

**HALKBANK A.D. BELGRADE**

**REPORT ON DISCLOSURE OF DATA AND INFORMATION BY  
BANK AS OF 30.06.2019.**

**Disclosure in accordance with Pillar 3 of Basel III**

**Belgrade, September 2019.**

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## INTRODUCTION

In accordance 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 30<sup>th</sup> 2019, 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-UKP);
4. The amount of capital requirements and the capital adequacy ratio (PI-AKB);
5. Risk mitigation techniques and
6. Leverage indicator.

The report is published on the Bank's website ([www.halkbank.rs](http://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 25.09.2019. has assessed the frequency of disclosure of data and information of the bank taking into account:

1. Volume of business operations;
2. Banking products offered to clients;
3. Presence only 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 all the data and information prescribed by the National bank of Serbia (hereinafter: NBS) Decision more than then Decision prescribe 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 indicator, as well as techniques for mitigation of credit risk, which the NBS has prescribed to be published semi annual.

The Bank will publish the data specified in points 5 and 6 of the above 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 30<sup>th</sup> 2019 has the parent bank Turkiye Halk Bankasi A.S. with 100% of equity participation.

Total regulatory capital on June 30<sup>th</sup> 2019 is RSD 10,855,428 thousand and consists of share capital in the total amount of RSD 10,854,088 thousand and additional capital in the amount of RSD 1,340 thousand.

The total capital requirements for covering the risks amounted RSD 3,570,205 thousand for:

- Credit risk, counterparty risk, and settlement/delivery risk RSD 3,214,625 thousand
- Market risks including exposure to FX risk RSD 21,767 thousand and
- Operational risk RSD 333,812 thousand.

Capital adequacy ratio as of June 30<sup>th</sup> 2019 amounts to 24.32%.

Indicator of leverage of the Bank as of June 30<sup>th</sup> 2019 amounts to 15.94%.

On June 30<sup>th</sup> 2019, the Bank had a business network consisting of 34 branches and sub-branches, as well as 505 employees (as of June 30<sup>th</sup> 2018 there were 464 employees).

## 2. BANK'S CAPITAL

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** (prescribed by NBS):

**PI-KAP**

### Data on Bank Capital

(In RSD thousand)

No	Item	Amount	DCA reference <sup>1</sup>
	<b>Common Equity Tier 1: elements</b>		
1	CET1 capital instruments and the related share premium accounts	7,771,263	
1.1.	<i>of which: shares and other capital instruments which fulfil the requirements as laid out in Section 8 of the DCA</i>	5,658,940	Section 7, paragraph 1, item 1) and Section 8
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>	2,112,323	Section 7, paragraph 1, item 2)

<sup>1</sup> DCA - Decision on Capital Adequacy of Banks.

No	Item	Amount	DCA reference <sup>1</sup>
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	496,247	Section 7, paragraph 1, item 4)
5	Reserves from profit and other bank reserves, except for reserves for general banking risks	1,726,527	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 <sup>2</sup>	0	
<b>8</b>	<b>Common Equity Tier 1 capital before regulatory adjustments and deductibles</b> (sum of rows from 1 to 7)	<b>9,994,037</b>	
	<b>Common Equity Tier 1 capital: regulatory adjustments and deductibles</b>		
9	Additional value adjustments (-)	-7,504	Section 12, paragraph 5
10	Intangible assets, including goodwill (net of deferred tax liabilities) (-)	-266,736	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)	-62,393	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
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	0	Section 13, paragraph 1, item 7)

<sup>2</sup> 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 <sup>1</sup>
	capital of the bank (-)		
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 (-)	0	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, item 10)
27	Amount of required reserve for estimated losses on balance-sheet assets and off-balance sheet items of the bank	0	Section 13, paragraph 1, item 13)

No	Item	Amount	DCA reference <sup>1</sup>
<b>28</b>	<b>Total regulatory adjustments and deductibles from CET1 capital</b> (sum of rows from 9 to 27) <sup>3</sup>	<b>-339,949</b>	
<b>29</b>	<b>Common Equity Tier 1 capital</b> (difference between 8 and 28)	<b>9,654,088</b>	
	<b>Additional Tier 1 capital: elements</b>		
30	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)
31	Capital instruments issued by subsidiaries, which are recognised as Additional Tier 1 capital <sup>4</sup>	0	
<b>32</b>	<b>Additional Tier 1 capital before deductibles</b> (30+31)	<b>1,200,000</b>	
	<b>Additional Tier 1 capital: deductibles</b>		
33	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)
34	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)
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	Section 26, paragraph 1, item 3)
36	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)
37	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)
<b>38</b>	<b>Total deductibles from Additional Tier 1 capital</b> (sum of rows from 33 to 37)	<b>0</b>	
<b>39</b>	<b>Additional Tier 1 capital</b> (difference between 32 and 38)	<b>1,200,000</b>	
<b>40</b>	<b>Tier 1 capital</b> (sum of rows 29 and 39)	<b>10,854,088</b>	
	<b>Tier 2: elements</b>		
41	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)
42	Capital instruments issued by subsidiaries, which are recognised	0	

<sup>3</sup> Amendments to the Decision on Capital Adequacy of the Bank, which entered into force on 01.01.2019. abolished the obligation of banks to calculate and present the required reserve for estimated losses on the balance sheet assets and off-balance sheet items as deductible items of capital, while new deductibles were introduced related to consumer, cash and other loans to individuals approved under the conditions closer to the above in the Decision.

<sup>4</sup> 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 <sup>1</sup>
	as Tier 2 capital <sup>5</sup>		
43	Credit risk adjustments that meet the requirements for the inclusion in Tier 2 capital	0	Section 27, paragraph 1, items 3) and 4)
<b>44</b>	<b>Tier 2 capital before deductibles</b> (sum of rows from 41 to 43)	<b>1,340</b>	
	<b>Tier 2 capital: deductibles</b>		
45	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)
46	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)
47	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)
48	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)
<b>49</b>	<b>Total deductibles from Tier 2 capital</b> (sum of rows from 45 to 48)	<b>0</b>	
<b>50</b>	<b>Tier 2 capital</b> (difference between 44 and 49)	<b>1,340</b>	
<b>51</b>	<b>Total capital</b> (sum of rows 40 and 50)	<b>10,855,428</b>	
<b>52</b>	<b>Total risk-weighted assets</b>	<b>44,627,561</b>	Section 3, paragraph 2,
	<b>Capital adequacy ratios and capital buffers</b>		
53	Common Equity Tier 1 capital ratio (%)	21.63%	Section 3, paragraph 1, item 1)
54	Tier 1 capital ratio (%)	24.32%	Section 3, paragraph 1, item 2)
55	Total capital ratio (%)	24.32%	Section 3, paragraph 1, item 3)
56	Total requirements for capital buffers (%) <sup>6</sup>	4.33%	Section 433

<sup>5</sup> 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.

<sup>6</sup> As a percentage of risk-weighted assets.



No	Item	Amount	DCA reference <sup>1</sup>
57	Common Equity Tier 1 capital available for capital buffers coverage (%) <sup>7</sup>	16.32%	

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	965,409
10% CET1 threshold calculated in accordance with Section 21, paragraph 2 of the Decision on Capital Adequacy of Banks	965,409
17.65 % CET1 threshold calculated in accordance with Section 21, paragraph 3 of the Decision on Capital Adequacy of Banks	1,703,947
Eligible capital under Section 13, paragraph 8 of the Decision on Capital Adequacy of Banks	10,855,428

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** (prescribed by NBS):

#### PI-FIKAP

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

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
	<b>Regulatory treatment</b>			
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>

<sup>7</sup> 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.

No	Instrument features	Instrument 1	Instrument 2	Instrument 3
5.	Amount recognised in regulatory capital (in RSD thousand, as of most recent reporting date)	7,771,263	1,200,000	1,340
6.	Nominal amount of instrument	5,658,940	600,000	1,340
6.1.	Issue price	2,112,323	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			
	<b>Coupons / dividends</b>			
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
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>

No	Instrument features	Instrument 1	Instrument 2	Instrument 3
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** (prescribed by NBS):

**PI-UKP**

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

Breakdown of elements in the balance sheet

(RSD thousand)

Position mark	Item	Balance sheet	References
A	<b>ASSETS</b>		
A.I	Cash and assets with the central bank	10,118,101	
A.II	Pledged financial assets	1,223,020	
A.III	Financial assets recognised at fair value through income statement and held for trading	23,218	
A.IV	Financial assets initially recognised at fair value through income statement	0	
A.V	Financial assets available for sale	5,819,075	
A.VI	Financial assets held to maturity	0	

Position mark	Item	Balance sheet	References
A.VII	Loans and receivables from banks and other financial organisations	3,029,116	
A.VIII	Loans and receivables from clients	41,731,510	
A.IX	Changes in fair value of hedged items	0	
A.X	Receivables arising from financial derivatives intended for hedging	0	
A.XI	Investments in associated companies 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	266,736	<b>e</b>
A.XIV	Property, plant and equipment	1,447,824	
A.XV	Investment property	121,961	
A.XVI	Current tax assets	0	
A.XVII	Deferred tax assets	62,393	<b>f</b>
A.XVIII	Non-current assets held for sale and discontinued operations	0	
A.XIX	Other assets	253,588	
	<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	<b>TOTAL ASSETS (ADP items from 0001 to 0019 in the consolidated balance sheet)</b>	64,096,542	
P	<b>LIABILITIES</b>		
PO	<b>LIABILITIES</b>		
PO.I	Financial liabilities recognised at fair value through income statement and held for trading	1,090	
PO.II	Financial liabilities initially recognised at fair value through income statement	0	
PO.III	Liabilities arising from financial derivatives intended for hedging	0	
PO.IV	Deposits and other liabilities to banks, other financial organisations and central bank	8,077,691	
PO.V	Deposits and other liabilities to other clients	43,442,170	
PO.VI	Changes in fair value of hedged items	0	
PO.VII	Own securities issued and other borrowings	0	
	<i>Of which liabilities arising from hybrid instruments</i>	0	
PO.VIII	Subordinated liabilities	0	
	<i>Of which subordinated liabilities included in bank's supplementary capital</i>	0	
PO.IX	Provisions	58,252	

Position mark	Item	Balance sheet	References
PO.X	Liabilities under assets held for sale and discontinued operations	0	
PO.XI	Current tax liabilities	103	
PO.XII	Deferred tax liabilities	0	
PO.XIII	Other liabilities	1,055,452	
PO.XIV	TOTAL LIABILITIES (ADP items from 0401 to 0413 in the consolidated balance sheet)	52,634,758	
	<b>CAPITAL</b>	0	
PO.XV	Share capital	8,972,603	
	<i>Of which par value of paid-in shares, except for cumulative preferential shares</i>	5,658,940	<b>a</b>
	<i>Of which share premium on share capital, except for cumulative preferential shares</i>	2,712,323	<b>b</b>
	<i>Of which par value of non-cumulative preferential shares</i>	600,000	<b>g</b>
	<i>Of which share premium on non -cumulative preferential shares</i>	0	<b>h</b>
	<i>Of which par value of cumulative preferential shares</i>	1,340	<b>i</b>
	<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	249,810	
	<i>Of which retained earnings from previous years</i>	0	
	<i>Of which profit of the current year</i>	249,810	
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	2,239,371	
	<i>Of which reserves from profit which represent element of core capital</i>	1,726,528	<b>d</b>
	<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>	512,843	<b>c</b>

Position mark	Item	Balance sheet	References
PO.XX	Unrealised losses	0	
	<i>Of which unrealised losses based on securities available for sale</i>	0	
PO.XXI	Non-controlling participation	0	
	<i>Of which minority participation in subordinated companies</i>	0	
PO.XXII	<b>TOTAL CAPITAL</b> (result of adding up and/or subtracting the following ADP items from the consolidated balance sheet: 0415 - 0416 + 0417 - 0418 + 0419 - 0420 + 0421) $\geq 0$	11,461,784	
PO.XXIII	<b>TOTAL CAPITAL SHORTFALL</b> (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	<b>TOTAL LIABILITIES</b> (result of adding up and/or subtracting the following ADP items from the consolidated balance sheet: 0414 + 0422 - 0423)	64,096,542	
B.П.	<b>OFF-BALANCE SHEET ITEMS</b>		
B.П.A.	Off-balance sheet assets	68,890,397	
	<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	68,890,397	

Matching items in the decomposed balance sheet and items in PI-KAP Form:

No	Item	Amount	Data source in accordance with references
	<b>Common Equity Tier 1: elements</b>		
1	CET1 capital instruments and the related share premium accounts	7,771,263	
1.1.	<i>of which: shares and other capital instruments which fulfil the requirements as laid out in Section 8 of the DCA</i>	5,658,940	<b>a</b>
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>	2,112,323	<b>b</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	249,810	
4	Revaluation reserves and other unrealised losses	496,247	<b>c*</b>

No	Item	Amount	Data source in accordance with references
5	Reserves from profit and other bank reserves, except for reserves for general banking risks	1,726,527	<b>d</b>
6	Reserves for general banking risks	0	
7	Non-controlling participations (minority interests) allowed in CET1**	0	
<b>8</b>	<b>Common Equity Tier 1 capital before regulatory adjustments and deductibles</b> (sum of rows from 1 to 7)	<b>9,994,037</b>	
	<b>Common Equity Tier 1 capital: regulatory adjustments and deductibles</b>		
9	Additional value adjustments (-)	7,504	
10	Intangible assets, including goodwill (net of deferred tax liabilities) (-)	266,736	<b>e</b>
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)	62,393	<b>f</b>
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</i>	0	

No	Item	Amount	Data source in accordance with references
	<i>entity or on the business policy of that legal entity (-)</i>		
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 (-)	0	
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	Amount of required reserve for estimated losses on balance-sheet assets and off-balance sheet items of the bank	0	
28	<b>Total regulatory adjustments and deductibles from CET1 capital</b> (sum of rows from 9 to 27)	339,949	
29	<b>Common Equity Tier 1 capital</b> (difference between 8 and 28)	<b>9,654,088</b>	
	<b>Additional Tier 1 capital: elements</b>	0	
30	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	<b>g + h</b>
31	Capital instruments issued by subsidiaries, which are recognised as Additional Tier 1 capital**	0	
32	<b>Additional Tier 1 capital before deductibles</b> (30+31)	1,200,000	
	<b>Additional Tier 1 capital: deductibles</b>		
33	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	0	



No	Item	Amount	Data source in accordance with references
	obligations (-)		
34	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	
36	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	
37	Amount of items required to be deducted from Tier 2 items that exceed the Tier 2 capital of the bank (-)	0	
<b>38</b>	<b>Total deductibles from Additional Tier 1 capital</b> (sum of rows from 33 to 37)	0	
<b>39</b>	<b>Additional Tier 1 capital</b> (difference between 32 and 38)	<b>1,200,000</b>	
<b>40</b>	<b>Tier 1 capital</b> (sum of rows 29 and 39)	<b>10,854,088</b>	
	<b>Tier 2: elements</b>		
41	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
42	Capital instruments issued by subsidiaries, which are recognised as Tier 2 capital**	0	
43	Credit risk adjustments that meet the requirements for the inclusion in Tier 2 capital	0	
<b>44</b>	<b>Tier 2 capital before deductibles</b> (sum of rows from 41 to 43)	<b>1,340</b>	
	<b>Tier 2 capital: deductibles</b>		
45	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	
46	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	
47	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	
48	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	0	

No	Item	Amount	Data source in accordance with references
	five working days (-)		
<b>49</b>	<b>Total deductibles from Tier 2 capital</b> (sum of rows from 45 to 48)	0	
<b>50</b>	<b>Tier 2 capital</b> (difference between 44 and 49)	<b>1,340</b>	
<b>51</b>	<b>Total capital</b> (sum of rows 40 and 50)	<b>10,855,428</b>	

d\* In calculating the position of the revaluation reserve and other unrealized losses as a part of regulatory capital, the value adjustments of debt securities in the amount RSD 16,598 thousand were not taken into account.

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 7,504 thousand.
- Intangible assets of the Bank (investment in licenses, patents and software) in the amount of RSD 266,736 thousand.
- Deferred tax assets that depend on the future profitability of the bank, except those arising from temporary differences in the amount of RSD 62,393 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 before the loan approval 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 or that percentage would be higher due to the loan approval in the amount of RSD 85 thousand and
- Gross amount of claims on debtors - individuals (except farmers and entrepreneurs) on the basis of approved consumer loans, cash loans or other loans which are 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 Chart of Accounts for Banks and which, on the basis of the contractual maturity criteria, fulfill the condition for the application of the deductible item from the share capital prescribed by the Decision regulating the adequacy of the bank's capital in the amount of RSD 3,231 thousand.

### 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.

Capital adequacy ratios as of June 30<sup>th</sup> 2019. amounts:

Capital adequacy ratios	
Common equity Tier 1 capital ratio (%)	21.63%
Tier 1 capital ratio (%)	24.32%
Total capital ratio (%)	24.32%

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** (prescribed by NBS):

#### Data on Total Capital Requirements and Capital Adequacy Ratio

(RSD thousand)

No	Item	Amount
<b>I</b>	<b>CAPITAL</b>	<b>10,855,428</b>
1.	TOTAL COMMON EQUITY TIER 1 CAPITAL	9,654,088
2.	TOTAL ADDITIONAL TIER 1 CAPITAL	1,200,00
3.	TOTAL TIER 2 CAPITAL	1,340
<b>II</b>	<b>CAPITAL REQUIREMENTS</b>	<b>3,570,205</b>
1.	CAPITAL REQUIREMENT FOR CREDIT RISK, COUNTERPARTY RISK, DILUTION RISK AND SETTLEMENT/DELIVERY RISK TO FREE DELIVERIES	3,214,625
1.1.	Standardised Approach (SA)	3,214,625
1.1.1.	<i>Exposures to central governments and central banks</i>	0

No	Item	Amount
1.1.2.	<i>Exposures to territorial autonomies or local government units</i>	12,738
1.1.3.	<i>Exposures to public administrative bodies</i>	0
1.1.4.	<i>Exposures to multilateral development banks</i>	0
1.1.5.	<i>Exposures to international organisations</i>	0
1.1.6.	<i>Exposures to banks</i>	77,901
1.1.7.	<i>Exposures to companies</i>	694,180
1.1.8.	<i>Retail exposures</i>	1,292,784
1.1.9.	<i>Exposures secured by mortgages on immovable property</i>	866,896
1.1.10.	<i>Exposures in default</i>	124,867
1.1.11.	<i>Exposures associated with particularly high risk</i>	0
1.1.12.	<i>Exposures in the form of covered bonds</i>	0
1.1.13.	<i>Exposures in the form of securitisation positions</i>	0
1.1.14.	<i>Exposures to banks and companies with a short-term credit assessment</i>	0
1.1.15.	<i>Exposures in the form of units in open-ended investment funds</i>	0
1.1.16.	<i>Equity exposures</i>	1,722
1.1.17.	<i>Other items</i>	143,537
1.2.	<b>Internal Ratings Based Approach (IRB)</b>	0
1.2.1.	<i>Exposures to central governments and central banks</i>	0
1.2.2.	<i>Exposures to banks</i>	0
1.2.3.	<i>Exposures to companies</i>	0
1.2.4.	<i>Retail exposures</i>	0
1.2.4.1.	<i>of which: Exposures secured by mortgages on immovable property</i>	0
1.2.4.2.	<i>of which: Qualifying revolving retail exposures</i>	0
1.2.4.3.	<i>of which: Exposures to small and medium-sized enterprises classified as retail exposures</i>	0
1.2.5.	<b>Equity exposures</b>	0
1.2.5.1.	<b>Approach applied:</b>	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.	<b>Types of equity exposures</b>	0

No	Item	Amount
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.	<b>Exposures in the form of securitisation positions</b>	0
1.2.7.	<b>Exposures arising from other assets</b>	0
2	<b>CAPITAL REQUIREMENT FOR SETTLEMENT/DELIVERY RISK IN RESPECT OF UNSETTLED TRANSACTIONS</b>	0
3	<b>CAPITAL REQUIREMENT FOR MARKET RISKS</b>	<b>21,767</b>
3.1.	<b>Capital requirements for position, foreign exchange risk and commodities risk calculated under the Standardised Approach</b>	0
3.1.1.	<b>Capital requirement for position risk of debt securities</b>	0
	<i>of which capital requirement for position risk in respect of securitisation items</i>	0
3.1.2.	<b>Capital requirements for position risk arising from equity securities</b>	0
3.1.3.	<b>Additional capital requirement for large exposures from the trading book</b>	0
3.1.4.	<b>Capital requirement for foreign exchange risk</b>	21,767
3.1.5.	<b>Capital requirement for commodities risk</b>	0
3.2.	<b>Capital requirements for position, foreign exchange and commodities risk calculated under the internal models approach</b>	0
4	<b>CAPITAL REQUIREMENTS FOR OPERATIONAL RISK</b>	<b>333,812</b>
4.1.	<b>Capital requirement for operational risk calculated under the Basic Indicator Approach</b>	333,812
4.2.	<b>Capital requirement for operational risk calculated under the Standardised Approach/Alternative Standardised Approach</b>	0
4.3.	<b>Capital requirement for operational risk calculated under the Advanced Approach</b>	0
III	<b>COMMON EQUITY TIER 1 CAPITAL RATIO (%)</b>	<b>21.63%</b>
IV	<b>TIER 1 CAPITAL RATIO (%)</b>	<b>24.32%</b>
V	<b>TOTAL CAPITAL RATIO (%)</b>	<b>24.32%</b>

Below is the overview of the amount of regulatory capital of the Bank as of June 30<sup>th</sup> 2019 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:

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	10,855,428	3,570,205	8,00%	7,285,223	16.32%
2.	Common Equity Tier 1 Capital	9,654,088	2,008,240	4,50%	7,645,848	17.13%
3.	Tier 1 Capital	10,854,088	2,677,654	6,00%	8,176,434	18.32%

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 3,214,625 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 physical persons:

Retail exposures	Capital requirements (RSD thousand)
Secured by mortgages on immovable property	88,955
Exposures to small and medium-sized enterprises classified as retail exposures	692,747
Total retail exposures	1,292,784

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 2019 the Bank has used only material credit protection instruments i.e. cash deposits.

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

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
<b>Exposures to banks</b>	<b>0</b>	<b>2,328,129</b>	<b>0</b>	<b>750,420</b>	<b>0</b>	<b>296,839</b>	<b>4,560</b>	<b>3,379,949</b>	<b>973,768</b>
<b>0%</b>	0	78,004	0	0	0	0	0	78,004	0
<b>20%</b>	0	0	0	0	0	22,422	0	22,422	4,484
<b>50%</b>	0	0	0	0	0	274,417	0	274,417	137,209
<b>100%</b>	0	2,250,125	0	750,420	0	0	4,560	3,005,105	832,075
<b>Exposures to central governments or central banks</b>	<b>15,256,600</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>15,256,600</b>	<b>0</b>
<b>100%</b>	15,256,600	0	0	0	0	0	0	15,256,600	0
<b>Retail exposures</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>28,269,901</b>	<b>0</b>	<b>0</b>	<b>28,269,901</b>	<b>16,051,191</b>
<b>0%</b>	0	0	0	0	4,584,625	0	0	4,584,625	0
<b>20%</b>	0	0	0	0	1,853,351	0	0	1,853,351	278,003
<b>50%</b>	0	0	0	0	1,602,014	0	0	1,602,014	600,755
<b>100%</b>	0	0	0	0	20,229,911	0	0	20,229,911	15,172,433
<b>Exposures secured by mortgages</b>	<b>0</b>	<b>0</b>	<b>2,969,005</b>	<b>1,580,427</b>	<b>556,114</b>	<b>11,441,111</b>	<b>0</b>	<b>16,546,657</b>	<b>10,943,684</b>
<b>0%</b>	0	0	0	0	51,913	1,857,133	0	1,909,045	0
<b>20%</b>	0	0	129,115	174,920	0	595,359	0	899,394	145,602
<b>50%</b>	0	0	46,758	141,222	26,007	424,324	0	638,311	265,403
<b>100%</b>	0	0	2,793,132	1,264,286	478,194	8,564,295	0	13,099,907	10,532,679
<b>Other exposures</b>	<b>1,883,236</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>41,806,528</b>	<b>0</b>	<b>43,689,764</b>	<b>1,794,209</b>
<b>0%</b>	0	0	0	0	0	39,947,096	0	39,947,096	0
<b>20%</b>	0	0	0	0	0	81,326	0	81,326	16,265
<b>50%</b>	0	0	0	0	0	323	0	323	162
<b>100%</b>	1,883,236	0	0	0	0	1,777,782	0	3,661,018	1,777,782
<b>Exposures to companies</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>22,994,794</b>	<b>0</b>	<b>22,994,794</b>	<b>8,677,248</b>

### Exposure before the application of credit mitigation techniques

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
0%	0	0	0	0	0	10,159,234	0	10,159,234	0
20%	0	0	0	0	0	4,020,109	0	4,020,109	804,022
50%	0	0	0	0	0	1,884,450	0	1,884,450	942,225
100%	0	0	0	0	0	6,931,001	0	6,931,001	6,931,001
<b>Exposures in default</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>981,615</b>	<b>418,294</b>	<b>1,399,909</b>	<b>1,608,147</b>
0%	0	0	0	0	0	0	379	379	0
20%	0	0	0	0	0	0	6	6	2
50%	0	0	0	0	0	0	445	445	333
100%	0	0	0	0	0	981,615	417,465	1,399,079	1,607,812
<b>Exposures to territorial autonomies or local government units</b>	<b>0</b>	<b>55</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>159,217</b>	<b>0</b>	<b>159,272</b>	<b>159,222</b>
50%	0	55	0	0	0	0	0	55	6
100%	0	0	0	0	0	159,217	0	159,217	159,217
<b>Equity exposures</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>21,525</b>	<b>0</b>	<b>21,525</b>	<b>21,525</b>
100%	0	0	0	0	0	21,525,43	0	21,525	21,525
<b>Total:</b>	<b>17,139,836</b>	<b>2,328,185</b>	<b>2,969,005</b>	<b>2,330,848</b>	<b>28,826,015</b>	<b>77,701,629</b>	<b>422,854</b>	<b>131,718,371</b>	<b>40,228,995</b>

\* Gross exposure reduced for specific adjustments for credit risk, additional adjustments, amount of required reserve for estimated losses deducted from CET1 Capital and other deductions



### Exposure after the application of credit mitigation techniques

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 requirements for credit risk
<b>Exposures to banks</b>	<b>0</b>	<b>2,328,129</b>	<b>0</b>	<b>750,420</b>	<b>0</b>	<b>296,839</b>	<b>4,560</b>	<b>3,379,949</b>	<b>973,768</b>	<b>77,901</b>
0%	0	78,004	0	0	0	0	0	78,004	0	0
20%	0	0	0	0	0	22,422	0	22,422	4,484	359
50%	0	0	0	0	0	274,417	0	274,417	137,209	10,977
100%	0	2,250,125	0	750,420	0	0	4,560	3,005,105	832,075	66,566
<b>Exposures to central governments or central banks</b>	<b>15,256,600</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>15,256,600</b>	<b>0</b>	<b>0</b>
100%	15,256,600	0	0	0	0	0	0	15,256,600	0	0
<b>Retail exposures</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>28,299,718</b>	<b>0</b>	<b>0</b>	<b>28,299,718</b>	<b>16,073,553</b>	<b>1,285,884</b>
0%	0	0	0	0	4,584,625	0	0	4,584,625	0	0
20%	0	0	0	0	1,853,351	0	0	1,853,351	278,003	22,240
50%	0	0	0	0	1,602,014	0	0	1,602,014	600,755	48,060
100%	0	0	0	0	20,259,727	0	0	20,259,727	15,194,795	1,215,584
<b>Exposures secured by mortgages</b>	<b>0</b>	<b>0</b>	<b>2,969,005</b>	<b>1,580,427</b>	<b>527,798</b>	<b>11,441,111</b>	<b>0</b>	<b>16,518,341</b>	<b>10,922,447</b>	<b>873,796</b>
0%	0	0	0	0	51,913	1,857,133	0	1,909,045	0	0
20%	0	0	129,115	174,920	0	595,359	0	899,394	145,602	11,648
50%	0	0	46,758	141,222	26,007	424,324	0	638,311	265,403	21,232
100%	0	0	2,793,132	1,264,286	449,878	8,564,295	0	13,071,591	10,511,442	840,915
<b>Other exposures</b>	<b>1,883,236</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>41,806,528</b>	<b>0</b>	<b>43,689,764</b>	<b>1,794,209</b>	<b>143,537</b>
0%	0	0	0	0	0	39,947,096	0	39,947,096	0	0
20%	0	0	0	0	0	81,326	0	81,326	16,265	1,301
50%	0	0	0	0	0	323	0	323	162	13
100%	1,883,236	0	0	0	0	1,777,782	0	3,661,018	1,777,782	142,223

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 requirements for credit risk
<b>Exposures to companies</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>22,994,794</b>	<b>0</b>	<b>22,994,794</b>	<b>8,677,248</b>	<b>694,180</b>
0%	0	0	0	0	0	10,159,234	0	10,159,234	0	0
20%	0	0	0	0	0	4,020,109	0	4,020,109	804,022	64,322
50%	0	0	0	0	0	1,884,450	0	1,884,450	942,225	75,378
100%	0	0	0	0	0	6,931,001	0	6,931,001	6,931,001	554,480
<b>Exposures in default</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,071,723</b>	<b>326,686</b>	<b>1,398,409</b>	<b>1,560,843</b>	<b>124,867</b>
0%	0	0	0	0	0	0	379	379	0	0
20%	0	0	0	0	0	0	6	6	2	0
50%	0	0	0	0	0	0	445	445	333	27
100%	0	0	0	0	0	1,071,723	325,856	1,397,579	1,560,507	124,841
<b>Exposures to territorial autonomies or local government units</b>	<b>0</b>	<b>55</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>159,217</b>	<b>0</b>	<b>159,272</b>	<b>159,222</b>	<b>12,738</b>
50%	0	55	0	0	0	0	0	55	6	0
100%	0	0	0	0	0	159,217	0	159,217	159,217	12,737
<b>Equity exposures</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>21,525</b>	<b>0</b>	<b>21,525</b>	<b>21,525</b>	<b>1,722</b>
100%	0	0	0	0	0	21,525	0	21,525	21,525	1,722
<b>Total:</b>	<b>17,139,836</b>	<b>2,328,185</b>	<b>2,969,005</b>	<b>2,330,848</b>	<b>28,827,515</b>	<b>77,791,737</b>	<b>331,245</b>	<b>3,379,949</b>	<b>40,182,816</b>	<b>3,214,625</b>

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:

RSD thousand

Credit protection instrument type	Amount
Material credit protection instruments	46,179
Immaterial credit protection instruments	0
<b>Total:</b>	<b>46,179</b>

**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.

The Bank did not calculate the capital requirement for foreign exchange risk, since the sum of the total net open foreign currency position and the absolute value of the net open position in gold is not more than 2% of the bank's capital calculated in accordance with the provisions of chapter III of the NBS Decision on capital adequacy of the bank.

**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 decision governing capital adequacy of banks and the bank's exposure. The ratio is expressed as a percentage.

Leverage ratio calculated in accordance with the decision governing reporting requirements for banks as of June 30<sup>th</sup> 2019. amounts 15.94%.