

BANKING AGENCY OF REPUBLIKA SRPSKA

INSTRUCTION
FOR FILLING IN TEMPLATES ALONG WITH
THE DECISION ON DISCLOSURE OF BANK DATA AND INFORMATION

Banja Luka, April 2019

Content

1. General provisions	3
1.1. Introduction	3
1.2. Principles	3
1.3. Exception to the disclosure obligation	4
1.3.1. Assessment of disclosure material significance	4
1.3.2. Assessment of information that may adversely affect the competitive position of the bank and assessment of the nature of the information confidentiality	5
1.3.3. Disclosures made by banks when applying the disclosure exemption	6
1.4. Disclosure frequency	6
1.4.1. Considerations on disclosing information more frequently than once a year	6
1.4.2. Information to be disclosed more frequently once a year	6
2. Instruction and templates	7
2.1. General bank information	7
2.2. Ownership structure and governing bodies of a bank	7
2.3. Remuneration policy	9
2.4. Strategy and policies for bank risk management	9
2.5. Capital	10
2.6. Capital requirements and capital adequacy	13
2.6.1. Capital requirement amounts and capital ratios	13
2.6.2. Total and average bank exposure	14
2.6.3. Geographical exposure allocation	15
2.6.4. Exposure allocation by types of activities of counterparty	16
2.6.5. Remaining maturity of counterparty exposure	18
2.6.6. Gross exposures by significant industry branches	19
2.6.7. Changes in impairment over time	20
2.6.8. Exposures prior and after the application of credit protection	20
2.6.9. Information on leverage	21
2.7. Liquidity requirements	21
2.8. Pledged and non-pledged asset	22
3. Transitional and final provisions	22

Pursuant to Article 5, Paragraph 1, item b, Article 22, Paragraph 1, Item f of the Law on the Banking Agency of Republika Srpska ("Official Gazette of Republika Srpska", No. 59/13 and 04/17), Article 180 of the Banking Law of Republika Srpska ("Official Gazette of Republika Srpska", No. 04/17 and 19 / 18), Article 6, Paragraph 1, Item b and Article 22, Paragraph 4, Item m of the Statute of the Banking Agency of Republika Srpska ("Official Gazette of Republika Srpska", No. 63/17), and Article 15, Paragraph 2 of the Decision on disclosure of bank data and information ("Official Gazette of Republika Srpska", No. 89/17), the director of the Banking Agency of Republika Srpska issued the

INSTRUCTION

FOR FILLING IN TEMPLATES ALONG WITH THE DECISION ON DISCLOSURE OF BANK DATA AND INFORMATION

1. General provisions

1.1. Introduction

This Instruction stipulates in more detail the manner of disclosing quantitative and qualitative data on the bank operations, which are important for informing the public about its financial condition and operations in accordance with the provisions of the Decision on disclosing of bank data and information (hereinafter: the Decision).

1.2. Principles

In accordance with the Decision and this Instruction, the bank shall disclose data and information in the form of a single document on its website on the home page or in the part intended for disclosing the bank financial statements.

Quantitative data are disclosed on the templates from section 2 of this Instruction, and if the template is not stipulated, the disclosure is made in a template that corresponds to the nature and scope of these data. When disclosing, the bank may delete the rows in the stipulated templates if their value is zero.

The data in the templates are entered in thousands KM, unless otherwise stated.

If the bank discloses certain data, i.e. information stipulated by the Decision in a different manner, in accordance with other regulations, it is considered that it has fulfilled the obligation to disclose them, provided that it states in the document referred to in Paragraph 1 of this section where these data were disclosed.

Bank disclosures should be based on the following principles:

- 1) the principle of clarity,
- 2) the principle of meaningfulness,
- 3) the principle of consistency over time,
- 4) the principle of comparability between banks.

Disclosures should be **clear** and presented in a way that is understandable to key stakeholders (such as investors, analysts, clients, etc.). Important messages should be highlighted and easily visible, complex issues explained in simple language with the definition of key terms, and risk-related information should be presented in the same place.

Disclosures should be **meaningful**, highlighting the most significant current and upcoming bank risks, and how these risks are managed, including information relevant to the market itself.

Further, the disclosures should be **consistent over time**, to enable key users to identify key trends in the bank risk profile in all significant business segments.

Disclosures should also be **comparable between banks**, which implies a detailed and clear presentation of data and information in order to meaningfully compare their business activities, risks, and ways of managing risks.

Additions, deletions and other important changes in disclosures, compared to earlier versions of disclosures, including those arising from bank-specific trends or from regulatory or market trends, should be highlighted and explained.

1.3. Exception to the disclosure obligation

In accordance with Article 180, Paragraph 2 of the Banking Law of Republika Srpska (hereinafter: the Law) and Article 14, Paragraph 1 of the Decision, the bank is not obliged to disclose data and information if they are not material, represent a banking secret in accordance with the Law or represent data or information whose disclosure could adversely affect the bank's competitive position in the market.

In accordance with Article 2, Paragraph 2 of the Decision, the bank is obliged to stipulate by internal acts the criteria on the basis of which it is assessed that the data and information that the bank is obliged to disclose in accordance with the Law and the Decision are not considered material, represent a banking secret and information whose disclosure could adversely affect the bank's competitive position in the market, and as such constitute an exception to the disclosure obligation.

In doing so, the bank determines by these acts the levels of decision-making, relevant organizational units or functions that are in charge of implementing and proposing amendments to the said internal acts, as well as the procedure of internal reporting on the implementation of these acts.

The bank should document and archive appropriate evidence of the execution of the proceedings under this section.

1.3.1. Assessment of disclosure material significance

The bank may omit the disclosure of one or more information if it deems that they are not material. To assess the material significance of the information, banks are required to consider at least the following:

- 1) material significance is assessed on a regular basis and at least once a year,
- 2) material significance is assessed for both qualitative and quantitative requirements for disclosure,
- 3) material significance is assessed at the level of each individual request for disclosure, and where applicable, on an aggregate basis. The bank should assess whether the cumulative impact of the omission of individual disclosure requirements, which are considered not material, may result in the omission of information that could affect the business decisions of the users of the bank's report,
- 4) material significance is assessed taking into account the circumstances and the broader context at the time of disclosure, for example the impact of the economic and political environment,
- 5) material significance should be a user-oriented term and should be assessed on the basis of the assumed needs of users and the assumed importance of information for users: the request for disclosure may not be material for the bank, but may be material for users. Therefore, the scope of disclosed

information should be adapted to the needs of users and should take into account the impact of the frequency of disclosure on their understanding of the bank and its risk profile,

6) material significance should be assessed taking into account the specific nature and purpose of the assessed requirements. The criteria should not be applied in the same manner to all disclosure requirements. In particular, qualitative disclosure may require special procedures / indicators other than those used to determine materiality for quantitative disclosures,

7) material significance should be specific to each bank. It should depend on the specific characteristics, activities, risks and risk profile of the bank and should not be assessed solely in terms of its size, systemic importance or market share,

8) material significance does not depend only on size. Material significance is related to quantitative importance in terms of amount and / or qualitative importance in terms of the nature of the information provided such as exposures or risks, which may be materially significant due to their nature or size. A materiality assessment based only on quantitative approaches or materiality thresholds should not in principle be considered appropriate for disclosures,

9) material significance should depend on the context of the disclosures, and therefore can be applied differently to various disclosures over time, depending on the development of risk. In particular, banks should consider the risks / business activities to which they are or may become exposed. Re-ad hoc assessment of material significance, as risks develop or circumstances change, may lead to various types and scopes of disclosures over time.

When applying the previous paragraph, i.e. assessing the material significance of information, banks should also take into account the following:

- 1) its business model, based on individual indicators, and its long-term strategy,
- 2) its size,
- 3) its total amount of risk exposure or risk profile of the bank,
- 4) the importance of part of the information, in terms of understanding the current risks and capital adequacy of the bank, and their trend, given that the omission should not mask the increase in risk from the previous period,
- 5) frequency of changes in the element to which the information relates compared to the previous year,
- 6) the relationship between information and recent developments regarding the risks and needs of disclosure, as well as practices regarding disclosures.

1.3.2. Assessment of information that may adversely affect the competitive position of the bank and assessment of the nature of the information confidentiality

When assessing what data and information the disclosure of which could adversely affect the bank's competitive position in the market, the bank should take into account the following:

- 1) cases in which the disclosure of such information, which is extremely important, would significantly affect the competitiveness of the bank, and in the case of sharing such information with the competition would lead to significant consequences for the conditions and circumstances of business,
- 2) the general risk of a possible weakening of the bank's competitiveness due to disclosure should not, in itself, be considered a sufficient reason for non-disclosure. The bank should provide additional justification for not disclosing such information,
- 3) the exemption from disclosure related to the mentioned information may not be used in order to avoid the disclosure of information that reflects the unfavorable risk profile of the bank,

4) endangering the competitive position is observed from the aspect of size, scope of business and area of business. Banks should explain how the disclosure of this information could provide oversized insight into their business activities.

In assessing the nature of the information confidentiality, banks should consider the following:

- 1) cases where information is assessed as confidential should be rare. This may be the case, for example, when a particular sector of the economy is so concentrated that the disclosure of exposures to that sector could cause the exposure to the counterparty to be disclosed,
- 2) the reference to confidentiality is not a sufficient reason for non-disclosure, banks should accurately determine and analyze to what extent the disclosure of certain information would affect the rights of their clients or other contracting parties or would violate statutory banking secrecy obligations.

1.3.3. Disclosures made by banks when applying the disclosure exemption

When a bank decides not to disclose information or a series of requests because they are not material, it must clearly state that fact. In cases where the information is assessed as information the disclosure of which could adversely affect the bank's competitive position in the market or information that is considered confidential in accordance with the procedure described in Section 1.3.2., banks should provide the following information:

- 1) the type of information or disclosure requirements that are considered information the disclosure of which could adversely affect the bank's competitive position in the market or confidential according to the final decision made upon completion of the process,
- 2) explanation for non-disclosure, i.e. justifying the classification of information as information the disclosure of which could adversely affect a bank's competitive position in the market or information that is considered confidential,
- 3) general information on the subject of the request for disclosure. This information should be disclosed using methods that allow for appropriate disclosure, while respecting issues of security or confidentiality (non-disclosure of individual client names, appropriate level of aggregation).

The information and explanations disclosed after the application of the disclosure exemptions due to confidentiality should be sufficient to enable users to fully understand the risk trends during the observed period. Disclosure of significant information is possible despite confidentiality, using aggregation and / or privacy techniques.

1.4. Disclosure frequency

1.4.1. Considerations on disclosing information more frequently than once a year

Despite the fact that all banks should assess the need to disclose data and information in accordance with Article 15 of the Decision, banks that are required to disclose information more frequently than once a year, and at least semi-annually should meet one of the following criteria:

- 1) the bank's consolidated net balance sheet assets exceed one billion KM,
- 2) the four-year average of the bank's total net balance sheet assets exceeds the value of 20% of the four-year average of the gross domestic product (GDP) of Republika Srpska.

1.4.2. Information to be disclosed more frequently once a year

Although it is up to each bank to decide on the type of information and the level of details to be disclosed, in order to ensure the efficient exchange of information on their business and risk profile, banks that meet

the criteria set out in Section 1.4.1. shall disclose, more frequently than once a year, at least the following information:

1) information on regulatory capital and appropriate ratios:

1. total amount of CET1 capital,
2. total amount of AT1 capital,
3. total amount of Tier 1 capital,
4. total amount of Tier 2 capital,
5. total amount of regulatory capital,
6. CET1 capital ratio,
7. Tier 1 capital ratio,
8. regulatory capital ratio,

2) information on capital requirements:

1. risk-weighted exposure amounts and capital requirements by type of risk,

2. information on the leverage ratio, in particular:

- the amount of Tier 1 capital used as a numerator,
- measure of total exposure used as denominator,
- obtained leverage ratio,

3) information on other items subject to rapid change and those where very significant changes were recorded during the reporting period.

2. Instruction and templates

2.1. General bank information

In accordance with Article 2, Paragraph 1 of the Decision, in the annual disclosure of the document, the bank discloses general information about the bank, i.e. its business name, head office, organizational units and structure, and its core business.

2.2. Ownership structure and governing bodies of a bank

In accordance with Article 3, Paragraph 1, Item 1 of the Decision, the bank discloses a list of shareholders who have 5% or more share in the capital or voting rights of the bank in the following template:

Ownership structure			
No.	Name/ shareholders who have 5% or more share in the capital (sequence by share size)	% share	
		Ordinary shares	Priority shares
1.			
2.			
3.			
....			

In accordance with Article 3, Paragraph 1, Item 2 of the Decision, the bank shall disclose the list of members of the supervisory board and the management in the following templates:

Bank supervisory board members		
No.	First and last name	Short CV (or link where it is published)
1.		
2.		
3.		
4.		
5.		
...		

Bank management members		
No.	First and last name	Short CV (or link where it is published)
1.		
2.		
3.		
...		

In accordance with Article 3, Paragraph 1, Item 4 of the Decision, the bank discloses the members of the audit committee:

Audit committee members	
No.	First and last name
1.	
2.	
3.	
...	

In accordance with Article 3, Paragraph 1, Item 5 of the Decision, the bank discloses the members of other committees established by the supervisory board (Appointment committee, Risk committee, Remuneration committee) as well as the frequency of meetings of these committees:

Members of other committees of the supervisory board, if established in the bank		
Appointment committee		Frequency of meetings
1.		
2.		
...		
Risk committee		Frequency of meetings
1.		
2.		
...		
Remuneration committee		Frequency of meetings
1.		
2.		
...		

2.3. Remuneration policy

In accordance with Article 4 of the Decision, the bank discloses information on the basic characteristics of remuneration policies and, where applicable, significant differences in remuneration policies for different categories of employees, inter alia, the following:

- 1) information with regards to the procedure related to the adoption of the remuneration policy, as well as the number of meetings held by the supervisory board of the bank or the general meeting of shareholders related to the remuneration policies and their implementation,
- 2) information on the relationship between salary and performance, among other things, the most important performance goals that need to be achieved for the payment of variable remuneration, the number of employees to whom variable remuneration applies, and how these benefits change in relation to the bank's performance,
- 3) information on the relationship between the fixed and variable part of remuneration,
- 4) information on the performance criteria on which the rights to shares, stock options or variable part of the remuneration are based,
- 5) description, criteria and explanation of the variable part of the remuneration or any other form of non-monetary remuneration,
- 6) overview of remuneration according to the bank's business areas retail, corporate, etc.),
- 7) the sum of all remunerations by categories of employees, and information on remuneration divided into the bank's management, supervisory board and other employees whose professional activities have a significant impact on the bank's risk profile, including:
 1. the total amount of remuneration for the financial year, divided into fixed and variable remuneration and the number of employees to which the stated amount refers,
 2. amounts of variable remuneration distributed by types (money, shares, options and other forms of variable remuneration),
 3. discretionary pension benefits granted during the financial year, the number of beneficiaries of such payments and the maximum benefit granted to an individual employee.
- 8) number of employees whose remuneration amounts to 100,000.00 KM (net amount) or more in the financial year.

2.4. Strategy and policies for bank risk management

In accordance with Article 5 of the Decision, the bank discloses the following data, i.e. information related to management strategies and policies for all individual significant risks to which it is exposed or may be exposed in its operations:

- 1) a description of strategies for managing individual risks that should include qualitative information on stress testing, such as portfolios subject to stress testing, scenarios developed and methodologies used, and the use of stress testing in risk management,
- 2) the information to be disclosed includes the risk management structure for each type of risk: responsibilities assigned in the bank (including, control and delegation of competences and review of responsibilities of the bank's governing bodies, business lines and risk management functions by type of risk, business unit and other important information), the relationship between the bank's governing bodies and the functions involved in risk management procedures (including, as the case may be, the risk committee, the risk management function, the compliance function, the internal audit function) and organizational procedures, and internal control procedures. When disclosing the structure and

organization of the appropriate risk management function, banks should complete the disclosure with the following information:

1. information on the general framework of the internal control system and the organization of control functions (competences, resources, reputation, independence), the main tasks they perform and any ongoing and planned significant changes in these functions,
2. approved risk limits to which the bank is exposed,
3. changes in the head of internal control (risk management, compliance and internal audit),
- 3) a description of the risk measurement and reporting system, including the method of communication, the risk culture within the bank (e.g. whether there are codes of conduct, manuals containing operational limits or procedures in case of breach or overreaching risk threshold or risk raising and distribution procedures between business lines and risk function),
- 4) policies related to systematic and regular reviews of risk management strategies and periodic assessment of their effectiveness,
- 5) information on management strategies and procedures, risk protection and risk mitigation, as well as on monitoring the efficiency of protection and risk mitigation, which arise from the bank's business model,
- 6) the manner in which the bank's business model determines and influences the overall risk profile, e.g. key risks related to the business model and how each risk is reflected and described in risk disclosures or how the bank's risk profile affects the risk appetite approved by the bank's governing bodies,
- 7) the scope and type of risk reporting and / or measurement system and a description of the flow of risk information to the bank's governing bodies and senior management.

2.5. Capital

In accordance with Article 6, Paragraph 1, Item 1 of the Decision, the bank discloses the amount of regulatory (eligible) capital of the bank, as well as the amount of CET1 capital, AT1 capital and Tier 2 capital, with an overview of individual capital elements in the following template:

Capital		
No.	Item	Amount
1.	REGULATORY CAPITAL (OWN FUNDS)	
1.1	TIER 1	
1.1.1	CET 1	
1.1.1.1	Capital instruments eligible as CET 1	
1.1.1.2	Undistributed profit	
1.1.1.3	Accumulated other comprehensive income	
1.1.1.4	Other reserves	
1.1.1.5	(-) Other intangible assets	
1.1.1.6	(-) Deferred tax assets depending on future profitability and does not arise from temporary differences reduced by related tax liabilities	
1.1.1.7	(-) AT 1 deductible items exceeding AT 1	
1.1.1.8	(-) Deferred tax fund which can be deducted and depends on future profitability and arises from temporary differences	
1.1.2.	AT 1	
1.1.2.1	Capital instruments eligible as AT 1	
1.1.2.2	(-) Tier 2 deductible items exceeding Tier 2	
1.1.2.3	AT 1 deductible items exceeding AT 1 (deducted from CET 1)	
1.2	TIER 2	

1.2.1	Capital instruments and subordinated loans exceeding Tier 2	
1.2.2	General provisioning for credit risk in accordance with standardized approach	
1.2.3	Tier 2 deductible items exceeding Tier 2 (deducted in AT 1)	
1.2.4	Elements or deductions of Tier 2 – other	

In accordance with Article 6, Paragraph 1, Item 2 of the Decision, the bank shall publish a description of the basic characteristics of financial instruments that are included in the calculation of regulatory capital in the following template:

Description of the basic characteristics of financial instruments	
No.	Item
1.	Issuer <i>State the name of a legal entity which issued the instrument</i>
1.1	Unique code <i>State the unique code of the instrument (e.g. ISIN).</i>
Treatment in accordance with regulatory framework	
2.	Eligible at individual / consolidated basis <i>The level of inclusion of the instrument in capital at the group level is stated. Select possible text: on an individual basis, on a consolidated basis, on an individual and consolidated basis.</i>
3.	Instrument type <i>The type of instrument is stated. Select possible text: ordinary shares, non-cumulative preference shares, cumulative preference shares, shares in an unconsolidated legal entity, bonds, subordinated debt issued in the form of a financial instrument or other financial instruments.</i>
4.	Amount eligible for purpose of calculating regulatory capital in thousand KM, with balance as of the last reporting day <i>The amount eligible in regulatory capital is stated. In particular, state whether some parts of the capital instruments are in different categories of regulatory capital and whether the amount eligible in the regulatory capital is different from the amount obtained with the issue of the instrument.</i>
5.	Instrument nominal amount <i>The nominal amount of the instrument is stated (in the issue currency and in the currency used for reporting purposes).</i>
5.1.	Issuance price <i>State the issuance price of the instrument.</i>
5.2.	Repurchase price <i>State the repurchase price of the instrument.</i>
6.	Accounting classification <i>The reporting and accounting classification of the instrument is stated. Select possible text: share capital, liability-valuation at amortized cost, liabilities-valuation at fair value, shares in non-consolidated legal entities.</i>
7.	Instrument issuance date <i>State the date of instrument issuance.</i>
8.	Instrument with maturity date or instrument without maturity date <i>It is stated whether it is an instrument with a maturity date or an instrument without a maturity date. Select possible text: with maturity date, without maturity date.</i>
8.1.	Initial maturity date <i>For instruments with maturity, the initial maturity date (day, month and year) is stated. For instruments without maturity, enter "without maturity".</i>
9.	Option of purchase by issuer <i>It is stated whether there is a possibility of purchase by the issuer (all types of purchase possibilities). Select possible text: yes or no.</i>
9.1.	First date of activation of purchase option, conditional date of activation of purchase option and repurchase value <i>For instruments that have the option to purchase by the issuer, the first date of activation of the option to purchase is stated if the instrument has the option to purchase on a specific date (day, month and year) and</i>

	<i>additionally, whether the instrument contains the option to purchase. The purchase price is also stated. This information helps in estimating the duration of the instrument.</i>
9.2.	Subsequent date of activation of purchase option (if applicable) <i>If there is an option of purchase, the subsequent dates of activation of the option of purchase are stated, if applicable. This information helps in estimating the duration of the instrument.</i>
Coupons / dividends	
10.	Fixed or variable dividend/coupon <i>It is stated whether dividends / coupons are fixed, variable, now fixed and will later be variable or now variable and later will be fixed. Select possible text: fixed, variable, fixed then variable, variable then fixed.</i>
11.	Coupon rate and related indices <i>The coupon rate of the instrument and the indices related to the coupon / dividend are stated.</i>
12.	Existence of a mandatory dividend cancellation mechanism <i>It is stated whether non-payment of coupons or dividends on the basis of the instrument prevents the payment of dividends on the basis of ordinary shares (i.e. whether there is a mechanism for mandatory cancellation of dividends).</i>
13.1.	Full discretion, partial discretion or no discretion regarding the timing of dividend / coupon payment <i>It is stated whether the issuer has full discretion, partial discretion or no discretion regarding the payment of coupons / dividends. If a bank has a full right to cancel dividend / coupon payments under any circumstances, a "full discretion" is selected (including when there is a mandatory dividend cancellation mechanism that does not prevent the bank from canceling payments under the instrument). If there are certain conditions that must be met before canceling the payment (e.g. capital below a certain threshold), the bank selects the text "partial discretion". If the bank cannot cancel the payment of dividends / coupons except in case of insolvency, the bank selects the text "without discretion". Select possible text: full discretion, partial discretion and no discretion. State the reasons for discretion, the existence of a mechanism for mandatory dividend payment, the existence of a mechanism for mandatory cancellation of dividends, an alternative mechanism for coupon payment.</i>
13.2.	Full discretion, partial discretion or no discretion regarding the amount of dividends / coupons <i>It is stated whether there is full discretion, partial discretion or no discretion regarding the amount of the coupon / dividend. Select possible text: full discretion, partial discretion and no discretion.</i>
14.	Possibility to increase yields or other incentives for repurchase <i>It is stated whether there is a contractual provision on increasing the yield or other incentives for repurchase. Select possible text: yes or no.</i>
15.	Non-cumulative or cumulative dividends / coupons <i>Indicate whether dividends / coupons are cumulative or non-cumulative. Select possible text: non-cumulative, cumulative.</i>
16.	Convertible or non-convertible instrument <i>It is stated whether the instrument is convertible or non-convertible. Select possible text: convertible or non-convertible.</i>
17.	If convertible, the conditions under which the conversion may occur <i>In the case of a convertible instrument, the conditions under which the conversion may take place, including the time at which the conversion takes place, shall be stated. If one or more competent authorities (the competent authorities of the bank and the Agency) have the possibility to initiate the conversion, it is necessary to specify those authorities. For each competent authority, it should be stated whether the legal basis for initiating the conversion is the contractual provisions of the instrument (contractual approach) or the legal provisions (legal approach).</i>
18.	If it is convertible in part or in full <i>It is stated whether the instrument can always be converted in full or can be converted in full or in part or can always be converted in part. Select possible text: in full, in part, in full or in part.</i>
19.	If convertible, conversion rate <i>The conversion rate to an instrument with a higher ability to cover losses is stated.</i>
20.	If convertible, mandatory or voluntary conversion <i>For convertible instruments, it is stated whether it is a mandatory or voluntary conversion. Select possible text: mandatory, voluntary.</i>
21.	If convertible, the instrument to which it is converted <i>If convertible, the instrument to which it is converted</i>

	<i>For convertible instruments, the type of instrument to which they can be converted is stated. This information can help assess the extent to which the instrument can be used to cover losses. Select possible text: CET1 capital, AT1 capital, Tier 2 capital.</i>
22.	If convertible, the issuer of the instrument to which it is converted <i>If convertible, state the issuer of the new convertible instrument.</i>
23.	Possibility of reducing the value <i>It is stated whether there is a possibility of reducing the value. Select possible text: yes or no.</i>
24.	If there is a possibility of reducing the value, the conditions under which reducing the value may occur <i>The conditions under which reducing the value may occur are stated, including the time for initiating this measure. If one or more competent authorities (the competent authorities of the bank or the Agency) have the possibility to initiate a reduction in value, it is necessary to specify those authorities. For each of the authorities, it should be stated whether the legal basis for initiating reducing the value is the contractual provisions of the instrument (contractual approach) or the legal provisions (legal approach).</i>
25.	If there is a possibility of reducing the value, in part or in full <i>It is stated whether reducing the value of the instrument is always performed in full or whether a partial reduction of value can be performed or a partial reduction of value is always performed. This information can help assess the extent to which the instrument can be used to cover losses in cases of reduction of value. Select possible text: always in full, in full or in part, always in part.</i>
26.	If there is a possibility of reducing the value, permanently or temporarily <i>For instruments with the possibility of reducing the value, it is stated whether reducing the value is permanent or temporary. Select possible text: permanent, temporary, not applicable.</i>
27.	If reducing the value is temporary, a description of the mechanisms of increase in value <i>Describe the mechanism of value increase.</i>
28.	The type of instrument that will be paid out immediately before the specified instrument in the event of liquidation or bankruptcy <i>Type of instrument that will be collected immediately before the specified instrument in case of liquidation or bankruptcy, ordinary shares, non-cumulative priority shares, cumulative priority shares, shares in unconsolidated legal entity, bonds, subordinated debt issued in the form of a financial instrument and other.</i>
29.	Mismatched characteristics of converted instruments <i>It is stated whether there are mismatched characteristics, whether the instrument has been converted into another instrument that does not meet the conditions for inclusion in regulatory capital. Select possible text: yes or no.</i>
30.	If yes, state mismatched characteristics <i>If there are mismatched characteristics, the bank should state them.</i>

2.6. Capital requirements and capital adequacy

2.6.1. Capital requirement amounts and capital ratios

In accordance with Article 7, Paragraph 1 of the Decision, the bank discloses data related to capital requirements and capital adequacy in the following template:

Capital adequacy		
No.	Item	Amount
1.	Exposures to central governments or central banks	
2.	Exposures to regional governments or local authorities	
3.	Exposures to public sector entities	
4.	Exposures to multilateral development banks	
5.	Exposures to international organizations	
6.	Exposures to institutions	
7.	Exposures to corporate	
8.	Exposures to retail	
9.	Exposures secured by real estate	
10.	Default exposures	

11.	High-risk exposures	
12.	Exposures in form of covered bonds	
13.	Exposures to institutions and companies with short term credit assessment	
14.	Exposures in form of stock or shares in investment funds	
15.	Equity investment exposures	
16.	Other exposures	
17.	Capital requirements for settlement/delivery amount	
18.	Capital requirements for market risks	
18.1.	Capital requirements for specific and general risk of position per debt and equity instruments	
18.2.	Capital requirements for large exposures exceeding limitations defined by the Decision on large exposures	
18.3.	Capital requirements for FX risk	
18.4.	Capital requirements for commodity risk	
19.	Capital requirements for operational risk	
20.	CET 1 ratio	
21.	Tier 1 ratio	
22.	Regulatory capital ratio	

2.6.2. Total and average bank exposure

In accordance with Article 7, Paragraph 2, Item 3 of the Decision, the bank discloses the total amount of the bank's exposure (excluding items for which write-off has been made), before applying the effects of credit risk mitigation techniques, as well as the average amount of net exposure over the period. in the following template:

Total and average net value of exposure			
No.	Exposure category	Net value of exposure at the end of period	Average net exposures over period
1.	Exposures to central governments or central banks		
2.	Exposures to regional governments or local authorities		
3.	Exposures to public sector entities		
4.	Exposures to multilateral development banks		
5.	Exposures to international organizations		
6.	Exposures to institutions		
7.	Exposures to corporate		
8.	Exposures to retail		
9.	Exposures secured by real estate		
10.	Default exposures		
11.	High-risk exposures		
12.	Exposures in form of covered bonds		
13.	Exposures to institutions and companies with short term credit assessment		
14.	Exposures in form of stock or shares in investment funds		
15.	Equity investment exposures		
16.	Other exposures		

2.6.3. Geographical exposure allocation

In accordance with Article 7, Paragraph 2, Item 4 of the Decision, the bank discloses the geographical allocation of net value of exposure by significant areas and exposure categories in the following template:

No.	Exposure type	Country 1	Country 2 ...	Other countries	Geographical area 1	Geographical area 2 ...	Other geographical areas	Total
1.	Exposures to central governments or central banks							
2.	Exposures to regional governments or local authorities							
3.	Exposures to public sector entities							
4.	Exposures to multilateral development banks							
5.	Exposures to international organizations							
6.	Exposures to institutions							
7.	Exposures to corporate							
8.	Exposures to retail							
9.	Exposures secured by real estate							
10.	Default exposures							
11.	High-risk exposures							
12.	Exposures in form of covered bonds							
13.	Exposures to institutions and companies with short term credit assessment							
14.	Exposures in form of stock or shares in investment funds							
15.	Equity investment exposures							
16.	Other exposures							

Explanation for filling in columns:

Significant geographical areas include a group of significant countries / geographical areas in which the bank has exposures (e.g. EU, Sember region, etc.). The bank should determine the geographical areas that are important for it, i.e. in which it has significant exposures.

A significant country is the country in which the persons to whom the bank has significant exposures in the total amount have their registered office (add the necessary columns).

Exposures to geographical areas or countries that are not considered significant should be listed together in the column "other geographical areas" or "other countries" (within each area).

If the significance of geographical areas or countries is determined by the materiality threshold, it is necessary to publish that threshold, as well as a list of geographical areas of countries not considered significant, which are included in the columns "other geographical areas" and "other countries".

Exposures to international organizations will not be allocated to the country of the institution's seat, but to the geographical area listed in the "other geographical areas" column.

2.6.4. Exposure allocation by types of activities of counterparty

In accordance with Article 7, Paragraph 2, Item 5 of the Decision, the bank discloses the allocation of exposures according to the type of activity and according to the categories of exposures, especially exposures to small and medium-sized enterprises. The bank should classify exposures by industry or other counterparty types and exposure categories. These exposures are disclosed by the bank in the following template:

Exposures by types of activities (exposure net value)																				
No.	Exposures	Agriculture, forestry and fishing	Mining and quarrying	Manufacturing industry	Manufacture of electricity, gas, steam and air conditioning supply	Water supply; sewerage, waste management and remediation activities	Construction	Wholesale and retail trade; repair of motor vehicles and motorcycles	Traffic and storage	Accommodation, food service activities; hotel and catering	Information and communication	Real estate activities	Professional, scientific and technical activities	Administrative and support service activities	Public administration and defense; compulsory social security	Education	Health and social care	Art, entertainment and recreation	Other service activities	Total
1.	Exposures to central governments or central banks																			
2.	Exposures to regional governments or local authorities																			
3.	Exposures to public sector entities																			
4.	Exposures to multilateral development banks																			
5.	Exposures to international organizations																			
6.	Exposures to institutions																			
7.	Exposures to corporate																			
8.	Exposures to retail																			
9.	Exposures secured by real estate																			
10.	Default exposures																			
11.	High-risk exposures																			
12.	Exposures in form of covered bonds																			
13.	Exposures to institutions and companies with short term credit assessment																			
14.	Exposures in form of stock or shares in investment funds																			
15.	Equity investment exposures																			
16.	Other exposures																			

2.6.5. Remaining maturity of counterparty exposure

In accordance with Article 7, Paragraph 2, Item 6 of the Decision, the bank discloses the remaining maturity of all exposures, by exposure categories, in the following template:

Remaining maturity of all exposures (exposure net value)						
No.	Exposure category	<= 1 year	>1<=5 year	>5 year	No specified maturity	Total
1.	Exposures to central governments or central banks					
2.	Exposures to regional governments or local authorities					
3.	Exposures to public sector entities					
4.	Exposures to multilateral development banks					
5.	Exposures to international organizations					
6.	Exposures to institutions					
7.	Exposures to corporate					
8.	Exposures to retail					
9.	Exposures secured by real estate					
10.	Default exposures					
11.	High-risk exposures					
12.	Exposures in form of covered bonds					
13.	Exposures to institutions and companies with short term credit assessment					
14.	Exposures in form of stock or shares in investment funds					
15.	Equity investment exposures					
16.	Other exposures					

Explanation for filling in columns:

Net exposure values are shown according to the remaining agreed maturity periods. When the exposure does not have a specified maturity for any reason or when the counterparty can choose a repayment date, the amount of this exposure should be disclosed in the column "no specified maturity". When the amount is repaid in installments, the exposure should be allocated in columns with periods of maturity according to the last installment.

2.6.6. Gross exposures by significant industry branches

In accordance with Article 7, Paragraph 2, Item 7 of the Decision, the bank discloses data on gross exposures by significant industry branch in the following template:

Exposures by significant industry branch								
No.	Industry branches	Exposures for which value adjustments were made, i.e. impairment (default exposures)	Impairment for default exposures	Amount of overdue receivables	Impairment for overdue receivables	Non-default exposures	Impairment for non-default exposures	Total amount of calculated regulatory reserves
1.	Agriculture, forestry and fishing							
2.	Mining and quarrying							
3.	Manufacturing industry							
4.	Production and supply of electricity, gas, steam and air conditioning							
5.	Water supply; sewerage, waste management and remediation activities							
6.	Construction							
7.	Wholesale and retail trade; repair of motor vehicles and motorcycles							
8.	Traffic and storage							
9.	Accommodation, food preparation and serving activities; hotel and catering							
10.	Information and communication							
11.	Financial activities and insurance activities							
12.	Real estate activities							
13.	Professional, scientific and technical activities							
14.	Administrative and support service activities							
15.	Public administration and defense; compulsory social insurance							
16.	Education							
17.	Health and social care							
18.	Art, entertainment and recreation							
19.	Other service activities							
20.	Activities of households as employers; activities of households that manufacture different goods and perform different services for their own use							
21.	Activities of extraterritorial organizations and bodies							
22.	Other unallocated							
23.	Total							

2.6.7. Changes in impairment over time

In accordance with Article 7, Paragraph 2, Item 8 and 9 of the Decision, the bank discloses data on changes in impairment during the reporting period and separately discloses impairment (including provisions for losses for off-balance sheet items) for default exposures and those that are not in the status of default, according to the following table:

		Impairment for default exposures	Impairment for non-default exposures
1.	Initial balance		
2.	New impairment over time		
3.	Amount of revoked impairment		
4.	Final balance		

2.6.8. Exposures prior and after the application of credit protection

In accordance with Article 7, Paragraph 2, Item 10, Sub-item 5 of the Decision, the bank discloses data on the amounts of exposure prior and after the application of credit protection for each level of credit quality, including exposures representing regulatory capital adjustments, in the form of the following table:

Exposures prior and after the application of credit protection					
No.	Exposure category	Exposure net value prior to credit protection application		Exposure net value after credit protection application	
		Non-default exposures	Default exposures	Non-default exposures	Default exposures
1.	Exposures to central governments or central banks				
2.	Exposures to regional governments or local authorities				
3.	Exposures to public sector entities				
4.	Exposures to multilateral development banks				
5.	Exposures to international organizations				
6.	Exposures to institutions				
7.	Exposures to corporate				
8.	Exposures to retail				
9.	Exposures secured by real estate				
10.	Default exposures				
11.	High-risk exposures				
12.	Exposures in form of covered bonds				
13.	Exposures to institutions and companies with short term credit assessment				
14.	Exposures in form of stock or shares in investment funds				
15.	Equity investment exposures				
16.	Other exposures				

2.6.9. Information on leverage

In accordance with Article 7, Paragraph 5, Item 2 of the Decision, the bank shall disclose an overview of the items included in the calculation of the leverage ratio in the following template:

Exposure values	Amount
Off-balance sheet items with a conversion factor of 10% in accordance with Article 37, Paragraph 8, Item 1 of the Decision on calculating capital in banks	
Off-balance sheet items with a conversion factor of 20% in accordance with Article 37, Paragraph 8, Item 2 of the Decision on calculating capital in banks	
Off-balance sheet items with a conversion factor of 50% in accordance with Article 37, Paragraph 8, Item 3 of the Decision on calculating capital in banks	
Off-balance sheet items with a conversion factor of 100% in accordance with Article 37, Paragraph 8, Item 4 of the Decision on calculating capital in banks	
Other assets	
(-) Amount of asset deductible items – Tier 1 – in accordance with Article 37, Paragraph 3 of the Decision on calculating capital in banks	
Leverage ratio exposure – in accordance with Article 37, Paragraph 4 of the Decision on calculating capital in banks	
Capital	
Tier 1 – in accordance with Article 37, Paragraph 3 of the Decision on calculating capital in banks	
Leverage ratio	
Leverage ratio – in accordance with Article 37, Paragraph 2 of the Decision on calculating capital in banks	

2.7. Liquidity requirements

In accordance with Article 8, Paragraph 1, Item 5 of the Decision, which refers to the data on the liquidity coverage ratio (LCR), the bank shall disclose:

LCR template		
No.	Item	Amount
1.	Liquidity buffer	
2.	Net liquid outflows	
3.	Liquidity coverage ratio (%)	
Calculation of numerator		
4.	Liquidity buffer in the form of level 1 asset excluding extremely high quality covered bonds, unadapted	
5.	Outflows by collateral in the form of level 1 asset excluding extremely high quality covered bonds maturing in 30 days	
6.	Inflows by collateral in the form of level 1 asset excluding extremely high quality covered bonds maturing in 30 days	
7.	Secured cash outflows maturing in 30 days	
8.	Secured cash inflows maturing in 30 days	
9.	Adapted amount of level 1 asset excluding extremely high quality covered bonds, prior to “top cap application”	
10.	Value of level 1 asset in the form of extremely high quality covered bonds, unadapted	

11.	Outflows by collateral in level 1 asset in the form of extremely high quality covered bonds maturing in 30 days	
12.	Inflows by collateral in level 1 asset in the form of extremely high quality covered bonds maturing in 30 days	
13.	Adapted amount of level 1 asset in the form of extremely high quality covered bonds, prior to “top cap application”	
14.	Adapted amount of level 1 asset in the form of extremely high quality covered bonds, after the “top cap application”	
15.	“The amount of liquid asset excess” of the level 1 in the form of extremely high quality covered bonds	
16.	Level 2a asset value, unadapted	
17.	Outflows by collateral in level 2a asset maturing in 30 days	
18.	Inflows by collateral in level 2a asset maturing in 30 days	
19.	Adapted amount of level 2a asset prior to “top cap application”	
20.	Adapted amount of level 2a asset after the “top cap application”	
21.	“The amount of liquid asset excess” of the level 2a	
22.	Level 2b asset value, unadapted	
23.	Outflows by collateral in level 2b asset maturing in 30 days	
24.	Inflows by collateral in level 2b asset maturing in 30 days	
25.	Adapted amount of level 2b asset prior to “top cap application”	
26.	Adapted amount of level 2b asset after the “top cap application”	
27.	“The amount of liquid asset excess” of the level 2b	
28.	The amount of liquid asset excess	
29.	Liquidity buffer	
Calculating denominator		
30.	Total outflows	
31.	Fully excluded inflows	
32.	Inflows to which top cap of 90% is applied	
33.	Inflows to which top cap of 75% is applied	
34.	Reduction by fully excluded inflows	
35.	Reduction by inflows to which top cap of 90% is applied	
36.	Reduction by inflows to which top cap of 75% is applied	
37.	Net liquid outflow	

2.8. Pledged and non-pledged asset

In accordance with Article 13 of the Decision, the bank discloses data on the amount of pledged and non-pledged assets in the following template:

Asset type	Gross accounting value of pledged asset	Gross accounting value of non-pledged asset
Loans placed		
Investments in debt instruments		
Investments in equity instruments		
Other		

3. Transitional and final provisions

This Instruction shall enter into force on the eighth day from the day of its adoption and shall be published on the official website of the Agency.

Date: 12 April, 2019

Director

Rade Rastoka