Disclosures of the SKB Group for 2020 under pillar 3 of the basel

CONTENTS

INDEX OF TABLES

DISCLOSURES OF THE SKB GROUP FOR 2020

The purpose of this report is to provide disclosures as required by the Global Regulatory Framework for capital and liquidity, established by the Basel Committee on Banking Supervision (BCBS). At European level, these requirements are implemented in accordance with disclosure requirements in the Part Eight of Regulation (EU) No 272/2013 on prudential requirements for credit institutions and investment firms (Capital Requirements Regulation - the CRR) and Directive 2013/36/EU on access to the credit institution and prudential supervision of credit institution and investment firms (Capital Requirements Directive IV – the CRD).
Disclosures for SKB Group are prepared in accordance with regulation. All disclosers are prepared in EUR thousand, unless otherwise stated.

Table 1 Key metrics

Group	31.12.20	31.12.19
Available capital		
Common equity Tier 1 (CET 1)	364,739	300.658
Tier 1	364,739	300.658
Total Capital	364,739	300.658
Risk- weighted assets		
Total risk-weighted assets	2,405,843	2,440,514
Risk-based capital ratios		
CET 1 ratio (%)	15.16%	12.32%
Tier 1 (%)	15.16%	12.32%
Total capital ratio (%)	15.16%	12.32%
Additional CET 1 buffer requirements as a % of RWA		
Capital conservation buffer requirement	2.5%	2.5%
Countercyclical buffer requirement	0%	0%
Bank D-SIB additional requirements	0.25%	0.25%
Total of bank CET 1 specific requirements	2.75%	2.75%
CET 1 available after meeting the bank's minimum capital requirements	7.16%	4.32%
Leverage ratio (%)		
Total leverage ratio exposure measure	3,995,327	3,688,760
Leverage ratio (%)	9.13%	8.15%
Liquidity coverage ratio (LCR)		
Total high quality liquid assets (HQLA)	1,033,295	700,751
Total net cash outflow	393,956	296,029
LCR ratio (%)	262%	237%
NSFR ratio (%)	154%	139%

Table 2 Overview of the required disclosures, required in part 8 of the regulation and disclosed in annual report

Artice	Requirement	Part of Annual report	Note
435.	1. Risk management objectives and policies		
	a. The strategies and processes to manage risks	Finacial report, Business Report	Item 6.1.1. The institution's approach to risk management
	b. The structure and organization of the relavant risk management function including internal control system	Finacial report, Business Report	Item 6.1.2 Information on risk management's objectives and policies - by risk category
	d. The policies for hedging and mitigating risk, and the strategies and processes for monitoring the cuntinuing effectivness of hedges and mitigants	Finacial Report	Item 6.3.3. General qualitative information on credit risk mitigation measures (CRM)
	e. A declaration approved by management body on the adequacy of risk management of the institution	Business Report	5.3. Corporate governance statement of SKB d.d
	2. Information about governace arrangements:		
	d. Whether or not the institution has set up a seperate risk committee and the number of times the risk committee has met	Business Report	Report of the Board of Directors
437.	Capital	Finacial Report	Item 6.2. Equity risk
442.	Credit risk adjustments		
	a. The definitions for accounting purpuses of "past due" and "imaired" for accounting purpuses	Finacial Report	Item 6.3.1.1. efinition of past due and credit risk adjustment for accounting purpose
	b. A discription of the approaches and methods adopted for determinig specific and general credit risk adjustments	Finacial Report	Item 6.3.1.2. Description of approach for assessment of specific and general credit risk adjustment
448.	Exposure to interest rate risk on positions not included in the trading book	Finacial Report	Item 6.4.3. Structural interest rate risk

Frequency and medium of disclosures….

The bank publishes the Disclosures under Pillar III for the SKB Group on its website. The reason why the bank discloses information only once a year are:

- SKB banka has only one owner;
- The bank regularly reports to external supervisors, eg Bank of Slovenia (BoS), The Securities Market Agency (ATVP), Office of the Republic of Slovenia for the Prevention of Money Laundering (UPPD);
- Internal stakeholders are regularly informed about most important information through the Postmaster, the SKB IN and by the Union;
- There has been no significant changes in the performance of the bank.

Table 3 The document includes no disclosure from a regulation not relevant to the group

Article	Requirements	Note
49	Non-deducted participation in insurance undertaking	The group has no non-deducted participation in insurance undertaking
438	Capital requirements	
	d. Calculation of risk-weigted exposure amounts for institutions that apply the internal ratings-based (irb) approach	SKB Group is using standardized for capital adequacy calculation, therefore IRB templates are not applicable
439	Exposure to counterparty credit risk	
	g. The notional value of credit derivative hedges and the distribution of current credit exposure by types of credit exposures	The group does not enter into credit derivative hedges
	h. The notional amounts of credit derivatives	The group does not enter into credit derivative hedges
	i. The estimate of α	The group does not enter into credit derivative hedges
441	Indicators of global systemic importance	The group is not obliged to disclose because SKB is not a globaly important bank
447	Exposures in equities not included in the trading book	To be filled in by content owner
448	Exposure to interest rate risk on positions not included in the trading book	To be filled in by content owner
449	Exposure amount of the securitisation position	The group does not engage in securisation transactions
452	Use of irb approach for credit risk	SKB Group is using standardized for capital adequacy calculation, therefore IRB templates are not applicable
454	Use of advanced mesurment approaches	The group uses the simple method
455	use of market risk internal models	the group uses the standardised approach

1 Risk management objectives and policies

(Article 435 of the CRR)

1.1 Risk management strategies and processes

(Article 435 of the CRR 1.a)

The risk management strategy of SKB Group takes into account the advanced risk management standards of the OTP Group, together with regulatory norms. The implementation of efficient risk management is crucial for the strategic development of the SKB Group (from hereafter the Group).

The most important objectives of the Group risk management are to protect the financial strength and reputation of the Group while ensuring that capital is well deployed to support business activities and grow value for shareholders.

The Group manages all significant types of risk, including credit, concentration risk, market, liquidity risk, excessive leverage risk, capital risk, operational, reputation and compliance risk.

The Group defined an integrated **Risk Appetite Framework** (from hereinafter RAF), which includes Risk Management Strategy and Risk Appetite. Risk Appetite is defined as the level of risk that the SKB Group is willing to assume in achieving its strategic goals. RAF describes the SKB Group-level principles, policies and metrics which establish the Group's Risk Appetite. The Risk Appetite is therefore articulated:

- Qualitatively, through a set of principles and policies applicable to various types of risk;
- Quantitatively, through risk control mechanisms comprising forward-looking targets, limits and alert thresholds.

Risk Appetite is revised annually and adjusted based on the annual risk identification process. It is established at SKB Group level, cascaded operationally down to Business Lines through credit policies and delegations and monitored through defined principles.

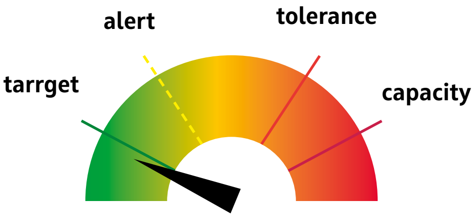
Risk Appetite is designed such as to encompass the interactions with major strategic processes in the Group such as budgeting and strategic and financial planning (SFP), the internal capital adequacy assessment process (ICAAP), the internal liquidity adequacy assessment process (ILAAP), the Recovery Plan and the compensation mechanism.

Risk Appetite is monitored through various indicators, defined per major risk types and steered by defined thresholds:

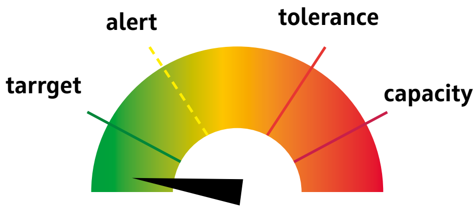
- Risk capacity: is the maximum risk that the bank can absorb without jeopardizing its sustainability
- Risk tolerance: is the maximum negative impact, loss amount, a bank is willing to accept from a specific risk event or series of risk events
- Risk target: is defined as expected level of risk indicators assuming the base macroeconomic scenario and base financial projections of the Group
- Risk alert: the threshold level of the risk indicators which triggers analyses and proposal of potential actions to be taken in order to steer the Group within the risk tolerance.

SKB Group monitors five major risk types. Overall, in 2020 the Group demonstrated strong financial profile with stable levels of main risk types. Alert levels have been triggered only on credit risk as a result of macroeconomic environment and changes in stage 2 portfolio.

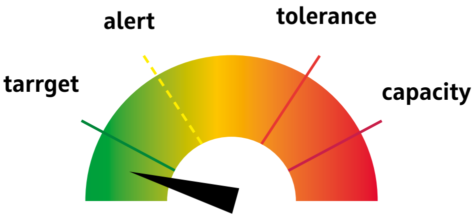
Targeted financial and strategic profile



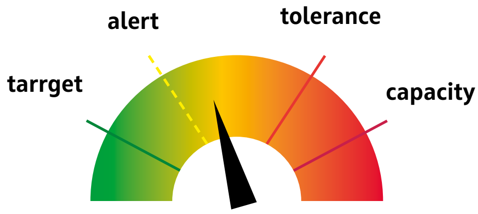
Liquidity and funding risk



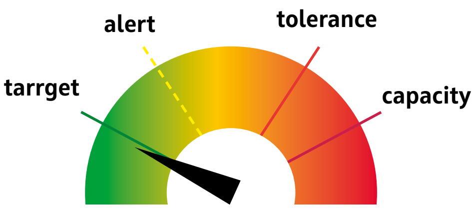
Structural risk



Credit risk



Operational risk



1.2 Structure and organization of the relevant risk management function

(Article 435 of the CRR 1.b)

Risk management is integrated into the entire business process of the Group. It is harmonised with the strategy of the Group and is one of the activities that contribute to the achievement of the Group's strategic objectives. The integrated risk management system ensures that the typical existing and recurring risks are identified, measured, managed, controlled and reported on an on-going basis.

In order to establish and maintain efficient risk management processes, the Group has defined three lines of defence.

- The Business Divisions and subsidiaries constitute the first line of defence. These are the units that are the risk owners. They have ti make sure, that the Risk Appetite and limit compliance parameters are well integrated into day-to-day culture and risk management.
- The second line of defence are the organizational units that are particularly involved in defining, monitoring and controlling the Risk Appetite. They are independent from the first line of defence and provide support with risk identification and control.
- The third line of defence independently from other functions conducts regular assessment of the effectiveness of the Risk Appetite Implementation Framework and overviews the activities in the first and the second line of defence.

The risk management function is supported by the following bodies:

- **Board of Directors**

The Board of Directors defines and monitors the implementation of the Group's risk strategy, which is then transposed to the Group's risk appetite framework.

- **Internal Audit**

Internal Audit is responsible for examining the consistency and compliance of the internal risk monitoring framework with existing procedures and regulatory requirements.

- **Risk committees**

Monitoring the evolution of all important risks for the Group is performed by various committees:

- Credit risk committee for retail,
- Credit risk committee for non-retail,
- Asset liability committee (interest, FX and liquidity risk),
- Operational risk and compliance committee.

- **Risk Division**

SKB Risk Division is primarily responsible for setting methodology for monitoring and managing the Group's credit, market, counterparty, country, sovereign and operational risks. Together with the business units, Risk division participates at the credit approval process. The Risk Division acts completely independently from the business operating departments and reports directly to the General Management.

- **General Secretariat**

Within the General Secretariat operational risk management function is organized within several departments:

- Compliance Department, in charge of all compliance risks,
- Second level of control Department, as one of pillars of SKB Group internal control system.

- **Finance Division**

Finance Division is responsible for the management of structural risks (interest rate risk, foreign exchange and liquidity risk).
The capital risk is managed via the Internal Capital Adequacy Assessment Process (ICAAP), organized in cooperation between the Risk and Finance Division.

1.3 Scope and nature of risk reporting and measurement system

(Article 435 of the CRR1.c)

The SKB Group’s measurement system and reporting is an integral part of the Group's risk management approach. The risk measurement system support regulatory reporting and external disclosures, as well as internal management reporting across credit, liquidity, operational and structural risks. Established units within Risk and Finance divisions assume responsibility for measurement, analyses and reporting of risk while promoting sufficient quality and integrity of risk related data.

The Group identifies a large number of metrics within its risk measurement system which support regulatory reporting and external disclosures, as well as internal management reporting across risks and for material risk types. The Group has identified the »Key Risk Metrics« that represent the most critical ones and for which the Group places an appetite, limit, treshold or target at Group level and are reported on quarterly basis to the Board of Directors.

A large number of reports are used accross the bank, whereas a subset of these reports are considered as »Key Risk Reports« that are critical to support the SKB Group Risk Management Framework and enable the relevant governing bodies to monitor, steer and control the Group's risk taking activities effectively.

The main reports on risk and capital management are the following:

- The quarterly Risk Appetite Dashboard provides a comprehensive view of SKB Group's risk profile for all key Group's Risk Appetite Metrics that are benchmarked against the Group Risk Appetite Thresholds
- Quarterly reporting to Board of Directors with key portfolio risk type controll metrics that include also the updates on key risk developments
- Monthly portfolio risk reports to senior management for discussion and decision making.

1.4 Policies for hedging and mitigating risk, and the strategies and processes for monitoring the continuing effectiveness of hedges and mitigants

(Article 435 of the CRR 1.d)

Credit Risk Function uses various risk mitigation techniques to optimize credit exposure and reduce potential credit losses.Credit risk mitigants are applied in the following form:

- Comprehensive analyses of credit documentation
- Collateral held as security by increasing the recovery of obligations.

1.5 Statement of the management board and the supervisory board on the adequacy of risk management agreements

(Article 435 of the CRR 1.e)

A DECLARATION ON THE ADEQUACY OF RISK MANAGEMENT ARRANGEMENTS OF SKB BANKA D.D., LJUBLJANA PROVIDING ASSURANCE THAT THE RISK MANAGEMENT SYSTEMS PUT IN PLACE ARE ADEQUATE WITH REGARDS TO SKB BANKA D.D., LJUBLJANA RISK PROFILE AND STRATEGY ON THE GROUP LEVEL

By signing this statement, we, the undersigned members of the General Management and Board of Directors of the bank, hereby confirm, that SKB banka d.d. Ljubljana has in place a sound risk management system in line with its risk tolerance and limits set within the Risk Appetite Framework, Risk Appetite Statement and in accordance to its business strategy on the Group level and are adequate with regards to the bank's risk profile and business strategy based on the Article 435(1.e) of the Regulation (EU) No.575/2013 on prudential requirements for credit institutions and investment firms. General Management and Board of Directors of the bank acknowledged the path to fulfill the group's goal for sustainable risk appetite. Risk management in SKB banka d.d. Ljubljana is independent as a function and as such can properly asses and allocate economic capital among the relevant risks (credit risk, market risk, interest rate risk, liquidity risk, operational risk, non-compliance risk, model risk, strategic risk, reputation risk, profitability risk and capital risk). Another part of risk management monitoring system are stress tests, which help risk management function to plan and optimize capital, liquidity and regulatory requirements. Furthermore, the way the Bank is monitoring its prudential ratios is stated in the Risk Appetite Statement by which SKB banka d.d. Ljubljana is monitoring and assessing performance in business lines. In relation to macroeconomic and financial environment and by keeping in mind group's strategic and financial objectives, the prepared Risk Appetite Framework controls and exercises risk appetite accordingly to the determined limits.

The following documentation has been submitted by the SKB bank to the Bank of Slovenia:

- qualitative and quantitative ICAAP analysis with all appendixes,
- qualitative and quantitative ILAAP analysis with all appendixes.

Members of the Board of Directors	**Signature**
Imre Bertalan	
Tamás Kamarási	
Draga Cukjati	
Anna Mitkova Florova	
Miklós Németh	
Anita Stojčevska	
Vojka Ravbar	

Place and date: Ljubljana, 29.3.2021

Anita Stojčevska
Chief Executive Officer

1.6 Statement of the management board and the supervisory board with the description of the overall risk profile

(Article 435 of the CRR 1.f)

Operational Risk

Operational risk exists in bank's day to day operations. It is inherent to all bank's products, activities, procedures and systems and is normally accepted as a necessary consequence of doing business. It is influenced by both internal and external variables, such as advanced internal processes, complex products, rising regulatory requirements and severe economic circumstances.

Operational risk management can have a major influence on bank's costs, its competitiveness, compliance and image. SKB Group therefore act preventively and identify and manage the risk before operational events occur, increasing the chances for our success and diminishing possible mistakes and losses. Great emphasis is also devoted to the collection and monitoring of operational losses linked to credit risk, monitoring action plans defined to mitigate the operational risk, and the identification and prevention of fraud.

SKB Group is very well aware of the importance of good operational risk management, increased awareness, better comprehension and appropriation of operational risks, and the potential impact of concrete manifestations of these risks. Thus a lot of attention is given to improve and strengthen our internal control system and to operational risk training for SKB Group employees and to preventive measures to mitigate these risks.

Definition

Nadzorni organ opredeljuje operativno tveganje kot tveganje izgube, ki je posledica bodisi neustreznih ali pa slabih notranjih postopkov, ljudi in sistemov, bodisi zunanjih dogodkov. Uradna opredelitev vključuje tudi pravno tveganje, izključuje pa strateško tveganje in tveganje ugleda. Skupina SKB v svoji opredelitvi operativnega tveganja vključuje tudi tveganje ugleda.

Operational Risk Framework

SKB Group has acknowledged that operational risk is an integral component of prudent business operations and has adopted an operational risk framework to ensure that operational risks are consistently and comprehensively identified, assessed, managed and controlled. Our framework defines the management governance model, monitoring and control system as well as the reporting on information relevant to operational risk.

The primary goal is prevention, early identification, measurement, assessment, monitoring and mitigation of operational risk. To this end, SKB Group performs regular training for all employees. A bank can only manage effectively the things that can be known and measured well.

Operational units

At SKB Group each individual operational unit and management level takes responsibility for its own operational risks and the provision of adequate resources and procedures for the management and mitigation of those risks. Operational risk is thus controlled through a network of controls, procedures, reports and responsibilities.

Independent operational risk management function implemented in the Bank consists of:

- **The Operational Risk and Compliance Committee** is responsible for overseeing the operational risk framework at the Bank level, for defining the scope of monitoring and control, the analysis of operational risk losses, the following up of corrective measures and all actions related to operational risk - resulting in early warnings of identified weaknesses, and a quick and timely approach to mitigating the risk. It is composed of both executive directors of the Bank and all directors of divisions as well as representatives from all relevant functions.
  The Security Committee, Permanent Supervision, Compliance and Anti-Money-Laundering officers report regularly to the Operational Risk and Compliance Committee.
  The Operational Risk and Compliance Committee meets quarterly and reports to the General Management of the Bank and to the Audit Committee of the Board of Directors.
- **Operational Risk Manager** is responsible for implementation and consistent application of operational risk policies, processes, procedures and controls, proper identification, measurement and management of operational risk throughout the entire Bank, and reports to General Management of the bank, Board of Directors, Operational Risk and Compliance Committee and parent bank. The Operational Risk Manager is also responsible for providing adequate support to business units in all operational risk issues. It also coordinates and advises in performing Risk and Control Self-Assessment exercise and scenario analysis.
- **Operational Risk Correspondent** coordinates collection of recorded losses submitted by various departments. Correspondent also coordinates the quarterly performing of Key Risk Indicators and incidents and follows the realization of the defined corrective measures and action plans.
- **Internal Audit** verifies the reliability of risk-profile assessments. This includes the periodic audit of the compliance and relevance of declarations of internal losses and all tools implemented by the Bank for assessing and managing operational risks across the organization.
- **General Management** of SKB Group develops and guides the operational risk framework, strategies, policies, practices and defines major changes in the management of operational risk.
- **External Audit** performs regular reviews of the operational risk management processes. This review includes both the activities of the business units and of the independent operational risk management function.

Operational risk management activities

- **Risk awareness**

Proper risk awareness is key for successful management of operational risk and quality internal control system. In order to raise and maintain the risk awareness among employees the Bank and its HR department organizes various types of trainings, regulatory ones or by initiative of Operational risk management.

- **Determining the value of operational risk appetite**

The target relating to the operational risk appetite is defined in the Risk appetite Framework and Risk appetite Statement.

The operational risk appetite expresses the maximum exposure the Bank is willing to take and tolerate in relation to the individual event types.

- **Loss data collection**

An operating loss is a financial effect associated with an operating event that is recorded in the financial statement of a financial institution in accordance with International Financial Reporting Standards.
Better operational risk management means the use of effective methods, such as the accurate collection of losses associated with incident data, so that corrective action can be taken to reduce the possibility of recurrence of such losses. The operational risk management department is responsible for collecting data on losses.
Data on losses and incidents provide essential information for identifying, evaluating and effectively managing operational risks. Identification, reporting, analysis and definition of measures are key activities for risk control and an effective system of internal controls. The centralization and analysis of this information, together with other risk indicators, should enable the development of a global vision of the bank's exposure to operational risk in order to monitor its development and optimize related coverage (especially bank capital and insurance).
All employees and all departments in the bank are responsible for reporting operating losses.

- **Risk and control self-assessment (RCSA)**

Self-assessment and its associated methodology allow process owners to identify and assess the risks associated with the processes they control. The Bank conducts appraisals once a year, identifying vulnerabilities in procedures and controls.
Each year before the RCSA workshop, the head of the project management, organization and processes department in the bank and the ORM department evaluates the bank's procedures and determines the process owners. The process structure and list of process owners are approved by the ORCC.
The responsibilities of process owners include identifying, measuring, and monitoring potential ones risks in their processes as well as the coordination of its management. In the case of processes that affecting several business organizations is also providing the necessary communication between these units their responsibility.
The process owner must carry out a close assessment of the risks specific to the processes (self-assessment) in cooperation with the Operational Risk Management Department.
The self-assessment is followed by an action plan for the implementation of corrective measures. The Operational Risk Management Department is responsible for monitoring implementation and reports to the Operational Risk Committee.

- **Follow-up of key risk indicators (KRI)**

In addition to monitoring operational loss events, SKB bank identified appropriate indicators that provide early warning of an increased risk of future losses.
A Key Risk Indicator (KRI) is an objective and measurable piece of information that prompts the Bank to assess one or more key risks and to manage such risks more effectively.
Monitoring of indicators, such as employee turnover, training rates, transaction breaks, cash errors and system failures provide early warnings of increased risk of future losses. Monitoring of these indicators is regularly presented to General Management of the bank, Board of Directors, Operational Risk and Compliance Committee and parent bank.

- **Accounting reconciliation**

The internal loss declaration process must ensure consistency with accounting principles, so that it can be audited. Consistency checking is done by reconciling the data from these accounts with the amounts from the loss database.
Monthly reconciliation is performed between records booked on accounts and declared operational losses, provisions and insurance recoveries which are greater than 10.000 EUR.
The list of accounts in which the amounts to be declared may be recorded is determined and enclosed to the Accounting reconciliation procedure.
All accounts from the list are classified as sensitive and controlled at least quarterly in a frame of Permanent Supervision. It is defined by the Head of Accounting department in cooperation with ORM department.

- **Scenario analysis and stress testing**

Testing of exceptional situations in the field of operational risk provides an estimate of the maximum financial loss that the bank would still be able to face. Scenario analysis is necessary to evaluate such testing, with which we can determine all the factors that could lead to such a loss. Scenario analysis is a strategy that involves assessing various possible future events and developing scenarios regarding the probability of occurrence of events if different combinations of these events occur.

The Bank uses scenario analysis and stress testing to test operational effectiveness, to cover high-risk areas, to identify major action plans to prevent similar losses, and to calculate regulatory capital. The results of the scenario analysis are reviewed and analysed by the Bank's Management Board, the Operational Risk Committee and the parent bank.

- **New products process management**

In compliance with EBA guidelines and local Framework policies and processes to approve and manage new products and outsourced services New Product Approval Committee (NPC) has been established by the Bank.
Any new product (activity or service) or big change of existing service in the Bank must be submitted to an approval process before it is put in place in line with regulation. The objective is to ensure that all types of risks that a new product/service generates have been correctly identified and assessed and that, as a result, its launch and execution will take place with the highest possible level of security. Compliance has been assessed with respect to current laws and Framework, standard industry practices and any risks that may harm the Bank's image and reputation.
All related activities are managed by NPC, a decision-making body that decides on the production & marketing of "new products".

- **Outsourced services management**

In the Bank any new outsourced activity or service is submitted to an approval process before it is put in place. For the purpose of managing risks inherent in outsourcing of services the Bank adopted and implemented a policy for the use of external contractors. The outsourcing of services is a subject to specific management and controls within the framework of the internal control and risk management system. Any outsourcing must be carried out in a manner that is in line with the Bank's regulatory and ethical practices and must not impair the internal control system or the control of risks, particularly operational risks, or impair the resilience of the Bank's business.

- **Estimation of ICT risks**

The ICT risks (Information and Communication Technology Risk, ICT risk) mean such a combined risk type which stems from the interruption of the availability and continuity of ICT systems and services, incidents relating to data integrity and data security, the lack of tracking the changes in ICT systems, and the negligent follow-up of the outsourced ICT services.

The ORM Unit focuses on the quantification of the potential reputation losses relating to ICT risks. The expert-based estimation methodology is established for this purpose which quantifies the potential reputation losses stemming from the critical nature of the IT systems, the priority of IT incidents, the period of service outages and the financial effect of the incidents.

ICT incidents reported to the regulator are monitored separately.

- **Model risk governance framework**

Model risk means the potential loss an institution may incur, as a consequence of decisions that could be principally based on the output of internal models, due to errors in the development, implementation or use of such models (CRD IV, 2013).

Model risks are managed through the establishment of an adequate control environment.

A model inventory is prepared under the coordination of ORM Unit in order to assess the Banking models. The models included in the model inventory are classified into 3 categories (Tier 1, Tier 2 and Tier 3) based on their complexity, impact on decisions and materiality. Different control criteria are assigned to each category in relation to the review, approval, validation, business continuity plan and documentation of the model.

The ORM department reviews the model inventory annually with the involvement of the model owners.

Calculation of the operational risk capital requirement under Standardized approach

In the Standardised Approach, Banks activities are divided into standardized business units and business lines. Within each business line, there is a specified broad indicator that reflects the size or volume of Banks activities in that area.

Business continuity and crisis management

The main purpose of Business Continuity Management (BCM) and Crisis Management (CM) activities is to ensure the presence of written procedures and adequately trained employees, as well as to have resources ready and properly tested, to be ready for immediate activation in case of a crisis.

The complete BCM operational team has been trained, as well as the BCM IT team and new members of the Crisis Management team.

BCP, IT and CM tests, prepared in advance, have been tested on-site – such as:

- branch network closure, a Head Office closure with users directed to a recovery site, IT support from a back-up site, and a Head Office disaster recovery plan test,
- BCM IT test has been performed as a technical test of application restoration on the back-up servers,
- CM routines were executed in four different types of tests, namely as a Notification test, Notification and Meeting test, Crisis Room test and Evacuation of the Head Office test. Performances were made with performers working from home.

Permanent supervision

Permanent Control includes all controls carried out inside the departments. It is a part of internal control system ensuring its effectiveness in reducing exposure to operational risk.

It is under responsibility of business lines as a part of first line of defence and consists of:

- **Day to day Control**

Day to day Control corresponds to the correct application of the rules and procedures by all employees as well as to the day to day accounts controls they are in charge of. Moreover, it includes the day to day supervision of their work by their hierarchical senior.

- **Managerial Supervision**

It corresponds to the supervision by heads of department of the correct application of the rules of day to day control. It is brought into action through a periodical verification of the accounts and procedures considered as sensitive in line with valid control library.

These verifications are formalized in control files and their results are reported in dedicated control application for statistical quarterly reporting. Synthesis reports are created on a quarterly basis to the different levels of the hierarchy.

Liquidity risk

Assets and liabilities management department (ALM) within Finance Division is responsible for overall liquidity of the Group and the Group's structural and regulatory liquidity. ALM cooperates with Financial market and liquidity department (FML) within Corporate Banking and Financial markets Division by giving guidelines and instructions for Group's daily and short term liquidity, while for long term liquidity ALM is responsible for raising and execution of funding. SKB bank monitors and manages liquidity risk on the Group level, consisting of SKB bank, SKB Leasing and SKB Leasing Select using data from SKB bank's data warehouse.

ALM department is providing ALCO reports regarding the short, medium and long term liquidity gaps, regulatory liquidity ratios such as LCR, NSFR, ALMM, Class I and Class II liquidity ratios, Primary and operative liquidity report, evolution of internally set liquidity indicators, evolution on financial markets and in macroeconomic environment as well as providing periodical analyses on stress test scenarios, updating types of scenarios and reporting the results of analyses. The liquidity stress tests are interconnected with a contingency funding plan evaluating liquidity sources which can be obtained under stress scenarios. ALM is also responsible for annual assessment of capital needs arising from liquidity risk within ICAAP process (Internal Capital Adequacy Assessment Process).

Liquidity ratios, short term and structural liquidity position are monitored and maintained in line with the regulatory requirements and internally set limits. SKB Group monitors liquidity risk in Risk Appetite Statement with LCR ratio, NSFR ratio, contingency funding plan, primary liquidity and operative liquidity with defined targets, limits and alert thresholds. In Recovery Activation Dashboard (RAD), which is part of the Recovery and Resolution plan, the SKB Group assesses relevant RAD indicators under base budget scenario and stress budget scenario for the next 3 years. For liquidity risk, the Group assess LCR ratio, NSFR ratio and contingency funding plan.

ALM department is obliged to monitor and identify possible liquidity crises situations as well as to update a range of possible crises situations according to the evolution on the markets and events in the environment. It is very important that ALM monitors changes on financial markets and economic environment and SKB Group position on the market to understand signals and potential development of crises situations. Any signals of an appearance of liquidity crisis needs to be communicated between FML department, ALM department and Finance Division Director who informs other division directors and General Management with the detailed description of the elements of the crisis. In case of liquidity crises, Finance Division Director immediately calls the Crisis committee and provides the most recent information on the balance sheet evolution and liquidity instruments used for daily liquidity management. Crisis committee then immediately prepares an action plan to restore liquidity position and activates Contingency funding plan as well as coordinate the proper Communication plan and establish an additional reporting line to monitor crisis and action plan development to CEO / General Management.

Structural interest rate risk

Management of structural interest rate in banking book is done within Assets and liabilities management (ALM) in Finance division. Activities of managing interest rate risk are done on monthly basis or quarterly basis on SKB Group level, which includes SKB bank, SKB leasing and SKB leasing select and are regularly reported on ALCO. The main interest rate risk measurement tool KRM (Kamakura risk management) is based on the data provided from SKB bank's data warehouse. Processes are being run on a monthly basis and their output provides all necessary data needed for adequate interest rate risk management.

SKB Group has implemented new requirements regarding the interest rate risk in the banking book (IRRBB) published by European Banking Authority and Basel Committee on Banking Supervision. On monthly basis the SKB Group measures Economic value of equity (EVE) and on quarterly basis the Net interest income (NII) based on EBA IRRBB methodology, under various interest rate shock scenarios for potential changes in the level and shape of the interest rate yield curves. Results are regularly presented on local ALCO committee together with significant modelling assumptions, threshold and limit breaches and possible hedging actions based on bank's Risk Appetite Statement where the internal alerts for EVE and NII are set.

Beside regular IR sensitivity, SKB Group calculates net present value sensitivity (NPV) and interest rate sensitivity which calculates the effect of interest rate changes (parallel increase of interest rate curves by 100 basis points) on the Group's net interest income for the period of 1 year. For measuring interest rate risk in the banking book based on normative perspective for ICAAP (Internal Capital Adequacy Assessment Process) the SKB Group calculates Net interest income (NII) sensitivity taken into account base budget and adverse scenarios for 3-year period

Asset and Liability Committee (ALCO) approves and regularly discusses all actions needed for managing interest rate risk within set limits. SKB group monitors interest risk exposure with aim to manager interest rate sensitivity within the acceptable levels defined in the SKB Group Risk Appetite Statement, the Risk Appetite Framework and in the Internal Capital Adequacy Assessment Process (ICAAP).

1.7 Number of directorship held by members of the management board and the supervisory board and their diversity recruitment policy for their selection

(Article 435 of the CRR 2.a, b in c)

Members of Board of directors	Company	Membership in Board of directors	Membership in Supervisory board
Imre Bertalan	SKB Banka d.d. Ljubljana	non-executive member	
	Vojvođjanska banka a.d., Novi Sad	non-executive member	
Draga Cukjati	SKB Banka d.d. Ljubljana	non-executive member	
	Poslovni sistem Mercator d.d	executive member	
	Mercator-H d.o.o. Croatia		non-executive member
	Mercator-S d.o.o., Serbia	non-executive member	
Tamás Kamarási	SKB Banka d.d. Ljubljana	non-executive member	
	CKB banka a.d. Montenegro	non-executive member	
Miklós Németh	SKB Banka d.d. Ljubljana	non-executive member	
	CKB banka a.d. Montenegro	non-executive member	
	OTP Real Estate Investment Fund Plc	non-executive member	
	PortfoLion Plc	non-executive member	
	OTP Real Estate Plc	non-executive member	
	Air-invest ltd	executive member	
	OTP Financing Netherlands B.V	executive member	
Anna Mitkova Florova	SKB Banka d.d. Ljubljana	non-executive member	
Anita Stojčevska	SKB Banka d.d. Ljubljana	executive member	
Vojka Ravbar	SKB Banka d.d. Ljubljana	executive member	

The recruitment policy for the selection of members of the management body and their actual knowledge, skills and expertise; (435. (2.b))

The employment policy for the selection of members of the management body and their actual knowledge, skills and experience is fully regulated and included in the Policy for assessment and selection of suitable candidates for appointment of members of the Board of Directors of SKB banka d.d. Ljubljana, which was prepared and adopted by the bank in 2020.

By implementing the policy of selecting suitable candidates for members of the Board of Directors, the Bank ensures:

- that the Board of Directors, with its appropriate composition, will ensure:
  - a solid corporate system with a clearly defined organization and responsibilities;
  - to effectively identify, manage and monitor the procedures and risks to which the Bank is or may be exposed
  - appropriate system of internal controls, clear administrative and accounting procedures, legal and compliant operations
  - that remuneration policies and practices will enable and promote responsible and effective risk management
- that the Board of Directors is composed in such a way that, as a whole, it has an appropriately wide range of knowledge, skills and experience of the members of the bank's management board necessary for a deeper understanding of the Bank's activities and risks. appropriate diversity, including adequate gender representation and age structure
- definition of the conditions for the performance of each function, including the required profile of the members of the Board of Directors before they are appointed.

A person may be appointed as a member of the board of directors if:

- has the knowledge, skills and experience to manage the operations of a bank or a company of comparable size and activities as a bank or other comparable operations
- has a reputation and qualities for managing the bank's operations and its conduct does not call into question its ability to ensure the safe and prudent management of the bank's operations in accordance with risk management rules, professional diligence and the highest ethical standards and to prevent conflicts of interest;
- has a reputation and qualities for managing the bank's operations and does not raise doubts about its conduct - meets the legal requirements regarding the incompatibility of performing other managerial functions and the prevention of conflicts of interest;

A member of the board of directors must act in accordance with professional diligence, openly, honestly and independently in order to effectively assess and evaluate senior management's decisions regarding the bank's management and in accordance with the highest ethical standards of governance, taking into account conflicts of interest and sufficient time to perform this function effectively.

The Rules on Assessing the Eligibility of Members of the Board of Directors define in particular the activities to be performed regarding the assessment of the suitability of each member of the Board of Directors (obtaining relevant documentation according to the Bank of Slovenia questionnaire) as well as evaluation criteria such as reputation criteria (proceedings before courts and regulators, media connotations, etc.), experience criteria (professional path, level of education, work experience, training, etc.) and management criteria (possible conflict of interest and expectations, available time for office, membership in management bodies of other companies and organizations, etc.). Information on the experience of the members of the Board of Directors is publicly published on the Bank's (Board of Directors) website.

The policy on diversity with regard to selection of members of the management body, its objectives and any relevant targets set out in that policy, and the extent to which these objectives and targets have been achieved (435.(2.c))

The policy regarding the diversity in the selection of members of board of directors is fully regulated and included in the Policy of evaluation and selection of suitable candidates for the appointment of members of the Management Board of SKB banka d.d. Ljubljana, which was prepared and adopted by the bank in 2020.

Diversity policy provides incentives to achieve diversity within the board, including education, professional experience, age and adequate gender representation on the board, including policies to increase the number of under-represented members of the board to achieve these goals.

The appointment of the members of board of directors shall take into account a wide range of their merits and abilities, in order to achieve representation of different points of view and experience and to enable the expression of independent opinions and prudent decision-making.

The the board of directors shall be composed in such a way that no gender is represented by less than 40%.The basic principles of diversity policy apply to each evaluation / reassessment of the suitability of a board member and the board as a whole.

In the period from 1.1.2020 to 11.5.2020, the Board of Directors had six (6) members, of which four (4) were women and two (2) were men. Since the General Meeting of the Bank, which was held on 11 May 2020, the Board of Directors had eight (8) members, of which four (4) were women and four (4) were men. From 3.8.2020 to 31.12.2020, the Board of Directors had seven (7) members, of which four (4) were women and three (3) were men. The Board of Directors consisted of members of different ages, different profiles of education and work experience, which enables and ensures a constructive and critical assessment of the Bank's Management Board's decisions and effective supervision over it. Representation of both sexes was also adequate, so the goal of diversity policy was achieved.

1.8 Risk committee

Article 435 of the CRR 2.d)

REPORT OF THE RISK COMMITTEE

The Risks Committee is an advisory body to the Board of Directors and performs the following tasks:

- advises on general, current and future tendency of the bank for risk appetite and risk management strategy,
- assists in performing supervision over the senior management regarding the execution of risk management strategy,
- examines, without intervening in the Compensation Committee's tasks, whether the initiatives, provided by the compensation system, take into account the risk, capital, liquidity, as well as the likelihood and time schedule of the bank's incomes, with the purpose of forming prudent compensation policies and practices,
- examines whether the prices of the bank's products are fully consistent with the business model and risk management strategy of the bank and, in case of identified inconsistencies, makes a proposal for measures in order to remedy the inconsistencies and submits the proposal to the General Management and Board of Directors,
- as to the counterparty risks, the Risk Committee examines:
  - contents and changes of the credit portfolio per type of facility and per debtor,
  - key indicators (cost of risk, NPL, default ratios, recovery performance etc…),
  - changes of the quality of commitments: sensitive, irregular, non-performing loans,
  - compliance with the conditional authorizations issued by the OTP Group,
  - adequacy of the level of provisions for risks exposure,
  - efficiency of bad debt recovery,
  - changes in credit policy,
  - review of collateral management.

In 2020, four (4) regular sessions of the Risks Committee were held.

The quorum was met at all sessions, as indicated in the minutes of the sessions. In case of an absent member the latter authorized another member of the Board of Directors to represent and vote on his behalf at the session of the Committee. On some sessions also other members of the Board of Directors were present, which contributed to even better acknowledgment of the implementation of the risk policy in SKB.

With regard the inclusion of new members in the Board of Directors, the Board of Directors discharged Anna Florova Mitkova as a member and chair of the Risk Committee at its 5th (correspondence) meeting on 19th June 2020 at the proposal of OTP, due to taking on new tasks. At the same meeting, the Board of Directors appointed Tamás Kamarási as a member and President of the Risk Committee.

At its meetings the Risks Committee discussed above all:

- report on the work of the Risks Committee in 2019,
- periodic reports on credit risk,
- reports on large exposure of the bank towards individual clients, groups of clients or sectors, and proposals of the bank's General Management for further activities to resolve these issues,
- periodic reports on credit portfolio for legal entities and retail banking,
- activities in the bank related to risk management, including the volume of formed provisions and impairments, periodic reports on large exposure of the bank towards persons being in a special relationship with the bank,
- preparation and follow-up on Risk Appetite Framework and Risk Appetite Statement in SKB Group,
- limits proposals within the Group,
- other matters in accordance with the Statute of the bank and resolutions passed by the Board of Directors.

On one of the Risk Committee sessions also a representative from Bank of Slovenia was present.

The Risks Committee focused its professional work above all on the analysis and monitoring of credit risks, but it discussed also other risks of the bank and SKB Group. It devoted a special attention to the risk management and NPE management. With its work and regular reports to the Board of Directors, it contributed to the efficient work of the Board of Directors.

1.9 Description of the information flow on risk to the management board and supervisory board

(Article 435 of the CRR 2.e)

The Board of Directors:

- approves the Group Risk Appetite proposed by General Management (the Group Risk Appetite Statement) and the Group Risk Appetite Framework on yearly basis;
- ensures that the risk appetite is appropriate with respect to the Group's strategic and financial objectives and its overall view of the risks posed by the macroeconomic and financial backdrop;
- is apprised of how this framework operates based on a regular evaluation by internal audit;
- examines the risk appetite compliance dashboards that are presented to it and is notified of any risk appetite-related breaches and the implemented remedial action plans;
- sets Chairman and Chief Executive officers' compensation, approves the principles of the Group's compensation policy, in particular for regulated persons whose activities could have a material impact on the Group's risk profile, and ensures that they are consistent with the risk control objectives.

General Management:

- validates, based on proposals from the Group's Chief Risk Officer and the Group's Chief Financial Officer, a Risk Appetite which takes risk capacity and risk tolerance into consideration, consistent with the Group's strategy, budget and financial plan;
- validates the documents which formalize the Group's Risk Appetite and its governance and implementation framework;
- regularly ensures compliance with the Risk Appetite;
- is responsible for, and ensures the effectiveness and integrity of, the Risk Appetite implementation framework;
- ensures that the Risk Appetite is translated into limits for the business lines and subsidiaries;
- ensures the internal communication of the Risk Appetite and its inclusion in the registration document.

In terms of Risk Appetite governance, General Management relies mainly on the following committees, which it chairs:

In terms of Risk Appetite governance, General Management relies mainly on the following committees, which it chairs:

Executive Committee discusses strategic issues regarding the operations of the Group and takes decisions.

The Assets and Liabilities Committee (ALCO) has the main objective of ensuring the management of assets and liabilities structure, liquidity and funding sources management, structural risks management (interest rate risk and foreign exchange risk in banking book) and capital management.

The Crisis Committee ensures the management of the crisis situations and defines the necessary resources and organization to face such situations.

The New Products Committee mission is to make sure that all the risks associated with the launch of new products, new activities or externalized activities or their significant changes, are correctly identified, analysed and assessed.

The Retail Risk Committee monitors and, when necessary, proposes adjustments in credit risk policy in order to comply with risk strategy and risk appetite related to credit risk on retail segments.

The Non-Retail Risk Committee monitors and, when necessary, proposes adjustments in credit policy in order to comply with risk strategy and risk appetite related to credit risk on non-retail segments.

The Operational Risk and Compliance Committee reviews all events related to operational risk; it also proposes and monitors related adjustments.

The WorkOut Committee monitors defaulted clients.

2. Information on the scope of application of the regulatory framework

(Article 436 of the CRR)

Table 4 Template 1 - EU LI1 – Differences between accounting and regulatory scopes of consolidation and the mapping of financial statement categories with regulatory risk categories

SKB banka does not have a trading book, the bank has only banking book.

Table 5 Template 2: EU LI2 – Main sources of differences between regulatory exposure amounts and carrying values in financial statements

	a	b	c	d	e
As at 31.12.2020		**Postavke za katere velja**			
	Total	**Credit risk framework**	**CCR framework**	**Securitisation framework**	**Market risk framework**
Assets carrying value amount under the scope of regulatory consolidation (as per template EU LI1)					
Liabilities carrying value amount under the regulatory scope of consolidation (as per template EU LI1)					
Total net amount under the regulatory scope of consolidation					
Off-balance-sheet amounts					
Differences in valuations					
Differences due to different netting rules, other than those already included in row 2					
Differences due to consideration of provisions					
Differences due to prudential filters					
Other					
Exposure amounts considered for regulatory purposes					

	a	b	c	d	e
As at 31.12.2019		**Postavke za katere velja**			
	Total	**Credit risk framework**	**CCR framework**	**Securitisation framework**	**Market risk framework**
Assets carrying value amount under the scope of regulatory consolidation (as per template EU LI1)					
Liabilities carrying value amount under the regulatory scope of consolidation (as per template EU LI1)					
Total net amount under the regulatory scope of consolidation					
Off-balance-sheet amounts					
Differences in valuations					
Differences due to different netting rules, other than those already included in row 2					
Differences due to consideration of provisions					
Differences due to prudential filters					
Other					
Exposure amounts considered for regulatory purposes					

Table 6 Template 3: EU LI3 – Outline of the differences in the scopes of consolidation (entity by entity)

	a	b	c	d	e	f
		Method of regulatory consolidation				
As at 31.12.2020	**Method of accounting consolidation**	**Full consolidation**	**Proportional consolidation**	**Neither consolidated nor deducted**	**Odbit**	**Description of the entity**
SKB Leasing	Full	x				Finacial corporation

	a	b	c	d	e	f
		Method of regulatory consolidation				
As at 31.12.2019	**Method of accounting consolidation**	**Full consolidation**	**Proportional consolidation**	**Neither consolidated nor deducted**	**Odbit**	**Description of the entity**
SKB Leasing	Full	x				Finacial corporation

3 Capital management

3.1 Key information regarding capital

(Articles 437, 473.a and 492. Of the CRR)

Disclosures related to capital (own funds) defines Article 437 of Regulation (EU) No. 575/2013, additionally requirements are defined in technical standards contained in Commission Implementing Regulation (EU) No. 1423/2013. Disclosures under Article 492 of Regulation (EU) No. 575/2013 are not relevant for SKB Group.

3.1.1 Full harmonisation of own funds items disclosures with audited financial statements

(Article 437 of the CRR 1.a and1.f)

In Article 437 1.a of Regulation (EU) no. 575/2013 are presented disclosures related to reconciliation of own funds to audited financial statements.

Table 7 Reconciliation of own funds to audited financial statements

31.12.2020	Consolidated audited finacial statements items	Own funds items
Assets		
Intangible assets	10,680	-3,753
Tax assets	3,557	-
tax assets	3,557	-
Adjustments to CET 1 capital due to prudential filters	-	-396
Negative amounts resulting from the calculation of expected loss amounts	-	-2,244
Liabilities		
Equity		
Share capital	52,784	52,784
capital instruments eligeble as CET 1 capital	52,784	52,784
Share premium	104,061	104,061
Accumulated othe comprehensive income	24,719	24,719
Reserves from profit	29,106	29,106
Retained earnings (including profit from the current year)	195,312	160,462
retained profit	160,462	160,462
net profit in the finacial year	34,850	-
Total equity	405,982	364,739

3.1.2 Main features of common equity Tier 1 instruments

(Article 437 1.b and 1.c of the CRR)

Table 8 Capital instrument's main feature template

1	Issuer	SKB d.d., Ljubljana
2	Unique identifier	SKBB, ISIN SI0021103013
3	Legislation governing instrument	Companies Act, Banking Act
	Regulatory treatment	Regulation (EU) No. 575/2013
4	Transitional CRR rules	Common Equity Tier 1 Capital
5	Post-transitional CRR rules	Common Equity Tier 1 Capital
6	Eligible at solo / (sub)consolidated / solo and (sub)consolidated	Solo and (Sub) consolidated
7	Instrument type	Common Equity Tier 1 Capital
8	Amount recognised in regulatory capital	N/A
9	Nominal amount of instrument	No nominal amount - par value share
9a	Issue price	No nominal amount - par value share
9b	Redemption price	No nominal amount of the issue - par value shares
10	Accounting classification	Shareholdres equity
11	Original date of issuance	June 30, 1997
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	No
15	Optional call date	N/A
16	Subsequent call dates, if applicable	N/A
	Coupons / dividends	N/A
17	Fixed or variable dividend / coupon interest rate	Variable dividend
18	Coupon interest rate and any related index	N/A
19	Possibility of unpaid earnings	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Noncumulative
23	Convertible or non-convertible	Nonconvertible
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-down mechanism	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type	All other obligation
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A

N/A Not applicable

3.1.3 Disclosure of own funds – the nature and amount of specific capital

(Article 437 1.d and 1.e of the CRR)

Refed to Article 437 1. d and 1.e of Regulation (EU) No. 575/2013, table discloses information of the nature and amounts of special items of own funds and restrictions applied to the instruments, prudential filters and deductions used in calculation.

Table 9 Own funds disclosure template

Own funds disclosure template			
	000 EUR	Amount at disclosure date as at 31.12.2020	Regulation (EU) No. 575/2013 article reference
Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	156,845	26(1), 27, 28, 29
	of which: Instrument type 1	156,845	EBA list 26 (3)
2	Retained earnings	160,462	26(1)c
3	Accumulated other comprehensive income (and other reserves)	53,825	26(1)
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**371,132**	**Sum of rows 1 to 5a**
Common Equity Tier 1 (CET1) capital: regulatory adjustment			
7	Additional value adjustments (negative amount)	-396	34, 105
8	Intangible assets (net of related tax liability) (negative amount)	-3,753	36(1)(b), 37
12	Negative amounts resulting from the calculation of expected loss amounts	-2,244	36(1)(d), 40, 159
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	-6,393	Sum of rows 7 to 20a, 21, 22 and 25a to 27
29	Common Equity Tier 1 (CET1) capital	364,739	Row 6 minus row 28
45	Tier 1 capital (T1 = CET1 + AT1)	364,739	Sum of row 29 and row 44
59	Total capital (TC = T1 + T2)	364,739	Sum of row 45 and row 58
60	Total risk weighted assets	2,405,843	
Capital ratios and buffers			
61	Navadni lastniški temeljni kapital (kot odstotni delež zneska izpostavljenosti tvegnju)	15,16	92(2)(a)
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	15,16	92(2)(a)
62	Tier 1 (as a percentage of total risk exposure amount)	15,16	92(2)(b)
63	Total capital (as a percentage of total risk exposure amount)	15,16	92(2)(c)
72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	7,909	36(1)(h), 46, 45 56(c), 59, 60 66c, 69, 70
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)	2,100	36(1)(c), 38, 48

3.2 Capital requirements

(Articles 438, 445 and 446 of the CRR)

The Group measures its credit and operational risks under Basel II Pillar I rules. Capital requirements for credit risk, counterparty credit risk and operational risk are calculated using the standardized approach.

Capital adequacy

The Group monitors the adequacy of its capital using ratios defined by the requirements of the Bank of Slovenia. These ratios measure capital adequacy by comparing the Group's capital with risk-weighted assets.

While the minimum amount of capital required is 8 % of risk weighted assets under pillar I requirement and the total capital requirment is set to 13,75 % on a cosolidated basis, the Group sets its internal limit for capital adequacy to 14.25 % of total capital. This internal limit is the alert level set in Risk Appetite Framework and Risk Appetite Statement and is monitored on a quarterly basis on the Board of Directors committee.

Overall in 2020 the capital adequacy of the group increased and remains strong and safely above the alert threshold. The main driver for this increase is non-distribution of dividends and decrease of risk weighted assets in credit risk.

Table 10 EU OV1- Overview of the RWAs

Group			Risk weighted assets		Minimum capital requirements
		EUR 000	2020	2019	
	1	Credit risk (excluding CCR)	2,196,989	2,226,221	175,759
article 438 (d) (c)	2	Of which the standardised approach	2,196,989	2,226,221	175,759
article 438 (d) (c)	3	Of which the foundation IRB (FIRB) approach	0	0	0
article 438 (d) (c)	4	Of which the advanced IRB (AIRB) approach	0	0	0
article 438 (d)	5	Of which equity IRB under the simple risk-weighted approach of the IMA	0	0	0
article 438 (d) (c), article 107	6	CCR	13,246	20,421	1,060
article 438 (d) (c)	7	of which mark to market	0	0	0
article 438 (d) (c)	8	of which original exposure	0	0	0
	9	Of which the standardised approach	13,246	20,421	1,060
	10	Of which the internal model method (IMM)	0	0	0
article 438 (d) (c)	11	Of which risk exposure amount for contributions to the default fund of a CCP	0	0	0
	12	Of which CVA	569	3,716	45
article 438 (e)	13	Settlement risk	0	0	0
article 449 (o) (i)	14	Securitization exposures in the banking book (after the cap)	0	0	0
	15	Of which IRB approach	0	0	0
	16	Of which IRB supervisory formula approach (SFA)	0	0	0
	17	Of which internal assessment approach (IAA)	0	0	0
	18	Of which the standardised approach	0	0	0
article 438 (e)	19	Market risk	0	0	0
	20	Of which the standardised approach	0	0	0
	21	Of which IMA	0	0	0
article 438 (e)	22	Large exposures	0	0	0
article 438 (f)	23	Operational risk	195,608	193,872	15,649
	24	Of which basic indicator approach	0	0	0
	25	Of which standardised approach	195,608	193,872	15,649
	26	Of which advanced measurement approach	0	0	0
article 437 (2), article 48 in article 60	27	Amounts below the threshold for deduction (subject to 3250% risk weight)	0	0	0
article 500	28	Floor adjustment	0	0	0
	29	Total	2,405,843	2,440,514	192,467

Table 11 EU MR1 –Risk exposure amount for position

		2020	2019	2020
		RWAs		Capital requirements
	Outright products			
1	Interest rate risk (general and specific)			
2	Equity risk (general and specific)			
3	Foreign exchange risk			
4	Commodity risk			
	Options			
5	Simplified approach			
6	Delta-plus method			
7	Scenario approach			
8	**Securitisation (specific risk)**			
9	**Total**			

Table 11 is not reported as the bank does not calculate capital requirements for market risk.

4 Leverage ratio

(Article 451 of the CRR)

4.1 Reconciliation of accounting assets and the leverage ratio total exposure measure

Table 12 LRSUM – SUMMERY RECONCILIATION OF THE ACCOUNTING ASSETS AND LAVERAGE RATIO TOTAL

CRR Leverage Ratio - Group			
Table LRSum: Summary reconciliation of accounting assets and leverage ratio exposures			
		2020	2019
1	Total assets as per published financial statements	4,403,316	4,045,857
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	0	0
3	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio exposure measure in accordance with Article 429(13) of Regulation (EU) No 575/2013 "CRR")	0	0
4	Adjustments for derivative financial instruments	0	0
5	Adjustments for securities financing transactions "SFTs"	0	0
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	-403,839	-346,509
EU-6a	(Adjustment for intragroup exposures excluded from the leverage ratio exposure measure in accordance with Article 429 (7) of Regulation (EU) No 575/2013)	0	0
EU-6b	(Adjustment for exposures excluded from the leverage ratio exposure measure in accordance with Article 429 (14) of Regulation (EU) No 575/2013)	0	0
7	Other adjustments	-4,150	-10,588
8	Total leverage ratio exposure	3,995,327	3,688,760

4.2 Breakdown of the leverage ratio total exposure measure

Table 13 LRCOM – LAVERAGE RATIO TOTAL COMMON DISCLOSURE

Table LRCom: Leverage ratio common disclosure			
		2020	**2019**
	On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	3,653,515	3,365,034
2	(Asset amounts deducted in determining Tier 1 capital)	-4,150	-10,588
3	**Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)**	3,649,364	3,354,446
	Derivatives exposures		
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	15,207	19,817
5	Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	0	0
EU-5a	Exposure determined under Original Exposure Method	0	0
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	0	0
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	0	0
8	(Exempted CCP leg of client-cleared trade exposures)	0	0
9	Adjusted effective notional amount of written credit derivatives	0	0
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	0	0
11	**Total derivative exposures (sum of lines 4 to 10)**	15,207	19,817
	Securities financing transaction exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	0	0
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	0	0
14	Counterparty credit risk exposure for SFT assets	0	0
EU-14a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Article 429b (4) and 222 of Regulation (EU) No 575/2013	0	0
15	Agent transaction exposures	0	0
EU-15a	(Exempted CCP leg of client-cleared SFT exposure)	0	0
16	**Total securities financing transaction exposures (sum of lines 12 to 15a)**	0	0
	Other off-balance sheet exposures		
17	Off-balance sheet exposures at gross notional amount	734,595	661,005
18	(Adjustments for conversion to credit equivalent amounts)	-403,839	-346,509
19	**Other off-balance sheet exposures (sum of lines 17 to 18)**	330,756	314,496
	Exempted exposures in accordance with CRR Article 429 (7) and (14) (on and off balance sheet)		
EU-19a	(Exemption of intragroup exposures (solo basis) in accordance with Article 429(7) of Regulation (EU) No 575/2013 (on and off balance sheet))	0	0
EU-19b	(Exposures exempted in accordance with Article 429 (14) of Regulation (EU) No 575/2013 (on and off balance sheet))	0	0
	Capital and total exposures		
20	**Tier 1 capital**	364,739	300,658
21	**Total leverage ratio exposures (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)**	3,995,327	3,688,760
	Leverage ratio		
22	**Leverage ratio**	0.0913	0.0815
	Choice on transitional arrangements and amount of derecognised fiduciary items		
EU-23	Choice on transitional arrangements for the definition of the capital measure		
EU-24	Amount of derecognised fiduciary items in accordance with Article 429(11) of Regulation (EU) NO 575/2013		

Table 14 LRSpl – SPLIT-UP OF THE BALANCE SHEET EXPOSURES (EXCLUDING DERIVATIVE, SFTs AND EXEMTED EXPOSURE)

Table LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)			
		2020	**2019**
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	3,653,515	3,365,034
EU-2	Trading book exposures	0	0
EU-3	Banking book exposures, of which:	3,653,515	3,365,034
EU-4	Covered bonds	0	0
EU-5	Exposures treated as sovereigns	1,112,255	764,144
EU-6	Exposures to regional governments, MDB, international organisations and PSE NOT treated as sovereigns	32,013	28,394
EU-7	Institutions	22,387	22,188
EU-8	Secured by mortgages of immovable properties		0
EU-9	Retail exposures	1,547,842	1,585,826
EU-10	Corporate	826,923	851,120
EU-11	Exposures in default	25,435	27,523
EU-12	Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	86,661	85,839

4.3 Disclosure of qualitative information on risk of excessive leverage

The risk of leverage ratio is managed in the bank on regular bases. It is based on the evolution of the solvency capital and the balance sheet, which might trigger the risk of excessive leverage ratio. The bank makes the assessment on a quarterly basis if the risk to leverage ratio has significantly increased so that corrective measures can be taken.

Risk is responsible for assessing the stress tests impacts on the leverage ratio in the framework of annual stress test process for ICAAP. In the case the leverage ratio under stress scenario falls under 3 %, additional capital needs under Pillar II is reported.

The bank defines as prudential threshold for leverage ratio not lower than 3.5 %.

4.4 Disclosure of qualitative information on risk of the factors impacting the leverage ratio

Table 15 Key information regarding leverage ratio

Group		
EUR 000	**2020**	**2019**
Total Leverage Ratio exposure - using a transitional definition of Tier 1 capital	3,995,327	3,688,290
Tier 1 capital - transitional definition	364,739	300,658
Leverage Ratio -using a transitional definition of Tier 1	9.13	8.15

In 2020 there were no special events which would have a significant influence on the leverage ratio. The increase in the leverage ratio corresponds to the increase of Tier 1 capital.

5 Capital buffers

(Article 440 of the CRR)

Table 16 GEOGRAPHICAL DISTRIBUTION OF CREDIT EXPOSURES RELAVANT FOR THE CALCULATION OF THE COUNTERCYCLICAL CAPITAL BUFFER AS AT 31.12.2020

Skupina, 31.12.2020		General credit exposure		Trading book exposure		Own funds requirements			Own funds requirement weights	Countercyclical capital buffer rate
	EUR 000	Exsposure value for SA	Exposure value for IRB	Sum of long and short positio of trading book	Value of trading book exposure for internal models	Of which: general credit exposures	Of which: Trading book exposures	Total		
		010	020	030	040	070	080	100	110	120
001	United Arab Emirates	0	0	0	0	0	0	0	0,00%	0
002	Argentina	0	0	0	0	0	0	0	0,00%	0
003	Austria	347	0	0	0	28	0	28	0,02%	0
004	Australia	224	0	0	0	9	0	9	0,01%	0
005	Bosnia and Herzegovina	7,128	0	0	0	0	0	0	0,00%	0
006	Belgium	199	0	0	0	16	0	16	0,01%	0
007	Benin	1	0	0	0	0	0	0	0,00%	0
008	Brazil	3	0	0	0	0	0	-	0,00%	0
009	Belarus	0	0	0	0	0	0	0	0,00%	0
010	Canada	1,180	0	0	0	47	0	47	0,03%	0
011	Switzerland	3,103	0	0	0	124	0	124	0,07%	0
012	Cyprus	0	0	0	0	0	0	0	0,00%	0
013	Czechia	1,453	0	0	0	59	0	59	0,03%	0,005
014	Germany	6,184	0	0	0	347	0	347	0,20%	0
015	Denmark	24	0	0	0	1	0	1	0,00%	0
016	Spain	0	0	0	0	0	0	0	0,00%	0
017	France	150,646	0	0	0	359	0	359	0,20%	0
018	Great Britain	1,284	0	0	0	74	0	74	0,04%	0
019	Ghana	0	0	0	0	0	0	0	0,00%	0
020	Croatia	20,849	0	0	0	127	0	127	0,07%	0
021	Hungary	56,089	0	0	0	77	0	76,6	0,04%	0
022	Ireland	100	0	0	0	8	0	8	0,00%	0
023	Italy	1,341	0	0	0	54	0	54	0,03%	0
024	Japan	767	0	0	0	31	0	31	0,02%	0
025	Luxembourg	2,655	0	0	0	107	0	107	0,06%	0
026	Moldova	0	0	0	0	0	0	0	0,00%	0
027	Republic of North Macedonia	0	0	0	0	0	0	0	0,00%	0
028	Malta	0	0	0	0	0	0	0	0,00%	0
029	Malawi	0	0	0	0	0	0	0	0,00%	0
030	Netherlands	5,771	0	0	0	462	0	461,6	0,26%	0
031	Norway	135	0	0	0	5	0	5	0,00%	0,01
032	Poland	718	0	0	0	29	0	29	0,02%	0
033	Romania	141	0	0	0	6	0	6	0,00%	0
034	Serbia	9,043	0	0	0	720	0	720	0,41%	0
035	Russian Federation	0	0	0	0	0	0	0	0,00%	0
036	Sweden	351	0	0	0	16	0	16	0,01%	0
037	Slovenia	3,707,740	0	0	0	173,936	0	173,936	98,39%	0
038	Turkey	1,098	0	0	0	44	0	44	0,02%	0
039	United States of America	2,138	0	0	0	89,6	0	89,6	0,05%	0
040	Kosovo	0	0	0	0	0	0	0	0,00%	0
041	South Africa	0	0	0	0	0	0	0	0,00%	0
042	TOTAL	3,980,714	0	0	0	176,774	0	176,774	100%	

Table 17 Amount of institution – specific countercyclical capital buffer

Group in 000 EUR	2020
Total risk exposure amount	2,209,666
Institution specific countercyclical buffer rate	0.000002
Institution specific countercyclical buffer requirement	4

6 Exposure to counterparty credit risk

(Article 439 of the CRR)

6.1 Definitions of "past-due" and "impaired" for accounting purposes

(Article 439. a of the CRR)

Counterparty credit risk (CCR in continuation) is a risk arising from the possibility that a counterparty may default on derivative transactions concluded with the bank, which can result to a due closing-out settlement amount based on the actual market value of such transactions. In SKB Group the number of derivative transactions is low and limited to a client driven hedging operations.

The SKB Group does business with customers on the basis of limits, which are determined according to the credit rating of the financial institution, taking into consideration the potential future market value of concluded transactions. The SKB Bank monitors the market values of products with counterparty credit risk on a daily basis and compares them with the level of limits.

Table 18 Template 28 - EU CCR3 – Standardised approach – CCR exposures by regulatory portfolio and risk

AS at: 31. 12 2020		Risk weight											Total	Of which unrated
000 EUR	Exposure class	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others		
1	Central governments or central banks													
2	Regional government or local authorities													
3	Public sector entities													
4	Multilateral development banks													
5	International organisations													
6	Institutions					1,080	3,263						4,343	4,343
7	Corporates									10,852			10,852	10,852
8	Retail								11				11	11
9	Institutions and corporates with a short-term credit assessment													
10	Other													
11	**Total**					**1,080**	**3,263**		**11**	**10,852**			**15,207**	**15,207**

AS at: 31. 12. 2019		Risk weight											Total	Of which unrated
000 EUR	Exposure class	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others		
1	Central governments or central banks													
2	Regional government or local authorities													
3	Public sector entities													
4	Multilateral development banks													
5	International organisations													
6	Institutions						6,048						6,048	6,048
7	Corporates									13,769			13,769	13,769
8	Retail													
9	Institutions and corporates with a short-term credit assessment													
10	Other													
11	**Total**						**6,048**			**13,769**			**19,817**	**19,817**

Table 19 Template 26 - EU CCR2 – CVA Capital charge

		a	b
As at: 31.12.2020			
000 EUR		Exposure value	RWAs
1	Total portfolios subject to the advanced method		
2	(i) VaR component (including the 3× multiplier)		
3	(ii) SVaR component (including the 3× multiplier)		
4	All portfolios subject to the standardised method	817	569
EU4	Based on the original exposure method		
5	Total subject to the CVA capital charge	817	569

		a	b
As at: 31.12.2019			
000 EUR		Exposure value	RWAs
1	Total portfolios subject to the advanced method		
2	(i) VaR component (including the 3× multiplier)		
3	(ii) SVaR component (including the 3× multiplier)		
4	All portfolios subject to the standardised method	6,048	3,716
EU4	Based on the original exposure method		
5	Total subject to the CVA capital charge	6,048	3,716

The methodology for calculating the CVA capital charge for 2020 has changed due to integration in the OTP group. The SKB Group calculates its CVA capital requirement in accordance with EU regulation 575/2013 (CRR) Article 384 ("Standardised Method") and Article 382. CVA capital requirements is calculated for derivative transactions OTP with financial counterparties.

6.2 Definitions of "past-due" and "impaired" for accounting purposes

(Article 439. b of the CRR)

The collateral refers exclusively to transactions within the OTP Group.

Table 20 Template 32 - EU CCR5-B – Composition of collateral for exposures to CCR

	a	b	c	d	e	f
As at: 31.12.2020	Collateral used in derivative transactions				Collateral used in SFTs	
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
000 EUR	Segregated	Unsegregated	Segregated	Unsegregated		
Cash deposits	410					
Total	410					

In 2019, there was no transactions with collateral.

6.3 Definitions of "past-due" and "impaired" for accounting purposes

(Article 439. c of the CRR)

The Bank concludes derivative transactions only for the needs of clients and does not take any risk of this exposures as all derivative deals initiated by the client are closed with back to back transaction.

6.4 Definitions of "past-due" and "impaired" for accounting purposes

(Article 439. d of the CRR)

The SKB Group does business with customers on the basis of collateral limits and not on the basis of property insurance.

6.5 Definitions of "past-due" and "impaired" for accounting purposes

(Article 439. e of the CRR)

No netting noticed in 2020. The gross positive value of contracts equals the net credit exposure in derivatives reduced by collateral held.

Table 21 Template 31- EU CCR5-A – Impact of netting and collateral held on exposure values

		a	b	c	d	e
As at: 31.12.2020						
	000 EUR	Gross positive fair value or net carrying amount	Netting benefits	Netted current credit exposure	Collateral held	Net credit exposure
1	Derivatives	8,942			410	8,532
2	SFT					
3	Cross-product netting					
4	Total	8,942			410	8,532

		a	b	c	d	e
As at: 31.12.2019						
	000 EUR	**Gross positive fair value or net carrying amount**	**Netting benefits**	**Netted current credit exposure**	**Collateral held**	**Net credit exposure**
1	Derivatives	8,648				8,648
2	SFT					
3	Cross-product netting					
4	Total	8,648				8,648

6.6 Definitions of "past-due" and "impaired" for accounting purposes

(Article 439. f of the CRR)

Table 22 Template 25 - EU CCR1 – Analysis of CCR exposure by approach

As at: 31.12.2020							
000 EUR	**Notional**	**Replacement cost/current market value**	**Potential future credit exposure**	**EEPE**	**Multiplier**	**EAD post CRM**	**RWAs**
Mark to market							
Original exposure							
Standardised approach						15,207	12,678
IMM (for derivatives and SFTs)							
Of which securities financing transactions							
Of which derivatives and long settlement transactions						15,207	12,678
Of which from contractual cross-product netting							
Financial collateral simple method (for SFTs)							
Financial collateral comprehensive method (for SFTs)							
VaR for SFTs							
Total							**12,678**

As at: 31.12.2019							
000 EUR	Notional	Replacement cost/current market value	Potential future credit exposure	EEPE	Multiplier	EAD post CRM	RWAs
Mark to market							
Original exposure							
Standardised approach						19,817	16,705
IMM (for derivatives and SFTs)							
Of which securities financing transactions							
Of which derivatives and long settlement transactions						19,817	16,705
Of which from contractual cross-product netting							
Financial collateral simple method (for SFTs)							
Financial collateral comprehensive method (for SFTs)							
VaR for SFTs							
Total							**16,705**

Compared to 2019 the exposure deriving from counterparty credit risk remained unchanged.

6.7 Definitions of “past-due” and “impaired” for accounting purposes

(Article 439. g of the CRR)

The disclosure does not apply (Article 439. g of CRR). The SKB Group does not hold credit derivatives in its portfolios.

7 Credit risk and general information on CRM

(Article 442 of the CRR)

7.1 Definitions of "past-due" and "impaired" for accounting purposes

(Article 442. a of the CRR)

The group follows the overdue exposures from the due date when the client fails to fulfil his payment obligation specified in the contract. Any amount of principal, interest or fee that has not been paid is considered as a past due obligation.

Default rules

The Group is applying the regulatory default definition and is performing the monitoring of the default marking process. In line with EBA requirements defaulted exposures are classified as non-performing assets and are all either individually impaired or impaired by using statistical methods.

Contrary to the regular follow-up of overdue exposures, the starting date of the calculation of the delay for default identification is the date on which the client's past due credit obligation is considered significant, namely the overdue credit obligation arising from the credit contract has exceeded the materiality threshold for 90 consecutive days.

Forborne classification

In case of financial difficulties of the debtor and subject to still viable underlying business of such debtor, the group primarily seeks to implement restructuring of the financial obligations instead of insolvency procedures. In accordance with group standards, which encompass EBA – regulatory rules and IFRS 9 standards, such assets - as a rule – trigger the classification in default. As such they are treated as non-performing loans. The decision to maintain the counerparty as performing is taken only with consideration of a non-material NPV loss after restructuring.

Following internal rules the Group keeps forborne assets / obligors in non-performing classification at least one year.

The performing forborne assets / obligors can exit forbearance classification in case of becoming performing assets / obligors. That can take place under two conditions:

- successfully passing the probation period of two years, starting from the date of upgrade from non-performing (defaulted) assets / obligors or two years after applying a performing forborn status
- all required credit quality conditions for facility / debtor are fulfilled.

7.2 Description of the approaches and methods adopted for determining specific and general credit risk adjustments

(Article 442. b of the CRR)

Retail

The Group performs regular monitoring of credit risk quality for individual client. The net cost of risk is monitored monthly for each product, which enables the Group to quickly react on risk profile changes, product by product, if necessary. Specific risk indicators have been introduced to follow up the quality of the portfolio and evolution of overdue facilities. These indicators enable us to measure the quality of monthly production, the effectiveness of soft collection techniques and the management of doubtful loans.

Collective and individual provisioning

The Group regularly monitors its credit portfolio to assess the quality of its assets and impairs its assets in accordance with IFRS 9 rules. Non-retail assets with significant exposure are impaired based on individual assessment of present value of estimated future cash flows to the Group after considering all available information on the expected recovery duration and estimated value of the collateral.
For the remaining non performing non-significant assets, the recovery assumptions are based on homogeneous groups. Each homogeneous group represents group assets with similar risk profiles. The level of impairment is set-up by using statistical models and depends on client segmentation, product type and progressively increases in dependence of time in default.
The approach for the calculation of collective impairments on sound portfolio is described under item Impairment of financial instruments.

7.3 Description of the approaches and methods adopted for determining specific and general credit risk adjustments

(Article 442. c of the CRR)

Table 23 Template 7- EU CRB-B – Total and average net amount of exposures

		a	b	a	b
Group			2020		2019
	000 EUR	Neto vrednosti izpostavljenosti ob koncu obdobja	Povprečne neto izpostavljenosti v obdobju	Neto vrednosti izpostavljenosti ob koncu obdobja	Povprečne neto izpostavljenosti v obdobju
16	Central governments or central banks	1,127,086	952,954	778,823	746,540
17	Regional governments or local authorities	51,357	40,355	29,354	35,206
18	Public sector entities	/	/	/	/
19	Multilateral Development Banks	/	/	/	/
20	International Organisations	/	/	/	/
21	Institutions	61,943	69,355	76,766	116,531
22	Corporates	1,363,388	1,347,503	1,331,619	1,280,108
23	Of which SME	606,227	587,538	568,848	562,796
24	Retail	1,686,668	1,708,239	1,729,809	1,706,203
25	Of which SME	202,366	101,056	231,529	115,694
26	Of which secured by mortgages on immovable property	910,703	455,352	893,105	446,553
27	Of which SME	0	0	0	0
28	Exposures in default	25,484	8,876	26,223	9,175
29	Items associated with particular high risk	/	/	/	/
30	Covered bonds	/	/	/	/
31	Claims on institutions and corporates with a short-term credit assessment	/	/	/	/
32	Collective investments undertakings (CIU)	/	/	/	/
33	Equity	/	/	/	/
34	Other items	/	/	/	/
35	Total Standardised Approach	4,315,926	4,127,283	3,972,594	3,893,762

Note: exposure value is net value (after exclusion of provisions) of balance and off balance credit risk exposure
The highest share of total exposure, after deduction of specific and general allowance, was at the end of 2020 observed on the retail segment (39 %) and corporate segment (31%). In comparison to 2019, the biggest increase of exposure was observed on the portfolio of regional governments or local authorities (75 %), although this portfolio remains but a small one with only 1% share of total exposure. The increase was also observed on the portfolio of central governments and central banks (45%) and corporates (2%). The Institutions portfolio was reduced by 18%, a slight reduction was also observed on a retail portolio (3%).

7.4 Description of the approaches and methods adopted for determining specific and general credit risk adjustments

(Article 442. d of the CRR)

Concentration of risk is managed by client, by geographical region and by industrial sector. SKB Bank precisely monitors concentration of risk by client name, using large exposure analyses, and manages it by defining the limits comparing to the Group's capital. The regular reporting on large exposure and limits is part of the risk management process of the Group. For regular portfolio analyses, the Group also quarterly monitors concentration by the industrial sector as part of ICAAP process.
In terms of geographical breakdown the majority of exposure remains to be allocated on Slovenian market.The portfolio structure on the other hand remains well diversified in respect with client name and by industrial sector

Table 24 Template 8 - EU CRB-C – Geographical breakdown of exposures

		a	b	c	d	e
SKB Group – as per 31.12.2020		Net value				
	000 EUR	European Union	Slovenia	South East Europe	Other	Total
7	Central governments or central banks	1,127,082	917,762	0	4	1,127,086
8	Regional governments or local authorities	51,357	51,357	0	0	51,357
9	Public sector entities	/	/	/	/	/
10	Multilateral Development Banks	/	/	/	/	/
11	International Organisations	/	/	/	/	/
12	Institutions	52,266	15,524	140	9,537	61,943
13	Corporates	1,354,476	1,345,865	8,911	2	1,363,388
14	Retail	1,685,198	1,683,254	727	744	1,686,668
15	Exposures secured by mortgages on immovable property	909,812	908,267	226	666	910,703
16	Exposures in default	18,538	18,526	6,946	0	25,484
17	Items associated with particular high risk	/	/	/	/	/
18	Covered bonds	/	/	/	/	/
19	Claims on institutions and corporates with a short-term credit assessment	/	/	/	/	/
20	Collective investments undertakings (CIU)	/	/	/	/	/
21	Equity	/	/	/	/	/
22	Other items					
23	Total Standardised Approach	4,288,917	4,032,288	16,723	10,286	4,315,926

		a	b	c	d	e
SKB Group – as per 31.12.2019		Net value				
	000 EUR	European Union	Slovenia	South East Europe	Other	Total
7	Central governments or central banks	778,815	641,217	0	8	778,823
8	Regional governments or local authorities	29,354	29,354	0	0	29,354
9	Public sector entities	/	/	/	/	/
10	Multilateral Development Banks	/	/	/	/	/
11	International Organisations	/	/	/	/	/
12	Institutions	68,053	67,985	130	8,583	76,766
13	Corporates	1,324,760	1,315,271	6,851	7	1,331,619
14	Retail	1,728,275	1,726,233	826	707	1,729,809
15	Exposures secured by mortgages on immovable property	892,25	890,659	235	620	893,105
16	Exposures in default	17,702	17,677	8,521	0	26,223
17	Items associated with particular high risk	/	/	/	/	/
18	Covered bonds	/	/	/	/	/
19	Claims on institutions and corporates with a short-term credit assessment	/	/	/	/	/
20	Collective investments undertakings (CIU)	/	/	/	/	/
21	Equity	/	/	/	/	/
22	Other items	/	/	/	/	/
23	Total Standardised Approach	3,946,959	3,797,737	16,329	9,305	3,972,594

Note: Exposure value is net value (after exclusion of provisions) of balance and off balance credit risk exposure
The vast majority of Group's exposure at the end of 2020 is allocated on Slovenian debtors (93.4 % of total exposure). Geographical breakdown structure demonstrates no significant change when comparing to 2019.

7.5 Description of the approaches and methods adopted for determining specific and general credit risk adjustments

(Article 442. e of the CRR)

Table 25 Template 9- EU CRB-D – Concentration of exposures by industry or counterparty types

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
SKB Group – as per 31.12.2020																	
EUR 000		Agriculture and forestry, finshing	Mining	Manufacturing	Electricity, gas and water services	Construction	Commerce	Hotel trading	Traffic, warehousing and communication	Other financial organizations	Real estate	Government	Education	Health and social services	Other public, collective and personal services	Individuals	Total
7	Central governments or central banks	0	0	0	0	0	0	0	5	479,901	0	455,563	0	0	191,617	0	1,127,086
8	Regional governments or local authorities	0	0	0	19,849	0	976	2	50	0	778	26,609	1,304	827	963	0	51,357
9	Public sector entities	/	/	/	/	/		/	/	/	/	/		/	/	/	/
10	Multilateral Development Banks	/	/	/	/	/		/	/	/	/	/		/	/	/	/
11	International Organisations	/	/	/	/	/		/	/	/	/	/		/	/	/	/
12	Institutions	0	0	0	0	0	0	0	0	61,943	0	0	0	0	0	0	61,943
13	Corporates	421	5,294	376,918	105,224	76,464	342,34	21,092	273,079	50,335	25,858	0	123	5,196	81,044	0	1,363,388
14	Retail	2,929	10	39,161	1,483	38,159	35,165	8,189	44,274	428	1,593	260	741	2,562	27,762	1,483,953	1,686,668
15	Exposures secured by mortgages on immovable property	0	0	46	0	163	39	0	120	0	0	0	0	0	0	910,335	910,703
16	Exposures in default	176	695	3,438	77	1,314	8,982	416	2,698	0	78	0	15	10	1,028	6,558	25,484
17	Items associated with particular high risk	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
18	Covered bonds	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
19	Claims on institutions and corporates with a short-term credit assessment	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
20	Collective investments undertakings (CIU)	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
21	Equity	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
22	Other items	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
23	Total Standardized Approach	3,526	5,999	419,517	126,632	115,937	387,464	29,698	320,106	592,607	28,307	482,432	2,182	8,595	302,413	1,490,511	4,315,926

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
SKB Group – as per 31.12.2019																
EUR 000	**Agriculture and forestry, finshing**	**Mining**	**Manufacturing**	**Electricity, gas and water services**	**Construction**	**Commerce**	**Hotel trading**	**Traffic, warehousing and communication**	**Other financial organizations**	**Real estate**	**Government**	**Education**	**Health and social services**	**Other public, collective and personal services**	**Individuals**	**Total**
7 Central governments or central banks	0	0	0	0	0	0	0	5	197,042	0	443,736	0	0	137,705	335	778,823
8 Regional governments or local authorities	0	0	0	0	0	536	2	50	0	299	26,583	296	1,024	564	0	29,354
9 Public sector entities	/	/	/	/	/		/	/	/	/	/		/	/	/	/
10 Multilateral Development Banks	/	/	/	/	/		/	/	/	/	/		/	/	/	/
11 International Organisations	/	/	/	/	/		/	/	/	/	/		/	/	/	/
12 Institutions	0	0	0	0	0	0	0	0	76,766	0	0	0	0	0	0	76,766
13 Corporates	712	4,847	360,986	115,727	70,902	303,36	17,891	277,735	48,038	21,521	0	119	5,071	104,711	0	1,331,619
14 Retail	3,704	32	44,683	1,702	41,202	40,621	9,036	51,946	553	1,324	340	902	3,282	32,561	1,497,921	1,729,809
15 Exposures secured by mortgages on immovable property	0	0	53	0	168	42	0	130	0	0	0	0	0	1	892,711	893,105
16 Exposures in default	136	0	3,217	10	1,034	11,871	366	1,84	0	64	8	29	10	656	6,982	26,223
17 Items associated with particular high risk	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
18 Covered bonds	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
19 Claims on institutions and corporates with a short-term credit assessment	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
20 Collective investments undertakings (CIU)	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
21 Equity	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
22 Other items	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
23 Total Standardized Approach	4,552	4,879	408,886	117,438	113,138	356,388	27,295	331,576	322,4	23,208	470,666	1,346	9,385	276,197	1,505,239	3,972,594

Note: the counterparties have been allocated to the groups according to Standard industry classification. Exposure value is net value (after exclusion of provisions) of balance and off balance credit risk exposure

In 2020 the highest exposure represent the Group's placement of liquidity funds (Other financial organizations industry). Second highest is observed on the Government industry, out of which the majority of exposure (445 million euro) is allocated to Slovenian government bonds. The manufacturing industry follows in the third place, commerce in the fourth. In comparison to 2019, the biggest increase of exposure was observed on the other financial organizations industry, followed by education and mining industries, both with negligible shares in total portfolio. At the end of 2020 exposure toward individuals represented 35 % of total exposure and was reduced by 1 % compared to 2019. The reduction of the portfolio can be contributed to overall economic situation in 2020.

7.6 Description of the approaches and methods adopted for determining specific and general credit risk adjustments

(Article 442. f of the CRR)

Table 26 Template 10 - EU CRB-E – Maturity of exposures

		a	b	c	d	e
Skupina-stanje 31.12.2020		**Net exposure value**				
	EUR 000	**On demand**	**Less than 1 year**	**From 1 to 5 years**	**More than 5 years**	**Total**
7	Central governments or central banks	545,258	6,356	180,450	372,505	1,104,569
8	Regional governments or local authorities					0
9	Public sector entities					
10	Multilateral Development Banks					
11	International Organisations					
12	Institutions	40,903	6,184	-5	0	47,082
13	Corporates	32,195	259,846	440,651	85,145	817,837
14	• Retail	26,599	276,706	681,092	540,378	1,524,775
15	Secured by mortages on immovable property					
16	• Exposures in default	2,202	24,233	37,771	5,328	69,533
17	Items associated with particular high risk					
18	Covered bonds					
19	Claims on institutions and corporates with a short-term credit assessment					
20	Collective investments undertakings (CIU)					
21	Equity					
22	Other items					
23	Total Standardized approach	647,158	573,325	1,339,958	1,003,356	3,563,797

		a	b	c	d	e
Skupina-stanje 31.12.2019		**Net exposure value**				
	EUR 000	**On demand**	**Less than 1 year**	**From 1 to 5 years**	**More than 5 years**	**Total**
7	Central governments or central banks	302,630	4,285	214,000	284,779	805,695
8	Regional governments or local authorities					0
9	Public sector entities					
10	Multilateral Development Banks					
11	International Organisations					
12	Institutions	34,477	506	6,140	1	41,124
13	Corporates	44,086	285,130	432,510	97,572	859,299
14	• Retail	26,723	278,009	688,838	538,943	1,532,514
15	Secured by mortages on immovable property					
16	• Exposures in default	1,639	17,892	46,196	4,444	70,171
17	Items associated with particular high risk	/	/	/	/	/
18	Covered bonds	/	/	/	/	/
19	Claims on institutions and corporates with a short-term credit assessment	/	/	/	/	/
20	Collective investments undertakings (CIU)	/	/	/	/	/
21	Equity	/	/	/	/	/
22	Other items	/	/	/	/	/
23	Total Standardized approach	409,556	585,822	1,387,684	925,740	3,308,803

Presented in the table above is the maturity of exposures of particular items of the balance sheet of the Group. The maturity of exposures considered in this report is as defined for liquidity purposes.

At the end of 2020 the exposures that mature from one to five years represented 38 % of total exposure, whereas the exposures with maturity over 5 years represented 28 % of total exposure of the Group. Maturity wise, the structure of the portfolio did not change significantly in comparison with the previous year. We have observed a slight increase in the portfolio with less than one year maturity.

7.7 Description of the approaches and methods adopted for determining specific and general credit risk adjustments

(Article 442. g of the CRR)

Table 27 Template 11 - EU CR1-A – Credit quality of exposures by exposure class and instrument

		a	b	c	d	e	f	g
SKB Group – as per 31.12.2020								
	EUR 000	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					
16	Central governments or central banks	0	1,127,467	0	381	0	352	1,127,086
17	Regional governments or local authorities	0	51,573	0	216	0	173	51,357
18	Public sector entities	0	/	/	/	/	/	/
19	Multilateral Development Banks	0	/	/	/	/	/	/
20	International Organisations	0	/	/	/	/	/	/
21	Institutions	0	62,004	0	62	0	55	61,943
22	Corporates	0	1,378,439	0	15,051	0	9,965	1,363,388
23	• Of which SME	0	613,678	0	7,451	0	5,710	606,227
24	Retail	0	1,704,481	0	17,812	0	17,919	1,686,668
25	• Of which SME	0	205,702	0	3,336	0	2,774	202,366
26	Exposures secured by mortgages on immovable property	0	920,797	0	10,094	0	10,630	910,703
27	• Of which SME	0	0	0	0	0	0	0
28	Exposures in default	87,176	/	27,094	26,416	3,443	/	25,484
29	Items associated with particular high risk							
30	Covered bonds							
31	Claims on institutions and corporates with a short-term credit assessment							
32	Collective investments undertakings (CIU)							
33	Equity							
34	Other items							
35	Total Standardised Approach	87,176	4,323,964	27,094	68,120	3,443	28,464	4,315,926
37	• Of which: loans	80,099	3,185,746	27,094	67,712	3,443	28,112	3,152,604
38	• Of which: debt securities	0	587,550	0	362	0	334	587,188
39	• Of which: off-balance sheet items	5,619	729,072	3,935	5,949	0	3,328	723,254

		a	b	c	d	e	f	g
SKB Group – as per 31.12.2019								
	EUR 000	**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)**
16	Enote centralne ravni držav ali centralne banke	0	778,852	0	29	0	-72	778,823
17	Enote regionalne ali lokalne ravni držav	0	29,396	0	43	0	-61	29,354
18	Subjekti javnega sektorja	/	/	/	/	/	/	/
19	Multilateralne razvojne banke	/	/	/	/	/	/	/
20	Mednarodne organizacije	/	/	/	/	/	/	/
21	Institucije	0	76,773	0	7	0	-11	76,766
22	Podjetja	0	1,341,600	0	9,982	0	-24,528	1,331,619
23	• Od tega MSP	0	575,592	0	6,744	0	2,114	568,848
24	Izpostavljenosti na drobno	0	1,738,967	0	9,159	0	-4,298	1,729,809
25	• Od tega MSP	0	234,177	0	2,648	0	-792	231,529
26	Izpostavljenosti zavarovane s hipoteko na nepremičnine	0	896,868	0	3,763	0	-1,778	890,104
27	• Od tega MSP	0	0	0	0	0	0	0
28	Neplačane izpostavljenosti	73,755	/	21,115	26,417	25,857	/	26,223
29	Postavke povezane z zelo visokim tveganjem							
30	Krite obveznice							
31	Izpostavljenosti do institucij in podjetij s kratkoročno bonitetno oceno							
32	Kolektivni naložbeni podjemi							
33	Izpostavljenosti iz naslova lastniških instrumentov							
34	Druge izpostavljenosti							
35	Skupaj standardizirani pristop	73,755	3.965,589	21,115	45,635	25,857	-28,969	3,972,594
37	• Od tega posojila	65,102	3,164,056	21,115	45,579	25,857	-28,933	3,144,881
38	• Od tega dolžniški vrednostni papirji	0	522,556	0	29	0	-18	522,527
39	• Od tega zunajbilančne izpostavljenosti	4,755	666,606	3,356	3,201	0	-2,032	663,539

Note: exposure value is net value (after exclusion of provisions) of balance and off balance credit risk exposure. Specific credit risk adjustment are the ones that are individually impaired. General credit risk adjustments are the ones, calculated based on statistical model. Credit risk adjustments include balance and off balance part.

At the end of 2020 the share of defaulted exposures represented 2% of the gross exposure of the Group. The level of defaulted exposures increased in comparison with 2019 by 18%. The amount of specific credit risk adjustments was higher by 28% compared with 2019, even higher increase was observed on the level of general risk adjustment (almost 50%). While the increase of defaulted exposures primarily corresponds to modification of accounting treatment of non performing portfolio, the increase of general risk adjustment can be contributed to deterioration of market situation leading to higher coverage ratios and significant increase of stage 2 portfolio. The coverage of the defaulted exposure with provisions also increased when compared with 2019.

Table 28 Template 12: EU CR1-B – Credit quality of exposures by industry or counterparty types

		a	b	c	d	e	f	g
SKB Group – as per 31.12.2020								
	EUR 000	**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	Agriculture and forestry, fishing	370	3,413	4	253	27	20	3,526
2	Mining	971	5,350	276	46	0	197	5,999
3	Manufacturing	13,055	422,545	7,780	8,303	291	3,599	419,517
4	Electricity, gas and water services	266	127,726	116	1,244	0	513	126,632
5	Construction	8,642	115,929	5,566	3,067	122	1,740	115,937
6	Commerce	13,528	382,483	2,679	5,868	278	1,741	387,464
7	Hotel trading	1,482	29,644	488	939	248	143	29,698
8	Traffic, warehousing and communication	6,878	320,744	1,263	6,252	32	3,885	320,106
9	Other financial organizations	17	592,830	0	240	1	102	592,607
10	Real estate	567	28,568	0	828	6	273	28,307
11	Government	0	482,793	0	361	0	281	482,432
12	Education	43	2,180	0	40	0	-1	2,182
13	Health and social services	21	8,687	6	106	0	31	8,595
14	Other public, collective and personal services	4,093	302,655	1,598	2,738	450	816	302,413
15	Individuals	37,245	1,498,419	7,318	37,834	1,987	15,124	1,490,511
16	**Total**	**87,176**	**4,323,964**	**27,094**	**68,120**	**3,443**	**28,464**	**4,315,926**

		a	b	c	d	e	f	g
SKB Group – as per 31.12.2019								
	EUR 000	**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	Agriculture and forestry, fishing	283	4,506	1	236	0	31	4,552
2	Mining	0	5,003	0	125	0	-35	4,879
3	Manufacturing	10,689	410,682	5,964	6,519	139	2,372	408,886
4	Electricity, gas and water services	125	118,16	102	744	2	398	117,438
5	Construction	6,668	113,364	4,289	2,604	5,508	-5,511	113,138
6	Commerce	16,272	346,921	3,261	3,545	14,482	-19,537	356,388
7	Hotel trading	1,475	27,105	495	790	32	217	27,295
8	Traffic, warehousing and communication	3,939	331,267	269	3,36	33	-2,586	331,576
9	Other financial organizations	30	322,508	0	138	31	-1,074	322,400
10	Real estate	398	23,365	0	555	0	82	23,208
11	Government	24	470,723	0	80	0	-101	470,666
12	Education	56	1,332	0	41	1	-10	1,346
13	Health and social services	22	9,446	6	75	15	-49	9,385
14	Other public, collective and personal services	3,271	276,445	1,47	2,05	126	350	276,197
15	Individuals	30,503	1,504,764	5,257	24,772	2,851	-3,516	1,505,239
16	**Total**	**73,755**	**3,965,589**	**21,115**	**45,635**	**23,221**	**-28,969**	**3,972,594**

Note: counterparties have been allocated to the groups according to Standard industry classification, Specific credit risk adjustment are the ones that are individually impaired, General credit risk adjustments are the ones, calculated based on statistical model, Credit risk adjustments include balance and off balance part,
The highest share of defaulted exposures at the end of 2020 was observed in the commerce industry (15.5 %), Manufacturing industry took the second place with almost 15% share of defaulted exposures, Construction industry follows with almost 10% share of total defaulted exposure,
Defaulted exposures on individuals portfolio represent a 43% share of total defaulted portfolio,
Comparison of defaulted exposure with 2019 for the top three mentioned industries shows a reduction o defaulted exposure in the commerce industry (17%), but increase on the other two (manufacturing 22%, construction 30%),
At the end of 2020 the manufacturing industry also had the highest share of specific credit risk adjustments (28.7%),

Table 29 Template13: EU CR1-C - Credit quality of exposures by geography

		a	b	c	d	e	f	g
SKB Group – as per 31.12.2020								
	EUR 000	**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	European Union	80,214	4,303,820	27,094	68,022	3,387	28,515	4,288,917
2	Of which: Slovenia	80,167	4,046,865	27,094	67,651	3,139	28,290	4,032,288
3	South East Europe	6,948	9,854	0	79	17	-67	16,723
4	Other	15	10,290	0	19	40	16	10,286
5	**Total**	**87,176**	**4,323,964**	**27,094**	**68,12**	**3,443**	**28,464**	**4,315,926**

		a	b	c	d	e	f	g
SKB Group – as per 31.12.2020								
	EUR 000	**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	European Union	65,233	3,948,328	21,115	45,487	25,840	-28,923	3,946,959
2	Of which: Slovenia	65,135	3,799,056	21,115	45,339	25,670	-28,917	3,797,737
3	South East Europe	8,522	7,953	0	146	11	-43	16,329
4	Other	0	9,308	0	3	6	-4	9,305
5	**Total**	**73,755**	**3,965,589**	**21,115**	**45,635**	**25,857**	**-28,969**	**3,972,594**

Note: exposure value is gross value of balance and off balance credit risk exposure, Specific credit risk adjustment are the ones that are individually impaired, General credit risk adjustments are the ones, calculated based on statistical model, Credit risk adjustments include balance and off balance part,
At the end of 2020 the majority of defaulted exposure (90%) was observed on the debtors from Slovenia, which corresponds to the distribution of the total Group's exposure, The entire amount of specific credit risk adjustment is allocated on Slovenia as well,

7.8 Description of the approaches and methods adopted for determining specific and general credit risk adjustments

(Article 442. g of the CRR)

Table 30 Template 16 - EU CR2-A – Changes in the stock of general and specific credit risk adjustments

		a	b
SKB Group – as per 31.12.2020		**Accumulated specific credit risk adjustment**	**Accumulated general credit risk adjustment***
	000 EUR		
1	**Opening balance**	**17,668**	**26,388**
2	Increases due to amounts set aside for estimated loan losses during the period	1,333	12,386
3	Decreases due to amounts reversed for estimated loan losses during the period	-1,249	-9,168
4	Decreases due to amounts taken against accumulated credit risk adjustments	-1,047	-2,497
5	Transfers between credit risk adjustments	0	0
6	Impact of exchange rate differences	66	-6
7	Business combinations, including acquisitions and disposals of subsidiaries	0	0
8	Other adjustments	6,388	7,365
9	**Closing balance**	**23,158**	**34,469**
10	Recoveries on credit risk adjustments recorded directly to the statement of profit or loss	0	1,431
11	Specific credit risk adjustments directly recorded to the statement of profit or loss	0	229

		a	b
SKB Group – as per 31.12.2019		**Accumulated specific credit risk adjustment**	**Accumulated general credit risk adjustment***
	000 EUR		
1	**Opening balance**	**43,325**	**28,913**
2	Increases due to amounts set aside for estimated loan losses during the period	16,350	5,639
3	Decreases due to amounts reversed for estimated loan losses during the period	-23,978	-6,343
4	Decreases due to amounts taken against accumulated credit risk adjustments	-18,535	-2,178
5	Transfers between credit risk adjustments	591	-415
6	Impact of exchange rate differences	-35	-23
7	Business combinations, including acquisitions and disposals of subsidiaries	0	0
8	Other adjustments	-50	795
9	**Closing balance**	**17,668**	**26,388**
10	Recoveries on credit risk adjustments recorded directly to the statement of profit or loss	0	1,431
11	Specific credit risk adjustments directly recorded to the statement of profit or loss	0	229

In comparison to 2019, the level of specific and general credit risk adjustment both increased by 31 %, The increase of specific risk adjustment results from modification of accounting treatment of non performing portfolio, where In accordance with the regulations of the Bank of Slovenia, SKB Group and SKB Bank switched to gross method of presenting interests on impaired part of the principal, The increase of general risk adjustment derives from a deterioration of macroeconomic environment in 2020 caused by Covid-19 epidemic,

In income statement SKB Group has income from paid claims that were written off in the amount of EUR 1,730 thousand (2019: EUR 1,032 thousand) and expenses from claims written off and not covered by allowances in the amount of EUR 229 thousand (2019: EUR 2,245 thousand),

In income statement SKB Bank has income from paid claims that were written off in the amount of EUR 1,431 thousand (2019: EUR 929 thousand) and expenses from claims written off and not covered by allowances in the amount of EUR 229 thousand (2019: EUR 2,245 thousand),

In year 2020 SKB Bank and SKB Group made a write-off of the financial assets, that are still in process of enforcement in amount of EUR 22,828 thousand (2019: EUR 22,828 thousand),

Table 31 Template 17 - EU CR2-B – Changes in the stock of defaulted and impaired loans and debt

SKB Group		2020	2019
	EUR 000	Gross carrying values of defaulted exposures	Gross carrying values of defaulted exposures
1	**Opening balance**	**70,421**	**144,603**
2	Loans and debt securities that have defaulted or impaired since the last reporting period	30,775	11,060
3	Returned to non-defaulted status	-602	-640
4	Amounts written off	-4,882	-25,855
5	Other changes	-11,760	-21,977
6	**Closing balance**	**83,952**	**107,190**

The increase of gross carrying values of defaulted exposuresin 2020 arises from the change in the accounting management of non-performing exposures and adjustments in accordance with the instructions of the Bank of Slovenia,

7.9 Credit quality of forborne exposures

(EBA/GL/2018/10)

Table 32 Template 1- CREDIT QUALITY OF FORBORNE EXPOSURES

SKB Group – as per 31.12.2020		a	b	c	d	e	f	g	h
		Gross carrying amount /nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received on exposures with forbearance measures	
		Performing forborne	Non-performing forborne			on perfoming forborne exposures	on non-perfoming forborne exposures		Of which collateral and financialguarantees received on non-performing exposures with forbearance measures
				of which: Defaulted	of which: Impaired				
1	Loans and advances	602	24,941	24,941	24,941	-151	-19,563	3,215	
2	Central banks	/	/	/	/	/	/	/	
3	Central governments	/	/	/	/	/	/	/	
5	Regional governments or local authorities	/	/	/	/	/	/	/	
7	Institutions	/	/	/	/	/	/	/	
8	Non-financial corporations	62	13,594	13,594	13,594	-11	-9,999	2,006	
9	Households	541	11,347	11,347	11,347	-140	-9,564	1,209	
10	Debt securities	/	/	/	/	/	/	/	
11	Loan commitments given	/	/	/	/	0	0	0	
12	Total	602	24,941	24,941	24,941	-151	-19,563	3,215	

SKB Group – as per 31.12.2019		a	b	c	d	e	f	g	h
		Gross carrying amount /nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received on exposures with forbearance measures	
		Performing forborne	Non-performing forborne			on perfoming forborne exposures	on non-perfoming forborne exposures		Of which collateral and financialguarantees received on non-performing exposures with forbearance measures
				of which: Defaulted	of which: Impaired				
1	Loans and advances	10,476	19,971	19,971	19,971	-68	-14,604	2,005	
2	Central banks	/	/	/	/	/	/	/	
3	Central governments	/	/	/	/	/	/	/	
5	Regional governments or local authorities	/	/	/	/	/	/	/	
7	Institutions	/	/	/	/	/	/	/	
8	Non-financial corporations	10,019	12,720	12,720	12,720	-47	-8,243	1,717	
9	Households	457	7,251	7,251	7,251	-21	-6,361	288	
10	Debt securities	/	/	/	/	/	/	/	
11	Loan commitments given	3,570	19,971	12,274	12,274	-68	-14,604	2,005	
12	Total	10,476	19,971	19,971	19,971	-68	-14,604	2,005	

Comparing to 2019 the exposure on accounts with forbearance measures has increased due to modfication in accounting treatement of non-performing portfolio, Contrary, the exposure on accounts with forbearance measures has decreased on the spound portfolio due to repayments,

7.10 Credit quality of performing and non-performing exposures

(EBA/GL/2018/10)

Table 33 Template 3 - CREDIT QUALITY OF PERFORMING AND NON-PERFORMING EXPOSURES BY PAST DUE DAYS

Group 31.12.2020 in EUR		a	b	c	d	e	f	g	h	i	j	k	l
		Gross carrying amount / nominal amount											
		Performing			Non performing								
			Not past due or Past due <= 30 days	Past due > 30 days <= 90 days		Unlikely to pay that are not past due <= 90 days	Past due > 90 days <= 180 days	Past due > 180 days <= 1 year	Past due > 1 year <= 5 years	Past due > 2 years <= 5 years	Past due > 5 years	Zapadle > 7 years	Of which: defaulted
1	Loans and advances	2,459,541	2,446,335	13,206	83,736	35,273	2,584	3,541	4,406	11,118	5,478	21,337	83,736
2	Central banks	/	/	/	/	/	/	/	/	/	/	/	/
3	General governments	93,515	93,515	/	/	/	/	/	/	/	/	/	/
4	Credit institutions	2,025	2,025	/	/	/	/	/	/	/	/	/	/
5	Other financial corporations	2,803	2,803	/	2	0	/	/	1	1	/	/	2
6	Non-financial corporations	890,047	887,126	2,921	43,825	22,218	1,298	1,704	1,895	3,691	3,439	9,581	43,825
7	of which SME	459,527	456,622	2,905	30,550	12,738	568	1,704	1,890	3,680	580	9,391	30,550
8	Households	1,471,151	1,460,866	10,285	39,909	13,054	1,286	1,837	2,510	7,426	2,039	11,756	39,909
9	Debt securities	587,550	587,550	/	/	/	/	/	/	/	/	/	/
10	Central banks	/	/	/	/	/	/	/	/	/	/	/	/
11	General governments	581,430	581,430	/	/	/	/	/	/	/	/	/	/
12	Credit institutions	6,120	6,120	/	/	/	/	/	/	/	/	/	/
13	Other financial corporations	/	/	/	/	/	/	/	/	/	/	/	/
14	Non-financial corporations	/	/	/	/	/	/	/	/	/	/	/	/
15	Off-balance sheet exposures	729,073			5,619								/
16	Central banks	0			/								/
17	General governments	24,376			/								/
18	Credit institutions	14,893			/								/
19	Other financial corporations	581			0								/
20	Non-financial corporations	581,110			5,568								/
21	Households	108,113			51								/
22	**Total**	**4,272,232**	**3,529,954**	**13,206**	**89,356**	**35,273**	**2,584**	**3,541**	**4,406**	**11,118**	**5,478**	**21,337**	**83,736**

	Group 31.12.2019 in EUR	a	b	c	d	e	f	g	h	j	k
		Gross carrying amount / nominal amount									
		Performing			Non performing						
			Not past due or Past due <= 30 days	Past due > 30 days <= 90 days		Unlikely to pay that are not past due <= 90 days	Past due > 90 days <= 180 days	Past due > 180 days <= 1 year	Past due > 1 year <= 5 years	Past due > 5 years	Of which: defaulted
1	Loans and advances	2,720,791	2,699,419	21,372	70,421	32,761	2,438	2,416	15,070	17,736	70,421
2	Central banks	197042	197042	0	/	/	/	/	/	/	/
3	General governments	94,197	94,197	/	/	/	/	/	/	/	/
4	Credit institutions	25,165	25,165	/	/	/	/	/	/	/	/
5	Other financial corporations	3,993	3,993	/	5	2	0	1	2	0	5
6	Non-financial corporations	908,399	902,905	5,494	37,658	21,763	749	746	6,368	8,014	37,658
7	of which SME	476,181	470,687	5,494	22,246	8,887	749	746	3,945	7,901	22,246
8	Households	1,491,995	1,467,117	15,878	32,758	10,996	1,689	1,651	8,700	9,722	32,758
9	Debt securities	522,556	522,556	0	/	/	/	/	/	/	/
10	Central banks	0	/	/	/	/	/	/	/	/	/
11	General governments	516,503	516,503	/	/	/	/	/	/	/	/
12	Credit institutions	6,053	6,053	/	/	/	/	/	/	/	/
13	Other financial corporations	0	/	/	/	/	/	/	/	/	/
14	Non-financial corporations	0	/	/	/	/	/	/	/	/	/
15	Off-balance sheet exposures	666,457			4,755						4,755
16	Central banks	0			/						/
17	General governments	23,349			/						/
18	Credit institutions	13,501			/						/
19	Other financial corporations	463			0						/
20	Non-financial corporations	528,675			4,727						/
21	Households	100,169			25						/
22	**Total**	**3,909,804**	**3,221,975**	**21,372**	**75,176**	**32,761**	**2,438**	**2,416**	**15,07**	**17,736**	**75,176**

Comparing to 2019, the credit quality of performing and non-performing portfolio, in respect of past due days, has not changed, More than 82% of total performing portfolio falls within "not past due or past due less than 30 days" bucket,

7.11 Performing and non-performing exposures and related provisions

(EBA/GL/2018/10)

Table 34 Template 4 - PERFORMING AND NON-PERFORMING EXPOSURES AND RELATED PROVISIONS

Group 31.12.2020 in EUR		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount / nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulate partial write-off	Collateral received and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures - accumulated impairment and provisions			Non-performing exposures - accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
			of which: stage 1	of which: stage 2		of which: stage 2	of which: stage 3		of which: stage 1	of which: stage 2		Past due > 7 let	Of which: defaulted			
1	Loans and advances	2,459,541	2,066,356	393,184	83,736		83,736	-27,34	-10,09	-17,25	-59,806	0	-59,806	-46,83	1,087,333	3,728
2	Central banks	0	0	0	0		0	0	0	0	0		0	0	0	0
3	General governments	93,515	93,356	160	0		0	-60	-57	-3	0		0	-174	0	0
4	Credit institutions	2,025	495	1,531	0		0	-8	-1	-8	0		0	0	0	0
5	Other financial corporations	2,803	2,78	23	2		2	-21	-20	-1	0		0	-391	6	0
6	Non-financial corporations	890,047	750,412	139,635	43,825		43,825	-11,976	-6,851	-5,125	-27,389		-27,389	-44,769	253,509	3,644
7	Of which: Small and Medium-sized Enterprises	459,527	354,21	105,317	30,55		30,55	-6,944	-3,296	-3,648	-21,532		-21,532	0	131,917	3,107
8	Households	1,471,151	1,219,314	251,837	39,909		39,909	-15,275	-3,161	-12,114	-32,417		-32,417	-1,496	833,817	84
9	Debt securities	587,550	587,550	0	0		0	-362	-362	0	0	0	0	0	0	0
10	Central banks	0			0			0			0					
11	General governments	581,430	581,430		0			-362	-362		0					
12	Credit institutions	6,120	6,120		0			0			0					
13	Other financial corporations	0			0			0			0					
14	Non-financial corporations	0			0			0			0					
15	OFF-BALANCE SHEET EXPOSURES	729,073	647,372	81,701	5,619		5,619	5,819	4,196	1,623	4,065	0	4,065	0	4,802	175
16	Central banks	0	0	0	0		0	0	0	0	0		0		0	0
17	General governments	24,376	24,373	3	0		0	5	5	0	0		0		0	0
18	Credit institutions	14,893	14,747	145	0		0	53	53	0	0		0		0	0
19	Other financial corporations	581	581	0	0		0	2	2	0	0		0		0	0
20	Non-financial corporations	581,110	507,309	73,800	5,568		5,568	5,288	3,888	1,400	4,064		4,064		4,799	175
21	Households	108,113	100,361	7,752	51		51	471	248	224	1		1		3	0
22	**Total**	**3,776,163**	**3,301,278**	**474,885**	**89,356**		**89,356**	**-33,522**	**-14,648**	**-18,873**	**-63,872**	**0**	**-63,872**	**-46,83**	**1,092,134**	**3,903**

Group 31.12.2019 in EUR		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount / nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulate partial write-off	Collateral received and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures - accumulated impairment and provisions			Non-performing exposures - accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
			of which: stage 1	of which: stage 2		of which: stage 2	of which: stage 3		of which: stage 1	of which: stage 2		Past due > 7 let	Of which: defaulted			
1	Loans and advances	2,501,621	2,409,544	92,077	69,016	0	69,016	-16,109	-8,42	-7,688	-45,461	0	-45,461	-49,403	970,867	6,165
2	Central banks	0	0	0	0		0	0	0	0	0		0	0		0
3	General governments	94,197	94,196	1	0		0	-44	-44	0	0		0	-174		0
4	Credit institutions	3,037	3,037	0	0		0	0	0	0	0		0	0		0
5	Other financial corporations	3,993	3,536	457	5		5	-11	-11	0	-3		-3	-391		0
6	Non-financial corporations	908,399	863,102	45,297	36,253		36,253	-8,724	-4,965	-3,759	-20,450		-20,450	-47,826	234,844	3,141
7	Of which: Small and Medium-sized Enterprises	470,003	434,411	35,592	22,246		22,246	-6,633	-3,151	-3,482	-15,279		-15,279	-18,232		2,585
8	Households	1,491,995	1,445,673	46,322	32,758		32,758	-7,329	-3,4	-3,929	-25,008		-25,008	-1,011	736,024	3,024
9	Debt securities	522,556	522,556	0	0	0	0	-29	-29	0	0	0	0	0	0	0
10	Central banks				0			0			0					
11	General governments	516,503	516,503		0			-29	-29		0					
12	Credit institutions	6,053	6,053		0			0			0					
13	Other financial corporations	0			0			0			0					
14	Non-financial corporations	0			0			0			0					
15	OFF-BALANCE SHEET EXPOSURES	666,457	653,536	12,921	4,755	0	4,755	3,067	2,651	416	3,490	0	3,49	0	0	267
16	Central banks	0	0	0	0		0	0	0	0	0		0		0	0
17	General governments	23,649	23,649	0	0		0	5	5	0	0		0		0	0
18	Credit institutions	13,501	13,501	0	0		0	7	7	0	0		0		0	0
19	Other financial corporations	463	460	3	0		0	1	1	0	0		0		0	0
20	Non-financial corporations	528,675	516,653	12,022	4,727		4,727	2,848	2,472	376	3,487		3,487		0	267
21	Households	100,169	99,274	895	29		29	205	166	40	2		2		0	0
22	**Total**	**3,690,634**	**3,585,636**	**104,998**	**73,771**	**0**	**73,771**	**-19,204**	**-11,1**	**-8,104**	**-48,951**	**0**	**-48,951**	**-49,403**	**970,867**	**6,432**

The worsening of macroeconomic situation in 2020, caused by COVID-19 pandemic, reflected in significant increase of Stage 2 portfolio, Overall, the share of Stage 2 portfolio increased from 3% in 2019 to 13% in 2020, The increase of non-performing exposure does not result from portfolio deterioration, but instead from modification of accounting treatment of non performing portfolio,

In 2020, the Group has introduced a new methodology for the calculation of expected credit loss with no major impact on the total amount of calculated ECL, The effect of deteriorated macroeconomic environment is reflected in almost 75% increase of accumulated impairment and provision of performing exposures driven by higher coverage ratios and shifting part of portfolio to stage 2, The increase in stage 3 provision is mostly attributed to the modification of accounting treatment of non performing portfolio

7.12 Quality of non-performing exposures by geography

(Article 442. h of regulation EU 575/2013 and EBA/GL/2018/10)

Table 35 Template 5 - QUALITY OF NON-PERFORMING EXPOSURES BY GEOGRAPHY

As at 31.12.2020		a	b	c	d	e	f	g
		Gross carrying/nominal amount				Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing
			Of which non-performing		Of which subject to impairment			
				Of which defaulted				
1	**On-balance-sheet exposures**							
2	Country 1							
3	Country 2							
4	Country 3							
5	Country 4							
6	Country N							
7	Other countries							
8	**Off-balance sheet exposures**							
9	Country 1							
10	Country 2							
11	Country 3							
12	Country 4							
13	Country N							
14	Other countries							
15	**Total**							

The template is for the Group non applicable, as the gross NPL ratio of the Group as of 31. 12. 2020 does not exceed 5% as defined in the regulation.

7.13 Credit quality of loans and other financial assets by industry

Article 442, g of regulation EU 575/2013 and EBA/GL/2018/10)

Table 36 Template 6 - CREDIT QUALITY OF LOANS AND OTHER FINACIAL ASSETS BY INDUSTRY

		a	b	c	d	e	g
		Gross carrying amount				Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing
			Of which non-performing		Of which loans and advances subject to impairment		
				Of which defaulted			
1	Agriculture, forestry and fishing						
2	Mining and quarrying						
3	Manufacturing						
4	Electricity, gas, steam and air conditioning supply						
5	Water supply						
6	Construction						
7	Wholesale and retail trade						
8	Transport and storage						
9	Accommodation and food service activities						
10	Information and communication						
11	Financial and insurance activities						
12	Real estate activities						
13	Professional, scientific and technical activities						
14	Administrative and support service activities						
15	Public administration and defence, compulsory social security						
16	Education						
17	Human health services and social work activities						
18	Arts, entertainment and recreation						
19	Other services						
20	Total						

The template is for the Group non applicable, as the gross NPL ratio of the Group as of s of 31. 12. 2020 does not exceed 5% as defined in the regulation.

Table 37 Template 7 – Collateral valuation – loans and advances

		a	b	c	d	e	f	g	h	i	j	k	l
		Loans and advances											
			Performing		Non-performing								
				Of which past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days						
								Of which past due > 90 days ≤ 180 days	Of which past due > 180 days ≤ 1 year	Of which past duei > 1 year ≤ 2 years	Of which past due > 5 years ≤ 7 years	Of which past due > 2 years ≤ 5 years	Of which past due > 7 years
1	Gross carrying amount												
2	Of which secured												
3	Of which secured with immovable property												
4	Of which instruments with LTV higher than 60% and lower or equal to 80%												
5	Of which instruments with LTV higher than 80% and lower or equal to 100%												
6	Of which instruments with LTV higher than 100%												
7	Accumulated impairment for secured assets												
8	Collateral												
9	Of which value capped at the value of exposure												
10	Of which immovable property												
12	Of which value above the cap												
13	Of which immovable property												
14	cial guarantees received												
	Accumulated partial write-off												

The template is for the Group non-applicable, as the Group did not obtain any collateral by taking possession and execution process either in 2020 or 2019,

Table 38 Template 8 – Changes in the stock of non-performing loans and advances

		a	b
		BrutGross carrying amount	Related net accumulated recoveries
1	Initial stock of non-performing loans and advances		
2	Inflows to non-performing portfolios		
3	Outflows from non-performing portfolios		
4	Outflow to performing portfolio		
5	Outflow due to loan repayment, partial or total		
6	Outflow due to collateral liquidation		
7	Outflow due to taking possession of collateral		
8	Outflow due to sale of instruments		
9	Outflow due to risk transfer		
10	Outflow due to write-off		
11	Outflow due to other situations		
12	Outflow due to reclassification as held for sale		
13	Final stock of non-performing loans and advances		

7.14 Collateral obtained by taking possession and execution process

Table 39 Template 9 - COLLATERAL OBTAINED BY TAKING POSSESSION AND EXECUTION PROCESS

The template is for the Group non applicable, as the Group did not obtain any collateral by taking possession and execution process either in 2020 or 2019.

As at 31.12.2020		a	b
		Collateral obtained by taking possession	
		Value at initial recognition	Accumulated negative changes
1	Property, plant and equipment (PP&E)		
2	Other than PP&E		
3	Residential immovable property		
4	Commercial immovable property		
5	Movable property (auto, shipping etc,)		
6	Equity and debt instruments		
7	Other		
8	**Total**		

8 Use of ECAI

(Article 444 of the CRR)

Table 40 Template 20 - EU CR5 – Standardised approach

GROUP – as per 31.12.2020		Risk wieghts																	
EUR 000		0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others	Deducted	Total	Of which: unrated
1	Central governments or central banks	1,182,285											2,100					1,184,385	0
2	Regional governments or local authorities					26,574												26,574	26,574
3	Public sector entities							22,249										22,249	22,249
4	Multilateral Develop-ment Banks																	0	0
5	International Organi-sations																	0	0
6	Institutions					7,200		56,310										63,510	5,440
7	Corporates										1,016,714							1,016,714	950,320
8	Retail									1,561,814								1,561,814	1,561,814
9	Secured by mort-gages on immovable property																	0	0
10	Exposures in default										15,577	3,232						18,808	18,808
11	Items associated with particular high risk																	0	0
12	Covered bonds																	0	0
13	Claims on institutions and corporates with a short-term credit assessment																	0	0
14	Collective investments undertakings (CIU)															13,028		13,028	13,028
15	Equity										7,909							7,909	7,909
16	Other items	19,701				2,440					43,582							65,723	65,723
17	Total	1,201,986				36,214		78,558		1,561,814	1,083,782	3,232	2,100			13,028		3,980,714	2,671,865

GROUP – as per 31.12.2019		**Risk wieghts**																	
EUR 000		**0%**	**2%**	**4%**	**10%**	**20%**	**35%**	**50%**	**70%**	**75%**	**100%**	**150%**	**250%**	**370%**	**1250%**	**Others**	**Deducted**	**Total**	**Of which: unrated**
1	Central governments or central banks	830,463											3,208					833,671	0
2	Regional governments or local authorities					26,550												26,550	26,550
3	Public sector entities							15,861										15,861	15,861
4	Multilateral Development Banks																	0	0
5	International Organisations																	0	0
6	Institutions					21,357		38,190										59,547	23,302
7	Corporates										1,039,558							1,039,558	1,002,401
8	Retail									1,600,672								1,600,672	1,600,672
9	Secured by mortgages on immovable property																	0	0
10	Exposures in default										14,708	6,639						21,347	21,347
11	Items associated with particular high risk																	0	0
12	Covered bonds																	0	0
13	Claims on institutions and corporates with a short-term credit assessment																	0	0
14	Collective investments undertakings (CIU)															12,974		12,974	12,974
15	Equity										3,088							3,088	3,088
16	Other items	26,212				4,863					38,701							69,776	69,776
17	Total	856,675				52,770		54,051		1,600,672	1,096,055	6,639	3,208			12,974		3,683,044	2,775,971

The nominated ECAIs are Fitch, Moody's and S&P and are used for exposure classes' Central government, Central Bank and institutions,

Exposure, rated by ECAI, amounts to 1,309 million € on the Group level,

The risk weights are defined based on client's external ratings and corresponding scale for standardized approach in credit risk regulation,

9 Exposures in equities not included in the trading book

(Article 447 of the CRR)

In accordance with the bank's business model all equity investments not included in the trading book are classified as »financial assets mandatorily measured at fair value through profit or loss«, Gains and losses arising from equity investments are disclosed in the income statement under the item "net gains / losses from financial assets mandatorily measured at fair value through profit or loss not held for trading",

Based on the purpose of acquisition equity instruments are divided into:

- Equity instruments acquired due to regulatory reasons;
- Equity instruments held for strategic reasons; these are long term equity instruments associated with group's core business objectives;
- Non-strategic equity instruments; SKB Group currently does not hold any non-strategic equity investments;
- Equity instruments obtained through debt to equity swap of some non-performing assets, SKB Group holds these financial instruments temporarily with the aim to sell them after considering appropriate offer,

The book value of all equity instruments is equal to their fair value,

Table 41 EXPOSURES IN EQUITIES NOT INCLUDED IN THE TRADING BOOK

Issuer	Fair value in 000 EUR as of 31,12,2020	Fair value in 000 EUR as of 31,12,2019
Equity instruments acquired through debt to equity swap	0	0
Peko, d,d	0	0
Strategic equity instruments	7,909	3,088
Bankart, d,o,o,	7,169	2,437
Pokojninska družba A, d,d,	717	630
S,W,I,F,T,	23	22
Equity instruments acquired for regulatory reasons	13,028	12,974
Sklad za reševanje bank	13,028	12,974
Total equity investments	20,938	16,062

Investment in Peko (in insolvency proceedings) was acquired through debt to equity swap, its fair value equals 0 EUR,

In 2020 SKB banka acquired additional 0,2221% share in equity investment in Bankart; at the end of December of 2020 total SKB banka' share in Bankart counted for 13,84%,

In May 2020, SKB banka revalued its equity investments in Bankart and Pokojninska družba A based on its ownership share in the equity of the investment, In December 2020 SKB banka again revalued its equity investment in Bankart based on discounted cash flow method (DCF method),

In the table below the total realized gains in 2020 from sale of equity investments and fair valuation are presented, In 2020 there were no sales or liquidations of equity investments, therefore no gains or losses were realized on this account,

1, Sale of equity investments	Realized gains in 000 EUR in 2020	Realized gains in 000 EUR in 2019
Total	0	3,201
Intereuropa, d,d,	0	3,201
2, Effect from fair valuation		
Total	4,762	-1,850
Intereuropa, d,d,	0	-1,914
S,W,I,F,T,	1	5
Sklad za reševanje bank	54	59
Bankart, d,o,o,	4,619	0
Pokojninska družba A, d,d,	88	0

10 Exposure to interest rate risk on positions not included in the trading book

(Article 448 of the CRR)

On monthly basis the SKB Group measures Economic value of equity (EVE) and on quarterly basis the Net interest income (NII) based on EBA IRRBB methodology, under various interest rate shock scenarios for potential changes in the level and shape of the interest rate yield curves, Results are regularly presented on local ALCO committee together with significant modelling assumptions, threshold and limit breaches and possible hedging actions based on bank's Risk Appetite Statement where the internal alerts for EVE are set,

Assets and liabilities management department monitors interest rate risk sensitivity only on Group level based on regulation,In the table below, SKB discloses EVE and NII interest rate sensitive as the sum of all currencies, while in Chapter 6,4,3 Structural interest rate risk we see a breakdown of EVE and NII interest rate sensitivity by different currencies,

Skupina	Δ EVE	Δ NII		
EUR 000	**31.12.2020**	**31.12.2019**	**31.12.2020**	**31.12.2019**
Parallel down	(860)	(6,163)	(5,626)	(10,934)
Parallel up	(4,264)	811	71,769	71,586
Flattener	1,704	(2,367)		
Steepener	(4,628)	1,437		
Short rate down	(3,801)	(912)		
Short rate up	1,773	(791)		
Maximum	(4,628)	(6,163)		

Period	31. 12. 2020	31. 12. 2019
Tier 1 capital	364,739	300,658

Calculation of EVE is being performed only for all interest bearing on-balance sheet and certain off-balance sheet items based on eight interest rate shocks scenarios prescribed by EBA using the following methodology:

- IEVE is computed with the assumption of a run-off balance sheet,
- All non-interest bearing products and CET1 instruments and other perpetual own funds are excluded from the calculation,
- For non-maturing deposits (NMD) and non-performing loans SKB Group uses interest rate profiles based on SKB-RISK internal methodology,
- Most important profile of NMD are demand deposits with average maturity of 5 years and saving accounts with maturity of 3 months,
- Automatic options (floor options) and behavioural options (prepayment rates) are taken into account,
- Fixed rate instruments are scheduled according to the residual term to maturity and floating rate instruments according to the residual term to the next repricing date,
- Future interest, based on total customer rate, are not included into EVE calculation,
- For discounted rate the risk-free market curve is used,

The level of interest rate sensitivity is monitored within the authorized limits and thresholds defined by the EBA: Decline in EVE for sudden parallel +/- 200 basis points shift in yield curve is less than 20% of bank's own funds and decline in EVE for all six outlier test scenarios (parallel shock up-down; steepener shock; flattener shock and short rates shock up-down) is less than 15% of bank's Tier 1 capital,

NII method (net interest income) calculates the impact of different interest rate shock scenarios to SKB Group net interest income over a three-year rolling horizon, When preparing the NII sensitivity report, the following basic calculation hypothesis are taken into account:

- For forecasting of 3 rolling years period the constant balance sheet approach is used,
- Central and shock scenarios are done using the "implied forward" interest rates, Shocks are applied directly on forward interest curves of the base scenario,
- The commercial margin of the new production is the same as the commercial margin of the product's new portfolio within last six months,
- Maturing products are replaced by new contracts with the similar characteristics to the latest production done,
- For non-maturing products (NMD, non-performing loans etc,) applicable models are used,
- Sight deposits are product which is not affected by any IRR shock, because the interest rate of sight deposits is not sensitive to interest rate changes, All new production of deposits to individual and corporate clients is floored on total customer rate, based on bank's policy,
- Behavioural options (early repayment) of loans are taken into account, All new production of loans is floored on reference rate, based on bank's policy,
- NII is calculated using six interest rate shock scenarios prescribed by the EBA and five internally defined shock scenarios,

SKB Group analyses and estimates the interest rate risk profiles of non-maturing products, Models are back tested on a regular basis and are approved by ALCO Committee,

11 Encumbered and unencumbered assets

(Article 443 of the CRR)

An asset is treated as encumbered if it has been pledged or if it is subject to any form of arrangement to secure, collateralize or credit enhance any transaction from which it cannot be freely withdrawn, At the end of the year 2020 SKB Group's encumbrance ratio stood at the level of 2,76% as the Group had EUR 101 million of encumbered assets compared to EUR 44 million encumbered assets and 1,30% encumbered ratio as at 31,12,2019,

Encumbered assets consist of government bonds which are held by the bank for the purpose of Single Resolution Fund established in Slovenia in the amount of EUR 16 million, government bonds reserved due to Market in Financial Instruments Act (ZTFI) in the amount of EUR 2 million, loans and government bonds pledged in the amount of EUR 52 million due to European Central Bank (ECB) funding raised and ECB required mandatory reserve which has to be held on the Bank of Slovenia target account in the amount of EUR 31 million,

Table 42 Template A – ENCUMBERED AND UNENCUMBERED ASSETS

Group - as of 31 December 2020									
(EUR 000)		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
			of which: central bank's eligible		of which: central bank's eligible		of which: central bank's eligible		of which: central bank's eligible
		010	030	040	050	060	080	090	100
010	Assets, of which:	100,768	69,883	-	-	3,555,407	661,796	-	-
020	• Loans on demand	30,886	-	-	-	465,184	-	-	-
030	• equity instruments	-	-	-	-	20,938	-	20,938	-
040	• debt securities	63,450	63,450	55,090	55,090	523,738	499,931	431,512	407,705
070	of which: issued by general governments	63,450	63,450	55,090	55,090	517,618	499,931	425,392	407,705
080	of which: issued by financial corporations	-	-	-	-	6,120	-	6,120	-
100	• Loans and advances other than loans on demand	6,433	6,433	-	-	2,449,729	161,865	-	-
110	of which: mortgage loan	673	673	-	-	929,587	26,210	-	-
120	• other assets	-	-	-	-	95,819	-	-	-

Group - as of 31 December 2019									
(EUR 000)		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
			of which: central bank's eligible		of which: central bank's eligible		of which: central bank's eligible		of which: central bank's eligible
		010	030	040	050	060	080	090	100
010	Assets, of which:	43,852	17,892	-	-	3,341,698	660,143	-	-
020	• Loans on demand	25,960	-	-	-	193,210	-	-	-
030	• equity instruments	-	-	-	-	16,062	-	16,062	-
040	• debt securities	17,892	17,892	17,892	17,892	504,635	498,582	410,358	404,305
070	of which: issued by general governments	17,892	17,892	17,892	17,892	498,582	498,582	404,305	404,305
080	of which: issued by financial corporations	-	-	-	-	6,053	-	6,053	-
100	• Loans and advances other than loans on demand	-	-	-	-	2,510,475	161,561	-	-
110	of which: mortgage loan	-	-	-	-	912,841	42,856	-	-
120	• other assets	-	-	-	-	117,316	-	-	-

Table 43 TEMPLATE B - COLLATERAL RECEIVED

Group - as of 31 December 2020					
				Unencumbered assets	
		Fair value of encumbered collateral received or own debt securities issued		Fair value of collateral received or own debt securities issued available for encumbrance	
			of which: central bank's eligible		of which: central bank's eligible
	EUR 000	010	030	040	060
130	**Collateral received by the reporting institution**	-	-	-	1,437,973
230	- other collateral received	-	-	-	1,437,973
250	**TOTAL ASSETS, COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED**	100,768	69,883	-	-

Group - as of 31 December 2019					
				Unencumbered assets	
		Fair value of encumbered collateral received or own debt securities issued		Fair value of collateral received or own debt securities issued available for encumbrance	
			of which: central bank's eligible		of which: central bank's eligible
	EUR 000	010	030	040	060
130	**Collateral received by the reporting institution**	-	-	-	1,393,237
230	- other collateral received	-	-	-	1,393,237
250	**TOTAL ASSETS, COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED**	43,852	17,892	-	-

Table 44 TEMPLATE C: SOURCES OF ENCUMBRANCE

Group		2020		2019	
		Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own securities issued	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own securities issued
	EUR 000	010	030	010	030
010	**Carrying amount of selected financial liabilities**	50,170	53,855	300	2,060

Template D: Encumbrance information

Informacije o pomenu obremenitve
SKB Group maintained very low level of encumbered assets in year 2020, At the end of the year 2020 SKB Group's encumbrance ratio stood at the level of 2.76% as the Group had EUR 101 million of encumbered assets compared to EUR 44 million encumbered assets and 1.30% encumbered ratio as at 31. 12. 2019, Main reason for increased encumbered assets was encumbrance of government bonds and loans due to the new long term loan raised from European Central Bank (ECB) in 2020, Encumbered assets for SKB bank standalone and SKB Group consist of government bonds which are held by the bank for the purpose of Single Resolution Fund established in Slovenia in the amount of EUR 16 million, government bonds reserved due to Market in Financial Instruments Act (ZTFI) in the amount of EUR 2 million, loans and government bonds pledged in the amount of EUR 52 million due ECB funding raised and ECB required mandatory reserve which has to be held on the Bank of Slovenia target account in the amount of EUR 31 million, SKB Group classified all received collateral as unavailable for encumbrance,

12 Use of credit risk mitigation techniques

(Article 453 a, b and c of the CRR)

12.1 Main types of guarantor and their creditworthiness

(Article 453 d, of the CRR)

Group per 31.12.2020 Type of guarantor	Covered exposure in %
State	9.2%
Territorial Authortities	2.3%
Bank	8.3%
Insurance Company	14.6%
Legal Entity	23.0%
Individuals	42.6%
Grand Total	100.0%

Unfunded credit protection includes received guarantees and sureties securing bank´s exposures towards clients,

The main providers of unfunded credit protection are:

- central government or other regional or local authorities of the state;
- public sector entities;
- banks and other institutions;
- insurance companies;
- natural persons and legal entities

Important providers of unfunded credit protections for credit risk mitigation are the central government, authorities of regional and local levels of the state, subjects of the public sector, banks and other institutions,

The creditworthiness of the provider of unfunded credit protection is determined in the same way as for the principal debtor and should normally be better than the creditworthiness of the main debtor,

12.2 Market or credit risk concentrations within the credit mitigation taken

(Article 453 e, of the CRR) Description + SKB table

SKB bank treats collaterals as a secondary source of repayment of the debtor's liabilities,

A market or credit risk concentration involves a significant concentration of individual customers or groups of customers, sectors or types of collateral, regions and countries,

SKB bank manages various concentration risks in the form of setting internal limits and regular monitoring of various concentrations,

The table shows the structure of collateral types according to the share in the collateral portfolio, Structure of portfolio shows that more than half of the received collaterals is represented by the pledge of residential and commercial real estate, The other most important types of collateral include received guarantees and sureties, the value of which represents more than fifth of the value of the collateral portfolio, The structure of collateral portfolio is stable over time, in 2020 is a noticeable increase in the share of insurance by Triglav Insurance Company and received guarantees and sureties, mainly due to state guarantees based on intervention laws to mitigate the effects of the covid-19 pandemic,

Group and bank	Structure in %	
Collateral tpe	**2020**	**2019**
Deposits	0.2	0.3
Debt securities	0.4	0.2
Guarantees	24.7	23.2
Real-estate	63.6	65.1
Insurance Company	4.2	3.6
Other collateral (movables, receivables...)	6.8	7.7

12.3 Total exposure

(Article 453 f, of the CRR) Description and tables

Group as per 31.12.2020	2020		2019	
	Exposure	**Structure**	**Exposure**	**Structure**
Public sector entities	36	0%	37	0%
Corporates	109,667	85%	106,637	84%
Retail	974	1%	-	0%
Secured by mortgages on immovable property	-	0%	-	0%
Exposures in default	8,111	6%	7,490	6%
Items associated with particularly high risk	-	0%	-	0%
Other items	10,549	8%	13,325	10%
Total	**129,338**		**127,489**	

12.4 Total exposure value covered by guarantees or credit derivatives

(Article 453 g, of the CRR)

Table 45 Template 18 - EU CR3 – CRM techniques – Overview

Group as per 31.12.2020					
EUR 000	Exposures unsecured – Carrying amount	Exposures secured – Carrying amount	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
Total loans	3,136,481	129,338	3,400	125,938	-
Total debt securities	587,550	-	-	-	-
Total exposures	3,547,305	129,338	3,400	125,938	-
Of which defaulted	79,065	8,111	629	7,483	-

Group as per 31.12.2019					
EUR 000	Exposures unsecured – Carrying amount	Exposures secured – Carrying amount	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
Total loans	3,110,189	127,489	4,156	123,333	-
Total debt securities	522,556	-	-	-	-
Total exposures	3,632,745	127,489	4,156	123,333	-
Of which defaulted	66,132	7,490	637	6,853	-

Presented in the table are collaterals, that comply with regulatory requirements for reporting, The share of secured exposures within total exposures amounts to 3.5% and is only slightly higher when comparing to previous year,

Table 46 Template 19 - EU CR4 – Standardised approach – Credit risk exposure and CRM effects

GROUP – as per 31.12.2020						
v 000 EUR	Exposures before CCF and CRM		Exposures post CCF and CRM		RWAs and RWA density	
	On-balance-sheet amount	Off-balance-sheet amount	On-balance-sheet amount	Off-balance-sheet amount	RWAs	RWA density
Central governments or central banks	1,112,255	22,722	1,174,201	10,184	5,249	0%
Regional governments or local authorities	26,574	33	26,574	0	5,315	20%
Public sector entities	5,439	19,364	18,204	4,045	11,124	50%
Multilateral Development Banks						
International Organisations						
Institutions	22,387	19,242	22,387	41,123	29,595	47%
Corporates	826,923	532,425	760,658	256,056	940,725	93%
Retail	1,547,842	144,649	1,546,867	14,947	1,143,588	73%
Secured by mortgages on immovable property						
Exposures in default	25,435	1,965	17,952	857	20,424	109%
Items associated with particular high risk						
Covered bonds						
Claims on institutions and corporates with a short-term credit assessment						
Collective investments undertakings (CIU)	13,028	0	13,028	0	1,666	13%
Equity	7,909	0	7,909	0	7,909	100%
Other items	65,723	0	65,723	0	44,070	69%
Total	3,653,515	740,401	3,653,503	327,211	2,209,666	56%

GROUP – as per 31.12.2019						
v 000 EUR	Exposures before CCF and CRM		Exposures post CCF and CRM		RWAs and RWA density	
	On-balance-sheet amount	Off-balance-sheet amount	On-balance-sheet amount	Off-balance-sheet amount	RWAs	RWA density
Central governments or central banks	764,144	22,695	823,485	10,186	8,021	1%
Regional governments or local authorities	26,550	30	26,550	0	5,310	20%
Public sector entities	1,845	970	15,135	726	7,930	50%
Multilateral Development Banks						
International Organisations						
Institutions	22,188	19,569	22,188	37,360	23,366	39%
Corporates	851,120	502,247	784,796	254,761	962,614	93%
Retail	1,585,826	127,508	1,585,826	14,847	1,166,531	73%
Secured by mortgages on immovable property						
Exposures in default	27,523	1,584	20,667	679	24,666	116%
Items associated with particular high risk						
Covered bonds						
Claims on institutions and corporates with a short-term credit assessment						
Collective investments undertakings (CIU)	12,974	0	12,974	0	1,727	13%
Equity	3,088	0	3,088	0	3,088	100%
Other items	69,777	0	69,777	0	39,673	57%
Total	3,365,033	674,604	3,364,486	318,558	2,242,926	56%

Comment:

CCF – credit conversion factor

CRM – credit risk mitigation

At the end of 2020 the credit risk mitigation effect amounted to 126 million euros in total, The mentioned effect resulted in the increase of exposure in the amount of 62 million euros on central governments and central bank category, 51 million euros in institutions category and 12.7 million on public sector entities, The major part of this increase arrives from corporate segment, where total credit risk mitigation effect amounted to 114 million euros,

Credit conversion factors had the biggest effect on the off-balance exposure on Corporates and Retail categories,

The risk weighted assets have decreased by 1.5 % in comparison to previous year, The majority of RWA is attributed to retail and corporates exposures,

The highest RWA density (average risk weight) was observed on the following categories: exposures in default, equity, corporates and retail,

13 Remuneration policy

(Article 450 of the CRR)

13.1 Remuneration policy and definition of employees in SKB

This chapter defines the disclosure requirements in Article 450 of Part-Regulation (EU) No 182/2011, 575/2013,

In December 2019, the SKB Group became part of the OTP Group, In 2020, we began to gradually adjust and implement the existing remuneration policy in accordance with the remuneration policy of the OTP Group, which was reflected in the identification of employees who have a significant impact on the bank's risk profile, which are divided into three levels, their variable remuneration and the rules on deferral and retention, We also started to harmonize the remuneration policy of the SKB Group with the Remuneration Policy of the OTP Group, which has not yet been adopted by the end of the period covered by these disclosures,

In 2020, the General Meeting of SKB also adopted a resolution on 11 May 2020 which newly determined / changed the remuneration of the members of the Board of Directors of SKB in accordance with the remuneration policy of the OTP Group,

In accordance with the guidelines of the OTP Group, in 2020 the SKB Group identified 34 persons whose professional activities significantly affect the risk profile of the Group, which are classified into three levels, namely the consolidated level, sub-consolidated level and local level according to the impact , which each individual has on the bank's risk profile, The number of employees whose professional activities significantly affect the Group's risk profile increased compared to 2019, due to the observance of the OTP Group's criteria and guidelines, The distribution of these persons is shown in the table below the chapter "The amounts of remuneration for the financial year, split into fixed and variable remuneration, and the number of beneficiaries (h/i)«

Information concerning the decision-making process used for determining the remuneration policy, as well as the number of meetings held by the main body overseeing remuneration during the financial year, including, if applicable, information about the composition and the mandate of a remuneration committee, the external consultant whose services have been used for the determination of the remuneration policy and the role of the relevant stakeholders
450 (1.a)

The remuneration policy is adopted by the Board of Directors on a proposal from the Remuneration Committee, The consistency of remuneration policy and practice is subject to annual oversight by the internal audit service,

The Remuneration Committee met three times in 2020, twice under the chairmanship of Mr, Imre Bertalan and once under the chairmanship of Mr, Nemeth Miklos and also had several consultations with the Bank's Management,

The powers and tasks of the Remuneration Committee are as follows:

- carry out expert and independent assessments of remuneration policies and practices and, on this basis, develop initiatives for measures related to improving the bank's risk management, capital and liquidity,
- prepares proposals for decisions of the management body regarding remuneration, including those that affect the risk and risk management of the bank,
- controls the remuneration of senior management who perform the functions of risk management, ensuring compliance with operations and internal audit.

The Remuneration Committee shall take into account the long-term interests of shareholders, investors and other stakeholders in its decisions, In her professional work, she focused in particular on the implementation of all legal obligations of the bank in the field of employment and remuneration of employees, She paid special attention to cost management, number of employees, the ratio between fixed and variable part of employee remuneration, employee performance, care for appropriate training or education of employees and their development in the SKB Group, which affects the stable and safe operation of the bank or the SKB Group,

The Remuneration Committee has a chairman and two members, In 2020, the committee consisted of Imre Bertalan, chairman of the Remuneration committee and members Draga Cukjati and Anna Mitkova Florova, from 14 September 2021 onwards, the members of the Remuneration Committee are Nemeth Miklos, chairman of the committee and members Imre Bertalan and Anna Mitkova Florova,

We did not involve external consultants in the formulation and regular review of remuneration policy

Information on link between pay and performance;

(450. (1.b)

The purpose of the SKB Group's remuneration policy is to set rules for the remuneration of all employees and special rules for remuneration, which apply only to employees whose activities significantly affect the bank's risk profile in the SKB Group in accordance with applicable law,

The Remuneration policy is an integral part of the SKB Bank's management system and applies throughout the SKB Group, The purpose of the Remuneration Policy is to identify the performance of SKB Group employees with special emphasis on employees who have a significant impact on the bank's risk profile (identified employees); contributing to results at the bank and group level and promoting performance in a way that is consistent with:

- effective and efficient risk management and not encouraging the assumption of risks that exceed the risk-taking limits of the SKB Group,
- the business strategy, goals, values and long-term interests of the SKB Group and to promote their achievement, while at the same time ensuring appropriate conflicts of interest through appropriate measures,

The remuneration policy is designed in a way that it does not encourage employees to take irresponsibly disproportionately high risks, The Bank ensures an appropriate ratio between the fixed and variable part of remuneration for all categories of employees,

The amount of funds intended for performance (annual award) depends on the bank's business results, When planning the funds for the payment of annual bonuses, the Bank's management checks the possible effects of payments in the planned amount with the planned financial statements, The decision on the payment of annual bonuses is the responsibility of the Remuneration Committee of the Board of Directors and the General Management of the bank,

The performance evaluation criteria and their weight in the amount of the annual award are subject to annual review and performance evaluation, These can be changed in order to adjust the amount of the annual fee according to the bank's propensity to take risks and according to the bank's financial results,

In the second half of 2020, we adjusted the method of measuring and evaluating performance, which is established in the OTP Group, The basic principle of the performance measurement and evaluation system is that the level of remuneration based on performance evaluation - together with ex-ante and ex-post risk assessment - is linked to a two-stage performance measurement system, namely:

- the level of success at the level of the SKB Group - institutional goals
- achieving the goals set for the individual - individual goals (numerical indicators, individual goals and competencies

Employees for whom variable remuneration is envisaged in the remuneration policy are (but not exclusively) executive directors, division directors and employees who, within their business activities, have a significant influence on the bank's risk profile or fall into this category according to the quantitative criteria of the RTS guidelines,

The variable remuneration of the Chief Executive Officer and the Deputy Chief Executive Officer does not exceed 100% of the fixed remuneration and is in accordance with the remuneration policy of the SKB Group, Depending on the amount of the variable part of remuneration, are designed in cash and deferred part, which is both in cash and in share-related instruments,

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,

450, (1,c)

The remuneration policy defines in a transparent manner the types of remuneration, criteria and rules on the basis of which payments of individual remuneration are made, as well as the recipients thereof, The implementation of the policy thus enables us to adequately control and ensure the proportionality of the amount of remuneration of employees in relation to their tasks and responsibilities, thus reducing the potential risks of the bank in the long run,

The amount of funds for employee remuneration is planned on the basis of annual and multi-annual plans and on the basis of the Bank's business objectives, and we regularly critically compare them with the Bank's expected results, We pay special attention to the ratios of core capital indicators and capital adequacy requirements set by the regulator - the Bank of Slovenia,

The amount of funds intended for annual awards depends on the bank's business results, When planning the funds for the payment of annual bonuses, the Bank's management checks the possible effects of payments in the planned amount with the planned financial statements, The decision on the payment of annual bonuses is the responsibility of the Remuneration Committee of the Board of Directors and the General Management of the bank,

There is no direct or automatic connection between the commercial and financial results of an individual employee and the amount of the annual award, Employees are assessed on the basis of the achieved operational goals and the manner of achieving the stated operational goals, Operational objectives are set in such a way that they are; well-defined, measurable, achievable, relevant and timed

(SMART method), The way in which the goals were achieved takes into account the quality of risk management, the behavior that the employee demonstrates in his individual and group work, as well as taking into account the interests of customers and their satisfaction with the service provided,

The criteria for evaluating performance are as follows:

- the scope of the individual's work responsibilities in the assessed period;
- creativity in performing tasks, independence and innovation;
- accuracy and consistency in performing the set tasks and goals;
- the impact of an individual's work on the work of a division, sector or department;
- fulfillment of accepted plans;
- operating in accordance with applicable legislation and internal rules;
- level of risk awareness,

Remuneration is designed in such a way that it does not encourage employees to take disproportionately large risks irresponsibly, We ensure this with an appropriate ratio between the fixed and variable part of remuneration for all categories of employees, The risk of disproportion or inadequate ratio between the fixed and variable part of remuneration is reduced by limiting the amount of annual remuneration, which is limited to three monthly salaries of the individual, and by the process of annual labor cost planning, which also includes the evaluation of all foreseeable risks,

Control functions are paid independently of the Group's performance, most of the salary is fixed, and the variable part is tied to individual performance only,

Members of the Board of Directors, for their work in the Board of Directors of SKB, receive only fixed remuneration determined at the General Meeting of SKB banka,

The quantitative and qualitative performance criteria and risk assessments used to assess the performance of the SKB Group for 2020 followed the criteria and criteria set by the OTP Group and were adapted to the economic situation caused by the COVID pandemic 19,

In 2020, the SKB Group did not receive any remuneration in the form of equity or other equity instruments, in short-term or long-term incentives,

The ratios between fixed and variable remuneration set in accordance with Article 94(1)(g) of Directive 2013/36/EU

(450 1.d)

In 2020, we followed the guidelines of the Remuneration Policy of the OTP Group also in the area of determining the ratio between fixed and variable remuneration, The guidelines are as follows:

- Variable remuneration may not exceed fixed annual remuneration,
- Variable remuneration is not contractually determined and can therefore be reduced or not granted in the event of a significant financial loss of the bank, insufficient capital adequacy of the bank, collective or individual poor performance; the individual's assumption of excessive risks or violations by the individual, taking into account the malus system or the return of funds,
- 50% of the amount of variable remuneration represents deferred payment, and the remaining 50% is allocated in equity instruments, Depending on the level (consolidated, sub-consolidated, local) at which employees are identified, the variable remuneration is assigned as shown in the table below, Deferral rules and payments in equity instruments may be waived in the case of employees identified at sub-consolidated or local level, where the established annual performance-based payment does not exceed EUR 50 000, provided that the ratio between performance-based remuneration and total remuneration does not exceed 25%,
- A retention period of one year is set for equity instruments, the beneficiary is prohibited from using personal risk insurance during the standstill and retention periods;
- Variable remuneration is paid if the conditions of performance and status of the employee are met,

Employees whose professional activities significantly affect the bank's risk profile must refrain from using personal risk insurance or remuneration and liability insurance in order to interfere with the effects of adjusting their variable remuneration to risks,

Level	Variable part						
Consolidated	100%	Cash	50%	60% Deferred payment	20%	N+1
		Share related instruments	50%		20%	N+2
					20%	N+3
Sub consolidated	100%	Cash	50%	40% Deferred payment	13.33%	N+1
		Share related instruments	50%		13.33%	N+2
					13.33%	N+3
Local	100%	Cash	50%	40% Deferred payment	13.33%	N+1
		Share related instruments	50%		13.33%	N+2
						N+3

Information on the performance criteria on which the entitlement to shares, options or variable components of remuneration is based,

450 (1.e)

In determining the lower threshold for determining the variable remuneration, the SKB Group followed the OTP Group's Remuneration Policy, which stipulates that if the variable remuneration based on performance does not exceed EUR 50,000, provided that the ratio between remuneration based performance and total remuneration does not exceed 25% , do not represent a variable remuneration for the purposes of the provision from Article 170 of the ZBan-2, Thus, for such variable remuneration, the limit is not taken into account, from ZBan-2 that is; allocation of variable part in shares or appropriate instruments and deferral of payment of a share of the variable remuneration,

For employees whose positions significantly affect the bank's risk profile and are identified at the consolidated level, the allocation of variable part in shares or appropriate instruments and deferral of payment of a share of the variable remuneration regardless of the amount of the variable remuneration,

Aggregate quantitative information on remuneration, broken down by business area and aggregate quantitative information on remuneration, broken down by senior management and members of staff whose actions have a material impact on the risk profile of the institution, 450 (1.g) (1.h)

The amounts of remuneration for the financial year, split into fixed and variable remuneration, and the number of beneficiaries (h/i)

Table 47 TOTAL GROSS AMOUNTS OF REMUNERATION ALLOCATED TO IDENTIFIED STAFF IN SKB AND SUBSIDIARIES (broken down into the fixed and variable remuneration components) AND NUMBER OF RECIPIENTS BY BUSINESS AREAS OF SKB IN THE BUSINESS YEAR 2020

Information on remuneration of identified staff in SKB d.d.

2020	MB Supervisory function	MB Management function	Investment banking	Retail banking	Asset management	Corporate functions	Independent control functions	All other
Members (Headcount)	6	3	-	-	-	-	-	-
Number of identified staff in FTE	-	-	3	7.00	-	5.20	11.78	2.00
Number of identified staff in senior management positions	-	-	-	-	-	-	-	-
Total fixed remuneration (in EUR)	70,947	584,272	235,332	631,518	-	635,606	1,057,887	227,089
Of which: fixed in cash	70,947	584,272	235,332	631,518	-	635,606	1,057,887	227,089
Total variable remuneration (in EUR)	-	93,000	23,500	100,000	-	62,400	83,700	42,000
Of which: variable in cash	-	93,000	23,500	100,000	-	62,400	83,700	42,000
Of which: variable in shares and share-linked instruments	-	-	-	-	-	-	-	-
Total amount of variable remuneration awarded in year N which has been deferred	-	-	-	-	-	-	-	-
Of which: deferred variable in cash in year N	-	-	-	-	-	-	-	-
Of which: deferred variable in shares and share-linked instruments in year N	-	-	-	-	-	-	-	-
Additional information regarding the amount of total variable remuneration								
Art 450 h(iii)CRR; total amount of outstanding deferred variable remuneration awarded in previous periods and not in year N (in EUR)	-	-	-	-	-	-	-	-

Information on remuneration of identified staff in SKB d.d.

2019	MB Supervisory function	MB Management function	Investment banking	Retail banking	Asset management	Corporate functions	Independent control functions	All other
Members (Headcount)	9	3	-	-	-	-	-	-
Number of identified staff in FTE	-	-	-	1	-	2	4	1.42
Number of identified staff in senior management positions	-	-	-	1	-	1	-	1
Total fixed remuneration (in EUR)	31,166	1,076,615	-	96,660	-	230,213	288,057	231,816
Of which: fixed in cash	31,166	1,076,615	-	96,660	-	230,213	288,057	231,816
Total variable remuneration (in EUR)	-	480,472	-	65,000	-	161,500	170,300	131,012
Of which: variable in cash	-	480,472	-	65,000	-	161,500	170,300	120,001
Of which: variable in shares and share-linked instruments	-	-	-	-	-	-	-	11,011
Total amount of variable remuneration awarded in year N which has been deferred	-	140,287	-	-	-	-	-	-
Of which: deferred variable in cash in year N	-	60,791	-	-	-	-	-	-
Of which: deferred variable in shares and share-linked instruments in year N	-	79,496	-	-	-	-	-	-
Additional information regarding the amount of total variable remuneration								
Art 450 h(iii)CRR; total amount of outstanding deferred variable remuneration awarded in previous periods and not in year N (in EUR)	-	224,459	-	-	-	-	-	-

14 Liquidity

(Article 460 of the CRR)

Qualitative/quantitative information of liquidity risk in accordance with Article 435(1) of Regulation (EU) 575/2013

SKB bank monitors and manages liquidity risk on the Group level, consisting of SKB bank, SKB Leasing and SKB Leasing Select, For the purpose of liquidity risk management, SKB Group continuously monitors future cash flows as well as calculates and analyses short, medium and long term liquidity gaps arising from balance and off balance sheet items,

Assets and liabilities management department (ALM) within Finance Division is responsible for overall liquidity of the Group and the Group's structural and regulatory liquidity, ALM cooperates with Financial market and liquidity department (FML) within Corporate Banking and Financial markets Division by giving guidelines and instructions for Group's daily and short term liquidity, while for long term liquidity ALM is responsible for raising and execution of funding,

ALM department is providing ALCO reports regarding the short, medium and long term liquidity gaps, regulatory liquidity ratios such as LCR, NSFR, ALMM, Class I and Class II liquidity ratios, Primary and operative liquidity report, evolution of internally set liquidity indicators, evolution on financial markets and in macroeconomic environment as well as providing periodical analyses on stress test scenarios, updating types of scenarios and reporting the results of analyses, The liquidity stress tests are interconnected with a contingency funding plan evaluating liquidity sources which can be obtained under stress scenarios, ALM is also responsible for annual assessment of capital needs arising from liquidity risk within ICAAP process (Internal Capital Adequacy Assessment Process),

SKB Group optimizes liquidity flows and respects regulatory requirements (liquidity ratios, obligatory reserves), which are reported to the Asset and Liability Committee (ALCO) on a monthly basis, In addition to regulatory liquidity ratios, SKB Group monitors and regularly discusses a number of internal liquidity indicators on ALCO committees, Eventual deterioration of liquidity indicators are also used as early warning signals indicating potential liquidity crisis

Group - liquidity indicators in %	As of 31 December 2020	As of 31 December 2019
Customer loans - Customer deposits	79%	94%
Liquid assets - Total assets	29%	22%
Sight deposits - Total deposits	58%	57%
Short term deposits - Total deposits	40%	40%
Long term - Total deposits	2%	3%

LCR disclosure template, on quantitative information of LCR which complements Article 435(1)(f) of Regulation (EU) No 575/2013

SKB bank fully implemented Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) reporting and analysis in line with the Capital Requirements Regulation (CRR) and the new Delegated Act No, 2015-61,

SKB bank regularly reports and monitors LCR, which requires that the bank maintains an adequate level of unencumbered, high-quality liquid assets to survive a significant stress scenario lasting 30 calendar days, LCR is calculated daily and monthly as high-quality liquid assets compared to total net cash outflows within the next 30 days under a financial stress scenario, From 1st of January 2019 LCR ratio must be above 100%, while the internal threshold for LCR ratio is set above 120%,

As at 31.12.2020 SKB bank's liquidity buffer amounted to EUR 1,033 million, while the net cash outflows amounted to EUR 394 million resulting in LCR of 262%,

Table 48 LCR DISCLOSURE TEMPLATE, ON QUANTITATIVE INFORMATION OF LCR

SKB bank solo		Total unweighted value (average)				Total weighted value (average)			
EUR million Quarter ending on Number of data points used in the calculation of averages		31.3.20	30.6.20	30.9.20	31.12.20	31.3.20	30.6.20	30.9.20	31.12.20
		12	12	12	12	12	12	12	12
HIGH-QUALITY LIQUID ASSETS									
1	Total high-quality liquid assets (HQLA)					707	726	769	849
CASH-OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	2,126	2,206	2,297	2,402	148	152	158	166
3	Stable deposits	1,585	1,628	1,671	1,719	80	81	84	86
4	Less stable deposits	541	578	626	683	68	71	74	80
5	Unsecured wholesale funding	376	400	418	462	162	172	182	211
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-	-	-	-	-	-	-
7	Non-operational deposits (all counterparties)	376	400	418	462	162	172	182	211
8	Unsecured debt	-	-	-	-	-	-	-	-
9	Secured wholesale funding					-	-	-	-
10	Additional requirements	425	442	475	512	33	34	47	69
11	Outflows related to derivative exposures and other collateral requirements	-	-	11	32	-	-	11	32
12	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
13	Credit and liquidity facilities	425	442	464	480	33	34	36	37
14	Other contractual funding obligations	3	5	8	11	-	-	-	-
15	Other contingent funding obligations	210	212	214	218	14	15	14	13
16	TOTAL CASH OUTFLOWS					357	373	401	459
CASH-INFLOWS									
17	Secured lending (eg reverse repos)	-	-	-	-	-	-	-	-
18	Inflows from fully performing exposures	119	122	109	103	94	98	85	78
19	Other cash inflows	286	287	297	294	-	-	11	32
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					-	-	-	-
EU-19b	(Excess inflows from a related specialised credit institution)					-	-	-	-
20	TOTAL CASH INFLOWS	405	409	406	397	94	98	96	110
EU-20a	Fully exempt inflows	-	-	-	-	-	-	-	-
EU-20b	Inflows Subject to 90% Cap	-	-	-	-	-	-	-	-
EU-20c	Inflows Subject to 75% Cap	405	409	406	397	94	98	96	110
						TOTAL ADJUSTED VALUE			
21	**LIQUIDITY BUFFER**					**707**	**726**	**769**	**849**
22	**TOTAL NET CASH OUTFLOWS**					**263**	**275**	**305**	**349**
23	**LIQUIDITY COVERAGE RATIO (%)**					**271%**	**265%**	**255%**	**245%**

SKB bank solo		Total unweighted value (average)				Total weighted value (average)			
EUR million Quarter ending on Number of data points used in the calculation of averages		31.3.19	30.6.19	30.9.19	31.12.19	31.3.19	30.6.19	30.9.19	31.12.19
		12	12	12	12	12	12	12	12
HIGH-QUALITY LIQUID ASSETS									
1	Total high-quality liquid assets (HQLA)					609	628	668	695
CASH-OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	1,898	1,966	2,028	2,076	131	136	140	144
3	Stable deposits	1,438	1,480	1,519	1,554	72	74	76	78
4	Less stable deposits	460	486	509	522	59	62	64	66
5	Unsecured wholesale funding	341	346	360	365	148	152	157	158
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-	-	-	-	-	-	-
7	Non-operational deposits (all counterparties)	341	346	360	365	148	152	157	158
8	Unsecured debt	-	-	-	-	-	-	-	-
9	Secured wholesale funding					-	-	-	-
10	Additional requirements	436	439	436	435	35	34	34	34
11	Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
12	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
13	Credit and liquidity facilities	436	439	436	435	35	34	34	34
14	Other contractual funding obligations	-	-	-	-	-	-	-	-
15	Other contingent funding obligations	202	201	207	209	14	14	14	14
16	TOTAL CASH OUTFLOWS					328	336	345	350
CASH-INFLOWS									
17	Secured lending (eg reverse repos)	-	-	-	-	-	-	-	-
18	Inflows from fully performing exposures	114	117	121	121	90	92	95	96
19	Other cash inflows	276	282	284	285	-	-	-	-
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					-	-	-	-
EU-19b	(Excess inflows from a related specialised credit institution)					-	-	-	-
20	TOTAL CASH INFLOWS	390	399	405	406	90	92	95	96
EU-20a	Fully exempt inflows	-	-	-	-	-	-	-	-
EU-20b	Inflows Subject to 90% Cap	-	-	-	-	-	-	-	-
EU-20c	Inflows Subject to 75% Cap	390	399	405	406	90	92	95	96
						TOTAL ADJUSTED VALUE			
21	**LIQUIDITY BUFFER**					**609**	**628**	**668**	**695**
22	**TOTAL NET CASH OUTFLOWS**					**238**	**244**	**250**	**254**
23	**LIQUIDITY COVERAGE RATIO (%)**					**256%**	**257%**	**267%**	**274%**

NSFR requires that the bank maintains a minimum amount of stable funding in relation to the amount of required stable funding to at least 100% over one year horizon, NSFR internal threshold for SKB bank is set above 110%, SKB reports and analyses NSFR on a quarterly basis,

As at 31.12.2020 NSFR ratio amounted of 156%, of which available amount of stable funding 3,052 million and required amount of stable funding 1,957 million,

SKB bank	2020			
in million EUR	31.3.2020	30.6.2020	30.9.2020	31.12.2020
Available amount of stable funding	2,913	2,931	2,950	3,104
Required amount of stable funding	2,091	1,966	1,943	2,013
NSFR ratio (%)	139%	149%	152%	154%

SKB bank	2019			
in million EUR	31.3.2019	30.6.2019	30.9.2019	31.12.2019
Available amount of stable funding	2,647	2,706	2,766	2,830
Required amount of stable funding	1,850	1,904	1,887	2,034
NSFR ratio (%)	143%	142%	147%	139%

Qualitative information on LCR, which complements the LCR disclosure template

Assets and liabilities management department (ALM) within Finance Division is responsible for overall liquidity of the Group and the Group's structural and regulatory liquidity (LCR, NSFR, ALMM, Class I and Class II liquidity ratios, Primary and operative liquidity report, internally liquidity indicators, stress test scenarios, contingency funding plan),

SKB Group defines high quality liquid assets as the amount of available cash, exposure to central banks and unencumbered part of government bonds, As at 31.12.2020 SKB bank's liquidity buffer amounted to EUR 1,033 million, while the net cash outflows amounted to EUR 394 million resulting in LCR of 262%,

SKB Group's funding is comprised of a mix of customer deposits, wholesale funding and ECB funding, SKB Group manages this within risk appetite settings to ensure suitable funding of its asset base and to adapt and respond to changing market conditions and regulatory requirements, The largest share is represented by customer deposits, in addition, the Group has EUR 50 million of European Central Bank (ECB) funding and EUR 22 million funding taken from The Council of Europe Development Bank (CEB) as at 31 December 2020,

As requested by the regulator, the bank provides their liquidity reporting in a single currency, regardless of the actual denomination of the items reported, If aggregate liabilities in a currency would exceed 5% of total liabilities then the bank would have to report LCR separately also in this currency, As balance sheet in foreign currencies represent minor part of total balance sheet, SKB reports LCR in total and euro currency only,

Internal liquidity adequacy review for the year 2020 was performed simultaneously with the ICAAP process (Internal Capital Adequacy Assessment Process) on the Group level and verified by ALCO Committee, the General Management and Board of Directors, The review was performed from a qualitative and quantitative perspective, taking into account the overall liquidity risk management and measurement in SKB Group, including description of systems, processes and methodologies for measuring liquidity and funding risk,

As seen from the table below, the Liquidity coverage ratio (LCR) and Net stable funding ratio (NSFR) were and will be in line with the regulatory required limits under economic and normative perspective:

LIKVIDNOSTNI KOLIČNIKI za SKB banko solo	Ekonomska perspektiva	Normativna perspektiva - osnovni scenarij			Normativna perspektiva - neugodni scenarij		
(in %)	31.12.20	31.12.21	31.12.22	31.12.23	31.12.21	31.12.22	31.12.23
LCR	262%	246%	245%	239%	244%	234%	231%
NSFR	154%	150%	150%	149%	150%	148%	147%

15 Covid 19 – Moratoria

(EBA/GL/2020/07 – Guidelines on reporting and disclosure of exposures subject to measures applied in response to the COVID-19 crisis)

In reference to Regulation EBA/GL/2020/07 tables below disclose information on moratoria as a result of Covida – 19,

Table 49 Information on loans and advances subject to legislative and non-legislative moratoria

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
	SKB Group 000 EUR	Gross carrying amount							Accumulated impairment, accumulated negative changes in fair value due to credit risk							Gross carrying amount
	31.12.2020		Performing			Non performing				Performing			Nonperforming			
				Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days			Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days	Inflows to non-performing exposures
1	Loans and advances subject to moratorium	122,972	118,837	345	84,392	4,135	2,757	3,560	-1,038	-426	-1	-339	-612	-6	-612	2,143
2	of which: Households	60,438	57,885	345	54,265	2,553	2,465	1,979	-181	-177	-1	-162	-4	-4	-3	700
3	of which: Collateralised by residential immovable	15,118	14,693	188	14,202	426	340	315	-9	-8	0	-7	-1	-1	-1	154
4	of which: Non-financial corporations	62,374	60,793	0	29,967	1,581	292	1,581	-857	-249	0	-177	-608	-2	-608	1,442
5	of which: Small and Medium-sized Enterprises	40,458	38,877	0	25,351	1,581	292	1,581	-830	-222	0	-171	-608	-2	-608	1,442
6	of which: Collateralised by commercial immovable	16,979	16,954	0	2,847	25	25	25	-3	-3	0	-2	0	0	0	0

Table 50 Breakdown of loans and advances subject to legislative and non-legislative moratoria b

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
	SKB Group 000 EUR	Gross carrying amount							Accumulated impairment, accumulated negative changes in fair value due to credit risk							Gross carrying amount
	31.12.2020		Performing			Non performing				Performing			Nonperforming			
				Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days			Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days	Inflows to non-performing exposures
1	Loans and advances subject to moratorium	122,972	118,837	345	84,392	4,135	2,757	3,560	-1,038	-426	-1	-339	-612	-6	-612	2,143
2	of which: Households	60,438	57,885	345	54,265	2,553	2,465	1,979	-181	-177	-1	-162	-4	-4	-3	700
3	of which: Collateralised by residential immovable	15,118	14,693	188	14,202	426	340	315	-9	-8	0	-7	-1	-1	-1	154
4	of which: Non-financial corporations	62,374	60,793	0	29,967	1,581	292	1,581	-857	-249	0	-177	-608	-2	-608	1,442
5	of which: Small and Medium-sized Enterprises	40,458	38,877	0	25,351	1,581	292	1,581	-830	-222	0	-171	-608	-2	-608	1,442
6	of which: Collateralised by commercial immovable	16,979	16,954	0	2,847	25	25	25	-3	-3	0	-2	0	0	0	0

Table 51 Information on newly originated loans and advances provided under newly applicable public guarantee schemes introduced in response to COVID-19 crisis

		a	b	c	d
	SKB Group **000 EUR** **31.12.2020**	Gross carrying amount		Maximum amount of the guarantee that can be considered	Gross carrying amount
			of which: forborne	Public guarantees received	Inflows to non-performing exposures
1	**Newly originated loans and advances subject to public guarantee schemes**	4,368	-	3,278	-
2	of which: Households	106	-	-	-
3	of which: Collateralised by residential immovable property	-	-	-	-
4	of which: Non-financial corporations	4,263	-	3,193	-
5	of which: Small and Medium-sized Enterprises	3,802	-	-	-
6	of which: Collateralised by commercial immovable property	-	-	-	-

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