

## Disclosure of information on measure imposed on credit institution

Supervisory measure imposed on Delavska hranilnica d.d. due to breach of regulations in the area of assessment of the existence of a group of connected clients and consideration of limits on large exposures of 8 December 2017

<b>Information on person responsible for breach</b>	
<b>Business name and registered office of legal person</b>	Delavska hranilnica d. d., Miklošičeva 5, 1000 Ljubljana, registration number: 5448557000
<b>Information on breach</b>	
<b>Description of circumstances and conduct entailing breach of ZBan-2 or Regulation (EU) No 575/2013</b>	According to the information available to the Bank of Slovenia, a breach of Article 9(2) of the ZBan-2 in connection with Article 249(3) of the ZBan-2 was identified.
<b>Nature of identified breaches</b>	Breach in the area of assessment of the existence of a group of connected clients pursuant to Article 4(39)(b) of Regulation (EU) No 575/2013 and consideration of limits on large exposures i.e. exposure of the institution to a client or group of connected clients as set out in Article 395(1) of Regulation (EU) No 575/2013 as at 31 July 2017 and 31 August 2017.
<b>Operational part of the decision by which the relevant proceedings are completed</b>	
<p>1. In conducting supervision of Delavska hranilnica d.d., Miklošičeva 5, 1000 Ljubljana, registration number: 5448557000 (hereinafter: the savings bank), the Bank of Slovenia identified a breach of Article 9(2) of the ZBan-2 in connection with Article 249(3) of the ZBan-2, since it did not ensure:</p> <ul style="list-style-type: none"><li>– the assessment of the existence of a group of connected clients pursuant to Article 4(39)(b) 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: the Regulation), taking account of the provisions of the Regulation on the exercise of options and discretions under European Union law (Official Gazette of the Republic of Slovenia No 28/16), i.e. two or more natural or legal persons between whom there is no relationship of control but who are deemed to constitute a single risk because they are so interconnected that if one of them were to experience financial problems, in particular funding or repayment difficulties, the other or all of the others would also be likely to encounter funding or repayment difficulties (taking account of economic relations),</li><li>– consideration of limits to large exposures, i.e. exposure of the institution to a client or group of connected clients as set out in Article 395(1) of the Regulation as at 31 July 2017 and 31 August 2017, and despite exceeding the limits set out in Article 395(1) of the Regulation, firstly as at 31 July 2017, the savings bank failed to report the values of exposures without delay to the Bank of Slovenia, which as the competent authority may in justifiable circumstances approve a time limit by which the institution must comply with the limit.</li></ul> <p>In its assessment of the existence of a group of connected clients, when it additionally took the economic interest into account and became compliant with the limit set out in Article 395(1) of the Regulation, the savings bank rectified the breach on 30 September 2017.</p>	

2. In accordance with Article 277 and Article 278 of the ZBan-2, the Bank of Slovenia will publish information on the measure imposed, including the disclosure of the identity of the person in breach, on its website.

**Information as to whether judicial protection proceedings have been initiated against the decision in accordance with the ZBan-2**

No administrative dispute has been lodged pursuant to the declaratory decision on the rectified breaches.