BANKA SLOVENIJE

EVROSISTEM

Financial Stability Review

Data to June 2026

October 2026

BANKA SLOVENIJE

EVROSISTEM

Title: Financial Stability Review,

Issue: October 2026

Issued by:
Banka Slovenije
Slovenska 35, 1505 Ljubljana, Slovenia
www.bsi.si

The figures and text herein may only be used or published if the source is cited.

Includes data available by 30 June 2026, unless stated otherwise.

The material was discussed at the meeting of the Governing Board of Banka Slovenije on 6 October 2026.

© Banka Slovenije

ISSN 1581-9760

The Financial Stability Review is based on data in which, due to incomplete reporting, missing values for June are replaced by the latest available data.

This publication is also available in Slovene.

Foreword



Dear Readers,

This is the new Financial Stability Review, published at a time when the Slovenian banking system, despite high economic, financial, and geopolitical uncertainties in the international environment, remains stable and resilient. In the first half of 2026, geopolitical tensions intensified, financial market volatility increased, and rapid technological development and the broader use of artificial intelligence in the financial sector brought additional challenges.

Systemic risks remain moderate, with the exception of macrofinancial risks and risks related to information and communication technology, which remain elevated. Banks' resilience to economic shocks is high, and the stability of the banking sector and the real economy is being maintained, even as external shocks intensify.

Macrofinancial risks remain elevated due to unpredictable changes in international financial markets, persistent geopolitical conflicts, and high energy prices. In recent months, volatility has been particularly pronounced in the government bond market, with yields approaching the levels seen after the global financial crisis. The increase in yields is the result of growing doubts about the sustainability of public debt in some developed countries, and increasingly persistent pressures on expected inflation. Public spending in Slovenia and the developed world is rising due to the need to maintain social security, ensure defence, and respond to demands for greater competitiveness and economic sovereignty. This will directly affect international financial flows and the availability of financing, and indirectly also the valuation of Slovenian government bonds.

Domestic economic conditions and the resilience of companies to international uncertainties were reflected in strong economic growth in the second quarter. The high resilience of Slovenian companies to external shocks and the high level of self-financing and foreign financing limit their dependence on domestic bank financing. However, growth in housing and consumer loans remains high, although we expect their growth to moderate due to higher interest rates.

The quality of banks' credit portfolios remains stable, with the NPE ratio stabilising at 1.6%. In the household portfolio, this was supported by low unemployment, wage growth, and high social transfers. Despite expectations of a faster increase in NPEs due to uncertainty among key trading partners and persistent increases in fossil fuel and commodity prices, there was no increase in NPEs in the non-financial corporations portfolio. The economy's resilience to external shocks has allowed us to upgrade the outlook for credit risk to stable for the coming year. However, uncertain conditions in international trade could, if additional administrative restrictions are introduced or further disruptions occur in supply chains for key raw materials, energy, and strategic high-tech products, quickly lead to a deterioration in business conditions for Slovenian companies. We urge banks to closely monitor the operations of their borrowers and to adjust credit portfolio quality assessments in a timely manner, with appropriate impairments and provisions.

Risks in the real estate market remain moderate but with an upward trend. Imbalances and persistent overvaluation of residential real estate are influenced not only by financing and demand factors, but also significantly by supply-side constraints, such as decades of limited investment in housing construction, rising energy and construction material prices, higher labour costs, and a shortage of labour in the construction sector.

The availability and cost of financing will become even more important for companies, households, and the government to be able to function well in the future. Uncertainty in international financial markets and potential corrections in securities prices represent a potential source of shocks that can quickly spread across sectors and countries. Maintaining credibility and confidence in the public finances is crucial for ensuring low financing costs even during periods of turmoil and elevated inflation. Stable credit ratings for the government and corporates are important for the stability of international financial flows, especially at a time of growing demand for long-term financing by increasingly indebted countries and large technology companies.

Stable domestic savings are becoming one of the key factors in financial stability. Banks can actively contribute to this by appropriately remunerating fixed-term deposits. A stable and predictable structure of bank funding is crucial for smooth operations in uncertain circumstances. Increasing the already high share of sight deposits increases banks' sensitivity to potential sudden confidence shocks.

Banks remain a key factor in economic stability. Income risk is low, and bank profitability has been above average for an extended period. The net interest margin remains high, due to the large share of non-interest-bearing sight deposits and the slow pass-through of higher interest rates to deposits. Banks' capital and liquidity resilience remain satisfactory. Nevertheless, it is expected that banks' income conditions will gradually become more challenging and less predictable in the future, especially due to rising systemic risks related to information and communication technology, particularly in the area of artificial intelligence. Managing these risks will require additional investment and adaptation of business processes.

Banka Slovenije maintains a preventive stance in macroprudential policy. Key instruments remain in place, and their calibration has been assessed as appropriate with the proposed adjustment to the minimum creditworthiness amount. Instruments will be adjusted as necessary to ensure system stability and resilience.

The Slovenian banking system is in good financial condition and demonstrates a high degree of resilience. Current circumstances require constant vigilance and readiness for swift action by all stakeholders. The key challenges ahead will be managing external shocks, adapting to new technological challenges, and maintaining confidence in the stability of the banking system. Banka Slovenije remains committed to open dialogue and cooperation with all key stakeholders to jointly preserve the stability and resilience of the Slovenian banking system.

Tina Žumer,
Vice-Governor, Banka Slovenije

Contents

Summary 7

1 Key risks to Financial Stability 11

1.1 Macrofinancial risks 11
Risks arising from the international environment 11
Risks arising from the domestic environment 13
1.2 Risk inherent in the real estate market 15
Residential real estate market 15
Commercial real estate market 18
1.3 Funding risk 19
Sources of funding 20
Deposit maturities and the maturity gap between assets and liabilities 22
1.4 Interest rate risk 24
Interest rate sensitivity of banks 24
Interest rates 26
1.5 Credit risk 28
Non-performing exposures and credit risk stages 29
Exposure to companies in bankruptcy and companies with frozen accounts 32
Bank credit standards and interest rates 34
Coverage by impairments, provisions, and collateral 35
1.6 Income risk 36
Gross and net income in the banking system 36
Net interest and non-interest income 37
Operating costs 39
Expected income trends in the second half of 2026 39
Comparison with EU and euro area countries 40
Box 1: **The importance of card operations to fee and commission income in the Slovenian banking system** 43
1.7 ICT risks 45
Box 2: **Artificial intelligence and the future of cybersecurity** 48
1.8 Climate risk 51
Box 3: **Earthquake risk analysis** 54

2 Resilience of the Banking System 59

2.1 Solvency and profitability 59
Solvency 59
Profitability 61
Comparison of bank profitability in Slovenia, the EU, and the euro area 63
2.2 Liquidity 64

3 Households and Non-Financial Corporations 67

3.1 Households 67
Consumer sentiment and household financial assets 67
Household indebtedness and housing cost burden 68
Box 4: **The puzzle of co-holding low-interest deposit accounts and high-cost debt** 71

Box 5: **Household loan repayment burden relative to their financial position based on data from the Statistics on Income and Living Conditions** 74
3.2 Non-financial corporations 78
Financing and indebtedness of NFCs 78
NFCs' financial assets 81
Bankruptcies and current account freezes among NFCs 82
Box 6: **NFCs' demand for bank loans** 83

4 Non-Bank Financial Institutions 86
4.1 Leasing companies 86
4.2 Insurers 88
4.3 Mutual funds 91

5 Macroprudential Policy for the Banking System and Leasing Companies 94
Purpose of macroprudential policy 94
Overview of macroprudential policies in Europe 95
Macroprudential policy of Banka Slovenije 97
Macroprudential restrictions on consumer lending 98
Other systemically important institutions (O-SIIs) 103
Countercyclical capital buffer 103
Systemic risk buffer 103

6 Appendix 106
6.1 Description of abbreviations 125

Summary

Risks to the Slovenian financial system remain stable, predominantly moderate, with stable outlooks. However, elevated macrofinancial risks stand out, with their outlook remaining negative despite currently encouraging data for economic activity. In addition to the wars in Ukraine and the Middle East and ongoing trade tensions, the recent marked increase in government bond yields is further intensifying risks amid limited fiscal space, both for Slovenia and many other countries. Cyber risk also remains a key concern, with monitoring now expanded to cover the entire field of information and communication technology (ICT). The corresponding risk category in the risk and resilience dashboard has therefore been renamed to reflect the broader scope. The risk assessment remains unchanged: ICT risk is elevated and increasing, driven by cyber threats, heightened geopolitical risk and the potential misuse of advanced artificial intelligence models. Credit risk is assessed as moderate, with the outlook revised to stable, as portfolio quality did not deteriorate in the first half of the year despite the challenging economic environment, and the share of exposures in the increased credit risk group remained unchanged. Assessments of other risks have not changed and remain low to moderate, with stable outlooks. Risks inherent in the real estate market are continuing to build up, particularly due to high year-on-year growth in housing loans, overvaluation of residential property, and further expected increases in property prices.

The banking system's resilience to systemic risks remains high and stable. The solvency of the banking system declined slightly in the second quarter but remains sound. Profits are gradually strengthening compared with last year, increasing the potential for further improvement in capital adequacy. The liquidity of the banking system has decreased somewhat recently, but remains at a high level, maintaining strong resilience to funding risk.

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

	2021	2022	2023	2024	2025				2026			Trend of change
	Q4	Q4	Q4	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
Systemic risks												
Macrofinancial risks												⇧
Risk inherent in the real estate market												⇧
Funding risk in the banking system												⇨
Interest rate risk in the banking system												⇨
Credit risk in the banking system												⇨
Income risk in the banking system												⇨
Risk inherent in the performance of leasing companies												⇨
ICT risk												⇧
Climate risks												⇨
Resilience to systemic risks												
Solvency and profitability of the banking system												⇨
Liquidity of the banking system												⇨

Colour code:

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 over the next 12 months, and vice-versa, while for resilience it means strengthening, and vice-versa. Macrofinancial risks have been reintroduced into the risk and resilience dashboard, effective the first quarter of 2026, while in the third quarter of 2026 the scope of cyber risks was broadened to encompass all information and communication technology (ICT) risks. The risk and resilience dashboard is based on an 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.

Macrofinancial risks are assessed as elevated, with a negative outlook. Despite more favourable economic growth in Slovenia and the euro area in the first half of 2026, risks remain high and are increasing. Contributing factors include the wars in Ukraine and the Middle East, trade tensions, persistently high energy prices, the recent notable rise in government bond yields and associated increase in sovereign borrowing costs, limited fiscal space, and the potential for corrections in financial markets.

The risk to financial stability inherent in the real estate market is moderate but increasing. Year-on-year growth in rents and overvaluation of real estate have risen further, while quarterly growth in residential property prices has slowed. Real estate prices are being driven by excess demand relative to limited supply, and recently also by ongoing growth in construction costs, which has been further exacerbated by tensions in the Middle East and the resulting higher prices of energy and commodities. Online data on real estate listings indicate a stabilisation of both supply of and demand for residential properties, a trend that is expected to continue in the second half of the year.

Funding risk remains moderate with a stable outlook. The stock of deposits by the non-bank sector increased further by mid-2026, mainly due to inflows from households, which remain the main source of bank funding. Despite a slight increase in deposit interest rates, the majority of savings are still held in sight deposits (82%), which, together with the expansion of digital banking and the availability of alternative investment options, increases the risk of rapid deposit outflows. Any sudden large shifts in deposits could affect the stability of individual banks or the banking system. Monitoring saving habits and adjusting deposit product offerings are key to maintaining the stability of this funding source.

Interest rate risk in the banking system is also moderate and stable. Recently, the share of fixed-rate loans (now 52%) and the average maturity of loans to the non-bank sector have increased, while primary liquidity has decreased with banks increasing investments in long-term securities. These changes have extended the repricing period for assets and, with no changes for liabilities, have increased banks' sensitivity to interest rate changes. Banks have also further strengthened their hedging against interest rate risk in the banking book through greater use of interest rate swaps.

Credit risk remains moderate, while the outlook has been upgraded to stable. After last year's deterioration in the non-financial corporations segment, which remained limited to a few companies, banks have restructured exposures, established additional collateral, and improved coverage of claims against these companies, while exposure to companies in bankruptcy remained low. Favourable labour market conditions and the good financial position of households contributed to stable NPE ratios, even as household lending continued to grow.

Income risk remains low with a stable outlook. Net interest income and total bank income have remained relatively high for the fourth year in a row, with the net interest margin also remaining above average despite the recent reduction in ECB key interest rates. The large spread between interest rates on the asset and liability sides has widened again following the increase in key interest rates, which has also supported the net interest margin. The favourable income position in the first half of the year was supported by low growth in operating costs. Increases in net non-interest income were driven by dividend income and net fee and commission income. Card transactions, analysed in detail in the accompanying box, represent an important and stable source of fee income for banks, mainly due to the large volume of transactions and the regular use of payment cards for everyday payments.

Risks related to information and communication technology (ICT) in the banking system are elevated and increasing. The new definition of ICT risk includes not only cyber threats, but also technical failures, data loss, and business interruptions due to hardware or software errors at banks or problems at service providers. In the first half of 2026, ICT incidents mainly resulted from server and payment system outages and disruptions at external service providers. The financial damage caused was small. Both segments of ICT risk show elevated risk levels. The operational mapping tool indicates stable risks, but due to persistent cyber threats, geopolitical tensions—which are a major driver of cyberattacks—and potential abuses of advanced artificial intelligence models, the overall outlook for ICT risk remains negative. The box at the end of the chapter also highlights how advances in artificial intelligence structurally increase risks, enabling sophisticated attacks that cannot yet be fully mitigated with existing tools.

Climate risks in the banking system remain moderate and stable. Transition risks remain assessed as moderate, and physical risks as low. The outlook for both segments is stable. Banks' exposure to climate-sensitive sectors increased slightly, mainly due to greater exposure to construction, while carbon indicators improved further due to reduced exposure to energy supply and agriculture. Credit risk in climate-sensitive sectors also improved slightly. Additional analysis at the end of the chapter shows that more than one-third of banks' analysed exposures to households and non-financial corporations are linked to areas with high earthquake risk. This finding underscores the importance of monitoring the geographical concentration of exposures and the quality of collateral, and provides a basis for assessing the possible consequences of a major earthquake for the banking system.

The banking system remains highly resilient in terms of solvency and profitability. Capital adequacy ratios gradually declined in the first half of 2026, but still exceed the euro area average and confirm the high capital strength of the banking system. The decline in capital adequacy ratios was due to growth in risk-weighted exposures (RWA), which was less pronounced in the second quarter. Despite higher impairments and provisions, profitability remains above average. Further prudent allocation of profits to reserves will continue to be crucial for maintaining system stability.

The banking system's liquidity resilience also remains high and stable. Banks continued to redirect free liquid assets into loans to the non-bank sector and into debt securities, which reduced the stock of liquidity and changed its structure. Nevertheless, the ability to cover net liquidity outflows and the stability of longer-term funding remain well above regulatory requirements. Due to differences in liquidity surpluses among banks, careful liquidity management – especially for banks with lower surpluses – will remain crucial for maintaining high resilience.

In the first half of 2026, both the household and non-financial corporations (NFCs) sectors maintained a relatively favourable financial position. For households, high growth in housing loans continued amid improved confidence, while indebtedness remains low compared to the euro area. The financial position of NFCs is also favourable. Although debt liabilities increased due to stronger loan growth and increased foreign financing, overall indebtedness remains low due to high levels of equity. Debt servicing capacity remains stable, and demand for investment loans also strengthened somewhat in the first half of 2026. Regardless of the observed moderation in bankruptcies and account freezes, increased uncertainty related to energy prices, raw material availability, and rising debt burdens poses a risk to future NFC resilience and financial stability. The chapter on households is complemented by two analyses. The first finds that a relatively small share of households simultaneously hold

deposits and overdrafts. This seemingly irrational phenomenon is more common among higher-income households, who are also more likely to have sufficient funds to cover their overdraft with available deposits. The second finds that, despite low indebtedness and regular repayment, younger and lower-income Slovenian households often perceive loan repayment as a significant burden. Macroprudential measures by Banka Slovenije are successfully limiting credit risk and safeguarding financial stability. The box at the end of the NFCs chapter finds that trends in NFC demand for bank loans and their accessibility over the past decade have been strongly influenced by economic cycles, interest rate changes, and external shocks. The alternation of supportive and constraining factors has been reflected in fluctuations in lending activity and in the changing role of banks in financing the economy.

Conditions in the non-bank financial sector remain favourable. The risk inherent in leasing companies remains low with a stable outlook. In the first half of 2026, these companies recorded growth in new business, mainly in vehicle financing, with stable portfolio quality and stagnation in profit before tax. The insurance sector maintained a sound financial position and high capital adequacy, although faster growth in claims compared with premiums slightly reduced its profitability. Following volatility in the early months of the year, financial markets resumed their upward trend, with major equity indices reaching record highs and net inflows into mutual funds increasing.

Macroprudential policy in Slovenia remains preventive and balanced, with an emphasis on strengthening the resilience of the banking system and preventing the build-up of risks, especially in an environment of elevated macrofinancial risks. Banks continue to meet the requirements of countercyclical and sectoral capital buffers, while systemically important institutions maintain additional capital reserves. Measures in the area of household lending help to limit credit risk and ensure sustainable household indebtedness. Banka Slovenije is currently preparing a proposal to amend the minimum creditworthiness threshold for consumers. A public consultation is ongoing, and a final decision is expected by the end of 2026. The new amount is expected to come into force on 1 January 2027.

1 Key risks to Financial Stability

1.1 Macrofinancial risks

Q2 26 | Q3 26 ⇧

The assessment of macrofinancial risks remains elevated with an upward trend. Global economic activity remained robust in the first half of 2026, while economic activity in the euro area strengthened after a weaker first quarter. Nevertheless, risks in the macrofinancial environment remain high. Yields on government bonds reached new multi-year highs in September, and spreads between yields of euro area countries widened again. Risks from the international environment remain prominent due to the wars in Ukraine and the Middle East, trade tensions, high energy prices, and the potential for a correction in market valuations. Domestic economic growth accelerated further in the second quarter, with domestic demand factors continuing to dominate the growth structure, and stronger exports saw manufacturing also achieve favourable output results. The probability of a systemic crisis in Slovenia, after rising at the start of the war in the Middle East, has declined and remains well below the signalling threshold.

Risks arising from the international environment

Global economic activity remained robust in the first half of 2026. It strengthened further in the first two months of the third quarter, with the negative effects of the war in the Middle East partly offset by increased demand for technology products and services related to advances in artificial intelligence and its applications. The composite PMI for the global economy, after declining at the start of the year due to geopolitical tensions linked to the war in the Middle East, strengthened to 54.3 points by September, indicating the fastest growth in global economic activity since May 2023. Growth was mainly supported by a higher volume of new orders and increased employment. The robustness of the global economy is also reflected in the indices of geopolitical uncertainty and trade policy uncertainty, both of which declined in the last three months, although trade uncertainty rose again at the end of August due to increased tension in trade negotiations between the US and Canada (see Figure 6.1 in the appendix, left).

Economic activity in the euro area remained solid in the second quarter despite heightened geopolitical tensions. After a weaker first quarter, economic activity in the euro area increased by 0.6% in the second quarter, with year-on-year growth reaching 1.2%. In Germany, GDP growth in the second quarter exceeded expectations, and the latest forecasts for 2026 predict 1.2% growth, which would be the highest since 2022. The resilience of the largest euro area economy, despite heightened geopolitical tensions, high energy prices, and disruptions from heatwaves, is an encouraging sign for the euro area. This is also important for Slovenia, which, due to its small size and openness, is highly dependent on foreign demand, with Germany being its most important trading partner. The composite PMI for the euro area rose above the 50-point threshold in July and reached 53.1 in September, the highest in almost three and a half years, with growth strengthening in both services and manufacturing. Confidence indicators, with the exception of construction, improved at the start of the third quarter, and the economic sentiment indicator reached its highest level in seven months in August (see Figure 1.1, right). According to the latest ECB forecasts, euro area economic growth is expected to reach 0.9% this year.[1] Heightened geopolitical tensions are currently reflected in stronger inflationary pressures and expectations of tighter monetary

[1] ECB, September 2026.

policy. According to the latest estimates, inflation in the euro area rose to 3.8% in September. Inflation is expected to remain at 3% this year and to ease to 2.5% in 2027.[2] With expectations that inflationary pressures will persist for longer, the Governing Council of the ECB raised all three key interest rates again in September, following the first increase in June, each time by 25 basis points.

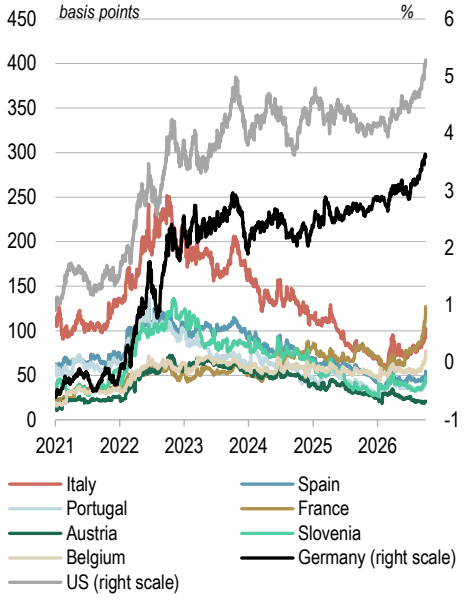
Financial markets remain influenced by the conflict between the US and Iran, new escalations, and uncertainty regarding the progress of negotiations. In commodity markets, energy prices remained elevated and volatile in August, and broader commodity price indices also remained at high levels. Government bond markets represent an important channel for the transmission of negative shocks throughout the global financial system, including to euro area bond markets. Yields on US and German government bonds remain well above pre-conflict levels in the Middle East and reached new multi-year highs in September. After the initial increase at the outbreak of war in February 2026, spreads between euro area government bond yields and German government bonds widened again, most notably in France and Italy. An increase in spreads was also evident in other euro area countries, including Slovenia (see Figure 1.1, left). The renewed widening of spreads is one of the key reasons for maintaining the risk assessment as elevated with a rising outlook, as it reflects persistent fiscal and political risks and increased investor sensitivity to them. If market conditions tighten further, persistently high funding costs could also affect the financing conditions of countries with currently more limited fiscal risks.

Risks in the international environment are more balanced compared with April, but remain elevated. The global economy has so far shown relatively high resilience to the consequences of war, as the impacts on commodity prices, inflation expectations, and financial conditions have so far been limited. This has also been supported by the release of energy reserves, which are approaching multi-year lows, so further reductions could increase the economy's sensitivity to new shocks if supply disruptions persist. Further escalation of the conflict in the Middle East could cause more pronounced fluctuations in commodity prices, additional supply chain disruptions, increased inflationary pressures, and tighter financial conditions. Further escalation of trade tensions, including the introduction of higher tariffs, could dampen international trade and economic activity and increase cost and price pressures. Limited fiscal space and high public debt could, in the event of new shocks, increase the risk of rising government bond yields, tighter financial conditions, and greater refinancing pressures, especially in more-indebted economies. Another major vulnerability is the potential weakening of market expectations regarding the future effects of technological progress, especially artificial intelligence. This could lead to reduced technological investment and a correction of high market valuations, with spillovers to the broader economy through financial linkages. Additional vulnerabilities also arise from increased withdrawals from alternative forms of funding, particularly private debt. Increased investor redemption requests from US private debt funds indicate greater liquidity pressures and the sensitivity of this segment to tighter financial conditions. Conversely, more favourable economic prospects could be supported by a more lasting stabilisation of geopolitical conditions, faster stabilisation of energy markets, and wider adoption of artificial intelligence and its associated productivity effects.

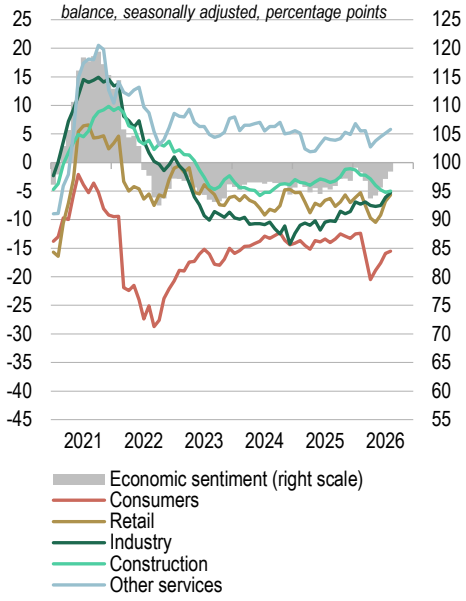
[2] ECB, September 2026.

Figure 1.1: **Yields and spreads on 10-year government bonds and confidence indicators for the euro area**

Yields and spreads on 10-year government bonds



Confidence indicators



Note: In the left chart, data is shown up to 30 September 2026; the spread is calculated as the difference between the yield on a 10-year government bond and the yield on the benchmark (German) bond on a daily basis, reflecting the risks attributed to the country by market participants. In the right chart, confidence indicator data is presented as 3-month or 6-month moving averages (except for the economic sentiment indicator). Indicators are expressed as balance averages. The balance is the difference between the share of positive and negative responses.
Source: Bloomberg, Banka Slovenije calculations, right chart Eurostat and Banka Slovenije calculations.

Risks arising from the domestic environment

Domestic economic growth accelerated further in the second quarter. GDP increased by 1.8% in the second quarter, and year-on-year growth reached 5.0%. After two years of slowing, economic growth in the first half of the year was strong and above the euro area average. The main contributors to growth were domestic consumption and investment, most notably in construction, while improved exports also boosted manufacturing activities.[3] Current trends increase the likelihood of improved economic forecasts, which in the spring still indicated about 2% GDP growth this year.[4] The latest autumn forecast from UMAR, which takes into account second quarter data, now projects 3.8% GDP growth for this year.[5] In 2027, growth is expected to moderate, as some factors supporting investment this year gradually fade, particularly high activity in public infrastructure projects ahead of elections (especially local) and the completion of projects co-financed by European funds under the Recovery and Resilience Plan. At the same time, uncertainty remains due to the still unclear effects of the war in the Middle East. By the end of autumn, the first economic consequences of drought conditions in Europe could also become apparent. After a marked deterioration in confidence indicators in April, economic sentiment gradually improved up to September (see Figure 6.1 in the appendix, right). This was mainly due to a recovery in consumer confidence, which had hit its lowest level since October 2023 in April, and improved conditions in retail trade.

Headline inflation as measured by the HICP has increased this year due to rising energy prices. Although the impact of geopolitical tensions on domestic economic activity remained limited in the first half of the year, their effects quickly manifested in higher inflation. Year-on-year price growth strengthened significantly, reaching a peak

[3] Review of macroeconomic developments, September 2026.
[4] Review of macroeconomic developments with forecasts, June 2026.
[5] UMAR, Autumn Economic Forecast, September 2026.

of 3.8% in May, and after a temporary decline, stood at 3.7% in September. The government's reduction of duties on motor fuels partly mitigated the impact on final consumer prices. In contrast to energy, food price inflation remains relatively low for now, but there is considerable risk of a rise due to delayed effects from higher energy costs and the exceptionally dry summer in Slovenia and elsewhere in Europe. According to Banka Slovenije's June projections, headline inflation is forecast to reach 3.6% in 2026, then to decline to 2.3% in 2027 and 2.0% in 2028.[6] The latest UMAR forecast projects inflation at 3.1% this year.

The domestic banking system remains resilient and stable, although risks to financial stability remain elevated due to tighter international conditions. Geopolitical risks did not affect business conditions for companies, the financial position of households, or debt servicing capacity in the first half of the year, and credit activity remained robust. Lending to the non-bank sector, especially households and NFCs, strengthened further in the first half of 2026 (see Figure 1.2, left). Household lending continues to be the most important segment of loan growth to the non-bank sector. Consumer loan growth remained relatively stable in the first half of the year, while housing loan growth accelerated further in the second quarter amid expectations of interest rate increases.[7] Year-on-year NFC loan growth moderated somewhat in the second quarter compared with the first.[8]

The probability of a systemic crisis in Slovenia declined after the start of the war in the Middle East and remains well below the signalling threshold. The early warning model for Slovenia indicates a 3% probability of a financial crisis in the next 12 months (see Figure 1.2, right). This is well below the signalling threshold[9] of 10.0% and close to the lower bound of the range in which the indicator has moved over the past year. The median estimated risk for the sample of European countries[10] is 2.6% and has declined over the last three months. Currently, none of the countries in the sample exceeds the signalling threshold. In the last year and a half, the estimated risk for Slovenia exceeded the signalling threshold twice due to external shocks: first in April 2025 amid heightened trade tensions, and again in early March 2026 after the outbreak of the war in the Middle East. At that time, a sharp drop in European stock markets and a strong increase in their volatility raised the estimated crisis probability to 10.7% for a few trading days, before it gradually fell back below the threshold as markets recovered. Since then, stock market volatility has declined again, and the yield on 10-year Slovenian government bonds is close to the average of the sample countries, so the difference measured by the model is close to zero. The only factor that deviates somewhat from otherwise calm conditions is the yield curve, which flattened after the ECB's interest rate hike in June, as short-term rates rose more than the yield on 10-year Slovenian government bonds.

[6] Review of macroeconomic developments with forecasts, June 2026.

[7] For more information, see the chapter on households.

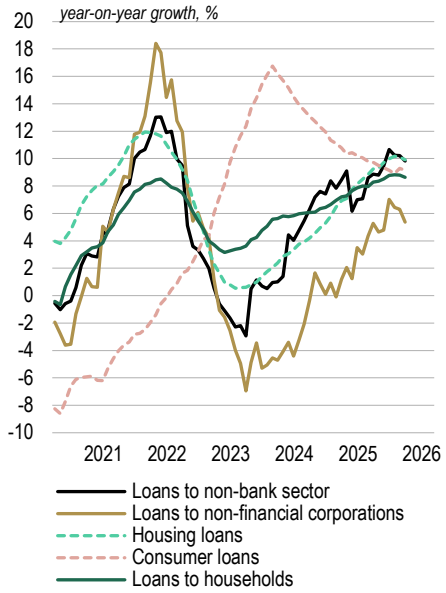
[8] For more information, see the chapter on NFCs.

[9] The signalling threshold takes into account the trade-off between false crisis warnings and missed actual crisis events, assigning much greater weight (0.9) to not missing a real crisis event (relative usefulness criterion, Sarlin, 2013).

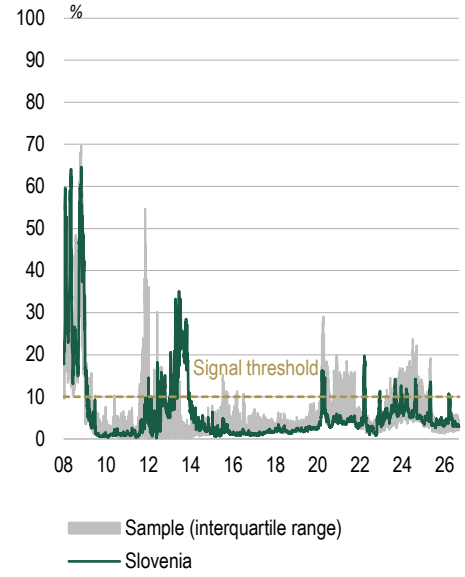
[10] Nineteen euro area countries, plus Denmark and Sweden.

Figure 1.2: **Credit activity and probability of financial crisis**

Credit activity in Slovenia



Probability of a financial crisis in the next one-year period in Slovenia and sample countries



Note: In the right chart, the grey area shows the probabilities for sample countries that fall within one standard deviation of the average. For more information on the methodology, see the Financial Stability Review, October 2022. Latest data: 1 September 2026.
Source: Banka Slovenije.

1.2 Risk inherent in the real estate market

Q2 26 | Q3 26 ⇧

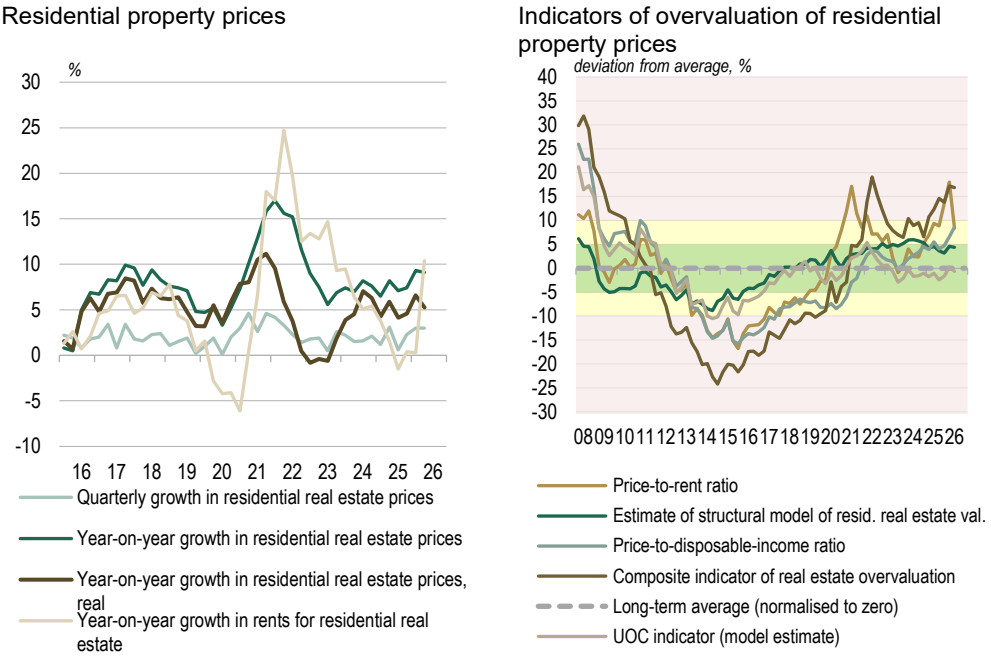
The risk to financial stability inherent in the real estate market remains moderate, with a rising outlook. Amid heightened inflationary pressures, the growth in residential property prices and rents has accelerated. The real estate market is currently characterised by a prolonged, structurally driven shortage of housing supply; as a result, prices are not rising solely due to demand factors, but are also being pushed up by the ongoing increase in construction costs. The construction of new buildings is being hindered by the sharp rise in the cost of construction materials – which has been exacerbated by tensions in the Middle East and the associated higher prices of energy and raw materials – and by the significant increase in labour costs, further intensified by wage growth. This may lead to additional increases in residential property prices. Growth in housing loans has been among the highest in the euro area; however, the monthly volumes of new housing loans have declined somewhat in recent months, as interest rates on housing loans have risen. The volume of loans for commercial real estate has increased slightly, but remains relatively low.

Residential real estate market

The growth in residential property prices and rents has accelerated this year amid heightened inflationary pressures. The year-on-year increase in residential property prices reached over 9% in the first half of 2026, compared with an average of 7.4% over the last three years (see Figure 1.3, left and Figure 6.2 in the appendix, left). The average year-on-year growth rate in the EU was lower than in Slovenia, standing at 5.1% in the first quarter of 2026. Going forward, price growth is expected to continue due to limited supply. After a period of moderation in 2025, the growth in residential rents strengthened significantly in the second quarter of 2026, reaching 10.4%. Based on online data from real estate advertisements, which are used to monitor developments in the real estate market, it is observed that both supply of and demand for residential properties stabilised in the first half of 2026. The data indicates that there were

fewer new advertisements during this period compared with the same period of the previous year, and interest in advertisements – measured by views per individual advertisement – declined over the course of the year. A similar trend continued in the following months.

Figure 1.3: **Residential property prices and indicators of overvaluation of residential property prices**



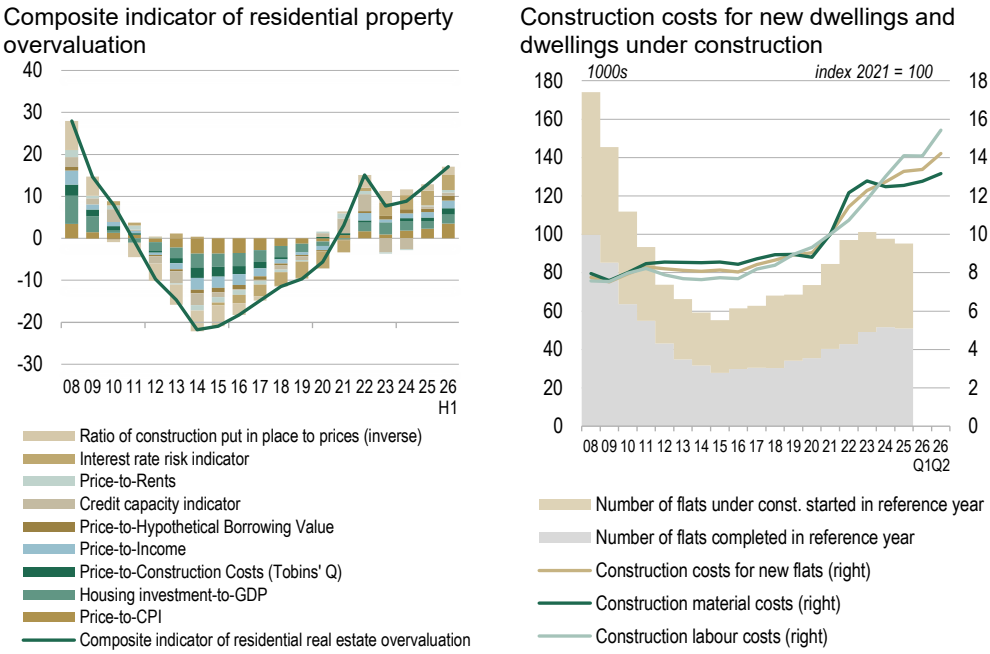
Note: In the right chart, the equilibrium indicators for residential property prices are normalised around their own long-term average, which is set at a value of 0. The deviation of the indicators from the long-term average reflects the overvaluation or undervaluation of residential properties.
Sources: SURS, GURS, Banka Slovenije.

With the accelerated increase in residential property prices, the overvaluation of properties has risen considerably. The overvaluation of residential properties is assessed on the basis of several different indicators, as no single model or ratio can capture all relevant factors; individual indicators show varying levels of overvaluation (see Figure 1.3, right). The composite indicator of property overvaluation[11] (see Figure 1.4, left), which is intended to assess whether residential property prices in Slovenia are aligned with macroeconomic and financial fundamentals or deviate from them, points to a high level of overvaluation. The main contributor to this elevated overvaluation has been the faster growth in property prices compared with the increase in the general price level.[12] Since the end of 2022, the interest rate risk indicator – which measures the impact of changes in interest rates on the real estate market – has contributed significantly to overvaluation, as interest rates have increased substantially, primarily in order to contain rising inflation. This highlights the important role of indicators related to real estate financing, as loan availability has a significant impact on demand. During the period of 2022 to 2024, the ratio of residential investment to GDP also contributed to overvaluation; generally, in periods of intensive construction, this may indicate overheating of the market, although its contribution has decreased in the most recent period. By contrast, the structural model for the valuation of residential properties indicates moderate overvaluation. The model is based on the identification of shocks affecting long-term residential property prices and, on this basis, determines the long-term equilibrium in the market.

[11] Damjanović, M., Lenarčič, Č. (2023). Constructing a house price misalignment indicator: revisited and revamped. MPRA Paper No. 118489. Available at: https://mpra.ub.uni-muenchen.de/118489/

[12] See also the chapter Macroprudential policy for the banking system and leasing companies (see Figure 5.3, left).

Figure 1.4: **Composite indicator of residential property overvaluation and construction costs for new dwellings and dwellings under construction**



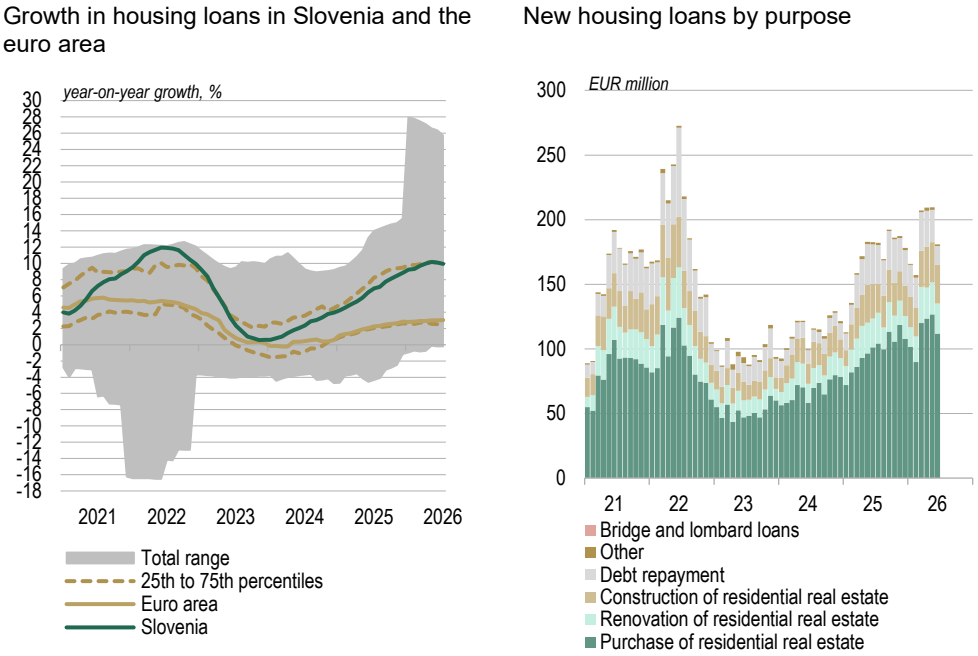
Sources: SURS, ECB SDW, GURS, Banka Slovenije.

Demand for residential properties exceeds supply, particularly in Ljubljana, on the coast, and in other tourist destinations. After nearly three years of decline, residential property sales increased by 30% in 2025, but fell slightly year-on-year in the first half of 2026. Meanwhile, the construction of new buildings is increasingly being constrained by the sharp rise in the cost of construction materials (see Figure 1.4, right), which has accelerated due to tensions in the Middle East and the associated higher prices of energy and raw materials, as well as the substantial increase in labour costs, further intensified by wage growth. In addition, construction capacities are limited, as they are committed to the completion of infrastructure and public projects. In the second quarter of 2026, almost half of construction companies surveyed by SURS cited high material and labour costs as significant limiting factors, compared with just over one-third on average in 2025. In 2025, there were 3.6% fewer dwellings under construction and 1.5% fewer completed dwellings compared with the previous year, and the total floor area of dwellings also declined somewhat (see Figure 1.4, right). Despite the lower overall number of completed dwellings, the number of completed three-room and five-or-more-room dwellings increased. The supply of new residential buildings is also constrained by the shortage and price of building land suitable for residential construction. The share of all transactions involving new properties averaged 4.6% in Slovenia over the last year, which is significantly lower than the average for European countries for which data is available (10.4%).

Structural factors indicate that the supply of residential properties will continue to lag behind demand. The number of residential buildings for which building permits were issued – after a decline in 2024 and 2025 – fell again in the first half of 2026, by 3.5% year-on-year, suggesting that the supply of residential properties will not increase significantly in the future. Confidence in the construction sector remained positive in the first half of 2026 and at a similar level to the same period of the previous year, amid higher construction activity and expectations of rising prices in construction (see Figure 6.2 in the appendix, right). Gross investment in housing increased by 3.9% year-on-year in the first quarter of 2026. In order to reduce administrative barriers and the time required to obtain building permits, the eGraditev system was introduced at the beginning of 2026, digitalising the process of obtaining a building permit. As highlighted by GURS, this will not resolve the issue of insufficient supply of residential properties, as

changes are needed in spatial planning, construction legislation, the provision of utilities infrastructure for building land, and taxes related to real estate.[13]

Figure 1.5: **Growth in housing loans in Slovenia and the euro area and new housing loans by purpose**



Note: In the left chart, the entire range increased in 2026 due to Bulgaria's entry into the euro area.
Sources: Banka Slovenije, ECB Data Portal.

In the Bank Lending Survey (BLS), banks reported that rising interest rates drove a slight decline in demand for housing loans in the second quarter of 2026, and they expected this decrease to continue in the future.[14] Nevertheless, growth in housing loans increased sharply by June 2026 and was among the highest in the euro area (see Figure 1.5, left). Despite rising interest rates, new housing loans increased year-on-year by around a quarter in the first half of 2026, whereas, with falling interest rates in 2025, they increased by about half compared with the previous year (see Figure 1.5, right). Towards the end of the first half of 2026, the monthly volumes of new transactions began to decline compared with the previous period, which may be related to movements in interest rates and the previously strong growth in loans due to expectations of rising interest rates. Of the new housing loans, 60% were intended for the purchase of residential property, 12% for renovation, and 16% for the construction of residential property. Around 11% of housing loans were used for debt repayment, which is considerably less than in 2022, when this share was 22% amid expectations of rising interest rates.

Commercial real estate market

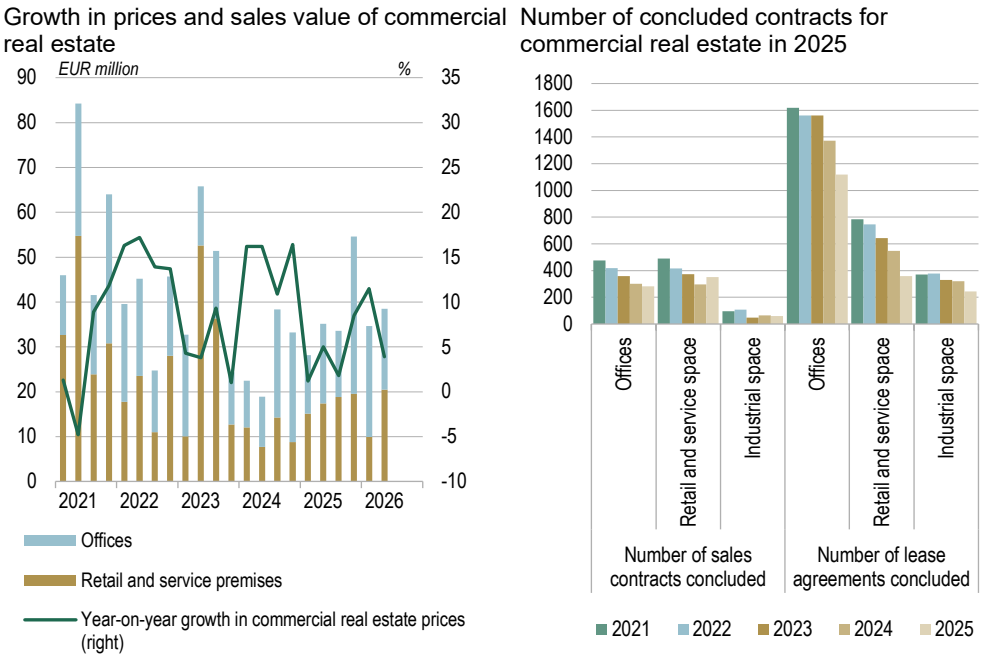
The Slovenian commercial real estate market is small, with a limited number of transactions and a low supply of new commercial properties. In the first half of 2026, year-on-year growth in commercial property prices accelerated following a period of moderation in 2025 (see Figure 1.6, left). The value of sales was slightly below the average of the previous year, when, after several years of decline, it increased by one-third. The stock of loans for commercial real estate increased slightly year-on-year by

[13] GURS (2026): Report on the Slovenian real estate market for 2025.
[14] The BLS survey for Slovenia includes 8 banks. The survey was conducted in March 2026.

June 2026, but remained relatively low at EUR 428 million. The share total loans to NFCs accounted for by these loans stood at 4.2%.

In the commercial real estate market, the rental market, particularly for office space, is also significant (see Figure 1.6, right). According to GURS data, the number of rental transactions fell for the fifth consecutive year in 2025, by around 10%, despite rising rents. The largest decline in rental transactions was observed in retail and service premises, while the smallest decline occurred in office premises. In the office segment, the state administration is an important owner and tenant. Although the share of foreign owners remains relatively low, it is gradually increasing with new construction projects, especially in Ljubljana.

Figure 1.6: **Growth in prices and sales value of commercial real estate and concluded contracts for commercial real estate**



Sources: SURS, Banka Slovenije.

1.3 Funding risk

Q2 26 Q3 26 ⇨

Funding risk remains moderate with a stable outlook. Due to substantial inflows of household deposits, the stock of non-bank sector deposits strengthened up to June of this year and remained the main source of funding for Slovenian banks. Despite a slight increase in deposit interest rates, most savers do not opt for fixed-term deposits; consequently, sight deposits have continued to grow. The banking system thus remains exposed to the risk of unstable funding, which could materialise in the event of an unexpected, rapid and large-scale shift of deposits between banks or out of the banking system, facilitated by freely available deposits and digital banking. Despite the diverse and easily accessible range of alternative investments to bank deposits, deposits remain the main form of savings for most Slovenians, which currently contributes to the stability of this source of funding. Nevertheless, saving habits are gradually changing; therefore, monitoring these trends and making timely adjustments to deposit product offerings to remain competitive are important for ensuring the stability of banking in the future.

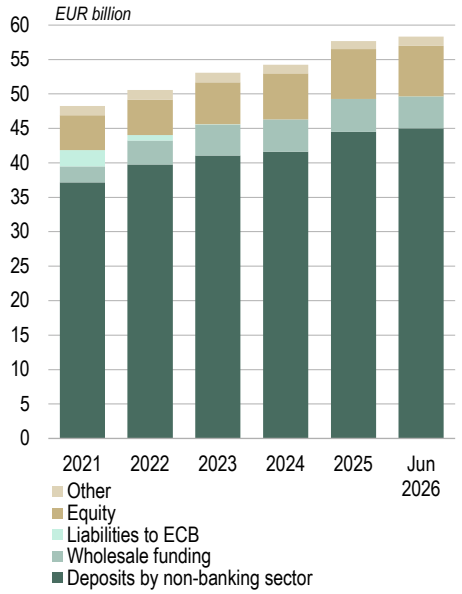
Sources of funding

Deposits from the non-bank sector have remained the dominant source of funding for Slovenian banks as they have increased further (see Figure 1.7, left). The increase in non-bank sector deposits in the first half of 2026, at EUR 439 million, was less than half that seen in the same period last year, but similar to pre-pandemic increases. The increase in non-bank sector deposits was mainly driven by increases in household deposits and deposits by other financial institutions, while deposits by other sectors declined (see Figure 1.8, left). Growth in non-bank sector deposits was outpaced by growth in loans to the non-bank sector, resulting in an increase in the loan-to-deposit ratio (LTD). Although LTD has been gradually rising since 2023, at 72% it remains below the euro area average (87%). This means that Slovenian banks remain less exposed to wholesale funding and to developments in foreign financial markets that could negatively affect the stability of bank funding.

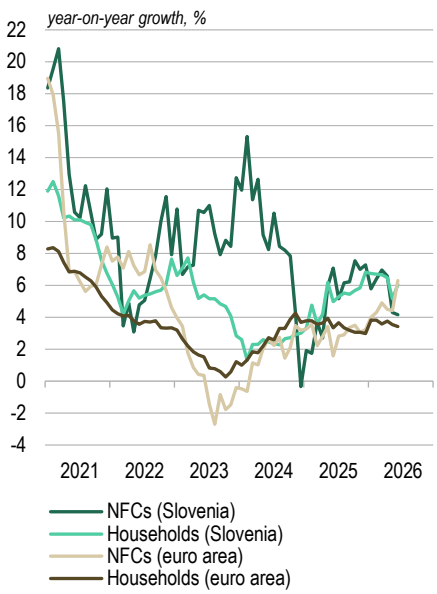
The stock of wholesale funding has decreased due to a reduction in issued debt securities. Some banks repaid issued debt securities early or upon maturity, while only one bank issued a new bond in the first half of 2026. As with previous issuances, the reason for issuing was not the bank's need for additional funding, but rather compliance with requirements regarding own funds and eligible liabilities (MREL). Borrowing from foreign banks increased in the first half of this year, but the rise was limited to only a few banks, some of which borrowed from their parent banks. Given the large stock of non-bank sector deposits, banks do not have significant need for additional wholesale funding, which continues to account for less than one-tenth of total assets.

Figure 1.7: **Sources of funding and growth in deposits by sector**

Sources of funding



Deposit trends by sector for Slovenia and the euro area



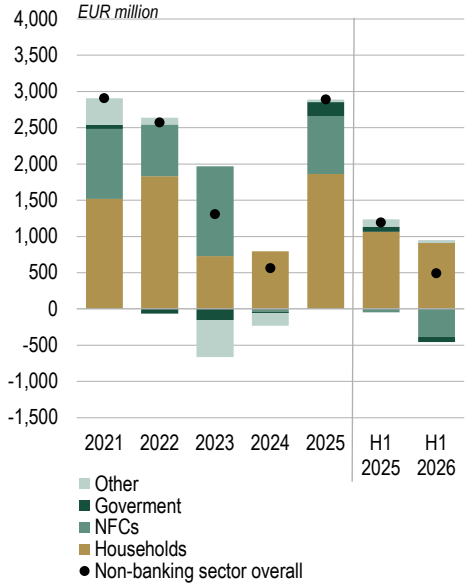
Sources: Banka Slovenije, ECB Data Portal.

Households significantly increased their savings at banks over the first half of this year, similarly to the same period last year. Deposit increases were recorded in every month except March, when some savers allocated part of their savings to the purchase of retail bonds, which were reissued by the government. Nevertheless, as in previous years, the outflow did not exceed 1% of total household deposits. Increased saving was as usual observed in the spring months, coinciding with the payment of

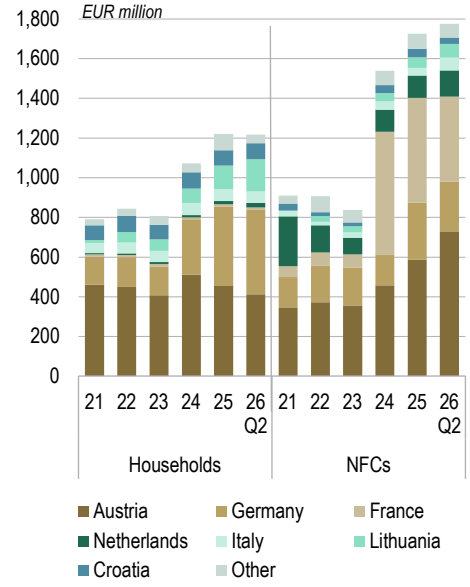
annual leave allowance to employees, annual bonuses to pensioners, and dividend payments. The increased saving was also supported by continuing strong wage growth and higher household disposable income, as discussed in more detail in the chapter Households. The stock of household deposits increased by EUR 911 million in the first half of 2026 (see Figure 1.8, left), and they remain the most important source of funding for Slovenian banks, accounting for half of total liabilities (EUR 30.1 billion). The solid year-on-year growth stood at 6% in June, remaining well above the euro area average, which was just over half as high (see Figure 1.7, right). Modest inflows of deposits are typically observed during the summer months, due to higher household expenditure on leisure activities and purchases associated with the start of the new school year.

Figure 1.8: **Changes in stock of deposits by sector and deposits with foreign banks**

Changes in stock of deposits by sector in individual years



Household and NFC deposits with foreign banks



Note: In the left chart, the category "other" includes deposits by other financial institutions, deposits from non-residents, and deposits from non-profit institutions serving households.
Sources: Banka Slovenije, ECB Data Portal.

Although the saving habits of some households are gradually changing, household deposits remain a stable source of funding for Slovenian banks. The development of digital technology enables savers to quickly and easily access various banking and financial services from domestic and foreign providers, as well as to compare them. Since 2024, increased saving by Slovenian households at banks in other euro area countries has been observed (see Figure 1.8, right), as these banks offer higher interest rates for fixed-term deposits than Slovenian banks. A more profitable and relatively safe alternative to bank savings remains the purchase of Slovenian retail bonds, which have been successfully issued for the third consecutive year. The introduction of individual investment accounts in March, which 10,000 individuals had opened by May of this year,[15] has also encouraged savers to invest in various financial instruments; however, this has not yet had a significant impact on household deposit trends. In addition, household saving in mutual funds is gradually increasing, as discussed in more detail in the chapter on mutual funds. Despite the diverse range of more profitable alternative investments with varying levels of risk, most savers remain relatively passive in managing their savings, which therefore remain in bank accounts. The limited

[15] For more information on individual investment accounts, see https://www.gov.si/novice/2026-05-26-odprtih-ze-10-000-individualnih-nalozbenih-racunov-inr/.

amount of savings held by the majority of savers,[16] the lack of financial literacy for prudent investment decisions, and the unwillingness to take up risk are some of the reasons for this behaviour, which currently contributes positively to the stability of household deposits and thus bank funding.

NFC deposits declined in the first half of the year, similar to the same period in previous years. At the beginning of the year, companies repay maturing commercial loans, and in the spring months they pay dividends to owners and annual leave allowance to employees, which increases liquidity needs and contributes to a reduction in deposits at banks (see Figure 1.8, left). It is also observed that, since 2024, companies have increased saving at banks abroad (see Figure 1.8, right), further reducing the potential for deposit growth at Slovenian banks. Despite a decrease of EUR 387 million, NFCs held EUR 11.3 billion in deposits at Slovenian banks in June, which can be used for current operations or directed towards investment activities. These activities remain subdued due to uncertain geopolitical and economic developments. Year-on-year growth in NFC deposits slowed to 4.2% by June and has been outpaced by the euro area average since May (see Figure 1.7, right).

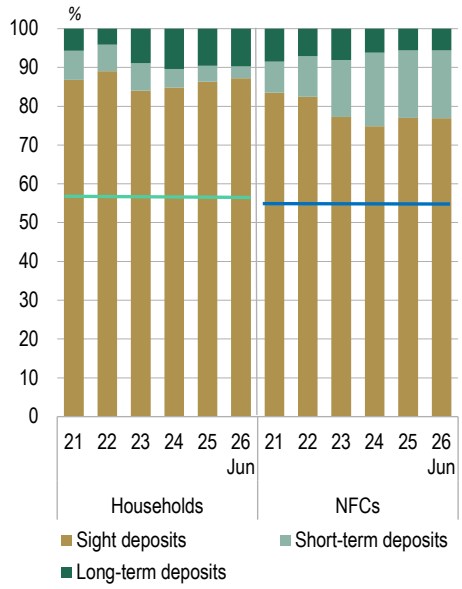
Deposit maturities and the maturity gap between assets and liabilities

Although the trend of declining deposit interest rates reversed this year, sight deposits from the non-bank sector continued to increase. Short-term and long-term interest rates on fixed-term deposits remained low, and well below the euro area average in the first half of this year, despite a slight increase (see Figure 6.2 in the appendix, left and right). With low returns on fixed-term deposits, savers remain reluctant to fix their savings; therefore, despite a slight increase in long-term term deposits by households, the majority of household and NFC deposits remain in sight deposits. Their share, which remains well above the long-term average, increased to a high 87.2% of all household deposits by June this year, while the share for NFC deposits remained almost unchanged at 76.9% (see Figure 1.9, left). Although sight deposits from households and NFCs increased in more than two-thirds of euro area countries during this period, Slovenia stands out with the highest share of such deposits in total (see Figure 1.10, left). As Slovenia also continues to stand out with the highest share of household and NFC deposits in total assets, it remains, compared with other countries where this source of funding is less important, more exposed to the risk of a potential sudden and significant outflow of deposits.

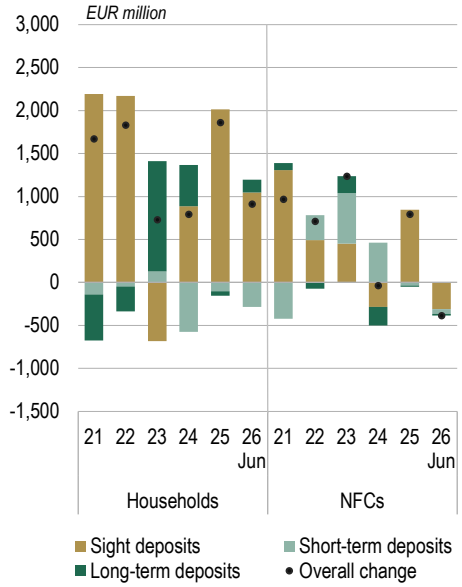
[16] Nearly 90% of all savers had less than EUR 30,000 in their bank account in 2024.

Figure 1.9: **Structure and changes in deposits by maturity**

Maturity structure of household and NFC deposits



Change in stock of deposits by maturity in individual years

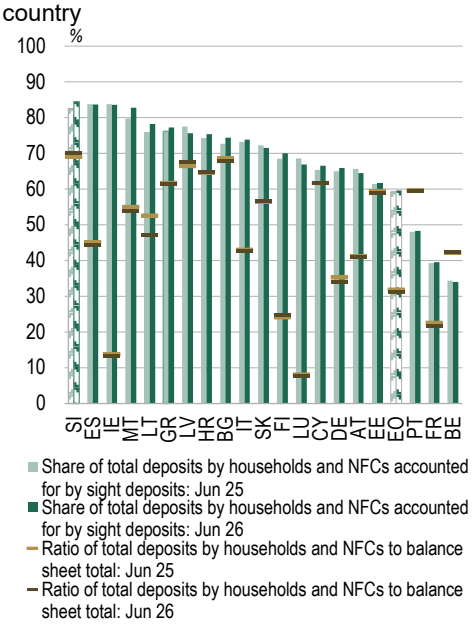


Note: In the left chart, the horizontal line indicates the average share of sight deposits in the period from 2000 to June 2026, which was 56.7% of all household deposits and 54.9% of all NFC deposits.
Source: Banka Slovenije.

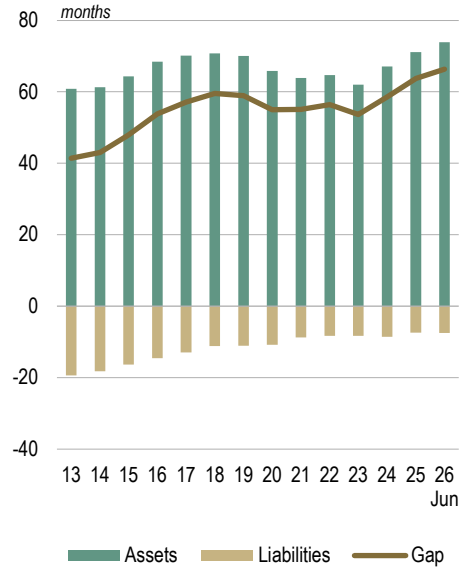
The maturity gap between assets and liabilities has been widening since 2023. As banks continued to channel liquid assets from accounts at the central bank into longer-term loans and debt securities, the weighted average maturity of assets increased in the first half of this year (to six years and two months). At the same time, the weighted average maturity of liabilities remained almost unchanged (at eight months), but low due to the large stock of sight deposits. As a result, the maturity gap between assets and liabilities widened by a further two months, reaching a high of five years and six months (see Figure 1.10, right), which is the highest level since before the rapid growth in sight deposits began in 2013 – a trend that is significantly contributing to the maturity mismatch. Sight deposits and digital banking enable savers to transfer deposits between banks or withdraw them from the banking system quickly and in larger amounts in the event of a sudden stress event. This can reduce the stability of bank funding, which is highly dependent on this source. Due to the continued confidence of savers in the performance of the Slovenian banking system and their traditional saving habits, as discussed earlier in this chapter, deposits from the non-bank sector remain a stable source of funding for Slovenian banks for now. It should be emphasised that careful monitoring of competitive conditions and changes in clients' saving habits, as well as rapid and appropriate adjustment of product offerings to the competition, remain important for maintaining the stability of banking in the future.

Figure 1.10: **Deposits by euro area countries and the maturity gap**

Household and NFC deposits by euro area country



Weighted average maturity of assets and liabilities, and maturity gap



Sources: Banka Slovenije, ECB Data Portal, own calculations.

1.4 Interest rate risk

Q2 26 Q3 26 ⇨

Interest rate risk in the banking system remains moderate with a stable outlook. With continued solid growth in household lending, the share of loans bearing a fixed interest rate has increased, while the average residual maturity of loans to the non-bank sector has lengthened as well. Primary liquidity has declined sharply, while investments in debt securities have notably increased. These changes have lengthened the repricing period of assets, thereby increasing their sensitivity to interest rate changes. Meanwhile, changes in deposits – where the share of sight deposits has increased – and issued debt securities have not significantly affected the repricing period of liabilities. Banks have become more active in hedging against the effects of interest rate changes by closing interest-sensitive positions using interest rate swaps, the stock of which has increased substantially, reflecting the regulatory requirements regarding interest rate risk in the banking book.

Interest rate sensitivity of banks

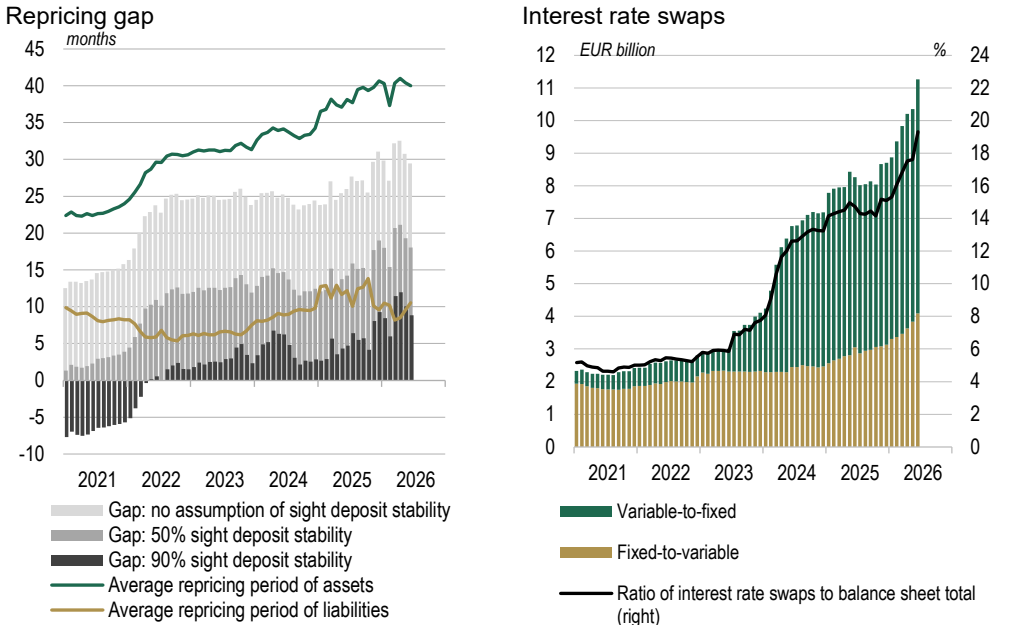
In the first half of the year, changes in assets were the main factor affecting banks' interest rate sensitivity. Loans to the non-bank sector increased by EUR 1.7 billion, or 5.4% (10.2% year-on-year) over the first half of this year, raising their share in the asset structure (see Figure 6.4 in the appendix, left). The largest contribution to the increase in loans came from loans to households, particularly housing loans. Fixed-rate loans continued to dominate household lending, with their share in outstanding loans increasing further (see Figure 6.5 in the appendix, left), with almost all newly approved housing and consumer loans granted at a fixed interest rate. Meanwhile, the share of outstanding fixed-rate loans to NFCs remained stable (see Figure 6.5 in the appendix, right). With continued strong growth in housing loans (10.1% year-on-year) and the lengthening of their average maturity,[17] the share of long-term loans in the overall loan portfolio increased. The effect of a higher share of fixed-rate loans

[17] The average residual maturity for fixed-rate housing loans stood at 16 years in June.

and their longer average residual maturity continued to be reflected in a slight lengthening of the repricing period for loans at banks, which increased the interest-sensitivity of the entire loan portfolio.

Banks' interest-sensitivity was also significantly affected in the first half of the year by a sharp reduction in liquid assets and a notable increase in holdings of debt securities. Primary liquidity[18] decreased by EUR 1.6 billion or one-fifth in the first half of the year, while its residual maturity and repricing period remained very short. As a result, its share in the asset structure fell to its lowest in the observation period (see Figure 6.4 in the appendix, left). In addition to lending to the non-bank sector, banks allocated part of these funds to purchases of debt securities, which also increased notably over the first half of this year (by EUR 0.6 billion), raising their share in the asset structure (see Figure 6.4 in the appendix, left). At the same time, the residual maturity and repricing period of debt securities lengthened. These changes, in addition to changes in the loan portfolio, further increased banks' sensitivity to interest rate changes (see Figure 1.11, left).

Figure 1.11: **Repricing gap and interest rate swaps**



Note: In the left chart, the repricing gap takes into account the stability of sight deposits through various assumptions about stability and by allocating the core component of sight deposits across time intervals.
Source: Banka Slovenije.

On the liability side of the balance sheet, deposits from the non-bank sector continue to have a significant impact on banks' interest-sensitivity, given their large share of total liabilities. Over the first half of the year they increased by EUR 0.5 billion or 1.1% (5.1% year-on-year), and continued to account for the largest share of bank funding at 77% (see Figure 6.4 in the appendix, right). The increase was driven by sight deposits, which rose by EUR 0.9 billion, while the stock of fixed-term deposits declined. As a result, the deposit structure changed slightly compared with the end of 2025, with sight deposits accounting for 82% of all deposits in the banking system in June, the highest level since 2023 (see Figure 6.8 in the appendix, right). The repricing period for deposits did not change significantly, as the structure of fixed-term deposits also shifted somewhat, with a notable decrease in short-term deposits and a slight increase in long-term deposits. The maturing of issued debt securities saw both their

[18] Cash on hand, balances with the central bank, and sight deposits with banks.

stock and their share of total funding decline over the first half of the year (to 5%), while their residual maturity and repricing period increased. Overall, changes in deposits and issued debt securities did not significantly affect the average repricing period (see Figure 1.11, left).

The repricing gap did not change significantly in the first half of the year, while the long-term net interest-sensitive position of the system increased. In June the gap was similar to that in December of last year and, even under the assumption of stability for the core part of sight deposits – i.e. the part of sight deposits with a low probability of being moved between banks or withdrawn from the banking system in the event of rising interest rates – remained close to the highest levels in recent years (see Figure 1.11, left). Changes on the asset side, both in loans and holdings of securities, were the main factor increasing banks' sensitivity to interest rate changes, as the long-term net interest-sensitive position increased further in the first half of the year. In the event of an increase in long-term interest rates or a steeper yield curve, the value of fixed-rate assets would decline more than the value of liabilities, given the interest-sensitive structure of the system, thereby reducing the economic value of equity (EVE); however, these changes would not be reflected in the income statement or in equity.

In addition to allocating the core part of sight deposits, banks have significantly increased the use of interest rate swaps in managing interest rate risk and closing interest-sensitive positions. After increasing the stock of these instruments by EUR 1.5 billion last year, a further EUR 2.6 billion was added over the first half of this year. In notional value relative to the system's total assets, the total stock of interest rate swaps amounted to 19%, up 4 percentage points on December of last year (see Figure 1.11, right). In this way banks have complied with regulatory requirements on interest rate risk in the banking book[19] and have notably increased the use of these instruments since 2023, employing them for hedging both asset and liability positions, as well as for macro and micro hedging. Although most banks hold authorisations from Banka Slovenije to trade in standardised futures and options, interest rate swaps are actively used by five banks, which together account for 78% of the system's total assets. The others hedge through structural measures to reduce exposure to interest rate risk.[20]

Interest rates

Interest rates on newly approved loans to the non-bank sector increased slightly in the first half of this year. Even before the end of 2025, and well before the ECB's interest rate hike in June of this year, interest rates on loans to the non-bank sector in certain segments had already begun to rise. Fixed-rate loans continued to dominate household lending. For newly approved housing loans, fixed interest rates reached their lowest level in this interest rate lowering cycle at 2.8% in August of last year, after which they increased slightly on average. In June of this year, they stood at 3.1%, lower than in the euro area, where they stood at 3.5% in June (see Figure 1.12, left). Meanwhile, fixed interest rates for newly approved consumer loans reached their lowest level of the last decade at 5.6% in December of last year, and then also increased slightly on average. In June, they reached 5.9%, and remained well below the euro area average of 7.5%. Variable interest rates for both types of loan also increased in the first half of this year, but due to the very low volume of new business with variable rates, their

[19] This has been applied since 14 May 2024 and stipulates that the maximum permitted decline in net interest income, measured against Tier 1 capital, is 5%. The decline represents the difference between net interest income under the baseline scenario and net interest income under the worst-case stress scenario. If the permitted decline is exceeded, additional capital requirements may be imposed; however, banks can avoid this by reducing their interest rate exposure through the use of derivatives.

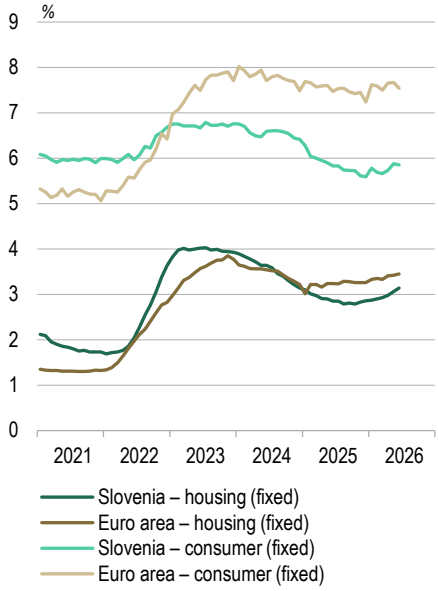
[20] For example, by restricting certain loans in terms of maturity and type of interest rate, modelling deposits, etc.

movements were quite volatile. Variable interest rates on newly approved NFC loans, which predominate compared with fixed rates, increased on average, with more volatile dynamics than those in the euro area. In the first half of the year, they hovered just below 4% and were on average slightly higher than in the euro area. In June, they stood at 3.9% (see Figure 1.12, right). Meanwhile, fixed rates, which were even more volatile, also increased. In June, they were equal to variable rates and similar to those in the euro area.

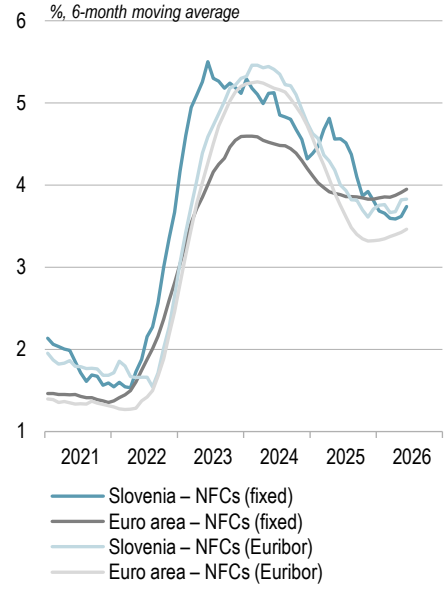
Interest rates on outstanding loans to the non-bank sector in Slovenia have continued to decline slightly on average since the midpoint of last year. For households, interest rates on housing loans have remained at around 3.0% for about a year, while rates on consumer and other loans declined until June this year, when they stood at 6.1%. Interest rate movements in the NFC loan stock were also somewhat more volatile, but on average they remained at a similar level as a year ago (3.8%). Overall, for these two customer segments, rates were only slightly lower than in June of last year (see Figure 6.6 in the appendix, left). In contrast, in the euro area, interest rates on loans to both households and NFCs have gradually increased over the last year. Interest rates on housing loans rose to 2.5% by June, on consumer and other loans to 5.9%, and on NFC loans to 3.4%. The different dynamics in interest rates in the loan stock in the two segments, in addition to changes in interest rates on newly approved business, also reflect the different structure of fixation periods, with the share of fixed-rate loans in Slovenia having increased significantly in the recent period, thereby reducing the responsiveness of interest rates on the loan stock to changes in market interest rates. The spread in the average level of interest rates between Slovenia and the euro area has narrowed considerably since its peak in the second half of 2023, and is now close to the level seen during the period of low interest rates a few years ago.

Figure 1.12: **Interest rates**

Average interest rates on newly approved loans to households and comparison with the euro area



Average interest rates on newly approved loans to NFCs and comparison with the euro area



Source: ECB Data Portal, Banka Slovenije calculations.

Amid the persistent increase in sight deposits in the first half of this year, interest rates on the stock of deposits by the non-bank sector in Slovenia declined slightly and remained significantly lower than in the euro area. For new household fixed-term deposits, only interest rates on long-term deposits increased this year.[21] In June, these stood at 1.9%, maintaining the spread with the euro area average (2.4%). Meanwhile interest rates on new short-term deposits remained stable at 0.7%, while in the euro area they increased to 2.0%. Interest rates on new NFC fixed-term deposits increased for both long-term and short-term maturities. On long-term deposits in particular, rates in June were noticeably higher compared with the beginning of the year, reaching 2.3% and coming close to euro area rates (2.7%). Meanwhile, short-term deposit rates followed a stable upward trend, standing at 1.7% in June and maintaining the spread with euro area rates (2.2%). Interest rates on sight deposits stagnated just below 0.1% for both households and NFCs. Despite somewhat higher interest rates on new deposits, especially on long-term deposits at banks, and a slight increase in the stock of long-term deposits, the slight decline in interest rates on the stock of household and NFC deposits continued this year. This mainly reflected the continued strong growth in sight deposits, which are remunerated minimally or not at all. As a result, the difference in interest rate levels in Slovenia, compared with the euro area average, began to widen again (see Figure 6.6 in the appendix, right).

The narrowing of the interest spread for households slowed further in the first half of this year, while for NFCs the spread remained close to the levels reached last year.[22] After the key interest rates peaked in September 2023, the interest spread for households (see Figure 6.7 in the appendix, left) and NFCs (see Figure 6.7 in the appendix, right) began to decrease. With the stabilisation of interest rates on the stock of loans and deposits this year, this narrowing notably slowed or, in the case of NFCs, stopped. Meanwhile, in the euro area, the spread for households continued to increase, thereby continuously reducing the difference with the Slovenian banking system and bringing it much closer to levels observed during the period of low interest rates. Nevertheless, the spread remained considerably wider in Slovenia, reflecting the very large share of sight deposits in the banking system and the interest rates of close to zero on these deposits, as well as the below-average rates on fixed-term deposits, which do not encourage households to fix their savings for longer periods. For NFCs, the spread in the euro area also remained stable, preserving the difference achieved in 2025. Similar to households, the gap to the euro area average remained larger than in the period of low interest rates. The relatively large interest spread compared with the euro area continues to be reflected in solid income trends for banks in Slovenia.[23]

1.5 Credit risk

Q2 26 Q3 26 ⇨

Credit risk remains assessed as moderate with a stable outlook, amid mostly unchanged credit portfolio quality indicators, but still highly uncertain economic conditions. After a significant deterioration in credit portfolio quality in the non-financial corporations (NFCs) segment last year, the risk level was stable in the first half of this year; any potential future deterioration may be linked to the persistently challenging external economic environment. Banks increased their coverage of claims against manufacturing companies reclassified as non-performing exposures (NPEs) last year through restructuring and increases in collateral. The number of initiated bankruptcies

[21] Long-term deposits are defined as deposits with a maturity of more than one year, while short-term deposits are those with a maturity of up to one year.

[22] The interest spread is defined as the difference between the average interest rates on loan stock and the average interest rates on the stock of deposits.

[23] For more information, see the chapter on income risk.

rose in the first half of this year, but banks' exposure to companies in bankruptcy remained low. The Slovenian economy demonstrated a high degree of resilience in the first half of the year, with growth strengthening despite challenging conditions. Labour market conditions were favourable, and the financial position of households was generally solid, which, amid continued growth in household lending, maintained stable NPE ratios.

Non-performing exposures and credit risk stages

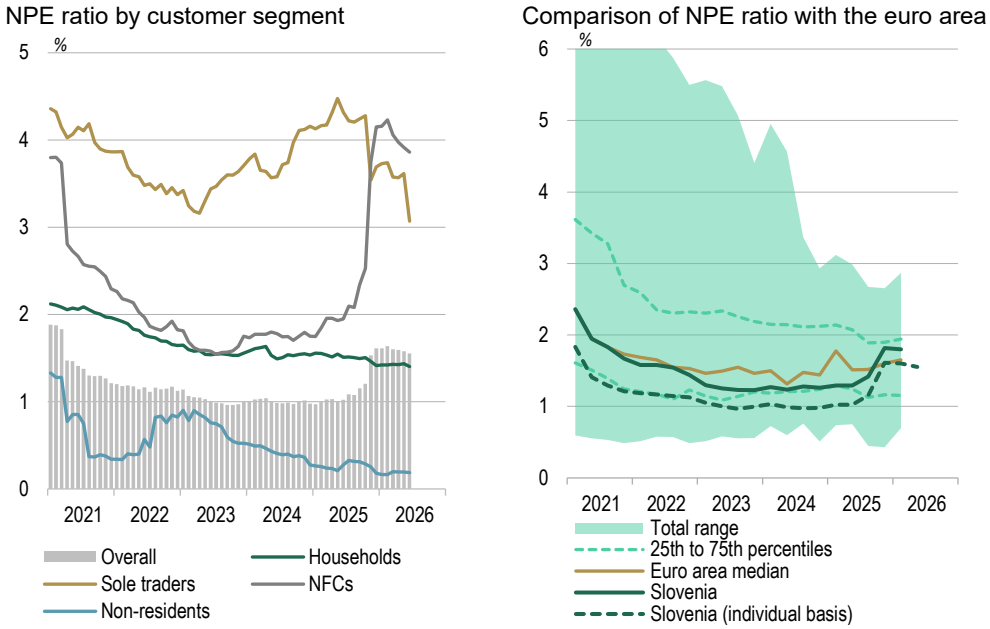
The quality of bank assets as measured by the NPE ratio remained unchanged at the midpoint of 2026 compared with the end of last year. After a notable increase in the NPE ratio in the overall portfolio in the last quarter of last year, it remained unchanged up to June this year. At 1.6%, it remained close to its highest level since the first quarter of 2021 (see Figure 1.13, left). In international comparison, the NPE ratio in the overall portfolio in recent years was slightly below the median distribution for euro area countries, but exceeded it in the final quarter of last year (see Figure 1.13, right).[24] The stock of NPEs declined slightly over the first half of this year, but remained significantly above the level a year ago (by 59%). Of the EUR 1.0 billion in total NPEs, exposures to NFCs accounted for 73% (see Figure 6.9 in the appendix, left) and remained highly concentrated in only a few manufacturing companies (Sector C).[25] Just four companies together accounted for more than 50% of all NPEs to NFCs, indicating that the difficulties in performance and debt servicing are limited to individual companies, and do not currently entail a systemic deterioration in debt servicing at banks. The NPE ratio in the NFCs portfolio declined slightly over the first half of the year to reach 3.9%, but remained well above the historically low levels of recent years. It also declined in the manufacturing portfolio, but at 9.6% remained significantly elevated (see Figure 1.14, left). Corporations, export-oriented and energy-intensive companies in particular, continue to face a highly uncertain external economic environment and volatility in energy markets. These conditions, combined with the potential for poor performance by companies of this kind, are increasing the risk to their capacity to repay debts to banks, thereby maintaining credit risk at a moderate level with a stable outlook.

In other sectors of the NFCs portfolio, the NPE ratio was stable overall, with changes – similar to previous periods – mostly related to individual larger exposures. As in the manufacturing portfolio, after a notable increase last year the NPE ratio also declined over the first half of this year in professional, scientific and technical activities and administrative and support service activities (NO). Last November's increase was related to a single company, which was also a major factor in March's decline in the ratio. The NPE ratio in this combined sector had declined to 4.2% by June (see Figure 1.14, left). Meanwhile, a visible increase in the NPE ratio was observed in transportation and storage (H) in March, again due to a significant change at a single company. In this portfolio the NPE ratio had increased to 2.0% by June. In the construction portfolio (F), the NPE ratio continued its gradual decline, reaching 1.7% in June, while in other predominantly service activities, portfolio quality remained stable in the first half of the year.

[24] ECB Data Portal data for the euro area and Slovenia for the second quarter was not available at the time of writing. The source of individual data for Slovenia is Banka Slovenije.

[25] Letter codes according to the standard classification of economic activities – SKD 2025.

Figure 1.13: **NPE ratio in individual portfolio segments and comparison with the euro area**

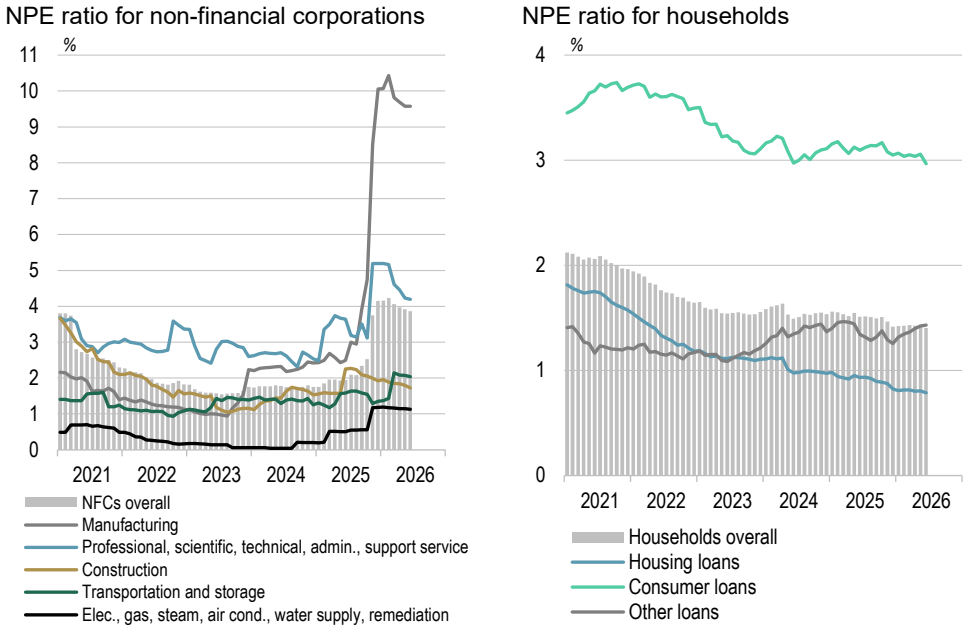


Note: In the right chart, only data for debt instruments (loans and debt securities) on a consolidated basis is included, while the presentation for Slovenia on an individual basis covers the entire bank exposure on an individual basis. The upper part of the total range for the period to 2022 is not fully visible (owing to the exceptionally high values for Greece).
Sources: Banka Slovenije, ECB Data Portal.

Portfolio quality remained unchanged in the household portfolio and the non-residents portfolio, but improved in the sole traders portfolio. Labour market conditions remain favourable, maintaining the solid average financial position of households, which, together with continued growth in household lending, is reflected in favourable NPE ratio trends. The NPE ratio in the household portfolio declined slightly further and, at 1.4% in June, was the lowest in the observation period (see Figure 1.14, right). Both the housing loans and consumer loans portfolios reached their lowest NPE ratios in this period (0.8% and 3.0%), while the NPE ratio for other household loans increased to 1.4%. The NPE ratio for non-residents – which together with NFCs and households represent the largest component of banks' overall exposures – remained at a low level (0.2%) (see Figure 1.13, left). The NPE ratio for sole traders reached its lowest level in the observation period in June, at 3.1%, but the impact on the overall NPE ratio is negligible due to their small total exposure.[26]

[26] Sole traders, with a total exposure of 1.3%, account for 2.4% of all NPEs in the banking system.

Figure 1.14: **NPE ratio for non-financial corporations and households**



Source: Banka Slovenije.

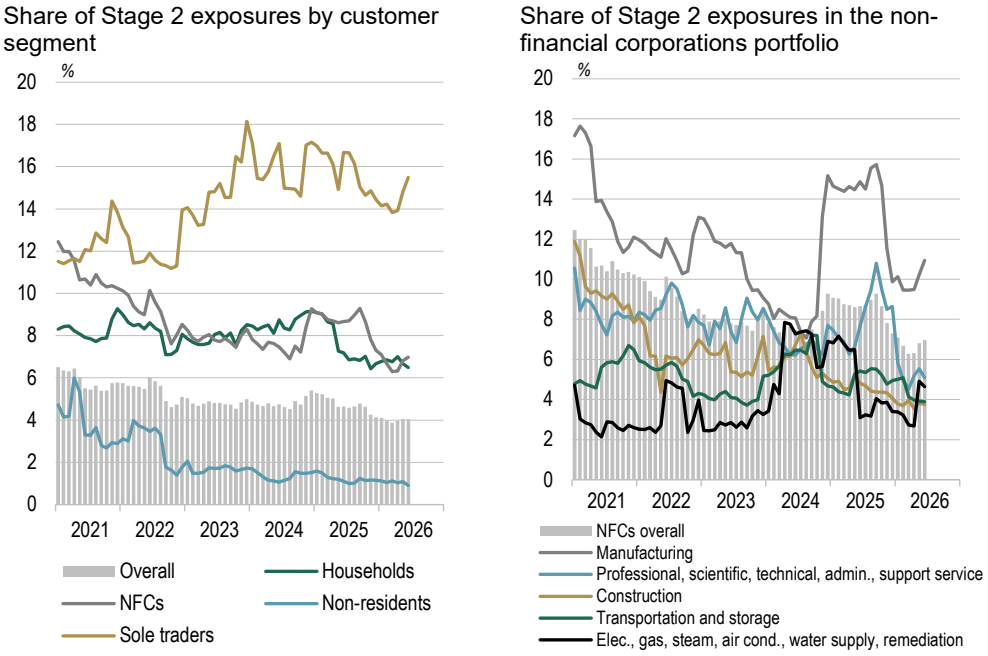
The share of exposures with increased credit risk (Stage 2 or S2) remained close to its lowest multi-year level, confirming the stable outlook for credit risk. After a decrease in the final quarter of last year, it was stable in the first half of 2026, fluctuating around 4.0%, which was its level in June (see Figure 1.15, left). The stock of Stage 2 exposures declined slightly over the first half of this year (by EUR 19 million or 0.7%), and was 9% lower compared with the same period last year. The changes varied across customer segments; of the EUR 2.7 billion in total Stage 2 exposures, the majority were accounted for by NFCs (51%) and households (39%) (see Figure 6.9 in the appendix, right). The share of Stage 2 exposures in the household portfolio had declined to 6.5%[27] by June (see Figure 6.10 in the appendix, left), its lowest level of the observation period. Together with the historically low NPE ratios, this is further evidence of the very good average financial position of households as perceived by banks. Of the other customer segments, sole traders continued to stand out: their share of Stage 2 exposures remained within the range of recent years, and increased again in the months up to June (to 15.5%).

After a notable decrease in the final quarter of last year, the share of Stage 2 exposures in the NFCs portfolio increased slightly over the first half of this year. Last year's decrease indicated a deterioration in credit portfolio quality in this segment, as it was linked to the reclassification of larger exposures to manufacturing companies as NPEs. As a result, both the stock and share of Stage 2 exposures in the NFCs portfolio declined significantly, especially in the manufacturing segment. The share of Stage 2 exposures in the NFCs portfolio reached its lowest multi-year level in March, at 6.3%, and increased slightly to 7.0% by June. This increase was again linked solely to a few individual companies, and mainly reflected changes in manufacturing, where the share of Stage 2 exposures increased to 10.9% by June (see Figure 1.15, right). Banks also noted increased risk in some exposures in electricity, gas, and water supply, and waste management activities (DE), where the share rose to 4.6%, while a decrease was observed in professional, scientific and technical activities and administrative and support service activities (NO), with the share declining to 5.1%. In most other sectors the share of Stage 2 exposures also declined in the first half of the year. Banks are

[27] In June 2026 the share of Stage 2 exposures stood at 4.7% in the housing loans portfolio, 9.9% in the consumer loans portfolio, and 8.1% in the portfolio of other household loans.

generally detecting and responding to payment arrears in a timely manner, reclassifying exposures to higher credit risk levels as appropriate.

Figure 1.15: **Share of exposures with increased credit risk (Stage 2) in individual portfolio segments**



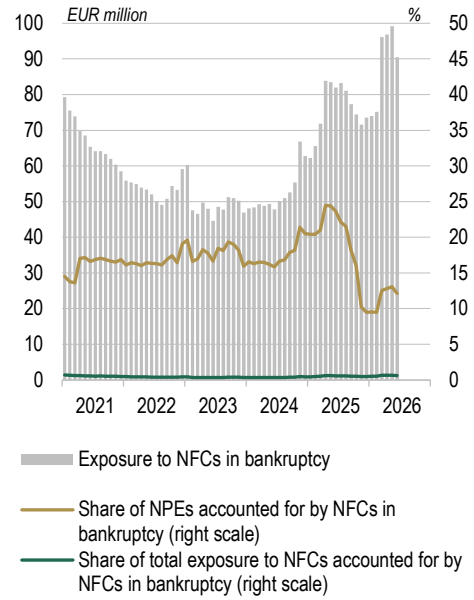
Source: Banka Slovenije.

Exposure to companies in bankruptcy and companies with frozen accounts

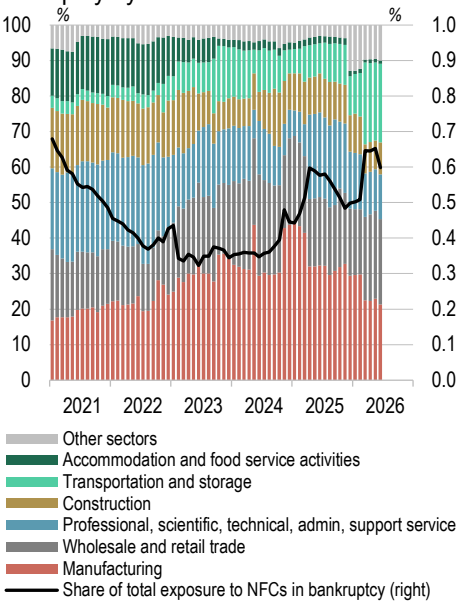
The number of initiated bankruptcies increased in the first half of this year, but banks' exposure to these companies remains low. Challenging economic conditions continued for a certain segment of the economy in the first half of the year, reflected in a continued slight upward trend in the number of companies in bankruptcy. As a result, banks' exposure to companies in bankruptcy increased, reaching EUR 99 million in May, the highest level in recent years. In June, it stood at EUR 90 million, up 8.5% year-on-year (see Figure 1.16, left). Banks' exposure to these companies, as a share of total exposure to NFCs, stood at 0.6%, close to the highest levels of 2025, but still remains low. The breakdown of exposure to companies in bankruptcy by sector reflects the overall structure of banks' exposure to NFCs, with larger sectors predominating. Wholesale and retail trade (24%), transportation and storage (22%), and manufacturing (21%) accounted for the largest shares, followed by professional, scientific and technical activities and administrative and support service activities (13%) and construction (9%) (see Figure 1.16, right). Since the beginning of the year, the share accounted for by transportation and storage has increased the most, while the share accounted for by manufacturing has decreased the most.

Figure 1.16: **Bank exposure to NFCs in bankruptcy**

Bank exposure to NFCs in bankruptcy



Structure of bank exposure to NFCs in bankruptcy by sector

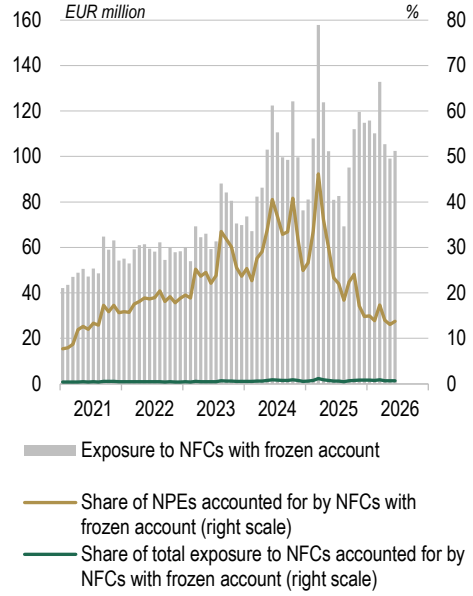


Sources: Banka Slovenije, Supreme Court.

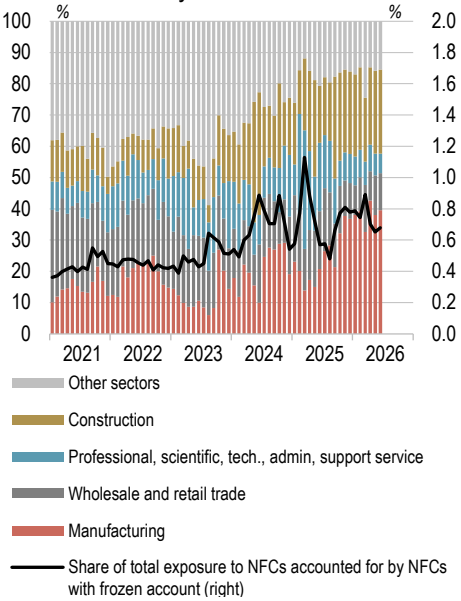
The number of companies with frozen accounts was stable in the first half of this year and similar to the level in 2025, while banks' exposure to these companies remained low. The slight upward trend in the number of companies in bankruptcy did not coincide with an increase in the number of companies with frozen accounts, as their number did not change significantly year-on-year. Banks' exposure to companies with frozen accounts also remained close to the levels seen in the previous two years. Although changes were quite volatile during this period, the share relative to total exposure to NFCs remained low at 0.68% in June 2026 (see Figure 1.17). In the structure of exposure to companies with frozen accounts, manufacturing continued to predominate in June with 40%, followed by construction with 27%, while the remaining third was accounted for by wholesale and retail trade, professional, scientific and technical activities and administrative and support service activities, and other sectors (see Figure 1.17, right). In contrast to bankruptcies, the share accounted for by manufacturing increased the most in the structure of frozen accounts in the recent period.

Figure 1.17: **Bank exposure to NFCs with frozen accounts**

Bank exposure to NFCs with frozen accounts



Breakdown of bank exposure to NFCs with frozen accounts by sector



Sources: Banka Slovenije, Supreme Court.

Bank credit standards and interest rates

According to the BLS survey, banks maintained unchanged credit standards for corporate loans in the first half of 2026, while they slightly tightened standards for both housing and consumer loans. For corporate loans, the slight tightening in the first half of the year was attributed to the general economic situation and outlook, as well as the industry-specific situation and outlook, while banks did not identify any factors driving an easing of standards. Nevertheless, overall credit standards for corporates were reported as unchanged (see Figure 6.22 in the appendix, left and right), while credit standards for household loans were tightened. For housing loans, the reasons for the slight tightening were cited as the bank's risk tolerance, capital position, and costs (see Figure 6.24 in the appendix, left and right); for consumer loans, additional factors included the creditworthiness of borrowers and risk related to the collateral demanded (see Figure 6.26 in the appendix, left and right).

The level of interest rates on loans to the non-bank sector continued to have a favourable impact on credit risk in the first half of this year. Interest rates on newly approved loans to the non-bank sector reached their lowest levels in this cycle of falling interest rates in the second half of last year, and increased only slightly in the first half of this year in the wake of one ECB rate hike. The debt servicing burden for the non-bank sector therefore did not change significantly, which had a positive effect on credit risk. Households became even more resilient to potential further interest rate increases, as fixed-rate loans strongly predominate.[28] For newly approved housing and consumer loans, fixed interest rates increased only slightly over the first half of the year, so new household borrowing remains relatively favourable. By contrast, variable-rate loans continue to predominate for NFCs, with their share remaining stable at just over four-fifths. As a result, NFCs are more sensitive to potential interest rate increases compared with households, as interest rates on existing variable-rate loans rise in line with

[28] For housing loans, such loans account for 86%; for consumer loans, the share is 97%.

changes in reference rates. Despite greater interest-sensitivity, NFCs did not experience significant changes in debt servicing in the first half of the year, as variable rates remained close to the lowest levels in the recent rate lowering cycle.[29]

Coverage by impairments, provisions, and collateral

After a significant reduction in coverage of the non-performing part of the portfolio by impairments and provisions at the end of 2025, coverage remained stable in the first half of this year. Following a sharp decline in NPE coverage for the overall portfolio last November due to the reclassification of below-average impaired exposures to manufacturing companies as NPEs, coverage remained at that level up to June of this year, when it stood at 47.9% (see Figure 1.18, left). This dynamic was also reflected in the NFCs portfolio, where coverage in June, at 42.4%, remained close to the lowest levels in a multi-year period. Despite unchanged coverage by impairments and provisions, the credit risk picture was somewhat improved compared with last November, as affected banks undertook forbearance of these exposures and secured them with collateral as well. Coverage of NPEs by impairments, provisions, and collateral for the overall portfolio thus increased from its lowest multi-year level of 72.0% in November to 84.9% by June (see Figure 1.18, right). It also increased in the NFCs portfolio to 83.9%, after falling to 65.0% last November. Meanwhile, coverage of the non-performing part of the household portfolio by impairments and provisions was stable at 67.6% in June, with a slight increase for housing and consumer loans and a slight decrease for other household loans.[30] After a notable reduction in NPE coverage at the end of 2025 for sole traders and non-residents, coverage remained stable for the former and increased again for the latter.

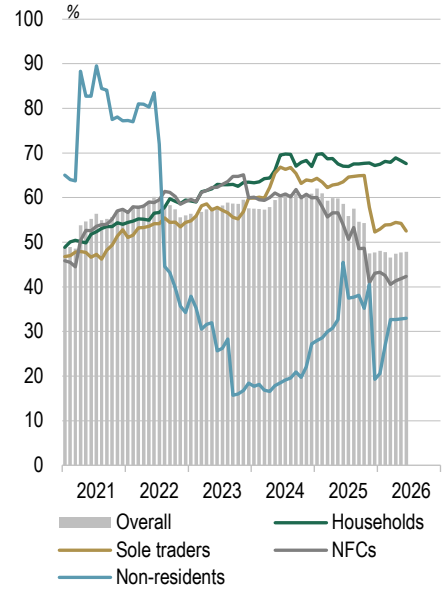
Coverage of the performing part of the portfolio by impairments and provisions, after a notable reduction at the end of 2025, remained at last year's levels in the first half of this year. Overall coverage of the performing portfolio reached its lowest level to date in May of this year, at 0.34%. In June, it increased slightly to 0.35%, reflecting a modest increase in the NFCs and sole traders portfolios (see Figure 6.10 in the appendix, right). Meanwhile, coverage of the household and non-residents portfolios declined slightly further.

[29] For more information on interest rates, see the chapter on interest rate risk.

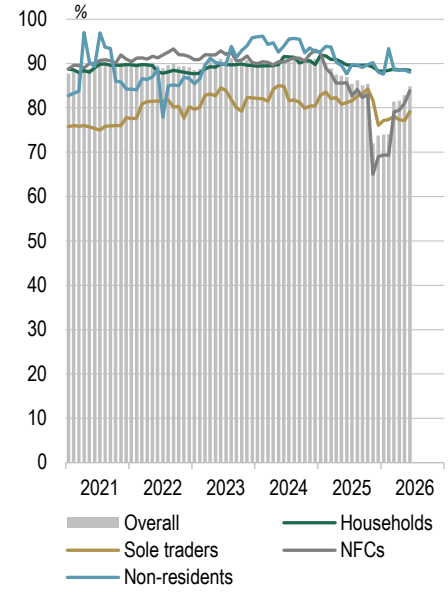
[30] Coverage of NPEs by impairments and provisions stood at 58.3% in the housing loans portfolio in June 2026 (up 1.0 percentage point on December 2025), 74.3% in the consumer loans portfolio (up 1.0 percentage point on December 2025), and 66.3% in the portfolio of other household loans (down 2.9 percentage points on December 2025).

Figure 1.18: **Coverage of NPEs by impairments, provisions and collateral**

Coverage of NPEs by impairments and provisions



Coverage of NPEs by impairments, provisions and collateral



Source: Banka Slovenije.

1.6 Income risk

Q2 26 | Q3 26 ⇨

Income risk is assessed as low, with a stable outlook for income generation. Net interest income and gross income have remained relatively high for the fourth consecutive year. Net interest income has been gradually strengthening this year. The high spread between interest rates on the asset and liability sides of the balance sheet, which persisted even after the cuts in interest rates, has resulted in an above-average net interest margin, compared with values over the previous two decades and with other banking systems. This is primarily due to the prevalence of almost non-interest-bearing sight deposits by the non-bank sector in the funding structure, which has developed over a long period and has been maintained even at the new level of interest rates. Non-interest income is also increasing this year. Net fee and commission income is growing solidly, exceeding growth in total assets over the first half of the year, and income from dividends has increased further compared with last year. At the same time, growth in operating costs was low in the first half of the year.

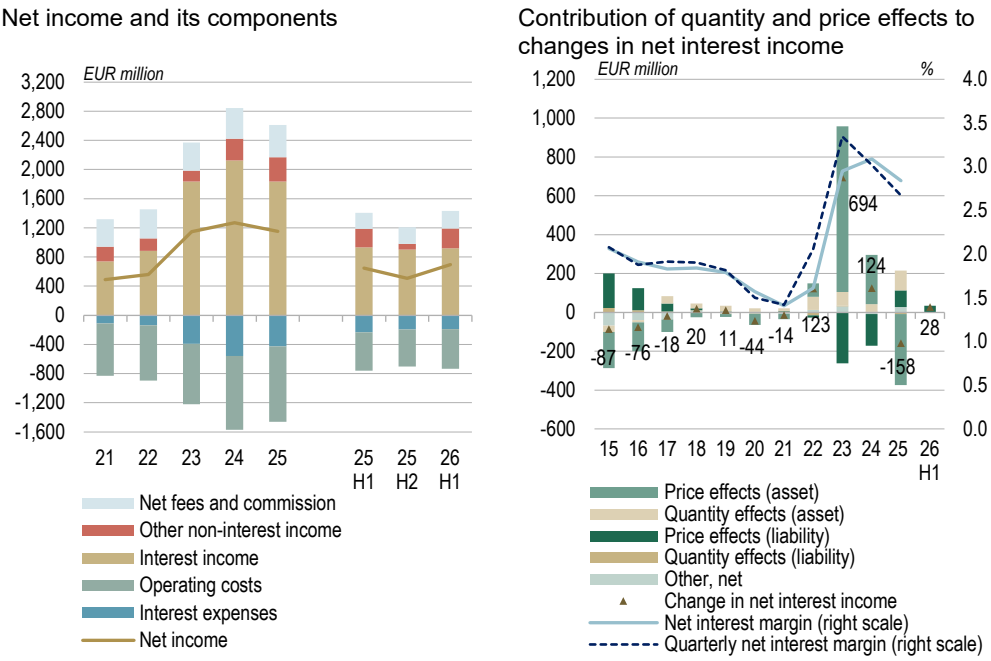
Gross and net income in the banking system

Renewed growth in gross and net income. Gross income amounted to EUR 1,239 million in the first half of this year, up 5.6% in year-on-year terms, while net income was up 7.3% at EUR 694 million (see Figure 1.19, left). Both gross and net income in the first half exceeded the average half-year values of the previous three years, which were EUR 1.1 billion and EUR 0.6 billion respectively. The higher values reflect growth in non-interest income, particularly from dividends, a return to positive growth in net interest income, and effective management of operating costs.

Net interest and non-interest income

Net interest income is increasing again, with year-on-year growth rising to 3.9% in June. Both interest income and interest expenses declined in year-on-year terms in the first half of the year, although the pace of decline is slowing. Interest income was down 1.6% or EUR 15.0 million on the same period last year, while interest expenses fell by 18.1% or EUR 42.1 million. Among the main components of interest income, income from loans was unchanged from last year. Interest income from the most liquid forms of investment[31] declined as expected (by just under one-third), due to the lower interest rates on these assets[32] and the ongoing switching of bank investments into higher-yielding securities compared with a few years ago.[33] Interest income from securities thus increased by nearly one-fifth. Among interest expenses, expenses for deposits declined by almost one-quarter (23.9%), while other interest expenses declined somewhat less (16.4%). Interest expenses for deposits by the non-bank sector accounted for just over half (58% in the first half of this year) of total bank interest expenses, even though deposits represent around 90% of interest-bearing liabilities. This disproportionately low contribution of deposits to total interest expenses reflects the of sight deposits in the structure of deposits by the non-bank sector.

Figure 1.19: **Components of net income and the contribution of quantity and price effects to changes in net interest income**



Note: The change for the first half of 2026 shows the change in this period of the current year compared with the same period of the previous year.
Source: Banka Slovenije.

On the asset side of the balance sheet, negative price effects were almost entirely offset by positive quantity effects this year, while positive price effects on the liability side contributed to an increase in net interest. Like last year, negative price effects on the asset side arose from the most liquid forms of asset and loans to the non-bank sector, while positive effects stemmed from increased holdings of securities (see Figure 1.19, right). Positive quantity effects on the asset side increased this year.

[31] Interest-bearing assets in the form of claims against the central bank (ECB) and banks.

[32] For example, in the first half of last year, the interest rate on the ECB's deposit facility, after several consecutive reductions, stood at 3% at the beginning of the year, and had been cut to 2% by June, where it remained until the increase in June 2026. A similar pattern applied to the Euribor.

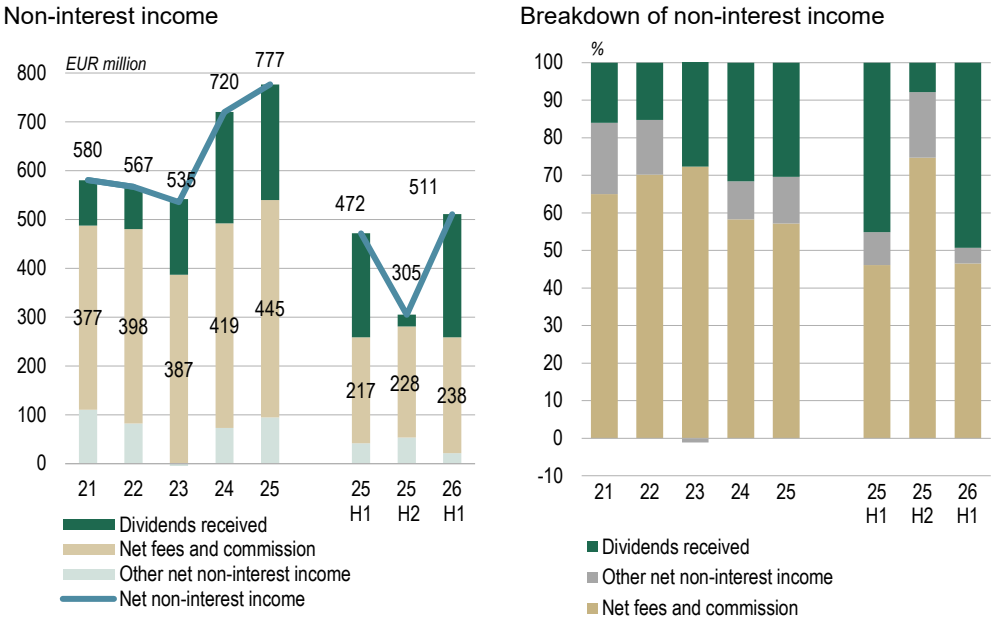
[33] Over the two and a half years to June 2026, banks' most liquid assets decreased by EUR 6.6 billion, while holdings of securities increased by EUR 5.5 billion.

On the asset side, they originated from loans and securities, linked to increased credit activity and the shift of bank investments from liquid assets to securities. Conversely, price effects on the liability side were positive. Price effects from deposits (lower interest rates) increased net interest. Meanwhile, quantity effects on the liability side did not significantly affect changes in net interest at banks.

The net interest margin remains stable. It stood at 2.64% over the 12 months to June and, following a marked slowdown in its decline last year, is no longer falling this year. The margin over the last year is already relatively close to its 30-year average, and is 0.6 percentage points above the average[34] since Slovenia joined the euro. Given the exceptionally cheap funding for banks in Slovenia and the stabilisation or increase in interest rates, the margin may strengthen further.

Dividend income made a significant contribution to the increase in net non-interest income in the first half of 2026 (8.3%). Dividend income over the first half of the year was up 18.3% in year-on-year terms, and amounted to EUR 252 million (see Figure 1.20, left). As in the first half of last year, dividend income accounted for almost half of all non-interest income this year. On an annual basis, the share in the previous two years was slightly less than one-third (see Figure 1.20, right). Stable growth in net fee and commission income also contributed to high net non-interest income in recent years. Net fee and commission income outpaced growth in total assets this year and last year, increasing by 9.3% over the first half of the year; the net commission margin remains stable, at 0.81% over the last year.

Figure 1.20: **Non-interest income and breakdown of non-interest income**



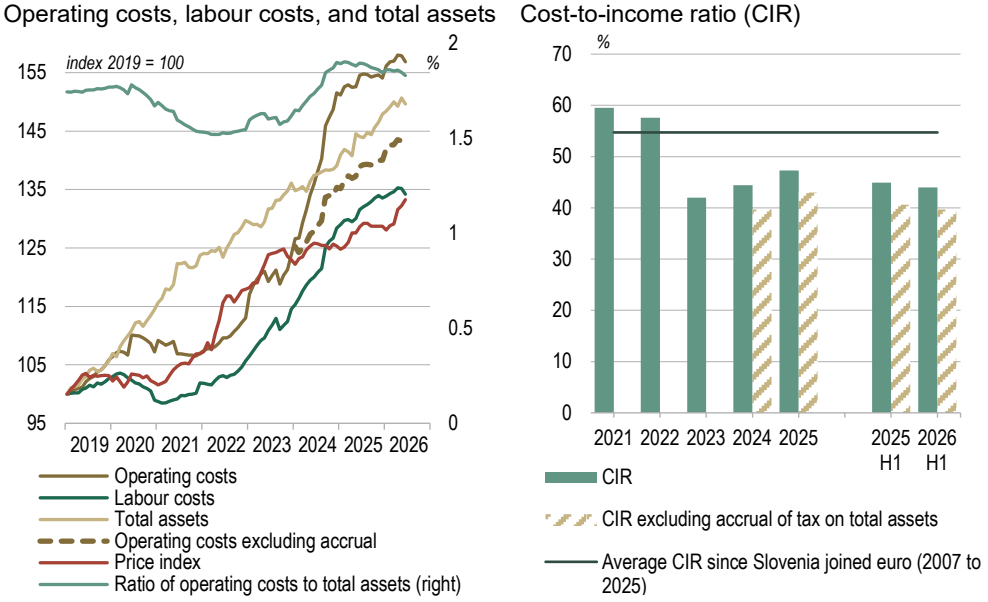
Note: In 2023, the effect from other net interest income was negative overall.
Source: Banka Slovenije.

[34] The net interest margin in the Slovenian banking system averaged 2.14% between Slovenia's accession in 2004 to the end of 2025, and 2.07% from Slovenia's entry into the euro area. The 30-year average (1996 to 2025) stands at 2.76%, with higher values in the first five years (5.0%) and the first decade (4.1%) compared with current levels. The net interest margin in the low interest rate environment (LIRE), where this is counted as the period of 2012 to 2024, averaged only 1.80%.

Operating costs

Year-on-year growth in banks' operating costs was moderate at 3.6% in the first half of this year. Year-on-year growth in labour costs was even lower, decreasing to just 1% in June. Growth in operating costs was higher in the first quarter of the year (see Figure 1.21, left), primarily reflecting banks' provisional estimates regarding expected contributions to the guarantee scheme. Some banks initially anticipated a somewhat larger volume of contributions, but subsequently revised these estimates downwards. The cost-to-income ratio stood at 44.0% in the first half of the year, broadly unchanged from the same period last year (see Figure 1.21, right). Excluding the accrual of the tax on total assets, which was introduced in 2025, the cost-to-income ratio would have been 4 percentage points lower. The below-average CIR (the average over the two decades since Slovenia joined the euro area is 54.7%) is also a result of the aforementioned increase in bank income in recent years.[35]

Figure 1.21: **Operating costs and cost-to-income ratio**



Note: The left chart is intentionally shown from 2019 onwards due to the significant effects that followed in the subsequent year (the pandemic).
Source: Banka Slovenije.

Expected income trends in the second half of 2026

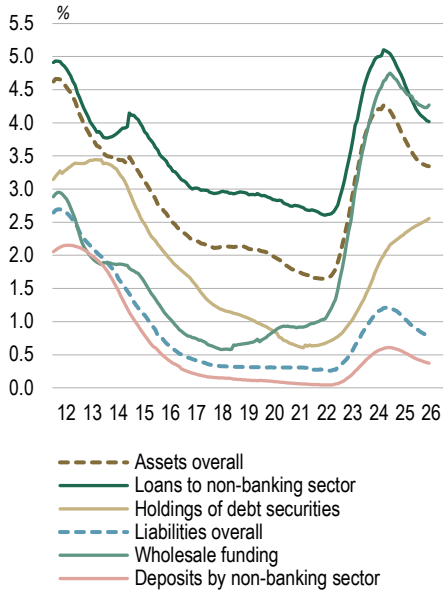
Banks remain in a favourable income position. In the second half of 2026, we expect income generation to be lower than in the first half of the year, as was also the case last year, although full-year income is projected to exceed the level recorded in 2025. After interest rates stabilised last year, the Euribor rate declined to around 2%, but then began to increase gradually from March this year, reaching 2.5% by mid-August. In the second half of the year, further growth in net interest is anticipated due to the rising Euribor (see Figure 1.22, right), which is also expected by market participants. At the same time, banks are continuing to reduce their most liquid assets and reallocate them into more profitable securities, while bank lending remains relatively high. According to the BLS for Slovenia, banks expect relatively moderate changes in corporate lending in the third quarter of 2026, along with a decrease in demand for long-term loans. Responses from corporates in June compared to March indicate "stabilisation"

[35] The value of the indicator declined as expected by June compared with the previous quarter. In the early months of the year, banks record the entire annual volume of guarantee scheme costs, while dividend income—which increases the denominator of the calculation—follows later, typically from May onwards.

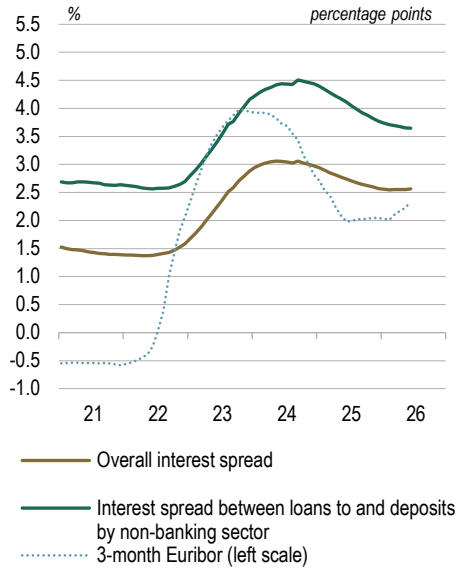
of expectations. For households, banks mainly expect a decrease in demand for housing loans, while credit standards are expected to remain almost unchanged.[36] Conversely, due to the rigid structure of deposits, no significant effects on interest expenses are anticipated.

Figure 1.22: **Interest rates for main types of assets and liabilities and interest spreads**

Movements in (effective) interest rates by main instruments of interest-bearing assets and interest-bearing liabilities



Interest spread between the rate for total assets and liabilities, and for loans to the non-bank sector and deposits by the non-bank sector



Note: The overall interest spread reflects the difference between the interest rates on interest-bearing assets and interest-bearing liabilities. Interest rates and spreads are calculated for the last 12 months. Euribor values reflect the respective monthly data.
Source: Banka Slovenije.

In the second half of the year, year-on-year growth in net non-interest income is expected to decline, influenced by a waning base effect of dividends from the second quarter. By contrast, growth in net fee and commission income is expected to continue to contribute steadily to gross income, while cost growth should remain moderate. As a result, both gross and net income generated by banks in the second half of the year are expected to exceed last year's figures.

Comparison with EU and euro area countries

Last year, the net interest margin declined in Slovenia, EU countries, and the euro area, but remained above its long-term averages. The Slovenian banking system continued to record a notably high figure for this indicator compared with other countries (see Figure 1.23, left and right). For the other main categories of income and expenses relative to total assets, the values for the Slovenian banking system were similar to previous years. Slovenia also stood out positively in terms of the net non-interest margin and net commission margin, ranking fifth and fourth among EU countries respectively in 2025. Similarly to certain other smaller banking systems, the Slovenian banking system by contrast exceeded the average in both groupings in terms

[36] In the previous BLS conducted in the spring, which coincided with significant uncertainties due to geopolitical tensions and military conflict in the Middle East, banks expressed even stronger expectations of changes in the corporate segment. In particular, they anticipated an increase in demand for short-term loans, accompanied by a tightening of credit standards in this segment, while for long-term loans, as in the current survey, they expected a decrease in demand. Expectations regarding housing and consumer loans were similar to those in the most recent survey; in both cases, banks anticipated a significant decline in demand for housing loans. Nevertheless, growth in housing loans remains high, exceeding 10%.

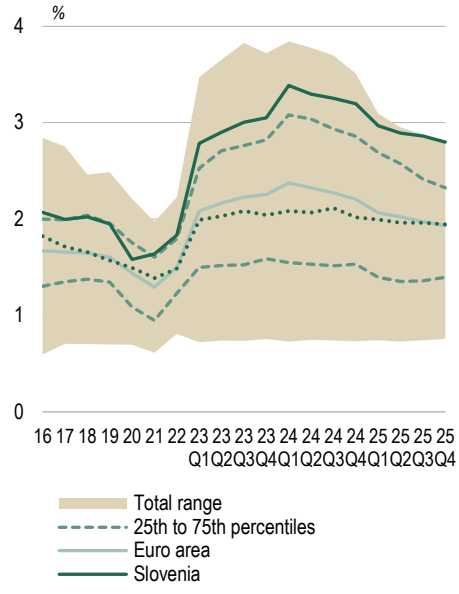
of the ratio of operating costs to total assets. The ratio of operating costs to gross income in Slovenia last year was below the euro area average and slightly above the EU average.[37]

The net interest margin of the Slovenian banking system in 2025 exceeded that of banks of comparable size in the EU and euro area overall. The gap remained wide, despite narrowing slightly. At 2.80%, the margin in the Slovenian banking system in 2025 was 0.60 percentage points higher than that of small EU banks, and 0.86 percentage points higher than that of small banks in the euro area, which is significantly more than before the interest rate rises (in 2021 the gaps were 0.16 and 0.25 percentage points respectively). The cost-to-income ratio in Slovenia, due to high bank income, was 48.7%, 9.9 percentage points lower than in the EU and 12 percentage points lower than in the euro area overall.

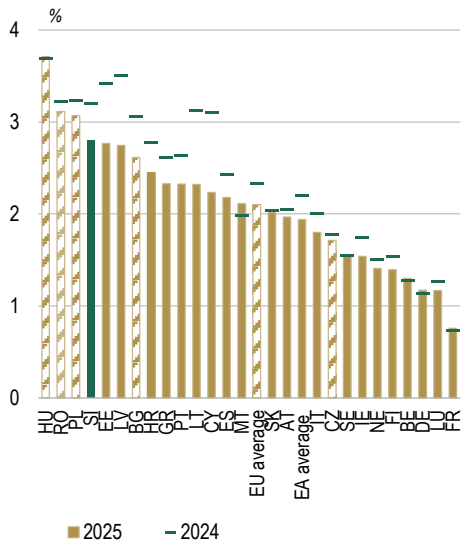
Slovenia recorded the highest net interest margin among euro area countries in 2025. The gap has widened further over the last two years, and the margin was higher in only three EU countries (see Figure 1.23, right). The high net interest margin is mainly the result of exceptionally low bank interest expenses, reflecting several favourable factors: a high share of deposits in the funding structure, the prevalence of sight deposits among non-bank sector deposits, and below-average interest rates for long-term savings compared with banks in the euro area overall.[38] In the first quarter of 2026, the net interest margin of the Slovenian banking system stood at 2.85%, exceeding the euro area average by 0.8 percentage points. Similarly to the averages for the euro area and EU (2.22% and 2.05% respectively), the margin increased slightly compared with last year as monetary policy interest rates rose.

Figure 1.23: **Net interest margin in euro area and EU countries**

Net interest margin in euro area countries and Slovenia



Net interest margin in EU and euro area countries in 2024 and 2025



Note: In the left chart, net interest margin during the year reflects the respective cumulative figures. Data for certain countries may not have been available for some time periods.
Source: ECB Data Portal.

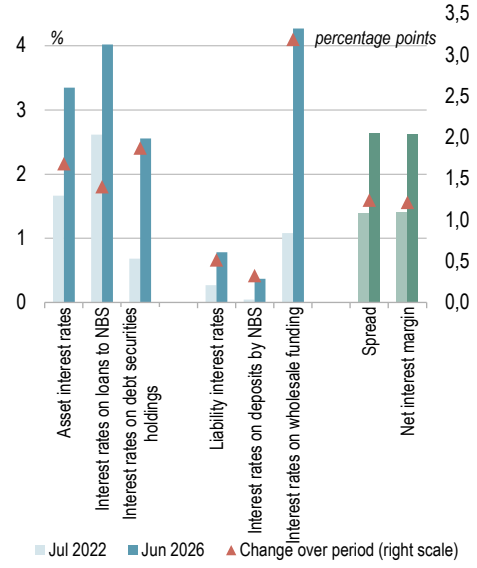
[37] See the charts in the appendix on pages 116-118.

[38] The last factor, despite the difference between Slovenia and the euro area, is less important for net interest income than the first two. It is however that case that through their interest rate policy, banks are maintaining a large share of sight deposits, which further reduces interest expenses.

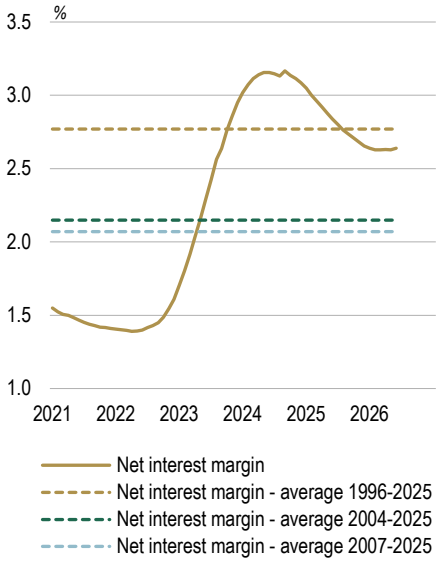
The divergence of the net interest margin compared with euro area countries has increased over the past three years. For most of the period from the financial crisis to the end of the low interest rate environment, the margin for the Slovenian banking system hovered around the third quartile of the euro area country distribution. During the period of rising ECB interest rates in 2023 to 2025, the upward divergence increased significantly and remained high even after interest rates stabilised. The main reason for the high net interest margin is the exceptionally low ratio of interest expenses to total assets due to the structure of bank funding, while banks in Slovenia have a somewhat lower ratio of interest income to total assets due to the large proportion of lower-yielding liquid assets on their balance sheets.

Figure 1.24: **Interest rates, interest spread, and net interest margin**

Effective interest rates by main instruments of interest-bearing assets and interest-bearing liabilities at selected points in time and their changes



Net interest margin and its long-term averages



Note: The interest rates in the left chart are calculated for the last 12 months.
Source: Banka Slovenije.

Box 1: **The importance of card operations to fee and commission income in the Slovenian banking system**[39]

Between 2021 and 2025, card payments further consolidated their position as the most important cashless payment instrument in terms of number of transactions, accounting for around 63% of all cashless payment transactions in 2025. Among cashless payment instruments, which include card payments, credit transfers, direct debits, electronic money payments, and cheques, card payments also recorded the strongest growth over this period. Credit transfers, however, remained the most important cashless payment instrument in terms of total value. In 2025, 439 million card payments were made in Slovenia, with a total value of EUR 14.5 billion. The number of card transactions increased by around 70% between 2021 and 2025, while their total value increased by around 64%. This growth was supported by the wider use of contactless payments, the expansion of online shopping and the increasing use of digital payment methods. The Covid-19 pandemic also contributed to these developments, accelerating the shift from cash to cashless payments among consumers in 2020 and 2021.[40] Cards are increasingly being used for smaller day-to-day purchases, for which cash was more commonly used in the past. Card transactions have therefore become an important component of the modern payment infrastructure, and are closely linked to the use of digital payment services.

The growing use of payment cards is also reflected in banks' performance, with card operations representing an important source of fee and commission income for banks. Card operations are an important segment of payment services, and one of the more important sources of fee and commission income for the banking system. Based on banks' reporting data, their responses to the survey, and additional estimates, we estimate that banks generated approximately EUR 169 million in fee and commission income from card operations in 2025. This accounted for around 29% of total fee and commission income in the banking system. Net fee and commission income from card operations amounted to around EUR 74 million, representing around 17% of total net fee and commission income in the banking system in 2025 (Figure 1.25, left). As the available data do not allow for a complete identification of all fee and commission income related to card operations, some of the estimates are also based on additional assumptions.[41]

Transactions with points of sale account for the largest share of fee and commission income from card operations. This is followed by revenue from interchange fees, and fee income from cardholders, mainly from cardholder fees, payment card issuance fees and other card-related fees (Figure 1.25, right). Revenue related to cash withdrawals at ATMs accounts for a smaller, but still relevant, share of total fee and commission income. The fee and commission income breakdown therefore indicates that most revenue from card operations is generated by the use of cards in cashless payments for goods and services, while services related to cash withdrawals account for a smaller share of fee and commission income in this business segment.

[39] This box summarises an analysis to be published in the Short Economic and Financial Analyses series under the title "Prispevek kartičnega poslovanja k opravninskim prihodkom slovenskih bank".

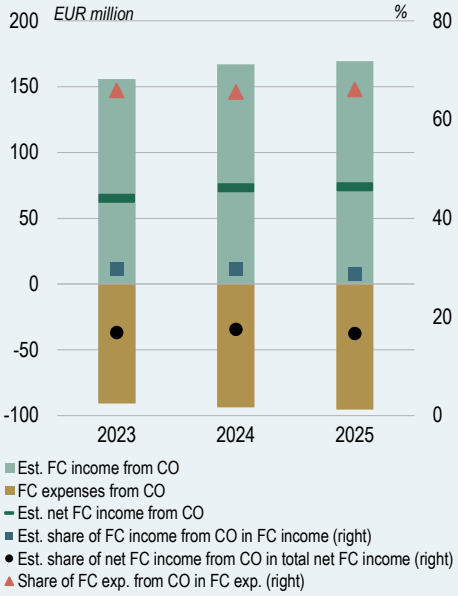
[40] Source: European Central Bank (2024), Study on the payment attitudes of consumers in the euro area (SPACE) - 2024, Frankfurt am Main.

[41] Further methodological details and a description of the assumptions used will be provided in the analysis entitled "Prispevek kartičnega poslovanja k opravninskim prihodkom slovenskih bank", which is scheduled for release later this year.

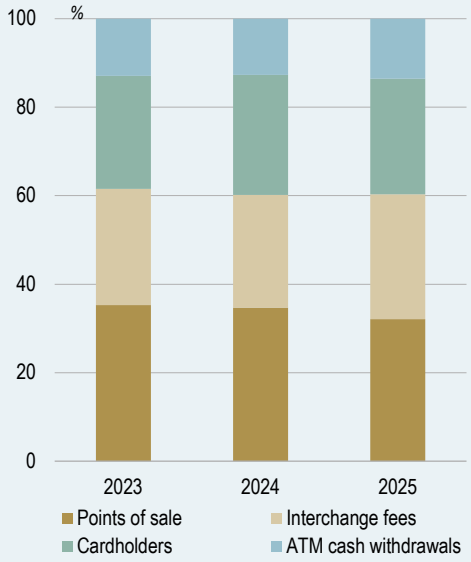
The breakdown of fee and commission income from card operations changed somewhat over the 2023 to 2025 period. Fee and commission income from interchange fees increased the most rapidly, and its share of the total income also increased the most. As interchange fees for consumer cards are regulated and capped by EU legislation, the growth was primarily driven by an increase in the volume and value of card transactions.[42] Fee and commission income generated from charges to cardholders also increased, as did fee and commission income related to cash withdrawals at ATMs, with both accounting for a slightly larger share of total fee and commission income. By contrast, fee and commission income from transactions with points of sale declined, reducing their share of total income from card operations. One possible explanation is the increasing role played by foreign acquirers in the Slovenian market. As a result, some of the fee and commission income generated from transactions with points of sale is realised outside the Slovenian banking system, while fee and commission income from interchange fees remains linked to the role of Slovenian banks as card issuers.

Figure 1.25: **Fee and commission income from card operations**

Estimated fee and commission income, expenses, and net fee and commission income from card operations



Breakdown of estimated fee and commission income from card operations



Note: CO: card operations, FC: fee and commission, est: estimated.
Source: Banka Slovenije, own calculations.

A comparison of income and net fee and commission income provides insight into the fee economics of card transactions. The ratio of net income to gross income from card operations stood at approximately 44% in 2025, compared with around 76% for all fee and commission income. The indicator is based on fee and commission income, fee and commission expenses, and net fee and commission income, and does not capture all costs associated with card operations. It therefore provides an indication primarily of the fee economics of this segment rather than of its overall profitability. The lower ratio for card operations is mainly attributable to the relatively high fee and commission expenses directly related to card transactions. These primarily include interchange fees and fees related to the operation of card schemes.

[42] Under Regulation (EU) 2015/751, interchange fees for consumer debit card transactions are generally capped at 0.2% of the transaction value, while those for consumer credit card transactions are capped at 0.3% of the transaction value.

Growth in the number and value of card transactions does not necessarily translate into a proportionate increase in (net) fee and commission income from card-operations. Despite the strong growth in card payments, fee and commission income and net fee and commission income from card operations increased at a slower pace than card payments over the 2023 to 2025 period. Between 2023 and 2025, the number of card transactions increased by around 24% and their total value by around 19%, while fee and commission income from card operations increased by 9% and net fee and commission income by 13%. Consequently, over the observation period, fee and commission income and net fee and commission income generated per card transaction, as well as relative to the value of card transactions, declined. In addition to the volume of transactions, fee and commission income is also affected by the fact that a significant amount derives from recurring fees that are not directly dependent on the number or value of transactions, as well as by competitive pressures. The relationship between growth in card payments and growth in banks' fee and commission income is therefore considerably less direct than might be inferred from the dynamics of card payments alone.

Card operations remain an important segment of banks' payment services. Their importance stems primarily from the high volume of transactions and the regular use of payment cards for day-to-day payments, making it a relatively stable source of fee and commission income. Their significance therefore extends beyond their direct contribution to fee and commission income, as the widespread use of payment cards means that card operations are closely linked to customers' day-to-day banking and their use of other payment and banking services. Further developments in card operations will depend, among other things, on the digitalisation of payments, the development of new payment solutions and changes in users' payment habits. Although many new digital solutions are based on existing card infrastructure, the development of alternative payment methods, such as account-to-account payments (e.g. Flik) and the possible introduction of a digital euro could affect the future role of payment cards in payment transactions and banks' fee and commission income from payment services.

1.7 ICT risks

Q2 26 | Q3 26 ⇧

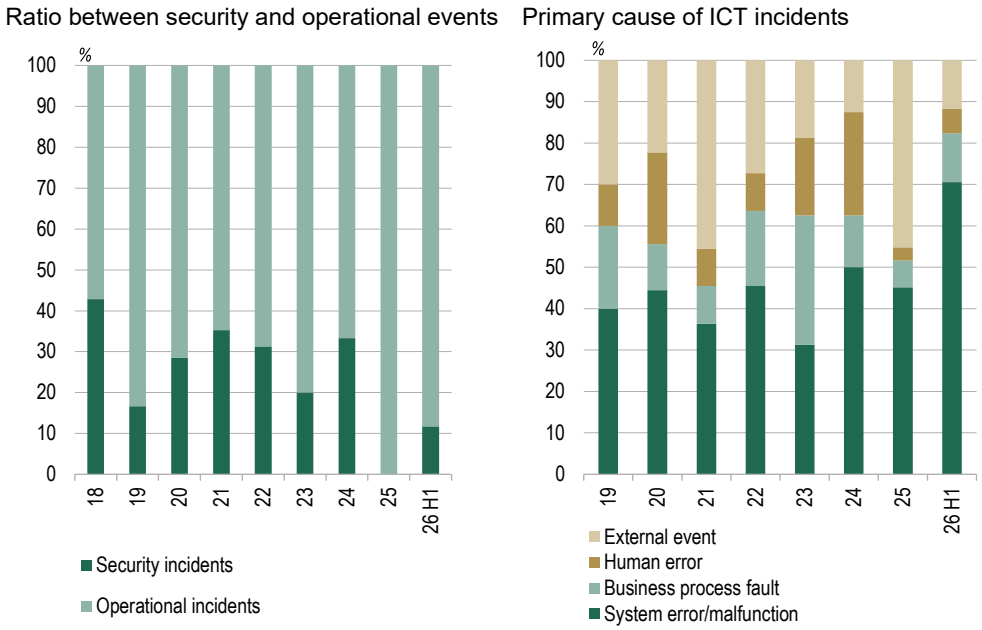
The assessment of risks inherent in information and communication technology (ICT) in the banking system is maintained at elevated, with a negative outlook. ICT risks, as defined in this edition of the Financial Stability Review, now include not only cyber threats (data misuse, ransomware), but also hardware and software failures, data loss, and interruptions to business processes due to technical errors. The latter have been increasing more rapidly than security incidents in recent years (see Figure 1.26, left). ICT incidents in the first half of 2026 mainly related to outages of servers, payment systems, and inaccessibility of external service providers due to technical faults. These are systemic errors that occur during the operation of an information system, temporarily preventing transaction execution and affecting the operations of individual banks and financial infrastructure. The ICT mapping tool indicates that ICT risks at the banking system level are stable.[43] However, due to cyber threats, elevated geopolitical risk, and new risks introduced by advanced artificial intelligence models, the outlook for ICT risks remains negative.

In the first half of 2026, more ICT-related incidents were observed in payment infrastructure and the execution of key financial services, but their financial impact remains low. Slovenian banks reported 17 ICT-related incidents in the first half

[43] The ICT mapping tool is designed to monitor and identify ICT risks at the banking system level. It also enables forecasting of operational incidents for the next quarter.

of 2026 that affected transaction execution at POS terminals and ATMs. These errors caused approximately EUR 8,000 in financial losses for banks in the first half of 2026. The majority of incidents were caused by malfunctions in banking information systems and errors made by third parties providing IT solutions to banks. A large proportion of operational incidents in the first half of 2026 were thus linked to external service providers for banks. Among the causes of ICT incidents, human errors and external events such as payment system outages or inaccessible services (see Figure 1.26, right) also appear. These incidents had no impact on financial stability.

Figure 1.26: **Causes of incidents and breakdown security and operational incidents**

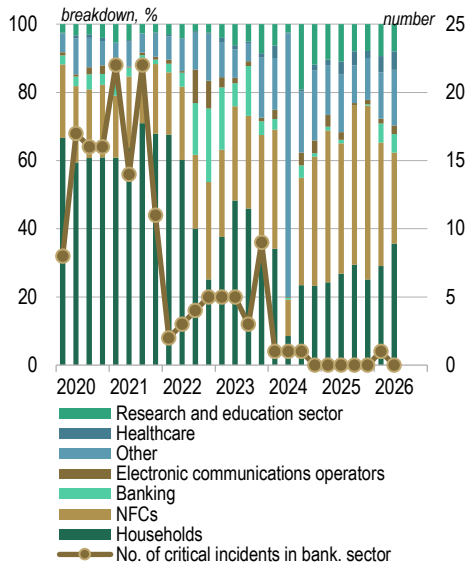


Source: Banka Slovenije.

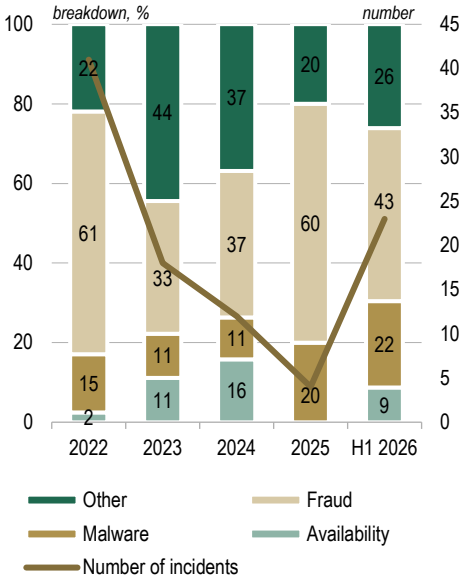
The number of cyber incidents in the banking sector reported to SI-CERT by banks is increasing. In the first half of 2026, banks reported 23 incidents to SI-CERT, compared with just five incidents causing material damage in 2025. Most of these incidents were reported by households and companies (especially small and medium-sized enterprises). The greatest financial losses from cyber incidents occurred in the non-financial corporate and household sectors, which can indirectly affect the banking sector. In addition to these two sectors, the research and education sector, banking, healthcare, and electronic communications operators were also among the more exposed (see Figure 1.27, left). The number of cyber incidents at the national level increased by just over 14% compared with the same period of 2025.

Figure 1.27: **Cyber incidents by sector**

Breakdown of incidents by sector and number of critical incidents



Types of incident in the banking sector



Note: In the left chart, the category "other" includes the following sectors: energy, financial market infrastructure, online marketplace providers, public administration bodies, transport, drinking water supply, digital infrastructure, and cloud computing providers.
Source: SI-CERT, Banka Slovenije.

In the first half of 2026, no cyber incidents based on artificial intelligence were detected in the banking sector. However, in the context of fraud, phishing campaigns targeting customers are becoming increasingly convincing, which is increasing the success rate of abuses and the resulting financial losses for customers. Supported by artificial intelligence, cyber attackers are generating increasingly convincing messages and content that direct customers to fake online banking sites, increasing the risk of abuse and fraud. The most common types of attacks on banks and their customers remain online fraud, phishing[44] and distributed denial-of-service (DDoS) attacks[45] (see Figure 1.27, right). Conversely, banks are incorporating artificial intelligence techniques into specific security solutions, enhancing operational resilience. They use AI for threat detection, email protection against phishing and malware, and for vulnerability and risk management. Banks identify the most vulnerable areas in the use of AI in cybersecurity as the risk of unintentional disclosure of sensitive personal data when using generative AI tools, dependence on external service providers, insufficient user understanding of risks, content manipulation and social engineering (e.g. advanced phishing attacks involving deepfakes), inadequate traceability, and the inaccuracies of generative models, which can lead to misunderstandings and poor decision-making.

According to data from the Slovenian police, reported losses due to online fraud in the first half of 2026 mounted to EUR 14 million, an increase of just over 10% compared with the first half of 2025. In recent years, bank customers have been exposed to various forms of online fraud, including abuse of electronic and mobile banking, payment card fraud, and fraudulent loans. In the first half of 2026, there was an increase in the number of online fraud cases, and abuses of electronic and mobile banking among customers.

The trend of cyber incidents involving fake emails, online fraud, and ransomware continued in the first half of 2026. Credential and banking data phishing remains one

[44] A phishing attack involves impersonation, where the attacker sends a fraudulent (e.g. forged or otherwise misleading) message intended to deceive the recipient into disclosing sensitive information or installing malicious software on the victim's infrastructure.

[45] The aim of DDoS attacks is to cripple or render a service unavailable to users. These attacks typically use networks of infected computers. To prevent such attacks, banks establish security operations centres and deploy dedicated antivirus software tools.

of the main tools for online fraud and other forms of cybercrime. It is the most used method by cybercriminals, who are mostly financially motivated. It enables perpetrators to gain initial access to individuals' services and company networks. Cyberattacks are becoming increasingly advanced and complex, as attackers use sophisticated social engineering techniques to obtain confidential information from victims. Malicious emails and phishing have become more targeted and personalised, increasing their effectiveness. Rapidly advancing AI technology and tools for creating complex forgeries are assisting attackers in these efforts.

In the EU, the banking sector in the first half of 2026 was predominantly affected by attacks exploiting AI tools, vulnerabilities associated with external ICT service providers, DDoS attacks, unauthorised access, and ransomware attacks. The main motive for these was financial gain. A large number of incidents affected third-party service providers, which had an indirect impact on banks' operations with customers (e.g. theft of confidential data and disruption to banking services). These are followed by ransomware, phishing attacks, and attacks using malicious software. The number of critical cyber incidents within the SSM has remained stable. However, there has been an increase in cyberattacks on European infrastructure and in online fraud using increasingly sophisticated artificial intelligence, which exploits the flood of information circulating online regarding military conflicts. ICT risks have further increased due to advanced AI models such as Claude Mythos. These models, due to their ability to proactively identify and exploit cyber vulnerabilities, pose a serious security risk to banks and financial stability. In light of these risks, Anthropic has made its model available only to a limited number of entities in a strictly controlled environment with advanced security protocols. Cyber threats in the EU remain at a high level, also due to geopolitical risks.

Box 2: **Artificial intelligence and the future of cybersecurity**

Artificial intelligence is transforming the field of cybersecurity, both in terms of banks' defences against threats and the nature of cyberattacks targeting the banking sector. New technologies, such as AI-generated phishing emails and deepfakes, as well as the most advanced forms of malware, are resulting in cyber threats that are more effective, targeted, and harder-to-detect. Recent developments in advanced artificial intelligence models have significantly altered the scope and structure of the cyber risks faced by the banking system, leading to an increase in systemic cyber threats that existing frameworks cannot yet fully mitigate.

With the development of artificial intelligence, the number of cyberattacks on the banking sector is also increasing. In the first half of 2026, banks did not report major cyber incidents based on artificial intelligence, such as attacks using generative AI that enable the creation of sophisticated fake messages. Conversely, banks are already using various artificial intelligence techniques to strengthen cybersecurity, primarily for real-time automated defence, advanced online fraud prevention, and protection of highly confidential data. Banks use artificial intelligence mainly for anomaly detection in network traffic, preventing phishing attacks, and analysing malware. They use machine learning, deep learning, and generative AI techniques (see Figure 1.28, right).

Banks do not have a dedicated procedure for reporting and handling cyber incidents related to artificial intelligence. They also currently lack specific strategies for

defending against cyberattacks that exploit artificial intelligence. Such risks are managed within the existing information security framework. Future updates to policies and standards are expected to include artificial intelligence.

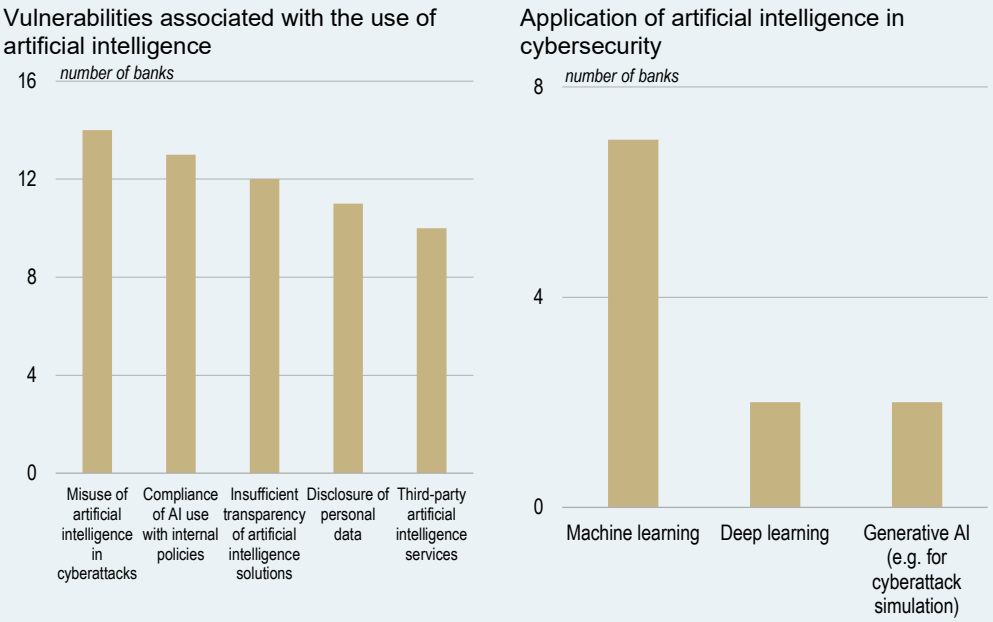
Banks conduct annual training for employees on the risks associated with artificial intelligence and cybersecurity. Their security policies prescribe the permitted use of artificial intelligence. Only AI systems approved for use by the bank itself may be used to process work-related data, and entering confidential bank data into publicly accessible systems is prohibited. Banks monitor the development of advanced technologies and related cyber risks through internal expert groups, participation in groups under the auspices of the Slovenian Banking Association, security notifications from ICT service providers, and involvement in banking and professional associations.

Banks assess that the most vulnerable areas associated with artificial intelligence are (see Figure 1.28, left):

(i) risk of unintentional disclosure of sensitive or personal data when using generative AI tools,
(ii) risks related to the use of services from external AI providers, including data processing, service security, and reliance on providers,
(iii) misuse of artificial intelligence for advanced phishing attacks, social engineering, and fraud,
(iv) insufficient transparency in the operation of AI solutions and potential inaccuracies or hallucinations of models, and
(v) (lack of) adequate control over the use of artificial intelligence by employees and compliance with internal policies and regulatory requirements.

Banks plan to further raise employee awareness regarding of the safe use of artificial intelligence, monitor new threats and regulatory requirements, and integrate artificial intelligence into existing risk management processes. Particular attention is being paid to the use of generative AI, data protection, the verification of external providers, and the monitoring of security recommendations and best practices within the banking sector.

Figure 1.28: **Vulnerabilities associated with the use of artificial intelligence and the application of artificial intelligence in security**



Source: Banka Slovenije.

Artificial intelligence and related cyber risks could pose a threat to the stability of banks and the financial system. Both the ESRB[46] and Banka Slovenije have expressed concerns about the use of the most advanced artificial intelligence models and the risks that they pose to public authorities and private financial institutions. The most advanced artificial intelligence models (such as Anthropic's Claude Mythos model) represent a turning point in cybersecurity, as they strengthen cyber resilience on the one hand, but in the short and medium term provide an advantage primarily to attackers by enabling faster identification of vulnerabilities and the execution of automated cyberattacks.[47] The banking system's dependence on a small number of major technology providers also poses a particular risk, as it increases strategic dependence and geopolitical risk. Due to the rapid development of artificial intelligence, banks must adapt their testing, security procedures, and incident recovery plans.

[46] The warning is published on the ESRB website as well as the Banka Slovenije website.

[47] More than 100 of the world's largest technology companies have expressed concern about the direct threat posed by artificial intelligence. The letter is published on the website.

1.8 Climate risk

Q2 26 | Q3 26 ⇨

Climate risks in the banking system remain moderate with a stable outlook. Banks' exposure to climate-sensitive activities[48] increased on average, mainly due to higher exposure to the construction sector. However, carbon indicators continued to improve as a result of reduced exposure to electricity, gas and steam supply, and agriculture. Credit risk in climate-sensitive activities declined slightly, primarily due to a reduction in NPEs in the manufacturing sector. Despite improvements in carbon indicators, transition risks in the banking system are still assessed as moderate, given the still-elevated credit risk in climate-sensitive activities. Physical risks, based on the current set of indicators, are assessed as low and remain relatively stable. The occurrence of extreme weather events (drought conditions, extreme heat) this summer will at least affect food price inflation in the coming months.

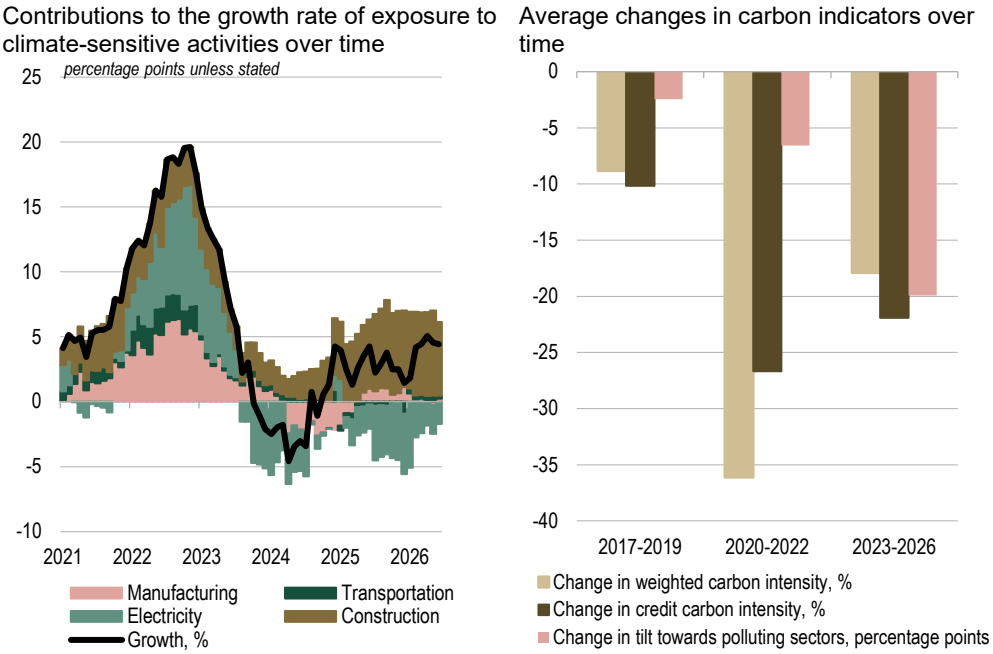
The Slovenian banking system's exposure to climate-sensitive activities was up 5.1% year-on-year on average in June. If climate sensitivity is defined based on emissions physically generated within Slovenia, this growth was mainly driven by exposure to the construction sector (which contributed 5.6 percentage points to the growth rate, see Figure 1.29, left). If a broader definition of emissions at the EU level is used, exposures increased by 5.8% year-on-year, mainly due to increased exposure to the residential sector. Nevertheless, the shares of exposure to climate-sensitive activities remain stable at an average of 33%.

Carbon indicators continued to improve, mainly due to reduced exposure to electricity, gas and steam supply, and agriculture. Both carbon loan intensity and weighted carbon intensity declined on average by about 22% year-on-year (see Figure 1.29, right). Banks' tilt to funding polluting activities fell to zero in February and averaged -1.4% at mid-year. This indicates that the Slovenian banking system is less exposed to polluting activities compared to their share in the structure of the economy. This was significantly influenced by reduced exposure to agriculture and electricity supply, which generate a high share of emissions. The tilt indicators[49] have declined in recent years (see Figure 1.29, right).

[48] Climate-sensitive activities are defined, according to the first definition, based on the contribution of activities to total emissions of NFCs in Slovenia, and according to the second definition, based on emissions in the EU, relevance for climate policy, and importance in the energy value chain (Battiston et al., 2017).

[49] There is still a difference in the sign and magnitude of the tilt indicator, which depends on whether granular or sectoral emissions data are used. Somewhat greater variability can be observed in the indicators when using granular emissions data, due to the contribution of emissions from individual companies.

Figure 1.29: **Growth in exposure to climate-sensitive activities and changes in carbon indicators over time**



Note: Climate-sensitive activities include (sub)sectors from manufacturing, construction, transport, and electricity, gas, and steam supply, which contribute the most to total emissions of the Slovenian economy.
Source: Banka Slovenije.

In the first half of the year, despite risk concentration in certain NFCs, credit risk in climate-sensitive activities declined slightly. The NPE ratio for the most climate-sensitive activities in the NFC portfolio decreased by 0.2 percentage points compared to December, to 2.2%. The share of NPEs from these activities in total NFC NPEs also declined slightly, reaching 58% (close to a record high),[50] but remains significantly higher in year-on-year terms (up almost 22 percentage points on June 2025). This increase mainly stems from the materialisation of credit risks in certain companies in manufacturing.[51] The NPE ratio in the segment of climate-sensitive activities, which has been higher than the NPE ratio for the entire NFC portfolio since June 2025, declined somewhat but remains elevated (6.9%). The difference between the NPE ratio for climate-sensitive activities and the overall NFC portfolio stood at 3.1 percentage points in June. Risks remain concentrated in individual manufacturing companies, particularly in the production of metals and metal products.

Physical risks in the banking system remain relatively stable. The share of exposure to entities in municipalities with high or elevated physical risk[52] (including chronic and acute physical risks) was 15.4% at the systemic level in June, while the share of exposure to areas with high exposure to at least one acute physical risk was 14.5%. Due to the greater dispersion of exposure to households, this share is much higher in the household portfolio (18.2%) than in the NFCs portfolio (11.1%). Among the acute physical risks considered,[53] the banking system is most exposed to the risk of extreme heat, and least exposed to floods (the share of exposure to floods was 0.6% in June). NPE ratios in total exposures (households and NFCs) remain low, both for exposures to entities in municipalities with high or elevated risk and for exposures with high acute physical risk (on average 0.23%).

[50] The time series of data on exposure by activity covers the period from October 2016 onwards.

[51] For more information, see the chapter on credit risk. Materialisation mainly occurred due to geopolitical risks, not measures related to the green transition.

[52] A municipality is considered exposed to high or elevated physical risk if the composite physical risk indicator is 0.75 or 0.5; see FSR, October 2024 for more details.

[53] Acute physical risks include risks of drought, floods, extreme wind, and heat. The composite risk indicator takes into account both chronic and acute physical risks, including risks of rising temperatures or increased precipitation.

Climate risk indicators do not reflect all factors associated with physical or transition risks, so caution is needed in their interpretation. Currently, transition and physical risks are analysed in separate analytical toolkits, and the potential impact of changes in transition risks on physical risks and vice-versa is not considered. Furthermore, physical risk indicators are based on long-term projections of climate scenarios, and do not reflect current changes in environmental indicators, which could significantly affect the operations of individual activities and, consequently, the banking system. This is particularly important in the case of acute physical risks, such as extreme weather events, whose impact on bank operations can be relatively rapid. Similar effects can be expected for other types of natural disasters, such as earthquakes (for more on the banking system's exposure to earthquake risk, see Box 3). Physical risks can also increase when interactions between different types of physical risks are considered (e.g. extreme heat can increase the risk of drought, which can raise the probability of flood events).

Elevated uncertainties, particularly those related to geopolitical risks, can indirectly affect climate risks. Due to the redirection of investments to other strategic purposes (e.g. defence), the timeline for the green transition may change significantly, while further disruptions in commodity markets may affect price levels and consequently interest rates. With the materialisation of geopolitical risks, energy prices[54] have risen sharply in both Slovenia and the euro area, and considerable volatility is observed in energy markets. Further interest rate increases and energy price volatility may dampen (green) investments by NFCs, which could reduce credit demand or contribute to further deterioration in credit risk for NFCs in climate-sensitive activities. The introduction of the EU ETS2 emissions trading system would temporarily contribute to a slight increase in inflation until 2028,[55] while amid price pressures, the reduction in permitted emissions under the latest European Commission proposal would proceed more gradually. The availability of financing for climate-sensitive activities remains crucial for the implementation of the green transition. Recent estimates no longer show a tilt towards financing polluting activities, which among other factors reduces transition risks in the banking system especially over the medium term. To mitigate climate impacts, both from transition and physical risks, it is advisable to maintain or strengthen financing for green investments.

[54] Headline inflation in Slovenia increased year-on-year to 3.7% in June (euro area: 2.8%), up 1.3 percentage points (euro area: 0.2 percentage points) on March; energy prices accounted for 1.7 percentage points (euro area: 0.8 percentage points) of the annual growth rate.

[55] The consumer price index in the euro area would be 0.2 percentage points higher in 2028 as a result of the introduction of the EU ETS2.

Box 3: **Earthquake risk analysis**

This analysis examines how earthquake hazard is distributed across Slovenian municipalities, and what proportion of bank exposure is linked to areas with higher earthquake hazard.[56] Earthquakes are a specific type of natural disaster, but can have similar consequences for borrowers and banks as extreme weather events such as floods. Damage to property and disruptions in economic activity can affect the ability of households and companies to repay loans, as well as the value of the properties securing those loans.[57] The consequences can also be transmitted to companies outside the directly affected areas through constraints on lending. Thus the analysis provides a basis for assessing how the effects of a major earthquake could be transmitted to the banking system and impact financial stability. The earthquake hazard overview includes all 212 Slovenian municipalities, where design ground acceleration[58] ranges from 0.10 to 0.24.

To assess the impact of earthquake hazard on bank exposures, municipalities were classified into three analytical categories (see Table 1.1). The low category includes design ground acceleration values from 0.10 to 0.1375, the medium category covers values from 0.15 to 0.1875, and the high category includes values from 0.20 to 0.2375. The lowest value of 0.10 is found in 50 municipalities, or 23.6% of all municipalities, while the highest range of values (0.225 to 0.2375) is found in 13 municipalities, or 6.1% of all municipalities.[59]

[56] To our knowledge, analysis of this type has not yet been conducted in Slovenia, although climate risks have been analysed by Pavlič (2023) and Ceglar et al. (2024).

[57] Garmaise, M. J., and Moskowitz, T. J. (2009). Catastrophic Risk and Credit Markets. The Journal of Finance, 64(2), pp. 657–707. Pérez Montes, C., García Villasur, J., Gutiérrez de Rozas, L., Jiménez, G., Lavín, N., Matyunina, A., and Vegas, R. (2025). The impact of the autumn 2024 flash floods in Spain from a financial stability standpoint. Financial Stability Review, Banco de España, No. 48, pp. 5–40. Uesugi, I., Miyakawa, D., Hosono, K., Ono, A., in Uchida, H. (2025). The collateral channel versus the bank lending channel: Evidence from a massive earthquake. Journal of Banking & Finance, 170, Article 107315.

[58] Design ground acceleration is an indicator of expected ground shaking intensity. It expresses the maximum expected acceleration on the surface of reference solid ground during an earthquake with a return period of 475 years, with higher values indicating stronger expected shaking. For clarity, values and ranges of design ground acceleration in Table 1.1 are rounded to two decimal places. The classification was prepared for the purposes of this analysis and does not represent the official ARSO classification.

[59] Classification into low, medium, and high categories is determined for the purposes of this analysis based on values for Slovenian municipalities. The highest values in the analysis (0.225 to 0.2375) are considerably lower than estimates for some highly seismically active areas worldwide. On the Nicoya, Osa, and Burica peninsulas in Costa Rica, estimated maximum ground accelerations for the same return period of 475 years and comparable solid ground conditions range from 0.55 to 1.20. The comparison is indicative, as the models used and spatial data levels differ. Source: Hidalgo-Leiva, D. A., et al. (2023). The 2022 Seismic Hazard Model for Costa Rica, Bulletin of the Seismological Society of America, 113(1), pp. 23-40.

Table 1.1: **Classification of municipalities according to design ground acceleration**

Seismic hazard class	Design ground acceleration	Number of municipalities	Share of total number of municipalities	Share of total area
Low	0.1	50	23.6%	12.7%
	0.11	18	8.5%	6.8%
	0.13	18	8.5%	5.2%
	0.14	15	7.1%	5.5%
Low – overall	0.10–0.14	101	47.6%	30.3%
Medium	0.15	17	8.0%	11.3%
	0.16	26	12.3%	14.0%
	0.18	16	7.6%	10.7%
	0.19	14	6.6%	11.4%
Medium – overall	0.15–0.19	73	34.4%	47.4%
High	0.2	10	4.7%	9.2%
	0.21	15	7.1%	8.3%
	0.23	7	3.3%	3.6%
	0.24	6	2.8%	1.3%
High – overall	0.20–0.24	38	17.9%	22.3%
Overall		212	100.0%	100.0%

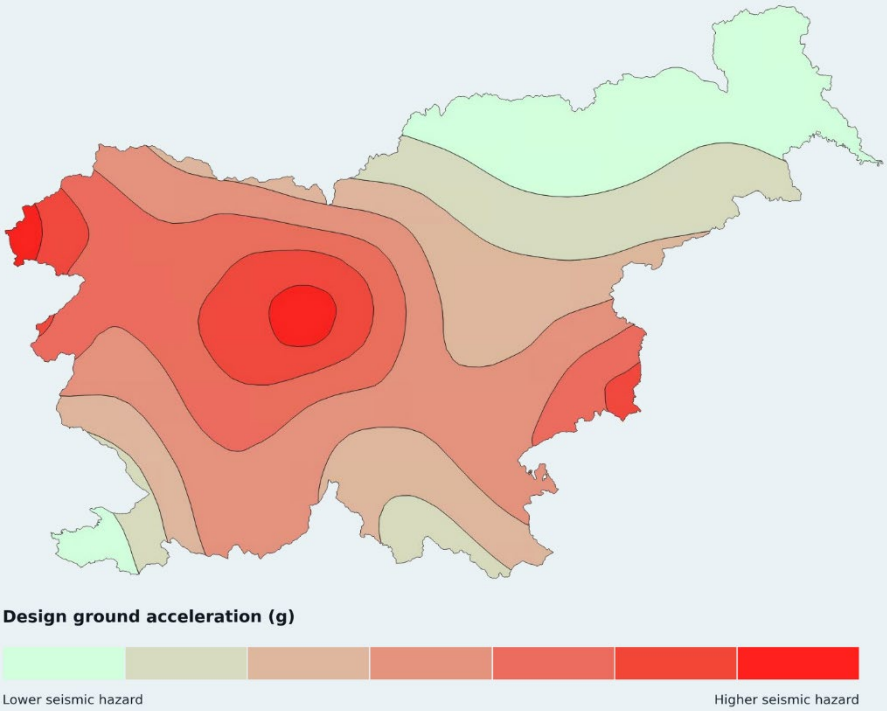
Note: Surface area shares are calculated relative to the total area of Slovenia, which is 20,271.21 km². The classification of municipalities into three categories was prepared for the purposes of this analysis and does not represent the official ARSO classification.
Sources: ARSO, GURS, Banka Slovenije calculations.

Areas with medium and high earthquake hazard comprise 111 municipalities and more than two-thirds of Slovenia's total area. The low category includes 101 municipalities, or 47.6% of the total number, covering 30.3% of the total area. The medium category includes 73 municipalities, or 34.4% of the total number, and covers the largest share of Slovenia's total area, at 47.4%. The high category includes 38 municipalities, or 17.9% of the total number, covering 22.3% of the total area. Thus, the medium and high categories together comprise 52.4% of all municipalities, but account for 69.7% of Slovenia's total area.

Earthquake hazard is unevenly distributed across Slovenia. The highest values of design ground acceleration are concentrated mainly in central Slovenia and the wider Ljubljana area (see Figure 1.30). The value of 0.2375 is found in the municipalities of Dobrova - Polhov Gradec, Log-Dragomer, Medvode, Mengeš, Trzin, and Vodice; the value of 0.225 is found, among others, in Brezovica, Dol pri Ljubljani, Domžale, Horjul, Komenda, and the City of Ljubljana. Higher values are also typical of parts of north-western and south-eastern Slovenia, while the lowest values are mainly found in

Prekmurje, Slovenske Gorice, parts of the Drava region, and parts of the Coastal-Karst region.

Figure 1.30: **Design ground acceleration in Slovenia**



Source: ARSO.

By linking earthquake hazard data with bank exposure, we assessed what proportion of the analysed credit portfolio is associated with municipalities in each earthquake hazard category. The analysis included exposures to households and NFCs that could be geographically attributed to municipalities, with a total value of EUR 19.5 billion, representing 54% of all bank exposures to these two sectors. Of this, EUR 16 billion were exposures to households and EUR 3.5 billion to NFCs. Thus the analysis covered 95.2% of banks' total exposure to households and 18.3% of total exposure to NFCs. Exposures to households in the low, medium, and high categories amounted to EUR 6.4 billion, EUR 4 billion and EUR 5.7 billion respectively; for non-financial corporations, the exposures were EUR 1.4 billion, EUR 0.8 billion and EUR 1.3 billion respectively (see Table 1.2).[60]

[60] For both households and non-financial corporations, the cut-off date is 30 June 2026. The amount of exposure for non-financial corporations differs slightly from the total exposure amount, as it refers specifically to exposures that can be linked to the land register and are secured by real estate.

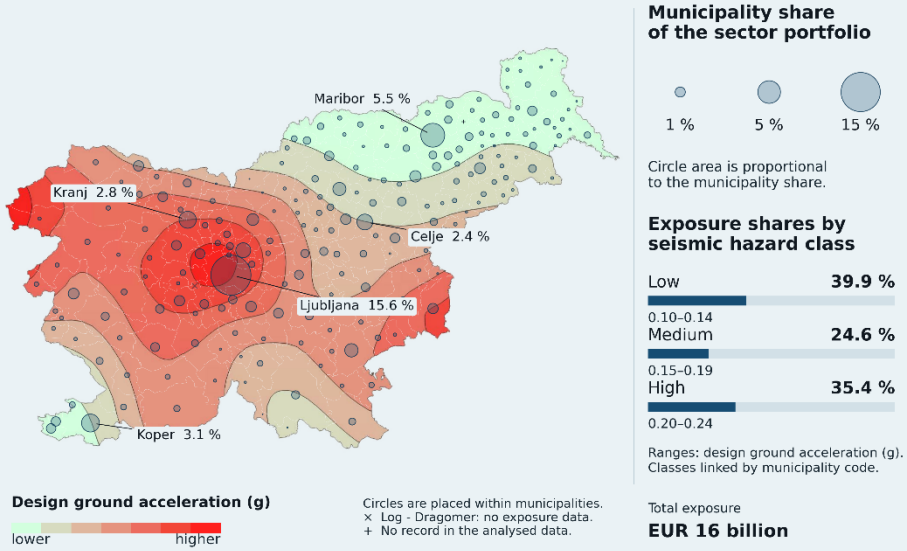
Table 1.2: **Banking system exposure by earthquake hazard category**

Seismic hazard class	Households	NFCs	Overall
Low	6.4 (39.9%)	1.4 (38.8%)	7.8 (39.7%)
Medium	4.0 (24.7%)	0.8 (23.8%)	4.8 (24.5%)
High	5.7 (35.4%)	1.3 (37.4%)	7.0 (35.8%)
Overall	**16.0 (100.0%)**	**3.5 (100.0%)**	**19.5 (100.0%)**

Note: Amounts are expressed in EUR billion. Due to rounding, the totals of the displayed values may differ slightly. The exposure analysis includes 211 municipalities. The municipality Log-Dragomer (OB_ID 208) is missing from the original table used for linking exposures, so 37 municipalities are included in the high category in the bank exposure analysis instead of 38.
For non-financial corporations, multiple counting of exposures linked to several plots was prevented. If the same amount appeared for multiple plots, it was divided by the number of repetitions and the resulting portions were allocated to the municipalities where the individual plots are located. For example, if an exposure of EUR 900,000 appeared for three plots, each was allocated EUR 300,000. This preserved the original total exposure amount and prevented multiple counting.
Source: Banka Slovenije. Cut-off date: 30 June 2026.

More than one-third of banks' exposures to households and non-financial corporations are linked to municipalities with high earthquake hazard. The largest share of total exposure is in the low category, at EUR 7.8 billion or 39.7% of total analysed exposure. This is followed by the high category with EUR 7 billion or 35.8%, while the medium category accounts for EUR 4.8 billion or 24.5% of exposure. Exposures in the high earthquake hazard category thus represent 19.4% of banks' total exposure to households and NFCs combined, allowing for an assessment of their scale at the level of total exposure to both sectors. The high category stands out, as it includes only 37 out of the 211 municipalities covered in the analysis (17.5% of municipalities), yet more than one-third of the analysed exposure is associated with them.

Figure 1.31: **Earthquake hazard and geographical distribution of bank exposures to households**

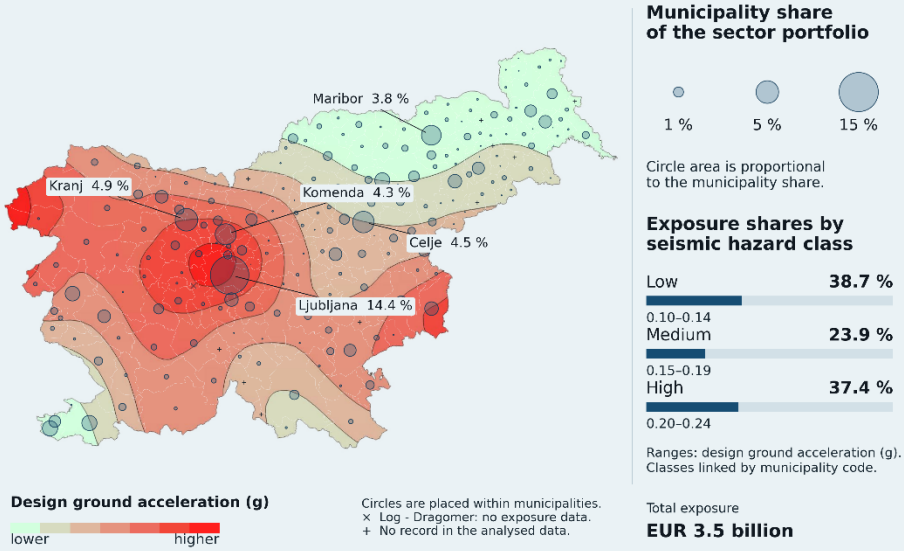


Note: Shares are calculated based on cleaned data for 210 municipalities and do not represent expected losses. For the municipality of Sveti Jurij v Slovenske Gorice, there is no entry in this data; in the original table, its exposure was zero.
Sources: ARSO, own calculations.

The geographical distribution of municipalities with high earthquake hazard is therefore important for assessing earthquake risk in the banking system. According to the classification used, households account for 35.4% of the exposure to municipalities with high earthquake hazard (see Figure 1.31) and NFCs for 37.4% (see Figure 1.32). Relative to banks' total exposure to each sector, exposures in municipalities with high earthquake hazard account for 33.7% of the household portfolio and 6.8% of the

NFCs portfolio. In both segments, Ljubljana stands out in terms of exposure, highlighting the importance of concentration of exposures in specific areas. The shares presented serve as a basis for further risk assessment, and not as estimates of expected losses, as these would also need to take into account the vulnerability and insurance coverage of properties, as well as the impact of an earthquake on borrowers' ability to repay obligations.

Figure 1.32: **Earthquake hazard and geographical distribution of bank exposures to NFCs**



Note: Shares are calculated based on cleaned data for 201 municipalities and do not represent expected losses. For ten other municipalities, there is no entry in this data; in the original table, their exposure was zero.
Sources: ARSO, own calculations.

The results of the analysis show a concentration of bank exposures in areas with higher earthquake hazard, particularly in the wider Ljubljana area, which is an important starting point for assessing the potential consequences of a major earthquake for the banking system. Damage to residential and commercial properties and disruption of economic activity could simultaneously impair the ability of households and NFCs to repay obligations, reduce the value of properties pledged as collateral for bank loans, and increase banks' credit losses. Due to the geographical concentration of exposures, the consequences could affect a larger number of banks at the same time, and thus have systemic implications for financial stability. The analysis therefore highlights the importance of monitoring the geographical concentration of exposures, the quality of collateral, insurance coverage, and banks' capacity to absorb losses. The figures presented refer to exposures in earthquake-prone areas, not to estimated losses. The actual impact of an earthquake would depend primarily on its location and intensity, the vulnerability of buildings, the extent of insurance coverage, and the capital and operational resilience of banks.

2 Resilience of the Banking System

2.1 Solvency and profitability

Q2 26 | Q3 26 ⇨

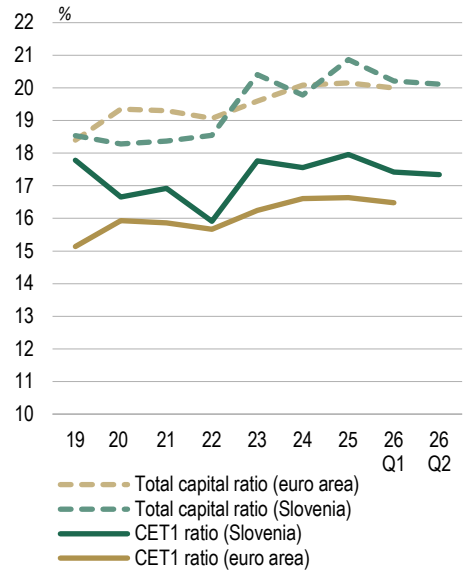
The resilience of the banking system in terms of solvency and profitability remains high. The effects of strong profitability and the strengthening of regulatory capital through retained earnings at the end of 2025 carried over into the first half of 2026, when high solvency was maintained despite increased risk exposure, as capital adequacy ratios did not decline significantly. In the second half of the year, a further decrease in capital adequacy ratios is expected, which will primarily depend on the growth of the loan portfolio and the pace of increase in credit risk exposure. Towards the end of the year, if banks maintain prudent management of earnings, further strengthening of regulatory capital could be observed, given the expected continuation of positive profitability trends.

Solvency

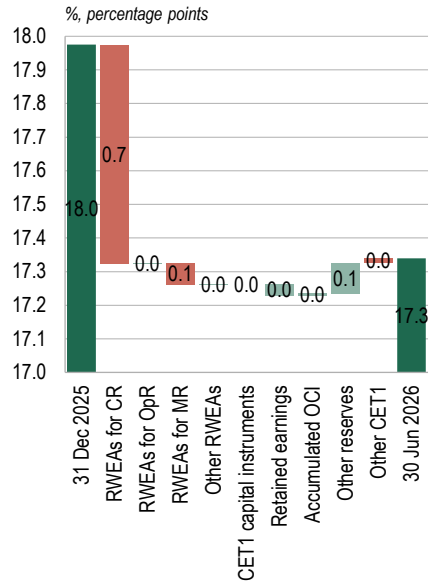
In a changing environment, the Slovenian banking system maintained high strength and resilience at the end of the first half of 2026, despite lower capital adequacy ratios. In the second quarter, the pace of their decline slowed compared with the first quarter (see Figure 2.1, left). The total capital ratio on a consolidated basis stood at 20.1% (0.8 percentage points lower than at the end of 2025), and the Common Equity Tier 1 capital (CET1) ratio stood at 17.3%, down 0.6 percentage points (see Figure 2.1, right). In line with the decrease in the total capital ratio, the surplus over the overall capital requirement also declined in the first half of the year, from 6.6 to 5.8 percentage points (see Figure 2.2, left), while the leverage ratio at the end of the first half of the year was a favourable 9.7%. In the euro area overall, for which the latest data are available for the first quarter of 2026, the total capital ratio stood at 20.0% and the CET1 ratio at 16.5%, both below the levels achieved by the Slovenian banking system. Even on an individual basis, the Slovenian banking system's capital adequacy ratios remained high despite a decline: at the end of the first half of the year, the total capital ratio reached 22.3% and the CET1 ratio 18.9%, confirming the high solvency of the banking system at the end of the first half of this year.

Figure 2.1: **Capital adequacy ratios and breakdown of change in CET1 ratio**

Capital adequacy ratios on a consolidated basis compared with the euro area



Breakdown of changes in the CET1 ratio, consolidated basis

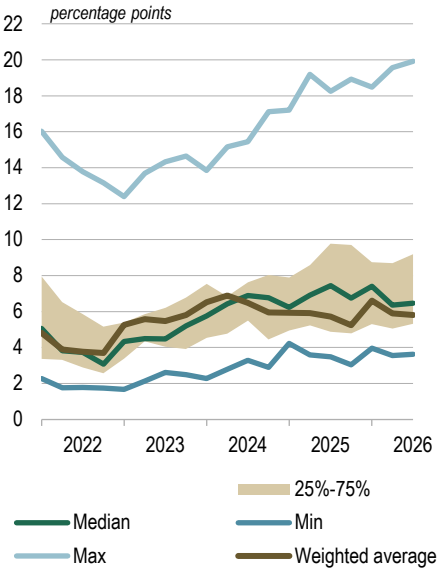


Note: CR – credit risk, MR – market risk, OpR – operational risk.
Sources: Banka Slovenije and ECB Data Porta.

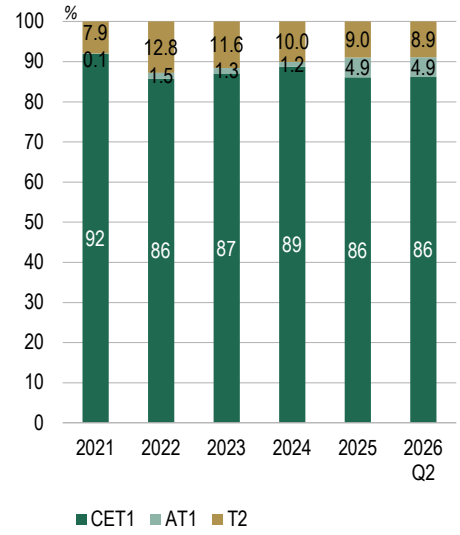
The decrease in capital adequacy ratios in the first half of 2026 was the result of growth in the total risk-weighted exposure amount (RWEA), which was less pronounced in the second quarter. RWEA increased by 4.1% (EUR 1.5 billion) over the first half of the year, which corresponds to about half the growth (8.3%) recorded during the first half of 2025. In the second quarter, growth was limited to 0.7%, while in the first quarter it reached 3.4%. The main contributor to the change in RWEA in the first half of the year was growth in the RWEA for credit risk (+4.4%), most notably exposures secured by mortgages on immovable property (+6.2%) and retail exposures (+4.8%), while growth in corporate segment exposures was lower (+2.9%). The increase in RWEA contributed to a rise in the average risk weight, which increased by 1.4 percentage points to 55.9% in 2026. Regulatory capital increased only slightly (+0.3%), mainly due to the positive impact of accumulated other comprehensive income, while the quality structure of capital remained similar to that at the end of 2025, when CET1 accounted for 86% of total regulatory capital at system level (see Figure 2.2, right). High profitability in the past contributed to CET1 growth, enabling banks to strengthen regulatory capital mainly through retained earnings. In the last quarter of 2025, banks also issued additional Tier 1 capital instruments, which caused the share of CET1 to decrease by 3 percentage points, but it remained high in the structure.

Figure 2.2: **Trends in capital surplus and components of regulatory capital**

Trends and distribution of capital surplus across banks over time



Trends in the share of regulatory capital components over time



Source: Banka Slovenije.

In the second half of the year, solvency is expected to remain above the long-term average, despite the continuation of the anticipated negative trend. The expected increase in credit risk exposures could contribute to a decline in capital adequacy ratios. High uncertainty in the international environment could negatively affect asset values, and lead to increased impairments or provisions. Taking a prudent approach to capital strengthening and in the absence of major surprises, banks could strengthen regulatory capital towards the end of the year through retained earnings. Opportunities for strengthening regulatory capital through internal accumulation remain, mainly due to stable income streams, while capital strengthening through issuance of capital instruments in financial markets remains limited. Strengthening regulatory capital increases or maintains banks' resilience and also addresses minimum MREL requirements, which banks are successfully meeting. Despite the strong resilience of the banking system, differences in capital positions among banks remain, which also affects their ability to absorb sudden shocks from the environment. Consequently, sound management of capital adequacy at the individual bank level is very important.

Profitability

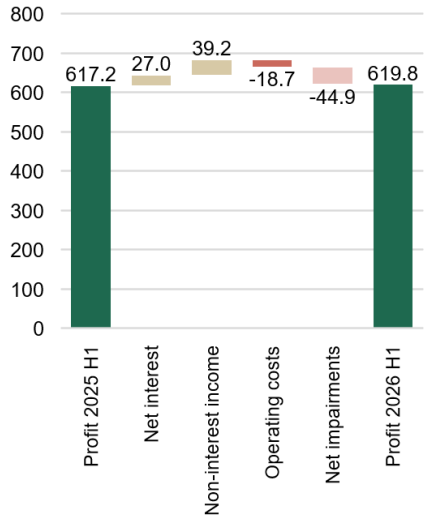
Profit before tax amounted to EUR 619.8 million in the first half of 2026, remaining broadly unchanged compared with the same period last year (+0.4%). The maintenance of high profit levels was supported by higher net income[61] (+EUR 47.5 million), resulting from both higher net interest and net non-interest income, despite higher operating costs (see Figure 2.3, left). A significant increase in net impairments and provisions also contributed to the reduction in profit, with these being 153.4% higher year-on-year. They accounted for 6% of the disposal of gross income, compared with just 2.5% in the same period last year, but had risen to 7.4% of the disposal of gross income by the end of 2025. ROE (see Figure 2.3, right) increased as expected compared with the early months of the year, having stood at just 9% over the first quarter, due to the gradual reduction in the impact of higher costs at the beginning of the year (when banks still included higher estimated contributions to the guarantee scheme, which were subsequently revised downwards), as well as increased income from dividends. ROE stood

[61] See also Chapter 1.6. Income risk. Net income is the sum of three categories: net interest, net non-interest income, and operating costs.

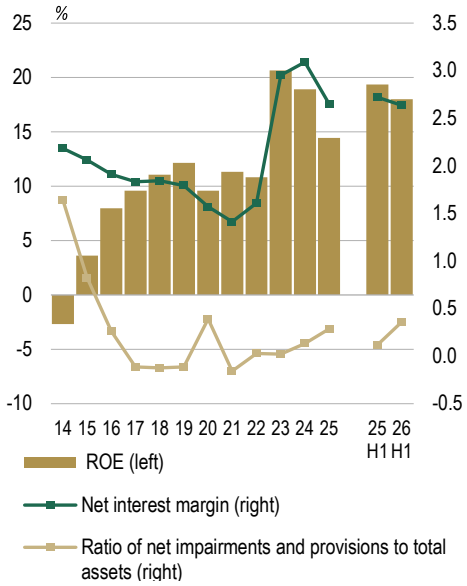
at 18.0% over the first half of the year, slightly lower than in the same period last year (19.4%), but still above average.[62] At the end of 2025, it was lower, at 14.4%.

Figure 2.3: **Changes in profit components and selected bank performance indicators**

Impact of changes in components on profit before tax (EUR million)



Selected bank performance indicators



Note: Values for net interest margin and net impairments and provisions in June measured over last 12 months.
Source: Banka Slovenije.

Bank profit after tax amounted to EUR 557 million. Corporate income tax remains relatively low at system level (EUR 63 million), mainly due to the possibility of reducing the tax base through carried forward tax losses, which five banks will be able to utilise for 2026.[63] The effective tax rate[64] was 10.2%, slightly lower than in the same period last year (10.7%).

In the second half of this year, profitability is expected to decline somewhat compared with the first half, but remain above average. The decline in the second half, as in the same period last year, will mainly be due to the gradual fading of the impact of dividend income from the second quarter. By contrast, growth in net interest income has been strengthening in recent months, and growth in net fee and commission income is outpacing growth in total income. If the dynamics from the first half continue, net interest income this year could reach approximately EUR 1.5 billion, comparable to the high half-year averages in the period of 2023 to 2026. Net interest income has thus stabilised and is continuing to make a positive contribution to profit growth, which this year will depend mainly on net impairments and provisions. Their increase, amid tighter economic conditions, could significantly reduce profit, while relatively stable income generation and cost management are expected at banks. If a similar dynamic in net impairments and provisions continues in the second half of the year, their total amount would be about one-tenth lower than last year. Return on equity (ROE) before tax is

[62] Profitability at banking system level has averaged around 10% over the long term. Between 2016 and 2022, it stood at 10.4%; between 2023 and 2025, it stood at 18%; and the long-term average for 1996 to 2025, excluding the two years before the bank recovery and resolution and the recovery year itself, was 10.0%.

[63] Tax losses carried forward from previous years raised bank profit after tax in 2025 by EUR 67.0 million. The positive effects of tax losses carried forward on bank profit were lower in 2025 than in the previous year (2024: EUR 84.6 million), mainly due to lower profit before tax and thus a lower tax base for corporate income tax. The impact of tax losses carried forward on bank profit is analysed in detail in Taxation of bank earnings and impact of tax losses carried forward published in April 2025 in Banka Slovenije's Discussion Papers.

[64] The ratio refers to corporate income tax relative to profit before tax.

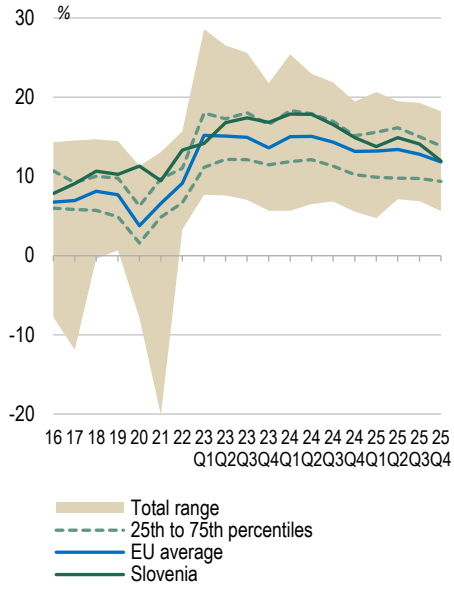
expected to decline from its current value in the coming months and approach last year's level, but will still remain several percentage points above its long-term average.

Comparison of bank profitability in Slovenia, the EU, and the euro area

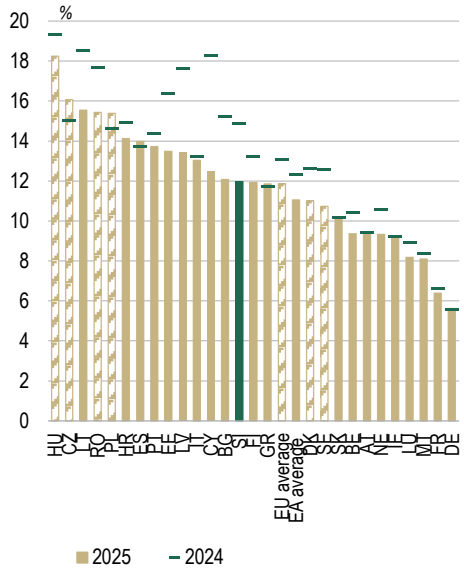
The profitability of the Slovenian banking system in 2025 was broadly in line with the (simple) average for EU countries and slightly above the average for euro area countries. The profitability level noticeably exceeded both the average for the entire area and, in particular, the level of comparably sized banks. Bank profitability declined as expected last year in Slovenia (see Figure 2.4, left and right), as did the averages for EU and euro area countries, but remained almost unchanged for both areas overall. ROE[65] after tax in the Slovenian banking system stood at 12.0% in 2025 (14.9% in 2024); the EU country average was 11.9% (13.1%). The margin by which ROE exceeded the EU average narrowed last year in Slovenia (see Figure 2.4, left), as well as the euro area average. The excess ROE for the Slovenian banking system compared with the entire EU and euro area remained relatively large, at 3 percentage points. ROE in the entire EU and euro area in 2025 stood at 9.0% and 8.7% respectively, while for comparably sized banks it was only about half the ROE in Slovenia.

Figure 2.4: **Profitability in EU countries and Slovenia**

Comparison of profitability (ROE) in EU countries (consolidated data) and Slovenia, after tax



Return on equity (ROE) in EU countries in 2024 and 2025 (consolidated data), after tax



Sources: Banka Slovenije, ECB Data Portal, own calculations.

In the first quarter of 2026, bank profitability declined compared with the same period last year in Slovenia, the EU, and the euro area. In Slovenia, ROE[66] after tax stood at 10.4%, down just over 3 percentage points on the same period last year; the EU country average and euro area country average stood at 12.0% and 11.8% respectively, about 1 percentage point lower. ROE in each of the two areas was around 10% in the first quarter of this year, comparable to the same period last year.

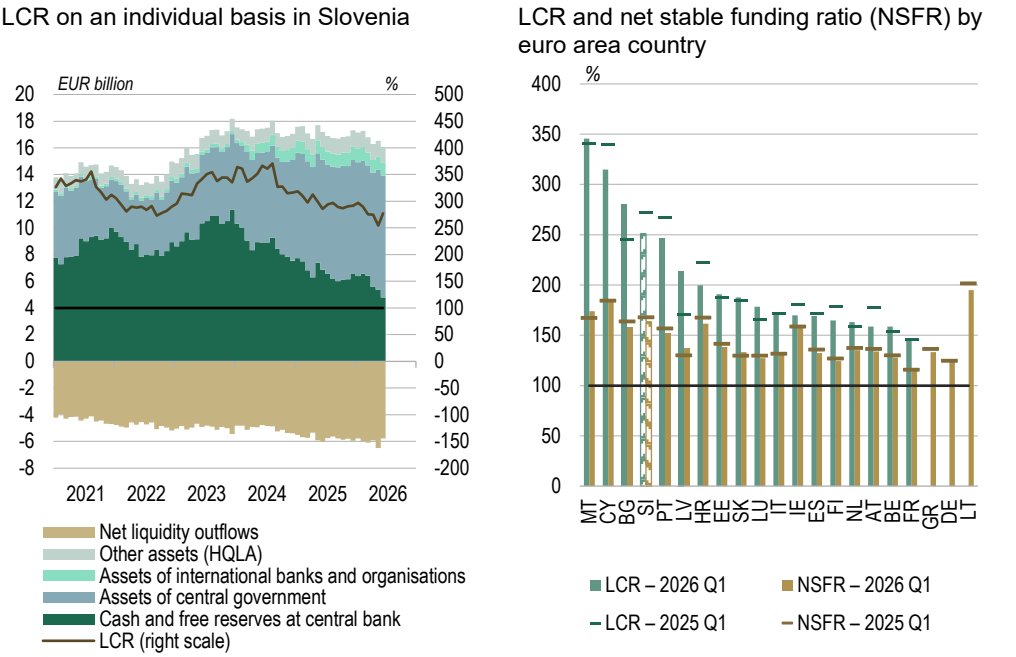
[65] Consolidated bank data at the national level (ECB, Data Portal, CBD data).

[66] Consolidated bank data at the national level (ECB, SDW, CBD) include the ROE indicator after tax, which is annualised.

Despite a deterioration in some indicators, the resilience of the banking system in the liquidity segment remained high, with a stable outlook for the future. By continuing to channel free liquid assets mainly into loans to the non-bank sector and debt securities, banks reduced their stock of liquidity and continued to change its structure. As a result, the ability to cover net liquidity outflows over a short-term stress period and to fund assets over a one-year period at banking system level has deteriorated somewhat but remains high. The changed liquidity structure, with a dominant share of debt securities, may be less favourable for banks if a sudden need for a large volume of liquidity requires their sale. Significant differences in liquidity surpluses among banks persist. Careful liquidity management, especially for banks with lower liquidity surpluses, will remain an important factor in maintaining high resilience.

The ability to cover net liquidity outflows in a one-month stress period deteriorated at banking system level but remained high. The liquidity coverage ratio (LCR) decreased by 14 percentage points over the first half of this year to stand at 277% on an individual basis, as the stock of high-quality liquid assets (HQLA) declined more than net liquidity outflows (see Figure 2.5, left).[67] Despite the decrease, the LCR remains well above the minimum regulatory requirement (100%), and the liquidity surplus above this requirement amounted to EUR 10.3 billion in June. Slovenia ranks a high fourth place among euro area countries in terms of LCR, where, similarly to Slovenia, the LCR decreased in more than half of the countries (see Figure 2.5, right).[68]

Figure 2.5: **Liquidity indicators for Slovenia and the euro area**



Note: In the left chart, net liquidity outflows are shown in the negative area for clarity. The horizontal line in both charts indicates the minimum regulatory requirement (100%). In the right chart, publicly available consolidated data is included; LCR data is not available for Greece, Germany, and Lithuania.
Sources: Banka Slovenije, ECB Data Portal.

Changes in the asset structure on banks' balance sheets in the first half of 2026 drove a decline in stock and a change in the structure of high-quality liquid assets (HQLA), which banks use to cover net liquidity outflows. As banks directed

[67] Net liquidity outflows are the difference between expected outflows and expected inflows over a 30-day stress period. Inflows are only considered up to 75% of all outflows.

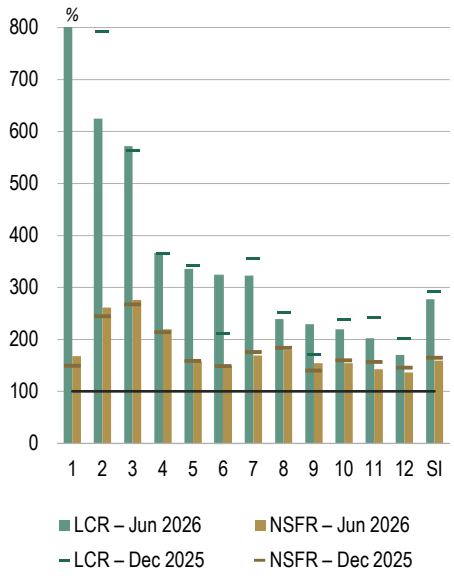
[68] The comparison includes publicly available consolidated data for the first quarter of 2025 and the first quarter of 2026. More recent data was not available at the time of writing this review.

liquid assets held in accounts at the central bank slightly more towards lending to the non-bank sector, which does not count as HQLA, than to purchasing government debt securities, the stock of HQLA decreased. At the same time, the structure of HQLA continued to change. Cash and free reserves at the central bank had decreased to EUR 4.8 billion by June, less than one-third of HQLA. This means that banks can no longer fully cover net liquidity outflows solely with this form of liquid assets (see Figure 2.5, left). Meanwhile, due to investments in government securities,[69] assets of central government units increased to EUR 9.1 billion, or 57% of all HQLA. With such a structure of HQLA, where government debt securities dominate, banks could be in a less favourable position in the event of sudden and large liquidity needs requiring the sale of these securities.

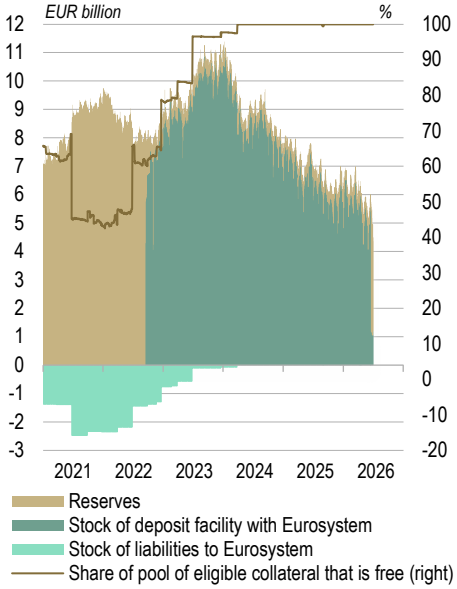
The Slovenian banking system has maintained a favourable funding structure with a high share of stable sources, enabling sustainable funding of assets over the coming one-year period. The net stable funding ratio (NSFR) for the banking system on an individual basis decreased by 6 percentage points to 159% over the first half of this year but remained well above the minimum regulatory requirement of 100%. Required stable funding increased slightly more than available stable funding, mainly due to increased loans to the non-bank sector and investments in securities. Available stable funding was strengthened primarily by inflows of deposits from the non-bank sector. Despite the decrease, the banking system had EUR 17.5 billion more available stable funding than required for the one-year period in June. The NSFR also declined over the last year[70] in most other euro area countries, among which Slovenia, ranking fourth, continues to be among the countries with high capacity to fund assets over a one-year horizon.

Figure 2.6: **LCR and NSFR by bank and stock of claims and liabilities to the Eurosystem**

LCR and NSFR on an individual basis by bank



Liabilities and claims to the Eurosystem and the share of the free pool of eligible collateral



Note: The horizontal line in the left chart indicates the minimum required level of LCR and NSFR (100%) in accordance with the CRR. For clarity, the full value for one bank is not shown in the left chart; its LCR was 4,494% in December 2025 and 1,275% in June 2026. Reserves include funds in the central bank account for the purpose of meeting the reserve requirements of settlement banks.
Source: Banka Slovenije.

[69] The structure of debt securities by geographical area and counterparty is shown in Figure 6.18 in the appendix.

[70] The comparison includes publicly available consolidated data for the first quarter of 2025 and the first quarter of 2026. More recent data was not available at the time of writing this review.

Most banks have maintained high resilience to funding risk, although there remain considerable differences in their liquidity surpluses. The LCR decreased over the first half of this year at two-thirds of banks, mainly due to a reduction in the stock of HQLA, but for only one bank was it lower than twice the minimum regulatory requirement (see Figure 2.6, left). The NSFR value decreased at half of the banks, but most banks had at least 50% more available funding than required to fund assets over the upcoming one-year period. If the change in liquidity structure continues, liquidity indicators may decrease further in the future. Although all banks exceeded the minimum regulatory requirements for LCR and NSFR, careful liquidity management remains important for maintaining the currently high resilience in the future.

The pool of eligible collateral for Eurosystem operations has increased somewhat. It rose by 8.5% over the first half of the year to reach EUR 2.8 billion, but remained entirely free (see Figure 2.6, right), as banks currently have no need for additional liquidity. Should they require it in greater volume, they can mobilise a further EUR 11.3 billion of financial assets eligible as Eurosystem collateral available on their balance sheets. As banks continued to channel liquid assets into more profitable loans and debt securities, the stock of overnight liquidity placed with the Eurosystem also decreased this year. The average stock of the deposit facility in the first six months was EUR 5.3 billion, or one-fifth less than the 2025 average. A marked decrease in the deposit facility stock to EUR 1.1 billion occurred in mid-June 2026, as the deposit facility rate and the rate on excess reserves equalised. Most banks therefore no longer opt for the deposit facility with the Eurosystem but instead retain the funds in their central bank account.

3 Households and Non-Financial Corporations

3.1 Households

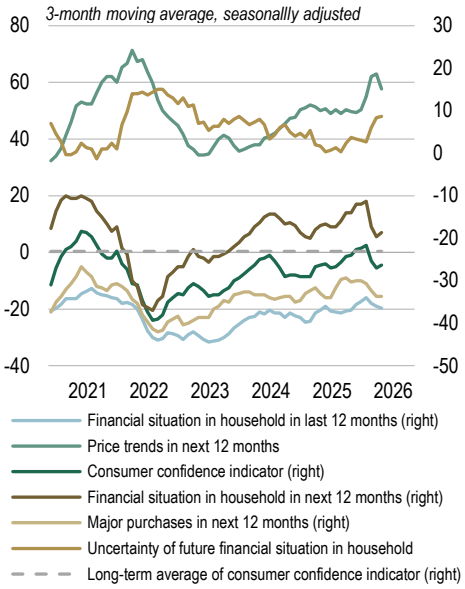
Households maintained a favourable financial position in the first half of 2026. Slovenian consumer confidence improved at the end of the second quarter of 2026, as did their expectations regarding the economic and financial situation. Strengthened lending activity in the household portfolio continued in the first half of 2026, with housing loans notable for their strong year-on-year growth, and consumer loans also recording high growth. Nevertheless, Slovenian households remain less-indebted compared with households in the euro area.

Consumer sentiment and household financial assets

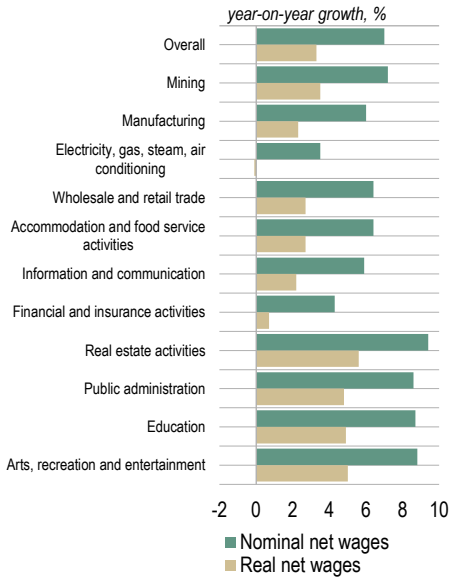
Slovenian consumer confidence improved at the end of the second quarter of 2026, as did their expectations regarding the economic and financial situation. The consumer confidence indicator, after deteriorating in April and May, strengthened again in June, in both monthly and year-on-year terms (see Figure 3.1, left). All four components of the indicator contributed to the improvement, with expectations regarding the country's economic situation and households' financial position standing out most. On a quarterly basis, expectations regarding plans for renovation and for purchasing or building a home worsened, as both indicators were 4% lower in the second quarter than in the first quarter. Average gross wages in June 2026 were up 8.3% year-on-year in nominal terms and 4.5% in real terms. The average gross wage in June was up on May in both the private sector and the public sector, with growth being more pronounced in the latter (4.8% versus 1.3%). This is partly related to the payment of the third instalment of the agreed wage increase for public employees, which is part of the introduction of the new public sector wage system, effective from 1 January 2025. Average net wages also increased, nominally by 7% and in real terms by 3.3%, with growth in the second quarter of 2026 somewhat higher than at the beginning of the year. Year-on-year nominal growth in net wages was present across all sectors, most notably in real estate activities (see Figure 3.1, right).

Figure 3.1: **Consumer confidence indicator and nominal and real wage growth**

Consumer confidence indicator



Nominal and real growth in net wages by sector



Source: SURS.

The ratio of Slovenian households' financial assets to GDP increased in the first quarter of 2026 compared with the end of the previous year, but at 135.7% remains significantly lower than in the euro area overall. Household financial assets amounted to EUR 101.5 billion in the second quarter of 2026, having increased nominally by 10.8% year-on-year (see Figure 6.19 in the appendix, left). In the last quarter, the share of assets accounted for by debt securities and bonds strengthened slightly.[71] Compared with the euro area, Slovenian households continue to hold a larger share of financial assets in the form of currency and deposits, which accounted for almost half of their total financial assets, and a higher share of equity. Households in the euro area, by contrast, hold more assets in the form of life and pension insurance, shares, and bonds.

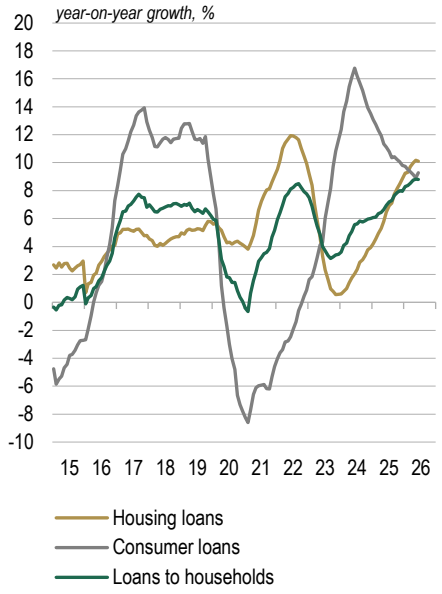
Household indebtedness and housing cost burden

The indebtedness of Slovenian households remains lower than in the euro area overall. Household liabilities amounted to EUR 20.5 billion in the second quarter of 2026, having increased nominally by 7% year-on-year. The ratio of household financial liabilities to GDP stood at 28.3% in the first quarter of 2026, almost half the level in the euro area overall (57.1%). Loans raised amounted to EUR 18.3 billion in the second quarter, up 8.2% in year-on-year terms, with 84% of the loans raised with domestic banks, and smaller shares with other domestic intermediaries, non-financial corporations, and non-residents.

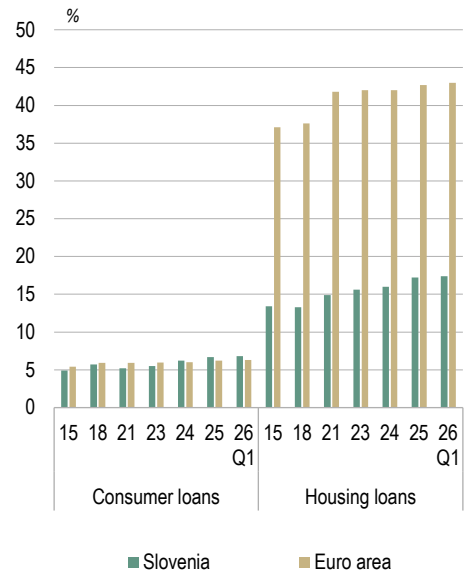
[71] For more information, see Box 4.

Figure 3.2: **Household indebtedness**

Growth in housing and consumer loans



Ratio of stock of household loans to GDP



Sources: ECB Data Portal, Banka Slovenije.

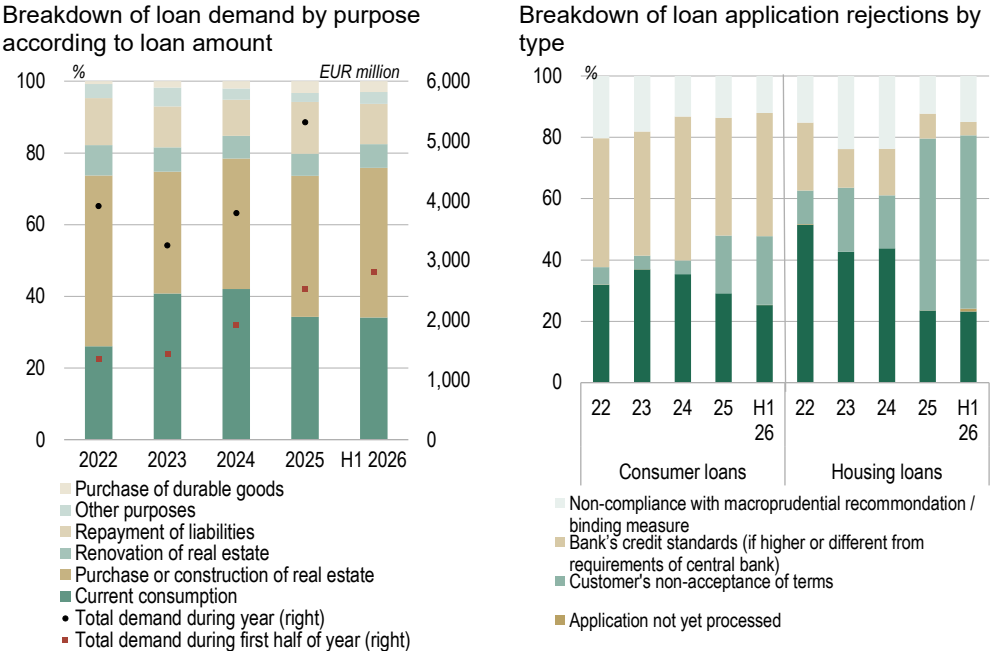
Household lending remained strong in the Slovenian banking system in the first half of 2026, with housing loans recording particularly strong year-on-year growth. Year-on-year growth in consumer loans has been gradually easing since the end of 2024, but was still high at 9.3% in June 2026, while growth in housing loans further accelerated this year, reaching 10.1% in June (see Figure 3.2, left). In June 2026, the stock of consumer loans amounted to EUR 3.6 billion, and the stock of housing loans to EUR 9.7 billion.[72] The ratio of housing loan stock to GDP is increasing, but remains considerably lower than the euro area average (see Figure 3.2, right). The ratio of consumer loan stock to GDP also increased to reach 6.8% in the first half of this year, slightly widening the gap with the euro area average (6.3%).

According to a survey of loan demand, total demand increased by 40.1% in 2025 compared with 2024. The growth in demand can be attributed to the relatively favourable economic situation evident in high employment and real wage growth, and favourable financing conditions, with increased borrowing for housing ahead of the anticipated interest rate hikes. In 2025 and the first half of 2026, households most frequently sought loans for the purchase or construction of real estate (see Figure 3.3, left). This represents a change in the demand structure compared with 2023 and 2024, when demand was highest for loans for current consumption. Despite declining since 2022, this purpose remains the most prevalent among consumer loans. The share of demand accounted for by loans for debt repayment also increased over last year and the first half of this year. For housing loans, the largest share of demand is accounted for by loans for the purchase or construction of real estate (see Figure 6.18 in the appendix, right). The rejection rates in 2025 increased to 34.3% for housing loans and to 25.5% for consumer loans. The structure of rejected loans largely reflected the structure of demand. For consumer loans, the largest share of rejected demand was for loans for current consumption, and this share increased in 2025, in line with higher household demand for this type of financing. The rejection rate for these loans was 22.5%. The highest rejection rates were for loans for other purposes (88.6%), for the purchase or construction of real estate (73.5%), and for renovation of real estate (62.5%). For housing loans, the largest share of rejected demand was for the purchase or construction of real estate, which accounts for more than half of all rejected housing loans. The highest

[72] For more information, see Box 5.

rejection rate was for loans for the purchase of durable goods (97.1%), followed by loans for debt repayment and renovation of real estate. The lowest rejection rate was for loans for other purposes (7.3%). Among the most common reasons for rejecting consumer loans, banks cited credit standards stricter than those required by Banka Slovenije. Last year, the share of rejections due to non-acceptance of terms also increased, especially for loans for current consumption and debt repayment. For housing loans, in 2025 and the first half of 2026, non-acceptance of terms was cited in more than half of rejection cases, mainly for loans for the purchase or construction of real estate and for the purchase of durable goods (see Figure 3.3, right), likely linked to increased demand for loans of this kind, probably larger, where customers receive several offers and consequently reject more. This represents a change in the structure of rejection reasons, as until 2024 the largest share was accounted for by the "other" category.

Figure 3.3: **Household loan demand**



Note: In the left chart, for 2025 and the first half of 2026, banks cited among other reasons ("other") for rejection: not keeping records of rejections, incomplete customer documentation, unresolved land registry status, or did not specify other reasons.
Source: Banka Slovenije.

Box 4: **The puzzle of co-holding low-interest deposit accounts and high-cost debt**

This box analyses the extent of the co-holding of high-interest debt and liquid assets by Slovenian households, based on data from the Household Finance and Consumption Survey (HFCS).[73] In the household finance literature, the phenomenon of simultaneous holding is also known as the "co-holding puzzle," referring to the seemingly contradictory decision to simultaneously hold low-yield assets and high-cost debt. Below we present the prevalence of co-holding by Slovenian households in the form of sight deposits and fixed-term deposits alongside overdrafts on current accounts.

The Household Finance and Consumption Survey (HFCS) provides household-level data on balance sheets, including assets, liabilities, income and expenses, as well as socioeconomic and demographic data at the individual level. Co-holding is defined below as maintaining an overdraft on a current account and bank deposits simultaneously, using HFCS variables.[74] Both sight deposits and fixed-term deposits are considered liquid assets, whose yield is significantly lower than the cost of an overdraft on a current account.[75] Nevertheless, in line with established practice in the literature, alternative specifications are also presented, including a narrower definition that only covers sight deposits, as well as definitions with value thresholds.

Table 3.1: **Prevalence of co- holding in Slovenia: HFCS results**

Co-holding category	Prevalence (%)	Number of co-holders	Total number of households
Basic definition			
Sight and fixed-term deposits + overdraft	4.7	97	1,987
Sight deposits + overdraft	4.1	86	1,987
Strict alternative with thresholds			
Sight deposits > EUR 100 and overdraft > EUR 100	2.7	56	1,987
Sight and fixed-term deposits > EUR 500 and overdraft > EUR 500	1.6	30	1,987

Source: HFCS, fifth wave (2023), Banka Slovenije calculations.

[73] The Household Finance and Consumption Survey (HFCS) is conducted by the ECB and national central banks at the national level to collect harmonised and detailed microdata on household balance sheets across the euro area (some countries outside the euro area, such as Hungary and Poland, also participate in the survey on a voluntary basis). The survey is carried out every three years. For this analysis of co-holding of low-yield assets and high-cost debt in Slovenia, the latest fifth wave of the HFCS from 2023 is used. The Slovenian sample includes 1,987 households and 5,076 household members.

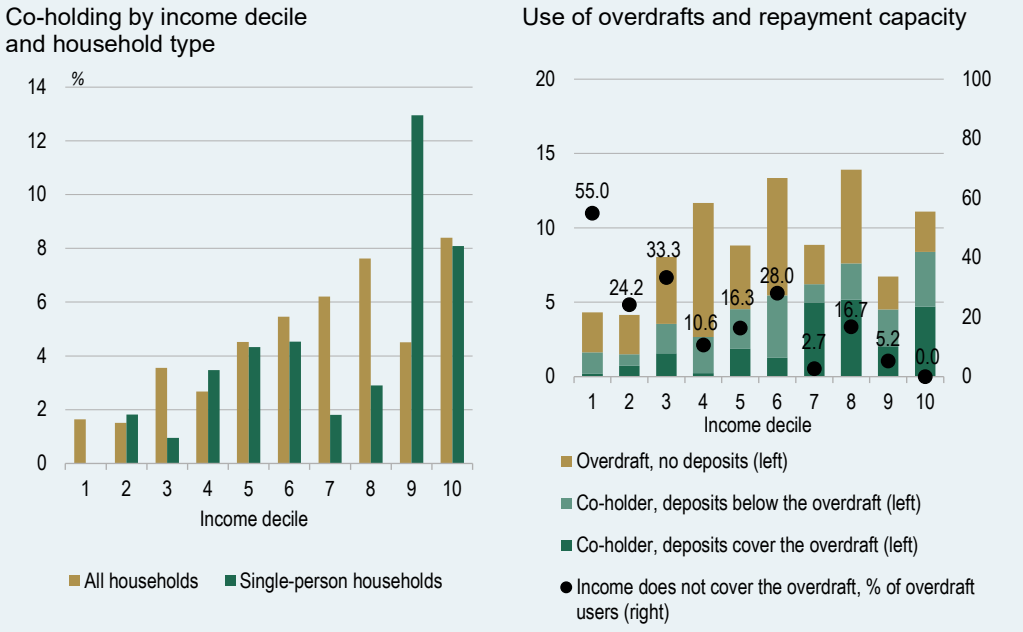
[74] The following HFCS variables are used in the analysis: sight deposit balance (HD1110), fixed-term deposit balance (HD1210), overdraft balance on current account (HC0220), and total gross household income (DI2000).

[75] Although high-cost debt could also include credit card debt, thereby expanding the sample of co-holding cases, the interest-free grace period for credit card spending could distort the results. During this period, this debt does not accrue interest and therefore differs significantly from high-cost overdrafts on current accounts.

The results show that co-holding among Slovenian households is present to a non-negligible extent. Specifically, 4.7% of households have bank deposits while also maintaining an overdraft balance on a current account.[76] If liquidity is defined solely by sight deposits, the share of co-holding decreases slightly to 4.1%. Two significance thresholds were also tested in alternative specifications. In the first variant, both the sight deposit and the overdraft balance must exceed EUR 100. In the second, which follows a commonly used threshold in international literature, the combined value of sight and fixed-term deposits and the overdraft balance must exceed EUR 500. Under these alternative definitions, the prevalence of co-holding decreases to 2.7% and 1.6% respectively.

HFCS data on household characteristics sheds light on the factors influencing the occurrence of co-holding across several key dimensions.[77] The prevalence of co-holding increases with income, and is higher among couples (6.1%) than among single-member households (2.6%). According to the survey, 9.1% of Slovenian households have an overdraft on a current account, while 86.3% have bank deposits. Among overdraft users, about half also have bank deposits. Of all users, 84% could repay their overdraft balance with one month's income, but only 25% of users have enough deposits to do so. The ability to repay overdrafts varies according to household income, and is generally lower for households with lower incomes. Among overdraft users in the lowest income decile, 55% would not be able to repay their overdraft with one month's gross income, while in the highest income decile, there are no such cases.

Figure 3.4: **Use of overdrafts and co-holding by income distribution**



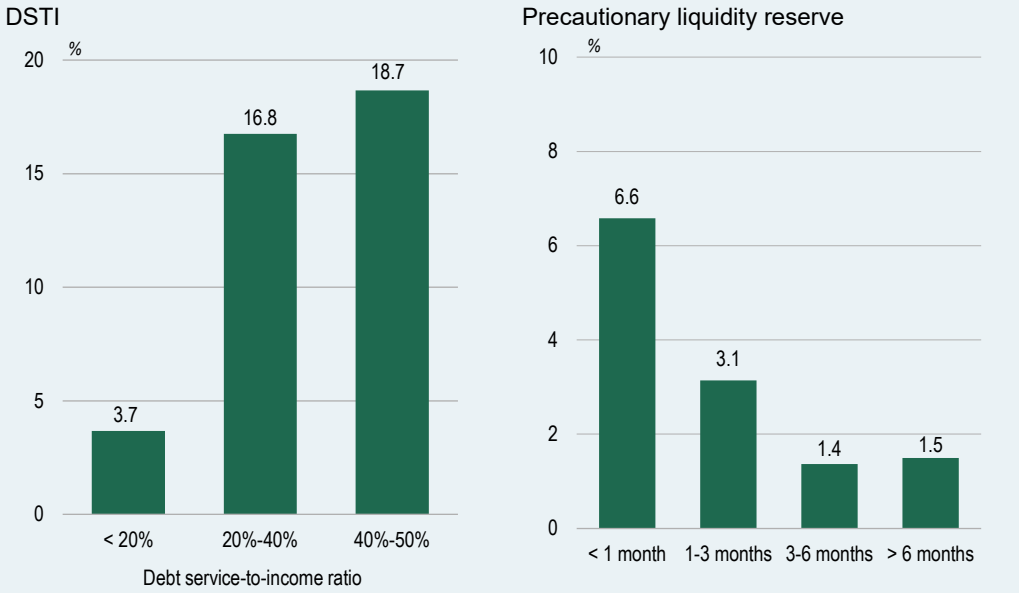
Note: The left chart shows the share of households with co-holding of sight deposits, fixed-term deposits, and an overdraft balance on a current account. In the right chart, the columns show the share of all households with an open overdraft balance (left axis), divided according to whether their deposits cover the overdraft balance; the line shows the share of overdraft users in each income decile whose monthly gross income does not cover the entire overdraft balance (right axis).
Source: Banka Slovenije.

[76] The results for Slovenia are consistent with findings in the literature, taking account of the definitions used. The prevalence of co-holding depends on the definition and the sample selected. Studies using the US Survey of Consumer Finances find that about a quarter of households simultaneously hold deposits and debt, while in the euro area, according to HFCS data, about 4% of households simultaneously hold revolving credit card debt and positive balances on bank accounts. High-frequency transaction data shows that many cases of co-holding are short-lived.

[77] Variables for estimating the precautionary reserve and marginal propensity to consume are calculated from other HFCS variables. Precautionary reserve: (HD1110+HD1210) / (DI2000/12), i.e. the number of months of gross income that the household holds in deposits. Marginal propensity to consume (MPC): HIZ040a / 100 (the share of unexpected one-month income spent over the next 12 months).

Although co-holding is not a direct consequence of low income, the ratio of debt to income plays an important role in its prevalence. The share of co-holding increases markedly: from 3.7% among households with a debt-service-to-income ratio (DSTI) below 20%, to 16.8% for DSTI between 20% and 40%, and to 18.7% for DSTI between 40% and 50%. Households with a lower liquidity reserve are more likely to simultaneously hold deposits and debt, indicating the role of liquidity management and precautionary motives. Overall, the results show that co-holding is more common among households with a high DSTI ratio, limited liquidity reserves, or a combination of both.

Figure 3.5: **Importance of liabilities and liquidity in co-holding**



Note: Share of households with co-holding of sight deposits, fixed-term deposits, and an overdraft balance on a current account. The left chart shows the debt-service-to-income ratio according to Banka Slovenije methodology, with the regulatory limit at 50%. The right chart shows deposits expressed as the number of months of gross income.
Source: Banka Slovenije.

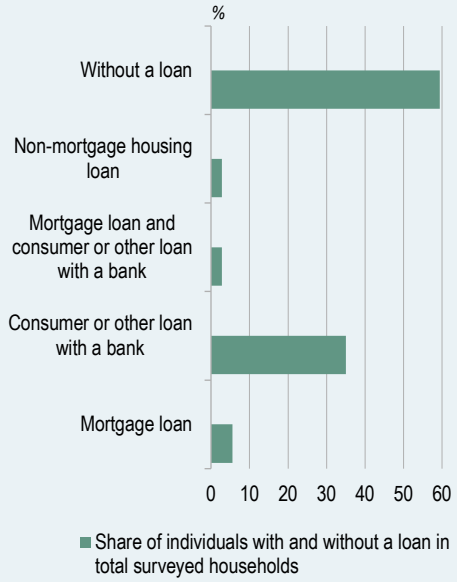
Although the literature suggests that co-holding may result from rational, optimisation-driven behaviour, it also entails non-negligible costs for households, indicating significant potential for welfare improvement through targeted policies. Addressing informational frictions, particularly through enhanced disclosure requirements and automated notifications, could increase household awareness of the interest rate differences between simultaneous borrowing and saving. Financial literacy programmes can help households better assess the trade-offs involved in their financial decisions. Market-based solutions and financial products could further reduce costs arising from consumer inattention. The introduction of default repayment settings and automated transfers of “excess liquidity” could optimise debt reduction without the need for active management.

Box 5: **Household loan repayment burden relative to their financial position based on data from the Statistics on Income and Living Conditions**

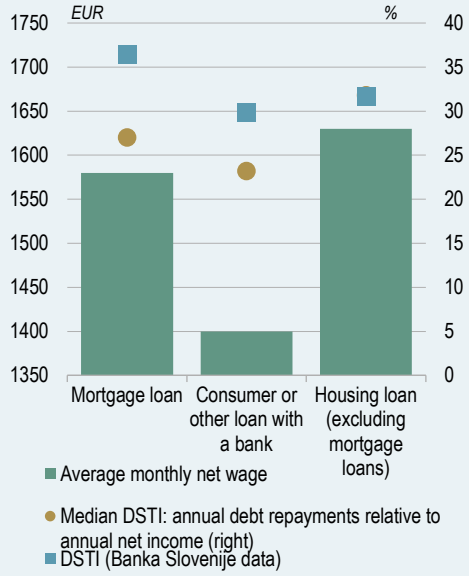
This box analyses the burden on households with a mortgage and other housing loans, as well as consumer loans and other credits taken out from banks, relative to their financial position. The analysis is based on SURS data from the Statistics on Income and Living Conditions (EU-SILC).[78] Growth in housing and consumer loans increased sharply with the reduction in interest rates in 2025, but Slovenian household indebtedness remains relatively low. The Statistics on Income and Living Conditions, which in 2025 also include SISBON data, provide additional insight into households' loan repayment burden for housing, consumer, and other loans, alongside what is available from banks' reporting to Banka Slovenije.[79]

Figure 3.6: **Individuals with or without a loan and average monthly net wage and DSTI**

Share of individuals with or without a loan



Average monthly net wage and DSTI (debt-service-to-income ratio) for individuals with a loan



Note: In the right chart, DSTI data in the survey is also obtained from SISBON data. DSTI data from Banka Slovenije is based on bank reporting to Banka Slovenije. The DSTI data for housing loans overlaps, and is therefore not visible for both the survey and Banka Slovenije data.
Source: SURS, Banka Slovenije calculations.

The survey results show that in 2025, around 40% of surveyed individuals had a loan from a bank. Of these, only 5.6% had a mortgage loan, while 35% had a consumer or other loan from a bank.[80] Of these, 2.8% had both a mortgage loan and a

[78] EU-SILC (European Union Statistics on Income and Living Conditions) is a household survey conducted by EU countries to collect data on income, poverty, social exclusion, and living conditions in EU Member States and some other European countries.

[79] The box presents the initial results of the Statistics on Income and Living Conditions analysis, which may change in the future. The data in the analysis is unweighted. The results of the analysis may differ from those published on the SURS website.

[80] A mortgage loan is a housing loan secured by a mortgage. Only the mortgage for the residential property in which the respondent lives is considered. A housing loan for this property may be taken out from a bank, savings bank, relatives, friends, etc., but this does not count as a mortgage loan. "Other loan" in the survey refers to a loan not related to the purchase of housing, e.g. any consumer loan (for a car, furniture, holidays, etc.) taken out from a bank. Leasing for a car, motorcycle, or other technical equipment is also included. Loans for a second home or holiday home are also included.

consumer or other loan from a bank[81] (see Figure 3.6, left). A further 2.8% had a housing loan that was not a mortgage. Due to the relatively high rate of home ownership in Slovenia, the share of individuals with a housing (mortgage or non-mortgage) loan is relatively small. The average monthly net wage of individuals with a mortgage loan was higher than that of individuals with a consumer or other bank loan, and these individuals were also more indebted according to DSTI, which measures the value of all repayments in a year relative to the annual net wage (see Figure 3.6, right). Individuals with a mortgage loan have a similar average wage as those with a housing loan, but the latter have a higher DSTI. DSTI figures based on bank reporting to Banka Slovenije, which only includes new business, are slightly higher for both mortgage loans and consumer or other loans.

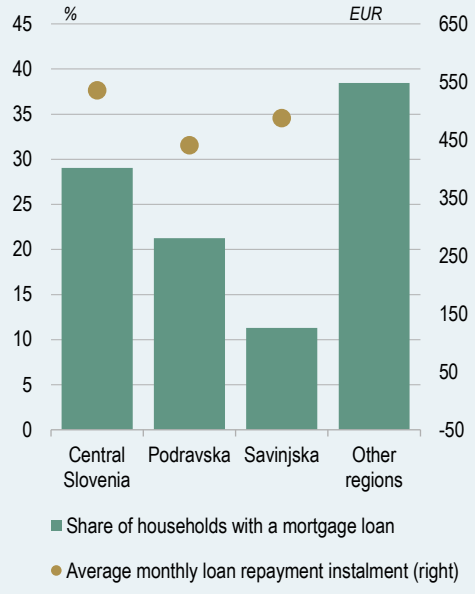
The largest share of all mortgage loans granted to Slovenian households was held by households in the Osrednjeslovenska region, and in the Podravska and Savinjska regions, where households also had the highest average monthly loan instalment. Average monthly net wages are highest in the Osrednjeslovenska region, while in the Podravska and Savinjska regions they are lower than the national average. According to SISBON data from Banka Slovenije, loan repayment in these two regions is slightly higher-risk than in Osrednjeslovenska region. One possible factor is the generally higher wages in Osrednjeslovenska region. The survey results further show that in 8.9% of households in these two regions, two or more individuals from the same household were repaying a mortgage loan at the same time, while in Osrednjeslovenska region this share was 13.0%. Residential real estate prices are among the highest in Osrednjeslovenska region, resulting in the highest average monthly loan instalments (see Figure 3.7, left).

The analysis indicates that individuals with a mortgage loan have a higher average net wage than those with no mortgage loan. Conversely, individuals with a consumer or other loan have a higher average net wage than those without such a loan only if their net wage is above the median net wage (see Figure 3.7, right).

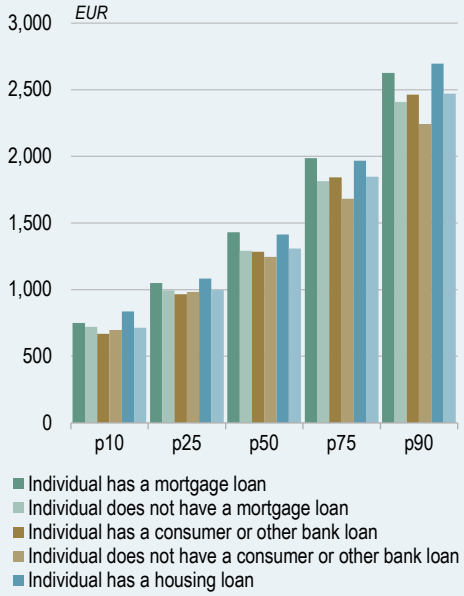
[81] According to SISBON data, in addition to the first loan, around 10% of individuals in the survey were also repaying a second and/or third loan.

Figure 3.7: **Households with a mortgage loan and individuals with a loan by net wage**

Households with a mortgage loan and average monthly loan instalment by region



Individuals with a mortgage loan, consumer or other loan, or housing loan, or without a loan, by average monthly net wage



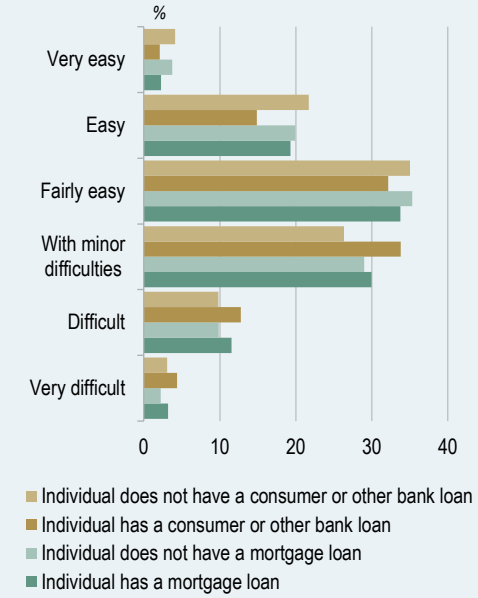
Note: In the left chart, data on loan repayment instalments in the survey is based on SISBON data. Only regions available for publication are shown; others are protected for data confidentiality and shown as "other regions." In the right chart, the label "p" refers to percentile.
Sources: SURS, Banka Slovenije calculations.

The results also show that individuals with a mortgage loan were on average 32.6 years old, which is younger than the average age of individuals with no mortgage loan (49.3 years). This indicates that borrowers are, on average, from the younger part of the population, who typically have lower incomes than the rest of the population, meaning that average monthly instalments are lower and repayment periods longer to ensure greater loan repayment capacity. For individuals with a consumer or other bank loan, the average age was 39 years, and for those with a housing loan, 34 years.

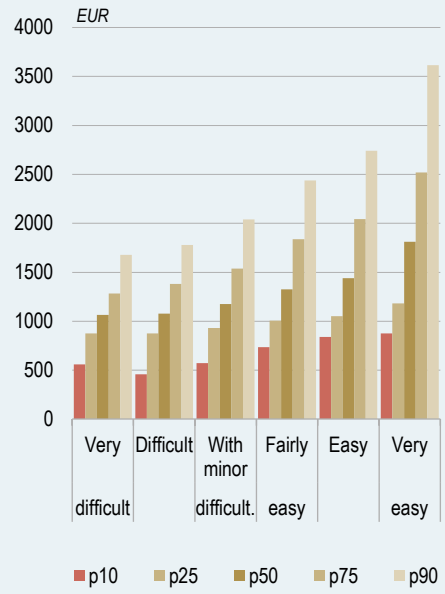
Despite having higher average net wages, individuals with a loan report finding it somewhat more difficult to make ends meet each month than those without a loan. Among individuals with a mortgage loan, 14.7% said they find it difficult or very difficult to make ends meet each month, compared to 12.1% among those with no mortgage loan (see Figure 3.8, left). Of those with a mortgage loan, those with the lowest wages find it hardest to make ends meet, but a significant number of individuals with higher wages also report difficulty making ends meet (see Figure 3.8, right). Most individuals with a loan manage to make ends meet fairly easily or with minor difficulties, but those with a consumer or other bank loan perceive loan repayment as more burdensome than those with a mortgage loan (the difference in the share of individuals reporting difficulties is greater for the former). To maintain financial stability, Banka Slovenije applies a macroprudential measure limiting the ratio of annual debt service costs to annual borrower income (DSTI) when the loan agreement is signed, which helps limit banks' credit risk by ensuring that loan obligations are proportionate to the borrower's income.

Figure 3.8: **Individuals with a loan and their ability to make ends meet each month**

Ability to make ends meet by whether individuals have a mortgage loan or a consumer/other loan from a bank



Ability to make ends meet for individuals with a mortgage loan by average monthly net wage



Source: SURS, Banka Slovenije own calculations.

For most individuals who had a consumer or other loan from a bank in 2025, loan repayment represented a moderate or significant burden. More than a quarter of these individuals considered loan repayment to be a significant burden, more than half considered it a moderate burden, and for the remainder loan repayment was not a burden at all. Among those who had both a mortgage loan and a consumer or other loan from a bank, more than one-third considered loan repayment to be a significant burden, and half considered it a moderate burden. In addition, one-third of individuals with a mortgage loan considered all housing-related costs[82] to be a significant burden (compared with 21.7% of those with no mortgage loan).

Despite the fact that a considerable number of individuals with a bank loan consider it burdensome, very few failed to make a loan repayment. The share of individuals who, due to financial difficulties, missed a mortgage or housing loan repayment in the past 12 months was low, at 2.1% for both types of loan, while for consumer or other bank loans the share stood at 2.5%. According to Banka Slovenije data from bank reporting, the NPE ratio at the end of 2025 was low and stable at 0.8% for housing loans and 3.0% for consumer loans. Although households remain only moderately indebted, with wage growth and macroprudential credit restrictions in place, they still perceive loan repayment as burdensome; nevertheless, the majority continue to repay their loans on time.

[82] Housing costs include all expenses related to housing: any housing or mortgage loan, rent, insurance, costs for water, sewage, waste disposal, electricity, gas, heating, etc.

3.2 Non-financial corporations

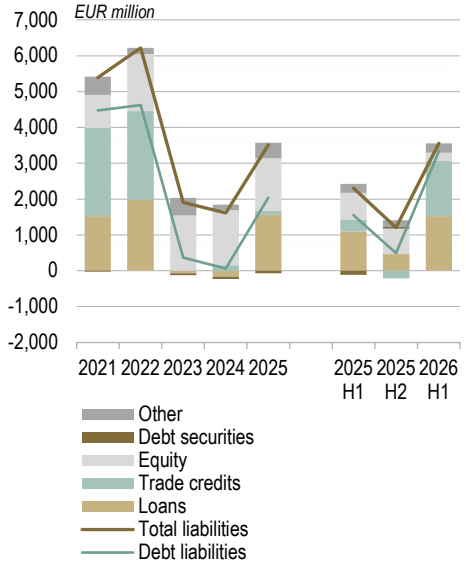
The financial position of NFCs and their resilience remain strong. Growth in loans to NFCs continued in the first half of 2026, despite rising interest rates on new loans. Amid rising inflation and higher energy prices, NFCs sought loans for working capital. Demand for bank loans for investment by NFCs also increased somewhat in the first half of 2026, despite more challenging economic conditions. Financing through foreign loans also increased, with NFCs obtaining these mainly from foreign owners. As a result, debt liabilities rose, but NFC indebtedness, measured as the ratio of debt-to-equity financing, remained low. NFCs' debt servicing capacity is favourable and at a similar level to previous years. The rise in the number of bankruptcies initiated and frozen current accounts has stabilised. However, rising energy prices, a decline in inventories and the availability of raw materials, and a higher debt servicing burden could weaken NFC resilience in the future, which would negatively affect financial stability.

Financing and indebtedness of NFCs

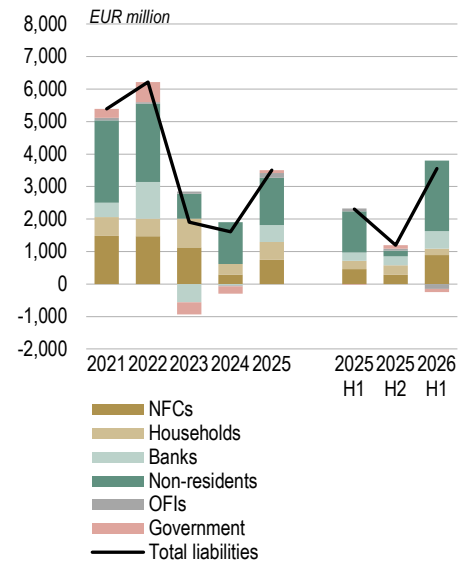
After significant growth in 2025, NFC financing increased again in the first half of 2026. The inflow of debt liabilities reached EUR 3.6 billion in the first half of 2026, about half more than in the same period of the previous year. Loan financing increased sharply in 2025 and continued to grow in the first half of 2026. Equity financing was considerably lower than in the same period last year (see Figure 3.9, left). NFCs obtained financing from other companies and domestic banks, with more than half of the inflow of liabilities coming from non-residents (see Figure 3.9, right). After NFCs obtained a significant amount of trade credits from non-residents in 2021 and 2022, the flow of trade credits then declined, before increasing again in the first half of 2026. NFCs also financed themselves in the rest of the world via equity. In 2025 and the first half of 2026, financing through foreign loans also increased, mainly from foreign owners.

Figure 3.9: **NFC financing**

NFC financing flows by instrument



NFC financing flows by creditor sector

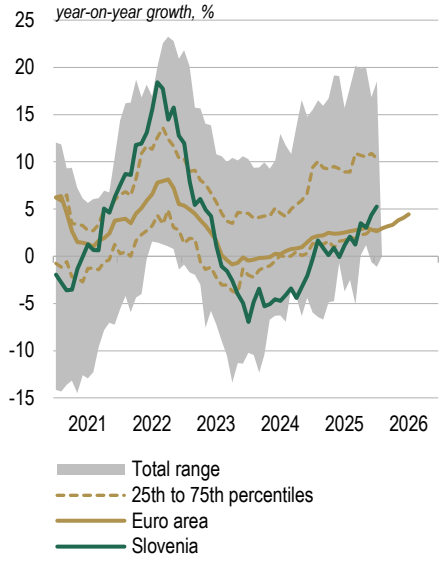


Note: All sources of NFC financing are included in the charts, regardless of the creditor sector.
Source: Banka Slovenije.

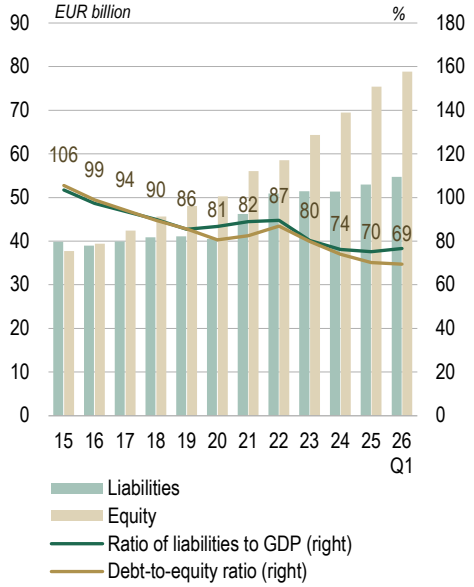
Amid rising interest rates on new loans to NFCs, which are increasing NFC financing costs, and rising inflation driven mainly by higher energy prices, growth in loans to NFCs initially strengthened in the first half of 2026, then moderated somewhat. In June 2025, year-on-year loan growth at domestic banks in Slovenia stood at 6.3%, compared with an average of 4.1% in the euro area. In about a quarter of euro area countries, growth in loans to NFCs growth was very high, exceeding 10% (see Figure 3.10, left).

Figure 3.10: **Growth in bank loans to NFCs and NFC indebtedness indicators**

Growth in bank loans to NFCs in Slovenia and the euro area



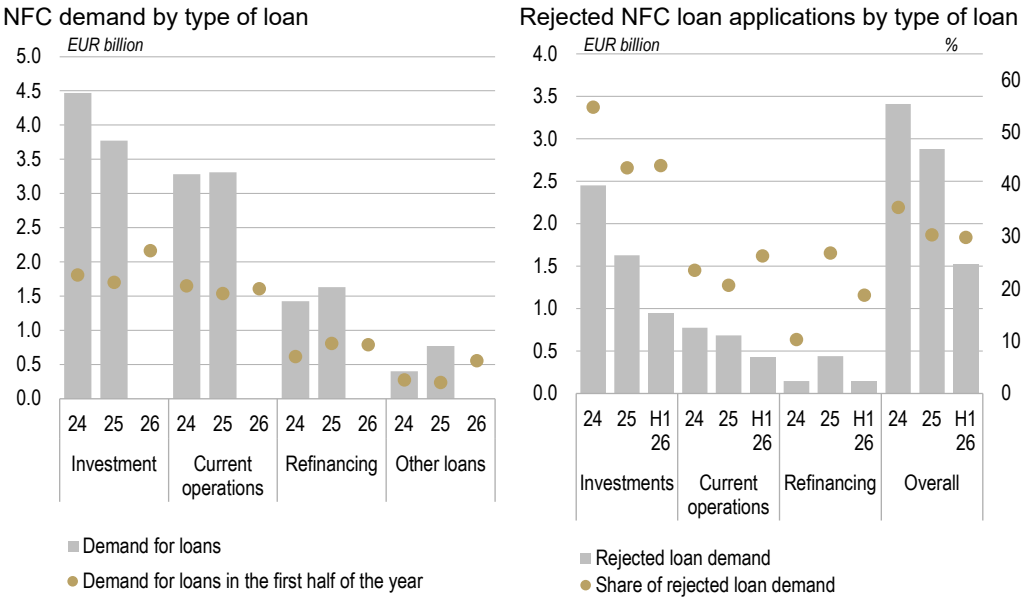
NFC indebtedness indicators



Sources: Banka Slovenije, ECB Data Portal.

The financial leverage of NFCs remained at a similar level in the first half of 2026, while the ratio of debt liabilities to GDP increased again after three years of decline. NFC debt liabilities rose to EUR 56.2 billion in the first half of 2026, while equity liabilities reached EUR 81.0 billion. Financial leverage, defined as the ratio of debt-to-equity financing, remained around 69% (68.7% in 2025 and 69.4% in the first half of 2026). As debt liabilities increased, equity also grew. With the rise in NFC liabilities, the ratio of liabilities to GDP increased slightly, after declining between 2023 and 2025, reaching 76.9% (see Figure 3.10, right). NFC indebtedness remained at a similar level despite the growth in debt liabilities, in part due to the revaluation of equity. Capital inflows in the first half of 2026 were down slightly in year-on-year terms, while revaluations accounted for EUR 6.4 billion or 87% of the increase in equity (see Figure 6.20 in the appendix, right).

Figure 3.11: **NFC demand for bank loans and rejected applications**

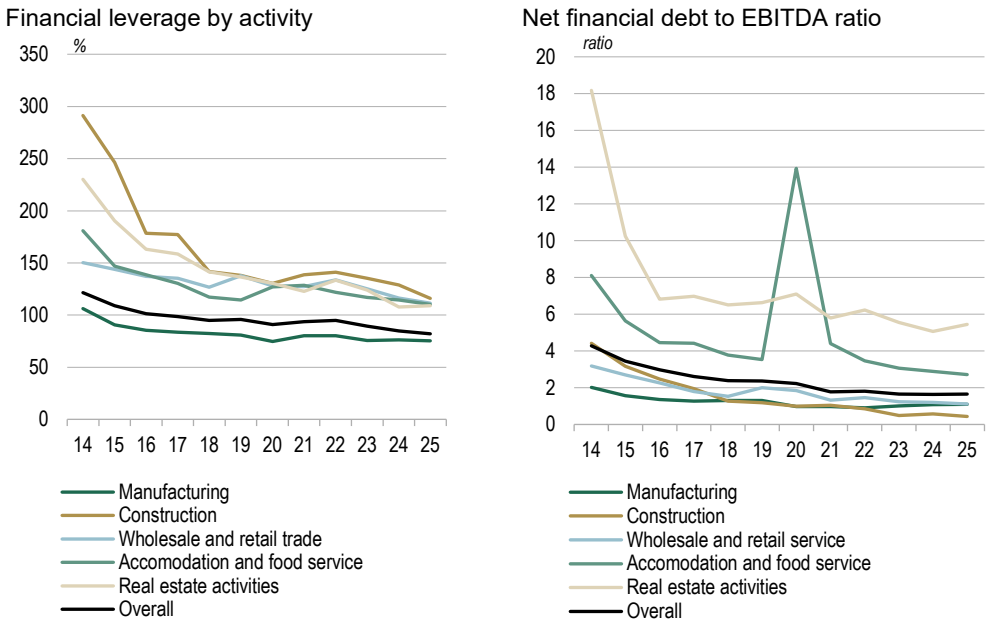


Sources: Banka Slovenije, Loan Demand Survey.

According to the bank survey, NFC demand for loans increased by a quarter year-on-year in the first half of 2026 amid heightened uncertainty in the economic environment (see Figure 3.11, left). Demand for investment loans rose in the first half of 2026, whereas in 2025 it had declined somewhat compared with the previous year. In the first half of 2026, demand for investment loans increased year-on-year mainly in the transportation and storage sector and in real estate activities, while it declined in manufacturing. At the same time, demand for loans for working capital and refinancing increased significantly in manufacturing, reflecting the deterioration in the quality of banks' credit portfolios in this sector.[83] The share of rejected loans remained similar to 2025, with a slight increase in rejections for working capital loans. By contrast, in the BLS, where banks provide an opinion-based assessment and do not specify the loan amount requested by NFCs, banks assessed that NFC loan demand remained at the same level in the first half of the year. Some banks highlighted increased demand from large NFCs, which often request larger loan amounts, which could be reflected in the loan demand survey showing increased demand. They also noted that NFCs were somewhat less likely to request loans for fixed investment. While some banks were expecting growth in loans to NFCs to slow in 2025, in the first half of 2026 they believed that demand would continue at the same or a slightly higher level, despite the increase in interest rates.

[83] See the chapter on Credit risk.

Figure 3.12: **Financial leverage and net financial debt to EBITDA for NFCs**



Note: In the left chart, financial leverage is measured as the ratio of debt liabilities to equity. In the right chart, the net financial debt to EBITDA ratio is measured as the ratio of financial liabilities, minus cash, to operating cash flow, indicating the NFC's ability to regularly service debt (interest and principal) and showing how many years it would take for NFCs to repay debt and interest with generated cash flow (assuming unchanged net debt and EBITDA). NFCs with a lower value of this indicator service their obligations with lower risk.
Sources: AJPES; Banka Slovenije calculations.

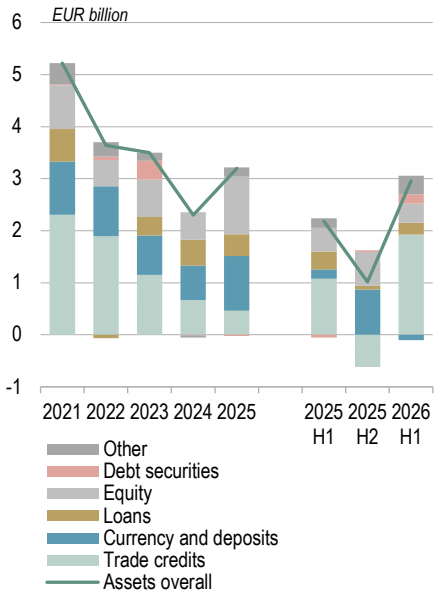
NFCs' ability to service debt in 2025 remained at a similar level as in the previous two years. In construction, financial leverage is among the highest, but significantly lower than during the financial crisis and the period immediately after. Indebtedness in manufacturing remains low, despite increased demand from NFCs for loans for working capital and refinancing. NFCs' ability to service debt is considerably better than during the financial crisis, which also means they are more resilient to rising interest rates. The net financial debt to EBITDA ratio remained at around 1.6 years. In the future, the ability to service debt in export-oriented and energy-intensive sectors could deteriorate somewhat, as these sectors may be more affected by geopolitical uncertainties.

NFCs' financial assets

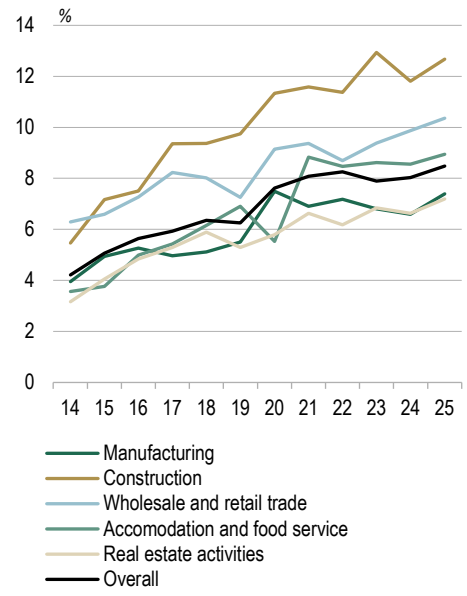
After increasing in 2025, NFCs' financial assets grew again slightly in the first half of 2026. The main factor in the growth in financial assets was an increase in trade credits granted, which accounted for about 65% of the annual in flow of assets. Year-on-year, loans and equity declined, and currency and deposits also decreased somewhat (see Figure 3.13, left). In the first quarter of 2026, the surplus of total liabilities over financial assets in the NFCs sector increased further, and the surplus of trade credits granted by NFCs over trade credits received also increased again. In addition to currency and deposits, this is the only segment of NFC financing where they generate a surplus of financial assets over liabilities (see Figure 6.20 in the appendix, right). The share of total NFC assets accounted for by cash increased in 2025, and was significantly higher than during the financial crisis, which on the one hand indicates good liquidity and increased prudence among NFCs, but on the other may also reflect a lack of investment opportunities and ideas (see Figure 3.13, right).

Figure 3.13: **Financial assets and share of total assets accounted for by cash**

NFC financial asset flows



Share of total assets accounted for by cash by sector



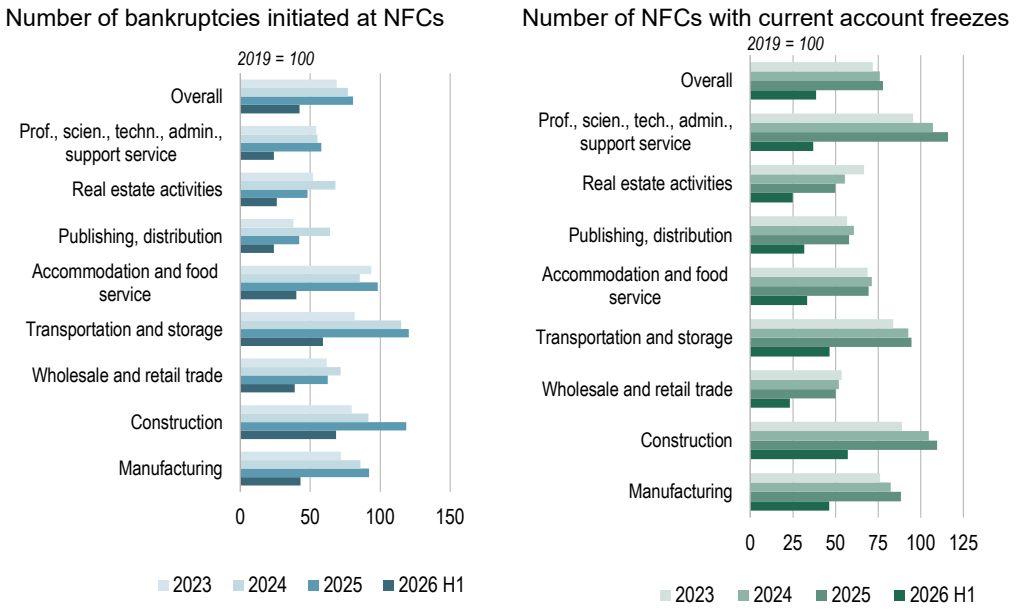
Sources: Banka Slovenije, AJPES.

Bankruptcies and current account freezes among NFCs

In the first half of 2026, the risk in the number of initiated bankruptcies and current account freezes among NFCs slowed somewhat after sharper rises in 2024 and 2025. The number of initiated NFC bankruptcies, which rose by 11.8% in 2024 and by 4.8% in 2025, increased only slightly in the first half of 2026, by 1.2% in year-on-year terms. The number of bankruptcies in manufacturing and accommodation and food service activities declined significantly year-on-year, while bankruptcies increased in construction and trade (see Figure 3.14, left). The number of NFCs with a frozen current account, after a 3% increase in 2025, remained similar to the same period last year in the first half of 2026, with a year-on-year increase mainly evident in manufacturing and construction, while it declined in accommodation and food service activities (see Figure 3.14, right).

Bankruptcies at NFCs in Slovenia's key trading partners can also affect the financial position of Slovenian NFCs, especially when they are linked by ownership to foreign NFCs or are more exposed to foreign trade. In Germany, after a rise of more than 20% in the number of initiated bankruptcies in 2022 and 2023, the increase slowed, with year-on-year growth of 6.8% in the first half of 2026. In Austria, the number of initiated bankruptcies increased by almost a quarter in 2024, before growth slowed, and in the first half of 2026, the number of bankruptcies declined year-on-year. In contrast, in Croatia, the number of initiated bankruptcies fell sharply in 2025, but increased significantly again in the second quarter of 2026. The slowdown in the rise in NFC bankruptcies abroad could contribute to a further slowdown in the growth of initiated bankruptcies in Slovenia.

Figure 3.14: **Bankruptcies and current account freezes in the NFCs sector**



Note: In the left chart, data for 2026 H1 refers to the number of bankruptcies initiated between January and June 2026.
Source: Supreme Court, Banka Slovenije.

Despite a more challenging economic environment marked by energy shocks and geopolitical uncertainties, the resilience of NFCs remains strong. With the outbreak of war in the Middle East, oil and gas prices rose sharply due to disruptions in global supply, hitting the performance of NFCs, especially in energy-intensive sectors and those more dependent on foreign markets and raw material availability. The financial position of NFCs is good, and the number of initiated bankruptcies is lower than before the pandemic. However, with rising energy prices, a decline in inventories and the availability of raw materials, and an increasing debt servicing burden, any potential deterioration in NFC resilience could negatively affect financial stability in the future.

Box 6: **NFCs' demand for bank loans**

This box presents a chronological overview of the trends in newly approved bank loans and the demand for such loans by NFCs. The analysis uses the Loan Demand Survey and the Bank Lending Survey (BLS), both completed by banks, as well as the Survey on the Access to Finance of Enterprises (SAFE), completed by companies. Comparing the results of the bank and company surveys shows a high degree of consistency in the perception of factors influencing loan demand and access to bank financing. The analysis of survey data provides insight into the development of loan demand and the factors that shaped it in different periods. Since the surveys are based on different questions and qualitative assessments, the key factors from the various surveys that significantly influenced lending trends in a given year were evaluated using predefined thresholds and are presented in Table 3.2.[84]

[84] The results should be interpreted with caution. The identification of significant factors is based on arbitrarily determined thresholds - these were used to determine whether an indicator changed significantly or exceeded a certain limit in a given year, allowing quantification and presentation of key influences on growth in Table 3.2. Survey data has certain limitations compared with regular bank reporting. These include structural breaks in individual series, incomplete time coverage of some questions, and changes in the sample of surveyed banks or companies. The methodology used mainly detects rapid changes, while gradual multi-year improvements or deteriorations are generally not captured. Lending activity is also influenced by many other factors, which will be described in more detail in an article currently in preparation, expected to be published next year (Sajinčič, M. and Ortl, A., A Detailed Decomposition of Loan Dynamics).

In the period of 2011 to 2013, which coincided with the debt crisis, demand declined for working capital loans and investment loans. At the beginning of this period, demand for loans to finance working capital was at very high levels due to increased liquidity needs. At the same time, credit standards and lending conditions tightened. This was reflected in higher loan interest rates, stricter collateral requirements, and lower approved loan amounts. In addition to conditions in the real sector, liquidity challenges faced by commercial banks also contributed to restricted access to bank financing. During this period, companies also highlighted the restrictive effects of regulations (such as the Fiscal Balance Act, ZUJF) and the constraining effect of production and labour costs.

In 2013 and 2014, demand for loans for refinancing and debt restructuring increased. This was the period of bank recovery and resolution, including the transfer of non-performing loans to the Bank Asset Management Company. The process of cleaning up bank portfolios began. The downward trend in newly approved loans eased somewhat after the recovery and resolution in 2014.

Between 2015 and the Covid pandemic in 2020, demand increased for loans to finance inventories, working capital, and investment in fixed assets. The low interest rate environment also contributed to this trend. In addition to improvements in the economic outlook and other factors, greater competition among banks contributed to an easing of lending conditions and lower loan interest rates. As this was a period of bank portfolio clean-up, the restructuring and refinancing of existing loans were also factors driving demand. Nevertheless, the downward trend in the volume of newly approved loans did not reverse until 2017. Among the main limiting factors for business activity identified by banks and/or companies in survey reports during this period were competition between companies in terms of market conditions, persistent payment discipline issues, risk perception, high labour and production costs, and weaker domestic demand.

The changeover to a period of rising lending activity occurred in 2017 and 2018, when companies perceived a significant improvement in access to bank financing, in terms of banks' willingness to grant loans and more favourable interest rate conditions. At the same time, there was an improvement in the general economic situation, and this period was also characterised by low overall interest rates. Noticeable growth in newly approved loans followed in 2018, as demand increased for investment loans, working capital loans, and debt refinancing.

The outbreak of the Covid-19 pandemic in 2020 was followed by a decline in loan demand and a reduction in the volume of newly approved loans. During this period, the postponement of investment projects due to deteriorating economic conditions and high uncertainty emerged as a key factor in reduced financing demand.

In 2021, lending activity picked up again, especially demand for investment and refinancing loans. This period was marked by persistently low interest rates, rising inflation, and expectations of future interest rate increases. There was also an impact from internal corporate financing, which reduced the need for external financing. This may indicate companies' reluctance to take on debt in times of uncertainty or a strong liquidity position.

In 2022, following Russia's aggression against Ukraine, economic conditions tightened again. Increased uncertainty led to tighter credit standards and higher risk perception, resulting in higher credit spreads. At the same time, inflationary pressures and labour and production costs rose sharply, as a result of both the delayed effects of

pandemic-related restrictions and supply chain disruptions, as well as the energy crisis linked to the war. In this environment, demand increased for working capital loans, mainly for financing inventories and working capital, and for refinancing loans, while financing for energy companies also increased. This was also reflected in the growth in newly approved loans. Central banks responded to inflationary pressures in the second half of the year by raising interest rates, which also pushed up bank lending rates.

In 2023, inflationary pressures, high operating costs, higher interest rates, and uncertain economic conditions remained among the main limiting factors for NFC loan demand. In this environment, demand for loans declined, both for investment and for working capital. Companies also highlighted difficulties in securing qualified staff. Growth in newly approved loans was supported only to a certain extent by increased competition between banks and the need to finance higher energy prices.

In 2024 and 2025, survey data did not indicate major shifts in the drivers of lending activity. Trade tensions between the US and other countries are likely one of the main factors behind the decline in investment and the increase in production and labour costs. At large companies in manufacturing, negative effects of market factors (e.g. foreign demand) were also observed.

Table 3.2: **Factors affecting NFC lending activity**

Factor	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Investments	-	-	-			+	+	+		-	+		-	-	-
Refinancing		+		+		+					+	+			
Restructuring		+		+		+		+		-					
Interest rate levels and bank interest rates	-	-	-		+	+	+	+				-	-		
Working capital / inventories					+	+	+	+				+	-		
Collateral req., risk perception and payment disc.	-	-	-	-	-							-	-		
General economic conditions and industries	-	-	-				+			-		-	-		
Bank liquidity position		-													
Competition among banks					+	+	+	+					+		
Internal financing of NFCs			-					-			-				
Market conditions in the real sector		-	-		-	-									
Loan amount	-	-	-												
Availability of bank financing	-	-	-				+	+							
Availability of labour													-		
Inflation												-	-		
Regulations		-	-	-											
Production and labour costs		-	-	-	-							-	-		-

Note: In the table, green indicates factors driving lending activity and red indicates factors limiting lending activity, as determined by our methodology according to the type of each survey indicator. These colours are assigned based on year-on-year changes in these indicators, and therefore do not explain absolute levels. The colours used to denote years in the table header represent periods of high year-on-year growth or decline in newly approved loans as indicated by the loan demand survey. Dark shades indicate absolute year-on-year changes above 20%, while light shades indicate changes of 10% to 20%.
Source: Loan Demand Survey, BLS, Survey on Access to Finance of Enterprises, own calculations.

4 Non-Bank Financial Institutions

4.1 Leasing companies

Q2 26 | Q3 26 ⇨

The risk inherent in leasing companies is assessed as low, with a stable outlook. In the first half of this year, leasing companies in Slovenia recorded a noticeable improvement in performance, with new business increasing by 11.2% in year-on-year terms to EUR 822 million. Households remain the largest customer, accounting for 52.8% of all new business. Leasing continues to be used primarily for the purchase of vehicles, cars in particular, with leases most commonly having a maturity of 5 to 10 years. Average variable interest rates on lease agreements increased slightly in the first half of the year. In contrast, fixed interest rates declined slightly during this period, with the spread between fixed rates on lease agreements and consumer loans gradually narrowing. With the growth in new business, total assets also increased, while profit before tax stagnated year-on-year.

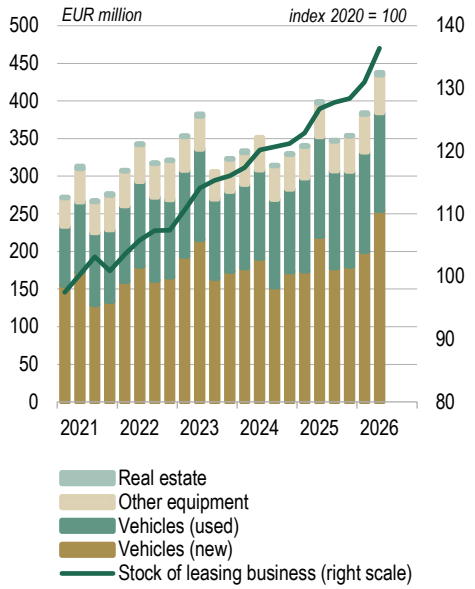
The total value of leasing companies' new business increased significantly in the first half of this year compared with the same period last year. New business was up 11.2% year-on-year in the first half of the year, reaching EUR 821.7 million. A major factor was increased sales of cars and commercial vehicles in Slovenia in the first half of the year. The highest growth in new leasing business was recorded in the new vehicle segment (see Figure 4.1, left). Households remain the largest customer segment for leasing companies, concluding 52.8% of all business in the first half of 2026, while NFCs accounted for 46.9% of new business.

The breakdown of new business in Slovenia shows that leasing as a financial product is used mainly for vehicle purchases. In the first half of 2026, the largest share was for cars (67.1%), followed by commercial and goods vehicles (20.1%), while other equipment and production plant and equipment accounted for 12.4%. Most new lease agreements had a maturity of 5 to 10 years (54.9%), followed by agreements with a maturity of 1 to 5 years (31.5%). The majority of new agreements were concluded as finance leases (82.3%), while operating leases accounted for a smaller share (13.8%), and the remaining share was accounted for by loans.

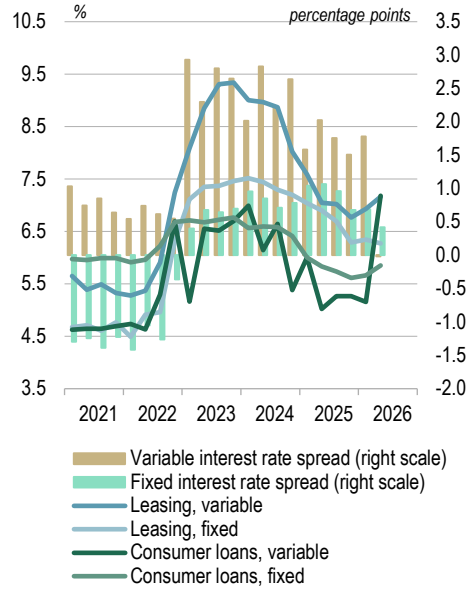
In the first half of this year, average fixed interest rates on leasing declined slightly. During this period, just under half of all new agreements were concluded with a variable interest rate, with these agreements accounting for 35.9% of the total value of new business, indicating that larger amounts are more often financed at a fixed rate. As in previous years, the average fixed interest rate on lease agreements remains higher than the average fixed rate on consumer loans, but the spread between them has been gradually narrowing since the beginning of last year. The average variable interest rate on lease agreements was, for the first time in several years, slightly lower than the average variable rate on consumer loans at the midpoint of the year (see Figure 4.1, right).

Figure 4.1: **New business and interest rates on lease agreements**

Breakdown of new leasing business by purpose and stock of leasing business



Average interest rates on leasing business with households

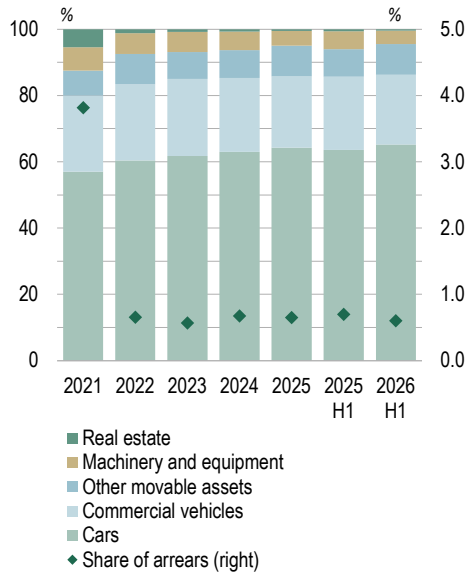


Note: The interest rate spread is the spread between the interest rates on lease agreements and on consumer loans.
Source: Banka Slovenije.

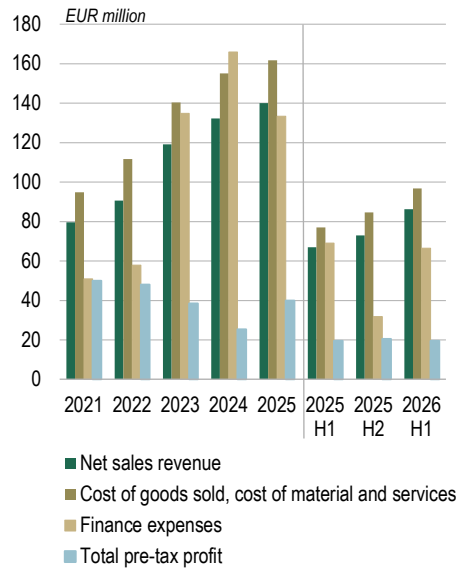
The stock of leasing business has strengthened this year compared with the same period last year. At the end of June, the stock of leasing business was up 7.6% in year-on-year terms at EUR 3.1 billion (see Figure 4.2, left). The majority of the business was with households (60.9% of the total), while 38.4% was with NFCs. In the leasing business with NFCs, the main sectors were transportation and storage, and wholesale and retail trade and maintenance and repair of motor vehicles. Financing of cars and commercial vehicles is prevalent in the stock of business, which is also reflected in the maturity breakdown: 59.6% of leasing business has a residual maturity of 1 to 5 years, and 32.6% has a residual maturity of 5 to 10 years. Total assets increased by 9.3% to EUR 3.6 billion.

Figure 4.2: **Stock of leasing business and profitability of leasing companies**

Breakdown of stock of leasing business and share in arrears



Profitability of leasing companies



Note: The higher share of arrears in 2021 was mainly due to a concentration of arrears at one company.
Source: Banka Slovenije.

The profitability of leasing companies in the first half of this year remained at the same level as in the same period last year. Despite higher sales revenues, profit before tax in the first half of 2026 amounted to EUR 19.5 million, comparable to the same period last year (see Figure 4.2, right). The quality of leasing business remains high. Arrears of more than 90 days remain stable and low, and accounted for just 0.6% of leasing business at the end of June 2026 (see Figure 4.2, left).

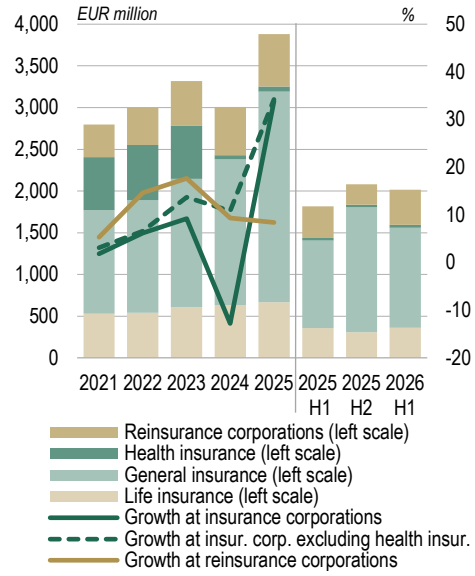
4.2 Insurers

The Slovenian insurance sector maintained a sound financial position in the first half of 2026. Growth in gross written premium continued this year, but was accompanied by an increase in claims paid. In the structure of non-life insurance, car liability insurance and motor vehicle insurance continue to predominate, while the largest component in the life insurance segment is index-linked and unit-linked insurance. The increase in claims paid outpaced the increase in premiums, which drove a year-on-year rise in the claims ratio at insurers, contributing to lower profitability in the sector. Capital adequacy remains high, confirming the strong resilience of the Slovenian insurance sector to potential adverse shocks. The reinsurance corporations also performed well, their profits rising alongside their premiums.

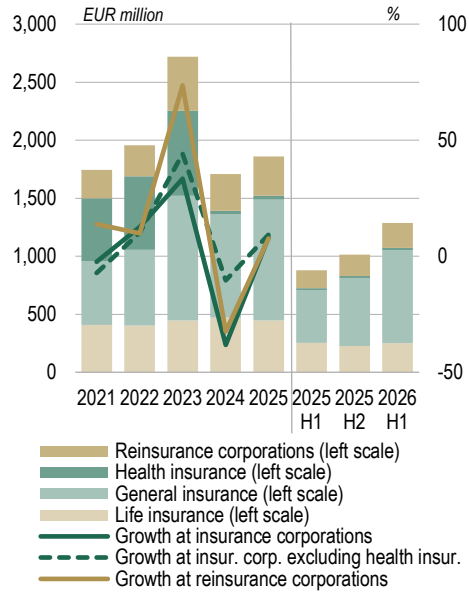
The volume of insurance business increased year-on-year in the first half of 2026, together with growth in claims paid. Gross written premium increased by 10.9% year-on-year to EUR 1.6 billion (see Figure 4.3, left). The increase in gross written premium was mainly due to a rise in average premiums and a rise in the number of insurance contracts concluded, particularly in the car liability segment, and also as a result of the activity of one insurer in a foreign market. The reinsurance segment also saw lively growth: gross premium increased by 10.9% to EUR 422.0 million. Gross claims paid by insurers increased by 48.3% year-on-year to EUR 1.1 billion (see Figure 4.3, right). The increase in claims paid compared with the same period last year was due to worsening loss events, as more natural catastrophe events were recorded in the first half of the year. The majority of claims paid related to non-life insurance, which accounted for 76.7% of the total, while life insurance accounted for 23.3%. The reinsurance corporations also recorded a 37.8% increase in claims paid.

Figure 4.3: **Gross written premium and claims paid**

Gross written premium and year-on-year growth at insurance and reinsurance corporations



Claims paid and year-on-year growth in claims (insurance and reinsurance corporations)

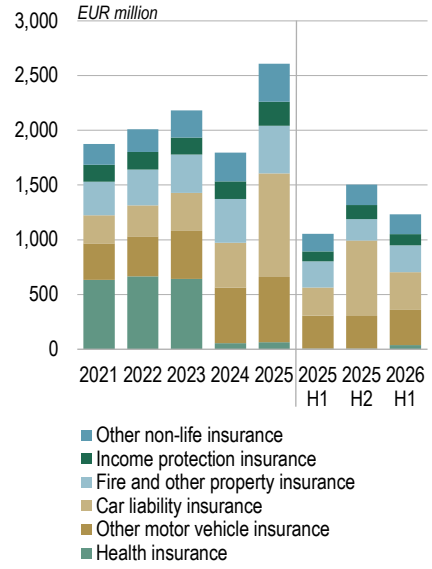


Sources: AZN, Banka Slovenije calculations.

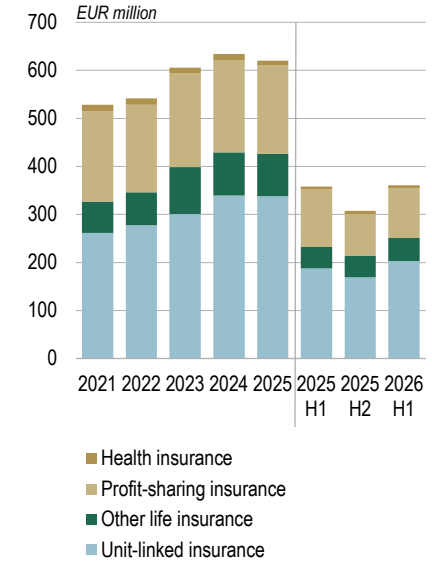
Car liability insurance accounted for the largest share of and highest year-on-year growth in gross written premium. Car liability insurance accounted for the largest share of gross written premium in the non-life insurance segment, and also recorded the highest year-on-year growth. This was followed by other motor vehicle insurance, and fire and other property insurance (see Figure 4.4, left). Index-linked and unit-linked insurance were prevalent in the life insurance segment. Another significant element of the portfolio is profit-sharing insurance, with smaller shares held by other life insurance products (see Figure 4.4, right). The breakdown of life insurance thus remains predominantly focused on products with an investment component.

Figure 4.4: **Gross written premium by type of insurance**

Gross written premium by type of non-life insurance



Gross written premium by type of life insurance

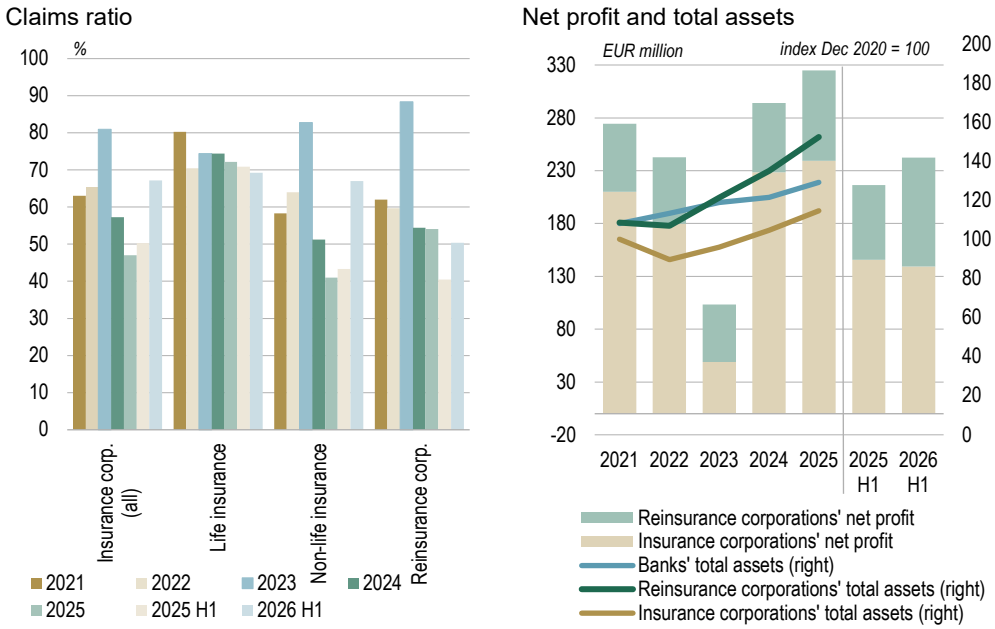


Sources: AZN, Banka Slovenije calculations.

The developments in premiums and claims in the first half of 2026 drove a deterioration in the claims ratios at insurance corporations and reinsurance corporations. Growth in gross claims paid outpaced growth in gross written premium, driving an increase in the claims ratio. The claims ratio, which measures the ratio of claims paid to gross written premium, is an important indicator of insurance performance, and has a significant impact on sector profitability. In the first half of 2026, the claims ratio at the insurance corporations stood at 67.3%, 16.9 percentage points higher than in the same period last year. It stood at 50.4% at the reinsurance corporations, up 9.8 percentage points year-on-year (see Figure 4.5, left). The deterioration in the overall claims ratio was mainly due to non-life insurance, while developments in life insurance were more favourable.

The stock of assets held by insurance corporations and reinsurance corporations increased in the first half of 2026. Their assets rose by 5.3% in year-on-year terms to EUR 7.8 billion. The investment portfolio remains predominantly focused on debt securities, with government debt securities accounting for the largest share, followed by other debt and equity instruments. The reinsurance corporations recorded faster growth, their assets increasing by 15.7% year-on-year to EUR 1.4 billion. The continuing growth in assets reflects the strengthening of the sector's balance sheet and the increase in available assets to cover the commitments given.

Figure 4.5: **Claims ratio, net profit, and total assets**



Sources: AZN, Banka Slovenije calculations.

The profitability of the insurance corporations declined slightly in the first half of 2026, while the reinsurance corporations performed better than in the same period last year. The insurance corporations' profit decreased year-on-year by 4.4% to EUR 139.4 million (see Figure 4.5, right). The decline in profitability was mainly due to more subdued growth in gross premium written and an increase in claims paid, particularly in the non-life insurance segment. Profit from non-life insurance declined by 23.2% to EUR 87 million, while profit from life insurance increased by 63.0% to EUR 52 million. The reinsurance corporations by contrast saw a year-on-year increase of 45.8% in their profit, which amounted to EUR 103.1 million in the first half of the year. The positive business results were also accompanied by growth in total assets, which

reached EUR 9.5 billion at the insurance corporations and EUR 1.9 billion at the reinsurance corporations. The Slovenian insurance sector remains well-capitalised. The median solvency capital requirement (SCR) coverage ratio at the end of the first half of 2026 stood at 256.7%, while the median minimum capital requirement (MCR) coverage ratio stood at 663.9% (see Figure 6.21 in the appendix, left and right). Both indicators exceed the regulatory requirements, and confirm the sector's high resilience to potential deteriorations in economic and financial conditions, and to various natural disasters and mass loss events.

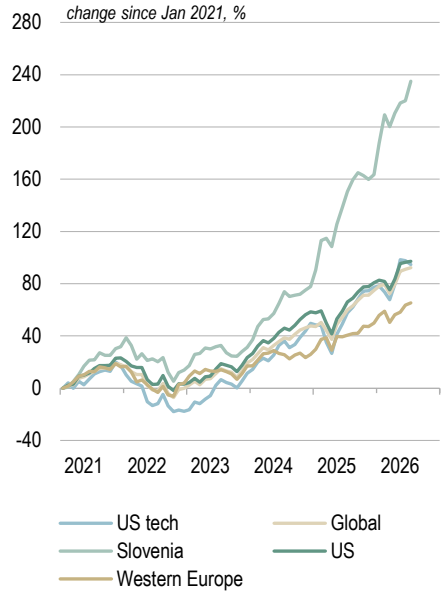
4.3 Mutual funds

The increased volatility triggered at the beginning of the year by geopolitical tensions in the Middle East did not significantly affect the longer-term movements in financial markets, with investor sentiment quickly improving. Investor confidence, supported by favourable corporate earnings and sustained economic activity, nevertheless remained at a relatively high level. As a result, the main global equity indices and the Slovenian capital market recorded growth over the first eight months of the year. The S&P 500 in the US gained 11.5% over the first seven months of the year, while the STOXX Europe 600 index delivered an 8.7% return. The largest gain was achieved by Slovenia's SBI TOP, which rose by 24.7% over the aforementioned period (see Figure 4.6, left). These developments also drove increased net inflows, particularly into equity funds.

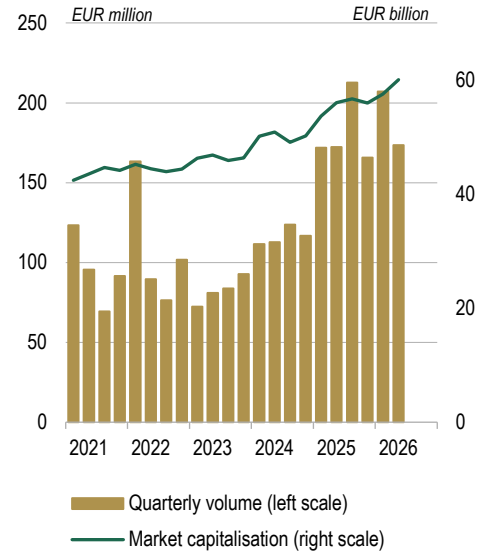
Favourable conditions on the Slovenian capital market strengthened investor demand, driving stable growth in the SBI TOP and improved liquidity on the Ljubljana Stock Exchange. In the first half of the year, trading volume excluding block trades reached a total value of EUR 381 million, representing a 10.5% increase compared with the same period last year. A key factor in the increase in trading volume on the Ljubljana Stock Exchange was the positive business results of companies in the prime market, which boosted investor interest in trading and consequently contributed to higher volume. The majority of trading on the Ljubljana Stock Exchange is in shares, which accounted for 94.5% of total volume in the first half of this year. Bonds accounted for a smaller share (2.3%), as did structured products (2.7%), while treasury bills accounted for the smallest share (0.5%). The total market capitalisation of the domestic stock exchange increased by 7.2% year-on-year to reach EUR 60.1 billion (see Figure 4.6, right).

Figure 4.6: **Changes in selected indices and market capitalisation of the Ljubljana Stock Exchange**

Changes in selected stock market indices



Volume and market capitalisation of the Ljubljana Stock Exchange



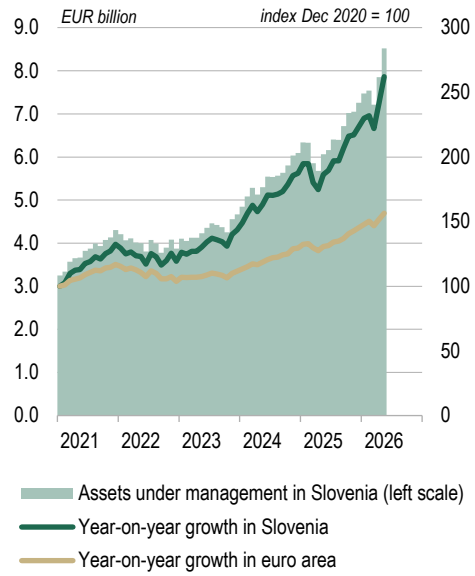
Note: In the left chart, the selected indices are NASDAQ New York for US tech, the S&P 500 for the US, the Euro Stoxx 600 for western Europe, and the SBI TOP for Slovenia. The chart shows data up to and including August 2026. Volume in the right chart refers to volume excluding block trades.
Sources: LJSE, Banka Slovenije.

The mutual funds saw strong asset growth in the first half of 2026. The domestic mutual funds' assets under management amounted to EUR 8.7 billion at the end of the first half of the year, up 35.1% in year-on-year terms. This strong growth was driven by increased investor inflows and by revaluations. In contrast to mutual funds in the euro area overall, which hold most of their assets in bonds, equity funds are prevalent in Slovenia, making the sector more exposed to market risk. The high exposure of Slovenian mutual funds to equity investments contributed not only to higher asset growth in the first half of the year, but also to greater volatility in asset values compared with the euro area average (see Figure 4.7, left).

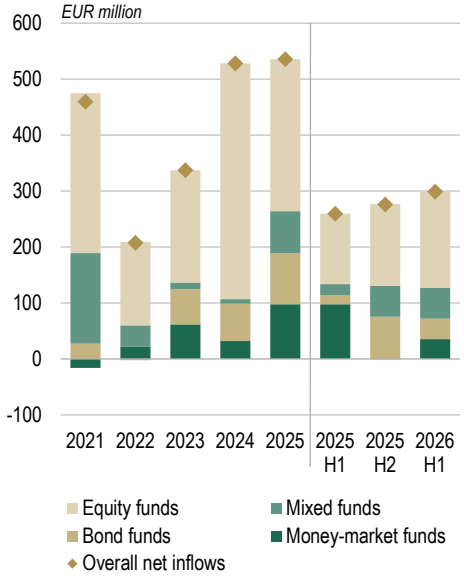
Savers' willingness to invest in mutual funds remains on a positive trend. Net inflows into mutual funds in the first half of the year were up 15.1% on the same period last year, at EUR 299 million. Households remain the largest holders of domestic investment funds, and recorded net inflows of EUR 180 million in the first half of this year, or 61.7% of the total. Other financial intermediaries recorded net inflows of EUR 80 million, similar to the same period last year. NFCs recorded EUR 33 million in net inflows during this period, down 54.7% on the same period last year. Equity funds remain the most popular type of fund in terms of invested assets (see Figure 4.7, right). The equity holdings of domestic mutual funds are most exposed to listed companies based in the US. In the domestic mutual funds' holdings of debt securities, euro area countries predominate as issuers.

Figure 4.7: **Assets and net inflows of domestic mutual funds**

Assets under management and growth in mutual funds



Net inflows into domestic mutual funds



Note: Money market funds are not included in the left chart. The latest data shown is for May 2026.
Sources: Banka Slovenije, ECB SDW.

5 Macroprudential Policy for the Banking System and Leasing Companies

In 2026, Banka Slovenije continued to pursue a preventive macroprudential policy aimed at maintaining the resilience of the banking system and preventing the build-up of risks. Given that risks arising from the external and macrofinancial environment remain elevated, it is essential that existing macroprudential policy instruments provide sufficient safeguards against potential negative shocks. Since 1 January 2025, banks have been required to comply with a positive neutral countercyclical capital buffer rate of 1.0% and a sectoral buffer rate of 0.5%. In addition, other systemically important banks (O-SIIs) must maintain their own capital buffers. Borrower-based measures limiting household lending, which mitigate credit risk, continue to be applied.

Purpose of macroprudential policy

Macroprudential policy is aimed at identifying, monitoring, and limiting systemic risks to financial stability. Its fundamental objective is to strengthen the resilience of the financial system and prevent the accumulation of risks, thereby ensuring that the financial sector supports sustainable economic growth. In EU countries, a wide range of macroprudential instruments is available, adjusted to the nature of risks and the level of system resilience. These instruments can be grouped into three main categories: 1) liquidity instruments, 2) capital instruments, and 3) borrower-based measures (BBMs). Capital instruments strengthen banks' resilience, BBMs establish minimum credit standards and can limit excessive credit growth, thereby reducing risks in the banking system, and liquidity instruments reduce funding risk and increase liquidity resilience. Some instruments are harmonised at EU level, while others are tailored to national specificities (see Table 5.3).

A significant part of the discussion on simplifying the European banking framework in 2026 is being devoted to a more transparent design and more effective implementation of macroprudential policy, while maintaining the resilience of the financial system. Both the Eurosystem and the European Commission are moving in this direction.[85] The Eurosystem, among other things, proposes merging the current macroprudential capital buffers into two buffers: a releasable and a non-releasable buffer, with the early establishment of the releasable buffer providing a capital reserve that could be released in times of stress to support lending to the economy. The European Commission also highlights the need to reduce the complexity of the framework, the number of buffers, and to achieve more harmonised calibration and use of instruments. The proposals also emphasise better coordination of macroprudential, microprudential, and resolution measures, and the prevention of unjustified overlaps in risk coverage, while maintaining the ability to adapt measures to domestic systemic risks and the phase of the financial cycle. From a macroprudential perspective, it is crucial that the simplified framework retains the capacity for timely response to systemic risks and ensures the resilience of banks and their ability to finance the economy even in crisis situations.

[85] European Central Bank (2025), Simplification of the European prudential regulatory, supervisory and reporting framework. European Commission (2026), Competitiveness of the Banking Sector and the Single Market in Banking, COM (2026) 615 final.

An updated review of instruments by country confirms that European macroprudential authorities are increasingly relying on a combination of capital buffers and targeted measures for the real estate market to strengthen the resilience of the financial system and limit systemic risks (see Table 5.3). In many countries, the countercyclical capital buffer (CCyB) rate is already positive, and some have announced further increases. This is complemented by sectoral systemic risk buffers, higher risk weights for real estate exposures under Articles 124, 164, and 458 of the CRR, and borrower-based measures such as caps on LTV, DSTI, DTI or LTI, and loan maturities. Nearly all euro area countries apply at least some restrictions on higher-risk housing lending. These are generally targeted at the highest-risk segment of new loans, thereby limiting excessive indebtedness and the build-up of vulnerabilities related to the real estate market, and increasing the resilience of borrowers and banks in the event of economic shocks. From a macroprudential perspective, it is crucial that both groups of instruments complement each other: capital buffers increase banks' ability to absorb losses and maintain lending when risks materialise, while lending restrictions limit risk build-up by maintaining appropriate credit standards. Their combined use thus helps reduce the procyclicality of lending and limits the risk that problems in the real estate market could spill over to the broader financial system and the real economy.

Such a framework means that decisions on the CCyB are no longer tied solely to the phase of the financial cycle or to individual indicators such as the credit gap. Macroprudential authorities take into account a broader set of information on credit activity, private sector indebtedness, real estate market conditions, bank resilience, and the general macrofinancial environment when setting the appropriate rate. The positive neutral rate does not replace the assessment of cyclical risks but provides an initial level of releasable capital that can be further increased as risks rise. At the same time, it allows the buffer to be immediately reduced in the event of a sudden systemic shock, thereby providing banks with additional capacity to absorb losses and continue lending to the economy.

A positive CCyB rate has become an important and widely used element in ensuring the resilience of banking systems. The vast majority of countries use a positive CCyB rate, which, depending on the assessment of systemic risks and the characteristics of each financial system, ranges from 0.25% to 2.5%, while only a small number of countries maintain the rate at 0%. Further increases have also been announced in several countries, indicating efforts to strengthen capital reserves in a timely manner. Differences in rates reflect different phases of the financial cycle, assessments of cyclical systemic risks, and national approaches to the use of the positive neutral rate. Nevertheless, the overall direction among European countries is clear: it is sensible to build up capital in normal times so that it can be released in the event of a major systemic shock to support loss absorption and continued lending to the economy.

Capital buffers are not only a protection for banks against losses, but also an important condition for maintaining lending, investment and productivity during periods of stress. Their timely establishment allows banks to build up capital reserves in good times, which can be released in the event of major systemic disruptions. This enables them to absorb losses without having to abruptly restrict lending to households and businesses. Such an approach is also important for long-term economic growth, as financial crises typically lead to prolonged declines in investment, innovation, and productivity. Recent ECB analyses also show that increases in macroprudential capital buffers since 2021 at the euro area level have not significantly reduced overall loan

supply; only banks with smaller capital surpluses responded more strongly to changes. This confirms that resilience can be built up in a timely manner and at relatively low short-term cost, increasing the scope for subsequent buffer release and limiting the risk of excessive contraction in lending activity during crises.[86]

The most commonly used macroprudential measures limiting household indebtedness remain the LTV and DSTI ratios. Both criteria are also applied in Slovenia (see Table 5.3). The DSTI ratio (debt-service-to-income), used by 19 countries, sets the maximum share of income that a borrower may allocate to debt repayment.[87] The LTV ratio (loan-to-value), used in 26 countries, is applied to all consumer and housing loans secured by residential real estate. In addition, some countries use further instruments, such as caps on loan maturity (16 countries), the DTI ratio (5) (debt-to-income), which limits total indebtedness relative to income, the LSTI ratio (1) (loan-service-to-income), which considers only the loan repayment amount and not the individual's total debt, and the LTI ratio (3) (loan-to-income), which limits the loan amount relative to the individual's income.

Countries use different types of systemic risk buffers (SyRB)[88] in various ways, reflecting differences in national sources of systemic risk. General buffers, which typically apply to a broader range of exposures or all exposures of individual banks, are used by Austria, Bulgaria, Croatia, Czechia, Finland, Iceland, Norway, Romania, and Sweden. More common is the use of sectoral buffers, which target a specific sector, most often the real estate market, where risks usually accumulate more rapidly. A buffer of this kind to strengthen banks' resilience to real estate market risks has also been introduced in Slovenia; similar arrangements for real estate or real estate-related exposures exist in Denmark, Germany, Lithuania, Malta, Portugal, and certain other countries. Some countries use buffers even more specifically, targeting precisely defined types of exposures. For example, Slovenia also applies a buffer to loans to households not secured by real estate, while in Denmark it is targeted at bank exposures to real estate companies. Italy applies a 1.0% sectoral SyRB for domestic exposures to credit risk and counterparty credit risk. This flexibility allows capital requirements to be more precisely targeted where risks are greatest.

Since the last Financial Stability Review in May 2026, some European countries have adjusted their use of the SyRB. Belgium abolished the dedicated 6.0% sectoral SyRB for mortgage portfolios of banks using internal models as of 1 July 2026, transferring part of this change to the broader countercyclical capital buffer, which will be 1.25% from 1 July 2026. Italy extended the use of the existing sectoral SyRB for domestic exposures to credit risk and counterparty credit risk in 2026, Slovenia extended the existing sectoral SyRBs, and Austria increased the sectoral SyRB for certain commercial real estate exposures from 1.0% to 2.0% as of 1 July 2026, with a further increase to 3.5% from 1 July 2027. These changes confirm that the SyRB remains an active and flexible part of the European macroprudential framework.

In addition to the buffers, macroprudential authorities impose additional capital requirements on other systemically important institutions (O-SIIs), as their potential failure poses a higher risk to financial stability. Each EU Member State identifies these banks at least annually and sets additional buffers for them, aimed at loss absorption and strengthening system resilience. According to the latest EBA list, published in June 2026 and based on notifications from national authorities in 2025,

[86] Source ECB, Macroprudential policy and productivity: friends not foes (last updated 24 July 2026).

[87] Defined as the ratio of debt service amount to borrower income.

[88] Sources: Review of the EU Macroprudential Framework for the Banking Sector - Concept Note, ESRB Systemic risk buffer, (last updated 14. July 2026).

there were 172 O-SIIs in the EU, an average of about 6.4 banks per Member State. Since 2025, the ECB has applied a revised floor methodology in its assessment of national decisions on O-SII buffer rates, supplementing the national perspective with the systemic importance of banks for the banking union[89] as a whole.

Macroprudential policy of Banka Slovenije

We use macroprudential instruments to actively mitigate key risks in the Slovenian banking system and simultaneously strengthen its resilience. Four macroprudential instruments currently apply to the Slovenian banking system. Macroprudential restrictions on consumer lending establish minimum credit standards and are aimed at mitigating and preventing excessive credit growth and excessive financial leverage, thereby reducing credit risk. The buffer for other systemically important institutions (O-SIIs), the countercyclical capital buffer (CCyB), and sectoral systemic risk buffers (SyRB) require a higher level of capital at banks, thereby strengthening the (capital) resilience of the banking system.

Table 5.1: **Macroprudential measures of Banka Slovenije**

Macroprudential measure	Type of instrument	Intermediate objective	Assessment of achievement of objective
Macroprudential restrictions on household lending (recommendation: LTV; binding measures: DSTI, cap on maturity and LTC)1	BINDING/RECOMMENDATION	To mitigate and prevent excessive credit growth and excessive leverage.	Improved credit standards in approval of consumer loans and housing loans.
O-SII buffer2	BINDING	To limit the systemic impact of misaligned incentives with a view to reducing moral hazard.	Higher resilience as a result of higher requirements for CET1.
Countercyclical capital buffer (CCyB)3	BINDING	To mitigate and prevent excessive credit growth and excessive leverage.	The CCyB helps to increase the resilience of the banking system.
Sectoral systemic risk buffers4	BINDING	To mitigate and prevent excessive credit growth and excessive leverage.	Increased resilience of the banking system to systemic risks inherent in the residential real estate market.

1 In 2016, a recommendation on the LTV and DSTI ratios for housing loans was introduced. In 2018, the macroprudential recommendation was extended to consumer loans, for which, in addition to caps on DSTI, caps on maturity were also applied. In 2019, caps on DSTI and maturity became binding macroprudential instruments. In 2020, due to the Covid-19 epidemic, adjustments to the DSTI measure were introduced, allowing banks, under certain conditions, to exclude temporary income reductions during the epidemic from the DSTI calculation. Additional changes to consumer lending restrictions took effect on 1 July 2022. The latest changes to consumer lending restrictions took effect on 1 July 2023.
2 A methodology for verifying criteria for designating a bank as an O-SII was adopted in 2015. In 2017, a methodology for determining the O-SII buffer rate was adopted. In 2023, the methodology for determining the O-SII buffer rate was amended.
3 The measure has been in force since 1 January 2016. At the end of 2022, the countercyclical capital buffer (CCyB) was raised from 0% to 0.5%, with banks obliged to meet the requirement from 31 December 2023. From 1 January 2025, banks must comply with a countercyclical capital buffer of 1.0% (the positive neutral rate).
4 Sectoral systemic risk buffers were introduced in 2022 and entered into force on 1 January 2023. In November 2023, the systemic risk buffer rate for all retail exposures to households secured by residential real estate was reduced from 1.0% to 0.5% of the total risk exposure amount. Banks may apply the new buffer rate from 1 January 2025.
Source: Banka Slovenije.

[89] The Banking Union (BU) includes all euro area countries and those non-euro-area countries that have entered into close cooperation with the ECB within the Single Supervisory Mechanism (SSM). In the new O-SII buffer floor methodology, the systemic importance of banks is also assessed from the perspective of the entire BU, with cross-border exposures within the BU partially treated as domestic. The new methodology applies to new notifications from 1 January 2025 onwards and will be gradually implemented by 1 January 2028 (ECB Governing Council, Statement on Macroprudential Policies – ECB Framework for Assessing Other Systemically Important Institution Buffer Rates, 12 December 2024).

Macroprudential restrictions on consumer lending

Macroprudential restrictions on consumer lending are intended to mitigate and prevent excessive credit growth and excessive household leverage. They define minimum credit standards for housing and consumer loans and serve as structural safeguards for sustainable household indebtedness in all phases of the financial cycle.

In Slovenia, we apply four borrower-based macroprudential instruments: 1) a limit on the debt-service-to-income ratio (DSTI), 2) a limit on the loan-to-value ratio (LTV), 3) a limit on the maturity of consumer loans, and 4) a limit on the loan-to-collateral ratio (LTC)[90] for bridging loans secured by financial instruments. Banka Slovenije is currently assessing the appropriateness of the minimum creditworthiness amount for consumers; the process, which now also includes a public consultation, is not yet complete. This chapter presents the main characteristics of consumer and housing loans in recent years and provides an assessment of the adequacy of the current calibration of macroprudential instruments.

Based on the characteristics of loans granted to consumers, we assess that, with the proposed increase in the minimum creditworthiness amount, the current calibration of macroprudential instruments remains appropriate despite somewhat increased risks. In recent years, both the average loan amount and the average DSTI have increased, with the higher DSTI indicating that consumers are allocating a larger share of income to debt repayment. In the first half of 2026, there were no major changes; borrowers' exposure to interest rate risk is reduced by the fact that since 2022, more than 95% of consumer and housing loans have been issued at a fixed interest rate. The basis for the proposed new minimum creditworthiness amount is the minimum cost of living for 2025, set at EUR 791, adjusted for the inflation forecasts for 2026 and 2027, which, according to Banka Slovenije's[91] June 2026 projections, are 3.6% and 2.3% respectively. The calculated amount is thus EUR 838 (791 × 1.036 × 1.023), rounded to EUR 840. This adjustment would take into account the updated estimate of the minimum cost of living[92] and the expected price growth up to 2027, maintaining the credibility and consistency of macroprudential policy. A hypothetical analysis for the period from 2023 to the second quarter of 2026 shows that such an increase, with other lending conditions unchanged, would have had a negligible impact on the number and share of approved consumer and housing loans and on the average DSTI. A public consultation on the proposed increase in the minimum creditworthiness amount will be conducted by the end of 2026.

The average DSTI remained stable in the first half of 2026. Compared with the end of the previous year, this ratio was down 0.2 percentage points for consumer loans and up 0.1 percentage points for housing loans. Since 2020, DSTI has increased, but has remained stable over the last year. Consumers with consumer loans have allocated an average of 29.2% of income to debt repayment over the past two years,[93] while consumers with housing loans have allocated an average of 34.9% of income to debt repayment. The average LSTI is tracking DSTI and also decreased slightly for consumer loans in the first half of 2026, while increasing for housing loans (see Figure 5.1, left). The average DTI and LTI remain stable for consumer loans, while for housing loans, the DTI declined after 2020, increased from mid-2023, and decreased slightly again in

[90] For more information on the content and recent adjustments to macroprudential restrictions on household lending, see Macroprudential restrictions on consumer lending, Financial Stability Review, November 2024 and Financial Stability Review, April 2025.

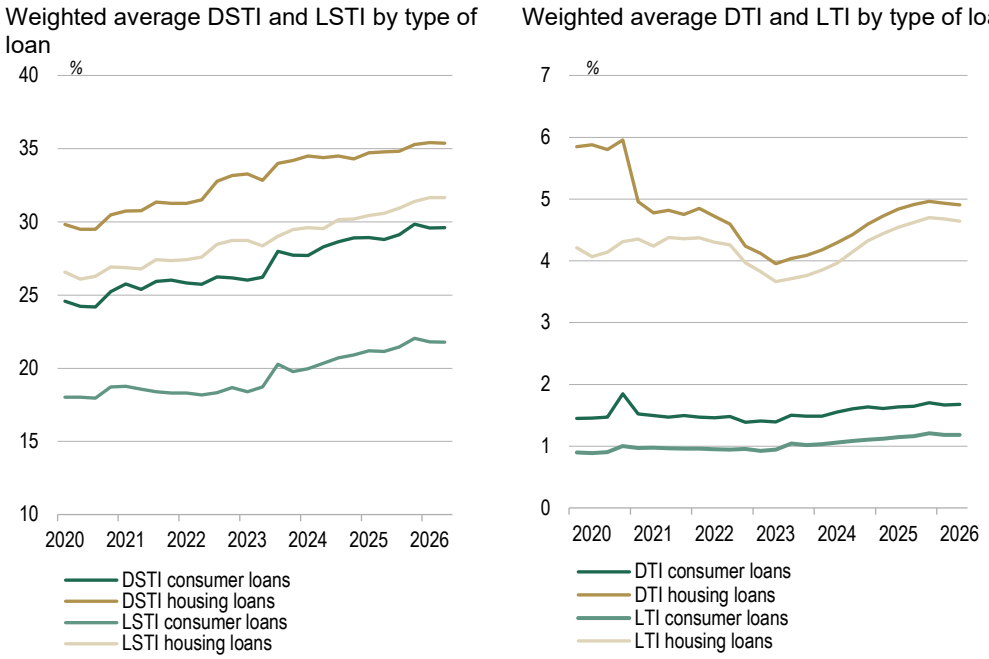
[91] Review of macroeconomic developments with forecasts, June 2026 | Banka Slovenije

[92] Minimalni_zivljenjski_stroski_2025.pdf

[93] When calculating the consumer's annual income, the bank takes into account income from all sources as defined by the Personal Income Tax Act (income from employment, business activity, pensions, income from letting real estate, financial assets, and other sources). (Decision on macroprudential restrictions on consumer lending, Article 7).

the first half of 2026. The average LTI for housing loans is following the trend in the DTI, but between 2020 and 2021 the DTI declined much more sharply than the LTI, mainly because DTI includes total household indebtedness, while LTI measures only the ratio between the newly approved loan and income (see Figure 5.1, right).

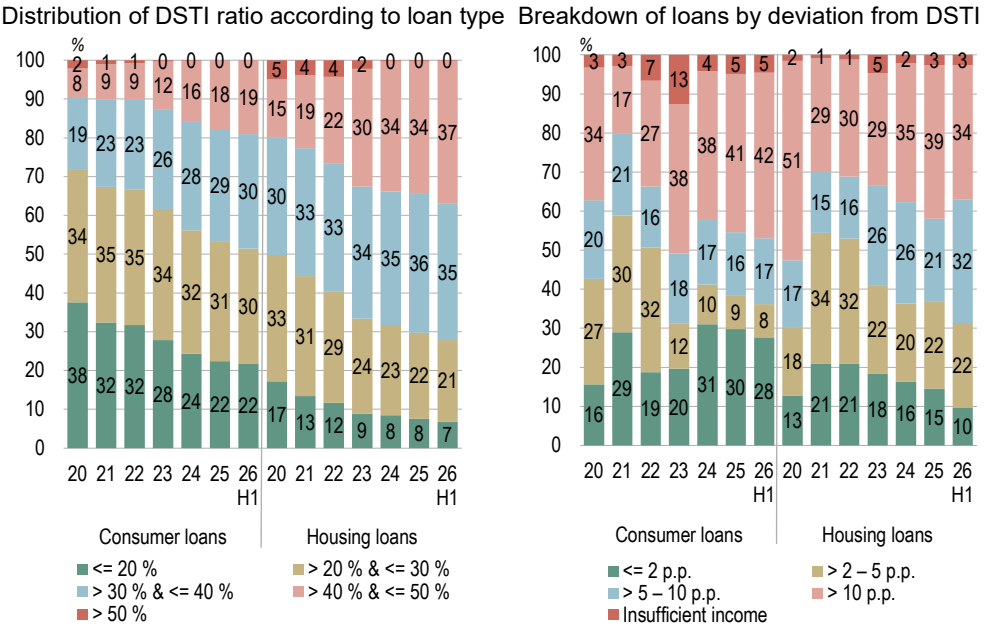
Figure 5.1: **Weighted average DSTI, LSTI, DTI, and LTI**



Source: Banka Slovenije.

The share of deviations from the DSTI ratio limit does not exceed the permitted level. In recent years, both for consumer and housing loans, the share of new loans with a DSTI between 30% and 50% has increased. For consumer loans, loans with a DSTI between 40% and 50% account for only about 19% of all new loans, while for housing loans, they account for more than one-third of new loans. The share of consumer loans approved with a DSTI between 20% and 30% is decreasing, and in the second quarter of 2026, most consumer loans were approved with a DSTI between 30% and 40%. For housing loans as well, loans with a DSTI between 30% and 40% predominate (see Figure 5.2, left). In the first half of 2026, compared with the end of the previous year, the share of deviations from the DSTI ratio limit decreased (see Table 5.2). For loans that exceed the permitted DSTI ratio and are approved as exceptions, the largest share of both types of loans exceeds the DSTI limit by more than 10 percentage points. Following the adjustment of the macroprudential measure in 2023, the share of loans granted to consumers whose income did not exceed the minimum creditworthiness amount increased, but these transactions are very few in both value and number, and the share has continued to decline in recent years. In the past two years, the share of consumer loans exceeding the maximum permitted DSTI by less than 2 percentage points has increased, while for housing loans, the share of such loans is decreasing (see Figure 5.2, right).

Figure 5.2: **Distribution of DSTI ratio and breakdown of loans by deviation from DSTI**

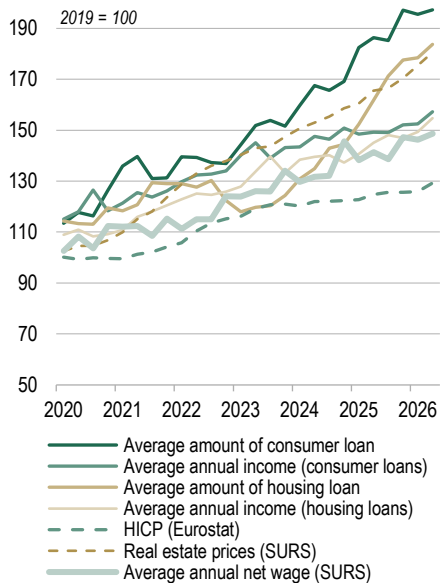


Note: The distribution is shown based on the total loan amount. "Insufficient income" refers to loans where clients did not have sufficient income relative to the minimum creditworthiness amount (up to Q3 2023, the minimum creditworthiness amount was 76% of the gross minimum wage increased for dependants; from Q3 2023 onwards, it is EUR 745 increased for dependants).
Source: Banka Slovenije.

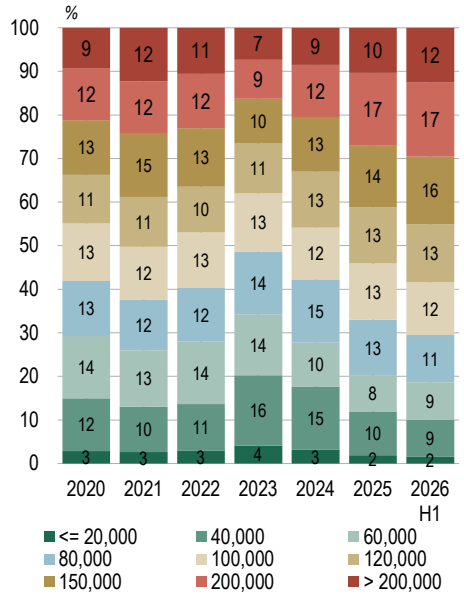
The average loan amount to households is increasing, mainly due to a higher share of loans with larger amounts. The average amount of consumer loans has been rising for some time, while for housing loans, the increase became pronounced after 2023. In the second quarter of 2026, the average consumer loan amount was around EUR 16,000, and the average housing loan amount was EUR 110,000. The average annual income of consumers has also increased over this period. For both types of loans, the loan amount relative to annual income increased from 2023, but this ratio declined in the last two quarters (see Figure 5.3, left). Analysis of the distribution of housing loans by amount shows that in recent years, the share of higher-value loans has increased. The share of housing loans exceeding EUR 120,000 is rising both in value and in number, while the share of loans up to and including EUR 80,000 is decreasing. Part of this trend can be attributed to rising real estate prices. If amounts are expressed in fixed prices (see Figure 5.3, right), the share of loans above EUR 120,000 is lower, but the trend of an increasing share of higher-value loans remains evident.

Figure 5.3: **Average loan amount and average annual consumer income, and distribution of housing loans by loan amount at fixed prices**

Average loan amount and average annual consumer income



Distribution of housing loans by loan amount at fixed prices



Note: The distribution is shown based on the total loan amount. Loans at fixed prices are deflated using the consumer price index.
Sources: Banka Slovenije, SURS, Eurostat.

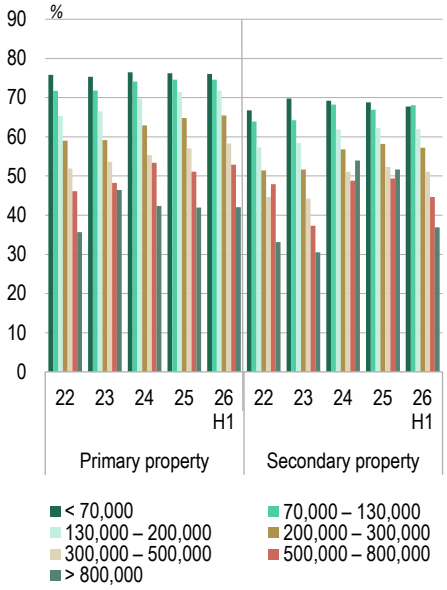
LTV ratio declined in the first half of 2026 (see Table 5.2). The average LTV for loans for primary residences stood at approximately 63% in the second quarter of 2026, and while the figure was about 54% for loans for secondary property. For both types of property, the average LTV was highest for loans where the expected collateral value[94] did not exceed EUR 200,000. At the same time, in all classes of expected collateral value, the ratio was higher for loans for primary residences than for loans for secondary property. In the first half of 2026, the average LTV by class of expected collateral value for loans for primary residences did not change significantly. For loans for secondary property, however, it declined, most notably in the class with an expected collateral value of more than EUR 500,000 (see Figure 5.3, left).

Compared with the end of 2025, in the first half of 2026 the share of deviations from the recommended LTV increased slightly, mainly for loans for primary residences. Nevertheless, deviations were still more frequent for loans for secondary property. For loans for primary residences, on average 11% of all loans secured by residential property deviated from the recommendation, while for loans for secondary property the share was 19% (see Figure 5.3, right).

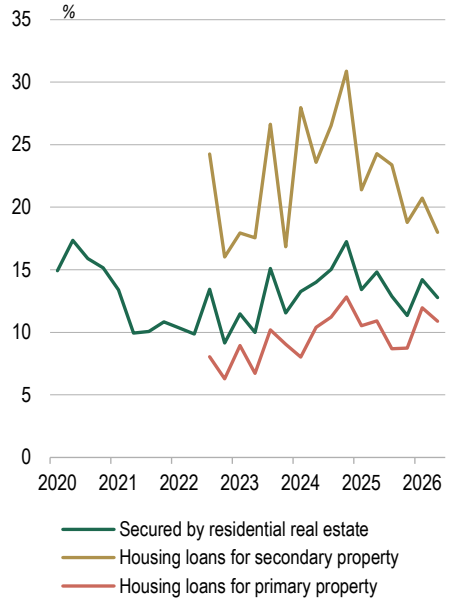
[94] The expected collateral value includes not only the actual value of the residential real estate securing the loan, but also cases where the collateralisation with residential real estate has not yet been formally arranged, but its anticipated value is already known. This value is also used in the calculation of LTV.

Figure 5.4: **Weighted average LTV by expected value of residential real estate collateral and share of housing loans deviating from the LTV recommendation**

Weighted average LTV by expected value of residential real estate collateral



Share of housing loans deviating from the LTV recommendation



Source: Banka Slovenije.

Table 5.2: **Average values of selected parameters for housing and consumer loans and share of deviations from macroprudential instruments**

Weighted average	2019[1]	2020	2021	2022	2023	2024	2025	2026 H1
				Housing loans				
LTV	67,7 %	67,6 %	63,7 %	59,5 %	59.1%	62.5%	62.0%	61.2%
Share of deviations in LTV[2]	19,8 %	15,8 %	11,1 %	10,7 %	12.0%	14.9%	13.1%	13.5%
DSTI	32,1 %	29,9 %	31,0 %	32,2 %	33.6%	34.4%	34.9%	35.4%
Share of deviations in DSTI[3]	15,7 %	4,9 %	5,5 %	4,0 %	5.0%	1.6%	1.8%	1.4%
Average maturity, years	19.1	19.3	18.8	18.5	18.2	18.5	19.3	19.3
				Consumer loans				
DSTI	26,4 %	24,6 %	25,8 %	26,0 %	27.0%	28.4%	29.2%	29.6%
Share of deviations in DSTI[3]	21,8 %	4,3 %	6,2 %	3,8 %	5.1%	2.8%	2.9%	2.6%
Average maturity, years	6.5	5.8	6.2	6.1	6.2	6.4	6.5	6.5
Share of deviations in maturity[4]	2,3 %[5]	5,8 %	12,2 %	10,6 %	10.9%	11.5%	12.4%	12.9%

1 The instruments capping DSTI and maturity (for consumer loans) became binding on 1 November 2019. At that time, the maximum permitted maturity for consumer loans was reduced from 10 to 7 years.
2 The share of deviations in LTV limit is calculated as the amount of all housing loans secured by residential real estate that exceed the recommended LTV relative to the amount of all housing loans secured by residential real estate approved in the same quarter.
3 The share of deviations in DSTI is, up to Q3 2022, calculated as the amount of all loans exceeding the maximum permitted DSTI ratio, relative to the amount of all loans compliant with macroprudential measures and approved in the same quarter. After Q2 2022, the share of deviations is calculated relative to the amount of all loans compliant with macroprudential measures and approved in the previous quarter. Up to Q3 2023, the permitted share of deviations from the prescribed DSTI ratio was 10%; from Q3 2023 onwards, it is 3%.
4 The share of deviations in maturity limit is, up to Q3 2022, calculated as the amount of all loans exceeding the maximum permitted maturity relative to the amount of all loans compliant with macroprudential measures and approved in the same quarter. After Q2 2022, the share of deviations is calculated relative to the amount of all loans compliant with macroprudential measures and approved in the previous quarter.
5 In the first three quarters of 2019, before the macroprudential restrictions on consumer lending were introduced, an average of 41% of all new consumer loans were approved with a maturity of over 7 years.
Source: Banka Slovenije.

Other systemically important institutions (O-SIIs)

For 2026, five other systemically important institutions (O-SIIs) remain identified, with buffer rates unchanged. The assessment for 2027 is ongoing. In accordance with Article 242 of the Banking Act, we verify the fulfilment of criteria for O-SII designation and the appropriateness of the associated buffer rates at least once a year. In identifying O-SIIs, we follow the EBA methodology, while buffer rates are set according to Banka Slovenije's methodology, which was updated in 2025. The methodology classifies banks into categories based on their systemic importance score, sets minimum buffer rates for each category, and, when justified, allows for higher buffer rates than the minimum. Systemic importance scores and corresponding buffer rates for identified O-SIIs, including updates, are published annually, usually at the beginning of December, on the Banka Slovenije website.[95]

Countercyclical capital buffer

The countercyclical capital buffer (CCyB) serves as protection for the banking system against potential losses in the event of credit risk materialisation. Its role is to strengthen the resilience of the banking system during periods of rising cyclical systemic risks. If credit risk materialises, the buffer allows the banking system to cover losses with the accumulated capital buffer built up by active macroprudential policy. This reduces the likelihood of an excessive contraction in lending to the real sector if risks materialise.

In 2023, Banka Slovenije introduced the concept of a positive neutral CCyB rate, the appropriateness of which is reviewed quarterly. Its main purpose is to ensure that the banking system has sufficient capital available that can be released in the event of risks that are not necessarily linked to excessive credit growth and the build-up of domestic imbalances, but result from the materialisation of risks from outside the financial or banking system.[96] Other reasons for this approach include the volatility of data series, uncertainty in measuring cyclical risks, and time lags in their assessment and in building up the countercyclical buffer. To assess the phase of the financial cycle and the standardised or neutral risk environment, we use the existing set of individual risk indicators, a composite indicator, and a neutral environment indicator.

In the first half of 2026, for exposures in Slovenia, we maintained the CCyB at 1.0% of the total risk exposure amount. The financial cycle remains in a neutral risk environment. Banks have been obliged to meet this requirement since 1 January 2025.

Systemic risk buffer

Since 2023, two sectoral systemic risk buffers (sSyRB) have been in force. The requirements for maintaining the sSyRB in Slovenia, which banks comply with, are: (i) 0.5% for all retail exposures to natural persons secured by residential real estate, and (ii) 0.5% for all other exposures to natural persons, except those cited under point (i).[97]

In April 2026, we conducted a regular assessment of the appropriateness of the sectoral buffer calibration, which confirmed that no change to the current rates is necessary. The assessment was based on a review of real estate market trends, the characteristics of new household loans, and an evaluation of credit risk. Based on

[95] For more on O-SII buffers, see: Buffer for other systemically important institutions (bsi.si).

[96] More information on the positive neutral CCyB rate and the neutral risk environment is available on the Banka Slovenije website.

[97] Further information on sectoral systemic risk buffers is also available on the Banka Slovenije website.

this assessment, we concluded that the current calibration of the sectoral buffer remains appropriate and does not require changes. The sSyRB thus continues to serve as an important preventive capital instrument, complementing measures on the household lending side and contributing to the resilience of the banking system to potential shocks in this segment.

Table 5.3: **Countercyclical buffer rates, systemic risk buffer rates, and other macroprudential instruments by country**

	Countercyclical capital buffer		Sectoral systemic risk buffer associated with real estate risk		Other capital-based measures		Restrictions on lending
Country	Rate	Date of introduction / date of latest change[1]	Rate	Date of introduction	Application of Article 124/164 of CRR to exposures secured by	Application of Article 458 of CRR for risks inherent in real estate	Type of measure[2]
Austria	0%	1 January 2016					Cap on maturity, DSTI, LTV
Belgium	0.5%	1 April 2024	9.0%[3]	1 May 2022			DSTI/LSTI, DTI/LTI, LTV
	1.0%	1 October 2024	6.0%[3]	1 April 2024			
Bulgaria	1.5%	1 January 2023					Cap on maturity, DSTI, LTV
	2.0%	1 October 2023					
Cyprus	1.0%	2 June 2024					DSTI, LTV
	1.5%	14 January 2026					
Czechia	1.75%	1 April 2024					Cap on maturity, DTI, DSTI, LTV, loan amortisation
	1.25%	1 July 2024					
Denmark	2.0%	31 December 2022					LTV, LTI
	2.5%	31 March 2023					
Estonia	1.0%	7 December 2022				X	Cap on maturity, DSTI, LTV
	1.5%	1 December 2023					
Finland	0%	16 March 2015					Cap on maturity, DSTI, LTV
France	0.5%	7 April 2023					Cap on maturity, DSTI
	1%	2 January 2024					
Greece	0.25%	1 October 2025					DSTI, LTV
	0.5%	1 October 2026					
Croatia	1.5%	30 June 2024			X		Cap on maturity, DSTI, LTV
	2.0%	1 January 2027					
Ireland	1.0%	24 November 2023					LTV, LTI
	1.5%	7 June 2024					
Iceland	2.0%	29 September 2022					DSTI, LTV
	2.5%	15 March 2024					
Italy	0%	1 January 2016					
Latvia	0.5%	18 December 2024					Cap on maturity, DTI, DSTI, LTV
	1.0%	18 June 2025					
Lichtenstein	0%	1 July 2019	1.0%	25 September 2023	X		LTV, loan amortisation
Lithuania	0%	1 April 2020	2.0%	1 July 2022			Cap on maturity, DSTI, LTV
	1.0%	1 October 2023					
Luxembourg	0.5%	1 January 2021					LTV
Hungary	0.5%	1.07.2024					DSTI, LTV
	1.0%	1 July 2025					
Malta	0%	1 January 2016	1.50%	31 March 2024	X		Cap on maturity, DSTI, LTV
Germany	0.75%	1 February 2023	2.0%	1 February 2023			
			1.0%	1 May 2025			
Netherlands	1.0%	25 May 2023				X	Cap on maturity, LTV
	2.0%	31 May 2024					
Norway	2.0%	31 December 2022			X	X[4]	LTV, DTI, loan amortisation, exemptions from caps
	2.5%	31 March 2023					
Poland	1.0%	25 September 2025					Cap on maturity, DSTI, LTV
	2.0%	30 September 2026					
Portugal	0%	1 January 2016	4.0%	1 October 2024			Cap on maturity, DSTI, LTV
	0.75%	1 January 2026					
Romania	0.5%	17 October 2022					Cap on maturity, DSTI, LTV
	1.0%	23 October 2023					
Slovakia	1.0%	1 August 2020					DSTI, cap on maturity, DTI, loan amortisation, LTV
	1.5%	1.08.2023					
Slovenia	0.5%	31 December 2023	0.5% (consumer loans)	1 January 2023			Cap on maturity, DSTI, LTV
	1.0%	1 January 2025	0.5% (all other loans)	1 January 2025			
Spain	0.5%	1 October 2025					
	1.0%	1 October 2026					
Sweden	1.0%	29 September 2022				X[4]	LTV, loan amortisation
	2.0%	22 June 2023					

[1] Last two available dates illustrated.
[2] Includes binding measures and recommendations. The measures cited apply to consumer loans and to housing loans.
[3] The buffer replaces the measure under Article 458 of the CRR that allows a rise in risk weight in the event of a real estate bubble.
[4] Higher risk weights are also applied to exposures to commercial real estate.
Sources: ESRB, ECB

6 Appendix

Table 6.1: **Risk and resilience dashboard (description of risks, resilience, and indicators)**

Risk and resilience dashboard	Description	Indicators
Macrofinancial risks	Macrofinancial risks are risks arising from uncertainty in the international environment, instability in financial markets, and adverse macroeconomic conditions, including weak economic growth, economic stagnation, or a decline in economic activity.	There are several main indicators for monitoring, and their individual significance depends on the risk level that the individual indicator indicates, and on the area from which the risk comes. The main indicators include indicators of global uncertainty, indicators of individual areas for the international environment, GDP growth, economic sentiment and confidence indicators, indicators of price developments, the Growth at Risk (GaR) model, indicators of developments on the labour market, and indicators of the fiscal position.
Risk inherent in the real estate market	The risk inherent in the real estate market primarily relates to high rates of growth in real estate prices, which increase the banking sector's exposure, and also the possibility of a large negative revaluation of real estate collateral during a crisis.	Growth in prices, sales and loans for residential and commercial real estate, indicators of real estate overvaluation, construction sector indicators, LTV, LTC and DSTI.
Funding risk	Funding risk is the risk of the potential instability of funding or the sudden outflow of individual classes of funding from the banking system, and depends on the maturity of the funding.	Funding structure, developments in deposits by the non-bank sector, particularly household deposits and deposits by non-financial corporations, LTD, changes in the maturity breakdown of deposits by the non-bank sector, residual maturity gap between assets and liabilities.
Interest rate risk	Interest rate risk is the risk of investment losses as a result of changes in interest rates, and comes from the maturity mismatch between assets and liabilities that have a fixed interest rate, and from the repricing gap between assets and liabilities.	The main indicator for monitoring interest rate risk is the repricing gap between asset and liability interest rates, where the most important factor for liability interest rates is the assumption about the stable component of sight deposits. Other indicators are: the average repricing period for asset interest rates, the average repricing period for liability interest rates, the share of new loans and existing loans accounted for by fixed-rate loans, and the average maturity of new loans and existing loans.
Credit risk	Credit risk is the risk of loss resulting from the failure of a debtor to settle their liabilities to the creditor, and comes from the debtor's inability to meet their financial liabilities by the agreed deadline, which may be temporary (illiquidity) or permanent (insolvency).	The main indicators are NPE ratios, the breakdown of exposures into credit risk stages, credit parameters (default rates, probabilities of default, transition rates), and coverage of NPEs and performing exposures by impairments, provisions and collateral.
Income risk	Income risk is the risk to the generation of adequate income by banks, and is based on developments in components of income generation and cost control.	The main indicators follow the generation and disposal of income, to the point of net income: net interest margin, net non-interest margin, net commission margin, gross income, developments in operating costs, CIR, developments in net income.
ICT related risk	ICT (information and communication technology) risks are risks arising from the use of, management of or dependence on information systems, software, networks and digital solutions at banks. These risks include cyber risk (the risk of cyberattacks, breaches, data theft or misuse of information systems), operational incidents (disruptions caused by failures in software, hardware or network infrastructure), data security risks (data loss, unauthorised access to data, or unauthorised modification of data), and change management risks (challenges associated with the implementation of new technologies or system upgrades). Effective management of ICT risks is essential to ensure the uninterrupted functioning of banking operations, the protection of data, and compliance with the requirements of the Digital Operational Resilience Act (DORA).	Number of operational and cyber incidents; direct and indirect financial losses; average response time for risk mitigation (in minutes); market concentration of external IT service providers (%); number of phishing and DDoS attacks; share of the budget allocated to IT security (banks' self-assessment); number of devices running outdated software and number of external IT service providers; rate of hardware and software failures or malfunctions; rate of unplanned outages of critical ICT services; ratio of external events to all operational events; share of human errors in all operational events; and cross-border impact of operational incidents.

Climate risks	Climate risks can be defined as the physical risks inherent in the direct and indirect costs of loss events related to weather, and the transition risks inherent in the structural changes in the shift to sustainable economies, as a result of changes in consumer preferences, environmental policy or technology.	Weighted emissions intensity, loan carbon intensity, portfolio tilt to polluting sectors, share of portfolio exposure to climate-sensitive sectors, NPE ratio in climate-sensitive sectors, NPE concentration in climate-sensitive sectors, share of exposure to municipalities with high or elevated physical risk, share of exposure to municipalities with high acute physical risk, share of NPEs accounted for by municipalities with high or elevated physical risk, share of NPEs accounted for by municipalities with high acute physical risk, annual growth in exposure to municipalities with high acute physical risk.
Solvency and profitability of the banking system	Resilience from the perspective of the capital position is the ability to absorb adverse effects or losses that would occur during a stress event, while from the perspective of profitability it is a sustainable source of capital adequacy.	Total capital ratio and CET1 ratio (both ratios on an individual and a consolidated basis), leverage ratio, capital surplus over the overall capital requirement (as a percentage of RWA), contribution of individual components to the change in the total capital ratio and CET1 ratio, ROE, ROA, ratio of net impairments and provisions to gross income and ratio of net impairments and provisions to net income.
Liquidity of the banking system	Resilience from the perspective of liquidity is the ability to repay all due liabilities, and the ability to absorb the adverse effects that would follow in the event of the realisation of funding risk.	LCR, developments in the ratio of primary and secondary liquidity to the balance sheet total, proportion of the pool of eligible collateral at the Eurosystem that is free.
Risk inherent in leasing companies	The risk inherent in leasing companies is the risk of the generation of operating losses caused by a decline in turnover, the build-up of arrears of more than 90 days, and the potential spillover of adverse consequences into other sectors.	New business, stock of business, arrears of more than 90 days, other performance indicators of leasing companies (ROE, ROA, debt-to-equity ratio).

Source: Banka Slovenije.

Table 6.2: **Selected climate risk indicators**

Risk type	Indicator	Definition of indicator
Transition risks	Weighted carbon intensity of banking system	The weighted sum of the carbon intensity of individual sectors, where the weight is the share of total exposure to non-financial corporations accounted for by the individual sector (NACE 2 level). Sectoral or granular emissions are used in the calculation.
	Carbon credit intensity	Total emissions financed by the banking system relative to exposure to non-financial corporations. Sectoral or granular emissions can be used in the calculation.
	Portfolio tilt to polluting sectors	The relative gap between the weighted carbon intensity and the carbon intensity of the economy. Sectoral or granular emissions can be used in the calculation.
	Share of exposures to climate-sensitive sectors in the NFCs portfolio	The share of exposures to climate-sensitive sectors (according to two definitions, taking account of emissions at EU level or in Slovenia) in the non-financial corporations portfolio.
	Growth in exposure to climate-sensitive sectors in the NFCs portfolio	Annual growth in the exposures to climate-sensitive sectors (according to two definitions, taking account of emissions at EU level or in Slovenia) in the non-financial corporations portfolio.
	NPE ratio for climate-sensitive sectors in the NFCs portfolio	The share of non-performing exposures to climate-sensitive sectors (taking account of emissions in Slovenia) in the non-financial corporations portfolio.
	NPE concentration in climate-sensitive sectors	The share of non-performing exposures in the non-financial corporations portfolio accounted for by climate-sensitive sectors (taking account of emissions in Slovenia).
Physical risks	Share of exposures accounted for by municipalities with high and elevated physical risk or high acute physical risk (drought, wind, extreme heat, floods) in the portfolio	Share of exposures in the portfolio (NFCs + households) accounted for by municipalities exposed to: -high and elevated physical risk, including both chronic and acute physical risks; -high acute physical risk (drought, wind, extreme heat, floods), including only acute physical risks.
	NPE ratio in the portfolio of municipalities with high and	NPE ratio in the portfolio of exposures (NFCs + households) to municipalities exposed to:

	elevated physical risk or high acute physical risk (drought, wind, extreme heat, floods)	-high and elevated physical risk, including both chronic and acute physical risks; -high acute physical risk (drought, wind, extreme heat, floods), including only acute physical risks.
	Share of total NPEs accounted for by municipalities with high and elevated physical risk or high acute physical risk (drought, wind, extreme heat, floods) in the NPE portfolio	Share of non-performing exposures in the portfolio (NFCs + households) accounted for by municipalities exposed to: - high and elevated physical risk, including both chronic and acute physical risks; - high acute physical risk (drought, wind, extreme heat, floods), including only acute physical risks
	Growth in exposures to municipalities exposed to high acute physical risks	Annual growth in exposures (NFCs + households) to municipalities exposed to high acute physical risk; includes only acute physical risks

Source: Banka Slovenije.

Table 6.3: **Balance sheet for selected time snapshots (2021 to 2026 H1), Slovenian banking system**

	Stock, EUR million unless stated								Increase, EUR million						Year-on-year growth, %					
	2021	2022	2023	2024	2025	Breakdown	Jun 2026	Breakdown	2021	2022	2023	2024	2025	Jan-Jun 2026	2021	2022	2023	2024	2025	Jun 2026
						%		%												
Assets																				
Cash on hand, balance at central bank	11,495	10,445	12,763	8,854	7,714	13.4	6,152	10.5	2,671	-1,051	2,318	-3,909	-1,140	-1,562	30.3	-9.1	22.2	-30.6	-12.9	-25.0
Loans to banks	1,544	1,665	1,444	1,450	1,856	3.2	1,742	3.0	52	121	-221	6	406	-114	3.5	7.8	-13.3	0.4	28.0	9.1
Loans to non-banking sector	25,045	27,538	26,934	28,405	30,842	53.5	32,494	55.7	1,484	2,493	-604	1,471	2,436	1,653	6.3	10.0	-2.2	5.5	8.6	10.2
of which to non-financial corporations	9,300	10,487	9,968	9,762	10,187	17.7	10,693	18.3	550	1,187	-519	-206	425	506	6.3	12.8	-4.9	-2.1	4.4	6.3
of which to households	11,263	12,138	12,556	13,311	14,369	24.9	14,986	25.7	551	875	418	755	1,058	617	5.1	7.8	3.4	6.0	7.9	8.8
Financial assets / securities	8,355	8,759	9,816	13,112	14,674	25.5	15,305	26.2	-603	404	1,056	3,296	1,563	631	-6.7	4.8	12.1	33.6	11.9	6.5
Other	1,811	2,168	2,125	2,414	2,570	4.5	2,645	4.5	-4	357	-43	289	155	76	-0.2	19.7	-2.0	13.6	6.4	5.2
Equity and liabilities																				
Financial liabilities to Eurosystem	2,344	758	75	0	0	0.0	1	0.0	964	-1,586	-683	-75	0	1	69.9	-67.6	-90.1	-100.0	…	…
Liabilities to banks	1,716	2,034	1,746	1,484	1,285	2.2	1,854	3.2	-663	318	-288	-262	-199	569	-27.9	18.6	-14.2	-15.0	-13.4	12.9
of which to domestic banks	649	600	413	286	218	0.4	258	0.4	-150	-49	-187	-128	-68	41	-18.8	-7.6	-31.1	-30.9	-23.8	9.3
of which to foreign banks	1,066	1,434	1,333	1,199	1,067	1.9	1,595	2.7	-513	368	-101	-134	-131	528	-32.5	34.5	-7.1	-10.1	-11.0	13.5
Liabilities to non-banking sector (deposits)	37,185	39,756	41,062	41,625	44,512	77.2	45,005	77.1	2,904	2,571	1,306	563	2,887	493	8.5	6.9	3.3	1.4	6.9	5.1
of which to non-financial corporations	8,998	9,710	10,947	10,910	11,705	20.3	11,318	19.4	967	712	1,238	-37	794	-387	12.0	7.9	12.7	-0.3	7.3	4.2
of which to households	23,953	25,784	26,514	27,309	29,170	50.6	30,082	51.6	1,516	1,832	730	795	1,861	912	6.8	7.6	2.8	3.0	6.8	6.0
Debt securities	1,250	2,066	3,164	3,504	3,718	6.4	3,054	5.2	191	817	1,097	341	213	-664	18.1	65.4	53.1	10.8	6.1	-22.7
Provisions	151	142	187	204	210	0.4	224	0.4	-34	-10	46	16	6	14	-18.4	-6.5	32.3	8.7	3.0	13.3
Shareholder equity	5,061	5,153	6,081	6,681	7,228	12.5	7,333	12.6	256	93	928	600	547	106	5.3	1.8	18.0	9.9	8.2	9.1
Other	545	665	767	738	704	1.2	868	1.5	-19	120	102	-29	-34	164	-3.3	22.1	15.3	-3.8	-4.6	2.7
Balance sheet total	**50,136**	**50,575**	**53,082**	**54,236**	**57,656**	**100**	**58,339**	**100.0**	**5,485**	**439**	**2,507**	**1,154**	**3,420**	**683**	**12.3**	**0.9**	**5.0**	**2.2**	**6.3**	**3.9**

Source: Banka Slovenije.

Table 6.4: **Income statement (2021 to 2026 H1), Slovenian banking system**

	Amount, EUR million						Year-on-year growth, %						Ratio to gross income, %					
						Jun						Jun						Jun
	2021	2022	2023	2024	2025	2026	2021	2022	2023	2024	2025	2026	2021	2022	2023	2024	2025	2026
Net interest	625	748	1442	1566	1408	728	-2.2	19.6	92.8	8.6	-10.1	3.9	51.9	56.9	72.9	68.5	64.5	58.8
Non-interest income	580	567	535	720	777	511	-19.5	-2.3	-5.6	34.5	7.9	8.3	48.1	43.1	27.1	31.5	35.5	41.2
													31.3	30.3	19.6	18.3	20.4	19.2
of which net fees and commission	377	398	387	419	445	238	14.4	5.5	-2.8	8.4	6.1	9.3						
of which net trading gains/losses on financial assets and bonds	18	31	10	24	13	14	10.8	76.4	-69.6	153.8	-46.7	203.2	1.5	2.4	0.5	1.1	0.6	1.2
Gross income	1206	1315	1978	2286	2185	1239	-11.4	9.1	50.4	15.6	-4.4	5.6	100.0	100.0	100.0	100.0	100.0	100.0
Operating costs	-717	-758	-830	-1016	-1033	-545	-0.2	5.6	9.6	22.3	1.7	3.6	-59.5	-57.6	-42.0	-44.4	-47.3	-44.0
labour costs	-398	-413	-447	-501	-521	-255	3.0	3.7	8.4	12.1	4.0	1.0	-33.0	-31.4	-22.6	-21.9	-23.9	-20.6
Net income	489	558	1147	1270	1152	694	-23.9	14.1	105.8	10.7	-9.3	7.3	40.5	42.4	58.0	55.6	52.7	56.0
Net impairments and provisions	74	-14	-10	-71	-161	-74	-143.4	-119.2	-27.7	590.0	127.9	153.4	6.1	-1.1	-0.5	-3.1	-7.4	-6.0
of which at amortised cost	72	-23	-33	-83	-181	-55	-153.8	-131.8	44.7	150.9	119.1	185.9	6.0	-1.7	-1.7	-3.6	-8.3	-4.4
Pre-tax profit	**562**	**543**	**1137**	**1200**	**991**	**620**	**19.1**	**-3.3**	**109.3**	**5.5**	**-17.4**	**0.4**	**46.6**	**41.3**	**57.5**	**52.5**	**45.4**	**50.0**
Corporate income tax	-37	-42	-39	-125	-109	-63	70.1	13.1	-6.8	221.1	-12.8	-4.5	-3.1	-3.2	-2.0	-5.5	-5.0	-5.1
Net profit	525	502	1098	1075	882	557	16.6	-4.5	118.9	-2.1	-17.9	1.0	43.6	38.1	55.5	47.0	40.4	44.9

Source: Banka Slovenije.

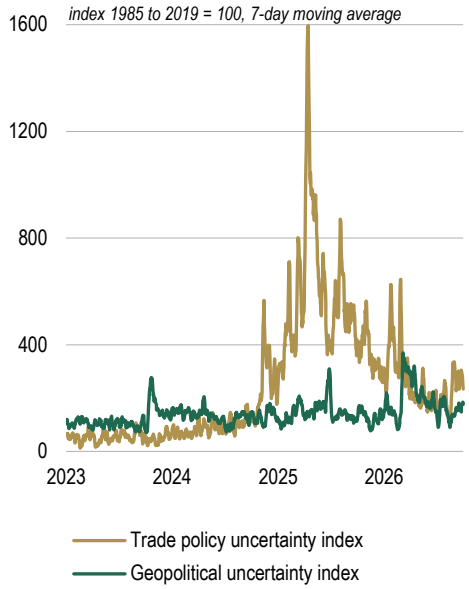
Table 6.5: **Selected bank performance indicators (2011 to 2026 H1), Slovenian banking system**

(%)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2025 H1	2026 H1
ROA	-1.06	-1.60	-7.70	-0.27	0.42	0.99	1.19	1.38	1.48	1.10	1.20	1.11	2.22	2.25	1.77	2.26	2.16
ROE	-12.54	-19.04	-100.00	-2.69	3.63	7.96	9.58	11.07	12.16	9.57	11.33	10.82	20.64	18.92	14.44	19.37	18.00
CIR	53.68	47.43	66.08	55.80	59.26	59.19	62.72	58.05	56.47	52.82	59.48	57.60	41.98	44.43	47.27	44.87	43.98
Net interest margin on interest-bearing assets	2.13	1.93	1.67	2.18	2.06	1.91	1.83	1.84	1.79	1.57	1.41	1.61	2.95	3.09	2.65	2.72	2.68
Net interest margin on total assets	2.02	1.83	1.59	2.09	1.96	1.82	1.75	1.75	1.70	1.49	1.34	1.53	2.81	2.93	2.52	2.57	2.54
Non-interest margin	0.85	1.40	0.85	1.01	1.09	1.23	1.13	1.26	1.43	1.67	1.24	1.15	1.05	1.35	1.38	1.75	1.80
Gross income / average assets (FIM)	2.87	3.23	2.44	3.10	3.05	3.05	2.88	3.01	3.13	3.16	2.58	2.68	3.86	4.28	3.90	4.32	4.34

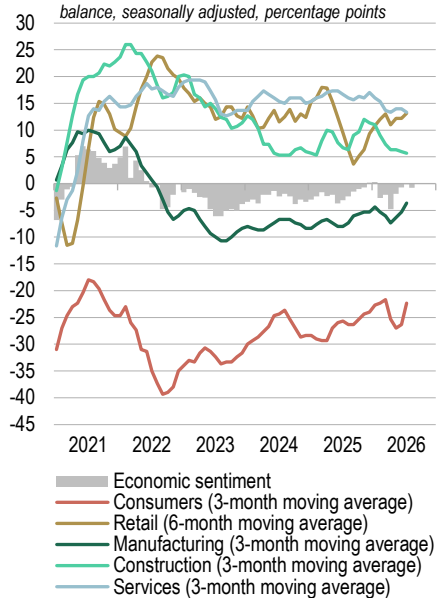
Note: FIM – financial intermediation margin.
Source: Banka Slovenije.

Figure 6.1: **Global uncertainty indices and economic sentiment in Slovenia**

Global uncertainty indices



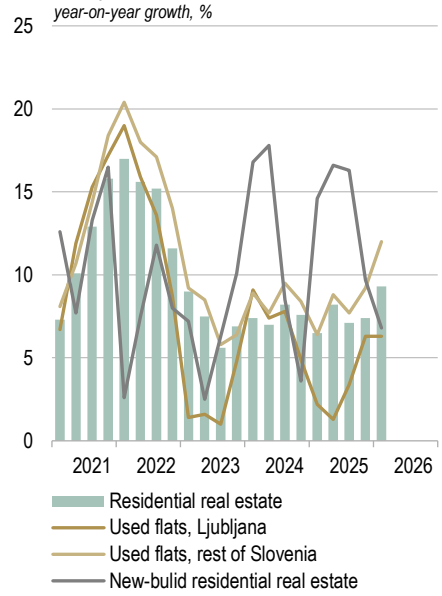
Confidence indicators and economic sentiment



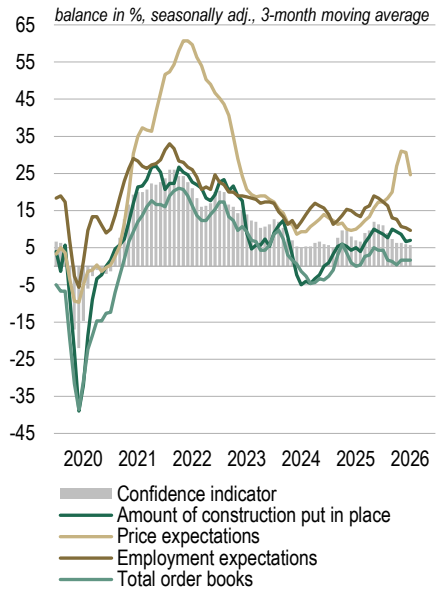
Note: Data up to 30 September 2026. In the left chart, the Trade Policy Uncertainty Index reflects the results of automated text searches in seven newspapers (100 = 1% of newspaper articles contain a reference to trade uncertainty). The Geopolitical Uncertainty Index reflects the results of automated text searches in electronic archives of ten newspapers (1985–2019 = 100). In the right chart, confidence indicators are expressed as the average of balances. The balance is the difference between the share of positive and negative responses.
Sources: Left chart: policyuncertainty.com and matteoiacoviello.com; right chart: SURS.

Figure 6.2: **Growth in residential real estate prices and business trends in construction**

Growth in residential real estate prices by type of property

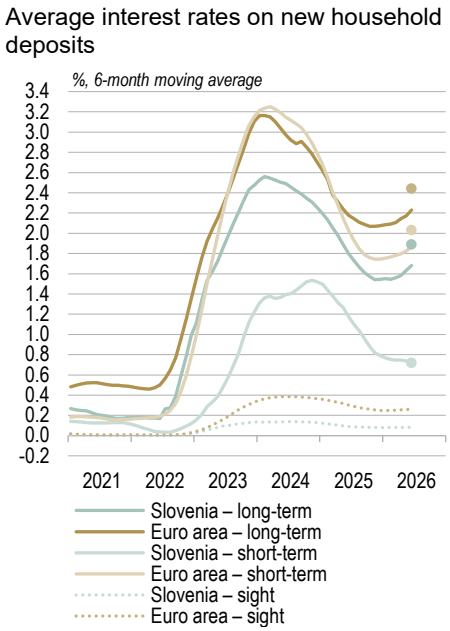


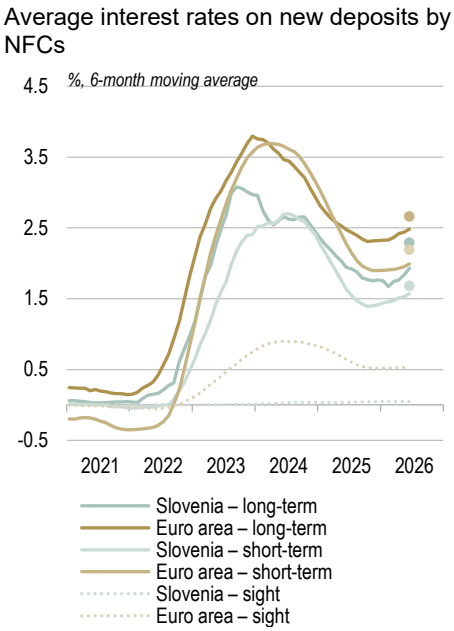
Business trends in construction



Note: In the left chart, price growth rates for 2025 differ slightly from those published in the previous Financial Stability Review, as SURS has revised the residential property price indices.
Source: SURS.

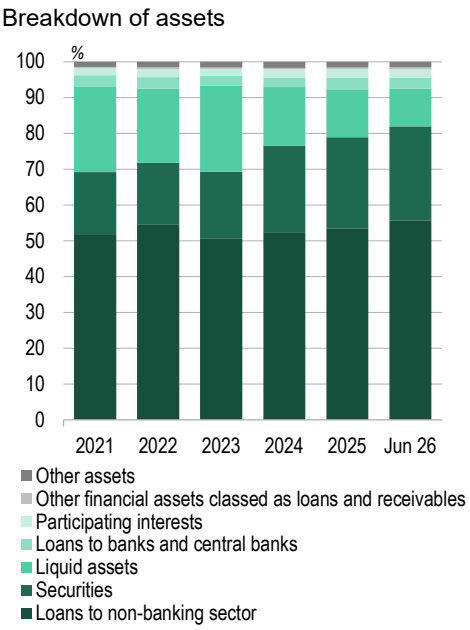
Figure 6.3: **Average interest rates on new deposits by households and NFCs**

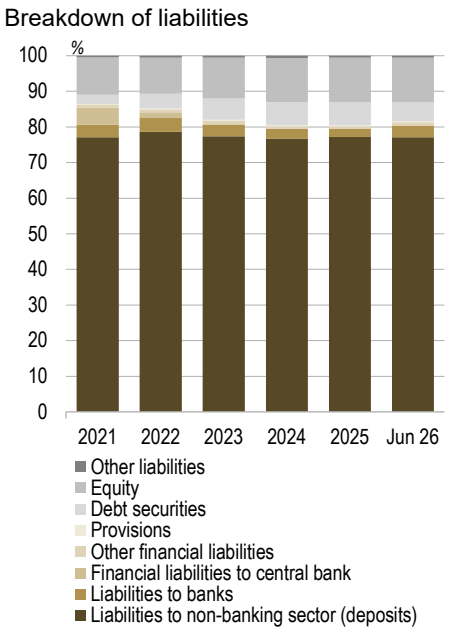




Note: Dots denote the latest data.
Sources: Banka Slovenije, ECB Data Portal.

Figure 6.4: **Breakdown of assets and liabilities**

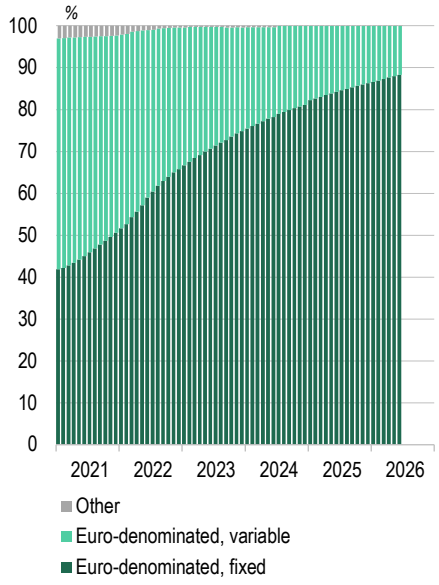




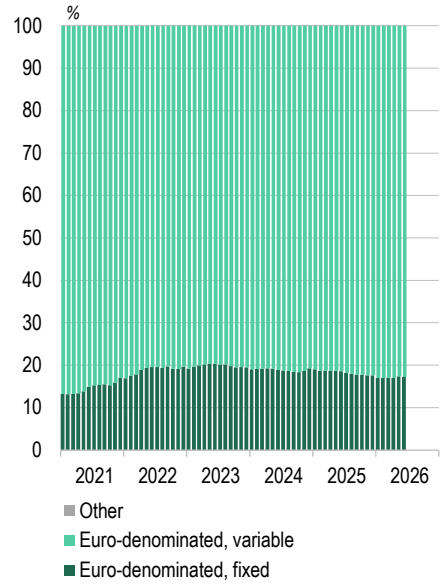
Note: In the left chart, liquid assets comprise cash on hand, balances with the central bank, and sight deposits with banks.
Source: Banka Slovenije.

Figure 6.5: **Breakdown of loan stock by type of interest rate**

Breakdown of loans to households



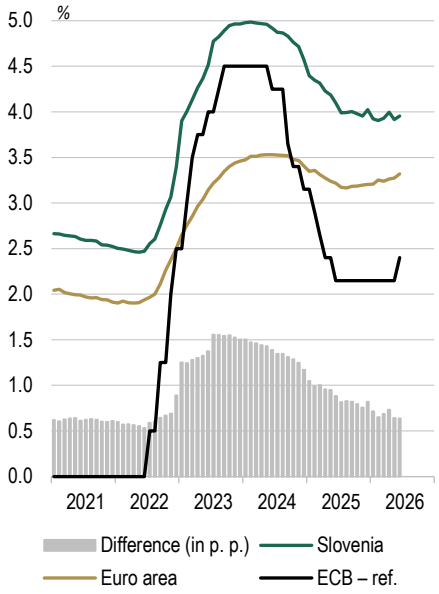
Breakdown of loans to non-financial corporations



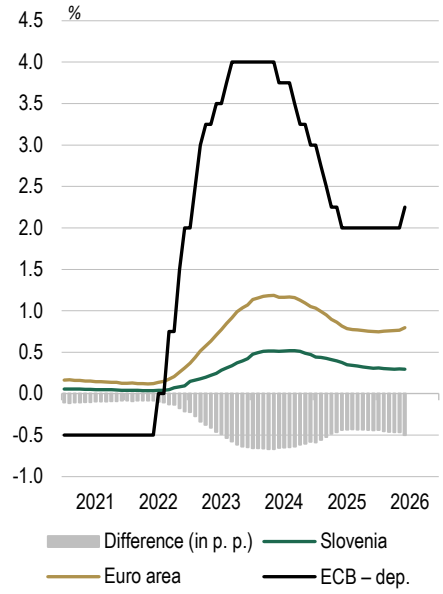
Note: Loans to households include housing and consumer loans, and exclude other household loans. The "other" category includes all loans in Swiss francs, which account for the majority of the remaining loans.
Source: Banka Slovenije.

Figure 6.6: **Interest rates**

Average interest rates on stock of loans to households and NFCs and comparison with the euro area



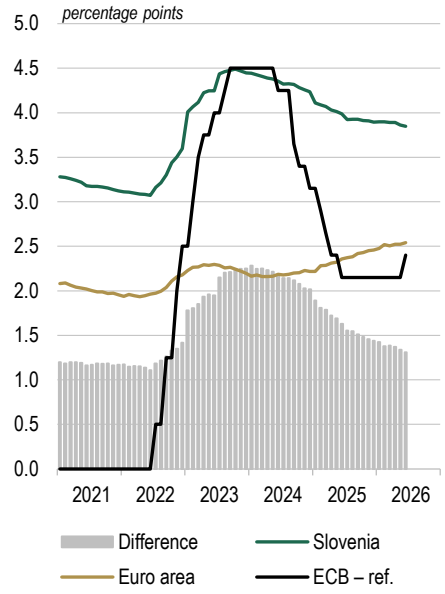
Average interest rates on stock of deposits by households and NFCs and comparison with the euro area



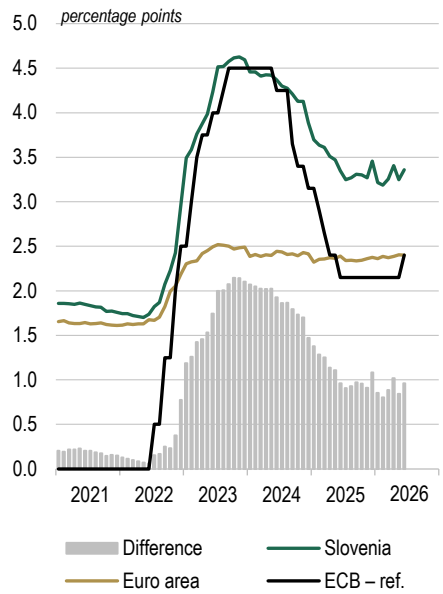
Note: ECB – ref. represents the ECB main refinancing operations rate. ECB – dep. represents the ECB deposit facility rate.
Sources: ECB Data Portal, Banke Slovenije calculations.

Figure 6.7: **Interest spread**

Interest spread for households and comparison with the euro area



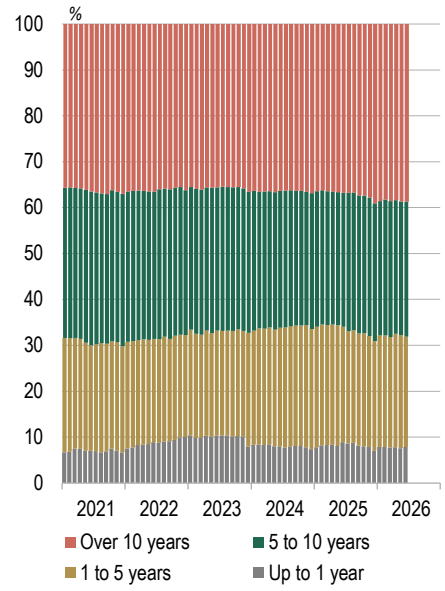
Interest spread for NFCs and comparison with the euro area



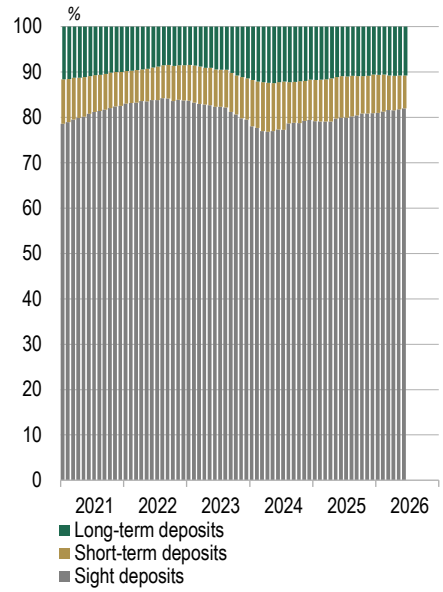
Note: ECB – ref. represents the ECB main refinancing operations rate.
Sources: ECB Data Portal, Banke Slovenije calculations.

Figure 6.8: **Breakdown of loans and deposits by residual maturity**

Breakdown of loans to NFCs and households



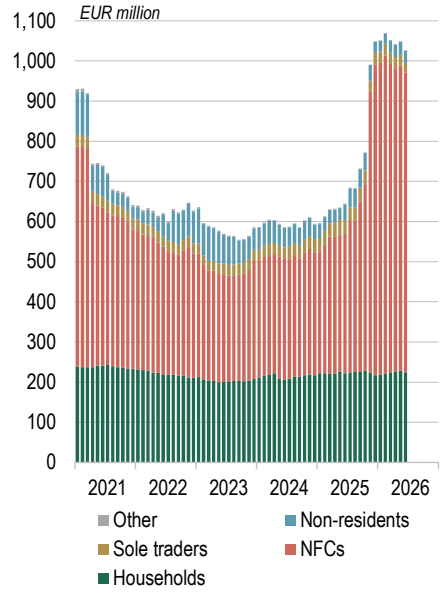
Breakdown of non-bank sector deposits



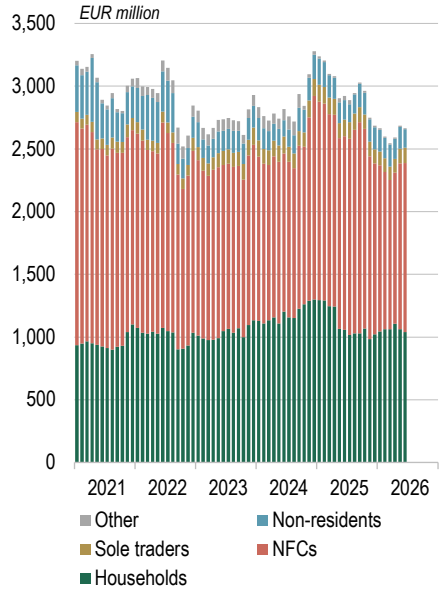
Note: Loans to households on the left chart include housing and consumer loans, but exclude other household loans.
Source: Banka Slovenije.

Figure 6.9: **Stock of NPEs and Stage 2 exposures by customer segment**

Stock of NPEs by customer segment



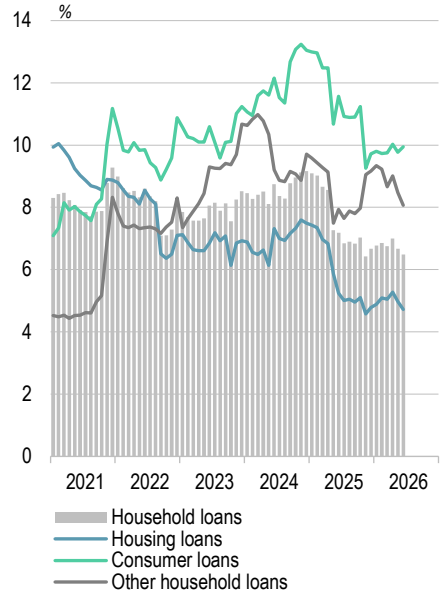
Stock of Stage 2 exposures by customer segment



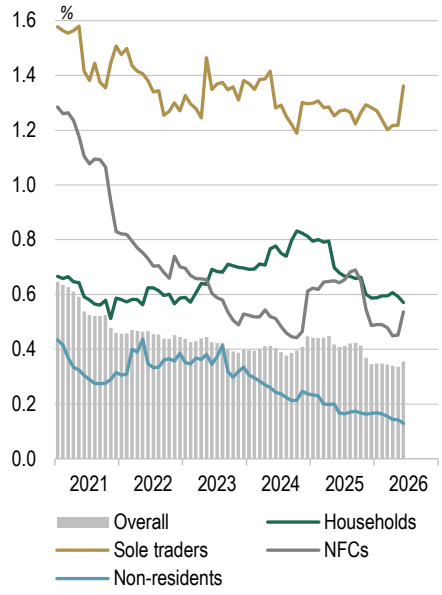
Source: Banka Slovenije.

Figure 6.10: **Share of Stage 2 exposures in household portfolio and coverage of performing exposures by customer segment**

Share of Stage 2 exposures in household portfolio



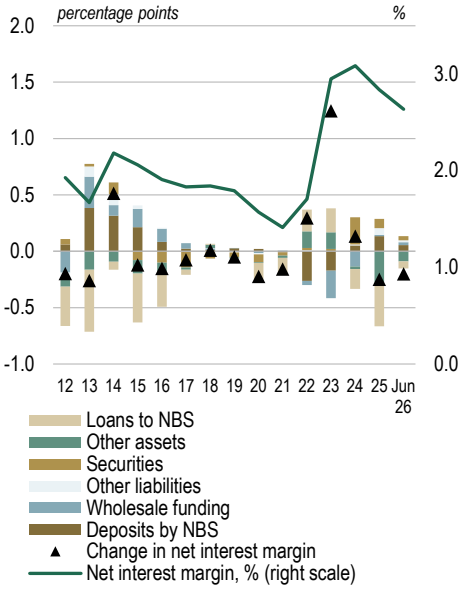
Coverage of performing exposures by customer segment



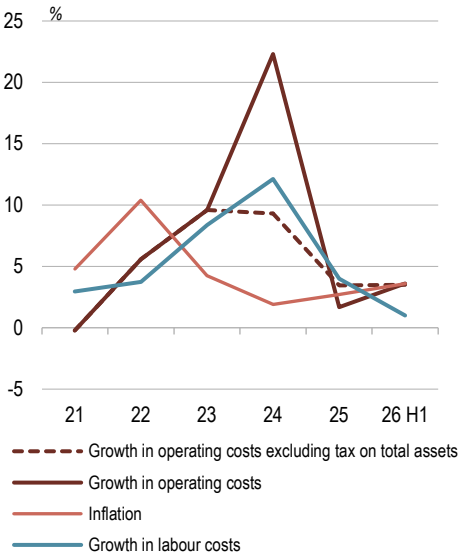
Source: Banka Slovenije.

Figure 6.11: **Contributions to changes in net interest margin and operating costs**

Contributions by interest-bearing asset and liability instruments to changes in net interest margin



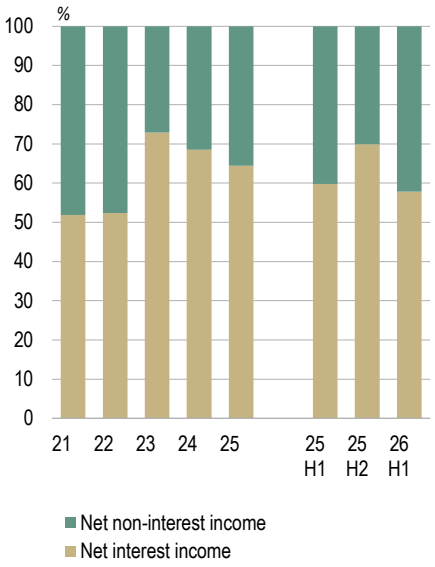
Operating costs, labour costs, and inflation



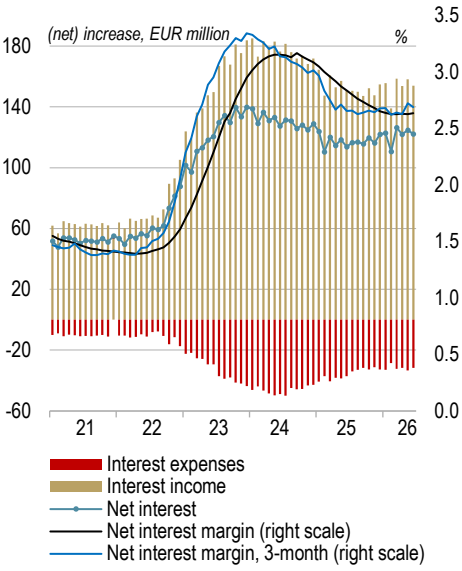
Source: Banka Slovenije.

Figure 6.12: **Breakdown of banks' gross income and interest income, interest expenses and net interest margin**

Breakdown of banks' gross income



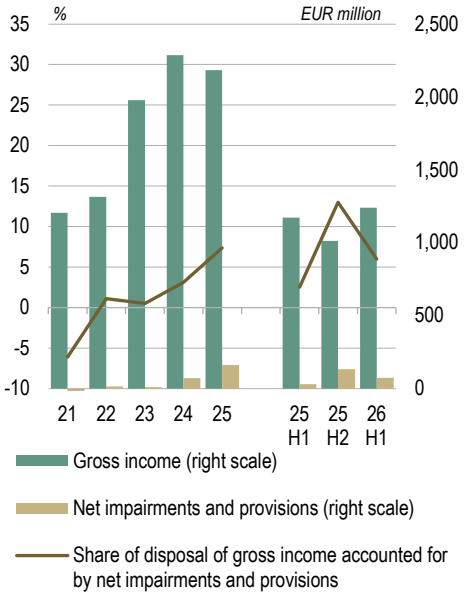
Interest income, interest expenses, net interest, and net interest margin



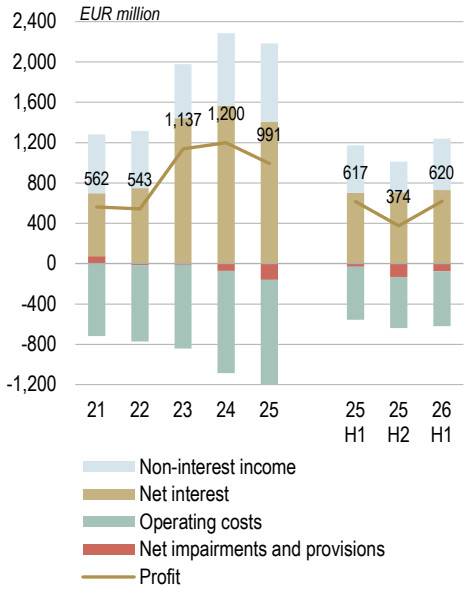
Note: In the left chart, changes in asset items represent the sum of the contributions from loans, securities, and other interest-bearing assets; changes in liability items represent the sum of the contributions from non-bank sector deposits, wholesale funding, and other interest-bearing liabilities. The change in the effect of liability items is multiplied by –1, as an increase in, for example, liability interest rates reduces the net interest margin, while a decrease increases it.
Source: Banka Slovenije.

Figure 6.13: **Net impairments and provisions, gross income, and other income statement categories**

Net impairments and provisions, gross income, and ratio of net impairments to gross income



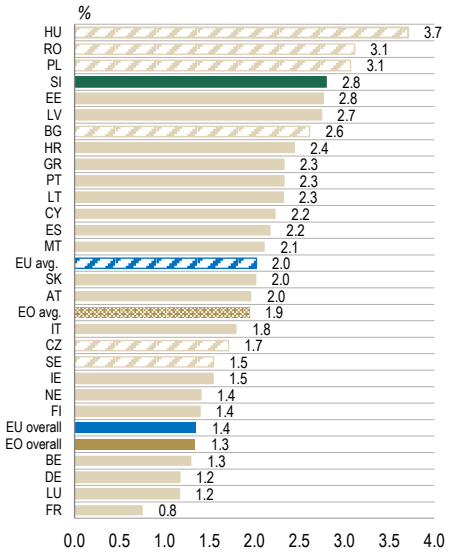
Generation and disposal of gross income, and profit before tax



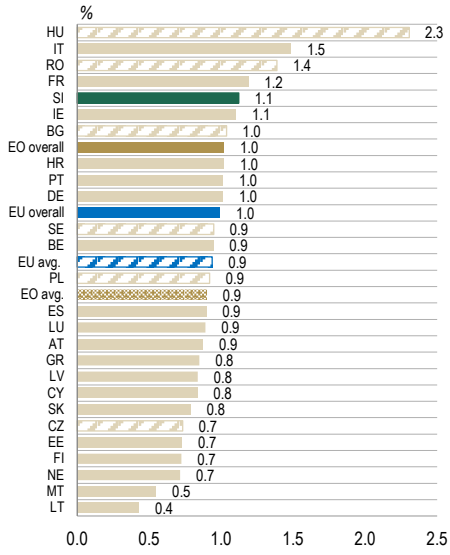
Note: Negative values for net impairments and provisions in the left chart reflect net releases of impairments and provisions; in the right chart, they reflect net creation. Data for the Slovenian banking system is based on banks' balance sheet data on an individual basis. On the right side of both charts, values for the last three half-year periods are shown separately.
Sources: Banka Slovenije.

Figure 6.14: **Net interest and net non-interest margin**

Net interest margin in Slovenia and EU countries, 2025



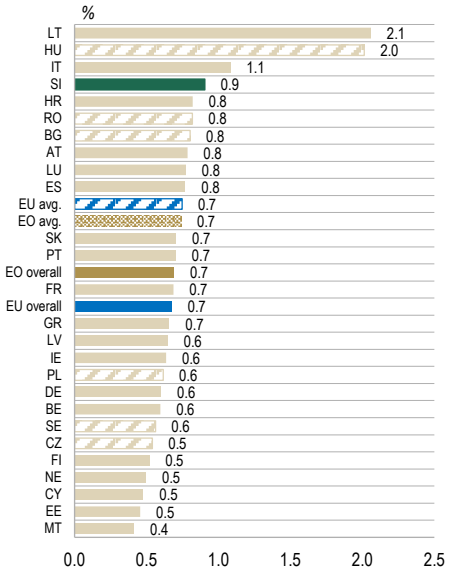
Net non-interest margin in Slovenia and EU countries, 2025



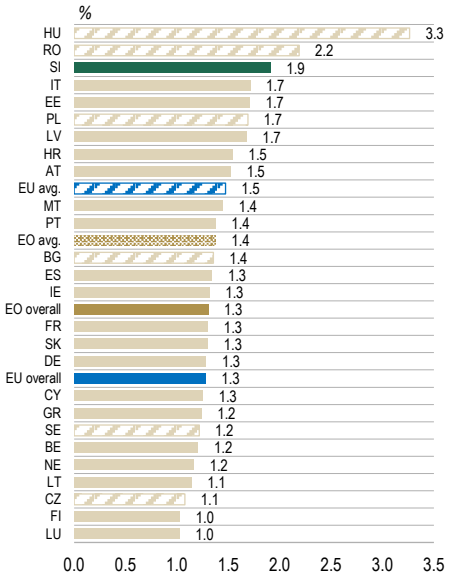
Note: Indicators are calculated based on data from the ECB Data Portal, Consolidated Banking Data. These may differ somewhat from those based on banks' balance sheet data on an individual basis. For the first five charts in this comparison, there may be no available data for certain countries among EU countries. In Figures 4.0 to 7.0, "EU overall" values reflect the entire EU area, while "EU average" usually reflects the average of all EU countries; the same applies to the entire euro area and the average for euro area countries.
Sources: Banka Slovenije, ECB Data Portal.

Figure 6.15: **Net commission margin and ratio of operating costs to total assets**

Net commission margin in Slovenia and EU countries, 2025



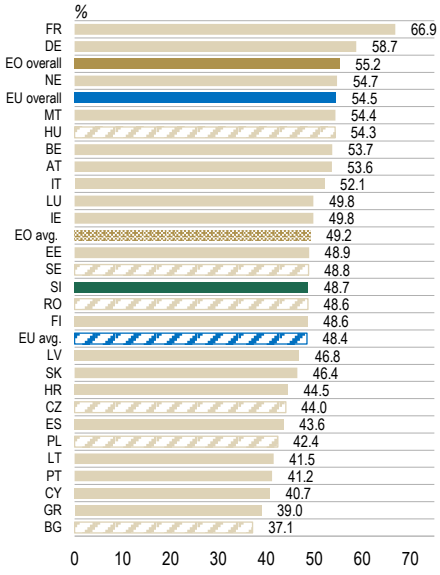
Ratio of operating costs to total assets in Slovenia and EU countries, 2025



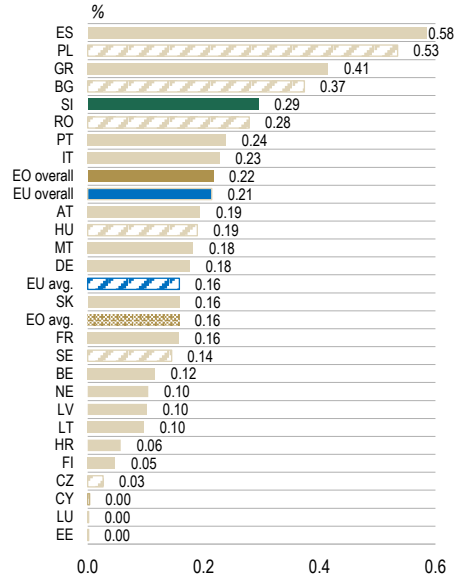
Note: Indicators are calculated based on data from the ECB Data Portal, Consolidated Banking Data. These may differ somewhat from those based on banks' balance sheet data on an individual basis.
Sources: Banka Slovenije, ECB Data Portal.

Figure 6.16: **CIR and ratio of net impairments and provisions to total assets**

CIR in Slovenia and EU countries, 2025



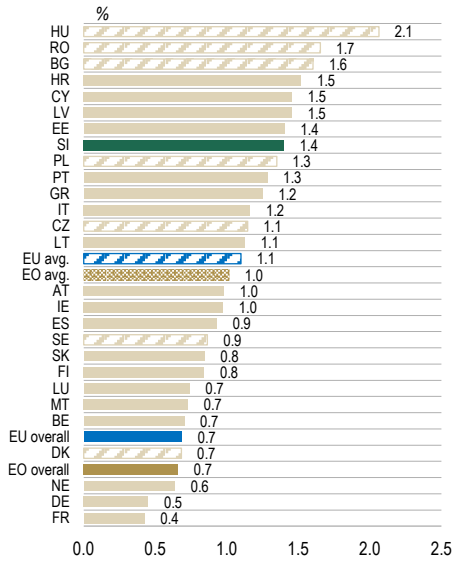
Ratio of net impairments and provisions to total assets in Slovenia and EU countries, 2025



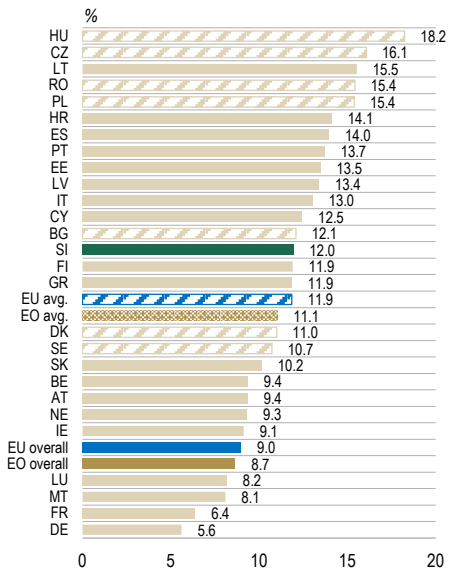
Note: Indicators are calculated based on data from the ECB Data Portal, Consolidated Banking Data. These may differ somewhat from those based on banks' balance sheet data on an individual basis.
Sources: Banka Slovenije, ECB Data Portal.

Figure 6.17: **Return on assets (ROA) and return on equity (ROE)**

Return on assets (ROA) in EU countries, 2025



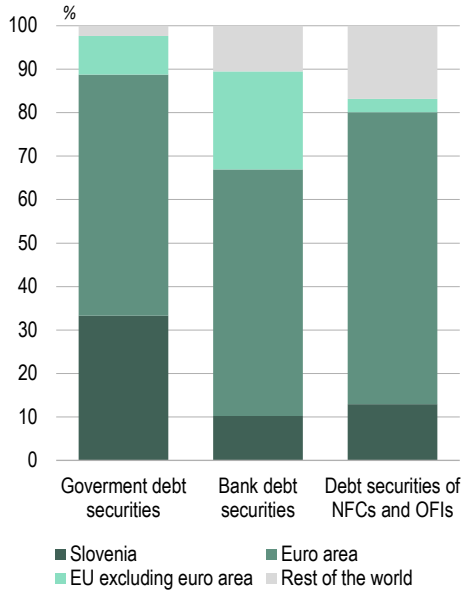
Return on equity (ROE) in EU countries, 2025



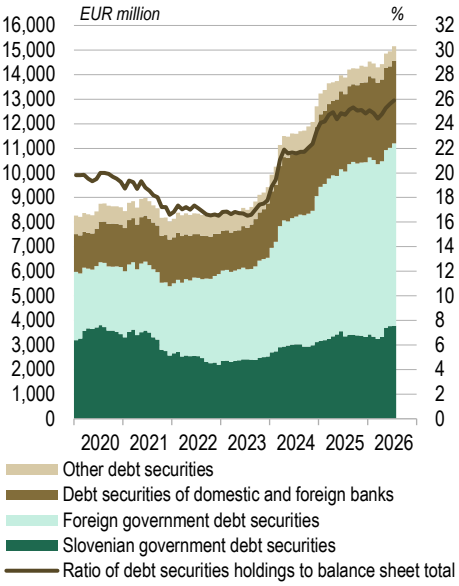
Source: Banka Slovenije.

Figure 6.18: **Changes in and breakdown of debt securities holdings**

Breakdown of debt securities by geographical area



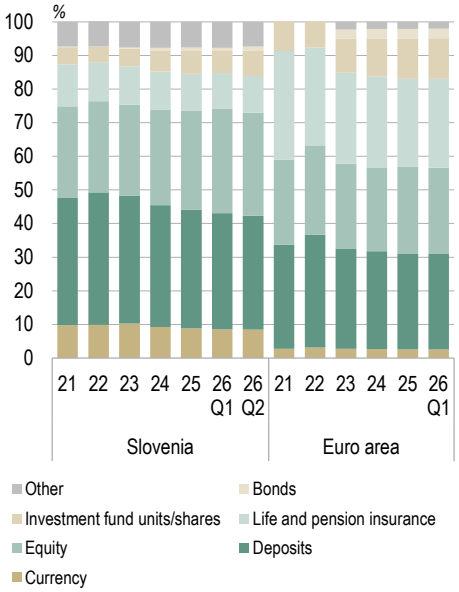
Breakdown of debt securities by counterparty



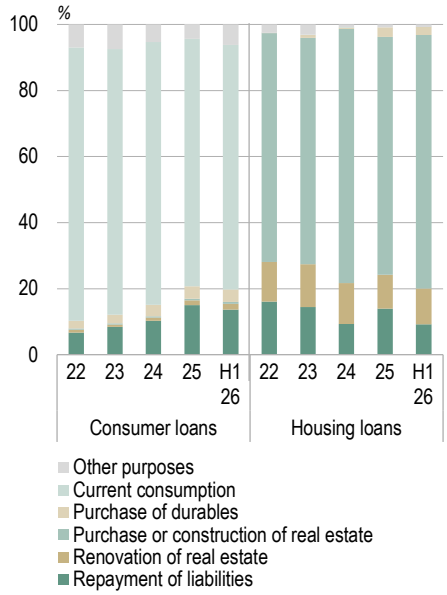
Source: Banka Slovenije.

Figure 6.19: **Household financial assets and household loan demand**

Breakdown of household financial assets in Slovenia and the euro area



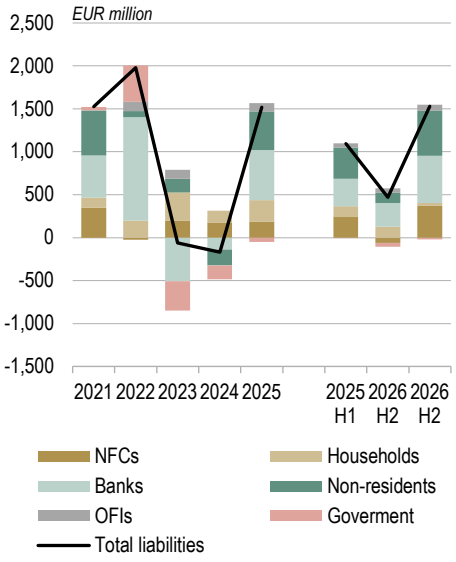
Breakdown of demand for consumer and housing loans by purpose



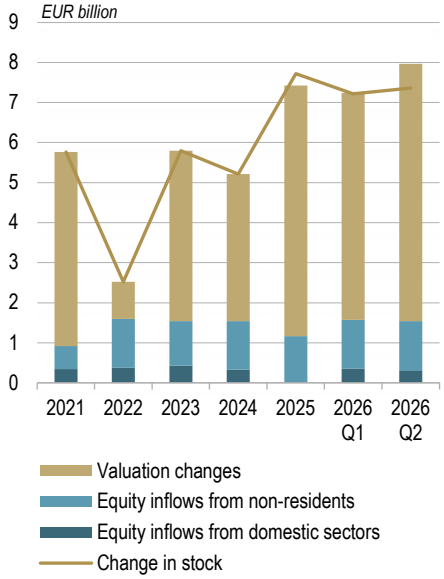
Note: In the left chart, equity includes listed and unlisted shares and other equity. Investment fund shares refer to funds with a corporate structure. Units refer to mutual investment funds. In the right chart, for 2025 and January to June 2026, banks cited among other reasons ("other") for rejection: not keeping records of rejections, incomplete client documentation, unresolved land registry status, or did not specify other reasons.
Source: ECB Data Portal, Banka Slovenije.

Figure 6.20: **NFCs' financing and equity flows**

NFC financing flows via loans by creditor sector



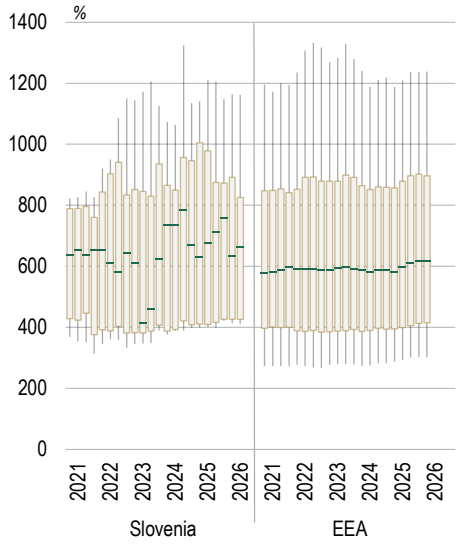
NFC equity flows



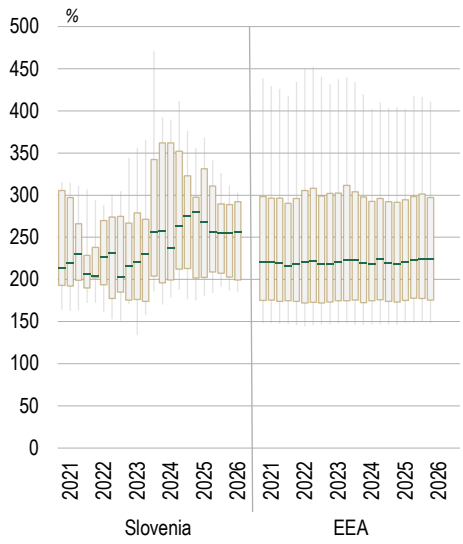
Source: Banka Slovenije.

Figure 6.21: **Insurance sector capital adequacy: MCR and SCR coverage ratios**

Insurance sector capital adequacy: MCR coverage ratio



Insurance sector capital adequacy: SCR coverage ratio



Sources: AZN, Banka Slovenije calculations.

Table 6.6: **Default rates (DR) for micro, small, and medium-sized enterprises and large enterprises**

Year	MSMEs (%)	Large enterprises (%)
2017	4.1	1.9
2018	6.2	3.1
2019	5.1	2.3
2020	5.1	4.5
2021	4.1	3.3
2022	3.4	1.1
2023	3.6	1.3
2024	3.5	0.9
2025	3.4	2.5

Note: The calculation of one-year default rates is based on the following assumptions:
1. Unit of observation: for the calculation of default rate (DR), the unit of observation is customer-date. For each customer, only one data point is considered, even if they have exposures at different banks. The calculation includes banks and savings banks. All customers with a positive value of classified claims at amortised cost at the initial date are included.
2. A non-performing borrower is defined according to the EBA's definition of non-performing exposure at the customer level.
3. Calculation of the transition rate:
The numerator is defined as the number of customers who were performing at the initial date (end of year T) and became non-performing at any time during the following year (year T+1), regardless of whether they remained non-performing at the end of year T+1.
The denominator is defined as the number of customers who were performing at the initial date (end of year T).
Each customer is counted only once, even if they have exposures at different banks. A conservative approach is used: a customer is considered non-performing if they are non-performing at any bank at least once during the observation period.
Source: Banka Slovenije.

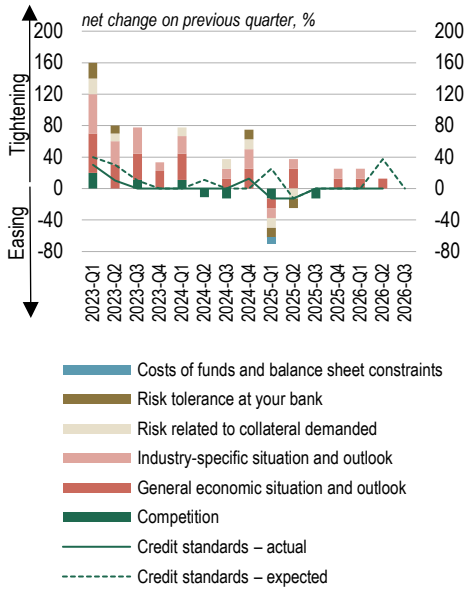
Table 6.7: **Transitions rates between ratings of micro, small, and medium-sized enterprises and large enterprises (transition matrices)**

		MSMEs (%)					Large enterprises (%)					
		Dec 25						Dec 25				
		A	B	C	D	E		A	B	C	D	E
Dec 24	A	83.7	12.2	2.5	1.2	0.4	Dec 24 A	91.2	7.7	0.8	0.3	0.1
	B	16.9	71.0	9.5	1.4	1.1	B	17.4	74.8	2.9	4.9	0.0
	C	2.4	17.8	72.1	4.8	2.9	C	0.0	16.1	51.6	32.3	0.0
	D	0.9	2.1	7.4	67.6	22.0	D	5.3	0.0	10.5	63.2	21.1
	E	0.2	0.4	1.0	2.9	95.5	E	0.0	0.0	3.6	3.6	92.9

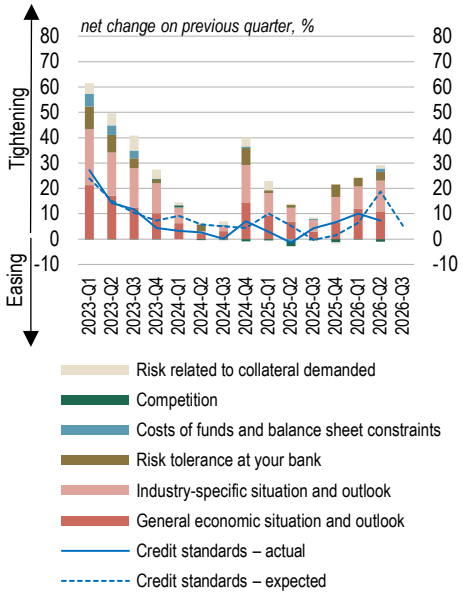
Note: The calculation of one-year transition rates of customers between different ratings is based on the following assumptions:
1. Unit of observation: for the calculation of transition rates between ratings, the unit of observation is bank-customer-date. In the calculation, each customer is counted according to the number of exposures at different banks in the banking system. The calculation includes banks and savings banks. Customers who were present in the credit register data at the beginning of each year are included. For the end-of-period data, the last available data for the customer within the year is used. All customers with a positive value of classified claims at amortised cost and a recorded credit rating at the beginning of the observation period, and who were classified in sector S.11 in the business register at each calculation date, are included in the analysis.
2. Calculation:
The numerator of the transition rate between ratings i and j is defined as the number of customers who had rating i at the initial date (end of year T) and whose last available rating in year T+1 was j, regardless of whether they were still in that state at the end of year T+1.
The denominator of the transition rate between ratings i and j is defined as the number of customers who had rating i at the initial date (end of year T).
Source: Banka Slovenije.

Figure 6.22: **Changes in credit standards applied to loans or credit lines to NFCs, and factors therein**

Changes in credit standards for loans to NFCs in Slovenia and factors therein



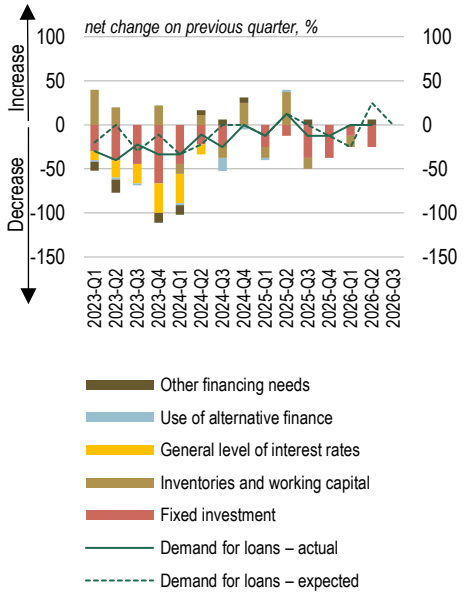
Changes in credit standards for loans to NFCs in the euro area and factors therein



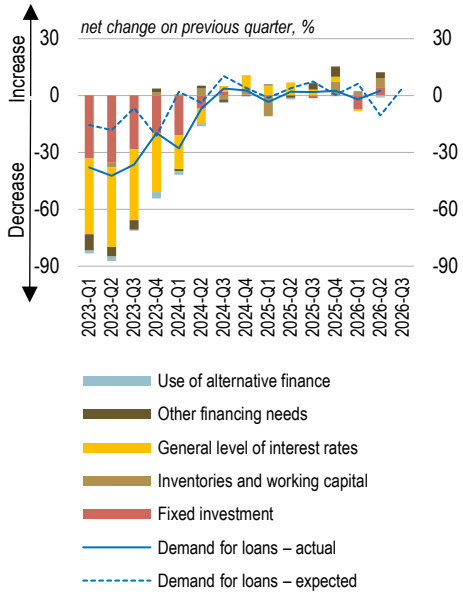
Note: "Actual" values are changes that have occurred, while "expected" values are changes anticipated by banks. The same applies in the remainder of this comparison. Net percentages are defined as the difference between the total percentage of banks answering "tightened considerably" and "tightened somewhat", and the total percentage of banks answering "eased considerably" and "eased somewhat". The same applies below, wherever standards are illustrated. In charts illustrating the euro area (right charts), the net percentage changes are weighted. The averages of categories are calculated as simple averages for Slovenia and the euro area: "Cost of funds and balance sheet constraints" is the simple average of "banks' capital and the costs related to banks' capital position", "access to market financing" and "liquidity position"; "Competition" is the simple average of "competition from other banks", "competition from non-banks" and "competition from market financing".
Source: Banka Slovenije.

Figures 6.23: **Changes in demand for loans to NFCs and factors therein**

Changes in demand for loans to NFCs in Slovenia and factors therein



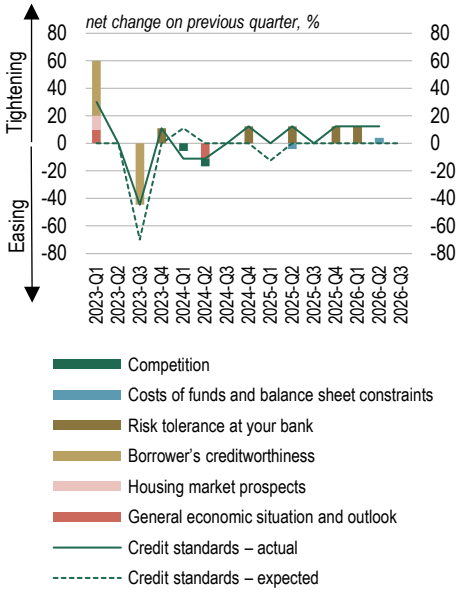
Changes in demand for loans to NFCs in the euro area and factors therein



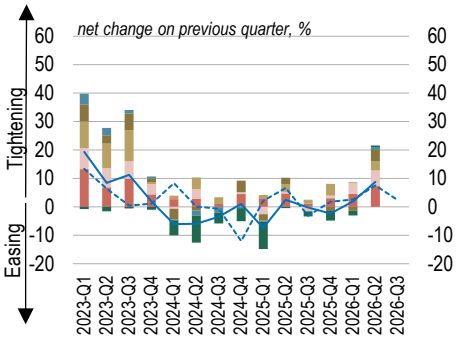
Note: Net percentages in questions about demand for loans are defined as the difference between the total percentage of banks answering "increased considerably" and "increased somewhat", and the total percentage of banks answering "decreased considerably" and "decreased somewhat". The same applies below. "Other financing needs" is the unweighted average of "mergers/acquisitions and corporate restructuring" and "debt refinancing/restructuring and renegotiation"; "Use of alternative finance" is the unweighted average of "internal financing", "loans from other banks", "loans from non-banks", "issuance/redemption of debt securities" and "issuance/redemption of equity".
Source: Banka Slovenije.

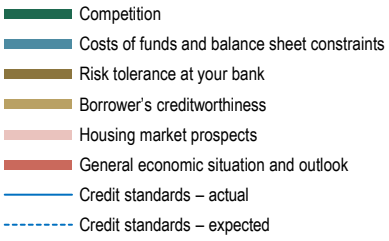
Figure 6.24: **Changes in credit standards for housing loans and factors therein**

Changes in credit standards for housing loans in Slovenia and factors therein



Changes in credit standards for housing loans in the euro area and factors therein

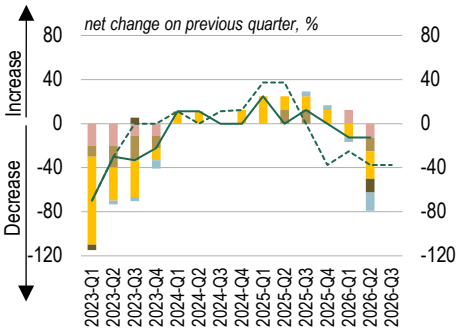




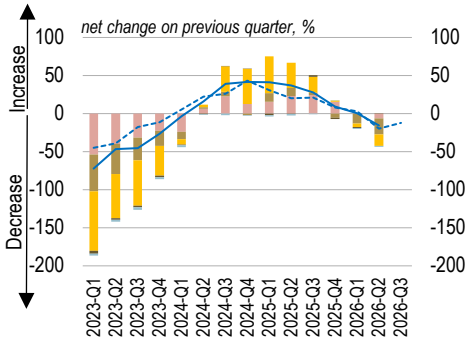
Note: "Cost of funds and balance sheet constraints" is the simple average of "banks' capital and the costs related to banks' capital position", "access to market financing" and "liquidity position"; "Competition" is the simple average of "competition from other banks" and "competition from non-banks". The net percentages for "Other factors" refer to an average of the further factors that were cited by banks as having contributed to changes in credit standards.
Source: Banka Slovenije.

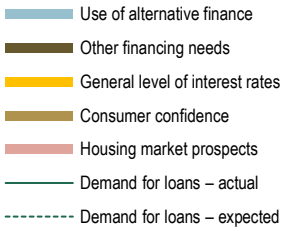
Figure 6.25: **Changes in demand for housing loans and factors therein**

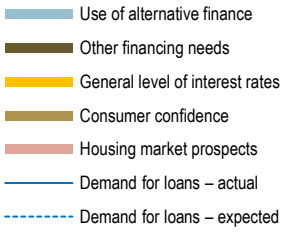
Changes in demand for housing loans in Slovenia and factors therein



Changes in demand for housing loans in the euro area and factors therein



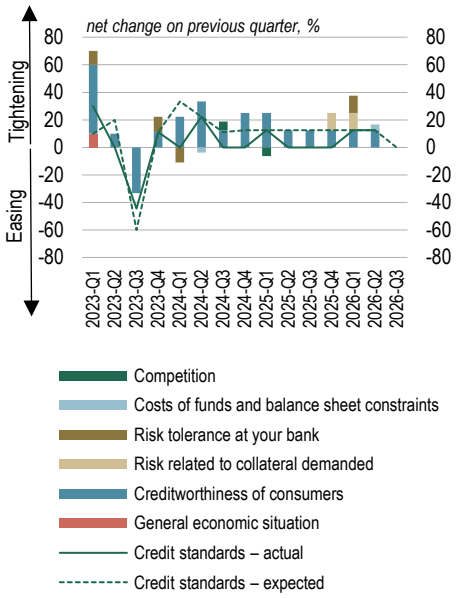




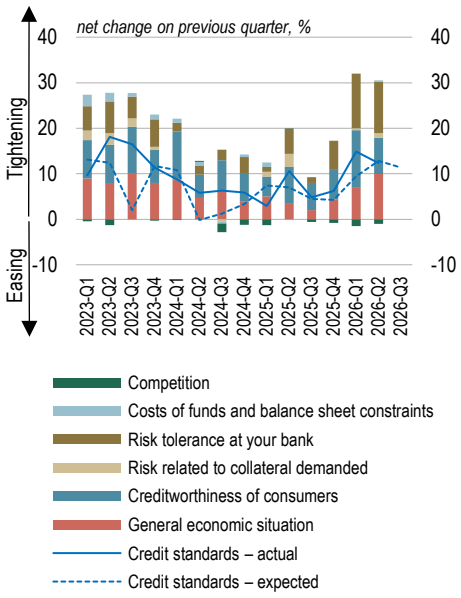
Note: "Other financing needs" is the simple average of "debt refinancing/restructuring and renegotiation" and "regulatory and fiscal regime of housing markets". "Use of alternative finance" is the simple average of "internal finance of house purchase out of savings / +down payment", "loans from other banks" and "other sources of external finance".
Source: Banka Slovenije.

Figure 6.26: **Changes in credit standards for consumer loans and factors therein**

Changes in credit standards for consumer loans in Slovenia and factors therein



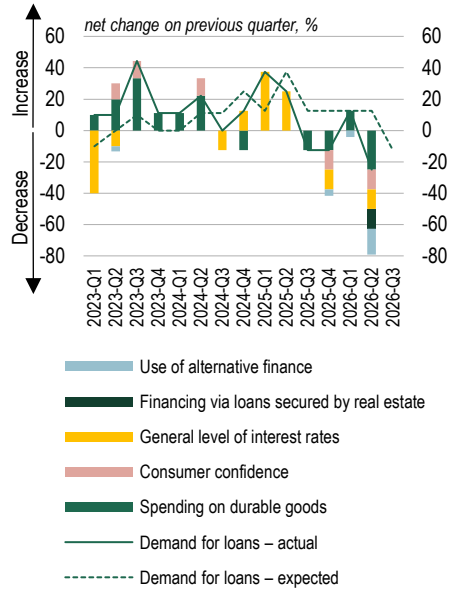
Changes in credit standards for consumer loans in the euro area and factors therein



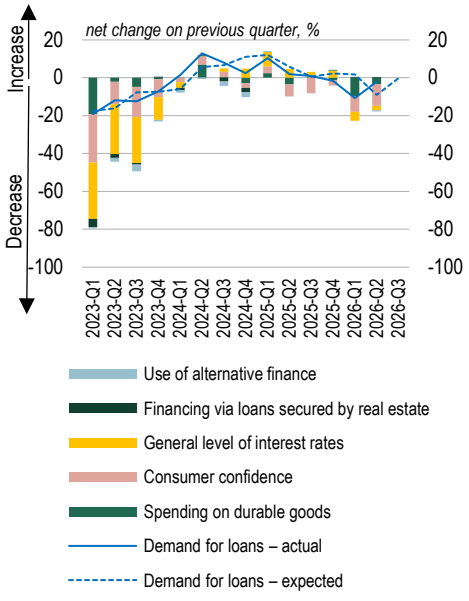
Note: "Cost of funds and balance sheet constraints" is the simple average of "banks' capital and the costs related to banks' capital position", "access to market financing" and "liquidity position"; "Competition" is the simple average of "competition from other banks" and "competition from non-banks". The detailed sub-factors under "Costs of funds and balance sheet constraints" were introduced in April 2024.
Source: Banka Slovenije.

Figure 6.27: **Changes in demand for consumer loans and factors therein**

Changes in demand for consumer loans in Slovenia and factors therein



Changes in demand for consumer loans in the euro area and factors therein



Note: "Use of alternative finance" is the simple average of "internal financing out of savings", "loans from other banks" and "other sources of external finance". "Consumption expenditure (real estate)" denotes "consumption expenditure financed through real estate-guaranteed loans.
Source: Banka Slovenije.

6.1 Description of abbreviations

Abbreviations

AJPES	Agency of the Republic of Slovenia for Public Legal Records and Related Services
ARSO	Slovenian Environment Agency
AZN	Insurance Supervision Agency
BLS	Bank Lending Survey
BS	Banka Slovenije
CAR	Capital adequacy ratio
CB	Central bank
CCyB	Counter-cyclical capital buffer
CET1	Common equity Tier 1 capital
CIR	Cost-to-income ratio
CRR	Capital requirements regulation
O-SII	Buffer for other systemically important institutions
DSTI	Debt service to income ratio
EBA	European Banking Authority
EBITDA	Earnings before interest, taxes, depreciation, and amortisation
ECB	European Central Bank
EA	Euro Area
ESRB	European Systemic Risk Board
EU	European Union
EU ETS2	European Union Emissions Trading Scheme
EURIBOR	The interbank interest rate at which representative banks from the euro area offer deposits to each other
EVE	Economic value of equity
Fed	Federal Reserve System
GDP	Gross domestic product
GURS	Surveying and Mapping Authority of the Republic of Slovenia
HQLA	High-Quality Liquid Assets
HICP	Harmonised Index of Consumer Prices
ICT	Information and communication technology
LCR	Liquidity coverage ratio
LTD	Loan-to-deposit ratio
LTV	Loan-to-value ratio
MCR	Minimum Capital Requirement
MREL	Minimum Requirement for Own Funds and Eligible Liabilities
NBS	Non-banking sector
NFCs	Non-financial corporations
NPE	Non-performing exposures
NSFR	Net stable funding ratio
PMI	Purchasing Managers' Index
ROA	Return on Assets
ROE	Return on Equity
RWEA	Risk Weighted Exposure Amount RWEA
S2	Stage 2 (increased credit risk)
S&P	Standard and Poor's
SCR	Solvency Capital Requirement
SDW	Statistical Data Warehouse
SyRB	Systemic Risk Buffer
SURS	Statistical Office of the Republic of Slovenia