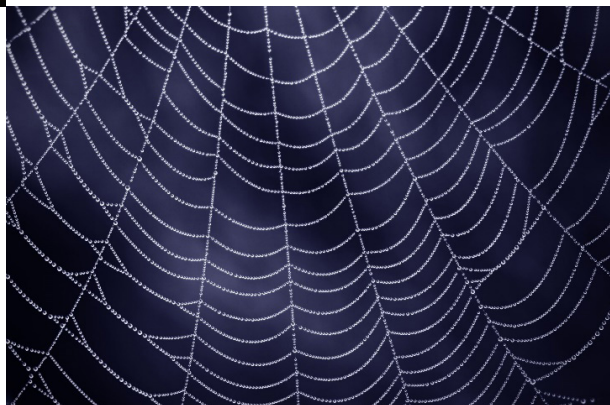




ZBS<sup>1</sup> Združenje bank Slovenije



**Annual Report 2022**



ZBS<sup>1</sup> Združenje bank Slovenije

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Ljubljana 2023

ISSN 1580-4666

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# Statement by the President of the Supervisory Board

The year 2022 will be etched in the historic memory for Russia's aggression against Ukraine that shook Europe and the world and put forward security and energy dependence and gave impetus to the realisation of green and sustainable transition. We only just emerged from the economic-financial and the health crises and when the energy crisis began, the banking sector was 'fit and proper' to support the economy by providing liquidity and facilitating investment.

A consequence of the Russian aggression against Ukraine, was the adoption of international and European sanctions in a content and on a scale never witnessed before. It required from the banks and their employees extremely quick and complex adjustment, including the provision of reliable IT support. Particularly in the aftermath of the outbreak of the war, the involvement of all parties, including the supervisory authority, was crucial. However, the sanctions adopted in response to the war affected financial stability and in 2022, the Slovenian banking sector demonstrated its resilience when Sberbank and its subsidiary bank in Slovenia experience difficulties. It was necessary to react quickly, as it was threatened with liquidation and, due to a loss of confidence, it would have had adverse repercussions on the stability of the entire banking system and the economy and, last but not least, on households. Some natural persons had in Sberbank banka several million euros in deposits not covered by the deposit guarantee scheme, not to mention corporate deposits uninsured by definition. By its acquisition carried out by NLB and above all by a prompt response, we have proved not only that in the banking sector we have liquidity and capital ability for such an operation, but that we also prepared to react also in a very small window of time, practically 'in the blink of an eye'.

Seen from the angle of direct exposure for loans to the countries for which sanctions apply and in which the war broke out, the Slovenian banks' balance sheets have not been significantly exposed but the risks associated with indirect exposure loomed large in 2022 mostly in relation to the effects of the war on access to and also the price of energy and consequently the spillover effects on different sectors of the economy – above all on energy-intensive ones such steel, aluminium and paper industries – to mention just a few, and on supply chain disruption risks and commodity shortages. Transmission of the energy crisis negative effects could have bearing on the number of bankruptcies, the rate of unemployment and result in a deterioration of banks' balance sheets and compromise financial stability.

Europe has learned the lesson from past crises of the importance of a fast and harmonised action based on solidarity, which, together the national measures to mitigate negative effects of the energy crisis on the economy and households helped to overcome the most uncertain months in the second half of 2022 and to preserve financial stability and, thereby, investment potential for financing accelerated investments for achieving the objectives of energy diversification and independence, as well as green transition.

Due to the geo-strategic changes as a consequence of the war, we are in a period in which an extraordinary and historic opportunity is given to us as global supply chains are moving closer to finished product manufacturing sites. If components and parts previously came from the Pacific basin, now corporations in Europe want to unload the risks that emerged at the outbreak of the coronavirus disease, the Suez Canal obstruction, and the war in Ukraine. All these events have resulted in deliveries stalled in transit making them erratic and their price questionable. In such a situation, Slovenia's geographic position is a privilege, and it goes hand-in-hand with huge industry and engineering knowledge. The matter of the fact is that Slovenia is among the most industrialised and the most diversified economies in Europe – the qualities that give us a cutting edge thanks to risk dispersions. At the same time, however, we are strongly integrated with the developments in Central Europe. If we are to tap into these opportunities, considerable investments will be needed with the focus of attention in the banking sector over the forthcoming transition period on capital invest-

ments in sustainable growth of low-emission electricity production alongside numerous new aspects of global energy transition seen as high-priority tasks in need of funding. The new initiatives comprise electrification growth, construction of infrastructure for transmission and distribution of energy (including grid energy storage), reduced emissions in high-emission and energy-intensive sectors such as steel and cement production and natural climate solutions.

Nevertheless, if we truly want to exploit as much as possible all our potentials and opportunities, it is crucial that all parties cooperate: of the economy, the politics and the regulator.

As a consequence of the global energy crisis, inflation surged bringing to an end a 10-year period of low interest rates. The European Central Bank responded to the crisis and inflation by raising its key interest rates. It actually means that the credit environment is back to normal' and even more so when it comes to the Slovenian banking system that was under huge cost pressure during the period of negative interest rates and sluggish credit demand attributable also to excess liquidity and the macroprudential measures of Banka Slovenije. Successively, net interest margins plummeted to a historical low. As a rule, rising interest rates are good news for credit institutions but only as long as interest rate hikes are not translated into excessive financial burden for borrowers.

In 2022, the total volume of credit increased along with household income and household savings at banks. Nevertheless, the share of loans in GDP or as a share in total assets has not grown and the indebtedness of Slovenian households remains among the lowest in Europe. The volume of consumer credits has drastically decreased since 2008 and it was only in 2022, for the first time after 14 years that the trend reversed. As regards housing loans, the income stratification trend continued also in 2022 in the Slovenian society as over the past three and a half years, those with low income had significantly lower credit standing, and the creditworthy ones had access to the historically cheapest funding and borrowed even at 1.5 per cent fixed rate of interest for a 30-year repayment period. It is a consequence of the irrationally radicalised national regulatory environment.

Also in 2022, the situation called further investments by banking sector in technology development in the area of the provision of financial services, mainly in user experience and also when it comes to security issues. The war in Ukraine and the sanctions led to a surge in exposure to money-laundering and financing of terrorism risks, as well the bank exposure to all forms of cyber risks. With the aim to minimise these risks, the banks and the Association also by working together with other national institutions have been continued to build up the activities serving to raise awareness on how to manage risks inherent in digital operations.

Banks have been also faced more and more with the shortage of talented people. Fewer and fewer people are prepared to take routine jobs. We must therefore standardise, automate, robotise and then digitalise the services of transaction and routine, as well as routine nature as far as possible.

The result of operations in such an environment is low profitability not only of the Slovenian, but also of the entire European banking system and valuation of their shares at unsustainably low levels. As a consequence, we are forced in the banking sector to seek other possibilities and it will lead to higher prices for the services provided in connection with retail accounts, given the fact that for long-term sustainability of their operations, banks have to generate returns that sufficiently increase capital. In terms of operating costs, the Slovenian banking system compares to the most efficient systems and considering a high level of regulation of the sector and demand for investments in technological development and secure operations, does not leave much room for further cost-cutting. All things considered, we have already reduced the headcount drastically in the banking sector alongside the number of branches and banks on the market.

The ever-tighter terms and conditions under which commercial banks are operating in the euro area are pushing them towards consolidation of the European banking system. The same applies to Slovenia's banking sector in which in addition to changing the owner of the Slovenian subsidiary of Sberbanka, there was also another change of ownership in the banking sector, which indicates further mergers in the years ahead.

On the other hand, however, economic recovery after the pandemic and following the consequences of the energy crisis is 'a silver lining' for the banking sector by bringing new opportunities as the awareness of and pressures for sustainable development in the aftermath of the Covid-19 pandemic have soared. The European Commission Green Deal Investment Plan and the objectives in the area of energy independence and diversification of sources hold big promise for the banking sector in terms of financial support to environmentally sustainable projects. When making transition to a net zero-emission society and diversification of energy sources, credit institutions will play one of the most important roles as they are in a position to channel funds into investments socially and environmentally responsible. The risks arising from climate-related changes are becoming significant financial risks and banks started already in 2021 and continued in 2022 to gradually embed those risks in a comprehensive risk management system.

In 2021, the first Slovenian Banking Museum was opened under the patronage of Nova Ljubljanska banka, d. d., and in 2022, Nova Ljubljanska banka d.d. decided to open a gallery on the second and on the third floor to exhibit part of the standing art collection of NLB consisting of the biggest curated collection of modern Slovenian fine art, which is also a national monument NLB protected together with the Ministry of Culture already before the privatisation. Purchasing the works of art for the collection in Slovenia and across the region will be resumed shortly. The project for the opening of Bankarium is linked to financial on the right track

literacy and at the same time has a symbolic note for being part of the national awareness and pride as banking is at home in Slovenia more than 200 years and by adding hosting the art gallery, we are sending another clear message by casting light on the other social role of banking and a message that the key is in cross-border connection of the social sub-systems, in a balance and proportion between gainful activity and other pillars of the society.

In a crisis situation and in the light of fast-changing conditions, which also include historic opportunities, what matters is that the dialogue of the banking sector at the level of the Bank Association runs productively and



efficiently and at a very high professional level with consistence and mutual respect. The banking sector speaks with one voice when it comes to professional directions and the development of the sector, and I believe that we are on the right track and banking is again one of the most important pillars of the society. After all, our actions in the face of the Covid crisis and now with the energy crisis on our hands prove it as we are not a burden the system and public finance but by using our knowledge, liquidity and capital actively participate in finding the least painful way out from a complex situation and at the same time work on making the best of the historic opportunity given to the economy not only of Slovenia but also of the region and the whole Europe.

For their commitment and dedication, I thank all the members of the Association's Supervisory Board, their deputies, members of the committees and working groups operating within the Association's framework, the Association's employees who within their respective fields of expertise made a valuable contribution to efficient work of the Association, as well as to all Slovenian bank professionals as we also in 2022 raised to all the challenges no matter how big or small.

Blaž Brodnjak,  
President of the Supervisory Board of the Bank Association of Slovenia

# Introduction

The activities carried out by the Bank Association of Slovenia – both its employees and the representatives of banks appointed to the Association’s committees and working bodies – were in 2022 still affected by the COVID-19 pandemic. Its negative consequences on the economy were not so harsh as feared at first, but before the situation was stabilised after the pandemic, we had to cope with an energy crisis and upward pressures on costs of energy and raw materials as the effect of the Russian aggression on Ukraine having a bearing on the global and consequently also on the European and Slovenian economy. At the same time, the pandemic accelerated the digitalisation processes as the economic conditions, as the consequences of the Ukraine war, give impetus to the efforts for achieving the strategic objectives in the context of sustainable transition.

The Bank Association provided support to the banking sector in different areas of operations, including liaising with the relevant institutions on the preparation of measures and their implementation, as well as with the European and national regulatory changes, aligning operational questions and disseminating information to the general public, the population above all, regarding the impact of the sanctions and other circumstances on how financial transactions are executed, in as transparent a form as possible.

Regulatory changes in other areas of the banking sector operations had important influence also on the activities of the Bank Association in the course of 2022 mainly in relation to the following:

- the preparation of the activities aimed at fostering investments that are environmentally sustainable over a long term,
- the management of risks posed by digitalisation,
- payment systems, and
- cyber security.

The Bank Association continued also in 2022 to strengthen the collaboration with different sectors of the economy (the chambers providing support to commerce and industry, to tourism and to small businesses) and the ministries, above all with the Ministry of Finance, the Ministry of Justice, Ministry of the Economy, Administration of the Republic of Slovenia for Public Payments, SI-CERT, Police and the judiciary, as well as with the Institute of Macroeconomic Analysis and Development, Geodetic Institute of Slovenia and other institutions and also with different banking associations in EU Member States.

The cooperation with the representatives of the banking sector within the framework of the European Banking Federation (EBF) was intensified mostly in the areas of strategic importance also for the Slovenian banking system (digitalisation, cyber security, environmentally sustainable financing and bank regulation).

To that end, the Bank Association successfully continued work on the adjustment of its in-house operations and, notwithstanding the necessary investments in adjusting the business processes and carrying out the strategy of gradual overhaul of its IT-architecture, it managed to reduce significantly its overall operating costs.

All operating operational objects set out in the Association's Programme of Activities for 2022 were attained, save for those which, due to their nature and content, feature also in the Programme of Activities for 2023. In 2022, in addition to the realisation of the Programme of Activities, many additional tasks were performed mostly in connection with the activities in the area of the environmental, social in governance factors (the ESG factors) and the implementation of the sanctions imposed in response to the Russian aggression against Ukraine and monitoring their effects on the economy and financial stability.

The activities of the Bank Association were also in 2022 founded on the following strategic objectives:

- reputation,
- financing the real sector, new products and green economy,
- regulation and supervision,

- digital transformation, and
- consumer protection.

When it comes to interactions with stakeholders, we were consistently implementing the Association's communication strategy in all segments from general communication to education and training activities to publishing, in effort to raise reputation and trust in banks and to boost awareness of the significance and knowledge of the area of banking and finance in public, both general and professional.

Within the framework of the activities on building public awareness in the course of 2022, the Bank Association gave a strong impetus to its proactive activities especially when it comes to public awareness of cyber frauds and how to shield themselves against them. We managed to include this topic in the morning programme of Televizija Slovenije. The descriptions of the most frequent cyber and other frauds and tips how to protect oneself against them have been on since autumn 2022 every first Wednesday of a month.

One press conference was scheduled and four were held as shown below:

- in January the topic was the current situation in the banking sector and the impact of the central bank's macroprudential measures,
- in February after the motion for the constitutional review of the Act on Limitation and Distribution of Currency Risk between Lenders and Borrowers of Swiss Franc Credit (ZOPVTKK) was filed with the Constitutional Court of Republic of Slovenia and the proposal for temporary suspension of that act,
- in May in response to the activities of the non-governmental organisation Zavod KOLEKTIV99 and the Slovenian Consumers Association concerning the application of the EURIBOR interest rate on lending, and
- in November on abuses in the field of electronic operations.

Until the beginning of December, the Bank Association of Slovenia was cited or mentioned in as many as 1301 media releases (in the same period a year earlier: 413). It is a noteworthy increase.

In terms of the Bank Association's media visibility, we can see that the matters communicated by the Association, in addition to the prominent national media, are also published in the local media and thus considerably improving the positioning of the Bank Association.

On the basis of the analysis made and the statistics kept (positive, neutral or negative publication), we see a continuing gradual rise of the reputation of the banking sector.

In 2022, the overhaul of the website and the extranet started in 2021, was completed.

Also in the education and training area, all the planned objectives were achieved and exceeded both in terms of more e-learning events and putting in place new training programmes and updating the existing ones. The training programmes attracted a record- high number of participants. Moreover, we increased the scope of the activities in relation to financial literacy for the young people and senior citizens and continued to foster collaboration with the stakeholders in Slovenia and in Europe. The head of Training centra of the Bank Association chaired the European Banking & Financial Services Training Association (EBTN).

These activities included, but were not limited to the following:

- Standardising the request for credit approval for small and medium-sized enterprises,
- Polling the representatives of the banks' risk management departments on the key present and expected risks associated with bank operations,
- Carrying out the banking sector's initiative for exporting data published on the portal Atlas Voda (Water Atlas) required to fulfil the regulatory requirements for banks in the field of management climate and environmental risks, as well as a number of initiatives for the provision of data on real estate relevant from the environmental angle, from different public data collections,
- Dealing with the issue concerning the implementation of the EBA's Guidelines on loan origination and monitoring that refer to the procedures relating to management of credit collateral portfolio,

- Discussing climate risk stress tests, mass data processing, ESG factors modelling and modelling liquidity and interest rate risks, a smaller working group of interested members embarked on a joint pilot project: The implementation of the methodology for the calculation of climate-adjusted probability of default in the Slovenian banking system. The project was successfully carried out and its results were delivered to the members – sponsors of the project to be used in practice in the last quarter of 2022,
- Challenges arising from modelling core and stable deposits in the light of liquidity risk and interest rate risk,
- Pooled annual audit reviews of outsourced providers in accordance with the provisions laid down in the EBA Guidelines on outsourcing arrangements,
- Addressing the banks' readiness to cope with power outage scenarios,
- The proposal for amending the risk management guidelines by adding ESG factors and also added other improvements of the content, in particular in the chapter on interest rate risk management and credit spread risk, in which the expectations arise from the last year's EBA guidelines on IRRBB and CSRBB,
- Examination the results of the project for the application of the EU taxonomy on the key banking products and the EBF positions in consultation processes in the ESG area (e.g.: the proposal of the Basel Committee for Banking Supervision from "The Principles for the Effective Management and Supervision of Climate-Related Financial Risks" or the Implementing Technical Standards (ITS) on Pillar 3 disclosures on ESG risks),
- Preparation of the reference »ESG-the questionnaire«, prepared in Excel format and divided in four thematic sections with a total of 224 questions,
- Drafting a list of environmental financial data banks will need for disclosures for the financial year 2022 on the basis of the Commission Delegated Regulation (EU) 2021/2178, and
- Recommendation for banks to use the PCAF-developed methodology as one of the most authoritative global standards for measuring and disclosing the greenhouse gas emissions associated with their loans and investments and prepared a document based on that standard containing the guidelines for the use of the PCAF standard to account for their financed emissions in practice.

In the field of tax-related matters, the following activities are also worth mentioning:

- Implementation of specific customer identification procedures to obtain information on the country (or more than one country) in which the applicant is a tax resident and transmitting the prescribed data on the applicant and their financial transactions to each of those jurisdictions, and
- Specification of type of income pursuant to tax regulations and the payout procedure in the T2S system – uniformity of tax treatment, and the rules on the recognition of interest expenses (Corporate Income Tax Act 2 – ZDDPO-2).

Within the framework of national legislative procedures, we took part, among other things, in drafting comments concerning the following laws (in certain cases sent to the National Assembly Republic of Slovenia as amendments):

- The Prevention of Money Laundering and Terrorist Financing Act (ZPPD-FT),
- The act amending the Banking Act (ZBan),
- The new Customer Protection Act (ZVPot),
- The act amending the Act on Financial Operations, Insolvency Procedures and Compulsory Termination (ZFPPIPP),
- The Personal Data Protection Act (ZVOP),
- The Act on the Protection of Whistleblowers (ZZPri) and the Enforcement and Security Act (ZIZ), and
- Last but not least, the act amending the Companies Act (ZGD).
- We were also involved in the consultation concerning the proposal Act on Housing Guarantee Scheme for Young People (ZSJSM) and the implementing decree for that act.

In addition, there was a host of the activities carried out in relation to the loans denominated in Swiss Francs, collective damage actions initiated by Zavod Kolektiv99, interpretations of judgements, in particular of the ECJ's Judgment C-383/18 (the so-called Lexitor judgement), with the central bank and the competent ministry we worked on reaching common understanding of cashing debt enforcement instruments (*izvršnica*), frauds in relation to cashing bills of exchange and abuse of on-line payments, that

is, when using digital payment services. The preparatory activities were launched for drafting the so-called fall-back clauses for EURIBOR. The list of indicators to identify suspicious transactions was also prepared.

With the aim to facilitate operations in the uncertain economic environment caused by the Ukraine war and the energy crisis, a draft of a law was prepared in cooperation with the Chamber of Commerce and Industry (GZS) on the guarantee of the Republic of Slovenia for loans to be granted by banks to companies with liquidity problems due to the energy crisis. The proposed law is in conformity with the Temporary Crisis Framework adopted by the European Commission for state aid measures and support to the economy.

Within the framework of the European legislation, the activities at the forefront concerned the following areas:

- Drafting the Regulation on digital identification,
- Reporting on incidents as set out in Network and Information Security Directive 2 (NIS2),
- Proposal for a Regulation of the European Parliament and of the Council on digital operational resilience for the financial sector (DORA),
- Developing a pan-European framework for alignment in case of systemic cyber incidents considering the proposal Regulation on digital operational resilience,
- Consultation concerning the EBA's Discussion Paper on its preliminary observations on selected payment fraud data under the Payment Services Directive (PSD2),
- Preparing the European draft Cybersecurity Certification Scheme for Cloud Services (EUCCS),
- Consultation with the European Commission regarding the Regulation on Cyber Resilience (CRA),
- Preparing the analysis of the cyber security market in the computing field in cloud within the framework of the European Union Agency for Cybersecurity (ENISA),
- The survey conducted by ENISA on the use of cyber insurance,
- Consultation of the Basel Committee on Banking Supervision (BCBS) on prudential treatment of cryptoasset exposures, and
- Consultation within the framework of the Committee for financial Sta-



bility on achieving a higher level of convergence in reporting on cyber incidents.

On the subject of payment services, we give special mention to the following:

- The activities in relation to the scheduled migration of volumes from the BIPS IKP solution to the BIPS IP solutions. In August 2021, Bankart informed the banks of the current situation regarding the migration of the Bankart technical account from TARGET2 to TIPS for which the European Central Bank (ECB) had granted a derogation enabling to settle in addition to the SCT Inst transactions, also the SCT transactions,
- Carrying out the controls laid down in the Anti-Money Laundering Directive (AMLD), ensuring payment of pension benefits through the IP system and setting up alternative solutions for IP orders processing,
- Adopting the decision to discontinue as of 1 January 2023 the service of controlling the adequacy of the QR-code on the UPNQR form shall be discontinued. The service carried out for the banks by an outsourced provider was put in place with the aim to provide for the continuity of the high quality of the payment services data at the change-over from the UPN form (with the OCR-line) to the UPNQR form. The data relating to the cleared issuers and licensed printing firms together with the accompanying technical documentation will be published in the future on the public pages of the Bank Association,
- Adopting the decision to upgrade the IzvrsbeXML standard and to sign a contract with the outsourced provider for the second phase of the electronic exchange of decisions on payment enforcement between issuers and banks. A new working group for the project implementation was also appointed in which, alongside the representatives of banks, there were also the representatives of FURS as the biggest issuer of payment enforcement decisions for the purpose of giving impetus to the operational activities involving the outsourced provider,
- In the area of electronic exchange of payment services data with the national authorities the activities continued on launching the data exchange with the Police. The banks performed adequate testing of data exchange through a safe e-mail box, while at the same time, also the activities were carried out for drafting unified instructions, that is, an agreement between the Police and the Bank Association,

- Implementation of the changes to the limit amount in contactless card payments from EUR 25 to EUR 50,
- Harmonisation of the positions the banking community had in relation to the proposal tabled by Banka Slovenije on strong customer authentication (SCA) for card payment transactions within the framework of e-store.

Within the framework of informatics, in addition to the steps taken in the direction of informatics development and security strengthening, we paid attention, among other things, to the activities in relation to the Integrated Reporting Framework (IReF), given the fact that the present statistical integrated framework for reporting would be extended also to reporting on supervision and resolution. Strengthening of the link between the Banks' Integrated Reporting Dictionary (BIRD) and IReF is also expected. The activity on drafting an ECB regulation on the IReF will follow in 2023.

Within the framework of cyber security, some of the most important topics addressed in addition to the regulatory changes at the European level were:

- The European Payment Council's initiative regarding the SEPA-wide MISP,
- Sharing information on the forms of fraud,
- Reports on the activities of the working group for cyber security at the EBF,
- Setting up MISP in banks and savings banks for information sharing; four member banks successfully set up data sharing with SI-CERT through the MISP platform and reported on positive experiences and usefulness of the solutions, and the activities will continue also in 2023,
- raising public awareness of cyber frauds.

The collaboration with SI-CERT and the Police was considerably enhanced as well.

When it comes to consumer protection, we bring to the fore the activities in connection with:

- Digital transformation (digitalisation procedures, enable customer identification using remote access), and
- Consumer data protection (implementation of changes to legislation governing consumer protection, consumer credit and the new developments in the field of payment services) and
- Collaboration with eSeniorji (eSeniors).

The education and training activities should be noted too, particularly those designed to boost financial literacy, those that contribute to a greater knowledge of finance and, in turn, raise the level of security when conducting financial transactions and keep safe in the face of data abuse and frauds.

All the activities were constantly monitored and steered by the members of the Association's Supervisory Board, whom I thank for their clear guidance and support of all the Association's activities. I should also like to thank all members of the committees and other working bodies, as well as all the Association's employees for their professional and enthusiastic work for the benefit of the banking sector and clients.

Stanislava Zadavec Capriolo, M.Sc.,  
Director of the Bank Association of Slovenia

# Governance structure of the Bank Association of Slovenia

- General Meeting
- Supervisory Board
- Director: mag. Stanislava Zadavec Capriolo

## Members of the Supervisory Board\*

**Blaž Brodnjak**, President of the Supervisory Board, Nova Ljubljanska banka, d. d.

**mag. Vojka Ravbar**, Deputy President of the Supervisory Board, SKB banka, d. d.

**mag. Sabina Župec Kranjc**, Deputy President of the Supervisory Board, Nova Kreditna banka Maribor, d. d.

**Tomaz Šalamon**, Banka Sparkasse, d. d.

**Andrej Andoljšek**, Addiko bank, d. d.

**Lorenzo Ramajola**, UniCredit Banka Slovenija, d. d.

**Jozef Kausich**, Banka Intesa Sanpaolo, d. d.

**Mario Henjak**, Gorenjska banka, d. d.

**Heribert Fernau**, N Banka, d. d.

**Klemen Bajt**, Primorska hranilnica Vipava, d. d.

**Renato Založnik**, Delavska hranilnica, d. d.

**Damijan Dolinar**, SID banka, d. d.

**Igo Gruden**, Hranilnica Lon, d. d.

**Dimitrij Pregelj**, BKS Bank Ag, Branch

**Mitja Otorepec**, Summit Leasing Slovenija, d. o. o.

\* As at 31 December 2022.

## Alternate members of the Supervisory Board\*

**Andrej Lasič**, Nova Ljubljanska banka, d. d.  
**Anita Stojčevska**, SKB banka, d. d.  
**Matej Falatov**, Nova Kreditna banka Maribor, d. d.  
**Thomas Jurkowitsch**, Banka Sparkasse, d. d.  
**Anja Božac**, Addiko bank, d. d.  
**Marta Koželj Lakner**, UniCredit Banka Slovenija, d. d.  
**Mojca Kovač**, Banka Intesa Sanpaolo, d. d.  
**Marko Filipčič**, Gorenjska banka, d. d.  
**Martin Mavrič**, N Banka, d. d.  
**Matej Breclj**, Primorska hranilnica Vipava, d. d.  
**Jasna Mesić**, Delavska hranilnica, d. d.  
**Stanka Šarc Majdič**, SID banka, d. d.  
**Rudi Žeslin**, Hranilnica Lon, d. d.  
**Damijan Hempt**, BKS Bank Ag, Branch  
**Andrej Pucer**, NLB Lease & Go, d. o. o.

\* As at 31 December 2022.

## Selected macroeconomic data for Slovenia

	2022	2021
Real GDP growth (in %)	5.4	8.2
Nominal GDP (EUR million)	58,989	52,208
GDP per capita (EUR million)	27,975	24,770
General government deficit (net borrowing) (EUR million)	339	339
Consolidated government debt (EUR million)	41,244	40,134

Source: Statistical Office of the Republic of Slovenia (Surs).

## Selected data for the Slovenian banking sector

(EUR million)	2022	2021
Total assets	50,600	48,252
Shareholder equity	5,151	5,061
Loans to non-banking sector	10,487	9,300
Loans to Households	12,138	11,263
Liabilities to non-banking sector	9,710	8,998
Liabilities to Households	25,784	23,953
Net interest	747.8	625.2
Gross income	1,315.1	1,205.6
Operating costs	-758.3	-717.1
Profit after tax	498.7	525.3

Source: Monthly Report on Bank Performance, Banka Slovenije, February 2023.

# Activities of the Bank Association of Slovenia in 2022

## Economics of banking operations

The area of the economics of banking operations, which in addition to the functions of the second and the third »line of defence« – risk management and internal audit – covers also accounting for the banking sector, taxation and prudential reporting to regulatory, supervisory and tax authorities, put together its activities through three committees – for risk management, for internal audit and for accounting and, in the face of the current trends in the field of green transition, also within the framework of a special working group for sustainable finance set up in 2021.

Carrying out the tasks assigned and dealing with the challenges as they emerged went on through the aforementioned committees and the working groups operating under their umbrella (the working groups for collateral, for modelling, for operational risk, for liquidity, interest rate and market risk, for tax matters, for reporting, for International Financial Reporting Standards (IFRS), for the regulations on automatic exchange of information on financial accounts (AEOI) and foreign account tax compliance (FATCA), and the working group for sustainable finance). On top of their usual tasks, the activities of the Association's working bodies in 2022 were shaped largely by the circumstances connected with the Russian-Ukrainian conflict and the energy crisis, higher operational risk, transition to low-carbon society and the new regulatory requirements concerning the incorpora-

tion of the environmental, social and governance factors (the so-called ESG factors) in the banking processes.

Due to newly created needs, specialised, *ad hoc* working groups were established or continued their work and mostly tasked with sustainable finance and the incorporation of the ESG factors in the risk management processes, as well as with online payments frauds and enforcement of the new rules put in place by banking and other supervisory authorities. All the aforementioned working bodies, both standing and *ad hoc* ones, followed the strategic directions comprised in the Programme of Activities of the Bank Association for 2022 practically in all five areas as set out below:

1. Reputation: strategic communication and positioning vis-à-vis other stakeholders and enhancing mutual cooperation, organisation of experts' meetings and training events;
2. Banking regulation and supervision: credit, liquidity, interest rate and operational risks management, climate-related and environmental risks, sustainable financing, incorporation of ESG factors in banking processes, compliance with the requirements for disclosures in the ESG area, and reporting on the basis of the FACTA and the OECD standard;
3. Digital transformation: digitalisation and standardisation procedures, data acquisition, use of statistical models, cyber security;
4. Financing the real sector: product adjustment primarily in the context of funding sustainable transformation of the economy;
5. Consumer protection: mostly with a view to eliminate or reduce unnecessary administrative workload and boost effectiveness of operating procedures.

In particular, the activities were focused on:

- The assessment and mitigation of the negative impact of the Russian aggression on Ukraine and the ensuing energy crisis on performance of companies and the banking sector;
- Risk management methods and procedures with the emphasis on effective and prudent credit risk management (credit portfolio management against the backdrop of rising uncertainty);
- Inclusion of ESG factors in the risk management processes mainly in the field of credit, liquidity and market risks, as well as in credit collateral management, operational risk, portfolio analyses, climate stress testing



and in the preparation of a reference form/template for obtaining data for the evaluation of customers' ESG profile and the prescribed disclosures;

- Upgrading the recommendations and guidelines for the banking sector in the field of operational, liquidity, interest rate and market risks management (in particular in view of ESG factors and the new regulatory requirements);
- Conducting risk assessments and pooled audit reviews of the most important outsourced providers of services to banks and savings banks;
- Updating and upgrading the existing and the preparation of new documents referring to internal procedures, valid regulatory rules and showcasing best practice in the relevant area of work;
- Giving initiatives, making proposals and comments, and asking questions in connection with changes to legislation, that is, enforcement of regulatory rules both at the European and at the local level, and enhancing information exchange;
- Intensification of dialogue, communication and cooperation with different stakeholders both at the national and at the international level.

## Risk Management Committee

At three regular meetings held in 2022 and by means of frequent electronic correspondence, the Committee examined topical matters from the area of managing risks in banks and savings banks, resolved dilemmas and practical issues, coordinated and launched initiatives, acknowledged changes to the regulatory environment, conducted surveys and analysed their results and engaged in a proactive dialogue with the key stakeholders.

In February 2022, following the Committee's initiative, a new specialised working group was formed and tasked with the preparation of a proposal for a reference questionnaire the members of the Bank Association could use to obtain information they need to assess ESG risks of companies they finance. It would also be a useful tool for tapping data necessary for fulfilling the reporting requirements and the requirements for disclosures in the ESG area.<sup>1</sup>

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<sup>1</sup> Further information about the working group's activities and results is provided in the section on the working group for sustainable financing (see below).

The Committee adopted at its meeting held in March, the decision to amend its fundamental document – Guidelines on risk management. After updating the Guidelines in 2021 largely by adding the ESG-related contents relevant to credit risk management, the Committee set the objective to add also the contents referring to the incorporation of ESG factors in the non-credit risk management processes. To that end, the operational risk working group prepared proposals for amendments for the area of operational risk management, while for the area of liquidity, interest rate and market risk, amendments were drafted by the newly established working group on management of liquidity, interest rate and market risk. The updated version of the Guidelines was approved on 21 December 2022 at the regular meeting of the Supervisory Board and then published on the Bank Association's website.

As the economic conditions took a downward turn, the Committee was monitoring macroeconomic trends all year long and continued to meet on a regular basis with the representatives of the Institute for Macroeconomic Analysis and Development (UMAR), Banka Slovenije and the Chamber of Commerce and Industry (GZS) at which the participants discussed the forward-looking projections of movements in macroeconomic categories and the trends identified in operations of different sectors of the economy. The Committee members kept up to date with the latest information in connection with the crisis in Ukraine (sanctions and restrictions imposed by Western countries, Russia's countermeasures, impact of the macroeconomic aggregate on banks' credit portfolios ...), as well as with the activities carried out by other working bodies of the Bank Association in response to the changes to the conditions of operation.

As regards regulatory issues, the Committee paid great attention to a proposal for the new EBA's Guidelines on management of interest rate risk and credit spread risk in the banking book and the appurtenant regulatory technical standards. For the purpose of an in-depth study of the new documents, the Committee appointed a new working group with a permanent mandate – the working group for liquidity, interest rate and market risk. Furthermore, the Committee adopted a stance with regard to a contractual clause to protect banks against negative reference rate. According to the Committee, such a clause is important to ensure adequate (minimum)

compensation for credit risk taken on as laid down in the EBA's Guidelines on loan origination and monitoring, whereas in connection with the arguments against setting the upper limit for reference interest rate (so-called interest rate cap), the Committee warned that it could expose banks even more to interest rate risk that should be compensated (in the light of the requirements set out in the aforementioned EBA's guidelines) by higher requested yield on such loans or a bank should hedge against that risk and both would result in higher costs for consumers.

The Committee followed on a regular basis the work of the Chamber of Accounting Services at the Chamber of Commerce and Industry (GZS) on the project for the standardisation of financial disclosures on operations of especially small and medium-sized enterprises (FRP Standard project). The Committee approached the member institutions in effort to work out a way for the implementation of the FRP Standard in practice and also organised a presentation of the solutions for automated approval of loans. In addition, the Committee gave the initiative to standardise the loan request form used by small and medium-sized enterprises. In addition, it launched the initiative to discontinue discretionary right of Banka Slovenije used by the central bank to stipulate that for exposures secured by mortgages on residential property, a 35% risk weight can be used only up to 60% of the market value of the property in question, notwithstanding Article 125(2) of the Capital Requirements Regulation (CRR) that enables the 35% risk weight to may be applied to up to 80% of the market value of the property in question.

The Committee conducted surveys among the Association's members falling within the scope of its field of expertise (for example: new EBA's guidelines on interest rate risk and credit spread risk in the banking book, reserve locations of outsourced providers, collateral valuation, scenarios within the framework of emergency tests) and examined their results and resolved any dilemmas during discussion and provided directions. In August, the Committee conducted its traditional polling of the representatives of the risk management departments at banks on the key current and expected risks associated with banking operations. The results revealed rising credit and market risk, the biggest change however indicating a growing probability and impact was identified in relation to interest rate risk. An increased

tendency was also detected in relation to climate, that is, environmental risks but these are of lesser importance; the lack of available data however appears to be the biggest challenge for managing those risks adequately. The Committee also looked into the results of the similar studies conducted at the local level (for example: Banka Slovenije), at the European level (for example: EBA, ECB, ESRB) and at the global level (McKinsey, WEF, Eurasia Group).

In October 2022, the traditional conference of experts was held, and the spotlight was on challenges posed by risk management in banks and savings banks. It was the main event of the Committee, which focused on themes framed by the key orientations of the Association's work. They were grouped in three modules by their substance: macroeconomic conditions and forecasts, sustainable finance, and regulatory, and supervisory practice. Once again, the conference was reaffirmed as a high-profile forum for sharing knowledge, views, positions and best practices enabling the participants, also by organising lectures given by renowned foreign experts, to get a broad view of the dynamics the development of different risks and the way to manage those risks.

The Committee and the working groups operating within the Committee's framework prepared in 2021 a substantive outline of risk management published in the journal for money and banking *Bančni Vestnik* and circulated through other communication channels to the public and in that way contributed to transmitting relevant information to a wider circle of stakeholders. Above all, it should boost awareness of abuses in relation to payments and ensure continuous operations of the banking sector as part of the critical infrastructure in the context of the energy crisis.

As already mentioned above, topicality, significance and complexity of the issues related to the integration of the ESG factors and the topicality of managing credit and operational risks, required intensive work of both standing and ad hoc working groups, which operate within the framework of the Committee and which the Committee coordinates and channels. The activities and contribution made by all those working groups are presented below.

## Working Group on Collateral

In the course of 2022, the working group held four regular meetings and its activities were oriented primarily to the area of climate-related and environmental risks in relation to management of collateral portfolios. In that context, the working group (and a special expert working group set up within its framework) addressed practical matters when using the form for the preparation of a summary report on the immoveable property valuation for secured lending expanded in 2021 by adding new fields to enter data necessary for the assessment of environmental impact of buildings and the impact the environment has on real estate.<sup>2</sup> At the annual conference of valuers, the working group's representatives organised by the Slovenian Institute of Auditors (SIR) presented the contents referring to the expectations of bank regulators and supervisors, and practical experience gained by using the expanded form. Moreover, the issues connected with conducting climate risk stress tests and the data obtained for that purpose or assessed (for example: concerning CO<sub>2</sub> emissions of residential and commercial properties). With the representatives of the Water Directorate of the Republic of Slovenia and the Ministry of Public Administration the working group held a meeting in March and on that occasion, the banking sector's initiative to provide for exporting data published on the portal Atlas Voda (Water Atlas) required to fulfil the regulatory requirements for banks in the field of management climate and environmental risks.

Of the topical issues, the issues addressed also concerned the ECB criteria for classification in four different dry areas and the inclusion of climate and environmental factors in the immoveable property valuation procedure and the working group also launched a number of initiatives for obtaining data on real estate relevant from the environmental point of view from different public data collections.

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2 In addition to the fields to enter data from the energy performance certificate (hereinafter: EI), the form also features other information such as, for example, date of issuance, energy class of the building, measure CO<sub>2</sub> emission and the required primary energy of the building, and the fields have been added for energy efficiency assessment of the building in case that no EI has been issued for it – these are the fields to tick the type of heating and thermal insulation of the building. In terms of the assessment of climate- and environment-related impacts on the real estate, another field has been added to assess flood risk based on the prevailing flood risk of land parcels.

The working group conducted numerous polls among its members, among other things in relation to the matters referring to the acquisition and validation of immovable property valuations prepared by external valuers.

The working group played an active role in launching the aforementioned initiative to discontinue discretionary right of Banka Slovenije used by the central bank to stipulate that for exposures secured by mortgages on residential property, a 35% risk weight can be used only up to 60% of the market value of the property in question, notwithstanding Article 125(2) of the Capital Requirements Regulation that enables the 35% risk weight to may be applied to up to 80% of the market value of the property in question. The working group's arguments were mostly founded on the announced additional capital charges imposed by Banka Slovenije effective from 1 January 2023 derived from the effective Regulation on macroprudential restrictions on consumer lending, as well as on extremely low realised historic losses in that business segment.

The working group was actively involved in the project launched by the company Bankart for putting in place electronic data exchange on insurance policy vinculation between banks, savings banks and insurance and also participated in drafting the questions in relation to the implementation of the Act on Housing Guarantee Scheme for Young People (ZSJSM) and appurtenant regulations. Its members tracked the announced changes to the information system of the immovable property cadastre to be carried out by the Surveying and Mapping Authority of the Republic of Slovenia (GURS) and dealt with the questions asked in relation to the implementation of the EBA's Guidelines on loan origination and monitoring that refer to the procedures concerning management of credit collateral portfolio (the first and the following valuation, the requirements for valuers, monitoring values ...). In the field of banking legislation, the working group examined the criteria followed to determine adequacy of collateral provided for exposures secured by commercial properties.

### **Risk Modelling Working Group**

At ten regular meetings held over 2022, the working group identified the priority areas of its activities – on the basis of the survey results, its members identified as the most topical issues to be discussed in more detail also

in the future management of model risk, climate stress tests, mass data processing, ESG factors modelling, and modelling liquidity and interest rate risk.

The working group first channelled most of its activities in the expert debate on the challenges, traps and dilemmas associated with model risk management starting with the base model risk definition (on the basis of the prepared calculation mechanisms cases). The presentation followed given by an outsourced expert for assessing probability of default (PD) in the context of climate stress tests and there was also a separate presentation of possible approaches to the calculation of climate-adjusted probability of default. On the basis of that presentation and considering the clients' needs, a smaller working group of interested members embarked on a joint pilot project: The implementation of the methodology for the calculation of climate-adjusted probability of default in the Slovenian banking system. The project was successfully carried out and its results were delivered to the members – sponsors of the project to be used in practice in the last quarter of 2022.

Due to significant changes to the key macroeconomic variables (interest rates, inflation ...), at its September and October meetings, the working group discussed in-depth the impact of rising inflation and reference interest rates on risk modelling, that is, more specifically, on the adequacy of the existing models. Because of the profound structural changes, its members recognised threats to the reliability of the models for liquidity, interest rate and credit risk and prepared a list of possible solutions and mitigation strategies. Together with the working group for liquidity, interest rate and market risk, it held a meeting at which the challenges of modelling »core« and »stable« deposits with regard to liquidity and interest rate risk were examined in terms of their content and modelling. A list was prepared of regulatory definitions in that field and the differences between them, and in connection with the key questions, a comprehensive poll sheet was prepared. The survey results will be examined in detail in 2023. The working group recognised some specific challenges also in relation to operational risk modelling and they were discussed at a joint meeting with the representatives of the working group for operational risk in January this year.

The working group continued professional collaboration with the representatives of the Institute of Macroeconomic Analysis and Development (UMAR) and together with the interested members of the umbrella Committee and of the Corporate Committee attended the presentation of the latest macroeconomic forecasts. The working group also collaborated in the preparation of a seminar on modelling in banking organised in May by the Training Centre of the Bank Association. The seminar is a traditional annual gathering of modelling experts. Among the topics of discussions were modern approaches to modelling credit risk parameters and use of Artificial Intelligence, model management and model risk, operating data warehouses for the needs of modelling and advanced analytics in banking, incorporation of the ESG factors in models and climate risk stress testing.

### **Working Group on Operational Risk**

After the work of this working group was successfully completed in 2020 by preparing a common (harmonised) verification questionnaire for conducting regular annual reviews of outsourced services providers, the working group's activities in 2022 were directed toward its further harmonisation and amendments, as well as toward the alignment of the polling procedures on the basis of experiences gained by conducting the survey a year earlier. To that end, given the importance of the ESG-related issues, the questionnaire was upgraded with the new questions that should enable the members of the Bank Association to obtain additional information on environmental, social and governance aspects, that is, risks, associated with their contracting partners. With the objective of simplifying the procedures, the questionnaire was sent to six most important outsourced providers to be completed centrally from the Bank Association. In addition, the working group for outsourcing arrangements set up a special working group tasked with the preparation of the criteria for referencing contracting partners among outsourced service providers on the basis of regulatory guidelines and the definition of outsourced important functions.

The representatives of the working group also took part in the activities of the specialised working group for the prevention of payment frauds. That working group prepared back in 2021 the updated version of the Recommendations for clients and banks with the aim to produce a comprehensive document and thus contribute effectively to public trust and reliable and secure payment services of banks and savings banks. In 2022, following



the decision of the Supervisory Board of the Bank Association, the working group reviewed the Recommendations in the light of topicality due to rising incidence of abuse and ever new forms of frauds, hence it will continue its work and review the document on a regular basis (at least every six months) and, if needed, update it. For the same reason, the working group also enhanced communication with general public – its representatives appeared in a number of broadcasts designed to boost awareness of payment services users of frauds and engaged in a discussion with SI-CERT with regard to reporting on frauds and security incidents.

In view of the increased risk of electrical blackouts, the working group also prepared banks for such a scenario, while its members were involved in the preparation of an article on possible effects of a hypothetical power outage on the continuity of the provision of banking services. As a threat of cyber-attacks increased, a call was prepared to outsourced service providers to prepare an analysis of readiness for a potential cyber-attack.

On the basis of the programme of activities of the umbrella Committee for 2022 and the decision adopted at the 48<sup>th</sup> regular meeting of that Committee in March 2022, the working group tabled a proposal to amend the Association's guidelines for risk management by adding the issues relating the including of the ESG factors in the procedures for operational risk management.

At its last out of seven meetings held in the course of 2022, the working group took note of the results of the analyses made by the committees of the Bank Association of current risks in banking operations. Also in the course of 2022, the head and the coordinator of the working group were involved in the training activity of the Bank Association and presented operational risk management in the regular programme of the Banking School and participated in bringing the Banking Operations textbook up to date.

### **Working Group on Liquidity, Interest Rate and Market Risk**

Considering the high importance of liquidity and interest rate risk management, as well as the objective of the umbrella Committee to amend the Association's guidelines for risk management by adding contents in relation to the incorporation of ESG factors in the risk management processes, a new working group with a permanent mandate was appointed in 2022.

Therefore, the working group drafted a proposal for amending the risk management guidelines by adding ESG factors and also added other improvements of the content, in particular in the chapter on interest rate risk management and credit spread risk, in which the expectations arise from the last year's EBA guidelines on IRRBB and CSRBB. To that end, the working group already examined the draft EBA guidelines and the proposal for appurtenant regulatory technical standards. It will thoroughly examine the final version and resolve any dilemmas, those most pressing also with the representatives of the regulator, if needed, at the meetings held during 2023, and document the adopted positions and arguments.

Within the framework of its regular meetings, the working group addressed numerous matters and dilemmas emerging in practice (for example: model validation, sight deposits treatment against the backdrop of rising interest rates, setting limits on interest rate risk in the banking book, discussing and endorsing strategies and policies for the management of liquidity, interest rate and market risk, conducting intraday emergency tests).

Together with the working group for modelling, in November and in December at the last of the seven meetings, the working group thoroughly examined the challenges when modelling core and stable deposits against the backdrop of liquidity and interest rate risk. The two working groups harmonised the questions for the survey of core and stable deposits. The survey was prepared in December and its results discussed in January 2023.

## Internal Audit Committee

The Committee's mission is efficient exchange of experiences, knowledge and best practice in internal auditing, keeping abreast with the regulations governing internal audit and current risks facing banking operations and strengthening professional skills of internal audit function in banks and savings banks.

The Committee members discussed at four regular meetings a broad spectre of current topics in relation to the work of internal auditors, shared experiences and expressed their positions vis-à-vis key contents. They kept

up to date with the activities carried out by the committees engaged in complementary lines of work and current regulatory changes (above all in the field of ESG); within the framework of the meetings with the working group for operational risk, they joined the discussion led by experts about upgrading the procedures for managing risks associated with outsourcing arrangements, that is, exchanged information with the representatives of the first and the second line of defence.

As in 2021, the focal point of the Committee's activities was on the preparation and coordination of pooled audits conducted by outsourced service providers in accordance with the provisions laid down in the EBA Guidelines on outsourcing arrangements. In Article 91, the Guidelines leaves to institutions outsourcing services to use, in addition to using independent review at the location of the service provider, also pooled audits by the representatives of the Association's members or by third parties. After choosing the pooled audit based on its numerous advantages for banks and savings banks, as well as for outsourced service providers, the Committee entrusted the task to international specialised audit firms. In order to carry out that decision and in view of the experiences acquired from two such projects in the course of 2021, the Committee commissioned two new audits and through a specially appointed coordination group was giving directions and worked with the appointed provider of the pooled audit service. One audit ended in November and the second one is expected to be completed in the first quarter of this year. In addition, the Committee has already carried out all the procedures necessary for conducting pooled audits by two other outsourced service providers in the current year. The Committee was monitoring the recommendations given by the banks and savings banks as the clients after two pooled audits. The credit institutions with the internal audit function in place were relying on the independent reports of their in-house internal auditors, while others outsourced auditors also to verify the implementation of the EBA recommendations.

The Committee members prepared the traditional annual survey on current risks and it was conducted in August with some other committees, but for the first time, the layout of the survey was the same (and consequently fully comparable) as the layout used by other committees. The results of the survey were examined in detail at the regular Committee meeting

in September together with the findings produced by the similar national and international analyses.

Also in 2022, the Committee members examined and endorsed the list of the key contents of the annual report referring to the internal audit function on the basis of the provisions set out in the Companies Act (ZGD) and the Banking Act (ZBan), and reviewed and updated the table with the list of numerous mandatory activities prescribed by the regulator to be carried out by internal audit function.

An important part of the activities was dedicated to the expert work on the preparation and organisation of the traditional conference of internal auditors that took place in May. On that occasion, among other things, the topics of discussion included the economic situation, sustainable financing and integrating the ESG factors in the loan approval process, auditing IT-systems in banks, experiences of the outsourced service providers of pooled audits and the key legislative changes always in connection with internal audit. The meeting once again proved to be an appropriate forum for addressing professional topics with other stakeholders, hence the forum features in the 2023 programme of work as well.

With the aim to enhance dissemination of information to wider professional public about the scope and content of work of internal audit, the Committee got involved in the educational activity of the Bank Association – the contents of internal auditing were presented in the regular programme of the Banking School as a stand-alone module.

### **Working Group on Sustainable Finance**

The working group was established in February 2021 on the basis of the decision adopted by the Corporate Committee and the Risk Committee and given a mandate to prepare operational guidelines for sustainable finance.<sup>3</sup> The guidelines were published in July 2021 in the Slovenian and in

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3 It is a fundamental document in the field of sustainable finance and integration of the ESG factors in banking processes. It sums up in a straightforward and concise manner the main regulatory requirements in the field of sustainable finance and it provides to the Association's members non-binding directions for the development of sustainable finance and for putting in place adequate banking practices in accordance with the principle of proportionality.

the English language on the website of the Bank Association, but taking into account the importance and complexity of the issues featuring in financing the transition to a low-carbon society, the working group continued its work.

At the seven meetings held in the course of 2022, the Committee members exchanged experiences and kept abreast of the new regulations, legislative requirements, professional publications, new developments and possible solutions, and dealt with the issues regarding sustainable funding and ESG-related risk management with focus on sustainable operations disclosures. These topics were also shared with other stakeholders active in this field, particularly in connection with the preparation of a new organic law on climate change and circular economy certification for companies.

The working group was kept informed through its representative in working group at the EBF about the activities going out at the level of the pan-European banking federation. Its members examined the results of the project for the application of the EU taxonomy on the key banking products and the EBF positions in consultation processes in the ESG area (for example: the proposal of the Basel Committee for Banking Supervision from "The Principles for the Effective Management and Supervision of Climate-Related Financial Risks" or the Implementing Technical Standards (ITS) on Pillar 3 disclosures on Environmental, Social and Governance (ESG) risks). The working group's members also looked into the preparation of transition strategies for achieving decarbonisation, and given the exceptional significance of availability of quality ESG-related data in order to meet all the regulatory requirements, they kick-started the preparation of a list of key data and called public institutions to start collecting such data and supplying them to the interested stakeholders. At the December meeting, the ESG factor modelling was presented, and the members of the working group also took part in drafting and staging numerous training events of the Bank Association in the ESG field.

Since the ESG field is so complex, three specialised working groups operated within the framework of the working group. their activities and results are outlined below.

### **Working Group for ESG questionnaire for companies**

After the preparation of the new and the amendments to the existing framework documents of the Bank Association referring to the ESG field (the guidelines for sustainable finance, risk management guidance ...) in 2021, in January 2022, a special working group was set up and tasked with the preparation of a sample questionnaire the members of the Bank Association would use primarily to obtain information necessary to assess risks inherent in their customers (corporates) in terms of ESG. It would also be a useful tool to acquire certain data necessary for mandatory reporting and disclosures in the ESG context.

The working group met for the first time in February and by the end of November 2022, it held 20 working meetings at which the group members collected, examined and agreed the questions proposed by the individual members. As a result, the reference »ESG questionnaire«, prepared in Excel format and divided in four thematic sections with a total of 224 questions comprises also some technical functionalities such as, for example, a warning in case of that no answer was entered or a scroll down menu.

The questionnaire was translated into the English language and both versions, the Slovenian and the English one, are published on the Bank Association's public website. The questionnaire was also presented to external stakeholders.

After consultation with other working bodies of the Bank Association, the working group also prepared a shorter version of the questionnaire in addition to the baseline version with 131 questions, which is 42% less. Nevertheless, individual banks and savings banks will be able to apply their own criteria in line with the proportionality principle (considering the size of their exposures, for instance), while for some (primarily micro and small) companies filling in the questionnaire will not be mandatory, that is, they will decide which version of the questionnaire to use.

### **Working Group for EU Environmental Taxonomy**

Due to the complexity of the scope and content brought by EU environmental taxonomy, a special working group was set up within the framework of the working group for sustainable finance in May 2022 to deal with

all latest issues in that area. As part of its activities, we bring to the fore the banks' approaches to the preparation of sustainability reports for 2021 and 2022 that comprise statutory and voluntary disclosures. Examples of good practice when it comes to disclosures in the field of the European environmental taxonomy with emphases on the challenges connected with the acquisition of the required data were presented by the representatives of the member institutions of the Bank Association, while the working group also hosted the representatives of foreign banks and other organisations, which described their experiences.

In line with the mandate received, the working group prepared a list of the necessary environmental financial data banks will need for disclosures for the financial year 2022 as laid down in Commission Delegated Regulation (EU) 2021/2178. Then in December, the working group sent a letter on behalf of the Bank Association to the companies, which on the basis of the requirements of Directive 2014/95/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups (Non-Financial Reporting Directive NFRD) shall disclose to the public the data on the share of activity compliant with the EU taxonomy stance for 2022, and with a request for timely provision of the mandatory data to those banks that finance them. For that purpose, the working group also prepared bespoke material and organised a training event to present it to all interested companies.

The working group gathered the members' questions concerning compliance with the EU environmental taxonomy requirements, discussed them in detail at its meetings and documented the positions, that is, answers. For the time being, the document comprises nine questions and answers and it will be amended on a regular basis, the version currently in force is placed at the disposal of the members of the Bank Association on the extranet.

The working group appointed two representatives for the working group for EU environmental taxonomy set up within the framework of the EBF. The members were kept up to date by these representatives on the latest developments, initiatives in the activities at the level of pan-European banking association/federation (for example about the EBF positions regarding the proposal for a Directive on Corporate Sustainability Due

Diligence and amending Directive (EU) 2019/1937 (CSD) and a Discussion Paper on the role of environmental risks in the prudential framework for credit institutions and investment firms published by EBA in May 2022).

In December, at the 10<sup>th</sup> out of 11 meetings held in 2022, the representative of the Slovenian bank, a full-fledged member of the net-zero international banking alliance under the umbrella of the United Nations Environment Programme Finance Initiative (UNEP FI), presented to the members of the working group the most important takeaways from the event dedicated to the European taxonomy in relation to disclosing data in European companies.

### **Working Group for GHG Accounting**

The need for stepping up the intensity of the activities conducted by the members of the Bank Association aimed at incorporating sustainability aspects in their business strategies of which an important element is also setting intermediary targets for banks and savings banks on the road to the final destination Zero CO<sub>2</sub> and resolving the dilemmas that emerge during that process, led in May 2022 to the appointment of yet another specialised working group for climate- and environment-related issues.

At its seven meetings, the working group was mostly occupied with the methodology for the calculation of portfolio carbon footprint sustainability scope 3 as one of the most important indicators of banks' progress on the road to zero carbon footprint. Given the fact that several approaches to carbon footprint calculation, that is, carbon footprint methodologies exist, the working group set the objective of making the methods of carbon footprint calculation as uniform as possible at the member institutions to make the banks' public disclosure easier to compare.

With the aim to learn more about the methodology for calculation of carbon footprint, of Slovenian banks of which the results were published in May last year in the report of Banka Slovenije on climate risk for Slovenia, the working group organised in June the online lecture by the experts of Banka Slovenije. In addition, the working group examined at its meetings reports of numerous European and global banks on corporate sustainability in which the measurements of carbon dioxide for the entire portfolio and discussed pros and cons of different approaches to carbon footprint



calculations, as well as the challenges of acquiring data – both direct data from clients and approximations calculated on the basis of reference data for individual sectors.

The working group adopted the recommendation for banks to use the PCAF-developed methodology as one of the most authoritative global standards for measuring and disclosing the greenhouse gas emissions associated with their loans and investments and prepared a document based on that standard containing the guidelines for the use of the PCAF standard to account for their financed emissions in practice.

The first version of the document was published on the extranet pages of the Bank Association in the reporting year and the work on upgrading the guidelines on the basis of hands-on experience and the recognised best practice will continue.

By taking into consideration the significance, ambition, complexity and the volume of the requirements in the field of sustainable finance and environmental, social and governance (ESG) risks management, as well as the intertwining of those contents with the functions of other committees of the Bank Association, a proposal was prepared for the Supervisory Board of the Bank Association to transform the working group for sustainable financing into a committee effective 1 January 2023. It further conforms the intention of the Slovenian banking sector to support efforts for achieving the national, European and global climate and environmental targets.

### **AEOI and FATCA Working Group**

The working group tasked with the Automatic Exchange of Information (AEOI) and the Foreign Account Tax Compliance Act (FATCA) deals with the automatic exchange of financial account information between countries according to the requirements of the single Standard for Automatic Exchange of Financial Account Information (OECD Standard) and the Council Directive 2014/107/EU as regards mandatory automatic exchange of information in the field of taxation that applies since 1 January 2016 (AEOI), and resolving requirements that arise from the US law on compliance with tax regulations in connection with accounts of US tax residents abroad (the Foreign Account Tax Compliance Act – FATCA).

Within the AEOI framework, specific procedures were put in place for client identification to obtain information on the country (or several countries) in which the person is a tax resident, and reporting on the prescribed information on person and his/her financial transactions in each of those countries. Slovenia committed to the implementation of the identification procedures and reporting back in 2014, together with a group of more than 100 countries. Even though numerous countries signed up to the implementation of automated exchange of data in accordance with the time frame determined by the OECD, the operating procedures at the financial institutions still must be perfected, given the fact that in the field of reporting, both regulations and technical requirements keep changing.

The working group carried out by correspondence all key tasks for 2022. Among them there was the dissemination of information about the most important changes to the reporting rules under AEOI and FATCA (also through the notifications circulated by FURS), sharing experiences and views, keeping up to date with regulations and current developments, and informing the members of the Bank Association about the activities of the working group at the EBF through its representative. Within that framework, the members of the working group received information above all regarding the reactions of the European Banking Federation to the proposal to recast the OECD rules on determination of tax residency, the changes and modifications to the Common Reporting Standard (CRS), the issue of the missing taxpayer identification numbers (so-called U.S. TIN) of the customers of the European banks who are U.S. citizens with no connections with U.S.A. or with highly limited financial connections with U.S.A. (the so-called accidental Americans), and the IRS plan to prepare the guidelines for foreign banks for taking appropriate steps in the procedure for obtaining those numbers.

In connection with the latter, the working group carried out also in 2022 (of its own initiative however) also gathering of data on missing identification numbers (U.S. TINs) of the customers at the national level. Ten Slovenian banks and savings banks took part in the survey and provided data as at the end of 2021. The data indicate a favourable trend in data collection comparable with other European countries or better and the topic was also discussed in December at the meeting with the representatives of the Ministry of Finance.

## Accounting Committee

The Accounting Committee held two meetings in the course of 2022: the first meeting was via video link (MSTeams) and the second one was held by physical attendance. Of the Committee's activities, we put the spotlight of the following:

- the collaboration and dialogue with the different stakeholders such as, for example, Banka Slovenije and its services in the field of prudential supervision, legislation and reporting, efforts for a more concrete implementation of the principles of proportionality and rationalisation of the requirements when reporting on non-performing exposures (NPE);
- the collection and harmonisation of the comments made by the member institutions to the modifications and amendments to the Instructions for the reporting of monetary financial institutions (reporting for the purposes of AnaCredit, BSZAM, BS1S, BSMAP);
- communication with the Ministry of Finance, FURS and other bodies in connection with the initiatives and the proposals for changes to legislation (e.g.: the Act on Limitation and Distribution of Currency Risk between Lenders and Borrowers of Swiss Franc Credit (ZOPVTKK), Act on measures to mitigate the consequences of rising prices of energy products in the economy and agriculture (ZUOPDCE), promulgated with the aim to alleviate the damage due to energy price hike and help the economy);
- the preparation and harmonisation between the lecturers of the content of the programme for the conference of accountants held on 30 November and 1 December 2022 at the Lovec na Bledu Hotel.

### **Working Group tasked with tax matters**

The working group held two meetings in the course of 2022: one via a video link (MSTeams) and the second one with physical presence in the premises of the Bank Association. Its members monitored on a regular basis the developments in relation to intervention legislation and on the basis of the changes made, addressed questions to the Ministry of Finance and FURS. In that context, the working group addressed to FURS a proposal for change the interpretation of the Rules on the content and form for calculating tax deductions and of submission of data in the withholding tax calculation to

the tax authority and the comments on the proposal for the Rules on the application of tax reliefs for investments in the digital and green transition.

Within the framework of the working group tasked with taxation-related matters, a list of the services for Visa and Mastercard was prepared and amended, and the acquiring banks specified their treatment for the VAT purpose. Given the fact that the banks also expressed interest to learn about the VAT treatment of the card processing services for Mastercard and Visa cards in certain EU Member States, the Bank Association addressed a question to the EBF on that matter.

In addition, the working group discussed the following tax-related matters:

- the new procedure for signing and serving residency certificates,
- the specification of type of income pursuant to tax regulations and the pay-out procedure in the T2S system – uniformity of tax treatment, and
- the rules on the recognition of interest expenses (Corporate Income Tax Act 2 – ZDDPO-2).

The working group also looked into the matter of internal controls and drafted two lists: Tax withdrawal for natural persons and the list of VAT-taxable and VAT-exempt services. The two lists are ready to be finalised and presented to FURS.

### **Working Group tasked with reporting matters**

The working group held one meeting in the course of 2022 and its topic was the rationalisation of prudential reporting to Banka Slovenije. In addition, its members were also involved in drafting the comments and proposals pertaining to the Instructions for the implementation of the Regulation on the reporting by monetary financial institutions and, specifically, referring to the changes PORFI – BSPOV controls for items merged into the statement of comprehensive income and the changes to BS1S, BSZAV and BSMAP reports. The working group addressed a letter to Banka Slovenije with regard to expanded reporting of the BSPOV table and discontinued reporting of effective interest rates on consumer credit agreements (EOM PotK).

The working group provided comments to the modifications to the Instructions for Implementing the Regulation on the reporting by monetary financial institutions and to the adjusted proposal of the text of Article 715 of the Instructions by aligning maturities with the definition from the Regulation on macroprudential restrictions on consumer lending (Official Gazette of the Republic of Slovenia, No. 60/22).

## Corporate Banking

The corporate banking area was covered in 2022 by two committees: the Corporate Banking Committee reactivated in 2018 and the Documentary Operations Committee already active for decades. During the year under review, their activities were strongly marked by the consequences of the Russian-Ukrainian conflict, transition to a low-carbon society and cooling down of the economy as shown below in the outline of their activity. Both committees carried out their activities in line with the strategic guidance of the Bank Association in the following fields of work:

1. Reputation: strategic communication, enhancing cooperation with other stakeholders, effort to reduce administrative burden on companies by standardising procedures, organisation of expert meetings;
2. Banking regulation and supervision: credit risk management, sustainable finance and incorporating the ESG factors in the credit process;
3. Digital transformation: digitalisation procedures, and
4. Financing the real sector: adjusting the existing and offering new products, financing the real sector in a situation of energy crisis and the war in Ukraine.

The main tasks, that is, the activities carried out by both committees are described below in more detail.

## Corporate Banking Committee

Following the outbreak of the COVID-19 pandemic, the Government of the Republic of Slovenia adopted numerous measures to mitigate the adverse consequences for the economy and the citizens, and those measures, among other things, also interfered with the area of banking operations in general and, in particular, financing corporates. Those measures expired during 2022, but then in spring the situation took a turn for the worse again due to Russia's military aggression on Ukraine, unexpected surge in inflationary pressures and the consequent central banks' restrictive responses to those developments, supply chain disruptions and global cooling down of economic activity.

In order to better cope with the new situation, the special working group set up in 2021 within the framework of the Committee for monitoring corporate customers continued its work in 2022. The working group's first meeting was in March (there were five meetings in 2022) and the focus of attention was on monitoring trends in companies' operations from the angle of direct and indirect consequences of the Russian-Ukrainian conflict. The identified key risk factors included soaring costs of energy and raw materials, rising inflation, interest rate hike and disruptions in logistics and supply chains resulting in longer delivery times and higher costs. True as it may be that, on average, those effects proved to be still manageable, should such adverse trends remain, the quality of banks' portfolios in the forthcoming months is set to deteriorate considerably, above all, in the worst hit sectors. At its last meeting in 2022, the working group discussed the government proposal for the Act Determining the Aid to the Economy to Mitigate the Consequences of the Energy Crisis and assessed its foreseeable effects.<sup>4</sup>

In addition, the Committee appointed in autumn a special working group tasked with the preparation of proposals of systemic measures to help the

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4 The aid package designed to help businesses of EUR 1.2 billion includes subsidies to mitigate high costs of electricity, gas and steam, and subsidies for two job retention measures and measures to support liquidity of companies.

real sector in the face of the negative effects of the energy crisis. At its four meetings in September and in October, the working group drafted a proposal of a law on partial guarantees to be given by the Republic of Slovenia for the loans to be approved by the banks to companies with liquidity problems caused by the energy crisis. The proposal complies with the European Commission's Temporary Crisis and Transition Framework for state aid crisis measures to support companies facing increased energy costs. Furthermore, the working group prepared a draft law on the guarantees given by the Republic of Slovenia for legislative payment moratoria along the lines of the intervention legislation designed for the Covid-19 pandemic. However, the adoption of the proposal for the banking sector is subject to the adoption of the modified EBA's prudential rules that would provide for the more favourable treatment of such moratoria on loan repayments.

The questions relating to the implementation of the Act on the Guarantee of the Republic of Slovenia for the Obligations from Credits Taken Out to Ensure Liquidity on the Organized Electricity Markets and Emission Coupons and Obligations from the Purchase Additional Quantities of Natural Gas Outside the European Union Market (ZPKKEKP) promulgated in September were also discussed at the Committee level. Those questions prepared in cooperation with the Committee for legal affairs were addressed to the Ministry of Finance.

At a total of two Committee meetings last year, its members also discussed the trends and new regulatory requirements in consideration of the environmental, social and governance factors (ESG) in corporate finance. In that context, they took note of the results of the work done by other working bodies (e.g.: by consulting the ESG questionnaire for companies on aspects of ESG and the proposal for amending the risks management guidelines) and drafted their proposals, that is, directions. The Committee also elaborated on the initiative to standardise the request for credit approval for small and medium-sized enterprises and discussed the requirement for reporting on clients affected by turmoil of the war in Ukraine.

The Committee conducted for the fourth time in a row simultaneously with some other committees of the Bank Association a survey on the identified risks that affect banks' operations and arise from the macroeconomic,

regulatory and operational environment, thus complementing the information with the commercial function's perception of the recent developments. Based on the survey results, the Committee members identified the biggest shifts in the direction of increased risk in relation to geopolitical factors, market interest rates and in the field of digitalisation of operations. The Committee also consulted the results of similar analyses prepared by other institutions at local, European and global level. The Committee commended the survey was and included it in its programme of work also for 2023.

The Committee intensified the dialogue with the key the stakeholders. In addition to close cooperation with the representatives of the real sector, the roster of products in the offer of the Slovenian Enterprise Fund was presented at the Committee's regular meeting. With the aim to be well-informed about all the developments in the Slovenian economy, the Committee members continued to use the communication channel put in place in 2019 to keep in touch with the representatives of the Institute of Macroeconomic Analysis and Development joined last year by the representatives of the analytical departments of Banka Slovenije and the Chamber of Commerce and Industry. During 20-minute lectures, they presented their views on the current macroeconomic developments and forecasts. The representatives of the banking sector involved in risk management, model analyses and corporate financing and monitoring also took the floor to ask questions, make comments and express their views.

## Documentary Operations Committee

The Committee's core mission is sharing experiences, specialist knowledge and best practice and to keep abreast of the key regulations, trends and novelties in documentary operations in particular and in trade finance, that is, merchant banking in general – the guiding principle for the Committee's activities also in 2022.

At one regular meeting, ten topical meetings and by correspondence, the Committee members addressed numerous pressing issues that came to the fore at the operational and tactical level during daily operations.



In connection with the technical changes to the SWIFT messages for guarantees, the Committee organised a workshop in January at which a representative of the leadership of the SWIFT Committee at the Bank Association took part. At that workshop, as well as by correspondence, the Committee addressed the questions and experiences gained by adapting to the changed messages, and also prepared the questions and initiatives, which were, together with the study of relevant cases, presented to the SWIFT network.

Following the outbreak of the Russian-Ukrainian conflict, the Committee held seven meetings between February and April at which different points of view on the impact of the military aggression on documentary operations and merchant banking were discussed (nine meeting to June). Notwithstanding a relatively low direct exposure derived from the documentary transactions with the business partners in the affected areas, the meetings were important in the light of the ever-increasing sanctions – restrictive measures (sanctions lists, exclusion of Russian banks from the international system SWIFT, etc.).

In addition to the aforementioned, the Committee covered the topics in relation to the use of bills of exchange with the emphasis on the measures taken to prevent fraud associated with acceptance of domicile bills of exchange (a joint meeting was organised with the Payment Services Committee and the Legal Affairs Committee to examine that issue), the implementation of ESG rules and their impact on merchant banking products, ensuring conditions on equal terms with factoring companies for entering data on factoring deals to the SISBIZ system, conducting KYC procedures for AML/CFT purposes and the product-based classification of stand-by letters of credit. In August and in September, the Committee conducted a survey among the member institutions on the use of the clauses on payment guarantee expiry date within the context of compliance with the ICC Uniform Rules for Demand Guarantees.

Concerning the issue of sustainable operations, the Committee's members highlighted numerous dilemmas in relation to the implementation of the KYC procedure for banks' customers and/or their suppliers and buyers against the backdrop of the sustainable nature of their business by taking

into account the fact that the criteria for the classification of customers and transactions under the ESG rules are (still) in the making.

The Committee was also active at the international level. Its members followed the activities of the bodies of the International Chamber of Commerce (ICC) and, in particular, the activities of the body responsible for technique and practice in banking industry (the ICC Banking Commission.) The representatives of the Committee could not attend the meeting of the ICC Banking Commission last year due to the objective reasons, but their participation in the event is scheduled in 2023. On the basis of information and monthly bulletins published by the Commercial Crime Services, of which the Bank Association of Slovenia is a member, the Committee members were promptly informed about international frauds involving documentary instruments and warned about the risks arising from the operations in which domestic and international documentary instruments are used.

The documentary operations area was also included in the training activity of the Bank Association with the contents falling within its scope were presented in the regular programme of the Banking School.

# Money and Capital Markets

## Treasury Committee

The activities for effective liquidity management in the banking system, as well as sharing views between the banks – the Committee members – and the representatives of the Treasury Directorate at the Ministry of Finance were in the focus of the Committee’s attention also in the course of 2022.

At the meetings held on a regular basis, the representative of the Ministry of Finance kept the Committee members posted on the activities in relation to the government debt management, pending new securities offerings, money markets expectations mostly concerning interest rate fluctuations, and effort to preserve, that is, improve credit rating.

The working group for reforming reference interest rates focused its activities during 2022 on sharing available information on the preparation of the so-called fallback clause for EURIBOR. The matter of the fact is that the information circulated at the EU level are very scarce and most banks in the EU still does not have a clue how to handle the matter in dealings with customers, even though they should have already had in place the fallback clause. Moreover, no official information is available as to maintaining EURIBOR in force and for how long.

The Committee also examined the modifications to the Mortgage Bond and Municipal Bond Act (ZHKO-2), protecting variable-rate loans of public institutions and the letter of the Slovenian Consumers’ Association on equal treatment of consumers in contractual relationships with creditors.

In the light of the letter signed by different associations and addressed to the European Commission and the European Parliament, the Committee took note of the proposal that legislation regulating securitisation should be adequately amended to make it more attractive as a source of finance and as an effective capital optimisation tool.

The Committee members took part in the preparation of the programme for a two-day joint conference of officers of the treasury, back-office and depository services, and investment bankers held in the first half of 2022.

The Committee was informed on a regular basis through postings in the bulletin *eBilten* of the Bank Association regarding new developments in the field of capital markets and the activities at the EBF level.

## Back-office and Depository Services Committee

The activities relating to the back-office financial market functions and securities depository functions remained the main topics addressed by the Committee tasked with for back-office and depository matters also in the course of 2022.

At the beginning of the year, following the meeting between the Committee members and the representatives of the Securities Market Agency (ATVP) two documents were prepared concerning the understanding of the provisions laid down in Regulation (EU) No 909/2014 on improving securities settlement (CSDR). Banks wanted to know whether the communication of an allocation of securities and cash to a settlement agent or a depository should be transmitted within the timeframe laid down in the settlement discipline and emphasised the question of who cash penalties belong to and who shall bear any costs derived from settlement fails.

The members took note of the ECB questionnaire on the use of innovative technologies in the field of market infrastructure for large-value payments and securities settlement with the aim to identify potential interest of stakeholders for the Eurosystem to provide for the use of central bank digital currency (CBDC) for large-value payments settlement .

In the second half of the reporting year, the Committee held two meetings together with the representatives of the Investment Services Committee to discuss the costs of financial instruments provided to clients in the field of

stock-exchange and the observation of the sanctions imposed when transferring financial instruments of Russian issuers and the associated corporate actions.

The Committee members took part in the preparation of the content for the joint conference of officers of treasury, back-office and depositary services departments and investment bankers and received all relevant information pertinent to capital markets through the Bank Association's bulletin – *eBilten*.

## Investment Services Committee

In April, the Committee members were informed about the Austrian Embassy's initiative for arranging a presentation of the Alpine Stock Exchange project, so they organised a presentation of the project for the banks, which expressed interest in obtaining more detailed information about the project.

The Committee was informed by its representative in the working group about the issues discussed at two meetings convened by the Securities Market Agency (ATVP) in connection with the presentation of the Slovenian capital market to small investors and companies interested in listing their shares on the organised of the Ljubljana Stock Exchange. As regards "The Days of the Slovenian Capital Market" with a press conference and training workshops at which general information for investors and advantages of investing in the Slovenian capital market will be presented, a decision was taken within the framework of the ATVP in October to postpone the event to 2023.

Speaking at thematic meeting, the representative of the Central Securities Clearing Corporation (KDD) presented to the Committee members the initiative for changing the frequency at which the KDD charges inactivity/idle fees, the possibility to discontinue the KDD guarantee fund, and opening to the possibility of holding fractions of shares/shares held in "street name". The Committee rejected changing the frequency at which the KDD charges inactivity/idle fees on the ground of the internal processes in place in banks but endorsed the initiative for opening to the possibility of holding

fractions of shares/shares held in “street name”. As regards the decision to abolish the KDD guarantee funds, it shall be taken after receiving a document from the KDD containing a detailed list of the consequences of discontinuing the fund for the banks and of the rights and obligations the banks have vis-à-vis the guarantee fund at present.

The Committee held two joint meetings with the representatives of the Backoffice and Depository Services Committee concerning the costs of financial instruments provided to clients in the stockbroking area and compliance with the sanctions when transferring financial instruments of Russian issuers and the related corporate actions.

The members of the Investment Services Committee also took part in drafting the content for the joint conference of officers of treasury, back-office and depository services departments and investment bankers and received all relevant information pertinent to capital markets through the Bank Association’s bulletin – eBilten.

## Payment Services and SEPA Project

### Payment Services Committee

The focus of attention of the Committee members during 2022 was on the activities in relation to the scheduled migration of volumes from the BIPS IKP solution to the BIPS IP solutions. In August 2021, Bankart informed the banks of the current situation regarding the migration of the Bankart technical account from TARGET2 to TIPS for which the ECB had granted a derogation enabling to settle in addition to the SCT Inst transactions, also the SCT transactions even after the migration of the technical account to TIPS for a limited period of time. The derogation enables the Slovenian banks to carry out the migration of volumes from the solutions BIPS IKP to the solutions BIPS IP during the transitional two-year period thus avoid a big change in the BIPS payment system – splitting liquidity in two parts. Most activities in relation to migration were carried out within the framework of the working group for the SCT scheme, which prepared the material with

a list of the positions regarding the issues identified in relation to the migration and the proposals for solutions. The biggest dilemmas regarded performing the controls laid down in the Anti-Money Laundering Directive (AMLD), ensuring payment of pension benefits through the IP system and setting up alternative solutions for IP orders processing. To that end, the Committee proposed to Bankart to come up with possible solutions to the migration of pension payments to BIPS IP (non-time critical payments and the TARGET Instant Payment Settlement – TIPS) and the possibility of splitting liquidity in two parts.

The Committee adopted a decision that as of 1 January 2023 the service of controlling the adequacy of the QR-code on the UPNQR form shall be discontinued. The service carried out for the banks by an outsourced provider was put in place with the aim to provide for the continuity of the high quality of the payment services data at the change-over from the UPN form (with the OCR-line) to the UPNQR form. The data relating to the cleared issuers and licensed printing firms together with the accompanying technical documentation will be published in the future on the public pages of the Bank Association.

Within the framework of working group for payment enforcement (*e-izvršbe*), a decision was taken to upgrade the IzvrsbeXML standard. Specifically, the Bank Association received in December 2021 a letter from the Financial Administration of the Republic of Slovenia (FURS) that the second phase of electronic data exchange in conformity with the IzvrsbeXML data standard had been launched, including electronic service of other legal instruments in the field of tax collection as well (partial suspension of the tax enforcement procedure) and discontinuation of the tax enforcement procedure). On the basis of the activities carried out and the confirmation at the Committee, a service contract was signed with the company HRC, d. o. o. to carry out the second phase of the work on the electronic exchange of payment enforcement decisions between the issuers and the banks. A new working group for the project implementation was also appointed in which, alongside the representatives of banks, there were also the representatives of FURS as the biggest issuer of payment enforcement decisions for the purpose of giving impetus to the operational activities involving the outsourced service provider.

In the field of electronic exchange of payment services data with the national authorities the activities continued on launching the data exchange with the Police. The banks performed adequate testing of data exchange through a safe e-mail box, while at the same time, also the activities were carried out for drafting unified instructions, that is, an agreement between the Police and the Bank Association.

The Committee was also involved in the discussions about the topics debated at the meetings of the National Payments Council at Banka Slovenije, primarily with regard to the issue of opening payment accounts and the obligation to accept electronic payments at physical points of sale. The Committee was informed on a regular basis on the progress of the project "Analysis of the payments market in Slovenia" carried out by Deloitte.

In November, a joint opinion was reached within the framework of the Committee on the Proposal for a Regulation of the European Parliament and of the Council amending Regulations (EU) No 260/2012 and (EU) 2021/1230 as regards instant credit transfers in euro and it was submitted to the Ministry of Finance.

In 2022, the Conference on Payment Services was successfully carried out and the Committee members addressed at their meetings also other matters falling within the scope of payment services.

## Card Operations Committee

The activities carried out by the Card Operations Committee in the first half of 2022 were focused on the implementation of the changes to the limit amount in contactless card payments from EUR 25 to EUR 50 and the harmonisation of the positions the banking community had in relation to the proposal tabled by Banka Slovenije on strong customer authentication (SCA) for card payment transactions within the framework of e-store.

The initiative in favour of raising the limit amount discussed by the Committee members in December 2021 on a proposal by the Chamber of Commerce of Slovenia and presented at the meeting of the National Payments



Council at Banka Slovenije was endorsed at the Committee meeting held in January 2022. On the basis of that decision, the Committee set a timetable for the implementation of changes to collaboration with Mastercard and Visa card schemes by taking into consideration all the necessary activities on the banks' side, changes to the rules and adjustments to be made of the side of the card schemes' processing centres. The Bank Association addressed a letter to Banka Slovenije asking for the central bank's support for the change scheduled for 1 June 2022 in view of the extraordinary procedures in relation to publishing the mandate on the side of Mastercard. For the purpose of disseminating information to the general public, a press release was prepared within the framework of the Committee and at the same time, a communication plan was drawn up in cooperation with the Committee for PR, which was fully carried out.

Following the communication of Banka Slovenije regarding the proposal to start to consistently decline cross-border transactions not fully SCA compliant from 3 May 2022, the Committee first analysed the envisaged consequences of such treatment and drafted in collaboration with Bankart a comprehensive and well-reasoned reply to Banka Slovenije stating the reasons why the 3 May 2022 as a kick-off date is premature according to banks. At the same time, the Committee embarked on the activities leading to a joint communication plan for the provision of information to the general public, and a task force for the preparation of answers to journalists' questions was also established. The announcement for the general public on the data from which SCA non-compliant transactions will be declined was prepared within the framework of the Committee in cooperation with the representatives of both card schemes and agreed with the PR Committee and Banka Slovenije. At the same time, a meeting with the representatives of the Chamber of Commerce and the Consumer Association of Slovenia was held in April. With the start of the non-compliant SCA transactions it was found out that the position of the Slovenian merchants whose contracts for card transactions processing concluded with the Slovenian banks was inferior in comparison with those with the contracts concluded with the cross-border providers as the latter still do not comply with the relevant provisions of RTS on SCA. To that end, a letter for Banka Slovenije was drafted in June within the framework of the Committee with the proposal to pass on the communication calling the ECB to define clear steps

for achieving uniform understanding and compliance of all the stakeholders at the EU level.

At the meetings held in the course of 2022, the Committee took note and endorsed within the framework of its competence, the Bankart's documents: a document on information security drawn up on the basis of the reports of the participants in the payment system *Poravnava bankomatov*, the strategy and the methodology of risk management, assessment of risk in the legal framework of the payment system *Poravnava bankomatov*.

The Committee members took part in the preparation of answers to the questions asked by journalists about abuse in card operations and in drafting the instructions for the safe use of cards.

At the last meeting of the Committee held in 2022, the date was confirmed for the conference on card-based operations in the organisation of the Training Centre of the Bank Association in mid-February 2023. At the same time, a task force for the preparation of the conference programme was appointed.

## SWIFT Committee

Two on-line meetings, that is, the so-called Webex workshops were organised for the SWIFT Committee (Society for Worldwide Interbank Financial Telecommunication) in 2022 for the business part and for the technical part of the solutions provided by SWIFT.

The key points of those meetings were dedicated to switching the SWIFT services over to the ISO 20022 standard, the novelties regarding the SWIFT Customer Security Programme helping financial institutions to put in place cyber security controls, as well as the novelties presented at the SIBOS 2022 event. Special attention was paid to setting up new services connected with SWIFT gpi and, above all, SWIFT Go that gives the answer to the increasing share of low-value international payments executed by other payment service providers.

Keeping the Committee members informed thanks to the president of the Committee and the representative of SWIFT for Slovenia, as well as circulating information regarding the developments in the field of SWIFT payments and the SWIFT platform for the optimisation of business processes, remained the Committee's standing tasks also in 2023.

## Informatics

One of the most important tasks of the Information Technology Committee in 2022 were sharing information, experiences and views on the new legislation and standards and their implementation related to information technology. Special attention was paid to the security of IT solutions.

We took part in the discussions about introducing a digital euro and prototyping of user interfaces for making payments in the central bank digital currency. Specifically, Banka Slovenije informed us in May that Eurosystem was planning within the framework of the digital euro project an in-depth analysis of different user interfaces that would enable payments using the digital euro.

In 2022, the activities were intensified at the EU level in connection with the Integrated Reporting Framework (IReF), and the dialogue between the stakeholders was enhanced. In October, the representative of Nova Ljubljanska banka and Banka Slovenije attended the meeting of the working group for the Banking Industry Dialogue on ESCB statistics on that topic. It was announced that the present statistical Integrated Reporting Framework (IReF) would be extended to supervisory and resolution reporting. A closer connection between the Banks' Integrated Reporting Dictionary (BIRD) and the reporting framework (IReF) is also expected. The IReF Regulation should be adopted in 2023. In relation to IReF, two workshops were organised for banks in October. In view of the announced increase in the reporting workload, in September we once again addressed to Banka Slovenije our initiative for the rationalisation of the reporting workload and reactivated the mixed working group for reporting rationalisation. Its members met with Banka Slovenije on 16 November. On that occasion we drew attention to the issue of the dynamics of changes to all types of re-

ports for Banka Slovenije and expressed the expectations that in the future, Banka Slovenije would make timely announcements of changes, that is, upgrades and proposed that a common data dictionary should be established. The activities and collaboration in that field will continue also in the course of 2023.

We held the Conference of information technology specialists in October. The event was attended by the representatives of the Bank Association's members, of the companies – members of the Chamber of Commerce and Industry. The key topic were the challenges brought by the fast technological and regulatory changes and the changes of the business environment. An important issue was also the most often identified vulnerabilities in the banking information systems. Participants concurred that the work on delivering security in banks is a never-ending process. In the discussion on the use of artificial intelligence in banking operations, the exceptionally high speed of learning by computer models was emphasised. A particular challenge faced in 2022 was also management of information security of outsourced service providers. The conference ended with the round table on Digital transformation in banking at which the participants in a lively discussion exchanged views, opinions and experiences with the Chamber of Commerce and Industry and the experts from banks.

## IT Security Forum

The IT Security Forum held four meetings in the course of 2022. Of the most important topics addressed by the Forum is the initiative of the European Payments Council for a new SEPA-wide MISP (Malware Information Sharing Platform), real-time fraud information sharing, the reports on the activities of the working group tasked with cyber security at the EBF, setting up a MISP in banks and savings banks for information sharing, and raising public awareness of cyber and information frauds. Sharing information, experiences and views in the field of IT security went on all year long and the Forum also drafted recommendable security solutions and took part in the preparation of the positions regarding the changes to legislation.

The representatives of the Security Forum took part in three topical meetings – in March with the representatives of SI-CERT on sharing data via MISIP, in February with the representatives of Banka Slovenije in connection with the issue of strong customer authentication for card payment transactions within the framework of e-store, and in October with the representatives of the General Directorate of the Criminal Police regarding the rising number of attempted cyber-attacks on electronic banks.

The Security Forum took note every on a monthly basis of the Europol cyber news and the EBF reports on cyber incidents in connection with the war in Ukraine. Slovenia was also included in reporting through the IT Security Forum.

All year long, the Forum engaged in discussions and examined the materials received from the EBF. Among the most important regulatory topics there certainly were:

- Drafting the Regulation on digital identification,
- Reporting on incidents as set out in Network and Information Security Directive 2 (NIS2),
- Proposal for a Regulation of the European Parliament and of the Council on digital operational resilience for the financial sector (DORA),
- Developing a pan-European framework for alignment in case of systemic cyber incidents considering the proposal Regulation on digital operational resilience,
- Consultation concerning the EBA's Discussion Paper on its preliminary observations on selected payment fraud data under the Payment Services Directive (PSD2),
- Preparing the European draft Cybersecurity Certification Scheme for Cloud Services (EUCCS),
- Consultation with the European Commission regarding the Regulation on Cyber Resilience (CRA),
- Preparing the analysis of the cyber security market in the computing field in cloud within the framework of the European Union Agency for Cybersecurity (ENISA),
- The survey conducted by ENISA on the use of cyber insurance,
- Consultation of the Basel Committee on Banking Supervision (BCBS) on prudential treatment of cryptoasset exposures, and

- Consultation within the framework of the Committee for financial Stability on achieving a higher level of convergence in reporting on cyber incidents.

The Security Forum members were kept posted all year long also of the materials of the working group for cyber security that operates within the framework of the EBF and whose member is the head of the IT Security Forum.

Since in the course of 2022 we witnessed numerous phishing attempts targeting bank customers, the IT Security Forum was intensely engaged also in the preparation of the contents for communication with general public and answers to the questions asked by journalists. In March, we created a new online section with the heading: How to operate safely on the public web pages of the Bank Association.

The Security Forum took part in the preparation of the materials for spreading information about investment frauds, provided for the translations of the promotional infographics and disseminated the materials to the members of the Bank Association.

By working together with the Police, we updated the list of contact persons to be notified as set out in the protocol on the cooperation between the Bank Association and the Police in case that a suspicion of the abuse of online banking exists, we offered in cooperation with SI-CERT two generic electronic addresses serving to exchange information regarding internet frauds.

We made significant progress in 2022 in sharing information on incidents of fraud concerning information security with the national security centre SI-CERT. Four member banks successfully set up information sharing with SI-CERT via the Malware Information Sharing Platform (MISP) and reported positive experiences and the usefulness of the solution. These activities will continue also in 2023.

## Public Relations and Publishing Activity

Within the framework of the publishing activity, we issued the electronic version of the Annual Report of the Bank Association of Slovenia for 2021, by carrying out the PR-activities of the Bank Association we implemented the communication strategy and thus strived to raise the level of banks' reputation and trust in the banking system, boosted awareness of the importance banking and finance have and enhanced public knowledge of the banking field. We produced detailed quarterly reports on the implementation of the communication strategy and the results achieved for the Bank Association's Supervisory Board.

Furthermore, we worked on the promotion of the role the Bank Association has as an important interlocutor on a wide range of topical issues and took the collaboration with the relevant partners to a new level. One of fundamental tasks entrusted to the PR function was a proactive and up-to-date reactive communication with the general public and with the media. We paid particular attention to timely communication, especially when it came the topics from the area of operations security.

We prepared and coordinated the answers to the questions asked by journalists in cooperation with the professional services of the Bank Association and the PR representatives of the member banks. In addition, we were involved in the activities of other working bodies of the Bank Association working on the preparation of materials to be released to the public and the public announcements of the Bank Association. To that end, we focus of attention was on proactively channelled communication with the general public and in particular in those areas in which all members were implementing changes and novelties due to the changes to legislation. Communication in relation to individual areas followed the operational plans prepared in advance and in accordance with the adopted communication strategy. Furthermore, we paid attention to communication with the general public concerning the issues generated within the framework of the overall activity of the Bank Association (positions adopted by professional committees and bodies of the Bank Association, professional training events, and the activities in the field of financial education).

We completed the overhaul of the Bank Association's extranet carried out at the level of security, functionality, design, user experience, content, as well as technology.

We launched the renewed extranet in August. We publish on the extranet the bulk of the materials produced within the framework of the activity of the Bank Association and on the basis of the published contents, we prepare every working Thursday the Association's bulletin – ZBS eBilten with the abstracts and main highlights of the activities carried out within the framework of the committees and the working group of the Bank Association. ZBS eBilten is distributed to the registered extranet users to their business electronic addresses. Given the fact that the extranet is financed from the Bank Association's budget, the Bank Association does not charge any subscription fee to the employees of its member institutions and does not limit the number of users at a given member institution. To keep its users well informed, the renewed extranet remains loyal to the logic advocating widespread availability, which means unrestricted access to practically all the materials of almost all the committees and working groups. Due to the broad scope of the portal content, we only transferred the documents from 2021 onward, but older documents are still available from the Bank Association on request.

Throughout the year under review, we worked on editing and maintenance of the web pages. In addition, our publishing activity provided support for the entire activity of the Bank Association, as well as of its working bodies. Every week on working Thursdays, we prepared for the extranet users – the employees of the Bank Association's members – the bulleting ZBS eBilten. All year long, we also maintained and monitored the databases with extranet users.



## Social Partnership

The activities carried out during 2022 included the field of collective bargaining, that is, social partnership.

In January 2022, the amounts of the lowest base salaries from the annex to the Collective Bargaining Agreement of the banking sector of Slovenia (KPDb) were adjusted by 90% of the annual inflation in 2021, specifically by 4.41% based on the official rate of inflation of 4.9%. The method, the time frame and the percentage of base salary adjustment on the employer's side are to be agreed in the collective bargaining agreement with the employer or in a written agreement between the employer and the trade union, that is, the employees at the workers' assembly, if there is no trade union formally recognised by the employer.

In 2022, the activities went on for signing a new annex with pay rates eventually concluded at the end of January and valid until 31 December 2023. For the first time the pay rates annex included allowance for using own resources when employees work from home in the minimum amount of EUR 1.00 per day. The new annex was registered with the Ministry of Labour, Family, Social Affairs and Equal Opportunities, and published in the Official Gazette of the Republic of Slovenia on 11 February 2022.

The traditional conference of HR officers was organised also in 2022 and the participants, among other things, could listen to the lecture on the implementation of the ESG factors and learned about HR challenges in banks, sustainable solutions between analogue and digital, as well as about the myths, truths and best practices in the field of hybrid management and work.

## Committee for the Collective Bargaining Agreement

The Committee members tasked with the issues relating to the Collective Bargaining Agreement were given a mandate by the Supervisory Board to negotiate with the two trade unions (Trade Union of the Banking Sector of Slovenia and the Trade union of NLB) a new pay rate schedule (so-called Tariff Annex to KPDb). Therefore, the Committee performed the function of a negotiating working group of the Bank Association. Following the tough collective bargaining, the two sides agreed in January the terms of the new pay rates as the Tariff Annex to KPDb to remain in force until 31 December 2023.

The KPDb Committee addressed by correspondence the proposal of the Trade Union of the Banking Sector of Slovenia to start negotiations on salary adjustment in the light of the forecast high annual inflation rate or on reaching an agreement on a cost-of-living allowance. The Bank Association replied to the Trade Union according to the guidelines of the Committee and of the Supervisory Board that, in formal terms, collective bargaining on adjusting salaries is not subject of the sectoral collective agreement, but it shall be dealt with in the collective agreements of individual companies. In addition, most members already took various measures in the course of 2022 in the face of high inflation in effort to improve the material and social situation of the persons working in the banking sector.

### **Human Resources Forum**

The members of the HR Forum met on several occasions to agree on the form, content and the deadlines for conducting a survey on salaries and in November finalised the details of the survey. The survey was proposed due to the changes to the labour market and considering different measures the banks and savings banks took in the payroll area given the fact that the last survey was conducted years ago. To take part in the survey was accepted by 14 banks and savings banks and they jointly selected an outsourced service provider and the model for co-funding the survey. The majority opted for a comparison within the framework of 74 work posts, some credit institutions limited the scope of survey to 49 work posts.

## Legal Affairs

The Legal Office carried out in 2022 the activities for convening the annual general meeting, the meetings of the Supervisory Board of the Bank Association, the meetings of the Legal Affairs Committee and of the Committee for KPDb and organised the meetings of the working groups of the aforesaid committees. In addition, the staff of the legal affairs area provided organisational and administrative assistance to the committee responsible for compliance matters, and to the committee for the prevention of money laundering and their respective working groups.

In collaboration with the banks and savings banks, we prepared several initiatives for modifications and amendments to legislation addressed to the competent ministries and to Banka Slovenije, while monitoring new developments in the legal areas that were at the centre of attention at that time. We participated in formulating comments regarding the Act on the Prevention of Money Laundering and Terrorism Financing, the Act Amending the Banking Act and the new Consumer Protection Act, and also to the Act Amending the Financial Operations, Insolvency Proceedings, and Compulsory Dissolution Act, Personal Data Protection Act, Act on the Protection of Whistleblowers and the Act on Enforcement and Collateral (the proposed amendments to some of these laws were submitted to the National Assembly Republic of Slovenia) and last but not least, also the amendments to the Act Amending the Companies Act. We were also involved in commenting the proposal of the Act on Housing Guarantee Scheme for Young People and the implementing decree for the implementation of the act and in the preparation of questions and clarifications for the implementation of the act in practice. In connection with the preparation of the Act Amending the Banking Act, we should mention the initiative addressed to the Ministry of Finance to provide access to credit institutions to various registers as it would greatly facilitate their operations in practice. We also prepared comments on the proposal of the act amending the Rules on the tariff determining the remuneration of administrators of insolvency proceedings and compulsory liquidations and opposed raising tariffs.

The proposals for the amendments to the Consumer Protection Act deserve merit particular attention. We explicitly opposed the new third paragraph

of Article 23, which contrary to Council Directive 93/13/EEC on unfair terms in consumer contracts stipulated that subject to meeting the conditions from the first paragraph of Article 23, the unfair nature of contractual terms can also be assessed in relation to the main subject matter of the contract and in relation to the adequacy of the price and remuneration, on the one hand, as against the services or goods supplies including digital contents in exchange, on the other, in so far as these terms are in plain intelligible language. The proposals of the Bank Association and some other stakeholders were not taken into account. Therefore, after the promulgation of the act, the Bank Association commissioned a legal opinion regarding compliance of such a provision with the Constitution of the Republic of Slovenia (in relation to the transitory provisions of the Collective Action Act (ZKoIT)).

In the field of loans in Swiss francs, many activities were carried out also in 2022 and the special working group met several times given the topicality and the relevance of the matter at issue. The new Act on Limitation and Distribution of Currency Risk between Lenders and Borrowers of Swiss Franc Credit was published in February in the Official Gazette of the Republic of Slovenia. The Bank Association reacted by forwarding its position with concrete explanations and facts to the National Assembly of the Republic of Slovenia and the parliamentary groups strongly opposing the promulgation of the law. Also the opinions of the Slovenian government and of the ECB on the proposal of the law were negative. In connection with that, the Bank Association in January in February carried out a number of activities, public appeals, open letters, press conference, publications in the media, etc. Since the law was eventually promulgated, based on the previously obtained legal opinion, the banks in cooperation with external law firms filed two initiatives for the constitutional review of the law and the proposal for temporary suspension of its implementation (also the central bank filed its motion). At the beginning of March, the Constitutional Court suspended the implementation of the law and at the end of 2022, the entire law was repealed. Furthermore, following the initiative made by two banks, the Bank Association with an external law firm initiated the procedure for the infringement of EU law before the European Commission. Considering the ruling of the Constitutional Court of the Republic of Slovenia in the individual concrete case, the Bank Association acting upon the banks' initiative obtained a legal opinion on the significance of the ruling

of the Constitutional Court of the Republic of Slovenia No. Up-14/21-30 for ensuing rulings of civil courts in lawsuits regarding loans in Swiss Francs. The collective call to the Ministry of Finance and Banka Slovenije to tackle responsibly the issue of the loan contracts denominated in Swiss Francs should also be mentioned. Although the Bank Association welcomed the initiative and prepared tentative starting points, it also drew attention to certain key legal issues that should be resolved first. In conclusion it should also be noted that the Bank Association acting on the banks' initiative commissioned the preparation of a legal opinion in relation to the ECJ's judgement, C-405/21, in which the ECJ ruled that Article 3(1) and Article 8 of Council Directive 93/13/EEC of 5 April 1993 on unfair terms in consumer contracts must be interpreted as not precluding national legislation which permits a finding that a contractual term is unfair where it causes a significant imbalance in the parties' rights and obligations arising under the contract, to the detriment of the consumer, without, however, carrying out an examination, in such a case, of the requirement of 'good faith' within the meaning of Article 3(1).

At the beginning of June, Zavod KOLEKTIV99 lodged against practically all banks and savings banks collective actions for damages for the application of the so-called floor clauses in credit agreements with consumers. In connection with it, a host of activities kick-started. To mention just a few: the organisation of a press conference and obtaining the legal opinion on the validity of the clauses on interest rate floor in a consumer credit agreement which confirms that no such clauses were unfair (the clause on the interest rate floor is the main subject matter of credit agreements as it directly sets the rate of interest the consumer must pay for using the credit; therefore, in accordance with Article 4(2) of the Council Directive 93/13/EEC on unfair terms in consumer contracts and the domestic case law, it is exempt from the assessment of the fairness of the contractual conditions not individually agreed but subject to the transparency condition).

In addition, the legal area was also involved in the course of 2022 in a number of activities conducted within the framework of other fields of operation and described in more detail under the relevant headings. We took part in recasting the Recommendations for the conduct of the members of the Bank Association of Slovenia in cases in which unjustified transactions

arising from payment/internet frauds are suspected. We monitored the activities carried out during the audit reviews by external service providers. Numerous activities referred to the issue of the grounds for refusal to open a basic bank account or terminate a framework contract for a basic bank account of legal and natural persons. The initiative to examine the possibility to prevent cashing falsified bills of exchange was also on the table.

We also dealt with the ECJ's judgement C-383/18 (the so-called Lexitor). To that end a special ad hoc working group examined at several meetings the content of the judgement (also in relation to the Consumer Credit Act), the activities and harmonisation with the central bank and the competent ministry were carried out, and the initiative to recast Article 22 of the Consumer Credit Act was given. In relation to it, we also kept abreast of the new developments in Case C-555/21 (credit agreements for consumer relating to residential immoveable properties).

Within the framework of the working group (enforcement, enforced collection, enquiries) numerous harmonisation activities were carried out, as well as the exchange of best practice, a letter was sent to the Ministry of Finance with the initiative that the ministry amend as soon as possible the Act on Prevention of Late Payments and, specifically, the provisions regulating the collection of payment enforcement instruments (*izvršnice*) – either by explicitly stating in the first paragraph of Article 3 of the act that Chapter VI of the act may also apply to financial contracts, or by writing more definitely and expressly that the enforcement instrument may not be used as collateral for financial contracts and by adding the sanction for infringers. As of today, the initiative has not been endorsed.

The legal affairs area together with other stakeholders drafted the programmes for the conference of legal professionals, the conference of HR officers. The conference on the prevention of money laundering, and the conference on compliance for 2022.

Certain internal activities worth mentioning are crucial to the seamless operations of the Bank Association. To mention just some of them: modifications to the internal rules and updating the declaration on security and risk assessment, the publication as laid down in the Media Act in the Official

Gazette of the Republic of Slovenia for the journal *Banking Vestnik*, updating the data in the registry of transparency, monitoring the procedure for the registration of commonhold tenure in the Land Registry, monitoring the work on the renovation of the façade and the roof and the lightning conductor on the office building and to that end, the collaboration with the manager and the outsourced contractors, and cooperation in a number of other activities running in various areas of the activities conducted by the Bank Association. The head of the legal area also took part in various internal commissions of the Bank Association.

## Legal Affairs Committee

All the aforementioned issues are at the same time the most important matters on the Committee's agenda in the course of 2022. As already mentioned, the Committee committed a considerable amount of time to loans denominated in Swiss Francs and it was a regular topic on the agenda of its meetings. All three working groups continued their work within the framework of the Committee (on the recommended Instructions on enforcing the decisions on debt collection through banks and on the debt enforcement instrument (izvršnica) and the Instructions on the transmission of confidential data). In addition, the topics for the annual conference of legal professionals in banks were determined. The Committee members, as well as the members of the working groups addressed specific issues by correspondence throughout the year and exchanged opinions and practical experiences concerning other relevant matters.

In addition to the issue of loans in Swiss francs, the Committee paid special attention at its meetings to collective actions against banks and savings banks for damages filed by the non-governmental organisation Zavod KOLEKTIV99 (»floor« clauses) following judgment in the so-called Lexitor sp. z o.o. case, Article 22 of the Consumer Credit Act (ZPotK-2), the new third paragraph of Article 23 of the Consumer Protection Act (ZVPot), the issue of cashing debt enforcement instruments so-called (izvršnica), frauds in relation to cashing bills of exchange and abuse when payments are made online, that is when using digital payment services. The Committee proposed and subsequently coordinated outsourcing of several legal opin-

ions that provided answers to the open questions in relation to the aforementioned topics.

For that purpose, the representatives of the legal offices frequently shared positions and best practice in relation to the issues on the table by correspondence and resolved many dilemmas.

The annual conference of legal professionals in banks held in 2022 was entirely dedicated to consumer legislation. The participants had the opportunity to hear the lectures about the procedural prerequisites of collective actions, the latest developments regarding the Consumer Protection Act and the prepayment of a loan pursuant to the Consumer Credit Act. A round table was also organised within the framework of the conference with the provocative title: »Is consumer legislation limiting the variety of banking services?«.



# Compliance, Ethical Code of Conduct, Prevention of Money Laundering

## Compliance Committee

The Committee monitored and addressed several issues about which its members exchanged their hands-on experiences. One such issue concerns the dilemma about the possibility to provide ancillary services also for companies in a banking group, that is, whether the compliance office of one bank can perform compliance function also in its controlled company (for example: its subsidiary for leasing operations). Further to that issue, the initiative to amend the Banking Act was sent to the Ministry of Finance. The Committee members took part in drafting comments on the draft text of the act amending the Personal Data Protection Act and the Act on the Protection of Whistleblowers. The EBA Guidelines on outsourcing arrangements were also on the table.

The Compliance Committee kept abreast of the developments regarding intervention regulations and participated in the discussions about specific matters connected with its area of activity. In particular, the Committee raised the issue of power failures or power cuts and the associated risks for the operations of banks and savings banks.

In November, at an online meeting, the Committee members exchanged information on experiences gained in the course of digitalisation of the procedures related to compliance and the opinion on the ESG factors in sustainable development, alongside sharing best practice regarding ethical code of conduct and zero tolerance in operations.

Other current issues were also discussed within the framework of the Committee and the programme of the conference on compliance was prepared and the event staged also in 2022 in cooperation with the Slovenian Insurance Association and the Association of Investment Fund Management Companies. It is worth mentioning that, among other things, there were lectures on the environmental, social and governance criteria (ESG) seen

from the position of a bank, management company and an insurance undertaking, as well as on protecting whistle-blowers and the regulators' expectations for oversight of the implementation of the restrictive measures. The participants also learned about the proposal for a new Regulation on digital operational resilience for the financial sector (DORA).

### **DPO Forum**

The members of the DPO Forum (authorised persons for data protection – data protection officers) were highly active in the course of 2022. The focal point of their meetings was the proposal for the new Personal Data Protection Act (ZVOP-2) the competent ministry was working on for several years and sent to the legislative procedure in the preceding year. A proposal with amendments was drafted and the Bank Association forwarded it to the relevant committee of the National Assembly, and within the framework of the Forum, the proposals for certain changes to the Banking Act were also prepared (access to specific registers) that would facilitate considerably the operations banks carry out in practice.

The legal bases for notifying Si-Cert of payment, that is, digital frauds, and the representatives of the Forum together with the representatives of some other committees and the working groups of the Bank Association attended the meeting with Si-Cert held in December.

At the meetings of the DPO Forum, the members discussed the current issues and exchanged best practice in the field of personal data protection.

### **Ethics Committee**

The Committee members for ethical conduct appointed in 2018, did not meet in 2022 as no breaches were reported. In the light of the approaching end of the Committee's tenure, all its members were re-appointed in June for another four-year term of office.

### **AML Committee**

In the course of 2022, the Committee tasked with the prevention of money laundering (AML) addressed numerous current issues. The focus was on the questions regarding the implementation of the Prevention of Money Laundering and Terrorist Financing Act, and to that end, opinions and

practice were exchanged in relation to, for example, the requirements set out in Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing (6th AML Directive EU) and grounds for refusal to open a basic bank account or terminate a framework contract for a basic bank account (natural and legal persons), operations in the light of the restricting measures, that is, financial sanctions (as a consequence of the Russian aggression on Ukraine), the questions in connection with opening accounts for refugees, as well as the dilemmas regarding reporting to the Office of the Republic of Slovenia for the prevention of money laundering.

During the year under review, the work on bringing the list with the indicators for the detection of suspicious transactions up to date was completed by the specially appointed ad hoc working group. The working group finalised the draft document last October and then a meeting was held with Banka Slovenije and the Office of the Republic of Slovenia for the prevention of money laundering. The updated indicators were confirmed, that is, adopted in March 2022.

The Committee also discussed the updated Guidelines on the assessment of AML/CFT risks. In addition, the Committee members updated the list of so-called nonsense data (data accompanying payments) – a useful tool for banks and savings banks.

In relation to the adoption of the Act Amending the Prevention of Money Laundering and Terrorist Financing Act, the Committee drafted proposals for modifications and amendments sent to the Ministry of Finance and also to the Office of the Republic of Slovenia for the prevention of money laundering and to Banka Slovenije. The proposals of the Bank Association, that is, of the banking sector were not endorsed.

In the second half of the year, also the traditional annual conference of AML compliance officers was held. Among other things, the participants learned about legislative changes to the AML area and attended their presentation of the restrictive measures and the new money laundering typologies.

## Consumer Financial Services

As in the previous years, the retail banking matters were addressed also in 2022 by the Retail Committee and the working group tasked with the security of persons and property matters joined by three newly appointed ad hoc working groups: the working group for the preparation of the calculation methodology as laid down in the Act on the limitation and distribution of currency risk between lenders and borrowers in Swiss francs (ZOPVTKK), the working group for the implementation of the housing guarantee scheme for young people, and the working group for (electronic) bank switching.

### Retail Committee

The Committee held four meetings in 2022 and two ad hoc theme meetings and also met with the representatives of Banka Slovenije.

Throughout the year, the Committee members were monitoring and examining the developments in retail banking. In carrying out their work, they cooperated in particular with the Ministry of Labour, Family and Social Affairs and Equal Opportunities and Banka Slovenije.

At the beginning of the year, the Committee examined the Act on the limitation and distribution of currency risk between lenders and borrowers of loans in Swiss francs aiming at common understanding of certain articles of the Act. For example, the question raised was the treatment of the repaid loans and more than 10 years lapsed since then, hence the bank under GDPR does not store the records in relation to the loan. To provide calculations for customers if required, an ad hoc working group was appointed and tasked with the preparation of the methodology for such calculations, and it carried out the activities to standardise the calculation methodology as set out in the Act. In accordance with the working group's findings, the calculated overpayments are taken into account for payments of future obligations subject to the decrease of the principal by either shortening the repayment period due to early repayment or decrease the amount of the regular annuity. The determined overpayment shall be the basis to cal-

culate default interest. The differences in prepayments for the loans of the same value and maturity according to the recalculations made by different banks were minimal and are derived from the specific features of loan administration in a certain bank, that is, its ability to provide IT support for loan administration.

The working group for the implementation of the housing guarantee scheme for young people is composed of the representatives of banks and savings banks, which participate in the scheme. The working group met every week from September onward. Its members prepared provisional forms and declarations for clients, the banks exchanged questions and hands-on experiences in effort to get the answers necessary for the uniform implementation of the guarantee scheme as much as possible. We also approached SID banka in order to harmonise our understanding of the legislative provisions and the help we got through the bank's engagement in the work of our group was highly valuable, as well as the help provided by the Ministry of Finance when necessary. The working group also drafted the proposal for amendments to the Act on the Housing Guarantee Scheme for Young People and turned to Banka Slovenije to confirm the understanding that loans approved under that Act are not a new product.

All the minutes and questions in relation to the implementation of the Act on the Housing Guarantee Scheme for Young People are collected on the Association's extranet (access by entering username and password) within the framework of the working group and all members were also kept posted on all the developments through the Retail Committee.

Following an initiative by the member institutions, the Committee discussed the possibility of exchanging electronically information on switching banks in order to facilitate the procedure both for customers and banks. An ad hoc working group was appointed and tasked with putting the procedure in place and it drafted a proposal for implementation, while the Committee members made a commitment that all banks shall also exchange information with SEPA (SDD) debtors only via electronic channels.

Following the request by the Association of Employers of Slovenia, a uniform loan application form was prepared within the framework of the Com-

mittee containing practically each and every piece of information banks need for the loan underwriting process. Employers may provide IT support for the form to facilitate issuing account statements for their employees who bank with different credit institutions. However, not all banks need all the information envisaged in the form, so the employer can adjust account statements for every employee to get the information required.

Banka Slovenije will discontinue printing the leaflets and posters on SISBON mandatory for all points of sale, hence each member of the SISBON system shall provide for the material of appropriate quality to be first submitted to Banka Slovenije for approval. To that end, a proposal was made to arrange for the material to be printed through the Bank Association for all the members of the system in order to lower the costs and simplify printing. As soon as the member institutions express interest for the material, it will be arranged (at present, banks still do not have the material).

The Committee also addressed the difficulty arising from delayed provision of information to banks indicating that a client, that is, a non-customer who comes to a bank to ask for a loan who does not have the capacity to exercise rights. The proposal was to enter the information on such lack of capacity to SISBON and the social work centres should provide such information or banks could do it on the basis of a decision supplied by the centre of social work.

In addition, the Committee addressed the issue of lending to sole proprietors (s.p.) paying taxes on income without taking into account actual expenses, that is, their credit worthiness in accordance with the central bank's Regulation on macroprudential restrictions on households lending. The difficulty was the recommendation to calculate that the LTV does not exceed 80%, that is, the 80% weight for costs when credit worthiness is calculated, which means that the methodology takes into account only 20% income of that segment of sole proprietors (so-called normiranci) and it does not correspond to their actual earnings in case of, for instance, outsourced IT-experts whose costs are considerably lower. The modification of the macroprudential measure has eliminated the aforementioned shortcoming of the previous regulation but now sole proprietors (s.p.) have to prepare financial statements, often for the sole purpose of applying for a

loan and it complicates the procedure obtaining documentation. In most cases, such sole proprietors are very good customers like IT-experts, journalists and similar professions who have no problems with honouring their obligations.

The Committee members exchanged information on the possibility to use the new ID card in digital banking. In the current implementation phase, the biggest obstacle appears to be its propagation. We should wait for the legislative changes on the basis of which the government will prepare an application that will ensure a high level of trust. In turn, it would open the doors to the development of bespoke new products and services.

The Committee also examined the implementation of the Lexitor case and to that end collaborated with the working group established within the framework of the Committee for Legal Affairs. They collected the specific questions raised and sent them to Banka Slovenije requesting clarifications.

Furthermore, the issue of writing addresses on customers' account statements was also on the table as banks must send once a year information on the fees charged to consumers on their payment accounts in line with Payment Accounts Directive (PAD). The form used is prescribed and it specifically defines the alignment of all data in the account statement, including the address. Banks must follow the instructions to the letter. Problems arise when statements are mailed as also the post prescribes how addresses shall be written. The Committee members exchanged views and concluded that taking into account the requirements of Pošta Slovenije, it is still possible to satisfy the requirements set out in the directive and those of the post.

The Committee addressed the issue of handing over the general terms and conditions of operation when opening a transaction account (TRR) and, specifically, whether the document should be given as a printed copy or it could be in electronic form, that is, whether the document should be handed over to a customer in the first place if the customer does not ask for it (would just showing it on paper or on a tablet or a PC suffice), considering that the Payment Services, Services for Issuing Electronic Money and Payment Systems Act (ZPlaSSIED) does not say that it should be done. It was

concluded that the electronic form should be sufficient, but in some banks, customers also have the possibility to get the text on paper or a tablet and confirm it by checking the box during the account opening procedure, afterwards they can access the document in their electronic bank.

Within the framework of the retail area, three workshops were held in collaboration with NLB on the use of electronic/online bank within the framework of the project: The cooperation of patronage services, educational institutions, libraries, social centres and banks arranged by the association eSeniorji. The first two workshop dates were reserved for the students of the secondary healthcare school Slovenj Gradec who as volunteers visit senior citizens at their homes, the patronage nurses of the Healthcare Centre Slovenj Gradec and the employees of the Ksaver Meško Library in Slovenj Gradec. All the participants are in contact with elderly but still functionally independent persons ready to acquire digital skills and to that end, they need assistance. The third workshop date was reserved for senior citizens who expressed interest in learning about online banking within the framework of the project.

In addition, the activities in the retail banking area comprise the preparation of various announcements for the public such as, for example, regarding the impact of minimum wage raise on the credit standing of consumers, the effect of higher social transfers on the credit standing of consumers, the introduction of the housing guarantee scheme for young people and exchanging the Croatian kuna in banks due to Croatia's entry into the euro area.

As every year, the opening hours for banks' branches on Saturday, 24 and on Saturday, 31 December were agreed within the framework of the Committee for the branches to close their door at 12 o'clock. Same as in previous years, the Association notified the media about it.

### **Working Group on Security of Persons and Property**

During 2022, The working group met six times, but the communication between the members was going on via electronic mail all the time.



Since the outbreak of the COVID-19 pandemic, the debate went on within the framework of the working group on security of persons and property in relation to the security of operations in bank branches. Wearing protective face masks is a security risk as it facilitates the commission of different criminal offences given the fact that a client entering a bank branch cannot be identified. By putting in place the RVT (recovered/vaccinated/tested) condition to pay a visit to a bank branch, the security risk was changed and in even increased in a certain segment, since banks are dealing on a daily basis with clients who are not satisfied with the aforementioned condition and who also express their dissatisfaction with “violence” vis-à-vis bank employees. Such violent behaviour is most often verbal and, in some cases, also physical. Knowing that each case of verbal violence could potentially escalate also to physical violence, bank employees turn to the police and to the security service as each violence increases the risk for the security and safety of the bank staff and of the bank operations.

Within the framework of other activities, the working group took the necessary steps for the implementation of the recommendation referring to the area of physical protection – best bank practice when it comes to protecting banks and savings banks in collaboration with the institutions from that field (the Bank of Slovenia and the Police) and shared experiences. At the start of the year under review, a survey was conducted with the aim to collect information about attacks on banks in 2021.

The members of the working group also worked on bringing up to date the document: Minimum recommendations for secure banking operations by updating the following:

- the names of the institutions to which the document refers,
- the references to legislative acts and the contents relating to external reviews,
- the content in relation to the video surveillance (in terms of IT-security), access protection and antivirus protection.

Due to the way the working group operates, the motion to transform it into the committee was approved.

## Bančni Vestnik

In 2022, 12 issues of the banking journal were published – eight single issues of which one special issue. In June, during the Banking Conference, the selected cover pages of Bančni Vestnik were on display to mark the 70<sup>th</sup> anniversary of the journal for money and finance originally scheduled to take place on the occasion of the anniversary in 2021, but postponed as the emergency situation caused by the coronavirus pandemic prevented the event from taking place.

The Editorial Board of Bančni Vestnik agreed the starting points for the international issue published on 25 November placing the change to the macroeconomic framework, in order words, inflation, at the centre of authors' interest.

We continued to promote the journal among the members of the Bank Association and external subscribers. At present, the journal is delivered to 1,336 subscribers – more than 500 more than before switching over to the digital journal.

## Training Centre

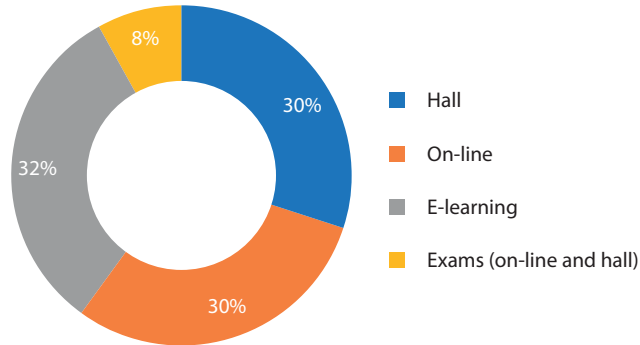
At the Training Centre of the Bank Association of Slovenia, acting in line with the adopted training programme strategic goals, we delivered our programmes online when possible both in the area of professional complementary training and in the financial literacy area. In this regard, we took into consideration the directions given by our members and the responses given by the participants and the lecturers at previous events.

After 2020 characterised by the pronounced interest in and the surging number of the participants in the e-learning programmes, 2021 seeing rising interest in the programmes taking place in the traditional manner, in a hall (it is valid both for expert meetings and seminars, schools and workshops), **in 2022 we witnessed a rising number of participants both in the area of professional training and financial education regardless the type of a programme or the form of the event.** Thus we had in all the

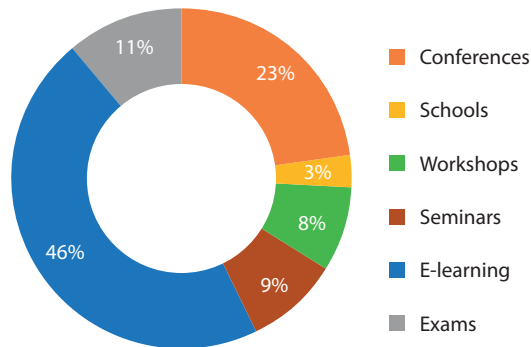
programmes held last year a total of **4,834 participants** (2021: 2,629), of which 1,465 learners attended traditional hall events, 1,559 persons were included in the e-learning programmes, 370 candidates took exams online and in the hall (pen and paper), and 1,440 learners was included in online financial literacy programmes.

Activities	Pro-grammes in 2022	Partici-pants in 2022	Partici-pants in 2021	Partici-pants in 2020
<b>A. Professional training</b>				
1. Conferences	15	<b>778</b>	696	568
2. Seminars, schools, workshops – total	16	<b>687</b>	611	382
- seminars	11	316	350	170
- schools	3	89	86	55
- workshops	2	282	175	157
3. E-learning programmes	5	<b>1,559</b>	464	3346
Total 1–3	35	<b>3,024</b>	1,771	4,296
4. Exams	9	<b>370</b>	113	117
Total A	44	<b>3,394</b>	1,884	4,413
<b>B. Financial literacy</b>				
European Money Week	4	<b>751</b>	393	–
European Money Quiz	2	<b>645</b>	314	160
- workshops for teachers, pupils, students	1	<b>94</b>	–	–
- the national and the European competition	1	<b>551</b>	–	–
International Fraud Awareness Week, the programme for schools	1	<b>44</b>	–	73
Total B	7	<b>1,440</b>	745	233
Total A and B	51	<b>4,834</b>	2,629	4,646

## Implementation method 2022



## Number of participants 2022



### Professional complementary education and training

All the programmes envisaged in the time schedule for 2022 were carried out, except the traditional November professional meeting of bankers organised by the Bank Association of Slovenia every year starting from the second half of the 1990s. The decision was taken that in the future, the Banking Conference and the Day of Slovenian bankers will be joined in a single event scheduled to take place in June 2023.

We included the contents referring to sustainable financing in all forms of training: experts meetings, conferences, seminars, schools, as well as in

e-programmes. We also paid special attention to the contents in relation to the consequences of the aggression on Ukraine and their impact on banking operations and the broader financial-economic environment.

#### 1) Meetings, gatherings, conferences

The centre stage event we organised in 2022 was the Banking Conference in June. Its purpose was to present topics of importance for banks in connection with the Russian aggression and its consequences, and the responses to the current crisis: the impact of the aggression on monetary policy, the EU response, Slovenia's energy dependency, and its influence of the Slovenian economy, as well as to open discussion on the new situation. At the gathering opened by the director and the chairman of the Supervisory Board of the Bank Association the speakers were the governor of Banka Slovenije, the representatives of the European Commission, of the Jožef Stefan Institute, of the Institute of Macroeconomic Analysis and Development, of the Chamber of Commerce and Industry of Slovenia, of the Ministry of Finance, of the Chamber of Crafts and Small Businesses of Slovenia, and the representatives of the banks – the Association's members. Of the professional gatherings, the conference on the prevention of money laundering and financing of terrorism enjoyed the highest attendance in 2022, which we organised in cooperation with the Office for the Prevention of Money Laundering and Banka Slovenije. The event at which the legislative changes to the AML area were presented, alongside the risk assessment guidelines, the challenges posed by regulatory requirements implementation, money laundering typologies and the specifics of the virtual currency service providers was attended by over one hundred participants. In collaboration with the Ministry of Foreign Affairs, the central bank, the Securities Market Agency and the representatives of the Association's members, we added to the programme the current restrictive measures and experiences both for the implementation and oversight over their enforcement.

In terms of the number of participants, the Banking Conference, the Conference on payment services, the Conference on card operations, the Conference on risk management and the Conference of accountants followed suit. Except for three events at which attendance was slightly below the 2021 level, the number of participants increased for all other events and doubled at the Conference on sustainable financing.

The number of conferences that took place last year totalled 15. In addition to the above events, in March we held the Conference on modelling and model risk management in banking, in April it was the Conference of treasury officers, back-office and depositary functions and investment bankers, in May it was the Conference of internal auditors, the Conference of HR officers and the Conference on Compliance function, in October we organised the expert meeting of the members supervisory boards and management boards of banks and savings banks, the Conference of legal experts and the Conference of IT experts in banks.

## 2) Seminars, schools, workshops

We carried out 16 programmes of which 11 seminars, 3 schools and 2 workshops. Of the training programmes we identified great interest for banking regulation, risk management in banks, ESG and company financial analysis. The highest of participants was again at the workshops for cash authenticity and fitness we hold in cooperation with Banka Slovenije also on request of the member institutions for their groups.

We held all three schools: Banking School, Company financial analysis and Payment services. The highest number of participants was for the **Banking School 2021-22** attended by 31 learners joined by 33 more participants interest in the topics in relation to risk management. We amended the scope and content of the programmes and the new edition of the textbook "Banking operations" as the basic training material for the exam should be available shortly.

In cooperation with the company Advanced Risk Management from Prague, we held two **new** seminars in September: **The ESG management in practice** and **The assessment of the materiality of risk and the principles of measuring ESG**, which attracted the highest number of learners of all the seminars, although it was held in the English language. Other seminars worth mentioning is the online programme **Financial instruments and investment services** for which the member institutions showed renewed interest and which we **overhauled and updated** in collaboration with the Faculty of Economics of the University of Ljubljana last year. We also organised all three seminars for the preparation for broker exams since the legislative changes called for changes to be made to professional training and exams.

Practically all the programmes ran in 2022 were updated, amended by adding new contents and some of them were recast completely.

### 3) E-learning programmes

As it was expected, the interest shown in 2022 for the programme: **Consumer credit for real-estate purchase** was very high knowing that all persons employed in that field have to renew authorisation for work after five years. We included the contents referring to the topic of sustainable development and social responsibility also in the e-learning programmes. At the beginning of the year, we offered to the Association's members a **new** general programme **Sustainable development** upgraded in the second half of the year in terms of its scope and content with the ESG-related seminar. In the summer months, we **updated** the programme on the prevention of money laundering **for banks and leasing companies**. There was no interest in 2022 for the e-learning programme on the EU directive in relation to cross-border tax arrangements (DAC6) but its content was included in the programme of the Conference for accountants at the end of the year.

E-programmes	No. of participants in 2022	No. of participants in 2021	No. of participants in 2020	No. of participants in 2019
1. Consumer credit for real-estate purchase	1,089	140	459	522
2. GDPR and personal data protection	123	50	77	233
3. AML for banks (4 modules) – <u>updated</u>	162	231	2,615	–
4. AML for leasing companies – <u>updated</u>	69	27	97	–
5. DAC6-	–	16	71	–
6. Sustainable development	116	–	–	–
<b>Total e-programmes</b>	<b>1,559</b>	<b>464</b>	<b>3,346</b>	<b>755</b>

### 4) Examinations:

As many as 230 candidates took the exam of professional knowledge.

- We conducted online exams using the Exam.net platform in connection with MS Teams for the Banking School and for the Payment Services and

in the Campus app for The financial instruments and investment services and

- Traditional hall exams for broker exams: Exchange operations, Cash authenticity and fitness and Counterfeiting documents,
- As the integral part of the e-learning programme for all e-learning events: Consumer crediting of real-estate purchase, AML/CFT for banks, AML/CFT for leasing firms, GDPR and personal data protection, and Sustainable development.

In 2022, a new examination commission for the recognition of professional development was appointed. The commission examined the fulfilment of the terms and conditions of three generations of the participants of the Banking School and probed the validity of the banking qualification European Foundation Certificate in Banking (EFCB) awarded by the European Banking & Financial Services Training Association. The commission confirmed the validity of the certificated of those meeting the conditions and proposed that the others are invited to present proof of compliance with the requirements under the new provisions, that is, to undergo 20 hours of professional training within three years.

We increased the pool of the exam questions for broker exams and renewed the exam questions for the programme: Financial instruments and investment services.

The competent committees and exam commissions were engaged in holding the accredited examinations.

#### 5) The activities for carrying out the training programmes in the first quarter of 2023

- Banking School – 3<sup>rd</sup> part, 10–13 January
- Seminar: Risk management in banks, 10 and 11 January
- Company financial analysis, 23–27 January
- Workshop: Recognising banknote authenticity and fitness, on request, January, February
- Conference of card operations, 15 February
- Conference on sustainable finance, 22 February

### **Financial literacy**

The interest in the financial literacy programmes has been growing over the years and the number of participants doubled in 2022 in comparison



with a year earlier as we had 1,440 learners (2021: 745). Likewise, the interest to cooperate with the Bank Association of Slovenia in that area has been expressed by an ever-increasing number of external stakeholders. Considering the human resources and the primary role of the Training Centre – to provide professional education and training of common interest for the members' staff, we opted also in 2022 for the coordination and the delivery of the programmes on the occasion of the European Money Week and the European Money Quiz, as well as for taking part in the activities running in the International Fraud Awareness Week.

a) European Money Week:

- Days of open doors in the financial sector for pupils of primary schools
- Days of open doors in the financial sector for students
- Financial literacy in the financial sector
- Days of open doors in the financial sector for library staff

b) European Money Quiz

- Workshops for teacher, pupils and students (x2)
- The national competition (on 4 March)
- The European finals (on 20 April)

c) International Fraud Awareness Week

In 2022, the Faculty of Economics of the University of Ljubljana carried out the activities during the fraud awareness week. The Association's director was one of the key speakers at the opening ceremony and took part in the round table discussion on the topic: "ESG: socially responsible conduct or a new era of fraud?" in which the representative of the European Investment Bank and the representative of the Commission for the Prevention of Corruption of the Republic of Slovenia also took the floor.

At the Bank Association of Slovenia, we also joined the initiative by organising training on fraud for students. In 2022, it was the School of service activities of the School Centre Velenje. The Association's director and the deputy head of the Training Centre in collaboration with the representative of the Slovenian Consumers' Association presented to 44 students the area of banking operations security and protection of young consumers, and students also answered the questions about protection against fraud using the European Money Quiz app.

	Pro-grammes	No. of par-ticipants 2022	No. of par-ticipants 2021	No. of par-ticipants 2020
Financial literacy				
European Money Week	4	751	393	–
- programmes for primary schools	1	150	41	–
- programmes for secondary schools	1	548	321	–
- financial literacy in financial sector	1	27	31	–
- programmes for library staff	1	26	–	–
European Money Quiz	3	–	314	160
- workshops for teachers, pupils and students	1	94	20	3
- national and European competition	2	551	292	155
International Fraud Awareness Week for schools	1	44	–	73
<b>Total</b>	<b>8</b>	<b>1,440</b>	<b>745</b>	<b>233</b>

### Other activities:

- Communication on the activities of the Association's Training Centre and communication with the members regarding the needs and interest for training programmes (meetings with the members' representatives, Training Committee, circulating information via e-mail, announcement on the website ...)
- Participation in the examination board and the EFCB examination board and the examination commission
- Participation in the commission for the recognition of additional professional development
- Participation in the examination board and with the examination commission for testing professional skills for brokers
- Participation in project group for financial literacy at the European Banking Federation
- Participation in the working bodies of the European Banking & Financial

- Services Training Association (EBTN)
  - o meetings of the EBTN members
  - o participation in the EBTN Board
  - o chairing the EFCB Board
  - o taking part in work of the Financial Literacy Committee
- Participation in the sectoral board for professional standards of operation and management at the Centre of the Republic of Slovenia for Vocational Education and Training

## Training Committee

In 2022, the Training Committee met five times. At those meetings, the current activities carried out by the Training Centre were addressed, including the evaluations and reports on carrying out the training programmes and the modifications and amendments to the Training Centre's time schedule made to adjust the Programme to the current situation.

In January, the Committee members addressed the Report on the work of the Training Centre for 2021 and the Plan of work, as well as the time schedule for 2022. In addition, the possibility to arrange access to the members' authorised persons to the certificates awarded to the participants in e-programmes for larger groups of attendees. Furthermore, the issues addressed included a review of professional standards for the banking area, a new Sustainable Development e-programme and the appointment of a working group tasked with the preparation of a programme for the conference of HR officers.

We included in the programme for the May conference of HR officers titled "Encouraging changes and adding business value", among other things, challenges in relation to human resources in banks when the ESG factors are implemented, sustainable solutions between analogue and digital ones, and best practice for hybrid management and work.

The Committee also discussed two initiatives of the Centre of the Republic of Slovenia for Vocational Education and Training. Further to that matter, the Association sent to the Centre the amendments to two professional

standards received for the banking area for the banking operations assistant and the banking sales person. The Committee members endorsed the Centre's proposal to include the professional standards for the banking area in the renewed higher educational programme "economist".

The Committee members also confirmed the findings of the examination commission for consumer financing of real-estate purchase that the content of the e-programme is adequate and that the authors should update the material when needed.

The last Committee meeting held in December was dedicated to the examination of the Report on the work of the Training Centre for 2022, the Plan of work for 2023 including the time schedule, the evaluation of the activities carried out in the second half of the year, and the exchange of the members' experience with regard to training their employees to work with customers from vulnerable groups.

## Leasing Office

**RECOGNITION:** In connection with the perception of leasing operations, we did not detect in 2022 any negative, above all media events potentially affecting the perception of the leasing activity. Nevertheless, we note with regret that, in spite of our efforts, leasing activity has still not been recognized as a purely financial activity. This was reflected, for example, in the fact that during the procedure for the adoption of the new consumer legislation, the Ministry of the Economic Development and Technology turned a deaf ear to our proposals resting on the legislative solutions in place in the comparable countries did not listen either to the voices of consumer associations demanding that financial leasing should be unambiguously classified as a financial service and not as hire purchase, that is, sale on deferred terms of payment. So for consumers, as well as for lessors, this question remains open and continues to be left to different interpretations also in specific contentious cases before the courts. Over the past two years, the visibility of leasing activity was affected also by the COVID-19 pandemic, which faded in 2022. Our members had to observe reporting requirements that do not take into account the special characteristics of leasing activity for SISBON reporting purposes as the external auditors of Banka Slovenije

after many years of allowing for the specific features of reporting on leasing activity for the register, demanded that reporting shall be done as if those were banking operations, which are recognised as pure financial operations. In 2022, there were no cases of general negative image of leasing activity arising from operations with consumers, even though experiences show that it was to be expected after the promulgation of new consumer legislation knowing that painting the picture of non-bank creditors as the ones that do not provide equal protection to consumers is a traditional and always welcome populist theme.

**MEMBERSHIP:** In 2021, a new leasing company entered the Slovenian market: Toyota Tsusho Leasing, d. o. o., which through the alternative dispute resolution scheme set up at the Bank Association of Slovenia immediately acceded to the Association and at the last year's general meeting got a seat on the Association's Leasing Committee. Putting leasing companies up for sale and their integration into other banking groups, winding up leasing operations, prohibiting leasing companies from big systems from participating in economic interest groupings and other similar trends, that over the past few years resulted in a reduction of the number of members in many countries – members of Leaseurope, as well as in Slovenia, came to a halt in 2022 although preparations went on for taking such steps as indicated in the correspondence with the Slovenian Competition Protection Agency as the Agency requested the statistical data published on our website and their explanation. The topics addressed by the banking and the leasing part of the members often overlap (such as consumer protection, money laundering, central credit register), the employees working in the aforementioned segments of the Association's membership specialise in different fields; therefore, a proposal for the banking members to rationalise support to the operations of the Association's members, has been on the table until now, as well as in the future, to reach systemic synergies. However, there was still no definite answer in 2022 either in spite of other continuing initiatives and the activities made in that direction. Thus at least there is still the question of bank membership of certain banking leasing companies in the Association and in the Leasing Committee when covering part of their operations that refers to leasing and, consequently, their financial participation in it and it is still a reason for the unresolved situation at Banka Intesa Sanpaolo, which has explicitly expressed interest for

cooperation. The elections for the representatives of the leasing operations to sit on the Association's Supervisory Board were held in February.

**MOTOR VEHICLE LEASING:** Leasing motor vehicles is the most important segment of leasing activity for all the members of Leaseurope and Slovenia is no exception. There were disruptions in the supply of motor vehicles by automakers also in 2022, particularly after the start of the war in Ukraine mostly due to automotive chip shortage and the disrupted supply chains, which was ultimately reflected in the operations of the Slovenian leasing companies. Despite different expectations in relation to special and many years of perseverance in effort to simply sanctioning of traffic offences on the basis of initiatives and proposals of law enforcement bodies and municipal warden services in particular, envisaging direct liability of owners for offences caused by motor vehicles, in contrast with the current regime in which users of the leased vehicles are directly responsible, there were no new legislative initiatives by the government in that direction. Tax benefits were also on the table for which we made a joint initiative that the area be unambiguously regulated in operational regulations and rules adopted by the Ministry of Finance. In addition, we addressed the issue of the registration of motor vehicles, that is, put more accurately, ill-conceived registration procedure that disregards the specific features of leasing and causes problems both to the leasing companies and the government budget – the issue we explicitly drew to the attention of the ministry responsible – alongside the issue of uninsured vehicles

Uninsured vehicles and negative practice regarding liability for damage caused with those vehicles to third parties coupled with the inability to systematically retrieve data on the insurance status of the vehicle or at least periodically, was our long-standing topic also in the previous year. So we tried to continue with the efforts within the framework of the initiative for collaboration with insurance undertakings regarding insurance policy *vinculation* given the fact that the definite text was already prepared and ready for signing, then at the last minute it all came to a halt and the insurance companies have remained silent since then. We inquired in 2022 about the status of the matter but got no definite answer supposedly because of a new Bankart's initiative to exchange information through them (presumably within the framework of the largest insurer's system) but

there have been no new developments either. Many discusses were about electric vehicles, implementation and enforcement of the ESG standards and reporting on those activities .

**PPDFT (prevention of money laundering and combating the financing of terrorism – AML/CFT):** No problems worth mentioning were encountered in relation to the AML/CFT activities. After being for a long time in the procedure before the National Assembly, the long anticipated changes to the Prevention of Money Laundering and Terrorist Financing Act were finally adopted and the new Prevention of Money Laundering and Terrorist Financing Act (ZPPDFT-2) promulgated. We sent our remarks to the draft law together with the banks – the Association’s members, but the first draft of the new law was not adopted and it was adopted only the second time after changing the controversial amendments disputed for granting excessive powers. At the meetings after the promulgation of the new act we examined the changes and concluded that for the time being, until the adoption of the new guidelines, no joint effort on the implementation of the new Prevention of Money Laundering and Terrorist Financing Act (ZPPDFT-2) would be necessary. Following the promulgation of the ZPPDFT-2, e-learning in AML area for leasing activity and leasing companies was prepared and the companies started to enrol their staff. Since the implementation of certain requirements of AML/CTF necessitates taking into consideration the specific features of leasing activity, we adopted the relevant positions and sent them to the Office for the Prevention of Money Laundering of the Republic of Slovenia for confirmation and we are still waiting for their reply.

**PERSONAL DATA PROTECTION:** Although the area of the implementation and enforcement of the General Data Protection Regulation (GDPR) in practice is not at the forefront any longer, the exchange of information and best practice occasionally takes place within the leasing area and together with experts from the banking sector and other stakeholders such as the Chamber of Commerce and Industry, the Slovenian Chamber of Commerce and the ICT Association of Slovenia. Further activities are expected after the promulgation of the new Personal Data Protection Act (ZVOP-2) at the end of the year in which the Association’s comments were largely taken into account and which also introduced the punitive section.

**TAX AND ACCOUNTING MATTERS:** Regarding contract termination and VAT charged in such cases, the Financial Administration (FURS) issued in 2014 an opinion, which was in line with what we agreed on, but then the rulings of the European Court of Justice brought new case law on this issue. Consequently, FURS issued a new opinion in July 2021, mostly taking into account the recent ECJ's judgements regulating similar situations (e.g. Unicredit Bulgaria). The FURS' opinion on VAT charge when a contract is terminated in particular in view of the aforementioned ECJ's judgement and issued in the different actual situation proves to be difficult for reading and allows several interpretations when it comes to implementation in practice. Therefore, we addressed the issue thoroughly at several meetings. The meetings were held at the members level joined by an outsourced tax expert. Since we could not get to the bottom of certain situations, we organised a meeting also with FURS. At that meeting we got answers to the open questions and sent them a document with our understanding, that is, our positions for confirmation. We received the answer from FURS at the end of 2021 conforming the agreed issues, but we still had to work out a solution in individual cases also in 2022 such as, for example, accrued interest charge in case of re-possession.

Furthermore, following the ECJ's judgement, FURS issued new guidelines for sale and lease back operations where questions were still asked regarding implementation, mostly in relation to financing in specific situations, which are then dealt with by correspondence and by aligning positions. Occasionally, the questions in relation to the collision between DFS and VAT also emerged and the explanation was that also in such cases, one should start from the factual circumstances and not from the legal situation. After many years of debates and draft documents, the new IFRS 16 – leases entered into force. It also influences the operations of leasing companies and their clients both in the area of general hiring and leasing operations. Despite ample changes, our members did not report any major difficulties in 2022 either. Already in the previous year we expected that the Anti-Tax Avoidance Directive calling for intensifying activities in the field of deductibility of interest between associated enterprises and thin capitalisation would be definitely transposed into the Corporate Income Tax Act (ZDDPO-1) but we enquired about it, we were told that it would take place in 2023. So in that area considering the consequences the present thin



capitalisation regulation has different from banks, we again expect more intensive work regarding tax on interest between related entities and thin capitalisation. Therefore, during 2022, despite different information and expectations, we could only monitor the situation our members bring to the fore every now and then. With regard to the changed regime of tax reliefs for motor vehicles, we contacted the Ministry of Finance and informed them about the proposal for modifications to the relevant rules that would unambiguously implement the new legislation in practice.

**REPORTING TO BANKA SLOVENIJE:** Banka Slovenije and some member institutions, which at the meetings in the past expressed wishes for more detailed reporting at the level of individual operations, that is, additional categories corresponding to the categories for reporting to Leaseurope, having received additional clarifications with regard to both technical and substantive obstacles did not make any new proposals in that context in 2022. In general, ongoing reporting continues without any major difficulties although in the previous year Banka Slovenije found the reporting by certain reporting entities to be incorrect. That discovery led to a delay in the publication of and dissemination of the statistical data during the year and called for correction to be made in arrears. Corrections had to be made also to the reports and the methodology for reporting on banks' leasing operations. Banka Slovenije also corrected certain absurdities identified in prudential reports even before the reports were released and by applying the new methodology neutralised any adverse effects. Banka Slovenije publishes its findings on a quarterly basis in the Monthly Report on Bank Operations and semi-annually in the Financial Stability Report. In addition, Banka Slovenije sends back quarterly data derived from the quarterly reporting by leasing companies to the Bank Association.

**PROPOSALS FOR THE IMPROVEMENT OF LEGISLATION WITH REGARD TO INSOLVENCY LEGISLATION AND DEBT RESTRUCTURING:** At the end of 2021, alongside other collective representatives of the relevant economic activity, we received consultation and commenting yet another announced change to insolvency regulations: the Financial Operations, Insolvency Proceedings, and the Compulsory Dissolution Act (ZFPPIPP-H), designed to implement the directive on the so-called »second chance«, as well as certain changes based on the decisions of the Constitutional Court

and to correct the deficiencies identified in the changes made so far. We, as well as other stakeholders, made a few comments on that version and the text was afterwards discussed at many meetings and by exchanging intense correspondence to be eventually formulated as a compromised version of the implementation of that new directive, as well as the amendments to the legislation in place with its provisions leaving room for systemic lack of financial discipline. Also at the Days of Insolvency Law in Portorož, we had an opportunity to show an overall absurdity of the arrangement and used the role of the mediator of the round table dedicated to the further steps to be taken in order to recast insolvency legislation to showcase the logic-proof solutions adopted by our biggest economic partners. Already a glance at the new version of the act received the end of 2022 shows that the corrections made took into account a few issues brought to the fore and, in general, it should contribute to better legislation and, explicitly, to distressed companies' quicker reactions already in the early stage when difficulties still loom well ahead of actual insolvency that would call for the start of one of the insolvency procedures. Knowing that Slovenia is significantly behind the milestones set out in the aforementioned directive, it should probably be the version to be sent into the promulgation procedure. It is not ideal, but it is a good starting point.

**REAL-ESTATE OPERATIONS:** Also in 2022, real estate was not a focus of attention of leasing activity. The statistical data show that a segment of leasing operations is still engaged in real-estate operations and with the portfolios containing previously acquired properties; therefore, monitoring the real-estate segment of leasing operations continues. Therefore, we followed the developments in the real-estate segment of leasing activity and, above all, of the new legislation on tax on real estate, the area in which we, together with the Ministry of Finance, monitored in the past all draft regulations concerning tax on real estate as exempting leasing companies from paying such tax had been agreed with the Ministry of Finance in all cases in which the property is the subject of lease financing. We were proactive participants advocating mass valuation of property when applying for financing. The open issues regarding mass valuation and taxation of real estate stuck in the legislative pipeline in various phases of finalisation are still on the table. More information on the value of individual real properties is still unavailable and it is a major shortcoming given the rise of real-estate prices.

**CONSUMER PROTECTION:** As the Covid-19 pandemic subsided, the basic question that had to be answered in relation to consumer financing: were leasing transactions allowed when providing services to customers was prohibited save for explicitly allowed exceptions, became superfluous. The issue of “interest rate floor” became a frequent topic of discussion, above all the implementation of the ECJ’s Lexitor judgement in daily credit practice for the past, present and future operations given the fact that credit operations are strongly connected with credit intermediaries and costs associated with their activity. As a rule, the answers provided by official institutions (Banka Slovenije, Ministry of Economic Development and Technology) were all negative. The doubt as to the obligation of the economic agents – creditors – to cover third party costs in the event of early repayment of a consumer loan still exists as it may be assumed based on the general attorney’s opinion given in a court case still under consideration. At the same time, from the new proposal for Consumer Credit Directive (CCD) it arises that only those costs, which customers, that is, consumers pay directly in relation to a credit agreement and have no link to its duration (such as, for example, costs of insurance) need not be reimbursed. As regards the inability to carry out remote customer identification in order to access SISBON even though it can be done for AML/CFT, we exchanged in 2021 ample correspondence with Banka Slovenije, the Information Commissioner and the Ministry of Finance citing German practice in that area, but we received no concrete answer except a general answer of the Information Commissioner, which indicates that the presentation of the matter is correct, but there is lack of political will for a uniform regulation of this area in Slovenia. The Ministry of Economic Development and Technology prepared a draft of a new organic law on consumer protection for consultation. It did not include the even-handed solutions already agreed in previous versions addressing the leasing area of consumer financing and equal protection of consumers in case of material defects and the treatment of leasing as activity different from »instalment sale«, that is, »title retention«, if consumers purchase an article or take it under lease finance, so we again raised that issue and then sent to the National Assembly of the Republic of Slovenia our proposed amendments, which were not accepted. Likewise, the amendments proposed by a consumer organisation referring to the same issue were upheld, even though for the legislators it might be a sign of alarm to make them think again whether they were drafting legislation that actually protects consumers.

**SISBON – CREDIT REGISTER:** Leasing companies joined the SISBIZ system according to the timeline envisaged in the Central Credit Register Act (ZCKR) and completed signing up with the Register in the section relating to actual and potential indebtedness of legal entities – SISBIZ. At the periodic meetings of the SISBON Committee, the open questions were dealt with and SISBON/SISBIZ audit practices exchanged. On the basis of a proposal for the Ministry of Finance, we continued the activities together with the credit institutions to arrive at the automated and rational acquisition of data from the civil (population) register, that is, from the Financial Administration (FURS), insurance undertakings and other institutions with the aim to prevent frauds facilitated by the absence of cross-referencing data and the current data not available to creditors in a timely manner. We have good experience with the Ministry of Justice, Banka Slovenije and the Ministry of the Interior, but there is opposition from the Information Commissioner, consumer organisations and the Ministry of Economic Development and Technology. The central bank's audit review conducted by the new auditors remained a problem, a challenge, and a financial burden for the leasing companies, which after advocating all those years a firm position regarding audit, have made a U-turn requesting that their reporting be placed on an equal footing with banks without taking into consideration the specific characteristics of leasing operations in that respect.

**ALTERNATIVE DISPUTE RESOLUTION – ADR:** Not a single consumer took legal action against any leasing company in 2022.

**STATISTICAL OUTPUT:** The agreement reached with Banka Slovenije in line with which additional figures would be supplied to the central bank for processing and publication as envisaged for the categories used by Leaseurope alongside statutory prudential reporting by leasing companies was running smoothly. In that context, Banka Slovenije informally drew attention last year to the fact that there were no proper legal basis for such cooperation. Nevertheless, there have been no changes to that respect so far. The matter of the fact is that the statistical reporting that covers all the relevant stakeholders on the leasing market and rationalises the reporting requirements and data acquisition also for other entities such as the Statistical Office (SURs) and the AJPES, does not comprise the segmented leasing statistics of the banks' leasing operations. The latter have been on

the rise over the past few years due to the changed model of pursuing the leasing operations and the concrete business decisions thus causing an anomaly in statistics. Talks were held once again last year with the banks that engage in leasing operations within the framework of their banking authorisation and initiatives given for reporting under the leasing scheme starting in the current year. It was agreed that the banks would examine the proposal but no response has been received so far, hence efforts made in this direction will continue.

**INTERNATIONAL COOPERATION:** At the international level, the cooperation with Leaseurope was most intense, as was also the cooperation with the sister organisation Eurofinas – both the voices of consumer credit and leasing providers at European level – particularly following the Judgement of the Court of Justice in the Lexitor case. As regards individual concrete cases such as, above all, the Lexitor judgement, we were in bilateral contacts also with the Italian, Austrian and Croatian colleagues. We worked together with Leaseurope on the adoption of the new relevant European legislation regarding also the differences in the implementation of the European directives in different Member States when it comes to providing consumer credit in the form of finance lease given the fact that it was already established at various meetings and then confirmed over and over again in practice that one and the same EU directive is implemented in different ways starting with Denmark where no finance lease exists, to other countries including Slovenia in which finance lease is practically the same as consumer credit. The matters systemically looked into with Leaseurope also included presenting leasing as a low-risk form of financing within the context of the preparations of new prudential legislation, the ESG factors, the changes to statistics, leasing as green activity (green lease), leasing as the engine for financing small and medium-sized enterprises, etc.

**LEASING DAY:** Staging of the Leasing Day was in the 2022 plan of activities but it fell through due to the Coronavirus concerns.

# Members of the Bank Association of Slovenia\*

## Banks and savings banks

Addiko Bank, d. d.  
Banka Intesa Sanpaolo, d. d.  
Banka Sparkasse, d. d.  
BKS Bank AG, Austria, Ljubljana Branch  
Delavska hranilnica, d. d., Ljubljana  
Deželna banka Slovenije, d. d.  
Gorenjska banka, d. d., Kranj  
Hranilnica Lon, d. d., Kranj  
N banka, d. d.  
Nova Kreditna banka Maribor, d. d., Maribor  
Nova Ljubljanska banka, d. d., Ljubljana  
Primorska hranilnica Vipava, d. d.  
SID – Slovenska izvozna in razvojna banka, d. d., Ljubljana  
SKB banka, d. d., Ljubljana  
UniCredit Banka Slovenija, d. d.

## Leasing companies

BKS-Leasing družba za leasing, financiranje in trgovino, d. o. o.  
DBS Leasing, d. o. o.  
DH Leasing, d. o. o.  
GB Leasing, d. o. o.  
NLB Lease&GO, d. o. o., Ljubljana  
RCI Banque, France, Ljubljana Branch  
SKB Leasing, d. o. o.  
SKB Leasing Select, d. o. o.  
Sparkasse Leasing S, družba za financiranje, d. o. o.  
Summit Leasing Slovenija, d. o. o.  
Toyota Tsusho Leasing Slovenija d. o. o.  
VFS finančne storitve, d. o. o.

\* As at 31 December 2022.

# Professional Team of the Bank Association of Slovenia\*

mag. Stanislava Zadavec Capriolo, Director  
mag. Kristijan Hvala, Head of Economics of Banking Operations  
Karmen Strgar, Business Secretary  
Novica Novaković, Head of Legal Office  
Borut Tomažič, Payment Services Specialist  
Azra Beganović, Business Associate  
Aleksandra Žibrat, Editor and PR Coordination

## Bančni Vestnik

Mateja Lah Novosel, Editor-in-Chief of Bančni Vestnik, Journal for Money and Finance

## Training Centre

Viljenka Markič Simoneti, Head of the Training Centre  
Ksenija Jaklin, Deputy Head of TC

## Leasing Office

Boris Bajt, Head of Leasing Office

\* As at 31 December 2022.