UniCredit Bank

Disclosures of UniCredit Group Slovenia for the year 2020

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Disclosures of UniCredit Group Slovenia for the year 2020 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 stated otherwise. Zero values refers to amounts lower than 500 euros.

Table of Content

Measures issued in the context of the Covid-19 outbreak, provided by the European regulatory authorities and National Member States **5**

437 Capital **6**

(EBA Guidelines EBA/GL/2016/11, paragraph 67)
Annex II
Annex IV/VI

438 Capital requirements **9**

(EBA Guidelines EBA/GL/2016/11, paragraph 68)
EU OV1 (paragraph 69)
EU CR10 (paragraph 70)
EU CR8 (paragraph 109)

440 Capital buffers **12**

(EBA Guidelines EBA/GL/2016/11, paragraph 72)
Annex I Table 1
Annex I Table 2

442 Credit Risk **14**

(EBA Guidelines EBA/GL/2016/11, paragraph 74)
EU CRB-A (paragraph 76)
EU CRB-B (paragraph 77)
EU CRB-C (paragraph 78)
EU CRB-D (paragraph 79-81)
EU CRB-E (paragraph 82-83)
EU CR1-A (paragraph 84-89)
EU CR1-B (paragraph 84-89)
EU CR1-C (paragraph 84-89)
Template 1: Credit quality of forborne exposures (EBA/GL/2018/10)
Template 3: Credit quality of performing and non-performing exposures by past due days (EBA/GL/2018/10)
Template 4: Performing and non-performing exposures and related provisions (EBA/GL/2018/10)
Template 9: Collateral obtained by taking possession and execution processes (EBA/GL/2018/10)
Template 1: Information on loans and advances subject to legislative and non-legislative moratoria (EBA/GL/2020/07)
Template 2: Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria (EBA/GL/2020/07)
Template 3: Information on newly originated loans and advances provided under newly applicablepublic guarantee schemes introduced in response to COVID-19 crisis (EBA/GL/2020/07)
EU CR2-A (paragraph 91-92)
EU CR2-B (paragraph 91-92)

450 Remuneration and incentive systems practices **31**

(EBA Guidelines EBA/GL/2016/11, paragraph 133)
Qualitative disclosures
Quantitative disclosures

451 Leverage ratio 35

(EBA Guidelines EBA/GL/2016/11, paragraph 134)
Table LRSum
Table LRCom
Table LRSpl
Table LRQua

453 Credit risk mitigation 39

(EBA Guidelines EBA/GL/2016/11, paragraph 93, 94, 98, 99, 108)
EU CRC (paragraph 93)
EU CR3 (paragraph 94)
EU CR4 (paragraph 98-99)

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 moratoria (legislative or private) are subject to forbearance measures in line with EBA guidelines.

- 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)

CAPITAL (Article 437)

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

The table shows details of the main features of common equity instruments. Common shares are fully included in the common equity Tier 1 of the UniCredit Slovenia Group. The shares meet all the conditions for inclusion in the capital as stated in accordance with the relevant CRR provisions.

	Main Features of Capital Instruments	
1	Issuer	UniCredit Banka Slovenija d.d.
2	Unique identifier	SI0021108749
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 (sub)consolidated
7	Instrument type	Common shares - Art. 26 CRR
8	Amount recognised in regulatory capital (currency in million)	128,143
9	Nominal amount of instrument	20,384
9a	Issue price	0,00417 EUR/per share
9b	Redemption price	N/A
10	Accounting classification	Shareholders' equity
11	Original date of issuance	28.12.1999 28.02.2006 21.09.2007
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	Fix or floating dividend/coupon	N/A
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	No
20a	Full discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary
20b	Full discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary
21	Existance of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Noncumulative
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	No
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 hiearchy in liquidation (specify instrument type immediately senior to instument)	N/A
36	Non-compliant transitioned features	No
37	If yes, specifiy non-compliant features	N/A

where question was not applicable, N/A was inserted

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

CAPITAL (Article 437)

Purpose: Accounting and Regulatory Balance Sheet reconciliation, with cross-reference to Transitional Own Funds items

At the end of December 2020, the own funds of the UniCredit Slovenija Group consisted of Common Equity Tier 1 and additional Tier 2 capital. The Common Equity Tier 1 consists of ordinary shares of the parent company UniCredit Banka Slovenije, while the additional capital consists of credit risk adjustments related to the use of the IRB approach for calculating capital requirements for credit risk.

The table below shows the reconciliation of balance sheets and regulatory balances, together with the consideration of capital items linked to the Transitional Own funds items. The basis for the calculation of own funds and capital ratios are the statements of the UniCredit Slovenia Group taking into account regulatory consolidation. Own Funds consists mainly of elements of the capital of the statement of financial position (not all elements and not in full), and is further reduced by deductible items and credit filters.

Common Equity Tier 1 capital: instruments and reserves		
1	Capital instruments and the related share premium accounts	128.143
	of which: common shares	20.384
2	Retained earnings	26.677
3	Accumulated other comprehensive income (and other reserves)	136.041
3a	Funds for general banking risk	-
4	Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1	-
5	Minority interests (amount allowed in consolidated CET1)	-
5a	Independently reviewed interim profits net of any foreseeable charge or dividend	-
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**290.862**
Common Equity Tier 1 (CET1) capital: regulatory adjustments		
7	Additional value adjustments (negative amount)	- 46
8	Intangible assets (net of related tax liability) (negative amount)	- 8.639
9	Transitional adjustment related to IFRS9	976
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	-
11	Fair value reserves related to gains or losses on cash flow hedges	-
12	Negative amounts resulting from the calculation of expected loss amounts	- 20
13	Any increase in equity that results from securitised assets (negative amount)	-
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-
15	Defined-benefit pension fund assets (negative amount)	-
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	-
17	Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own finds of the institution (negative amount)	-
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)	-
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)	-
20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	-
21	Deferred tax assets arising from temporary differences (amount above the 10% threshold, net of related tax liability where the conditions in 38(3) are met) (negative amount)	-
22	Amount exceeding the 15% threshold (negative amount)	-
25a	Losses for the current financial year (negative amount)	-
25b	Foreseeable tax charges relating to CET1 items (negative amount)	-
26	Regulatory adjustments applied to Common Equity Tier 1 in respect of amounts subject to pre-CRR treatment	-
26a	Regulatory adjustments relating to unrealised gains and losses pursuant to Articles 467 and 468	-
26b	Amount to be deducted from or added to Common Equity Tier 1 capital with regard to additional filters and deductions required pre CRR	- 1.314
27	Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)	-
28	**Total regulatory adjustments to Common equity Tier 1 (CET1)**	**- 9.043**
29	**Common Equity Tier 1 (CET1) capital**	**281.819**
Additional Tier 1 (AT1) capital: instruments		
36	**Additional Tier 1 (AT1) capital before 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)**	**281.819**
Tier 2 (T2) capital: instruments and provisions		
46	Capital instruments and the related share premium accounts	-
47	Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2	-
	Public sector capital injections grandfathered until 1 January 2018	-
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	-
49	of which: instruments issued by subsidiaries subject to phase out	-
50	Credit risk adjustments	3.468
51	**Tier 2 (T2) capital before regulatory adjustments**	**3.468**

Tier 2 (T2) capital: regulatory adjustments		
52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-
53	Holdings of T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own finds of the institution (negative amount)	-
54	Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)	-
54a	Of which new holdings not subject to transitional arrangements	-
54b	Of which holdings existing before 1 January 2013 and subject to transitional arrangements	-
55	Direct and indirect holdings by the institution of the T2 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-
56	Regulatory adjustments applied to Tier 2 in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)	-
56a	Residual amounts deducted from Tier 2 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No 575/2013	-
56b	Residual amounts deducted from Tier 2 capital with regard to deduction from Additional Tier 1 capital during the transitional period pursuant to article 475 of Regulation (EU) No 575/2013	-
56c	Amount to be deducted from or added to Tier 2 capital with regard to additional filters and deductions required pre-CRR	-
57	**Total regulatory adjustments to Tier 2 (T2) capital**	**-**
58	**Tier 2 (T2) capital**	**3.468**
59	**Total capital (TC = T1 + T2)**	**285.287**
59a	Risk weighted assets in respects of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)	1.458.506
	Of which: ... items not deducted from CET1 (Regulation (EU) No 575/2013 residual amounts) (items to be detailed line by line, e.g. deferred tax assets that rely on future profitability net of related tax liability, indirect holdings of own CET1, etc.)	2.013
	Of which: ... items not deducted from AT1 (Regulation (EU) No 575/2013 residual amounts) (items to be detailed line by line, e.g. deferred tax assets that rely on future profitability net of related tax liability, indirect holdings of own CET1, etc.)	-
	Items not deducted from T2 items (Regulation (EU) No 575/2013 residual amounts) (items to be detailed line by line e.g. indirect holdings of own T2 instruments, indirect holdings of non-significant investments in the capital of other financial sector entities, indirect holdings of significant investments in the capital of other financial sector entities etc.)	-
60	**Total risk weighted assets**	**1.460.518**
Capital ratios and buffers		
61	**Common Equity Tier 1 (as a percentage of risk exposure amount)**	**19,30%**
62	**Tier 1 (as a percentage of risk exposure amount)**	**19,30%**
63	**Total capital (as a percentage of risk exposure amount)**	**19,53%**
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 the systemically important institution buffer (G-SII or O-SII buffer), expressed as a percentage of risk exposure amount)	7,2501%
65	of which: capital conservation buffer requirement	2,50%
66	of which: countercyclical buffer requirement	0,0001%
67	of which: systemic risk buffer requirement	0,0%
67a	of which: Globally Systemically Important Instution (G-SII) or Other Systemically Important Institution(O-SII) buffer	0,25%
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	14,80%
Amounts below the thresholds for deduction (before risk weighting)		
72	Direct and indirect holdings of the capital of the financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions)	-
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 the net of eligible short positions)	-
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)	-
Applicable caps on the inclusion of the 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)	-
77	Cap on inclusion of credit risk adjustment in T2 under standardised approach	-
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	-
79	Cap on inclusion of credit risk adjustment in T2 under internal ratings-based approach	-
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	-
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-
82	Current cap on AT1 instruments subject to phase out arrangements	-
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-
84	Current cap on T2 instruments subject to phase out arrangements	-
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-

In December 2020 Unicredit Group Slovenia applied new treatment of software assets in the Own funds calculation in line with Regulation EU 2019/876, which increased capital by EUR +5.4m. On the other hand RWA increased by the same amount, but all the changes had positive impact on total capital ratio (+0,30%).
Besides this, new application of SME factor and IFRS9 transitional arrangements were also implemented in the year 2020 by UniCredit Group Slovenia, in the light of so called CRR quick fix. Due to this changes Dec 2020 capital adequacy ratio increased by 64bps.

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.

On a consolidated level, the UniCredit Slovenia Group uses the following approaches in calculating capital requirements under the Pillar I:
- credit risk - standardized and foundation IRB approach while other assets are marked as advanced IRB approach
- market risk - standardized approach
- operational risk - standardized and advanced approach.

In calculating capital ratios, risk is expressed as a risk-weighted exposure or capital requirement. The minimum capital requirement for an individual risk is 8% of the total exposure to an individual risk

		RWAs		Minimum capital requirements
		31.12.2020	30.09.2020	31.12.2020
1	Credit risk (excluding CCR)	1.341.074	1.355.401	107.286
2	Of which the standardised approach	774.986	787.192	61.999
3	Of which the foundation IRB (FIRB) approach	508.359	515.647	40.669
4	Of which the advanced IRB (AIRB) approach	51.052	46.153	4.084
5	Of which equity IRB under the simple risk-weighted approach or the IMA	6.678	6.410	534
6	CCR	12.979	11.776	1.038
7	Of which mark to market	12.979	11.776	1.038
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	457	95	37
23	Of which the standardised approach	457	95	37
24	Of which IMA	-	-	-
25	Large exposures	-	-	-
26	Operational risk	103.757	102.332	8.301
27	Of which basic indicator approach	-	-	-
28	Of which standardised approach	12.014	12.666	961
29	Of which advanced measurement approach	91.743	89.666	7.339
30	Amounts below the thresholds for deduction (subject to 250% risk weight)	2.013	7.410	161
31	Floor adjustment	-	-	-
32	Other calculation elements	239	18.547	19
33	**Total**	**1.460.518**	**1.495.562**	**116.841**

Credit risk RWA decreased compared to the previous quarter mainly due to lower exposure and full release of PD Mid Corporate model add-on ("Other calculation elements") in December 2020. Operational risk RWA slightly increased in 4Q20, while Market risk RWA remained stable. All these changes results to a final decrease of total RWAs by EUR 35m.

Template 5: EU CR10 – IRB (specialised lending and equities)

CAPITAL REQUIREMENTS (Article 438)

Purpose: Provide quantitative disclosures of institutions specialised lending and equity exposures using the simple riskweighted approach.

Specialised lending							
Regulatory categories	**Remaining maturity**	**On-balancesheet amount**	**Off-balancesheet amount**	**Risk weight**	**Exposure amount**	**RWAs**	**Expected losses**
Category 1	Less than 2.5 years			50%			
	Equal to or more than 2.5 years			70%			
Category 2	Less than 2.5 years			70%			
	Equal to or more than 2.5 years			90%			
Category 3	Less than 2.5 years			115%			
	Equal to or more than 2.5 years			115%			
Category 4	Less than 2.5 years			250%			
	Equal to or more than 2.5 years			250%			
Category 5	Less than 2.5 years			-			
	Equal to or more than 2.5 years			-			
Total	Less than 2.5 years						
	Equal to or more than 2.5 years						

Equities under the simple risk-weighted approach						
Categories	On-balancesheet amount	Off-balancesheet amount	Risk weight	Exposure amount	RWAs	Capital requirements
Private equity exposures	-	-	190%	-	-	-
Exchange-traded equity exposures	2.185	-	290%	2.185	6.337	507
Other equity exposures	92	-	370%	92	341	27
Total	**2.277**	**-**		**2.277**	**6.678**	**534**

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 risk weighted 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 (30.9.2020)**	**568.209**	**45.457**
2	Asset size	- 25.762	- 2.061
3	Asset quality	18.209	1.457
4	Model updates		
5	Methodology and policy	5.432	435
6	Acquisitions and disposals		
7	Foreign exchange movements		
8	Other		
9	**RWAs as at the end of the reporting period (31.12.2020)**	**566.088**	**45.287**

Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer

CAPITAL BUFFERS (Article 440)

Purpose: Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer

Row		General credit exposures		Trading book exposure		Securitisation exposure		Own funds requirements				Own funds requirement weights	Countercyclical capital buffer rate
		Exposure value for SA	Exposure value IRB	Sum of long and short position of trading book	Value of trading book exposure for internal models	Exposure value for SA	Exposure value for IRB	Of which: General credit exposures	Of which: Trading book exposures	Of which: Securitisation exposures	Total		
		010	020	030	040	050	060	070	080	090	100	110	120
010	Breakdown by country												
	United Arab Emirates	225	-	-	-	-	-	14	-	-	14	0,01%	0,00%
	Austria	1.203	8	-	-	-	-	69	-	-	69	0,08%	0,00%
	Bosnia and Herzegowina	3	31	-	-	-	-	3	-	-	3	0,00%	0,00%
	Belgium	-	32	-	-	-	-	10	-	-	10	0,01%	0,00%
	Bulgaria	20	-	-	-	-	-	1	-	-	1	0,00%	0,50%
	Brazil	-	-	-	-	-	-	-	-	-	-	0,00%	0,00%
	Switzerland	783	-	-	-	-	-	47	-	-	47	0,05%	0,00%
	Chile	0	-	-	-	-	-	0	-	-	0	0,00%	0,00%
	Cape verde	3	-	-	-	-	-	0	-	-	0	0,00%	0,00%
	Czech Republic	112	-	-	-	-	-	7	-	-	7	0,01%	0,50%
	Germany	519	1	-	-	-	-	31	-	-	31	0,03%	0,00%
	Denmark	-	-	-	-	-	-	-	-	-	-	0,00%	0,00%
	Dominican Republic	1	-	-	-	-	-	0	-	-	0	0,00%	0,00%
	Spain	62	8	-	-	-	-	4	-	-	4	0,00%	0,00%
	France	76	-	-	-	-	-	5	-	-	5	0,00%	0,00%
	United Kingdom	160	4	-	-	-	-	10	-	-	10	0,01%	0,00%
	Gibraltar	0	-	-	-	-	-	0	-	-	0	0,00%	0,00%
	Greece	1	-	-	-	-	-	0	-	-	0	0,00%	0,00%
	Hong Kong	-	-	-	-	-	-	-	-	-	-	0,00%	1,00%
	Croatia	40.025	18.594	-	-	-	-	451	-	-	451	0,49%	0,00%
	Hungary	3	1	-	-	-	-	0	-	-	0	0,00%	0,00%
	Ireland	-	0	-	-	-	-	-	-	-	-	0,00%	0,00%
	Israel	0	-	-	-	-	-	0	-	-	0	0,00%	0,00%
	Iceland	-	-	-	-	-	-	-	-	-	-	0,00%	0,00%
	Italy	422	-	-	-	-	-	25	-	-	25	0,03%	0,00%
	Japan	0	-	-	-	-	-	0	-	-	0	0,00%	0,00%
	Kuwait	107	-	-	-	-	-	6	-	-	6	0,01%	0,00%
	Kazakhstan	0	-	-	-	-	-	0	-	-	0	0,00%	0,00%
	Lithuania	-	-	-	-	-	-	-	-	-	-	0,00%	0,00%
	Luxembourg	282	-	-	-	-	-	17	-	-	17	0,02%	0,25%
	Malta	0	8	-	-	-	-	0	-	-	0	0,00%	0,00%
	Netherlands	10.324	9.486	-	-	-	-	1.765	-	-	1.765	1,93%	0,00%
	Norway	-	-	-	-	-	-	-	-	-	-	0,00%	1,00%
	New Zealand	0	-	-	-	-	-	0	-	-	0	0,00%	0,00%
	Pakistan	0	-	-	-	-	-	0	-	-	0	0,00%	0,00%
	Poland	8	-	-	-	-	-	0	-	-	0	0,00%	0,00%
	Qatar	1	-	-	-	-	-	0	-	-	0	0,00%	0,00%
	Romania	-	15	-	-	-	-	-	-	-	-	0,00%	0,00%
	Serbia	103	-	-	-	-	-	6	-	-	6	0,01%	0,00%
	Russian Federation	0	496	-	-	-	-	28	-	-	28	0,03%	0,00%
	Sweden	227	-	-	-	-	-	14	-	-	14	0,01%	0,00%
	Slovenia	1.148.940	672.674	-	-	-	-	88.544	-	-	88.544	96,70%	0,00%
	Slovakia	-	-	-	-	-	-	-	-	-	-	0,00%	1,00%
	Ukraine	0	-	-	-	-	-	0	-	-	0	0,00%	0,00%
	United States	0	2.185	-	-	-	-	507	-	-	507	0,55%	0,00%
020	**Total**	**1.203.612**	**703.542**	**-**	**-**	**-**	**-**	**91.565**	**-**	**-**	**91.565**	**100,00%**	**4,25%**

Amount of institution-specific countercyclical capital buffer

CAPITAL BUFFERS (Article 440)

Purpose: Amount of institution-specific countercyclical capital buffer

Row		Column
		010
010	Total risk exposure amount	1.460.518
020	Institution specific countercyclical buffer rate	0,0001%
030	Institution specific countercyclical buffer requirement	1

Table 6: EU CRB-A – Additional disclosure related to the credit quality of assets

CREDIT RISK ADJUSTMENTS (Article 442)

Purpose: Supplement the quantitative templates with information on the credit quality of an institution's assets.

Qualitative disclosures

The scope and definitions of 'past-due' and 'impaired' exposures used for accounting purposes and the differences, if any, between the definitions of past due and default for accounting and regulatory purposes as specified by the EBA Guidelines on the application of the definition of default (Article 442 a)

Loans and debt securities classified as financial assets at amortised cost, financial assets at fair value through comprehensive income and relevant off-balance sheet exposures are impaired in line with IFRS 9 and classified in stage 1, stage 2 or stage 3 according to their absolute or relative credit quality with respect to initial disbursement.

Specifically:

- Stage 1: includes (i) newly issued or acquired credit exposures, (ii) exposures for which credit risk has not significantly deteriorated since initial recognition, (iii) exposures having low credit risk (low credit risk exemption);
- Stage 2: includes credit exposures that, although performing, have seen their credit risk significantly deteriorating since initial recognition;
- Stage 3: includes impaired credit exposures.

For exposures in stage 1, impairment is equal to the expected loss calculated over a time horizon of up to one year. For exposures in stages 2 or 3, impairment is equal to the expected loss calculated over a time horizon corresponding to the entire life of the exposure.

The allocation of credit exposures in one of the abovementioned stages is done at initial recognition, when the exposures is classified at stage 1 and it is periodically reviewed.

With reference to stage 3, it should be noted that it includes impaired exposures corresponding to the aggregate Non-Performing Exposures as ITS EBA (EBA/ITS /2013/03/rev1 7/24/2014), in accordance with Banca d'Italia rules, defined in Circular No.272 of 30 July 2008 and subsequent updates.

In particular EBA has defined as "Non-Performing" the exposures that meet one or both of the following criteria:

- material exposures with more than 90 days past due;
- exposures for which the bank values that is unlikely that the debtor would pay in full his credit obligations without recurring to enforcement and realisation of collaterals, regardless of past due exposures and the number of days the exposure is past due.

In addition, the abovementioned Circular No.272 establishes that the aggregate of impaired assets is divided into the following categories:

- Non-performing (Bank of Italy class Bad) – formally impaired loans, being exposed to insolvent borrowers, even if the insolvency has not been recognized in a court of law, or borrowers in a similar situation. The measurement is performed on a loan-by-loan or portfolio basis.
- Doubtful (Bank of Italy class Unlikely to pay other than Bad (UTP)) – exposure to borrowers experiencing temporary difficulties, which the Group believes may be overcome within a reasonable period. Doubtful loans are valued on a loan-by-loan basis or portfolio basis.
- Past-due (Bank of Italy Past Due) – total exposure to any borrower not included in other categories, which at the balance-sheet date has expired facilities or unauthorized overdrafts that are more than 90 days and less than 180 days past due. Doubtful loans are valued on a loan-by-loan basis or portfolio basis.

Description of methods used for determining general and specific credit risk adjustments (Article 442, line b)

Methods adopted for determining general and specific credit risk adjustments are described in the Bank's Annual Report, in the Bank's Annual Report, chapter Summary of Significant Accounting Policies, point **b) Impairments and provisions** and in the chapter **Impairment and provisioning policies**.

Template 7: EU CRB-B – Total and average net amount of exposures

CREDIT RISK ADJUSTMENTS (Article 442)			
		a	b
		Net value of exposures at the end of the period (31.12.2020)	Average net exposures over the period (year 2020)
1	Central governments or central banks	-	-
2	Institutions	529.739	508.334
3	Corporates	1.282.017	1.328.360
4	*Of which: Specialised lending*	-	-
5	*Of which: SMEs*	343.459	356.333
6	Retail	-	-
7	*Secured by real estate property*	-	-
8	*SMEs*	-	-
9	*Non-SMEs*	-	-
10	*Qualifying revolving*	-	-
11	*Other retail*	-	-
12	*SMEs*	-	-
13	*Non-SMEs*	-	-
14	Equity	2.277	2.122
15	***Total IRB approach***	**1.814.034**	**1.838.816**
16	Central governments or central banks	1.024.975	831.246
17	Regional governments or local authorities	99.617	103.152
18	Public sector entities	46.557	53.213
19	Multilateral development banks	-	-
20	International organisations	-	-
21	Institutions	1.551	6.557
22	Corporates	137.059	132.403
23	*Of which: SMEs*	45.718	44.582
24	Retail	724.402	657.077
25	*Of which: SMEs*	61.901	66.192
26	Secured by mortgages on immovable property	174.205	249.377
27	*Of which: SMEs*	15.968	18.691
28	Exposures in default	20.933	18.888
29	Items associated with particularly high risk	5.620	5.426
30	Covered bonds	-	-
31	Claims on institutions and corporates with a short-term credit assessment	-	0
32	Collective investments undertakings	23.053	22.931
33	Equity exposures	-	-
34	Other exposures	2.407	5.411
35	***Total standardised approach***	**2.260.380**	**2.085.681**
36	***Total***	**4.074.414**	**3.924.497**

Template 8: EU CRB-C – Geographical breakdown of exposures

CREDIT RISK ADJUSTMENTS (Article 442)

Purpose: Provide a breakdown of exposures by geographical areas and exposure classes.

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u
		Net value																				
		EUROPE	OF WHICH: AUSTRIA	OF WHICH: ITALY	OF WHICH: GERMANY	OF WHICH: CZECH REPUBLIC	OF WHICH: SPAIN	OF WHICH: FRANCE	OF WHICH: CROATIA	OF WHICH: UNITED KINGDOM	OF WHICH: ROMANIA	OF WHICH: BULGARIA	OF WHICH: HUNGARY	OF WHICH: SWITZERLAND	OF WHICH: OTHER EUROPEAN COUNTRIES	**AMERICA**	OF WHICH: USA	**ASIA**	OF WHICH: TURKEY	**REST OF THE WORLD**	OF WHICH: RUSSIA	**TOTAL**
1	Central governments or central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Institutions	515.604	83.870	62.979	188.063	1.598	70	9.228	8.703	271	30	-	7.754	140.849	12.189	13.805	13.805	43	-	288	-	529.739
3	Corporates	1.281.490	10	-	1	-	8	-	56.650	5	30	-	1	1.846	1.222.940	0	0	-	-	527	496	1.282.017
4	Retail	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Equity	92	-	-	-	-	-	-	-	-	-	-	-	-	92	2.185	2.185	-	-	-	-	2.277
6	***Total IRB approach***	**1.797.186**	**83.880**	**62.979**	**188.064**	**1.598**	**78**	**9.228**	**65.353**	**276**	**60**	**-**	**7.754**	**142.694**	**1.235.220**	**15.990**	**15.990**	**43**	**-**	**815**	**496**	**1.814.034**
7	Central governments or central banks	1.024.975	5	33.718	-	-	-	-	-	-	-	-	-	-	991.253	-	-	-	-	-	-	1.024.975
8	Regional governments or local authorities	99.617	-	-	-	-	-	-	-	-	-	-	-	-	99.617	-	-	-	-	-	-	99.617
9	Public sector entities	46.557	-	-	-	-	-	-	-	-	-	-	-	-	46.557	-	-	-	-	-	-	46.557
10	Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Institutions	1.551	-	-	12	-	-	1.539	-	-	-	-	-	-	0	-	-	-	-	-	-	1.551
13	Corporates	137.059	27	-	-	-	-	-	-	-	-	-	12	-	137.020	-	-	-	-	-	-	137.059
14	Retail	723.899	1.088	448	509	113	62	76	127	166	-	20	10	793	720.485	11	0	349	-	143	4	724.402
15	Secured by mortgages on immovable property	174.205	118	-	17	-	-	-	-	-	-	-	-	-	174.070	-	-	-	-	-	-	174.205
16	Exposures in default	20.932	8	0	-	-	-	-	0	-	-	-	-	-	20.925	-	-	1	-	0	-	20.933
17	Items associated with particularly high risk	5.620	-	-	-	-	-	-	-	-	-	-	-	-	5.620	-	-	-	-	-	-	5.620
18	Covered bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Claims on institutions and corporates with a shortterm credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20	Collective investments undertakings	23.053	-	-	-	-	-	-	-	-	-	-	-	-	23.053	-	-	-	-	-	-	23.053
21	Equity exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22	Other exposures	2.407	-	-	-	-	-	-	-	-	-	-	-	-	2.407	-	-	-	-	-	-	2.407
23	***Total standardised approach***	**2.259.876**	**1.246**	**34.166**	**538**	**113**	**62**	**1.615**	**127**	**166**	**-**	**20**	**22**	**793**	**2.221.007**	**11**	**0**	**350**	**-**	**143**	**4**	**2.260.380**
24	***Total***	**4.057.062**	**85.126**	**97.145**	**188.602**	**1.711**	**140**	**10.843**	**65.480**	**442**	**60**	**20**	**7.776**	**143.488**	**3.456.227**	**16.002**	**15.990**	**392**	**-**	**958**	**500**	**4.074.414**

Template 9: EU CRB-D – Concentration of exposures by industry or counterparty types

CREDIT RISK ADJUSTMENTS (Article 442)

Purpose: Provide a breakdown of exposures by industry or counterparty types and exposure classes.

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u
		Agriculture, forestry and fishing	Mining and quarrying	Manufacturing	Electricity, gas, steam and air conditioning supply	Water supply	Construction	Wholesale and retail trade	Transport and storage	Accommodation and food service activities	Information and communication	Financial and insurance activities	Real estate activities	Professional, scientific and technical activities	Administrative and support service activities	Public administration and defence, compulsory social security	Education	Human health services and social work activities	Arts, entertainment and recreation	Other services	Activities of households as employers; undifferent goods- and services-producing activities of households for own use	Total
1	Central governments or central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Institutions	-	-	-	-	-	-	-	-	-	-	529.739	-	-	-	-	-	-	-	-	-	529.739
3	Corporates	537	147	251.353	175.536	8.999	64.089	374.183	121.352	6.303	75.856	30.042	20.545	97.228	52.366	-	34	503	6	1.372	1.565	1.282.017
4	Retail	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Equity	-	-	-	-	-	-	-	-	-	60	2.217	-	-	-	-	-	-	-	-	-	2.277
6	***Total IRB approach***	**537**	**147**	**251.353**	**175.536**	**8.999**	**64.089**	**374.183**	**121.352**	**6.303**	**75.916**	**561.998**	**20.545**	**97.228**	**52.366**	**-**	**34**	**503**	**6**	**1.372**	**1.565**	**1.814.034**
7	Central governments or central banks	-	-	-	-	-	-	-	-	-	-	688.296	-	-	-	335.874	-	-	-	805	-	1.024.975
8	Regional governments or local authorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	99.617	-	-	-	-	-	99.617
9	Public sector entities	-	-	-	24.988	-	-	-	12.997	-	-	-	-	-	-	42	6.344	2.185	-	-	-	46.557
10	Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Institutions	-	-	-	-	-	-	-	-	-	-	1.551	-	-	-	-	-	-	-	-	-	1.551
13	Corporates	4.890	525	16.380	64	3.298	8.772	17.889	42.838	1.014	650	10.967	22.822	2.744	1.203	315	121	725	79	299	1.466	137.059
14	Retail	822	1	7.148	73	418	5.343	5.848	17.313	1.425	1.328	65	66	3.965	1.131	-	1.174	1.137	126	530	676.489	724.402
15	Secured by mortgages on immovable property	127	-	1.162	-	-	1.470	3.681	4.000	965	1.763	139	656	494	678	-	350	891	366	166	157.298	174.205
16	Exposures in default	160	0	1.032	0	0	254	7.076	1.989	1.133	0	0	202	35	788	0	0	0	0	1	8.262	20.933
17	Items associated with particularly high risk	-	-	-	139	-	5.297	-	-	-	-	-	184	-	-	-	-	-	-	-	-	5.620
18	Covered bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Claims on institutions and corporates with a shortterm credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20	Collective investments undertakings	-	-	-	-	-	-	-	-	-	-	23.053	-	-	-	-	-	-	-	-	-	23.053
21	Equity exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22	Other exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.407	-	2.407
23	***Total standardised approach***	**5.998**	**526**	**25.723**	**25.264**	**3.716**	**21.136**	**34.493**	**79.138**	**4.537**	**3.740**	**724.070**	**23.931**	**7.238**	**3.800**	**435.849**	**7.989**	**4.938**	**571**	**4.209**	**843.516**	**2.260.380**
24	***Total***	**6.535**	**673**	**277.076**	**200.799**	**12.715**	**85.226**	**408.676**	**200.490**	**10.840**	**79.656**	**1.286.068**	**44.476**	**104.466**	**56.166**	**435.849**	**8.023**	**5.441**	**577**	**5.581**	**845.081**	**4.074.414**

Template 10: EU CRB-E – Maturity of exposures

CREDIT RISK ADJUSTMENTS (Article 442)

Purpose: Provide a breakdown of on-balance net exposures by residual maturity and exposure classes.

		a	b	c	d	e	f
		Net exposure value					
		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
1	Central governments or central banks	-	-	-	-	-	-
2	Institutions	120.342	28.581	1	0	-	148.924
3	Corporates	2.649	111.830	311.612	221.732	-	647.823
4	Retail	-	-	-	-	-	-
5	Equity	-	-	-	-	2.277	2.277
6	***Total IRB approach***	**122.991**	**140.411**	**311.613**	**221.732**	**2.277**	**799.024**
7	Central governments or central banks	689.102	75.349	189.296	71.217	-	1.024.964
8	Regional governments or local authorities	0	875	17.750	80.292	-	98.918
9	Public sector entities	-	13.031	3.829	29.364	-	46.225
10	Multilateral development banks	-	-	-	-	-	-
11	International organisations	-	-	-	-	-	-
12	Institutions	0	12	-	0	-	12
13	Corporates	94	25.711	99.671	8.522	-	133.997
14	Retail	13.672	16.199	89.670	551.431	-	670.972
15	Secured by mortgages on immovable property	-	279	9.183	163.700	-	173.162
16	Exposures in default	1.638	350	6.012	12.925	-	20.925
17	Items associated with particularly high risk	773	259	3.538	1.050	-	5.620
18	Covered bonds	-	-	-	-	-	-
19	Claims on institutions and corporates with a shortterm credit assessment	-	-	-	-	-	-
20	Collective investments undertakings	23.053	-	-	-	-	23.053
21	Equity exposures	-	-	-	-	-	-
22	Other exposures	2.407	-	-	-	-	2.407
23	***Total standardised approach***	**730.739**	**132.066**	**418.949**	**918.502**	**-**	**2.200.255**
24	***Total***	**853.730**	**272.477**	**730.561**	**1.140.234**	**2.277**	**2.999.279**

Template 11: EU CR1-A – Credit quality of exposures by exposure class and instrument

CREDIT RISK ADJUSTMENTS (Article 442)

Purpose: Provide a comprehensive picture of the credit quality of an institution's on-balance-sheet and off-balance-sheet exposures.

		a	b	c	d	e	f	g
		Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges of the period	Net values
		Defaulted exposures	Non-defaulted exposures					(a+b-c-d)
1	Central governments or central banks	-	-	-	-	-	-	-
2	Institutions	-	529.775	36	-	-	2	529.739
3	Corporates	40.885	1.274.602	33.469	-	11	4.801	1.282.017
4	Of which: Specialised lending	-	-	-	-	-	-	-
5	Of which: SMEs	32.788	337.785	27.114	-	10	3.874	343.459
6	Retail	-	-	-	-	-	-	-
7	*Secured by real estate property*	-	-	-	-	-	-	-
8	*SMEs*	-	-	-	-	-	-	-
9	*Non-SMEs*	-	-	-	-	-	-	-
10	*Qualifying revolving*	-	-	-	-	-	-	-
11	*Other retail*	-	-	-	-	-	-	-
12	*SMEs*	-	-	-	-	-	-	-
13	*Non-SMEs*	-	-	-	-	-	-	-
14	Equity	-	2.277	-	-	-	-	2.277
15	***Total IRB approach***	**40.885**	**1.806.654**	**33.505**	-	**11**	**4.804**	**1.814.034**
16	Central governments or central banks	-	1.024.999	23	-	-	1	1.024.975
17	Regional governments or local authorities	-	99.901	284	-	-	24	99.617
18	Public sector entities	-	46.565	8	-	-	0	46.557
19	Multilateral development banks	-	-	-	-	-	-	-
20	International organisations	-	-	-	-	-	-	-
21	Institutions	-	1.551	1	-	0	0	1.551
22	Corporates	20.277	138.106	11.304	-	53	648	147.078
23	*Of which: SMEs*	2.834	46.266	2.249	-	0	578	46.851
24	Retail	30.012	728.032	24.935	-	2.011	1.476	733.109
25	*Of which: SMEs*	7.909	62.468	6.979	-	2	218	63.397
26	Secured by mortgages on immovable property	2.398	174.467	453	-	3	88	176.412
27	*Of which: SMEs*	477	16.010	75	-	-	14	16.412
28	Exposures in default	52.687	-	31.754	-	775	8.135	20.933
29	Items associated with particularly high risk	2.340	4.883	1.603	-	4	12	5.620
30	Covered bonds	-	-	-	-	-	-	-
31	Claims on institutions and corporates with a shortterm credit assessment	-	-	-	-	-	-	-
32	Collective investments undertakings	-	23.053	-	-	-	-	23.053
33	Equity exposures	-	-	-	-	-	-	-
34	Other exposures	-	2.407	-	-	-	-	2.407
35	***Total standardised approach***	**55.027**	**2.243.965**	**38.612**	**-**	**2.847**	**10.383**	**2.260.380**
36	***Total***	**95.911**	**4.050.619**	**72.117**	**-**	**2.858**	**15.187**	**4.074.414**
37	Of which: Loans	92.983	2.609.944	67.216	-	2.858	13.364	2.635.712
38	Of which: Debt securities	-	335.061	36	-	-	-	335.025
39	Of which: Off-balance-sheet exposures	2.928	1.077.072	4.866	-	-	1.823	1.075.135

Template 12: EU CR1-B – Credit quality of exposures by industry or counterparty types

CREDIT RISK ADJUSTMENTS (Article 442)

Purpose: Provide a comprehensive picture of the credit quality of an institution's on-balance-sheet and off-balance sheet exposures by industry or counterparty types.

		a	b	c	d	e	f	g
		Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges	Net values
		Defaulted exposures	Non-defaulted exposures					(a +b-c-d)
1	Agriculture, forestry and fishing	529	6.433	426	-	-	110	6.535
2	Mining and quarrying	1	676	4	-	-	0	673
3	Manufacturing	8.603	275.604	7.131	-	4	2.111	277.076
4	Electricity, gas, steam and air conditioning supply	806	200.912	918	-	0	6	200.799
5	Water supply	1	12.738	23	-	1	2	12.715
6	Construction	7.978	82.936	5.688	-	17	226	85.226
7	Wholesale and retail trade	31.317	397.813	20.454	-	10	4.390	408.676
8	Transport and storage	10.152	197.431	7.093	-	27	1.450	200.490
9	Accommodation and food service activities	3.361	9.925	2.445	-	3	1.859	10.840
10	Information and communication	109	79.741	194	-	4	63	79.656
11	Financial and insurance activities	198	1.286.266	395	-	1	4	1.286.068
12	Real estate activities	1.821	43.795	1.140	-	10	468	44.476
13	Professional, scientific and technical activities	4.794	104.916	5.244	-	74	210	104.466
14	Administrative and support service activities	2.121	55.405	1.360	-	19	686	56.166
15	Public administration and defence, compulsory social security	0	436.157	309	-	-	24	435.849
16	Education	42	8.040	59	-	1	5	8.023
17	Human health services and social work activities	11	5.492	62	-	-	17	5.441
18	Arts, entertainment and recreation	751	583	758	-	0	29	577
19	Other services	46	5.594	59	-	2	10	5.581
20	Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use	23.273	840.164	18.355	-	2.686	3.516	845.081
21	**Total**	**95.911**	**4.050.619**	**72.117**	**-**	**2.858**	**15.187**	**4.074.414**

Template 13: EU CR1-C – Credit quality of exposures by geography

CREDIT RISK ADJUSTMENTS (Article 442)

Purpose: Provide a comprehensive picture of the credit quality of an institution's on-balance-sheet and off-balance-sheet exposures by geography.

		a	b	c	d	e	f	g
		Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges	Net values
		Defaulted exposures	Non-defaulted exposures					(a+b-c-d)
1	EUROPE	95.893	4.033.265	72.096	-	2.858	15.186	4.057.062
2	*OF WHICH: AUSTRIA*	12	85.130	16	-	1	6	85.126
3	*OF WHICH: ITALY*	1	97.160	16	-	3	-	97.145
4	*OF WHICH: GERMANY*	-	188.614	12	-	0	-	188.602
5	*OF WHICH: CZECH REPUBLIC*	-	1.712	0	-	-	-	1.711
6	*OF WHICH: SPAIN*	-	141	0	-	-	-	140
7	*OF WHICH: FRANCE*	-	10.844	1	-	0	-	10.843
8	OF WHICH: CROATIA	2.979	63.741	1.239	-	-	27	65.480
9	OF WHICH: UNITED KINGDOM	-	442	0	-	-	-	442
10	OF WHICH: ROMANIA	30	30	0	-	0	-	60
11	*OF WHICH: BULGARIA*	-	20	0	-	0	-	20
12	*OF WHICH: HUNGARY*	-	7.777	1	-	-	-	7.776
13	*OF WHICH: SWITZERLAND*	-	143.515	28	-	-	3	143.488
14	OF WHICH: OTHER EUROPEAN COUNTRIES	92.871	3.434.139	70.782	-	2.854	15.149	3.456.227
15	AMERICA	-	16.002	0	-	-	-	16.002
16	OF WHICH: USA	-	15.990	0	-	-	-	15.990
17	*ASIA*	6	393	6	-	-	1	392
18	OF WHICH: TURKEY	-	-	-	-	-	-	-
19	REST OF THE WORLD	13	959	14	-	0	-	958
20	*OF WHICH: RUSSIA*	-	500	0	-	0	-	500
21	**TOTAL**	**95.911**	**4.050.619**	**72.117**	**-**	**2.858**	**15.187**	**4.074.414**

Template 1: Credit quality of forborne exposures

Purpose: Provide an overview of the quality of forborne exposures as per Commission Implementing Regulation (EU) No 680/2014.

		a	b	c	d	e	f	g	h
		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
		Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
				Of which defaulted	Of which impaired				
1	Loans and advances	46.058	24.324	24.324	19.806	958	14.978	25.231	3.623
2	Central banks	-	-	-	-	-	-	-	-
3	General governments	-	-	-	-	-	-	-	-
4	Credit institutions	-	-	-	-	-	-	-	-
5	Other financial corporations	-	-	-	-	-	-	-	-
6	Non-financial corporations	29.597	19.315	19.315	14.797	689	12.685	10.343	635
7	Households	16.461	5.009	5.009	5.009	268	2.293	14.888	2.988
8	Debt Securities	-	-	-	-	-	-	-	-
9	Loan commitments given	618	4	4	4	- 1	- 4	-	-
10	**Total**	**46.676**	**24.329**	**24.329**	**19.810**	**957**	**14.973**	**25.231**	**3.623**

Template 3: Credit quality of performing and non-performing exposures by past due days

Purpose: Provide an overview of credit quality of non-performing exposures, as per Commission Implementing Regulation (EU) No 680/2014.

		a	b	c	d	e	f	g	h	i	j	k	l
		Gross carrying amount/nominal amount											
		Performing exposures			Non-performing exposures								
			Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
1	**Loans and advances**	**1.836.539**	**1.835.343**	**1.196**	**91.432**	**49.642**	**1.602**	**2.157**	**4.015**	**10.161**	**3.781**	**20.074**	**91.432**
2	Central banks	1	1	-	-	-	-	-	-	-	-	-	-
3	General governments	183.576	183.576	-	-	-	-	-	-	-	-	-	-
4	Credit institutions	60.720	60.720	-	-	-	-	-	-	-	-	-	-
5	Other financial corporations	17.135	17.135	0	177	-	-	4	-	-	0	173	177
6	Non-financial corporations	750.275	749.304	972	65.591	41.755	361	1.057	1.903	4.799	1.611	14.105	65.591
7	Of which SMEs	307.796	306.824	972	54.984	31.950	361	1.057	1.903	4.799	1.611	13.303	54.984
8	Households	824.832	824.608	225	25.664	7.887	1.241	1.096	2.112	5.362	2.170	5.795	25.664
9	**Debt securities**	**335.055**	**335.055**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
10	Central banks	-	-	-	-	-	-	-	-	-	-	-	-
11	General governments	322.871	322.871	-	-	-	-	-	-	-	-	-	-
12	Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-
13	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-
14	Non-financial corporations	12.185	12.185	-	-	-	-	-	-	-	-	-	-
15	**Off-balance-sheet exposures**	**1.076.460**			**6.504**								**6.504**
16	Central banks	-			-								-
17	General governments	1.067			-								-
18	Credit institutions	382.247			-								-
19	Other financial corporations	24.536			20								20
20	Non-financial corporations	624.619			6.359								6.359
21	Households	43.991			125								125
22	**Total**	**3.248.055**	**2.170.399**	**1.196**	**97.936**	**49.642**	**1.602**	**2.157**	**4.015**	**10.161**	**3.781**	**20.074**	**97.936**

Template 4: Performing and non-performing exposures and related provisions.

Purpose: Provide an overview of the credit quality of non-performing exposures and related impairments, provisions and valuation adjustments by portfolio and exposure class.

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
			Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3			
1	**Loans and advances**	**1.836.539**	**1.383.644**	**452.895**	**91.432**	**-**	**91.432**	**10.145**	**3.011**	**7.135**	**53.399**	**-**	**53.399**	**11.282**	**1.031.566**	**22.445**
2	Central banks	1	-	1	-	-	-	-	-	-	-	-	-	-	-	-
3	General governments	183.576	163.304	20.272	-	-	-	294	35	259	-	-	-	-	49.913	-
4	Credit institutions	60.720	59.463	1.257	-	-	-	4	4	0	-	-	-	-	-	-
5	Other financial corporations	17.135	16.874	261	177	-	177	3	2	1	177	-	177	-	393	-
6	Non-financial corporations	750.275	577.209	173.066	65.591	-	65.591	6.522	2.199	4.324	41.767	-	41.767	11.282	296.697	15.748
7	Of which SMEs	307.796	210.725	97.071	54.984	-	54.984	4.803	1.381	3.423	36.692	-	36.692	582	155.541	15.279
8	Households	824.832	566.794	258.038	25.664	-	25.664	3.322	771	2.551	11.455	-	11.455	-	684.563	6.697
9	**Debt securities**	**335.055**	**335.055**	**-**	**-**	**-**	**-**	**36**	**36**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
10	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	General governments	322.871	322.871	-	-	-	-	23	23	-	-	-	-	-	-	-
12	Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Non-financial corporations	12.185	12.185	-	-	-	-	13	13	-	-	-	-	-	-	-
15	**Off-balance-sheet exposures**	**1.076.460**	**854.642**	**221.818**	**6.504**	**-**	**6.504**	**- 1.257**	**- 655**	**- 603**	**- 3.609**	**-**	**- 3.609**		242.797	-
16	Central banks	-	-	-	-	-	-	-	-	-	-	-	-		-	-
17	General governments	1.067	1.063	4	-	-	-	- 0	- 0	-	-	-	-		147.638	-
18	Credit institutions	382.247	245.832	136.415	-	-	-	- 31	- 10	- 20	-	-	-		-	-
19	Other financial corporations	24.536	24.262	274	20	-	20	- 26	- 26	- 1	- 20	-	- 20		50	-
20	Non-financial corporations	624.619	547.620	76.999	6.359	-	6.359	- 1.016	- 488	- 528	- 3.513	-	- 3.513		89.894	30
21	Households	43.991	35.866	8.126	125	-	125	- 184	- 131	- 53	- 76	-	- 76		5.216	2
22	**Total**	**3.248.055**	**2.573.342**	**674.713**	**97.936**	**-**	**97.936**	**8.924**	**2.391**	**6.532**	**49.791**	**-**	**49.791**	**11.282**	**1.274.364**	**22.445**

Template 9: Collateral obtained by taking possession and execution processes

Purpose: Provide an overview of foreclosed assets obtained from non-performing exposures.

		a	b
		Collateral obtained by taking possession	
		Value at initial recognition	Accumulated negative changes
1	Property, plant and equipment (PP&E)	0	0
2	Other than PP&E	266	-123
3	Residential immovable property	0	0
4	Commercial Immovable property	0	0
5	Movable property (auto, shipping, etc.)	266	-123
6	Equity and debt instruments	0	0
7	Other	0	0
8	**Total**	**266**	**-123**

Template 1 (EBA/GL/2020/07): Information on loans and advances subject to legislative and non-legislative moratoria

Purpose: Provide an overview of the credit quality of loans and advances subject to moratoria on loan repayments applied in the light of the COVID-19 crisis, in accordance with EBA/GL/2020/02.

At the end of the first quarter, the entire Slovenia was affected by the Covid-19 pandemic, which caused a significant economic drop. In view of these factors, on 20 March 2020 the Government of the Republic of Slovenia adopted the intervention law on the deferral of payments of liabilities (hereinafter: the Act) for borrowers who found themselves in difficulties due to COVID-19.

Under the Act as well as all other government measures to mitigate the effects of the Corona virus, the Group made a number of decisions to continue to provide all services to its customers through electronic channels and through its branches, although during the declared pandemic between March 12 and May 31, the Group offered services to a limited extent through its network of business units. In June the group re-established the usual way of working with customers.

Within one month after the promulgation of the Act, the Group established a portal for the electronic submission and processing of moratorium applications for all legal entities and natural persons who have experienced difficulties in repaying loans. The Bank has also upgraded the portal and its central system to make it easier for customers to report on their financial situation during the moratorium, as well as to make it easier to monitor the status of customers who have requested a moratorium. Credit agreements concluded before and after the publication of the law receive exactly the same treatment in term of credit risk management. The majority of contracts is subject to a state guarantee in the amount of 25% or 50% for deferred principal and / or interest in accordance with the law.

Due to a significant deterioration in macroeconomic expectations in March, the Bank, in cooperation with the UniCredit S.p.a. prepared an updated macroeconomic forecast for the Slovenian economy. Based on the worsened economic forecasts, the forward looking indicators (FLI according to IFRS 9), which are used to calculate the expected credit loss (ECL according to IFRS 9), have been updated. The updated macroeconomic scenarios were used to calculate the ECL as at 31 March 2020, with the Bank recognizing an additional loss of EUR 5.26 million from the higher estimated ECL.

In 2020, the Bank had approved 718 statutory moratoriums totaling EUR 57,6 million with the gross carrying amout as of December 31, 2020 of EUR 49 million (of which EUR 40 million related to performing exposures). Among the moratoriums that last from March 2020 onwards, there are 8,6 million EUR that have already expired on the day of reporting.

In accordance with the EBA Guidelines EBA/GL/2020/07, Template 1, Template 2 and Template 3 present information on moratoriums and guarantee schemes.

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount							Accumulated impairment, accumulated negative changes in fair value due to credit risk							Gross carrying amount
			Performing			Non-performing				Performing			Non-performing			
			Total	Of which: exposures with forbearance measures	Of which: instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)	Total	Of which: exposures with forbearance measures	Of which: unlikely to pay that are not past-due or past-due <= 90 days	Total	Total	Of which: exposures with forbearance measures	Of which: instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)	Total	Of which: exposures with forbearance measures	Of which: unlikely to pay that are not past-due or past-due <= 90 days	Inflows to non-performing exposures
1	**Loans and advances subject to moratorium**	**48.919**	**40.194**	**7.368**	**28.941**	**8.725**	**2.011**	**8.631**	**- 5.815**	**- 1.027**	**- 150**	**- 974**	**- 4.787**	**- 1.127**	**- 4.701**	**-**
2	of which: Households	29.713	27.843	7.051	21.652	1.869	1.507	1.775	- 1.436	- 581	- 144	- 568	- 855	- 663	- 769	-
3	*of which: Collateralised by residential immovable property*	23.622	22.688	6.060	17.890	935	829	873	- 751	- 432	- 109	- 429	- 319	- 265	- 257	-
4	of which: Non-financial corporations	19.173	12.317	317	7.256	6.856	503	6.856	- 4.378	- 446	- 6	- 405	- 3.932	- 464	- 3.932	-
5	*of which: Small and medium-sized enterprises*	14.802	7.946	317	4.528	6.856	503	6.856	- 4.174	- 241	- 6	- 211	- 3.932	- 464	- 3.932	-
6	*of which: Collateralised by commercial immovable property*	9.590	5.752	32	3.538	3.838	150	3.838	- 2.658	- 147	- 1	- 134	- 2.511	- 111	- 2.511	-

Template 2 (EBA/GL/2020/07): Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria

Purpose: Provide an overview of the volume of loans and advances subject to legislative and non-legislative moratoria in accordance with EBA/GL/2020/02 by residual maturity of these moratoria.

		a	b	c	d	e	f	g	h	i
		Number of obligors	Gross carrying amount							
				Of which: legislative moratoria	Of which: expired	Residual maturity of moratoria				
						<= 3 months	> 3 months <= 6 months	> 6 mesecev <= 9 mesecev	> 9 months <= 12 months	> 1 year
1	**Loans and advances for which moratorium was offered**	**847**	**68.534**							
2	**Loans and advances subject to moratorium (granted)**	**718**	**57.559**	**57.559**	**8.640**	**20.285**	**24.638**	**3.564**	**433**	**-**
3	of which: Households		36.427	36.427	6.714	16.055	11.319	2.112	226	-
4	*of which: Collateralised by residential immovable property*		28.416	28.416	4.794	12.088	9.597	1.734	204	-
5	of which: Non-financial corporations		21.099	21.099	1.926	4.229	13.320	1.418	206	-
6	*of which: Small and medium-sized enterprises*		16.728	16.728	1.926	4.229	8.949	1.418	206	-
7	*of which: Collateralised by commercial immovable property*		11.040	11.040	1.450	3.235	6.081	186	87	-

Template 3 (EBA/GL/2020/07): Information on newly originated loans and advances provided under newly applicable public guarantee schemes introduced in response to COVID-19 crisis

Purpose: Provide an overview of the stock of newly originated loans and advances subject to public guarantee schemes introduced in response to COVID-19 crisis.

		a	b	c	d
		Gross carrying amount		Maximum amount of the guarantee that can be considered	Gross carrying amount
			Of which: forborne	Public guarantee received in the context of the COVID-19 crisis	Inflows to non-performing exposures
1	**Newly originated loans and advances subject to public guarantee schemes**	-	-	-	-
3	of which: Households	-			-
4	*of which: Collateralised by residential immovable property*	-			-
5	of which: Non-financial corporations	-	-	-	-
6	*of which: Small and medium-sized enterprises*	-			-
7	*of which: Collateralised by commercial immovable property*	-			-

Template 16: EU CR2-A – Changes in the stock of general and specific credit risk adjustments

CREDIT RISK ADJUSTMENTS (Article 442)

Purpose: Identify the changes in an institution's stock of general and specific credit risk adjustments held against loans and debt securities that are defaulted or impaired.

		a	b
		Accumulated specific credit risk adjustment	Accumulated general credit risk adjustment
1	**Opening balance**	**34.480**	**25.707**
2	Increases due to amounts set aside for estimated loan losses during the period	0	0
3	Decreases due to amounts reversed for estimated loan losses during the period	0	0
4	Decreases due to amounts taken against accumulated credit risk adjustments	0	0
5	Transfers between credit risk adjustments	0	0
6	Impact of exchange rate differences	0	0
7	Business combinations, including acquisitions and disposals of subsidiaries	0	0
8	Other adjustments	3.450	3.656
9	**Closing balance**	**37.930**	**29.363**
10	Recoveries on credit risk adjustments recorded directly to the statement of profit or loss	-1	-47
11	Specific credit risk adjustments directly recorded to the statement of profit or loss	2.168	685

Template 17: EU CR2-B – Changes in the stock of defaulted and impaired loans and debt securities

CREDIT RISK ADJUSTMENTS (Article 442)

Purpose: Identify the changes in an institution's stock of defaulted loans and debt securities.

		a
		Gross carrying value defaulted exposures
1	**Opening balance**	**82.194**
2	Loans and debt securities that have defaulted or impaired since the last reporting period	42.271
3	Returned to non-defaulted status	- 2.817
4	Amounts written off	- 2.853
5	Other changes	- 27.363
6	**Closing balance**	**91.432**

Disclosure of Remuneration and incentive systems and practices (Article 450 CRR)

QUALITATIVE DISCLOSURE

INFORMATION CONCERNING THE DECISION-MAKING PROCESS USED FOR DETERMINING THE REMUNERATION POLICY

When designing remuneration policies, the Bank acts in the framework of Remuneration policy of the UniCredit Group as well as the Rules of the Incentive system of UniCredit Group for Identified staff population.

The Bank has adopted and localized the Rules of the Incentive system of UniCredit Group and these are applicable for Identified staff population. The Bank does not therefore use external consultants or other external persons to participate in the policy definition process. Each year the Rules of Incentive system is updated, if needed, taking into account the latest applicable international standards and regulations.

In the decision-making process on the Rules of incentive system, its changes and potential local adjustment needs, the Compliance and Human Resources, the Bank's Management Board, the Remuneration Committee and the Supervisory Board are actively involved.

Remuneration Committee

The Remuneration Committee serves as an advisory body to the Supervisory board. In accordance with the 52. Article of Slovene Banking Act (ZBan-2) the tasks of the remuneration committee are the following:

(1) The remuneration committee shall serve as an advisory body to the supervisory board and perform the following tasks:

1. carry out technical and independent assessments of remuneration policies and practices, and formulate initiatives for measures on the basis thereof with the aim of improving the management of the risks to which the bank is exposed, its capital and liquidity.
2. draw up proposals for decisions by the governing body regarding the remuneration of employees, including remuneration that impacts the risks to which the bank is exposed and the management thereof; and
3. control the remuneration of members of senior management who perform risk management functions and ensure the compliance of operations.

(2) In drafting the proposals referred to in the previous paragraph, the remuneration committee shall take into account the long-term interests of shareholders, investors and other stakeholders.

In addition, the Remuneration Committee reviews and approves annually a list of functions that matches the EBA criteria related to Identified staff Identification process. The latter is also confirmed in the case of organizational changes that affect the functions corresponding to the EBA criteria.

In 2020 Remuneration Committee consisted of the following members: Ms. Laura Orlić, Chairwoman of the Remuneration Committee till 4th of April 2020, succeeded by Chairwoman Ms. Georgiana Lazar O'Callaghan, member Mr. Franco Andreetta till 4th of April 2020, succeeded by Ms. Enrica Rimoldi and Mr. Pasquale Giamboi. All Remuneration Committee members are/were members of the Supervisory Board.

In 2020 the Remuneration Committee met five times. Key activities of the Remuneration Committee included:

- getting acquainted with the Annual audit report of the Internal Audit on remuneration policies and practices,
- familiarization with the self-assessment process to identify Material Risk takers and to confirm the list (so-called Identified staff),
- monitoring and analyzing the remuneration system & approval of remuneration of Identified Staff,
- updating the Remuneration policies (Group Incentive System for the Identified Staff, Group Remuneration policy, Long Term Incentive Plan) and getting familiar with Bank of Slovenia Regulation on macro prudential limitation of distribution of banks' profits,
- getting acquainted with the goals Scorecards 2020 for CEO and Identified staff who reports directly to the CEO.

Audit department performed the annual audit on Remuneration policies and practices. The audit review was performed to evaluate the compliance of the remuneration process with the internal and external regulation in terms of compensation and benefits proposal, validation, approval and reporting.

INFORMATION ON LINK BETWEEN PAY AND PERFORMANCE

UniCredit Bank Slovenija d.d. conducts every year, in compliance with specific regulation, the self-evaluation process to define Identified Staff population for whom, according to internal/external regulation, specific criteria for remuneration/incentive aspects are adopted. The assessment process for the definition of Identified Staff followed the criteria definded in the European Banking Authority Regulatory Technical Standard (RTS).

The Group Incentive System, approved in 2019 by UniCredit Board of Directors on January 10th 2019 and consequently by UniCredit Bank Slovenija d.d.'s Remuneration Committee and Supervisory Board, provides for a 'bonus pool' approach directly linking bonuses with company results at Group and Country/Division level, and further ensuring the connection between profitability, risk and reward.

The System, implemented within this framework, provides for the allocation of a performance related bonus in cash and/or free ordinary shares and/or phantom shares over a period of 5 years.

Bonus pools sizing

The bonus pool dimension for each of the relevant clusters is related to the actual profitability measures multiplied with the bonus pool funding rate defined in the budgeting phase.

This calculation determines the so called "theoretical bonus pool" for each cluster that is adjusted accordingly to the actual trend of performance of the respective segment.

2020 Entry conditions at Group and local level

In order to align to regulatory requirements, specific indicators measuring annual profitability, capital and liquidity results had been set at both local and Group level as Entry Conditions. In particular, risk metrics and thresholds for the 2020 Group Incentive System as defined within the Entry Conditions that confirms, reduces or cancels upfront and deferred payouts include:

GROUP	CEE DIVISION[5]	COUNTRY (Slovenia)[5]
- Underlying NOP[1] ≥ 0	Underlying NOP[1] ≥ 0	NOP ≥ 0
- Underlying Net Profit[1] ≥ 0	Underlying Net Profit[1] ≥ 0	
- Pillar 1 capital ratios[2] > *Minimum regulatory targets*[3]		
- Liquidity Coverage Ratio[2] > 2020 RAF[4] "limit" (110%)		
- Net Stable Funding Ratio[2] > 2020 RAF[4] "limit" (101,5%)		

1. NOP / Net Profit stated in the Balance Sheet, excluding any extraordinary items (e.g. disposal of real estate assets, sale of companies, restructuring costs, Regulatory headwinds) as considered appropriate by the Board of Directors upon Remuneration Committee proposal; Underlying Net Profit is the one used as basis for capital distribution.
2. In case of issues with capital and/or liquidity requirements at Legal Entity (LE) level, the related Bonus Pool size could be impacted, even if the Entry Conditions at Group level are fully satisfied.
3. CET 1 Ratio ≥ 10,91%; Tier 1 ≥ 12,41%; Total Capital ≥ 14,41%; Leverage Ratio ≥ 3,5%; TLAC ≥ 19,66%
4. Approved by Group Board of Directors in December 2019
5. In case a Bonus Pool segment (e.g. CEE, CBK Italy) has a budget lower than 0, CEE Division entry conditions would refer to this value, provided that all regulatory requirements (included requirements at LE level) are respected

The definitions of the Entry Conditions metrics are as follows:

- **Underlying Net Operating Profit** means the Net Operating Profit (NOP) stated in the Balance Sheet, excluding any extraordinary items as considered appropriate by the Board of Directors upon Remuneration Committee proposal
- **Underlying Net Profit** means the Net Profit stated in the Balance Sheet, excluding any extraordinary item as considered appropriate by the Board of Directors upon Remuneration Committee proposal; Underlying Net Profit is the one used as basis for capital distribution
- **Capital Pillar 1 ratios** means the following ratios: CET 1 Ratio, Tier 1, Total Capital, Leverage Ratio, Total Loss Absorbing Capacity (TLAC)
- **Liquidity Coverage Ratio** (LCR), aims to ensure that banks maintain an adequate level of not restricted "High Quality Liquid Assets" in a sufficient quantity to cover the overall 'Net Cash Outflows', over a period of thirty days, under gravely stressed conditions specified by Supervisors.
- **Net Stable Funding Ratio** (NSFR), is defined as the amount of available stable funding relative to the amount of required stable funding and measures, under a long term perspective, the sustainability terms of maturities between asset and liabilities.

2020 Group & Local Risk Adjustments

(A) In case Entry Conditions are not met at both Group level and CEE Division levels, regardless of the local Country level, **the malus condition is activated**, triggering the application of Zero Factor for Executives/Identified Staff population. For other employees, a significant reduction will be applied considering the provision of Internal Collective agreement and Collective agreement for banking sector.

(B) In case the Entry Conditions are not met only at CEE Division level, a floor might be defined for retention purposes and in order to maintain the minimum pay levels needed to play in the market, considering the provisions of Internal Collective agreement and Collective agreement for banking sector.

(C) In case the Entry Conditions are met at CEE Division level but are not met at Group level:
  a. If the Entry Conditions at "Country (Slovenia)" level are met, **the gate is "partially open"**, with the possibility to payout a reduced Bonus Pool while also considering the provision of Internal Collective agreement and Collective agreement for banking sector.
  b. If the Entry Conditions at "Country (Slovenia)" level are not met, the **Zero Factor** scenario is triggered on both current year bonus and previous years deferrals. For the other employees, a significant reduction will be applied, taking into account also provisions of Internal Collective agreement and Collective agreement for banking sector.

(D) In case Entry Conditions are met both at Group and CEE Division levels:
  a. If the Entry Conditions at "Country (Slovenia)" level are met, the **gate is "fully open"**meaning the Bonus Pool may be fully confirmed or even increased, in case of positive performance on Risk & Sustainability dashboard.
  b. If the Entry Conditions at "Country (Slovenia)" level are not met, a **floor** might be defined for retention purposes and in order to maintain the minimum pay levels needed to play in the market, considering the provisions of Internal Collective agreement and Collective agreement for banking sector.

Approval process is performed according to Group and local legal entities governance.

For the company Control Functions, the regulatory requirements state that incentive mechanisms have to be in accordance with the achievement of the objectives linked to their function, independent of the performance of the business areas they control. Therefore, any reduction of the bonus pool for the Control Functions that would be higher than 50%, will follow a specific governance process including the approval by UniCredit Board of Directors, upon Remuneration Committee opinion, as relevant.

Incentive system ensures a balance between fixed and variable remuneration. A maximum limit to the ratio between the variable and the fix component of compensation is set to 1:1. For the staff of the Company Control Functions it is expected that the fixed remuneration is the predominant component of total remuneration and incentive mechanism are consistent with the assigned tasks as well as independent of results from areas under their control.

THE MOST IMPORTANT DESIGN CHARACTERISTICS OF THE REMUNERATION SYSTEM, INCLUDING INFORMATION ON THE CRITERIA USED FOR PERFORMANCE MEASUREMENT AND RISK ADJUSTMENT, DEFERRAL POLICY AND VESTING CRITERIA

Individual performance appraisal is based on specific goals, linked to the UniCredit 5 Fundamentals of Competency Model: “Customers First”, “People Development”, “Cooperation and Synergies”, “Risk Management” and “Execution and Discipline”. Individual performance was based on 5-8 goals, based on yearly priorities / strategies, of which around half long-term interest and sustainable and one risk-related or risk-adjusted and appraised by the Manager via the dedicated Executive Development Plan process.

In any case, the review of results by the Employee's Manager with respect to all of the above performance goals takes into account the individual contribution of the employee to the performance of the goals and the behavior of the employee.

Moreover, each participant has to complete Compliance mandatory trainings courses and, for impacted roles, the periodic customer due diligence, within a pre-defined threshold in order to be entitled to the possible bonus.

Performance evaluation and achievement of goals is carried out using a 5-level descriptive scale.

Inadequate	Inconsistent	Solid	Strong	Outstanding

For each position of "Identifed staff" , a specific »Reference Value« is defined which consideres internal and / or external benchmarking analysis in similar jobs, seniority, etc. Such value is adjusted according to the actual available bonus pool and represents the starting point for the individual bonus allocation.

The managerial bonus allocation was done on the basis of available bonus pool, individual performance appraisal and above mentioned Reference Value.

Particular attention is dedicated to the level of correlation between bonus proposed and actual performance:

Illustrative

Bonus vs. "Position reference"	Inadequate	Inconsistent	Solid	Strong	Outstanding
> 130%					
110% - 130%					
80% - 110%					
0%[A] - 80%					
0%					

A. A bonus above zero and up to 80% is allowed for exceptional cases, to be justified.
Note: Compensation distribution guidelines should take into account the max variable to fixed cap by role

2020 BONUS PAYOUT ILLUSTRATION

Bonus is paid out on the basis of a deferred payouts scheme in case the bonus exceed the defined threshold. Such payout is divided into phases and coincides with the corresponding risk time period, in order to ensure appropriate distribution of bonus, which is linked to results, and shall be made in cash and in shares / instruments, immediately or with a deferral, subject to mandatory 2 years retention period.

The Bank has 2 deferrals schemes, depending of the amount of the variable remuneration:

1. Deferral scheme for »Identified Staff« whose variable remuneration exceeds 430,000 €:

Year 0 - upfront payment	Year 1 - deferred payment	Year 2 - deferred payment	Year 3 - deferred payment	Year 4 - deferred payment
20 % upfront cash	5 % deferred cash	5 % deferred cash	20 % deferred cash	
		20 % upfront UniCredit shares/ upfront instruments	15 % UniCredit shares / deferred instruments	15 % UniCredit shares / deferred instruments

2. Deferral scheme for »Identified Staff« whose variable remuneration is equal or lower than 430,000 €:

Year 0 - upfront payment	Year 1 - deferred payment	Year 2 - deferred payment	Year 3 - deferred payment	Year 4 - deferred payment
30 % upfront cash			20 % deferred cash	
		30 % upfront UniCredit shares/ upfront instruments	10 % UniCredit shares / deferred instruments	10 % UniCredit shares / deferred instruments

A threshold is used as the minimum level below which deferral scheme will not apply. Deferral scheme applies for bonus higher than 50.000 EUR gross or one third of the total annual remuneration. Bonus lower than 50.000 EUR gross or one third of the total annual remuneration is paid out to employee in cash completely.

In the same way as a variable remuneration also any severance payment in case of termination of the employment is regulated. The rules and conditions are defined in an individual's employment contract and Termination payment policy. Termination payment policy sets out the principles and rules for determining the maximum limits of severance pay, criteria and payout modalities. When severances are paid to employees who are Board members or procura holders, they can be subject to deferred payout mechanisms, in cash and equity, in analogy with and under the same schemes foreseen for the payment of variable remuneration (if it is above threshold).

THE RATIOS BETWEEN FIXED AND VARIABLE REMUNERATION

The table below shows the distribution of receipts by business area divided into fixed and variable remuneration and the number of beneficiaries.

	Total	MB Management function	Investment banking	Retail banking	Corporate functions	Independent control functions
Total number of staff in FTE	21	5	5	3	2	6
Total remuneration (in EUR)	2.773.997	1.294.601	482.118	256.747	283.034	457.496
Of which: variable remuneration (in EUR)	535.960	341.960	63.000	43.000	71.000	17.000

In the financial year 2020, the Bank did not have beneficiaries who would be paid more than EUR 1 million.

[1] *CEO and direct reports to the CEO*

INFORMATION ON THE PERFORMANCE CRITERIA ON WHICH THE ENTITLEMENT TO SHARES, OPTIONS OR VARIABLE COMPONENTS OF REMUNERATION IS BASED

Taking into account the criteria for determining achievement of goals or performance, the employee can be rewarded in addition to the variable part of the remuneration, also through shares of the UniCredit Group. According to the current Long Term Incentive Plan (LTI Plan), only the President of the Management Board is entitled to this type of payment. The LTI Plan aims to commit Group Top Management to achieving UniCredit Group strategic targets disclosed to the market by linking part of the variable compensation to the Multi-Year Plan success.

The Plan provides for the allocation of UniCredit free ordinary shares, in several instalments and over a multi-year period, subject to the achievement of specific performance conditions linked to the 2020-2023 Multi-Year Plan. Performance indicators of the LTI Plan to be evaluated for the definition of the numbers of shares are Return on Tangible Equity, Asset Quality, Operating Expenses and Sustainability.

AGGREGATE QUANTITATIVE INFORMATION ON REMUNERATION PAID OUT IN 2020

In year 2020, there were 32 people identified as Identified staff (of which 8 persons based on the function of the member of the management body in its supervisory function), in accordance with the criteria set out in the Regulatory Technical Standards that identify the Identified Staff population, based on qualitative and quantitative criteria (the so called EBA criteria).

Provided below are the total amounts of gross remuneration paid out to above mentioned Identified Staff population in the period from January to December 2020[2]:

(item (h) of Article 450 of the CRR Regulation)

1. The amounts of remuneration for the financial year, split into fixed and variable remuneration, and the number of beneficiaries;

	Fixed remuneration	Variable remuneration – paid in 2020	Variable remuneration – outcome in 2020	Number of beneficiaries
Total Sum	2.238.037	535.960	606.000	21

2. The amounts and forms of variable remuneration, split into cash, shares, share-linked instruments and other types;

	Variable remuneration - cash	Variable remuneration - shares share-linked instruments
Total sum	468.500	137.500

3. The amounts of outstanding deferred remuneration, split into vested and unvested portions;

	Outstanding deferred remuneration (In cash and in shares)
Total sum	213.416

4. The amounts of deferred remuneration awarded during the financial year, paid out and reduced through performance adjustments;

	Paid out deferred remuneration in 2020
Total sum	122.460

5. New contractually prearranged variable remuneration and severance payments made during the financial year, and the number of beneficiaries of such payments; EN Official Journal of the European Union, L 176/261 of 27 June 2013;

In 2020, new prearranged variable remuneration during the financial year was allocated to one beneficiary.

6. The amounts of severance payments awarded during the financial year, number of beneficiaries and highest such award to a single person;

In the financial year 2020, one beneficiary received the severance payment. Highest severance was in amount of € 10.274,11 gross.

7. The number of individuals being remunerated 1 million EUR or more per financial year, for remuneration between 1 million EUR and 5 million EUR broken down into tranches of 500 000 EUR and for remuneration of 5 million EUR and above broken down into tranches of 1 million EUR;

In 2020, there were no payments made in amounts higher than 1 million EUR.

[2] *Without remuneration of members of the Supervisory Board; Remuneration of members of the Supervisory Board is disclosed in the annual report.*

Table LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

LEVERAGE RATIO (Article 451)

Purpose: Summary reconciliation of accounting assets and leverage ratio exposures

The leverage ratio is calculated in accordance with the CRR and CRD. It was introduced under Basel III as a simple and transparent, risk-free complementary measure.

The purpose of the leverage ratio is to limit the size of bank balance sheets with special emphasis on exposures that are not weighted within existing capital requirements calculations. In the calculation of leverage, Tier 1 capital is used in the numerator and the total exposure of all active on-balance sheet and off-balance sheet items after adjustments, in which exposures from derivatives, exposures from securities financing transactions and other off-balance sheet items are particularly emphasized. From 1 January 2018, the leverage ratio is calculated according to the regulation of full compliance with the definition of the capital measure and has become one of the binding minimum capital requirements.

On 31 December 2020, the leverage ratio of the UniCredit Slovenia Group amounted to 10.1% and is well above the minimum threshold of 3% set by the Basel Committee on Banking Supervision.

		Applicable Amount
1	Total assets as per published financial statements	3.109.927
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	
3	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio total exposure measure in accordance with Article 429(13) of Regulation (EU) No 575/2013)	
4	Adjustments for derivative financial instruments	- 3.075
5	Adjustment for securities financing transactions (SFTs)	
6	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	240.469
EU-6a	(Adjustment for intragroup exposures excluded from the leverage ratio total exposure measure in accordance with Article 429(7) of Regulation (EU) No 575/2013)	
EU-6b	(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with Article 429(14) of Regulation (EU) No 575/2013)	
7	Other adjustments	- 558.815
8	**Leverage ratio total exposure measure**	**2.788.505**

Table LRCom: Leverage ratio common disclosure

LEVERAGE RATIO (Article 451)

Purpose: Leverage ratio common disclosure

		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)	3.076.302
2	(Asset amounts deducted in determining Tier 1 capital)	- 7.729
3	**Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)**	**3.068.573**
Derivative exposures		
4	Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin)	12.536
5	Add-on amounts for PFE associated with all derivatives transactions (mark- to-market method)	18.014
EU-5a	Exposure determined under Original Exposure Method	-
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	-
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-
8	(Exempted CCP leg of client-cleared trade exposures)	-
9	Adjusted effective notional amount of written credit derivatives	-
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-
11	**Total derivatives exposures (sum of lines 4 to 10)**	**30.550**
SFT exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	-
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-
14	Counterparty credit risk exposure for SFT assets	-
EU-14a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429b(4) and 222 of Regulation (EU) No 575/2013	-
15	Agent transaction exposures	-
EU-15a	(Exempted CCP leg of client-cleared SFT exposure)	-
16	**Total securities financing transaction exposures (sum of lines 12 to 15a)**	**-**
Other off-balance sheet exposures		
17	Off-balance sheet exposures at gross notional amount	240.469
18	(Adjustments for conversion to credit equivalent amounts)	-
19	**Other off-balance sheet exposures (sum of lines 17 and 18)**	**240.469**
Exempted exposures in accordance with Article 429(7) and (14) of Regulation (EU) No 575/2013 (on and off balance sheet)		
EU-19a	(Intragroup exposures (solo basis) exempted in accordance with Article 429(7) of Regulation (EU) No 575/2013 (on and off balance sheet))	-
EU-19b	(Exposures exempted in accordance with Article 429 (14) of Regulation (EU) No 575/2013 (on and off balance sheet))	- 551.086
Capital and total exposure measure		
20	**Tier 1 capital**	**281.819**
21	**Leverage ratio total exposure measure (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)**	**2.788.505**
Leverage ratio		
22	**Leverage ratio**	**10,11%**
Choice on transitional arrangements and amount of derecognised fiduciary items		
EU-23	Choice on transitional arrangements for the definition of the capital measure	Transitional
EU-24	Amount of derecognised fiduciary items in accordance with Article 429(11) of Regulation (EU) No 575/2013	0

Table LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

LEVERAGE (Article 451)

Purpose: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

		CRR leverage ratio exposures
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	3.076.302
EU-2	Trading book exposures	1.046
EU-3	Banking book exposures, of which:	3.075.256
EU-4	Covered bonds	-
EU-5	Exposures treated as sovereigns	1.182.794
EU-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	-
EU-7	Institutions	148.936
EU-8	Secured by mortgages of immovable properties	173.162
EU-9	Retail exposures	670.972
EU-10	Corporate	768.341
EU-11	Exposures in default	34.405
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	96.646

Table LRQua: Free format text boxes for disclosure on qualitative items

LEVERAGE RATIO (Article 451)

Purpose: Describe the main drivers for the change in the leverage ratio

1	Description of the processes used to manage the risk of excessive leverage	Group Risk Appetite Framework represents the foundation for risk management within UniCredit Holding. This framework envisages comprehensive governance, processes, tools and procedures for the widespread management of risks. The leverage risk is included in the Group Risk Appetite Framework, therefore, the relevant procedures and resources are applied to this kind of risk. The quantitative tools to assess the leverage risk are coming from Group Risk Appetite KPIs that include also the leverage ratio metric. This KPI has its own targets, triggers and limit levels that are periodically monitored within the regular reporting activity. The monitoring and the periodical reporting is submitted to the Risk Committee (on a quarterly basis) and to the Board of Directors. The Group Risk Appetite process identifies the governance mechanism, managerial involvement and escalation process under normal and stressed operating conditions. The defined escalation process is activated at relevant organizational levels in order to ensure an adequate reaction when triggers or limits are breached. Moreover for the capital metrics, including the Leverage Ratio, the Group has defined a specific internal policy (Capital Contingency Policy) that set the processes for reacting to contingency situation which require a timely reaction in term of increase of capital or reduction of exposures
2	Description of the factors that had an impact on the leverage Ratio during the period to which the disclosed leverage Ratio refers	The main drivers for the changes in the leverage ratio between June 2020 and December 2020 were: - Tier 1 capital increased due to regulatory changes and slightly higher AOCI figure. - The change in leverage ratio exposure is mainly due to increase of exposures to central governments or central banks, while exposure to corporates decreased due to repayments of loans. Besides this central bank exposure was exempted in the Leverage ratio calculation according to the article 500b of the CRR2 Quick Fix regulation, which was the main reason that Leverage ratio increased by 1,77 p.p. compared to the June 2020.

Table 7: EU CRC – Qualitative disclosure requirements related to CRM techniques
USE OF CREDIT RISK MITIGATION TECHNIQUES (Article 453)
Purpose: Provide qualitative information on the mitigation of credit risk.

Description of CRM policies and procedures regarding on-balance sheet and off-balance sheet netting (Article 453, line a)

The Group makes use of on- and off-balance sheet netting, if the conditions are met in line with the CRR Directive.

In general, netting agreements on on-balance sheet of mutual credit obligations between the Bank and its counterparty are considered eligible if they are legally effective and enforceable in all relevant jurisdictions, including in case of the counterparty's default or bankruptcy and if the following operational conditions are fulfilled:

- Ensuring the netting of profits and losses from transactions whose clearing is carried out based on framework agreement, so that one party owes the other party one single net amount;
- Fulfilment of minimum requirements for recognition of financial collateral (requirements for valuation and monitoring).

In line with the internal act on procedures of review, monitoring and control regarding the on-balance sheet netting of reciprocal credit exposures and obligations for the Parent bank's cash flows, the on-balance sheet netting of mutual credits between the Bank and the debtor, in this case a Parent bank, is considered as suitable form of funded credit protection. The adequacy of on-balance sheet netting is limited to mutual cash balances between the Bank and the debtor, in this case a Parent bank, namely loans and deposits. The Group defines that netting can be used only if the Bank can determine at any time the netting value of a position (assets and liabilities related to one customer that are subject to the netting agreement), controlling and monitoring debts and netting value.

For the recognition of effects of the agreement on on-balance sheet netting on decrease of credit risk, the following minimum requirements must be fulfilled:

a) they must be legally effective and enforceable according to the jurisdiction which applies to them, including in cases of the counterparty's insolvency or bankruptcy;
b) The Bank must have a constant overview of assets and liabilities that are subject of netting agreements;
c) The Bank must monitor and control the risks related to the loss of credit protection;
d) The Bank must monitor and control included exposures on net basis.

In order to perform on-balance sheet netting based on individual netting agreements, analysis and confirmation of the subject agreement on on-balance sheet netting is required by the Legal unit, as an adequate legal foundation pursuant to point a).

Same applies also to off-balance sheet netting (which is actually carried out only in relation to derivatives), where in order to perform off-balance sheet netting based on individual agreements, analysis and confirmation of the subject agreement on off-balance sheet netting is also required by the Legal unit, as an adequate legal foundation.

Also, the Group's policy and process exist also for the off-balance sheet netting, which is carried out in line and in cooperation with the Parent group.

Policies and processes for collateral valuation and management (Article 453, line b)

The collateral received to support credit lines approved by the Group's legal entities includes primarily real estate, both residential and commercial, and collateral of financial instruments collateral, including debt securities and equies financial instruments. The remaining part includes pledges on other assets (e.g. pledged goods) and other collaterals (e.g. movable property).

The criteria for the eligibility of use of collateral to reduce risks must be in line with supervisory regulations, together with specific requirements for the approach adopted for the calculation of regulatory capital for individual counterparties/exposure (standardized, F – IRB), pursuant to the legal framework of the country in scope.

The UniCredit Group has clearly defined guidelines for the eligibility of use of all types of collateral. Each legal entity thus defines a list of eligible collateral, according to the Group's methods and processes and in line with local legislative and regulatory requirements and specifics.

Based on general guidelines regarding risk mitigation techniques issued by the UniCredit Group, the Group has defined in internal regulations principles, the processes, strategies and procedures for collateral management, with focus on rules regarding collateral eligibility, valuation and monitoring to ensure legal enforceability and timely liquidation of collateral in line with legislation.

According to credit policy, the debtor's ability to meet obligations is the primary source of repayment of investments, while accepted collaterals represent only a secondary source of repayment in case the debtor ceases to repay their contractual obligations. For this reason, in addition to the analysis of the borrower's credit worthiness and repayment capacity, the Group also performs valuation and analysis of collateral.

In line with the legislation, the Parent group UniCredit implemented the system of valuation, monitoring and reporting of the collateral in line with regulatory time frame and internal guidelines. The management of credit risk mitigation techniques is embedded both in the credit approval process and in the credit risk monitoring process.

Controls and related responsibilities are duly formalized and documented in internal rules and job descriptions. Furthermore, the processes have been implemented to control that all the relevant information regarding the identification and evaluation of collateral are correctly registered in the Group's system.

The Bank places additional emphasis on the importance of processes and controls for ensuring legal certainty of collateral and to checking the issuer's credit worthiness in case of personal credit protection.

In line with the internal credit protection policy, collaterals are exposed to a regular reviewing process, which is carried out on portfolio basis at least every three years for residential real estate, while for others it is carried out individually at least once per year. Such approach enables a better view of the current status and actual value of collateral.

In addition to Probability of default (PD), Loss given default (LGD) also determines the Expected loss (EL) for exposure at default (EAD). Loss given default (LGD is the percentage of the exposure that is not expected to be recovered in an event of default.. The main decisive factor for the level of LGD is collateral (funds acquired by a bank with recovery of collateral). The economic loss considers direct loss (e.g. loss of interest, principal), indirect loss (costs of restructuring and recovery) and discounting effects in case of enforcement.

All funded protections represent the enforceable assets, the value of which can be determined taking into consideration the adjustment for collateral volatility (»haircut«), determined based on repayment level of each type of collateral. The decrease of credit risk by using funded protections is thus reflected in the decrease of non-collateralized part of loan. In the process of approving and booking collateral, the Bank uses for individual collateral the adjustments (haircuts) defined with internal rules for individual collateral, which are harmonized with the adjustments (haircuts) determined by the CRM policy by the Parent group. An example of haircut at valuation is described for the purpose of description of collateral by pledging real estate in the next section.

Crucial factors for calculating the level of repayment from collateral include the following:

- Basic assessment of market value for individual type of collateral in case of default (the bank usually uses market value as basis for assessment and confirmation of the value of pledged assets),
- Repayment from achieved collateral,
- Costs of repayment,
- Period of settlement.

Description of types of collateral (Article 453, line c)

In general, the Bank classifies collateral to funded and unfunded credit protection.

Funded credit protection

Funded credit protection is a collateral where a bank has a right, in the event of the debtor's default, bankruptcy or other credit event defined in the documentation on transaction, to quickly liquidate or retain assets for collateral. The level of correlation between the value of assets given as collateral and the debtor's credit quality must not be excessive. Eligible forms of funded collateral credit protection:

1. Framework netting agreements, including transactions of temporary sales / temporary purchase and/or lending/renting of securities or goods and/ or other transactions with capital market instruments (only when using developed method for calculation of effects of collateral with financial assets).

2. Collateralized with assets:

a) Collateral with immovable property;
b) Pledge over receivables;
c) Physical collateral;
d) Cash collateral;
e) Collateral with other assets.

3. Other funded collateral:

a) Cash or cash equivalents invested with the third-party institution,
b) Life insurance policies pledged to the Bank,
c) Institution instruments, redeemable upon request.

Unfunded credit protection

As opposed to funded credit protection, the Bank assesses the adequacy of personal collateral (e.g. guarantees, credit derivatives, guarantees by insurance institutions) by their providers' credit rating. Eligible providers of personal collateral are the following:

a) a central government or central bank,
b) a regional government or local authority,
c) multilateral development banks,
d) international organisations, to which a 0 % risk weight is assigned under standardized approach,

e) public sector entities, claims on which in the standardized approach are treated as claims to institutions or central government,

f) institutions
g) Other corporate entities, including superior or subordinated entities for a bank, which:

- Have a credit rating assessment by the » External Credit Assessment Institutions (hereinafter referred to as ECAI) «, corresponding to at least credit quality level 2,
- Don't have a credit rating assessment by the recognized ECAI, but the PD is determined in line with minimum requirements for the use of the IRB approach and which corresponds to at least credit quality level 2– in exposure and amounts of expected losses,
- Use the IRB approach without own LGD (and CF) assessments.

Among unfunded credit protection also belong eligible types of credit derivatives or instruments that may be composed of such credit derivatives or that are economically effectively similar, such as:
a) credit default swaps,
b) total return swaps,
c) credit linked notes to the extent of their cash funding.

In order to collateralize investments, the Bank mainly accepts the following collateral:

- collateral with commercial and residential real estate, with movable property, cash claims, financial assets, pledging life insurance policies (the so-called funded credit protection);
- sureties and guarantees by individuals and legal entities, bank guarantees, guarantees by government, insurance companies (the so-called unfunded credit protection).

1. Collateral with immovable property

Real estate for which mortgage is required to collateralize an individual credit transaction are identified in the loan proposal approved by the competent decision-making body in the Bank. The identification of real estate is carried out through a brief description and by stating land register entries of numbers of plots of land where subject real estate is entered. Mortgage collateral is registered at the Bank system as of the day of receipt of notarial agreement which forms basis for the entry of mortgage into the land register.

When obtaining a real estate as collateral, the Bank must obtain its value assessment, prepared by an independent appraiser and subsequently it must monitor the value fluctuation. For commercial and other real estate, the value assessment must be monitored at least once per year, while for residential real estate it must be monitored at least once every three years. More frequent monitoring of the value assessment is necessary in case of significant changes of market conditions. An "independent appraiser" is a person having necessary qualifications, knowledge and experience for conducting a valuation and who is independent from the decision-making process for transactions collateralized with real estate. Valuations of real estate must be conducted entirely in line with the International Valuation Standards adopted by the International Valuation Standards Committee - IVSC. The independent appraiser must assess the value of real estate adopted by the Bank for collateral at market value or at value lower than ma entities and natural persons who have experienced difficulties in repaying loans. The Bank has also upgraded the portal and its central system to make it easier for customers to report on their financial situation during the moratorium, as well as to ma

The Bank must value a real estate accepted as collateral at its market value. Market value is an estimated amount for which a real estate should be exchanged on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. The value of immovable property collateral is a market value of subject real estate which is adequately reduced so that it reflects the results of monitoring the value of real estate and which takes into consideration any previous claims which burden the real estate. For material valuation of real estate, the Bank defines a minimum haircut and a maximum factor of material coverage according to individual type of real estate.

2. Collateral with financial assets

The following can be recognized as eligible collateral with financial assets:

- Bank deposits or cash equivalents owned by the bank;
- Debt securities (including also credit link notes);
- Investment funds points;
- Equity securities or convertible bonds included into the main index;
- Gold.

The debtor's credit quality and the value of collateral with financial assets must not be in significant positive correlation. Securities issued by the debtor or by any person from the group of persons related in a way as defined in the Companies Act, where the debtor is also present, are not eligible. If the collateral with financial assets is with the third party, the Bank must adopt adequate measures to ensure that a third party separates this collateral from their own funds. The remaining maturity of collateral with financial assets must not be shorter than the remaining maturity of exposure.

The level of invested cash and cash equivalents on deposit account is a foundation for determining the level of material collateral. If all regulatory requirements are fulfilled, the value of material collateral is considered with the collateral factor of 100 %. If the conditions are not fulfilled, the collateral factor is reduced accordingly. In case of currency mismatch or mismatch in terms of maturity (between the collateralized claim and collateral), the material value of collateral must be additionally adequately reduced. The revision of collateral quality in a form of application with the Bank or deposit is carried out in the Risk management department at each loan proposal and at each regular annual revision of a company and its transactions.

3. Collateral with financial instruments (debt securities, investment fund points, equity securities)

Pledge right on financial instruments must be fully established, since a partial pledge right on financial instruments is not allowed. Pledge right on financial instruments must be first-class, without prior burden in favour of third parties.

For lombard loans pledged securities (stocks, bonds) must be listed on the Slovenian stock exchange (first stock quotation). In the Risk management department, a minimum threshold for collateral coverage is also determined, which should be fulfilled by the borrower throughout the duration of loan transaction.

Number of debt securities, investment funds units, number of equity securities can be considered as eligible financial asset collateral if their price (stock exchange quotation) is publicly available on a daily basis. For each type of financial instrument, the following must be stated: its code, ISIN code, minimum haircut, maximum collateral factor, and coverage level. Only a first-class pledge of financial instrument is recognized as material collateral. The basis for valuation is a daily market quotation (closing quote) of a financial instrument. The valuation is carried out for each financial instrument separately with particular focus on liquidity of individual financial instruments. The Bank regularly updates and internally publishes the lists of acceptable financial instruments.

4. Pledge over receivables

The following is considered as pledge over receivables: all open and existing commercial claims of the companies toward the buyers, future claims which justify the binding obligation of repayment of a certain amount. In case of future (not yet existing) claims, it must be considered that such claims can become subject of collateral only in case when later transaction is evident from the offer.

Claims related to commercial transaction or transactions with original maturity up to 1 (one) year can be considered as eligible collateral. Longer claim maturities can be approved only based on decision by the competent decision-making body. Also, any change to the already approved list of claims must also be approved by the Risk department.

In this case it would be the agreement on assignment of claims into collateral, the assignement of claims can be signed tripartitely (assignor, bank assignee, debtor) whereby the debtor by signing the agreement confirms that they are informed about the assignment of claims. The agreement precisely defines the guarantees and obligations of the assignor as well as the obligations of the assignee and debtor.

Legal certainty and risk management are the foundation for the recognition of effects of collateral with claims on decrease of credit risk. Claims given as collateral by the borrower must not be in excessive correlation with the borrower. If there is a significant positive correlation, the accompanying risks must be adequately considered when determining the excess of claims given as collateral above the exposure. Claims to persons superior to the debtor, companies subordinated to the debtor and their employees are not recognized as collateral instrument. Also, claims related to securitization, sub-participation (agreements by means of which one bank sells the other credit institution a part of already drawn down loan), credit derivatives also don't count.

Material valuation of claims is not allowed for:

- Claims to related persons,
- Questionable and disputable claims,
- Claims where counter requirements are possible,
- Claims still actually non-existing (future claims based on concluded PO),
- Claims more than 6 months outstanding,

- Claims to persons from foreign countries having a country risk 3- (BA master scale) or lower; an exception applies for countries where the country's political risk is insured with an insurance policy by the eligible insurance institution which is pledged/assigned to the bank's favour,

- Claims where majority of cash flow from pledged/assigned claims is executed via other banks,
- Claims from accounting deferrals or accruals
- Claims where already exists a long-term right of other banks from factoring,
- If a contractual ban exists for assignment of claims.

The requirement for long-term material valuation of claims as collateral can be satisfied only based on due diligence of eligibility of claims offered as collateral. Such review should include:

- level of outstanding receivable (average scope of claims, fluctuations of claims),
- Customer typology (separately at level of person, citizen, public sector, etc.),
- Spread of risk (number and share of debtors of an individual company),
- Payment term and of claims,
- Type of disclosure - Option to inform the debtor about the assignment (according to the agreed upon method of informing in case of silent assignment - closure).

The management of the process of collateral with claims must be organized within a department outside of the loan decision-making process, which should check the following:

- Whether time sending of list of claims is in line with the contractual requirement,
- Whether claims on the list are eligible,
- Whether the value of submitted claims corresponds to the required level of material collateral.

Claims from securitization, sub-participation and credit derivatives are not eligible as collateral instruments.

For claims, the following must be monitored:

- Balance of the amount of assigned claims,
- Maturity of assigned claims,
- Quality of assigned claims.

Credit derivatives (Article 453, line d)

In the year 2020, the Bank didn't have exposures in credit derivatives.

Information about market or credit risk concentrations within the credit mitigation taken (Article 453, line e)

Risk of concentration occurs when a major part of the collateral financial assets in the entire Group (on portfolio level) is concentrated in a small number of types of collateral, collateral instruments or special providers of collateral or sectors or when there is a disproportion in the scope of accepted collateral.

At the Bank, the risk of concentration is controlled/ monitored:

- For personal collateral, where for loan proposals the exposure of a guarantor is added, which is reflected in their comprehensive exposure and this affects the level of approval,
- In case of guarantees by the state or financial institutions, the approval must be requested additionally since the entire exposure to a specific subject is being monitored in a central point (country limit, bank limit).

The concentration due to CRM measures is regularly analysed from the aspect of types of instruments of collateral with assets.

It is evident from the table »Market value of the Bank's collateral by type of collateral« in the Annual report that the Group has 2.2 billion EUR of collateral by market value, of which 2 billion EUR real estate, representing 90 % of the entire collateral portfolio. Over 99 % of all the Group's real estate is in Slovenia.

The Group classifies as guarantees the irrevocable commitments of the RS which represents a 5-percent share of all the Group's collateral, while minor part is represented by other types of collateral.

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Note:

Within the disclosures the following terms mean
the Group = UniCredit Banka Slovenija d.d. as a parent company and UniCredit Leasing, d.o.o. as a subsidiary
the parent group UniCredit = international UniCredit

Template 18: EU CR3 – CRM techniques – Overview

USE OF CREDIT RISK MITIGATION TECHNIQUES (Article 453)

Purpose: Disclose the extent of the use of CRM techniques.

		a	b	c	d	e
		Exposures unsecured – carrying amount	Exposures secured – carrying amount	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
1	Total loans	1.504.993	1.132.724	998.714	134.010	0
2	Total debt securities	335.020	0	0	0	0
3	**Total exposures**	**1.840.012**	**1.132.724**	**998.714**	**134.010**	**0**
4	Of which defaulted	9.000	23.461	21.404	2.056	0

Template 19: EU CR4 – Standardised approach – Credit risk exposure and CRM effects

USE OF CREDIT RISK MITIGATION TECHNIQUES (Article 453)

Purpose: Illustrate the effect of all CRM techniques applied in accordance with Part Three, Title II, Chapter 4 of the CRR, including the financial collateral simple method and the financial collateral comprehensive method in the application of Article 222 and Article 223 of the same regulation on standardised approach capital requirements calculations. RWA density provides a synthetic metric on the riskiness of each portfolio.

		a	b	c	d	e	f
		Exposures before CCF and CRM		Exposures post CCF and CRM		RWAs and RWA density	
	Exposure classes	On-balance-sheet amount	Off-balance-sheet amount	On-balance-sheet amount	Off-balance-sheet amount	RWAs	RWA density
1	Central governments or central banks	1.024.964	11	1.179.839	4	2.013	-
2	Regional government or local authorities	98.918	700	98.918	140	19.812	0,20
3	Public sector entities	46.225	332	50.065	66	24.724	0,49
4	Multilateral development banks	-	-	-	-	-	-
5	International organisations	-	-	-	-	-	-
6	Institutions	12	1.539	12	769	387	0,50
7	Corporates	133.997	3.062	133.840	1.821	127.136	0,94
8	Retail	670.972	53.430	670.365	13.170	503.753	0,74
9	Secured by mortgages on immovable property	173.162	1.043	173.162	470	61.304	0,35
10	Exposures in default	20.925	8	20.904	2	23.845	1,14
11	Exposures associated with particularly high risk	5.620	-	5.583	-	8.374	1,50
12	Covered bonds	-	-	-	-	-	-
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
14	Collective investment undertakings	23.053	-	23.053	-	3.243	0,14
15	Equity	-	-	-	-	-	-
16	Other items	2.407	-	2.407	-	2.407	1,00
17	**Total**	**2.200.255**	**60.125**	**2.358.148**	**16.443**	**776.998**	**0,33**