

HALKBANK A.D. BELGRADE

**REPORT ON DISCLOSURE OF DATA AND INFORMATION BY
BANK AS OF JUNE 30th, 2022**

Disclosure in accordance with Pillar 3 of Basel III

Belgrade, September 2022.

Contents

INTRODUCTION	2
1. Information about the bank.....	3
2. Bank's capital.....	4
3. Capital requirements and Capital adequacy of the bank	18
4. Leverage ratio	27

INTRODUCTION

In line with Pillar 3 of Basel 3 and the Decision on Disclosure of Information and Bank Information, Halkbank a.d. Belgrade publishes a report as of June 30th 2021, which contains information about:

1. The Bank's capital structure (PI-KAP);
2. Financial instruments that are included in the calculation of the Bank's capital (PI-FIKAP);
3. Linking the capital positions from the balance sheet to positions in the form PI-KAP (PI-UPK);
4. The amount of capital requirements and the capital adequacy ratio (PI-AKB);
5. Risk mitigation techniques and
6. Leverage ratio.

The report is published on the Bank's website (www.halkbank.rs).

In accordance with item 24 of the Decision on Disclosure of Data and Information by Banks ("Official Gazette of the Republic of Serbia" No. 103/2016) and the internal procedure, the Executive Board on September 06th, 2022 has assessed the frequency of disclosure of data and information of the bank taking into account:

1. Scope of business operations;
2. Banking products offered to clients;
3. Presence in different countries;
4. Participation in the banking sector;
5. Participation in international financial markets;
6. Participation in the international payment, billing and clearing system;

The decision was made that there is no need to publish data and information prescribed by the National bank of Serbia (hereinafter: NBS) Decision on Disclosure of Data and Information by Banks (hereinafter: Decision) more than once a year, except for data prescribed in items 5, 6 and 19 of the NBS Decision on the amount of capital, capital structure, capital adequacy and leverage ratio, as well as techniques for mitigation of credit risk, which the NBS has prescribed to be published semi-annually.

The Bank will publish the data specified in points 5 and 6 of the Decision, which relate to capital, its structure, capital requirements and capital adequacy, as well as point 19, referring to the indicator of leverage, on semi-annually basis.

1. INFORMATION ABOUT THE BANK

The business name of the Bank is: HALKBANK joint-stock company Belgrade.

The abbreviated business name of the Bank is: Halkbank a.d. Belgrade.

The Bank's head office is in Belgrade, Milutin Milanković street 9e.

The Bank's registration number is 07601093.

The tax identification number of the Bank is: 100895809.

The largest share in the Bank's equity on June 30th 2022 has the parent bank Türkiye Halk Bankası A.S. with 100% of equity participation.

Total regulatory capital on June 30th 2022 is RSD 14,810,112 thousand and consists of share capital in the total amount of RSD 14,808,772 thousand and additional capital in the amount of RSD 1,340 thousand.

The total capital requirements for covering the risks amounted RSD 5,296,952 thousand for:

- Credit risk, counterparty risk, and settlement/delivery risk RSD 4,805,085 thousand
- Operational risk RSD 491,867 thousand.

The Bank did not calculate the capital requirement for foreign exchange risk since the total net open foreign exchange position does not exceed 2% of the bank's capital, in accordance with Section 3 of the NBS Decision on the Bank's Capital Adequacy.

Capital adequacy ratio as of June 30th 2022 is 22.37%.

Indicator of leverage of the Bank as of June 30th 2022 is 12.11%.

On June 30th 2022, the Bank had a business network consisting of 28 branches, 9 sub-branches and 1 counter (as of June 30th 2021 there were 28 branches, 8 sub-branches and counter), as well as 622 employees (as of June 30th 2021 there were 566 employees).

2. BANK'S CAPITAL

The National Bank of Serbia on June 29 2022, adopted the Decision on a temporary measure related to the calculation of the bank's capital.

The adoption of the aforementioned Decision was initiated by the observed decrease in regulatory capital at the level of the banking sector in the period from September 30, 2021 to March 31, 2022, whereas the key reason was identified a significant increase in accumulated unrealized losses based on the decrease in the fair value of the debt securities portfolio that are valued at fair value through other results in accordance with IFRS, due to the increase in market interest rates.

In order to preserve and strengthen the stability of the banking sector, and based on the assumption that part of the accumulated unrealized losses is of a temporary nature, the NBS has prescribed a measure in accordance with which the bank can exclude from the calculation of the core capital the amount of the temporary regulatory adjustment, i.e. the amount of unrealized losses/ gains based on changes in the value of debt instruments that are valued at fair value through other results in accordance with IFRS 9 to which a reduction factor of 0.70 was applied.

At the session held on July 14, 2022, the Executive Board of the Bank passed the Decision on the application of a temporary measure related to the calculation of the bank's capital, so that the effects of the application were implemented in the calculation of the Bank's regulatory capital as of June 30, 2022.

The amount of the Bank's capital, with an overview of individual elements of Common Equity Tier 1 capital, regulatory adjustments and deductions, additional Tier 1 capital and Tier 2 capital, and their deductible items, are shown on the form **PI-KAP**:

Data on Bank Capital

(in RSD thousand)

No	Item	Amount	DCA reference ¹
Common Equity Tier 1: elements			
1	CET1 capital instruments and the related share premium accounts	11,297,709	Section 7, paragraph 1, item 1) and Section 8
1.1.	<i>of which: shares and other capital instruments which fulfil the requirements as laid out in Section 8 of the DCA</i>	7,338,200	
1.2.	<i>of which: relevant share premium with the instruments referred to in item 1.1, i.e. the amount paid above par value of those instruments</i>	3,959,509	
2	Profit from preceding years free of any future liabilities, to be allocated to CET 1 capital according to the decision of the bank's assembly	0	Section 10, paragraph 1
3	Profit of the current year or profit from the preceding year which the bank's assembly still has not decided to allocate in CET 1 capital which fulfil the requirements as laid out in Section 10, paras 2 and 3 on inclusion into CET 1 capital	0	Section 10, paras 2 and 3
4	Revaluation reserves and other unrealised losses	106,379	Section 7, paragraph 1, item 4)
5	Reserves from profit and other bank reserves, except for reserves for general banking risks	3,827,958	Section 7, paragraph 1, item 5)
6	Reserves for general banking risks	0	Section 7, paragraph 1, paragraph 6)
7	Non-controlling participations (minority interests) allowed in CET1 ²	0	
8	Common Equity Tier 1 capital before regulatory adjustments and deductibles (sum of rows from 1 to 7)	15,232,046	
Common Equity Tier 1 capital: regulatory adjustments and deductibles			
9	Additional value adjustments (-)	(12,090)	Section 12, paragraph 5
10	Intangible assets, including goodwill (net of deferred tax liabilities) (-)	(837,829)	Section 13, paragraph 1, item 2)
11	Deferred tax assets that rely on future profitability of the bank, excluding those arising from temporary differences (net of related deferred tax liability where the conditions referred to in Section 14, paragraph 1 of the DCA are met)	(63,913)	Section 13, paragraph 1, item 3)
12	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value, including projected cash flows	0	Section 12, paragraph 1, item 1)
13	IRB Approach: Negative amount of difference resulting from the calculation in accordance with Section 134 of the DCA (-)	0	Section 13, paragraph 1, item 4)
14	Any increase in equity that results from securitisation exposures (-)	0	Section 11

¹ DCA - Decision on Capital Adequacy of Banks.

² To be completed by the ultimate parent company, obliged to calculate the banking group's capital based on the data from the consolidated financial statements, in accordance with the decision on consolidated supervision of a banking group. The Bank does not have a subsidiary and is not subject to consolidation.

No	Item	Amount	DCA reference ¹
15	Gains or losses on bank's liabilities valued at fair value resulting from changes in own credit standing	0	Section 12, paragraph 1, item 2)
16	Defined benefit pension fund assets on the balance sheet of the bank(-)	0	Section 13, paragraph 1, item 5)
17	Direct, indirect and synthetic holdings by a bank of own Common Equity Tier 1 instruments, including own CET 1 instruments that a bank is under an actual or contingent obligation to purchase by virtue of an existing contractual obligation (-)	0	Section 13, paragraph 1, item 6)
18	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have a reciprocal cross holding with the bank, designed to inflate artificially the capital of the bank (-)	0	Section 13, paragraph 1, item 7)
19	Applicable amount of direct, indirect and synthetic holdings by the bank of the CET1 instruments of financial sector entities where the bank does not have a significant investment in those entities (-)	0	Section 13, paragraph 1, item 8)
20	Applicable amount of direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where the bank has a significant investment in those entities (-)	0	Section 13, paragraph 1, item 9)
21	Exposure amount of the following items which qualify for a risk weight of 1.250%, where the bank deducts that exposure amount from the amount of CET1 items as an alternative to applying a risk weight of 1.250%	0	Section 13, paragraph 1, item 11)
21.1.	<i>of which: holdings in entities outside the financial sector in the amount of over 10% of capital of those entities, i.e. holdings that allow exerting a significant impact on managing of a legal entity or on the business policy of that legal entity (-)</i>	0	Section 13, paragraph 1, item 11), indent one
21.2.	<i>of which: securitisation positions (-)</i>	0	Section 13, paragraph 1, item 11), indent two
21.3.	<i>of which: free deliveries (-)</i>	0	Section 13, paragraph 1, item 11), indent three
22	Deferred tax assets that rely on the bank's future profitability arising from temporary differences (amount above 10% of bank's CET1 capital referred to in Section 21, paragraph 2, reduced by the amount of related tax liabilities where the requirements referred to in Section 14, paragraph 1 of the DCA are met (-)	0	Section 21, paragraph 1, item 1)
23	Sum of deferred tax assets and holdings of financial sector entities where the bank has a significant investment referred to in Section 21, paragraph 1 of the DCA in such entities, which exceeds the threshold referred to in Section 21, paragraph 3 of the DCA (-)	0	Section 21, paragraph 1
23.1.	<i>of which: Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where the bank has a significant investment in those entities</i>	0	Section 21, paragraph 1, item 2)
23.2.	<i>of which: Deferred tax assets arising from temporary differences</i>	0	Section 21, paragraph 1, item 1)
24	Losses for the current and previous years, and unrealised losses (-)	(647,144)	Section 13, paragraph 1, item 1)
25	Any tax charge relating to CET1 elements foreseeable at the moment of its calculation, except where the bank suitably adjusts the amount of CET1 elements insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (-)	0	Section 13, paragraph 1, item 12)
26	Amount of items required to be deducted from the bank's Additional Tier 1 items that exceeds Additional Tier 1 capital of the bank (-)	0	Section 13, paragraph 1,

No	Item	Amount	DCA reference ¹
			item 10)
27	Gross amount of receivables from the borrower – natural person (other than a farmer or an entrepreneur) arising from extended consumer, cash or other loans disclosed in accounts 102, 107 and 108, where the level of the borrower's debt-to-income ratio before loan approval was higher than the percentage defined in accordance with the decision governing the classification of bank balance sheet assets and off-balance sheet items, or where this percentage will be higher due to loan approval.	(62,298)	Section 13, paragraph 1, item 13)
28	Gross amount of receivables from the borrower – natural person (other than a farmer or an entrepreneur) arising from extended consumer, cash or other loans, other than the loans disclosed under item 27 of this Form, disclosed in accounts 102, 107 and 108, which under the criterion of agreed maturity qualify for the deduction from Common Equity Tier 1 prescribed by the decision governing bank capital adequacy	0	Section 13, paragraph 1, item 14)
29	Total regulatory adjustments and deductibles from CET1 capital (sum of rows from 9 to 27)³	(1,623,274)	
30	Common Equity Tier 1 capital (difference between 8 and 28)	13,608,772	
	Additional Tier 1 capital: elements		
31	Shares and other capital instruments which fulfil the requirements as laid out in Section 23 of the DCA and related share premium	1,200,000	Section 22, paragraph 1, items 1) and 2)
32	Capital instruments issued by subsidiaries, which are recognised as Additional Tier 1 capital ⁴	0	
33	Additional Tier 1 capital before deductibles (30+31)	1,200,000	
	Additional Tier 1 capital: deductibles		
34	Direct, indirect and synthetic holdings by a bank of own Additional Tier 1 instruments, including the instruments that a bank is obliged to purchase as a result of existing contractual obligations (-)	0	Section 26, paragraph 1, item 1)
35	Direct, indirect and synthetic holdings by a bank of the Additional Tier 1 instruments of financial sector entities with which the bank has reciprocal cross holdings, designed to inflate artificially the capital of the bank (-)	0	Section 26, paragraph 1, item 2)
36	Applicable amount of direct, indirect and synthetic holdings by a bank of the Additional Tier 1 instruments of financial sector entities where the bank does not have a significant investment in those entities (-)	0	Section 26, paragraph 1, item 3)
37	Direct, indirect and synthetic holdings by a bank of the Additional Tier 1 instruments of financial sector entities where the bank has a significant investment in those entities, excluding underwriting positions held for five working days or fewer (-)	0	Section 26, paragraph 1, item 4)
38	Amount of items required to be deducted from Tier 2 items that exceed the Tier 2 capital of the bank (-)	0	Section 26, paragraph 1, item 5)

³ Amendments to the Decision on Capital Adequacy of the Bank, which entered into force on 01.01.2019. cancelled the obligation of banks to calculate and present the required reserve for estimated losses as deductible item of capital, while new deductibles were introduced related to consumer, cash and other loans to individuals approved under the conditions closer defined in the above mentioned Decision.

⁴ To be completed by the ultimate parent company, obliged to calculate the banking group's capital based on the data from the consolidated financial statements, in accordance with the decision on consolidated supervision of a banking group. The Bank does not have a subsidiary and is not subject to consolidation.

No	Item	Amount	DCA reference ¹
39	Total deductibles from Additional Tier 1 capital (sum of rows from 33 to 37)	0	
40	Additional Tier 1 capital (difference between 32 and 38)	1,200,000	
41	Tier 1 capital (sum of rows 29 and 39)	14,808,772	
	Tier 2: elements		
42	Shares and other Tier 2 capital instruments and subordinated liabilities which fulfil the requirements as laid out in Section 28 of the DCA and related share premium accounts related to instruments	1,340	Section 27, paragraph 1, items 1) and 2)
43	Capital instruments issued by subsidiaries, which are recognised as Tier 2 capital ⁵	0	
44	Credit risk adjustments that meet the requirements for the inclusion in Tier 2 capital	0	Section 27, paragraph 1, items 3) and 4)
45	Tier 2 capital before deductibles (sum of rows from 41 to 43)	1,340	
	Tier 2 capital: deductibles		
46	Direct, indirect and synthetic holdings by a bank of own Tier 2 instruments and subordinated liabilities, including instruments that the bank is obliged to purchase as a result of existing contractual obligations (-)	0	Section 30, paragraph 1, item 1)
47	Direct, indirect and synthetic holdings of the Tier 2 instruments and subordinated liabilities of financial sector entities with which the bank has reciprocal cross holdings, designed to inflate artificially the capital of the bank (-)	0	Section 30, paragraph 1, item 2)
48	Applicable amount of direct, indirect and synthetic holdings of the Tier 2 instruments and subordinated liabilities of financial sector entities where a bank does not have a significant investment in those entities (-)	0	Section 30, paragraph 1, item 3)
49	Direct, indirect and synthetic holdings by the bank of the Tier 2 instruments and subordinated liabilities of financial sector entities where the bank has a significant investment in those entities, excluding underwriting positions held for fewer than five working days (-)	0	Section 30, paragraph 1, item 4)
50	Total deductibles from Tier 2 capital (sum of rows from 45 to 48)	0	
51	Tier 2 capital (difference between 44 and 49)	1,340	
52	Total capital (sum of rows 40 and 50)	14,810,112	
53	Total risk-weighted assets	66,211,904	Section 3, paragraph 2,
	Capital adequacy ratios and capital buffers		
54	Common Equity Tier 1 capital ratio (%)	20.55%	Section 3, paragraph 1, item 1)

⁵ To be completed by the ultimate parent company, obliged to calculate the banking group's capital based on the data from the consolidated financial statements, in accordance with the decision on consolidated supervision of a banking group. The Bank does not have a subsidiary and is not subject to consolidation.

No	Item	Amount	DCA reference ¹
55	Tier 1 capital ratio (%)	22.37%	Section 3, paragraph 1, item 2)
56	Total capital ratio (%)	22.37%	Section 3, paragraph 1, item 3)
57	Total requirements for capital buffers (%) ⁶	4.06%	Section 433
58	Common Equity Tier 1 capital available for capital buffers coverage (%) ⁷	12.55%	

Thresholds for common equity Tier 1 deductions	Amount In RSD thousand
Threshold non deductible of holdings in financial sector entities where the bank does not have a significant investment	1,360,877
10% CET1 threshold calculated in accordance with Section 21, paragraph 2 of the Decision on Capital Adequacy of Banks	1,360,877
17.65 % CET1 threshold calculated in accordance with Section 21, paragraph 3 of the Decision on Capital Adequacy of Banks	2,401,948
Eligible capital under Section 13, paragraph 8 of the Decision on Capital Adequacy of Banks	14,810,112

Gross direct holdings of CET1 capital of financial sector entities where the bank does not have a significant investment amounts RSD 3,288 thousand.

A description of the basic characteristics of all elements included in the calculation of regulatory capital is shown below, on the form **PI-FIKAP**:

⁶ As a percentage of risk-weighted assets.

⁷ Calculated as Common Equity Tier 1 capital of the bank (expressed as percentage of risk-weighted assets), less Common Equity Tier 1 capital of the bank used to maintain the Common Equity Tier 1 capital ratio referred to in Section 3, paragraph 3, item 1) of the DCA, the Tier 1 capital ratio referred to in Section 3, paragraph 3, item 2) of the DCA and the total capital ratio referred to in Section 3, paragraph 3, item 3) of the DCA.

Data on the basic characteristics of financial instruments that are included in the calculation of the bank's capital

(in RSD thousand)

No	Instrument features	Instrument 1	Instrument 2	Instrument 3
1.	Issuer	Halkbank a.d. Belgrade	Halkbank a.d. Belgrade	Halkbank a.d. Belgrade
1.1.	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	RSCABAE56615	RSCABAE57662	RSCABAE09390
	Regulatory treatment			
2.	Treatment in accordance with the Decision on Capital Adequacy of Banks	<i>Common Equity Tier 1 instrument</i>	<i>Additional Tier 1 instrument</i>	<i>Tier 2 instrument</i>
3.	Eligible at solo/(sub-)consolidated/ solo&(sub-) consolidated	<i>Solo</i>	<i>Solo</i>	<i>Solo</i>
4.	Instrument type	<i>Ordinary shares</i>	<i>Non-cumulative preferential shares</i>	<i>Cumulative preferential shares</i>
5.	Amount recognised in regulatory capital (in RSD thousand, as of most recent reporting date)	11,297,709	1,200,000	1,340
6.	Nominal amount of instrument	7,338,200	600,000	1,340
6.1.	Issue price	3,959,509	600,000	0
6.2.	Redemption price			
7.	Accounting classification	<i>Shareholders' equity</i>	<i>Shareholders' equity</i>	<i>Shareholders' equity</i>
8.	Original date of issuance	1992.	2015.	1992.
9.	Perpetual or dated	<i>Perpetual</i>	<i>Perpetual</i>	<i>Perpetual</i>
9.1.	Original maturity date	<i>No maturity</i>	<i>No maturity</i>	<i>No maturity</i>
10.	Issuer call subject to prior supervisory approval	No	Yes	No
10.1.	Optional call date, contingent call dates and redemption amount			
10.2.	Subsequent call dates, if applicable			
	Coupons / dividends			
11.	Fixed or floating dividend/coupon	Floating	Fixed	Fixed
12.	Coupon rate and any related index		5.00%	5.00%
13.	Existence of a dividend stopper	No	Yes	Yes
14.1.	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	Partially discretionary	Partially discretionary
14.2.	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	Mandatory	Mandatory

No	Instrument features	Instrument 1	Instrument 2	Instrument 3
15.	Existence of step up or other incentive to redeem	No	No	No
16.	Noncumulative or cumulative dividend/coupon	<i>Noncumulative</i>	<i>Noncumulative</i>	<i>Cumulative</i>
17.	Convertible or non-convertible	<i>Nonconvertible</i>	<i>Nonconvertible</i>	<i>Convertible</i>
18.	If convertible, conversion trigger(s)			<i>In accordance with the decision of the Assembly</i>
19.	If convertible, fully or partially			<i>In accordance with the decision of the Assembly</i>
20.	If convertible, conversion rate			<i>In accordance with the decision of the Assembly</i>
21.	If convertible, mandatory or optional conversion			<i>Optional</i>
22.	If convertible, specify instrument type convertible into			<i>Common Equity Tier 1 instrument</i>
23.	If convertible, specify issuer of instrument it converts into			<i>Halkbank a.d. Belgrade</i>
24.	Write-down features	Yes	Yes	Yes
25.	If write-down, write-down trigger(s)	<i>Pursuant to the decision of the Assembly in accordance with the Law on Companies</i>	<i>Pursuant to the decision of the Assembly in accordance with the Law on Companies</i>	<i>Pursuant to the decision of the Assembly in accordance with the Law on Companies</i>
26.	If write-down, full or partial	<i>Fully or Partially</i>	<i>Fully or Partially</i>	<i>Fully or Partially</i>
27.	If write-down, permanent or temporary	<i>Permanent</i>	<i>Permanent</i>	<i>Permanent</i>
28.	If temporary write-down, description of write-up mechanism			
29.	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	<i>Non-cumulative preferential shares; Cumulative preferential shares</i>	<i>Cumulative preferential shares</i>	
30.	Non-compliant transitioned features			
31.	If yes, specify non-compliant features			

Data and information which links the Bank's positions in the Balance sheet with the Bank's regulatory capital positions from the Capital report made in accordance with the NBS Decision on the capital adequacy of the banks is published on the following form **PI-UPK**:

Data on matching capital positions from the balance sheet with items from the form PI-KAP

Breakdown of elements in the balance sheet

(in RSD thousand)

Position mark	Item	Balance sheet	References
A	ASSETS		
A.I	Cash and assets with the central bank	13,699,209	
A.II	Pledged financial assets	2,200,000	
A.III	Derivative receivables	18,668	
A.IV	Securities	9,670,463	
A.V	Loans and receivables from banks and other financial organisations	3,216,607	
A.VI	Loans and receivables from clients	69,495,952	
A.VII	Changes in fair value of items being subject to hedging	0	
A.X	Receivables under derivatives intended for hedging	0	
A.XI	Investments in associated undertakings and joint ventures	0	
	<i>Of which direct or indirect investments in banks and other financial sector person persons</i>	0	
A.XII	Investments into subsidiaries	0	
	<i>Of which direct or indirect investments in banks and other financial sector persons</i>	0	
A.XIII	Intangible assets	837,829	e
A.XIV	Property, plant and equipment	1,484,428	
A.XV	Investment property	54,630	
A.XVI	Current tax assets	29,544	
A.XVII	Deferred tax assets	63,913	f
A.XVIII	Non-current assets held for sale and discontinued operations	0	
A.XIX	Other assets	414,295	
	<i>Of which direct or indirect investment in banks and other financial sector persons that exceed 10% of the capital of such banks and/or other financial sector persons</i>	0	
A.XX	TOTAL ASSETS (ADP items from 0001 to 0019 in the consolidated balance sheet)	101,185,538	
P	LIABILITIES		
PO	LIABILITIES		
PO.I	Derivative liabilities	1,758	
PO.IV	Deposits and other liabilities to banks, other financial organisations and central bank	13,314,834	
PO.V	Deposits and other liabilities to other clients	71,503,079	
PO.VI	Liabilities arising from hedging derivatives	0	
PO.VII	Changes in fair value of items being subject to hedging	0	

Position mark	Item	Balance sheet	References
	Liabilities under securities	0	
PO.VIII	Subordinated liabilities	0	
	<i>Of which subordinated liabilities included in bank's supplementary capital</i>	0	
PO.IX	Provisions	205,190	
PO.X	Liabilities under assets held for sale and discontinued operations	0	
PO.XI	Current tax liabilities	0	
PO.XII	Deferred tax liabilities	15,689	
PO.XIII	Other liabilities	1,255,037	
PO.XIV	TOTAL LIABILITIES (ADP items from 0401 to 0413 in the consolidated balance sheet)	86,295,587	
	CAPITAL	0	
PO.XV	Share capital	12,499,049	
	<i>Of which par value of paid-in shares, except for cumulative preferential shares</i>	7,338,200	a
	<i>Of which share premium on share capital, except for cumulative preferential shares</i>	3,959,509	b
	<i>Of which par value of non-cumulative preferential shares</i>	600,000	g
	<i>Of which share premium on non-cumulative preferential shares</i>	600,000	h
	<i>Of which par value of cumulative preferential shares</i>	1,340	i
	<i>Of which share premium on cumulative preferential shares</i>	0	
PO.XVI	Own shares	0	
	<i>Of which acquired own shares, except for cumulative preferential shares</i>	0	
	<i>Of which acquired own cumulative preferential shares</i>	0	
PO.XVII	Profit	547,086	
	<i>Of which retained earnings from previous years</i>	542	
	<i>Of which profit of the current year</i>	546,544	
PO.XVIII	Loss	0	
	<i>Of which losses from previous years</i>	0	
	<i>Of which loss in the current year</i>	0	
PO.XIX	Reserves	3,951,428	
	<i>Of which reserves from profit which represent element of core capital</i>	3,827,958	d
	<i>Of which other positive consolidated reserves</i>	0	
	<i>Of which other negative consolidated reserves</i>	0	
	<i>Of which other net negative revaluation reserves</i>	0	
	<i>Of which gains on bank liabilities measured at fair value due to the change in bank's credit rating</i>	0	

Position mark	Item	Balance sheet	References
	<i>Of which positive revaluation reserves created on the basis of effects of changes in fair value of fixed assets, securities and other assets which are, in accordance with IFRS/IAS, credited to these reserves</i>	123,470	c
PO.XX	Unrealised losses	-2,107,612	j
	<i>Of which unrealised losses based on securities available for sale</i>	-2,086,383	
PO.XXI	Non-controlling participation	0	
	<i>Of which minority participation in subordinated companies</i>	0	
PO.XXII	TOTAL CAPITAL (result of adding up and/or subtracting the following ADP items from the consolidated balance sheet: 0415 - 0416 + 0417 - 0418 + 0419 - 0420 + 0421) ≥ 0	14,889,951	
PO.XXIII	TOTAL CAPITAL SHORTFALL (result of adding up and/or subtracting the following ADP items from the consolidated balance sheet: 0415 - 0416 + 0417 - 0418 + 0419 - 0420 + 0421) < 0		
PO.XXIV	TOTAL LIABILITIES (result of adding up and/or subtracting the following ADP items from the consolidated balance sheet: 0414 + 0422 - 0423)	101,185,538	
B.П.	OFF-BALANCE SHEET ITEMS		
B.П.A.	Off-balance sheet assets	133,716,661	
	<i>Of which amount of shares received in pledge, except for cumulative preferential shares</i>	0	
	<i>Of which amount of cumulative preferential shares received in pledge</i>	0	
B.П.П.	Off-balance sheet liabilities	133,716,661	

Matching items in the decomposed balance sheet and items in PI-KAP Form: (in RSD thousand)

No	Item	Amount	Data source in accordance with references
	Common Equity Tier 1: elements		
1	CET1 capital instruments and the related share premium accounts	11,297,709	
1.1.	<i>of which: shares and other capital instruments which fulfil the requirements as laid out in Section 8 of the DCA</i>	7,338,200	a
1.2.	<i>of which: relevant share premium with the instruments referred to in item 1.1, i.e. the amount paid above par value of those instruments</i>	3,959,509	b
2	Profit from preceding years free of any future liabilities, to be allocated to CET 1 capital according to the decision of the bank's assembly	0	
3	Profit of the current year or profit from the preceding year which the bank's assembly still has not decided to allocate in CET 1 capital which fulfil the requirements as laid out in Section 10, paras 2 and 3 on inclusion into CET 1 capital	547,086	
4	Revaluation reserves and other unrealised losses	106,379	c*
5	Reserves from profit and other bank reserves, except for reserves for general banking risks	3,827,958	d

No	Item	Amount	Data source in accordance with references
6	Reserves for general banking risks	0	
7	Non-controlling participations (minority interests) allowed in CET1**	0	
8	Common Equity Tier 1 capital before regulatory adjustments and deductibles (sum of rows from 1 to 7)	15,232,046	
	Common Equity Tier 1 capital: regulatory adjustments and deductibles		
9	Additional value adjustments (-)	(12,090)	
10	Intangible assets, including goodwill (net of deferred tax liabilities) (-)	(837,829)	e
11	Deferred tax assets that rely on future profitability of the bank, excluding those arising from temporary differences (net of related deferred tax liability where the conditions referred to in Section 14, paragraph 1 of the DCA are met)	(63,913)	f
12	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value, including projected cash flows	0	
13	IRB Approach: Negative amount of difference resulting from the calculation in accordance with Section 134 of the DCA (-)	0	
14	Any increase in equity that results from securitisation exposures (-)	0	
15	Gains or losses on bank's liabilities valued at fair value resulting from changes in own credit standing	0	
16	Defined benefit pension fund assets on the balance sheet of the bank(-)	0	
17	Direct, indirect and synthetic holdings by a bank of own Common Equity Tier 1 instruments, including own CET 1 instruments that a bank is under an actual or contingent obligation to purchase by virtue of an existing contractual obligation (-)	0	
18	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have a reciprocal cross holding with the bank, designed to inflate artificially the capital of the bank (-)	0	
19	Applicable amount of direct, indirect and synthetic holdings by the bank of the CET1 instruments of financial sector entities where the bank does not have a significant investment in those entities (-)	0	
20	Applicable amount of direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where the bank has a significant investment in those entities (-)	0	
21	Exposure amount of the following items which qualify for a risk weight of 1.250%, where the bank deducts that exposure amount from the amount of CET1 items as an alternative to applying a risk weight of 1.250%	0	
21.1.	<i>of which: holdings in entities outside the financial sector in the amount of over 10% of capital of those entities, i.e. holdings that allow exerting a significant impact on managing of a legal entity or on the business policy of that legal entity (-)</i>	0	
21.2.	<i>of which: securitisation positions (-)</i>	0	
21.3.	<i>of which: free deliveries (-)</i>	0	
22	Deferred tax assets that rely on the bank's future profitability arising from temporary differences (amount above 10% of bank's CET1 capital referred to in Section 21, paragraph 2, reduced by the amount of related tax liabilities where the requirements referred to in Section 14, paragraph 1 of the DCA are met (-)	0	

No	Item	Amount	Data source in accordance with references
23	Sum of deferred tax assets and holdings of financial sector entities where the bank has a significant investment referred to in Section 21, paragraph 1 of the DCA in such entities, which exceeds the threshold referred to in Section 21, paragraph 3 of the DCA (-)	0	
23.1.	<i>of which: Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where the bank has a significant investment in those entities</i>	0	
23.2.	<i>of which: Deferred tax assets arising from temporary differences</i>	0	
24	Losses for the current and previous years, and unrealised losses (-)	(647,144)	j*
25	Any tax charge relating to CET1 elements foreseeable at the moment of its calculation, except where the bank suitably adjusts the amount of CET1 elements insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (-)	0	
26	Amount of items required to be deducted from the bank's Additional Tier 1 items that exceeds Additional Tier 1 capital of the bank (-)	0	
27	Gross amount of receivables from the borrower – natural person (other than a farmer or an entrepreneur) arising from extended consumer, cash or other loans disclosed in accounts 102, 107 and 108, where the level of the borrower's debt-to-income ratio before loan approval was higher than the percentage defined in accordance with the decision governing the classification of bank balance sheet assets and off-balance sheet items, or where this percentage will be higher due to loan approval.	(62,298)	
28	Gross amount of receivables from the borrower – natural person (other than a farmer or an entrepreneur) arising from extended consumer, cash or other loans, other than the loans disclosed under item 27 of this Form, disclosed in accounts 102, 107 and 108, which under the criterion of agreed maturity qualify for the deduction from Common Equity Tier 1 prescribed by the decision governing bank capital adequacy	0	
29	Total regulatory adjustments and deductibles from CET1 capital (sum of rows from 9 to 27)	(1,623,274)	
30	Common Equity Tier 1 capital (difference between 8 and 28)	13,608,772	
	Additional Tier 1 capital: elements	0	
31	Shares and other capital instruments which fulfil the requirements as laid out in Section 23 of the DCA and related share premium	1,200,000	g + h
32	Capital instruments issued by subsidiaries, which are recognised as Additional Tier 1 capital**	0	
33	Additional Tier 1 capital before deductibles (30+31)	1,200,000	
	Additional Tier 1 capital: deductibles		
34	Direct, indirect and synthetic holdings by a bank of own Additional Tier 1 instruments, including the instruments that a bank is obliged to purchase as a result of existing contractual obligations (-)	0	
35	Direct, indirect and synthetic holdings by a bank of the Additional Tier 1 instruments of financial sector entities with which the bank has reciprocal cross holdings, designed to inflate artificially the capital of the bank (-)	0	
35	Applicable amount of direct, indirect and synthetic holdings by a bank of the Additional Tier 1 instruments of financial sector entities where the bank does not have a significant investment in those entities (-)	0	

No	Item	Amount	Data source in accordance with references
37	Direct, indirect and synthetic holdings by a bank of the Additional Tier 1 instruments of financial sector entities where the bank has a significant investment in those entities, excluding underwriting positions held for five working days or fewer (-)	0	
38	Amount of items required to be deducted from Tier 2 items that exceed the Tier 2 capital of the bank (-)	0	
39	Total deductibles from Additional Tier 1 capital (sum of rows from 33 to 37)	0	
40	Additional Tier 1 capital (difference between 32 and 38)	1,200,000	
41	Tier 1 capital (sum of rows 29 and 39)	14,808,772	
	Tier 2: elements		
42	Shares and other Tier 2 capital instruments and subordinated liabilities which fulfil the requirements as laid out in Section 28 of the DCA and related share premium accounts related to instruments	1,340	i
43	Capital instruments issued by subsidiaries, which are recognised as Tier 2 capital**	0	
44	Credit risk adjustments that meet the requirements for the inclusion in Tier 2 capital	0	
45	Tier 2 capital before deductibles (sum of rows from 41 to 43)	1,340	
	Tier 2 capital: deductibles		
46	Direct, indirect and synthetic holdings by a bank of own Tier 2 instruments and subordinated liabilities, including instruments that the bank is obliged to purchase as a result of existing contractual obligations (-)	0	
47	Direct, indirect and synthetic holdings of the Tier 2 instruments and subordinated liabilities of financial sector entities with which the bank has reciprocal cross holdings, designed to inflate artificially the capital of the bank (-)	0	
48	Applicable amount of direct, indirect and synthetic holdings of the Tier 2 instruments and subordinated liabilities of financial sector entities where a bank does not have a significant investment in those entities (-)	0	
49	Direct, indirect and synthetic holdings by the bank of the Tier 2 instruments and subordinated liabilities of financial sector entities where the bank has a significant investment in those entities, excluding underwriting positions held for fewer than five working days (-)	0	
50	Total deductibles from Tier 2 capital (sum of rows from 45 to 48)	0	
51	Tier 2 capital (difference between 44 and 49)	1,340	
52	Total capital (sum of rows 40 and 50)	14,810,112	

*the amount of unrealized losses/gains based on changes in the value of debt instruments that are valued at fair value through other income in accordance with IFRS 9 to which a reduction factor of 0.70 was applied in accordance with the Decision of the NBS on a temporary measure related to the calculation of bank capital

The Bank does not have subsidiaries and therefore does not carry out consolidated reporting.

Deductible items of share capital consist of:

- Additional adjustments to the Bank's assets measured at fair value in accordance with paragraphs 315 to 318 of the DCA is calculated as 0.1% of the sum of the absolute

values of assets and liabilities that are measured at fair value in accordance with IFRS / IAS and amount to RSD 12,090 thousand.

- Intangible assets of the Bank (investment in licenses, patents and software) in the amount of RSD 837,829 thousand.
- Deferred tax assets that depend on the future profitability of the bank, except those arising from temporary differences in the amount of RSD 63,913 thousand.
- Gross amount of receivables from the debtor - individuals (except farmers and entrepreneurs) on the basis of approved consumer loans, cash loans or other loans recorded in the accounts 102, 107 and 108 in accordance with the decision prescribing the Chart of Accounts and the contents of the Account in the Account framework for Banks where the level of credit indebtedness of that debtor was higher than the percentage determined in accordance with the Decision governing the classification of the balance sheet assets and off-balance sheet items of the bank in the amount of RSD 62,298 thousand.
- Unrealized losses in the amount of RSD 647,144 thousand, of which the amount of RSD 625,915 thousand refers to the amount of unrealized losses based on the change in the value of debt instruments that are valued at fair value through other results in accordance with IFRS 9, on which a reduction factor of 0.70 was applied in accordance with the Decision of the National Bank of Serbia on the temporary measure related to the calculation of the bank's capital.

3. CAPITAL REQUIREMENTS AND CAPITAL ADEQUACY OF THE BANK

In order to fulfil the obligations to creditors, and to ensure stable and safe operations, the Bank is obliged to maintain capital adequacy ratio at the prescribed level.

Capital requirements of the Bank are determined in accordance with the NBS Decision on capital adequacy and they are determined for credit risk, FX risk and operational risk.

In the form PI-AKB presented below the bank has published the following information i.e. information related to capital adequacy:

- Amount of capital requirements for credit risk, including counterparty risk and settlement / delivery risk based on free deliveries, for each class of exposure;
- Amount of capital requirement for settlement / delivery risk arising from unsettled transactions;
- Amount of capital requirement for FX risk and the type of the applied approach for calculating the individual capital requirements for these risks,
- Amount of capital requirement for operational risk and the type of the applied approach for calculating the request, with a special publication of the amounts for each of the approaches used by the bank for the calculation of that requirement;
- Coverage of capital requirements by the basic, or additional capital, related to restrictions provided by the Decision on bank's capital adequacy;
- Capital adequacy ratios.

All indicators of capital adequacy are above the prescribed minimum level, in accordance with the Decision on the capital adequacy of the bank.

Data regarding Capital Requirements and Capital Adequacy Ratio are shown in report **PI-AKB**:

Data on Total Capital Requirements and Capital Adequacy Ratio

(RSD thousand)

No	Item	Amount
I	CAPITAL	14,810,112
1.	TOTAL COMMON EQUITY TIER 1 CAPITAL	13,608,772
2.	TOTAL ADDITIONAL TIER 1 CAPITAL	1,200,000
3.	TOTAL TIER 2 CAPITAL	1,340
II	CAPITAL REQUIREMENTS	5,296,952
1.	CAPITAL REQUIREMENT FOR CREDIT RISK, COUNTERPARTY RISK, DILUTION RISK AND SETTLEMENT/DELIVERY RISK TO FREE DELIVERIES	4,805,085
1.1.	Standardised Approach (SA)	4,805,085
1.1.1.	Exposures to central governments and central banks	4,895
1.1.2.	Exposures to territorial autonomies or local government units	3,000
1.1.3.	Exposures to public administrative bodies	0
1.1.4.	Exposures to multilateral development banks	0
1.1.5.	Exposures to international organisations	0
1.1.6.	Exposures to banks	141,443
1.1.7.	Exposures to companies	1,279,528
1.1.8.	Retail exposures	1,546,473
1.1.9.	Exposures secured by mortgages on immovable property	1,497,915
1.1.10.	Exposures in default	154,149
1.1.11.	Exposures associated with particularly high risk	0
1.1.12.	Exposures in the form of covered bonds	0
1.1.13.	Exposures in the form of securitisation positions	0
1.1.14.	Exposures to banks and companies with a short-term credit assessment	0
1.1.15.	Exposures in the form of units in open-ended investment funds	0
1.1.16.	Equity exposures	1,079
1.1.17.	Other items	176,603
1.2.	Internal Ratings Based Approach (IRB)	0
1.2.1.	Exposures to central governments and central banks	0
1.2.2.	Exposures to banks	0
1.2.3.	Exposures to companies	0
1.2.4.	Retail exposures	0
1.2.4.1.	of which: Exposures secured by mortgages on immovable property	0
1.2.4.2.	of which: Qualifying revolving retail exposures	0
1.2.4.3.	of which: Exposures to small and medium-sized enterprises classified as retail exposures	0

No	Item	Amount
1.2.5.	Equity exposures	0
1.2.5.1.	Approach applied:	0
1.2.5.1.1.	<i>Simple Risk-Weight Approach</i>	0
1.2.5.1.2.	<i>PD/LGD Approach</i>	0
1.2.5.1.3.	<i>Internal models approach</i>	0
1.2.5.2.	Types of equity exposures	0
1.2.5.2.1.	<i>Exchange traded equity exposures</i>	0
1.2.5.2.2.	<i>Non-exchange traded equity exposures in sufficiently diversified portfolios</i>	0
1.2.5.2.3.	<i>Other equity exposures</i>	0
1.2.5.2.4.	<i>Equity exposures to which a bank applies the Standardised Approach</i>	0
1.2.6.	Exposures in the form of securitisation positions	0
1.2.7.	Exposures arising from other assets	0
2	CAPITAL REQUIREMENT FOR SETTLEMENT/DELIVERY RISK IN RESPECT OF UNSETTLED TRANSACTIONS	0
3	CAPITAL REQUIREMENT FOR MARKET RISKS	0
3.1.	Capital requirements for position, foreign exchange risk and commodities risk calculated under the Standardised Approach	0
3.1.1.	Capital requirement for position risk of debt securities	0
	<i>of which capital requirement for position risk in respect of securitisation items</i>	0
3.1.2.	Capital requirements for position risk arising from equity securities	0
3.1.3.	Additional capital requirement for large exposures from the trading book	0
3.1.4.	Capital requirement for foreign exchange risk	0
3.1.5.	Capital requirement for commodities risk	0
3.2.	Capital requirements for position, foreign exchange and commodities risk calculated under the internal models approach	0
4	CAPITAL REQUIREMENTS FOR OPERATIONAL RISK	491,867
4.1.	Capital requirement for operational risk calculated under the Basic Indicator Approach	491,867
4.2.	Capital requirement for operational risk calculated under the Standardised Approach/Alternative Standardised Approach	0
4.3.	Capital requirement for operational risk calculated under the Advanced Approach	0
III	COMMON EQUITY TIER 1 CAPITAL RATIO (%)	20.55%
IV	TIER 1 CAPITAL RATIO (%)	22.37%
V	TOTAL CAPITAL RATIO (%)	22.37%

Below is the overview of the amount of regulatory capital of the Bank as of June 30th 2022 with the amount of capital required to cover the total capital requirements and the achievement of the minimum capital adequacy indicator prescribed by the NBS Decision on Capital Adequacy and the excess capital in excess of the calculated minimum amount of capital:

(in RSD thousand)

No.	Description	Capital Amount	Minimum Required Capital	Coverage of Total Capital Requirements with Minimum Capital	Surplus of Capital	Coverage of Total Capital Requirements with Capital Surplus
		1.	2.	3.	4. = 1. - 2.	4.
1.	Capital	14,810,112	5,296,952	8.00%	9,513,160	14.37%
2.	Tier 1 Capital	14,808,772	3,972,714	4.50%	10,836,058	16.37%
3.	Common Equity Tier 1 Capital	13,608,772	2,979,536	6.00%	10,629,236	16.05%

The capital requirement for credit risk is calculated using the standardized approach, multiplying total credit risk weighted assets with minimum capital adequacy ratio prescribed by the NBS.

The capital requirement for credit risk amounts to RSD 4,805,085 thousand.

The Bank is not exposed to the dilution risk and the settlement / delivery risk.

Below is an overview of the exposure for a class of retail:

Retail exposures	Capital requirements (RSD thousand)
Secured by mortgages on immovable property	163,016
Exposures to small and medium-sized enterprises classified as retail exposures	705,307
Total retail exposures	1,546,473

The Bank does not have specialised lending exposures.

To equity exposures the Bank assigns a risk weight of 100% using the standardized approach.

The Bank can use appropriate credit protection instruments in order to reduce credit risk, adjusting credit risk-weighted assets for the effects of credit risk mitigation techniques.

Appropriate credit protection instruments that the bank can use are the following:

1. Material credit protection instruments in the form of financial assets,
2. Immaterial credit protection instruments, namely guarantees, other types of warranties and counter guarantees.

The Bank applies the simple method for adjusting the risk-weighted assets, using credit risk mitigation instruments.

As of June 30th, 2022 the Bank has used credit protection instruments in the form of financial assets i.e. cash deposits, securities issued by the Republic of Serbia and letters of guarantee issued by Republic of Serbia Ministry of finance.

Below are presented exposures of the bank according to exposure classes before the application of credit mitigation techniques and after the application of credit mitigation techniques:

Exposure before the application of credit mitigation techniques

(in RSD thousand)

Risk weights / Credit conversion factors (CCF)	0%	20%	35%	50%	75%	100%	150%	Total net exposure *	Risk weighted asset after application of CCF
Exposures to banks	0	1,895,422	0	636,996	0	2,271,383	413	4,804,214	1,768,040
0%	0	0	0	0	0	0	0	0	0
20%	0	0	0	0	0	1,208,416	0	1,208,416	241,683
50%	0	0	0	0	0	469,621	0	469,621	234,810
100%	0	1,895,422	0	636,996	0	593,346	413	3,126,177	1,291,547
Exposures to central governments or central banks	26,485,090	0	0	0	0	0	0	26,485,090	0
0%	0	0	0	0	0	0	0	0	0
100%	26,485,090	0	0	0	0	0	0	26,485,090	0
Retail exposures	0	0	0	0	38,867,293	0	0	38,867,293	21,756,189
0%	0	0	0	0	4,128,283	0	0	4,128,283	0
20%	0	0	0	0	2,170,522	0	0	2,170,522	269,991
50%	0	0	0	0	2,218,665	0	0	2,218,665	685,480
100%	0	0	0	0	30,349,823	0	0	30,349,823	20,800,718
Exposures secured by mortgages	0	0	5,362,537	3,886,730	980,360	18,654,745	0	28,884,372	19,341,165
0%	0	0	0	0	59,540	1,267,796	0	1,327,336	0
20%	0	0	0	1,374,899	0	1,952,880	0	3,327,779	526,052
50%	0	0	10,732	0	0	483,172	0	493,904	241,135
100%	0	0	5,351,805	2,511,831	920,820	14,950,897	0	23,735,353	18,573,978
Other exposures	1,862,637	0	0	0	0	86,818,881	0	88,681,518	2,178,956
0%	0	0	0	0	0	84,515,891	0	84,515,891	0
20%	0	0	0	0	0	138,691	0	138,691	27,738
50%	0	0	0	0	0	26,163	0	26,163	13,082
100%	1,862,637	0	0	0	0	2,138,136	0	4,000,773	2,138,136
Exposures to companies	0	0	0	0	0	32,347,357	0	32,347,357	18,784,605
0%	0	0	0	0	0	7,421,845	0	7,421,845	0
20%	0	0	0	0	0	6,468,679	0	6,468,679	1,250,702

Exposure before the application of credit mitigation techniques

(in RSD thousand)

Risk weights / Credit conversion factors (CCF)	0%	20%	35%	50%	75%	100%	150%	Total net exposure *	Risk weighted asset after application of CCF
50%	0	0	0	0	0	1,156,990	0	1,156,990	549,232
100%	0	0	0	0	0	17,299,843	0	17,299,843	16,984,671
Exposures in default	0	0	0	0	0	676,712	10,413,032	11,089,744	2,099,607
0%	0	0	0	0	0	2,267	9,414,219	9,416,486	0
20%	0	0	0	0	0	28	51,127	51,155	15,344
50%	0	0	0	0	0	637	16,884	17,521	12,982
100%	0	0	0	0	0	673,780	930,802	1,604,582	2,071,281
Exposures to territorial autonomies or local government units	0	68,549	0	0	0	23,793	0	92,342	37,497
50%	0	54	0	0	0	0	0	54	5
100%	0	68,495	0	0	0	23,793	0	92,288	37,492
Equity exposures	0	0	0	0	0	13,493	0	13,493	13,493
100%	0	0	0	0	0	13,493	0	13,493	13,493
Total:	28,347,727	1,963,971	5,362,537	4,523,726	39,847,653	140,806,364	10,413,445	231,265,423	65,979,552

* Gross exposure reduced for specific adjustments for credit risk, additional adjustments and other deductions

Exposure after the application of credit mitigation techniques

(in RSD thousand)

Risk weights / Credit conversion factors (CCF)	0%	20%	35%	50%	75%	100%	150%	Total net exposure	Risk weighted asset after application of CCF	Capital requirem ents for credit risk
Exposures to banks	0	1,895,422	0	636,996	0	2,271,383	413	4,804,214	1,768,040	141,444
0%	0	0	0	0	0	0	0	0	0	0
20%	0	0	0	0	0	1,208,416	0	1,208,416	241,683	19,335
50%	0	0	0	0	0	469,621	0	469,621	234,810	18,785
100%	0	1,895,422	0	636,996	0	593,346	413	3,126,177	1,291,547	103,324
Exposures to central governments or central banks	28,721,640	305,946	0	0	0	0	0	29,027,586	61,189	4,895
0%	0	0	0	0	0	0	0	0	0	0
100%	28,721,640	305,946	0	0	0	0	0	29,027,586	61,189	4,895
Retail exposures	0	0	0	0	35,633,587	0	0	35,633,587	19,330,909	1,546,472
0%	0	0	0	0	4,128,283	0	0	4,128,283	0	0
20%	0	0	0	0	2,170,522	0	0	2,170,522	269,991	21,599
50%	0	0	0	0	2,218,665	0	0	2,218,665	685,480	54,838
100%	0	0	0	0	27,116,117	0	0	27,116,117	18,375,438	1,470,035
Exposures secured by mortgages	0	0	5,362,537	3,886,730	616,479	18,310,428	0	28,176,174	18,723,937	1,497,915
0%	0	0	0	0	59,540	1,267,796	0	1,327,336	0	0
20%	0	0	0	1,374,899	0	1,952,880	0	3,327,779	526,052	42,084
50%	0	0	10,732	0	0	483,172	0	493,904	241,135	19,291
100%	0	0	5,351,805	2,511,831	556,939	14,606,580	0	23,027,155	17,956,750	1,436,540
Other exposures	5,797,343	428,268	0	0	0	86,761,813	0	92,987,424	2,207,542	176,604
0%	0	0	0	0	0	84,515,891	0	84,515,891	0	0
20%	0	0	0	0	0	138,691	0	138,691	27,738	2,219
50%	0	0	0	0	0	26,163	0	26,163	13,082	1,047
100%	5,797,343	428,268	0	0	0	2,081,068	0	8,306,679	2,166,722	173,338
Exposures to companies	0	0	0	0	0	29,556,850	0	29,556,850	15,994,099	1,279,528
0%	0	0	0	0	0	7,421,845	0	7,421,845	0	0
20%	0	0	0	0	0	6,468,679	0	6,468,679	1,250,702	100,056
50%	0	0	0	0	0	1,156,990	0	1,156,990	549,232	43,939
100%	0	0	0	0	0	14,509,336	0	14,509,336	14,194,165	1,135,533

(in RSD thousand)

Risk weights / Credit conversion factors (CCF)	0%	20%	35%	50%	75%	100%	150%	Total net exposure	Risk weighted asset after application of CCF	Capital requirem ents for credit risk
Exposures in default	0	0	0	0	0	674,233	10,299,520	10,973,753	1,926,859	154,149
0%	0	0	0	0	0	2,267	9,414,219	9,416,486	0	0
20%	0	0	0	0	0	28	51,127	51,155	15,344	1,227
50%	0	0	0	0	0	637	16,884	17,521	12,982	1,039
100%	0	0	0	0	0	671,301	817,290	1,488,591	1,898,533	151,883
Exposures to territorial autonomies or local government units	0	68,549	0	0	0	23,793	0	92,342	37,497	2,999
50%	0	54	0	0	0	0	0	54	5	0
100%	0	68,495	0	0	0	23,793	0	92,288	37,492	2,999
Equity exposures	0	0	0	0	0	13,493	0	13,493	13,493	1,079
100%	0	0	0	0	0	13,493	0	13,493	13,493	1,079
Total:	34,518,983	2,698,185	5,362,537	4,523,726	36,250,066	137,611,993	10,299,933	231,265,423	60,063,565	4,805,085

Effects of using appropriate credit protection material and immaterial instruments measured through the reduction of credit risk weighted assets are presented in the following table:

in RSD thousand

Credit protection instrument type	Amount
Material credit protection instruments	4,152,926
Immaterial credit protection instruments	1,763,060
Total:	5,915,986

Capital requirement for FX risk is calculated by multiplying the sum of total net open foreign currency position and absolute value of net open position in gold with a minimum capital adequacy ratio prescribed by the NBS.

Given that the Bank has no net open position in gold, the Bank is calculating the capital requirement for foreign exchange risk, if the sum of the total net open foreign currency position is more than 2% of the bank's capital calculated in accordance with the provisions of chapter III of the NBS Decision on the Bank's Capital Adequacy.

The capital requirement for operational risk is calculated using the basic indicator approach and is equal to the value of the three-year average exposure indicator (sum of net interest income and net non-interest income) multiplied with the capital requirement rate prescribed by the NBS for this approach.

Exposure indicator is calculated based on the following elements:

- Interest income and interest expense
- Revenues from dividends and participation
- Revenues and expenses from fees and commissions
- gains and losses on sale of securities
- income and expenses from revaluation of assets and liabilities
- revenues and foreign exchange losses
- other operating income.

In calculating the exposure indicator is not included:

- impairment losses on investments on the basis of balance sheet items
- Provisions for off-balance sheet positions
- Other expenses from operations
- realized gains / losses on financial assets not held for trading
- other income arising other than from ordinary business activities (e.g. income arising from insurance contracts)

4. LEVERAGE RATIO

The leverage ratio is calculating as ratio of Tier 1 capital – sum of Common Equity Tier 1 capital and Additional Tier 1 capital in accordance with the NBS Methodology for leverage ratio report. The ratio is expressed as a percentage.

Leverage ratio calculated in accordance with the decision governing reporting requirements for banks as of June 30th, 2022 amounts 12.11%.