UniCredit Bank

Disclosures of UniCredit Group Slovenia for the 1Q 2021

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Disclosures of Unicredit Group Slovenia for the 1Q 2021 are prepared in accordance with the requirements of Capital Requirements Regulation – CRR (Regulation (EU) no 575/2013 of the European parliament and of the Council of 26th June 2013 on prudential requirements for credit institutions and investment firms and amending regulation (EU) no 648/2012) and CRR2 (Regulation (EU) 2019/876 of the European Parliament and of the Council of 20th May 2019).

Disclosures are based on Consolidated level which consists of UniCredit Banka Slovenija d.d. and UniCredit Leasing, leasing, d.o.o..

Disclosures were approved by the Management Board of the Bank.

All amounts are in thousands of EUR, unless otherwise stated. Zero values refers to amounts lower than 500 euros.

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Measures issued in the context of the Covid-19 outbreak, provided by the European regulatory authorities and National Member States

During the first quarter 2020, the Governing Council of the European Central Bank (ECB) has decided a number of measures to ensure that its directly supervised banks can continue to fulfil their role in funding the real economy given the economic effects of the Covid-19.

As well, the European Banking Authority (EBA) issued several statements to explain a number of interpretative aspects on the functioning of the prudential framework in relation to the classification of loans in default, the identification of forborne exposures, and their accounting treatment. These clarifications help ensure consistency and comparability in risk metrics across the whole EU banking sector, which are crucial to monitor the effects of the current crisis.

For Slovenia the following National measures are relevant and could have potential impact on reported figures:

- The first legislative moratorium, passed by end of March 2020, required banks to provide moratorium to retail and corporate customers was passed by end of March 2020.
  The Act applies to:
  (i) banks and savings banks with seat in Slovenia and Slovenian branches of EU banks, on the lenders' side;
  (ii) companies, co-operatives, foundations, institutes (all with seat in Slovenia), sole entrepreneurs, farmers, natural persons (all if Slovenian citizens residing in Slovenia), on the borrowers' side. Debtors may apply for deferral of instalments, including accrued interests, during the period of pandemic which officially started as of 12 March 2020. Expiration date for application is 15.11.2020.

- The second legislative moratorium published as of the end of November 2020 extends the date for application until 31 January 2021 and also includes changes in beneficiaries of the moratoria where natural non-citizens persons with permanent residence in Republic of Slovenia were included.
  The State Guarantee is applicable also for this legislative moratorium with the limit of €200 million which remains unchanged and applies jointly for both legislative moratoriums.

- The third legislative moratorium published in the end of December 2020 states that all moratoria granted under the second law are limited to period of 9 months (in the second law the expiration date was 31 January 2021) whereas other requirements from the second and the first law remain unchanged.

- All private moratoria and legislative which are not meeting EBA guidelines are marked as forborne.

- Due to the influence and consequences of the COVID-19 epidemic on the economy and financial system, with the goal of increasing resistance of the financial system to financial shocks, of maintaining financial stability and preventing the occurrence of interruptions the Bank of Slovenia adopted the Decision on macro prudential limitation of distribution of banks' profits which temporarily restricts the distribution of banks' profits. The Decision entered into force on 27th February 2021, it shall apply from 10th April 2021. With the entry into force of the Decision, the Decision published in 2020 expires.
  The measure is temporary and it will be in force till 30th September 2021. Whereby in case of significant decrease of risks the Bank of Slovenia can revoke the measure early or in case of increased risk it can extend its validity.

  During the period of validity of the Decision the bank profit can be distributed, if the Net bank profit for first quarter 2021 is positive, however it should not exceed the lower of the following conditions:
    a) 15% of accumulated profit on a bank solo level in years 2019 and 2020 or
    b) 0,2% of Common Equity Tier 1 ratio on a bank solo level as of 31st December 2020.

Capital Instruments and Common Equity Tier 1 (According to Article 437)

Common Equity Tier 1

Common Equity Tier 1 capital: instruments and reserves		
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	291,267
Common Equity Tier 1 (CET1) capital: regulatory adjustments		
28	Total regulatory adjustments to Common equity Tier 1 (CET1)	- 7,811
29	Common Equity Tier 1 (CET1) capital	283,456
Additional Tier 1 (AT1) capital: instruments		
36	Additional Tier 1 (AT1) capital: regulatory adjustments	-
Additional Tier 1 (AT1) capital: regulatory adjustments		
43	Total regulatory adjustments to Additional Tier 1 (AT1) capital	-
44	Additional Tier (AT1) capital	-
45	Tier 1 capital (AT1 = CET1 + AT1)	283,456
Tier 2 (T2) capital: instruments and provisions		
51	Tier 2 (T2) capital before regulatory adjustments	4,153
Tier 2 (T2) capital: regulatory adjustments		
57	Total regulatory adjustments to Tier 2 (T2) capital	-
58	Tier 2 (T2) capital	4,153
59	Total capital (TC = T1 + T2)	287,609
Capital ratios and buffers		
61	Common Equity Tier 1 (as a percentage of risk exposure amount)	18.07%
62	Tier 1 (as a percentage of risk exposure amount)	18.07%
63	Total capital (as a percentage of risk exposure amount)	18.33%

In September 2020 Unicredit Group Slovenia applied IFRS9 transitional arrangements in the Own funds calculation, which positively impacted on capital ratios. In case the transitional adjustments were not applied, the fully loaded total capital ratio for March 2021 would stand at 18.29%, so -4bps lower than transitional one.

Template 4: EU OV1 – Overview of RWAs

CAPITAL REQUIREMENTS (Article 438)

Purpose: Provide an overview of total RWA forming the denominator of the risk-based capital requirements calculated in accordance with Article 92 of the CRR. Further breakdowns of RWAs are presented in subsequent parts of these guidelines.

		RWAs		Minimum capital requirements
		31.03.2021	31.12.2020	31.03.2021
1	Credit risk (excluding CCR)	1,444,574	1,341,074	115,566
2	Of which the standardised approach	769,239	774,986	61,539
3	Of which the foundation IRB (FIRB) approach	627,413	508,359	50,193
4	Of which the advanced IRB (AIRB) approach	41,177	51,052	3,294
5	Of which equity IRB under the simple risk-weighted approach or the IMA	6,745	6,678	540
6	CCR	17,630	12,979	1,410
7	Of which mark to market	17,630	12,979	1,410
8	Of which original exposure	-	-	-
9	Of which the standardised approach	-	-	-
10	Of which internal model method (IMM)	-	-	-
11	Of which: Financial collateral simple method (for SFTs)	-	-	-
12	Of which: Financial collateral comprehensive method (for SFTs)	-	-	-
13	Of which: VaR for SFTs	-	-	-
14	Of which risk exposure amount for contributions to the default fund of a CCP	-	-	-
15	Of which CVA	-	-	-
16	Settlement risk	-	-	-
17	Securitisation exposures in the banking book (after the cap)	-	-	-
18	Of which IRB approach	-	-	-
19	Of which IRB supervisory formula approach (SFA)	-	-	-
20	Of which internal assessment approach (IAA)	-	-	-
21	Of which standardised approach	-	-	-
22	Market risk	758	457	61
23	Of which the standardised approach	758	457	61
24	Of which IMA	-	-	-
25	Large exposures	-	-	-
26	Operational risk	103,886	103,757	8,311
27	Of which basic indicator approach	-	-	-
28	Of which standardised approach	12,014	12,014	961
29	Of which advanced measurement approach	91,872	91,743	7,350
30	Amounts below the thresholds for deduction (subject to 250% risk weight)	2,013	2,013	161
31	Floor adjustment	-	-	-
32	Other calculation elements	170	239	14
33	**Total**	**1,569,032**	**1,460,518**	**125,523**

Credit risk RWA increased compared to 4Q20 mainly due to increase of RWA on IRB approach (driven by new business volume), while RWA on STA approach slightly decreased (lower exposure). Market risk and Operational risk RWA remained stable in 1Q21.

Template 23: EU CR8 – RWA flow statements of credit risk exposures under the IRB approach

CAPITAL REQUIREMENTS (Article 438)

Purpose: Present a flow statement explaining variations in the credit RWAs of exposures for which the riskweighted amount is determined in accordance with Part Three, Title II, Chapter 3 of the CRR and the corresponding capital requirement as specified in Article 92(3)(a).

		a	b
		RWA amounts	Capital requirements
1	**RWAs as at the end of the previous reporting period (31.12.2020)**	**566,088**	**45,287**
2	Asset size	92,341	8,625
3	Asset quality	1,430	114
4	Model updates		
5	Methodology and policy		
6	Acquisitions and disposals		
7	Foreign exchange movements		
8	Other	15,476	1,238
9	**RWAs as at the end of the reporting period (31.3.2021)**	**675,335**	**54,027**

Table LRCom: Leverage ratio common disclosure

LEVERAGE (Article 451)

		CRR leverage ratio exposures
Capital and total exposure measure		
20	**Tier 1 capital**	**283,456**
21	**Leverage ratio total exposure measure (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)**	**2,851,901**
Leverage ratio		
22	**Leverage ratio**	**9.9%**
Choice on transitional arrangements and amount of derecognised fiduciary items		
EU-23	Choice on transitional arrangements for the definition of the capital measure	Transitional

In September 2020, exposures to the central bank were excluded from the leverage ratio calculation according to the article 500b of Regulation (EU) 2020/873 and also transitional Tier 1 capital was used in the calculation. The same approach is taken into account also in March 2021. If the central bank exposure is added back and fully loaded Tier 1 capital is used, the leverage ratio for March 2021 would be 8.13%.