# Disclosures of UniCredit Group Slovenia for the year 2018

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Banks are obliged to disclose certain information, which should allow sufficient information to potential investors about the risks the bank takes in its operations. Disclosures of UniCredit Group Slovenia for the year 2018 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).

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.

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

## Capital Instruments

| 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<br>28.02.2006<br>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)

### Common Equity Tier 1

| | | |
|---|---|---|
| **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 | 19,070 |
| 3 | Accumulated other comprehensive income (and other reserves) | 96,986 |
| 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** | **244,199** |
| **Common Equity Tier 1 (CET1) capital: regulatory adjustments** | | |
| 7 | Additional value adjustments (negative amount) | - 118 |
| 8 | Intangible assets (net of related tax liability) (negative amount) | - 14,870 |
| 9 | Empty set in the EU | |
| 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 | - 14 |
| 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) | - |
| 20 | Empty set in the EU | |
| 20a | Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative | - |
| 20b | of which: qualifying holdings outside the financial sector (negative amount) | - |
| 20c | of which: securitisation positions (negative amount) | - |
| 20d | of which: free deliveries (negative amount) | - |
| 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) | - |
| 23 | of which: direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has significant investment in those entities | - |
| 24 | Empty set in the EU | - |
| 25 | of which: deferred tax assets arising from temporary differences | - |
| 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 | - |
| | Of which: ... filter of unrealised loss 1 | - |
| | Of which: ... filter of unrealised loss 2 | - |
| | Of which: ... filter for unrealised gain 1 | - |
| | Of which: ... filter for unrealised gain 2 | - |
| 26b | Amount to be deducted from or added to Common Equity Tier 1 capital with regard to additional filters and deductions required pre CRR | - |
| | of which: ... | - |
| 27 | Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount) | - |
| **28** | **Total regulatory adjustments to Common equity Tier 1 (CET1)** | **- 15,002** |
| **29** | **Common Equity Tier 1 (CET1) capital** | **229,197** |

| | | |
|---|---|---|
| **Additional Tier 1 (AT1) capital: instruments** | | |
| 30 | Capital instruments and the related share premium accounts | - |
| 31 | of which: classified as equity under applicable accounting standards | - |
| 32 | of which: classified as liabilities under applicable accounting standards | - |
| 33 | Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from AT1 | - |
| | Public sector capital injections grandfathered until 1 January 2018 | - |
| 34 | Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties | - |
| 35 | of which: instruments issued by subsidiaries subject to phase out | - |
| **36** | **Additional Tier 1 (AT1) capital: regulatory adjustments** | - |
| **Additional Tier 1 (AT1) capital: regulatory adjustments** | | |
| 37 | Direct and indirect holdings by an institution of own AT1 instruments (negative amount) | - |
| 38 | Direct, indirect and synthetic holdings of the AT1 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) | - |
| 39 | Direct, indirect and synthetic holdings by the institution of the AT1 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) | - |
| 40 | Direct, indirect and synthetic holdings by the institution of the AT1 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) | - |
| 41 | Empty set in the EU | |
| 41 | Regulatory adjustments applied to the additional tier 1 in respect of amounts subject to pre-CRR treatment and transitional subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts) | - |
| 41a | Residual amounts deducted from additional Tier 1 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to the article 472 of Regulation (EU) No 575/2013 | - |
| | Of which items to be detailed line by line, e.g. material net interim losses, intangibles, shortfall of provisions to expected losses etc. | - |
| 41b | Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Tier 2 capital during the transitional period pursuant to the article 472 of Regulation (EU) No 575/2013 | - |
| | Of which items to be detailed line by line, e.g. reciprocal cross holdings in Tier 2 instruments, direct holdings of non significant investments in the capital of other financial sector entities, etc. | - |
| 41c | Amount to be deducted from or added to the Additional Tier 1 capital with regard to additional filters and deductions required pre-CRR | - |
| | Of which: ... possible filter for unrealised losses | - |
| | Of which: ... possible filter for unrealised losses | - |
| | Of which: ... | - |
| 42 | Qualifying T2 deductions that exceed the T2 capital of the institution (negative amount) | - |
| **43** | **Total regulatory adjustments to Additional Tier 1 (AT1) capital** | **-** |
| **44** | **Additional Tier (AT1) capital** | **-** |
| **45** | **Tier 1 capital (AT1 = CET1 + AT1)** | **229,197** |
| **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 | 2,957 |
| **51** | **Tier 2 (T2) capital before regulatory adjustments** | **2,957** |

| | | |
|---|---|---|
| **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 | Empty set in the EU | |
| 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 | - |
| | Of which items to be detailed line by line, e.g. material net interim losses, intangibles, shortfall of provisions to expected losses etc. | - |
| 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 | - |
| | Of which items to be detailed line by line, e.g. reciprocal cross holdings in AT1 instruments, direct holdings of non significant investments in the capital of other financial sector entities, etc. | - |
| 56c | Amount to be deducted from or added to Tier 2 capital with regard to additional filters and deductions required pre-CRR | - |
| | of which: ... a possible filter for unrealized losses | |
| | of which: ... a possible filter for unrealized losses | |
| | of which: ... | |
| **57** | **Total regulatory adjustments to Tier 2 (T2) capital** | **-** |
| **58** | **Tier 2 (T2) capital** | **2,957** |
| **59** | **Total capital (TC = T1 + T2)** | **232,154** |
| 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) | 1,336,916 |
| | 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.) | 3,832 |
| | 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** | **1,336,916** |

| | | |
|---|---|---|
| **Capital ratios and buffers** | | |
| **61** | **Common Equity Tier 1 (as a percentage of risk exposure amount)** | **17.14%** |
| **62** | **Tier 1 (as a percentage of risk exposure amount)** | **17.14%** |
| **63** | **Total capital (as a percentage of risk exposure amount)** | **17.36%** |
| 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) | 1.8754% |
| 65 | of which: capital conservation buffer requirement | 1.88% |
| 66 | of which: countercyclical buffer requirement | 0.0004% |
| 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 | 0.0% |
| 68 | Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount) | 12.64% |
| 69 | [not relevant for EU legislation] | |
| 70 | [not relevant for EU legislation] | |
| 71 | [not relevant for EU legislation] | |
| **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) | - |
| 74 | Empty set in the EU | |
| 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) | - |

## Template 4: EU OV1 – Overview of RWAs

**CAPITAL REQUIREMENTS (Article 438)**

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

| | | RWAs | | Minimum capital requirements |
|---|---|---|---|---|
| | | 31.12.2018 | 30.09.2018 | 31.12.2018 |
| 1 | Credit risk (excluding CCR) | 1,216,219 | 1,150,332 | 97,298 |
| 2 | Of which the standardised approach | 734,032 | 673,482 | 58,723 |
| 3 | Of which the foundation IRB (FIRB) approach | 469,639 | 463,619 | 37,571 |
| 4 | Of which the advanced IRB (AIRB) approach | 8,057 | 8,230 | 645 |
| 5 | Of which equity IRB under the simple risk-weighted approach or the IMA | 4,491 | 5,001 | 359 |
| 6 | CCR | 11,854 | 12,081 | 948 |
| 7 | Of which mark to market | 11,854 | 12,081 | 948 |
| 8 | Of which original exposure | - | - | - |
| 9 | Of which the standardised approach | - | - | - |
| 10 | Of which internal model method (IMM) | - | - | - |
| 11 | Of which risk exposure amount for contributions to the default fund of a CCP | - | - | - |
| 12 | Of which CVA | - | - | - |
| 13 | Settlement risk | - | - | - |
| 14 | Securitisation exposures in the banking book (after the cap) | - | - | - |
| 15 | Of which IRB approach | - | - | - |
| 16 | Of which IRB supervisory formula approach (SFA) | - | - | - |
| 17 | Of which internal assessment approach (IAA) | - | - | - |
| 18 | Of which standardised approach | - | - | - |
| 19 | Market risk | 13,036 | 25,846 | 1,043 |
| 20 | Of which the standardised approach | 13,036 | 25,846 | 1,043 |
| 21 | Of which IMA | - | - | - |
| 22 | Large exposures | - | - | - |
| 23 | Operational risk | 86,227 | 88,842 | 6,898 |
| 24 | Of which basic indicator approach | - | - | - |
| 25 | Of which standardised approach | 13,312 | 15,636 | 1,065 |
| 26 | Of which advanced measurement approach | 72,915 | 73,206 | 5,833 |
| 27 | Amounts below the thresholds for deduction (subject to 250% risk weight) | 9,580 | 9,773 | 766 |
| 28 | Floor adjustment | - | - | - |
| **29** | **Total** | **1,336,916** | **1,286,874** | **106,953** |

Credit risk RWA increased compared to the previous quarter mainly due to increase of RWA on standardised approach. Increase was driven by higher exposure on Retail and Corporate clients and some new exposures on Public sector entities. On the other hand market risk RWA decreased because some IRS positions were closed in Q4 2018. All these changes lead to final increase of total RWAs by EUR 50m.

## 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 | 1,431 | - | 290% | 1,431 | 4,150 | 332 |
| Other equity exposures | 92 | - | 370% | 92 | 341 | 27 |
| **Total** | **1,523** | **-** | | **1,523** | **4,491** | **359** |

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

**CAPITAL REQUIREMENTS (Article 438)**

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

| | | a | b |
|---|---|---|---|
| | | RWA amounts | Capital requirements |
| **1** | **RWAs as at the end of the previous reporting period (30.9.2018)** | **476,850** | **38,148** |
| **2** | Asset size | 6,966 | 557 |
| **3** | Asset quality | - 1,628 | - 130 |
| **4** | Model updates | | |
| **5** | Methodology and policy | | |
| **6** | Acquisitions and disposals | | |
| **7** | Foreign exchange movements | | |
| **8** | Other | | |
| **9** | **RWAs as at the end of the reporting period (31.12.2018)** | **482,188** | **38,575** |

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

**CAPITAL BUFFERS (Article 440)**

| Row | | General credit exposures | | Trading book exposure | | Securitisation exposure | | Own funds requirements | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 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 | Own funds requirement weights | Countercyclical capital buffer rate |
| | | 010 | 020 | 030 | 040 | 050 | 060 | 070 | 080 | 090 | 100 | 110 | 120 |
| 010 | Breakdown by country | | | | | | | | | | | | |
| | United Arab Emirates | 771 | - | - | - | - | - | 39 | - | - | 39 | 0.0400% | 0.0000% |
| | Albania | 2 | - | - | - | - | - | 0 | - | - | 0 | 0.0000% | 0.0000% |
| | Austria | 1,652 | 8 | - | - | - | - | 80 | - | - | 80 | 0.0900% | 0.0000% |
| | Azerbaijan | 0 | - | - | - | - | - | 0 | - | - | 0 | 0.0000% | 0.0000% |
| | Bosnia and Herzegowina | 373 | 1,536 | - | - | - | - | 175 | - | - | 175 | 0.2000% | 0.0000% |
| | Belgium | 4 | 32 | - | - | - | - | 10 | - | - | 10 | 0.0100% | 0.0000% |
| | Bulgaria | 43 | - | - | - | - | - | 3 | - | - | 3 | 0.0000% | 0.0000% |
| | Brazil | 3 | - | - | - | - | - | 0 | - | - | 0 | 0.0000% | 0.0000% |
| | Belarus | 2 | - | - | - | - | - | 0 | - | - | 0 | 0.0000% | 0.0000% |
| | Canada | 7 | - | - | - | - | - | 0 | - | - | 0 | 0.0000% | 0.0000% |
| | Switzerland | 765 | - | - | - | - | - | 40 | - | - | 40 | 0.0500% | 0.0000% |
| | Chile | 0 | - | - | - | - | - | 0 | - | - | 0 | 0.0000% | 0.0000% |
| | China | 0 | - | - | - | - | - | 0 | - | - | 0 | 0.0000% | 0.0000% |
| | Colombia | 0 | - | - | - | - | - | 0 | - | - | 0 | 0.0000% | 0.0000% |
| | Cape verde | 2 | - | - | - | - | - | 0 | - | - | 0 | 0.0000% | 0.0000% |
| | Cyprus | 2 | - | - | - | - | - | 0 | - | - | 0 | 0.0000% | 0.0000% |
| | Czech Republic | 122 | 1 | - | - | - | - | 4 | - | - | 4 | 0.0000% | 0.0000% |
| | Germany | 399 | 3,453 | - | - | - | - | 19 | - | - | 19 | 0.0200% | 0.0000% |
| | Denmark | 1 | - | - | - | - | - | 0 | - | - | 0 | 0.0000% | 0.0000% |
| | Dominican Republic | - | - | - | - | - | - | - | - | - | - | 0.0000% | 0.0000% |
| | Algeria | 0 | - | - | - | - | - | 0 | - | - | 0 | 0.0000% | 0.0000% |
| | Egypt | 3 | - | - | - | - | - | 0 | - | - | 0 | 0.0000% | 0.0000% |
| | Spain | 2 | 202 | - | - | - | - | 15 | - | - | 15 | 0.0200% | 0.0000% |
| | Finland | 0 | - | - | - | - | - | 0 | - | - | 0 | 0.0000% | 0.0000% |
| | France | 125 | - | - | - | - | - | 5 | - | - | 5 | 0.0100% | 0.0000% |
| | United Kingdom | 246 | 21 | - | - | - | - | 15 | - | - | 15 | 0.0200% | 0.0001% |
| | Georgia | 1 | - | - | - | - | - | 0 | - | - | 0 | 0.0000% | 0.0000% |
| | Ghana | 0 | - | - | - | - | - | 0 | - | - | 0 | 0.0000% | 0.0000% |
| | Greece | 7 | - | - | - | - | - | 0 | - | - | 0 | 0.0000% | 0.0000% |
| | Hong Kong | 1 | - | - | - | - | - | 0 | - | - | 0 | 0.0000% | 0.0000% |
| | Croatia | 362 | 32,142 | - | - | - | - | 1,154 | - | - | 1,154 | 1.3100% | 0.0000% |
| | Hungary | 9 | 17 | - | - | - | - | 2 | - | - | 2 | 0.0000% | 0.0000% |
| | Ireland | 0 | - | - | - | - | - | 0 | - | - | 0 | 0.0000% | 0.0000% |
| | Israel | 4 | - | - | - | - | - | 0 | - | - | 0 | 0.0000% | 0.0000% |
| | India | 3 | - | - | - | - | - | 0 | - | - | 0 | 0.0000% | 0.0000% |
| | Italy | 1,955 | 202 | - | - | - | - | 112 | - | - | 112 | 0.1300% | 0.0000% |
| | Jordan | 0 | - | - | - | - | - | 0 | - | - | 0 | 0.0000% | 0.0000% |
| | Japan | 4 | - | - | - | - | - | 0 | - | - | 0 | 0.0000% | 0.0000% |
| | Kyrgyzstan | - | - | - | - | - | - | - | - | - | - | 0.0000% | 0.0000% |
| | Kazakhstan | 3 | - | - | - | - | - | 0 | - | - | 0 | 0.0000% | 0.0000% |
| | Lithuania | 0 | - | - | - | - | - | 0 | - | - | 0 | 0.0000% | 0.0000% |
| | Luxembourg | 0 | - | - | - | - | - | 0 | - | - | 0 | 0.0000% | 0.0000% |
| | Latvia | 0 | - | - | - | - | - | 0 | - | - | 0 | 0.0000% | 0.0000% |
| | Moldova | 1 | - | - | - | - | - | 0 | - | - | 0 | 0.0000% | 0.0000% |
| | Montenegro | 1 | - | - | - | - | - | 0 | - | - | 0 | 0.0000% | 0.0000% |
| | Madagascar | 0 | - | - | - | - | - | 0 | - | - | 0 | 0.0000% | 0.0000% |
| | Macedonia | 113 | 2 | - | - | - | - | 4 | - | - | 4 | 0.0000% | 0.0000% |
| | Malta | 252 | 8 | - | - | - | - | 21 | - | - | 21 | 0.0200% | 0.0000% |
| | Mexico | 1 | - | - | - | - | - | 0 | - | - | 0 | 0.0000% | 0.0000% |
| | Nigeria | 0 | - | - | - | - | - | 0 | - | - | 0 | 0.0000% | 0.0000% |
| | Netherlands | 1 | 3,250 | - | - | - | - | 358 | - | - | 358 | 0.4100% | 0.0000% |
| | Norway | 0 | - | - | - | - | - | 0 | - | - | 0 | 0.0000% | 0.0000% |
| | New Zealand | 4 | - | - | - | - | - | 0 | - | - | 0 | 0.0000% | 0.0000% |
| | Pakistan | 1 | - | - | - | - | - | 0 | - | - | 0 | 0.0000% | 0.0000% |
| | Poland | 19 | - | - | - | - | - | 1 | - | - | 1 | 0.0000% | 0.0000% |
| | Portugal | 4 | - | - | - | - | - | 0 | - | - | 0 | 0.0000% | 0.0000% |
| | Romania | 20 | 15 | - | - | - | - | 1 | - | - | 1 | 0.0000% | 0.0000% |
| | Serbia | 781 | 4,826 | - | - | - | - | 506 | - | - | 506 | 0.5800% | 0.0000% |
| | Russian Federation | 51 | 8 | - | - | - | - | 4 | - | - | 4 | 0.0000% | 0.0000% |
| | Sweden | 215 | - | - | - | - | - | 12 | - | - | 12 | 0.0100% | 0.0002% |
| | Singapore | 3 | - | - | - | - | - | 0 | - | - | 0 | 0.0000% | 0.0000% |
| | Slovenia | 1,240,827 | 687,756 | - | - | - | - | 84,908 | - | - | 84,908 | 96.6300% | 0.0000% |
| | Slovakia | 12 | - | - | - | - | - | 1 | - | - | 1 | 0.0000% | 0.0000% |
| | Thailand | 0 | - | - | - | - | - | 0 | - | - | 0 | 0.0000% | 0.0000% |
| | Turkey | 6 | - | - | - | - | - | 0 | - | - | 0 | 0.0000% | 0.0000% |
| | Ukraine | 21 | 27 | - | - | - | - | 1 | - | - | 1 | 0.0000% | 0.0000% |
| | United States | 1,489 | 1,431 | - | - | - | - | 375 | - | - | 375 | 0.4300% | 0.0000% |
| | Uzbekistan | 2 | - | - | - | - | - | 0 | - | - | 0 | 0.0000% | 0.0000% |
| | Venezuela | 0 | - | - | - | - | - | 0 | - | - | 0 | 0.0000% | 0.0000% |
| | Vietnam | 1 | - | - | - | - | - | 0 | - | - | 0 | 0.0000% | 0.0000% |
| | Kosovo | 6 | - | - | - | - | - | 0 | - | - | 0 | 0.0000% | 0.0000% |
| | South Africa | 1 | - | - | - | - | - | 0 | - | - | 0 | 0.0000% | 0.0000% |
| 020 | **Total** | **1,250,706** | **734,937** | **-** | **-** | **-** | **-** | **87,870** | **-** | **-** | **87,870** | **100%** | **0.0004%** |

## Amount of institution-specific countercyclical capital buffer

**CAPITAL BUFFERS (Article 440)**

| Row | | Column |
|---|---|---|
| | | 010 |
| 010 | Total risk exposure amount | 1,985,643 |
| 020 | Institution specific countercyclical buffer rate | 0.0004% |
| 030 | Institution specific countercyclical buffer requirement | 87,870 |

## 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, chapter Summary of Accounting Policies, subchapter ***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 (31.12.2018) | Average net exposures over the period (year 2018) |
| 1 | Central governments or central banks | - | - |
| 2 | Institutions | 278,114 | 228,354 |
| 3 | Corporates | 1,373,086 | 1,368,975 |
| 4 | *Of which: Specialised lending* | - | - |
| 5 | *Of which: SMEs* | 429,215 | 492,735 |
| 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 | 1,523 | 1,476 |
| 15 | ***Total IRB approach*** | **1,652,723** | **1,598,805** |
| 16 | Central governments or central banks | 564,353 | 529,370 |
| 17 | Regional governments or local authorities | 106,795 | 115,072 |
| 18 | Public sector entities | 69,942 | 61,020 |
| 19 | Multilateral development banks | - | - |
| 20 | International organisations | - | - |
| 21 | Institutions | 1,709 | 1,125 |
| 22 | Corporates | 166,724 | 146,917 |
| 23 | *Of which: SMEs* | 56,971 | 51,420 |
| 24 | Retail | 471,925 | 458,403 |
| 25 | *Of which: SMEs* | 79,465 | 84,628 |
| 26 | Secured by mortgages on immovable property | 432,808 | 426,082 |
| 27 | *Of which: SMEs* | 28,759 | 25,689 |
| 28 | Exposures in default | 24,608 | 26,045 |
| 29 | Items associated with particularly high risk | 8,760 | 6,153 |
| 30 | Covered bonds | - | - |
| 31 | Claims on institutions and corporates with a short-term credit assessment | 1,024 | 799 |
| 32 | Collective investments undertakings | 22,831 | 22,847 |
| 33 | Equity exposures | - | - |
| 34 | Other exposures | 6,543 | 8,135 |
| 35 | ***Total standardised approach*** | **1,878,022** | **1,801,968** |
| 36 | ***Total*** | **3,530,744** | **3,400,773** |

## 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 | 261,315 | 58,962 | 42,783 | 119,735 | 656 | - | 15,226 | 5,941 | 356 | 91 | - | 5,792 | 3,668 | 11,772 | 10,725 | 10,725 | 2,231 | - | 3,844 | - | 278,114 |
| **3** | Corporates | 1,358,174 | 10 | 199 | 1 | 1 | 201 | - | 69,994 | 25 | 30 | - | 22 | 3,067 | 1,287,691 | - | - | - | - | 14,912 | 8 | 1,373,086 |
| **4** | Retail | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **5** | Equity | 92 | - | - | - | - | - | - | - | - | - | - | - | - | 92 | 1,431 | 1,431 | - | - | - | - | 1,523 |
| **6** | ***Total IRB approach*** | **1,626,316** | **58,972** | **42,982** | **119,736** | **657** | **201** | **15,226** | **75,936** | **381** | **121** | **-** | **5,814** | **6,736** | **1,299,555** | **12,156** | **12,156** | **2,231** | **-** | **12,020** | **8** | **1,652,723** |
| **7** | Central governments or central banks | 564,353 | 5 | 45,318 | - | - | - | - | - | - | - | - | - | - | 519,030 | - | - | - | - | - | - | 564,353 |
| **8** | Regional governments or local authorities | 106,795 | - | - | - | - | - | - | - | - | - | - | - | - | 106,795 | - | - | - | - | - | - | 106,795 |
| **9** | Public sector entities | 69,942 | - | - | - | - | - | - | - | - | - | - | - | - | 69,942 | - | - | - | - | - | - | 69,942 |
| **10** | Multilateral development banks | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **11** | International organisations | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **12** | Institutions | 1,467 | 1 | - | - | - | 488 | - | - | - | - | - | - | - | 978 | 242 | 242 | - | - | - | - | 1,709 |
| **13** | Corporates | 166,724 | 6 | 1 | 0 | 0 | - | - | - | - | - | - | 12 | 0 | 166,705 | - | - | - | - | 0 | - | 166,724 |
| **14** | Retail | 468,634 | 970 | 1,341 | 139 | 21 | 3 | 57 | 335 | 230 | 25 | 64 | 22 | 603 | 465,428 | 480 | 439 | 632 | 26 | 2,179 | 133 | 471,925 |
| **15** | Secured by mortgages on immovable property | 432,161 | 686 | 780 | 211 | 111 | - | 75 | 69 | 37 | - | - | - | 177 | 430,192 | 35 | 35 | 232 | - | 380 | - | 432,808 |
| **16** | Exposures in default | 24,608 | 29 | 53 | 70 | - | - | - | 6 | - | 2 | - | - | 0 | 24,448 | - | - | 0 | - | 1 | 0 | 24,608 |
| **17** | Items associated with particularly high risk | 8,760 | - | - | - | - | - | - | - | - | - | - | - | - | 8,760 | - | - | - | - | - | - | 8,760 |
| **18** | Covered bonds | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **19** | Claims on institutions and corporates with a short-term credit assessment | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,024 | 1,024 | - | - | - | - | 1,024 |
| **20** | Collective investments undertakings | 22,831 | - | - | - | - | - | - | - | - | - | - | - | - | 22,831 | - | - | - | - | - | - | 22,831 |
| **21** | Equity exposures | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **22** | Other exposures | 6,543 | - | - | - | - | - | - | - | - | - | - | - | - | 6,543 | - | - | - | - | - | - | 6,543 |
| **23** | ***Total standardised approach*** | **1,872,818** | **1,698** | **47,493** | **419** | **132** | **491** | **131** | **410** | **267** | **27** | **64** | **34** | **780** | **1,821,651** | **1,780** | **1,739** | **864** | **26** | **2,560** | **133** | **1,878,022** |
| **24** | ***Total*** | **3,492,398** | **60,670** | **90,475** | **120,155** | **789** | **692** | **15,357** | **76,346** | **648** | **148** | **64** | **5,847** | **7,516** | **3,121,206** | **13,936** | **13,895** | **3,095** | **26** | **21,316** | **141** | **3,530,744** |

**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 | - | - | - | - | - | - | - | - | - | - | 278,114 | - | - | - | - | - | - | - | - | - | 278,114 |
| **3** | Corporates | 3,518 | 198 | 397,519 | 96,876 | 11,619 | 56,417 | 351,396 | 127,636 | 5,533 | 103,235 | 27,177 | 8,170 | 96,342 | 80,667 | - | 26 | 878 | 4,142 | 1,178 | 559 | 1,373,086 |
| **4** | Retail | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **5** | Equity | - | - | - | - | - | - | - | - | - | 92 | 1,431 | - | - | - | - | - | - | - | - | - | 1,523 |
| **6** | ***Total IRB approach*** | **3,518** | **198** | **397,519** | **96,876** | **11,619** | **56,417** | **351,396** | **127,636** | **5,533** | **103,327** | **306,721** | **8,170** | **96,342** | **80,667** | **-** | **26** | **878** | **4,142** | **1,178** | **559** | **1,652,723** |
| **7** | Central governments or central banks | - | - | - | - | - | - | - | - | - | - | 166,240 | - | - | - | 394,281 | - | - | - | 3,832 | - | 564,353 |
| **8** | Regional governments or local authorities | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 106,795 | - | - | - | - | - | 106,795 |
| **9** | Public sector entities | - | - | - | 29,983 | - | - | - | 29,335 | - | - | - | - | - | - | 97 | 8,210 | 2,316 | - | - | - | 69,942 |
| **10** | Multilateral development banks | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **11** | International organisations | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **12** | Institutions | - | - | - | - | - | - | - | - | - | - | 1,709 | - | - | - | - | - | - | - | - | - | 1,709 |
| **13** | Corporates | 2,851 | 738 | 40,263 | 144 | 3,955 | 10,845 | 15,652 | 65,051 | 6,693 | 1,155 | 261 | 2,240 | 7,422 | 4,628 | 503 | 170 | 2,035 | 139 | 128 | 1,852 | 166,724 |
| **14** | Retail | 1,792 | 11 | 12,142 | 616 | 448 | 6,735 | 11,834 | 23,001 | 1,834 | 2,060 | 240 | 711 | 4,825 | 1,874 | - | 829 | 1,887 | 391 | 658 | 400,037 | 471,925 |
| **15** | Secured by mortgages on immovable property | - | - | 1,534 | 95 | 166 | 1,673 | 3,433 | 5,570 | 3,725 | 2,570 | 254 | 3,288 | 1,692 | 642 | - | 120 | 2,765 | 359 | 125 | 404,798 | 432,808 |
| **16** | Exposures in default | 2 | - | 711 | 0 | 291 | 204 | 10,629 | 1,427 | 70 | 29 | 0 | 31 | 119 | 2 | - | 15 | 0 | 0 | 1 | 11,077 | 24,608 |
| **17** | Items associated with particularly high risk | - | - | - | - | - | 5,868 | - | - | - | - | - | 2,892 | - | - | - | - | - | - | - | - | 8,760 |
| **18** | Covered bonds | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **19** | Claims on institutions and corporates with a shortterm credit assessment | - | - | - | - | - | - | - | - | - | - | 1,024 | - | - | - | - | - | - | - | - | - | 1,024 |
| **20** | Collective investments undertakings | - | - | - | - | - | - | - | - | - | - | 22,831 | - | - | - | - | - | - | - | - | - | 22,831 |
| **21** | Equity exposures | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **22** | Other exposures | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 6,543 | - | 6,543 |
| **23** | ***Total standardised approach*** | **4,645** | **750** | **54,650** | **30,838** | **4,859** | **25,325** | **41,547** | **124,385** | **12,321** | **5,814** | **192,558** | **9,162** | **14,058** | **7,147** | **501,676** | **9,343** | **9,003** | **890** | **11,288** | **817,763** | **1,878,022** |
| **24** | ***Total*** | **8,163** | **947** | **452,169** | **127,713** | **16,478** | **81,742** | **392,943** | **252,022** | **17,854** | **109,141** | **499,280** | **17,332** | **110,400** | **87,814** | **501,676** | **9,369** | **9,882** | **5,032** | **12,466** | **818,322** | **3,530,744** |

## Template 10: EU CRB-E – Maturity of exposures

**CREDIT RISK ADJUSTMENTS (Article 442)**

**Purpose:** Provide a breakdown of 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 | 73,789 | 18,992 | - | - | - | 92,781 |
| **3** | Corporates | 3,855 | 154,978 | 381,922 | 199,312 | - | 740,067 |
| **4** | Retail | - | - | - | - | - | - |
| **5** | Equity | - | - | - | - | 1,523 | 1,523 |
| **6** | ***Total IRB approach*** | **77,644** | **173,970** | **381,922** | **199,312** | **1,523** | **834,371** |
| **7** | Central governments or central banks | 172,110 | 16,188 | 173,863 | 202,183 | - | 564,344 |
| **8** | Regional governments or local authorities | 471 | 949 | 6,978 | 98,397 | - | 106,795 |
| **9** | Public sector entities | - | 8,999 | 20,775 | 37,195 | - | 66,969 |
| **10** | Multilateral development banks | - | - | - | - | - | - |
| **11** | International organisations | - | - | - | - | - | - |
| **12** | Institutions | 2 | 489 | - | - | - | 490 |
| **13** | Corporates | 113 | 29,178 | 112,554 | 18,379 | - | 160,223 |
| **14** | Retail | 14,709 | 22,485 | 94,616 | 290,481 | - | 422,291 |
| **15** | Secured by mortgages on immovable property | 0 | 2,729 | 27,146 | 401,991 | - | 431,867 |
| **16** | Exposures in default | 1,271 | 302 | 2,989 | 19,533 | - | 24,095 |
| **17** | Items associated with particularly high risk | 4 | 607 | 6,704 | 1,444 | - | 8,760 |
| **18** | Covered bonds | - | - | - | - | - | - |
| **19** | Claims on institutions and corporates with a shortterm credit assessment | 1,024 | - | - | - | - | 1,024 |
| **20** | Collective investments undertakings | 22,831 | - | - | - | - | 22,831 |
| **21** | Equity exposures | - | - | - | - | - | - |
| **22** | Other exposures | 6,543 | - | - | - | - | 6,543 |
| **23** | ***Total standardised approach*** | **219,077** | **81,925** | **445,625** | **1,069,604** | **-** | **1,816,231** |
| **24** | ***Total*** | **296,721** | **255,896** | **827,547** | **1,268,916** | **1,523** | **2,650,602** |

## 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 | - | 278,137 | 24 | - | - | 8 | 278,114 |
| **3** | Corporates | 53,834 | 1,359,942 | 40,691 | - | 7,029 | 11,484 | 1,373,086 |
| **4** | Of which: Specialised lending | - | - | - | - | - | - | - |
| **5** | Of which: SMEs | 29,870 | 426,399 | 27,055 | - | 7,028 | 7,449 | 429,215 |
| **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 | 32 | 1,491 | - | - | - | - | 1,523 |
| **15** | ***Total IRB approach*** | **53,866** | **1,639,571** | **40,714** | - | **7,029** | **11,493** | **1,652,723** |
| **16** | Central governments or central banks | - | 564,397 | 44 | - | - | 43 | 564,353 |
| **17** | Regional governments or local authorities | - | 106,865 | 70 | - | - | 14 | 106,795 |
| **18** | Public sector entities | - | 69,953 | 11 | - | - | 8 | 69,942 |
| **19** | Multilateral development banks | - | - | - | - | - | - | - |
| **20** | International organisations | - | - | - | - | - | - | - |
| **21** | Institutions | - | 1,745 | 37 | - | - | 30 | 1,709 |
| **22** | Corporates | 21,459 | 168,629 | 14,193 | - | 30 | 4,324 | 175,896 |
| **23** | *Of which: SMEs* | 3,229 | 57,669 | 3,003 | - | - | 125 | 57,896 |
| **24** | Retail | 29,010 | 476,081 | 23,926 | - | 184 | 3,559 | 481,166 |
| **25** | *Of which: SMEs* | 8,533 | 80,750 | 8,148 | - | 15 | 1,858 | 81,136 |
| **26** | Secured by mortgages on immovable property | 6,366 | 435,485 | 2,847 | - | - | 22 | 439,004 |
| **27** | *Of which: SMEs* | 730 | 30,661 | 1,921 | - | - | 72 | 29,470 |
| **28** | Exposures in default | 56,835 | - | 32,227 | - | - | 1,620 | 24,608 |
| **29** | Items associated with particularly high risk | 2,343 | 8,824 | 2,408 | - | 1 | 10 | 8,760 |
| **30** | Covered bonds | - | - | - | - | - | - | - |
| **31** | Claims on institutions and corporates with a shortterm credit assessment | - | 1,027 | 3 | - | - | - | 1,024 |
| **32** | Collective investments undertakings | - | 22,831 | - | - | - | - | 22,831 |
| **33** | Equity exposures | - | - | - | - | - | - | - |
| **34** | Other exposures | - | 6,543 | - | - | - | - | 6,543 |
| **35** | ***Total standardised approach*** | **59,179** | **1,862,382** | **43,539** | **-** | **215** | **9,629** | **1,878,022** |
| **36** | ***Total*** | **113,045** | **3,501,952** | **84,253** | **-** | **7,244** | **21,122** | **3,530,744** |
| **37** | Of which: Loans | 103,990 | 2,201,535 | 75,232 | - | 7,244 | 18,366 | 2,230,293 |
| **38** | Of which: Debt securities | - | 385,580 | - | - | - | - | 385,580 |
| **39** | Of which: Off-balance-sheet exposures | 9,023 | 880,140 | 9,021 | - | - | 2,756 | 880,142 |

## 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-balance0sheet 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 | 17 | 8,352 | 207 | - | 1 | - | 8,163 |
| **2** | Mining and quarrying | 0 | 954 | 6 | - | - | - | 947 |
| **3** | Manufacturing | 13,711 | 450,693 | 12,235 | - | 574 | 2,748 | 452,169 |
| **4** | Electricity, gas, steam and air conditioning supply | 1,095 | 127,827 | 1,209 | - | - | 1,011 | 127,713 |
| **5** | Water supply | 679 | 16,239 | 440 | - | - | - | 16,478 |
| **6** | Construction | 9,602 | 81,964 | 9,824 | - | 10 | 5,696 | 81,742 |
| **7** | Wholesale and retail trade | 42,534 | 372,078 | 21,669 | - | 77 | 4,217 | 392,943 |
| **8** | Transport and storage | 10,171 | 249,984 | 8,133 | - | 2 | 3,461 | 252,022 |
| **9** | Accommodation and food service activities | 130 | 17,937 | 213 | - | 3 | - | 17,854 |
| **10** | Information and communication | 120 | 109,510 | 488 | - | 1 | 213 | 109,141 |
| **11** | Financial and insurance activities | 176 | 499,509 | 405 | - | 5,057 | 38 | 499,280 |
| **12** | Real estate activities | 1,966 | 19,133 | 3,768 | - | 0 | 226 | 17,332 |
| **13** | Professional, scientific and technical activities | 7,370 | 110,049 | 7,019 | - | 1,354 | 1,583 | 110,400 |
| **14** | Administrative and support service activities | 910 | 87,914 | 1,010 | - | 1 | - | 87,814 |
| **15** | Public administration and defence, compulsory social security | - | 501,797 | 120 | - | - | 57 | 501,676 |
| **16** | Education | 56 | 9,371 | 58 | - | 0 | - | 9,369 |
| **17** | Human health services and social work activities | 12 | 10,048 | 177 | - | 0 | - | 9,882 |
| **18** | Arts, entertainment and recreation | 87 | 5,135 | 190 | - | 1 | - | 5,032 |
| **19** | Other services | 44 | 12,484 | 62 | - | 0 | - | 12,466 |
| **20** | Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use | 24,365 | 810,976 | 17,018 | - | 162 | 1,870 | 818,322 |
| **21** | **Total** | **113,045** | **3,501,952** | **84,253** | **-** | **7,244** | **21,122** | **3,530,744** |

## 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 | 112,970 | 3,463,515 | 84,086 | - | 7,243 | 21,089 | 3,492,398 |
| **2** | *OF WHICH: AUSTRIA* | 52 | 60,656 | 39 | - | 2 | 3 | 60,670 |
| **3** | *OF WHICH: ITALY* | 70 | 90,442 | 37 | - | 0 | 6 | 90,475 |
| **4** | *OF WHICH: GERMANY* | 3,536 | 120,100 | 3,480 | - | 0 | 132 | 120,155 |
| **5** | *OF WHICH: CZECH REPUBLIC* | 1 | 789 | 1 | - | - | - | 789 |
| **6** | *OF WHICH: SPAIN* | - | 701 | 8 | - | - | - | 692 |
| **7** | *OF WHICH: FRANCE* | - | 15,358 | 1 | - | - | - | 15,357 |
| **8** | OF WHICH: CROATIA | 4,275 | 74,012 | 1,942 | - | 0 | 1 | 76,346 |
| **9** | OF WHICH: UNITED KINGDOM | 0 | 649 | 1 | - | - | - | 648 |
| **10** | OF WHICH: ROMANIA | 8 | 147 | 7 | - | 0 | - | 148 |
| **11** | *OF WHICH: BULGARIA* | - | 64 | 0 | - | 0 | - | 64 |
| **12** | *OF WHICH: HUNGARY* | - | 5,849 | 1 | - | - | - | 5,847 |
| **13** | *OF WHICH: SWITZERLAND* | 0 | 7,529 | 13 | - | 0 | 4 | 7,516 |
| **14** | OF WHICH: OTHER EUROPEAN COUNTRIES | 105,027 | 3,087,219 | 78,556 | - | 7,240 | 20,943 | 3,113,690 |
| **15** | AMERICA | 0 | 13,947 | 11 | - | 0 | 7 | 13,936 |
| **16** | OF WHICH: USA | - | 13,906 | 11 | - | 0 | 7 | 13,895 |
| **17** | *ASIA* | 2 | 3,116 | 23 | - | 0 | - | 3,095 |
| **18** | OF WHICH: TURKEY | - | 26 | 0 | - | - | - | 26 |
| **19** | REST OF THE WORLD | 73 | 21,374 | 132 | - | 0 | 26 | 21,316 |
| **20** | *OF WHICH: RUSSIA* | 0 | 142 | 1 | - | 0 | - | 141 |
| **21** | **TOTAL** | **113,045** | **3,501,952** | **84,253** | **-** | **7,244** | **21,122** | **3,530,744** |

## Template 14: EU CR1-D – Ageing of past-due exposures

**CREDIT RISK ADJUSTMENTS (Article 442)**

**Purpose:** Provide an ageing analysis of accounting on-balance-sheet past-due exposures regardless of their impairment status.

| | | a | b | c | d | e | f |
|---|---|---|---|---|---|---|---|
| | | Gross carrying values | | | | | |
| | | ≤ 30 days | > 30 days ≤ 90 days | > 60 days ≤ 90 days | > 90 days ≤ 180 days | > 180 days ≤ 1 year | > 1 year |
| **1** | Loans | 15,217* | 2,641* | 0 | 2,985* | 5,431* | 35,296* |
| **2** | *Debt securities* | 0 | 0 | 0 | 0 | 0 | 0 |
| **3** | ***Total exposures*** | **15,217*** | **2,641*** | **0** | **2,985*** | **5,431*** | **35,296*** |

With the introduction of IFRS 9, the time bucket "> 60 days ≤ 90 days" is not requested anymore.

* Note: Adjustment subsequent to the date of disclosure.

## Template 15: EU CR1-E – Non-performing and forborne exposures

**CREDIT RISK ADJUSTMENTS (Article 442)**

**Purpose:** Provide an overview of non-performing and forborne exposures as per the Commission Implementing Regulation (EU) No 680/2014.

| | | a | b | c | d | e | f | g | h | i | j | k | l | m |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Gross carrying values of performing and non-performing exposures | | | | | | | Accumulated impairment and provisions and negative fair value adjustments due to credit risk | | | | Collaterals and financial guarantees received | |
| | | | Of which performing but past due > 30 days and <= 90 days | Of which performing forborne | Of which non-performing | | | | On performing exposures | | On non-performing exposures | | On non-performing exposures | Of which forborne exposures |
| | | | | | | Of which defaulted | Of which impaired | Of which forborne | | Of which forborne | | Of which forborne | | |
| **010** | Debt securities | 385,488 | 0 | 0 | 0 | 0 | 0 | 0 | 70 | 0 | 0 | 0 | 0 | 0 |
| **020** | Loans and advances | 2,311,055 | 589 | 5,258 | 109,538 | 109,538 | 103,863 | 32,335 | 9,769 | 13 | 68,443 | 23,824 | 24,937 | 11,834 |
| **030** | Off-balance-sheet exposures | 889,163 | 0 | 1 | 9,025 | 9,025 | 0 | 2,076 | 563 | 0 | 7,176 | 1,284 | 357 | 0 |

## 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** | **55,840*** | **27,614*** |
| 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 | **-6,911*** | **-1,258*** |
| 9 | **Closing balance** | **48,930*** | **26,355*** |
| 10 | Recoveries on credit risk adjustments recorded directly to the statement of profit or loss | 0 | -349* |
| 11 | Specific credit risk adjustments directly recorded to the statement of profit or loss | 6,915* | 1,107* |

* Note: Adjustment subsequent to the date of disclosure.

## 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** | **136,195** |
| **2** | Loans and debt securities that have defaulted or impaired since the last reporting period | 17,700 |
| **3** | Returned to non-defaulted status | - 9,155 |
| **4** | Amounts written off | - 8,020 |
| **5** | Other changes | - 27,182 |
| **6** | **Closing balance** | **109,538** |

## 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 Compensation 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. The latter is also confirmed in the case of organizational changes that affect the functions corresponding to the EBA criteria.

In 2018 Remuneration Committee consisted of 3 members: Mrs. Laura Orlić, Chairwoman of the Remuneration Committee and members Mr. Marco Lotteri ter Mr. Franco Andreetta.

In 2018 the Remuneration Committee met four times. Key activities of the Remuneration Committee included:

- getting acquainted with the Annual audit report of the Internal Audit on remuneration policies and practices,
- monitoring and analyzing the remuneration system & approval of remuneration of Identified Staff,
- updating the Remuneration policies (Group Incentive System for the Identified Staff, Termination payment policy).

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 System, approved in 2018 by UniCredit Board of Directors on January 9th 2018 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 or 6 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.

**2018 Entry conditions at Group and local level**

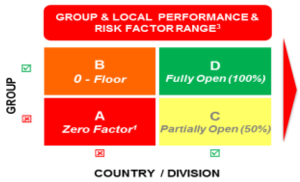
In order to align to regulatory requirements, specific indicators measuring annual profitability, solidity and liquidity results had been set at both local and Group level as Entry Conditions. In particular, risk metrics and thresholds for the 2018 Group Incentive System as defined within the Entry Conditions that confirms, reduces or cancels upfront and deferred payouts include:

| GROUP | LOCAL |
|---|---|
| - NOP adjusted ≥ 0 | - NOP adjusted ≥ 0 |
| - Net Profit ≥ 0 | - Net Profit ≥ 0 |
| - CET1 ratio transitional > 2018 RAF "trigger" (*10,43%)* | |
| - Liquidity Coverage Ratio > 2018 RAF "limit" (101%) | |
| - Net Stable Funding Ratio > RAF "limit" (101%) | |

The definitions of the Entry Conditions metrics are as follows:

- **Net Operating Profit** adjusted means the Net Operating Profit (NOP) excluding income from buy-back of own debt and from the fair value accounting of own liabilities.
- **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.
- **Common Equity Tier 1 Ratio Transitional:** the level of CET1 Ratio transitional ensure the alignment with the threshold set as the outcome of the SREP process (Supervisory Review and Evaluation Process) coordinated by the European Central Bank.
- **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.

**2018 Group & Local Risk Adjustments**




(A) In case the Entry Conditions are not met at both Group and local levels, the malus condition is activated, triggering the application of Zero Factor for Executives/Identified Staff population.

(B) In case the Entry Conditions are not met only at Country/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.

(C) In case the Entry Conditions are not met only at Group level, the gate is "partially open", with the possibility to payout a reduced Bonus Pool.

(D) In case the Entry Conditions are met both at Group and Country/Division level, 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.

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 appraisal was based on 4-6 goals, of which at least half sustainability, and was assessed within the Executive Development Plan processes. Additional targets may have been defined on top of the 4-6 goals, to be taken into consideration within the overall performance assessment.

Competencies and behaviors considered as relevant were taken into account by the manager for the overall performance appraisal.

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

| Below | Almost meet | Meets | Exceeds | Greatly exceeds |
|---|---|---|---|---|

For each position of "Identifed staff"[1], 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" | Below | Almost Meets | Meets | Exceeds | Greatly Exceeds |
|---|---|---|---|---|---|
| > 130% | | | | | |
| 110% - 130% | | | | 2 | |
| 90% - 110% | | | 8 | 1 | |
| 80% - 90% | | | | | |
| 0% - 80% | | | | | |

**2018 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.

**Deferral scheme for Group Identified Staff**

| Year 0 - upfront payment | Year 1 - deferred payment | Year 2 - deferred payment | Year 3 - deferred payment | Year 4 - deferred payment | Year 5 - deferred payment |
|---|---|---|---|---|---|
| 30 % cash | 10 % cash | 30 % upfront UniCredit shares | 10 % cash | 10 % UniCredit shares | 10 % UniCredit shares |

**Deferral scheme for local Identified Staff**

| Year 0 - upfront payment | Year 1 - deferred payment | Year 2 - deferred payment | Year 3 - deferred payment | Year 4 - deferred payment |
|---|---|---|---|---|
| 30 % cash | | 10 % upfront instruments | 20% cash<br>20% deferred instruments | 20% 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. Bonus lower than 50.000 EUR gross 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).

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

**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** | 16 | 5 | 5 | 0 | 3 | 3 |
| **Total remuneration (in EUR)** | 2.020.784 | 1.117.716 | 489,773 | 0 | 239,227 | 174,069 |
| **Of which: variable remuneration (in EUR)** | 350,721 | 247,721 | 70,000 | 0 | 13,000 | 20,000 |

In the financial year 2018, the Bank did not have beneficiaries who would be paid more than EUR 1 million.

**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 2016-2019 Multi-Year Plan. Performance indicators of the LTI Plan to be evaluated for the definition of the numbers of shares are Return On Allocated Capital, Cost/Income Ratio and NET Non Performing Exposure.

## AGGREGATE QUANTITATIVE INFORMATION ON REMUNERATION PAID OUT IN 2018

On 31 December 2018, there were 16 employees at UniCredit Banka Slovenija d.d., who are identified as Identified Staff, 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 2018:

(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 2018 | Variable remuneration – outcome in 2018 | Number of beneficiaries |
|---|---|---|---|---|
| **Total Sum** | **1.670.063** | **350,721** | **408,500** | **16** |

**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** | **268,250** | **140,250** |

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

| | Outstanding deferred remuneration (In cash and in shares) |
|---|---|
| **Total sum** | **282,515** |

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

| | Paid out deferred remuneration in 2018 |
|---|---|
| Total sum | 138,571 |

**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 2018, new prearranged variable remuneration during the financial year was allocated to one beneficiary.
In 2018 a severance was awarded 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 2018, one beneficiary received the severance payment in amount of € 37.125,00 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 2018, there were no payments made in amounts higher than 1 million EUR.

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

**LEVERAGE (Article 451)**

| | | Applicable Amount |
|---|---|---|
| 1 | Total assets as per published financial statements | 2,708,446 |
| 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 | 5,674 |
| 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) | 205,021 |
| 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 | - 14,884 |
| **8** | **Leverage ratio total exposure measure** | **2,904,257** |

## Table LRCom: Leverage ratio common disclosure

**LEVERAGE (Article 451)**

| | | 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) | 2,689,124 |
| 2 | (Asset amounts deducted in determining Tier 1 capital) | - 14,884 |
| **3** | **Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)** | **2,674,240** |
| **Derivative exposures** | | |
| 4 | Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin) | 9,414 |
| 5 | Add-on amounts for PFE associated with all derivatives transactions (mark- to-market method) | 15,582 |
| 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)** | **24,996** |
| **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 | 205,021 |
| 18 | (Adjustments for conversion to credit equivalent amounts) | - |
| **19** | **Other off-balance sheet exposures (sum of lines 17 and 18)** | **205,021** |
| **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)) | - |
| **Capital and total exposure measure** | | |
| **20** | **Tier 1 capital** | **229,197** |
| **21** | **Leverage ratio total exposure measure (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)** | **2,904,257** |
| **Leverage ratio** | | |
| **22** | **Leverage ratio** | **7.9%** |
| **Choice on transitional arrangements and amount of derecognised fiduciary items** | | |
| EU-23 | Choice on transitional arrangements for the definition of the capital measure | Transitional |
| 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)**

| | | CRR leverage ratio exposures |
|---|---|---|
| EU-1 | Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which: | 2,689,124 |
| EU-2 | Trading book exposures | 2 |
| EU-3 | Banking book exposures, of which: | 2,689,122 |
| EU-4 | Covered bonds | - |
| EU-5 | Exposures treated as sovereigns | 738,107 |
| EU-6 | Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns | - |
| EU-7 | Institutions | 93,271 |
| EU-8 | Secured by mortgages of immovable properties | 431,867 |
| EU-9 | Retail exposures | 422,291 |
| EU-10 | Corporate | 883,612 |
| EU-11 | Exposures in default | 40,773 |
| EU-12 | Other exposures (eg equity, securitisations, and other non-credit obligation assets) | 79,200 |

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

**LEVERAGE (Article 451)**

| | | |
|---|---|---|
| 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.<br><br>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.<br><br>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. |
| 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 2018 and December 2018 were:<br><br>Tier 1 capital stayed stable.<br><br>The change in leverage ratio exposure is mainly due to increase of corporate and retail exposures and increase of public sector entities exposures treated as sovereigns with a decreasing effect on leverage ratio. |

| 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.

In order to perform off-balance sheet netting based on individual netting agreements, an overview and confirmation of the subject agreement on off-balance sheet netting as an adequate legal foundation. Such overview is carried out the Legal unit.

**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 the real estate into 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 thakom 19 teh smernic mora institucija to dejstvo jasno navesti. Poleg tega mora pojasniti, zakaj informacije v predlogi EU CR4 po njenem mnenju niso smiselne za uporabnike. Pojasnilo mora vsebovati opis izpostavljenosti, vključenih v zadevne kategorije izpostav

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.

It applies for lombard loans that 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 collateral with financial assets 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- ISIN. Special attention is on liquidity of individual financial instrument. The Bank 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 2018, 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 Group's collateral by type of collateral« in the Annual report (page 324) that the Group has 2.1 billion EUR of collateral by market value, of which 1.8 billion EUR of real estate, representing 84 % 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 10-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 | 945,598* | 1,287,244* | 1,041,008* | 246,236* | 0 |
| **2** | Total debt securities | 385,418* | 0 | 0 | 0 | 0 |
| **3** | **Total exposures** | **1,331,016*** | **1,287,244*** | **1,041,008*** | **246,236*** | **0** |
| **4** | Of which defaulted | 10,661* | 30,433* | 30,420* | 13* | 0 |

* Note: Adjustment subsequent to the date of disclosure.

## 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 | 564,344 | 10 | 760,408 | 2 | 9,580 | 0.01 |
| **2** | Regional government or local authorities | 106,795 | - | 106,795 | - | 21,359 | 0.20 |
| **3** | Public sector entities | 66,969 | 2,973 | 71,834 | - | 35,521 | 0.49 |
| **4** | Multilateral development banks | - | - | - | - | - | - |
| **5** | International organisations | - | - | - | - | - | - |
| **6** | Institutions | 490 | 1,218 | 490 | 244 | 464 | 0.63 |
| **7** | Corporates | 160,223 | 6,501 | 160,138 | 837 | 158,172 | 0.98 |
| **8** | Retail | 422,291 | 49,634 | 420,738 | 11,941 | 314,253 | 0.73 |
| **9** | Secured by mortgages on immovable property | 431,867 | 941 | 431,867 | 393 | 153,458 | 0.35 |
| **10** | Exposures in default | 24,095 | 513 | 24,085 | 44 | 27,798 | 1.15 |
| **11** | Exposures associated with particularly high risk | 8,760 | - | 8,760 | - | 13,139 | 1.50 |
| **12** | Covered bonds | - | - | - | - | - | - |
| **13** | Institutions and corporates with a short-term credit assessment | 1,024 | - | 1,024 | - | 205 | 0.20 |
| **14** | Collective investment undertakings | 22,831 | - | 22,831 | - | 3,119 | 0.14 |
| **15** | Equity | - | - | - | - | - | - |
| **16** | Other items | 6,543 | - | 6,543 | - | 6,543 | 1.00 |
| **17** | **Total** | **1,816,231** | **61,790** | **2,015,514** | **13,460** | **743,611** | **0.37** |