

PILLAR 3
DISCLOSURES
30 September 2022

• S) Banka



Business name: **SID – Slovenska izvozna in razvojna banka, d.d., Ljubljana**
Abbreviated business name: SID banka d.d., Ljubljana
Registered office: Ulica Josipine Turnograjske 6, 1000 Ljubljana
Registration number: 5665493
Tax number: 82155135
VAT ID number: SI82155135
IBAN: SI56 3800 0380 0000 039
SWIFT: SIDRSI22
GIIN: 66SI1E.99999.SL.705
LEI: 549300BZ3GKOJ13V6F87
Website: www.sid.si
Email: info@sid.si
Secure electronic mailbox: sid@vep.si
Tel.: +386 (1) 200 75 00
Facebook: www.facebook.com/sid.bank/
LinkedIn: www.linkedin.com/company/sid--slovenska-izvozna-in-razvojna-banka-d.d.-ljubljan/
YouTube: www.youtube.com/channel/UCK_2pY_T0EiC4PGF36sZJqA



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1 INTRODUCTION

The basis for disclosures under the third pillar of the Basel standards as at 30 September 2022 are the provisions of Part Eight of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investments firms, including all amendments (hereinafter: the CRR), and Commission Implementing Regulation (EU) No 2021/637 laying down implementing technical standards with regard to public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013 of the European Parliament and of the Council (hereinafter: Regulation 2021/637).

SID Bank has the status of other systemically important institution (O-SII), which means that it is treated as a large institution in accordance with Article 4(146)(b) of the CRR. SID Bank has issued bonds that have been admitted for trading on a regulated market. Accordingly, SID Bank is bound to the frequency and scope of disclosures set out in Article 433(a) of the CRR.

The disclosures are drawn up for SID Bank on an individual basis, as the bank is not required to meet its prudential requirements on a consolidated basis.

The Bank discloses the required data and information in this section in the templates prescribed by Regulation (EU) No 2021/637. That regulation prescribes for each individual template which past comparative periods are disclosed. In accordance with Article 432 of the CRR, a specific template only displays the rows or columns that are relevant for SID Bank. The Bank did not omit any information regarded as proprietary or confidential. The quantitative disclosures in specific templates are in line with the information in the reports sent to the regulator.

All amounts in disclosures are expressed in thousands of euros. The figures as at 30 September 2022 are not audited.

All disclosures for previous periods are published on SID Bank's website (www.sid.si).

2 MANAGEMENT BODY'S STATEMENT ON APPROPRIATE INTERNAL PROCEDURES AND CONTROLS

In accordance with Article 431(3) of Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms (CRR), the management body, represented by

Damijan Dolinar, President of the Management Board and Stanka Šarc Majdič, Member of the Management Board,

by signing this statement confirms that SID Bank has the appropriate formal policies and internal procedures and controls in place, which ensures that the data from the disclosures are appropriate.

Ljubljana, 27 October 2022



Stanka Šarc Majdič, MSc
Member of the Management Board



Damijan Dolinar, MSc
President of the Management Board

3 DISCLOSURE OF KEY METRICS AND OVERVIEW OF RISK-WEIGHTED EXPOSURE AMOUNTS

3.1 Template EU KM1 – Key metrics template

(Article 447(a) to (g) and article 438(b) of the CRR)

		a	b	c	d	e
		30 September 2022	30 June 2022	31 March 2022	31 December 2021	30 September 2021
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	440,770	439,940	457,990	465,841	468,230
2	Tier 1 capital	440,770	439,940	457,990	465,841	468,230
3	Total capital	440,770	439,940	457,990	465,841	468,230
	Risk-weighted exposure amounts					
4	Total risk exposure amount	1,683,297	1,642,665	1,660,094	1,617,730	1,627,880
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	26.18%	26.78%	27.59%	28.80%	28.76%
6	Tier 1 ratio (%)	26.18%	26.78%	27.59%	28.80%	28.76%
7	Total capital ratio (%)	26.18%	26.78%	27.59%	28.80%	28.76%
	Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)					
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	2.25%	2.25%	2.25%	2.00%	2.00%
EU 7b	of which: to be made up of CET1 capital (percentage points)	1.27%	1.27%	1.27%	1.13%	1.13%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	1.69%	1.69%	1.69%	1.50%	1.50%
EU 7d	Total SREP own funds requirements (%)	10.25%	10.25%	10.25%	10.00%	10.00%
	Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)					
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%	2.50%	2.50%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.00%	0.00%	0.00%	0.00%	0.00%
9	Institution specific countercyclical capital buffer (%)	0.02%	0.01%	0.02%	0.02%	0.02%
EU 9a	Systemic risk buffer (%)	0.00%	0.00%	0.00%	0.00%	0.00%
10	Global Systemically Important Institution buffer (%)	0.00%	0.00%	0.00%	0.00%	0.00%
EU 10a	Other Systemically Important Institution buffer (%)	0.25%	0.25%	0.25%	0.25%	0.25%
11	Combined buffer requirement (%)	2.77%	2.76%	2.77%	2.77%	2.77%
EU 11a	Overall capital requirements (%)	13.02%	13.01%	13.02%	12.77%	12.77%
12	CET1 available after meeting the total SREP own funds requirements (%)	15.93%	16.53%	17.34%	18.80%	18.76%

		a	b	c	d	e
		30 September 2022	30 June 2022	31 March 2022	31 December 2021	30 September 2021
	Leverage ratio					
13	Total exposure measure	2,973,693	2,946,465	2,963,582	3,012,186	3,108,740
14	Leverage ratio (%)	14.82%	14.93%	15.45%	15.47%	15.06%
	Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)					
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	0.00%	0.00%	0.00%	0.00%	0.00%
EU 14b	of which: to be made up of CET1 capital (percentage points)	0.00%	0.00%	0.00%	0.00%	0.00%
EU 14c	Total SREP leverage ratio requirements (%)	3.00%	3.00%	3.00%	3.00%	3.00%
	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)					
EU 14d	Leverage ratio buffer requirement (%)	0.00%	0.00%	0.00%	0.00%	0.00%
EU 14e	Overall leverage ratio requirement (%)	3.00%	3.00%	3.00%	3.00%	3.00%
	Liquidity Coverage Ratio					
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	440,702	374,954	308,873	353,567	349,588
EU 16a	Cash outflows - Total weighted value	18,104	20,498	18,483	39,626	48,839
EU 16b	Cash inflows - Total weighted value	25,886	16,286	31,589	24,481	63,603
16	Total net cash outflows (adjusted value)	3,017	4,211	3,080	15,146	8,140
17	Liquidity coverage ratio (%)	14606%	8904%	10027%	2334%	4295%
	Net Stable Funding Ratio					
18	Total available stable funding	2,563,441	2,530,476	2,732,002	2,767,431	2,838,242
19	Total required stable funding	1,655,539	1,672,430	1,928,454	1,948,436	1,986,843
20	NSFR ratio (%)	154.84%	151.31%	141.67%	142.03%	142.85%

The Bank's total capital ratio was 26.18% as at 30 September 2022 (30 June 2022: 26.78%) and is still well above the overall capital requirement (OCR), which is 13.02%. In addition, the Bank must fulfil the capital requirement from Pillar 2 guidance (P2G) in the amount of 1.50%. The overall capital requirement stood at 14.52% as at 30 September 2022.

The leverage ratio was 14.82% as at 30 September 2022, and was considerably higher than the regulatory requirement of 3%.

3.2 Template EU OV1 – Overview of total risk exposure amounts

(Article 438(d) of the CRR)

		Total risk exposure amounts (TREA)		Total own funds requirements
		a	b	c
		30 September 2022	30 June 2022	30 September 2022
1	Credit risk (excluding CCR)	1,568,374	1,533,333	125,470
2	Of which the standardised approach	1,568,374	1,533,333	125,470
6	Counterparty credit risk - CCR	24,592	19,001	1,967
EU 8b	Of which credit valuation adjustment - CVA	18,460	14,533	1,477
9	Of which other CCR	6,132	4,468	491
23	Operational risk	90,330	90,330	7,226
EU 23a	Of which basic indicator approach	90,330	90,330	7,226
24	Amounts below the thresholds for deduction (subject to 250% risk weight)	32,561	26,340	2,605
29	Total (1+6+23)	1,683,297	1,642,665	134,664

4 DISCLOSURE OF LIQUIDITY REQUIREMENTS

4.1 Template EU LIQ1 – Quantitative information of LCR

(Article 451a(2) of the CRR)

		a	b	c	d	e	f	g	h
		Total unweighted value (average)				Total weighted value (average)			
EU 1a	Quarter ending on	30 September 2022	30 June 2022	31 March 2022	31 December 2021	30 September 2022	30 June 2022	31 March 2022	31 December 2021
EU 1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
HIGH-QUALITY LIQUID ASSETS									
1	Total high-quality liquid assets (HQLA)					343,776	340,294	350,991	373,193
CASH - OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	0	0	0	0	0	0	0	0
3	Stable deposits	0	0	0	0	0	0	0	0
4	Less stable deposits	0	0	0	0	0	0	0	0
5	Unsecured wholesale funding	15,175	15,400	16,038	15,829	15,175	15,400	16,038	15,829
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	0	0	0	0	0	0	0	0
7	Non-operational deposits (all counterparties)	14,903	15,128	15,763	15,554	14,903	15,128	15,763	15,554
8	Unsecured debt	272	272	275	275	272	272	275	275
9	Secured wholesale funding					0	0	0	0
10	Additional requirements	90,767	105,557	125,955	148,039	14,787	18,727	21,554	25,731
11	Outflows related to derivative exposures and other collateral requirements	27	25	64	64	27	25	64	64
12	Outflows related to loss of funding on debt products	0	0	0	0	0	0	0	0
13	Credit and liquidity facilities	90,741	105,532	125,891	147,975	14,761	18,701	21,489	25,668
14	Other contractual funding obligations	2,391	2,301	1,883	1,913	1,094	1,026	566	581
15	Other contingent funding obligations	84,421	81,297	79,920	77,550	4,724	4,285	4,097	3,958
16	TOTAL CASH OUTFLOWS					35,780	39,438	42,253	46,099

		a	b	c	d	e	f	g	h
		Total unweighted value (average)				Total weighted value (average)			
EU 1a	Quarter ending on	30 September 2022	30 June 2022	31 March 2022	31 December 2021	30 September 2022	30 June 2022	31 March 2022	31 December 2021
EU 1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
CASH - INFLOWS									
17	Secured lending (e.g. reverse repos)	0	0	0	0	0	0	0	0
18	Inflows from fully performing exposures	40,202	44,558	38,996	39,219	35,413	39,482	34,385	34,524
19	Other cash inflows	3,555	2,565	3,164	2,548	3,555	2,565	3,164	2,548
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)					0	0	0	0
EU-19b	(Excess inflows from a related specialised credit institution)					0	0	0	0
20	TOTAL CASH INFLOWS	43,756	47,123	42,160	41,767	38,968	42,046	37,550	37,071
EU-20a	Fully exempt inflows	0	0	0	0	0	0	0	0
EU-20b	Inflows subject to 90% cap	0	0	0	0	0	0	0	0
EU-20c	Inflows subject to 75% cap	43,756	47,123	42,160	41,767	38,968	42,046	37,550	37,071
TOTAL ADJUSTED VALUE									
EU-21	LIQUIDITY BUFFER					343,776	340,294	350,991	373,193
22	TOTAL NET CASH OUTFLOWS					9,997	10,567	12,598	16,751
23	LIQUIDITY COVERAGE RATIO					6390%	5214%	4472%	3618%

4.2 Table EU LIQB on qualitative information on LCR, which complements template EU LIQ1

(Article 451a(2) of the CRR)

Row number	Qualitative information - Free format	
(a)	Explanations on the main drivers of LCR results and the evolution of the contribution of inputs to the LCR's calculation over time	The Bank maintains a high liquidity coverage ratio (LCR), which is quite volatile over time due to the Bank's specific role as a development institution and its readiness to intervene as required, and the fact that SID Bank does not accept deposits from the public but rather acquires primarily long-term funding supported by a Slovenian government guarantee. SID Bank obtains funding primarily on international financial markets and at related financial institutions. As a result, the Bank does not have a high stock of outflows in the period of 30 days, which are taken into account in the calculation of the ratio, except for the maturities of long-term funding. The liquidity buffer comprises extremely liquid assets and highly liquid assets.
(b)	Explanations on the changes in the LCR over time	
(c)	Explanations on the actual concentration of funding sources	
(d)	High-level description of the composition of the institution's liquidity buffer.	
(e)	Derivative exposures and potential collateral calls	The bank uses derivatives in the form of interest rate swaps due to interest risk management. The bank calculates CCR for these transactions using the original exposure method, as set out in Article 282 of the CRR.
(f)	Currency mismatch in the LCR	The amount of assets that make up the liquidity buffer and the amount of liquidity outflows only comprise items denominated in euros. The proportion of liquidity inflows accounted for by other currencies is negligible.
(g)	Other items in the LCR calculation that are not captured in the LCR disclosure template but that the institution considers relevant for its liquidity profile	

5 LIST OF TEMPLATES FROM REGULATION 2021/637

Article and Annex in Regulation 2021/637	Article in CRR	Template	Reporting frequency	Chapter in disclosures
Annex I: Disclosure of key metrics and overview of risk-weighted exposure amounts				
1.1	article 447(a) to (g) and article 438(b)	EU KM1	Quarterly (article 447)	3.1
1.2	article 438(d)	EU OV1	Quarterly	3.2
Annex XIII: Disclosure of liquidity requirements				
7(b)	article 451a(2)	EU LIQ1	Quarterly	4.1
7(b)	article 451a(2)	EU LIQB	Quarterly	4.2
Annex XXI: Disclosure of the use of the IRB approach to credit risk				
11(d)	article 438(h)	EU CR8	Quarterly	Not relevant – the bank does not use the IRB approach for credit risk
Annex XXV: Disclosure of exposures to counterparty credit risk				
13(g)	article 438(h)	EU CCR7	Quarterly	Not relevant – the bank does not use internal models for calculating CCR
Annex XXIX: Disclosure of the use of standardised approach and internal model for market risk				
15.2(d)	article 438(h)	EU MR2-B	Quarterly	Not relevant – the bank does not use internal models for calculating market risk

LIST OF ABBREVIATIONS AND TERMS

CCR	Counterparty credit risk
CET1	Common Equity Tier 1 Capital
CRR	Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (with amendments)
CVA	Credit Valuation Adjustment
EU	European Union
HQLA	High-quality liquid assets
LCR	Liquidity Coverage Ratio
NSFR	Net Stable Funding Ratio
OCR	Overall capital requirement
O-SII	Other systemically important institutions
P2G	Pillar 2 guidance
SREP	Supervisory Review and Evaluation Process
TREA	Total risk exposure amount