

Announcement of the Governing Board of Banka Slovenije

1 December 2023

Macro-prudential instrument:

CAPITAL BUFFER FOR OTHER SYSTEMICALLY IMPORTANT INSTITUTIONS

Pursuant to a resolution adopted by the Governing Board of Banka Slovenije at its 546th meeting of 8 December 2015, Banka Slovenije introduced the macroprudential measure capital buffer for other systemically important institutions (hereinafter: O-SIIs). The initial phase-in period for banks identified as O-SIIs to meet the capital requirements was set for 1 January 2019.

Pursuant to the Article 242 of Banking Act (Official Gazette of the Republic of Slovenia, No. 92/21 and 123/21 – ZBNIP/ZBan 3) Banka Slovenije at least once a year conducts the O-SII identification process and sets the capital buffers for the identified O-SIIs. The identification process predominately follows the [EBA Guidelines](#), which is regulated by the [Regulation on application of the Guidelines on the criteria to determine the conditions of application of Article 131\(3\) of Directive 2013/36/EU \(CRD\) in relation to the assessment of other systemically important institutions \(O-SIIs\)](#) (Official Gazette of the Republic of Slovenia, No. 66/15 and 68/17). In the identification process Banka Slovenije takes full account of the mandatory EBA indicators for the scoring process, which are listed in the table below.

Table 1: Mandatory indicators for assessing the systemic importance of banks (i.e. the score)

Category	Weight	Criterion	Weight
Size	25%	Total assets	25.00%
Importance (including substitutability / financial system infrastructure)	25%	Value of domestic payment transactions	8.33%
		Private sector deposits from depositors in the EU	8.33%
		Private sector loans to recipients in the EU	8.33%
Complexity / cross-border activity	25%	Value of OTC derivatives (notional)	8.33%
		Cross-jurisdictional liabilities	8.33%
		Cross-jurisdictional claims	8.33%
Interconnectedness	25%	Intra-financial system liabilities	8.33%
		Intra-financial system assets	8.33%
		Debt securities outstanding	8.33%

Source: EBA Guidelines.

The score was calculated in accordance with the guidance set out in paragraph 8 of the EBA Guidelines, namely:

- (a) by dividing the indicator value of each individual relevant entity by the aggregate amount of the respective indicator values summed across all institutions in the Member State (the “denominators”);
- (b) by multiplying the resulting percentages by 10,000 (to express the indicator scores in terms of basis points);
- (c) by calculating the category score for each relevant entity by taking a simple average of the indicator scores in that category;
- (d) by calculating the overall score for each relevant entity by taking a simple average of its four category scores.

The O-SII identification process conducted by Banka Slovenije closely follows the methodology outlined in the EBA Guidelines with the exception of paragraph 9, which allows macroprudential authorities to raise the threshold for O-SII identification up to 425 basis points as a maximum. Namely, in 2017 Banka Slovenije decided to raise the threshold for the identification of O-SIIs from 350 to 500 basis points.

At its 707th meeting on 18 July 2023, the Governing Council of Banka Slovenije adopted a new Regulation on Determining the capital buffer for other systemically important banks, which was published in the Official Gazette of the Republic of Slovenia (Official Gazette of the RS No 79/23 of 21 July 2023). As of the date of the entry into force of the new Regulation, the previous Regulation on Determining the capital buffer for other systemically important banks (Official Gazette of the RS No 96/15 and 68/17) ceased to be in force. Banka Slovenije applied the new framework for setting O-SII buffer rates (Table 3) in this years’ regular annual exercise of O-SIIs identification and calibration of O-SII buffer rates.

Table 2: Capital buffer rate

Score	Capital buffer
500 - 749	0.25%
750 - 1299	0.50%
1300- 1949	0.75%
1950 - 2699	1.00%
2700 - 4449	1.25%
4450 - ...	1.50%

Source: Regulation on Determining the capital buffer for other systemically important banks (Official Gazette of the RS No 79/23)

To determine the O-SII buffer rate Banka Slovenije applies the bucketing approach during which each interval of systemic importance scores is associated with a specific buffer rate. The table below shows the values of the systemic importance indicator (score) for the individual O-SII and the respective buffer rates for them. The identified O-SIIs are expected to meet the capital requirement at the highest level of consolidation in Slovenia, through common equity Tier 1 capital.

Table 3: Scores in assessment of systemic importance and capital buffer rates

Banks	Systemic importance score	Capital buffer rate (as % of total risk weighted)	Capital buffer rate (as % of total risk weighted)
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	(EBA guidelines)	exposure)	exposure) fully phased-in by 1 January 2025
NLB d. d.	3875	1,25%	1,25%
Nova KBM d. d.	1678	0,50%	0,75%
SID banka, d. d.	793	0,25%	0,50%
Unicredit banka Slovenija d. d.	864	0,25%	0,50%
SKB d. d.	705	0,25%	0,25%
Intesa Sanpaolo d. d.	548	0,25%	0,25%

Source: Banka Slovenije.