

BANKA SLOVENIJE

EVROSISTEM

Pursuant to the first paragraph of Article 31 of the Bank of Slovenia Act (Official Gazette of the Republic of Slovenia, Nos. 72/06 [official consolidated version], 59/11 and 55/17), Articles 4 and 17 and point 16 of the first paragraph of Article 19 of the Macroprudential Supervision of the Financial System Act (Official Gazette of the Republic of Slovenia, No. 100/13), and Recommendation OFS/2020/1 of 6 April 2020, the Governing Board of Bank of Slovenia hereby issues the following

MACROPRUDENTIAL RECOMMENDATION

on the temporary restriction of profit distributions by leasing companies

I. Content and purpose of the recommendation

In light of the impact of the Covid-19 epidemic on the real economy and the financial system, Bank of Slovenia is recommending a temporary restriction on the distribution of distributable profit and retained earnings generated in 2019 and 2020 by leasing companies, with the aim of increasing the resilience of the financial system to financial shocks, maintaining financial stability, preventing disruptions to the financial system in Slovenia and reducing the build-up of systemic risks.

II. Definition of terms

The terms used in this recommendation have the same meanings as in the Macroprudential Supervision of the Financial System Act (Official Gazette of the Republic of Slovenia, No. 100/13; hereinafter: the ZMbnFS), in the Regulation on reporting by institutions pursuing leasing activities (Official Gazette of the Republic of Slovenia, No. 59/12) and in the Companies Act (Official Gazette of the Republic of Slovenia, Nos. 65/09 [official consolidated version], 33/11, 91/11, 32/12, 57/12, 44/13 [constitutional court decision], 82/13, 55/15, 15/17 and 22/19 [ZPosS]; hereinafter: the ZGD-1).

The recommendation relates to leasing companies that generated at least EUR 1 million in new leasing business in 2019, where finance leasing accounted for at least 50% of the total new business, and whose total assets exceed EUR 10 million.

III. Restriction of profit distributions

The restriction of profit distributions under this recommendation comprises a temporary restriction on distributions of distributable profit and retained earnings generated in 2019 and 2020, including the temporary restriction of profit distributions to shareholders/members, the distribution of paid-up capital surplus related to capital instruments, retained earnings, accumulated other comprehensive income, other reserves and provisions, and the use of earnings for other purposes, e.g. bonuses for members of the senior management.

IV. Validity of the recommendation

This recommendation is in force for one year from its publication on the Bank of Slovenia website.

Bank of Slovenia may rescind the recommendation early if the risks decline significantly, or extend the recommendation in the event of increasing risks.

V. Final provision

This recommendation enters into force upon its publication on the Bank of Slovenia website.

Ljubljana, 14 May 2020

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