* Official Gazette of the Republic of Slovenia, No. 43/18 of 22 June 2018 (in force as of 25 June 2018)

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] and 41/17; 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 PD estimation, LGD estimation and the treatment of defaulted exposures**

**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 23 April 2018 the European Banking Authority published the Guidelines on PD estimation, LGD estimation and the treatment of defaulted exposures (hereinafter: the guidelines) on its website.
2. The guidelines referred to in the first paragraph of this article specify the requirements in connection with the estimation of probability of default (PD), loss given default (LGD), LGD for defaulted exposures and best estimate of expected loss (ELBE) in accordance with Part Three, Title II, Chapter 3, Section 6 and Article 159 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).
3. The guidelines are addressed to:
4. financial institutions as defined in Article 4(1) of Regulation (EU) No 1093/2010; and
5. competent authorities as defined 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:

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); and

1. 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 banks referred to in point 1 of this paragraph.
2. Banks referred to in point 1 of the first paragraph of this article 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 2021.

Ljubljana, 19 June 2018

Primož Dolenc

Deputy-President,

Governing Board of the Bank of Slovenia