

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

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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] and 22/19 [ZIUDSOL]; 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 Guidelines on the estimation of LGD appropriate for an economic downturn (downturn LGD estimation)**

**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), as last amended by Regulation (EU) No 2018/1717 of the European Parliament and of the Council of 14 November 2018 amending Regulation (EU) No 1093/2010 as regards the location of the seat of the European Banking Authority (OJ L 291 of 16 November 2018; p 1; hereinafter: Regulation (EU) No 1093/2010), on 6 March 2019 the European Banking Authority published the Guidelines on the estimation of LGD appropriate for an economic downturn (downturn LGD estimation) (EBA/GL/2019/03; hereinafter: the guidelines) on its website.

(2) The guidelines referred to in the first paragraph of this article specify the requirements for the estimation of loss given default (LGD) appropriate for an economic downturn in accordance with Part Three, Title II, Chapter 3, Section 6 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 amended by Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012 (OJ L 150 of 7 June 2013, pp 1-225) (hereinafter: Regulation (EU) No 575/2013), Article 181 of Regulation (EU) No 575/2013, the EBA final draft regulatory technical standards on the IRB assessment methodology (EBA/RTS/2016/03) of 21 July 2016, and the EBA final draft regulatory standards on the specification of an economic downturn (EBA/RTS/2018/04) of 16 November 2018. The guidelines should be considered as an amendment of the EBA Guidelines on PD estimation, LGD estimation and the treatment of defaulted exposures (EBA/GL/2017/16) of 20 November 2017.

(3) The guidelines are addressed to:

1. competent authorities as defined in point (i) of Article 4(2) of Regulation (EU) No 1093/2010; and
2. financial institutions as defined in Article 4(1) of Regulation (EU) No 1093/2010.

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**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); and
  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 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, 4 July 2019

**Boštjan Vasle**  
President,  
Governing Board of the Bank  
of Slovenia