

Disclosure of information on measure imposed on credit institution

Supervisory measure against UniCredit Banka Slovenija d.d. owing to breaches identified in the area of anti-money laundering and combating the financing of terrorism

Information on person responsible for breach	
Business name and registered office of legal person	UniCredit Banka Slovenija d.d, Ameriška ulica 2, 1000 Ljubljana, Slovenia, registration number 5446546000 (hereinafter: the bank)
Information on breach	
Description of circumstances and conduct constituting a breach of the Prevention of Money Laundering and Terrorist Financing Act (Official Gazette of the Republic of Slovenia, Nos. 48/22 and 145/22; hereinafter: the ZPPDFT-2)	<p>Banka Slovenije conducted an inspection at the bank between 19 December 2022 and 17 October 2023 (with interim breaks) for the purpose of assessing the bank's compliance with the provisions of the ZPPDFT-2 regarding the obliged entity's risk assessment, the group risk assessment and the customer risk assessment, and with the guidelines issued by Banka Slovenije on the basis of the seventh paragraph of Article 18 of the ZPPDFT-2.</p> <p>The inspection identified breaches of the ZPPDFT-2, which the bank rectified at the time of the Banka Slovenije inspection. Pursuant to point 4 of the second paragraph of Article 152 of the ZPPDFT-2 in connection with the first paragraph of Article 164 of the ZPPDFT-2 and the third and fourth paragraph of Article 282 of the ZBan-3, Banka Slovenije issued a declaratory decision on the rectification of breaches.</p>
Nature of identified breaches	Breaches impacting the effectiveness of policies, procedures and controls for managing money laundering and terrorist financing risks
Operative part of order on rectification of breaches	
<p>1. In its supervision of UniCredit Banka Slovenija d.d., of Ameriška ulica 2, 1000 Ljubljana, in the area of anti-money laundering and combating the financing of terrorism (hereinafter: AML/CFT), Banka Slovenije found that the bank had breached:</p> <p>a) the fourth paragraph of Article 18 of the ZPPDFT-2 in connection with the seventh paragraph of Article 18 of the ZPPDFT-2 and Section 2.3 of the Banka Slovenije Guidelines on the assessment of the risk of money laundering and terrorist financing (Official Gazette of the Republic of Slovenia, No. 67/22; hereinafter: the guidelines), by failing to take account in its customer risk assessment (hereinafter: CRA) of all the risk criteria prescribed by the guidelines that represent the minimum standard in the assessment of money laundering and terrorist financing (hereinafter: ML/TF) risks at the level of the individual customer;</p> <p>b) the first paragraph and the first indent of point 1 of the second paragraph of Article 20 of the ZPPDFT-2 in connection with Section 2.3 of the guidelines, by failing to properly evaluate the risk criteria and to weight them properly with regard to the importance of the individual criterion in the development, formulation and application of the CRA methodology as an internal procedure that refers to the risk management model, as a result of which the CRA does not reflect the actual ML/TF risks to which the customer is exposed, and the policies, controls and procedures are consequently ineffective.</p> <p>Banka Slovenije found that the bank had, through its activities within the framework of the project [REDACTED] (hereinafter: project [REDACTED]), brought itself into compliance with</p>	

the guidelines in October 2023, with proper evaluation and weighting of the risk criteria, thereby upgrading its internal procedure (CRA methodology), which ensures the proper determination of the CRA. In accordance with the updated methodology, the bank conducted a reclassification of all existing customers, and ensuring the proper determination of the CRA in the case of new customers. The bank thereby rectified the breaches cited in points 1.a) and 1.b).

2. Pursuant to point 4 of the second paragraph of Article 152 of the ZPPDFT-2 in connection with the first paragraph of Article 164 of the ZPPDFT-2 and the third and fourth paragraphs of Article 282 of the ZBan-3, Banka Slovenije assesses that it is able to issue a declaratory decision finding that the bank had breached regulations in the area of AML/CFT and has rectified the breaches (hereinafter: declaratory decision), and that the publication of information pursuant to Article 176 of the ZPPDFT-2 with regard to the nature and severity of the breaches would make a significant contribution to improving practice in the implementation of the bank's tasks and responsibilities in the area of AML/CFT and the prevention of conduct constituting a breach of regulations in the area of AML/CFT, in particular in the putting in place and implementation of effective policies, controls and procedures including adequate models of risk management with regard to the customer (CRA).
3. The breaches cited in point 1 of the operative part of this declaratory decision also constitute misdemeanours pursuant to the penal provisions of the ZPPDFT-2, and Banka Slovenije will therefore initiate misdemeanours proceedings against the bank and the responsible persons.
4. In accordance with Article 176 of the ZPPDFT-2, Banka Slovenije shall publish the following information on its website after the imposed measure becomes final, and shall submit it to the competent European supervisory authorities:
 - the business name and registered office of the legal person;
 - a description of the circumstances and conduct that constitute a breach of the aforementioned law or require the enforcement of the ordered measure;
 - the nature of the identified breaches or the type of deficiencies for which the measure was ordered;
 - the operative part of the decision by which the proceedings are legally finalised;
 - details of any rectification of a breach or implementation of an ordered measure.

In connection with the publication of the identity of the person responsible for the breach, Banka Slovenije has not identified any grounds referred to in the first paragraph of Article 177 of the ZPPDFT-2 that would justify the non-publication or withholding of the identity of the person responsible for the breach.

Information on any rectification of breach or implementation of ordered measure

The bank rectified the breach in October 2023 by defining all the (relevant) risk criteria set out by the guidelines as the minimum standard, and additionally defining criteria deriving from its business approach. The bank also upgraded its CRA methodology to evaluate the defined risk criteria, and to set out a system for weighting the risk criteria having regard for the risk level of individual criteria. In so doing, the bank also upgraded its IT system for determining and monitoring the CRA and its internal policy.

Information as to whether judicial review proceedings have been initiated against the decision

The bank has lodged a lawsuit against the imposed measure at the Administrative Court of the Republic of Slovenia, which is yet to decide on the case.