BANKA SLOVENIJE

EVROSISTEM

Monthly report on bank performance with commentary

June 2022

Contents

Methodological notes:

The data in the tables and figures from March 2012 inclusive consists of data reported by banks to Banka Slovenije in accordance with the Guidelines for implementing the Regulation on reporting by monetary financial institutions (report on accounting items with interest rates [PORFI]), and not data reported in accordance with the Guidelines on the submission of monthly reports on balances in accounts (KNB). Changes in items in the statement of financial position give rise to differences in certain categories. Item A.V LOANS AND ADVANCES includes two new sub-items, namely (a) Debt securities, which had previously been reported in part under the sub-items of “Loans and advances to banks” and “Loans and advances to non-bank customers”, and (b) Other financial assets, which relates to cheques and other financial receivables, which had previously been reported under item A.XV OTHER ASSETS. Item P.IV FINANCIAL LIABILITIES MEASURED AT AMORTISED COST includes a new sub-item, “Other financial liabilities”, which to date has been reported under item P.XI OTHER LIABILITIES, and in the part relating to unexecuted payments to the rest of the world, under the sub-items “Deposits by banks” and “Deposits by non-bank customers”. The data source for the statement of financial position is the monthly reporting of accounting items with interest rates for periods since 1 January 2011, and the KNB for periods before this date. The data source for the income statement is the monthly reporting of accounting items with interest rates for periods since 1 May 2011, and the KNB for periods before this date. In 2020 banks were changing over to a new way of disclosing interest on credit-impaired financial assets in accordance with the interpretation of the IFRS Interpretations Committee (IFRIC) of March 2019, and the application of that interpretation to a specific case of 22 July 2019, which can be found online at https://www.ifrs.org/news-and-events/2019/07/ifrs-9-webinar-curing-of-a-credit-impaired-financial-asset/.

1 Executive Summary

The strength of the Slovenian economy during the first four months of this year had a positive impact on the performance of the banking system, but it might worsen in the future as a result of increased macroeconomic risks. Lending to non-financial corporations and households strengthened, amid a simultaneous decline in liquid assets held in accounts at the central bank. In the wake of increased private consumption and investment, deposits by the non-banking sector declined over the first four months of this year, and a similar trend is evident in other euro area countries. The increase in lending brought an improvement in income in the banking system, with positive growth in net interest resuming and growth in net fees and commission remaining relatively high. ROE in the future will depend on the stability of income generation and the volume of net impairments and provisions. Net impairments and provisions currently account for a very low proportion of the disposal of gross income compared with the long-term average. In the wake of the increase in lending, most banks saw a decline in their capital adequacy indicators, but the liquidity of the banking system remained high.

The gradual normalisation of the economy and the increase in private consumption were major factors in the sharp slowdown in growth in deposits by households and non-financial corporations in 2021, and the slowdown continued in the first four months of this year. The stock of household deposits increased by EUR 367 million over the first four months of this year, comparable to the increases over the same period of pre-pandemic years. Their year-on-year rate of growth slowed and almost equalised with year-on-year growth in deposits by non-financial corporations, both of which have halved over the last year. A slowdown in growth in household deposits was also seen in all other euro area countries, although Slovenia recorded one of the largest slowdowns over the last year.

Lending to the non-banking sector strengthened significantly over the first four months of the year, the year-on-year rate of growth reaching 10.0% in April, as banks increased their lending to non-financial corporations and households alike. Year-on-year growth in loans to non-financial corporations has increased sharply this year, and reached 11.8% in April. The growth was driven by loans in all purpose categories, by firms of all sizes, and by firms in the majority of sectors. The year-on-year rate of growth was above-average, and was the second highest in the euro area. Household loans have also continued to display strengthening growth this year: the stock in April was up 7.6% in year-on-year terms, a faster rate of growth than before the outbreak of the pandemic, which again moved Slovenia into the top quarter of euro area countries in terms of this metric. The growth was driven in particular by housing loans, year-on-year growth in which increased to 11.4% in April. The rate has been increasing unbroken for a year now, and was one of the highest in the euro area in April. Meanwhile the large repayments of loans entered into during the period of above-average growth meant that consumer loans only recorded a minor increase over the last two months, and their stock continued to decline in year-on-year terms. It was down 2.8% in April, one of the lowest rates of growth in the euro area.

Bank asset quality remained stable over the first four months of this year, with only a minor part of the portfolio seeing a deterioration. Non-performing exposures (NPEs) in the total portfolio remained at the level seen at the end of last year. There remains an adverse trend in the sector of accommodation and food service activities, while NPEs in the non-residents portfolio also increased slightly following the outbreak of the war in Ukraine. The share of exposures with increased credit risk (Stage 2 under the IFRS) declined in the total portfolio, but increased in the portfolio of customers from countries involved in the war in Ukraine. Despite favourable indicators, our assessment is that given the build-up of risks in the international environment, which are also being reflected in the Slovenian economy to a greater or lesser extent, credit risk at the banks remains elevated, which might be reflected in a future deterioration in these indicators.

Although the banks' income this year is slightly down on last year (high income from one-off effects, asset revaluations in April of last year), the main categories are seeing improvements. The year-on-year decline in net interest income was gradually slowing last year, and the year-on-year change has turned positive this year, reaching 2.2% in April, as a result of a gradual increase in quantity effects in the wake of the increased growth in loans. The decline in the net interest margin is slowing, and the decline over the first four months of this year was minimal. Net non-interest income is also down on last year, although net fees and commission is maintaining the growth seen last year.

Pre-tax profit over the first four months of the year was down 25.5% on the same period last year, as a result of a decline in income and the renewed creation of impairments and provisions. The ratio of net impairments and provisions to gross income is still very low at present, at less than 3%, a pronounced net release of impairments and provisions having prevailed last year. Bank profitability might be additionally reduced by a further increase in ratio of net impairments and provisions to gross income. Were the ratio at its long-term average, profit might be significantly lower: it would have been just a third of that realised last year, and just four-tenths of the realised figure this year.

The Slovenian banking system's capital position remains solid, despite a decline in capital adequacy indicators in the first quarter of this year. The total capital ratio at the consolidated level declined to 17.2%, which slightly widened the gap by which it trails the euro area average, while the CET1 ratio declined to 15.7%, almost level with the euro area average. The decline in the capital ratios was attributable to a rise in risk-weighted assets driven by strengthened lending activity, and a temporary decline in regulatory capital as a result of the purchase of one bank by another bank in the system. The capital adequacy indicators declined at the majority of the banks, which also reduced their surpluses over their allocated capital requirements. These vary from bank to bank, which means that the banks have differing capacity to absorb potential adverse effects from their operations.

The banking system's liquidity position remains good, despite a decline in primary liquidity. The banks have funded their increased lending activity mainly by reducing their liquid assets held in accounts at the central bank. Over the first four months of this year this has reduced primary liquidity, which in addition to the aforementioned assets consists of cash on hand and sight deposits at banks. Primary liquidity nevertheless still accounts for a fifth of the balance sheet total, up significantly on its pre-pandemic level. The decline in liquid assets also drove a decline in the LCR, which nevertheless remains well above its regulatory requirement at 290%. Although all the banks exceed the regulatory requirement for LCR, there remain considerable differences in their liquidity surpluses.

2 Macroeconomic Environment

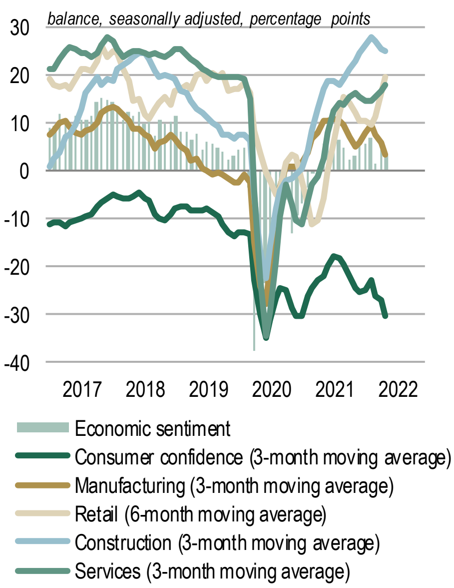
The outlook for the global economy has deteriorated significantly over the last few months, and economic growth will be curtailed by numerous factors that will also affect European economies, Slovenia among them. The most prominent, whose effects are already being evidenced in increased uncertainty and economic slowdown, are the course of the war in Ukraine and the scale of its consequences, including sanctions, China's continuing zero-covid policy, the increased disruption to supply chains, high growth in energy prices and other commodity prices, high consumer price inflation, and the normalisation of financing conditions. The concomitant effects of the aforementioned factors and their potential mutual strengthening represent an additional element of uncertainty and an additional risk of a greater slowdown in economic growth. Euro area GDP in the first quarter of this year was up 5.1% in year-on-year terms, but up only 0.3% on the previous quarter.[1] The latest economic growth forecasts for the euro area are lower than in previous months, given the pronounced unfavourable balance of risks.[2] Current economic developments otherwise remain positive. The economic sentiment indicator declined notably in March, but remained above its average of 2019 in April and May. At the same time the PMI in the second quarter suggests a slight pick-up in economic growth, the post-pandemic normalisation having brought a significant recovery in services.

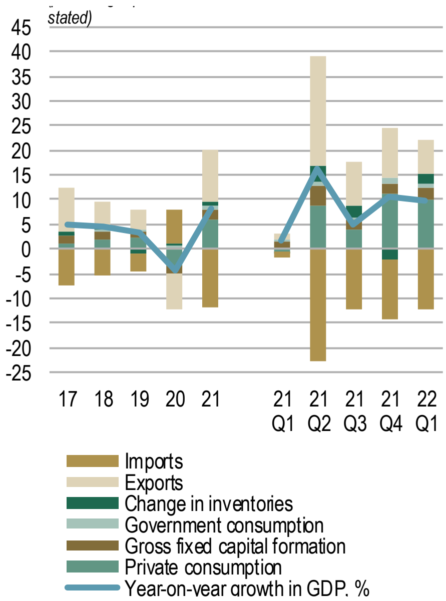
Despite the unfavourable conditions in the international environment, sentiment in the domestic economy as measured by the economic sentiment indicator remained positive in May of this year, albeit not as favourable as a year earlier. Manufacturing firms and consumers had become more cautious, but sectors primarily dependent on the domestic market remained optimistic. The worsening outlook in the international environment is increasingly being recognised by firms via the strengthening of limiting factors. Manufacturing firms are facing uncertainty with regard to the economic situation and shortages of raw materials, while construction firms are facing high material costs. Conversely, the ending of the pandemic and the containment measures is bringing a normalisation of business and increased demand for services firms.

[1] According to seasonally adjusted and calendar-adjusted data.

[2] In its spring forecasts the European Commission is predicting growth of 2.7% for this year, down 1.3 percentage points on its winter forecasts.

Figure 1: **Economic activity in Slovenia**





Note: The confidence indicators in the right figure are illustrated as three-month or six-month moving averages (other than the economic sentiment indicator).
Sources: SORS, Banka Slovenije calculations

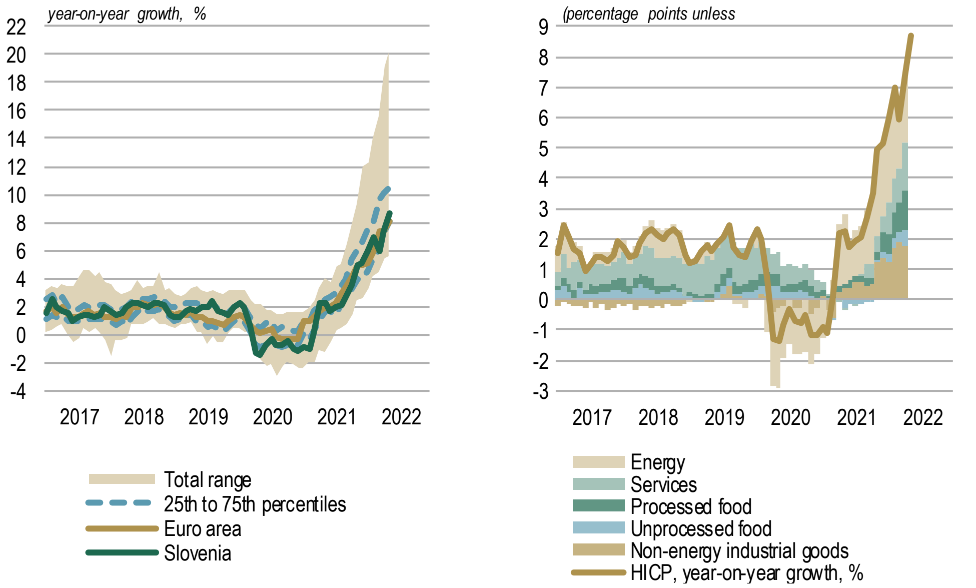
GDP in the first quarter was again up sharply in year-on-year terms (by 9.8%), while the quarterly rate of growth of 0.8%[3] was well above the euro area average. The effect of last year's low base was still a major factor in the year-on-year growth, which was driven by private consumption and exports, although the continuing growth in the latter was significantly outpaced by import growth amid the high domestic demand. With high growth in import prices, the goods trade balance slipped into deficit again, while the quarterly current account balance was already in deficit in the first quarter of this year. The deterioration in the outlook for economic growth was smaller than in the euro area overall, and the latest economic growth forecasts are similar to the previous forecasts.[4]

[3] According to seasonally adjusted and calendar-adjusted data.
[4] In its spring forecasts the European Commission is predicting growth of 3.7% for the Slovenian economy for this year, down 0.1 percentage points on its winter forecasts.

Figure 2: **Consumer prices**

Consumer price inflation (HICP), comparison with the euro area

Consumer price inflation (HICP) in Slovenia, and components



Note: The data for May 2022 in the left figure are an estimate.
Sources: Eurostat, Banka Slovenije calculations

Consumer price inflation is continuing to rise sharply, financing conditions are deteriorating, the supply of labour is diminishing, and public finances are improving. Year-on-year consumer price inflation in Slovenia as measured by the HICP strengthened again in May to 8.7%, close to the euro area average (8.1%), where major differences between countries were recorded. Given the high energy price inflation on global markets, its contribution to headline inflation remains the largest. Inflation has become broad-based, with a significant contribution from non-energy industrial goods, and contributions from services and food having increased significantly in recent months as well. The high inflation and the normalisation of monetary policy are also driving a rapid deterioration in the financing conditions, with euro area government bond yields rising as well. With unemployment at a record low, the number of valid work permits for foreign nationals is rising, as firms try to compensate for the shortage of qualified domestic workers. Public finances are improving: the state deficit over the first five months of this year stood at EUR 22 million according to estimates by the Fiscal Council, and would have been in surplus in the amount of EUR 309 million in the absence of covid-related measures. Amid the high economic growth, year-on-year growth in revenues strongly outpaced growth in expenditure, which meant that the 12-month budget balance continued to improve, although it remained in deficit.

3 Bank Funding

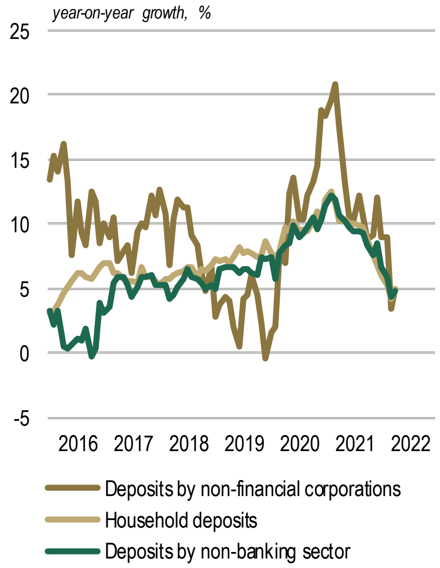
Year-on-year growth in deposits by the non-banking sector has slowed sharply over the last 12 months. It had slowed to 4.8% by April of this year, the lowest year-on-year rate in the last four years. The stock of deposits by the non-banking sector declined by EUR 80 million over the first four months of the year, compared with the extremely high inflows in the same period of the last two years, particularly from households and non-financial corporations,[5] whose saving was driven by measures related to the pandemic. Non-financial corporations and the government sector both reduced their holdings of bank deposits in the early part of the year, while household deposits increased. Despite the decline, deposits by the non-banking sector remain the main source of funding for Slovenian banks, accounting for 76.5% of the balance sheet total, and dependence on other sources of funding remains low.

The increase in household deposits over the first four months of this year was comparable to the increases over the same period of pre-pandemic years. Following the relatively small monthly changes in household deposits in the second half of 2021 (with the exception of December), the monthly developments over the first four months of the year were quite volatile. The stock of household deposits increased by EUR 367 million over the first four months of the year to stand at EUR 24.3 billion, equivalent to a half of the balance sheet total. Despite the inflows over the early months of this year, year-on-year growth in household deposits continued to slow, reaching 5.0% in April. This was attributable in part to a base effect, as increased private consumption meant that the monthly changes mostly did not exceed the high monthly inflows during the same period last year. All other euro area countries are seeing a similar trend of increase in household deposits. Slovenia ranks as one of the countries where year-on-year growth in household deposits has slowed the most over the last year. Our expectation is for this trend to continue, amid an increase in private consumption and rising consumer prices, which are reducing the ability to save. Rising inflation is also likely encouraging savers, particularly those with larger savings, to switch some of their savings into higher-yielding assets (e.g. mutual funds).

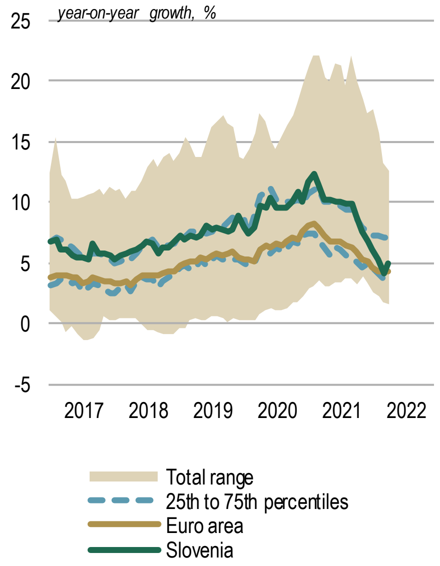
[5] Deposits by the non-banking sector increased by EUR 895 million over the first four months of 2020, and by EUR 1.1 billion over the same period of 2021.

Figure 3: **Deposits in Slovenia and the euro area**

Growth in deposits by sector



Growth in household deposits in Slovenia and the euro area



Sources: Banka Slovenije, ECB (SDW), Banka Slovenije calculations

Over the first four months of the year non-financial corporations reduced their holdings of savings at banks, which constitute a significant resource for financing rising investment. They declined by EUR 314 million, although the monthly changes in deposits by non-financial corporations remained relatively volatile, similarly to last year. Year-on-year growth in deposits by non-financial corporations continued to slow, as it had in 2021, and stood at 4.9% in April, lower than the rate before the outbreak of the pandemic in March 2020.

Sight deposits increased again, given the low interest rates on fixed-term deposits. The proportion of total household deposits and total deposits by non-financial corporations accounted for by sight deposits increased to record highs of 88.3% and 83.4% respectively. Slovenia thus remains one of the countries where the ratio of deposits by households and non-financial corporations to the balance sheet total is high, with a prevalence of sight deposits. Given the uncertain geopolitical situation and rising inflation, savers will most likely want to ensure the availability of their savings in the future, and will not be willing to fix them for longer periods.

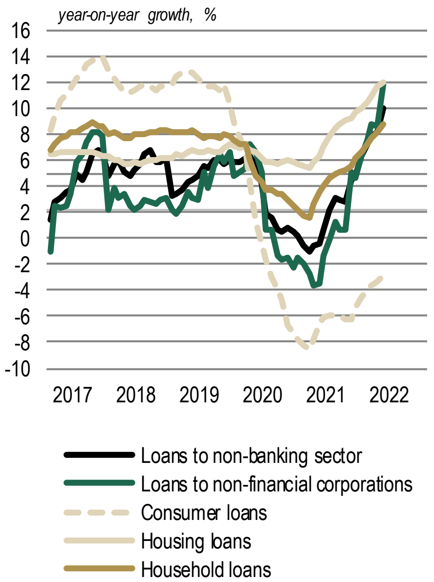
4 Bank Assets

Year-on-year growth in the banking system's balance sheet total has gradually slowed since the end of 2021, and stood at 5.6% in April. It increased by EUR 251 million over the first four months of this year to stand at EUR 48.5 billion in April. Banks increased their wholesale funding by EUR 346 million over this period through issuance of debt securities and liabilities to foreign banks, although its ratio to the balance sheet total remained low. Liabilities to domestic banks increased at the same time, albeit only at certain banks. With private consumption and investment rising, the inflow into the banking system of deposits by the non-banking sector declined (by EUR 80 million), which meant that banks funded their investment activity by reducing their holdings in accounts at the central bank (by EUR 1.5 billion). They directed liquid assets into increased lending to non-financial corporations and households, and into purchases of securities.

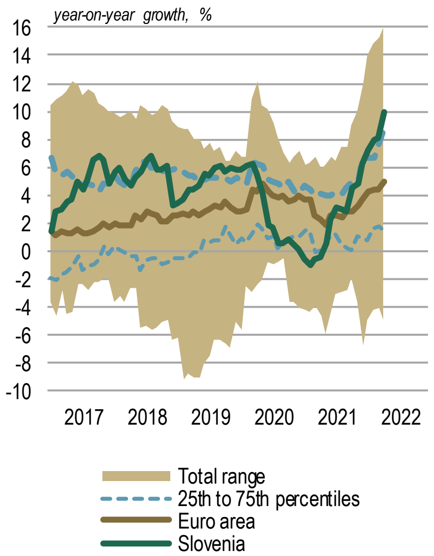
Lending to the non-banking sector strengthened significantly in April, the year-on-year rate of growth reaching 10.0%. April's increase in loans of EUR 328 million was the largest since October of last year, and more than twice the average monthly increase over the preceding year.[6] Year-on-year growth in loans to non-financial corporations increased particularly sharply, and reached 11.8% in April. This was attributable to a large monthly increase in the stock of loans, which at EUR 183 million was almost three times the average monthly increase over the preceding year, and to the contraction in the stock of loans in April of last year. The previous trend of rising growth in loans to households continued. They were up 7.6% in year-on-year terms. Housing loans remain the main driver of the higher growth. Their monthly increase of EUR 80 million was higher than the monthly average over the preceding year, and the year-on-year rate of growth increased to 11.4%. While the stock of consumer loans increased for the second consecutive month, the increase was a modest EUR 1.6 million, and the trend of year-on-year contraction continued. The stock of consumer loans was still down 2.8% in year-on-year terms in April. Growth in lending to the non-banking sector is above-average by international standards. The rate sharply outpaced the euro area average of 4.9% in April, ranking Slovenia in the top quarter of euro area countries.

Figure 4: **Lending to the non-banking sector**

Growth in loans by customer group and loan type



Growth in loans to the non-banking sector, comparison with the euro area

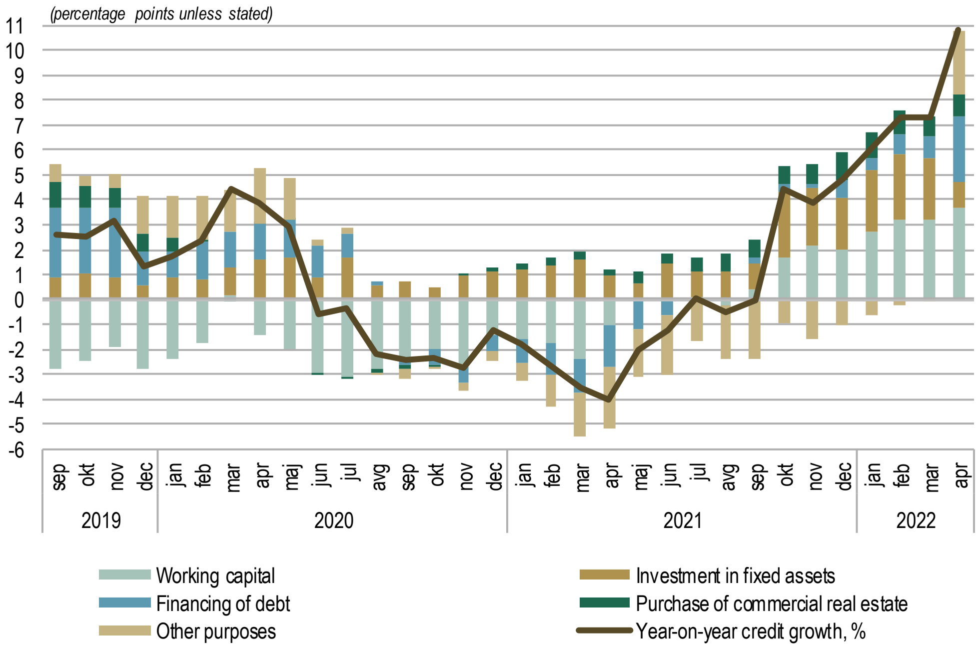


Sources: Banka Slovenije, ECB (SDW), Banka Slovenije calculations

[6] Between April 2021 and March 2022.

Growth in loans to non-financial corporations was broad-based, and was driven by loans in all purpose categories, by firms of all sizes, and by firms in the majority of activities. Year-on-year growth stood at 10.8% in April, according to gross data.[7] In terms of loan purpose, the highest year-on-year growth was in loans for financing debt and loans for other purposes, and the contributions to aggregate growth by these two categories also recorded the largest increases. Growth in loans for financing working capital also strengthened, and continued to make the largest contribution to aggregate growth, while growth in loans for investment in fixed assets declined, as their contribution to aggregate growth fell by more than a half. Year-on-year growth in loans to non-financial corporations was positive in all sectors, with the exception of accommodation and food service activities and professional, scientific and technical activities. Of the sectors that account for the largest bank exposure to non-financial corporations, growth in loans to non-financial corporations in wholesale and retail trade and in construction strengthened significantly. These two sectors, trade in particular, also saw the largest increases in their contributions to aggregate growth. In addition to trade, the largest contribution to aggregate growth came from loans to non-financial corporations in manufacturing and in electricity and water supply. In terms of corporate size, year-on-year growth in loans strengthened in all categories, most notably large enterprises. The growth rate to non-financial corporations was above-average by international standards, and was the second highest in the euro area.[8]

Figure 5: **Contributions to credit growth by loan purpose**



Note: Gross figures.
Source: Banka Slovenije

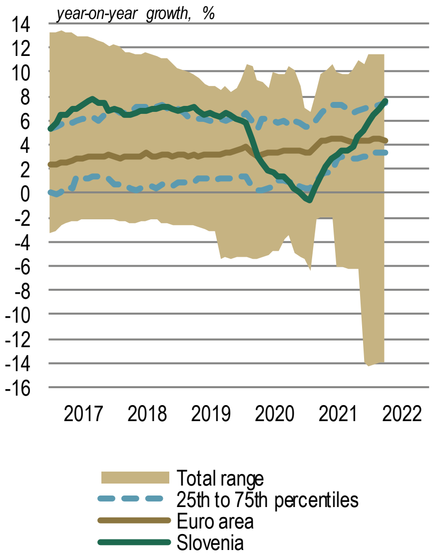
Growth in household lending is above-average by international standards. The year-on-year rate stood at 7.6% in April, sharply outpacing the euro area average of 4.4%. It also exceeded the rate before the outbreak of the pandemic, which again moved Slovenia into the top quarter of euro area countries with the highest growth. In contrast to the euro area overall, where growth has been relatively stable amid major differences between individual countries, the rate in Slovenia has risen continually over the last 12 months. The differences in the growth dynamic compared with the euro area overall over this period were primarily related to the rise in household lending driven by housing loans. Year-on-year growth has been increasing unbroken for more than a

[7] It stood at 11.8% according to the net stock of loans (loans reduced for impairments).
[8] Only in Lithuania was it higher (according to the net stock of loans).

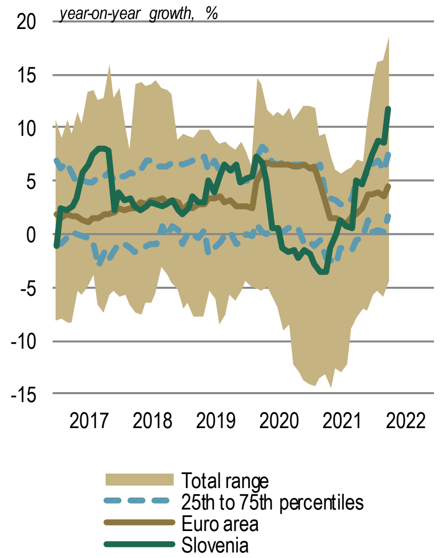
year now, and was one of the highest in the euro area in April.[9] Meanwhile consumer loans continued to decline in year-on-year terms despite the stable inflow of new business, on account of the large repayments of loans entered into during the period of above-average growth rates. The growth rate was one of the lowest in the euro area, where there were great differences between individual countries.[10]

Figure 6: **Lending to non-financial corporations and households**

Growth in loans to households, comparison between Slovenia and the euro area



Growth in loans to non-financial corporations, comparison between Slovenia and the euro area

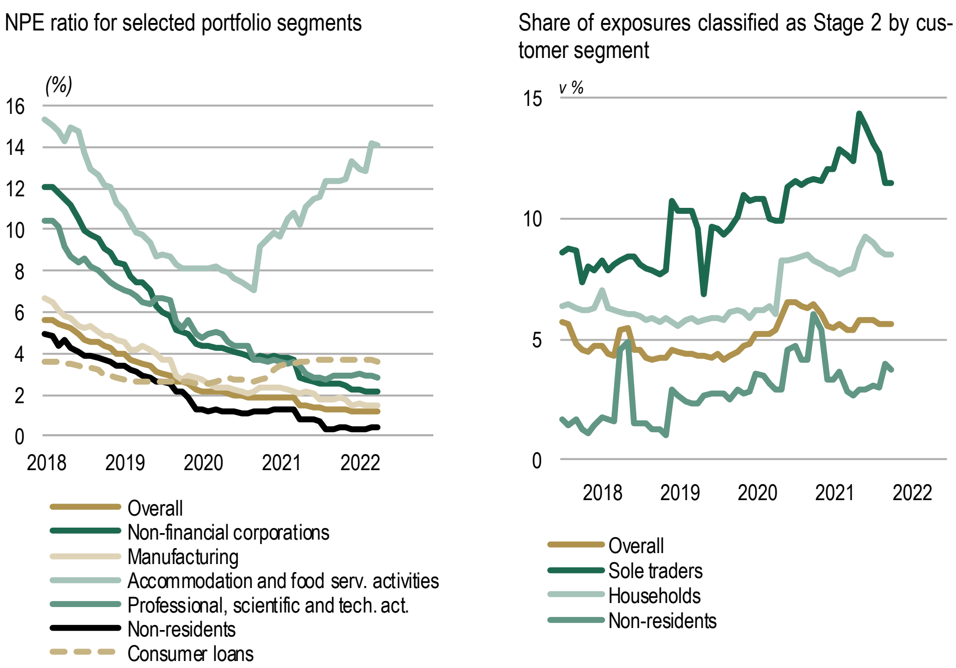


Sources: Banka Slovenije, ECB (SDW), Banka Slovenije calculations

[9] Lithuania and Slovakia recorded higher growth.
[10] Estonia, the Netherlands and Greece recorded lower growth.

The quality of bank assets improved again in the first four months of 2022. Non-performing exposures (NPEs) in the total portfolio declined by EUR 15 million to EUR 627 million, while the NPE ratio remained unchanged from December of last year at 1.2%. The share of exposures classified as increased credit risk (Stage 2 under the IFRS) stood at 5.6% of the total portfolio in April, down 0.2 percentage points on the end of 2021. The direct impact of the war in Ukraine has for now only been evidenced in a slight deterioration in the quality indicators in the non-residents portfolio. In the event of a further increase in risks in the international environment, the impact on the performance of Slovenian firms can be expected to be reflected in a deterioration in these indicators in other segments of the portfolio.

Figure 7: **NPE ratios and share of Stage 2 exposures**



Source: Banka Slovenije

Favourable developments in asset quality indicators prevailed in the majority of bank asset segments, while the adverse trends from last year continued in certain segments. The NPE ratio in the non-financial corporations portfolio declined by a further 0.2 percentage points over the first four months of the year to stand at 2.1%. The only sector where there was a notable increase in the NPE ratio was accommodation and food service activities, where it reached 14.1%, compared with the figure of 8.1% at the outbreak of the pandemic. The containment measures hit the accommodation segment particularly hard: by April its NPE ratio had more than doubled from the pre-pandemic level to reach 15.3%. Food and beverage service activities partly adapted to the new conditions, which limited the inflow of new defaults at banks and maintained the NPE ratio in this segment close to its pre-pandemic level at 10.7%. Non-financial corporations in the majority of other sectors have maintained the downward trend in NPEs and NPE ratios. After holding at 3.7% for a long time, the NPE ratio in the consumer loans portfolio fell to 3.6% in April (compared with its pre-pandemic level of 2.6%). The housing loans portfolio has remained stable throughout, with a decline in NPEs and the NPE ratio, which stood at 1.4% in April.

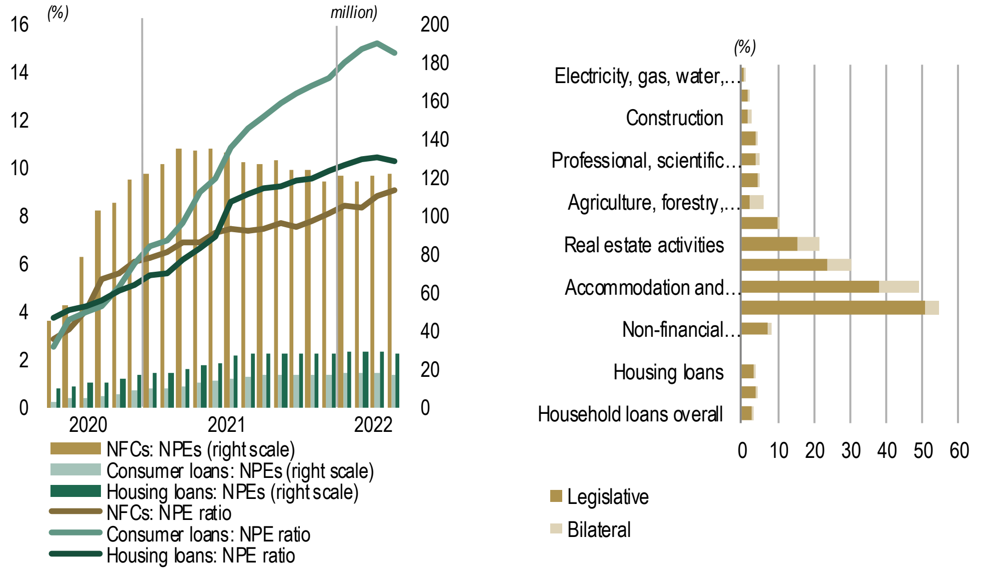
Over the first four months of 2022 the banks again recorded a net increase in the share of exposures classified as the lowest credit risk (Stage 1). They had previously seen an increase in the share of Stage 2 exposures in individual service sectors in the second half of 2021, and also in the household portfolio in the final months of the year. A decline in the share of Stage 2 exposures has also been seen in arts, entertainment and recreation this year, and in accommodation and food service activities since September of last year. The share remains high in both sectors, and well above other sectors (at 58.2% and 46.5% respectively).

The banks have relatively low exposure to customers from countries affected by the war in Ukraine and the sanctions, and the majority of this portfolio was recognised as higher risk immediately in March. Slovenian banks have a total exposure of EUR 97 million to customers from Russia, Ukraine and Belarus, equivalent to just under 0.2% of their total exposure. The banks reclassified 91.7% of this portfolio to Stage 2 in March and, to a lesser extent, in April. There has been no sign of a deterioration in portfolio quality indicators in the banks' exposures to other countries, although future developments, as for Slovenian customers, depend on the duration and increase in risk in the international environment and the resulting indirect impact on customer performance. The NPE ratio in the overall non-residents portfolio has increased from 0.3% at the outbreak of the war to 0.4%, while the share of Stage 2 exposures has increased from 3.0% to 3.7%.

Figure 8: **Exposures subject to a moratorium approved during the pandemic**

NPEs for exposures subject to a moratorium in the non-financial corporations and household portfolios

Level of legislative and bilateral moratoria in the non-financial corporations portfolio by sector and in the household portfolio, April 2022



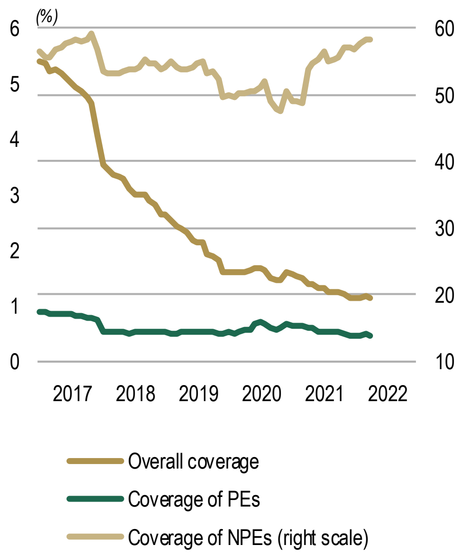
Note: Exposures subject to a moratorium include all exposures for which a moratorium was approved during the pandemic, irrespective of whether the moratorium has already expired or is still active.
Source: Banka Slovenije

The NPE ratios for exposures for which a moratorium was approved during the pandemic are higher than in the remainder of the portfolio, but they account for a declining proportion of the banks' total exposure. The NPE ratio for exposures to non-financial corporations subject to a moratorium had increased to 9.0% by April, up from 6.1% at the end of 2020 and 8.1% at the end of 2021. NPEs in this portfolio peaked in March of last year at EUR 138 million, before declining over the remainder of the year, and stabilising around EUR 120 million this year. NPEs in the household portfolio for which a moratorium was approved because of the pandemic have not been increasing since the second half of last year, and the NPE ratios have also stopped rising: they stood at 14.8% in the consumer loans portfolio and 10.2% in the housing loans portfolio in April. The exposures for which a moratorium was approved is diminishing in importance as the moratoria gradually expire and regular debt repayment resumes. The total exposure subject to a moratorium amounted to EUR 1.9 billion in April of this year, or 3.5% of the banks' total exposure, down EUR 0.8 billion and 1.9 percentage points on the end of 2020.

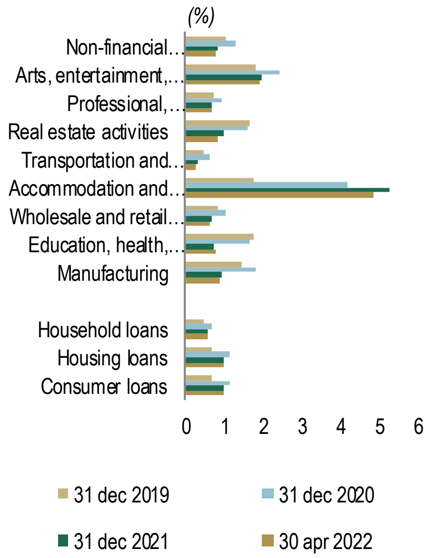
The moratoria approved under the emergency law have now all expired, and only a small number of bilateral moratoria are still active (exposure of EUR 21 million in April, or 8% of the total exposures for which a moratorium was approved). The bilateral moratoria were largely agreed with firms in accommodation and food service activities, where they account for the largest proportion of moratoria in this sector at 23%.

Figure 9: **Coverage by impairments and provisions**

Coverage of performing and non-performing exposures by impairments and provisions



Coverage of performing exposures by impairments and provisions in the non-financial corporations portfolio by sector and in the household portfolio by loan type



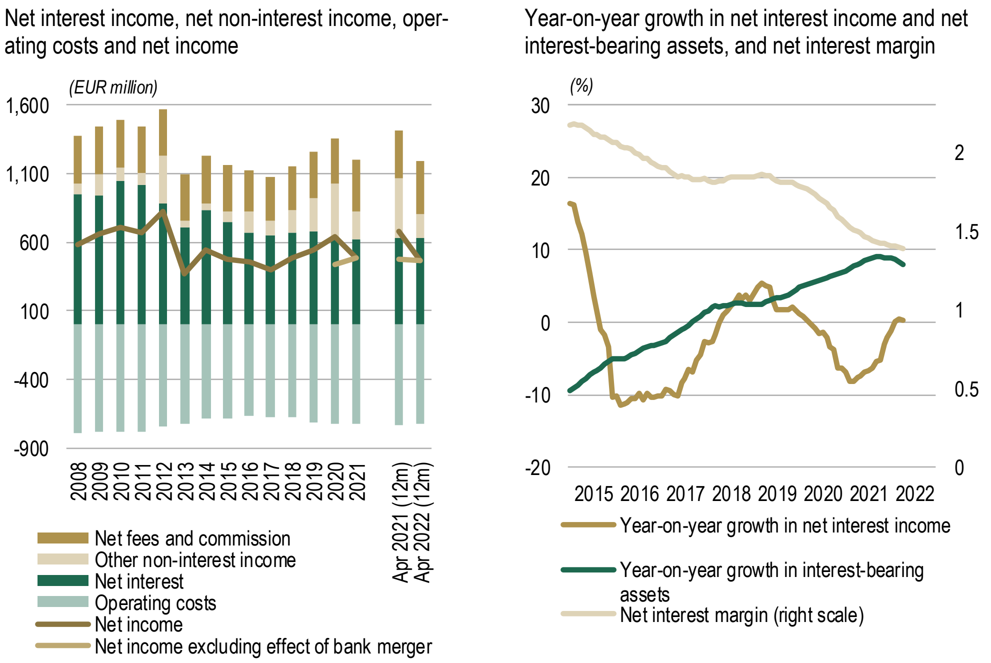
Note: PEs stands for performing exposures.
Source: Banka Slovenije

Coverage of NPEs by impairments and provisions is increasing, while coverage of performing exposures remains low. Coverage of NPEs by impairments and provisions had increased to 58.4% by April, the highest figure since September 2017. The banks increased their creation of impairments and provisions for performing exposures during the first year of the pandemic, but reduced them during 2021 and the first two months of 2022. Coverage of performing exposures in the non-financial corporations portfolio by impairments and provisions continued to decline in April. Coverage of exposures to non-residents increased in March, and was reflected at the level of the total portfolio in a slight increase in coverage of performing exposures by 0.01 percentage points to 0.47%.

A base effect meant that the Slovenian banking system's income in the first third of the year was down in year-on-year terms. More non-interest income was generated in the same period last year from one-off events. Otherwise the developments in some of the main income categories improved. The banks recorded positive growth in net interest, and the trend of increase in net fees and commission continued, while gross income was down only minimally on last year (by 2.8%). Operating costs were up moderately on the same period last year, but by less than the increase in the balance sheet total. Net income, which has been increasing in year-on-year terms since the second half of last year, was down just over a tenth over the first four months of the year on the same period last year, as a result of last year's high base from revaluations of loans and securities in the spring.

Growth in net interest income has been positive this year, and the decline in the net interest margin is slowing. Net interest income has maintained positive growth since the beginning of the year, the year-on-year rate reaching 2.2% in April. The improvement and resumption of positive growth this year has been attributable to the increase in bank lending activity, as a result of which the decline in the net interest margin has also slowed sharply. Calculated over the preceding 12 months, it stood at 1.39% in April.[11] With the increase in lending activity and the gradual rise in interest rates, further growth can be expected, although the income effects are relatively small for now. Net interest income has increased by less than EUR 5 million in year-on-year terms this year. The increase in lending activity has seen quantity effects continue to contribute to interest income, while price effects remain negative amid the sustained low interest rate environment. Interest income is up 3.5% on last year, while income from loans is up 1.2%. Growth in interest expenses over the first four months of the year stood at 10.6%, as a result of the banks' holdings of excess reserves at the central bank and a rise in interest-bearing liabilities, e.g. debt securities.

Figure 10: **Components of net interest income and net interest margin**



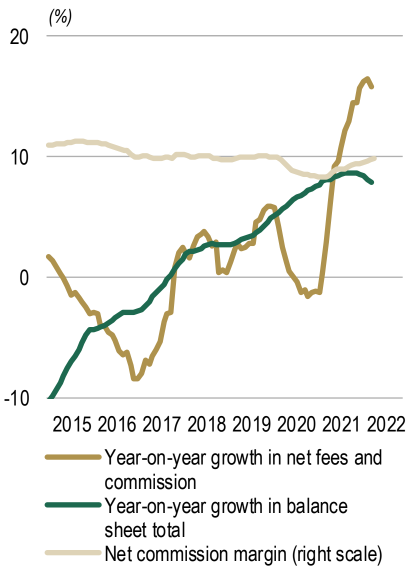
Source: Banka Slovenije

[11] The net interest margin over the preceding 12 months declined to 1.39% by April. The decline has slowed markedly: the decline in the net interest margin amounted to 0.22 percentage points in 2020, to 0.10 percentage points in 2021 and to 0.02 over the first four months of this year, compared with 0.07 percentage points over the same period last year.

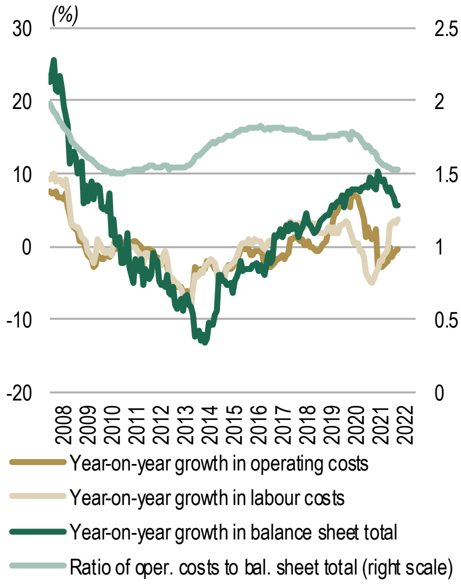
The year-on-year decline in aggregate non-interest income over the first four months of the year was attributable to last year's one-off events, which could also have an impact on the year-on-year comparisons in the coming months. Having been up on last year by around 10% over the first three months of this year, non-interest income was down in year-on-year terms over the first four months of the year (by 8.2%). This was attributable to last year's one-off effects from the increase in non-interest income caused by the revaluation of the loan portfolio and securities portfolio at several banks last year, most notably in April. At the same time the banks have recently focused much attention on generating non-interest income, which is reflected in particular in the high growth in net fees and commission, which is up 14% this year. This year it has accounted for fully 76% of all non-interest income (compared with just 61% in the same period last year). The net commission margin has maintained its trend of gradual but sustained increase, and had approached 0.83% by April. A notable element of this year's non-interest income has been the increase in dividend income, which was frozen in the early months of last year, and will have a major impact on the year-on-year comparisons in May and June, when there is usually a large increase in income from this source.

Figure 11: **Net commission margin and operating costs**

Year-on-year growth in net fees and commission and balance sheet total, and net commission margin



Growth in operating costs, labour costs and balance sheet total, and ratio of operating costs to balance sheet total



Source: Banka Slovenije

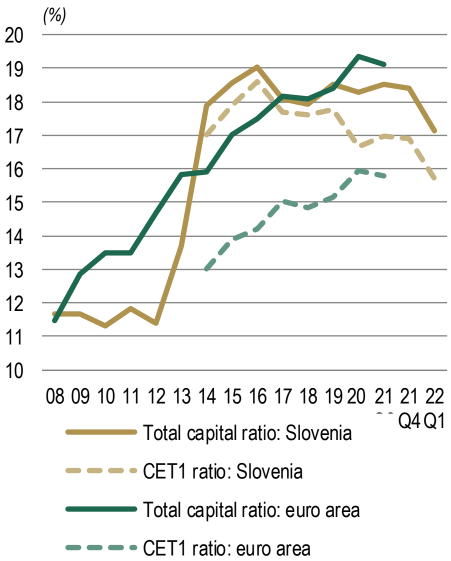
Operating costs have increased moderately, and over the first four months of the year were up 3.3% in year-on-year terms. Growth in labour costs, which is the most important element of operating costs, stood at just 1.4%. The ratio of operating costs to the balance sheet total declined to 1.52%, while the CIR has increased this year as a result of the volatility in bank income, and stood at 63.4% (compared with 59.6% over the first four months of 2021, and 59.5% in 2021 overall).

7 Capital Adequacy, Profitability and Liquidity in the Banking System

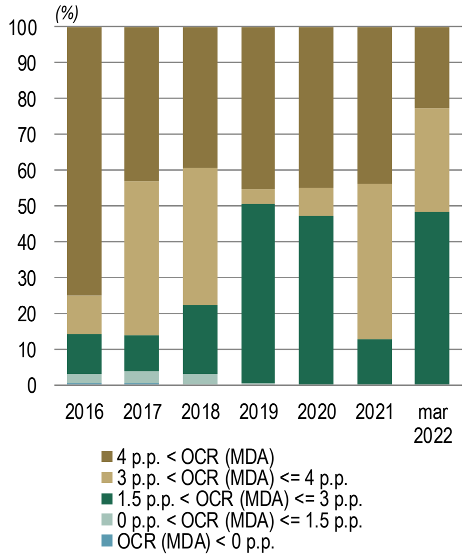
Capital ratios have declined, as a result of strengthened lending and the further consolidation of the banking system. The banking system's total capital ratio on a consolidated basis declined by 1.2 percentage points in the first quarter of this year to 17.2%, thus increasing its shortfall on the euro area average (19.1%).[12] The CET1 ratio also declined by 1.2 percentage points, to 15.7%, and minimally trails the euro area average (15.8%). The decline in capital ratios was attributable to an increase in risk-weighted assets (of 2.6%), and a decline in regulatory capital (of 4.2%). Regulatory capital declined at system level as a result of the acquisition of one bank by another bank within the banking system, where there will be a lag in the recognition of the positive effects on regulatory capital, which will in turn have a positive impact on capital ratios.[13] Other negative effects on regulatory capital come from the revaluation of securities, while other positive effects come from retained earnings. Similarly to the previous quarter, risk-weighted assets increased as a result of increased lending to non-financial corporations and households. The decline in capital ratios at the majority of the banks was accompanied by a decline in their surpluses over their allocated capital requirements. There remain considerable variations from bank to bank in the aforementioned capital surpluses, and thus in their capacity to absorb the adverse effects of any realisation of systemic risks.

Figure 12: **Capital ratios and surpluses over capital requirements**

Capital ratios, comparison with the euro area, consolidated basis



Breakdown of balance sheet total in terms of capital surplus over overall capital requirement (excluding P2G)



Sources: Banka Slovenije, ECB (SDW)

In the wake of further growth in lending and a deterioration in the economy, the banks might see a deterioration in their capital positions in the future. Risk-weighted assets could increase further as a result of strengthening lending and a rise in risk weights amid a deterioration in asset quality. Were regulatory capital to remain unchanged, this would have a negative impact on capital ratios and consequently on

[12] At the time of writing the latest data available for the euro area was for the third quarter of 2021; the comparison is made on a consolidated basis.

[13] The bank may only recognise the positive effects of the acquisition in equity after obtaining authorisation from the supervisory institution, which is pending.

capital surpluses over allocated capital requirements. Further rises in interest rates and the associated adverse impact of revaluations of financial assets might also reduce regulatory capital in the future. Careful assessment of the capital adequacy of individual banks will be vital in the future given the uncertainty surrounding the sustainability of the high profitability that would allow the banks to maintain or strengthen their capital adequacy.

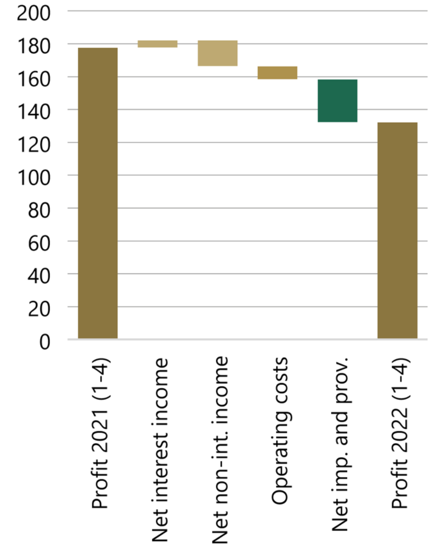
The banks generated a pre-tax profit of EUR 132 million over the first four months of 2022, down a quarter on the same period last year. The decline in profit was attributable to a decline in income, and to the creation of net impairments. Profitability going forward will depend on the stability of the income generated and, in particular, the level of net impairments and provisions. This year's decline in profit is attributable to income and costs, i.e. a decline in net income, and to the difference between this year's net creation of impairments and provisions in the amount of EUR 9.9 million and last year's net release of EUR 16.1 million over the first four months of the year. More than half of the banks and savings banks (nine out of 16) have created net impairments and provisions this year. The share of the disposal of gross income accounted for by net impairments and provisions is very low for now, at just 2.6% over the first four months of the year, and remains significantly below its long-term average of more than a fifth.

Profitability (pre-tax ROE) declined to 8.2% (compared with 11.6% over the first four months of last year, and 11.3% in 2021 overall), and is highly uncertain in the future, despite the improvements in the main income categories (net interest, net fees and commission) and the moderate growth in costs. The maintenance of lending growth with improvements in net interest, a gradual rise in interest rates, and an increased but stable level of net fees and commission will increase profitability. Given the risks in the international environment and the accompanying huge uncertainty, and the downward revisions to macroeconomic forecasts, it is realistic to expect an increase in net impairments and provisions. Amid relatively small changes in income and the expected increase in impairments and provisions, bank profitability might see a rapid further decline. The comparison with other European countries[14] also suggests that the relatively high profitability of the Slovenian banking system in recent years was significantly attributable to the net release of impairments and provisions, for which reason the resumption of net creation of impairments and provisions and a return to a level more comparable to its long-term average could lead to a decline in profit.

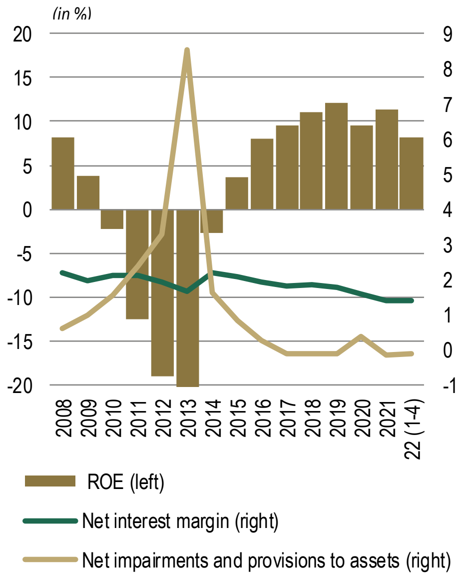
[14] The Slovenian banking system was one of five banking systems to record a net release of impairments over the first three quarters of last year (see the December 2021 issue of the Monthly report on bank performance with commentary, and the May 2022 issue of the Financial Stability Review).

Figure 13: **Changes in components of profit and selected bank performance indicators**

Changes in components of profit, January to April 2021 to January to April 2022



Selected bank performance indicators



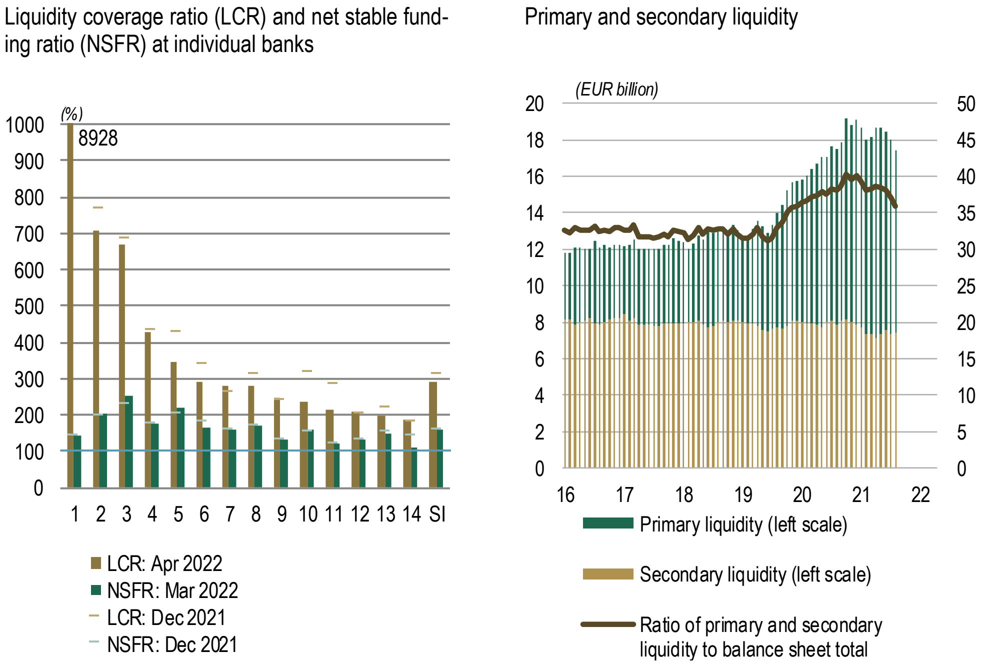
Source: Banka Slovenije

Despite a deterioration in certain indicators, the Slovenian banking system's liquidity remained high over the first four months of 2022. The liquidity coverage ratio (LCR) declined by 22 percentage points to 290%, but remained well above the regulatory requirement of 100%. A decline in holdings at the central bank and thus in the liquidity buffer was a major factor in the deterioration in the LCR, while net liquidity outflows increased. Slovenia is ranked a high fourth among euro area countries in terms of its LCR.[15] In the first quarter of 2022 the Slovenian banking system retained relatively good capacity to cover the stable funding requirement over a 12-month period, although the net stable funding ratio (NSFR) declined slightly by 4.3 percentage points to 157%.

Primary liquidity declined, as the banks funded their increased lending activity in part using holdings at the central bank. The inflow in deposits by the non-banking sector over the first four months of 2022 was not sufficient to fund the strengthened lending to the non-banking sector, for which reason the banks began to direct some of their liquid assets built-up in accounts at the central bank into higher-yielding lending. Primary liquidity, which in addition to the aforementioned assets consists of cash on hand and sight deposits at banks, declined by EUR 1.5 billion over the first four months of this year to EUR 10.0 billion, which is still more than a fifth of the balance sheet total, and is well above its pre-pandemic level (13% of the balance sheet total).

[15] Data up to the third quarter of 2021 inclusive was available for the euro area at the time of writing. The comparison between countries is made on a consolidated basis.

Figure 14: **Liquidity indicators**

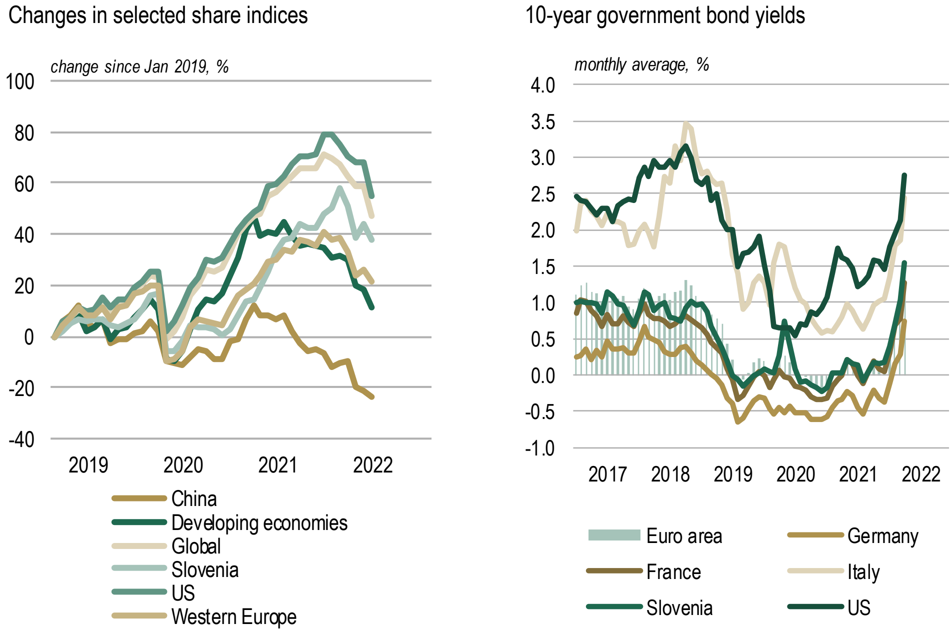


Note: The horizontal blue line in the left figure denotes the minimum requirements for the LCR and the NSFR in accordance with the CRR (100%). Primary liquidity in the right figure comprises cash on hand, balances at the central bank and sight deposits at banks. Secondary liquidity comprises Slovenian government securities and foreign marketable securities rated BBB or higher.
Sources: Banka Slovenije, ECB (SDW)

There remain considerable differences in the liquidity positions of individual banks. Primary liquidity declined over the first four months of this year at the majority of banks, which was also a factor in the decline in their LCRs. Although all the banks exceeded the LCR and NSFR requirements, there remain considerable differences between them in terms of their ability to cover the adverse effects of any stress events. The banks with smaller liquidity surpluses will find it harder to deal with them. Careful liquidity management and diligent monitoring of the economic situation and the competition will therefore be vital at these banks in particular.

The downturn in international relations caused by the war in Ukraine had a major impact on global financial markets in early 2022. Strong inflationary pressures encouraged market participants in their expectations of faster normalisation of monetary policy by central banks. At its monetary policy meeting in March the Governing Council of the ECB confirmed the discontinuation of the pandemic emergency purchase programme (PEPP) at the end of March. It also announced a reduction in the envelope of purchases under the asset purchase programme (APP) over the coming months, and the discontinuation of net purchases in the third quarter provided that the medium-term inflation outlook does not weaken. In May Christine Lagarde, the president of the ECB, first signalled interest rate hikes in June and September, which means that under the current expectations there could be an emergence from negative interest rates by the end of the third quarter.

Figure 15: **Share indices and government bond yields**



Note: The indices in the left figure are the S&P 500 for the US, the Euro Stoxx 600 for western Europe, the Emerging Markets Net Total Return Index for developing economies, the SBI TOP for Slovenia, the MSCI World Net Total Return Index for global shares, and the Hang Seng for China. The data in the left figure is up to May 2022 inclusive, while the data in the right figure is up to April 2022 inclusive.
Sources: Bloomberg, Eurostat, Banka Slovenije

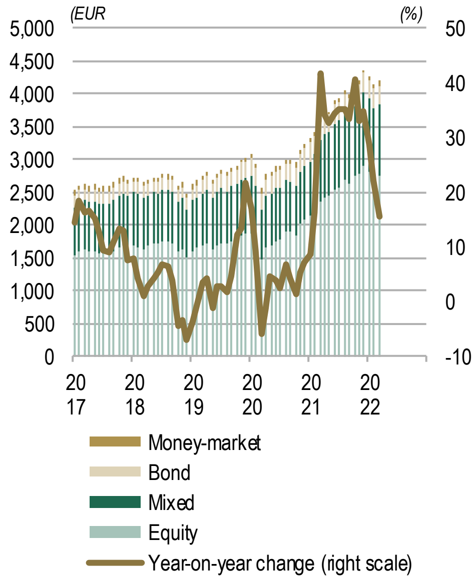
Equity markets recorded heavy losses in the early part of 2022, as concerns were raised of a slowdown in the global economy. Alongside the war in Ukraine, the persistent disruptions to supply chains also drove down forecasts of global economic growth, while market participants felt that central banks might also contribute to the cooling of the economy by potentially tightening monetary policy too quickly. According to inflation swaps, there are expectations that inflation in the euro area might remain above 2.0% even over the medium term. Given the high volatility and the expectations of the faster withdrawal of accommodative monetary policy by the ECB, yields on euro area government bonds rose sharply. The uncertain geopolitical situation in Europe also raised credit risk premiums, which was reflected in a rise in private-sector bond spreads over government bonds.

Mutual funds' assets under management declined slightly in early 2022, but net inflows into mutual funds remain positive despite the increased volatility on

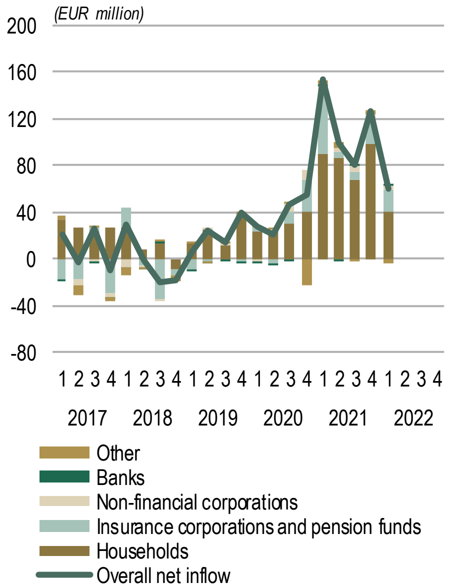
global equity markets. Mutual funds' assets under management amounted to EUR 4.2 billion in March 2022, down EUR 176 million on December 2021. The year-on-year change nevertheless stood at +15.3%. Equity funds are the prevailing form of mutual fund in Slovenia. Net inflows into mutual funds were again positive in the first quarter of this year, but were down 40% on the same period last year. The majority of the inflows went into equity funds, with households accounting for most of the inflows, as in previous quarters.

Figure 16: **Domestic mutual funds' assets under management and inflows**

Domestic mutual funds' assets under management: stocks and year-on-year change



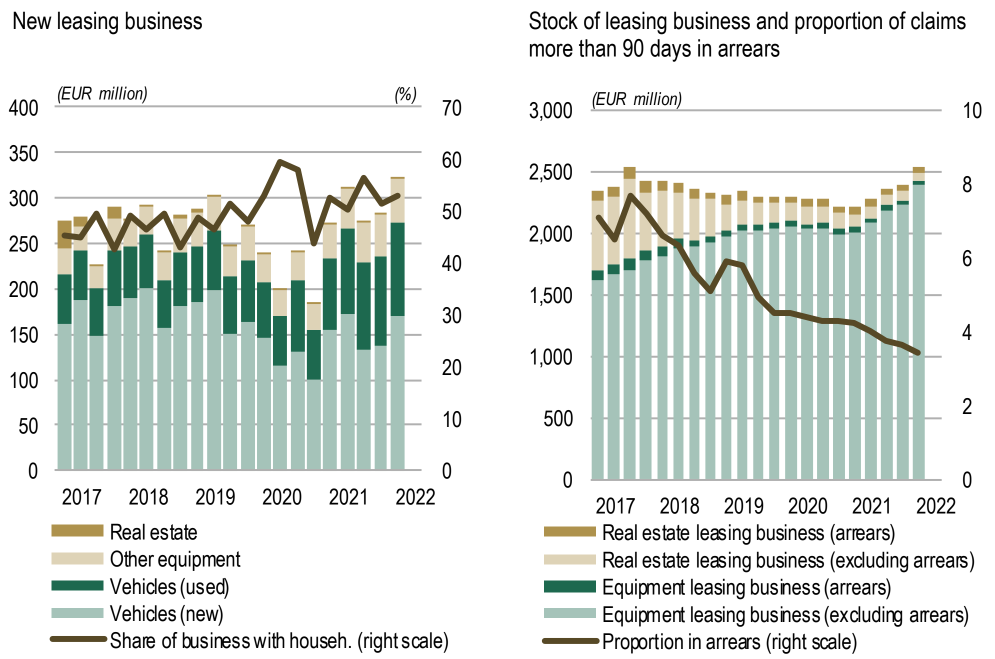
Net inflows into mutual funds by investor sector



Note: The data in the left figure is up to March 2022 inclusive.
Sources: ECB (SDW), SMA, Banka Slovenije

The increase in leasing companies' business[16] continued in the first quarter of 2022. Leasing companies recorded an increase in the financed value of new business in the first quarter of this year. They approved EUR 322.2 million of new business, up 18.7% on the same period last year. Most business was entered into with households (52.8% of the total) and non-financial corporations (45.4%). As in the past, purchases of cars (59.6%) and commercial and goods vehicles (24.8%) accounted for the majority of new business.

Figure 17: **New business, stocks of leasing business, and arrears**



Note: Data to the first quarter of 2022 inclusive.
Source: Banka Slovenije

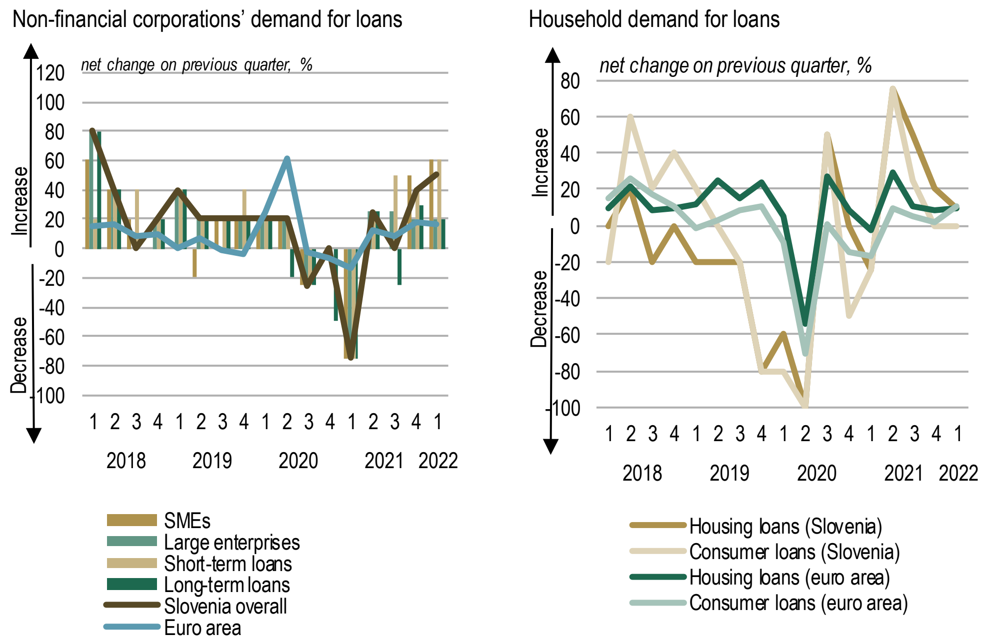
The positive trend in performance is also being reflected in the stock of leasing business. This amounted to EUR 2.5 billion at the end of March 2022, up 15.0% in year-on-year terms. Equipment leasing accounts for the majority (95.4%) of the stock of leasing business, leasing companies having withdrawn from real estate leasing for several years now. The proportion of claims more than 90 days in arrears declined further in the first quarter of 2022, reaching 3.4%. Non-financial corporations accounted for the majority (83.9%) of the arrears. The arrears are highly concentrated: three leasing companies account for almost 90% of the arrears.

Leasing companies saw their profitability increase in the first quarter of 2022. They recorded total profits of EUR 14 million in the first quarter, up 33.2% on the same period last year. The increase in leasing business and the strengthening of resilience continued to be reflected in a rise in the balance sheet total and equity of leasing companies. Leasing companies' balance sheet total stood at EUR 2.6 billion at the end of March 2022. Their ROA stood at 2.2% and ROE at 11.4%.

[16] Includes companies that report to Banka Slovenije under the Regulation on reporting by institutions pursuing leasing activities.A new leasing company has been included in the reporting as of this year, and its financial year differs from the calendar year.

According to the Bank Lending Survey,[17] credit standards in Slovenia remained unchanged in the first quarter of 2022 for household loans and loans to non-financial corporations alike. The reporting banks did not highlight any significant factors driving the tightening or relaxation of standards. This is the case of all categories of loan in terms of maturity, corporate size, or type of household loan (housing or consumer). The main highlight with regard to credit standards for non-financial corporations in the first quarter of 2022 was a slight relaxation driven by margins on average loans, cited by just under a third of the reporting banks. Credit standards in the euro area overall also remained almost entirely unchanged: only minimal changes in the direction of a relaxation for loans to non-financial corporations and housing loans, and a minimal tightening of standards for consumer loans were reported.

Figure 18: **Corporate and household demand for loans according to the BLS**



Source: Banka Slovenije

The survey for the first quarter of 2022 indicates that demand for loans from non-financial corporations continued to increase, while demand from households remained virtually unchanged. Demand for loans from non-financial corporations increased further in the first quarter of 2022. Four of the ten banks reported an increase in demand in the final quarter of last year, while five did so in the first quarter of this year. The increased demand was notable at SMEs, and in short-term loans. The majority of the banks (eight out of ten) cited inventories and working capital as the main factors, which coincided with increased economic activity. Half of the banks are expecting demand for loans from non-financial corporations to increase in the second quarter. An increase in demand for loans from non-financial corporations was also evident in the euro area overall, albeit to a lesser extent than in Slovenia: slightly less than a fifth of the banks reported an increase in demand for loans in the final quarter of last year and the first quarter of this year.

[17] As of 2022 a total of ten credit institutions report for Slovenia in the BLS, with the first data for the final quarter of last year. This is six more banks than previously. They accounted for 84.1% of the banking system in terms of the balance sheet total at the end of December 2021 (compared with 60.5% in June), and for 79.1% of loans to non-financial corporations (up from 51.1%), 90.4% of housing loans (up from 64.5%), and 79.7% of consumer loans (up from 60.4%). The shares are calculated on the basis of data reported to Banka Slovenije on an individual basis.

Demand for household loans slowed further this year, the banks having reported virtually no changes in demand over the last two quarters. While there was increase in demand from households and non-financial corporations in the second quarter of last year, it eased off over the following quarters. Only one of the reporting banks reported an increase in demand for housing loans in the first quarter of this year, while none reported any increase in demand for consumer loans. The main factors cited by the banks as reducing demand were the cost of funds and balance sheet constraints (three banks), while housing market prospects were cited as driving increased demand (two banks). The reported changes in demand in the euro area overall were similarly small: a tenth of the banks reported increased demand in the first quarter.

11 Risk and Resilience Dashboard

The risks to the financial system in the second quarter of 2022 remained at the same level as the previous quarter. The banks' resilience to systemic risks is assessed as medium in the segment of solvency and profitability, and high in the segment of liquidity.

Macroeconomic risk remains elevated, given the build-up of numerous risks in the international environment and the increase in inflationary pressures. Despite the strength of the domestic economy at the end of last year and the early part of this year, other risks to the Slovenian financial system also remain elevated or moderate. It should be noted that expectations for interest rate risk over the one-year horizon have been downgraded, as a result of the further increase in the banks' interest sensitivity. The intention is to highlight that caution in approving a large volume of fixed-rate loans and adequate collateral for this exposure are becoming increasingly important factors in the successful management of interest rate risk. The risk inherent in the real estate market remains elevated, primarily on account of surging residential real estate prices, housing loans having also recorded rapid growth in recent months. Credit risk at banks is assessed as elevated, with a trend of increase on account of the increased risks in the international environment. Income risk remains elevated but stable. Income categories are again seeing improvements in 2022, other than in April, when the year-on-year developments worsened as a result of a base effect, the banks having recorded more non-interest income in April of last year as a result of one-off events. Other risks remain moderate, with stable expectations over the medium term. The banks' resilience to systemic risks was unchanged from the previous quarter, but could deteriorate over the medium term as a result of the build-up of risks.

Table 1: **Banka Slovenije's risk and resilience dashboard for the Slovenian financial system**

	Risk and resilience dashboard							Trend
	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	
Systemic risk								
Macroeconomic risk	high	high	elevated	elevated	elevated	elevated	elevated	⇧
Risk inherent in the real estate market	moderate	moderate	moderate	elevated	elevated	elevated	elevated	⇨
Funding risk in the banking system	moderate	moderate	moderate	moderate	moderate	moderate	moderate	⇨
Interest rate risk in the banking system	moderate	moderate	moderate	moderate	moderate	elevated	elevated	⇧
Credit risk in the banking system	elevated	high	high	elevated	elevated	elevated	elevated	⇧
Income risk in the banking system	elevated	elevated	elevated	elevated	elevated	elevated	elevated	⇨
Risk inherent in leasing companies	elevated	elevated	elevated	moderate	moderate	moderate	moderate	⇨
Resilience to systemic risks								
Solvency and profitability of the banking system	high	medium	medium	medium	medium	medium	medium	⇩
Liquidity of the banking system	high	high	high	high	high	high	high	⇩

Colour code:

	green	yellow	orange	red
Risk	low	moderate	elevated	high
Resilience	high	medium	low	very low

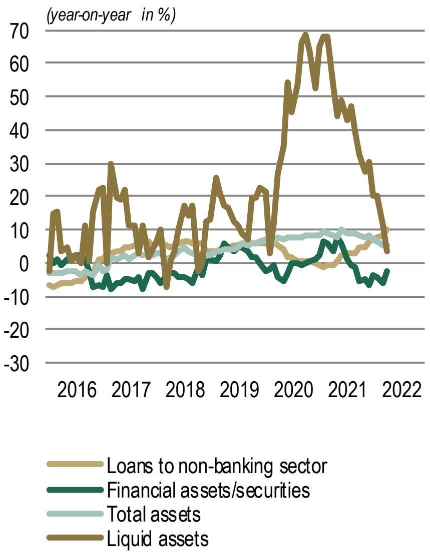
Note: The colour code in the risk and resilience dashboard relates to the assessment for up to one quarter in advance. The arrow illustrates the expected change in risk or resilience in the scale (up or down) over a slightly longer horizon of around one year. For risks, an up arrow means an increase in risk, and vice-versa, while for resilience it means strengthening, and vice-versa. The risk and resilience dashboard is based on analysis of key risks and resilience in the Slovenian banking system, and is defined as the set of quantitative and qualitative indicators for defining and measuring systemic risks and resilience.
Source: Banka Slovenije

12 Appendix

1.1 Key trends in the banking system

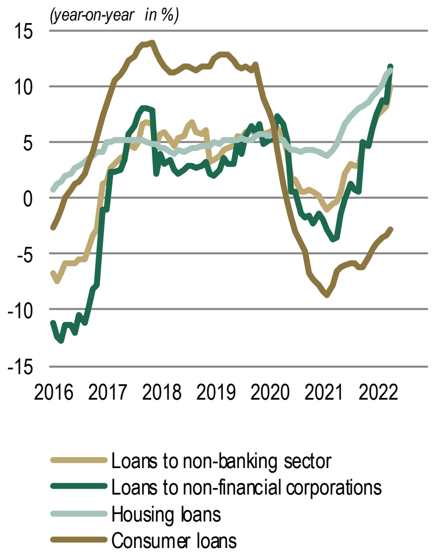
Figure 1: **Assets and loans**

Bank assets



Note: The category "Financial assets / securities" also includes debt securities from the category of loans and receivables.
*SD: sight deposits
Source: Banka Slovenije

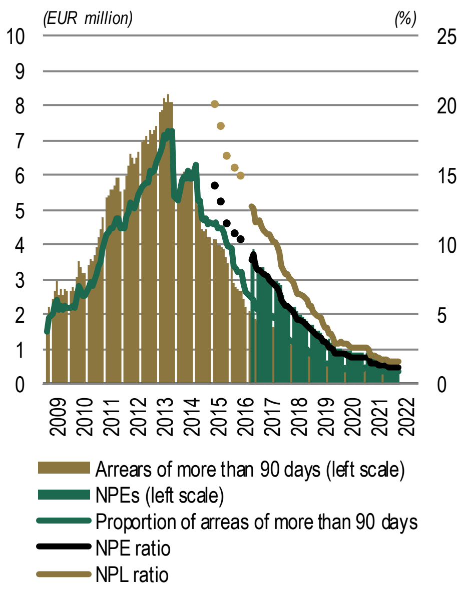
Loans by institutional sector and loan type



Source: Banka Slovenije

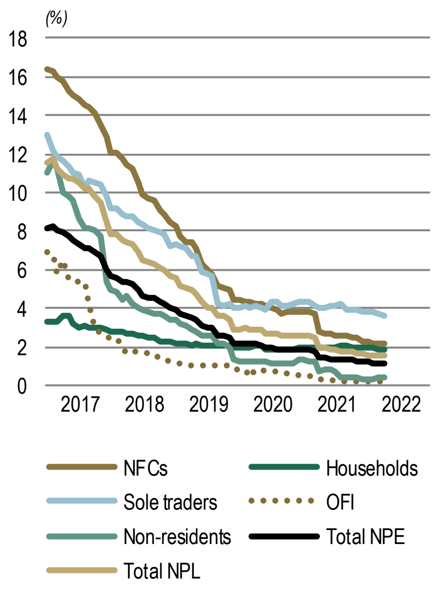
Figure 2: **NPEs at banks**

NPEs, NPLs and claims more than 90 days in arrears, stocks and ratios



Source: Banka Slovenije

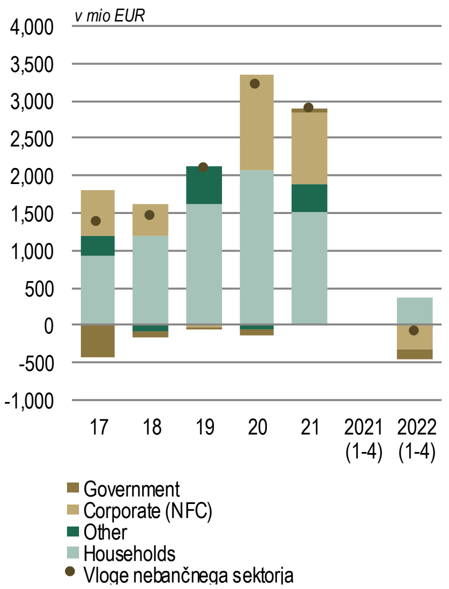
NPE ratios by customer segment



Source: Banka Slovenije

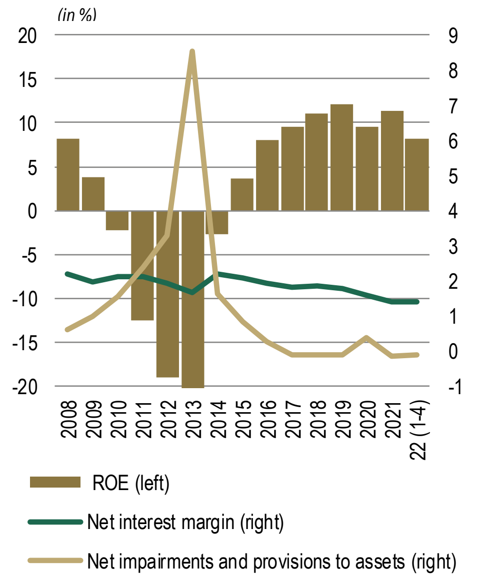
Figure 3: **Deposits and profitability indicators**

Change in stock of deposits by institutional sector



Source: Banka Slovenije

ROE, net interest margin, and ratio of impairment and provisioning costs to balance sheet total

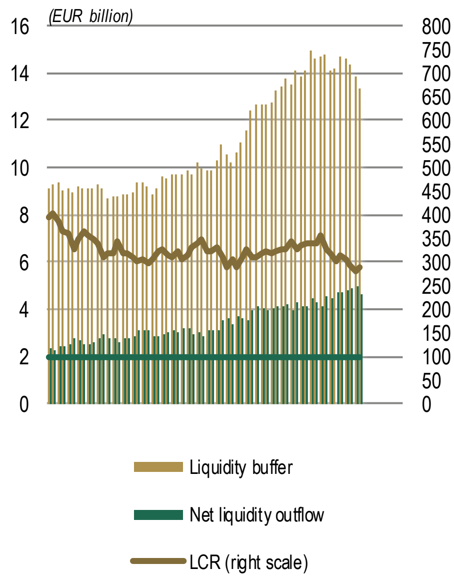


Note: The net interest margin on interest-bearing assets and the ratio of net impairment and provisioning costs to the balance sheet total are always calculated for the preceding 12 months. Pre-tax ROE is calculated during the year on a cumulative basis up to the most recent data available.

Source: Banka Slovenije

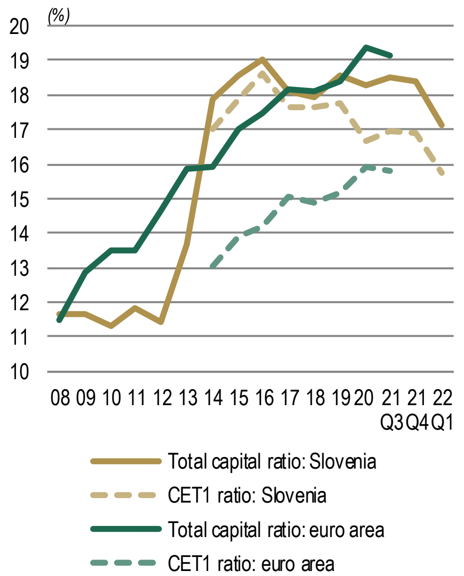
Figure 4: **Liquidity and solvency indicators**

Liquidity coverage ratio (LCR)



Note: The horizontal line denotes the minimum requirement for the LCR (100%) in accordance with the CRR.
Source: Banka Slovenije

Total capital ratio, consolidated basis, comparison with the euro area

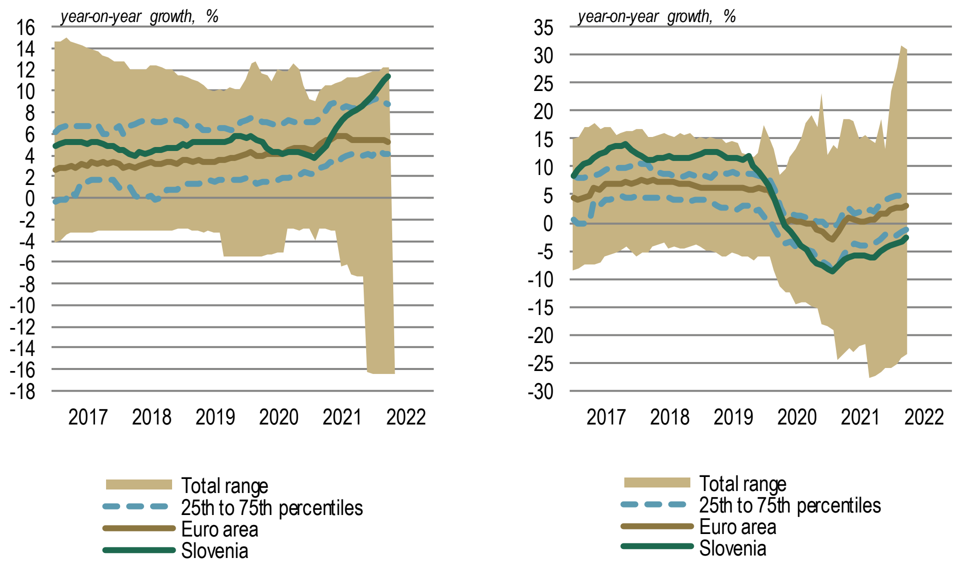


Sources: Banka Slovenije, ECB (SDW)

Figure 5: **Household lending**

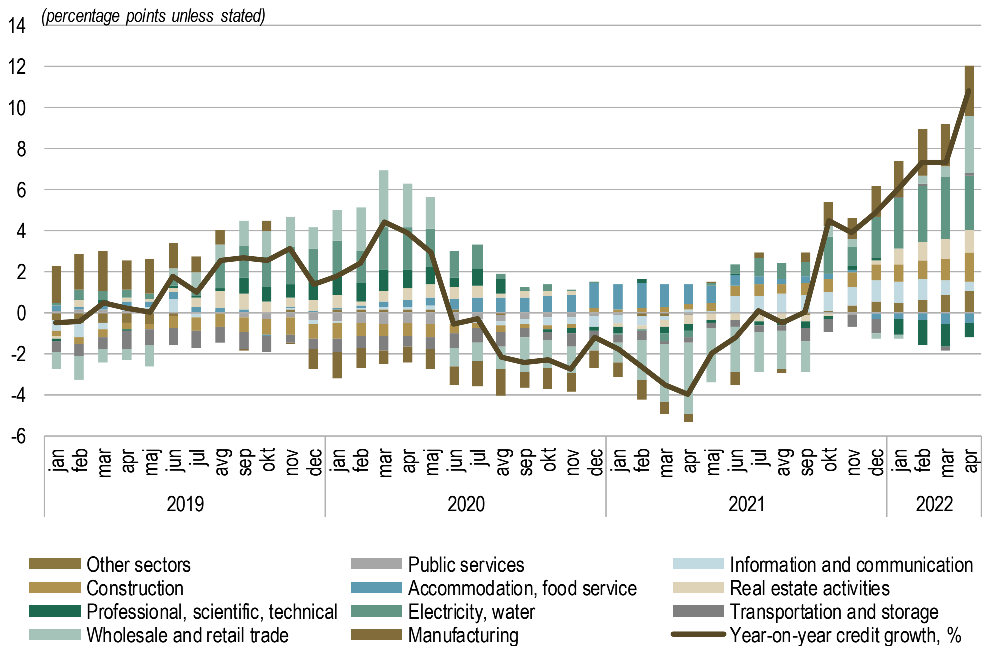
Growth in housing loans, comparison between Slovenia and the euro area

Growth in consumer loans, comparison between Slovenia and the euro area



Sources: Banka Slovenije, ECB (SDW), Banka Slovenije calculations

Figure 6: **Contributions to credit growth by sector**



Source: Banka Slovenije

2.1 Main features of banks' performance and financial statements[1]

Table 1: **Banking system balance sheet as at 30 April 2022**

EUR million unless stated, growth rates in %	Stock dec.08	Breakd (%)	Stock dec.21	akdown (%)	Stock apr.22	eakdown (%)	ncrease in mio EUR in Apr 22	in 2022	Growth in Apr 22, monthly	ear-on-year
Assets	**47,948**	**100.0**	**48,252**	**100.0**	**48,502**	**100.0**	**-58.5**	**250.9**	**-0.1**	**5.6**
Cash in hand, balances at central bank and sight deposits at banks	**1,250**	**2.6**	**11,495**	**23.8**	**9,991**	**20.6**	**-635.5**	**-1,504.3**	**-6.0**	**3.5**
Loans to banks at amortised cost (including central bank)	**4,101**	**8.6**	**1,544**	**3.2**	**1,703**	**3.5**	**67.0**	**158.4**	**4.1**	**-2.6**
domestic banks	2,673	5.6	466	1.0	629	1.3	-22.2	163.1	-3.4	-0.2
foreign banks	1,428	3.0	1,078	2.2	1,074	2.2	89.1	-4.7	9.1	-4.0
short-term loans to banks	2,056	4.3	426	0.9	634	1.3	103.4	207.8	19.5	26.0
long-term loans to banks	2,046	4.3	1,118	2.3	1,069	2.2	-36.4	-49.4	-3.3	-14.1
Loans to non-banking sector*	**33,718**	**70.3**	**25,045**	**51.9**	**26,140**	**53.9**	**327.5**	**1,095.2**	**1.3**	**10.0**
of which non-financial corporations	20,260	42.3	9,299	19.3	9,979	20.6	183.1	679.9	1.9	11.8
households	7,558	15.8	11,263	23.3	11,570	23.9	86.8	306.9	0.8	7.6
of which residential			7,373	15.3	7,654	15.8	80.1	280.9	1.1	11.4
consumer			2,472	5.1	2,469	5.1	1.6	-3.3	0.1	-2.8
government	506	1.1	1,481	3.1	1,435	3.0	-2.6	-46.1	-0.2	-2.9
other financial institutions	2,829	5.9	1,365	2.8	1,465	3.0	7.4	99.7	0.5	24.0
non-residents	2,515	5.2	1,611	3.3	1,667	3.4	54.0	56.3	3.3	19.9
Other financial assets classed as loans and receivables (at	**0**	**0.0**	**148**	**0.3**	**195**	**0.4**	**43.1**	**46.6**	**28.4**	**31.9**
Securities / financial assets**	**7,323**	**15.3**	**8,355**	**17.3**	**8,726**	**18.0**	**94.8**	**370.5**	**1.1**	**-2.4**
a) Financial assets held for trading	**1,177**	**2.5**	**50**	**0.1**	**86**	**0.2**	**18.3**	**35.6**	**27.1**	**45.0**
of which debt securities held for trading	571	1.2	1	0.0	3	0.0	-2.0	1.8	-41.5	155.8
... government debt securities held for trading	56	0.1	1	0.0	3	0.0	-2.0	1.8	-41.5	155.8
b) Financial assets measured at fair value through P&L not held for trading	**0**	**0.0**	**95**	**0.2**	**98**	**0.2**	**0.8**	**3.3**	**0.8**	**4.5**
of which debt securities measured at fair value through P&L not held for t	0	0.0	3	0.0	3	0.0	0.2	0.3	5.5	22.0
c) Financial assets designated for measurement at fair value thro	**179**	**0.4**	**0**	**0.0**	**0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
of which debt securities designated for measurement at fair value througl	163	0.3	0	0.0	0	0.0	0.0	0.0	0.0	0.0
... government debt securities designated for measurement at fair value	0	0.0	0	0.0	0	0.0	0.0	0.0	0.0	0.0
d) Financial assets measured at fair value through other compreh	**4,552**	**9.5**	**4,941**	**10.2**	**4,590**	**9.5**	**-70.9**	**-351.0**	**-1.5**	**-15.5**
of which debt securities measured at fair value through other comprehen	4,318	9.0	4,743	9.8	4,396	9.1	-70.6	-347.3	-1.6	-16.1
... government debt securities measured at fair value through other comp	2,875	6.0	3,140	6.5	2,969	6.1	-23.8	-171.1	-0.8	-15.1
e) Debt securities at amortised cost	**1,415**	**3.0**	**3,269**	**6.8**	**3,952**	**8.1**	**146.5**	**682.5**	**3.9**	**17.8**
of which government debt securities at amortised cost	1,182	2.5	2,248	4.7	2,701	5.6	157.9	453.2	6.2	4.3
Investments in subsidiaries, joint ventures and associates	**627**	**1.3**	**945**	**2.0**	**1,005**	**2.1**	**15.0**	**60.1**	**1.5**	**8.5**
Other assets	**928**	**1.9**	**718**	**1.5**	**743**	**1.5**	**29.7**	**24.4**	**4.2**	**-3.3**
Equity and liabilities	**47,948**	**100.0**	**48,252**	**100.0**	**48,502**	**100.0**	**-58.5**	**250.9**	**-0.1**	**5.6**
Financial liabilities measured at amortised cost (deposits)***	**41,895**	**87.4**	**42,817**	**88.7**	**43,217**	**89.1**	**53.3**	**400.6**	**0.1**	**6.4**
a) Financial liabilities to central bank (Eurosystem)	**1,229**	**2.6**	**2,344**	**4.9**	**2,169**	**4.5**	**-1.7**	**-175.3**	**-0.1**	**55.2**
b) Liabilities to banks	**18,168**	**37.9**	**1,716**	**3.6**	**1,970**	**4.1**	**-63.4**	**254.3**	**-3.1**	**-17.4**
of which to domestic banks	2,065	4.3	649	1.3	852	1.8	-25.8	203.0	-2.9	5.9
of which to foreign banks	16,098	33.6	1,066	2.2	1,117	2.3	-37.6	51.3	-3.3	-29.2
c) Liabilities to non-banking sector (deposits by NBS)	**20,883**	**43.6**	**37,185**	**77.1**	**37,105**	**76.5**	**81.1**	**-80.4**	**0.2**	**4.8**
of which to non-financial corporations	3,728	7.8	8,998	18.6	8,684	17.9	-110.1	-313.9	-1.3	4.9
households	13,407	28.0	23,953	49.6	24,320	50.1	327.6	367.1	1.4	5.0
government	1,879	3.9	1,005	2.1	877	1.8	10.7	-127.9	1.2	0.6
other financial institutions	1,065	2.2	1,417	2.9	1,436	3.0	-125.4	19.0	-8.0	14.9
non-residents	475	1.0	1,293	2.7	1,284	2.6	-19.2	-9.7	-1.5	-5.6
d) Debt securities	**1,276**	**2.7**	**1,250**	**2.6**	**1,544**	**3.2**	**-0.2**	**294.7**	**0.0**	**45.9**
e) Other financial liabilities measured at amortised cost******	**1,568**	**3.3**	**322**	**0.7**	**429**	**0.9**	**37.5**	**107.2**	**9.6**	**15.0**
Provisions	**176**	**0.4**	**151**	**0.3**	**146**	**0.3**	**-1.9**	**-5.3**	**-1.3**	**-16.7**
Shareholder equity	**4,010**	**8.4**	**5,061**	**10.5**	**4,931**	**10.2**	**-115.4**	**-129.4**	**-2.3**	**-0.1**
Other liabilities	**1,867**	**3.9**	**223**	**0.5**	**208**	**0.4**	**5.5**	**-15.0**	**2.7**	**-9.7**
BALANCE SHEET TOTAL	**47,948**	**100.0**	**48,252**	**100.0**	**48,502**	**100.0**	**-58.5**	**250.9**	**-0.1**	**5.6**

Notes: * Loans to non-banking sector not held for trading are defined on the basis of the methodology for producing the recapitulation of the statement of financial position, and comprise loans and other financial assets at amortised cost (from A.VI), at fair value through profit or loss (from A.III) and at fair value through other comprehensive income (from A.IV).
** Financial assets / securities on the asset side comprise total financial assets from A.II, including loans held for trading, while equities and debt securities other than loans are captured from other categories of financial asset (A.III, A.IV and A.V)
*** Total financial liabilities at amortised cost in 2008 also include liabilities to the central bank.
**** Includes subordinated debt until 31 December 2017. Under the IFRS 9 methodology, the item of "subordinated debt" is abolished, and these liabilities are included under liabilities to banks.[18]
Source: Banka Slovenije

[18] The bank performance data in this publication is based on the banks' own book figures, which differ in methodological terms from the published statistics. The data on loans also differs because the data in this publication includes loans to non-residents, applies the net principle (amounts are minus allowances), and does not include non-marketable securities.

Table 2: **Income statement for 2020, 2021 and 2022**

	2020	akdown	2021	'eakdown	2021	ɜakdown	2022	ɜreakdown	ıual growth, %
(EUR million unless stated)		v %		v %	Jan.-Apr	v %	Jan.-Apr	v %	Jan.- Apr. 22/ Jan.- Apr. 21
Interest income	754.0		737.2		246.9		255.7		3.5
Interest expenses	114.9		112.0		39.8		44.0		10.6
Net interest	**639.1**	**47.0**	**625.2**	**51.9**	**207.1**	**51.9**	**211.7**	**54.6**	**2.2**
Non-interest income	**721.0**	**53.0**	**580.5**	**48.1**	**192.2**	**48.1**	**176.3**	**45.4**	**-8.2**
of which net fees and commission	329.7	24.2	377.3	31.3	117.4	29.4	133.8	34.5	14.0
of which net gains/losses on financial assets and liabilities held for trading	16.0	1.2	17.7	1.5	0.9	0.2	13.4	3.5	1,450.9
Gross income	**1,360.1**	**100.0**	**1,205.6**	**100.0**	**399.3**	**100.0**	**388.0**	**100.0**	**-2.8**
Operating costs	**-718.4**	**-52.8**	**-717.1**	**-59.5**	**-237.9**	**-59.6**	**-245.8**	**-63.4**	**3.3**
Net income	**641.6**	**47.2**	**488.5**	**40.5**	**161.4**	**40.4**	**142.2**	**36.6**	**-11.9**
Net impairments and provisions	**-169.6**	**-12.5**	**73.7**	**6.1**	**16.1**	**4.0**	**-9.9**	**-2.6**	**-161.3**
Pre-tax profit	**472.0**	**34.7**	**562.2**	**46.6**	**177.6**	**44.5**	**132.3**	**34.1**	**-25.5**
Taxes	-21.7		-36.9		-17.1		-15.0		-12.4
Net profit	450.3		525.3		160.5		117.3		-26.9

Source: Banka Slovenije

Table 3: **Selected performance indicators**

						/	2021	2022	apr.2021	apr.2022
in %	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**Jan.-Apr.**	**Jan.-Apr.**	**(last 12 mon.)**	**(last 12 mon.)**
Profitability										
Financial intermediation margin*	3.05	2.88	3.01	3.13	3.16	2.58	2.70	2.46	3.19	2.50
ROA	0.99	1.19	1.38	1.48	1.10	1.20	1.19	0.83	1.25	1.08
ROE	7.96	9.58	11.07	12.16	9.57	11.33	11.55	8.22	11.30	10.30
Interest margin on interest-bearing assets	1.91	1.83	1.84	1.79	1.57	1.41	1.47	1.41	1.50	1.39
Net non-interest income / operating costs	68.53	62.67	71.93	80.84	100.35	80.95	80.77	71.72	107.26	77.88
Operating costs										
Labour costs / average assets	1.01	1.02	1.02	1.00	0.90	0.85	0.86	0.82	0.87	0.84
Other costs / average assets	0.80	0.78	0.73	0.77	0.77	0.69	0.72	0.72	0.77	0.68
Asset quality										
Impairments of financial assets	5.38	4.09	2.64	1.53	1.59	1.14	1.38	1.15	/	/
** Gross income / average assets*										

* Gross income / average assets

Source: Banka Slovenije

3.1 Bank interest rates

Table 4: **Comparison of interest rates on new variable-rate loans in Slovenia with the euro area overall**

	Interest rate	Loans								Deposits			
		Households				Corporates				Households			
		Housing		Consumer		up to EUR 1m		over EUR 1m		up to 1 year		over 1 year	
v %	ECB	EMU	SLO	EMU	SLO	EMU	SLO	EMU	SLO	EMU	SLO	EMU	SLO
dec.16	0.00	1.8	2.0	4.7	4.2	2.3	3.5	1.4	1.1	0.4	0.2	0.5	0.5
dec.17	0.00	1.7	2.0	4.5	4.4	2.1	3.6	1.3	1.1	0.3	0.1	0.5	0.5
dec.18	0.00	1.6	1.9	4.9	4.6	2.0	3.2	1.3	0.7	0.3	0.2	0.5	0.6
dec.19	0.00	1.5	1.8	5.4	4.6	1.9	3.3	1.2	0.9	0.2	0.2	0.5	0.3
dec.20	0.00	1.3	1.8	5.0	4.5	1.8	3.1	1.3	0.3	0.2	0.1	0.5	0.3
dec.21	0.00	1.3	1.6	5.1	4.7	1.7	2.2	1.1	1.1	0.2	0.0	0.5	0.2
jan.22	0.00	1.3	1.5	5.6	4.7	1.8	2.1	1.2	1.7	0.2	0.0	0.4	0.2
feb.22	0.00	1.4	1.6	5.4	4.7	1.7	2.0	1.1	2.7	0.2	0.0	0.4	0.2
mar.22	0.00	1.4	1.5	5.5	4.7	1.7	1.9	1.2	1.2	0.2	0.0	0.4	0.1
apr.22	0.00	1.4	1.5	5.8	4.5	1.8	2.0	1.2	0.7	0.2	0.0	0.5	0.1

Note: Household deposits are itemised by maturity, irrespective of type of remuneration (fixed-rate and variable-rate deposits are combined).
Sources: Banka Slovenije, ECB

Table 5: **Comparison of interest rates on new fixed-rate loans in Slovenia with the euro area overall**

	Loans							
	Households				Corporates			
	Housing		Consumer		up to EUR 1m		over EUR 1m	
v %	EMU	SLO	EMU	SLO	EMU	SLO	EMU	SLO
dec.16	1.8	2.6	5.5	6.0	2.0	3.2	1.6	2.2
dec.17	1.9	2.9	5.4	6.1	2.0	3.4	1.5	1.8
dec.18	1.9	2.9	5.5	6.2	2.0	3.3	1.6	1.5
dec.19	1.4	2.7	5.3	6.2	1.7	3.5	1.4	1.1
dec.20	1.3	2.2	5.1	6.0	1.7	3.3	1.3	1.7
dec.21	1.3	1.7	5.1	6.0	1.6	2.2	1.2	1.2
jan.22	1.3	1.7	5.3	6.0	1.7	2.6	1.3	1.1
feb.22	1.4	1.7	5.3	6.0	1.8	2.7	1.5	1.7
mar.22	1.5	1.7	5.3	5.9	1.8	2.4	1.5	1.4
apr.22	1.6	1.8	5.4	6.0	1.9	2.5	1.6	1.3

Sources: Banka Slovenije, ECB

4.1 Quality of the banking system's credit portfolio

Table 6:[19] **Non-performing exposures by customer segment**

	Exposures		Non-performing exposures (NPEs)							
	EUR million	in %	EUR million				ratio, in %			
	apr.22	apr.22	dec.20	dec.21	mar.22	apr.22	dec.20	dec.21	mar.22	apr.22
NFCs	15,786	29.6	552	347	337	337	3.9	2.3	2.2	2.1
large NFCs	7,914	14.8	227	71	72	71	3.1	0.9	0.9	0.9
SME	7,670	14.4	325	276	265	266	4.7	3.7	3.5	3.5
OFIs	1,718	3.2	8	4	4	4	0.6	0.2	0.2	0.2
Households	12,927	24.2	255	261	256	250	2.1	2.1	2.0	1.9
sole traders	719	1.3	30	27	26	26	4.3	3.9	3.7	3.6
individuals	12,209	22.9	225	233	229	224	2.0	2.0	1.9	1.8
consumer loans	2,531	4.7	84	94	94	91	3.2	3.7	3.7	3.6
housing loans	7,558	14.2	115	114	109	108	1.7	1.6	1.5	1.4
other	2,120	4.0	25	24	25	25	1.3	1.2	1.2	1.2
Non-residents	9,179	17.2	106	30	36	36	1.3	0.3	0.4	0.4
Government	4,158	7.8	8	0	0	0	0.2	0.0	0.0	0.0
Banks and savings banks	1,029	1.9	0	0	0	0	0.0	0.0	0.0	0.0
Central bank	8,514	16.0	0	0	0	0	0.0	0.0	0.0	0.0
Total	**53,347**	**100.0**	**929**	**641**	**629**	**633**	**1.9**	**1.2**	**1.2**	**1.2**

Source: Banka Slovenije

Table 7:[2] **Non-performing exposures to non-financial corporations by sector**

	Exposures		Nedonosne izpostavljenosti (NPE)				NPE ratio			
	EUR million	in %	EUR million				(%)			
	apr.22	apr.22	dec.20	dec.21	mar.22	apr.22	dec.20	dec.21	mar.22	apr.22
Agriculture, forestry, fishing, mining	143	0.9	3	2	2	2	3.2	1.5	1.4	1.4
Manufacturing	4,317	27.3	93	61	61	64	2.3	1.5	1.4	1.5
Electricity, gas, water, remediation	1,632	10.3	9	8	6	6	0.6	0.5	0.4	0.4
Construction	1,530	9.7	61	41	40	41	4.8	2.8	2.7	2.7
Wholesale and retail trade	2,737	17.3	208	75	73	71	8.2	2.8	2.7	2.6
Transportation and storage	1,694	10.7	25	19	19	19	1.5	1.3	1.1	1.1
Accommodation and food service	563	3.6	61	77	80	79	9.8	13.3	14.1	14.1
Information and communication	609	3.9	5	4	4	4	0.9	0.7	0.6	0.6
Financial and insurance activities	204	1.3	0	0	0	0	0.0	0.1	0.1	0.0
Real estate activities	706	4.5	24	6	6	5	4.1	0.9	0.8	0.8
Professional, scientific and technical	1,397	8.8	50	43	41	40	3.7	2.9	2.9	2.9
Education, health, public admin.	146	0.9	5	4	4	4	3.8	2.8	2.6	2.6
Arts, recreation and entertainment	108	0.7	7	6	2	2	6.5	5.2	1.7	1.6
Total	**15,786**	**100.0**	**552**	**347**	**337**	**337**	**3.9**	**2.3**	**2.2**	**2.1**

Source: Banka Slovenije

[19] The data on non-performing exposures is calculated on the basis of the banks' modified reporting under the Guidelines for implementing the Regulation on reporting by monetary financial institutions in accordance with the CRD IV and the EBA definition published in Commission Implementing Regulation (EU) 2015/227 (OJ L 48 of 20 February 2015).

Table 8: **Breakdown of exposures by credit risk stage and customer segment**

	S1			S2			S3			Exposure to stage 2		
							Share in %			amount, EUR million		
	dec.20	dec.21	apr.22	dec.20	dec.21	apr.22	dec.20	dec.21	apr.22	dec.20	dec.21	apr.22
NFCs	84.7	87.5	88.8	12.3	10.2	9.1	3.0	2.3	2.1	1,743	1,549	1,441
large NFCs	88.4	91.9	92.8	10.0	7.2	6.3	1.5	0.9	0.9	718	527	486
SME	80.9	83.1	84.6	14.6	13.3	12.1	4.6	3.6	3.3	1,026	1,022	955
OFIs	99.2	99.5	99.6	0.3	0.2	0.1	0.6	0.2	0.2	4	3	2
Households	89.4	88.4	89.4	8.5	9.5	8.7	2.1	2.1	1.9	1,010	1,199	1,124
sole traders	84.3	82.3	84.9	11.3	13.8	11.5	4.3	3.9	3.6	78	98	82
individuals	89.7	88.8	89.6	8.3	9.3	8.5	2.0	2.0	1.8	932	1,101	1,042
consumer loans	89.6	85.1	86.3	7.2	11.2	10.1	3.2	3.7	3.6	189	283	255
housing loans	88.3	89.5	90.3	10.0	8.9	8.3	1.7	1.6	1.4	660	644	629
other	94.6	90.5	91.4	4.1	8.3	7.4	1.3	1.2	1.2	83	174	158
Non-residents	94.5	96.8	95.9	4.6	2.9	3.7	1.0	0.3	0.4	366	251	341
Government	99.2	99.1	98.7	0.6	0.9	1.3	0.2	0.0	0.0	33	39	52
Total	**91.9**	**93.0**	**93.2**	**6.5**	**5.8**	**5.6**	**1.6**	**1.2**	**1.2**	**3,166**	**3,060**	**2,994**

Source: Banka Slovenije

Table 9: **Breakdown of exposures to non-financial corporations by credit risk stage and sector**

	S1			S2			S3			Exposure to stage 2		
							Share in %			amount, EUR million		
	dec.20	dec.21	apr.21	dec.20	dec.21	apr.21	dec.20	dec.21	apr.21	dec.20	dec.21	apr.21
Agriculture, forestry, fishing, mining	85.0	91.0	86.8	11.8	7.4	10.0	3.2	1.5	3.2	12	10	10
Manufacturing	80.6	86.8	81.3	17.1	11.7	16.6	2.3	1.5	2.1	681	477	679
Electricity, gas, water, remediation	96.1	96.9	96.4	3.3	2.6	2.9	0.6	0.5	0.7	45	40	40
Construction	84.5	90.8	88.4	10.7	6.5	7.9	4.8	2.7	3.7	136	95	105
Wholesale and retail trade	88.0	89.2	89.8	8.2	7.9	6.8	3.8	2.8	3.5	199	210	174
Transportation and storage	93.8	92.2	93.9	4.7	6.5	4.7	1.5	1.3	1.4	78	100	77
Accommodation and food service	44.1	32.8	41.9	46.7	54.4	48.4	9.2	12.7	9.7	288	315	305
Information and communication	92.1	96.8	91.8	7.0	2.5	7.4	0.9	0.7	0.8	39	16	43
Financial and insurance activities	99.1	95.7	99.3	0.8	4.2	0.5	0.0	0.1	0.2	1	5	0
Real estate activities	86.1	91.0	86.7	9.7	8.0	9.9	4.1	0.9	3.5	56	51	55
Professional, scientific and technical	85.5	86.6	87.3	10.8	10.5	9.2	3.7	2.9	3.5	145	155	129
Education, health, public admin.	85.4	88.6	87.0	10.8	8.6	9.6	3.8	2.8	3.5	15	13	13
Arts, recreation and entertainment	47.8	38.6	43.6	45.7	56.2	50.7	6.5	5.2	5.7	48	61	55
Total	**84.7**	**87.5**	**85.7**	**12.3**	**10.2**	**11.6**	**3.0**	**2.3**	**2.8**	**1,743**	**1,549**	**1,684**

Source: Banka Slovenije

Table 10: Coverage of NPEs and credit risk stages by impairments and provisions by customer segment

	Credit risk stages									NPE		
(in %)	**S1**			**S2**			**S3**					
	dec.20	**dec.21**	**apr.22**	**dec.20**	**dec.21**	**apr.22**	**dec.20**	**dec.21**	**apr.22**	**dec.20**	**dec.21**	**apr.22**
NFCs	0.7	0.4	0.4	5.6	4.4	4.2	52.5	57.2	58.2	46.5	57.4	58.1
OFIs	0.5	0.4	0.3	1.2	1.6	0.8	54.3	92.8	92.6	54.2	92.8	92.6
Households	0.3	0.2	0.3	4.7	4.3	4.5	51.2	53.9	54.9	51.1	53.9	54.9
sole traders	1.0	0.9	0.9	5.8	5.1	5.6	46.4	52.6	53.0	46.4	52.8	53.3
individuals	0.3	0.2	0.2	4.6	4.2	4.4	51.8	54.0	55.1	51.7	54.0	55.1
consumer loans	0.6	0.4	0.3	8.4	6.0	6.2	60.9	64.3	65.5	61.0	64.3	65.5
housing loans	0.2	0.2	0.2	3.7	3.9	4.0	43.4	43.5	44.2	43.5	43.5	44.2
other	0.3	0.2	0.2	3.3	2.7	2.9	58.8	62.8	63.5	58.0	63.6	64.4
Non-residents	0.3	0.2	0.2	3.7	4.3	4.1	78.1	77.2	80.9	65.1	77.2	80.9
Government	0.1	0.1	0.1	3.6	2.8	2.8	93.9	92.8	88.2	93.9	92.8	88.2
Total	**0.4**	**0.2**	**0.2**	**5.1**	**4.3**	**4.2**	**55.0**	**57.0**	**58.4**	**50.3**	**57.1**	**58.4**

Source: Banka Slovenije

5.1 Leasing company performance

Table 11: **New leasing business by type of leasing and institutional sector**

		Real estate leasing					Equipment leasing				
		NFCs	Households	Other sectors	Rest of world	Total	NFCs	Households	Other sectors	Rest of world	Total
2016		49.4	4.4	2.4	0.0	56.2	472.4	440.3	1.1	6.3	920.0
2017		39.5	2.8	10.8	2.9	56.0	520.5	477.8	9.6	6.3	1,014.2
2018		9.2	0.3	0.9	0.0	10.5	567.3	510.4	1.3	0.7	1,079.7
2019		5.3	0.1	1.0	0.0	6.4	558.8	531.7	2.2	7.2	1,099.9
2020		6.3	0.3	0.3		6.8	391.2	465.2	3.0	0.7	860.1
2021	mar.	0.2	0.0			0.2	127.6	142.8	0.6	0.3	271.4
	jun.	2.9	0.0			2.9	151.8	157.6	0.7	0.2	310.3
	sep.	0.8	0.1	0.0		0.9	117.3	154.2	0.5	0.6	272.6
	dec.	1.8	0.2	0.0		2.0	134.8	145.9	1.5	0.1	282.3
2022	mar.	0.3	0.1	0.1		0.4	146.1	170.0	5.7	0.1	321.8

Source: Banka Slovenije

Table 12: **Stock of leasing business by type of leasing and institutional sector**

		Real estate leasing					Equipment leasing				
		NFCs	Households	Other sectors	Rest of world	Total	NFCs	Households	Other sectors	Rest of world	Total
2016		556.5	59.9	52.5	3.2	672.2	710.6	933.4	3.7	23.7	1,671.3
2017		468.8	49.2	44.0	2.0	564.0	816.5	1,018.8	12.5	4.4	1,852.2
2018		286.3	35.8	29.7	1.3	353.1	888.4	1,074.2	14.5	2.6	1,979.7
2019		165.3	27.9	21.8	0.7	215.8	909.1	1,151.0	13.3	7.5	2,080.9
2020		141.8	22.2	12.9	0.1	176.9	847.3	1,173.5	11.9	1.8	2,034.5
2021	mar.	126.8	20.7	12.1		159.7	836.9	1,197.2	12.0	2.0	2,048.1
	jun.	117.4	19.4	11.5		148.3	875.0	1,234.3	12.1	2.2	2,123.5
	sep.	98.2	24.0	12.4		134.5	945.7	1,265.7	11.7	2.6	2,225.7
	dec.	92.4	22.5	9.8		124.7	969.7	1,285.3	12.2	1.6	2,268.8
2022	mar.	88.8	15.9	8.5		113.2	1,067.5	1,331.6	24.7	1.6	2,425.4

Source: Banka Slovenije

Table 13: **New leasing business by type of leasing and maturity**

		Up to 1 year		1 to 5 years		5 to 10 years		Over 10 years		Total		
EUR million		Equipment	Real estate	Equipment	Real estate	Equipment	Real estate	Equipment	Real estate	Equipment	Real estate	All leasing
2016		178.2	31.5	352.8	8.1	385.5	11.8	3.6	4.7	920.0	56.2	976.2
2017		210.8	34.0	368.7	3.8	434.2	2.0	0.4	16.2	1,014.2	56.0	1,070.2
2018		211.7	0.3	371.4	0.5	496.3	2.5	0.4	7.2	1,079.7	10.5	1,090.2
2019		226.9	1.5	371.7	0.3	501.1	1.5	0.3	3.1	1,099.9	6.4	1,106.3
2020		124.1	0.4	319.1	0.3	416.4	0.1	0.5	6.0	860.1	6.8	866.9
2021	mar.	50.1	0.1	85.3		135.9		0.0	0.1	271.4	0.2	271.6
	jun.	54.7	0.6	104.4	0.0	151.2	0.9		1.4	310.3	2.9	313.2
	sep.	33.7	0.8	96.0	0.0	142.4	0.0	0.4	0.1	272.6	0.9	273.5
	dec.	27.2	0.0	109.5	0.3	145.5	1.6	0.1	0.1	282.3	2.0	284.3
2022	mar.	33.9	0.0	120.2	0.1	167.7	0.0		0.2	321.8	0.4	322.2

Source: Banka Slovenije

Table 14: **Stock of leasing business by type of leasing and maturity**

		Up to 1 year		1 to 5 years		5 to 10 years		Over 10 years		Total		
EUR million		Equipment	Real estate	Equipment	Real estate	Equipment	Real estate	Equipment	Real estate	Equipment	Real estate	All leasing
2016		228.2	164.0	1,113.8	290.3	322.9	155.5	6.4	62.3	1,671.3	672.2	2,343.5
2017		251.1	161.4	1,243.3	189.6	353.0	157.5	4.8	55.5	1,852.2	564.0	2,416.2
2018		226.6	106.1	1,332.9	109.2	419.6	102.6	0.7	35.3	1,979.7	353.1	2,332.9
2019		232.8	73.4	1,390.8	59.3	456.6	61.2	0.7	21.8	2,080.9	215.8	2,296.7
2020		186.5	63.5	1,401.3	42.4	446.2	48.7	0.5	22.4	2,034.5	176.9	2,211.5
2021	mar.	180.8	59.9	1,393.3	38.5	473.5	46.4	0.5	14.9	2,048.1	159.7	2,207.8
	jun.	201.7	53.9	1,426.8	35.9	494.3	44.0	0.7	14.6	2,123.5	148.3	2,271.9
	sep.	206.1	52.4	1,511.1	31.6	507.6	36.2	0.8	14.3	2,225.7	134.5	2,360.2
	dec.	198.2	50.8	1,544.3	33.9	525.4	26.5	0.7	13.6	2,268.8	124.7	2,393.5
2022	mar.	208.0	50.4	1,659.1	24.0	557.8	25.4	0.5	13.4	2,425.4	113.2	2,538.5

Source: Banka Slovenije

Table 15: **Stock of real estate leasing business with non-financial corporations by sector**

EUR million		Agri, mining	Manuf	Elec, gas, water	Construct	Trade	Trans, storage	Acco, food	Info, comms	Fin, insur	Real estate	PSTAs, ASSAs	Public services	Total
2016		5.5	27.2	0.9	21.1	204.2	7.3	22.7	7.2	2.8	213.9	18.6	22.3	553.7
2017		0.1	30.0	1.1	25.2	135.9	10.5	19.3	7.1	4.8	158.9	41.3	33.6	467.9
2018			15.0	0.9	8.8	110.0	6.3	12.3	5.1	3.2	66.9	33.4	24.3	286.3
2019			11.4	0.5	4.6	74.7	5.0	8.4	3.1	2.2	13.1	28.5	13.8	165.3
2020			10.5	0.6	4.0	62.5	5.5	5.4	2.1	1.9	12.4	25.1	11.8	141.8
2021	mar.		10.4	0.5	2.8	56.3	0.7	5.3	0.7	1.9	12.0	24.8	11.5	126.8
	jun.		10.2	0.5	2.7	48.9	0.6	5.1	0.7	1.8	11.3	25.0	10.6	117.4
	sep.		9.8	0.5	2.7	34.7	0.6	4.4	0.7	1.7	11.2	24.2	7.8	98.2
	dec.		8.8	0.4	2.6	32.7	0.5	4.4	0.6	1.6	9.6	24.0	7.2	92.4
2022	mar.		9.3	0.4	2.5	30.0	0.4	4.3	1.2	1.5	10.1	23.2	5.9	88.8

Source: Banka Slovenije

Table 16: **Stock of equipment leasing business with non-financial corporations by sector**

EUR million		Agri, mining	Manuf	Elec, gas, water	Construct	Trade	Trans, storage	Acco, food	Info, comms	Fin, insur	Real estate	PSTAs, ASSAs	Public services	Total
2016		11.9	96.7	27.2	65.7	139.1	196.4	52.5	12.3	4.4	4.9	66.4	33.1	710.6
2017		8.6	107.1	28.4	73.0	163.4	237.0	46.6	27.5	5.5	4.8	76.0	38.6	816.5
2018		9.4	129.2	17.6	92.8	167.7	289.9	26.3	24.2	4.9	5.6	87.1	33.7	888.4
2019		11.4	134.0	18.0	98.3	183.3	285.3	21.6	23.1	5.3	5.8	92.0	30.8	909.1
2020		11.5	123.7	17.7	102.7	155.8	251.0	17.5	18.2	4.4	6.5	110.4	27.8	847.3
2021	mar.	11.3	116.1	16.7	105.6	154.0	246.6	18.1	17.5	4.4	7.9	111.2	27.6	836.9
	jun.	11.8	118.9	17.0	109.9	160.2	249.7	17.7	18.8	4.4	7.2	130.5	28.6	874.9
	sep.	68.1	115.9	17.4	113.7	160.0	241.2	17.9	14.8	4.2	7.1	156.4	28.9	945.7
	dec.	68.6	116.8	17.3	124.0	155.6	246.1	17.8	14.6	4.3	7.1	168.8	28.8	969.7
2022	mar.	68.0	122.2	17.3	134.5	166.7	249.8	17.0	15.6	4.4	7.2	236.2	28.5	1,067.4

Source: Banka Slovenije

Table 17: **Arrears in real estate leasing business with non-financial corporations by sector**

%	Agri, mining	Manuf	Elec, gas, water	Construct	Trade	Trans, storage	Acco, food	Info, comms	Fin, insur	Real estate	PSTAs, ASSAs	Public services	Overall	Overall (all leasing)
2016	96.6	4.3	0.5	38.7	8.1	1.1	14.2	0.2	4.6	6.3	14.1	12.3	9.6	9.1
2017	63.6	6.3	0.0	41.0	13.9	27.6	23.1	0.2	36.0	6.6	48.3	7.4	15.6	10.6
2018		9.6	1.0	47.9	14.7	2.1	22.4	0.0	1.4	8.4	51.2	5.5	17.1	7.7
2019		11.6	0.0	21.5	21.5	2.3	27.6	0.0	2.2	32.8	74.0	1.1	28.0	7.5
2020		12.6	0.0	22.4	23.0	1.7	39.6	0.0	2.2	33.3	81.4	0.2	30.6	7.8
2021 mar.		12.8	0.0	31.6	25.4	13.3	41.5	0.0	2.3	32.8	82.6	0.4	34.1	8.0
jun.		13.1	0.0	32.8	29.2	14.3	41.5	0.0	2.4	32.6	81.8	0.5	36.6	7.7
sep.		11.5	0.0	33.1	39.4	16.1	47.7	0.0	2.5	33.0	84.5	0.5	42.9	7.1
dec.		12.6	0.0	34.6	38.6	16.7	48.5	0.0	2.6	38.3	85.3	0.2	44.4	6.9
2022 mar.		8.5	0.0	35.2	41.9	3.4	47.5	0.0	2.6	36.4	88.2	0.2	45.6	6.2

Source: Banka Slovenije

Table 18: **Arrears in equipment leasing business with non-financial corporations by sector**

v %	Agri, mining	Manuf	Elec, gas, water	Construct	Trade	Trans, storage	Acco, food	Info, comms	Fin, insur	Real estate	PSTAs, ASSAs	Public services	Overall	Overall (all leasing)
2016	13.3	7.9	15.8	26.7	6.9	2.0	10.3	9.0	20.7	20.9	8.5	7.8	8.6	9.1
2017	7.8	8.1	13.7	15.8	5.8	5.6	5.4	3.9	8.8	13.5	6.2	15.4	7.7	10.6
2018	5.4	5.6	6.7	10.9	3.0	4.4	2.4	4.4	0.9	3.5	1.8	4.1	4.7	7.7
2019	4.6	5.3	6.0	4.2	2.4	4.4	1.9	4.6	0.5	1.5	1.4	4.4	3.8	7.5
2020	4.3	5.3	6.1	3.9	2.6	5.2	7.2	5.7	0.5	2.9	0.6	5.0	4.0	7.8
2021 mar.	4.4	5.5	6.4	3.7	2.7	5.2	7.8	5.9	0.5	2.2	0.5	4.5	4.0	8.0
jun.	4.1	5.4	6.2	3.7	2.3	5.2	8.0	5.5	0.5	2.4	0.5	4.4	3.8	7.7
sep.	0.7	5.4	6.1	3.4	1.9	5.4	6.4	6.8	0.5	2.4	0.4	4.4	3.4	7.1
dec.	0.7	5.5	5.9	3.1	1.8	5.4	5.2	7.1	0.5	2.4	0.3	4.4	3.3	6.9
2022 mar.	0.7	5.2	6.0	2.9	1.7	5.3	5.5	6.7	0.5	2.4	0.2	4.4	3.0	6.2

Source: Banka Slovenije

Table 19: **Repossessions (new leasing business)**

		Finance leases		Operating leases		Loans		Total	
EUR milion		Real estate	Equipment	Real estate	Equipment	Real estate	Equipment	Real estate	Equipment	Real estate and Equipment
2016		8.8	3.9	0.0	1.1	1.4	0.1	10.2	5.1	15.3
2017		2.9	1.0	0.0	1.0	0.4	0.0	3.3	2.0	5.3
2018		0.0	1.5	0.0	0.8	0.0	0.0	0.0	2.3	2.3
2019		0.0	1.8	0.0	2.2	0.0	0.0	0.0	4.0	4.0
2020		0.0	6.0	0.0	2.1	0.0	0.0	0.0	8.0	8.0
2021	mar.	0.0	1.1	0.0	0.3	0.0	0.0	0.0	1.5	1.5
	jun.	0.0	0.4	0.0	0.2	0.0	0.0	0.0	0.7	0.7
	sep.	0.0	0.2	0.0	0.3	0.0	0.0	0.0	0.5	0.5
	dec.	0.0	1.5	0.0	0.4	0.0	0.0	0.0	1.8	1.8
2022	mar.	0.0	0.3	0.0	0.6	0.0	0.0	0.0	0.9	0.9

Source: Banka Slovenije

Table 20: **Repossessions (stock of leasing business)**

		Finance leases		Operating leases		Loans		Total		
EUR milion		Real estate	Equipment	Real estate	Equipment	Real estate	Equipment	Real estate	Equipment	Real estate and Equipment
2016		70.6	6.4	0.2	0.4	1.4	0.1	72.1	6.9	79.0
2017		53.0	5.2	0.0	0.4	0.0	0.1	53.0	5.7	58.7
2018		38.1	4.8	0.0	0.4	0.0	0.1	38.1	5.3	43.4
2019		31.2	4.6	0.0	0.9	0.0	0.1	31.2	5.6	36.8
2020		28.0	5.1	0.0	0.6	0.0	0.1	28.0	5.7	33.7
2021	mar.	28.0	5.4	0.0	0.4	0.0	0.1	28.0	5.8	33.8
	jun.	27.9	4.4	0.0	0.3	0.0	0.1	27.9	4.8	32.7
	sep.	27.6	4.5	0.0	0.3	0.0	0.1	27.6	4.9	32.5
	dec.	26.7	5.0	0.0	0.4	0.0	0.1	26.7	5.5	32.3
2022	mar.	22.2	3.9	0.0	0.7	0.0	0.1	22.2	4.6	26.8

Source: Banka Slovenije

Table 21:[20] **Leasing companies' performance indicators and funding**

							Growth, %					
	2017	**2018**	**2019**	**2020**	**2021**	**Q1 2022**	**2017**	**2018**	**2019**	**2020**	**2021**	**Q1 2022**
Total assets, EUR million	2,809	2,711	2,548	2,377	2,488	2,627	5.0	-3.5	-6.0	-6.7	4.7	10.4
Shareholder equity, EUR million	479	527	551	439	481	514	19.7	10.0	4.6	-20.3	9.5	13.5
Net profit, EUR million	82	88	124	44	50	14	62.1	6.8	41.4	-64.3	12.6	33.2
ROA, %	3.0	3.1	4.6	1.8	2.1	2.2						
ROE, %	19.8	17.2	22.3	9.4	11.0	11.4						
Financial and operating liabilities, EUR million	2,259	2,133	1,947	1,895	1,966	2,073	3.2	-5.6	-8.7	-2.6	3.7	10.5
liabilities to banks and undertakings in group / total assets, %	80	79	76	80	79	79						
Investment property	389	362	69	39	36	36	-31.5	-7.0	-80.8	-43.8	-6.8	-17.1
investment property / assets, %	14	13	3	2	1	1						
Finance expenses from impairments and write-offs, EUR million	54	43	34	45	34	8	-11.4	-21.4	-20.2	32.7	-24.0	-23.7

Source: Banka Slovenije

[20] A new leasing company has been included in the reporting as of this year, and its financial year differs from the calendar year.

6.1 Loans subject to a moratorium as a result of the Covid-19 pandemic

Table 22: **Loans subject to a moratorium as at 30 April 2022 by customer segment**

	Total loans, EUR million	Loans under moratoria, EUR million	in % of total loans	Loans under legislative moratoria, EUR million	in % of total loans	Loans under bilaterally agreed moratoria, EUR million	in % of total loans
	(1)	(2)	(3)=(2)/(1)	(4)	(5)=(4)/(1)	(6)	(7)=(6)/(1)
Central banks and credit institutions	11,279	0	0.0	0	0.0	0	0.0
Other financial organizations	1,966	9	0.5	0	0.0	9	0.5
Government	1,474	0	0.0	0	0.0	0	0.0
Non-financial corporations	11,467	1,422	12.4	1,153	10.1	269	2.3
large companies	4,924	491	10.0	461	9.4	31	0.6
micro, small and medium-sized	6,543	931	14.2	692	10.6	239	3.6
Households	11,898	473	4.0	440	3.7	33	0.3
sole traders	617	70	11.3	54	8.8	16	2.5
other households	11,280	403	3.6	386	3.4	17	0.2
Total	**38,084**	**1,905**	**5.0**	**1,593**	**4.2**	**312**	**0.8**

Note: The on-balance-sheet exposures of banks, savings banks and bank branches are illustrated. Includes loans approved to non-residents. Loans subject to a moratorium are loans where the banks have granted the borrowers a moratorium on repayments under the loan agreement, irrespective of whether the moratorium has now expired or not.
Source: Banka Slovenije

Table 23: **Loans to non-financial corporations subject to a moratorium as at 30 April 2022 by sector**

	Total loans, EUR million	Loans under mora-toria, EUR million	in % of total loans	Loans under legis-lative mora-toria, EUR million	in % of total loans	Loans under bilaterally agreed mora-toria, EUR million	in % of total loans	Newly approbved loans as result of the Covid-19 epidemic, EUR million	in % of total loans
	(1)	(2)	(3)=(2)/(1)	(4)	(5)=(4)/(1)	(6)	(7)=(6)/(1)	(8)	(9)=(8)/(1)
Agriculture, forestry and fishing	55	1	2.4	1	1.7	0	0.7	1	1.6
Mining and quarrying	89	7	8.2	3	3.0	5	5.2	1	0.9
Manufacturing	3,200	469	14.6	429	13.4	39	1.2	112	3.5
Electricity, gas, remediation	945	1	0.1	1	0.1	0	0.0	0	0.0
Water supply	140	12	8.6	10	7.1	2	1.5	0	0.1
Construction	650	49	7.5	25	3.9	24	3.6	12	1.8
Wholesale and retail trade	1,856	126	6.8	107	5.8	19	1.0	33	1.8
Transport and storage	1,304	87	6.7	76	5.9	11	0.8	21	1.6
Accommodation and food service	559	289	51.7	222	39.8	67	12.0	35	6.3
Information and communication	506	24	4.7	21	4.2	2	0.5	5	1.1
Financial and insurance	206	0	0.2	0	0.0	0	0.1	0	0.0
Real estate activities	819	179	21.8	112	13.7	66	8.1	0	0.0
Professional, scientific and tech.	702	49	7.0	46	6.6	3	0.4	7	1.0
Administrative and support service	172	24	14.1	14	8.0	10	6.1	9	5.5
Public admini., defence, soc. sec.	1	1	64.5	1	64.5	0	0.0	0	0.0
Education	20	9	43.2	2	10.8	6	32.3	0	0.8
Health and social security	151	42	28.1	34	22.3	9	5.8	1	0.5
Arts, entertainment and recreation	74	49	65.9	46	61.6	3	4.4	1	0.8
Other services	18	4	21.7	2	11.2	2	10.5	0	2.5
Total	**11,467**	**1,422**	**12.4**	**1,153**	**10.1**	**269**	**2.3**	**238**	**2.1**

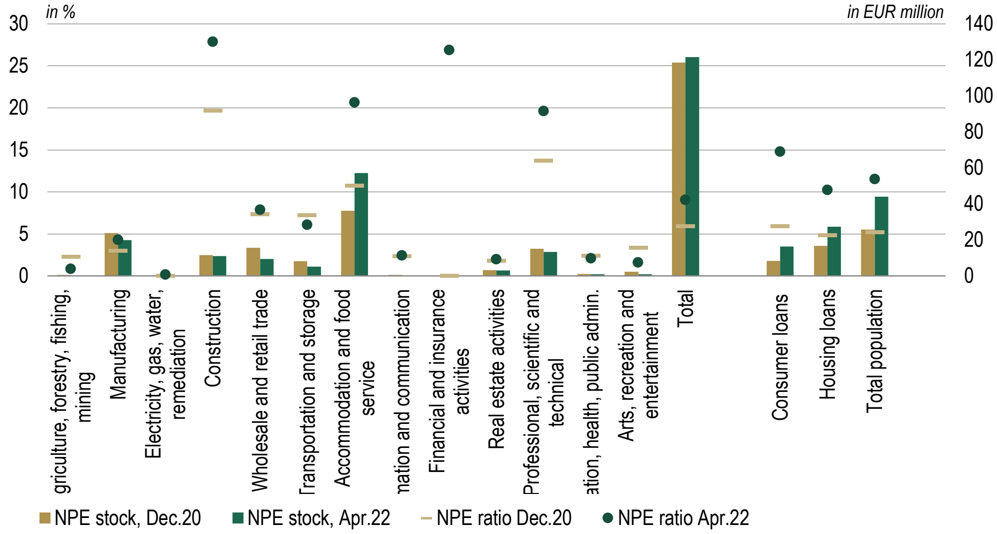
Note: The on-balance-sheet exposures of banks, savings banks and bank branches are illustrated. Includes loans approved to non-residents. Loans subject to a moratorium are loans where the banks have granted the borrowers a moratorium on repayments under the loan agreement, irrespective of whether the moratorium has now expired or not.
Source: Banka Slovenije

Table 24: **Loans subject to a moratorium as at 30 April 2022 by sector, including breakdown by expiry of moratorium**

	Loans under legislative moratoria, in mio EUR	Loans under bilaterally agreed moratoria, in mio EUR	Of which: expired mora-toria, in mio EUR	in % of 'loans under legislative moratoria	Of which: active moratoria, in mio EUR	in % of 'loans under bilaterally agreed moratoria	Of which: Residual maturity of mora-toria up to 3 months	Of which: Residual maturity of mora-toria up to 3 months	Of which: Residual maturity of mora-toria up to 3 months.	Of which: Residual maturity of mora-toria up to 3 months
	(1)	(2)	(3)	(4)=(3)/(2)	(5)	(6)=(5)/(2)	(7)	(8)	(9)	(10)
Agriculture, forestry and fishing	1	0	0	100.0	0	0.0	0	0	0	0
Mining and quarrying	3	5	5	100.0	0	0.0	0	0	0	0
Manufacturing	429	39	39	98.7	1	1.3	0	0	0	0
Electricity, gas, remediation	1	0	0	0.0	0	0.0	0	0	0	0
Water supply	10	2	2	100.0	0	0.0	0	0	0	0
Construction	25	24	24	100.0	0	0.0	0	0	0	0
Wholesale and retail trade	107	19	19	100.0	0	0.0	0	0	0	0
Transport and storage	76	11	11	98.5	0	1.5	0	0	0	0
Accommodation and food service	222	67	61	91.1	6	8.9	1	0	2	2
Information and communication	21	2	2	100.0	0	0.0	0	0	0	0
Financial and insurance activities	0	0	0	100.0	0	0.0	0	0	0	0
Real estate activities	112	66	66	100.0	0	0.0	0	0	0	0
Professional, scientific and tech.	46	3	3	100.0	0	0.0	0	0	0	0
Administrative and support service	14	10	10	99.0	0	1.0	0	0	0	0
Public admini., defence, soc. sec.	1	0	0	0.0	0	0.0	0	0	0	0
Education	2	6	6	100.0	0	0.0	0	0	0	0
Health and social security	34	9	9	100.0	0	0.0	0	0	0	0
Arts, entertainment and recreation	46	3	2	68.8	1	31.2	0	0	1	0
Other services	2	2	2	100.0	0	0.0	0	0	0	0
Total	**1,153**	**269**	**262**	**97.1**	**8**	**2.9**	**2**	**0**	**3**	**2**

Source: Banka Slovenije
Note: The on-balance-sheet exposures of banks, savings banks and branches of Member State banks are illustrated. Includes loans approved to non-residents.

Figure 5: **NPEs in exposures subject to a moratorium by NFCs sector and by type of household loan**



Source: Banka Slovenije