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(unofficial consolidated text)

- Official Gazette of the Republic of Slovenia, No. 50/15 of 10 July 2016 - basic text (in force since 11 July 2015)
- Official Gazette of the Republic of Slovenia, No. 44/16 of 24 June 2016 – additions (in force since 25 June 2016)
- Official Gazette of the Republic of Slovenia, No. 79/16 of 9 December 2016 – additions (in force since 10 December 2016)

Pursuant to the fourth paragraph of Article 384 of the Banking Act (Official Gazette of the Republic of Slovenia, No. 25/15 and 44/16 - ZRPPB; hereinafter: the ZBan-2) and the first paragraph of Article 31 of the Bank of Slovenia Act (Official Gazette of the Republic of Slovenia, Nos. 72/06 [official consolidated version] and 59/11), and in connection with the fifth paragraph of Article 412, the third paragraph of Article 413 and the third sub-paragraph of the third paragraph of Article 415 of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (OJ L 176 of 27 June 2013, p 1; hereinafter: Regulation (EU) No 575/2013), the Governing Board of the Bank of Slovenia hereby issues the following

REGULATION
on the minimum requirements for ensuring an adequate liquidity position of banks and savings banks

1. GENERAL PROVISIONS

Article 1
(content and purpose of regulation)

(1) This regulation sets out the detailed rules relating to the liquidity position, and includes the content, form and method of calculation and reporting of:

- (a) liquidity ratios for ensuring an adequate liquidity position,
- ~~(b) the planning of liquidity flows,~~
- (c) the loan-to-deposit ratio for the non-banking sector.

(2) The provisions of this regulation shall apply to banks, savings banks, branches of Member State banks and branches of third-country banks (hereinafter: banks).

(3) Wherever this regulation refers to the provisions of other regulations, such provisions shall apply in their wording applicable at the time in question.

Article 2
(definition of terms)

(1) The terms used in this regulation shall have the same meanings as in the ZBan-2 and Regulation (EU) No 575/2013, and in regulations issued on their basis.

(2) The following definitions shall apply for the purposes of this regulation:

- (a) “liquidity position” is the ratio of the actual and potential sources of liquidity to the actual and potential use of liquid assets in the same period;

(b) "residual maturity" is the period between the date for which a liquidity ratio is being calculated and the maturity date of a particular financial asset or liability;
(c) "liquidity risk" is the risk of loss arising when a bank is unable to settle all mature liabilities or when a bank, unable to ensure sufficient funds to settle liabilities at maturity, is forced to secure the necessary funds at significantly higher costs than normal;
(d) a "liquidity management scenario" is the liquidity position of a bank assessed on the basis of internal and external assumptions, and measures adopted on that basis for the purpose of ensuring an adequate liquidity position, which at a minimum includes:
- a "baseline liquidity management scenario", which is a scenario whose assumptions reflect the expected direction and conditions of the bank's operations and are certain to affect the liquidity of the bank in the normal course of operation, and
- a "stress scenario", which is a liquidity management scenario whose assumptions reflect directions and conditions of operations that differ from those in the baseline scenario and that include important changes in factors acting to produce a deterioration in the bank's liquidity.

2. MINIMUM REQUIREMENTS REGARDING THE CALCULATION OF AN ADEQUATE LIQUIDITY POSITION

Article 3
(liquidity ratio)

(1) Each bank shall regularly calculate its liquidity position. The bank shall calculate its liquidity position using a liquidity ratio. The liquidity ratio is the ratio of the sum of financial assets in domestic and foreign currencies to the sum of liabilities in domestic and foreign currencies with regard to residual maturity.

(2) For the purposes referred to in the first paragraph of this article, the bank shall classify financial assets and liabilities by residual maturity into two buckets as follows:
(a) first bucket: financial assets and liabilities with a residual maturity of up to 30 days, and
(b) second bucket: financial assets and liabilities with a residual maturity of up to 180 days.

(3) The bank shall calculate the liquidity ratio for each bucket for the previous business day on a daily basis.

(4) The first-bucket liquidity ratio must be at least 1.

(5) The second-bucket liquidity ratio is merely of an informative nature.

(6) Should the bank fail to meet the requirements referred to in the fourth paragraph of this article, it shall state the reasons for that failure in its liquidity ratio report.

Article 4
(criteria for taking financial assets into account)

(1) The bank shall take financial assets into account according to the following criteria:
(a) by residual maturity,
(b) in the case of financial assets vis-à-vis a debtor that are rated and impaired:

- individually, only financial assets vis-à-vis debtors for whom no repayment problems are expected, and who pay their liabilities as they fall due or exceptionally up to 30 days in arrears, or
- collectively, only financial assets vis-à-vis debtors who meet the criteria for classification in categories A and B in accordance with the Regulation on the assessment of credit risk losses of banks and savings banks (Official Gazette of the Republic of Slovenia, No. 50/15),

(c) only the amount of financial assets that the bank has freely at its disposal, and
(d) of off-balance-sheet items, only the following are taken into account:
- forward transactions, and
- 50% of the amount of contractually raised credit lines and the undrawn portion of loans.

(2) The first paragraph of this article notwithstanding, in its calculation the bank may not take account of financial assets that it must hold to provide the liquid funds required for the repayment of guaranteed deposits, and for the provision of cash for the purpose of the contribution to the bank resolution fund pursuant to the Bank Resolution Authority and Fund Act.

Article 5
(criteria for including financial assets in both buckets)

(1) Notwithstanding residual maturity, the bank shall include the following financial assets in both buckets:

(a) investments that meet the criteria for eligibility as collateral for Eurosystem claims, as defined in the Bank of Slovenia's general terms and conditions governing the implementation of the monetary policy framework;
(b) investments in other foreign marketable debt securities and equities and in domestic marketable debt securities that are listed for trading on a regulated market and whose credit rating or the long-term credit rating of the issuer are at least BBB (Fitch or Standard & Poor's) or at least Baa2 (Moody's), if banks manage the securities independently, or if they have left the management thereof to another domestic or foreign bank or financial institution, but only to the extent and by the deadlines stipulated for access to liquidity by the relevant asset management agreement;
(c) investments in other foreign serial debt securities whose market price is available daily and whose credit rating and the long-term credit rating of the issuer are at least BBB (Fitch or Standard & Poor's) or at least Baa2 (Moody's). Insofar as the reference set of financial instruments is composed of securities, the credit rating for each security shall be at least BBB (Fitch or Standard & Poor's) or at least Baa2 (Moody's). Where a daily market price does not exist, the securities stated in this point shall have an American put option, which gives the holder the right to sell the security at any time until its maturity, whereby the option may be included in a serial debt security and enables the holder to sell the security to the issuer at a predetermined strike price, or the option is concluded especially for the serial debt security at a predetermined strike price. The long-term credit rating of the issuer of the option shall be at least BBB (Fitch or Standard & Poor's) or at least Baa2 (Moody's);
(d) investments in the debt securities of the Bank of Slovenia, and
(e) investments in deposits at the Bank of Slovenia.

(2) Securities that are not regularly traded on regulated markets or for which it is not possible to verify the security's daily market price or for which the issuer does not guarantee the unconditional repurchase in a period of less than 30 days shall not be deemed investments referred to in point (c) of the first paragraph of this article.

(3) The financial assets referred to in points (a) to (c) of the first paragraph of this article shall be valued at market prices by the bank for the purposes of inclusion in both buckets. Where there is no

market price for the financial assets referred to in point (a) of the first paragraph of this article, the bank shall value them using the amortised costmethod.

Article 6
(criteria for taking liabilities into account)

(1) The bank shall take liabilities into account according to the following criteria:
  (a) by residual maturity;
  (b) 40% of the sight deposits of households and non-financial corporations in the first bucket;
  (c) 35% of the sight deposits of households and non-financial corporations in the second bucket;
  (d) of off-balance-sheet items, the following shall be taken into account:
  - 100% of forward transactions, open uncovered letters of credit, contractually approved credit lines for banks and the undrawn portion of loans that do not meet the criteria for eligibility as collateral for Eurosystem claims as defined in the Bank of Slovenia's general terms and conditions governing the implementation of the monetary policy framework,
  - 20% of contractually approved credit lines for non-banking customers, excluding credit lines approved to cover open letters of credit, and
  - 5% of issued warranties, guarantees and stand-by letters of credit, and overdrafts approved for current accounts and cards according to their residual maturity.

  Liabilities under letters of credit shall be taken into account in an individual bucket in the amount of the uncovered portion according to the remaining period of validity, or according to the residual maturity after documents have been submitted.

(2) A bank that has obtained an authorisation from the Bank of Slovenia for the use of an internal methodology for calculating the proportion of stable sight deposits of households and/or non-financial corporations (hereinafter: internal methodology) may substitute weights calculated using the internal methodology for the weights set out in points (b) and (c) of the first paragraph of this article, whereby the applied weights may never be less than 20%.

(3) Where the bank has not put in place or is not implementing a robust and reliable liquidity risk management system, the Bank of Slovenia may order the use of the higher weights than those set out in points (b) and (c) of the first paragraph of this article.

(4) By virtue of the order imposing on the bank the measure referred to in the third paragraph of this article, the Bank of Slovenia shall set out the action that the bank must take to apply the weights set out in points (b) and (c) of the first paragraph of this article.

3 USE OF AN INTERNAL METHODOLOGY FOR CALCULATING THE PROPORTION OF STABLE SIGHT DEPOSITS

Article 7
(minimum requirements for use of internal methodology)

(1) The bank shall meet the following minimum requirements if it uses an internal methodology for the calculation of the proportion of stable sight deposits of households and/or non-financial corporations:
  (a) it shall have at its disposal a reliable and accurate database of sight deposits of households and/or non-financial corporations, segmented according to the properties of the deposits,
  (b) it shall take account of assumptions that reflect the properties of individual products for calculating the proportion of stable sight deposits,

(c) the database of sight deposits of households and/or non-financial corporations shall be taken into account as appropriate when defining assumptions for conducting the baseline and stress test scenarios,
(d) the validity of the assumptions shall be tested using different scenarios, and the results of testing appropriately implemented in current liquidity risk management policies, whereby the set of previously defined stress test scenarios is tested at least quarterly,
(e) the internal methodology shall be built into the bank's daily risk management process, whereby the results of the methodology are an integral part of identifying, measuring, controlling and monitoring liquidity risk,
(f) the data observation period shall be at least five years, whereby the bank must identify any significant fluctuations in the situation that could indicate a deviation from the trend of stability, substantively evaluate their effect and statistically evaluate these fluctuations in an appropriate manner, and
(g) regular back-testing shall be carried out, i.e. the subsequent comparison of estimated proportions of stable sight deposits with the actual proportions, whereby there may be no material deviations between the estimated and actual situation.

(2) The bank shall continuously meet the requirements set out in the first paragraph of this article as of the day that the Bank of Slovenia grants the authorisation for the use of an internal methodology.

(3) The bank shall verify the adequacy of the internal methodology on at least a semi-annual basis. Should the proportions of stable deposits of households and/or non-financial corporations estimated using the internal methodology deviate significantly from the actual situation, the bank shall notify the Bank of Slovenia accordingly without delay. The aforementioned notification shall contain an exact description of the causes of the deviation.

Article 8
(authorisation for use of internal methodology)

(1) The Bank of Slovenia shall grant the authorisation for the use of an internal methodology if the bank meets the minimum requirements set out in Article 7 of this regulation.

(2) The bank shall prove that it meets the conditions referred to in the first paragraph of this article by submitting the following documentation as part of its request for the granting of the authorisation:
(a) a list of products that the bank has included in the set of data for assessing the stability of deposits, and a description of its properties,
(b) a document that includes a description and analysis of all assumptions that the bank has applied in its internal methodology,
(c) a document with precisely described procedures for the operational implementation and use of the internal methodology,
(d) a document describing the liquidity management scenarios that the bank uses, with particular focus on the stress scenarios for which the bank has developed contingency plans,
(e) a document describing previously applied contingency plans that served as the basis for a change to the business policy, and
(f) a report on the review of the internal methodology carried out by the internal audit department.

(3) The bank shall notify the Bank of Slovenia of its intent six months prior to submission of the request referred to in the second paragraph of this article.

Article 9
(withdrawal of authorisation for the use of internal methodology)

The Bank of Slovenia shall withdraw the authorisation for the use of an internal methodology if the bank:

(a) acts in contravention of an order or an order with additional measures for the rectification of breaches in the fulfilment of the requirements set out in Article 7 of this regulation, or

(b) seriously breaches the requirements set out in Article 7 of this regulation.

~~4. PLANNING OF LIQUIDITY FLOWS~~

~~Article 10~~
~~(liquidity flows)~~

~~(1) Within the framework of its risk management policies, the bank shall define a policy for managing its liquidity position. This policy shall include the detailed planning of liquidity flows with regard to the type, scale and nature of transactions, having regard for the market and macroeconomic conditions in which the bank operates.~~

~~(2) The plan of liquidity flows that the bank must submit to the Bank of Slovenia shall include cash inflows and outflows in domestic and foreign currencies:~~

- ~~by individual day for the current and previous business day, and for the next 15 business days, and~~
- ~~for the specific period until the end of the current month and for the period of the next month.~~

~~The data for the previous business day shall include planned and actual liquidity flows.~~

~~(3) When planning cash flows by individual period referred to in the second paragraph of this article, the bank shall apply the principle of prudence. This means that:~~

- ~~cash outflows shall include all liabilities that could fall due for payment. The bank shall estimate outflows by individual period from sight deposits and other items without a maturity on the basis of the baseline liquidity management scenario referred to in the first indent of point (d) of Article 2 of this regulation; and~~
- ~~cash inflows shall include only those inflows that the bank expects to be realised. The bank shall estimate inflows by individual period from items without a maturity on the basis of the baseline liquidity management scenario referred to in the first indent of point (d) of Article 2 of this regulation.~~

~~The bank shall regularly verify and document the data and assumptions that serve as the basis for the estimate of inflows and outflows from items without a maturity.~~

~~(4) Cash outflows shall include planned outflows on the basis of drawn loans (including planned drawdowns based on contractually approved credit lines and overdraft facilities), deposits, securities, monetary policy instruments, interbank loans and other outflows not included in other items, including outflows for off-balance-sheet items.~~

~~(5) Cash inflows shall include planned inflows from the repayment of loans and other claims, deposits, securities, monetary policy instruments, interbank loans and other inflows not included in other items.~~

~~(6) The Bank of Slovenia may require the bank to report other items in connection with the emergency liquidity assistance (ELA) programme, and in connection with mitigating or anti-crisis measures adopted by the bank to prevent or rectify liquidity deficits or to bridge emergency liquidity conditions/crises, and to restore a normal liquidity position.~~

5. MINIMUM REQUIREMENTS REGARDING THE LOAN-TO-DEPOSIT RATIO FOR THE NON-BANKING SECTOR

Article 11
(LTD ratio for non-banking sector)

(1) A bank that accepts deposits by the non-banking sector shall ensure an adequate ratio of the gross amount of loans to the non-banking sector to deposits by the non-banking sector calculated in terms of annual changes in stock (hereinafter: GLTDF). To this end the bank shall calculate the GLTDF as the ratio of the annual change in the stock of gross loans to the non-banking sector to the annual change in the stock of deposits by the non-banking sector, whereby gross loans means the amount before impairments.

(2) At a bank with a positive annual increase in deposits by the non-banking sector, the GLTDF must be equal to or larger than 0% (GLTDF >= 0%). This means that a bank with a positive annual increase in deposits by the non-banking sector may not reduce its stock of gross loans to the non-banking sector over the same period.

(3) In meeting the requirements referred to in the previous paragraph, the bank shall have no need to take account of the following for one year:

(a) an increase in deposits by the non-banking sector deriving from the transfer of the liabilities of another bank to the bank on the basis of a ruling by the Bank of Slovenia;

(b) a reduction in gross loans to the non-banking sector deriving from:

- the transfer of claims to another bank on the basis of a ruling by the Bank of Slovenia;
- the transfer of claims to the Bank Asset Management Company in accordance with the Government Measures to Strengthen the Stability of Banks Act;
- the derecognition of claims for reason of irrecoverability, securitisation, or conversion into equity in the corresponding debtors.

Article 12
(corrective measures in event of failure to meet requirements in connection with GLTDF)

(1) Should the bank fail to meet the requirements regarding the GLTDF referred to in the second paragraph of Article 11, it shall:

- begin calculating the GLTDF on the basis of quarterly changes in stock (hereinafter: GLTDFq), and shall meet the GLTDFq values defined in the second paragraph of this article. The bank shall calculate the GLTDFq as the ratio of the quarterly change in the stock of gross loans to the non-banking sector to the quarterly change in the stock of deposits by the non-banking sector;
- inform the Bank of Slovenia accordingly without delay.

(2) Should the bank fail to meet the requirement regarding the GLTDF referred to in the second paragraph of Article 11, at the end of the individual quarter following the quarter when the bank failed to meet the aforementioned requirement regarding the GLTDF, it shall meet a GLTDFq that:

- is equal to or larger than 0% (GLTDFq >= 0%) when the quarterly increase in deposits by the non-banking sector is positive.

(3) Should the bank fail to meet the requirement regarding the GLTDFq referred to in the second paragraph of this article, it shall:

- within two months begin meeting a first-bucket liquidity ratio as defined in point (a) of the second paragraph of Article 3 of this regulation, excluding the pledged portion of the pool of eligible collateral at the Bank of Slovenia, of at least 1;
- inform the Bank of Slovenia accordingly without delay.

(4) Should the bank, after beginning to meet the requirements referred to in the third paragraph of this article, fail to meet the requirements regarding the GLTDFq referred to in the second paragraph of this article, it shall:

- within two months additionally begin meeting a second-bucket liquidity ratio as defined in point (b) of the second paragraph of Article 3 of this regulation of at least 1, whereby the pledged portion of the pool of eligible collateral at the Bank of Slovenia may be included on the asset side;
- inform the Bank of Slovenia accordingly without delay.

(5) Should the bank, after beginning to meet the requirements referred to in the fourth paragraph of this article, fail to meet the requirements regarding the GLTDFq referred to in the second paragraph of this article, it shall:

- within two months additionally begin meeting a second-bucket liquidity ratio as defined in point (b) of the second paragraph of Article 3 of this regulation, excluding the pledged portion of the pool of eligible collateral at the Bank of Slovenia, of at least 1;
- inform the Bank of Slovenia accordingly without delay.

(6) A bank obliged to meet the corrective measures referred to in the third to fifth paragraphs of this article shall continue meeting the corrective measures even after beginning to meet the corrective measures referred to in the second paragraph of this article. All corrective measures that a bank is obliged to meet in accordance with this article shall expire when the bank begins meeting the requirements regarding the GLTDF referred to in the second paragraph of Article 11.

(7) In meeting the requirements referred to in the second paragraph of this article, the bank shall have no need to take account of the following:

(a) an increase in deposits by the non-banking sector deriving from the transfer of the liabilities of another bank to the bank on the basis of a ruling by the Bank of Slovenia;

(b) a reduction in gross loans to the non-banking sector deriving from:

- the transfer of claims to another bank on the basis of a ruling by the Bank of Slovenia;
- the transfer of claims to the Bank Asset Management Company in accordance with the Government Measures to Strengthen the Stability of Banks Act;
- the derecognition of claims for reason of irrecoverability, securitisation, or conversion into equity in the corresponding debtors.

6. REPORTING TO THE BANK OF SLOVENIA

Article 13
(reporting)

(1) The bank shall develop an adequate system and procedures for the calculation and monitoring of its liquidity position in order to meet liquidity ratios.

(2) The bank shall ensure an accurate calculation and timely reporting to the Bank of Slovenia in accordance with this regulation with regard to the liquidity ratios set out in the third paragraph of Article 3 of this regulation.

~~(a) the liquidity ratios set out in the third paragraph of Article 3 of this regulation, and~~

~~(b) the liquidity flows set out in Article 10 of this regulation.~~

(3) To meet the obligations set out in the second paragraph of this article, the bank shall submit reports to the Bank of Slovenia on the KL-1 and TL forms, which are an integral part of this regulation.

(4) The bank shall submit the daily report on liquidity ratios for the previous day by email to the Bank of Slovenia by 12 pm on the following day.

~~(5) The bank shall submit the daily report on liquidity flows by email to the Bank of Slovenia by 12 pm.~~

(6) A bank that is calculating the GLTDF in accordance with Section 5 of this regulation shall submit a report to the Bank of Slovenia on the GLTDF form, which is an integral part of this regulation. The bank shall submit the report for the end of the quarter to the Bank of Slovenia by email by the tenth business day of the following quarter.

(7) The Governor of the Bank of Slovenia may issue guidelines for implementing this regulation.

7. TRANSITIONAL AND FINAL PROVISIONS

Article 14
(cessation of application of regulation and guidelines)

(1) On the day that this regulation enters into force, the Regulation on the minimum requirements for ensuring an adequate liquidity position of banks and savings banks (Official Gazette of the Republic of Slovenia, Nos. 28/07, 55/07, 83/07, 74/11, 26/12, 98/13, 38/14 and 29/15) shall cease to be applied.

(2) Until the issue of new guidelines, the Guidelines for implementing the Regulation on the minimum requirements for ensuring an adequate liquidity position at banks and savings banks (Official Gazette of the Republic of Slovenia, Nos. 28/07, 55/07, 112/08, 44/09, 78/09 and 98/13) shall apply mutatis mutandis to the implementation of this regulation.

Article 15
(entry into force)

This regulation shall enter into force on the day after its publication in the Official Gazette of the Republic of Slovenia.

Ljubljana, 7 July 2015

Boštjan Jazbec
President
of the Governing Board of the Bank
of Slovenia

Annex 1: Poročilo o količnikih likvidnosti banke

~~Annex 2: Poročilo o tokovih likvidnosti~~

Annex 3: Poročilo o količniku GLTDF

The Regulation amending the Regulation on the minimum requirements for ensuring an adequate liquidity position of banks and savings banks (Official Gazette of the Republic of Slovenia, No. 44/16 of 24 June 2016**)** also includes the following provisions**:**

"Article 2

(1) This regulation shall enter into force on the day after its publication in the Official Gazette of the Republic of Slovenia.

(2) Notwithstanding the first paragraph of this Article, the Bank may use the corrective measure under Article 1 of this Decision for the purpose of determining compliance with the requirements GLTDF already as at 30 June 2016.".

The Regulation amending the Regulation on the minimum requirements for ensuring an adequate liquidity position of banks and savings banks (Official Gazette of the Republic of Slovenia, No. 79/16 of 9 December 2016**)** also includes the following provision**:**

"Article 5

This regulation shall enter into force on the day after its publication in the Official Gazette of the Republic of Slovenia.
