

**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. 72/17 of 15 December 2017 (in force since 16 December 2017)

---

Pursuant to the second paragraph of Article 93 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

**R E G U L A T I O N**

**on the minimum scope and content of the additional audit and the additional auditor's report of compliance with risk management rules at banks and savings banks**

**1. GENERAL PROVISIONS**

**Article 1  
(content of regulation)**

(1) This regulation sets out the detailed scope and content of the additional audit and the additional auditor's report of compliance with risk management rules at a bank or savings bank (hereinafter: bank).

(2) The additional auditor's report referred to in the first paragraph of this article shall be drawn up on an individual basis, and also on a consolidated basis when the bank is obliged to meet prudential requirements on a consolidated basis as set out in Chapter 2 of Title II of Part One 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) Wherever this regulation makes reference to the provisions of other regulations, these provisions shall apply in their wording applicable at the time in question.

**Article 2  
(definition of terms)**

The terms used in this regulation shall have the same meanings as in the ZBan-2 and Regulation (EU) No 575/2013, and in regulations issued on their basis.

**Article 3  
(application of other laws and regulations)**

The additional audit shall be conducted in accordance with the Auditing Act (Official Gazette of the Republic of Slovenia, Nos. 65/08 and 63/13 [ZS-K]), the international standards on auditing, and the auditing rules of the Slovenian Institute of Auditing, having regard for the ZBan-2 and Regulation (EU) No 575/2013, and other regulations pursuant to the second paragraph of Article 9 of the ZBan-2.

## **2. SCOPE AND CONTENT OF ADDITIONAL AUDIT**

### **Article 4 (general provisions on additional audit)**

- (1) The additional audit shall encompass a review of compliance with risk management rules at the bank.
- (2) In the review of compliance with risk management rules at the bank, the auditor shall take account of the nature, scale and complexity of the risks inherent in the bank's business model and the activities that the bank performs.

### **Article 5 (adequacy of risk management)**

Within the framework of the additional audit, the auditor shall review whether the bank is regularly updating and documenting changes in:

- (a) its strategies and policies for risk taking and risk management, including the distinction between material and immaterial risks;
- (b) procedures for assessing risk exposure, including the assumptions applied in the assessment of risk exposure;
- (c) the early warning process for increased risk, including the indicators used.

### **Article 6 (credit exposures)**

- (1) Within the framework of the additional audit, the auditor shall review a random sample of:
  - (a) ten of the 50 largest credit exposures to examine the timeliness of the creation of value adjustments and provisions for credit losses in accordance with the international financial reporting standards pursuant to Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards (OJ L 243 of 11 September 2002; p 1) and Commission Regulation (EC) No 1126/2008 of 3 November 2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council (OJ L 320 of 29 November 2008; p 1) (hereinafter: the IFRS);
  - (b) ten of the 50 largest non-performing and forborne credit exposures to examine the correctness of the reporting of non-performing and forborne exposures in accordance with the rules set out in Annex V of Commission Implementing Regulation (EU) 680/2014 of 16 April 2014 laying down implementing technical standards with regard to supervisory reporting of institutions according to Regulation (EU) No 575/2013 of the European Parliament and of the Council (OJ L 191 of 28 June 2014, p 1; hereinafter: Regulation (EU) 680/2014) as at 31 December of the previous year;
  - (c) ten of the 50 largest performing forborne credit exposures under probation that had previously been treated as non-performing forborne credit exposures to examine the correctness of the reporting in accordance with the rules set out in Annex V of Regulation (EU) 680/2014) as at 31 December of the previous year;
  - (d) ten of the 50 largest credit exposures where the largest cancellation of value adjustments or provisions for credit losses has occurred relative to the previous accounting period to examine the justification thereof in accordance with the IFRS.

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

(2) For the purposes of the review referred to in the first paragraph of this article, the exposures captured in the random sample of credit exposures shall be cited by name, whereby the samples of credit exposures for individual purposes under points (a) to (d) of the first paragraph of this article shall, where possible, be different.

**Article 7**

**(valuation of real estate and movable property received for repayment of exposures)**

Within the framework of the additional audit, the auditor shall review the adequacy of the valuation of real estate and movable property received for the repayment of credit exposures as at 31 December of the previous year, in a sample of the ten largest items of real estate or movable property in terms of value.

**3. SCOPE AND CONTENT OF ADDITIONAL AUDITOR'S REPORT**

**Article 8**

**(general provisions on additional auditor's report)**

(1) In connection with the additional audit set out in Section 2 of this regulation, the auditor shall draw up an additional auditor's report.

(2) In the additional auditor's report referred to in the first paragraph of this article, the auditor shall summarise the key findings of the audit for each of the areas set out in Section 2 of this regulation, and shall report on each of the substantive areas and sample cases that have been audited.

(3) The auditor shall also cite the following in the additional auditor's report referred to in the first paragraph of this article:

- (a) any deficiencies identified during the audit,
- (b) recommendations for improvements in areas where deficiencies have been identified,
- (c) where appropriate, the findings with regard to the fulfilment of the auditor's recommendations from previous years.

**4. FINAL PROVISIONS**

**Article 9**

**(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 during the audit of the annual report of the bank for the 2017 financial year.

**Article 10**

**(cessation of validity)**

On the day that this regulation begins to be applied, the Regulation on the minimum scope and content of the additional audit of compliance with risk management rules at banks and savings banks (Official Gazette of the Republic of Slovenia, No. 104/15) shall cease to be in force.

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

Ljubljana, 12 December 2017

Dr Primož Dolenc  
Deputy-President,  
Governing Board of the Bank of  
Slovenia