

**THIS TEXT IS UNOFFICIAL TRANSLATION AND MAY NOT BE USED AS A BASIS
FOR SOLVING ANY DISPUTE**

- Official Gazette of the Republic of Slovenia, No. 152/20 of 23 October 2020 (in force since 24 October 2020)
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Pursuant to the third paragraph of Article 13 of the Banking Act (Official Gazette of the Republic of Slovenia, Nos. 25/15, 44/16 [ZRPPB], 77/16 [ZCKR], 41/17, 77/18 [ZTFI-1], 22/19 [ZIUJSOL] and 44/19 [constitutional court decision]; hereinafter: the ZBan-2) and the first paragraph of Article 31 of the Bank of Slovenia Act (Official Gazette of the Republic of Slovenia, Nos. 72/06 [official consolidated version], 59/11 and 55/17), the Governing Board of the Bank of Slovenia hereby issues the following

REGULATION

**on the application of the Guidelines on credit risk mitigation for institutions applying the
IRB approach with own estimates of LGDs**

Article 1

(purpose and field of application of guidelines)

- (1) Pursuant to Article 16(1) of Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC (OJ L 331 of 15 December 2010, p 12; hereinafter: Regulation (EU) No 1093/2010), on 6 May 2020 the European Banking Authority published the Guidelines on credit risk mitigation for institutions applying the IRB approach with own estimates of LGDs (EBA/GL/2020/05; hereinafter: the guidelines) on its website.
- (2) The guidelines specify the requirements for using credit risk mitigation in accordance with the relevant provisions of Part Three, Title II, Chapter 3 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 investment firms and amending Regulation (EU) No 648/2012 (OJ L 176 of 27 June 2013, p 1; hereinafter: Regulation (EU) No 575/2013) as provided by Article 108(2) of that Regulation. The guidelines apply in relation to the IRB approach in accordance with Part Three, Title II, Chapter 3 of Regulation (EU) No 575/2013 and, in particular, to institutions that have been permitted to use own LGD estimates in accordance with Article 143 of that Regulation.
- (3) The guidelines are addressed to:
 1. financial institutions referred to in Article 4(1) of Regulation (EU) No 1093/2010; and
 2. competent authorities referred to in point (i) of Article 4(2) of Regulation (EU) No 1093/2010.

Article 2

(content of regulation and scope of application of guidelines)

- (1) By virtue of this regulation the Bank of Slovenia sets out the application of the guidelines to:
 1. banks and savings banks that in accordance with the ZBan-2 have obtained an authorisation to provide banking services in the Republic of Slovenia (hereinafter: banks);
 2. the Bank of Slovenia, when in accordance with the ZBan-2 in its role as the competent authority it is exercising supervisory powers and tasks over entities referred to in point 1 of this paragraph.

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- (2) Banks referred to in point 1 of the previous paragraph shall take full account of the provisions of the guidelines in the parts addressed to banks.
- (3) In exercising its supervisory powers and tasks in accordance with the ZBan-2 and Regulation (EU) No 575/2013, the Bank of Slovenia shall take full account of the provisions of the guidelines in the parts relating to the exercise of the powers and tasks of the competent authority.

**Article 3
(entry into force)**

This regulation shall enter into force on the day after its publication in the Official Gazette of the Republic of Slovenia, and shall begin to be applied on 1 January 2022.

Ljubljana, 20 October 2020

Boštjan Vasle
President,
Governing Board of the
Bank of Slovenia