NLB Group

Pillar 3 Disclosures

Q3 2019

Abbreviations

ALCO	Asset and Liability Committee
AT1	Additional Tier 1 capital
AVA	Additional Valuation Adjustments
CBR	Combined buffer requirement
CCP	Central Counterparty
CCR	Counterparty credit risk
CET 1	Common equity tier 1 capital
CRD	Capital Requirements Directive
CRD IV	Capital Requirements Directive and Regulation
CRR	Capital Requirements Regulation
CVA	Credit valuation adjustment
D-SIB	Domestic systemically important banks
EBA	European Banking Authority
EU	European Union
FX	Foreign Exchange
G-SIB	Global systemically important banks
HQLA	High-quality liquid assets
ISIN	International Securities Identification Number
LCR	Liquidity coverage ratio
MDA	Maximum Distributable Amount
MS	Mid swap
NSFR	Net Stable Funding Ratio
OCI	Other comprehensive income
OCR	Overall capital requirement
O-SII	Other systemically important institutions
P2G	Pillar 2 Guidance
P2R	Pillar 2 Requirement
PFE	Potential Future Exposure
RWA	Risk-weighted assets
SFT	Securities Financing Transactions
SREP	Supervisory Review and Evaluation Process
T1	Tier 1 capital
T2	Tier 2 capital
TC	Total Capital
TSCR	Total SREP capital requirement
ZBan-2	Banking Act

Key highlights

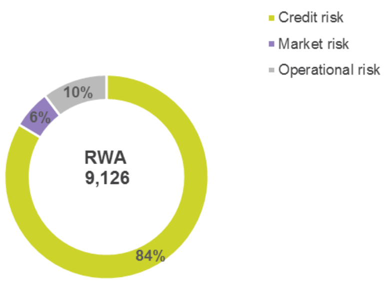
Table 1 – Key metrics

NLB Group	30.9.2019	30.6.2019	31.12.2018
Available capital			
Common equity tier 1 (CET 1)	1,424,025	1,425,298	1,453,402
Tier 1	1,424,025	1,425,298	1,453,402
Tier 2	44,595	44,595	0
Total capital	1,468,620	1,469,893	1,453,402
Risk weighted assets			
Total RWA	9,126,138	8,935,190	8,677,624
Capital ratios			
Common equity tier 1 ratio (%)	15.6%	16.0%	16.7%
Tier 1 ratio (%)	15.6%	16.0%	16.7%
Total capital ratio (%)	16.1%	16.5%	16.7%
Additional CET1 buffer requirements as a % of RWA			
Capital conservation buffer requirement	2.5%	2.5%	1.875%
Countercyclical buffer requirement	0.0%	0.0%	0.0%
Bank G-SIB and /or D-SIB additional requirements	1.0%	1.0%	0.0%
Total of bank CET1 specific buffer requrements	3.5%	3.5%	1.875%
CET1 available after meeting the bank's minimum Pillar 1 capital requirements	11.1%	11.5%	12.2%
Leverage ratio			
Total leverage ratio exposure measure	15,668,030	15,196,773	14,709,318
Leverage ratio (%)	9.09%	9.38%	9.88%
Liquidity Coverage Ratio			
Total HQLA	3,334,684	3,307,932	3,150,557
Total net cash outflow	1,005,193	962,769	873,297
LCR ratio	332%	344%	361%
NSFR ratio	154%	155%	159%

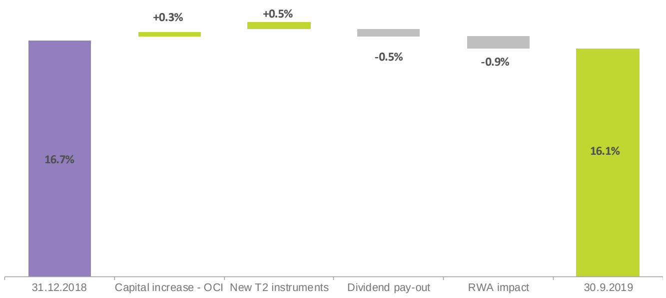
Key ratios and figures reflects throughout the Pillar 3 disclosures and a summary reflects in Table 1.

Changes in RWA

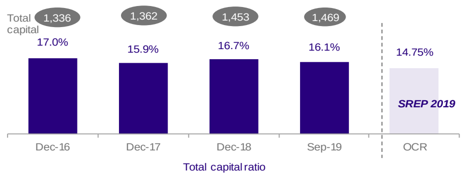
RWA analysis



Total capital ratio changes



Total capital movement



1. Introduction

The purpose of this Report is to provide disclosures as required by the global regulatory framework for capital and liquidity, established by the Basel Committee on Banking Supervision. On the European level these are implemented in the disclosure requirements as laid down in Part Eight of the 'Regulation (EU) No. 575/2013 on prudential requirements for credit institutions and investment firms' (Capital Requirements Regulation, or 'CRR') and 'Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms' (Capital Requirements Directive IV, or 'CRD'). The CRD IV commonly refers to both CRR and CRD, which were published in the *Official Journal of the EU* on 27 June 2013. On 27 June 2019 a change of CRR was published ('Regulation (EU) No. 2019/876 – CRR2), with some of its provisions already valid.

The CRR/CRR2 had a direct effect in EU member states while the CRD was required to be implemented through national legislation in EU member states by 31 December 2013. Slovenia implemented these CRD requirements into national law with the Slovenian Banking Act (Zakon o bančništvu – ZBan-2).

In the context of this document, the CRD IV describes the package of CRR, CRD and regulatory / implementing technical standards. CRD IV commonly refers as containing the following three Pillars:

- Pillar 1 contains mechanisms and requirements for the calculation by financial institutions of their minimum capital requirements for credit risk, market risk and operational risk,
- Pillar 2 is intended to ensure that each financial institution has sound internal processes in place to assess the adequacy of its capital, based on a thorough evaluation of its risks. Supervisors are tasked with valuating how well financial institutions are assessing their capital adequacy needs relative to their risks. Risks not considered under Pillar 1 are considered under this Pillar,
- Pillar 3 is intended to complement Pillar 1 and Pillar 2. It requires that financial institutions disclose information on the scope of the application of CRD IV requirements, particularly covering capital requirements/risk-weighted assets (RWA) and resources, risk exposures and risk assessment processes.

For ease of reference, the requirements are referred to as 'Pillar 3' in this Report. Pillar 3 contains both qualitative and quantitative disclosure requirements. In December 2016, the European Banking Authority (EBA) published final guidelines on the Pillar 3 disclosure requirements aimed at improving and enhancing the consistency and comparability of institutions' disclosures. These guidelines apply from 31 December 2017 and NLB Group's disclosures have been prepared in accordance with these guidelines.

All disclosures are prepared on a consolidated basis (Prudential consolidation) and in EUR thousand, unless otherwise stated. Any discrepancies between data disclosed in this document are due to the effect of rounding.

CRD IV and EBA guidelines require NLB Group to disclose information at least on an annual basis. To ensure the effective communication of NLB Group's business and risk profile, NLB Group also pays particular attention to the possible need to provide information more frequently than annually. A separate Pillar 3 document is also published quarterly on the NLB's website www.nlb.si, following our Interim Report disclosure.

Verifications and source of information

Verification of information included in the disclosures is subject to strict procedure of internal control and management. The persons in charge of individual contents are responsible for primary controls. Quantitative reports must be submitted in individual templates and precisely aligned with the information disclosed in the interim report or the reports prepared for the regulator (Corep and Finrep). The report is unaudited.

It should be noted that while some quantitative information in this document is based on financial data contained in the NLB Group Interim Report Q3 2019, other quantitative data is sourced from the regulatory reporting (Finrep and Corep) and is calculated according to regulatory requirements. Pillar 3 quantitative data is thus not always directly comparable with the quantitative data contained in the NLB Group Interim Report Q3 2019. Some details of the key differences between the Group's accounting and regulatory exposures are set out in Table 2.

2. Scope of application
(Articles 436 a, b, c, and d of CRR)

In accordance with the capital legislation, NLB d.d. has the position of an "EU parent bank" and so is a parent company of NLB Group. NLB is therefore obliged to disclose information on a consolidated basis. Consolidated financial statements for the purpose of Pillar 3 disclosures are based on CRR requirements (regulatory scopes of consolidation). A summarised representation of the regulatory consolidation group is below.

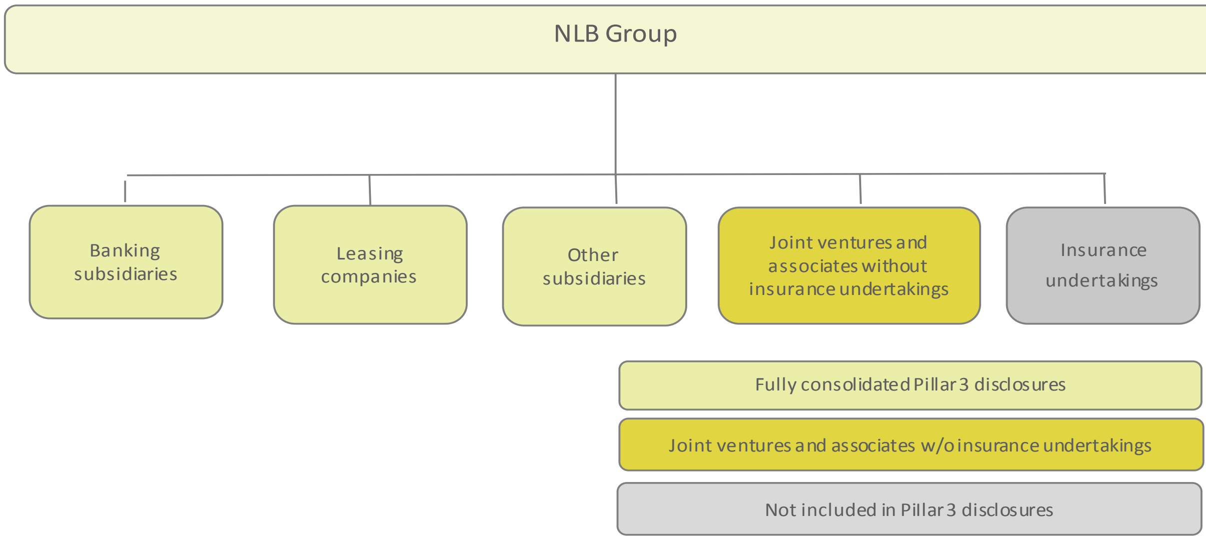


Table 2 represents the main differences between the basis of consolidation and carrying values as reported in published financial statements in the NLB Group Interim Report Q3 2019, and under the scope of regulatory consolidation.

The consolidation for *accounting purposes* comprise all:

- subsidiaries (banking, leasing and other subsidiaries) controlled by the Bank or the NLB Group,
- associated companies in which NLB directly or indirectly holds between 20% and 50% of the voting rights, has a material impact but does not control them and
- jointly controlled companies (i.e. jointly controlled by NLB Group based on a contractual agreement).

In contrast to accounting consolidation the *regulatory consolidation* only includes (in accordance with the definitions under Article 4 of CRR) credit institutions, financial institutions, ancillary service undertakings and asset management companies. As regards NLB Group, this means that the regulatory consolidation does not include company operating in the area of insurance.

Table 2 – Differences between accounting and regulatory scopes of consolidation of NLB Group

30.9.2019	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Diferences
Cash, cash balances at central banks, and other demand deposits at banks	1,531,379	1,531,379	-
Financial assets held for trading	87,586	87,586	-
Non-trading financial assets mandatorily at fair value through profit or loss	31,007	31,007	-
Financial assets measured at fair value through other comprehensive income	2,065,533	2,065,533	-
Financial assets measured at amortised cost			-
- debt securities	1,672,728	1,672,728	-
- loans and advances to banks	90,264	90,264	-
- loans and advances to customers	7,480,610	7,480,610	-
- other financial assets	88,850	88,850	-
Fair value changes of the hedged items in portfolio hedge of interest rate risk	14,018	14,018	-
Investments in associates and joint ventures	7,539	7,539	-
Tangible assets			-
Property and equipment	191,042	191,042	-
Investment property	56,421	56,421	-
Intangible assets	35,675	35,675	-
Current income tax assets	1,873	1,873	-
Deferred income tax assets	22,014	22,014	-
Other assets	67,568	67,568	-
Non-current assets and disposal group classified as held for sale	45,431	6,978	38,453
Total assets	**13,489,538**	**13,451,085**	**38,453**
Trading liabilities	24,473	24,473	-
Financial liabilities measured at fair value through profit or loss	8,769	8,769	-
Financial liabilities measured at amortised cost			-
- deposits from banks and central banks	56,290	56,290	-
- borrowings from banks and central banks	180,443	180,443	-
- due to customers	11,038,175	11,038,175	-
- borrowings from other customers	62,303	62,303	-
- subordinated liabilities	90,269	90,269	-
- other financial liabilities	157,060	157,060	-
Derivatives - hedge accounting	65,417	65,417	-
Provisions	83,271	83,271	-
Current income tax liabilities	2,020	2,020	-
Deferred income tax liabilities	2,606	2,606	-
Other liabilities	14,032	14,032	-
Total liabilities	**11,785,128**	**11,785,128**	**-**
Equity and reserves attributable to owners of the parent			
Share capital	200,000	200,000	-
Share premium	871,378	871,378	-
Accumulated other comprehensive income	33,473	18,365	15,108
Profit reserves	13,522	13,522	-
Retained earnings	543,139	519,794	23,345
	1,661,512	**1,623,059**	**38,453**
Non-controlling interests	42,898	42,898	-
Total equity	**1,704,410**	**1,665,957**	**38,453**
Total liabilities and equity	**13,489,538**	**13,451,085**	**38,453**

Difference between accounting consolidation and regulatory consolidation represents the book value of equity method for company that is operating in the area of insurance and is not included in regulatory consolidation in accordance with Article 4 of CRR.

3. Capital and capital requirements

3.1. Capital adequacy

European banking capital legislation – CRD IV, is based on the Basel III guidelines. The legislation defines three capital ratios reflecting a different quality of capital:

- Common Equity Tier 1 ratio (ratio between common or CET1 capital and risk-weighted exposure amount or RWA), which must be at least 4.5%;
- Tier 1 capital ratio (Tier 1 capital to RWA), which must be at least 6%; and
- Total capital ratio (total capital to RWA), which must be at least 8%.

In addition to the aforementioned ratios, which form the Pillar 1 requirement, the Bank must meet other requirements and recommendations that are imposed by the supervisory institutions or by the legislation:

- Pillar 2 Requirement (SREP requirement): bank-specific, obligatory requirement set by the supervisory institution through the SREP process (together with the Pillar 1 requirement it represents the minimum total SREP capital requirement – TSCR);
- Applicable combined buffer requirement (CBR): system of capital buffers to be added on top of TSCR – breaching of the CBR is not a breach of capital requirement, but triggers limitations in payment of dividends and other distributions from capital. Some of the buffers are prescribed by law for all banks and some of them are bank-specific, set by the supervisory institution (CBR and TSCR together form the overall capital requirement – OCR);
- Pillar 2 Capital Guidance: capital recommendation set by the supervisory institution through the SREP process. It is bank-specific, and is a recommendation and not obligatory. Any non-compliance does not affect dividends or other distributions from capital; however, it might lead to intensified supervision and the imposition of measures to re-establish a prudent level of capital (including preparation of capital restoration plan).

Table 3 – Capital requirements and buffers of NLB Group

		2019	2018
Pillar 1	CET1	4.5%	4.5%
	AT1	1.5%	1.5%
	T2	2.0%	2.0%
Pillar 2 (P2R)	CET1	3.25%	3.5%
Total SREP Capital Requirement (TSCR)	CET1	7.75%	8.0%
	Tier 1	9.25%	9.5%
	Total Capital	11.25%	11.50%
Combined Buffer requirement (CBR)			
Conservation buffer	CET1	2.50%	1.875%
O-SII buffer	CET1	1.00%	0.00%
Countercyclical buffer	CET1	0.00%	0.00%
Overall capital requirement (OCR) = MDA threshold	CET1	11.25%	9.875%
	Tier 1	12.75%	11.375%
	Total Capital	14.75%	13.375%
Pillar 2 Guidance (P2G)	CET1	1.00%	1.5%
OCR + P2G	CET1	12.25%	11.375%

In September 2019, OCR amounted to 14.75% for the Bank on the consolidated level, consisting of:

- 11.25% TSCR (8% Pillar 1 Requirement and 3.25% Pillar 2 requirement); and
- 3.5% CBR (2.5% Capital conservation buffer, 1% O-SII buffer and 0% Countercyclical buffer).

The applicable OCR requirement for 2019 has been raised to 14.75%, due to the gradual phase-in of the capital conservation buffer as prescribed by law and introduction of O-SII buffer. On the other hand, Pillar 2 Requirement decreased by 0.25 p.p. to 3.25%, as a result of better overall SREP assessment. Based on that Supervisory Board of NLB on 12 April 2019 confirmed adjusted Risk Appetite target for NLB Group Overall capital adequacy at 16.25%. Target total capital ratio is regularly revised by the competent bodies to reflect each time the applicable capital requirements.

On 28 November, the Bank announced that it has received new decision establishing prudential requirement from ECB, which is applicable from 1 January 2020, leading to total SREP capital requirement (TSCR) of 10.75%, that includes minimum own funds of 8% (Pillar 1 Requirement) and own funds requirement of 2.75% (Pillar 2 Requirement – P2R current was reduced from 3.25% to 2.75%) to be held in excess of minimum own funds requirement on consolidated level. This decision together with applicable combined buffer requirement leads to overall capital requirement of 14.25%.

The Bank's dividend policy envisages yearly distribution of dividends, considering maintaining risk appetite targets in the approximate amount of around 70% of the Group's profit.

Table 4 – Capital adequacy of NLB Group:

	30.9.2019	30.6.2019	31.12.2018
Paid up capital instruments	200,000	200,000	200,000
Share premium	871,378	871,378	871,378
Retained earnings	358,628	358,629	293,026
Current result	-	-	108,829
Accumulated other comprehensive income	18,365	17,585	3,598
Other reserves	13,522	13,522	13,522
Prudential filters: Additional Valuation Adjustments (AVA)	(2,193)	(2,215)	(1,983)
(-) Goodwill	(3,529)	(3,529)	(3,529)
(-) Other intangible assets	(32,146)	(29,945)	(31,439)
(-) Deduction item related to credit impairments and provisions not included in capital	-	(127)	-
COMMON EQUITY TIER 1 CAPITAL (CET1)	**1,424,025**	**1,425,298**	**1,453,402**
Additional Tier 1 capital	-	-	-
TIER 1 CAPITAL	**1,424,025**	**1,425,298**	**1,453,402**
Tier 2 capital	44,595	44,595	-
TOTAL CAPITAL	**1,468,620**	**1,469,893**	**1,453,402**
Risk exposure amount for credit risk	7,626,968	7,428,245	7,179,678
Risk exposure amount for market risks	550,538	559,326	541,901
Risk exposure amount for CVA	7,038	6,025	2,563
Risk exposure amount for operational risk	941,594	941,594	953,482
TOTAL RISK EXPOSURE AMOUNT (RWA)	**9,126,138**	**8,935,190**	**8,677,624**
Common Equity Tier 1 Ratio	15.6%	16.0%	16.7%
Tier 1 Ratio	15.6%	16.0%	16.7%
Total Capital Ratio	16.1%	16.5%	16.7%

The capital adequacy of NLB Group and NLB at the end of September 2019 remains strong at a level, which covers all current and announced regulatory capital requirements, including capital buffers and other currently known requirements, and the Pillar 2 Guidance. However it is below risk appetite orientations, due to the pending BS/ECB approval process for inclusion in capital of the T2 instrument raised on 20 September 2019 (see chapter 3.3. Capital instruments included in the capital).

As at 30 September 2019, the Total capital ratio for NLB Group stood at 16.1% (or 0.6 percentage points lower than at the end of 2018), and for NLB at 22.3% (or 1.8 percentage point lower than at the end of 2018). The Tier 1 ratio and Common equity Tier 1 ratio (15.6% or 1.1 percentage points lower than at the end of 2018) differ from Total capital ratio due to new Tier 2 instrument. The lower capital adequacy derives from higher RWA (EUR 448.5 million for NLB Group) compared to the end of 2018.

The drivers behind the differences between the RWAs in year 2019 are explained in chapter 3.2 Capital requirements in the Table 5 – EU OV1 – Overview of RWAs.

In June 2019, NLB paid out dividends in total amount of EUR 142.6 million, which represents EUR 7.13 gross per share. This decreased capital for EUR -43.2 million, nevertheless, the Total capital in year 2019 increased by EUR 15.2 million, mainly due to new Tier 2 instrument issued in May (EUR 44.6 million) and higher other comprehensive income (EUR 14.6 million).

3.2. Capital requirements

(Article 438 c, e, and f of CRR)

NLB Group uses the following approaches to calculate Pillar 1 capital requirements on a consolidated basis:

- credit risk – standardised approach,
- market risk – standardised approach, and
- operational risk – basis indicator approach.

In the calculation of capital ratios, risk is expressed as a risk exposure amount or a capital requirement. The capital requirement for an individual risk amounts to 8% of the total exposure to the individual risk.

The Table 5 shows the detailed composition of the capital requirements of NLB Group at the end of September 2019, at the end of June 2019 and at the end of 2018.

Table 5 – EU OV1 – Overview of RWAs of NLB Group

		30.9.2019		30.6.2019		31.12.2018	
		RWA	Minimum capital requirement - 8% of RWA	RWA	Minimum capital requirement - 8% of RWA	RWA	Minimum capital requirement - 8% of RWA
1	**Credit risk (excluding CCR)**	**7,444,057**	**595,525**	**7,268,060**	**581,445**	**7,071,808**	**565,745**
2	Of which the standardised approach	7,444,057	595,525	7,268,060	581,445	7,071,808	565,745
6	**CCR**	**50,426**	**4,034**	**39,527**	**3,162**	**26,625**	**2,130**
7	Of which mark to market	43,388	3,471	33,502	2,680	24,062	1,925
12	Of which CVA	7,038	563	6,025	482	2,563	205
13	**Settlement risk**	**-**	**-**	**-**	**-**	**100**	**8**
19	**Market risk**	**550,538**	**44,043**	**559,326**	**44,746**	**541,801**	**43,344**
20	Of which the standardised approach	550,538	44,043	559,326	44,746	541,801	43,344
23	**Operational risk**	**941,594**	**75,328**	**941,594**	**75,328**	**953,482**	**76,279**
24	Of which basic indicator approach	941,594	75,328	941,594	75,328	953,482	76,279
27	**Amounts below the thresholds for deduction (subject to 250% risk weight)**	**139,523**	**11,162**	**126,683**	**10,135**	**83,808**	**6,705**
29	**Total**	**9,126,138**	**730,091**	**8,935,190**	**714,815**	**8,677,624**	**694,210**

In 2019 the RWA for Credit risk increased by EUR 447.3 million (lines 2, 7, and 27 in Table 5), mainly due to an increase of exposure in the corporate and retail segment because of increased lending activities (EUR 276.7 million).

The increase in RWA for market risk and CVA (Credit value adjustments) amounted to EUR 13.1 million (lines 12, 13 and 20 in Table 5), mainly because of structural FX positions arising from operations of NLB Group’s non-euro subsidiary banks. These positions are long, non-trading and deliberately taken. On a consolidated level, foreign exchange translation differences from investments in foreign subsidiary companies are recognised in the consolidated capital and do not have an impact on the NLB Group’s profit and loss.

The decrease in the RWA for operational risks (EUR 11.9 million) arises from the lower three-year average of relevant income, as defined in Article 316 of CRR, which represents the basis for the calculation.

3.3. Capital instruments included in the capital
(Articles 437.1 b and c, and 73 of CRR)

In September 2019, the capital of NLB Group consisted of Common Equity Tier 1 capital and Tier 2 capital. The only instruments included in Common Equity Tier 1 capital were the ordinary shares of the parent company NLB. The instrument included in Tier 2 capital is the subordinated Tier 2 notes issued in May 2019.

To strengthen and optimize the NLB Group's capital structure, the Bank issued three subordinated instruments in 2019. On 6 May 2019 the Bank (the Issuer), issued 10NC5 subordinated Tier 2 notes in the aggregate amount of EUR 45 million. The fixed coupon of the notes during the first five years is 4.2% p.a.; thereafter it will be reset to the sum of the then applicable 5Y MS and the fixed margin as defined at the issuance of the notes (i.e. 4.159%). The notes with ticker NLB27 and ISIN code SI0022103855 were as of 8 May 2019 admitted to trading on the regulated market of the Ljubljana Stock Exchange, bond segment. The domestic as well as foreign institutional investors supported the transaction. The Issuer's obligations arising from the Notes have the characteristics of subordinated debt for inclusion in Tier 2 capital according to Article 63 of the CRR Regulation, where the Issuer has also the option of early repayment or call of the Notes. On 20 September 2019, NLB entered a bilateral agreement under which EUR 45 million of subordinated 10NC5 Tier 2 debt was obtained. The obligations arising from the loan have the characteristics of subordinated debt for inclusion in Tier 2 capital according to Article 63 of the CRR Regulation, where the Bank has also the option of early repayment or call of the loan. While the instrument issued on 6 May 2019 has been included in the capital since 30 June 2019, the loan raised on 20 September is subject to BS/ECB approval process and has therefore not yet been included in the capital.

On 19 November 2019, the Bank issued 10NC5 subordinated Tier 2 notes in the aggregate nominal amount of EUR 120 million. The notes with ISIN code XS2080776607 and rated BB by S&P rating agency were admitted to trading on the Euro MTF Market operated by the Luxembourg Stock Exchange.

Subordinated liabilities of NLB Group are disclosed in the Interim Report for NLB Group Q3 2019 - note 5.10 a Subordinated liabilities (page 72).

Details on main characteristics of the capital instruments are disclosed in Appendix 5.1.

3.4. Detailed presentation of capital elements
(Article 437 d and e of CRR)

The table below shows in detail the elements of the calculation of the capital of NLB Group at the end of September 2019, at the end of June 2019 and at the end of 2018 in the form prescribed by the EBA implementing technical standards, published as Commission Implementing Regulation (EU) No. 1423/2013 of 20 December 2014 (Annex IV – Own funds disclosure template). A summarised substantive presentation of the elements relevant for NLB Group is given in Chapter 3.1. Capital adequacy.

NLB Group does not have any capital instruments (issued before the implementation of CRR) that would no longer be eligible for inclusion and therefore subject to pre-CRR treatment.

Table 6 – Own funds for NLB Group

		30.9.2019	30.6.2019	31.12.2018
Common equity Tier 1 (CET1) capital: instruments and reserves				
1	Capital instruments and the related share premium accounts	1,071,378	1,071,378	1,071,378
	of which: ordinary shares	1,071,378	1,071,378	1,071,378
2	Retained earnings - including current result	358,628	358,629	401,855
3	Accumulated other comprehensive income (and other reserves)	31,887	31,107	17,120
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**1,461,893**	**1,461,114**	**1,490,353**
Common Equity Tier 1 (CET1) capital: regulatory adjustments				
7	Additional value adjustments (negative amount)	(2,193)	(2,215)	(1,983)
8	Intangible assets (net of related tax liability) (negative amount)	(35,675)	(33,474)	(34,968)
27a	Deduction item related to credit imapirments and provisions not included in capital (as a part of the interim result), but are lowering the exposure in RWA calculation (BoS requirement based on EBA Q&A 2014_1087)	-	(127)	-
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**(37,868)**	**(35,816)**	**(36,951)**
29	**Common Equity Tier 1 (CET1) capital**	**1,424,025**	**1,425,298**	**1,453,402**
43	**Total regulatory adjustments to Additional Tier 1 (AT1)**	**-**	**-**	**-**
44	**Additional Tier 1 (AT1) capital**	**-**	**-**	**-**
45	**Tier 1 capital (T1= CET1 + AT1)**	**1,424,025**	**1,425,298**	**1,453,402**
Tier 2 (T2) capital: instruments and provisions				
46	Capital instruments and the related share premium accounts	44,595	44,595	-
51	**Tier 2 (T2) capital before regulatory adjustments**	**44,595**	**44,595**	**-**
58	**Tier 2 (T2) capital**	**44,595**	**44,595**	**-**
59	**Total capital (TC = T1 + T2)**	**1,468,620**	**1,469,893**	**1,453,402**
60	**Total risk weighted assets**	**9,126,138**	**8,935,190**	**8,677,624**
Capital ratios and buffers				
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	15.6%	16.0%	16.7%
62	Tier 1 (as a percentage of total risk exposure amount)	15.6%	16.0%	16.7%
63	Total capital (as a percentage of total risk exposure amount)	16.1%	16.5%	16.7%
64	Institution specific buffer requirement (CET1 Requirement in accordance with Article 92(1)(a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus systemically important institution buffer expressed as a percentage of risk exposure amount)	8.000%	8.000%	6.375%
65	of which: capital conservation buffer requirement	2.500%	2.500%	1.875%
67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	1.0%	1.0%	0.0%
68	Common Equity Tier 1 available to meet buffers (as a percentage of total risk exposure amount)	7.6%	8.0%	8.7%
Amounts below the threshold for deduction (before risk weighting)				
72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	3,055	2,966	2,359
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	10,948	10,359	10,652
75	Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability where the conditions in Article 38(3) are met)	22,014	17,467	22,847
Applicable caps on the inclusion of provisions in Tier 2				
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	N/A	N/A	N/A
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	N/A	N/A	N/A
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	N/A	N/A	N/A
79	Cap on inclusion of credit risk adjustments in T2 under internal ratings-based approach	N/A	N/A	N/A
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)				
80	Current cap on CET1 instruments subject to phase out arrangements	N/A	N/A	N/A
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	N/A	N/A	N/A
82	Current cap on AT1 instruments subject to phase out arrangements	N/A	N/A	N/A
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	N/A	N/A	N/A
84	Current cap on T2 instruments subject to phase out arrangements	N/A	N/A	N/A
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	N/A	N/A	N/A

N/A – not relevant

3.5. Reconciliation of items with financial statements
(Articles 437 a of CRR)

Calculations of the capital and capital ratios are based on the financial statements of NLB Group prepared according to regulatory consolidation. Essentially, the capital of NLB Group consists of the elements of equity of the balance sheet (not all elements and not fully) and, in addition, it is reduced by deduction items and prudential filters.

The table below shows to what extent individual balance sheet items are included in the calculation of capital and capital adequacy.

Table 7 – Mapping of the balance sheet items (statement of financial position items) and capital for the purpose of capital adequacy of NLB Group

	30.9.2019		30.6.2019		31.12.2018	
	Prudential consolidation	**Included in capital as reported**	**Prudential consolidation**	**Included in capital as reported**	**Prudential consolidation**	**Included in capital as reported**
Cash, cash balances at central banks and other demand deposits at banks	1,531,379	-	1,460,731	-	1,588,349	-
Financial assets held for trading	87,586	(88)	116,948	(117)	63,609	(64)
Non-trading financial assets mandatorily at fair value through profit or loss	31,007	(16)	40,406	(14)	32,389	(9)
Financial assets measured at fair value through other comprehensive income	2,065,533	(2,065)	2,062,896	(2,063)	1,898,079	(1,898)
Financial assets measured at amortised cost	9,332,452	-	9,051,204	-	8,747,462	-
Derivatives - hedge accounting	-	-	-	-	417	-
Fair value changes of the hedged items in portfolio hedge of interest rate risk	14,018	-	9,614	-	2,517	-
Investments in associates and joint ventures	10,948	-	10,359	-	10,652	-
Tangible assets	247,463	-	251,608	-	236,048	-
Intangible assets	35,675	(35,675)	33,474	(33,474)	34,968	(34,968)
Goodwill	3,529	(3,529)	3,529	(3,529)	3,529	(3,529)
Other intangible assets	32,146	(32,146)	29,945	(29,945)	31,439	(31,439)
Current income tax assets	1,873	-	473	-	877	-
Deferred income tax assets	22,014	-	17,467	-	22,847	-
That rely on future profitability and arise from temporary differences	22,014	-	17,467	-	22,847	-
Other assets	67,568	-	73,704	-	70,971	-
Non-current assets classified as held for sale	3,569	-	3,567	-	4,349	-
Total assets	**13,451,085**	-	**13,132,451**	-	**12,713,534**	-
Trading liabilities	24,473	(24)	21,270	(21)	12,300	(12)
Financial liabilities measured at fair value through profit or loss	8,769	-	8,516	-	4,190	-
Financial liabilities measured at amortised cost	11,584,540	44,595	11,355,034	44,595	10,926,996	-
Derivatives - hedge accounting	65,417	-	51,876	-	29,474	-
Provisions	83,271	-	82,949	-	80,134	-
Current income tax liabilities	2,020	-	1,484	-	12,152	-
Deferred income tax liabilities	2,606	-	2,326	-	2,499	-
Other liabilities	14,032	-	13,291	-	14,840	-
Total liabilities	**11,785,128**	-	**11,536,746**	-	**11,082,585**	-
Share capital	200,000	200,000	200,000	200,000	200,000	200,000
Share premium	871,378	871,378	871,378	871,378	871,378	871,378
Accumulated other comprehensive income	18,365	18,365	17,585	17,585	3,598	3,598
Profit reserves	13,522	13,522	13,522	13,522	13,522	13,522
Retained earnings	519,794	358,628	452,926	358,629	501,223	401,855
Non-controlling interests	42,898	-	40,294	-	41,228	-
Total equity	**1,665,957**	**-**	**1,595,705**	**-**	**1,630,949**	**-**
Total liabilities and equity	**13,451,085**	**-**	**13,132,451**	**-**	**12,713,534**	**-**
Sum of balance sheet items		**1,468,620**		**1,470,020**		**1,453,402**
Deduction item: Exclusion of the effect of credit impairments and provisions, when they are not included in capital (as a part of the interim result), but are lowering the exposure in RWA calculation (BoS requirement based on EBA Q&A 2014_1087)		-		(127)		-
Capital		**1,468,620**		**1,469,893**		**1,453,402**

Table 8 – Reconciliation of the accounting capital to the regulatory capital for the calculation of capital adequacy of NLB Group

30.9.2019	**Equity - Prudential consolidation**	**Temporary exclusion of unaudited interim profit**	**Exclusion of minority interest not eligible according to CRR requirements**	**Prudential filters and deduction items from capital**	**Capital (included in calculation of capital adequacy)**	**Item in capital and capital adequacy calculation**
Share capital	**200,000**	-	-	-	**200,000**	Paid in capital instruments
Share premium	**871,378**	-	-	-	**871,378**	Share premium
Accumulated other comprehensive income	**18,365**	-	-		**18,365**	Accumulated other comprehensive income
Profit reserves	**13,522**	-	-	-	**13,522**	Other reserves
Retained earnings - from previous years	**358,628**	-	-	-	**358,628**	Retained earnings - from previous years
Retained earnings - current results	**161,166**	(161,166)	-	-	**-**	Current results
Minority interest	**42,898**	-	(42,898)	-	**-**	Minority interest
				(2,193)	**(2,193)**	Prudential filter: Additional valuation adjustment (AVA) (Article 34)
				(3,529)	**(3,529)**	Deduction item: Goodwill (Article 36.b)
				(32,146)	**(32,146)**	Deduction item: Other intangible assets (Article 36.b)
Total equity	**1,665,957**	**(161,166)**	**(42,898)**	**(37,868)**	**1,424,025**	**Common Equity Tier 1 (CET1) capital**
					-	Additional Tier 1 capital
					1,424,025	**Tier 1 capital**
					44,595	Tier 2 capital
					1,468,620	**Total capital**

30.6.2019	Equity - Prudential consolidation	Temporary exclusion of unaudited interim profit	Exclusion of minority interest not eligible according to CRR requirements	Prudential filters and deduction items from capital	Capital (included in calculation of capital adequacy)	Item in capital and capital adequacy calculation
Share capital	**200,000**	-	-	-	**200,000**	Paid in capital instruments
Share premium	**871,378**	-	-	-	**871,378**	Share premium
Accumulated other comprehensive income	**17,585**	-	-		**17,585**	Accumulated other comprehensive income
Profit reserves	**13,522**	-	-	-	**13,522**	Other reserves
Retained earnings - from previous years	**358,629**	-	-	-	**358,629**	Retained earnings - from previous years
Retained earnings - current results	**94,297**	(94,297)	-	-	**-**	Current results
Minority interest	**40,294**	-	(40,294)	-	**-**	Minority interest
				(2,215)	**(2,215)**	Prudential filter: Additional valuation adjustment (AVA) (Article 34)
				(3,529)	**(3,529)**	Deduction item: Goodwill (Article 36.b)
				(29,945)	**(29,945)**	Deduction item: Other intangible assets (Article 36.b)
				(127)	**(127)**	Deduction item: Exclusion of the effect of credit impairments and provisions, when they are not included in capital (as a part of the interim result), but are lowering the exposure in RWA calculation (BoS requirement based on EBA Q&A 2014_1087)
Total equity	**1,595,705**	**(94,297)**	**(40,294)**	**(35,689)**	**1,425,298**	**Common Equity Tier 1 (CET1) capital**
					-	Additional Tier 1 capital
					1,425,298	**Tier 1 capital**
					44,595	Tier 2 capital
					1,469,893	**Total capital**

31.12.2018	Equity - Prudential consolidation	Retained earnings not included in the regulatory equity	Exclusion of minority interest not eligible according to CRR requirements	Prudential filters and deduction items from capital	Capital (included in calculation of capital adequacy)	Item in capital and capital adequacy calculation
Share capital	**200,000**	-	-	-	**200,000**	Paid in capital instruments
Share premium	**871,378**	-	-	-	**871,378**	Share premium
Accumulated other comprehensive income	**3,598**	-	-		**3,598**	Accumulated other comprehensive income
Profit reserves	**13,522**	-	-	-	**13,522**	Other reserves
Retained earnings - from previous years	**293,026**	-	-	-	**293,026**	Retained earnings - from previous years
Retained earnings - current results	**208,197**	(99,368)	-	-	**108,829**	Current results
Minority interest	**41,228**	-	(41,228)	-	**-**	Minority interest
				(1,983)	**(1,983)**	Prudential filter: Additional valuation adjustment (AVA) (Article 34)
				(3,529)	**(3,529)**	Deduction item: Goodwill (Article 36.b)
				(31,439)	**(31,439)**	Deduction item: Other intangible assets (Article 36.b)
Total equity	**1,630,949**	**(99,368)**	**(41,228)**	**(36,951)**	**1,453,402**	**Common Equity Tier 1 (CET1) capital**
					-	Additional Tier 1 capital
					1,453,402	**Tier 1 capital**
					-	Tier 2 capital
					1,453,402	**Total capital**

During 2019 total accounting equity increased by EUR 35 million to EUR 1,666 million as at 30 September 2019, primarily due to higher Retained earnings and higher Accumulated other comprehensive income.

4. Leverage

(Article 451 a, b, d and e of CRR)

The leverage ratio is calculated in line with provisions from the CRR and CRD, including the amendments published in Commission Delegated Regulation (EU) No. 2015/62, 2016/200, and 2016/428.

The leverage ratio was introduced into the Basel III framework as a simple, transparent, non-risk based supplementary measure to the risk-based capital requirements. The purpose of the leverage ratio is to limit the size of bank balance sheets, and with a special emphasis on exposures, which are not weighted within the framework of the existing capital requirement calculations. Therefore, the leverage calculation uses Tier 1 as the numerator, and the denominator is the total exposure of all active balance sheet and off-balance-sheet items after the adjustments are made, in the context of which the exposures from individual derivatives, exposures from transactions of security funding, and other off-balance sheet items are especially pointed out. From 1 January 2018, the leverage ratio is calculated in accordance with the fully phased definition of the capital measure and has become one of the mandatory minimum capital requirements.

The leverage ratio of NLB Group as at 30 September 2019 amounted to 9.09%, which is well above the 3% threshold defined by the Basel Committee on Banking Supervision. Since the minimum requirement was exceeded so significantly, the risk of excessive leverage is not considered as material. NLB Group's business model supports a low leverage risk appetite. In order to assure a limited risk appetite for leverage, NLB Group follows different indicators to identify reasons for past changes and understands potential future threats. The leverage ratio is also included in an early warning system, as a recovery plan indicator where it has set certain limits for a case of any exceeding's of defined triggers and the defined notification system. The leverage ratio is regularly, and quarterly monitored and reported to ALCO, and the Management Board and Supervisory board of NLB. Moreover, the leverage is also integrated in a stress tests framework with the aim to maintain an adequate capital level even in the case of extraordinary circumstances. More specifically, if the leverage ratio also remains stable in such stressed conditions, the risk of a forced decrease in the Bank's assets is low.

The leverage ratio as at 30 September 2019 slightly decreased in comparison with the end of June 2019, by 0.29 percentage points. The decrease occurred primarily due to the higher value of the total leverage exposure calculated in accordance with Article 111 of the CRR by EUR 471 million. The higher amount of total leverage exposure arose from increased on-balance sheet exposures. It refers specifically to the banking book exposures treated as retail and other exposures, including exposures in corporates. Exposures in derivatives slightly increased in comparison with the end of June 2019, but are relatively unimportant. The impact of slight Tier 1 capital decrease on the leverage ratio was EUR 1 million.

As at 30 September 2019, the leverage exposure was mainly driven by on-balance sheet exposures (96%), and other off-balance sheet exposure (3.8%), the rest was exposure from derivatives which is not significant. Among on-balance sheet exposures, the most significant were Retail exposures (25.4%), exposures treated as Sovereigns (25%), exposures to Corporates (15.4%), and 17.3% to Other exposures. In third quarter 2019 there were increased exposures secured by immovable properties (from 5.1% in June to 6.3% in September).

Table 9 – Leverage ratio of NLB Group

	30.9.2019	30.6.2019	31.12.2018
Tier 1 capital	1,424,025	1,425,298	1,453,402
Total leverage exposures	15,668,030	15,196,773	14,709,318
Leverage ratio	**9.09%**	**9.38%**	**9.88%**

Table 10 – LRCom - Leverage ratio common disclosure for NLB Group

		30.9.2019	30.6.2019	31.12.2018
		CRR leverage ratio exposures	**CRR leverage ratio exposures**	**CRR leverage ratio exposures**
On-balance sheet exposures (excluding derivatives and SFTs)				
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	15,076,097	14,635,003	14,166,782
2	(Asset amounts deducted in determining Tier 1 capital)	(37,868)	(35,689)	(36,951)
3	**Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets)**	**15,038,229**	**14,599,314**	**14,129,831**
Derivative exposures				
4	Replacement cost associated with *all* derivatives transactions (ie net of eligible cash variation margin)	26,402	23,757	15,329
5	Add-on amounts for PFE associated with *all* derivatives transactions (mark-to-market method)	21,749	24,211	23,828
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(78)	(67)	(459)
8	(Exempted CCP leg of client-cleared trade exposures)	(9,725)	(10,061)	(10,606)
11	**Total derivative exposures**	**38,348**	**37,840**	**28,092**
Securities financing transaction exposures				
16	**Total securities financing transaction exposures**	**-**	**-**	**-**
Other off-balance sheet exposures				
17	Off-balance sheet exposures at gross notional amount	2,279,690	2,116,924	2,041,327
18	(Adjustments for conversion to credit equivalent amounts)	(1,688,237)	(1,557,305)	(1,489,933)
19	**Other off-balance sheet exposures**	**591,453**	**559,619**	**551,395**
Exempted exposures in accordance with CRR Article 429 (7) and (14) (on and off balance sheet)				
Capital and total exposures				
20	Tier 1 capital	1,424,025	1,425,298	1,453,402
21	**Total leverage ratio exposures**	**15,668,030**	**15,196,773**	**14,709,318**
Leverage ratio				
22	**Leverage ratio**	**9.09%**	**9.38%**	**9.88%**

Table 11 – LRSum – Summary reconciliation of accounting assets and leverage ratio exposures for NLB Group

LRSum:	**Summary reconciliation of accounting assets and leverage ratio exposures**	**30.9.2019**	**30.6.2019**	**31.12.2018**
1	**Total assets as per published financial statements**	**13,489,538**	**13,164,410**	**12,740,029**
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	(38,453)	(31,959)	(26,495)
4	Adjustments for derivative financial instruments	11,946	14,083	12,763
6	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	591,453	559,619	551,395
7	Other adjustments	1,613,546	1,490,620	1,431,626
8	**Leverage ratio total exposure measure**	**15,668,030**	**15,196,773**	**14,709,318**

Table 12 – LRSpl – Split-up of on balance sheet exposures for NLB Group

		CRR leverage ratio exposures		
		30.9.2019	**30.6.2019**	**31.12.2018**
EU-1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	**15,076,097**	**14,635,003**	**14,166,782**
EU-2	Trading book exposures	61,184	93,189	48,698
EU-3	Banking book exposures, of which:	15,014,913	14,541,814	14,118,084
EU-4	Covered bonds	355,804	348,944	283,980
EU-5	Exposures treated as sovereigns	3,749,178	3,673,536	3,579,114
EU-6	Exposures to regional governments, MDB, international organisations and PSE **not** treated as sovereigns	322,083	320,750	325,282
EU-7	Institutions	787,659	764,847	738,940
EU-8	Secured by mortgages of immovable properties	942,174	738,556	692,217
EU-9	Retail exposures	3,815,812	3,852,177	3,737,015
EU-10	Corporate	2,318,256	2,260,046	2,250,563
EU-11	Exposures in default	130,237	159,275	208,660
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	2,593,710	2,423,683	2,302,313

5. Appendices

5.1. Appendix 1
Capital instruments main features templates

Table 13 – The main characteristics of the ordinary shares of NLB:

1	Issuer	NOVA LJUBLJANSKA BANKA d.d., Ljubljana
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	SI0021117344
3	Governing law(s) of the instrument	Slovenian law
Regulatory treatment		
4	Transitional CRR rules	Common Equity Tier 1
5	Post-transitional CRR rules	Common Equity Tier 1
6	Eligible at solo/ (sub-)consolidated/ solo&(sub-)consolidated	Solo and Consolidated
7	Instrument type (types to be specified by each jurisdiction)	Ordinary share
8	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	Paid up capital and related share premium: 1,071
9	Nominal amount of instrument	N/A – No par value shares (20,000,000 shares)
9a	Issue price	EUR 77.55
9b	Redemption price	N/A
10	Accounting classification	Shareholders' equity
11	Original date of issuance	18.12.2013
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	N/A
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
Coupons / dividends		
17	Fixed or floating dividend/coupon	N/A
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	N/A
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary
21	Existence of step up or other incentive to redeem	N/A
22	Noncumulative or cumulative	N/A
23	Convertible or non-convertible	N/A
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down features	N/A
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	First loss absorbent instrument, subordinated to all instruments
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A

N/A – not relevant for this instrument

The ordinary shares are fully included in the Common Equity Tier 1 capital of NLB Group as the only source. The shares meet all the conditions for inclusion in the capital as stated under the relevant provisions of CRR.

Table 14 – The main characteristics of the subordinated Tier 2 bonds issued by NLB:

1	Issuer	NOVA LJUBLJANSKA BANKA d.d., Ljubljana
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	SI0022103855
3	Governing law(s) of the instrument	Slovenian law
	Regulatory treatment	
4	Transitional CRR rules	Subordinated debt for inclusion in Tier 2 capital according to Article 63. of the CRR Regulation
5	Post-transitional CRR rules	Subordinated debt for inclusion in Tier 2 capital according to Article 63. of the CRR Regulation
6	Eligible at solo/ (sub-)consolidated/ solo&(sub-)consolidated	Solo and Consolidated
7	Instrument type (types to be specified by each jurisdiction)	Notes have the characteristics of subordinated debt for inclusion in Tier 2 capital according to Article 63. of the CRR Regulation
8	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	EUR 44,595,000
9	Nominal amount of instrument	EUR 45,000,000
9a	Issue price	99.1%
9b	Redemption price	100%
10	Accounting classification	financial liability
11	Original date of issuance	6.5.2019
12	Perpetual or dated	Dated
13	Original maturity date	6.5.2029
14	Issuer call subject to prior supervisory approval	The principal of the Notes cannot be prepaid upon demand of a Noteholder. No liability of the Issuer arising out of the Notes can be paid before the maturity of such liability, determined in accordance of Terms and Conditions of the Notes, except in the case of the Issuer's compulsory liquidation or bankruptcy or any other proceedings, the aim of which is compulsory winding-up of the Issuer. Provided that it obtains a permission of the competent authority referred to in Article 77. of the CRR Regulation for conducting redemption, repurchase, repayment or payment of the Notes, the Issuer may pay the principal of all the Notes (but not only some) together with the interest calculated until the date of redemption, in the following cases: (a) if the Issuer fails to obtain the approval of the European Central Bank for inclusion of the amount received by the Issuer as the paid-up amount or proceeds of the initial sale of the Notes (the Paid-Up Amount) in the calculation of its Tier 2 capital on or before 6 August 2019; (b) if the Notes are redeemed on the Fifth Anniversary; or (c) if, as a result of any change in, or amendment to, the laws or regulations or any change in the application or official interpretation of such laws or regulations which becomes effective after the Issue Date, there is a change in the tax treatment of the Notes due to which: (i) the Issuer becomes (or it becomes certain that on the next Interest Payment Date the Issuer will become) required to pay additional amounts as provided or referred to in Condition 6; or (ii) the Issuer ceases to be (or it becomes certain that on the next Interest Payment Date the Issuer will cease to be) entitled to treat the interest on the Notes as a tax deductible expense, either entirely or in a material part; or (iii) for other reasons the tax treatment of the Notes becomes more burdensome for the Issuer than on the Issue Date; or (d) if, due to a change in the conditions for inclusion of the Notes in the Tier 2 capital of the Issuer on individual and consolidated level, it becomes likely that the Paid-Up Amount, in whole or in part, will no longer qualify as Tier 2 capital of the Issuer on individual and consolidated level or will be re-classified as a lower quality form of capital.
15	Optional call date, contingent call dates and redemption amount	6.05.2024, optional call dates in case of regulatory call and tax call
16	Subsequent call dates, if applicable	N/A
	Coupons / dividends	
17	Fixed or floating dividend/coupon	Fixed (see line 18 for further details)
18	Coupon rate and any related index	Interest rate means annual interest rate, which amounts to: (i) before the Fifth Anniversary (however excluding the Fifth Anniversary), 4.2%; (ii) from and including the Fifth Anniversary, the sum of Reference Interest Rate, applicable on Interest Rate Determination Date, and Margin (4.159%)
19	Existence of a dividend stopper	N/A
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down features	N/A
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Claims from eligible liabilities instruments (Article 72(b) of the CRR)
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A

5.2. Appendix 2
List of all disclosures required under Part 8 of CRR

Art.	Requirement	Chapter	Page
436	**Scope of application**		
	(a) the name of the institution to which the requirements of this Regulation apply;	2	5
	(b) an outline of the differences in the basis of consolidation for accounting and prudential purposes, with a brief description of the entities therein, explaining whether they are: fully consolidated, proportionally consolidated, deducted from own funds, neither consolidated nor deducted;	2	5
	(c) any current or foreseen material practical or legal impediment to the prompt transfer of own funds or repayment of liabilities among the parent undertaking and its subsidiaries;	2	5
	(d) the aggregate amount by which the actual own funds are less than required in all subsidiaries not included in the consolidation, and the name or names of such subsidiaries;	2	5
	(e) if applicable, the circumstance of making use of the provisions laid down in Articles 7 and 9.	/	/
437	**Capital (Own funds)**		
	(a) a full reconciliation of CET1 items, AT1 items, Tier 2 items and filters and deductions applied pursuant to Articles 32 to 35, 36, 56, 66 and 79 to own funds of the institution and the balance sheet in the audited financial statements of the institution;	3.5	11
	(b) a description of the main features of the CET1 and AT1 instruments and T2 instruments issued by the institution;	3.3	10
	(c) the full terms and conditions of all CET1, AT1 and Tier 2 instruments;	3.3	10
	(d) separate disclosure of the nature and amounts of the following: (i) each prudential filter applied pursuant to Articles 32 to 35; (ii) each deduction made pursuant to Articles 36, 56 and 66; (iii) items not deducted in accordance with Articles 47, 48, 56, 66 and 79;	3.4	10
	(e) a description of all restrictions applied to the calculation of own funds in accordance with this Regulation and the instruments, prudential filters and deductions to which those restrictions apply;	3.4	10
	(f) where institutions disclose capital ratios calculated using elements of own funds determined on a basis other than that laid down in this Regulation, a comprehensive explanation of the basis on which those capital ratios are calculated.	/	/
438	**Capital requirements**		
	(a) a summary of the institution's approach to assessing the adequacy of its internal capital to support current and future activities;	/	/
	(b) upon demand of the relevant competent authority, the result of the institution's internal capital adequacy assessment process including the composition of the additional own funds requirements based on the supervisory review process as referred to in point (a) of Article 104(1) of Directive 2013/36/EU;	/	/
	(c) (SA approach:) for institutions calculating the risk-weighted exposure amounts in accordance with Chapter 2 of Part Three, Title II, 8% of the risk-weighted exposure amounts for each of the exposure classes specified in Article 112 (= SA categories);	3.2	9
	(d) (IRB approach:) for institutions calculating risk-weighted exposure amounts in accordance with Chapter 3 of Part Three, Title II, 8% of the risk-weighted exposure amounts for each of the exposure classes specified in Article 147. The institutions calculating the risk-weighted exposure amounts in accordance with Article 153(5) or Article 155(2) shall disclose the exposures assigned to each category in Table 1 of Article 153(5), or to each risk weight mentioned in Article 155(2);	/	/
	(e) (market risks:) own funds requirements calculated in accordance with points (b) and (c) of Article 92(3); (1) position risk; (2) large exposures exceeding the limits specified in Articles 395 to 401, to the extent an institution is permitted to exceed those limits; (3) foreign-exchange risk; (4) settlement risk; (5) commodities risk;	3.2	9
	(f) (operational risk:) own funds requirements calculated in accordance with Part Three, Title III, Chapters 2, 3 and 4 disclosed separately.	3.2	9

451	**Leverage**		
	(a) the leverage ratio and how the institution applies Article 499(2) and (3);	4	14
	(b) a breakdown of the total exposure measure, as well as a reconciliation of the total exposure measure with the relevant information disclosed in published financial statements;	4	14
	(c) where applicable, the amount of derecognised fiduciary items in accordance with Article 429(11);	/	/
	(d) a description of the processes used to manage the risk of excessive leverage;	4	14
	(e) a description of the factors that had an impact on the leverage ratio during the period to which the disclosed leverage ratio refers.	4	14
492	**Transitional provisions for disclosure of own funds**		
4	During the period from 1 January 2014 to 31 December 2021, institutions shall disclose the number of instruments that qualify as CET 1 instruments, AT1 instruments and Tier 2 instruments by virtue of applying Article 484 (capital instruments that are not eligible under new legislation, but can be gradually excluded).	3.4	10