



BOSNA I HERCEGOVINA  
FEDERACIJA BOSNE I HERCEGOVINE  
AGENCIJA ZA BANKARSTVO  
FEDERACIJE BOSNE I HERCEGOVINE

**INSTRUCTION**  
**for Completing Bank Reports on Interest Rate  
Risk in the Banking Book**

*Sarajevo, June 2024*

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Pursuant to Articles 5(1)(h) and 23(1)(d) of the Law on the Banking Agency of the Federation of Bosnia and Herzegovina („Official Gazette of the Federation of BiH“, number 75/17), Article 16(1)(k) of the Statute of the Banking Agency of the Federation of BiH („Official Gazette of the Federation of BiH“, number 03/18) and Article 4 of the Decision on Reports Banks Deliver to the Banking Agency of the Federation of Bosnia and Herzegovina According to the Standardised Regulatory Reporting Framework (COREP) („Official Gazette of the Federation of BiH“, number 41/24), the Director of the Banking Agency of the Federation of Bosnia and Herzegovina issued the following on June 26<sup>th</sup>, 2024

## **INSTRUCTION FOR COMPLETING BANK REPORTS ON INTEREST RATE RISK IN THE BANKING BOOK**

### **1. General Provisions**

- (1) This Instruction for Completing Bank Reports on Interest Rate Risk in the Banking Book (hereinafter: Instruction) prescribes the requirements which a bank must comply with when reporting to the Banking Agency of the Federation of Bosnia and Herzegovina (hereinafter: Agency) on interest rate risk in the banking book.
- (2) The terms used in this Instruction are defined in the Decision on the Management of Interest Rate Risk in the Banking Book (hereinafter: Decision).
- (3) The reporting referred to in paragraph (1) of this Article shall be carried out through the reporting templates as set out below:
  - a) J 01.00 - Evaluation of the IRRBB: Estimates of Economic Value of Equity (EVE)/Net Interest Income (NII) and Net Interest Income after Market Value (MV) Changes,
  - b) J 02.00 - Breakdown of Sensitivity Estimates,
  - c) J 05.00 - Estimating Cash Flows.
- (4) Banks shall complete the templates referred to in paragraph (3) of this Article on an aggregate basis in the reporting currency, regardless of the actual denomination of assets, liabilities and off-balance sheet items, by applying the middle exchange rate of the Central Bank of Bosnia and Herzegovina valid on the reporting date, and additionally for each individually material currency as defined in Article 2(1), point (g) of the Decision denominated in the reporting currency (BAM). For IRRBB management purposes, the treatment of BAM currency with a currency clause shall be equal to that of BAM currency.
- (5) For the purposes of this Instruction, and where separate information on options is requested, the following rules shall apply:
  - a) embedded options shall be reported together with their relevant instrument,
  - b) explicit options shall be reported separately to the instrument as derivatives (i.e. they shall not be reported together with the hedged instrument).
- (6) Generally, values shall be reported positively across the templates in thousands of BAM. Exceptions shall be the cases when, for example, the NII level is negative if the interest expenses are bigger than the interest incomes in the baseline scenario, or the case of derivatives where netted values need to be reported.
- (7) The changes ( $\Delta$ ) of EVE, NII and MV shall be reported with positive or negative values, depending on the variation. The change ( $\Delta$ ) shall be calculated as the difference between the EVE/NII/MV under the shock scenarios and baseline scenario. EVE (and MV) sensitivities of a specific asset or liability shall be reported as positive if the EVE (and MV) of that asset

or liability increases under a specific scenario. Similarly, NII sensitivities of a specific asset, or liability, shall be reported as positive when the interest income of that asset, or the interest expense of that liability, increases under a concrete scenario.

- (8) In data points in the reporting templates related to amounts, values shall be reported positively for assets and liabilities.
- (9) Greyed positions in the reporting templates shall not be filled out.
- (10) The Agency may request additional documentation, information and data by which the bank substantiates in greater detail the reporting data reported, which shall be provided to the Agency by the bank within a specific time limit.
- (11) All reporting templates shall be delivered to the Agency on an individual and consolidated basis, in accordance with regulations governing supervision on a consolidated basis.
- (12) The templates referred to in paragraph (3) of this Article shall form an integral part of this Instruction and shall be published on the official website of the Agency.

## 2. Instructions for Completing Templates

### 2.1 Template J 01.00 - Evaluation of the IRRBB: Estimates of Economic Value of Equity (EVE)/Net Interest Income (NII) and Net Interest Income after Market Value (MV) Changes

- (1) Template J 01.00 – Evaluation of the IRRBB: Estimates of Economic Value of Equity (EVE)/Net Interest Income (NII) and Net Interest Income after Market Value (MV) Changes (hereinafter: Template J 01.00) contains the levels and changes of economic value of equity (EVE and  $\Delta$ EVE) and levels and changes of net interest income (NII and  $\Delta$ NII), calculated as described in the Instruction on Application of the Standardised and Simplified Standardised Approach to Measuring Interest Rate Risk in the Banking Book (hereinafter: Instruction on Application), and also the level and changes of market value (MV) of instruments.
- (2) Template J 01.00 also contains information on the approach used in accordance with the Instruction on Application.
- (3) Instructions concerning specific positions:

Row	Instruction
0010-0090	<b><u>Economic value of equity</u></b> Economic value of equity (EVE) estimate calculated in accordance with the Decision and the Instruction on Application.
0010	<b><u><math>\Delta</math> EVE under worst scenario</u></b> The change of the EVE under the supervisory shock scenarios from the Decision and Chapter II.1 of the Instruction on Application causing the largest decline of EVE. The shock value with the worst outcome from the values reported in rows 0040 to 0090 shall be reported in this row.
0020	<b><u><math>\Delta</math> EVE ratio under worst scenario</u></b> The ratio of the value reported in row 0010 to the bank's Tier 1 capital.
0030-0090	<b><u>EVE under baseline and supervisory shock scenarios</u></b> EVE level under the baseline scenario and the changes of the EVE ( $\Delta$ EVE) under supervisory shock scenarios according to Article 16(2), point (a) of the Decision.
0030	<b><u>Level of EVE under baseline scenario</u></b> EVE level under the baseline interest rate scenario of the reference date.
0040	<b><u><math>\Delta</math> EVE under parallel shock up</u></b>

	The change of the EVE under the scenario specified in Article 14(4), point (a) of the Decision.
0050	<b><u>Δ EVE under parallel shock down</u></b> The change of the EVE under the scenario specified in Article 14(4), point (b) of the Decision.
0060	<b><u>Δ EVE under steepener shock</u></b> The change of the EVE under the scenario specified in Article 14(4), point (d) of the Decision.
0070	<b><u>Δ EVE under Flattener shock</u></b> The change of the EVE under the scenario specified in Article 14(4), point (c) of the Decision.
0080	<b><u>Δ EVE under Short Rates shock up</u></b> The change of the EVE under the scenario specified in Article 14(4), point (e) of the Decision.
0090	<b><u>Δ EVE under Short Rates shock down</u></b> The change of the EVE under the scenario specified in Article 14(4), point (f) of the Decision.
0100-0140	<b><u>Net interest income</u></b> Net interest income (NII) as defined in the Decision and the Instruction on Application. Banks shall consider the accounting treatment of hedging instruments and shall exclude the items specified in Article 5(2), point (a) of the Decision on Calculation of Bank Capital.
0100	<b><u>Δ NII under worst scenario</u></b> The change of the one-year NII under the supervisory shock scenarios from Article 16(2), point (b) of the Decision and Chapter II.2 of the Instruction on Application causing the largest decline of NII. The worst outcome from the values in rows 0130 to 0140 shall be reported in this row.
0110	<b><u>Δ NII ratio under worst scenario</u></b> The ratio of the value reported in row 0100 to the bank's Tier 1 capital.
0120-0140	<b><u>NII under baseline and supervisory shock scenarios</u></b> NII level under the baseline scenario and Δ NII under supervisory shock scenarios from Article 16(2), point (b) of the Decision.
0120	<b><u>Level of NII under baseline scenario</u></b> NII level under the baseline scenario as of the reference date.
0130	<b><u>ΔNII under parallel shock up</u></b> The change of the NII under the scenario specified in Article 14(2), point (a) of the Decision.
0140	<b><u>ΔNII under parallel shock down</u></b> The change of the NII under the scenario specified under Article 14(2), point (b) of the Decision.
0150-0170	<b><u>Market value changes of instrument</u></b> <b><u>Market value (MV) under baseline and supervisory shock scenarios</u></b> Forecasts of the market value changes (ΔMV) of fair valued instruments beyond the observation horizon of the net interest income can be reflected in the profit and loss account or directly in equity (via the statement of other comprehensive income). Banks shall report the net ΔMV, taking into account the effects of hedge accounting and excluding the effects of items specified in Article 5(2), point (a) of the Decision on Calculation of Bank Capital. The total size and composition of the amount of which the value is sensitive to ΔMV shall be maintained by replacing maturing instruments with new

	instruments that have comparable features (such as currency and nominal amount of the instruments).
0150	<b><u>Level of MV under baseline scenario</u></b> MV level under the baseline interest rate scenario as of the reference date.
0160	<b><u>ΔMV under Parallel shock up</u></b> The change of MV under the scenario specified in Article 14(2), point (a) of the Decision.
0170	<b><u>ΔMV under parallel shock down</u></b> The change of MV under the scenario specified in Article 14(2), point (b) of the Decision.
0180	<b><u>Other currencies: Parallel Shock</u></b> n/a
0190	<b><u>Other currencies: Short rate shock</u></b> n/a
0200	<b><u>Other currencies: Long rate shock</u></b> n/a

Column	Instruction
0010	<b><u>Amount</u></b> ΔEVE and ΔNII shall be reported both as ratios and amounts in the reporting currency (as specified in the instructions on rows).

## 2.2 Template J 02.00 - Breakdown of Sensitivity Estimates

- (1) Template J 02.00 - Breakdown of Sensitivity Estimates (hereinafter: Template J 02.00) details the sensitivities of the individual banking book positions to the supervisory outlier test, including behavioural and automatic options for specific balance sheet items.
- (2) Template J 02.00 shall be reported separately for each material currency defined in Article 2(1), point (g) of the Decision denominated in BAM and on an aggregate basis for all currencies denominated in BAM currency.
- (3) Instructions concerning specific positions:

Row	Instruction
0010	<p><b><u>Total Assets</u></b> Total interest rate-sensitive assets shall be reported in this row irrespective of their accounting treatment, as specified in Article 2 of the Instruction on Application. This row shall include:</p> <ul style="list-style-type: none"> <li>- Assets of Central Banks;</li> <li>- Deposits at other banks;</li> <li>- Loans and receivables;</li> <li>- Debt securities;</li> <li>- Derivatives of financial instruments used as hedging instruments for financial assets;</li> <li>- Other.</li> </ul> <p>These exposures shall be classified depending on the counterparty. Banks shall report exposures of assets which are not deducted from Tier 1 capital as defined under the Decision on Calculation of Bank Capital and excluding tangible assets such as real estate.</p>
0020	<b><u>Of which: due to automatic optionality</u></b>

	Contribution of embedded and explicit automatic options to the total interest rate-sensitive assets in the scope of the supervisory outlier test irrespective of their accounting treatment.
0030	<b><u>Central bank</u></b> The amount in reserve account at the Central Bank of Bosnia and Herzegovina that is sensitive to the interest rate shall be reported in this row.
0040	<b><u>Deposits at other banks</u></b> The amount of cash, demand deposits and term deposits held with other banks.
0050	<b><u>Loans and receivables</u></b> Debt instruments held by the bank that are not securities. This row shall not include exposures included in rows 0030 and 0040. This row is the sum of rows 0060-0080.
0060	<b><u>Of which: fixed rate</u></b> n/a
0070	<b><u>Of which: non-performing loans and receivables</u></b> n/a
0080	<b><u>Retail</u></b> Retail loans and other receivables as defined in Article 2(1), point (r) of the Decision. This row shall also include non-performing retail loans and receivables.
0090	<b><u>Of which: secured by residential real estate</u></b> n/a
0100	<b><u>Wholesale non-financial</u></b> Loans and other receivables from wholesale non-financial clients, as defined in Article 2(1), point (s) of the Decision. This row shall not include items included in row 0080.
0110	<b><u>Financial</u></b> Loans and other receivables from financial clients in accordance with the definition from Article 2 of the Decision on Liquidity Risk Management, except banks.
0120	<b><u>Debt securities</u></b> Debt securities held by the bank.
0130	<b><u>Of which: fixed rate</u></b> n/a
0140	<b><u>Derivative financial instruments used as hedging instrument for financial assets</u></b> Banks shall report in this row derivatives held to hedge the interest rate-sensitive assets, in accordance with the applicable accounting framework (hedge accounting).
0150	<b><u>Of which: fixed rate</u></b> n/a
0160	<b><u>Derivatives hedging debt securities positions</u></b> Derivatives for hedging debt securities positions.
0170	<b><u>Derivatives hedging other asset positions</u></b> Derivatives for hedging non-debt securities positions.
0180	<b><u>Other</u></b> Other interest rate-sensitive assets that cannot be classified in the rows available above.
0190	<b><u>Off-balance sheet assets</u></b>

	<p>Off-balance sheet assets listed in Annex I to the Decision on Calculation of Bank Capital which are sensitive to the interest rate.</p> <p>Approved credit lines shall be reported as a combination of a short and a long position. In approved credit lines the bank has a long position at the inception, i.e., after the commitment has arisen, and a short position when the loan is expected to be drawn. Long positions shall be reported as assets while short positions shall be reported as liabilities.</p>
0200	<p><b><u>Total liabilities</u></b></p> <p>Total interest rate-sensitive liabilities shall be reported in this row irrespective of their accounting treatment, as specified in Article 2 of the Instruction on Application. This row shall include:</p> <ul style="list-style-type: none"> <li>- Liabilities to Central Banks;</li> <li>- Deposits from banks;</li> <li>- Debt securities issued;</li> <li>- Non-maturity deposits;</li> <li>- Term deposits;</li> <li>- Derivative financial instruments used as hedging instruments for financial liabilities;</li> <li>- Other.</li> </ul>
0210	<p><b><u>Of which: due to automatic optionality</u></b></p> <p>Contribution of embedded and explicit automatic options to the total interest rate-sensitive liabilities in the scope of the supervisory outlier test irrespective of their accounting treatment.</p>
0220	<p><b><u>Central bank</u></b> n/a</p>
0230	<p><b><u>Deposits from banks</u></b></p> <p>The amount of received cash, demand deposits and term deposits from other banks.</p>
0240	<p><b><u>Debt securities issued</u></b></p> <p>Debt securities issued by the bank.</p>
0250 0280 0320 0360 0400 0430 0480	<p><b><u>Of which: fixed rate</u></b> n/a</p>
0260	<p><b><u>Of which: Additional Tier 1 and Tier 2</u></b> n/a</p>
0270	<p><b><u>Retail transactional non-maturity deposits</u></b></p> <p>Retail non-maturity deposits held in a transactional account as defined in Article 2(1), point (u) of the Decision. Retail transactional non-maturity deposits shall include non-interest-bearing and other retail accounts whose interest is not relevant in the client's decision to hold money in the account.</p>
0290 0330 0370	<p><b><u>Of which: core deposits</u></b></p> <p>Core deposit as defined in Article 2(1), point (x) of the Decision.</p> <p>Non-maturity deposits which are stable and unlikely to reprice even under significant changes of interest rate levels in the market.</p>
0300	<p><b><u>Of which: exempted from 5-year cap</u></b></p>



0340 0380	n/a
0310	<p><b><u>Retail non-transactional non-maturity deposits</u></b> Retail non-maturity deposits held in a non-transactional account as defined in Article 2(1), point (v) of the Decision.</p> <p>Other retail deposits which are not considered „retail transactional deposits“ shall be considered as deposits held in a non-transactional account.</p> <p>In particular, retail non-transactional deposits shall include retail accounts whose interest is relevant in the client’s decision to hold money in the account.</p>
0350	<p><b><u>Non-maturity wholesale non-financial</u></b> Non-maturity wholesale non-financial deposits as defined in Article 2(1), point (t) of the Decision.</p>
0390	<p><b><u>Non-maturity financial</u></b> Non-maturity deposits from financial clients.</p>
0410	<p><b><u>Of which: operational deposits</u></b> Non-maturity deposits that classify as operational deposits according to Article 12(1) of the Instruction on the Manner of Application of the Provisions of the Decision on Liquidity Risk Management in Banks on LCR Calculation and Maintenance.</p>
0420	<p><b><u>Term deposits</u></b> Deposits which the depositor is not allowed to withdraw before an agreed maturity. This row shall not include the deposits reported in row 0230.</p>
0440	<p><b><u>Retail</u></b> Retail term deposits shall be reported in this row.</p>
0450	<p><b><u>Wholesale non-financial</u></b> Term deposits from wholesale non-financial clients.</p>
0460	<p><b><u>Financial</u></b> Term deposits from financial clients except banks.</p>
0470	<p><b><u>Derivative financial instruments used as hedging instrument for financial liabilities</u></b> Banks shall report in this row the derivative financial instruments held to hedge the interest rate-sensitive liabilities, in accordance with the applicable accounting framework (hedge accounting).</p>
0490	<p><b><u>Derivatives hedging debt securities positions</u></b> Derivatives for hedging liabilities positions which are debt securities.</p>
0500	<p><b><u>Derivatives hedging other liabilities positions</u></b> Derivatives for hedging liabilities positions which are not debt securities.</p>
0510	<p><b><u>Other</u></b> Other interest rate-sensitive liabilities that were not classified in the rows above shall be reported in this row.</p>
0520	<p><b><u>Off-balance sheet liabilities</u></b> Off-balance sheet liabilities shall include products such as interest rate-sensitive loan commitments.</p> <p>Contingent liabilities shall be reported as a combination of a short and a long position. Specifically, in case the bank has a credit line agreed with other banks, the bank has a long position when the loan is expected to be drawn and a short position at the opening date of the credit line.</p> <p>Long positions shall be reported as assets while short positions shall be reported as a liability. Only the contingent liabilities shall be reported in this row.</p>

0530	<b><u>Other derivatives (Net asset/liability)</u></b> Interest rate derivatives not designed as accounting hedges such as economic interest rate hedges.
0540-0640	<b><u>MEMORANDUM ITEMS</u></b>
0540	<b><u>Net Derivatives</u></b> Net contribution of all interest rate derivatives in the banking book, i.e., derivatives from rows 0140, 0470 and 0530.
0550	<b><u>Net interest rate positions without derivatives</u></b> All the interest rate sensitive instruments in the banking book, including off-balance sheet positions and excluding interest rate derivatives.
0560	<b><u>Net interest rate positions with derivatives</u></b> All the interest rate sensitive instruments in the banking book, including off-balance sheet positions and interest rate derivatives.
0570	<b><u>Total Assets with MV impact</u></b> Total assets where market value changes of the instrument are relevant for profit or loss or equity, excluding derivatives reported under row 0530.
0580	<b><u>Debt securities</u></b> Debt securities where market value changes of the instrument are relevant for profit or loss or equity. It includes debt securities at fair value and debt securities at amortised cost, with a hedging instrument that may qualify as hedge accounting.
0590	<b><u>Derivatives</u></b> Derivatives that may qualify as hedge accounting shall be reported in this row, excluding those derivatives that hedge cash flows of amortised cost instruments.
0600	<b><u>Other</u></b> Other assets at fair value, together with other assets at amortised cost, but with a hedging instrument at fair value.
0610	<b><u>Total Liabilities with MV impact</u></b> Total liabilities where market value changes are relevant for profit or loss or equity, excluding hedge derivatives reported under row 0530.
0620	<b><u>Debt securities issued</u></b> Debt securities issued as securities by the bank and where market value change is relevant for profit or loss or equity.
0630	<b><u>Derivatives</u></b> Derivatives hedging liabilities that may qualify as hedge accounting, excluding those derivatives that hedge cash flows of amortised cost instruments.
0640	<b><u>Other</u></b> Other liabilities at fair value, together with other liabilities at amortised cost, but with a hedging instrument at fair value.

<b>Column s</b>	<b>Instruction</b>
0010	<b><u>Amount</u></b> Entails carrying amount of related interest rate sensitive instruments.
0020	<b><u>Duration</u></b> n/a

0030-0090	<b><u>Economic value of equity (EVE)</u></b> Banks shall follow the same instructions as described in related rows of Template J 01.00 {r0010-r0090}.
0030	<b><u>Level of EVE - Baseline scenario</u></b> Banks shall follow the same instructions as described in related rows of Template J 01.00 {r0030}.
0040	<b><u>ΔEVE - Parallel shock up</u></b> Banks shall follow the same instructions as described in related rows of Template J 01.00 {r0040}.
0050	<b><u>ΔEVE - Parallel shock down</u></b> Banks shall follow the same instructions as described in related rows of Template J 01.00 {r0050}.
0060	<b><u>ΔEVE - Steepener shock</u></b> Banks shall follow the same instructions as described in related rows of Template J 01.00 {r0060}.
0070	<b><u>ΔEVE - Flattener shock</u></b> Banks shall follow the same instructions as described in related rows of Template J 01.00 {r0070}.
0080	<b><u>ΔEVE - Short rates shock up</u></b> Banks shall follow the same instructions as described in related rows of Template J 01.00 {r0080}.
0090	<b><u>ΔEVE - Short rates shock down</u></b> Banks shall follow the same instructions as described in related rows of Template J 01.00 {r0090}.
0100-0120	<b><u>Net Interest Income</u></b> Banks shall follow the same instructions as described in related rows of Template J 01.00 {r0100-r0140}.
0100	<b><u>Level of NII - Baseline scenario</u></b> Banks shall follow the same instructions as described in related rows of Template J 01.00 {r0120}.
0110	<b><u>ΔNII - Parallel shock up</u></b> Banks shall follow the same instructions as described in related rows of Template J 01.00 {r0130}.
0120	<b><u>ΔNII - Parallel shock down</u></b> Banks shall follow the same instructions as described in related rows of Template J 01.00 {r0140}.
0130-0150	<b><u>Market Value</u></b> Banks shall follow the same instructions as described in related rows of Template J 01.00 {r0150-r0170}.
0130	<b><u>Level of MV - Baseline scenario</u></b> Banks shall follow the same instructions as described in related rows of Template J 01.00 {r0150}.
0140	<b><u>ΔMV - Parallel shock up</u></b> Banks shall follow the same instructions as described in related rows of Template J 01.00 {r0160}.
0150	<b><u>ΔMV - Parallel shock down</u></b> Banks shall follow the same instructions as described in related rows of Template J 01.00 {r0170}.

## 2.3 Template J 05.00 - Estimating Cash Flows

- (1) Template J 05.00 - Estimating Cash Flows contains detailed information on the estimated cash flows for the individual banking book instruments included in Template J 02.00 – Breakdown of Sensitivity Estimates for EVE calculation purposes. The template concerned considers the requirements and modelling assumptions under the baseline scenario, including behavioural assumptions and disregarding automatic options. The instructions for the rows shall be the same as described in Chapter 2 of this Instruction.
- (2) The template referred to in paragraph (1) of this Chapter shall be reported for each material currency defined in Article 2(1), point (g) of the Decision denominated in BAM and on an aggregate basis for all currencies denominated in BAM currency. Exposures in BAM with a currency clause shall be reported with exposures in BAM currency.
- (3) In the case of derivatives, banks shall report the net amounts of estimated cash flows (i.e., not broken down by receiver/payer legs). For derivatives hedging assets, the long leg (receiver/asset) of the derivatives shall be reported with a positive sign while the short leg (payer/liability) shall be reported with a negative sign when computing the net amounts per time bucket. Exceptions to this rule shall apply for the case of receiver coupon's fixed in negative interest rate environment, which shall be reported with a negative sign even if part of the long leg. The opposite applies to derivatives hedging liabilities: the long leg (receiver/asset) shall be reported with a negative sign, while the short leg (payer/liability) shall be reported with a positive sign when computing the net estimated cash flows.
- (4) Instructions concerning specific positions:

Column	Instruction
0010-0250	<p><b><u>Fixed rate</u></b> Banks shall report in these columns estimated cash flows under the baseline scenario related to fixed rate instruments and cash flows from interest rate margin of floating rate instruments.</p>
0260-0390	<p><b><u>Floating rate</u></b> Banks shall report in these columns estimated cash flows under the baseline scenario related to floating rate instruments, excluding margin.</p>
0010 0260	<p><b><u>Amount</u></b> Banks shall report in these columns the outstanding principal amount of related interest rate sensitive instrument at the reporting date. In the case of derivatives, the receiver leg shall be reported in this position.</p>
0020 0270	<p><b><u>% With embedded or explicit automatic optionality – bought</u></b> Percentage of the amount reported in columns 0010 and 0260 for bought automatic options. The optionality can arise from standalone instruments by the bank (including floors, caps and swaptions) or be „embedded“ within the contractual terms of other standard banking products. Embedded automatic interest rate options shall be reported together with its relevant host instrument (either asset or liability). Explicit automatic interest rate options shall be reported as derivatives.</p> <p>Embedded automatic bought options shall include:</p> <ol style="list-style-type: none"> <li>a) in case of floating rate positions: <ol style="list-style-type: none"> <li>1. bought floors over floating rate assets (loans or debt securities);</li> <li>2. bought caps over floating rate debt securities issued etc.</li> </ol> </li> <li>b) in case of fixed rate positions: <ol style="list-style-type: none"> <li>1. fixed rate debt securities (assets) with a prepayment option for the bank;</li> </ol> </li> </ol>

	<p>2. fixed rate debt securities issued with a prepayment option for the bank.</p> <p>Explicit automatic bought options are derivatives which shall include:</p> <ol style="list-style-type: none"> <li>explicit bought floors;</li> <li>explicit bought swaption payers where the bank has the right to enter into an Interest Rate Swap paying fixed receiving variable;</li> <li>explicit bought caps;</li> <li>explicit bought swaption receivers where the bank has the right to enter into an Interest Rate Swap receiving fixed paying variable.</li> </ol>
0030 0280	<p><b><u>% With embedded or explicit automatic optionality - sold</u></b></p> <p>Percentage of the amount reported in columns 0010 and 0260 related to sold automatic interest rate options.</p> <p>The optionality can arise from standalone instruments sold by the bank (including floors, caps and swaptions) or be „embedded“ within the contractual terms of other standard banking products.</p> <p>Embedded automatic interest rate options shall be reported together with its relevant host instrument (either asset or liability).</p> <p>Explicit automatic interest rate options shall be reported as derivative.</p> <p>Embedded automatic sold interest rate options shall include:</p> <ol style="list-style-type: none"> <li>in case of floating rate positions: <ol style="list-style-type: none"> <li>sold caps over floating rate assets (loans and debt securities);</li> <li>sold floors over floating rate debt securities issued etc.</li> </ol> </li> <li>in case of fixed rate positions: <ol style="list-style-type: none"> <li>fixed rate debt securities with a prepayment option for the issuer;</li> <li>sold floors for non-maturity deposits and term deposits;</li> <li>fixed rate debt securities issued with a prepayment option.</li> </ol> </li> </ol> <p>Explicit automatic sold options are derivatives which shall include:</p> <ol style="list-style-type: none"> <li>explicit sold caps;</li> <li>explicit sold swaption receivers where the bank has the obligation to enter into an Interest Rate Swaps paying fixed receiving variable;</li> <li>explicit sold floors;</li> <li>explicit sold swaption payers where the bank has the obligation to enter into an Interest Rate Swaps receiving fixed paying variable.</li> </ol>
0040 0290	<p><b><u>% Subject to behavioural modelling</u></b></p> <p>Percentage of the amount reported in columns 0010 and 0260, subject to behavioural modelling, for which the timing or amount of the cash flows depend on the behaviour of customers.</p>
0050 0300	<p><b><u>Weighted average interest rate</u></b></p> <p>Average interest rate on an annual basis weighted by principal amount of the instrument.</p>
0060 0310	<p><b><u>Weighted average maturity (contractual)</u></b></p> <p>Average contractual maturity measured in years weighted by the principal amount of instrument.</p>
0070- 0250 0320- 0390	<p><b><u>Time buckets</u></b></p> <p>Banks shall report in these columns all future cash flows under the baseline scenario arising from the interest rate-sensitive instruments depending on the date of their actual or modelled maturity.</p>

	<p>Automatic interest rate options, whether embedded or explicit, shall not be reported together with their host instrument, i.e., they shall be ignored at the cash flow slotting.</p> <p>Derivatives which are not automatic options shall be converted into positions in the relevant underlying instrument and split into paying and receiving positions (short and long positions). The amount shall be principal amount of the underlying or of the notional instrument. Futures and forward contracts, including forward rate agreements, shall be treated as a combination of short and long positions.</p> <p>When reporting derivatives which are not automatic interest rate options, the bank shall consider paragraph (3) of Chapter 2.3 of this Instruction.</p>
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### **3. Transitional and Final Provisions**

- (1) Banks shall deliver their initial reports in accordance with the provisions of this Instruction at the reporting date of 30 June 2025.
- (2) Instruction for Completing Bank Reports on Interest Rate Risk in the Banking Book number: 01-173/21, dated 18 January 2021, shall cease to apply as of the date of the start of application of this Instruction.
- (3) This Instruction shall enter into force on the day of its issuance and shall be published on the official website of the Agency, but it shall apply as of 30 June 2025.

**Number: 01-3350/24**  
**Sarajevo, June 26<sup>th</sup>, 2024**

**DIRECTOR**

**Jasmin Mahmuzic**