

Disclosure of information on measure imposed on credit institution

Supervisory measure against SKB banka d.d., Ljubljana owing to breaches identified in the area of anti-money laundering and combating the financing of terrorism (hereinafter: AML/CFT)

Information on person responsible for breach	
Business name and registered office of legal person	SKB banka d.d., Ljubljana, Ajdovščina 4, 1513 Ljubljana (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, No. 48/22; hereinafter: the ZPPDFT-2)	Banka Slovenije conducted a follow-up inspection at the bank between 1 and 30 June 2023, in the extent necessary for determining whether the breaches identified by the order had been rectified. On the basis of the submitted reports on the rectification of breaches and the follow-up inspection, Banka Slovenije found that the bank had rectified the breaches cited in points 1.a), 1.b), 2.a) and 2.d), and therefore issued it a declaratory decision stating that breaches had been rectified in this part. Conversely, the bank had failed to rectify the breaches cited in points 2.b), 2.c) and 2.e) of the order, for which reason Banka Slovenije escalated the measure by issuing an order on the implementation of additional measures for the more effective rectification of identified breaches.
Nature of identified breaches	The breaches that were not rectified relate to the deficient implementation of the measures prescribed in connection with customers with whom the bank has entered into a business relationship (deficient determination of the customer risk assessment, failure to conduct enhanced due diligence in the case of high-risk customers, and deficient treatment of flagged deviations from usual transactions). Banka Slovenije additionally found that in certain cases the bank had failed to report suspicious transactions to the Office for Money Laundering Prevention.
Operational part of order on rectification of breaches	
<ol style="list-style-type: none">1. Banka Slovenije issued SKB banka d.d., of Ajdovščina 4, 1513 Ljubljana (the bank), with the Order on the rectification of breaches referenced PBH-24.70-021/21-002 of 13 July 2022 (hereinafter: the order), by virtue of which it ordered the bank to rectify the breaches cited in point 1 of the order by 31 December 2022, and the breaches cited in point 2 of the order by 31 March 2023.2. In the follow-up inspection Banka Slovenije found that the bank had failed to rectify the breaches cited in points 2.b), 2.c) and 2.e) of the order, for which reason it issued the bank with an Order on the implementation of additional measures for the more effective rectification of identified breaches (hereinafter: order with additional measures) in accordance with the second paragraph of Article 152 of the ZPPDFT-2 in connection with Article 280 of the ZBan-3. On the basis of the reviewed sample of customers Banka Slovenije additionally finds the bank to have breached the first paragraph of Article 76 of the ZPPDFT-2, by failing to report the four customers referred to in Appendix 1 in respect of whom it identified suspicious transactions to the Office for Money Laundering Prevention (hereinafter: the OMLP).3. The order with additional measures ordered the bank to implement the following additional measures in accordance with the second paragraph of Article 152 of the ZPPDFT-2 in connection with the second paragraph of Article 280 of the ZBan-3:	

- a) to put in place an adequate methodology based on which the bank will update the existing inadequate customer risk assessments, such that the classification of each customer to a particular risk category actually reflects the risks to which the customer is exposed from the perspective of ML/TF;
 - b) to conduct (repeat) enhanced due diligence of all customers that the bank will classify into the high risk category in accordance with point 3.a) of the order with additional measures; in addition to the measures prescribed by the bank as part of enhanced due diligence, the bank shall carry out the following measures for each customer:
 - i) conducting detailed analysis of all transactions executed in 2022 and 2023 for the purpose of identifying any deviations from the envisaged and usual approach to transactions;
 - ii) conducting a repeat review and critical assessment of the warnings generated in 2022 and 2023 in the software support for flagging unusual transactions (Siron AML);
 - iii) obtaining appropriate clarifications and evidence of the economic logic of transacting in Slovenia and of the source of the funds that are the subject of the business relationship;
 - iv) taking appropriate measures to reduce risk in the case of customers whose deviations from usual transactions have not been adequately explained, or for whom it was not possible to confirm the economic logic of transacting in Slovenia on the basis of the submitted clarifications and evidence;
 - c) to provide effective supervision of the implementation of the additional measures referred to in points 3.a) and 3.b) of the order with additional measures, which is to be conducted by an independent third party with relevant knowledge and experience in the area of AML/CFT;
 - d) to report monthly to Banka Slovenije on the rectification of the breaches referred to in points 2.b), 2.c) and 2.e) of the order, and the implementation of the additional measures referred to in point 3 of the order with additional measures; the bank shall report by the 10th of each month for the previous month, whereby the reports are reviewed and approved by the independent third party conducting supervision in accordance with point 3.c) of the order with additional measures.
4. The bank shall rectify the breaches cited in point 2.b) of the order by 31 December 2023, and the breaches cited in points 2.c) and 2.e) of the order by 30 April 2024. The bank shall submit a written report to Banka Slovenije on the measures taken to rectify the breaches by the same deadlines. Documents and evidence showing that the breaches have been rectified shall also be attached to the report on the rectification of the breaches by the bank.
 5. The bank shall also implement the additional measure cited in point 3.a) of the order with additional measures by 31 December 2023, and the remaining additional measures by 30 April 2024. The bank shall submit a written report to Banka Slovenije on the additional measures implemented by the same deadlines. Documents and evidence showing that the additional measures have been implemented shall also be attached to the report on the additional measures implemented by the bank.
 6. The bank shall submit an action plan for the rectification of the breaches cited in points 2.b), 2.c) and 2.e) of the order and for the implementation of the additional measures cited in point 3 of the order with additional measures to Banka Slovenije by 15 November 2023.
 7. In the action plan the bank shall communicate the names of the persons at the bank responsible for rectifying the breaches cited in points 2.b), 2.c) and 2.e) of the order and for implementing the additional measures cited in point 3 of the order with additional measures.

8. An objection to this order shall not stay its enforcement.
9. The breaches identified in the order with additional measures and the failure to rectify the breaches referred to in the order 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.
10. In accordance with Article 176 of the ZPPDFT-2, in connection with the imposed supervisory measures 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 or the name of the natural 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 operational part of the decision by which the proceedings are legally finalised;
 - details of any rectification of a breach or implementation of an ordered measure.

Information on any rectification of breach or implementation of ordered measure

The bank submitted an action plan for the rectification of breaches to Banka Slovenije by the stated deadline, communicating the names of the persons at the bank responsible for rectifying the identified breaches in so doing. The deadline for the rectification of the breaches has not yet passed.

Information as to whether judicial review proceedings have been initiated against the decision in accordance with the ZBan-3

Judicial review proceedings have not been initiated.