

HALKBANK A.D. BELGRADE

REPORT ON DISCLOSURE OF DATA AND INFORMATION BY BANK AS OF JUNE 30th, 2023

Disclosure in accordance with Pillar 3 of Basel III

Belgrade, September 2023.

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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 2023, 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 2023 has the parent bank *Turkiye Halk Bankasi A.S.* with 100% of equity participation.

Total regulatory capital on June 30th 2023 is RSD 21,850,114 thousand and consists of share capital in the total amount of RSD 21,848,774 thousand and additional capital in the amount of RSD 1,340 thousand.

The total capital requirements for covering the risks amounted RSD 5,858,828 thousand for:

- Credit risk, counterparty risk, and settlement/delivery risk RSD 5,281,337 thousand
- Operational risk RSD 577,491 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 2023 is 29.84%.

Indicator of leverage of the Bank as of June 30th 2023 is 17.07%.

On June 30th 2023, the Bank had a business network consisting of 31 branches, 10 sub-branches and 1 counter (as of June 30th 2022 there were 28 branches, 9 sub-branches and 1 counter), as well as 696 employees (as of June 30th 2022 there were 622 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, 2023.

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	17,161,329	
1.1.	<i>of which: shares and other capital instruments which fulfil the requirements as laid out in Section 8 of the DCA</i>	9,887,600	Section 7, paragraph 1, item 1) and Section 8 Section 7, paragraph 1, item 2)
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>	7,273,729	
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	99,054	Section 7, paragraph 1, item 4)
5	Reserves from profit and other bank reserves, except for reserves for general banking risks	5,113,022	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)	22,373,405	
Common Equity Tier 1 capital: regulatory adjustments and deductibles			
9	Additional value adjustments (-)	(13,658)	Section 12, paragraph 5
10	Intangible assets, including goodwill (net of deferred tax liabilities) (-)	(1,198,610)	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)	(51,106)	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)

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
14	Any increase in equity that results from securitisation exposures (-)	0	Section 11
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 (-)	(406,087)	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)

No	Item	Amount	DCA reference ¹
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, 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.	(55,170)	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	(1,724,631)	
30	Common Equity Tier 1 capital (difference between 8 and 28)	20,648,774	
	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

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
			5)
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)	21,848,774	
	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)	21,850,114	
53	Total risk-weighted assets	73,235,348	Section 3, paragraph 2,
	Capital adequacy ratios and capital buffers		
54	Common Equity Tier 1 capital ratio (%)	28.20%	Section 3, paragraph 1, item

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
			1)
55	Tier 1 capital ratio (%)	29.83%	Section 3, paragraph 1, item 2)
56	Total capital ratio (%)	29.84%	Section 3, paragraph 1, item 3)
57	Total requirements for capital buffers (%) ⁶	4.10%	Section 433
58	Common Equity Tier 1 capital available for capital buffers coverage (%) ⁷	20.20%	

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	2,064,877
10% CET1 threshold calculated in accordance with Section 21, paragraph 2 of the Decision on Capital Adequacy of Banks	2,064,877
17.65 % CET1 threshold calculated in accordance with Section 21, paragraph 3 of the Decision on Capital Adequacy of Banks	3,644,509
Eligible capital under Section 13, paragraph 8 of the Decision on Capital Adequacy of Banks	21,850,114

Gross direct holdings of CET1 capital of financial sector entities where the bank does not have a significant investment amounts RSD 2,649 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)	17,161,329	1,200,000	1,340
6.	Nominal amount of instrument	9,887,600.00	600,000	1,340
6.1.	Issue price	7,273,729.00	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	<i>1992.</i>	<i>2015.</i>	<i>1992.</i>
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	<i>No</i>	<i>Yes</i>	<i>No</i>
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	<i>Floating</i>	<i>Fixed</i>	<i>Fixed</i>

No	Instrument features	Instrument 1	Instrument 2	Instrument 3
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
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			

No	Instrument features	Instrument 1	Instrument 2	Instrument 3
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	13,187,431	
A.II	Pledged financial assets	0	
A.III	Derivative receivables	2,754	
A.IV	Securities	13,464,199	
A.V	Loans and receivables from banks and other financial organisations	11,540,400	
A.VI	Loans and receivables from clients	74,738,439	
A.VII	Changes in fair value of items being subject to hedging	0	
A.VII	Receivables under derivatives intended for hedging	0	
A.IX	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.X	Investments into subsidiaries	0	
	<i>Of which direct or indirect investments in banks and other financial sector persons</i>	0	
A.XI	Intangible assets	1,198,611	e
A.XII	Property, plant and equipment	1,522,336	
A.XIII	Investment property	123,098	
A.XIV	Current tax assets	54,726	
A.XV	Deferred tax assets	51,106	f
A.XVI	Non-current assets held for sale and discontinued operations	0	
A.XVII	Other assets	510,366	
	<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	

Position mark	Item	Balance sheet	References
A.XX	TOTAL ASSETS (ADP items from 0001 to 0019 in the consolidated balance sheet)	116,393,466	
P	LIABILITIES		
PO	LIABILITIES		
PO.I	Derivative liabilities	962	
PO.II	Deposits and other liabilities to banks, other financial organisations and central bank	9,369,063	
PO.III	Deposits and other liabilities to other clients	82,272,259	
PO.IV	Liabilities arising from hedging derivatives	0	
PO.V	Changes in fair value of items being subject to hedging	0	
PO.VI	Liabilities under securities	0	
PO.VII	Subordinated liabilities	0	
	<i>Of which subordinated liabilities included in bank's supplementary capital</i>	0	
PO.VIII	Provisions	78,147	
PO.IX	Liabilities under assets held for sale and discontinued operations	0	
PO.X	Current tax liabilities	0	
PO.XI	Deferred tax liabilities	15,689	
PO.XII	Other liabilities	1,337,072	
PO.XIII	TOTAL LIABILITIES (ADP items from 0401 to 0413 in the consolidated balance sheet)	93,057,503	
	CAPITAL	0	
PO.XIV	Share capital	18,362,669	
	<i>Of which par value of paid-in shares, except for cumulative preferential shares</i>	9,887,600	a
	<i>Of which share premium on share capital, except for cumulative preferential shares</i>	7,273,729	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	1,067,702	
	<i>Of which retained earnings from previous years</i>	0	
	<i>Of which profit of the current year</i>	1,067,702	
PO.XVIII	Loss	0	

Position mark	Item	Balance sheet	References
	<i>Of which losses from previous years</i>	0	
	<i>Of which loss in the current year</i>	0	
PO.XIX	Reserves	5,212,076	
	<i>Of which reserves from profit which represent element of core capital</i>	5,113,022	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	
	<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>	99,054	c
PO.XX	Unrealised losses	-1,306,484	j
	<i>Of which unrealised losses based on securities available for sale</i>	-1,286,282	
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	23,335,963	
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)	116,393,466	
B.П.	OFF-BALANCE SHEET ITEMS		
B.П.A.	Off-balance sheet assets	150,935,307	
	<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	150,935,307	

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	17,161,329	
1.1.	<i>of which: shares and other capital instruments which fulfil the requirements as laid out in Section 8 of the DCA</i>	9,887,600	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>	7,273,729	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	0	
4	Revaluation reserves and other unrealised losses	99,054	c*
5	Reserves from profit and other bank reserves, except for reserves for general banking risks	5,113,022	d
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)	22,373,405	
Common Equity Tier 1 capital: regulatory adjustments and deductibles			
9	Additional value adjustments (-)	(13,658)	
10	Intangible assets, including goodwill (net of deferred tax liabilities) (-)	(1,198,610)	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)	(51,106)	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	

No	Item	Amount	Data source in accordance with references
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	
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 (-)	(406,087)	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.	(55,170)	
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)	(1,724,631)	
30	Common Equity Tier 1 capital (difference between 8 and 28)	20,648,774	
	Additional Tier 1 capital: elements	0	

No	Item	Amount	Data source in accordance with references
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	
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)	21,848,774	
	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	

No	Item	Amount	Data source in accordance with references
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)	21,850,114	

*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 13,658 thousand.
- Intangible assets of the Bank (investment in licenses, patents and software) in the amount of RSD 1,198,610 thousand.
- Deferred tax assets that depend on the future profitability of the bank, except those arising from temporary differences in the amount of RSD 51,106 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 55,170 thousand.
- Unrealized losses in the amount of RSD 406,087 thousand, of which the amount of RSD 394,407 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	21,850,114
1.	TOTAL COMMON EQUITY TIER 1 CAPITAL	20,648,774
2.	TOTAL ADDITIONAL TIER 1 CAPITAL	1,200,000
3.	TOTAL TIER 2 CAPITAL	1,340
II	CAPITAL REQUIREMENTS	5,858,828
1.	CAPITAL REQUIREMENT FOR CREDIT RISK, COUNTERPARTY RISK, DILUTION RISK AND SETTLEMENT/DELIVERY RISK TO FREE DELIVERIES	5,281,337
1.1.	Standardised Approach (SA)	5,281,337
1.1.1.	Exposures to central governments and central banks	0
1.1.2.	Exposures to territorial autonomies or local government units	726
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	187,262
1.1.7.	Exposures to companies	1,607,560

No	Item	Amount
1.1.8.	Retail exposures	1,715,029
1.1.9.	Exposures secured by mortgages on immovable property	1,449,629
1.1.10.	Exposures in default	138,415
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	1,143
1.1.17.	Other items	181,573
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
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

No	Item	Amount
3.1.3.	<i>Additional capital requirement for large exposures from the trading book</i>	0
3.1.4.	<i>Capital requirement for foreign exchange risk</i>	0
3.1.5.	<i>Capital requirement for commodities risk</i>	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	577,491
4.1.	Capital requirement for operational risk calculated under the Basic Indicator Approach	577,491
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 (%)	28.20%
IV	TIER 1 CAPITAL RATIO (%)	29.83%
V	TOTAL CAPITAL RATIO (%)	29.84%

Below is the overview of the amount of regulatory capital of the Bank as of June 30th 2023 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	21,850,114	5,858,828	8.00%	15,991,286	21.84%
2.	Tier 1 Capital	21,848,774	4,394,121	4.50%	17,454,653	23.83%
3.	Common Equity Tier 1 Capital	20,648,774	3,295,591	6.00%	17,353,183	23.70%

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 5,281,337 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	240,123
Exposures to small and medium-sized enterprises classified as retail exposures	797,956
Total retail exposures	1,715,029

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, 2023 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	4,314,484	0	350,703	0	2,969,188	1,346	7,635,721	2,340,779
0%	0	0	0	0	0	0	0	0	0
20%	0	0	0	1,509	0	1,664,663	0	1,666,171	333,083
50%	0	0	0	0	0	672,685	0	672,685	336,342
100%	0	4,314,484	0	349,194	0	631,841	1,346	5,296,864	1,671,354
Exposures to central governments or central banks	31,131,873	0	0	0	0	0	0	31,131,873	0
0%	0	0	0	0	0	0	0	0	0
100%	31,131,873	0	0	0	0	0	0	31,131,873	0
Retail exposures	0	0	0	0	42,020,167	0	0	42,020,167	23,165,436
0%	0	0	0	0	5,064,583	0	0	5,064,583	0
20%	0	0	0	0	2,747,511	0	0	2,747,511	341,808
50%	0	0	0	0	2,244,975	0	0	2,244,975	684,153
100%	0	0	0	0	31,963,098	0	0	31,963,098	22,139,476
Exposures secured by mortgages	0	0	8,303,029	4,723,269	868,545	17,618,735	0	31,513,578	18,465,391
0%	0	0	0	0	109,113	2,654,873	0	2,763,986	0
20%	0	0	45,592	1,157,918	16,335	1,807,726	0	3,027,571	481,617
50%	0	0	53,523	16,381	44,266	190,864	0	305,033	110,523
100%	0	0	8,203,913	3,548,971	698,831	12,965,273	0	25,416,988	17,873,251
Other exposures	2,183,709	0	0	0	0	95,173,869	0	97,357,578	2,329,224
0%	0	0	0	0	0	92,782,242	0	92,782,242	0
20%	0	0	0	0	0	73,018	0	73,018	14,604
50%	0	0	0	0	0	7,978	0	7,978	3,989
100%	2,183,709	0	0	0	0	2,310,632	0	4,494,341	2,310,632
Exposures to companies	0	0	0	0	0	41,384,032	0	41,384,032	22,809,110
0%	0	0	0	0	0	10,450,527	0	10,450,527	0
20%	0	0	0	0	0	8,335,106	0	8,335,106	1,619,270
50%	0	0	0	0	0	1,823,284	0	1,823,284	847,687

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
100%	0	0	0	0	0	20,775,114	0	20,775,114	20,342,153
Exposures in default	0	0	0	0	0	576,014	10,657,936	11,233,950	1,827,460
0%	0	0	0	0	0	7,657	9,738,817	9,746,474	0
20%	0	0	0	0	0	0	63,629	63,629	19,089
50%	0	0	0	0	0	2,826	55,745	58,571	43,222
100%	0	0	0	0	0	565,531	799,746	1,365,277	1,765,150
Exposures to territorial autonomies or local government units	0	55	0	0	0	9,067	0	9,122	9,072
50%	0	54	0	0	0	0	0	54	5
100%	0	0	0	0	0	9,067	0	9,067	9,067
Equity exposures	0	0	0	0	0	14,286	0	14,286	14,286
100%	0	0	0	0	0	14,286	0	14,286	14,286
Total:	33,315,582	4,314,538	8,303,029	5,073,972	42,888,712	157,745,191	10,659,282	262,300,307	70,960,760

* 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	4,314,484	0	350,703	0	2,969,188	1,346	7,635,721	2,340,779	187,262
0%	0	0	0	0	0	0	0	0	0	0
20%	0	0	0	1,509	0	1,664,663	0	1,666,171	333,083	26,647
50%	0	0	0	0	0	672,685	0	672,685	336,342	26,907
100%	0	4,314,484	0	349,194	0	631,841	1,346	5,296,864	1,671,354	133,708
Exposures to central governments or central banks	32,220,121	0	0	0	0	0	0	32,220,121	0	0
0%	0	0	0	0	0	0	0	0	0	0
100%	32,220,121	0	0	0	0	0	0	32,220,121	0	0
Retail exposures	0	0	0	0	39,716,730	0	0	39,716,730	21,437,858	1,715,029
0%	0	0	0	0	5,064,583	0	0	5,064,583	0	0
20%	0	0	0	0	2,747,511	0	0	2,747,511	341,808	27,345
50%	0	0	0	0	2,244,975	0	0	2,244,975	684,153	54,732
100%	0	0	0	0	29,659,661	0	0	29,659,661	20,411,898	1,632,952
Exposures secured by mortgages	0	0	8,303,029	4,723,269	772,768	17,345,545	0	31,144,611	18,120,368	1,449,629
0%	0	0	0	0	109,113	2,654,873	0	2,763,986	0	0
20%	0	0	45,592	1,157,918	16,335	1,807,726	0	3,027,571	481,617	38,529
50%	0	0	53,523	16,381	44,266	190,864	0	305,033	110,523	8,842
100%	0	0	8,203,913	3,548,971	603,055	12,692,082	0	25,048,021	17,528,228	1,402,258
Other exposures	6,314,057	369,051	0	0	0	95,040,499	0	101,723,607	2,269,664	181,573
0%	0	0	0	0	0	92,782,242	0	92,782,242	0	0
20%	0	0	0	0	0	73,018	0	73,018	14,604	1,168
50%	0	0	0	0	0	7,978	0	7,978	3,989	319
100%	6,314,057	369,051	0	0	0	2,177,261	0	8,860,369	2,251,071	180,086
Exposures to companies	0	0	0	0	0	38,669,416	0	38,669,416	20,094,494	1,607,560
0%	0	0	0	0	0	10,450,527	0	10,450,527	0	0
20%	0	0	0	0	0	8,335,106	0	8,335,106	1,619,270	129,542
50%	0	0	0	0	0	1,823,284	0	1,823,284	847,687	67,815

(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
100%	0	0	0	0	0	18,060,499	0	18,060,499	17,627,537	1,410,203
Exposures in default	0	0	0	0	0	568,786	10,597,907	11,166,693	1,730,189	138,415
0%	0	0	0	0	0	7,657	9,738,817	9,746,474	0	0
20%	0	0	0	0	0	0	63,629	63,629	19,089	1,527
50%	0	0	0	0	0	2,826	55,745	58,571	43,222	3,458
100%	0	0	0	0	0	558,303	739,717	1,298,020	1,667,879	133,430
Exposures to territorial autonomies or local government units	0	55	0	0	0	9,067	0	9,122	9,072	726
50%	0	54	0	0	0	0	0	54	5	0
100%	0	0	0	0	0	9,067	0	9,067	9,067	725
Equity exposures	0	0	0	0	0	14,286	0	14,286	14,286	1,143
100%	0	0	0	0	0	14,286	0	14,286	14,286	1,143
Total:	38,534,178	4,683,589	8,303,029	5,073,972	40,489,498	154,616,787	10,599,253	262,300,307	66,016,711	5,281,337

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	4,308,252
Immaterial credit protection instruments	635,796
Total:	4,944,048

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, 2023 amounts 17.07%.