NATIONAL BANK OF THE REPUBLIC OF MACEDONIA

Pursuant to Article 48 paragraph 1 item 3 and Article 68 paragraph 3 of the Law on the National Bank of the Republic of Macedonia ("Official Gazette of the Republic of Macedonia" no. 158/2010) and item 231 of the Decision on the methodology for determining the capital adequacy ("Official Gazette of the Republic of Macedonia" no. 47/2012), the Governor of the National Bank of the Republic of Macedonia adopted the following

INSTRUCTIONS
for enforcing the Decision on the methodology for determining the capital adequacy

I. GENERAL PROVISIONS

1. These Instructions set forth the method of applying the Decision on the methodology for determining the capital adequacy (hereinafter: Decision).

All definitions and terms set out in the Decision shall be respectively applied in these Instructions.

2. For the purposes of determining the capital adequacy, the bank shall fill in and submit to the National Bank the following reports:

- Report on the own funds - SS Form;
- Report on the trading book - PT Form;
- Report on credit risk weighted assets - APKR Forms;
- Report on the total activities - VA Form;
- Report on the capital requirement for currency risk - KPVR Form;
- Report on the capital requirement for the specific risk of investments in debt instruments - SR - DI Form;
- Report on the capital requirement for the general risk of investments in debt instruments - GR - DI Form;
- Report on the capital requirement for the risk of investments in equities - SI Form;
- Report on the capital requirement for the settlement/delivery risk - RI Form;
- Report on the capital requirement for the counterparty risk - RDDS Form;
- Report on the capital requirement for exceeding the exposure limits - NLI Form;
- Report on the capital requirement for commodity risk - RPCS Form;
- Report on the capital requirement for market risk arising from option positions - O Form;
- Report on the capital requirement for operational risk - OR Form, and
- Report on the capital adequacy ratio - AK Form.

The bank which fulfills the requirement referred to in item 29 of the Decision, shall not submit the Report on the capital requirement for currency risk (KPVR Form). The bank which fulfills the requirements referred to in item 30 of the Decision, shall not submit the reports specified in paragraph 1 indents 6, 7, 8, 9, 10, 11 and 13 of this item.

Reports/Forms referred to in paragraph 1 of this item shall be an integral part of these Instructions.

II. REPORT ON THE OWN FUNDS

3. The Own Funds Report (SS Form) shall contain data on the bank's own funds, which represent the sum of the core capital, as defined under part 1 of this section and the supplementary capital, as defined under part 2 of this section, less the amount of deductions determined in accordance with part 3 of this section.

1. Core capital

4. When determining its core capital, the bank shall observe the following rules:

4.1. Row 1 - "paid-in and subscribed common and non-cumulative preference shares and premium on the sale on such shares" shall state the sum of rows 1.1 and 1.2.

a) Row 1.1 - "nominal value" shall state the nominal value of paid-in and subscribed common and non-cumulative preference shares of the bank (i.e. the amount of funds paid directly for savings houses which are not established as joint stock companies), as a sum of row 1.1.1 - "nominal value of common shares" and row 1.1.2 - "nominal value of non-cumulative preference shares".

The item of row 1.1 has been recorded on accounts: 902 (in absolute amount, i.e. with positive sign) and 903;

b) Row 1.2 - " premium" shall state the premium on the sale of common and non-cumulative preference shares, recorded on account 901, as a sum of row 1.2.1 - "premium on the sale of common shares" and row 1.2.2 - "premium on the sale of non-cumulative preference shares".

When the premium is negative, it shall be recorded with a negative sign.

4.2. Row 2 - "reserves and retained profit or loss" shall present the amount of reserves and retained unallocated profit or loss, which is the sum of row 2.1, row 2.2 and row 2.4 less the sum of row 2.3.

a) Row 2.1 - "reserve fund" shall state the amount of bank's reserves allocated from the taxed profit.

Reserves have been recorded on accounts: 9041, 9048 and 9049;

b) Row 2.2 - "retained profit restricted for distribution to shareholders" shall state the retained profit unencumbered by any future liability, but restricted for distribution to shareholders in the future.

The retained profit is recorded on account 90601 and may be included in the core capital only if the requirements defined by the Decision have been met;

c) Row 2.3 - "accumulated loss from previous years" shall state the accumulated loss from previous years, recorded on account 9061;

d) Row 2.4 - "current profit" shall state the current profit during the year or the profit after tax at the end of the year, which meets the requirements set under the Decision.

4.3. Row 3 - "positions as a result of consolidation" shall state positions resulting from the consolidation, i.e. the sum of row 3.1 - "minority interest", row 3.2 - "reserves from exchange rate differentials" and row 3.3 - "other differentials".

Positions resulting from the consolidation shall be a part of the bank's core capital if their sum has a positive value. If the positions resulting from the consolidation have a negative value, they shall be presented in row 16 - "positions as a result of consolidation (negative amounts)", as part of the group of "deductions from core capital and supplementary capital".

4.4. The total amount of deductions from the core capital shall be presented in row 4 - "deductions" as a sum of the amounts of rows 4.1, 4.2, 4.3, 4.4, 4.5, 4.6 and 4.7.

a) Row 4.1 - "loss at the yearend or current loss" shall state a loss arising from bank's operations at the yearend or a loss from its current operations;

b) Row 4.2 - "purchased own shares", shall state the amount of own shares recorded on account 902 (in absolute amount);

c) Row 4.3 - "Intangible assets", shall state the intangible assets recorded on accounts 000, 001, 002, 003, 0041 and other accounts on which intangible assets specified in the Decision are recorded, reduced by the amount of accumulated depreciation and impairment losses;

d) Row 4.4 - "difference between the amount of required and actual impairment/special reserve", shall state the difference between the amount of the impairment/special reserve set by the bank and the required amount of impairment/special reserve as determined by the Decision on credit risk management;

e) Row 4.5 - "amount of unallocated impairment and special reserve resulting from accounting time lag" shall state the amount of the impairment and the special reserve the bank failed to recognize due to accounting time lag;

f) Row 4.6 - "unrealized loss from equity instruments available for sale" shall state the respective part of account 9051 (only the part which refers to the loss of equity instruments available for sale estimated at fair value).

g) Row 4.7 - "other deductions" shall state the amount of other deductions laid down in item 13 sub-item g) of the Decision.

4.5. Row I - "core capital" shall state the sum of row 1, row 2 and row 3, less the amount of deductions in row 4.

2. Supplementary capital

5. The amount of supplementary capital shall be presented by using the following rules:

5.1. Row 5 - "paid-in and subscribed cumulative preference shares and premium based on such shares" shall state the amount of subscribed and paid-in cumulative preference shares and the premium on the sale of such shares, derived as a sum of row 5.1 - "nominal value" and row 5.2 – "premium".

The nominal value of cumulative preference shares is recognized on account 9120, and the premium on the sale of such shares is recognized on account 9122.

5.2. Row 6 - "revaluation reserves" shall state the unrealized profit from revaluation of equities and debt instruments available for sale (80% of this amount). This unrealized profit is recorded on the respective part of account 9051.

5.3. Row 7 - "hybrid instruments" shall state hybrid instruments that meet the requirements set out in the Decision and that are recorded on the respective part of accounts 908 and 910.

If the hybrid instrument is issued in the form of securities, when calculating the supplementary capital the bank shall take into account the nominal value of those securities, reduced by the amount of the discount.

5.4. Row 8 - "subordinated instruments" shall state subordinated instruments that meet the requirements set out in the Decision and that are recorded on the respective part of account 911.

The amount of the subordinated instrument included in the supplementary capital over the last five years of the maturity or repayment date, shall be calculated as follows:

- subordinated instrument shall be included in the overall amount, if there is more than 5 years to the maturity or repayment date,

- subordinated instrument shall be included in the amount of 80% if the maturity or repayment date is between 4 years and one day and 5 years,

- subordinated instrument shall be included in the amount of 60% if the maturity or repayment date is between 3 years and one day and 4 years,

- subordinated instrument shall be included in the amount of 40% if the maturity or repayment date is between 2 years and one day and 3 years,

- subordinated instrument shall be included in the amount of 20% if the maturity or repayment date is between 1 year and one day and 2 years.

In the last year to the maturity or repayment date, the subordinated instrument shall not be included in the supplementary capital.

If the subordinated instrument is issued in the form of securities, when calculating the supplementary capital the bank shall take into account the nominal value of those securities, reduced by the amount of the discount.

5.5. Row 9 - "amount of cumulative preference shares and subordinated instruments that may be part of the supplementary capital," shall state the lesser amount of:

- the sum of the amount of cumulative preference shares (row 5) and the amount of subordinated instruments (row 8), and
- 50% of the amount of the core capital (row I).

5.6. Row II - "supplementary capital" shall state the total amount of supplementary capital, which is a sum of the amounts of rows 6, 7 and 9.

3. Deductions from the core capital and the supplementary capital

6. The amount of deductions from the core capital and the supplementary capital shall be presented by applying the following rules:

6.1. Row 10 - "investments in the capital of other banks or financial institutions constituting over 10% of the capital of such institutions" shall state the net-accounting value of the bank's investments as determined by item 19 paragraph 2 sub-item a) of the Decision.

The net-accounting value of the positions of paragraph 1 of this sub-item shall present:

- the purchasing value of investments, recognized on the respective part of the accounts 075, 0785, 085, 0885, 095, 0985 corrected by the amount of revaluation or impairment,
- fair/purchasing value of investments in equities, which are recorded on the respective accounts of classes 3 and 4, corrected by the amount of impairment, the amount of premium or the discount, and the changes in the fair value.

6.2. Row 11 - "investments in subordinated and hybrid instruments and other instruments of the institutions of row 10", shall state the net-accounting value of the investments in subordinated and hybrid instruments and other instruments (item 19 paragraph 2 sub-item b) of the Decision).

The net-accounting value of the positions of paragraph 1 of this sub-item shall present their accounting/fair value corrected by the amount of impairment, the amount of the premium or discount, and the changes in the fair value of such investments (on the respective part of accounts 509, 519, 529 and other respective accounts of classes 3 and 4 on which subordinated and hybrid instruments and other instruments of the institutions of row 10, are recorded).

6.3. Row 12 - "aggregate amount of investments in capital, subordinated and hybrid instruments and other instruments exceeding 10% of the sum of row I and row II", shall state the aggregate amount of the net-accounting value of the bank's investments referred to in item 19 paragraph 2 sub-item c) of the Decision. This position shall specify only the aggregate amount which exceeds 10% of the sum of the core capital and the supplementary capital of the bank, before it is reduced by the deductions of this part.

The net-accounting value of the positions of paragraph 1 of this sub-item shall present their accounting/fair value recorded on the respective part of accounts 075, 0785, 085, 0885, 095, 0985, 509, 519, 529 and other respective accounts of classes 3 and 4, corrected by the part of these accounts that refers to the revaluation or the impairment, the allocated impairment, the amount of premium or discount and changes in the fair value.

6.4. Row 13 - "investments in the capital of insurance and reinsurance companies exceeding 10% of the capital of such companies" shall state the net-accounting value of bank's investments in the capital of the insurance and reinsurance companies exceeding 10% of the capital of such companies.

The net-accounting value of the positions of paragraph 1 of this sub-item shall present their accounting/fair value recorded on the respective part of accounts 0753, 0785, 0853, 0885, 0953, 0985 and other respective accounts of classes 3 and 4, corrected by the part of these accounts that refers to the revaluation or the impairment, the allocated impairment, the amount of premium or discount and changes in the fair value.

6.5. Row 14 - "investments in financial instruments issued by insurance and reinsurance companies in which the bank holds more than 10% of their capital" shall state the net-accounting value of the investments in financial instruments issued by the insurance and reinsurance companies, which as specified by the regulations, are included in the determination of the capital of these companies.

The net-accounting value of the positions of paragraph 1 of this sub-item shall represent their accounting/fair value recorded on the respective part of accounts 509, 519, 529 and other respective accounts of classes 3 and 4, corrected by the part of these accounts that refers to the impairment, the amount of premium or discount and changes in the fair value.

6.6. Row 15 - "amount of excess of limits on investments in non-financial institutions" shall state the limit excess referred to in the Banking Law, concerning the individual capital holding (15%) and aggregate i.e. total amount of capital holdings in non-financial institutions (30%).

This position shall state only the amount of excess over the set limit. If the bank exceeds both limits, the higher amount between the excess of the both limits, shall be taken as a deduction.

6.7. Row 16 - "positions as a result of consolidation (negative amounts)" shall state the negative value of the positions resulting from consolidation.

6.8. Row III - "deductions" shall state the total amount of deductions which is a sum of the amounts from rows 10 to 16.

6.9. The sum of the core capital and the supplementary capital shall be reduced by the deductions referred to in row III, as follows: 50% of the deductions shall be covered by the core capital and 50% of the deductions shall be covered by the supplementary capital. If the amount of deductions referred to in row III, which is to be deducted from the supplementary capital exceeds its amount, the remaining amount of deductions shall be deducted from the core capital.

The amount of the core capital after deductions and of the supplementary capital after deductions, derived as specified under paragraph 1 of this sub-item, shall be indicated in rows IV and V, respectively.

4. Own funds

7. Row VI - "core capital" shall state the amount of row IV.

Row VII - "supplementary capital" shall state the lesser of the amount of row V and row IV.

Row VIII - "own funds" shall state the total amount of bank's own funds as a sum of the amount of the core capital of row VI and the amount of the supplementary capital of row VIII.

III. REPORT ON THE TRADING BOOK

8. The report on the trading book (PT Form) contains data on the trading book positions established in line with the Decision.

The report on the trading book (PT Form) shall be filled in by using the following rules:

8.1. Column 3 - "long position", shall state the total amount of long positions in certain financial instruments which are part of the trading book, and column 4 - "short position", shall state the total amount of short positions in these instruments (in absolute amount). The sum of long positions (column 3) and short positions (column 4) in financial instruments, which are a part of the trading book, shall be recognized in column 5.

When recognizing the positions in the trading book, each financial instrument shall be included in the total amount of long i.e. short position on a net-basis, as defined by item 112 of the Decision.

8.2. Rows of section I - "securities" shall state separately the debt securities, the equities and the convertible securities which are a part of the trading book.

Long and short positions of the securities in the trading book are recorded on the respective part of the accounts 36, 40, 46, 79 and 89, as well as all other accounts which record long or short positions in the securities that are a part of the trading book.

8.3. Row II - "commodities" shall state the amount of commodities allocated in the trading book.

8.4. Rows of section III - "financial derivatives" shall recognize financial derivatives allocated to the trading book as follows: interest rate futures/forward, debt instrument futures/forward, exchange rate forward, equity futures/forward, stock exchange index futures/forward, interest rates swap, currency swap, equities swap and options. These positions include derivatives recorded on the respective part of accounts 35 and 45, i.e. 75 and 85. The embedded derivatives and derivatives held for risk management shall be presented in this Form only if they refer to instruments which are a part of the trading portfolio. The remaining embedded derivatives and derivatives held for risk management, which do not refer to instruments which are a part of the trading book, shall be included in the banking book and shall be recognized in the credit risk weighted assets (APKR Form).

8.5. Rows of section IV - "other financial instruments" shall state other financial instruments which are a part of the trading book, as follows: agreements on underwriting and/or placement of securities issue, repo agreements and agreements on lending/borrowing of securities or goods, fees, compensations, interests, dividends and margins based on financial derivatives traded on the stock market and directly related to the positions included in the trading book and other instruments, which are a part of the trading book, including loans and other instruments held for trading.

8.6. Row V - "trading book", column 3 shall state the sum of all long positions, and column 4 - shall state the sum of all short positions of the trading book. The sum of all long and all short positions in the trading book shall be recognized in column 5 of this row.

IV. REPORT ON CREDIT RISK WEIGHTED ASSETS

9. The Report on the credit risk weighted assets shall be submitted on the following Forms:

- APKR - CV and CB Form;
- APKR - LSRV Form;
- APKR - JI Form;
- APKR - MRB and MO Form;
- APKR - B Form;
- APKR - DTD Form;
- APKR - PMK Form;
- APKR - PSO Form;
- APKR - PDO Form;
- APKR - UIF Form;
- APKR - OP Form;
- APKR - Off-balance sheet Form, and
- APKR - Total Form.

10. When completing the Forms of item 9 lines 1 through 11, the following general rules shall apply:

1) Each form shall contain data on balance sheet and off-balance sheet items which are part of the banking book and which are allocated to different exposure categories of item 37 of the Decision.

2) The first part of all forms - "I. Total balance sheet and off-balance sheet exposure", shall state all balance sheet and off-balance sheet claims/positions of the corresponding exposure category that should be included in the credit risk weighted assets.

3) The second part of all forms - "II. Total weighted balance sheet and off-balance sheet assets" shall state the total balance sheet and off balance sheet amount of the respective exposure category divided according to the different risk weights, taking into consideration the impact of the credit risk mitigation instrument. This part is

identical for all exposure categories (for all categories of exposures/positions all possible risk weights are listed), but the bank is required to fill in only the rows for the risk weights that pursuant to Section VI of the Decision can be assigned to the respective exposure category.

4) Within each exposure category, non-performing and high-risk claims shall be presented separately in the respective risk weights.

5) Balance sheet and off-balance sheet claims for which the method of determining the risk weight is not prescribed, shall be distributed in the risk weight of 100%.

6) Rows concerning the claims without credit rating from a recognized ECAI or ECA, shall be filled in only for columns 3, 4 and 5. For the purposes of these Instructions, claims that have no credit rating shall be those claims whose risk weight is obtained on the basis of the credit rating of the central government of the country in which the head office of the debtor is located and the claims that have no credit rating, but according to the Decision are subject to a more favorable treatment (lower risk weight than the rule).

7) Rows on balance sheet and off-balance sheet exposure in the second part of the Forms shall state the total amount of balance sheet and off-balance sheet claims from the exposure category the form pertains to, which should be allocated in the appropriate risk weights.

8) Columns 3, 4 and 5 shall be completed for all rows of the two parts of the Forms, column 7 shall be completed only for the first part of the Forms, while columns 9, 10, 11, 12, 13, 14, 15, 16 and 17 shall be completed only for the second part of the Forms.

9) Column 3 - "accounting value" – shall state the accounting value of the respective balance sheet and off-balance sheet claim, which includes the changes in the fair value and the amount of premium or discount, but does not include the accumulated depreciation and impairment.

10) Column 4 - "impairment/special reserve" shall state the amount of impairment, i.e. special reserve for the respective balance sheet and off-balance sheet claim.

11) Column 5 – "net-amount" – shall represent the difference between the accounting value referred to in column 3 and the respective amount of impairment, i.e. special reserve referred to in column 4.

12). Column 7 - "converted off-balance sheet claims" shall state the product between the net amount of off-balance sheet claims from column 5 and the corresponding conversion factors from column 6. The total amount of converted off-balance sheet claims, which represents the sum of the amounts of converted off-balance sheet claims with various risk degrees (rows 2.1, 2.2, 2.3 and 2.4 of column 7), shall be presented in row 2 column 7.

13) Column 9 - "credit risk weighted assets without taking into account the impact of the credit risk mitigation instruments" shall state the product between the net amount (column 5) and the risk weight (column 8). If it is an off-balance sheet claim, the claim is first converted into a balance sheet claim, using the appropriate

conversion factor (from column 6), and then multiplied by the risk weight from column 8.

14) In order to determine the amounts that should be entered in columns 10, 11 and 12, off-balance sheet claims are not multiplied by the appropriate conversion factor (they are not converted into balance sheet claims).

15) Column 10 - "unsecured part of the positions" shall state the total amount of balance sheet and off-balance sheet claims included in the respective position, which are not covered by a credit risk mitigation instrument.

In cases where a claim has a secured and unsecured part, allocated impairment, i.e. special reserve shall be first allocated to the unsecured part of the claim.

Example 1:
Claim amounting to Denar 100 for which impairment of Denar 20 is allocated, is secured with a credit risk mitigation instrument in the amount of Denar 50. In the column on the unsecured part of the positions the amount of Denar 30 (100-50-20) shall be entered, while in the respective column on credit risk mitigation instruments the amount of Denar 50 shall be entered.

Example 2:
Claim amounting to Denar 100 for which impairment of Denar 40 is allocated, is secured with a credit risk mitigation instrument in the amount of Denar 80. In the column on the unsecured part of the positions the amount of Denar 0 (100-80-20) shall be entered, while in the respective column on credit risk mitigation instruments the amount of Denar 60 (80-20) shall be entered.

16) Column 11 - "credit risk mitigation instruments/positions secured by funded instruments" shall state:

- The market value of the financial collateral determined according to Section VI.2.1.1 of the Decision;
- The net amount of loans and deposits in which the conditions for their on-balance sheet netting are fulfilled, as determined according to Section VI.2.1.2 of the Decision, or
- The value of the other funded instrument determined according to Section VI.2.1.3 of the Decision.

17) Column 12 - "credit risk mitigation instruments/positions secured by unfunded instruments" shall state the value of the unfunded instrument (guarantees and counter-guarantees), determined in accordance with Section VI.2.2 of the Decision.

18) If the amount of the credit risk mitigation instrument of sub-items 16) and 17) is greater than the amount of the claim which is secured by that instrument, columns 11 and 12 shall state the net amount of column 5.

19) In order to determine the amounts that should be entered in columns 14, 15 and 16, off-balance sheet claims are first multiplied by the appropriate conversion factor (they are converted into balance sheet claims), and then the rules of sub-items 20), 21) and 22) are applied.

Example:

Off-balance sheet claim in the amount of Denar 100, with medium risk (conversion factor of 50%) and risk weight of the borrower of 100%, for which a special reserve in the amount of Denar 20 is allocated and which is secured by a funded credit risk mitigation instrument in the amount of Denar 50 on which a risk weight of 20% is applied. This claim shall be included in the columns 10, 11, 14 and 15 as follows:

In column 10, (100-50-20) = 30 shall be entered
In column 11, 50 shall be entered
In column 14, 30 * 50 % * 100 % = 15 shall be entered
In column 15, 50 * 50 % * 20 % = 5 shall be entered
The total weighted value of this off-balance claim is equal to Denar 20.

20) Column 14 shall state the weighted value of the claims that are not covered by a credit risk mitigation instrument, which is determined as the product of the amount of the unsecured part of the position (column 10) and the respective risk weight to which that position belongs (column 8).

21) Column 15 shall state the weighted value of the claims secured by a funded credit risk mitigation instrument, which is determined as the product of the amount shown in column 11 and the respective risk weight of column 13. The bank shall determine the risk weight following the provisions of Section VI.2.1 of the Decision, as follows:

- For the claims covered by financial collateral, it shall apply the collateral risk weight;
- For the claims covered by the financial collateral of item 87, paragraph 1, indent 6 of the Decision and by equity instruments that are part of MBI10, it shall apply a risk weight of 50%;
- For the claims secured by gold with the bank, it shall apply a risk weight of 20%;
- For the claims secured by cash deposit at the bank, it shall apply a risk weight of 0%;
- For the claims secured by an on-balance sheet netting agreement, it shall apply the risk weight of the loan, i.e. the borrower;
- For the claims secured by other funded instruments, it shall apply the risk weight of the third party - the instrument provider.

22) Column 16 shall state the weighted value of the claims secured by an unfunded credit risk mitigation instrument, which is determined as the product of the amount shown in column 12 and the risk weight that applies to the instrument provider (column 13).

23) Column 17 shall state the sum of the weighted values of claims that belong to the corresponding category of exposure divided by specific risk weights and credit risk mitigation instruments - sum of the weighted value of unsecured claims (column 14), the weighted value of the claims secured by funded credit risk mitigation instruments (column 15) and the weighted value of the claims covered by unfunded credit risk mitigation instruments (column 16).

If all claims that are included in a particular risk weight are unsecured, the amount in this column should be equal to the amount of column 9 (for that risk weight).

Row III of this column shall state the total amount of credit risk weighted assets for the respective exposure category, obtained as the sum of the amounts of credit risk weighted assets for each risk weight.

11. Besides the rules of item 10 of these Instructions, when filling in the APKR - PMK Form, the bank shall take into consideration the following:

- This Form shall state the claims that meet the criteria of the Decision on inclusion in the retail portfolio, but also the claims on natural persons who do not meet the criteria of the Decision on inclusion in the retail portfolio;
- Claims that meet the criteria for inclusion in the retail portfolio shall be classified in the risk weight of 75%. These claims can be subject to lower weight, only if the portfolio that the claim belongs to is secured by a credit risk mitigation instrument for which a lower risk weight is applied;
- Claims on natural persons who do not meet the criteria of the Decision on inclusion in the retail portfolio, shall also be presented in this Form in the risk weights of 100% or 150% (for claims that are considered high risk), and these claims could be subject to lower risk weight only if secured with an adequate credit risk mitigation instrument. These positions (risk weight of 100% or 150%) shall also include claims on natural persons who do not meet the criteria for inclusion in the APKR-PDO and APKR PSO Forms;
- All claims on SC that do not meet the criteria of the Decision on inclusion in the retail portfolio shall be included in the APKR - DTD Form.

12. Besides the rules of item 10 of these Instructions, when completing APKR - PSO and APKR - PDO Forms, the bank shall take into consideration also the following rules:

1) These forms shall state the claims that are covered with residential or commercial real estate and that meet the criteria of the Decision on claims secured by residential or commercial real estate;

2) The claims of sub-item 1) of this item shall be distributed in the risk weights of 35% (APKR - PSO Form), i.e. of 100% (APKR - PDO Form), and could be subject to lower risk weight, if the claim is secured by a credit risk mitigation instrument for which a lower risk weight is applied;

3) Claims that do not meet the criteria of the Decision on claims secured by a residential property, shall be presented as follows:

- In the APKR - PMK Form with a risk weight of 75%, for claims that meet the criteria of the Decision on inclusion in the retail portfolio;
- In the APKR - PMK Form with a risk weight of 100% or 150%, for claims on natural persons who do not meet the criteria of the Decision on inclusion in the retail portfolio, or
- In the APKR - DTD Form, for claims on trade companies.

4) APKR - PSO and APKR - PDO Forms are filled in only for the risk weights of 35%, i.e. of 100%.

13. APKR - Off-balance sheet Form shall state off-balance sheet claims that are part of the banking book, allocated to different exposure categories of item 37 of the Decision, according to their conversion factor (division of column 2).

This Form shall be filled in by applying the following rules:

13.1. Column 3 - "accounting value" – shall state the accounting value of the respective exposure categories (distributed by conversion factors), presented in rows 2, 2.1, 2.2, 2.3 or 2.4 of column 3 of the respective Forms (APKR - CV and CB, APKR - LSRV, APKR - JI, APKR - MRB and MO, APKR - B, APKR - DTD, APKR - PMK, APKR - PSO, APKR - PDO, APKR - UIF and APKR - OP).

13.2. Column 4 - "impairment/special reserve" shall state the total amount of special reserve for the respective exposure categories (distributed by conversion factors), presented in rows 2, 2.1, 2.2, 2.3 or 2.4 of column 4 of the respective Forms (APKR - CV and CB, APKR - LSRV, APKR - JI, APKR - MRB and MO, APKR - B, APKR - DTD, APKR - PMK, APKR - PSO, APKR - PDO, APKR - UIF and APKR - OP).

13.3. Column 5 - "unsecured part" shall state the unsecured part of the off-balance sheet claims, following the rules of item 10 sub-items 14) and 15) of these Instructions.

13.4. Column 6 - "secured part" shall state the secured part of the off-balance sheet claims, following the rules of item 10 sub-items 14), 16), 17), and 18) of these Instructions.

13.5. Columns 7 to 14, rows 1, 2, 3 and 4 of each exposure category shall state the amount of off-balance sheet claims of columns 5 and 6 by the appropriate risk weights, taking into consideration the impact of the credit risk mitigation instruments. When allocated, these amounts are not multiplied by the appropriate conversion factors and risk weights.

Rows I, II, III, IV, V, VI, VII, VIII, IX, X and XI of these columns shall state the sum of the amounts of rows 1, 2, 3 and 4 for each column i.e. for each risk weight.

Row 5 of these columns (which refers to the total weighted off-balance sheet claims of the respective exposure category) shall state the sum of:

- The product of the amount of row 1 and the conversion factor (0%) and the risk weight of the corresponding column (e.g. the risk weight for column 7 is 0%);
- The product of the amount of row 2 and the conversion factor (20%) and the risk weight of the corresponding column (e.g. the risk weight for column 7 is 0%);
- The product of the amount of row 3 and the conversion factor (50%) and the risk weight of the corresponding column (e.g. the risk weight for column 7 is 0%);
- The product of the amount of row 4 and the conversion factor (100%) and the risk weight of the corresponding column (e.g. the risk weight for column 7 is 0%).

13.6. Column 16 - "total converted amount" rows 1, 2, 3 and 4 of each exposure category shall state the product of the total amount of off-balance sheet claims allocated in columns 7 to 14 and the corresponding conversion factor of column 15.

Rows I, II, III, IV, V, VI, VII, VIII, IX, X and XI of this column shall state the sum of the amounts of rows 1, 2, 3 and 4 for each exposure category.

Row 5 of this column shall state the sum of the total weighted off-balance sheet claims of the appropriate exposure category (columns 7-14 of row 5).

13.7. Row XII - "total off-balance sheet assets" shall state the sum of rows I, II, III, IV, V, VI, VII, VIII, IX, X and XI. This row shall not be filled in for column 16.

13.8. Row XIII - "total converted off-balance sheet claims" shall be filled in only for column 16 and shall state the sum of rows I, II, III, IV, V, VI, VII, VIII, IX, X and XI.

13.9 Row XIV - "total weighted off-balance sheet assets" shall state the sum of row 5 of each exposure category (rows I.5, II.5, III.5, IV.5, V.5, VI.5, VII.5, VIII.5, IX.5, X.5 and XI.5), and only columns 7, 8, 9, 10, 11, 12, 13, 14 and 16 shall be filled in.

Amounts of Columns 7 to 14 of this row shall state the total amount of weighted off-balance sheet claims by different risk weights, while the amount of column 16 shall state the total amount of weighted off-balance sheet claims included in determining credit risk weighted assets.

14. APKR - Total Form, represents an aggregate Form for the total credit risk weighted assets presented by individual exposure categories and by individual risk weights (including the impact of credit risk mitigation instruments).

This Form shall be filled in by applying the following rules:

1) Column 3 shall state the net amount of individual exposure categories presented in row I, column 5 of the relevant forms (APKR - CV and CB, APKR - LSRV, APKR - JI, APKR - MRB and MO, APKR - B, APKR - DTD, APKR - PMK, APKR - PSO, APKR - PDO, APKR - UIF and APKR - OP).

2) Columns 4 to 11 shall state the sum of the corresponding amounts of column 17 of the individual Forms, divided by the risk weight, taking into consideration the impact of the credit risk mitigation instrument.

3) Column 12 shall state the sum of the amounts of columns 4 to 11, for each row.

4) Row XII shall state the sum of rows I, II, III, IV, V, VI, VII, VIII, IX, X and XI. The amount of column 3 shall state the total net amount of all balance sheet and off-balance sheet items included in the determination of the credit risk weighted assets, the amounts of columns 4 to 11 shall state the amount of weighted balance sheet and off-balance sheet assets by individual risk weights, while column 12 of this row shall state the total credit risk weighted assets.

5) Row XIII shall state the capital requirement for credit risk, which is obtained when credit risk weighted assets from row XII are multiplied by 8%.

V. REPORT ON THE TOTAL ACTIVITIES

15. The Report on the total activities (VA Form) shall be filled in following the rules below:

1) Total balance sheet claims - shall state the sum of the accounting value of balance sheet claims presented in row 1 column 3 of the Forms APKR - CV and CB, APKR - LSRV, APKR - JI, APKR - MRB and MO, APKR - B, APKR - DTD, APKR - PMK, APKR - PSO, APKR - PDO, APKR - UIF and APKR - OP.

2) Total off-balance sheet claims - shall state the sum of the accounting value of off-balance sheet claims presented in row 2 column 3 of the Forms APKR - CV and CB, APKR - LSRV, APKR - JI, APKR - MRB and MO, APKR - B, APKR - DTD, APKR - PMK, APKR - PSO, APKR - PDO, APKR - UIF and APKR - OP.

3) Trading book asset items - shall state the total amount of asset items of the trading book from row V column 3 of the PT Form.

4) Total activities - shall state the sum of rows 1 to 3 of this Form.

5) Trading book - shall state the amount of row V column 5 of the PT Form.

6) Trading book/total activities - shall state the trading book -to- total activities ratio (row 5 and row 4).

VI. REPORT ON THE CAPITAL REQUIREMENT FOR CURRENCY RISK

16. The Report on capital requirement for currency risk (KPVR Form) is divided into two parts, the first determining the aggregate foreign exchange position of the bank, and the second, determining the bank's net-position in gold.

17. The first part of KPVR Form, which pertains to determining the aggregate foreign exchange position of the bank shall be filled in by applying the following rules:

17.1. The bank shall fill in all Form columns for each currency of the bank’s assets and liabilities items that represent currency risk exposure, thus presenting the positions included in the net-foreign exchange position in one currency, as specified in item 108 of the Decision.

Notwithstanding paragraph 1 of this item, the bank may present, in aggregate, all currencies in the bank's balance sheet, which do not exceed 10% of the total balance sheet and off-balance sheet assets in foreign currency and in Denar with FX clause (in the row - "other currencies"). This row shall be filled in by applying the same rules applicable to the fulfillment of the items of each currency.

17.2. Column 3 - "assets" shall state the balance sheet items in each currency, and column 4 - "liabilities" shall state the balance sheet liabilities items in that currency.

Column 5 - "off-balance sheet positions" shall state the off-balance sheet positions, determined as a difference between the off-balance sheet assets and the off-balance sheet liabilities for each currency of the bank's off-balance sheet items representing a currency risk exposure. If the off-balance sheet assets exceed the off-balance sheet liabilities (long position), the difference thereof shall be recognized with a positive sign. If the off-balance sheet assets are lower than the off-balance sheet liabilities (short position), the difference shall be recognized with a negative sign.

The balance sheet and off-balance sheet assets and liabilities positions shall be reported in their nominated currency, except for items of the row - "other currencies", reported in Denars, by applying the middle exchange rate of the National Bank on the date of preparation of the KPVR Form.

17.3. Column 6 - "net foreign exchange position in currency" shall state the sum of amounts of columns 3 and 5, less the amount of column 4. The long positions (foreign exchange balance sheet and off-balance sheet assets exceeding foreign exchange balance sheet and off-balance sheet liabilities) shall be recognized with a positive sign, and the short positions (foreign exchange balance sheet and off-balance sheet assets lower than foreign exchange balance sheet and off-balance sheet liabilities) shall be recognized with a negative sign.

17.4. Column 7 - "middle exchange rate of the NBRM" shall present the middle exchange rate of the National Bank on the date of drawing up the Report on the capital requirement for currency risk.

This column shall not be filled in for the row - "other currencies".

17.5. Column 8 - "net-foreign exchange position in Denars" shall state the product of the net-foreign exchange position in currency (column 6) and the middle exchange rate of the National Bank (column 7).

For the row - "other currencies", this column shall state the amount reported in column 6.

17.6. Row I - "total long foreign exchange position" shall state the sum of all long positions of column 8.

Row II - "total short foreign exchange position" shall state the sum of all short positions of column 8, in absolute value.

Row III - "aggregate foreign exchange position" shall state the higher value between the total long foreign exchange position (row I) and the total short foreign exchange position (row II).

18. The second part of the KPVR Form, which refers to determining the net-position of the bank in gold shall be filled in by applying the following rules:

18.1. Columns 1 to 4 shall be filled in for each gold position. The rules that apply to the first part of the KPVR Form shall be observed in the filling in of each column, with each item being presented in Denars.

The numismatic collections and stocks of coins for sale shall not be considered a separate gold position.

18.2. Row IV - "net-gold position" shall state the sum of items of column 4, with the net-position in gold being the difference between the long gold positions and short gold positions.

19. Row V - "capital requirement for currency risk" shall state the sum of the aggregate foreign exchange position (row III) and the net-position in gold (row IV), multiplied by 8%.

VII. REPORT ON THE CAPITAL REQUIREMENT FOR THE SPECIFIC RISK OF INVESTMENTS IN DEBT INSTRUMENTS

20. The Report on the capital requirement for the specific risk of investments in debt instruments (SR-DI Form) presents the capital requirement for the specific risk arising from investments in debt instruments which are a part of the bank's trading book.

The report shall be filled in by applying the following rules:

20.1. Positions in debt instruments shall be presented as follows:

- For each instrument, where the long and the short position in the same debt instrument may be netted only if the netting criteria referred to in item 112 of the Decision are met. Otherwise, the long and the short position in a same debt instrument shall be reported as separate positions. In this way (as separate positions), also the positions in financial derivatives shall be reported.
- According to the features of the issuer: risk-free positions, qualified positions (with residual maturity up to 6 months, from 6 to 24 months and over 24 months) and other positions.

20.2. Column 3 - "currency" shall state the currency code of each debt instrument of the trading book.

Column 4 shall state the amount of the accounting value of the long position of each debt instrument.

Column 5 shall state the amount of the accounting value of the short position of each debt instrument (with a negative sign).

Column 6 shall state:

- The difference between the long and the short position of the bank in an individual debt instrument, if the netting requirements of the positions in a same debt instrument are met. The difference between the long and the short position shall be presented in an absolute amount;
- The absolute amount of the long and the short position of each debt instrument, if the netting requirements are not met.

The manner of determining the accounting value of the debt instruments is defined in item 112 and sections VIII.1, VIII.2 and VIII.3 of the Decision. The accounting value of the debt instruments included in this Form shall be recorded on the respective part of the accounts 35, 36, 40, 45, 46, 75, 79, 85 and 89, and other accounts on which the debt instruments which are a part of the trading book are recorded.

20.3. Column 7 - "weight" shall state the percentages used by the bank to perform weighting of the positions of debt instruments.

The bank shall perform weighting of the positions according to the weights defined in table 11 of the Decision on the basis of the classification by residual maturity.

Positions with undeterminable residual maturity shall be distributed within the respective time period by determining the probability and frequency of interest rate fluctuation of these positions.

20.4. Column 8 - "weighted position" shall state the weighted amount of each position, which is a product of the absolute value of the net-amount of column 6 and the respective weight for each position (column 7).

20.5. Row I shall state the total weighted amount of risk-free positions.

Row II shall state the total weighted amount of qualified positions (sum of the total weighted amounts of the positions with residual maturity up to 6 months, positions with residual maturity from 6 to 24 months and positions with residual maturity of over 24 months).

Row III shall state the total weighted amount of other positions.

20.6. Row IV - "capital requirement for the specific risk of investments in debt instruments" shall state the total amount of the capital requirement for the specific risk arising from investments in debt instruments, which is the sum of the amounts under row I, row II and row III of column 8.

VIII. REPORT ON THE CAPITAL REQUIREMENT FOR THE GENERAL RISK OF INVESTMENTS IN DEBT INSTRUMENTS

21. The report on the capital requirement for the general risk of investments in debt instruments presents the capital requirement for the general risk arising from investments in debt instruments which are a part of the bank's trading book.

The report shall consist of two parts:

- GR - DI/1 Form; and
- GR - DI/2 Form.

The Forms shall be filled in separately for each currency.

These Forms shall be filled in by applying the following rules:

1. GR - DI/1 Form

22. Debt instruments shall be grouped by the residual maturity and the interest rate.

Positions with undeterminable residual maturity shall be distributed within the respective time period by determining the probability and frequency of interest rate fluctuation of these positions.

23. Column 5 - "long position" shall state the long positions in individual debt instruments, and column 6 - "short position" shall state the short position in each debt instrument.

The long and the short positions shall represent the accounting value of each position of the debt instrument that is determined in accordance with item 112 and sections VIII.1, VIII.2 and VIII.3 of the Decision. The accounting value of the debt instruments included in this Form shall be recorded on the respective part of the accounts 35, 36, 40, 45, 46, 75, 79, 85 and 89, and other accounts on which the debt instruments that are a part of the trading portfolio are recorded.

24. Column 7 - "weight" shall state the percentages used by the bank to perform weighting of the individual (long and short) positions of each debt instrument, as defined in Table 12 of the Decision.

25. Column 8 - "weighted long position" shall state the amount of the weighted long position in each debt instrument, which is a product of the amount of the long position (column 5) and the respective weight (column 7).

Column 9 - "weighted short position" shall state the amount of the weighted short position in each debt instrument, which is a product of the amount of the short position (column 6) and the respective weight (column 7).

26. When filling in the GR - DI/1 Form, the amount shall be entered for each position in a debt instrument, i.e. within one group, each position shall be entered separately, rather than aggregately (according to the example for group 1, provided in the Form).

The GR - DI/1 Form shall serve as a base for filling in the GR - DI/2 Form.

2. GR - DI/2 Form

27. Column 3 - "weighted long position" shall state all long weighted positions aggregately for each group of residual maturity of columns 8 of the GR-DI/1 Form.

Column 4 - "weighted short position" shall state all short weighted positions aggregately for each group of residual maturity, in an absolute amount of columns 9 of the GR-DI/1 Form.

28. The weighted long or the weighted short position, whichever is lower, in each group of residual maturity shall be considered matched weighted position of that group of residual maturity and shall be recognized in column 5 - "matched weighted position for a group".

The total amount of matched weighted position for the groups of each zone shall be recognized in column 5, as follows:

- Row I for the groups of zone 1 (AI);
- Row II for the groups of zone 2 (AII);
- Row III for the groups of zone 3 (AIII).

The sum of AI, AII and AIII of column 5 (amount A) shall result in the sum of the matched weighted positions of all groups of residual maturity (in row Total).

29. The residual amount (the difference which could be with positive or negative sign) of the weighted long and weighted short position in each group of residual maturity shall be considered a mismatched weighted long position (column 6) or mismatched weighted short position of that group of residual maturity (column 7).

For each group of residual maturity, only one of either column 6 or column 7 shall be filled in. If the amount of column 3 exceeds the amount of column 4, column 6 shall be filled in. If the amount of column 3 is lower than the amount of column 4, column 7 shall be filled in.

Rows I, II and III shall state the sum of all mismatched weighted long positions (column 6) and all mismatched weighted short positions (column 7) in each zone, thus producing the amount of mismatched long position for each zone and the amount of mismatched short position for each zone.

30. Column 8 shall state the mismatched long or the mismatched short weighted position, whichever lower, for each zone, where only rows I, II and III shall be filled in. The resulting amount shall represent the amount of matched weighted position of each zone (BI for zone 1, BII for zone 2 and BIII for zone 3).

The difference between the mismatched weighted long position and the mismatched weighted short position for each zone shall be considered mismatched weighted position of the respective zone, and shall be recognized in column 9, as follows:

- Row I for zone 1 (CI);
- Row II for zone 2 (CII);
- Row III for zone 3(CIII)

The amounts referred to in paragraph 2 of this item shall be recognized in a nominal value, i.e. the negative difference between the mismatched long and short positions in each zone shall be recognized with a negative sign.

The sum of CI, CII and CIII of column 9 (amount C) equals the amount of the residual position.

31. The absolute amount of the mismatched weighted position in zone 1 (CI) shall be compared with the absolute amount of the mismatched weighted position in zone 2 (CII), only if these two positions have a different sign. The lower amount of these two positions shall be considered a matched weighted position between zones 1 and 2 and shall be recognized in field D of column 10.

The difference between CI and CII in an absolute amount shall be compared with the absolute amount of the mismatched weighted position in zone 3 (CIII), only if these two positions have a different sign. The lower amount of the difference between CI and CII and the mismatched weighted position in zone 3 (CIII) shall be recognized in:

- Field E, if the difference between CI and CII is a result of higher absolute amount of CI than CII;
- Field F, if the difference between CI and CII is a result of higher absolute amount of CII than CI.

If the positions compared in paragraph 1 of this item have the same sign, the bank shall not fill in the fields D, E and F. If the positions compared in paragraph 2 of this sub-item have the same sign, the bank shall not fill in the fields E and F.

32. Row IV shall state the capital requirement for the general risk of investments in debt instruments. This amount is a sum of:

- 10% of the amount of the matched weighted position of each group of the residual maturity (10% of the amount A);

- 40% of the amount of the matched position of zone 1 (40% of the amount BI);
- 30% of the amount of the matched position of zone 2 (30% of the amount BII);
- 30% of the amount of the matched position of zone 3 (30% of the amount BIII);
- 40% of the amount of the matched position between zones 1 and 2 (40% of the amount D);
- 40% of the amount of the matched position between zones 2 and 3 (40% of the amount E);
- 150% of the amount of the matched position between zones 1 and 3 (150% of the amount F);
- 100% of the amount of the residual position (100% of the amount C).

IX. REPORT ON THE CAPITAL REQUIREMENT FOR THE RISK OF INVESTMENTS IN EQUITIES

33. The Report on the capital requirement for the risk of investments in equities (SI Form) shall include the equity instruments which are a part of the trading book.

The Report shall be filled in using the following rules:

33.1. Column 2 - "description" shall state each equity recognized according to the national market where the bank trades in such security, with the equities being divided into four groups: shares, stock exchange indices, equities which are part of a financial derivative, and other equities.

33.2. Column 3 - "long position" shall state the long position of each group of equities, and column 4 - "short position" shall state the short positions of each group of equities. The long and the short position shall be recognized in absolute amount.

Positions referred to in paragraph 1 shall be recognized according to their accounting value specified under item 112 and sections VIII.1, VIII.2 and VIII.4 of the Decision. The accounting value of the equities included in this Form shall be recorded on the respective part of accounts 35, 36, 40, 45, 46, 75, 79, 85 and 89, and other accounts on which the equity instruments which are a part of the trading book are recorded.

33.3. Column 5 - "gross position" shall state the gross position of each equity for each national market, which equals the sum of the values referred to in columns 3 and 4.

Column 6 - "net-position" shall state the difference of the values referred to in columns 3 and 4.

The resulting values for the gross and net-positions shall be stated in absolute amount.

33.4. Row I - "total", column 5 shall present the total gross position as a sum of all gross positions for each national market.

Column 6 of this row shall present the total net-position as a sum of the net-positions of all equities for each national market.

33.5. The capital requirement for the specific risk of investments in equities (row II) shall be a product of the amount of row I of column 5 multiplied by 4%.

33.6. The capital requirement for the general risk of investments in equities (row III) shall be a product of the amount of row I of column 6 multiplied by 8%.

X. REPORT ON THE CAPITAL REQUIREMENT FOR THE SETTLEMENT/DELIVERY RISK

34. The Report on the capital requirement for the settlement/delivery risk (RI Form) is used for determining the capital requirement for covering the settlement/delivery risk.

RI Form is composed of three tables, as follows:

- Table 1 - Capital requirement for the settlement/delivery risk for transactions that are not settled within five or more working days after the contractual settlement date;
- Table 2 - Capital requirement for the settlement/delivery risk for transactions involving free delivery, and
- Table 3 - Total capital requirement for the settlement/delivery risk.

1. Capital requirement for the settlement/delivery risk for transactions that are not settled within five or more working days after the contractual settlement date (Table 1)

35. Table 1, which is used for determining the capital requirement for the settlement/delivery risk for transactions that are not settled within five or more working days after the agreed settlement date, shall be filled in by using the following rules:

35.1. The table shall show the transactions in debt instruments, equity investments and other transactions grouped by the number of working days after the date of delivery (according to the division in column 2 - "description").

35.2. Column 3 shall state the contractual settlement price, and column 4 shall state the current market price of the relevant instrument on the date the report pertains to.

35.3. Column 5 - "difference" shall state the difference between the contractual settlement price and the current market price of the respective instrument.

The amount in column 5 shall be entered only if the difference between the contractual settlement price and the current market value of the particular instrument means a loss for the bank (in case of purchase, when the current market price is higher than the contractual price, or in the case of sale, when the current market price is lower than the contractual price of the settlement). Otherwise, this column shall remain empty, i.e., the amount zero shall be entered.

35.4. Column 6 - "weight", shall state the respective percentages used for weighting the difference between the contractual settlement price and the current market value specified in table 14 of the Decision.

35.5. Column 7 - "capital requirement" shall state the product of the difference of column 5 and the corresponding weight of column 6.

35.6. Row 4 - "Capital requirement for the settlement/delivery risk for transactions that are not settled within five or more working days after the contractual settlement date" shall state the sum of all amounts of column 7.

2. Capital requirement for the settlement/delivery risk for transactions involving free delivery (Table 2)

36. Table 2, which is used for determining the capital requirement for the settlement/delivery risk for positions involving free delivery, shall be filled in by using the following rules:

36.1. The table shall show all individual transactions in debt and equity instruments, and other transactions, grouped by the number of working days after the date of payment or delivery (according to the division in column 2 - "description").

36.2. Column 3 - "contractual executed payment/delivery price" shall state the contractual settlement price.

36.3. Column 4 - "current positive exposure", shall state the amount of the current positive exposure determined in accordance with Section VIII.6.1 of the Decision.

36.4. Column 5 - "weight" shall state the risk weight used for weighting the agreed amount of the executed payment/delivery, depending on the exposure category (level of credit quality of the debtor or the instrument pursuant to Section VI of the Decision).

36.5. Column 6 - "capital requirement" shall state the amount of capital requirement for the settlement/delivery risk for positions involving free delivery. This column shall not be filled in for transactions in which the number of working days after the date of payment or delivery is up to one working day. For transactions in which the number of working days after the date of payment or delivery is over one to four working days, the capital requirement is equal to the product of the contractual price of the executed payment/delivery of column 3 and the corresponding weight of column 5. For transactions in which the number of working days after the date of payment or delivery is more than five business days, the capital requirement is obtained when the contractual amount of the executed payment/delivery of column 3 is increased by the current positive exposure (if any) of column 4 and multiplied by 1.250% (it is treated as deductible from own funds).

36.6. Row 4 - "Capital requirement for the settlement/delivery risk for transactions involving free delivery" shall state the sum of all amounts of column 6.

3. Total capital requirement for the settlement/delivery risk (Table 3)

37. Table 3 presents the total amount of capital the bank has to set aside to cover the settlement/delivery risk.

Row 1 shall state the amount of capital requirement for covering the settlement/delivery risk for transactions that are not settled within five or more working days after the contractual date of settlement from row 4 of table 1.

Row 2 shall state the amount of capital requirement for the settlement/delivery risk for transactions involving free delivery from row 4 of table 2.

Row I shall state the total amount of capital requirement needed to cover the settlement/delivery risk which is a sum of rows 1 and 2.

XI. REPORT ON THE CAPITAL REQUIREMENT FOR THE COUNTERPARTY RISK

38. The Report on the capital requirement for the counterparty risk (RDDS Form) shall state the capital requirement for counterparty risk which is calculated for the following groups of items:

- Financial derivatives;
- Repo agreements for the sale/purchase of securities and commodities and agreements for lending/borrowing securities and commodities;
- Transactions for crediting the purchase of securities by paying a certain amount, and
- Transactions with long-term settlement.

RDDS Form consists of three tables, as follows:

- Table 1 - Capital requirement for counterparty risk;
- Table 2 - Exposure to counterparty risk by using the original exposure method, and
- Table 3 - Exposure to counterparty risk by using the market value method.

For each position of paragraph 1 of this item either table 2 or table 3 are filled in, and they are the basis for filling in table 1.

1. Capital requirement for counterparty risk (table 1)

39. Table 1, which is used for determining the capital to cover the counterparty risk, shall be filled in by using the following rules:

39.1. The table shall state the groups of positions for which the bank determines the capital requirement for the counterparty risk (in accordance with the division in column 2 - "description").

39.2. Column 3 - "risk exposure", shall state the counterparty risk exposure for all positions of item 38 of these Instructions, determined by applying the original exposure method (Table 2) or the market value method (Table 3), according to section VIII.6.2 of the Decision.

39.3. Column 4 - "counterparty risk weight" shall express the corresponding weights used for weighting exposure, determined in accordance with Section VI of the Decision.

39.4. Column 5 - "weighted exposure" shall state the product between the exposure to the counterparty risk (column 3) and the appropriate counterparty risk weight (column 4).

39.5. Column 6 - "capital requirement", shall state the amount of the weighted exposure for each position (column 5) multiplied by 8%.

39.6. Row 5 - "total capital requirement" shall state the total amount of capital required to cover the counterparty risk, obtained as the sum of all amounts of column 6.

2. Exposure to counterparty risk by using the original exposure method (table 2)

40. Table 2, which is used to determine the total amount of counterparty risk exposure by using the original exposure method, shall be filled in by applying the following rules:

40.1. The table shall state all positions (agreements) for which capital requirement for the counterparty risk is calculated, grouped according to the subject of trading (agreements concerning interest rates and agreements concerning the exchange rate and gold) and agreed maturity (up to one year, one to two years, and for each additional year), all of which positions shall be shown separately.

40.2. Column 3 shall state the nominal value of the position (contract), and column 4 shall state the corresponding weights specified in table 16 of the Decision. For each additional year the weights are increased by 1 percentage point for agreements related to the interest rates, i.e. by 3 percentage points for agreements related to the exchange rate and gold.

40.3. Column 5 - "exposure", shall state the amount of the counterparty risk exposure for each position (contract), which is calculated as the product between the nominal value of the position (column 3) and the corresponding percentage of column 4.

40.4. Row 3 - "total amount of exposure to counterparty risk by using the original exposure method", shall state the sum of all amounts of column 5.

3. Exposure to counterparty risk by using the market value method (table 3)

41. Table 3, which is used to determine the total amount of exposure to counterparty risk by using the market value method, shall be filled in by applying the following rules:

41.1. The table shall state the positions (agreements) for which capital requirement for the counterparty risk is calculated, grouped according to the subject of trading (agreements concerning the interest rates, agreements concerning the exchange rate and gold, agreements pertaining to equity instruments, agreements concerning the precious metals other than gold, and agreements pertaining to commodities that are not a precious metal) and maturity (up to one year, one to five years and over five years) all of which positions shall be shown separately.

41.2. Column 3 shall state the current exposure determined as position replacement cost, which represents the market value of the position, i.e. the amount that will be paid by the bank in case of a need to replace the position. If this amount is negative, then the cost is zero.

41.3. Column 4 shall state the nominal value of the position, and column 5 - "weight" shall express the corresponding percentages determined in table 17 of the Decision.

41.4. Column 6 - "potential exposure" shall state the product of the nominal value of the position of column 4 and the corresponding percentage of column 5.

41.5. Column 7 - "exposure", shall state the amount of exposure to the counterparty risk for each position (contract), which is calculated as the sum of the current exposure of column 3 and the amount of the potential exposure to counterparty risk of column 6.

41.6. Row 6 - "total amount of exposure to counterparty risk by using the market value method", shall state the sum of all amounts of column 7.

XII. REPORT ON THE CAPITAL REQUIREMENT FOR EXCEEDING THE EXPOSURE LIMITS

42. The report on the capital requirement for exceeding the exposure limits (NLI Form) serves for determining the capital requirement for each exceeding of the exposure limits specified by the Banking Law resulting from the exposure from the trading book.

NLI Form is composed of four tables, as follows:

- Table 1 - Total amount of exposure of each exceeding;
- Table 2 - Exposure to a person and persons connected thereto for which the bank determines a capital requirement for exceeding the exposure limits for each exceeding;
- Table 3 - Capital requirement for each exceeding of the exposure limit; and
- Table 4 - Total capital requirement for the exceeding of the exposure limits.

Tables 1, 2 and 3 shall be filled in for each exceeding of the exposure limits specified under the Banking Law (the number of tables 1, 2 and 3 shall be equal to the number of exceedings of the exposure limits that are subject to allocation of capital requirements), and table 4 is a summary report on the total amount of capital requirement for exceeding of the exposure limits.

1. Total amount of exposure of each exceeding (table 1)

43. Columns 3 and 5 shall be filled in only for the instruments presented in rows 5 and 7 of this Form. The weight under column 3 of table 2 shall be specified as a weight. Column 5 shall be the product of columns 3 and 4 for rows 5 and 7 of this Form.

Rows in table 1 shall be filled in by applying the following rules:

1) Own funds - shall state the amount of own funds from row VIII of the SS Form.

2) Allowed amount of exposure - shall state the product of the amount of own funds (row 1) and the respective exposure limit applied to the specific bank exposure, as defined by the Banking Law and the by-laws derived from this Law.

3) Exposure from positions in the banking book - shall state the amount of exposure to credit risk which is the sum of all balance sheet and off-balance sheet asset claims of the bank on individual person and persons connected thereto which are part of the banking book.

The exposure to positions in the banking book shall be presented in a net-amount, as a difference between the accounting value and the respective amount of impairment i.e. special reserve, the amount of the premium or discount and the effects of the change in the fair value.

4) Amount of available own funds - shall state the difference between rows 2 and 3 and present the allowed amount of exposure from positions in the trading book, which will not cause exceeding of the respective limit.

5) Net-exposure from positions in the trading book pertaining to a person and persons connected thereto - shall state the net-exposure from positions in the trading book pertaining to a person and persons connected thereto of table 2 of this Form (row I column 4). All instruments (in a net-amount) of the bank's trading book which are issued and represent exposure to an individual person or persons connected thereto, the exceeding for which will be calculated, shall be indicated separately. Row 5 shall state the total net-exposure by instrument.

6) Exceeding of the exposure - shall indicate the difference between the net-exposure from positions in the trading book pertaining to a person and persons connected thereto and the amount of available own funds (rows 4 and 5).

7) Net-exposure from positions in the trading book pertaining to a person and persons connected thereto, subject to calculation of capital requirement for the exceeding of the exposure limit - shall indicate the sum of the amount of the weighted position of all net-positions of the trading book included in the amount of the exceeding (respective amount of columns 4 and 5 of table 2). The amount of net-exposure for which the capital requirement is calculated shall be at least equal to the amount of the exceeding specified under row 6 of this Form.

Instruments included in this position of the Form shall be determined as specified by item 139 of the Decision. This implies that if the bank holds available own funds, it shall exclude from this position the instruments with low specific risk weights (for debt instruments and equities), i.e. low weights for the calculations of the capital requirement for settlement/delivery risk and counterparty risk. Such exclusion shall be made up to the amount of available own funds.

If the bank holds more instruments with a same weight, it shall take the instruments with total net-position equal to the amount of available own funds. If the bank cannot identify instruments with a net-position equal to the available own funds, it shall take the instruments with a net-position approximately equal to the amount of available own funds. In that case, the net position of all instruments included in the calculation of the capital requirement for exceeding of the exposure limit, must be higher than the amount of the exceeding from row 6 of this Form.

2. Exposure to a person and persons connected thereto for which the bank determines a capital requirement for exceeding the exposure limits for each exceeding (table 2)

44. Table 2 is a detailed review of the bank's exposure to a person and persons connected thereto for each exposure where the bank exceeded the limits specified by the Banking law, as defined in table 1.

Table 2 shall be filled in by applying the following rules:

1) The bank shall present each position of the trading book that refers to individual person and persons connected thereto (for the needs of this Form, all these positions are included in the term "instrument").

Derivatives shall be treated as positions of the underlying of the derivative, as specified by the Decision.

2) Column 3 shall state the respective weight, as follows:

- for debt instruments - the respective specific risk weight defined by column 7 of SR-DI Form;
- for equity instruments - the respective specific risk weight for investments in equities (4%).

3) Column 4 shall state the amount of exposure, with the amount of the long and the short position being recognized separately for each instrument.

As for positions based on underwriting securities, the amount of security issue underwritten by the bank shall be recognized as a long position, and the amount of securities transferred to third parties that purchased such securities or assumed the liability to sub-underwrite the issue shall be recognized as a short position.

Positions representing settlement/delivery risk and counterparty risk exposure shall be considered long positions, and the exposure stated in RI and RDDS Forms shall be stated for these positions.

The difference between the long and the short position provides the net-exposure by instrument which is stated in the row which recognizes the instrument (e.g. for instrument 1 the net-exposure is recognized in row 1).

The bank has an exposure based on instruments of the trading book, only if the difference is positive, i.e. if the long position exceeds the short position in the respective instrument. If the difference between these two positions is negative, the bank shall not fill in the row that refers to the net-exposure by instrument and shall not fill in column 5 for that instrument.

4) Column 5 shall indicate the capital requirement for the respective risk (specific risk arising from debt instruments and equities, settlement/delivery risk and the counterparty risk) and is a product of the weight of column 3 and the amount of exposure of column 4.

5) Row I - "net-exposure from positions in the trading book pertaining to a person and persons connected thereto" shall state the total amount of exposure from

positions in the trading book pertaining to a person and persons connected thereto, which is a sum of the net-exposure of all instruments included in this Form.

The bank shall arrange all instruments according to the amount of the weighted position of column 5, which is a product of the net-exposure of each instrument and the respective weight of column 3. The arranging starts from the instrument with the highest amount of weighted position to the instrument with the lowest amount of weighted position.

3. Capital requirement for each exceeding of the exposure limit (table 3)

45. Table 3 shows the exceeding of a certain limit according to the days of duration of the exceeding.

Row 1 shall be filled in if the exceeding is up to 10 days, and row 2 shall be filled in if the exceeding lasts over 10 days.

Column 3 shall state the amount of the weighted position specified in table 1 column 5, depending on the days of duration of the exceeding.

Column 4 shall indicate the weight used for determining the capital requirement for exceeding of the exposure limits, defined in table 13 of the Decision.

Column 5 shall state the product of columns 3 and 4.

Row 3 shall present the total amount of capital requirement for the exceeding of a certain exposure limit to individual person and persons connected thereto.

4. Total capital requirement for exceeding of the exposure limits (table 4)

46. Table 4 presents the total amount of capital the bank has to allocate to cover the exceeding of all exposure limits defined in the Banking Law.

Table 4 shall have as many rows as there are separate tables 1, 2 and 3. Each row shall present the amount of capital requirement for the exceeding of a certain exposure limit to an individual person and persons connected thereto (row 3 of each table 3).

Row I shall state the total amount of capital requirement for the exceedings of the exposure limits.

XIII. REPORT ON THE CAPITAL REQUIREMENT FOR COMMODITY RISK

47. The Report on the capital requirement for commodity risk (RPCS Form) shall state the total capital requirement for commodity risk for all positions of the banking book and the trading book.

48. The RPCS Form shall be filled in by applying the following rules:

1) Column 2 - "description" shall state the commodity, i.e. the physical product traded on the secondary market (agricultural products, minerals, including oil, precious metals (other than gold), derivatives and other financial instruments that refer to these products).

2) Column 3 - "standard measurement units" shall state the measurement unit in which the commodity is presented (e.g. barrels, tons, kilograms).

3) Column 4 - "long position" shall state the long position in standard measurement units in each commodity. Column 5 - "short position" shall state the short position in standard measurement units in the specific commodity.

The position in each commodity, financial derivative or other financial instrument that refers to commodity shall be presented as specified by items 154 and 155 of the Decision.

4) Column 6 - "current market price" shall state the market price of each commodity in Denars.

5) Column 7 - "net-position in standard measurement units" shall state the absolute amount of the difference between the long (column 4) and the short (column 5) position in each commodity, in standard measurement units.

Column 8 - "market value of net-position" shall state the product of the current market price of the commodity (column 6) and the net-position presented in standard measurement units (column 7).

6) Column 9 - "gross-position in standard measurement units" shall state the sum of absolute values of the long (column 4) and the short (column 5) position in each commodity, in standard measurement units.

Column 10 - "market value of the gross position" shall state the product between the current market price of the commodity (column 6) and the gross-position in standard measurement units (column 9).

7) Row I - "total amount of net-position" shall state the sum of all amounts of column 8, i.e. the sum of market values of the net-positions in all commodities.

8) Row II - "total amount of gross-position" shall state the sum of all amounts of column 10, i.e. the sum of market values of the gross-positions in all commodities.

9) Row III - "capital requirement for commodity risk" shall state the total amount of capital requirement for commodity risk which is a sum of:

- 15% of the net-position of the commodities (row I) and
- 3% of the gross-position of the commodities (row II).

XIV. REPORT ON THE CAPITAL REQUIREMENT FOR MARKET RISKS ARISING FROM OPTION POSITIONS

49. The Report on the capital requirement for market risks arising from option positions (O Form) shall be used for determining the capital requirement for market risks arising from positions in options of interest rates, debt instruments, equities, exchange rate and other financial instruments the bank trades in on the official stock market or over the counter, and all other instruments with similar option features, including the options purchased for hedging of some positions of the trading book.

50. The O Form shall consist of two parts. The first part refers to options purchased for trading, and the second part refers to options purchased for hedging of some positions of the trading book.

The O Form shall be filled in by applying the following rules:

1) The first part of the O Form, column 2 - "type of purchased option" shall state the type of the option purchased for trading.

Column 3 - "capital requirement for the underlying of the option" shall state the product of the market value of the underlying, and:

- the sum of the specific and the general risk - for options of debt instruments or equities;
- 8% - for currency options; or
- 15% - for commodity options.

Column 4 - "market value of the option" shall state the market value of the purchased options.

Column 5 - "capital requirement" shall state the amount of capital requirement for the risk arising from purchased options, where the lesser of the amount of columns 3 or 4 shall be indicated.

Row I - "total capital requirement for purchased trading options" shall state the sum of all amounts of column 5 of the first part of this Form.

2) In the second part of the O Form, column 2 - "type of purchased option for hedging of a position of the trading book" shall state the type of options purchased for hedging of some positions of the trading book.

Column 3 - "capital requirement for the underlying of the option" shall state the product of the market value of the underlying of the option, and:

- the sum of the capital requirement for the specific and the general risk arising from the underlying of the option - for options of debt instruments or equities;
- 8% - for currency options; or
- 15% - for commodity options.

Column 4 - "intrinsic option value" shall state the intrinsic option value, i.e. the amount which is an income for the option purchaser.

Column 5 - "capital requirement" shall state the difference between columns 3 and 4.

Row II - "total capital requirement for purchased options for hedging of a position of the trading book" shall state the total amount of capital requirement for the risk arising from purchased options for hedging of a certain position in the trading book, obtained as a sum of all amounts of column 5 of the second part of this Form.

3) Row III - "total capital requirement for market risks arising from option positions" shall indicate the total amount of capital requirement for market risks arising from option position, which is a sum of the amount of capital requirement for market risks arising from the purchased options for trading (row I) and the amount of capital

requirement for market risks arising from options purchased for hedging of certain positions of the trading book (row II).

XV. REPORT ON THE CAPITAL REQUIREMENT FOR OPERATIONAL RISK

51. The Report on the capital requirement for operational risk (OR Form) is used for determining the capital requirement for operational risk by applying the basic indicator approach or the standardized approach, in the manner set out in Section X of the Decision.

The OR Form is composed of ten tables, as follows:

- Table 1 - Capital requirement for operational risk;
- Table 2 - Structure of the basic indicator for the business line: services related to financing of commercial entities (medium and large-scale commercial entities);
- Table 3 - Structure of the basic indicator for the business line: trading and sale;
- Table 4 - Structure of the basic indicator for the business line: retail banking;
- Table 5 - Structure of the basic indicator for the business line: commercial banking;
- Table 6 - Structure of the basic indicator for the business line: payment operations and settlement;
- Table 7 - Structure of the basic indicator for the business line: agent services;
- Table 8 - Structure of the basic indicator for the business line: asset management;
- Table 9 - Structure of the basic indicator for the business line: retail brokerage;
- Table 10 - Structure of the basic indicator for the undistributed activities.

Tables 2 to 10 shall be filled in only by banks that determine the capital requirement for operational risk under the standardized approach.

52. Regardless of the approach applied by the bank, the value of the basic indicator shall be calculated on an annual basis for the period ending at the end of the financial year (31.12.), when audited financial statements are used. The determined amount of basic indicator shall be used for calculating the capital requirement for operational risk for the entire year.

Notwithstanding paragraph 1, if on the date of calculating the capital requirement for operational risk the bank does not have audited financial statements, when determining the basic indicator it may consider the unaudited statements for the end of the year. Considering the regulation for preparing audited financial statements, the bank may not have audited financial statements when determining the capital requirements as of 31.12. In that case, the bank may determine the value of the basic indicator by using unaudited statements for 31.12. After the preparation and publication of the audited financial statements, the bank shall again determine the value of the basic indicator for 31.12, by using the audited financial statements and use that amount in the next reporting period.

53. Table 1 - "Capital requirement for operational risk" is divided into two parts, the first of which refers to the determination of the capital requirement for operational risk under the basic indicator approach, and the second relates to the determination of the capital requirement for operational risk under the standardized approach.

The bank shall fill in the rows 1 to 10 and the rows I and II, if it applies the basic indicator approach for determining the capital requirement for operational risk. If the bank applies the standardized approach for determining the capital requirement for operational risk, then it fills in the rows 11 to 19 and the rows III and IV.

53.1. The first part of table 1, which relates to the determination of the capital requirement for operational risk under the basic indicator approach, shall be filled in by applying the following rules:

1) Columns 3, 4 and 5 - "amount of basic indicator" shall state the value of the basic indicator for the last three years for each position provided in the rows 1 to 10 of the Form,

These columns of row I - "total value of the basic indicator for each of the last three years" shall state the sum of rows 1 to 10, for each of the last three years, respectively.

2) Column 6 - "arithmetical mean of the three-year values of the basic indicator" shall state the arithmetical mean of the three-year basic indicator which is obtained by dividing the sum of the total positive values of the basic indicator for each of the last three years (row I columns 3, 4 and 5) by the number of years that brought positive value of the basic indicator.

If in any of the last three years the bank's basic indicator was equal to or less than zero, that value shall not be included in the calculation of the arithmetical mean.

3) Column 7 - "capital requirement ratio", shall state the rate that the bank uses to determine the capital requirement for operational risk under the basic indicator approach (15%).

4) Columns 8, 9 and 10 in the first part of table 1 of this Form shall not be filled in.

5) Column 11 - "capital requirement for operational risk", shall state the capital requirement for operational risk under the basic indicator approach, which is determined when the arithmetical mean of the three-year positive values of the basic indicator (row I column 6) is multiplied by the capital requirement ratio of 15% (row I column 7).

53.2. The second part of table 1, which refers to determining the capital requirement for operational risk under the standardized approach, shall be filled in by applying the following rules:

1) Columns 3, 4 and 5 - " amount of basic indicator" shall state the total value of the basic indicator for the last three years for each business line (row I columns 3, 4 and 5 of tables 2 to 10 respectively for each business line).

These columns of row 19 - "undistributed" shall state the value of the basic indicator for the last three years for the activities (and all appropriate remedial actions to those activities) that cannot be allocated to any of the business lines defined in table 18 of the Decision.

2) Column 6 in the second part of table 1 of this Form shall not be filled in.

3) Column. 7 - "capital requirement ratio" shall state the capital requirement ratios for each business line, as defined in column 3 of table 18 of the Decision.

4) Columns 8, 9 and 10 - "value of the risk-weighted basic indicator for each business line," shall state the product of the basic indicator for each business line for each of the last three years (rows 11 to 19 columns 3, 4 and 5) and capital requirement ratio for each business line (rows 11 to 19 of column 7).

The total value of the risk-weighted basic indicator for each of the last three years, which is calculated as the sum of the values of the risk-weighted basic indicators for each business line for each of the last three years, shall be entered in row III columns 8, 9 and 10, respectively.

In determining the total value of the risk-weighted basic indicator for a particular year, all the risk-weighted basic indicators for each business line (rows 11 to 19) shall be taken into account, regardless of their sign (positive or negative).

If the total value of the basic indicator for a given year is negative, the column for that year (row III) shall state zero.

5) Column 11 - "capital requirement for operational risk", shall state the amount of capital required for operational risk under the standardized approach, which is obtained when the sum of the values of the risk-weighted basic indicators for each of the last three years (row III columns 8, 9 and 10) will be divided by 3.

54. Table 2, which is used for determining the value of the basic indicator for each of the last three years, for the business line: services related to financing of commercial entities (medium and large-scale commercial entities) shall be filled in by applying the following rules:

1) Columns 3, 4 and 5 - "amount of basic indicator", shall state the amount of all positive and negative items which are included in the determination of the basic indicator, in accordance with Section X of the Decision, and arising from the business line: services related to financing of commercial entities (medium and large-scale commercial entities).

The total value of the basic indicator for each of the last three years for the business line: services related to financing of commercial entities (medium and large-scale) shall be the sum of rows 1 to 10 by year, and shall be entered in row I columns 3, 4 and 5, respectively.

Amounts of columns 3, 4 and 5 in row I of this table shall be equal to the amounts of columns 3, 4 or 5 in row 11 of the second part of table 1 - Capital requirement for operational risk.

55. Tables 3, 4, 5, 6, 7, 8, 9 and 10, which are used for determining the values of the basic indicators for each of the last three years for the remaining seven business lines, shall be filled in observing the rules specified in item 54 of these Instructions (which apply to table 2).

REPORT ON THE CAPITAL ADEQUACY RATIO

56. The Report on the capital adequacy ratio (AK Form) shall be filled in by applying the following rules:

Credit risk weighted assets

1) Credit risk weighted assets - shall specify the amount of row XII, column 12 of the APKR - Total Form.

2) Capital requirement for credit risk - shall state the amount of row XIII column 12 of the APKR - Total Form (the amount of row 1 of this Form multiplied by 8%).

Currency risk weighted assets

3) Aggregate foreing exchange position - shall state the amount of row III of the KPVR Form.

4) Net-position in gold - shall present the amount of row IV of the KPVR Form.

5) Capital requirement for currency risk - shall state the amount of row V of the KPVR Form.

6) Currency risk-weighted assets - shall state the amount of row 5 of this Form multiplied by 12.5.

Operational risk weighted assets

7) Capital requirement for operational risk under the basic indicator approach - shall state the amount of row II of table 1 of the OR Form.

8) Capital requirement for operational risk under the standardized approach - shall state the amount of row IV of table 1 of the OR Form.

9) Operational risk weighted assets - shall state the amount of row 7 or row 8 multiplied by 12.5.

Other risk-weighted assets

10) Capital requirement for the commodity risk - shall state the amount of row III of the RPCS Form.

11) Capital requirement for market risks - shall specify the sum of rows 11.1 to 11.5 of this Form.

11.1) Capital requirement for the position risk - shall specify the sum of rows 11.1.1 to 11.1.4 of this Form.

11.1.1) Capital requirement for the specific risk of investments in debt instruments - shall state the amount of row IV of the SR-DI Form.

11.1.2) Capital requirement for the general risk of investments in debt instruments - shall state the amount of row IV of the GR-DI/2 Form.

11.1.3) Capital requirement for specific risk of investments in equities - shall state the amount of row II column 5 of the SI Form.

11.1.4) Capital requirement for the general risk of investments in equities - shall state the amount of row III of the SI Form.

11.2) Capital requirement for settlement/delivery risk - shall state the amount of row I of table 3 of the RI Form.

11.3) Capital requirement for counterparty risk - shall state the amount of row 5 of table 1 of the RDDS Form.

11.4) Capital requirement for the exceeding of exposure limits - shall state the amount of row I of table 4 of the NLI Form.

11.5) Capital requirement for the market risks arising from option positions - shall state the amount of row III of the O Form.

12) Capital requirement for other risks - shall state the sum of the amounts of rows 10 and 11 of this Form.

13) Other risk-weighted assets - shall state the amount of row 12 multiplied by 12.5.

V) Risk-weighted assets - shall specify the sum of credit risk weighted assets (row 1), currency risk weighted assets (row 6), operational risk weighted assets (row 9) and other risk weighted assets (row 13).

14) Capital requirement for risks - shall state the amount of row V multiplied by 8% or the sum of rows 2, 5, 7 or 8 and 12.

VI) Own funds - shall state the amount of row VIII of the SS Form.

VII) Capital adequacy ratio - shall state the amount of capital adequacy ratio, derived by dividing the amount of own funds (row VI) with the risk-weighted assets (row V). The capital adequacy ratio shall be presented in percent (%).

57. If the National Bank defines capital adequacy ratio higher than 8%, the determining of the risk weighted assets shall be adequately adjusted to the higher capital adequacy ratio.

XVI. TRANSITIONAL AND FINAL PROVISIONS

58. Savings houses and foreign bank branches are required to properly apply the provisions of these Instructions, taking into account the provisions of the Banking Law and the by-laws enacted under this Law, which govern the operations of savings houses and foreign bank branches in the Republic Macedonia.

59. These Instructions applied by savings houses, shall supersede the Instructions for enforcing the Decision on the methodology for determining the capital adequacy ("Official Gazette of the Republic of Macedonia" 43/2009 and 126/2011).

60. These Instructions come into force on the eighth day after the publication in the "Official Gazette of the Republic of Macedonia" and shall apply from July 1, 2012 for banks and foreign bank branches, i.e. from July 1, 2013 for savings houses.

D. No. 4190
May 22,2012
Skopje

Dimitar Bogov
Governor