

Annual Report 2024



ZBS | Združenje bank Slovenije



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Statement of the Chairman of the Supervisory Board

In Slovenia, as well as worldwide, 2024 was fraught with challenges leaving a footprint on the way banks operated. True as it may be that the year in review will not be remembered for disastrous events such as pandemics, great floods or similar crises, the global geopolitical developments were all but plain sailing with consequences for economic trends. Due to global tensions ranging from the war in Ukraine to economic uncertainty in world markets, banks had to cope with surging risks associated with exchange and interest rate fluctuations in international financial markets. The clout of uncertainty with regard to economic forecasts, interest rates and inflation has impacted demand for banking products offered by non-financial institutions and their investment activity.

In an environment of high global uncertainty and economic activity losing steam, we were witnesses to a U-turn in the ECB key interest rates.

Domestic economic activity, however, remained above the EU average despite demanding conditions in the international environment and the volatile future outlook. Despite the beginning of the ECB rate cutting cycle in the second half of 2024, riding the wave of excess liquidity in the Slovenian banking sector, the level of interest rates had a positive effect on the operating results of the banking sector. The interest rates charged on loans to the non-banking sector were falling gradually in the course of 2024 with a positive effect on demand for credit gradually pushing it up. Demand for consumer credit gained momentum as opposed to sluggish demand by non-financial corporate sector. Deposits continued to grow albeit at the rates below those witnessed in 2023.

Due to the disbalance between deposit growth and credit growth we still have in Slovenia highly inefficient loan-to-deposit ratio between loans and deposits currently in the range of 60 per cent, and despite gradual growth in long-term deposits, the structure of deposits is still clearly dominated by sight/on demand deposits resulting just like in 2024 to a more gradual transmission of changes to the ECB interest rates to deposits with short maturities. Interest paid on medium-term time deposits are comparable with the average for the EMU.

Profit and return on equity remain at a level comparable to a year earlier. The quality of loan portfolio still remains at a high level with the share of non-performing exposures (NPEs) at a historically low level. The capital and liquidity position of the banking system remain sound, and the banking system is well-prepared to support financing the needs of households, corporates and the government.

Therefore, in the course of 2024, banks in Slovenia and beyond were operating in a business environment that can be described as stable and at the same time fraught with challenges.

The key operational challenge faced by the banking sector in the European Union, as well as in Slovenia, is the issue of maintaining competitiveness both globally and locally. In turn, it translates it the need for further digitalisation as a key part of banks' strategic plans. Banks have continued to invest in technology to improve user experience, as well as in technology that provides protection against cyber risk. The matter of the fact is that banking customers continuously expect and demand digital services, such as mobile banking applications and online banking services. Banks have to adapt and come up with innovative and user-friendly services, while at the same time they have to make sure that the services are secure and also compliant with the applicable regulatory framework.

Banks and savings banks continue investing in and upgrading security systems and mechanisms serving to protect customer data to the greatest extent possible. Nevertheless, those mechanisms and systems are unable to prevent exposure to risk in cases in which customers, acting on their own free will, divulge their information to a person that subsequently may use it

to commit fraud or for other unlawful purposes. All available data indicate that abuse largely occur due to people's actions either due to ignorance or lack of awareness. Therefore, one of the important focuses of the activities in the field of cyber security is also awareness-rising and the member institutions continued also in 2024 through the Bank Association and assisted by an outsourced agency with the awareness campaign on cyber security PAZI.SE. The results of the surveys show good effects, but when it comes to managing exposure to cyber risk, also the cooperation with different institutions is essential: the National Response Centre for cyber security SI-CERT, the Police, the Ministry of Digitalisation as the Slovenian Associations of Corporate Security and all those in a position to give a helping hand in joint effort to deliver adequate protection, and I sincerely thank you all for taking part in those activities and I look forward to even stronger collaboration in the future.

Another important challenge is associated with climate change and responses to it. The banking sector designs products that reflect the need to encourage and support projects for efficient use of energy and energy generation, and also the need to include important social and governance aspects. The investments made in technological development to give impetus to transition to sustainable economy are seen as one of the essential stimuli for maintaining economic activities and competitiveness and at the same time autonomy of Slovenia and Europe. Banks will, by channelling funds into investments seen as socially and environmentally responsible, play an important role.

One of the key challenges when it comes to the preservation of competitiveness of the European and Slovenian business environment is now more than ever hyper regulation and lack of its transparency. The ever-increasing regulatory pressure in different areas of operation has become even stronger in the current volatile globally present conditions and, exacerbated by wars, is even stronger in the field of prevention of money laundering and financing terrorism and honouring sanctions, calling for major investments in compliance with regulations and internal supervisory mechanisms and posing a challenge of being able to meet all the regulatory requirements without affecting the necessary business agility in the process.

In Slovenia we witnessed also in 2024 quite a few tax and other changes to the business and legal environment that affect the comparability of the environment for doing business with other countries and hence also the country's competitiveness, not only of the banking system, but of the whole economy as well and, last but not least, of the country. For the Slovenian economy being traditionally dependent on foreign demand, maintaining the country's competitive is a matter of survival.

Banks have overcome all those challenges by adapting their business models, by increasing investments in digitalisation, innovation and cyber security, and by acting prudently when it comes to managing risks associated with the changes to interest rate policy and geopolitical uncertainties.

The current business situation characterised by restricted demand for credit and high regulatory and operating costs has given impetus to the consolidation process in Slovenia and across Europe and its effect still continue. In 2024, we witnessed further cuts to the number of bank and savings banks in Slovenia as a consequence of mergers and acquisitions.

Against the backdrop of the global geopolitical challenges and the challenges and opportunities of environmental change and technology development, I would like to bring to the fore yet another challenge – retention and recruitment of necessary human resources, and the necessity to adjust the system of education to the long-term structural changes – both demographical, as well as technological. Technology with its solutions engaging digitalisation, automation and robotisation will help overcome those challenges; nevertheless, robots will not be able to perform many activities. Talent acquisition in the region, as well as in the EU and in Slovenia, is made difficult not only by administrative procedures for staff hiring, but above all by the total labour cost borne by employers in proportion to the employee's net earnings. Unfortunately, in Slovenia we are still underestimating this problem and its long-term adverse effect on competitiveness not only in the banking sector, but also of the economy as a whole. Addressing these issues is of key importance for maintaining competitiveness.

The picture of a rapidly changing business landscape brings challenges coupled with historical opportunities. For an effectively response to both

opportunities and challenges, a dialogue is needed to exchange positions between economic agents and institutions and policy makers within the national borders, as well as within the EU and within the region. No effort should be spared to understand each other and seek mutual synergies. All sectors of the economy need a foreseeable and competitive business environment, and it is up to the government to do whatever it takes to create it. The banking sector and the entire economy are operating these days in an ever more instable national legal and tax environment.

In such circumstances, it is of crucial importance that the dialogue with the banking sector also at the level of the Bank Association is run productively, efficiently and at a very high professional level and with consistency while at the same time showing mutual respect when it comes to the matters that refer to professional orientation and the industry development. My impression is that in this respect we are on track and going in the right direction.

For all these achievements my thanks go to all the members of the Supervisory Board of the Bank Association, their deputies, members of the committees and working groups set up under the aegis of the Bank Association, the employees of the Bank Association who have given their valuable contribution to the efficient performance of the Bank Association each of them in his or her area of expertise, as well as to all Slovenian bankers knowing that when we pool our resources, we rise to every challenge no matter how difficult.

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

Introduction

In 2024, the economy was spared new external shocks but, on the other hand, global geopolitical and economic uncertainties were growing. Despite the stagnating economic activity, the economy including the macro-economic environment was relatively stable and was reflected also on the performance of the banking sector as shown by continuously boasting high capital stability and high quality of credit portfolio, as well as high excess liquidity and sound operating results but weak demand for financing predominately by non-financial companies attributable to a low level of investment activities.

The banking sector, however, and the activities of the Bank Association carried out by the dedicated staff of the Bank Association and the representatives of banks and savings banks (its members) sitting on the Association's committees and working bodies, was also in 2024 exposed to numerous regulatory changes – both European and national – and due to the war in Ukraine, burdened also by observance of extensive sanctions and, consequently, extremely high costs of catering to regulatory compliance, as well as to high costs of the development of the activity and management of exposure to cyber risk.

As already said, in 2024, the new national tax and related changes adopted were pushing banks' operating expenses up, above all cost of labour, on top of other changes to legislation that raise operating expense of the banking sector such as, to mention just a few, higher statutory payments into the deposit guarantee fund and obligations arising from the regulatory framework in place for bank resolution. These changes and the unpredictability of the regulatory, legal and tax system continue to keep the Slovenian banking sector in a position that is all but competitive in comparison with most other banking sectors in the European Union.

The Bank Association continued also in 2024 to provide support to its members in all five strategic areas of activity, but as opposed to the activities dictated by the natural disasters that hit Slovenia in 2023, the focus of attention

was shifted to the general public awareness, experiences and perceptions of exposure to risks of various online scams, that is, fraud – in short: of cybercrime.

The Bank Association's cooperation with the representative bodies of the Slovenian economy continued (Chamber of Commerce and Industry of Slovenia, Chamber of Small Businesses and Crafts of Slovenia and other standing employers' associations within the framework of the initiative 'Economic Circle' that comprises 15 employers' associations), SI-CERT and the Police and the Judiciary, Institute of Macroeconomic Analysis and Development, Slovenian Surveying and Mapping Authority, Slovenian Environmental Agency and others), and also with various banking associations in other EU Member States, taking part at the same time in ever more activities carried out within the framework of the European Banking Federation.

Practically all operational objectives pencilled in the Association's Programme of Activities for 2024 were carried out as planned alongside numerous additional activities and ad hoc duties requiring swift action mostly in connection with unexpected and too frequent changes to the legal environment.

Our activities were founded on the strategic objectives set out below also in the course of 2024:

- reputation building,
- financing the real sector, new products and green economy,
- regulation and supervision,
- digital transformation, and
- consumer protection.

Within the framework of activities geared towards reputation building, the Bank Association was consistently following the communication strategy in all its segments: from general communication to the activities related to education and training and to publishing, strived for raising the level of understanding of the role of the banking sector in financing the needs of households and economic development. From the analysis of the articles published and the statical data (positive, neutral, negative news releases), it can be said with certainty that also in 2024, the upward trend in terms of the number of professional and objective news releases published continued.

The technological development and digitalisation bring many benefits and at the same time increase exposure to risks. With the support from our members and in cooperation with an outsourced agency, the Bank Association continued in 2024 with the campaign designed to increase public awareness of cyber frauds and the ways to protect oneself against such scams through the campaign PAZI.SE and carried out numerous awareness-raising activities free of charge customised for different groups of population. Furthermore, we also published a special issue of the journal Bančni Vestnik entirely dedicated to cyber risks.

Moreover, as far as the activities of the Training Centre are concerned, all goals set for 2024 were achieved and surpassed.

In the field of retail banking operations, the activities worth mentioning refer to the preparations for the provision of better physical and digital accessibility of financial services to vulnerable groups. Some members of the Bank Association went one step further by crafting a compelling offer for socially more fragile borrowers to convert their loans denominated in Swiss Francs into loans in euros.

With regard to financing the economy and managing risks., the activities carried out in the course of 2024 were channelled inter alia towards the implementation of modifications and amendments to the regulatory requirements and taking further steps for integrating the ESG elements into various processes of banking operations and, in particular, into managing credit and liquidity risks, market risks and operational risks, managing credit collateral by means of the amended form for drafting a summary report on the appraisal of the immoveable property, conducting loan portfolio analyses, carrying out testing in emergency climate-related situations and embarking on the activities for putting in place more advanced technological support for the procedure serving to collect and analyse ESG data in cooperation with Banka Slovenije.

In the field of banking regulation and supervision coupled with legal affairs and compliance issues, the initiatives followed by proposed amendments to a myriad of legislative changes both at the European and the national level are worth noting. The number of and the speed at which regulations are changed given the inconsistencies and collisions means that the banking

sector is faced with a challenge to provide for compliance both in terms of content and cost. An exceptional number of regulatory changes je and also in the future will be in the field of implementation of payment services and exchanging data and ensuring of operational resilience and cyber security. Particular attention was given to the EU AI Act, a European regulation on artificial intelligence and the use of artificial intelligence in business processes.

In the field of digital transformation/informatics, cyber security and payment services, the cooperate with the Slovenian Computer Emergency Response Team SI-CERT and the Police was strengthened.

The centre stage tasks in the field of payment services in 2024 were monitoring the progress of the volume migration from the BIPS IKP solution to the BIPS IP solution and implementation of relevant controls as set out in the anti-money laundering Directive and the important pan-European payment solution in the field of instant credit transfers and retail payments.

In the field of money and capital markets, the activities were carried out within the framework of a special working group tasked with the implementation of the strategy for the development of capital markets and implementation of the Minimum Requirement for Own Funds and Eligible Liabilities (MREL).

From among numerous important activities pursued by the Bank Association of Slovenia during the year under review, much time and energy was dedicated to collective bargaining that is, to social partnership. In 2024, a new annex with the pay grade schedule was signed. Given its one-year validity period, the procedures for opening a new round of collective bargaining with the representatives of the two trade unions were launched in the last quarter of 2024.

The Bank Association also catered for compliance of its activities with applicable regulations and recognises the need for a gradual sustainable transformation. In view of its mission, it does not have in place an official strategy or policy for the management of the environmental factor. Nevertheless, it observes in all its processes to a maximum extent feasible with its in-house activities the environmental factor and strives when making changes to its

work processes to reduce consumption of energy and paper and decrease the quantity of waste and see to its adequate classification. For the purpose of organising work, also the social factors in the area of health and safety at work are taken into account, alongside the provision of adequate and friendly working conditions for employees. The members of the Bank Association have adopted a code of (ethical) conduct the member institutions of follow and the code also applies *mutatis mutandi* to the conduct of the employees of the Bank Association, that is, it is observed when carrying out the Association's activities. The activities of financial education and literacy the Bank Association carries out in addition to its core activity, is performed free of charge for the benefit of the entire society.

In a nutshell, the Bank Association was also in 2024 operating in a dynamic environment and in collaboration with different stakeholders was performing its tasks in a responsive and efficient manner for which I thank you all and in particular I also thank the Bank Association's staff, as well as all members of the committees and their working groups set up under the aegis of the Association. Many thanks also go to the providers of alternative dispute resolution for consumer disputes whose area of competence is becoming more complex all the time with the development of technology and higher exposure to risk of various online fraud.

I also thank the Association's Supervisory Board for the guidance and support on the road to achieving the objectives set with the aim to provide efficient assistance to the operations of the banking sector, as well as to provide support for the changes made to the Association's operating processes, which as a result of constantly evolving technology and regulatory news and changes in the business environment, have become an ongoing task.

mag. Stanislava Zadavec Capriolo,
Director of the Bank Association of Slovenia

Governance structure of the Bank Association of Slovenia

The governing structure of the Bank Association of Slovenia is composed of the General Assembly, the Supervisory Board and the Director, mag. Stanislava Zadavec Capriolo.

Members of the Supervisory Board*

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

Anita Stojčevska, Deputy Chairman of the Supervisory Board, OTP banka, d. d.

Renato Založnik, Deputy Chairman of the Supervisory Board, Delavska hranilnica d. d.

Tomaž Šalamon, Banka Sparkasse, d. d.

Andrej Andoljšek, Addiko bank, d. d.

Lorenzo Ramajola, UniCredit Banka Slovenia, d. d.

Luigi Fuzio, Banka Intesa Sanpaolo, d. d.

Mario Henjak, Gorenjska banka, d. d.

Jure Kvaternik, Deželna banka Slovenije, d. d.

Klemen Bajt, Primorska hranilnica Vipava, d. d.

Borut Jamnik, SID banka, d. d.

Igo Gruden, Hranilnica Lon, d. d.

Dimitrij Pregelj, BKS Bank AG, Bančna podružnica (Bank Branch)

Mitja Otorepec, Summit Leasing Slovenia, d. o. o.

* As of 31 December 2024.

Alternate members of the Supervisory Board

Andrej Lasič, Nova Ljubljanska banka, d. d.

mag. Sabina Župec Kranjc, OTP banka, d. d..

Jasna Mesić, Delavska hranilnica, d. d.

Bojana Novak, Banka Sparkasse, d. d.

Anja Božac, Addiko bank, d. d.

Marta Koželj Lakner, UniCredit Banka Slovenia, d. d.

Mojca Kovač, Banka Intesa Sanpaolo, d. d.

Marko Filipčič, Gorenjska banka, d. d.

Barbara Cerovšek Zupančič, Deželna banka Slovenije, d. d.

Matej Breclj, Primorska hranilnica Vipava, d. d.

Stanka Šarc Majdič, SID banka, d. d.

Rudi Žeslin, Hranilnica Lon, d. d.

Jana Benčina Henigman, BKS Bank AG, Bančna podružnica (bank branch)

Andrej Pucer, NLB Lease & Go, d. o. o.

Member institutions *

Banks and savings banks

Addiko Bank, d. d.
Banka Intesa Sanpaolo, d. d.
Banka Sparkasse, d. d.
BKS Bank AG, Austria, Bančna podružnica Ljubljana (Ljubljana Branch)
Delavska hranilnica, d. d., Ljubljana
Deželna banka Slovenije, d. d.
Gorenjska banka, d. d., Kranj
Hranilnica Lon, d. d., Kranj
Nova Ljubljanska banka, d. d., Ljubljana
OTP banka d. d.
Primorska hranilnica Vipava, d. d.
SID – Slovenska izvozna in razvojna banka, d. d., Ljubljana
UniCredit Banka Slovenia, 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, Bančna podružnica Ljubljana (Ljubljana Branch)
SKB Leasing, d. o. o.
SKB Leasing Select, d. o. o.
Sparkasse Leasing S, družba za financiranje, d. o. o.
Summit Leasing Slovenia, d. o. o.
VFS finančne storitve, d. o. o.
Toyota Tsusho Leasing Slovenia, d. o. o.

* As of 31 December 2024.

Team of the Bank Association

mag. Stanislava Zadavec Capriolo, Director
Karmen Strgar, Business Secretary

Azra Beganović, Administrative Clerk
mag. Kristijan Hvala, Head of the Banking Economics Area
Novica Novaković, Head of the Legal Office
Borut Tomažič, Payment Services Specialist
Aleksandra Žibrat, Editor of e-publications and PR Coordinator

Training Centre

Matej Krumberger, Head of the Training Centre
Ksenija Jaklin, Deputy Head of the Training Centre

Bančni Vestnik

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

Leasing Office

Boris Bajt, Head of the Leasing Office

Selected macroeconomic indicators for Slovenia

	2024	2023
Real GDP growth (%)	1.6	2.1
Gross domestic product (GDP) at market prices, annual data (EUR millions)	66,968	63,090
GDP per capita (EUR)	31,490	29,753
General government deficit (EUR millions)	686*	1,158*
Consolidated government debt (EUR millions)	44,245*	45,468*

Source: Statistical Office of the Republic of Slovenia.

*Data for the three quarters of the year combined.

Selected indicators for the Slovenian banking sector

(EUR millions)	2024	2023
Total assets	54,236	53,082
Shareholder equity	6,681	6,081
Corporate loans	9,762	9,968
Household loans	13,311	12,556
Corporate deposits	10,910	10,784
Household deposits	27,309	26,514
Net interest income	1,566.2	1,442.1
Gross income	2,286.1	1,977.5
Operating costs	-1,015.7	-830.2
Profit after tax	1,075.0	1,098.3

Source: Monthly Report on Bank Performance, Banka Slovenije, January 2025.

Activities of the Bank Association of Slovenia in 2024

Communications, publishing and training

Communications activities

The Bank Association of Slovenia pursues its activities with a view of delivering on the following commitments:

1. to proactively disseminate information to the general and professional public regarding the issues that emerge in the banking sector within the framework of the industry development and/or due to regulation changes,
2. to enhance awareness of the significance of banking and Finance, and boost knowledge of that area, and
3. to provide up-to-date information to the employees of the member institutions relevant for their work.

The PR Committee and its core group tasked with PR activities in general and communication with the general public in particular continued also in 2024 to play an important role by coordinating on a practically daily basis the fraud awareness campaign – PAZI.SE.

The Association's communication activities comprise the communication with the general public over the internet and the media, whereas the communications activities with the members were running via publications in the electronic bulletin - eBilten and other releases on the extranet.

Communications with the general public and traffic on the Association's website

Communication activities: in 2024, the Bank Association published 40 news releases and announcements. The thematic diversity of web posts reflected the current social and economic challenges such as safety and security in the digital world, financial crime, Slovenia's competitive edge and sustainable financing. Some of the key-note posts were:

- 'PAZI.SE' cybersecurity awareness campaign winning several awards,
- Events and campaigns such as the European Cybersecurity Months, European Money Week and Banking Conference, and
- The reports in connection with sustainable finance, taxation on banks' total assets and reporting with regard to loans denominated in Swiss Francs.

Feedback from the media and public releases: the Bank Association dealt in 2024 with 51 inquiries by journalists (2023: 88). The important topics in the media were:

- Online scams,
- The tax levied on banks' total assets,
- Loans denominated in Swiss Francs largely in light of case law and offers made by some banks for socially weaker borrowers,
- The European Money Quiz contributing to raising awareness of the young,
- Safe banking when on holiday warmly welcomed at the local radio stations, and
- Online posts relating to the annual Banking Conference.

The media response has been mostly positive and objective with the exception of a few posts dealing with the loans taken in Swiss Francs, primarily published on the website of the Bank Association Frank. The questions asked by the press were treated professionally and the answers correctly summed up.

The key achievements of the activities in the field of communication with the general public are successful awareness-building, proactive communication and organisation of events with highly positive reactions.

With the aim of reducing online fraud and increasing awareness of their forms and consequences, the special campaign PAZI.SE continued also in 2024 on TV, digital channels, in printed media and on social networks with messages tailored to different age groups and current types of online scams. The campaign addressed all the facets of inline fraud and raised awareness of the importance of protecting personal data and taking pre-emptive measures for reducing exposure to risks associated with online fraud.

The campaign was successful at all levels and made a significant contribution to raising awareness about Internet/online cybercrime activities and cybersecurity, as also shown by the key results of the public survey:

- Campaign visibility:
 - 69.3% of respondents was familiar with the campaign and mostly learned about it from Facebook and Instagram (53.8%), TV advertisements (46.6%) and web portals (4.6%).
- Usefulness of information:
 - 65.8% respondents finds that the information given is useful, and 26.4% respondents have become more prudent when it comes to their security when on the Internet thanks to the campaign.
- Reactions to online threats:
 - 88.5% respondents would think twice before entering their data in response to an e-mail or a text message from unknown senders.
 - 94.1% respondents would not allow access to their electronic device to an unknown person.
 - 97.0% respondents would not share their personal data or passwords for their bank.
- General awareness:
 - 96.3% respondents agree that it is up to them to provide for their security, and they observe recommendations when on the Internet.
 - 68.6% respondents assess the information. campaign as (very) useful.
- Experiences with online scams:
 - 71.1% respondents have never fallen victim to online scams.
 - 15.0% respondents have already experienced an online scam.

The campaign PAZI.SE has been awarded several prestigious awards.

In addition to the campaign PAZI.SE and with the aim to complement it, the Bank Association carried out in the course of 2024 extensive additional activities designed to boost public of online fraud/scams, cybersecurity and secure use of payment means. The activities written about in as many as 238 posts in the traditional media included:

- Collaboration with the media and organisation of events (on the occasion of the Safer Internet Day – the annual worldwide event, the organisation of the event on online fraud, participation in broadcasts such as *Koda*, *Dobro jutro*, and Radio Sraka, participation in European initiatives such as cybersecurity, and support to the initiatives for introducing computing as a compulsory subject in schools;
- Additional warnings about online scams, complementary. campaign, especially just before summer holidays, with regard to secure use of payments cards, POS-terminals and ATMs;
- Networking and close cooperation with other organizations such as the Ministry of Digital Transformation, SI-CERT, Police, Association for Informatics and Telecommunications, and the Chamber of Commerce and Industry of Slovenia and others.

Moreover, the number of visits to the webpages of the Bank Association swelled in 2024. The website clocked as many as 44,000 visits), while the most popular contents were those providing information about training programmes, software tools and news releases for the public.

Internal communication

In 2024, the Bank Association published 582 documents on the extranet – similar to the number achieved a year earlier (580). Those documents were the basis for the preparation of 32 e-bulletins (ZBS eBilten) prepared for banking professionals and bringing in-depth reports on the activities carried out by the Bank Association. The bank employees accessed the published documents 585 times.

The overview of the communication activities is shown in the table below.

The overview of the key communication activities for the last three years	2024	2023	2022	2021
The number of news releases	40	51	54	73
The number of reactive responses (answers to the media, public appearances)	51	88	75	46
The number of media announcements/news releases	831	1.631	1.301	413
The number of online publications (online clipping)	414	714	677	301
The number of publications on the extranet	582	580	800	670
The number of e-bulletins - eBilten	32	32	30	37
The number of accesses to ZBS public webpages	44,000	39,109	32,766	38,408

The reports found in the media were mostly unbiased and fair with the share of positive publications with proactive communication increased (according to the sentiment analysis, the writers' attitude was largely positive (57 per cent), whereas the share of publications expressing negative sentiment was just 5 per cent, which shows improvement in comparison with a year earlier (11 per cent negative). Such a shift contributed to stable and positive perception of banking operations and higher visibility of the banking sector in general and of the Bank Association of Slovenia in particular. In addition, building awareness of the risks associated with online fraud remains an important issue for the second year in a row, with group and individual bank campaigns.

Bančni Vestnik Journal

Bančni Vestnik is a professional journal for banking and finance in Slovenia. Its editorial policy for regular issues is designed by Editor-in-Chief in collaboration with the Editorial Board composed of the representatives of academic profession and the representative of Banka Slovenije, plus the representatives of commercial banks.

In 2024, 12 issues of the Slovenian money and banking journal were published: eight single issues, of which one international and one theme issue, and two double issues.

The journal's Editorial Board prepared the leads for the international issue published on 31 May with the key-note theme »Polycrisis: Artificial Intelligence, Opportunities and Challenges«.

In effort to support the cybersecurity awareness campaign and draw attention to risks of online and cyber scams, a special theme issue of Bančni Vestnik was dedicated to cybersecurity.

In 2024, attention was also paid to the journal promotion among members of the Bank Association and external subscribers. At present, the journal is circulated to 1,381 subscribers – 633 subscribers more for the digital publication than a year earlier.

The webpage with the digital publication of Bančni Vestnik was accessed by 10,903 users between 1 January and 2 December 2024 and the number of visits added up to 24,637 visits to the website.

Some of the 2024 highlights:

- 73.89% of users accessed the website directly (also through direct links transmitted to the subscribers to BV and clicking e-obvestila/e-news such as the Bank Association's bulletin – ZBS e-Bilten).
- 22.98% of users accessed the website using browsers (e.g. Google).
- 1.54% of users accessed the website through links on social networks (e.g. LinkedIn).

- 1.43% used other connections (links to other websites such as nlbnet.intrabanka), and
- 0.16% of visitors were unclassified.

During the observed periods, 2,605 articles were downloaded, of which 368 different ones.

The most popular article in 2024 was that written by Boštjan J. Turk on the termination of employment contracts in the banking sector.

Training Centre

The focus of the educational and training activities carried out by the Training Centre is primarily on meeting the professional needs of the employees working in the banking sector and also in the financial sector. The representatives of the member institutions engaged in different committees and working bodies of the Bank Association are also involved in designing the contents of the training programmes with the aim to bring to the table the up-to-the-minute contents. In addition to the base activities, the Bank Association undertakes, in so far as human resources permit, also the activities serving to boost financial literacy to the benefit of the society in general. The Training Committee is actively involved in the activities of the Training Centre in a hands-on way and deals with the ongoing activities of the Training Centre including the evaluations and reports on the progress of its educational and training programmes and modifications and adjustments made to its training roster and thus keeping abreast of the latest developments.

Education and training activities

In 2024, all the programmes scheduled in the education and training roster were carried out save for one that did not attract sufficient interest.

The professional training programmes attracted 3,804 participants – the figure in line with the previous year (2023: 3,811 participants). Also, the programmes for professional gatherings and conferences with 815 participants were at the level of attendance in 2023 (816 participants). The number of participants enrolled in the course of 2024 in seminars, schools and workshops totalling 800 (2023: 714 participants) means that the number of candidates for tests and exams was consequently higher. On the other hand, the number of participants in e-learning forms of training slightly fell. In 2024, the number of participants was 1,689 (2023: 1,991 participants).

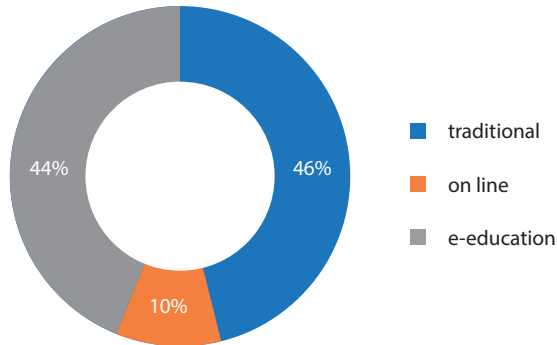
A significant increase in the number of participants seen in 2024 was attributable to the financial literacy programmes and, specifically, 2,011 (2023: 1,300 participants), and attendance was higher primarily at the events staged within the framework of the European Money Week (although the European Money Quiz attracted lower number of participants in comparison with a year earlier – 631 in 2024 and 798 participants in 2023). The most popular events delivered financial literacy topics for adults (Fraud and protection in digital operations), and the event organised to raise awareness about fraud/scams for schools within the framework of the International Fraud Awareness Week

All training programmes in the course of 2024 attracted 5,816 participants (2023: 5,111 participants).

Activities	Pro-grammes in 2024	Partici- pants in 2024	Pro-grammes 2023	Partici- pants in 2023	Partici- pants in 2022
A. Professional training					
1. Conferences	13	815	13	816	778
2. Seminars, schools and workshops - total	20	800	17	714	687
- seminars	11	375	11	292	316
- schools	3	109	3	102	89
- workshops	6	316	3	320	282
3. E-learning programmes	5	1,689	5	1,991	1,559
Total 1-3	38	3,304	35	3,521	3,024
4. Examinations	8	500	8	290	370
Total A	46	3,804	43	3,811	3,394
B. Financial literacy					
The European Money Week	3	712	4	261	751
The European Money Quiz	4	762	4	968	645
- workshops for teachers, students, pupils	2	131	2	170	94
- the national and the EU competition	2	631	2	798	551
Fraud awareness campaign for schools	1	497	1	71	44
Other (Gimnazija Poljane)	1	40	-	-	-
Total B	8	2,012	9	1,300	1,440
Total A and B	54	5,816	52	5,111	4,834

The distribution of attendance on the basis of the manner in which training is held (in presence or e-classroom) is shown in the chart below.

Participants by Mode of program



Tests and exams

The tests of professional knowledge (proficiency tests) involved a total of 500 candidates – a significant increase in comparison with the previous year, largely due to more candidates for the exams for the stock exchange, the seminar 'Financial instruments and Investment services', and strong enrolment in schools. Tests/exams were mostly held in-person save for testing knowledge acquired through seminars.

Other activities

- taking part in the work of the examination board and the examination commission for verification of professional skills for brokers,
- taking part in the work of the project group for financial literacy at the European Banking Federation,
- taking part in the work of working bodies of the European Banking & Financial Services Training Association (EBTN),
- taking part in the work of the Inter-ministerial coordination group for the preparation of a centralised financial education campaign to promote investments in financial instruments, mutual funds, mutual pension funds, and the domestic capital market under the umbrella of the Ministry of Finance, and
- taking part in the project 'Financial literacy for adults' engaged within the framework of the mechanism 'The Recovery and Resilience Plan' in

performing »professional development and research work on the preparation of publicly recognised educational programmes of financial literacy for adults« set up under the umbrella of the Institute for Adult Education of the Republic of Slovenia.

Retail (personal) banking area

In the field of products and services for banks' private customers (consumers), the area was covered in 2024 by the Retail Committee and the working group for electronic accessibility, and the Committee tasked with issues of safety and security of persons and property and the working group for physical accessibility.

Retail banking

The activities in the field of meeting financial needs of households were in 2024 focused mostly on keeping abreast of regulatory changes, that is, regulatory requirements and dealing with the hands-on issues arising from doing business with private individuals. To that end, we collaborated with the Ministry of Labour, Family, Social Affairs and Equal Opportunities (MDDSZEM), Banka Slovenije, Ministry of Finance, Ministry of Internal Affairs, Ministry of Digital Transformation, and the Ministry of Solidarity-based Future, as well as with other relevant bodies.

The following activities at the forefront of retail banking carried out in 2024 comprised:

- The activities in relation to digital transformation (digitalisation of procedures, enabling operations with remote access).
- The activities in relation to consumer data protection (the implementation of amended legislative acts in the area of consumer protection, consumer loans and the novelties in the area of payment services, cooperation with *eSeniorji* (eSeniors)).
- The survey on the forms of attacks on banks in 2023 conducted at the beginning of 2024.
- Sharing best practice in dealing with the issues concerning the provision of custody services for the wards of social centres (also within the frame-

work of the initiative given by the Ministry of Labour, Family, Social Affairs and Equal Opportunities).

- The activities in relation to monitoring demand for loans taken for the purpose of rehabilitation or construction of housing after numerous homes were damaged or destructed in floods hitting Slovenia in August 2023, and gathering information on demand for loans under the guarantee scheme set up by virtue of the bespoke law (ZORFZS) (also within the framework of the questions received from the Ministry of Finance and the Ministry of the Environment, Climate and Energy granted within the framework of the government guarantee scheme). There was no demand for such loans in 2024.
- The activities in connection with digitalisation and the possibility for exchanging personal data through access to the Central Population Register carried out in collaboration with the Ministry of the Interior and the Ministry of Digital Transformation. It was the basis for launching once again within the framework of the public consultation on the Banking Act (ZBan) the initiative for amending the legal basis to that end.
- The activities in connection with the obligation to open a transaction account to natural persons pursuing economic activity.
- The issues of obtaining data on credit standing of non-residents for loan-granting purposes were also discussed.
- The issues relating to the provision of direct custodial tasks and the issue of re-issuing statements on paper, mostly with the aim to submit documentation to the centre(s) for social work in order to exercise different entitlements. At a time when banks have already switched over to paperless operations, having to print out several thousand statements a month would be a superfluous and disproportionate burden both for banks and the centres for social work.
- In response to the request made by the Pension and Disability Insurance of Slovenia (ZZZS), the issue of replacing pensioners' accounts, that is, accounts of pension beneficiaries or of disability benefits after the 15th day in a month for the purpose of avoiding that payments to the beneficiaries are rejected given the fact that the time component has to be considered when requests are processed by the Institute (ZZZS) was discussed.
- The working hours of banks and savings banks during holidays were also discussed.

In the field of legislation and regulations, focus of attention in 2024 was primarily on:

- Amending the act governing buyers and servicers of non-performing bank loans that prescribes the information to be provided by the creditor shall be communicated to the borrower before changes to the terms and conditions of the loan agreement are made,
- The draft act governing modifications and amendments to the Act on Deposit Guarantee Scheme that raised the target level of the guarantee fund from 0.8 per cent to 1.5 per cent of the sum of all deposits in Slovenia covered by guarantee,
- Act on accessibility of products and services for people with disabilities, and
- amending the Housing Act that provides a legal basis for direct electronic connection of the databases on the rights from the area of rental housing on which municipalities shall decide, that is, issue an opinion, public housing funds and non-profit housing organisations in accordance with that act also with the databases of financial institutions in accordance with the act governing banking. It is in the interest of all stakeholders that a test environment be put in place for exchanging data and setting up automated electronic replies given to eligible persons under the aforementioned act.

To implement the provisions of the act governing access to products and services for people with disabilities, the document prepared in 2024 was:

- Recommendations for electronic accessibility of banking products and services for people with disabilities.

Physical security

The activities carried out in that field in 2024 were largely focused on:

- The implementation of the recommendations for physical protection – best banking practice in the protection of banks and savings banks in co-operation with the institutions in that field (Banka Slovenije and Police).
- Conducting the survey about the forms of attacks on banks in 2023 and consultations about the forms of attacks through experience sharing.
- Exchanging experiences in the field of physical and technical security and sharing best practice.

The document revised in 2024:

- Minimum recommendations for banking operations security in the area of protecting persons and property.

To implement the provisions of the act governing access to products and services for people with disabilities, the document prepared in 2024 was:

- Recommendations for physical accessibility of bank products and services

The recommendations for both electronic and physical accessibility were coordinated with the relevant institutions and organisations.

Economics of banking operations

The area the economics of banking operations, which in addition to the functions of the second and the third »line of defence«, therefore, risk management and internal audit, also includes accounting in banks, taxes and prudential reporting to the regulatory, supervisory and tax authorities, as well as the area of sustainable financing. In 2024, the issues arising in relation to the economics of banking were addressed by several committees: for risk management, for internal audit, for accounting and for sustainable finance plus the working groups set up within the framework of the aforementioned committees. The working groups deal with credit collateral, with modelling, with operational risk, with liquidity, interest rate and market risks, with for taxes, for reporting, for International Financial Reporting Standards (IFRS), for the regulations governing carrying out of automatic exchange of information on financial accounts (AEOI) and FATCA, for sustainable regulation, for the preparation of the uniform ESG questionnaire.

Alongside the abovementioned standing working bodies, to keep abreast of the newly emerged needs, specialised, ad hoc working groups were established or continued their work by addressing mostly the topics that fall within the scope of operational risk management and new rules and requirements set by authorities – regulatory regulations.

Risk management

2024 was yet another year calling for intense adjustments to new regulatory requirements, strategic addressing of the challenges in the macroeconomic environment and cyber threats, and further integration of the ESG factors into the risk management process. The activities carried out in that field were of key importance when providing professional support to banks and savings banks to efficiently manage risks arising from the complex and fast-changing financial environment.

The focus of attention in the risk management field in the course of 2024 was the examination, that is, carrying out the following:

- Monitoring and evaluating the end direct and indirect effects of the floods that hit parts of Slovenia in August 2023 on the ability of bank borrowers through cooperation in a mixed working group with Banka Slovenije.
- Implementing ESG factors in the risk management processes, primarily considering credit collateral (gathering proposals for expanding the uniform form for the preparation of a summary of the reports on the appraisal of the value of the real estate taken into account as collateral for financing) and evaluating the »ESG readiness« of companies.
- Optimising capital requirements by using ratings provided by reputed outsourced rating agencies.
- Taking note of different foreign technological solutions (platforms) for collecting and analysing the ESG data.
- Arranging regular annual assessments of risks associated with the most important outsourced providers of services by means of the updated and supplemented questionnaire distributed to the outsourced service providers by the Bank Association.
- Fulfilling regulatory requirements.
- Setting up electronic exchange of data with regard to the so-called insurance policy vinculation between insurance companies and banks.
- Discussing the results of the analyses of current risks and forecasts made at the local, European and global level.
- Conducting the already traditional survey in banks on present and expected risks associated with bank operations addressing all three lines of defence. The results revealed a significant surge of operational risk, par-

ticularly in the segment of ICT risks and external fraud. The importance of climate change and environmental risk was recognised to a lesser extent than a year earlier when Slovenia was hit hard by floods and landslides.

In the field of legislation and regulations, focus of attention in 2024 was primarily on the following:

- The implementation of the requirements arising from the new Capital Requirements Regulation (CRR3) to become applicable on the first of January 2025, and the appurtenant Regulatory Technical Standards (RTS) and Implementing Technical Standards (ITS), mainly when it comes to credit collateral and off-balance sheet exposures, as well as the impact of the new rules on the calculation of capital requirements for credit risk under Pillar 2. To that end internal consultations were held, as well as consultations with external stakeholders (e.g. with the Slovenian Institute for Audit and Banka Slovenije,
- Draft amendments to the Banking Act (ZBan-3A),
- The Act amending the Mass Valuation of Property Act,
- The ECB Guide on outsourcing cloud services to cloud service providers,
- Regulatory Technical Standards (RTS) on the identification of a group of connected clients,
- The new ECB guide on governance and risk culture,
- The new EBA guidelines on ADC exposures to residential property,
- The guidelines and the appurtenant Regulatory Technical Standards (RTS) on IRRBB supervisory outlier tests (SOT) and for the standardised assessment methodology (SA), as well as
- Implementing Technical Standards (ITS) for uniform reporting requirements, new The Regulatory Technical Standards (RTS) on operational risk loss aim to standardise the collection and the record of operational risk losses, and
- The amended Decision on the internal governance arrangements, management body and internal capital adequacy assessment process for banks and savings banks, that is, Annex 3 referring to operational risk.

Within the framework of the Committee and its working groups, the member institutions conducted numerous surveys specifically designed for each risk management area, in particular those listed below:

- Compliance with the EBA guidelines on the management of interest rate

risk and interest rate spread risk in the Internal Capital Adequacy Assessment Process (ICAAP),

- The information disclosed to the public in connection with energy performance of the buildings pledged as collateral for credit exposures,
- Different practice when it comes to the order of priority of a property mortgage in loan agreements,
- The approaches to calculating the number of days past due/in default as borrowers are late in honouring their obligations vis-à-vis the creditor for the purpose of calculating impairment,
- Taking into account eligibility of immovable property located outside the territory of the Republic of Slovenia as collateral,
- The obligations arising from the Digital Operational Resilience Act (DORA),
- The Committee participated in the survey with the Single Supervisory Mechanism (SSM) as the theme through the representatives of the biggest banks conducted by the Association of German Banks (Bankenverband) in cooperation with KPMG.

Modifications and amendments were made to the document:

- Guidelines for operational risk management

The representatives of the working group for operational risk participated in the work of a specialised working group for the prevention of payment fraud.

The document below was updated:

- Recommendations for the prevention of payment fraud and accompanying annexes.

Meetings or presentations for professionals were organised by the representatives of other organisations or commercial providers for our members spanning topics such as the methodologies and data on forest fire hazard, mass valuation models for apartments and residential housing, methodologies for statistical assessment of the corporate ESG maturity, and the calculation of the climate-related loss-given default (LGD) and climate-related probability of default (PD) for a credit portfolio with real estate pledged as collateral).

Internal Audit

The activities in that field were also in 2024 focused on delivering a level of high proficiency standard, compliance with regulatory requirements, and proactive dealing with the challenges that impact day-to-day work of internal auditors.

The key highlights of the activities carried out by the Committee in 2024 included:

- Reviewing and amending the key contents of the annual report on internal audit activities with the aim to ensure comparability and compliance between members and the regulator's list of mandatory tasks to be performed by the internal audit function.
- Discussing the implementation of new European regulations (e.g. CRR3, CRD6) and the EBA guidelines in the internal processes of banks and savings banks.
- Exchanging experiences with the implementation of advanced tools and techniques in auditing that include digitalisation and the use of data analyses.
- Reviewing and endorsing the list of statutory contents of the annual report on the work of the internal audit service on the basis of the provisions of the Companies Act (ZGD) and the Banking Act (ZBan) and reviewing the tabular overview of all regulatory-prescribed activities to be discharged by the internal audit function.
- Collaborating in the preparation of the survey on actual risks in the banking sector with a strong emphasis on internal audit insight into key risks.
- Preparing and coordinating pooled audit reviews conducted by outsourced service providers in accordance with the provisions laid down in the EBA Guidelines on outsourcing arrangements.

Pooled audits bring numerous advantages for banks and savings banks, as well as for outsourced service providers. All the necessary procedures were carried out for:

- The selection of the most adequate providers of pooled audits,
- Two pooled audits of newly appointed outsourced service providers of which one audit review was completed in 2024, whereas the other one was rescheduled for 2025, and

- Monitoring the implementation of the recommendations issued on the basis of the action plans drafted on the basis of the pooled audit reviews already completed.

In the field of legislation and regulation, the focus in 2024 was on the following:

- New global internal auditing standards, and
- Digital Operational Resilience Act (DORA).

Moreover, two online presentations of accesses to the provision of assurances were held and the report on the situation in the control environment in service organisations was prepared.

Sustainable finance

The field is characterised by ever-increasing requirements of regulatory bodies, investors and companies in general in relation to environmental, social and governance (ESG) factors. In 2024, the activities were focused on boosting awareness of the significance of sustainable finance, developing innovative solutions, and aligning the members' approaches to corporate sustainability in favour of clients in the field of corporate sustainability reporting.

The focus of action was on:

- Support to members in implementation of the EU taxonomy, CSRD and other key regulations associated with sustainable financing.
- Getting the data on ESG-profiles of companies by banks and savings banks from tailored-made questionnaires.
- Cooperating with Banka Slovenije to put in place a (more) advanced technical solution for collecting and analysing the data in question.
- Exchanging best practice for integration of the ESG factors in credit policies, risk assessment procedures and taking decisions on financing.
- Drafting recommendations for improved reporting on sustainable finance in line with the requirements laid down in the Corporate Sustainability Reporting Directive (CSRD) and expectations of the public concerned.

- Coordination of substantive and functional contents of the portal for gathering and analysing data from the ESG area within the framework of the SISBON system in cooperation with Banka Slovenije.

The frequently addressed topics in the field of legislation and regulations in 2024 were:

- The draft law on efficient energy use (ZURE-1),
- The draft EBA Guidelines on the management of ESG risks, and
- The requirements laid down in the new banking package (CRR III and CRD VI) designed to cater to adequate implementation of the provisions on ESG risks with the aim to improve the harmonisation between the EU regulations and international regulatory developments in that field.

The cooperation within the working for sustainable financing operating under the umbrella of the EBF was proactive, as well as the participation in a survey conducted in the field of materiality assessment in accordance with the requirements set out in Corporate Sustainability Reporting Directive (CSRD), and in the opinion poll on how to narrow the green projects financing gap in the EU by a combination of public and private capital.

The document below was upgraded:

- The reference ESG questionnaire in the Slovenian and English language.

In cooperation with the Slovenian Chamber of Commerce and Industry two training workshops were organised in June and in October 2024 for the companies to bring to the audience the latest on the regulatory background, the purpose, contents and future goals in the field of collecting and analysing ESG data through bespoke questionnaires.

An online presentation was organised to show technical solutions for assessment of the future physical risks associated with climate change for a specific location and the value of funds in a bank portfolio for 10 different climate risks.

The member institutions took part in the survey conducted by the Slovenian Consumers' Association (ZPS) in the field of financing purchases and renovation of private buildings in connection with the energy certificates.

AEOI and FATCA

The activities carried out in this area encompass the automatic exchange of financial account information subject to the requirements of the OECD AEOI Standard and the Council Directive on mutual administrative cooperation with effect from 1 January 2016 (automatic exchange of information – AEOI), as well as dealing with the requirements arising from the U.S. federal Foreign Account Tax Compliance Act in connection with accounts of US tax residents abroad (FATCA).

The focus of activity was on:

- The procedures for client identification in order to obtain information on the jurisdiction/country (or several countries) in which the person is a tax resident, and reporting mandatory information on the data subject and his/her financial transactions in each of those countries (e.g. a new Common Reporting Standard XML schema, version 3.0, referring to the amended CRS – or a new sign-in options setting up multi-factor authentication for access to the FATCA Registration System).
- Disseminating information on the most important changes to the reporting rules under AEOI and FATCA
- Sharing information and exchanging experiences and opinions, keeping abreast of new regulations and current developments.
- Addressing more than 20 hands-on questions from the field of expertise (identification of natural persons and corporate entities/economic agents, controls, reporting).
- Preparing draft interpretations and guidelines for member institutions.
- Completing the gathering of data on missing identification numbers (US TIN) of customers at the national level previously performed at the European level organised by the EBF. It was the fifth survey with the participation of 11 Slovenian banks and savings banks.

The members also attended a meeting of experts on the matter with the representatives of the Financial Administration of the Republic of Slovenia with the topic of reporting information on financial accounts as set out in the OECD CRS standard and the FATCA Agreement.

Accountancy

The work carried out during 2024 mostly consisted of closely following the developments in the taxation area and reporting to and the cooperation with various stakeholders in the area in question.

The activities carried out in 2024 comprised:

- Addressing the issue of the tax levied on balance-sheet total/total assets in relation to financial reporting.
- Tax treatment of proposals given in relation to possible solutions to the conundrum of loans taken out in Swiss Francs (CHF).
- The initiative for a different treatment of Additional Tier 1 (AT1) Bonds currently treated in Slovenia as income similar to dividends, as opposed to other countries in which AT1 yield is treated as interest payments.
- The issue of VAT on debt purchase – factoring.
- Filling out the REK-O form and technical possibilities for the provision of audit trail.
- Reporting control data in the KP-KDVP file.
- Rationalisation of reporting requirements.
- Rescheduling of the timeline of the ECB's project »Integrated Reporting Framework – IRef«.

In the field of legislation and regulations, the focus of attention in 2024 was mainly in the following:

- Commission Delegated Regulation (EU) 2023/2779 – reporting on exposure to shadow banking entities directly applicable since 1 January 2024,
- Proposal to amend the Capital Requirements Regulation (CRR3) and the Capital Requirements Directive (CRD6),
- Act on Buyers and Servicers of Non-Performing Bank Loans,
- Decision on reporting by credit institutions on non-performing loans transferred to loan buyers,
- Rules on the calculation of tax on the balance sheet total of banks and savings banks, including the tax return form (DBV),
- Changes to Corporate Income Tax Act (ZDDPO), Value-added Tax Act (ZDDV-1), Personal Income Tax Act (ZDoh), and the Corporate Tax Act (ZDavP), and

- Act on the Exchange of Electronic Invoices and Other Electronic Documents (ZIERDED) (mandatory B2B e-invoicing).

Further to the directives CRR3 amending the Capital Requirements Regulation and DCR6 amending the Capital Requirements Directive IV published in the Official Journal of the EU on 19 June 2024, a workshop dedicated to the calculation of capital requirements for different risks was held.

The following document was drawn up and brought up to date:

- The list of »internal controls corporation income tax – DDPO«.

Corporate banking

In the field of corporate banking, two committees were active in 2024: the Committee for Corporates reactivated in 2018, and the Committee for Documentary Banking Operations set up several decades ago.

In 2024, the focus of activities was on the encouragement of a dialogue between financial institutions and external stakeholders, as well as designing solutions for more efficient financing of economic entities. The emphasis was on responding to the current situation on the market, recognising the essential needs companies of various size and from different industries have, as well as coordinating measures put in place with the aim of improving accessibility of financial sources.

Corporates

Tougher conditions for doing business due to the military aggression of Russia on Ukraine, the unexpected stronger inflationary pressures and, as a consequence, restraining responses of central banks to those trends, worsening competitiveness of the Slovenian economy, economic activities losing steam and changes to banking regulation had consequences also on banks doing business with their corporate clients.

The activities comprised looking into:

- The new rules of Capital Requirements Regulation (CRR3) and informa-

tion casting light on dilemmas and questions asked within the framework of other committees of the Bank Association (the Risk Management Committee, the Committee for Documentary Banking Operations) posed by the new capital regulation.

- The activities carried out for the purpose of putting in place a technical platform for obtaining and analysing data with regard to the ESG aspect of corporate operations.
- Approaches adopted by banks and savings banks in the field of the application of the Financial Reporting Package (FRP) a set of financial statements for prudential reporting purposes.
- The macroeconomic situation and the situation on the labour market.
- The increasing taxation burden in the Republic of Slovenia that affects the competitive edge of the country's economy.

The cooperation with the Slovenian Chamber of Commerce and Industry (GZS) and the Slovenian Enterprise Fund (SPS) became even stronger in 2024.

The results of the survey on risk perception revealed that credit risk was recognised as the most important risk, whereas as the fastest growing risk the respondents identified in a surge of climate- and environment-related changes over a medium-term period of time.

Documentary banking operations

Exchanging experiences, specialist knowledge and best practices and keeping up to date with the key regulations, trends and the latest developments in documentary banking, that is, trade finance in general, remained a beacon for the activities also in 2024.

Some of the topics on the agenda were:

- Numerous latest issues faced both at the operational and the tactical level in the course of daily operations.
- A special working group – a task force established to look into the amended rules on the calculation of capital requirements for credit risk associated with off-balance sheet items as laid down in the Capital Requirements Regulation (CRR3), prepared on the basis of the experts' interpretations a

proposal for the classification of instruments used in trade finance in individual grades that determine the application of prudential risk weights leading to a broader range of Credit Conversion Factors (CCFs).

- Due to the war in Ukraine, monitoring documentary operations and observance of sanction measures was still of key importance in 2024.
- The implementation of ESG policies and their impact on the commercial banking products.
- Carrying out customer due diligence from the aspect of the prevention of money laundering and terrorist financing.
- Tax treatment of factoring transactions.
- Conducting a survey on booking of and reporting on the concluded documentary operations in accordance with the rules stipulated by Banka Slovenije.
- The implementation-related customer-vetting dilemmas and/or their suppliers and buyers for the purpose of evaluating whether their operations are ongoing concern, that is, sustainable, by taking into account the fact that the criteria for the classification of customers and transactions from the angle of ESG factors were only recently introduced.
- The information shared by the organisation Commercial Crime Services of which the Bank Association of Slovenia is a member, on international fraud when documentary instruments are used and the warnings concerning risk associated with operations involving domestic and international documentary instruments.

In the field of international activities, the key partner of the Bank Association of Slovenia is the International Chamber of Commerce (hereinafter: ICC), that is, the banking commission established under the aegis of the ICC to deal with banking technique and practice (the ICC Banking Commission). The representatives of the Bank Association attended the ICC annual conference and prepared a written report on that event.

Money and capital markets

In the field of money and capital markets, the Committee for Treasury, the Committee for Back-Office and Depositary Matters, and the Committee for Investment Services were active in 2024.

In 2024, the focus of attention was on the strategy and supporting activities to the development of capital market.

Treasury

The main recurring theme present also in 2024 was carrying out the activities undertaken with the aim to deliver effective management of the banking system liquidity.

The key activities comprised:

- Exchanging position between the members of the Bank Association and the representatives of the Ministry of Finance.
- Discussing latest information with regard to the government borrowing both in the euro area and also in other currencies, concerning the announced new bond and treasury bond issues, and regarding the activities already carried out by the ministry in relation to the sovereign credit rating.
- Preparations for the first issue of the government bonds for citizens and potential measures to provide support for the banking sector, as well as debating the effects of the bond offering.
- Discussing the information on the EU project for testing offering of a digital bond.
- Discussing the Interest Rate Benchmark Reform and the developments and news in connection with MREL (Minimum Requirement for Own Funds and Eligible Liabilities).
- Discussing The Draghi report on EU competitiveness – The future of European competitiveness with the emphasis on the measures designed to give a greater role to the capital markets.
- The issue of providing sufficient bank liquidity to execute instant payments/credit transfers, that is, payment transactions running 24/7/365, and proposed to Bankart to put in place a new liquidity window for the purpose of liquidity management for the execution of instant payments.

In the field of legislation and regulations the documents discussed in 2024 were:

- The proposal for modifications to the Bank Resolution and Compulsory Winding-Up Act (ZRPPB-1).

Back Office and custody/depositary matters

The main activities carried out in 2024 were in connection with the back-office functions in the area of financial markets and custody of investment company assets with a securities depositary.

Within the framework of the Committee tasked with back office and custody/depositary matters the following activities were performed:

- The regular annual meeting with the representative of the Securities Market Agency was held.
- The current issues from the area of custody/depositary services under the Act Amending the Investment Funds and Management Companies Act (ZISDU-3), the Act Amending the Alternative Investment Fund Managers Act ZUAIS/ZOAIS and the Pension and Disability Insurance Act (ZPIZ-2).

In the field of legislation and regulations the following documents were prepared in 2024:

- The initiative to modify the procedure for regulation of relations between the Clearing and Depositary Company and custodian banks, and
- The opinion on Chapter 17 of the Alternative Investment Fund Manager Licensing Tool.

Investment services

The activities in this field are connected with the situation and changes in capital markets and investment products and services.

The activities carried out in 2024 included:

- Discussions about the Strategies for the development of the capital market in Slovenia.
- Active cooperation with the Associations' representatives in the working group for the introduction of individual investment accounts (INR) established within the framework of the Ministry of Finance. Individual investment accounts are designed to give impetus to the development of the capital market in Slovenia, to encourage long-term savings in financial instruments of individuals by providing tax advantages and, consequently, better financing of the economy.

In the field of legislation and regulations, the most important work on legislative documents in the year under review comprised:

- The draft of the Individual Investment Account Act (ZINR)
- The draft modifications to the Personal Income Tax Act (ZDoh-2)

The talk was held in September 2024 also with the representatives of the General Directorate of the European Commission for financial stability, financial services and the capital markets union with the aim to obtain feedback information from the banking sector for better understanding of the key issues in Slovenia in connection with the integration of capital markets.

Two presentations were also organised: one to explore potential solutions in relation to the EU Financial Data Access (FIDA) Regulation and the other one to showcase the activities European Investment Fund Europe's small and medium-sized businesses (SMEs) by helping them to access finance and examine the possibilities for cooperation with the Slovenian banking sector in the coming years.

Payment services and SEPA project

In the field of payment services and the SEPA project, the committees for payment services, for card operations and for the SWIFT system were active in 2024. The activities carried out within the framework of payment services primarily comprise managing payment transactions, connections with the payment systems, security risk management and control, and optimisation of processes in connection with digitalisation.

It is of key importance in all the above segments to provide for security, compliance with regulations, and quality, user-oriented services.

Payment services

Monitoring the progress in the migration of volumes from the BIPS IKP solution to the BIPS IP solution was still a high priority in 2024.

The derogation granted by the European Central Bank allowing that after the migration of the technical account to the TARGET Instant Payment Settlement (TIPS) system for a limited period of time to settle in addition to the SEPA Instant Credit Transfer (SCT Inst) scheme also the SEPA Credit Transfer (SCT) transactions, was extended last year to February 2027, but banks continued to actively seek solutions in connection with performing AML controls, paying pension benefits through the IP system and setting up alternative solutions for IP orders processing.

In addition to the above, principal activities were directed to:

- Ongoing monitoring of instant credit transfers rejections separately for outflowing and inflowing transactions and separately for BIPS IP and TIPS on the basis of the data banks transmit on a monthly basis to the Bank Association of Slovenia.
- Drafting an initiative to ask the working group for SEPA Credit Transfers with drafting a proposal for guidance when instant payments have to be refunded and are paid into the settlement account and they cannot be distributed, hence such repayments shall be executed without recall.
- Addressing numerous provisions laid down in the Instant Payments Regulation in euros and their implementations in banks primarily as seen from the angle of putting in place adequate AML controls and due observance of sanctions lists.
- On the basis of the discussions at the meetings held within the framework of the Bank Association and Bankart, the company for payment instruments processing, the questions referring to understanding certain provisions of the Regulation were passed to Banka Slovenije.
- Discussions about the national strategies for the development of payments market in Slovenia for the period between 2024 and 2028 and individual strategic initiatives on the basis of which special working groups were appointed within the framework of the National Payments Council at Banka Slovenije and in which the representatives of the Bank Association have a seat.
- Taking note of the final information regarding the migrations to the e-invoice system 'E-račun' to a new service provider and the decision adopted on that basis to dissolve their working group for the e-invoice (e-račun) set up back in 2005.

- Efforts made to continue with the activities in the field of upgrading 'E-sociala' (automated retrieval of data on transactions executed on bank accounts over the last 13 months) but despite all appeals made, there was no response by the Ministry of Labour, Family, Social Affairs and Equal Opportunities to the Bank Association's initiative.

In the field of legislation and regulations, the regulations discussed in 2024 were:

- The proposal for a Regulation on Payment Services in the Internal Market (PSR), and
- The proposal for a Directive on payment services and electronic money services in the Internal Market.

The following document was amended and updated:

- The manual for ISO 20022-based XML messaging standard for exchanging data on credit transfers.

Card operations

The key activities carried out in 2024 comprised:

- Examination of or/and clearing of the documents of Bankart,
- The analysis and conclusions made on the basis of the questionnaires filled out by the participants in the payment system 'Poravnava bankomatov', information security arising from the reports of the participants in the payment system 'Poravnava bankomatov' in 2023,
- The strategy and methodology for management of risk in the payment system and endorsing the risks assessment for the payment system 'Poravnava bankomatov' for the financial year 2023,
- The analysis and findings made on the basis of the questionnaires filled out by the participants in the payment system 'Poravnava bankomatov',
- Document Information security arising from the reports of the participants in payment system 'Poravnava bankomatov' in 2024, and
- The document 'Risk assessment' conducted by the participants in the payment system 'Poravnava bankomatov' for the financial year 2024.
- Discussion about a number of proposals under Payment Services Directive (PSD) and Payment Services Regulation (PSR) relating to card operations,

- The initiative for amending statistical reporting on the providers of POS terminals to Banka Slovenije adding data on cross-border providers of POS terminals,
- The initiative to postpone the use mandates due to a short period of time to carry out all the necessary upgrades both in banks and on the processor's side.

In the field of legislation and regulations the following documents were discussed in 2024:

- An overview of the requirements under the proposed Payment Services Directive 3 (PSD 3).
- The proposed new Payment Services Regulation (PSR).
- The draft Act governing electronic means of payment.

In 2024, there was additional impetus also to the participation in the activities related to the PR awareness campaign on online frauds PAZI.SE and other activities related to financial literacy and raising awareness of customer, and other segments of population.

SWIFT

The topics on the agenda in 2024 comprised:

- The news in the field of international payments and the new service packages offered by SWIFT and sharing the latest information on the development of the existing solutions.
- Six meetings were held with the representatives of the Society for Worldwide Interbank Financial Telecommunication (SWIFT), both for business and also the technical part of the services.
- A seminar was delivered within the e-learning programme with the title: "Your route to ISO 20022 and the CBPR+ Guidelines«.
- Migrations, introducing a new hybrid clients' postal address in 2025 and therefore, the need for amending the existing annual for credit payments by adding the rules for CBPR+ payments, the activities in connection to ISO20022 migrations (plans, back-up solutions, ...).
- The report from the conference Sibos 2024 held in Beijing, China. The report encompassed a presentation of all areas covered by SWIFT, presentations of banks, bank applications and also of banks' rivals in all areas of application.

- The role of artificial intelligence in industry and changes brought by switching over to ISO 20022 standard.
- Reports from the meetings of the SWIFT Board and the ESA group's reports.

An initiative was given for the Bank Association to undertake the activities to become a Member State in ESA (European SWIFT Alliance) given the up-to-the-minute topics discussed within the framework of the ESA and its working bodies. The initiative was endorsed, and Slovenia became Member State. Now the Slovenian banking community will as Member State part of an important forum for discussions, sharing knowledge and information and for enhancing capabilities primarily on the occasion of the periodic meetings held on a quarterly basis, as well as for active communication between Member States at the margin of those meetings.

Informatics and information security

The activities in the field of informatics and information security are tightly linked to development of technology and support for practically all business processes and, last but not least, also with the ever-increasing regulatory and security requirements. The Committee for Informatics and the Committee for Information Security were active in that field throughout 2024.

Information security

In the field of information security so bile also in 2024 key the following activities:

- Exchanging information and experiences in relation to information security,
- Drafting recommendable solutions for risk management.
- Addressing the issues referring to digital operational resilience, third-party risk management and incident reporting.
- Cooperating with the Police and the national security centre SI-CERT with regard to exchanging data on frauds and incidents and, above all, relating to digital fraud.
- Discussing the results of the Cyber Resilience stress test.

- Discussing and drafting comments on the discussion paper published by the Basel Committee on digital fraud and banking addressed by the Committee in its comments including the participation in drafting the EBF joint comments.
- Discussing the initiative for mitigating risks associated with financial frauds and exchanging information on the latest forms of frauds.
- Addressing cyber-attacks with malware.
- Addressing the issues relating to digital identities and those affecting payment systems.
- Addressing the issues in connection with artificial intelligence in the financial sector and criminal acts in connection with the use of mobile devices in commission of fraud.
- Discussing security measures.
- Discussing the questionnaire for the outsourced service provider in terms of DORA.
- Setting up the Malware Information Sharing Platform (MISP) instance in banks and sharing information about the latest forms of fraud.
- Working together with the relevant institutions and actively following the developments in the EU regulations.
- Discussing Europol's news in relation to cybercrime and monitoring the activities of the Cybersecurity Working Group established within the framework of the European Banking Federation.

In the middle of April 2024, as the number of distributed denial-of-service (DDoS) attacks on the websites of the Slovenian institutions surged, an extraordinary meeting was held to discuss together with the representatives of Banke Slovenije and SI-CERT the preparedness of the Slovenian banks for such threats.

The latest changes to legislation were discussed, particularly those referring to the security issues:

- The European Supervisory Authorities (ESAs) Consultation Papers on the Digital Operational Resilience Act (DORA) and two batches of technical standards for DORA policy instruments,
- The draft Payment Services Regulation (PSR),
- The draft Information Security Act (ZInfV-1), and
- The draft Critical Infrastructure Act

In addition, we strengthened the cooperation with different stakeholders, we also responded to the request of the Hungarian banking associations referring to the Apple Pay scandal and the request of the EBF for information on IT crashes in European banks.

The cooperation with government institutions, law enforcement bodies – police and the European authorities was of key importance when it comes to controlling cyber threats and safeguarding the financial sector against online scams.

Furthermore, effort was also focused on providing support to the campaign PAZI.SE and the participation in the financial literacy programmes and awareness raising actions.

Informatics

The activities in that field contribute to the development and digitalisation of the banking sector, as well as to the improvement of safety and security of operations. In 2024, the focus of attention was on exchanging information, monitoring legislation and standards, and the development of information technologies in banking industry and harmonisation of positions, information sharing and preparations for the implementation of new technological solutions and legislative and regulatory requirements.

The key activities carried out in 2024 were:

- The activities of a mixed working group composed of the representatives of members and Banka Slovenije. The main emphasis of their work was on tackling challenges in the field of reporting and drafting practical solutions in the field of digitalisation and operations security.
- Monitoring and discussing the activities in connection with a digital euro.
- Discussing the presentation of a platform that enables collecting and analysing ESG data.
- Addressing the issues connected with the use of artificial intelligence in bank operations.
- The cooperation within the framework of a mixed working group for reporting with the focus of attention on the overhaul of statistical reporting by banks.

- Discussing the B2B communication interface management in banks and savings banks.

In the field of legislation and regulations, the following issues addressed in 2024:

- The draft of the act regulating artificial intelligence.
- The draft guidelines on electronic accessibility of banking products and services as laid down in the new Act on accessibility of products and services for people with disabilities (ZDPSI).
- The legislative proposal for a framework for financial data access – Financial Data Access (FIDA) Regulation that includes requirements with regard to the following:
 - access to financial data,
 - managing customer permissions,
 - security and protection of data,
 - data standardisation,
 - support to innovation, and
 - reporting and compliance.

The implementation of the FIDA will entail additional cost for banks in relation to security and technological upgrades.

The Bank Association has become member of the Slovenian Institute for Standardisation (SIST). The representatives of two banks: NLB and OTP were appointed to the newly established Technical Committee for artificial intelligence – SIST/TC UI.

The Informatics Committee acted throughout the year as a forum for the coordination of positions, information exchange and preparations for the implementation of new technological solutions and legislative requirements.

Legal affairs, compliance, data protection, prevention of money laundering and ethics

The activities carried out within the framework of this field cater to the legality of the work carried out by the Bank Association such as the internal labour and legal matters, news releases published under the Media Act published in the Official Gazette of the Republic of Slovenia for the journal Bančni Vestnik, updating the data contained in the Transparency Register, coordination with the external auditor, selecting the auditor for the next three years, monitoring the procedure for the registration of condominium ownership in the Land Register and the division of common space in a building, overseeing the works on the renovation of the staircase, electrical installations and the installation of a new door at the entrance into the building and to that end, collaborating with the building manager and the outsourced contractors, the activities in connection with the developments in the field of exercising the right to disconnect as stipulated in the Act Amending the Labour Relationships Act, re-casting the agreement with the Association's leasing members and taking part in a number of other activities running in different segments of operations carried out by the Bank Association of Slovenia.

In addition to the contents in relation to the provision of legality of the operations carried out by the Bank Association, this area also includes the work of the committees for legal affairs, compliance, prevention of money laundering, ethics and the area of data protection. Within the framework of the Committee for legal affairs, three working groups continued work (for the recommended Instructions for enforcement of debt collection decisions at banks and the Instructions for the debt collection instrument 'izvršnica' and the Instructions on the transmission of confidential data).

Also in 2024, the key task of the Bank Association is promotion of integrity, ethics and fair cooperation with different stakeholders. The activities were focused on management and control of numerous challenges associated with the introduction of new regulatory requirements by enforcing compliance and raising awareness of cyber payment fraud, as well as by providing protection against risks in accordance with the guidelines for the prevention of money laundering (AML) and personal data protection (GDPR). Our

effort remains channelled in the direction of improved transparency, security and compliance of operations, as well as for further strengthening of public confidence in the banking sector.

Legal affairs

Alongside the activities in relation to the mandate of the Bank Association of Slovenia such as convening the general meeting of the Supervisory Board of the Bank Association and other activities, the tasks discharged in the field of legal affairs was directed in keeping abreast of novelties in specific segments of legal issues having the centre stage place during the period under review. If we are to highlight some of those activities, then collecting, harmonising and disseminating comments and remarks worth noting are:

- The Act Amending the Act on Reconstruction, Development and Provision of Financial Resources.
- The Act Amending the Financial Operations, Insolvency Proceedings, and Compulsory Dissolution Act,
- The Banking Act,
- The Act amending the Act on the Resolution and Compulsory Winding-up of Banks,
- The Deposit Guarantee Scheme Act,
- The Act Amending the Land Register Act, and
- Modifications to the Criminal Procedure Act.

Of a range of the activities running in 2024, some of them were closely related to:

- The Act on Reconstruction, Development and Provision of Financial Resources given the fact that it took considerable time to verify whether Article 78 of the Act is in line with the Constitution of the Republic of Slovenia since it introduces tax on total assets of banks and savings banks as a source of revenue for the dedicated budget fund for reconstruction. The initiative to verify the constitutionality of the new act was filed with the Constitutional Court before the summer 2024 and later on, the answers to the arguments of the Government of the Republic of Slovenia and the National Assembly of the Republic of Slovenia in connection with the initiative were transmitted to the Constitutional Court.
- In the field of loans denominated in Swiss Francs in connection with dif-

ferent expert constitutional issues primarily with regard to the nullity of the entire loan agreement due to the nullity of a single provision in the agreement and the expiry of the limitation period for the conditional claim due to the nullity of the loan agreement.

- Taking into consideration and cooperation on the preparation of a special offer to financially fragile borrowers of loans denominated in Swiss Francs.
- Addressing the legal issues of collective action.
- Addressing the issues with regard to opening, that is, non-opening of transaction accounts of legal entities and natural persons.
- Reviewing the initiative for opening of (fiduciary) accounts to agrarian/pastoral communities and certain other stakeholders in the market.
- Reviewing the initiative for broadening dispute settlement to payees being legal entities, which was not adopted. Another activity worth mentioning is the engagement in the activities in relation to Payment Services Regulation and Third Payment Services Directive (PSR/PSD3).
- Within the framework of the working groups (debt enforcement instruments: *izvršbe, izvršnica, poizvedbe*), a series of harmonisations and best practice sharing took place.
- In the field of enforcement of decisions for debt collection, experiences were exchanged with regard to use of appropriate codes from the code book.
- The definition of 'legal risk' was agreed.
- Plenty of effort went into the preparation of a draft government's statement in connection with the preliminary ruling of the Court of Justice of the European Union (case No. C-471/24) (the WIBOR interest rate benchmark).
- Ongoing exchange of information relating to the recent case law.

When seeking solutions to certain issues, the Bank Association also cooperated with the Supreme Court of the Republic of Slovenia, the Ministry of Labour, Family, Social Affairs and Equal Opportunities and the Financial Administration of the Republic of Slovenia. The initiative addressed to the Supreme Court of the Republic of Slovenia calls for prompt digitalisation of justice in civil proceedings and switching over to electronic/digital operations.

Some of the documents finalised in 2024:

- The amended Instructions for transmitting confidential data and the accompanying tables that took into account the modification to the Criminal Procedure Act, and
- The amended Instructions for the enforcement of decisions on debt collection at banks that observes the modification to the Tax Procedure Act.

Compliance

The activities carried out in 2024 were largely focused on the following.

- Looking into and exchanging experiences and practice in connection with a range of professional matters.
- Taking part in formulating the guidelines for (physical and digital) making banking services accessible to persons with disabilities.
- Monitoring adoption and implementation of intervention legislation.
- Sharing best practice in the field of digitalisation procedures compliance and opinions on the ESG factors and sustainable development.
- Drafting comments in connection with the EBA consultation process on "Draft Guidelines on the management of ESG risks".

Data protection (DPO forum)

Within the framework of the DPO forum, the activities carried out in 2024 referred to the areas dealing with personal data protection and exchanging best practice in the area of personal data protection. What is worth mentioning above all is also the input the members of the DPO forum made to formulate the article in for the Act amending the Banking Act – ZBan3 referring to access to registers.

Prevention of money laundering

The most important activities carried out in the course of 2024:

- Addressing the issues in relation to the implementation of the Prevention of Money Laundering and Terrorist Financing Act.
- Exchanging positions and best practice with reference to the Regulation (EU) 2023/1113 on information accompanying transfers of funds and certain crypto assets.

- The AML requirements and closing, that is, not opening accounts for customers (legal entities and natural persons) and opening of fiduciary accounts.
- Implementing restrictive orders, that is, financial sanctions (as a consequence of the Russian aggression on Ukraine).
- Issues regarding the cooperation with the defence industry.
- Issues regarding the EBA's de-risking guidelines and above all in connection with the future changes associated with processing of instant payments/credit transfers and the necessary AML activities.
- Successful resolving the dilemmas with regard to reporting to the Office for Prevention of Money Laundering and the ambiguities in connection with the Register of Beneficial Owners (eRDL).
- Sharing intelligence with the Police gained through hands-on operations.
- Launching the preparations for a new round of MONEYVAL evaluation of anti-money laundering measures and holding a meeting with the U.S. Department of the Treasury to discuss the OFAC's Sanctions List of restrictions and sanctions observance of the OFAC's lists).
- In 2024, under the aegis of the central bank, the activities for bringing up to date the National Risk Evaluation from the position of AML/CFT (NOT).

The biggest challenge posed in 2024 were the pending changes in processing instant payments/credit transfers in connection with the implementation of the AML/CFT controls; therefore, three workshops were organised (also with the participation of the representatives of payment services providers and the central bank) at which banks and savings banks exchanged views on the matter and presented their activities on the preparations for the forthcoming payment processing model.

Ethics Committee

The Committee tasked with ethical behaviour matters founded in 2018, did not convene any meetings given the fact that in 2024, no reports of infringements were filed, thus confirming the successful effect of the Ethical Guidelines and consistent honouring of integrity among members of the Bank Association.

Social partnership

The work in this area largely consists of the activities for the effective implementation of the collective agreement of the banking sector and promotion of social dialogue. These issues are addressed by the Committee for the Collective Bargaining Agreement of the banking sector of Slovenia (KPDb) and the Human Resources Forum.

Out of a broad spectrum of issues addressed by the bodies of the Bank Association of Slovenia in 2024, there are also the activities undertaken in the field of collective bargaining, that is, social partnership, running within the framework of the Committee for KPDb since its members got a mandate from the Supervisory Board to engage in negotiations with two trade unions (Trade Union of the Banking Sector of Slovenia and the Trade union of NLB).

The key activities in 2024 are listed below:

- In January 2024, 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 per cent of the annual inflation rate in 2023 and, specifically, by 3.78 per cent knowing that the official rate of inflation was 4.2 per cent. 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 2024, the negotiations to conclude a new annex with pay grades continued and were wrapped up by signing a new annex with the pay grade schedule (Tarifna Priloga) for 2024 subsequently notified to the Ministry of Labour, Family, Social Affairs and Equal Opportunities and published in the Official Gazette of the Republic of Slovenia.
- The new annex with the pay grade scale (Tafirna Priloga) to the KPDb Collective Agreement brought slightly higher amounts for jubilee benefits and higher solidarity assistance paid out by the employer in case of an employee's death.
- In view of the fact that the new pay grade schedule was concluded for

the validity period until 31 December 2024, the preparations for a new round of collective bargaining started in the second half of 2024 with the aim to agree the terms and conditions of the new pay grade schedule. The negotiating teams exchanged propositions but until the end of 2024, negotiations did not start.

- Within the framework of the Committee the steps were also taken to prepare a tentative framework for negotiations about an article on the KPDb Collective Agreement that would introduce at the banking industry level the right to disconnect, but in 2024, no formal negotiations about inserting that employee's right in the collective agreement took place.

As regards human resources in banking, the following key activities were carried out in 2024:

- Exchanging experiences and best practice.
- Taking part in conducting the survey on absenteeism at workplace.
- With the help from an outsourced service provider, initiatives for conducting a new survey of salaries in banks and savings banks were collected, but due to certain reasons the survey did not take off despite the fact that a host of activities had been already carried out, and it was rescheduled to 2025.

Leasing activity

The activities connected to leasing business cover the following areas: perception and reputation; motor vehicles; immoveable property; prevention of money laundering and terrorist financing; taxes; accounting and debt restructuring, statistics and reporting, consumer protection and the central credit register.

Motor vehicle leasing is still the most important segment of leasing activity in Slovenia like in previous years.

In 2024, in the same way as seen over the past few years, there were no highly negative publications in the media in relation to leasing activity that could harm its perception in the eyes of the public and dent its reputation. Occasional negative publications referring to the implementation of the

Lexitor ruling in everyday practice of leasing companies seen as non-compliant with the Court ruling disappeared when the Ministry of Economy, Tourism and Sport as the appellate body passed two decisions in favour of leasing activity after two adverse decisions passed by the Market Inspectorate of the Republic of Slovenia (TIRS) regarding leasing. In its decisions, the conclusion of the Ministry was that how leasing companies run their business has no signs of violations as alleged.

The consolidation trend in leasing activity continued as expected.

In 2024, the activities listed below were at the forefront:

- Addressing the issues related to the rising share of electric vehicles, in particular price variations or rather falling prices of these vehicles, new – mostly Chinese automotive manufacturers – entering the market, the difficulties faced by the European automotive industry and other related topics. We discussed these topics also at the level of the umbrella federation of Leasing Company Association – Leaseurope – including a common approach to ESG & Green Leasing in the light of the obligation of leasing companies to report on emissions stipulated in the Corporate Sustainability Reporting Directive (CSRD),
- Addressing legal issues of motor vehicle registration due to the ill-conceived registration procedure that disregards the specific features of leasing activity and causes problems both to the leasing companies and, in the final phase, to the government budget.
- The activities in connection with the issue of the insurance policy vinculation carried out in cooperation with insurance companies.
- Addressing the issues in relation to mass valuation of property for the purpose of financing, i.e. lending.
- Addressing the issues in the field of the prevention of money laundering and financing terrorism within the framework of the implementation of the amended Prevention of Money Laundering and Terrorist Financing Act (ZPPDFT-2).
- Discussing the pressing dilemmas also by engaging an external tax adviser with regard to contract cancellations/terminations and the calculation of value-added tax (VAT) in such a case, taking into account the directions given by the Financial Administration of the Republic of Slovenia

(FURS) and the most recent case law resulting from the rulings passed by the EU courts.

- Discussing the vagueness present in sale-and-leaseback transactions following the directions issued by the FURS and the issues arising also in connection with the collision between DFS and VAT.
- Discussing the International Financial Standards and, specifically, IFRS 16 – leases and their impact on the operations of leasing companies.
- Addressing the issues related to booking the transactions carried out under operational lease arrangements.
- The ongoing exchanging information on and practice in the field of data protection and the implementation of the Personal Data Protection Act (ZVOP-2).
- Monitoring prudential reporting to Banka Slovenije and the statistics in relation to which the central bank of Slovenia gave a clean bill of health in 2024; nevertheless, the issue of comparability of the whole picture on the basis of the statistical data for the leasing market and the rationalisation of reporting requirements alongside the issue of transmitting data also to other data consumers such as the Statistical Office of the Republic of Slovenia (SORS) and the Agency of the Republic of Slovenia for Public
- Legal Records and Related Services (AJPES).
- Monitoring changes in the field of consumer protection and the issuing in relation to the implementation of the Lexitor ruling.
- Addressing the issues in relation to the credit register SISBON, primarily in connection with the inability to carry out remote customer identification for the purpose of accessing the SISBON register, even though it can be done for the purposes of the Prevention of Money Laundering and Terrorist Financing Act (ZPPDFT), as well of the communication with Banka Slovenije, Information Commissioner (IP) and the Ministry of Finance about it.
- Addressing the issues and holding talks with various institutions for the purpose of implementing automated and rational acquisition of data from the Central Population Register, that is, from the Financial Administration (FURS), insurance companies, etc. thus reducing possibilities for swindling or fraud facilitated by the data sought being unconnected and inaccessible to creditors (in a timely manner).

The key activities in the field of legislation comprised the following:

- Drafting a proposal to amend consumer-related legislation with the aim to clearly regulate financial leasing as a financial service and not hire purchase/sale in instalments with title retention. Regrettably, the proposal was not upheld, even though it was supported by legislative solutions in place in comparable countries, and the proposals made by consumer organisations in connection with financial leasing fell on deaf ears.
- Drafting proposals during the legislative procedure to adopt modifications and amendments to the Motor Vehicles Compulsory Insurance Act in relation to the issue of uninsured vehicles in traffic not covered even by compulsory insurance coverage.
- Drafting proposals for improvement of legislation in the course of the procedure to adopt modifications and amendments to insolvency legislation and, specifically, to the Financial Operations, Insolvency Proceedings, and the Compulsory Dissolution Act (ZFPPIPP-H),
- Particularly intense work started at the end of 2023 on the transposition of the Anti-Tax Avoidance Directive into the Corporate Income Tax Act (ZDDPO-1) and continued through an arrangement with external tax advisors to deliver eventually a »small reform of tax legislation« thanks to which double taxation was eliminated by eliminating »thin capitalisation« and only retaining the tax treatment as laid down in the more recent directive in the form of »excess interest payments« – the crown of efforts made by leasing activity promoters over at least 15 years for relief of excess withholding taxes.

Also in 2024, the cooperation at the international level was conducted by default with Leaseurope and also with its sister organisation Eurofinas when addressing certain specific issues. However, when it came to certain concrete matters, the cooperation ran through direct, bilateral channels primarily with our Italian, Austrian and Croatian colleagues.

In 2024, there was once case of complain against unfair/non-compliant practice in the field of leasing activity filed by consumers.

Membership in national and international organisations

In order to carry out the Bank Association's mission including the area of leasing activities, the cooperation with different stakeholders is of key importance both within the national borders and in Europe, as well as globally. To that end, a significant portion of activities carried out by the Bank Association is connected with the relevant national and international organisations and working bodies or initiatives. In 2024, the Bank Association joined European SWIFT Alliance membership (ESA). The Bank Association is member and actively participates in the following national and international organisations, working bodies and initiatives:

