BANKA
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Boštjan Jazbec
Governor

European Systemic Risk Board
Mr Mario Draghi
President
Kaiserstrasse 29
60311 Frankfurt am Main
Germany

Sign: 34.00-00033/14-TŠŠ
Date: 17th April 2014

Subject: Information on draft amendments to the Bank of Slovenia regulation to introduce minimum requirements on changes in loans relative to changes in deposits, for macro-prudential purposes.

Dear Mr President,

In accordance with ESRB recommendation (ESRB/2013/1), we are writing to inform you that we will amend the Bank of Slovenia Regulation on the minimum requirements for ensuring the adequate liquidity position of banks and savings banks (hereinafter: Regulation),[1] so as to introduce minimum requirements on changes in loans to the non-banking sector relative to changes in non-banking sector deposits, where the ratio is calculated on changes in stocks before considering impairments (gross loans to deposit flows, hereinafter: GLTDF).

The GLTDF that will be established through these amendments will serve as a macro-prudential tool which is aimed at stabilizing the banking system funding structure and mitigating system wide funding liquidity risk. It will restrict negative feedback between the conditions of banks, real sector activity, system wide liquidity and loan quality. It will ultimately contribute to improved banking system stability.

The instrument is introduced on a solo basis and valid only for banks in Slovenia; therefore, no significant cross-border effects are expected in other Member States or on the single market. As the instrument is an LTD-type instrument, it forms part of the national legislation and does not fall within the scope of CRR/CRD IV. The instrument is being introduced as a temporary measure until the stabilization of the banks' funding structure is achieved and until the system-wide funding liquidity risk is reduced.

The draft Regulation is attached; the Regulation, its motivation, and modalities are explained more fully in the enclosed explanatory note. The proposed amendments to the Regulation were sent to banks for consultation at the end of 2013. The Regulation, which has been amended in light of the views expressed by banks, will be published in the Official Gazette of the RS in May and will become effective on 30 June 2014.

[1] in Slovene: Sklep o spremembah Sklepa o minimalnih zahtevah za zagotavljanje ustrezne likvidnostne pozicije bank in hranilnic.

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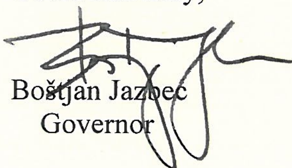
We are writing to inform you of the instrument in compliance with recommendation D under the ESRB recommendation (ESRB/2013/1), where macro-prudential authorities are recommended to report to the ESRB any changes in the set of macro-prudential instruments.

Should you require any further clarification, please do not hesitate to contact us.

Yours sincerely,



Boštjan Jazbec
Governor

Cc:
- Mr. Francesco Mazzaferro, Head of ESRB Secretariat

Attachment:
- Explanatory note
- Unofficial translation of the draft Regulation amending the regulation on the minimum requirements for ensuring the adequate liquidity position of banks and savings banks

Annex 1: Explanatory note

The initial impetus for introducing the instrument was the observed acceleration in the decline in banks' loan-to-deposit ratio (hereinafter: LTD ratio). The reduction in the LTD ratio from the peak at the end of 2008 at 162% to 130% at the end of 2012 was swift, but further accelerated in 2013 across the whole banking system to reach 109% at the end of the year. The banks decreased their LTD ratio by simultaneously increasing the volume of deposits from the non-banking sector (hereinafter: NBS) and contracting their lending to the NBS. The main counterpart to this development was a sharp decline in commercial wholesale funding and the contraction of the banking system's total assets.

Another effect was a substantial fall in the banking system second class liquidity ratio (KL2), which is defined as the ratio of financial assets (including best performing loans) over liabilities, both with a residual maturity of up to 180 days. From the peak at the end of August 2009 at 126%, the KL2 ratio fell by 50 percentage points to 76% as of mid-December 2013[2]. This development pointed to a rise in system-wide funding liquidity risk. A large fall in mostly medium to long-term wholesale funding was partly replaced with a rise in sight deposits and deposits with an original maturity of over one year. Therefore the level of liabilities with residual maturities of up to 180 days decreased during the aforementioned period (the end of August 2009 until mid-December 2013) by 10%. This is less than the fall in the banking system's total assets, which decreased by 19% and far less than the stock of financial assets with residual maturities of up to 180 days, which decreased during the same period by 46% owing to severe credit deleveraging.

Furthermore, by increasing NBS deposits and simultaneously contracting their lending activities, the banks restricted the intermediation of financing to the NBS. This may starve borrowers of liquidity, with a negative effect on the macro economy. Such a “credit crunch” feeds back into non-performing loans and bank liquidity.

One effect of the shift in banks’ funding structure has been an increase in the share of risk borne by depositors (and the deposit guarantee scheme) relative to that borne by others. With deposit funding becoming relatively more important, depositors—including retail depositors—are more exposed to potential losses should the bank’s situation deteriorate to the point where intervention is required.

Lastly, a business model which is based on increasing the amount of deposits but contracting the volume of loans is deemed non-viable from a long-term perspective because it restricts the bank’s ability to generate profits and capital.

Expected transmission mechanism of the GLTDF instrument

The intention of the instrument is to encourage banks to limit the contraction of credit activity or to reinforce the volume of liquid investments and the liquidity ratios.

Higher liquidity ratios increase the stability of the banking system in and of themselves. This measure would reduce deposit migration and competition for deposits. It would result in increased deposits' stability, strengthen interest margins or allow for lower lending rates. The further contribution to improving the banking system's stability would bring limited further contraction to the banks' lending activity. If the instrument encourages the banks’ willingness to accept new credit risk, while enhancing their financing and lowering lending rates, this could ultimately lead to a turnaround in credit growth and result in a lower share of non-performing loans. Together with a higher net interest margin, it would allow banks to generate more capital internally through retained earnings, re-establishing the long-term sustainability of their business models and further improving banking system stability.

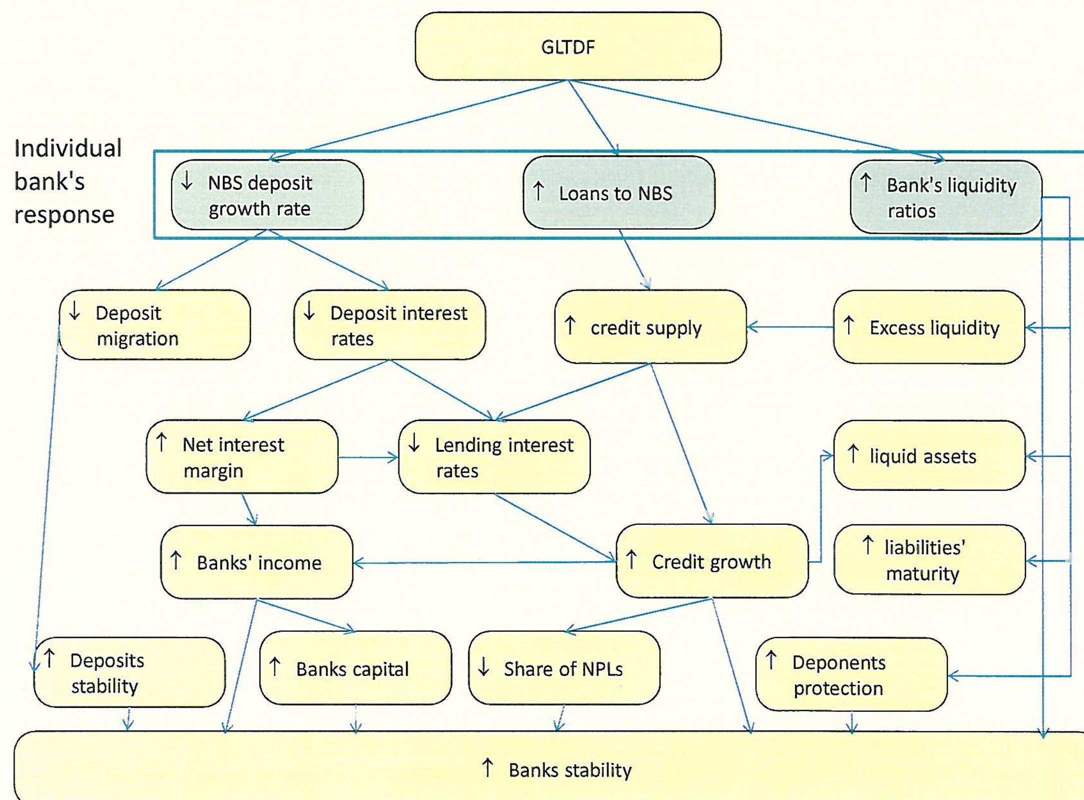
[2] when the transfer of bad assets to BAMC and their replacement with BAMC securities took place

There is a risk that a bank with a large increase in deposits would be incentivized to adopt lower lending standards. We consider this risk to be minor in the current circumstances where banks are facing difficult conditions, intensified market discipline, and reinforced supervisory attention (*inter alia* in the context of the comprehensive review). In any case, strict oversight of credit risk is a high priority for our on-going prudential supervision of banks.

The instrument is designed to work on the margin, i.e. on the increments of loans and deposits, considering the gross NBS loans before impairments. Therefore, it will not impose a burden on a bank because of an inherited portfolio structure, or owing to mandated restructuring measures. Furthermore, the enforcement mechanism for non-compliance is designed to be effective without weakening a non-compliant bank. In particular, the alternative to meeting the GLTDF is to hold more financial assets, which are either high quality liquid assets or have a short residual maturity with foreseeable cash inflow.

The systemic effects of the instrument can be represented in the figure below.

Figure: Expected transmission mechanism of the GLTDF instrument



Legend: ↑ increase in ..., ↓ decrease in ...
Source: Bank of Slovenia

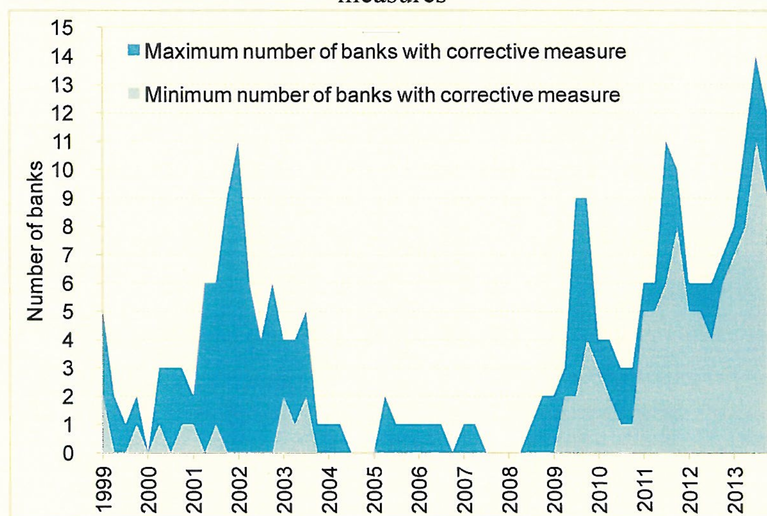
The calibration of the GLTDF instrument has been based on historical experience and simulations. Based on the long-term average LTD to GDP growth rates ratio, the target range for the LTD ratio at the system level is estimated at between 105% and 125%.[3] In February 2014, the system level LTD stood at 103.4%[4], and was thus below the lower bound of the target range. This situation contributed to the Bank of Slovenia's motivation to introduce the minimum requirements for GLTDF, but with a

[3] This is close to the range between the borders of the 1st and the 3rd quartile of the EU countries LTD distribution at the end of 2012, i.e. between 100% and 130%.
[4] 130% at the end of 2012.

carefully planned phase-in. The minimum requirements set the floor for the GLTDF as follows: in the first year at 0%, and in the second year at 40%, which is the historical lower threshold for the GLTDF at the system level over a ten year period, i.e. from 1999 until the end of 2008.

The GLTDF instrument was evaluated through simulation by being tested on individual banks' historical data. The figure below shows the maximum and minimum number of banks that would have been subject to corrective measures due to not meeting the GLTDF minimum requirements for each quarter since the beginning of 1999 until the end of 2013. The simulated estimate depends on the date of the instrument is introduced. However, the simulation cannot take into account the banks' response to the measure itself.

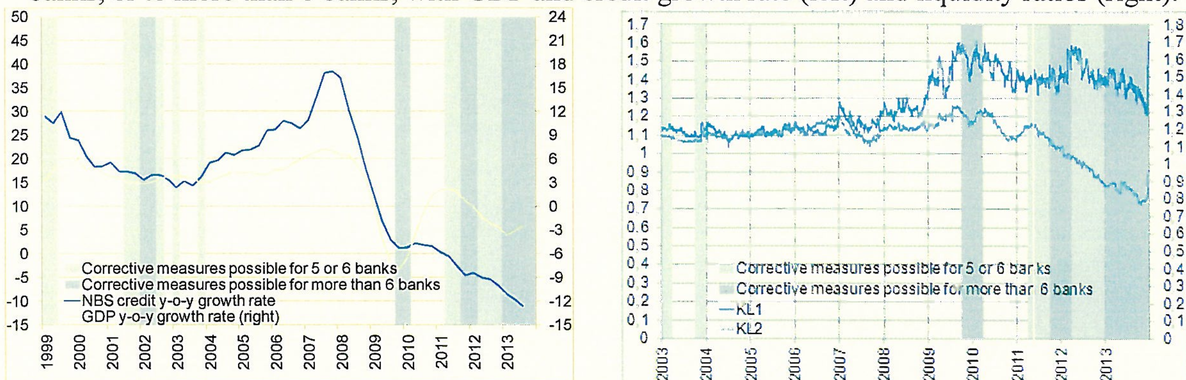
Figure: The maximum and the minimum number of banks hypothetically subject to corrective measures



Source: Bank of Slovenia

Simulations also show that the proposed GLTDF instrument is highly counter-cyclical. As can be seen in the figure below, it would operate primarily during harsh economic conditions with low or negative economic and credit growth, and in particular in 2001-2002, the end of 2009 and the 2011-2013 periods.

Figure: Comparison of periods when corrective measures would be applied to a maximum of 5 or 6 banks, or to more than 6 banks, with GDP and credit growth rate (left) and liquidity ratios (right).



Note: Liquidity ratios are defined as financial assets over liabilities, where the KL1 is calculated based on financial assets and liabilities with residual maturities of up to 30 days and KL2 with residual maturities of up to 180 days.
Source: Bank of Slovenia

In designing the GLTDF instrument, the Bank of Slovenia considered similar instruments used elsewhere. The countries that have introduced restrictions on LTD can be classified into several groups on the basis of whether:

1. the cap, floor or the range is set for the ratio,
2. the ratio is calculated on stocks or flows (changes in stocks),
3. a narrow or a wide definition of loans and deposits is used,
4. the loans are considered gross or net of impairments,
5. the required ratio is calculated on a consolidated or solo basis.

Most of the countries introduced the cap on LTD ratio, where loans are considered net of impairments and the ratio is calculated on the basis of stocks. Banco de Portugal[5] introduced, among measures aimed at achieving a more balanced funding structure, an indicative LTD target at 120% for the 8 largest banking groups on a consolidated basis. The Central Bank of Ireland[6] defined a sustainable LTD ratio for the aggregate domestic banking system at 122.5% and established LTD targets for individual institutions. Outside Europe, setting the cap on the LTD ratio is the most usual approach, although with the difference being that the caps are set much lower, between 75% and 100% (South Korea[7], Saudi Arabia[8], China).

Other approaches used include setting the floor or the range. FED[9] introduced a floor on LTD, where the bank's state-wide LTD is compared to the host state LTD for banks in a particular state. If a bank's state-wide LTD is less than one-half of the published ratio for that state, the appropriate banking agency will determine whether the bank is reasonably helping to meet the credit needs of the communities served by the bank's interstate branches. Bank Indonesia[10] introduced rules that require a bank to keep its LTD above 78% and below 100%, although an LTD above the maximum is allowed if the bank's capital adequacy ratio (CAR) exceeds 14%. Those banks that do not meet these requirements are obligated to hold more reserves with the central bank.

In general the ratio is calculated on the basis of stocks of loans and deposits, but flows or changes in stocks may also be considered. Within the scope of the sustainability package, Austrian authorities[11] introduced the monitoring of the Loan-to-Local Stable Funding Ratio (LLSFR), calculated on stocks and flows, both limited at 110% and monitored at the level of banking subsidiaries of large internationally active Austrian banking groups. The aim was to strengthen the stability of the local funding base and improve the sustainability of future credit growth.

In the event that a wider definition of the ratio is used, it usually expands to core funding instead of using just deposits. The Austrian measure regarding the LLSFR considers loans after provisioning, whereas local stable funding includes non-banking sector deposits, supranational funding, capital from third countries and the outstanding volume of long term debt securities issued to investors outside the consolidated group. The definition is similar in Portugal, where the definition of loans is net of impairments, while the definition of deposits includes customer deposits, stable funding lines from parent companies, qualifying shareholders and multilateral institutions. Slovakia[12], which set the recommendation, enforceable through Pillar 2, for the loan-to-stable funding ratio to be less than

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[5]Banco de Portugal, Financial Stability Report, November 2011, Box 1.2: Strucutral adjustments of the credit to deposits ratio in the funding and capital plans of the eight major portuguese banking groups, p. 25

[6]Central Bank of Ireland, The Financial Measures Programme Report, March 2011,

[7] The ESRB Handbook on Operationalising Macro-prudential Policy in the Banking Sector, ESRB, March 2014,

[8] Saudi Arabia: Financial System Stability Assessment—Update, IMF Country Report, No. 12/92, April 2012

[9] Board of Governors of the Federal Reserve System, Section 109 Host State Loan-to-Deposit Ratios, http://www.federalreserve.gov/newsevents/press/bcreg/bcreg20130701a1.pdf

[10] PwC, The Report, Indonesia 2012, p. 61, http://www.pwc.com/id/en/publications/assets/TheReport_Indonesia2012_OBG.pdf

[11] Financial Market Authority, Supervisory guideline to strengthen the sustainability of the business models of large internationally active Austrian, 14.3.2012,

[12] Narodna banka Slovenska, Recommendation No 1/2012 of the Financial Market Supervision Unit of Národná banka Slovenska of 16 January 2012on supporting the stability of the banking sector

110% defines the stable funding as the sum of customer deposits and issued debt securities. Outside Europe, one year core funding ratio (CFR) requirements were set by New Zealand, where the ratio is defined as core funding over total loans and advances. Core funding broadly includes all wholesale funding with a maturity of above one year, including subordinated debt, plus retail deposits and Tier 1 capital.

The Slovenian measure introduces a floor for GLTDF. The GLTDF ratio is calculated on a solo basis based on changes in the stocks of loans and deposits, where only non-banking sector loans and deposits are considered and loans are considered gross, before impairments are deducted.

Summary of the amendments

The amendments to the Regulation introduce minimum requirements for GLTDF, impose corrective measures on those banks that do not meet the minimum requirements, and define the exemptions from the calculation of GLTDF. The following explains the key points of the instrument in more detail:

a) Minimum requirements

The banks are obliged to comply with the following value of the instrument at the end of each quarter:

1) From 30 June 2014 up to 31 March 2015 a bank shall, in the case of a positive annual increase in deposits, achieve a positive GLTDF (GLTDF>=0%), meaning that a bank does not reduce the gross volume of NBS loans.
2) From 1 April 2015 onwards a bank shall, in the case of a positive annual increase in deposits, achieve a GLTDF of at least 40% (GLTDF>=40%). This means that in the event of a positive annual increase in deposits, the annual increase in gross NBS loans would reach at least 40% of the increase in deposits.

b) Corrective measures

A bank which is unable to comply with the minimum requirements for GLTDF shall fulfil the following corrective measures.

1) The fulfilment of stricter GLTDF requirements calculated on quarterly changes in stocks before considering impairments (hereinafter: GLTDFq).
    1. from 30 June 2014 up to 31 March 2015, in the case of a positive quarterly increase in NBS deposits, the GLTDFq shall reach at least 40% (GLTDFq>=40%).
    2. from 1 April 2015 onwards, in the case of a positive quarterly increase in NBS deposits, the GLTDFq shall reach at least 60% (GLTDFq>=60%).
2) Should a bank fail to meet the GLTDFq requirements, its liquidity requirements increase and shall, within two months after not fulfilling the GLTDFq requirements at the end of the quarter, reach an additional liquidity ratio with a value above 1, in the following order:
    1. the first class liquidity ratio[13] excluding the pledged portion of the pool of eligible collateral at the Bank of Slovenia,
    2. the second class liquidity ratio[14], whereby the pledged portion of the pool of eligible collateral at the Bank of Slovenia may be included on the asset side,
    3. the second class liquidity ratio[15].

All corrective measures expire when the bank meets the minimum requirements for GLTDF.

[13] ratio of financial assets to liabilities both with residual maturity up to 30 days
[14] ratio of financial assets to liabilities both with residual maturity up to 180 days
[15] ratio of financial assets to liabilities both with residual maturity up to 180 days

c) Exemptions from the calculation of GLTDF

In meeting the GLTDF and GLTDFq requirements, the bank is not required to take the following into account:

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

(b) a reduction in gross NBS loans deriving from:

- the transfer of claims to another bank on the basis of the Bank of Slovenia Decision;
- the transfer of claims to the Bank Asset Management Company pursuant to the Government Measures to Strengthen the Stability of Banks Act;
- the de-recognition of claims owing to
  - irrecoverability,
  - securitisation,
  - debt to equity swap.

Annex 2: Unofficial translation of draft Regulation amending the regulation on the minimum requirements for ensuring an adequate liquidity position of banks and savings banks

Pursuant to points 10 and 11 of Article 129 and Article 194 of the Banking Act (Official Gazette of the Republic of Slovenia, Nos. 99/10 [official consolidated version], 52/11 [correction], 9/11 [ZPlaSS-B], 35/11, 59/11, 85/11, 48/12, 105/12, 56/13, 63/13 [ZS-K] and 96/13) 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) the Governing Board of the Bank of Slovenia issues the following

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

Article 1

In 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 and 98/13), in point (b) of the first paragraph of Article 1 at the end of the text the full stop shall be replaced by a comma, and a new point shall be added at the end of the first paragraph of Article 1 to read:

"(c) the loan to deposit ratio for the non-banking sector.".

Article 2

After Article 10, a new Section 3b entitled "Minimum requirements for the loan to deposit ratio for the non-banking sector" shall be added to read:

"3b. MINIMUM REQUIREMENTS FOR THE LOAN TO DEPOSIT RATIO FOR THE NON-BANKING SECTOR

Article 10a
(Loan to deposit 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 the end of an individual quarter, the bank shall meet the following GLTDF values:

(a) between 30 June 2014 and 31 March 2015:

- if the bank has 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 banks with a positive annual increase in deposits by the non-banking sector in the same period shall not reduce their gross loans to the non-banking sector;

(b) as of 1 April 2015:
- if the bank has a positive annual increase in deposits by the non-banking sector, the GLTDF must be equal to or larger than 40% (GLTDF >= 40%). This means that banks with a positive annual increase in deposits by the non-banking sector in the same period shall increase their gross loans to the non-banking sector by at least 40% of the increase in deposits by the non-banking sector;

(3) In meeting the requirements specified 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 on the basis of a decision 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 decision by the Bank of Slovenia;
- the transfer of claims to the Bank Asset Management Company pursuant to 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 10b
(Corrective measures in event of failure to meet requirements in connection with GLTDF)

(1) Should a bank fail to meet the requirements regarding the GLTDF specified in the second paragraph of Article 10a, 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 and third paragraphs 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 a bank fail to meet the requirement regarding the GLTDF specified in point (a) of the second paragraph of Article 10a, 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 40% (GLTDFq >= 40%) when the quarterly increase in deposits by the non-banking sector is positive,

(3) Should a bank fail to meet the requirement regarding the GLTDF specified in point (b) of the second paragraph of Article 10a, 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 60% (GLTDFq >= 60%) when the quarterly increase in deposits by the non-banking sector is positive,

(4) Should a bank fail to meet the requirements regarding the GLTDFq specified in the second and third paragraphs of Article 10a, it shall:
- begin meeting the category one liquidity ratio as defined in point (a) of the second paragraph of Article 3 of this regulation, excluding the pledged amount of the pool of eligible collateral at the Bank of Slovenia, of at least 1 within two months;
- inform the Bank of Slovenia accordingly without delay.

(5) Should the bank, after beginning to meet the requirements specified in the fourth paragraph of this article, fail to meet the requirements regarding the GLTDFq specified in the second and third paragraphs of Article 10a, it shall:

- additionally begin meeting the category two liquidity ratio as defined in point (b) of the second paragraph of Article 3 of this regulation of at least 1 within two months, whereby the pledged amount 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.

(6) Should the bank, after beginning to meet the requirements specified in the fifth paragraph of this article, fail to meet the requirements regarding the GLTDFq specified in the second and third paragraphs of Article 10a, it shall:

- additionally begin meeting the category two 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 within two months;
- inform the Bank of Slovenia accordingly without delay.

(7) A bank obliged to meet the corrective measures specified in the fourth to sixth paragraphs of this article shall continue meeting the corrective measures after beginning to meet the corrective measures specified in the second and third paragraphs 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 specified in the second paragraph of Article 10a.

(8) In meeting the requirements specified in the second and third paragraphs 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 on the basis of a decisionby 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 decision by the Bank of Slovenia;
- the transfer of claims to the Bank Asset Management Company pursuant to 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 3

After paragraph 4a of Article 11, a new paragraph 4b shall be added to read:
"(4b) A bank that applies an exemption specified in the third paragraph of Article 10a or the eighth paragraph of Article 10b 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 previous month to the Bank of Slovenia by email by the tenth business day of the following month.".

Article 4

The content and form of the GLTDF form are given in the appendix, which is an integral part of this regulation.

Article 5

This regulation shall enter into force on the fifteenth day following its publication in the Official Gazette of the Republic of Slovenia, and shall begin to be applied on 30 June 2014.

Ljubljana, 11 March 2014

Boštjan Jazbec
President,
Governing Board of the Bank of Slovenia

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GLTDF

FORM FOR REPORTING EXEMPTIONS FROM CALCULATION OF GLTDF

as at:

(EUR thousand)

Exemptions	Change in last quarter	Change in last year
1. Increase in deposits by the NBS for reason of:		
- transfer of the liabilities of another bank on the basis of a ruling by the Bank of Slovenia		
2. Decrease in gross loans to the NBS for reason of		
- transfer of claims to another bank on the basis of a ruling by the Bank		
- transfer of claims to the Bank Asset Management Company pursuant to the ZUKSB		
- derecognition of claims for reason of irrecoverability		
- derecognition of claims for reason of securitisation		
- derecognition of claims for reason of conversion into equity in the corresponding debtors		

		Stock as at end of month			Annual changes in stock	Quarterly changes in stock
		M	M-3	M-12		
		A	B	C	A-C	A-B
(1)	Deposits by the NBS					
(2)	Deposits by the NBS after exemptions					
(3)	Gross loans to the NBS					
(4)	Gross loans to the NBS after exemptions					
(5)	Net loans to the NBS					
(6)	Net loans to the NBS after exemptions					
(7)	GLTD: ratio of gross loans to the NBS to deposits by the NBS (100*(4)/(2))					
(8)	GLTD: ratio of gross loans to the NBS to deposits by the NBS (100*(6)/(2))					

Exemptions:

- Transfer of claims/liabilities between banks on the basis of a ruling by the Bank of Slovenia
- Transfer of claims to the Bank Asset Management Company pursuant to the Government Measures to Strengthen the Stability of Banks Act (ZUKSB)
- Derecognition of claims for reason of irrecoverability, securitisation, or conversion into equity in the corresponding debtors

NBS: non-banking sector
M: reporting month
Gross loans: loans before impairments
Net loans: gross loans minus impairments
GLTDF: LTD ratio for the non-banking sector in terms of changes in stock
LTD ratio: ratio of net loans to the non-banking sector to deposits by the non-banking sector