

**BANKING AGENCY OF  
REPUBLIKA SRPSKA**

**INSTRUCTIONS  
FOR FILLING IN LARGE EXPOSURE  
REPORTING TEMPLATES**

**Banja Luka, December 2017**

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Pursuant to Article 179, Paragraph 4 of the Banking Law of Republika Srpska ("Official Gazette of Republika Srpska" No. 04/17), Article 5, Paragraph 1, item b, Article 22, Paragraph 1, Item f and Article 37 of the Law on the Banking Agency of Republika Srpska ("Official Gazette of Republika Srpska" No. 59/13 and 04/17), 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 22, Paragraph 4 of the Decision on large exposures ("Official Gazette of Republika Srpska" No. 89/17), the Director of the Banking Agency of Republika Srpska adopted the

## **INSTRUCTIONS FOR FILLING IN LARGE EXPOSURE REPORTING TEMPLATES**

### **PART I: GENERAL PROVISIONS**

#### **1. Structure and conventions**

1. The reporting framework for large exposures (hereinafter: LE) is defined by the Decision on form and content of reports banks submit to the Banking Agency of Republika Srpska and is comprised of four templates which include the following information:
  - a) large exposures limits (template LE);
  - b) identification of the counterparty (template LE1);
  - c) exposures in the non-trading and trading book (template LE2);
  - d) detail of the exposures to individual persons within groups of related persons (template LE3).
2. The instructions include legal references as well as detailed information regarding the data that shall be reported in each template.
3. The instructions and the validation rules follow the labelling convention set in the following paragraphs, when referring to the columns, rows and cells of the templates.
4. The following convention is generally used in the instructions and validation rules: {Template;Row;Column}.
5. In the case of validations within a template, in which only data points of that template are used, notations do not refer to a template: {Row;Column}.
6. ABS(Value): the absolute value without sign. Any amount that increases the exposures shall be reported as a positive figure. On the contrary, any amount that reduces the exposures shall be reported as a negative figure. Where there is a negative sign (-) preceding the label of an item, no positive figure shall be reported for that item.

## **PART II: TEMPLATE RELATED INSTRUCTIONS**

### **1. Scope and level of the LE reporting**

1. In order to report information on large exposures to persons or groups of related persons according to Article 21 of the Decision on large exposures on a solo basis, a bank shall use the templates LE1, LE2 and LE3.
2. Every large exposure defined in accordance with Article 5 of the Decision on large exposures shall be reported, including the large exposures that shall not be considered for the compliance with the large exposure limit laid down in Article 6 of the Decision on large exposures.
3. The data on the large exposures and the relevant largest exposures to groups of related persons and individual persons not belonging to a group of related persons shall be reported in the template LE2 (in which a group of related persons shall be reported as one single exposure).
4. Banks shall report in the LE3 template data regarding the exposures to individual persons belonging to the groups of related persons, which are reported in the LE2 template. The reporting of an exposure to an individual client in the LE2 template shall not be duplicated in the LE3 template.

### **2. Structure of the LE template**

5. The columns of the template LE1 shall present the information related to the identification of individual persons or groups of related persons to which a bank has an exposure.
6. The columns of the templates LE2 and LE3 shall present the following blocks of information:
  - a) the exposure value before application of exemptions and before taking into account the effect of the credit risk mitigation technique, including the direct, indirect exposure and additional exposures arising from transactions where there is an exposure to underlying assets;
  - b) the exposure value after application of exemptions and the credit risk mitigation technique;
  - c) the exposure value after application of exemptions and after taking into account the effect of the credit risk mitigation technique calculated for the purpose of Article 6, Paragraph 1 of the Decision on large exposures.

### **3. Definitions and general instructions for the purposes of the LE reporting**

7. "Exposures" are defined by Article 3 of the Decision on large exposures and relate to:
  - a) any asset or off-balance sheet items in the non-trading and trading book including items set out in Article 11 of the Decision on large exposures but excluding items

which fall under effect of Article 4, Paragraph 6, Items 1-4 of the Decision on large exposures.

- b) 'indirect exposures' are those exposures allocated to the guarantor or to the issuer of the collateral rather than to the immediate borrower in accordance with Article 13 of the Decision on large exposures.

The exposures to groups of related persons shall be calculated in accordance with Article 4, Paragraph 5 of the Decision on large exposures.

8. The exposure value of a derivative instrument listed in Annex II of the Decision on calculating capital in banks shall be determined in accordance with Articles 45, 46 and 47 of the Decision on calculating capital in banks. The exposure value of repurchase transaction, securities or commodities lending or borrowing transactions to the counterparty or from the counterparty, long settlement transactions and margin lending transactions may be determined in accordance with Part VI of the Decision on calculating capital in banks, relating to the credit risk mitigation technique.
9. The amounts in templates shall be reported in 000 KM on a relevant financial reporting date.
10. A bank shall be obliged to submit the first reports to the Agency in accordance with the provisions of the Decision on form and content of reports banks submit to the Banking Agency of Republika Srpska with financial data as of 31 December 2017.

#### 4. C 26.00 - LE Limits template

##### 4.1. Instructions concerning specific rows

Row	Legal references and instructions
<b>010</b>	<b>Bank eligible capital amount</b> The amount of own funds (eligible capital) is reported, which is the sum of Tier 1 and Tier 2 capital after regulatory adjustments, where Tier 2 capital cannot exceed one third of Tier 1 capital.
<b>020</b>	<b>25% of bank eligible capital</b> Article 6, Paragraph 1 of the Decision on large exposures. The amount of the limits applied to the counterparties shall be reported. This amount is 25% of the bank eligible capital.

#### 5. C 27.00 - Identification of the counterparty (LE1)

##### 5.1. Instructions concerning specific columns

Column	Legal references and instructions
<b>010-070</b>	<b>Counterparty Identification:</b> Banks shall report the identification of any counterparty for which information is being submitted in any of the templates C 28.00 and C 29.00. The identification of the group of related persons shall be reported by a unique code adopted by the bank.

	In accordance with Article 21, Paragraph 1, Item 1 of the Decision on large exposures, banks shall submit data on the counterparty to which they have a large exposure in accordance with the definition in Article 5 of the Decision on large exposures.
<b>010</b>	<p><b>Code</b></p> <p>The code is a row identifier, and must be unique for each row in the template.</p> <p>The purpose of this column is to link counterparty details in C 27.00 with exposures reported in C 28.00 and C 29.00. The code shall be used consistently in all other templates.</p> <p>For a group of related persons, this code represents the group code according to the bank unique code, which banks are obliged to submit to the Agency.</p> <p>For an individual contracting party, a unique code is used in forms C 27.00 and C 28.00.</p>
<b>020</b>	<p><b>Name</b></p> <p>The name shall correspond to the name of the group whenever a group of related persons is reported. In any other case, the name shall correspond to the individual counterparty.</p> <p>For a group of related persons, the name that shall be reported shall be the name of the parent company or, when the group of related persons does not have a parent, it shall be the name of a group key holder or the counterparty name.</p>
<b>030</b>	<p><b>LEI Code</b></p> <p>The identifier code of the counterparty, which may be a unique identification number, identification number or a number of some other identification document.</p>
<b>040</b>	<p><b>Residence of the counterparty</b></p> <p>In this column, the bank reports the residence / registered office of the counterparty in accordance with the decision on the establishment of a legal entity, and for individual persons according to the certificate of residence.</p> <p>For groups of related persons, the registered office is not reported.</p>
<b>050</b>	<p><b>Sector of the counterparty</b></p> <p>Each counterparty is allocated one sector based on the sectoral structure from the report on the loan sectoral structure.</p> <p>For groups of related persons, the sector is not reported.</p>
<b>060</b>	<p><b>Business code</b></p> <p>According to the Statistical Classification of Republika Srpska.</p> <p>For groups of related persons, the business code is not reported.</p>
<b>070</b>	<p><b>Type of counterparty</b></p> <p>n/a</p>

## 6. C 28.00 - Exposures in the non-trading and trading book (LE2)

### 6.1. Instructions concerning specific columns

Column	Legal references and instructions
<b>010</b>	<p><b>Code</b></p> <p>For a group of related persons, this code represents the group code according to the bank unique code.</p> <p>For an individual counterparty, a unique mark is used in forms C 27.00 and C 28.00. Codes are used consistently all the time.</p>
<b>020</b>	<p><b>Group or individual</b></p> <p>The bank shall report "1" for the reporting of exposures to individual persons or "2" for the reporting of exposures to groups of related persons.</p>
<b>030</b>	<p><b>Transactions where there is an exposure to underlying assets</b></p> <p>Article 4, Paragraph 7 of the Decision on large exposures.</p> <p>When a bank has exposures to the counterparty for which data are disclosed on the basis of a transaction in which there is an exposure to the underlying assets, the equivalent of the answer "Yes" is reported, otherwise the equivalent of the answer "No" is reported.</p>
<b>040-180</b>	<p><b>Original exposures</b></p> <p>Article 4 and 5 of the Decision on large exposures.</p> <p>The bank shall report in this block of columns the original exposures of direct exposures, indirect exposures, and additional exposures arising from transactions where there is an exposure to underlying assets.</p> <p>According to Article 3 of the Decision on large exposures, on balance and off balance sheet items shall be used without risk weights and degrees of credit quality. Credit conversion factors shall not be applied to off balance sheet items.</p> <p>These columns shall contain the original exposure, i.e. the exposure value without taking into account value adjustments and provisions, which shall be deducted in column 210.</p> <p>The definition and calculation of the exposure value is set out in Articles 3 and 4 of the Decision on large exposures. The valuation of assets and off-balance sheet items shall be effected in accordance with the accounting framework which is being applied to the bank.</p> <p>Exposures deducted from own funds, which are not exposures according to Article 4, Paragraph 6 and Item 5 of the Decision on large exposures shall be included in these columns. These exposures shall be deducted in column 200.</p> <p>Exposures referred to in Article 4, Paragraph 6, Items 1-4 of the Decision on large exposures shall not be included in these columns.</p> <p>Original exposures shall include any asset and off-balance sheet items according to Article 11 of the Decision on large exposures. The exemptions shall be deducted for the purpose of Article 6, Paragraph 1 in column 320.</p> <p>Exposures from both non-trading and trading book shall be included.</p>
<b>040</b>	<p><b>Total original exposure</b></p>

	The bank shall report the sum of direct exposures and indirect exposures as well as the additional exposures that arise from the exposure to transactions where there is an exposure to underlying assets.
<b>050</b>	<b>Of which: defaulted</b> Article 61 of the Decision on calculating capital in banks. The bank shall report the part of the total original exposure corresponding to defaulted exposures.
<b>060-110</b>	<b>Direct exposures</b> Direct exposures shall mean the exposures on “immediate borrower” basis.
<b>060</b>	<b>Debt instruments</b> Debt instruments shall include debt securities, and loans and advances. The instruments included in this column shall be those qualified as “loans of up to and including one year/over one year and up to and including five years/of over five years' original maturity”, or as “securities except shares”. Repurchase transactions, securities or commodities lending or borrowing transactions to the counterparty of from the counterparty (securities financing transactions) and margin lending transactions shall be included in this column.
<b>070</b>	<b>Equity instruments</b> The instruments included in this column shall be those qualified as “Equity and other shares” or as “Investment fund shares/units”.
<b>080</b>	<b>Derivatives</b> Article 2, Item 44 and Annex II of the Decision on calculating capital in banks. The instruments that shall be reported in this column shall include derivatives listed in Annex II of the Decision on calculating capital in banks and long settlement transactions, as defined in Article 2, Item 44 of the Decision on calculating capital in banks.
<b>090-110</b>	<b>Off balance sheet items</b> Annex I of the Decision on calculating capital in banks. The value that shall be reported in these columns shall be the book value before any reduction for provisions under off balance sheet item losses and without application of conversion factors.
<b>090</b>	<b>Loan commitments</b> Annex I, Item 1, Sub-item 2 and 7, Item 2, Sub-item 2, Point 2, Item 3, Sub-item 2, Point 1 and Item 4, Sub-item 4 of the Decision on calculating capital in banks. Loan commitments are firm commitments to provide credit under pre-specified terms and conditions, except those that are derivatives because they can be settled net in cash or by delivering or issuing another financial instrument.
<b>100</b>	<b>Financial guarantees</b> Annex I, Item 1, Sub-item 1 and 5 of the Decision on calculating capital in banks. Financial guarantees are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.



<b>110</b>	<p><b>Other commitments</b></p> <p>Other commitments shall be items referred to in Annex I of the Decision on calculating capital in banks, which are not included in previous categories.</p>
<b>120-180</b>	<p><b>Indirect exposures</b></p> <p>Article 13 of the Decision on large exposures.</p> <p>According to Article 13 of the Decision on large exposures, a bank may use the substitution approach where an exposure to a client is guaranteed by a third party or secured by collateral issued by a third party.</p> <p>The bank shall report in this block of columns the amounts of the direct exposures that are re-assigned to the guarantor or the issuer of collateral provided that the latter would be assigned an equal or lower risk weight than the risk weight which would be applied to the third party under Part IV of the Decision on calculating capital in banks. Direct exposure shall be deducted from the exposure to the original borrower in the columns of "Eligible credit risk mitigation techniques". The indirect exposure shall increase the exposure to the guarantor or issuer of collateral via substitution effect. This shall apply also to guarantees given within a group of related persons.</p> <p>The bank shall report the original amount of the indirect exposures in the column that corresponds to the type of direct exposure guaranteed or secured by collateral such as, when the direct exposure guaranteed is a debt instrument, the amount of "Indirect exposure" assigned to the guarantor shall be reported under the column "Debt instruments".</p>
<b>120</b>	<p><b>Debt instruments</b></p> <p>See column 060.</p>
<b>130</b>	<p><b>Equity instruments</b></p> <p>See column 070.</p>
<b>140</b>	<p><b>Derivatives</b></p> <p>See column 080.</p>
<b>150-170</b>	<p><b>Off balance sheet items</b></p> <p>The value of these columns shall be the book value before any reduction for provisions under off-balance sheet item losses and conversion factors are applied.</p>
<b>150</b>	<p><b>Loan commitments</b></p> <p>See column 090.</p>
<b>160</b>	<p><b>Financial guarantees</b></p> <p>See column 100.</p>
<b>170</b>	<p><b>Other commitments</b></p> <p>See column 110.</p>
<b>180</b>	<p><b>Additional exposures arising from transactions where there is an exposure to underlying assets</b></p> <p>Article 4, Paragraph 7 of the Decision on large exposures.</p> <p>Additional exposures that arise from transactions where there is an exposure to underlying assets.</p>
<b>190</b>	<p><b>(-) Value adjustments and provisions</b></p>

	<p>Article 5, Paragraph 3 and Article 44 of the Decision on calculating capital in banks. Value adjustments and provisions against the gross exposure given in column 040 shall be reported in this column.</p>
<b>200</b>	<p><b>(-) Exposures deducted from own funds</b></p> <p>Article 4, Paragraph 6 of the Decision on large exposures.</p> <p>Exposures deducted from own funds, which shall be included in the different columns of Total original exposure, shall be reported.</p>
<b>210-230</b>	<p><b>Exposure value before application of exemptions and CRM</b></p> <p>Article 21, Paragraph 1, Item 2 of the Decision on large exposures.</p> <p>Banks shall report the exposure value before taking into account the effect of the credit risk mitigation, where applicable.</p>
<b>210</b>	<p><b>Total</b></p> <p>The exposure value to be reported in this column shall be the amount used for determining whether an exposure is a large exposure according to the definition in Article 5 of the Decision on large exposures.</p> <p>This shall include the original exposure after subtracting value adjustments and provisions and the amount of the exposures deducted from own funds.</p>
<b>220</b>	<p><b>Of which: Non-trading book</b></p> <p>The amount of the non-trading book from the total exposure before exemptions and CRM.</p>
<b>230</b>	<p><b>% of eligible capital</b></p> <p>Articles 2, Paragraph 1, Item 5 of the Decision on large exposures.</p> <p>The amount that shall be reported is the percentage of the exposure value before application of exemptions and CRM related to the eligible capital of the bank, as defined in Article 2, Paragraph 5 of the Decision on large exposures.</p>
<b>240-310</b>	<p><b>(-) Eligible credit risk mitigation (CRM) techniques</b></p> <p>Articles 10, 12 and 13 of the Decision on large exposures.</p> <p>CRM techniques as defined in Article 2, Item 29 of the Decision on calculating capital in banks.</p> <p>For the purposes of this reporting, the CRM techniques recognized in Part VI of the Decision on calculating capital in banks shall be used in accordance with Articles 12 and 13 of the Decision on large exposures.</p> <p>CRM techniques may have two different effects in the LE regime: substitution effect; funded credit protection other than substitution effect.</p>
<b>240-290</b>	<p><b>(-) Substitution effect of eligible credit risk mitigation techniques</b></p> <p>Article 13 of the Decision on large exposures.</p> <p>The amount of funded and unfunded credit protection that shall be reported in these columns shall correspond to the exposures guaranteed by a third party, or secured by collateral issued by a third party, where the bank decides to treat the exposure as incurred with the guarantor or the issuer of collateral.</p>
<b>240</b>	<p><b>(-) Debt instruments</b></p> <p>See column 060.</p>

<b>250</b>	<b>(-) Equity instruments</b> See column 070.
<b>260</b>	<b>(-) Derivatives</b> See column 080.
<b>270-290</b>	<b>(-) Off balance sheet items</b> The value of these columns shall be without application of conversion factors.
<b>270</b>	<b>(-) Loan commitments</b> See column 090.
<b>280</b>	<b>(-) Financial guarantees</b> See column 100.
<b>290</b>	<b>(-) Other commitments</b> See column 110.
<b>300</b>	<b>(-) Funded credit protection other than substitution effect</b> Article 12 of the Decision on large exposures. The bank shall report the amounts of funded credit protection, as defined in Article 2, Item 30 of the Decision on calculating capital in banks, that are deducted from the exposure value due to the application of Article 12 of the Decision on large exposures.
<b>310</b>	<b>(-) Real estate</b> n/a
<b>320</b>	<b>(-) Amounts exempted</b> Article 11 of the Decision on large exposures. The bank shall report the amounts exempted from the LE regime.
<b>330-350</b>	<b>Exposure value after application of exemptions and CRM</b> Article 21, Paragraph 1, Item 4 of the Decision on large exposures. The bank shall report the exposure value after taking into account the effect of the exemptions and credit risk mitigation calculated for the purpose of Article 6, Paragraph 1 of the Decision on large exposures.
<b>330</b>	<b>Total</b> This column shall include the amount to be taken into account in order to comply with the large exposures limit set out in Article 6 of the Decision on large exposures.
<b>340</b>	<b>Of which: Non-trading book</b> The bank shall report the total exposure after application of exemptions and after taking into account the effect of CRM belonging to the non-trading book.
<b>350</b>	<b>% of eligible capital</b> The bank shall report the percentage of the exposure value after application of exemptions and CRM related to the eligible capital of the bank, as defined in Article 2, Paragraph 5 of the Decision on large exposures.

## 7. C 29.00 - Details of the exposures to individual persons within groups of related persons (LE3)

### 7.1. Instructions concerning specific columns

Column	Legal references and instructions
<b>010-360</b>	The bank shall report in template LE3 the data of the individual persons belonging to the groups of related persons included in the rows of template LE2.
<b>010</b>	<b>Code</b> Columns 010 and 020 are a composite row identifier, and together must be unique for each row in the template. The code of the individual counterparty belonging to the groups of related persons shall be reported.
<b>020</b>	<b>Group code</b> Columns 010 and 020 are a composite row identifier, and together must be unique for each row in the template. The code to be reported is the code used to report exposures to a group of related persons in C 28.00 (LE2). If a person belongs to several groups of related persons, it is reported as a member of all groups of related persons.
<b>030</b>	<b>Transactions where there is an exposure to underlying assets</b> See column 030 of template LE2.
<b>040</b>	<b>Type of connection</b> The type of connection between the individual persons and the group of related persons shall be specified by using either: 'a' within the meaning of Article 2, Item 24 of the Banking Law of Republika Srpska (control); or 'b' within the meaning of Article 2, Item 24 of the Banking Law of Republika Srpska (interconnectedness).
<b>050-360</b>	When financial instruments in template LE2 are provided to the whole group of related persons they shall be allocated to the individual counterparties in template LE3. The remaining instructions are the same as for template LE2.

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Director

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Rade Rastoka