class referred to in Section 50 of the Decision on Capital Adequacy of Banks (for the purpose of filling in the column: Standardised approach) or Section 73, paragraph 1, item 3) of that Decision, which are not secured by mortgages on immovable property referred to in 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, the term financial sector entity means regulated or non-regulated companies, except banks from row 4 of this form, which carry out one or more activities listed in Section 2, item 10) 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, a bank discloses exposures to non-financial sector entities classified in the corporate exposure class, calculated by summing the amounts from 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, a bank discloses exposure to SMEs in the class of exposures to companies which are non-financial sector entities, in accordance with Section 2, item 7) and Section 50 of the Decision on Capital Adequacy of Banks (for the purpose of filling in the column: Standardised approach).

In the column “IRB approach”, a bank discloses exposures to SMEs from the class of exposures to companies which are non-financial sector entities in accordance with Section 2, item 7) and Section 73, paragraph 1, item 3) of the Decision on Capital Adequacy of Banks, which are not secured by mortgages on immovable property referred to in 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, a bank discloses exposures to other corporates which are not already 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 1, item 3) of that Decision, which are not secured by mortgages on immovable property referred to in 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, a bank discloses exposures in default in accordance with Section 55 of the Decision on Capital Adequacy of Banks (for the purpose of filling in the column: Standardised approach).

In the column “IRB approach”, a bank discloses exposures from exposure classes referred to in Section 73, paragraph 1 of the Decision on Capital Adequacy of Banks for which a default status has occurred, in accordance with Section 93 of that Decision.

9. OTHER EXPOSURES

In this row, a bank discloses high-risk exposures, securitised exposures, exposures to banks and companies with short-term credit rating, exposures in respect of units in open-ended investment funds, exposures in respect of equity investments 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).

In the column “IRB approach”, a bank discloses exposures from exposure classes referred to in Section 73, paragraph 1, 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, a bank discloses a part of exposures from the previous field for securitised positions 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 1, 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, a bank discloses exposures under trade financing, which primarily refer to short-term documentary credits.

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

Exposures in default status are not disclosed in this row.

10.1. UNDER OFFICIAL EXPORT CREDIT INSURANCE SCHEME

In this row, a bank discloses exposures from the previous row of this form under official export credit insurance scheme (relating to support from the government or other body such as the export credit agency).

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

Exposures in default status are not disclosed in this row.