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European Banking Authority  
EUROPLAZA  
20 Avenue André Prothin  
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via website submission

**Subject: ZBS response to the Consultation Paper on EBA Guidelines on loan origination and monitoring (EBA/CP/2019/04)**

Dear Sir/Madam,

The Bank Association of Slovenia and its members (the “**ZBS**”) very much appreciate the opportunity to provide feedback on the EBA consultation paper containing draft Guidelines on loan origination and monitoring of 19 June 2019 (the “**Guidelines**”). At ZBS, we strongly support the efforts of supervisors, regulators and other stakeholders, including the banking industry, to tackle the problem of non-performing exposures (“**NPEs**”), both in terms of cleaning-up of existing stock of NPEs, as well as in terms of their prevention. As regards the latter, we see the Guidelines as a useful tool which will help improve the implementation of prudent loan-granting standards and loan-monitoring practices at the time of their origination and during their lifetime, respectively.

We have identified a number of possibilities to make the Guidelines more clear, efficient and less burdensome for the financial institutions without compromising their main objectives which we would like to present to EBA in our comments outlined below. Kindly note that in addition to these, ZBS has taken active part also in the preparation of comments which have been submitted to you by the European banking federation (the “**EBF**”) in this consultation process and hereby notifies you that it fully supports them.

- The wording of the guidelines seems to be relatively general in nature (e.g. use of terms »appropriate«, »adequate«, »sufficient«, »proper« etc. is very common) and thus leaves room for open interpretation. It might therefore be advisable to add further clarifications of some provisions in order to avoid possible future misinterpretation and/or decrease the level of uncertainty regarding (non)compliance with the Guidelines. The same goes for the topic on proportionality which is also elaborated further in some of the detailed comments presented below. On the other hand, some sections/paragraphs set very specific and detailed requirements for the individual elements of the credit process, which makes the approach of the authors of the



guidelines relatively unbalanced. We particularly emphasize the need to enforce the principle of proportionality, to distinguish between bank models (eg development and promotional banks, commercial banks, savings banks ...) and the appropriateness of dividing the provisions of the Guidelines into mandatory and advisable ones, as well as to set equal tone of regulation (which in some paragraphs it is very general and some others it is very detailed and prescriptive);

- All definitions contained in the Guidelines should be aligned with other regulatory texts (e.g. definitions of commercial (CRE) and residential real estate (RRE), green lending etc.). Furthermore, we propose to include the definitions of the quantitative metrics/indicators in the text, where applicable (e.g. in Annex 3). In addition, for the sake of clarity, it would be useful to define the individual types of credit instruments that fall under the guidelines in an even more explicit manner than in paragraphs no. 7, 8 and 9 (eg are derivatives contracts with professionals in or out of scope?). The Guidelines also vaguely state the implications for processes involving other types of exposure (eg, granting guarantees, risk participations, etc.);
- Due to the difficulty in implementing the credit granting process in accordance with the requirements of the Guidelines also for transactions concluded prior to their implementation, we propose to reformulate the wording of paragraph 10 so that Section 5 applies only to those loans and advances that were granted before the application date of the Guidelines. We believe that the magnitude of such loans is not sufficient to warrant "dual" rules for "existing" and "new" transactions.
- As regards the use of advanced and reliable statistical or computer assisted mass appraisal ("CAMA") systems for establishing the value of immovable property (e.g. with reference to paragraph 192 of chapter 7 of the Guidelines), we propose that the market value of the immovable collateral can be established at the time of origination (and not only for monitoring and revaluation) also with the use of such systems, especially if we are speaking about the residential real estate collateral and if the systems are governed by the state agency and used, for example, also for tax purposes) - please see detailed argumentation for the use of the results of the Slovenian mass valuation system run by the Mass Real Estate Valuation Office (*Urad za množično vrednotenje nepremičnin*) below.
- Due to the strong impact of the Guidelines on the existing loan origination and monitoring processes (requiring their modifications and necessary IT support solutions and hiring/training of the employees for their successful implementation) we strongly recommend postponing the application date for at least one year, preferably to end-2021. Currently indicated deadline is decidedly too short.

On a more technical note, please note a couple of minor observations:

- the first sentence of paragraph 27 does not seem to be finalised;
- the term "*is line*" in the penultimate line of paragraph 50 should be replaced with the term "*is in line*";
- term "*lending affiliated parties*" at the beginning of paragraph 68 should be replaced with "*lending to affiliated parties*";
- paragraph 128 is identical to paragraph 89 and therefore superfluous;
- it seems that the term "*assessment of*" is missing before the expression "*income producing capacity (...)*" in paragraph 159;
- the number 2000 should be replaced with the number 200 in paragraph 204;
- word "*ensuring*" is used twice by mistake in paragraph 210;



- credit granting criteria for commercial real estate lending, item 2 on p. 68 is not clear; should the word “*regarding*” be inserted in front of the expression “*market value*”?
- clarification of the term “*age debtor statements on borrower level*” in Annex 2 would be welcomed.

Comments of the ZBS on individual sections of the guidelines and answers to EBA questions are presented below.

## Section 2: Subject matter, scope and definitions

### **Q1. What are the respondents’ views on the scope of application of the draft guidelines?**

- We assess that the scope of application partially covers also the risk appetite framework (the “RAF”) where the requirements of the Guidelines are too general. In turn the integration of the Guidelines into the RAF might be very difficult and unduly burdensome. With reference to RAF, the Guidelines are expected to lead to “a high credit quality of newly originated loans” and we wonder whether this is the right objective given that banks are differently inclined to take credit risks and also have different risk bearing capacities?
- As already stated in our introductory comment, the Guidelines are very general in some parts and very detailed in others. Consequently, we propose a unified (balanced) approach and cleared provisions in some parts and less prescriptive in others. Clearer wording, however, should not imply restrictions and disregard for specifics, differences, etc. for models, types of banks, etc. We also suggest dividing the content of the Guidelines into mandatory and recommended (practices), if possible.
- With reference to paragraph 9, it is clear that different business models of banks were not taken into account, and therefore the Guidelines, in our opinion, do not sufficiently address the differences between types of banks and segments of activity - commercial banks, development banks and promotional banks, respectively. Namely, development and promotional banks carry out a large part of their mandates in cooperation with commercial banks. The practical implication of this is that such banks would have two separate sets of procedures since the Guidelines (due to the vaguely enforced principle of proportionality and disregard for the specifics of bank models) do not differentiate between procedures/products in commercial banks and development banks, in particular with regard to different customer segments, EC-related products, state aid procedures, risk profiles, access to information (eg development bank does not perform payment transactions etc.). We propose that the final version of the Guidelines takes into account the diversity of banks’ business models (eg commercial banks, development and promotional banks) in order to sufficiently address differences between bank types and business segments and take into account the specifics of processes and products in commercial banks and development banks, in particular regarding customer segments, product offerings, access to information, state aid procedures, risk profile, etc.
- Paragraphs 13 and 14 of the Guidelines set out the principle of proportionality in a general manner. In the text of the individual chapters of the Guidelines, the practical aspect of the



implementation of this principle would be reasonably welcomed as it needs to be specified or clarified in order to operationalize it. In view of this principle, it is worth mentioning the EU Small Business Act, which aim is to improve the overall policy approach to entrepreneurship internationally, and to make the *'think small first'* principle irrevocable in policy making (from lawmaking to public service delivery), thereby encouraging the growth of SMEs. It may be worthwhile to reiterate in each Section, where relevant, the adherence to the principle of proportionality and / or to state more clearly (including by stating clear quantitative criteria) which provisions of the Guidelines do not apply for certain institutions, transactions or customer segments or how simplified they are.

### Section 3: Implementation

**Q2. Do you see any significant obstacles to the implementation of the guidelines by the application date and if so, what are they?**

- As already commented in our introductory section, we see the implementation deadline proposed in paragraph 18 as too short due to all the necessary adaptations in the credit granting and monitoring procedures and their corresponding IT support and staff training.

### Section 4: Governance requirements for credit granting and monitoring

**Q3. What are the respondents' views on whether the requirements set in the draft guidelines are future proof, in particular in relation to technology enabled innovation (Section 4.3.2) and environmental factors and green lending (Section 4.3.3)?**

- Paragraph 48 of Section 4.3.4. (Environmental factors and green lending) initially refers to 'social factors', but in the remaining parts of this section only the environmental ("green") aspects are discussed; without wanting to cite additional constraints, it would seem reasonable to propose a concrete indication of a set of possible social factors, or, alternatively, to exclude the requirement to take into account the social factors in the Guidelines (e.g. also in paragraph 130) before this topic is further elaborated in regulatory texts based on the requirements of CRR2 and CRD5 regulations.
- With reference to the same Section 4.3.4, we emphasize that some relevant information is difficult to obtain and, in order to monitor the achievement of the objectives, these (effects) are to be judged *ex ante* and *ex post*, implying an additional burden on procedures.



**Q4. What are the respondents' views on the requirements for credit risk policies and procedures (Section 4.3)?**

- With reference to paragraph 35 which requires consideration of at least the items specified in Annex 1, we would like to comment that some credit granting criteria listed therein are correlated (e.g. the subset of items listed under points 14-20 for lending to professionals) and also too broad. From the term "the institutions should at least *consider* (...)" we understand that institutions should take the items listed in Annex 1 into consideration but are not required to use *all* of them in conducting their credit risk and credit granting policy. As regards item no. 7 of the credit granting criteria for commercial real estate lending from Annex 1, we would like to ask you for some more detailed information on what is meant by the "minimum standard" regarding the implementation of this requirement.

**Q5. What are the respondents' views on the requirements for governance for credit granting and monitoring (Section 4)?**

- As regards RAF (section 4.2 of the Guidelines) an *example* of credit risk appetite statement and associated set of quantitative internal credit risk limits in the form of an Annex would be welcomed. Furthermore, with reference to paragraph 26, we believe that the inclusion of a geographical target definition of a loan portfolio in the RAF is not really necessary by institutions operating in small economies and exclusively or predominantly financing residents of those countries.
- Guidelines correctly demand from institutions to implement processes to monitor adherence of all staff members to the institutions credit risk culture and do suggest using self-assessments by staff. Further on Guidelines stress the importance of adequate and competent staff for exercising credit process together with monitoring. Smaller banks might find themselves under even greater cost pressure when estimating whether resources and staff allocated to credit risk taking, credit risk management and internal control are sufficient. Additional point to make clearer is what methodology and approach institution should use when exercising self-assessment (as required under paragraph 25).
- Please confirm our understanding that the establishing the legitimacy of the sources of funds for the repayment of loans (as described in paragraph 40) should apply only in the case of triggered warning indicators or suspicion, otherwise additional obligations are imposed on banks that are not within their competence.
- Under the provisions of Section 4.7 it is necessary to separate all those individuals who are subject to remuneration schemes associated with the growth of new business from any functions dealing with loan administration, including disbursement, and from the credit risk management function. As this rule also refers to management body level who are as a collective body responsible for all aspects of banking operations, we would appreciate an example of principles of a required separation at the management body level.



**Q6. What are the respondent's views on how the guidelines capture the role of the risk management function in credit granting process?**

- We do not see the numerical limitation of delegated approvals (exercised for example in one month) which is proposed under paragraph 59 as appropriate and necessary; if so, an additional transitional period should be considered, and the provisions of this paragraph divided into mandatory and recommended.
- We agree with the EBA's view that it is absolutely necessary to provide the credit decision takers with independent (risk) opinion when designing and running appropriate credit decision-making framework (in accordance with provisions of paragraph 76.c). What seems to be an additional requirement in the credit risk process is a preparation of an independent/ second opinion to the creditworthiness assessment and credit risk analysis (in accordance with provisions of paragraph 76.g). It is not clear by whom (department) such second opinion should be prepared neither how to approach this issue in small banks with limited resources. Do we understand correctly that the expectation under item 76.c intends to provide an opinion of the risk management function on the results of the creditworthiness assessment and credit risk analysis to the credit decision takers? In this case, we suggest making a reference to item 76.g in the wording of item 76.c (otherwise the wording can wrongly lead to the conclusion that two separate independent opinions on the credit proposal need to be prepared).

## **Section 5: Loan origination procedures**

**Q7. What are the respondents' views on the requirements for collection of information and documentation for the purposes of creditworthiness assessment (Section 5.1)?**

- In paragraph 88, we propose to replace the term "*should make any necessary checks*" with the term "*should make reasonable checks*" as the former implies endless range of tasks to accomplish the verification of the authenticity of information provided by the borrower.
- In paragraph 89, we propose to replace the expression "*on all related connected clients*" with the expression "*on all relevant connected clients*" as it is not always economically justified to collect and analyse the information about every single entity in the group of connected clients.
- It is not sensible or even possible to obtain certain information provided for in paragraph 93 and Annex 2 (depending on the type and size of transaction) – e.g. information required under "CRE lending to professionals" item no. 6, "RE development lending" item no. 7 or "Project and infrastructure finance" item no. 7 are extremely difficult to obtain due to objective reasons. In addition, obtaining all this information for the bank will be extremely costly and time-consuming, making the loan process even slower which is not in the interest of either banks or the businesses and households.



- We would suggest that the term “recently” in paragraph no. 95 is defined more precisely in the final text of the Guidelines.

**Q8. What are the respondents’ views on the requirements for assessment of borrower’s creditworthiness (Section 5.2)?**

- In general, also the provisions of this Section should give greater emphasis to the implementation and operationalization of the principle of proportionality. For smaller transactions, obtaining data and such a detailed analysis, including sensitivity analysis, would be unjustified from a cost and time point of view. Assessing information on builders, contractors, architects, engineers and others involved in the project, as well as on all costs by an independent, qualified certified professional (as stated for example in paragraphs 112 and 166 in the case of secured lending to customers and commercial real estate lending), and regular site visits with a qualified person is almost impracticable. This part of the Guidelines (Section 5.2) strongly emphasizes cooperation with external experts which will greatly increase the cost to banks and extend the length of the credit approval process. In addition, the term “at least” in paragraph 126 is contrary to the principle of proportionality considering the specific knowledge and time necessary for the analysis.
- With regard to the sensitivity analysis described in paragraphs 143-146, *simultaneous* application of *severe* idiosyncratic events in combination with macroeconomic downturn and other adverse changes (e.g. increase of interest rate on funding by 200 bps) would undoubtedly lead to drastic worsening of the financial position of the borrower and most probable rejection of the loan application, notwithstanding the fact that such scenario is very unlikely. Additionally, paragraphs 145 and 146 specify which variables should be considered in the sensitivity analysis in the creditworthiness assessment phase. However, they do not indicate whether all variables/events should always be verified by the analyst, or whether this is only a list of possible variables/events that helps the analyst in selecting the most appropriate one for a particular credit proposal (but may also choose any other one that he/she considers more appropriate). Besides, the list includes such events that are extremely difficult to evaluate financially (e.g., severe reputational damage or serious management difficulties). Considering all these remarks, we propose to reformulate the wording of these paragraphs and as a possible solution suggest the requirement of conducting a sensitivity analysis, but in a limited segment or a set of projects with a pre-defined threshold and listing the idiosyncratic and market events as examples only).
- We think it would be appropriate to define the indicators/metrics listed in Annex 3 (referenced in point 132d) (e.g. by formulas or additional explanations) in order to ensure better comparability of the quality of the portfolio between banks, which the Guidelines seek to achieve.
- We ask for explanation what is the expected frequency of the processes’ review referred to in paragraph 106.
- In paragraph 131, in order to achieve cost and time efficiency it should be clearly stated that banks’ own projections of the borrowers’ financial position are required only in cases for which there are justified reasons; the proportionality principle should be applied.
- The provision of paragraph 159 “*carry out the income producing capacity of the property and the prospects of refinancing*” is not clear.



- Upon the retirement within the amortization of the loan it is difficult to determine loan servicing capacity as this is not related only to the income, but also to the expenditures of the client which might be also subject to changes/adaptations in a long period of the amortization of the loan. We would therefore expect less strict wording in paragraph 107.
- As regards the wording of paragraph 135.h it should be noted that for the majority of the clients of the bank (legal entities) it is difficult to assess capitalization rate, as those companies are not listed on the stock exchange, consequently market value of those companies might be unknown. We therefore propose to remove item "h" or change its the wording in a way that it would be clearly stated that this is applicable only to listed companies.
- As regards paragraph 130, we would like to make a similar comment as in our response to EBA's question number 3 above.
- We would also like to comment on proposed wording of paragraph 131 which requires a preparation of projections of the borrower's financial position by the institutions. We suggest that the principle of proportionality be clearly stated and that the requirement is in place where there are reasons for doing so, otherwise time and cost justification of the request will not be reached.
- The provision to perform a due diligence of the agent in a syndicated loan transaction seems to be exaggerated as members of the syndicate usually nominate one of the leading banks to perform this task (and in accordance with paragraph 9, Section 5 does not apply to loans to financial institutions) except if it does not go beyond the existing / prescribed procedures relating to KYC and AML.
- Please consider the fact that the pledge of shares of a special purpose vehicle (as required under paragraph 176) is not always reasonable nor possible, so it is necessary to add the expression "*where applicable*".
- As regards the requirement of point c in paragraph 177, please consider that certified verification of all the costs associated with the project is not reasonable for all the projects (e.g. for those involving innovations) so we propose to add the words "*and applicable*" after the words »*where available*«.

**Q9. What are the respondents' views on the scope of the asset classes and products covered in loan origination procedures (Section 5)?**

- We would like to stress once again that the scope of the asset classes and products covered in this Section 5 is very wide and that the proportionality principle should be applied in a clear way, for example by excluding certain non-material transactions from the requirements contained in this Section.





## Section 6: Pricing

### **Q10. What are the respondents' views on the requirements for loan pricing?**

- Requirements in paragraphs 188 to 190 are unduly burdensome for less complex institutions.
- Requirement to report and justify all the transactions below costs contained in paragraph 190 might not be appropriate if the profitability is measured at customer or (sub)portfolio level.

## Section 7: Valuation of immovable and movable property

### **Q11. What are the respondents' views on the requirements for valuation of immovable and movable property collateral?**

- As regards paragraph 192, as already commented in our introductory section, we strongly advocate the use of the mass valuation system which has been established in the Republic of Slovenia and is being run by the state *Mass Real Estate Valuation Office (Urad za množično vrednotenje nepremičnin)* for establishing the reference value of immovable property in the form of residential real estate (i.e. apartments and residential houses) (hereinafter: RRE). This system's rules of operation ensure its:
  - a) independence from the banks and the borrowers,
  - b) professionalism,
  - c) anti-speculative and countercyclical nature,

and that assessments of the market value of real estate (and RRE in particular) are in accordance with international standards and individualised.

Furthermore, if the provisions of paragraph 201 actually allow movable property to be valued by advanced statistical models for a wide range of very different movable property types (e.g. vehicles, vessels, aircraft, industrial machinery, production lines, construction and agricultural machinery etc.), it would be suggested that such models are also allowed to be used for apartments and residential houses which are much more standardised than the movable property types.

More arguments in favour of the use of the Slovenian mass valuation system for RRE are the following:



1. the valuation methods are based on the same methods as they are used in individual assessments of market value, and are in accordance with the International Valuation Standards (IVS);
2. the mass valuation system is based on the special national law (*ZMVN-1*) which includes all of the legal and substantive elements required for the comprehensive operation of the system and is an independent standard in the Republic of Slovenia for the mass valuation of real estate;
3. the implementation of the solutions set out in the *ZMVN-1* is in accordance with international standards and good practice in mass valuation of real estate;
4. the system ensures the systematic, regular and comprehensive recording and monitoring of data on the real estate market (every real estate sales transaction and lease transaction involving all or part of a building is recorded in the real estate market record);
5. the real estate market record is a publicly accessible database and serves as a source of data on real estate transactions also for individual appraisals – both mass valuation and appraisers have access to the same data set;
6. for purposes of mass valuation, each recorded legal transaction in real estate is checked in the field and evaluated from the perspective of the free market – in this way the transactions are cleaned up for modelling and all speculative transactions and transactions that were not conducted on the free market are excluded;
7. for modelling, only arm's length market transactions are taken into account;
8. the models are based on three valuation approaches: the sales comparison, the income method and the cost approach;
9. for real estate for which the active market supplies an adequate number of transactions for modelling the sales comparison method is used (e.g. models for RRE, but also others);
10. the *ZMVN-1* requires the meeting of quality standards which stipulate that values derived using the model can differ from the realised transactions for the same real estate by no more than +/- 20%, but actual rate for residential properties is under 7 %;
11. the models are adapted to the characteristics of the Slovenian market, and take into account the specific influences of the locations and are continuously monitored from the perspective of the reliability of the assessments and are changed as needed, at least every two years; in the intervening period the *ZMVN-1* allows the adjustment of the calculations of generalised values to changes on the market using a simplified procedure; the system therefore allows a very current adjustment of generalised values to fluctuations on the market, in cycles of a few months;
12. valuation (assignment of GV to individual items of real estate) is based on data from the real property register at the *Surveying and Mapping Authority of the Republic of Slovenia*; this register includes data on the most important characteristics for every item of real estate in the Republic of Slovenia (type, size, age, quality); data are also obtained from other records (e.g. intended use, actual use) and from the owners; the Authority continuously checks the data obtained from the owners (remote detection, field inspections, applications, etc.) and updates them as needed;
13. in the event of major discrepancies between the model for assessing generalised values and the market value in the mass valuation system, the owner of the real estate is entitled to object to the assessed generalised values, i.e. has the right to exercise the effect of "special circumstances", which must be demonstrated by submitting an appraisal report from a real estate appraiser; this constitutes an



- additional element from the perspective of the “individualisation” of the value of an individual property, i.e. ensures a more accurate assessment of the market value;
14. the quality of generalised values of the RRE in the Republic of Slovenia is further indicated by its widespread use; as multipurpose data it is used for various public sector purposes in order to establish the material situation of natural persons in procedures for exercising rights to use public funds, for the management of real property held by the state and municipalities, for statistical purposes, etc.; after the entry into force of the new ZMVN-1, due to the sufficient level of legal certainty and quality control, it will be possible to use generalised values data for tax purposes (e.g. to determine the tax basis for levying property tax), while at the same time the possibility of using generalised values is already set out in numerous other regulations, including the area of the operations of banks and savings banks (e.g. the Consumer Credit Act and the Regulation on credit risk management at banks and savings banks, which stipulate that generalised values can be used to assess the value of real estate);
- Comment is made concerning the requirement for the professional indemnity insurance contained in paragraph 198. EBA should note that indemnity insurance is not market practice in every country and is not needed to ensure valuation quality as institutions use other means (regulatory and internal) to ensure adequate quality. A mandatory insurance would require engagement of external valuers and disqualify the engagement of valuers by corporate borrowers.
  - As regards paragraph 199, we find the requirement which states that the valuation should be carried out or ordered only by the institution as too restrictive. It should be noted that institutions employ various mechanisms for ensuring the quality of valuations (such as reviews by internal evaluators).
  - As a point of consideration concerning the wording of paragraph 201, we propose that in respect of movable asset/property purchase financings, one may use as an appropriate initial value also the value of asset evident from an authentic document (e.g. value stated in the purchase contract or invoice), and not only the estimated market value of an asset determined by a certified asset valuer or calculated on the basis of an advanced statistical model.
  - Requirement for the rotation of the valuers contained in the paragraph 214 is extremely difficult and unproportional. As one can fully agree with the requirement for rotation of the valuers in cases of non-performing exposures via special EBA (and ECB) guidelines, we see many obstacles and negative side effects in case of expanding these expectations also to newly originated loans.
  - As a consequence of paragraph 223, the institutions would only be able to use contractually agreed valuers.



## Section 8: Monitoring framework

### **Q12. What are the respondents' views on the proposed requirements on monitoring framework?**

- Once again, the guidelines foreseen in this section are unjustified in terms of costs and time, if the principle of proportionality does not apply. Guidelines require, among other things, regular monitoring of qualitative ('soft') information about the borrower (e.g. paragraph 238 requires monitoring of disagreements between owners, quality of the management ...), review of the borrower's sensitivity to external factors (in accordance with paragraph 248), incorporating the future macroeconomic outlook into customer risk assessments and regularly evaluating their access to financial resources (in accordance with paragraph 249), which will be extremely difficult because most banks' portfolios are relatively fragmented.
- In accordance with paragraph 258, a sensitivity analysis should be carried out in relation to the submitted plan for individual major transactions, not just the entire portfolio. This will require a lot of resources (time, financial ...) so the question arises if this requirement is justified.
- Requirements stated in paragraph 263 should be framed in the context of the proportionality principle, otherwise the beneficial effects of such actions would simply not justify the incurred costs in terms of time and financial resources needed to perform them.

\* \* \*

We sincerely hope that our views will help you identify the areas where we believe further clarification and improvement of the Guidelines is needed. While we reiterate our support for establishing regulatory guidelines which would help preserve the credit quality of the loan portfolio in the future, we would also be grateful if consideration would be given to our remarks listed above.

Thanking you once again for giving us the opportunity to participate in this consultation process, we remain

Sincerely yours,

  
Kristijan Hvala, M.Sc.

Head of Economics of Banking Operations