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Preface

Over the last year Banka Slovenije has repeatedly warned that the stability of the Slovenian financial system is not self-evident, but in an extremely uncertain and fast-changing international environment is more the result of a considered and timely precautionary response at system level and at the level of individual financial institutions, which will ensure that the banking system remains highly resilient to shocks from the international environment. Similarly to before, this issue of the Financial Stability Review highlights elevated non-financial risks, such as geopolitical risks and cyber risks, which currently exceed the levels of traditional financial risks to the banking system.

Risks to the Slovenian financial system stem primarily from the external environment. First, and most notably in terms of magnitude, are the macrofinancial risks posed by geopolitical tensions, such as military conflict, international trade barriers, and changes to existing trade agreements and tariffs, while there is also the increased exposure to liquidity risk on the part of non-bank financial intermediaries (such as private credit funds). Although the direct exposure of banks and other financial intermediaries in Slovenia to war zones and to private credit funds is not significant, this has an impact on international financial flows and on the price and accessibility of funding on the international financial markets.

The international financial markets can underestimate risks during times of high uncertainty, which is reflected in the volatility of financial instruments prices and in the high sensitivity of these prices to the unexpected information related to geopolitical developments. This will drive changes in international financial flows, to which the Slovenian financial system and other sectors of the economy are not immune.

In contrast to events during the great financial crisis eighteen years ago, a significant share of the adverse effects will be transmitted into the real sector in Slovenia directly through supply shocks in the form of rises in energy prices and in prices of certain commodities and intermediate goods. The Slovenian economy’s financial ties abroad are now based to a greater extent on equity, and less so on debt (with the exception of government borrowing abroad). The adverse consequences of shocks will therefore be reflected in the performance of the financial sector with a lag.

The aforementioned developments are also being evidenced in the risk and resilience dashboard in the current issue. The risk level remains moderate, but with a rising outlook. The banking system’s resilience to external shocks remains good but could deteriorate quickly because of the uncertainty and the rapid changes in the international environment. We are therefore calling on bank management boards and supervisory boards to contribute to the resilience of their institutions against external shocks through decisions regarding profit retention and the timely creation of impairments and provisions.

Systematic care is needed for greater stability of bank deposits. This can be ensured through a longer average maturity of deposits, which banks can achieve with an appropriate structure of deposit interest rates that allows for the preservation of the real value of savers' financial assets. Due to uncertain international financial flows and, in the longer term, changing household saving habits, the stability of bank deposit sources will become increasingly important for the normal functioning of domestic financial intermediation.

As a result of the structural changes to Slovenian banks' balance sheets, the risks in the banking system are considerably less pronounced at present than for example during the great financial crisis. Amid altered economic circumstances, the credit risk posed by non-financial corporations is only rising slowly, thanks to the low lending activity in this segment over the last three years. It was only last year that growth in loans to non-financial corporations strengthened, reaching 4.4% by the end of the year, merely just over half of loans to households. Increasing the banks' focus on lending to non-financial corporations is the key to encouraging investment in the green and digital transition, driving productivity growth and reducing energy dependency on fossil fuels, which is what will allow the Slovenian economy to maintain its competitiveness and the standard of living over the long term.

In light of these macroeconomic and financial developments, any measures to mitigate the consequences of the energy crisis will have to be targeted, with the aim of limiting the rise in general government expenditure. This will come under increasing pressure in the years ahead, partly as a result of the increase already underway in spending on national security, and the increased expenditure on health and long-term social care for the aging population.

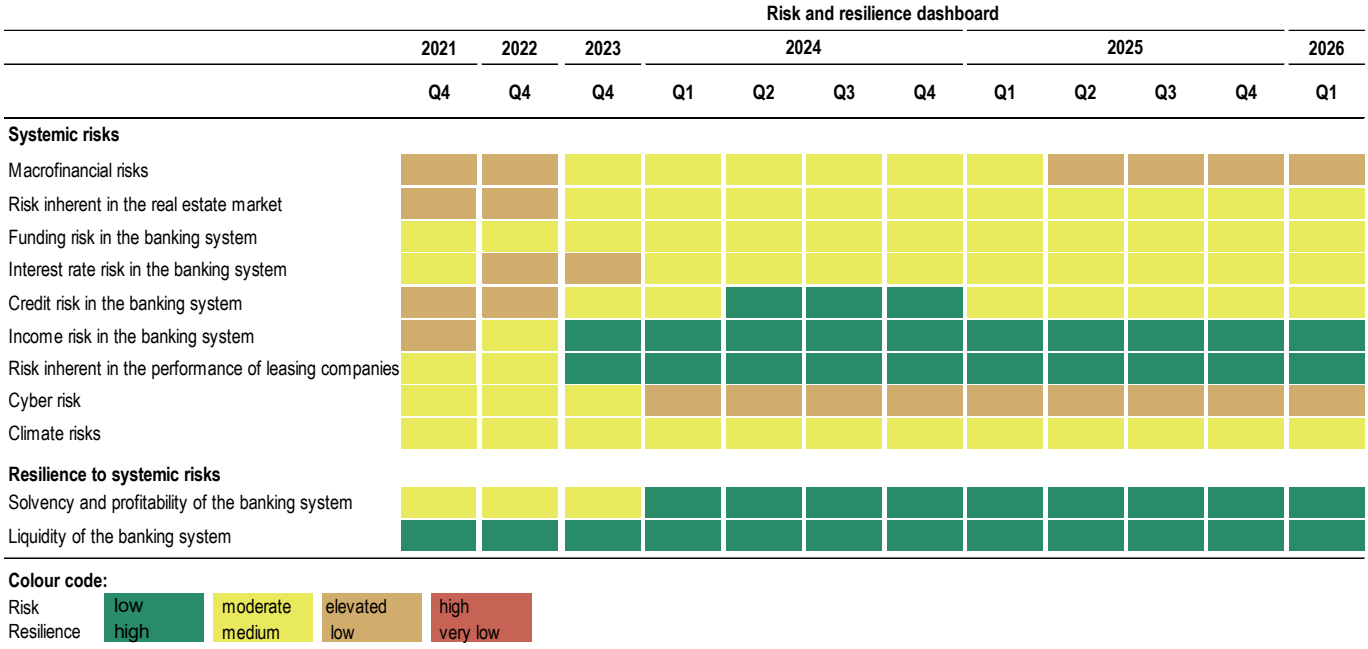
Although the banking system remains stable and resilient, is vital that all stakeholders in the financial sector act prudently and proactively in the future. The impacts of external shocks can quickly result in deteriorating indicators and require adaptation to potentially long lasting consequences of crisis conditions. Banka Slovenije will continue to regularly assess the justification for using individual macroprudential instruments and adjust them as necessary to maintain financial stability and high resilience to external shocks. At the EU level we will simplify the macroprudential toolkit (and other prudential policy instruments) with the aim of increasing the competitiveness of the European banking sector, but not at the expense of reducing its resilience.

Contents

Executive Summary

Our assessment is that the risks to the Slovenian financial system remained moderate and stable in the first quarter of this year, although the outlook is worsening on account of the ever-growing uncertainty in the international environment. To provide a clearer illustration of risks currently originating primarily from the external environment, we have included macro-financial risks in this issue of the Financial Stability Review. The uncertainty sown by persistent trade and geopolitical tensions, the new military conflict in the Middle East and the resulting rise in energy prices are increasingly being reflected in the real economy. Increased volatility in global financial markets might give rise to liquidity difficulties in the non-bank financial sector, which could indirectly spill over into the domestic economy. The macro-financial risks to Slovenia are therefore assessed as elevated, with a negative outlook. As a result of the continuing rise in real estate prices and the faster growth in housing loans, the outlook for the risks inherent in the real estate market has been downgraded, although the risk remains assessed as moderate. Given the deterioration in the macro-financial environment, the outlook for credit risk has also been downgraded since the October issue of the FSR, while the risk remains assessed as moderate. The remaining risk assessments and outlooks remain unchanged from the October issue. Similarly, the resilience of the banking system is rated as high, as robust capital adequacy and high liquidity allowing banks to effectively absorb any macroeconomic shocks. Despite a year-on-year decrease, bank profitability remained at a high-level last year, allowing banks to further strengthen capital reserves and to cover any need to increase impairments.

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



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. 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. As of the first quarter of 2026 we have added macrofinancial risks to the risk and resilience dashboard (a slightly narrower definition of macroeconomic risk was included in the dashboard until 2023).
Source: Banka Slovenije.

The assessment of macro-financial risks is elevated with a rising outlook, as the growing geopolitical and trade uncertainties spill over into domestic macrofinancial risk amid rising energy prices. In addition to their impact on the real sector, US tariffs policy and the wars in Ukraine and in the Middle East are driving increased volatility on the international financial markets and commodities markets, which in a highly open economy like Slovenia, which is strongly exposed to external shocks, is strengthening the risks to economic growth and inflation. Any further deterioration in the situation could significantly worsen the financial standing of firms and households as a result of higher energy prices and disruption to supply chains, which would be reflected with a lag in an increase in credit risk. To monitor these conditions more closely, the first thematic box in this publication presents a financial stress indicator for Slovenia, which entails the first comprehensive attempt to systemically measure systemic pressures, tailored to the specifics of the domestic financial environment.

The risk to financial stability inherent in the real estate market remains moderate. Amid the continuing rise in real estate prices, the increase in overvaluation, and high growth in housing loans, these risks might strengthen. Despite an increase in sales, the supply of residential real estate continues to lag demand, which, given currently favourable financing conditions, maintains upward pressure on prices. This pressure could be further strengthened by rising prices of fuel, commodities and construction material, driven by developments in the geopolitical environment. Price growth is slowing on the commercial real estate market, amid strengthened sales, but the banking sector's exposure to this segment remains limited given its relatively small size.

Funding risk remains moderate with a stable outlook. Non-bank sector deposits strengthened further in 2025, driven by strong inflow from households and non-financial corporations, maintaining their role as the primary funding source. In the backdrop of low interest rates on deposits, the stock of sight deposits is increasing, as is the share of deposits that they account for, which given the high level of digitalisation is increasing the risk of the sudden and large-scale switching of assets between banks. On the subject of digital trends, the second thematic box examines stablecoins and their impact on financial stability. Despite the current stability in funding, the key for the banks in the future will be monitoring savers' habits and adjusting their offer in light of competing digital services.

Interest rate risk in the banking system remains moderate with a rising outlook. The repricing gap increased further last year, and with it the banks' interest sensitivity. Meanwhile banks have strengthened their hedging against changes in interest rates by increasing their holdings of interest rate swaps. The main factors driving the widening of the repricing gap and increase in interest sensitivity remain the rise in the stock of fixed-rate housing loans and consumer loans, and the increased holdings of debt securities amid a contraction in primary liquidity.

Credit risk remains moderate, but its trend is maintained as increasing due to the uncertain economic environment. The NPE ratio rose significantly towards the end of the year, driven largely by reclassifications of exposures to individual manufacturing firms, which is not yet a reflection of a broader deterioration in debt servicing. The war in the Middle East and the rise in prices of energy and certain other commodities is making the economic situation more uncertain, which is increasing the risk of a deterioration in the quality of claims, particularly at energy-intensive firms, and in the chemical industry, logistics and construction. Banks are also anticipating a deterioration in the quality of household exposures. Coverage by impairments and provisions declined in both the non-performing and performing segments of the portfolio.

Income risk in the Slovenian banking system remains low with a stable outlook, as banks maintain a favourable income position and a high net interest margin following the stabilisation of monetary policy. Net interest income and the net interest margin remain at high level despite declining last year, while non-interest income is stable, thanks primarily to growth in net fees and commission and in dividends. Growth in operating costs slowed to less than 2% last year, while the CIR remains below its average. The third thematic box provides detailed analysis of employee remuneration in the banking system. Gross and net income in the banking system remain at high levels. Over the longer term the geopolitical uncertainties might hit demand for loans and thus bank income, but the current interest rate levels and the stable non-interest income suggest that the banks will remain in a favourable position in 2026, amid the anticipated stable growth in operating costs.

Cyber risk in the Slovenian banking sector remains elevated with a stable trend, primarily due to heightened geopolitical conditions. Banks did not report any major cyber incidents with material damage in 2025 or early 2026, but did suffer disruptions as a result of technical faults in payment systems. The key threats comprise increasingly sophisticated attacks on customers, supported by AI, and the high exposure to outsourced ICT services. The geopolitical tensions point to further growth in cyber threats and online fraud at the global level, which demands the continual strengthening of system resilience.

Climate risks in the banking system remain moderate with a stable outlook. Exposure to climate-sensitive sectors increased slightly, although the carbon indicators improved significantly thanks to changes in the structure of exposure (a decline in exposure to the sectors of agriculture, and electricity, gas, steam and air conditioning supply). Credit risk rose in climate-sensitive sectors, as a result of the concentration of risk at individual manufacturing firms, while the physical risks remain low and stable. The share of exposures to regions with high physical risks is low, as is the risk of interaction between physical risks and transition risks. Geopolitical risks are continuing to generate uncertainty, which could have an indirect impact on climate risks, primarily via energy prices and the timetable of the green transition.

The Slovenian banking system remains highly resilient in terms of capital, supported by high solvency indicators and above-average profitability at the end of 2025. Growth in regulatory capital, driven by retained earnings and new capital issuances, outpaced growth in risk-weighted exposure. Despite the anticipated pressure on capital ratios in 2026 driven by rising credit risk and uncertainty, our assessment is that solvency will remain high. Although ROE declined slightly last year as a result of a fall in income and an increase in impairments, it was still above the long-term average for Slovenia and last year’s euro area average. Further allocation of earnings to reserves will be the key to maintaining the stability of the system in the future.

The liquidity of the banking system remains high and stable, despite a slight deterioration in certain indicators. The capacity to cover net liquidity outflows over short-term stress scenarios and the longer-term funding of liabilities are being maintained at a level that significantly exceeds the regulatory requirements. The banks continued to redirect free assets into debt securities, although this trend slowed. Given the significant variation in liquidity surpluses, our expectation is for prudent management of asset structure, particularly at banks with low surpluses. The key to maintaining high resilience in the future will be monitoring the market situation and maintaining liquidity reserves of the right quality.

Households and non-financial corporations (NFCs) are maintaining a favourable financial position, but rising international uncertainties are strengthening the risk to future resilience in both sectors. In the wake of improving consumer confidence and real wage growth, household demand for housing loans and consumer loans strengthened, the ratio of the latter to GDP already exceeding the euro area average, while general indebtedness remains low. In connection with these borrowing trends, the fourth thematic box analyses the role of alternative household financing, highlighting its importance and scale, and the potential impacts on financial stability. The financial position of NFCs remains stable, with good access to financing and low leverage. Despite high equity and a surplus in trade credits, the trend of a rising number of bankruptcies and account freezes is continuing in the NFCs sector, driven by volatile energy prices and the war in the Middle East, with indications of a deterioration in the financial position of NFCs in energy-intensive sectors in particular. The fifth and final thematic box complements these findings with firms' assessments of their situation and their access to financing, on the basis of the regular survey on access to finance.

Conditions in the non-bank financial sector remained favourable last year, although persistent geopolitical uncertainties might in the future be reflected in increased instability via selling pressures on stock markets, higher financing costs, and a deterioration in the quality of the leasing companies' portfolio. The performance of the leasing companies last year featured stable growth in the stock of business and a renewed rise in profitability, while portfolio quality remains high with a low proportion of arrears. The insurance segment is showing high resilience, confirmed by growth in gross written premium, an increase in profits, better claims ratios and solid capital adequacy. Despite the increased volatility on the financial markets, which could be reflected in withdrawals, the domestic mutual funds and the stock market indices saw high growth in 2025 and early 2026.

Macroprudential policy in Slovenia remains preventive in stance, with a focus on ensuring the resilience of the banking system and preventing the build-up of risks. It remains vital that the existing instruments are putting adequate capital safety valves in place against potential adverse shocks, where the banks meet their requirements in connection with the countercyclical capital buffer and the sectoral buffer for retail exposures, while the systemically important banks also maintain additional buffers. Measures to encourage sustainable household borrowing remain in place, which simultaneously strengthen borrowers' resilience and reduce credit risk at banks.

1 Key Risks to Financial Stability

1.1 Macro-financial risks

Q4 25 | Q1 26 ⇧

The assessment of macrofinancial risks remains elevated with a rising outlook.[1] The current risks relate primarily to the impact of the war in the Middle East and the unpredictability of US trade policy, which is being reflected in increased volatility on the financial markets and commodities markets. In the wake of the rise in geopolitical tensions, the risks to economic growth and inflation have increased at the global level, in the euro area, and also in the domestic economy. The latter remains relatively stable for now. This has been confirmed over the last year by the stable outlooks awarded by the rating agencies, although they simultaneously drew attention to the high sensitivity to external shocks owing to the openness of the economy and its dependency on global trade.

Risks inherent in the international environment

Global economic growth was relatively good in the early part of this year, but is being accompanied by elevated geopolitical and trade risks, which are limiting further growth. Like the global economy, the euro area economy also continued to see growth in the early part of this year, supported by the service sector and a recovery in manufacturing. The risks to global growth were nevertheless elevated in the early part of this year, largely as a result of the uncertainty surrounding US trade policy. The risks were exacerbated in March by the geopolitical tensions related to the war in the Middle East. Further evidence of the increased uncertainty comes from the geopolitical risk index and the trade policy uncertainty index (see Figure 1.1, left). The composite PMI for the global economy fell in March to its lowest level of the last 11 months (51 points), but nevertheless remained in the zone of expansion. Economic activity slowed in industry and in services, while activity in industry was greater than in services for the first time since December 2022. A similar decline was seen in the composite PMI for the euro area (50.7 points). The decline was driven in particular by a worsening mood in services, which remains barely above the threshold for growth, while manufacturing saw a slight strengthening. Economic activity in the euro area is being curtailed by high energy prices, disruptions to supply chains, instability on the financial markets and weakened demand. The baseline scenario of the ECB's latest projections forecasts global economic growth of 3.3% this year, followed by a slight decline to 3.2% in 2027.[2]

The war in the Middle East is also increasing the risks to ongoing economic growth and price stability in the euro area, while uncertainty and the potential for surprises in US trade policy could also have an impact on exports. According to the baseline scenario of the ECB projections, economic growth in the euro area is forecast at 0.9% this year and 1.3% in 2027, down 0.3 percentage points and 0.1 percentage points respectively on the December projections. This scenario envisages a short-

[1] The FSR again includes risks from the macroeconomic environment, which were last addressed in October 2022. The analysis has been augmented to reflect current developments on the financial markets, with the two segments combined under the title of macrofinancial risks.

[2] ECB, March 2026. The latest IMF projections forecast global economic growth of 3.1% this year, and 3.2% in 2027. The forecast for the euro area is for growth of 1.1% this year and 1.2% in 2027 (World Economic Outlook, April 2026).

lived conflict that merely causes energy prices to rise temporarily before gradually easing over the following quarters. However, the persistent geopolitical tensions suggest the possibility of a lengthier conflict, which could lead to the broader pass-through of higher prices of energy and other commodities into prices of other goods and services, and even to constraints on supply, and thus to more pronounced and longer-lasting adverse economic consequences, as illustrated by the ECB's adverse and severe scenarios.

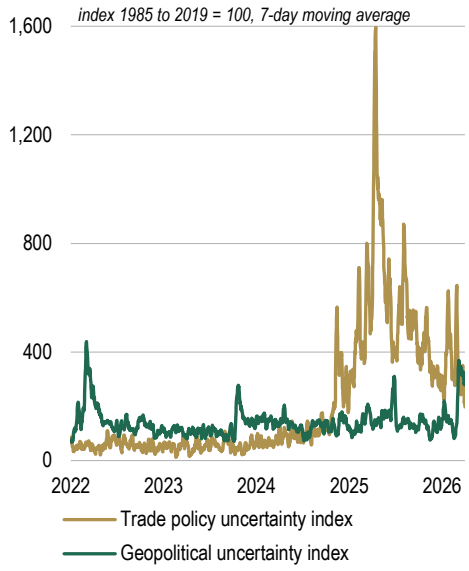
The increased uncertainty in the international environment is exacerbating volatility on international financial markets, particularly for commodities. The outbreak of the war in the Middle East has caused disruption to supplies of oil, gas and other commodities, which has driven their prices up, strengthened inflationary pressures and altered expectations regarding monetary policy. At the end of February the expectation was that the ECB would leave interest rates unchanged this year, but the outbreak of conflict now means that at least two interest rate hikes by the ECB are envisaged, while the expectation for the Fed is that there will be no cuts this year (see Figure 1.1, right). These expectations were reflected in a rise in government bond yields, while the increased uncertainty is driving investors to safer asset classes, which has widened spreads between yields on the government bonds of other euro area countries, Slovenia included, and those on the German benchmarks (see Figure 6.1, left, in the appendix).

The rise in defence spending could further raise government borrowing and increase the financial markets' concerns over debt servicing capacity, which could further drive up bond yields. Although the attention of the financial markets is currently focused on events in the Middle East, a shock of this kind could exacerbate existing vulnerabilities in the financial system. One of the major vulnerabilities is the heightened valuation of tech firms in connection with AI. The ability of the financial markets to correctly price assets is also potentially in question, as they are capable of displaying excessive optimism. Additional vulnerabilities relate to the continuing growth in investment in alternative forms of financing, particularly in the private debt segment. Private debt funds in the US recorded an above-average number of requests for withdrawals in the first quarter of this year, which they were unable to grant in full given the scale of the requests.[3]

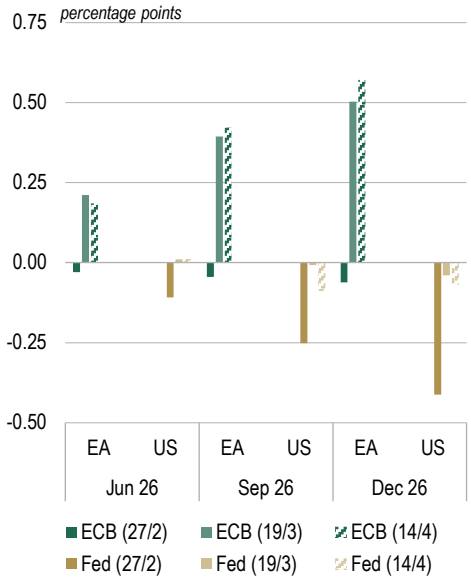
[3] For more, see the ECB's Combined monetary policy decisions and statement, 19 March 2026.

Figure 1.1: **Global uncertainty index and projected change in interest rates**

Global uncertainty index



Projected cumulative change in interest rates in the euro area and the US before and after the outbreak of the war



Notes: Data to 14 April 2026. In the left chart the global trade uncertainty index reflects the results of automated text searches in seven newspapers (a score of 100 indicates that 1% of newspaper articles contain a reference to trade uncertainty). The geopolitical uncertainty index reflects the results of automated text searches in the electronic archives of ten newspapers (a score of 100 represents the level between 1985 and 2019). The right chart illustrates the projected cumulative change in interest rates after each monetary policy meeting in 2026 for the ECB and the Fed.
Sources: left chart: policyuncertainty.com and matteoiacoviello.com; right chart: Bloomberg and Banka Slovenije calculations.

Slovenia

The domestic economy remains relatively stable. The economic growth outlook continues to be accompanied by downside risks, particularly in export-oriented sectors, which have strengthened further in the wake of the attack on Iran. Last year's slowdown in the economy was primarily a reflection of a decline in investment in the first half of the year. Amid weak foreign demand, and low manufacturing capacity utilisation, investment activity was mainly driven by the government. The government was a significant driver of economic growth, through high consumption spending and a strong investment cycle driven by the elections and the utilisation of EU funds. The subdued consumer confidence in connection with the weakened expectations surrounding future employment status and the uncertain international environment was reflected in developments in private consumption, which, despite its relatively high level supported in part by consumer lending, varied considerably over the course of the year, and grew more slowly than real disposable income. While uncertainty in the export segment saw manufacturing record a decline in value-added, growth in imports was outpacing growth in exports at the end of the year. The contribution to economic growth made by net trade was therefore negative. The nowcast for the first quarter is currently indicating quarterly growth of 0.4%,[4] while the December projections had forecast that economic growth this year might strengthen to around 2%.[5] Following the escalation of the war in the Middle East in early March, the risks to economic growth and inflation rose, prices of oil, gas and certain other commodities having risen sharply as a result of disruptions to global supply. These could also pass through into prices of other goods and services in the event of a longer war. In addition, the uncertainty in international trade policy meant that demand for exports continued to trail that for imports, and the contribution

[4] Review of macroeconomic developments, March 2026.
[5] Review of macroeconomic developments and projections, December 2025.

to economic growth made by net trade thus remained negative. The IMF's latest projections for Slovenia forecast economic growth of 2.0% this year and 2.1% in 2027, while the inflation forecast stands at 2.9% this year and 2.1% in 2027.[6]

The Slovenian banking system remains stable, albeit amid the uncertainties present in the international environment. Given the degree to which trade in oil and gas depends on the navigability of the Strait of Hormuz, and in light of the overvaluation on key financial markets, longer-lasting tensions in the Middle East could also increase the risk to the financial stability of the domestic banking sector. A situation of this kind might also drive a deterioration in the business conditions faced by firms and the financial position of households, via rising energy prices, disruption to supply chains, and increased uncertainty. This would be reflected in higher costs, reduced demand and weaker profitability, which would gradually worsen their debt servicing capacity. This would drive a rise in credit risk, which is generally realised with a lag, primarily in the form of a deterioration in the quality of bank portfolios and a rise in non-performing loans. Bank asset quality remains stable for now, with the recent deterioration in the portfolio mainly limited to individual firms.[7] At the same time the increased geopolitical tensions could also drive a rise in cyber risks, as conditions of this kind often bring more concerted cyberattacks and other forms of digital threat.

The stability of the Slovenian economy is confirmed by the rating agencies with their stable outlook assessments. They do however cite high exposure to external shocks as a result of the openness of the economy and the dependence on global trade as a key risk. The three largest global rating agencies have all upgraded Slovenia over the course of a single year (see Table 6.2 in the appendix). The current ratings rank Slovenia at the very top of the region of central and eastern Europe. The stable outlooks for the next two years, although awarded before the outbreak of the war in the Middle East, reflect the increased resilience of the economy and the public finances to external shocks. The financial system is assessed as stable, while the banking sector is seen as well-capitalised and resilient to potential changes in the market. The key factors in the positive changes were the significant external buffers, most notably the current account surpluses, the favourable level of external debt, and the progress on structural reforms, including the pension reform and the gradual reduction of debt as a ratio to GDP.

Despite their positive assessments, the rating agencies draw attention to the risks inherent in the small size and the openness of the Slovenian economy, and its dependence on foreign demand. Growth could be held back over the short term by delays in the execution of development-oriented investment for post-flood reconstruction, while the medium-term risk is mainly posed by structural challenges on the labour market. Membership of the euro area and institutional stability are vital mitigators of macroeconomic risk, although looser fiscal policy or a long period of weak growth could once again raise the pressure on the public finances.

Estimates of growth-at-risk for a 12-month period on the basis of the macrofinancial conditions are a complement to these forecasts, and point to a moderate worsening of tail risks. Growth-at-risk, defined as the 10th percentile of the distribution of future GDP growth, declined from 1.4% at the end of 2024 to 0.7% at the end of 2025, i.e. even before the attack on Iran, while the probability of negative GDP growth rose from 0.4% to 6.3%. The thickening of the left tail of the distribution was partly mitigated by the favourable financing conditions and the gradual easing of the systemic

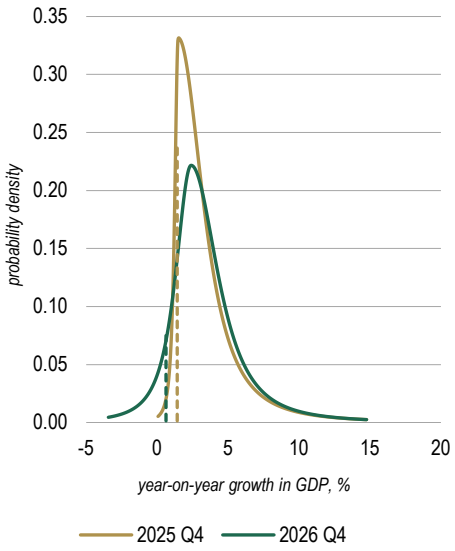
[6] World Economic Outlook, April 2026.

[7] For more, see the section on credit risk.

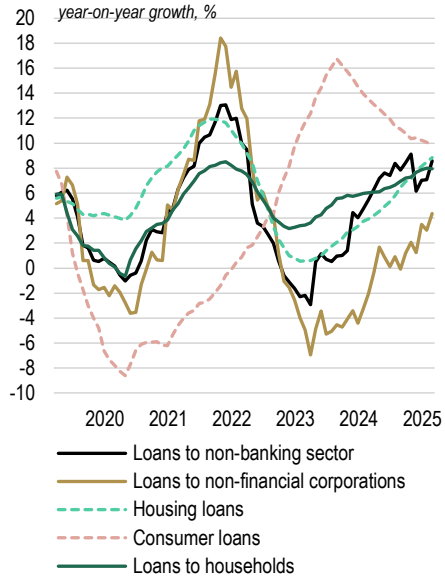
vulnerabilities built up in the period after the pandemic, both of which made positive contributions to the tail growth result.

Figure 1.2: **Estimates of growth-at-risk and credit activity**

Distribution of GDP growth over next four quarters (estimates in Q4 of 2024 and Q4 of 2025)



Credit activity in Slovenia



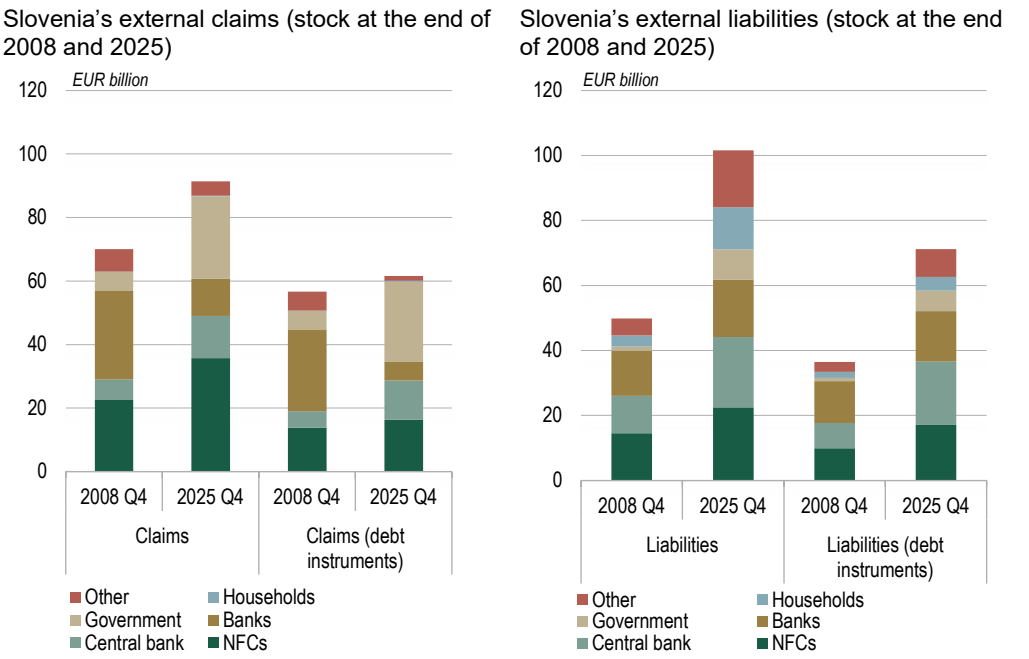
Notes: The growth-at-risk (GaR) model includes the following variables developed by Banka Slovenije staff: the financial conditions index (FCI), the systemic risk indicator (SRI) and the macroprudential policy index (MPI). The distribution of future GDP growth rates is estimated by means of a quantile regression method for horizons of the next one, four, eight, 12 and 16 quarters; the figure illustrates the estimate for the next four quarters. The data cut-off was Q4 of 2025, as determined by the pace of the official releases of GDP data and the average of the series input into the calculation of the SRI. The resulting risks and vulnerabilities that arose in Q1 of 2026 are not captured in the current estimate. The model is based exclusively on macrofinancial variables, and only captures geopolitical and geoeconomic risks indirectly, in the scope already reflected in the values of the FCI, the SRI and MPI.
Source: Banka Slovenije.

Domestic credit activity remains robust, particularly in the household segment. The banks saw an increase in the stock of loans to the non-banking sector in the second half of 2025, most notably to households and NFCs (see Figure 1.2, right). Household lending remains the most important segment of growth in loans to the non-banking sector. Housing loans and consumer loans continue to play a core role in the household segment, with the former recording a larger year-on-year contribution. Loans to NFCs have strengthened slightly in year-on-year terms over recent months, the stock in this segment having remained broadly unchanged over the first half of last year.

Financial flows with the rest of the world represent a major channel for the transmission of external risks to domestic sectors. The total stock of the domestic sectors' external claims and liabilities was up in nominal and real terms alike on the outbreak of the global financial crisis in 2008, an indication of the domestic economy's increased integration into the international financial environment. The structure of exposures has however altered significantly. In contrast to 2008, which saw the outbreak of the global financial crisis and thus also had an impact on the Slovenian banking system, the latter is now mainly exposed to these risks indirectly. Consequently it is more resilient to risks in the international financial environment. The banks' debt liabilities to the rest of the world are very low, and are mainly based on issued securities. However, the sale of holdings in banks to foreign investors strengthened equity ties with the rest of the world, via which any difficulties at the parent banks can be transmitted more easily to Slovenia. The NFCs sector also has significantly greater ties with the rest of the world, particularly via ownership. In this case it is short-term financing at

non-affiliates that might in particular become uncertain, while poor performance on the part of parent undertakings could in the worst case threaten the viability of firms in Slovenia. The government also carries significantly more external debt today than at the end of 2008, which means that it is more exposed to higher borrowing costs, particularly in the event of increased need for additional financing. The Slovenian economy however also holds significant external claims. The repayment of these might be called into question in the case of debt instruments, while equities face, alongside the extreme possibility of bankruptcy, a greater likelihood of significant revaluations, which would also hit households and mutual funds (see Figure 1.3). The larger holdings of claims and liabilities are confirmation of the domestic economy's considerable integration into the international environment, including in the financial realm. The altered structure of financial links with the rest of the world is indicative of a slower and indirect transmission of potential shocks into the banking system, and greater vulnerability to external shocks on the part of other domestic sectors, in that any defaults by foreign debtors could reduce the liquidity or capital of domestic firms, while sovereign defaults could hit the banks.

Figure 1.3: **Comparison of stock of Slovenia's external claims and liabilities**



Notes: "Other" includes investment funds other than money-market funds, which are included under banks, other financial intermediaries, financial auxiliaries, insurance corporations and pension funds. Debt instruments include loans, deposits, debt securities, and other accounts receivable/payable. The two charts illustrate the stocks in fixed prices, where the reference year is 2025.
Source: Banka Slovenije.

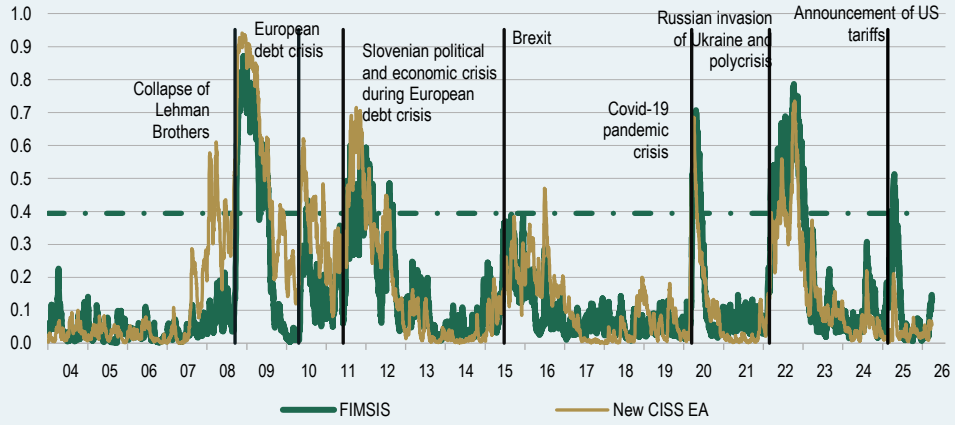
Box 1: **Financial markets stress indicator for Slovenia (FIMSIS)**

Monitoring financial tensions is essential for the timely identification of systemic risks and the calibration of macroprudential policy. While composite financial stress indicators are established tools for the euro area and larger countries, their application in Slovenia has so far been limited, given the small size of the country and the limited depth of its financial markets.

The financial markets stress indicator for Slovenia (FIMSIS) comprehensively measures the level of systemic stress, tailored to the properties of the domestic financial system, and enables a more structured and time-consistent monitoring of tensions within the domestic financial system.[8] The FIMSIS measures not only the intensity of financial stress, but also its systemic dimension. Individual market segments can occasionally experience increased volatility, but systemic stress primarily appears when tensions spread and become present in multiple segments of the financial system simultaneously. The FIMSIS combines information about volatility and risks in various markets, and takes account of their co-movements, thereby allowing for distinction between isolated disruptions and broader systemic episodes.

The FIMSIS is based on data from several segments of the domestic financial system. The calculation includes 12 indicators from the equity markets, bond markets, foreign exchange markets, money markets and the banking market. The individual variables are transformed to to ensure comparability across market segments, and are then combined into sub-indices, and finally into a composite indicator. The methodological basis for the indicator is the CISS (composite indicator of systemic stress)[9] approach used by the ECB, while the details on the selection of the Slovenian data and the transformations carried out are presented in Drenkovska and Lenarčič (2025); this framework therefore focuses primarily on the empirical properties and utility of the indicator.

Figure 1.4: **FIMSIS versus CISS for the euro area**



Note: The black dashed line represents the unconditional mean of the regime, which corresponds to episodes of systemic stress characterised by widely distributed shocks on the financial markets, high volatility, and persistent stress. The threshold is based on a Markov switching model estimated on quarterly data for the period of 2004 to 2023; see Drenkovska and Lenarčič (2025). The series for the CISS for the euro area (CISS EA) was abolished in May 2025, and replaced with the NewCISS EA. Latest data: 31 March 2026.
Source: Banka Slovenije.

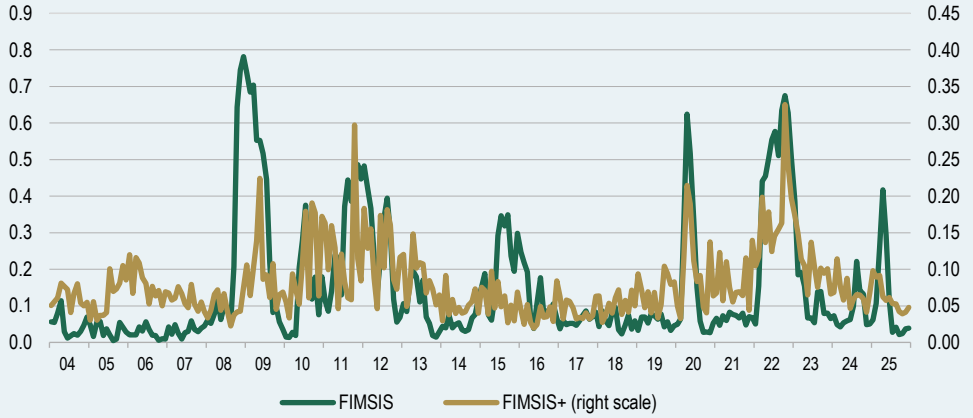
The FIMSIS clearly identifies the key periods of financial tensions in Slovenia. The most pronounced peaks in the indicator coincide with well-known episodes of increased systemic risk: the collapse of Lehman Brothers and the global financial crisis, the European sovereign debt crisis and the related domestic political and banking crisis, the Brexit referendum, the outbreak of the Covid-19 pandemic, and the beginning of the Russian invasion of Ukraine and the subsequent energy crisis. The increase in

[8] The FIMSIS was first presented in Drenkovska, M. and Lenarčič, Č. (2025). Financial markets stress indicator for Slovenia (FIMSIS). Banka Slovenije Working Papers. Banka Slovenije

[9] Holló, D., Kremer, M., and Lo Duca, M. (2012). CISS – A composite indicator of systemic stress in the financial system (ECB Working Paper No. 1426). European Central Bank. The ECB ceased publishing the CISS series for the euro area in 2025; it has been replaced by the updated NewCISS indicator, which is published regularly.

the indicator during these periods confirms its capacity to identify actual systemic tensions and to distinguish between ordinary market fluctuations and extraordinary events.

Figure 1.5: **FIMSIS and monthly FIMSIS+**



Source: Banka Slovenije.

The results are robust, and comparable to existing indicators of systemic stress. A comparison with the NewCISS indicator of systemic stress for the euro area shows similar developments during the periods of major global shocks, amid certain differences in the timing and intensity of the responses. These were particularly pronounced in the initial phase of the global financial crisis, when the indicator for the euro area identified stress even in 2007 on account of the early exposure of certain countries to exposure to risky financial instruments, while the peak in Slovenia came as the situation worsened following the collapse of Lehman Brothers. More recently, the FIMSIS has shown a notably more pronounced response in the wake of the announcements of US tariffs and the worsening of geopolitical tensions in the Middle East, including the war in Iran, which reflects the greater sensitivity of a small, open economy to external shocks. The higher intensity of the response is related to the more pronounced and more simultaneous increase in stress in individual financial segments, particularly in the money markets and the foreign exchange markets, and the related stronger effect of interactions between the markets. Compared with the CLIFS (country level index of financial stress),[10] which is based on a narrower set of market segments, the FIMSIS identifies a broader spectrum of tensions, which reiterates the importance of a methodology tailored to a small, open economy. The monthly version of the indicator, the FIMSIS+ (see Figure 1.5), which also includes the banking segment, displays very similar dynamics to the basic quarterly version.

The FIMSIS contains important information about the increased tail risks to economic activity. Empirical analysis within the framework of the growth-at-risk approach shows that the indicator has a statistically significant and substantial impact on the lower quantiles of future GDP growth, which confirms its usefulness in the assessment of the risk of adverse macroeconomic outcomes. Analysis of the indicator's predictive properties confirms that the FIMSIS contains information about the increased likelihood of adverse macroeconomic outcomes, particularly in a horizon of one to four quarters. The FIMSIS thus represents a supplementary analytical tool in the assessment of the macroprudential policy stance and can support decisions regarding the release of the countercyclical capital buffer during periods of increased systemic stress.

[10] For more details, see Duprey, T. and Klaus, B. (2015). Dating systemic financial stress episodes in the EU countries (ECB Working Paper No. 1873). European Central Bank.

1.2 Risk inherent in the real estate market

Q4 25 | Q1 26 ⇧

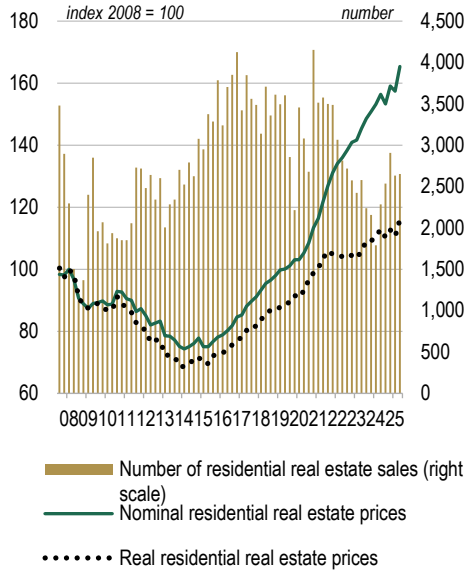
Our assessment is that the risk to financial stability posed by the real estate market remained moderate, but the outlook was downgraded to rising. Growth in housing loans rose sharply along falling interest rates, while prices of residential real estate continued to rise and are overvalued in our assessment. Demand for real estate was driven by falling interest rates, low unemployment and wage growth. The supply of residential real estate trails demand and is being curtailed by shortages of skilled labour and land for residential construction, and by high construction costs. The latter could also be hit by elevated geopolitical risks, via energy prices and prices of construction material. If properly formulated, a new approach to taxation of residential real estate might increase the supply of used housing for rental and sale. Growth in commercial real estate prices slowed even as sales increased, while the stock of loans for commercial real estate remains small.

Residential real estate market

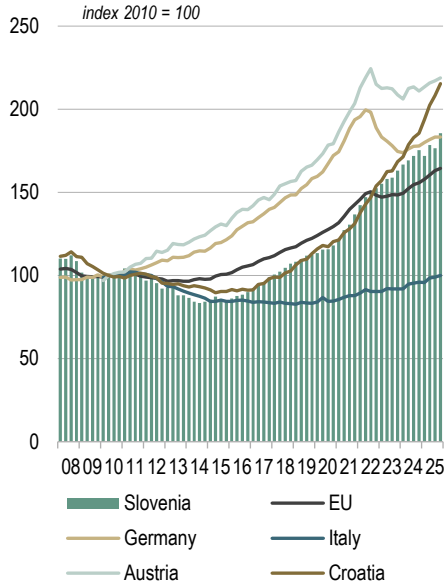
Amid an expansion of sales, real estate prices continued to rise in the second half of 2025. After declining for almost three years, sales of residential real estate increased by more than a quarter in 2025 (see Figure 1.6, left). Prices of residential real estate continued to rise, the year-on-year rate of growth stood at 5.8% in the final quarter of 2025. There was a sharp increase in year-on-year growth in prices of used flats, particularly in Maribor, where the rate hit 12.3%, while the rate in Ljubljana stood at 6.3% (see Figure 6.2, left, in the appendix). Prices of residential real estate were up in real terms in the final quarter of 2025 and were around 16% higher compared with 2008. Year-on-year growth in prices continued in almost all EU Member States and averaged 5.5% across the EU in the final quarter of 2025, slightly lower than in Slovenia (see Figure 1.6, right).

Figure 1.6: **Growth in prices and sales of residential real estate and price growth in EU Member States**

Growth in prices and sales of residential real estate



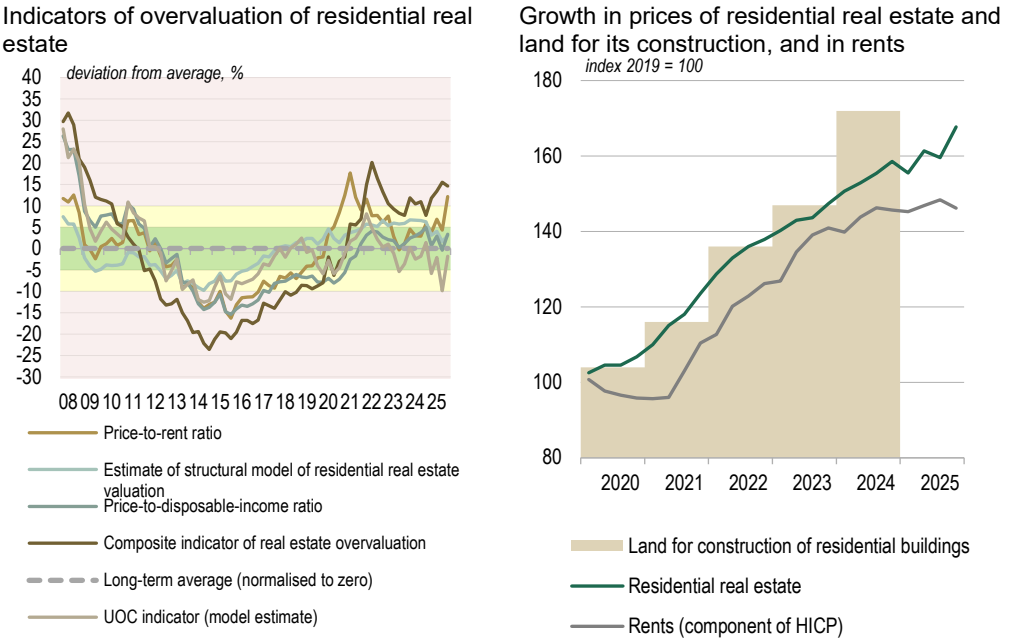
Growth in residential real estate prices in selected EU Member States



Notes: The number of sales of residential real estate in 2008 and 2009 in the left chart is taken from SMARS data. The other data comes from the SORS.
Source: SORS, SMARS, Eurostat.

Individual indicators of overvaluation and undervaluation of residential real estate suggest that residential real estate is overvalued. Despite increasing, the overvaluation of residential real estate remains less than in 2008. While the composite real estate overvaluation index[11] indicates a high level of overvaluation, the UOC indicator suggests a slight undervaluation of residential real estate. The structural model for the valuation of residential real estate shows minor overvaluation, while the ratio of prices to disposable income suggests similarly (see Figure 1.7, left). Residential real estate prices and rents have undergone a sustained rise over the last five years, with growth in prices outpacing that in rents over the last two years, thereby increasing the overvaluation as measured by the price-to-rent ratio.

Figure 1.7: **Indicators of overvaluation of residential real estate and prices of residential real estate and land for its construction, and rents**



Notes: In the left chart the indicators of housing price alignment with fundamentals are normalised around their own long-term averages, which are assigned a value of zero. Each indicator's deviation from the long-term average illustrates the overvaluation or undervaluation of residential real estate. The ratio of real estate prices to disposable income over the period of 2024 and 2025 was calculated on the basis of estimated household disposable income (given the unavailability of SORS data). The UOC (unobserved components methodology) is based on the methodology of isolating cyclical and one-off components from the trends in a particular time series (the calculation follows the methodology of Rünstler and Vlekke, 2018). The difference between the actual data and the smoothed UOC time series represents the deviation in real estate prices from their long-term average.
Source: SORS, SMARS, Banka Slovenije.

Government financing and the promotion of construction of public rental housing could help ease the shortage of rental housing, which is maintaining upward pressure on rents. Under a new law[12] passed at the end of 2025, EUR 100 million is to be earmarked each year until 2034 for the construction and renovation of housing. This will help establish a scheme for favourable loans for the construction of public rental housing. After the high rates seen between 2022 and 2024, growth in rents slowed in 2025 (according to the data for calculating the consumer price index), the year-on-year rate averaging 1.9%. The special conditions and time restrictions on short-term letting of housing put in place by the new law on the hospitality industry[13] will drive a reconsideration of short-term letting and the continued acquisition of real estate for this purpose.

[11] For more on the indicator, see https://mpra.ub.uni-muenchen.de/118489/1/Paper_submit_main_v2.pdf

[12] Act on the Financing and Promotion of the Construction of Public Rental Housing (ZFSGJNS), Official Gazette of the Republic of Slovenia, No. 112/25 of 29 December 2025.

[13] Hospitality Industry Act (ZGos-1), Official Gazette of the Republic of Slovenia, No. 77/25 of 7 October 2025.

The imbalance between the supply of and demand for residential real estate is driving a rise in residential real estate prices. Construction of new-build housing is still being hindered by high construction costs, which are cited by around a third of construction firms. Year-on-year growth in costs of material has slowed in recent years, but labour costs are still rising, and might rise even faster as wages rise. Amid the elevated geopolitical risks, which are driving up prices of fuel, commodities and construction material, the upward pressure on prices of construction services is also increasing. Half of all construction firms also cite a shortage of skilled labour as a significant limiting factor, and foreign nationals already make up half of the workforce in the sector. Only around 5% of firms are being hindered by high finance costs. The supply of new-build housing is also being curtailed by a shortage of suitable land for the construction of residential buildings, prices of which have risen significantly in recent years. According to SMARS data, after slowing in 2023 and 2024, growth in prices of land for the construction of residential buildings picked up again, with land prices in the first half of 2025 up 2% on the second half of 2024 (see Figure 1.7, right).

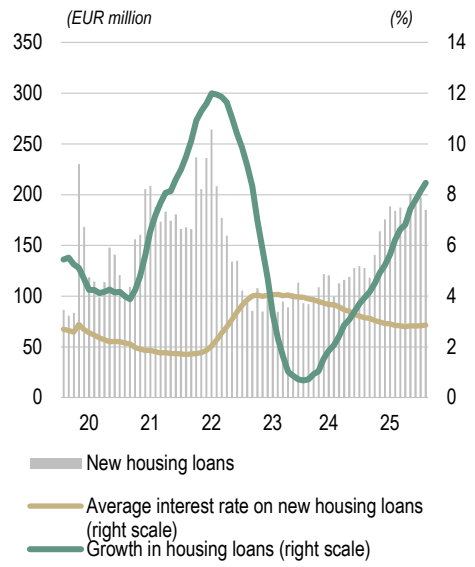
The limited supply of residential real estate could drive a further rise in prices. Gross investment in housing was down in year-on-year terms for the second consecutive year, although its ratio to GDP remained at 2.5%, less than half of the euro area average. The amount of construction put in place in the residential construction segment in the second half of the year was up 4.4% year-on-year in real terms. Construction confidence improved in the second half of 2025, amid increases in construction activity and order books driven by government investment (see Figure 6.3, left, in the appendix). Although the number of residential buildings for which building permits have been issued rose slightly in 2025 after falling in 2024, the supply of residential real estate is not going to increase significantly in the future.

The rise in real estate prices is being accompanied by an increase in household indebtedness, which could also entail an increase in risks to financial stability, but the financial position of households remains favourable. There has recently been a significant increase in the share of sales financed by a housing loan. Year-on-year growth in housing loans had increased sharply to 8.8% by the end of 2025, one of the highest rates in the euro area (see Figure 1.8, right). In the wake of the fall in interest rates, the volume of new housing loans in 2025 was up more than a half on 2024, raising the stock to EUR 9.3 billion (see Figure 1.8, left). The ratio of housing loans to GDP meanwhile remained significantly below the euro area average, an indication of the lower indebtedness of Slovenian households. It has increased slightly over the last decade, from around 13% to around 17%. [14]

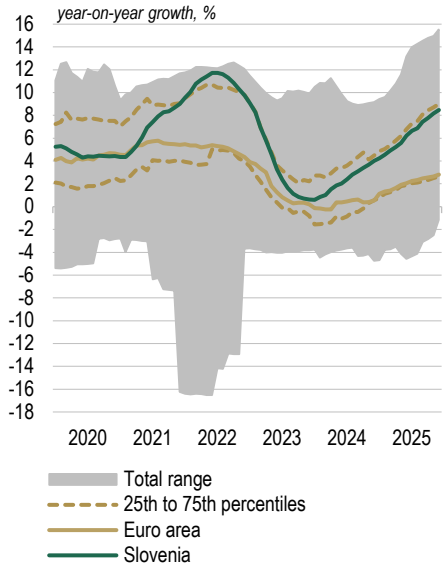
[14] For more, see the section on households.

Figure 1.8: **New housing loans, and growth in housing loans in Slovenia and the euro area**

New housing loans, growth in housing loans and interest rates



Growth in housing loans in Slovenia and the euro area



Notes: The left chart features a high figure for new housing loans in 2020, owing to the above-average volume of refinancing as a result of moratoria in connection with the pandemic.
Source: Banka Slovenije, ECB Data Portal.

According to the BLS, banks assessed that falling interest rates were a positive factor in demand for housing loans, but were expecting demand to decline slightly in the future (see Figure 6.2, left, in the appendix). The outbreak of the war in the Middle East has strengthened expectations of a potential earlier rise in central bank interest rates, including at the ECB.[15] Demand for housing loans and real estate has slowed amid rising interest rates in the past, but given the general uncertainty, which is also evident on the financial markets, residential real estate might become an even more attractive investment. Credit standards for housing loans mostly remained unchanged according to banks.

Commercial real estate market

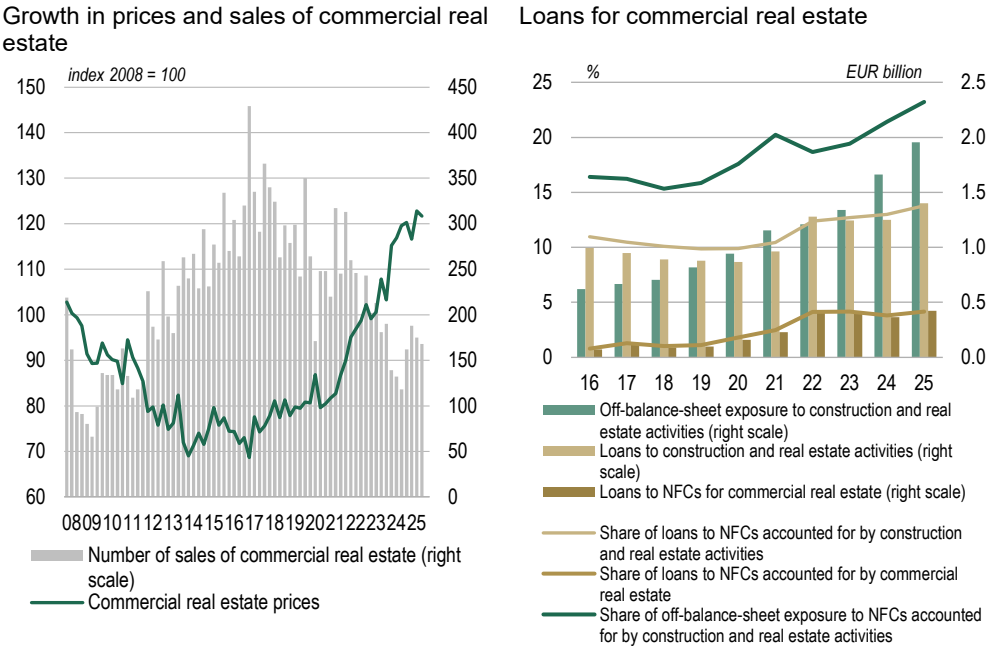
Growth in commercial real estate prices slowed to 4.1% in 2025. The year-on-year rate stood at 1.8% in the third quarter, but picked up to 8.5% in the final quarter (see Figure 6.2, right, in the appendix). Prices were up 21.7% on 2008 in nominal terms, but down 15% in real terms (see Figure 1.9, left). Sales on the commercial real estate market strengthened and were up around 30% in 2025.

Construction activity in the second half of 2025 was up significantly in year-on-year terms, driven by government investment and investment in infrastructure. The amount of construction put in place in construction of non-residential buildings was up 22.0% year-on-year in real terms. This raised the ratio of gross investment in non-residential buildings and other structures to GDP, which stood at 8.4% in the final quarter of 2025 (compared with 7.1% a year earlier). The Slovenian commercial real estate market nevertheless remains small, and the supply of new commercial real estate is limited. After rising by 6.8% in 2024, the number of non-residential buildings for which building permits have been issued was up only 1.4% in year-on-year terms in 2025 (see Figure 6.3, right, in the appendix), an indication of the slowdown in growth in non-residential construction activity.

[15] For more on the expectations surrounding interest rate developments, see the section on macrofinancial risks.

Despite an increase, the stock of loans for commercial real estate remained small in 2025. The stock of loans for commercial real estate has more than doubled over the last five years and amounted to EUR 422 million at the end of 2025. Loans for commercial real estate thereby accounted for 4.4% of total loans to NFCs (see Figure 1.9, right). These loans were primarily for the purposes of construction (71.2% of the total at the end of 2025), and for the purchase and renovation of commercial real estate (22.0%). The stock of off-balance-sheet exposures to construction and real estate activities has risen significantly in recent years.

Figure 1.9: **Growth in prices and sales of commercial real estate, and loans for commercial real estate**



Source: SORS, Banka Slovenije.

1.3 Funding risk

Q4 25 Q1 26 ⇨

Funding risk remains moderate with a stable outlook. Amid a pronounced inflow of deposits by households and NFCs, deposits by the non-banking sector strengthened sharply again in 2025 and remained the most important source of funding for Slovenian banks. The already-large stock of sight deposits also increased, with falling interest rates on deposits making savers less motivated to fix their savings. Given the large stock of available savings and the increasing level of digital banking, the possibility of the sudden and large-scale switching of deposits between banks or out of the banking system is rising, which could cause instability in bank funding. The competing services from new digital banking and other financial services is steadily increasing. Although deposits by the non-banking sector currently remain a stable source of funding, maintaining funding stability in the future will also depend on closely monitoring clients saving habits and promptly adapting offerings to competition.

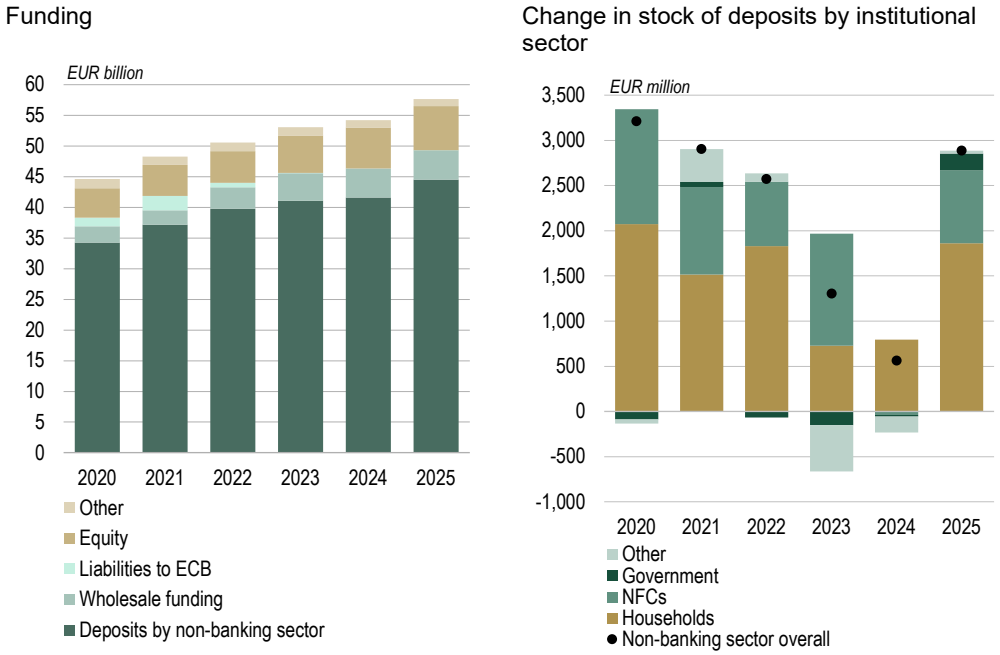
Funding

Deposits by the non-banking sector increased sharply in 2025 as a result of a large inflow of deposits by households and NFCs. The increase in deposits by the non-banking sector amounted to EUR 2.9 billion or 6.9%, and was significantly larger than in the previous year, and comparable with the increase seen in the pandemic year

of 2021. The prevalence of sight deposits in the Slovenian banking system's funding grew even greater. Because the growth in deposits was nevertheless outpaced by growth in loans to the non-banking sector, there was a slight increase in the LTD ratio for the non-banking sector for the second consecutive year, although it remains below the euro area average at 69%. The low LTD indicates that the Slovenian banking system remains less exposed to wholesale funding, and thus to a potential adverse impact from foreign financial markets, than those European banks where dependence on wholesale funding is greater.

Given their large stock of deposits by the non-banking sector and liquid assets, the banks continued their low dependency on other sources of funding (see Figure 1.10, left). Several of them reduced their liabilities to the rest of the world last year, while only one bank held minimal liabilities to the ECB at the end of the year. Similarly to previous years several banks issued debt securities for the purpose of meeting their minimum requirements for own funds and eligible liabilities (MREL), which did not significantly alter the relatively small share of this funding source in the balance sheet total.

Figure 1.10: **Sources of funding and changes in deposits by institutional sector**



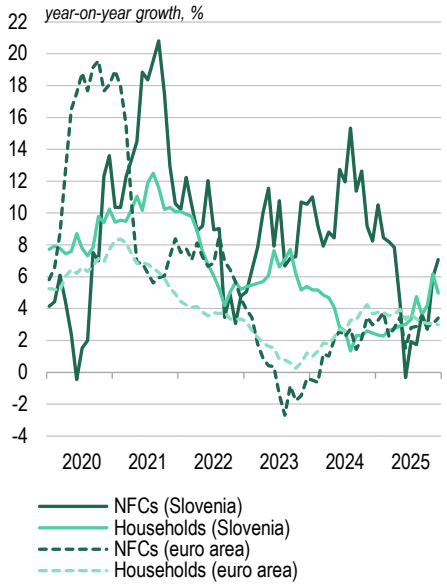
Source: Banka Slovenije.

Households sharply increased their saving at banks in 2025. The stock of deposits increased by EUR 1.9 billion, significantly more than in the two preceding years (see Figure 1.10, right). The monthly inflows of household deposits were relatively high, particularly in the first half of the year amid weak private consumption, continuing wage growth, and payments of dividends and annual leave allowance, which usually drive a rise in bank deposits over the spring months. More modest monthly inflows followed in the second half of the year, particularly over the summer and early autumn, coinciding with increased household spending on leisure and the preparations for the new school year. The exception was December's pronounced increase in deposits, which was double that seen in the same month of the two preceding years. This is attributed to bonus payments in the wake of a successful business year, and the first payments of the

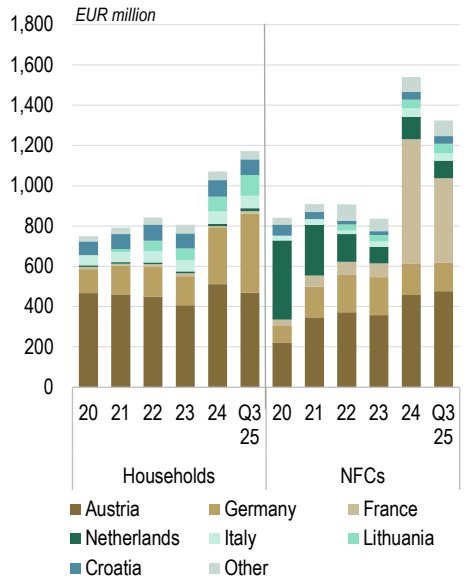
winter leave allowance to all employees and the winter bonus to pensioners. As a result, the year-on-year growth in household deposits strengthened further in December, and at 6.8% was among the highest rates in the euro area and well above the euro area average, where growth slowed slightly last year (see Figure 1.11, left).

Figure 1.11: **Growth in deposits by institutional sector, and deposits in other countries**

Growth in deposits by institutional sector in Slovenia and euro area



Stock of household deposits and deposits by non-financial corporations in other countries



Sources: Banka Slovenije, ECB Data Portal.

To maintain the stability of deposits in the future, it will be important for the banks to carefully monitor the saving habits of households, and to adjust their services to competing providers of banking and financial services. The large stock of bank deposits indicates that for now most Slovenian savers are not inclined towards higher-risk alternative investments. The development of advanced digital technologies in recent years is nevertheless driving a gradual change in the saving habits of certain customers. Digital technology, which is particularly closely associated with younger generations of savers, enables fast and simple access to various domestic and foreign providers of banking and other financial services (crypto-assets, securities trading, mutual funds, stablecoins, transactions with neobanks). Since 2024, we have already observed increased saving at traditional banks in other euro area countries (see Figure 1.11, right), particularly in Austria and Germany, which, despite some reductions, continue to offer higher interest rates on fixed-term deposits than Slovenian banks. A slightly higher-yielding alternative to bank saving are bonds for citizens, which the government issued for the third time this March following two successful issuances. Some savers will be encouraged to invest in these bonds or other financial instruments by the introduction of individual investment accounts in March. These allow investment in various financial instruments to be managed in one place, and also offer benefits, most notably tax advantages.[16] We are nevertheless not expecting any adverse impact on household deposits over the short term, as opening an individual investment account also entails constraints on investors, an additional costs related to opening and management of the account, and requires a certain level of financial knowledge to make prudent investment decisions. At the same time most households have relatively

[16] For more on the introduction and benefits of the individual investment account, see https://www.gov.si/novice/2025-06-23-individualni-nalozbeni-racun-investirajte-po-svoji-meri/.

low holdings of banks savings, which are likely intended more for ensuring liquidity security than for alternative investments.

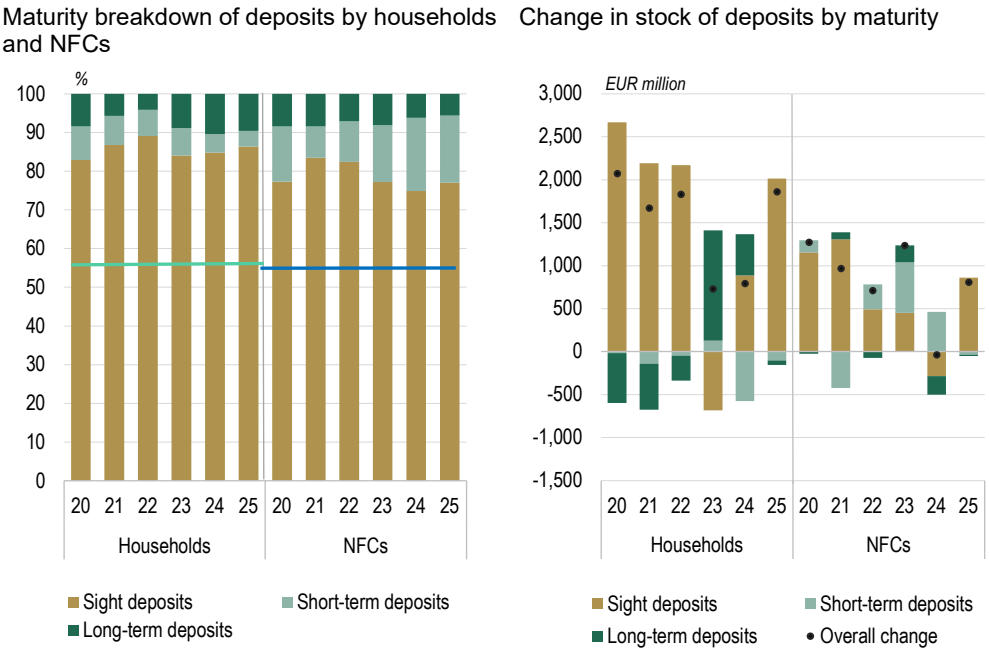
After a slight decline in the previous year, NFCs again increased their savings at banks in 2025. The stock of deposits by NFCs rose by EUR 808 million or 7.4% (see Figure 1.10, right), and they remained the second most important source of funding for Slovenian banks, accounting for a fifth of the balance sheet total. Similarly to household deposits, growth in deposits by NFCs at the end of last year was well above the euro area average (see Figure 1.11, left). Repayments of maturing loans, and payments of dividends to equity holders and of winter leave allowance helped to drive a reduction in deposits by NFCs at Slovenian banks in the first half of last year. The trend reversed later in the year, when the monthly inflows of deposits strengthened. As turnover increases, the summer holidays bring increased opportunities for saving at certain firms, particularly those in tourism and in the hospitality industry. Saving by NFCs at banks in the rest of the world declined by more than a tenth over the first nine months of last year[17] (see Figure 1.11, right), which might have been a factor in the increase in deposits by NFCs at Slovenian banks. These remained higher due to weak investment activity, with firms remaining more cautious in opting for new investments amid the unpredictable development of the geopolitical and international trade situation.

Deposit maturity and maturity gap between assets and liabilities

Sight deposits strengthened as the interest rates on short-term and long-term deposits continued to decline. Lower interest rates mean that households and NFCs are even less motivated to fix their savings. Short-term and long-term fixed deposits both declined in consequence, and most savers' savings remained in sight deposits at banks. As a result, the high share of sight deposits increased even further in 2025, reaching 86.3% of total household deposits and 77.0% of total deposits by NFCs, significantly above the long-term averages (see Figure 1.12, left). Similarly to Slovenia, sight deposits also increased in other euro area countries between June 2024, when the ECB began lowering interest rates, and December 2025 (see Figure 1.13, left). Slovenia ranks among the countries with the highest growth in sight deposits over this period and is also notable for the highest share of these deposits in the balance sheet total. Slovenian banks are thus more exposed to the risk of a potential sudden withdrawal of deposits by households and NFCs from the banking system than banks in countries where dependence on this source of funding is lower.

[17] At the time of writing the latest available data was for September 2025.

Figure 1.12: **Breakdown of and change in deposits by maturity**

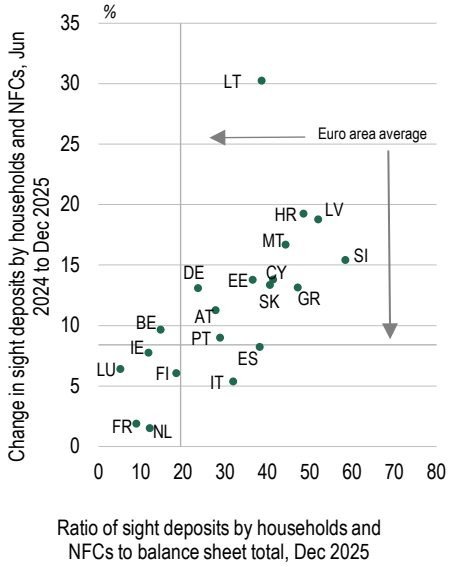


Note: The horizontal lines in the left chart denote the average share of sight deposits between 2000 and 2025, which stood at 56.1% in the household segment and 54.4% in the NFCs segment.
Source: Banka Slovenije.

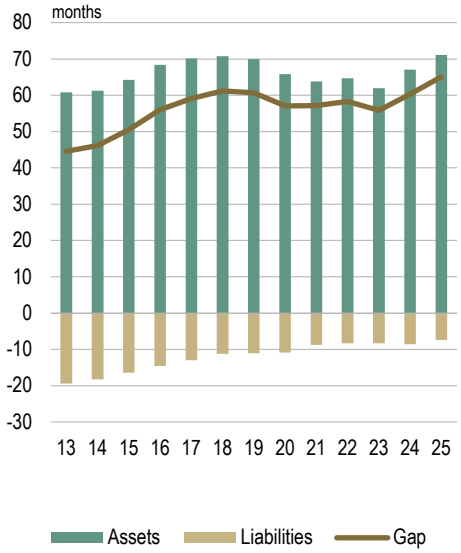
The maturity gap widened for the second consecutive year, and the risk of funding instability inherent in the gap increased. Given the large stock of sight deposits, which strengthened further in 2025, the weighted average maturity of liabilities shortened. At the same time the continuing redirection of demand liquid assets from accounts at the central bank into longer-term debt securities and loans meant that the weighted average maturity of assets increased. This widened the maturity gap by more than five months to a high five years and four months (see Figure 1.13, right). This is the widest gap since 2013, which saw the beginning of the rapid growth in sight deposits, which is the key factor in the large maturity mismatch. A sudden, large-scale and rapid shift of deposits between banks or out of the banking system, enabled by sight deposits, could reduce the stability of the banking system. Here it should nevertheless be reiterated that deposits currently remain a stable source of funding, with savers retaining high confidence in the performance of the banking system, despite the unpredictable events of recent years.

Figure 1.13: **Breakdown of deposits in the euro area and maturity gap**

Household deposits and deposits by NFCs in the euro area



Weighted average maturity of assets and liabilities, and maturity gap



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

Box 2: **Stablecoins and their impact on financial stability**

Stablecoins are a type of cryptoasset whose value is typically linked to a stable reference asset, such as a national currencies (e.g. the US dollar or the euro), commodities (e.g. gold), or a diversified asset portfolio. The aim of stablecoins is to reduce the volatility that is typical of other cryptoassets (e.g. Bitcoin or Ethereum), which allows them to be used as a means of payment or a store of value. While stablecoins can bring innovations and improvements to financial services, they also pose new risks to financial stability and the effectiveness of payment systems. The key risk to financial stability posed by stablecoins arise if users lose confidence in their stability of the coin. This could lead to simultaneous mass requests for redemption, which leads to a fire sale of assets and a fall in value. Other risks that we can highlight are operational, such as market concentration of players in the market, the transmission of shocks from third-country markets to EU markets, and a lack of transparency regarding reserves.

Compared with the traditional financial system, stablecoins offer users numerous benefits.. These include high-speed transactions, lower transfer costs, and a stable value pegged to fiat currencies (e.g. the US dollar, the euro), which reduces the risk of the price volatility seen in cryptocurrencies. Stablecoins are used as a safe gateway to the crypto market and can be easily incorporated into decentralised finance (DeFi)[18] and are available at all times. While stablecoins are currently mostly used for trading in cryptoassets, but their use for other purposes is slowly expanding.

The combined market capitalisation of all stablecoins hit a record high of more than USD 315 billion at the end of March of this year. This growth has been driven by rising investor interest. Stablecoins are primarily used in crypto trading, where they

[18] Decentralised finance (DeFi) comprises financial systems and services that are based on blockchain technology, and work without traditional intermediaries such as banks and financial institutions. Instead of centralised governance authorities, DeFi relies on smart contracts, which automate the execution of financial transactions and services.

account for around 80% of all global transactions on centralised crypto platforms, as a result of which they have become vital to the functioning of the crypto ecosystem. Several projections suggest that the market capitalisation of stablecoins could surpass USD 2 billion by 2028, which would increase their systemic importance in the financial sector. Dollar-pegged stablecoins account for approximately 99% of all stablecoins in circulation. The most important of them are Tether (USDT) and USD Coin (USDC), which together represent a market capitalisation of USD 260 billion, a share of approximately 82% in the stablecoin market.

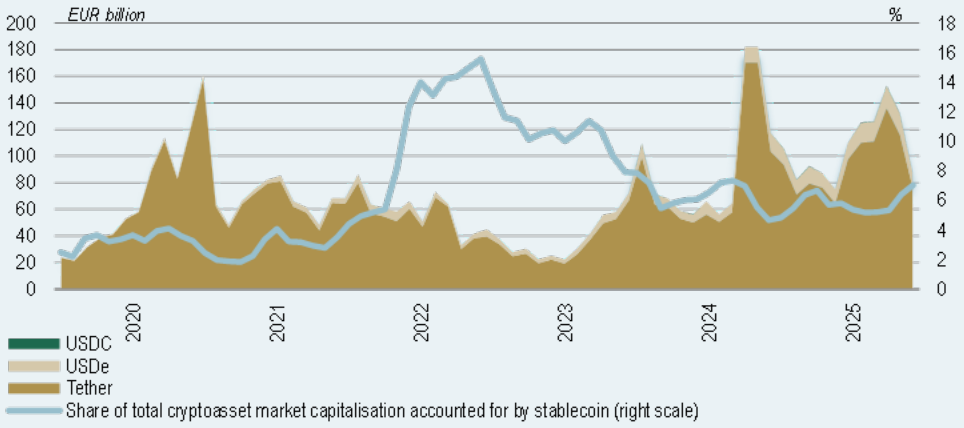
The implementation of the Market in Crypto-Assets Regulation (MiCAR)[19] **means that the EU has established a clear and strict regulatory framework for issuers of stablecoins and providers of services related to stablecoins.** MiCAR explicitly prohibits issuers and service providers from paying interest on stablecoin holdings, reducing their attractiveness and limiting the potential for intermediation by the banking system. The MiCAR also sets out requirements regarding the licensing and supervision of reserves. The prescribed reserve assets and the conditions for entering the market are the key to protecting against systemic risks.

Euro-pegged stablecoins play a marginal role compared to dollar-pegged stablecoins, with a market capitalisation of approximately EUR 675 million. Around 30 stablecoins have been licensed under the MiCAR, accounting for an insignificant proportion of the total stablecoin supply. The main purpose of using stablecoins remains cryptoasset trading. They facilitate straightforward entry to and exit from the crypto ecosystem, as investors on crypto exchanges do not need to continually convert their assets back into fiat currencies. Stablecoins such as Tether (USDT) and USD Coin (USDC) have become the main units of exchange on the crypto exchanges. Approximately 80% of all transactions executed globally on centralised crypto trading platforms involve stablecoins, meaning they are a key element in how of the functioning of the ecosystem functions (see Figure 1.14).

Stablecoins were also presented as a potential tool for storing value in developing countries and in environments with high inflation. However, the available data shows that the retail use of stablecoins is exceptionally low. If stablecoins were to be more widely adopted, households could choose to replace some of their bank deposits with stablecoins. This would result in a withdrawal of deposits from banks and reduce the stable funding of the banking system. The stablecoins market is highly concentrated. This domination is difficult to reduce, as trade between different stablecoins is hindered by regulatory and technological barriers. If one of the key issuers were to experience liquidity issues or fail, the consequences would be felt by users of the crypto ecosystem and the broader financial environment. This is due to the size of the relatively small number of entities, their substantial reserve holdings and their intricate connections with the traditional financial system.

[19] The MiCAR is published in the Official Gazette of the Republic of Slovenia: https://www.uradni-list.si/glasilo-uradni-list-rs/vsebina/2024-01-2866/zakon-o-izvajanju-uredbe-eu-o-trgih-kriptosredstev-ziutk.

Figure 1.14: **Market capitalisation of stablecoins**



Source: IntoTheBlock, CoinDesk Data, CoinMarketCap in Banka Slovenije.

The rapid growth in holdings of stablecoins (Tether and USD Coin) over the last year is drawing much attention, as it brings higher risks to financial stability. This could manifest as liquidity shocks resulting from a sudden and large-scale sell-off of stablecoins. This could be the result of a loss of confidence in the issuer, a breakdown in the relationship between the stablecoin and the fiat currency, or adverse shocks on crypto markets. Such pressures would force stablecoin issuers to provide liquidity by selling their assets. A fire sale could also induce stress in traditional financial markets and create liquidity issues for banks and other financial institutions (e.g. money-market funds) that hold the reserves of stablecoin issuers or are otherwise exposed to these assets. The events of March 2023 in the US confirmed how quickly risks of this kind can materialise. USDC temporarily lost its 1:1 peg to the US dollar after it was disclosed that the issuer held USD 3 billion in fixed-term deposits with Silicon Valley Bank (SVB). Because these assets were part of the reserves, the liquidity difficulties at SVB triggered a wave of redemptions of USDC. Although the impact was short-lived thanks to quick intervention by US regulators, the event clearly demonstrated the potential for systemic consequences on a global scale, with pressures quickly spilling over beyond national borders.

If stablecoins were to become widely used for payments, this could reduce the importance of traditional bank deposits and affect the efficiency of existing payment systems. Technical faults, cyberattacks and errors in smart contracts could also result in users incurring losses. As stablecoin regulation is not yet well-aligned at an international level, there is a risk of regulatory arbitrage and unequal treatment compared with traditional financial institutions and between jurisdictions. If stablecoins have strong links with banks and other financial institutions, difficulties at the issuer might also impact the broader financial system. Currently, the use of stablecoins in Slovenia and the wider European environment currently remains limited, which reduces the possibility of the direct transmission of risks to traditional financial markets and to the banking system.

1.4 Interest rate risk

Q4 25 | Q1 26 ⇧

Interest rate risk in the banking system remains moderate, but is continuing to increase. The repricing gap has widened significantly, primarily due to changes on the asset side, thus increasing the banks' interest sensitivity. Last year banks expanded their hedging against changes in interest rates by means of interest rate swaps. Strong household lending saw the trend of moderate increase in the share of fixed-rate loans

continue. The increase in holdings of debt securities on bank balance sheets also continued, lengthening the residual maturity, while holdings of primary liquidity declined further. Overall these changes drove a further lengthening of the average repricing period of bank assets. The changes in the funding structure did not have a significant impact on the average repricing period on the funding side. The structure of deposits by the non-banking sector, which constitute by far the largest component of bank funding, has only slightly changed as a result of the increase in sight deposits.

Interest sensitivity

Interest rate risk remains moderate, but the relevant indicators point to an increase over the longer term. Loans to the non-banking sector increased by 4.6% in the second half of last year, and were up 8.6% in year-on-year terms in December, having increased by EUR 2.4 billion in 2025. This also increased the share of total assets that they account for (see Figure 1.15, left). The majority of the increase continues to be driven by household loans, where fixed-rate loans are prevalent; their share of the stock continued to increase (see Figure 6.5, left, in the appendix). On the other hand, the share of fixed-rate loans in the NFCs portfolio has slightly and gradually declined (see Figure 6.5, right, in the appendix). The ongoing higher growth in housing loans is pushing up the share of loans with longer maturities in the total credit portfolio, and the average maturity of the housing loan stock is gradually lengthening. The average residual maturity of fixed-rate housing loans stood at 16 years in December of last year. The overall impact of the rising share of fixed-rate loans and their longer average residual maturity is continuing to be reflected in a moderate lengthening of the average repricing period for bank loans, which is increasing the interest sensitivity of the bank credit portfolio as a whole.

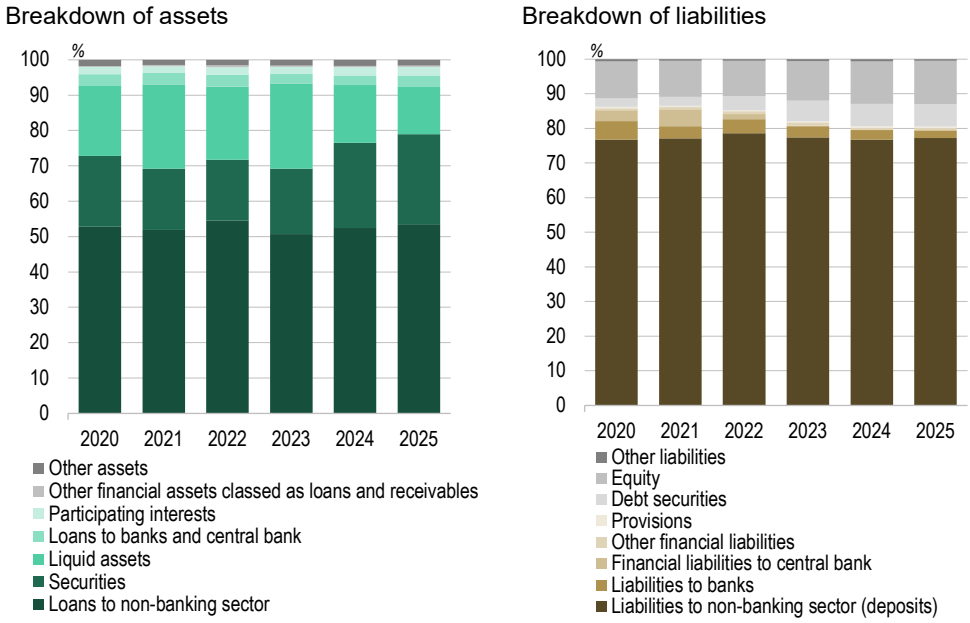
Last year's increase in holdings of debt securities, amid a simultaneous decline in liquid assets, had a significant impact on interest rate risk in the banking system. Holdings of securities, where debt securities are predominant, increased by fully EUR 1.6 billion last year, pushing up the share of total assets that they account for (see Figure 1.15, left). At the same time there was a notable lengthening in the residual maturity and the average repricing period of securities. From the perspective of interest rate risk, they thus became an even more significant component of total assets,[20] increasing the banks' sensitivity to changes in market interest rates. Holdings of primary liquidity by contrast continued to decline in the second half of the year,[21] taking the overall decline in 2025 to EUR 1.1 billion, while the residual maturity and the average repricing period remained very short. This discernibly reduced the share of total assets that they account for (see Figure 1.15, left). Alongside the aforementioned changes in the loan portfolio, these dynamics had a significant impact in lengthening the average repricing period on the asset side of the balance sheet (see Figure 6.6, left, in the appendix).

There were a number of changes in liabilities last year, but these had no significant impact on the banks' interest sensitivity. Deposits by the non-banking sector increased by EUR 2.9 billion or 6.9% over the course of the year, and continued to account for more than three-quarters of total funding (see Figure 1.15, right). The increase was driven by sight deposits, while the stock of long-term deposits declined slightly. This altered the breakdown of deposits slightly compared with the end of 2024 (see Figure 6.8, right, in the appendix). Despite increasing in the interim, the average

[20] Securities account for more than a quarter of total assets at banks, the highest figure of the last few years.
[21] Cash on hand, balances at the central bank and sight deposits at banks.

repricing period of deposits was thus broadly unchanged last year. The average maturity and average repricing period of issued debt securities lengthened slightly in 2025, but the small share of total funding that they account for meant that there was no discernible impact on the average repricing period of liabilities. The overall changes in deposits and issued debt securities thus had no significant impact on the average repricing period last year (see Figure 6.6, left, in the appendix).

Figure 1.15: **Breakdown of assets and liabilities**



Note: Liquid assets in the left chart consist of cash on hand, balances at the central bank and sight deposits at banks.
Source: Banka Slovenije.

The repricing gap increased discernibly last year as a result of changes on the asset side. By the end of the year it had reached its largest width of recent years, having increased even under the assumption of the stability of the core component of sight deposits, i.e. those sight deposits that have a low probability of withdrawal from the banking system in the event of a rise in interest rates (see Figure 6.6, left, in the appendix). While the lengthening of the average repricing period on the funding side in 2024 was broadly neutralised by the lengthening of the average repricing period on the asset side, thereby keeping the gap relatively stable, this effect was not present last year. The changes on the asset side, whether in loans or in securities, were the most important factor in the increase in the banks' sensitivity to changes in interest rates. Interest rate risk continues to be assessed as moderate, but the continuation of a trend of this kind over a longer time horizon suggests that it will increase. In the event of a rise in long-term interest rates or a steeper yield curve, given the interest-sensitive structure of the system, interest income would increase, albeit under the condition that funding, primarily sight deposits, remains at its existing stock and terms. The impact on the market value of fixed-remuneration assets would be negative by contrast, albeit unrecognised in profit or loss or in equity when the loans and the majority of debt security holdings are measured at amortised cost.

Last year the banks increased their hedging against the effects of changes in interest rates by means of interest rate swaps. The increase in holdings of these instruments amounted to EUR 1.5 billion last year. The ratio of the notional value of interest rate swaps to total assets stood at 15% (see Figure 6.6, right, in the appendix).

The increase in holdings of interest rate swaps was driven by the need to meet regulatory requirements in the area of interest rate risk in the banking book.[22] Since 2023 the banks have notably increased their holdings of these instruments, and are using them to hedge asset and liability items, and as collective (macro) and individual (micro) hedges.

Interest rates

The fall in interest rates on new loans slowed last year, and came to an end on certain types of loan, with some interest rates even beginning to rise slightly. The ECB made no further interest rate cuts in the second half of the year, which slowed the fall in interest rates on bank loans. Households continued to show a preference for taking fixed-rate loans. Fixed interest rates on new housing loans fell over the first eight months of the year, before rising again over the next four months to stand at 2.9% in December, below the euro area average (3.3%). Fixed interest rates on new consumer loans fell continually to reach 5.6% in December, their lowest level of the last decade. They remained below the euro area average (7.2%), with the spread widening over the course of the year as interest rates fell faster in Slovenia. Variable interest rates on loans of both kinds also fell last year, although variable remuneration continued to account for just a minor share of all new lending. Variable interest rates on new loans to NFCs, which are more prevalent than fixed-rate loans, fell gradually last year while exhibiting greater volatility than the euro area overall. They stood at 3.8% in December, slightly higher than the euro area average. Meanwhile fixed interest rates also fell amid even greater volatility, and at 3.2% in December were below the euro area average.

The fall in interest rates on the stocks of loans to the non-banking sector came to an end in Slovenia in the second half of last year. While interest rates on loans to households and NFCs were still falling markedly in the first half of the year, they stabilised in the second half of the year (see Figure 1.16, left). The fall primarily reflected current adjustments in variable interest rates on existing loans,[23] which tracked the dynamics of the fall in interest rate benchmarks, while the loan portfolio also saw increasing inflows of new fixed-rate loans with lower interest rates. Interest rates on housing loans stabilised in the second half of the year, at 2.8% for fixed-rate loans and 4.2% for variable-rate. Meanwhile rates on consumer loans were continuing to fall slightly, reaching 6.2% in December on fixed-rate and variable-rate loans alike. Average interest rates on fixed-rate loans in the NFCs portfolio were stable overall at 3.1% in the second half of the year, while variable interest rates on existing loans rose in December to 4.0%. The fall in interest rates on loans to households and NFCs was significantly slower in the euro area overall,[24] and also came to an end in the second half of the year. The spread between average interest rates in Slovenia and those in the euro area overall nevertheless remained larger in December than it had been during the period of low interest rates a few years ago.

The interest rate spreads between Slovenia and the euro area overall are mainly attributable to the specific market structure, cheaper funding, and the banks'

[22] These have been applied since 14 May 2024, and stipulate a maximum permissible decline in net interest income of 5% relative to Tier 1 capital. The decline represents the difference in net interest income under the baseline scenario, and net interest income under the worst possible adverse scenario. These are scenarios that envisage an even parallel shift in the yield curve up or down by the same number of basis points, simultaneously (not gradually) at all time intervals. Should the maximum permissible decline be exceeded, additional capital requirements may be imposed, which banks can avoid by using derivatives to reduce their interest exposure.

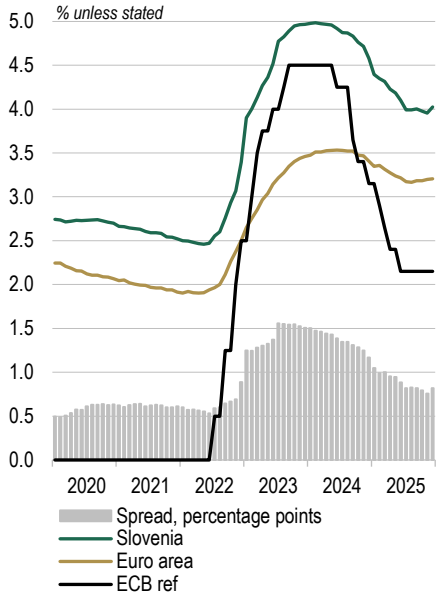
[23] They account for 49% of the total stock of loans to the non-banking sector.

[24] Variable interest rates on housing loans in Slovenia fell more sharply in 2025 than those in the euro area overall. Growth in new fixed-rate housing loans and consumer loans, where rates are lower than in the euro area overall, was also considerably faster.

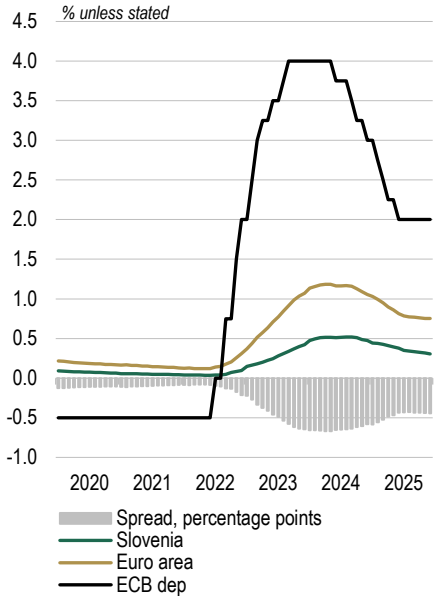
strategic focus on higher-yielding segments. Because Slovenian firms rarely identify bank funding as a limiting factor, and often finance themselves outside the banking system, the banks have focused on households. Consumer loans remain a key source of earnings, and competition between banks has driven a fall in fixed interest rates over the last three years. At the same time demand for housing loans is picking up, amid high growth in real estate prices. Fixed interest rates in this segment consequently fell more quickly than in the euro area overall over the last two years, and dipped below the euro area average in 2025. The sole factor worsening the conditions remains risk perception. While recent and current interest rates have been lower in Slovenia in the household segment, and similar to the euro area overall in the NFCs segment, the higher interest rates in loan stock reflect the higher interest rates seen in Slovenia in the past.

Figure 1.16: **Interest rates**

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



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



Note: ECB ref is the interest rate on main refinancing operations. ECB dep is the interest rate on the deposit facility.
Source: ECB Data Portal, Banka Slovenije calculations.

Interest rates on the stocks of deposits by the non-banking sector remained significantly lower in Slovenia than in the euro area overall, despite falling more slowly. The fall in interest rates on new fixed-term deposits slowed in the second half of the year, and came to an end on certain types of deposit. Interest rates on new long-term[25] household deposits stabilised at just over 1.5%, while interest rates on short-term household deposits fluctuated around 0.8%. Interest rates on fixed-term deposits by NFCs also stopped their trend of decline in the second half of the year. They averaged 1.8% on long-term deposits and 1.4% on short-term deposits. Interest rates on sight deposits, whose share of total deposits by the non-banking sector has been increasing overall since spring of 2024 (see Figure 6.8, right, in the appendix), held at slightly below 0.1% for households and NFCs. The fall in interest rates on the stock of deposits by households and NFCs slowed sharply in the second half of last year, similarly to the euro area overall. The narrowing of the spread between interest rates in

[25] Deposits fixed for more than one year are classed as long-term deposits, while short-term deposits are fixed for up to one year.

Slovenia, where they are significantly lower, and the euro area thus also came to an end. It remained considerably wider than in the period of low interest rates a few years ago (see Figure 1.16, right).

The narrowing of the interest spread[26] slowed in the second half of the year in the household portfolio, and came to an end in the NFCs portfolio. In the household portfolio (see Figure 6.7, left, in the appendix) and the NFCs portfolio (see Figure 6.7, right, in the appendix), the interest spread began to narrow after peaking in September 2023, while the spread with the euro area overall remains larger than during the period of low interest rates. The wide spread in the household portfolio reflects the large share of sight deposits with interest rates close to zero, and the below-average returns on fixed-term deposits compared with the euro area overall, which is not encouraging longer-term saving with banks (see Figure 6.8, right, in the appendix). The interest spread in the NFCs portfolio was narrowing until July of last year, then held steady, before widening slightly in December as interest rates rose. The relatively wide interest spread also means however that banks in Slovenia remain in a better income position compared with the euro area overall.[27]

1.5 Credit risk

Q4 25 Q1 26 ⇧

Credit risk remains moderate, with a rising outlook amid the uncertain economic environment. The deterioration in the quality of the credit portfolio last year was driven solely by a number of manufacturing firms, and did not entail a broader deterioration in the debt servicing conditions at banks. The economic situation nevertheless remains highly uncertain in light of the war in the Middle East and the large rise in energy prices, which means a further deterioration in the quality of claims cannot be ruled out, particularly at economic entities for whom energy represents a large share of their costs and those in energy-intensive industries. The number of bankruptcies initiated rose last year, but bank exposure to these firms remained low. Other customer segments saw an improvement in portfolio quality by contrast. Coverage by impairments and provisions declined in the non-performing and performing segments of the portfolio alike.

NPEs and credit risk stages

The quality of bank assets as measured by the NPE ratio deteriorated at the end of 2025. The NPE ratio has recently risen notably more than in other euro area countries, closing the gap with the median figure and most likely passing it by the end of the year (see Figure 1.17, right).[28] The NPE ratio in the total portfolio increased to its highest level since the first quarter of 2021, hitting 1.6% in December (see Figure 1.17, left). The stock of NPEs increased by EUR 455 million (76.5%) last year to EUR 1.0 billion. The relatively large increase was driven exclusively by NFCs (see Figure 6.9, left, in the appendix), but was concentrated solely at a number of manufacturing firms (Sector C),[29] and did not reflect a broader deterioration in debt servicing at banks. This drove the NPE ratio in the NFCs portfolio up considerably to 4.2%, where it had last stood in June 2020, having increased sharply in manufacturing (see Figure 1.18, left). The increases in the stock of NPEs and the NPE ratio in manufacturing were driven by individual firms in the manufacture of basic metals (24),[30] the manufacture of fabricated

[26] The interest spread is defined as the difference between average interest rates on loan stocks and average interest rates on deposit stocks.

[27] For more, see the section on income risk.

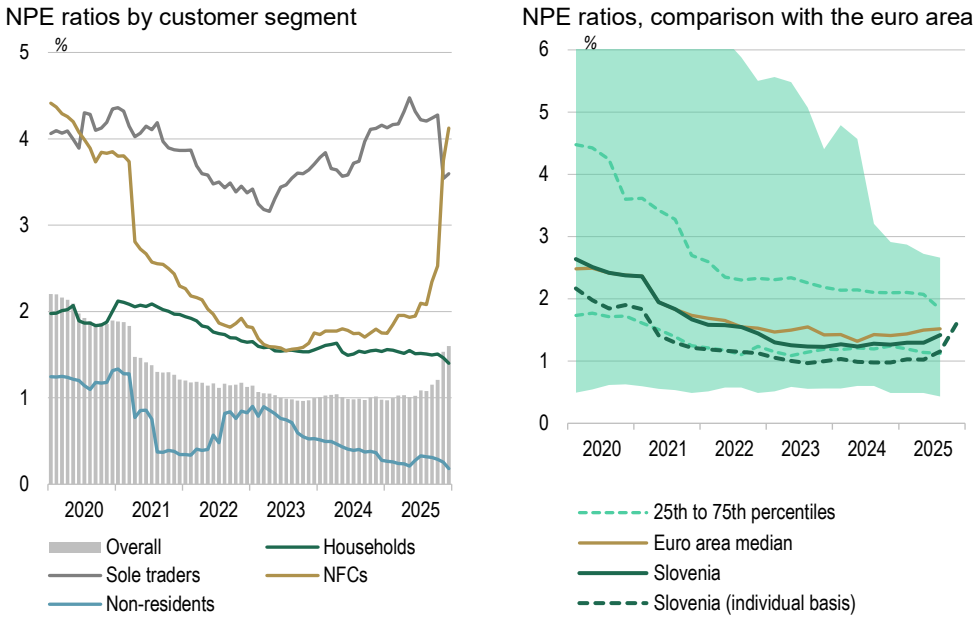
[28] The ECB Data Portal data for the final quarter was not yet available for Slovenia and the euro area at the time of writing. The data source for Slovenia on an individual basis is Banka Slovenije.

[29] The letter designations are taken from the Standard Classification of Economic Activities (SKD 2025).

[30] The numerical designations are taken from the Standard Classification of Economic Activities (SKD 2025).

metal products except machinery and equipment (25) and the manufacture of motor vehicles, trailers and semi-trailers (29), with exposures at several different banks. Professional, scientific and technical activities and administrative and support service activities (Sectors N and O) were also noteworthy: the NPE ratio in this segment increased as a result of the reclassification of exposures as non-performing at a firm with links to the aforementioned firms in the manufacture of basic metals. By the end of the year rises in the NPE ratio were also evident in electricity, gas, steam and air conditioning supply and water supply, sewerage, waste management and remediation activities (Sectors D and E), where in this case the increase was attributable to a single firm as well. In other sectors, primarily services, portfolio quality improved overall in the second half of the year. Given the highly uncertain external economic environment, which has been worsened by the recent outbreak of the war in the Middle East and the surge in prices of energy and certain other commodities, a future deterioration in credit portfolio quality might be driven by sectors where energy represents a large share of costs, or energy-intensive firms, and firms in the chemical industry, logistics and construction.

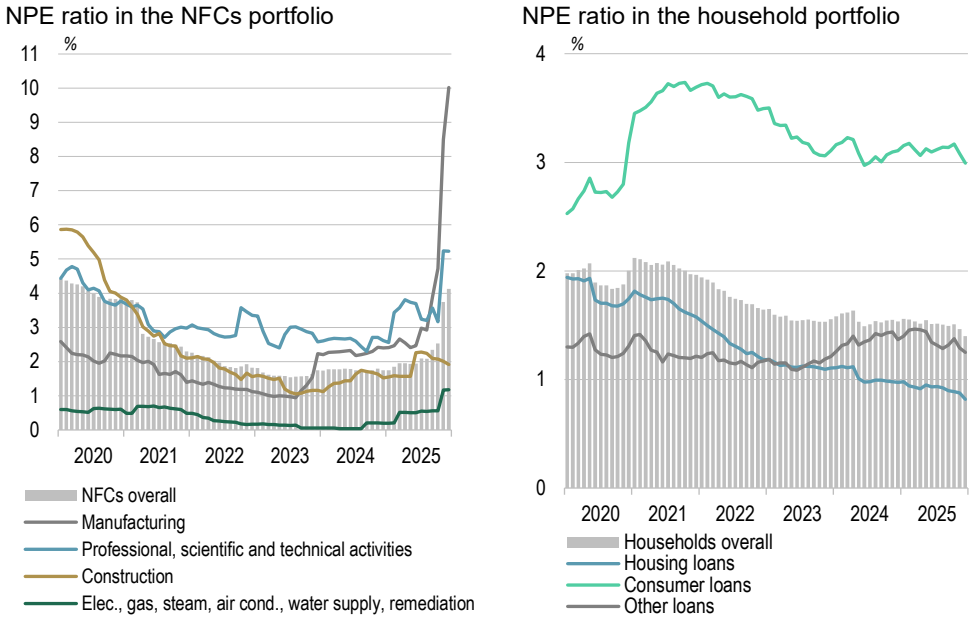
Figure 1.17: **NPE ratio in individual portfolio segments and comparison with the euro area**



Note: Non-residents in the left chart includes all institutional sectors other than banks and central banks. The right chart solely captures data for debt instruments (loans and debt securities) on a consolidated basis, while the data for Slovenia on an individual basis captures bank exposure in its entirety on an individual basis. Data for euro area countries was available up to the third quarter of 2025 at the time of writing. The upper limit of the total range is not fully visible for the period up to 2022, on account of the extremely high values recorded by Greece.
Sources: Banka Slovenije, ECB Data Portal.

Other customer segments recorded an improvement in portfolio quality. The strengthening of household lending is being accompanied by favourable developments in NPE ratios, which are continuing to reflect the buoyant labour market and the overall solid financial position of households. The NPE ratio in the household portfolio declined to 1.4%, its lowest level since the indicator has been in use. The decline was evident in all types of household loan (see Figure 1.18, right). The NPE ratio also remained low (0.2%) in the non-residents portfolio (see Figure 1.17, left), which constitutes the largest component of total bank exposure alongside NFCs and households. By the end of the year the NPE ratio had declined notably in the sole traders portfolio, although the share of total bank exposure that they account for, and thus their impact on the total portfolio, remains small.

Figure 1.18: **NPE ratios in the NFCs and household portfolios**



Source: Banka Slovenije.

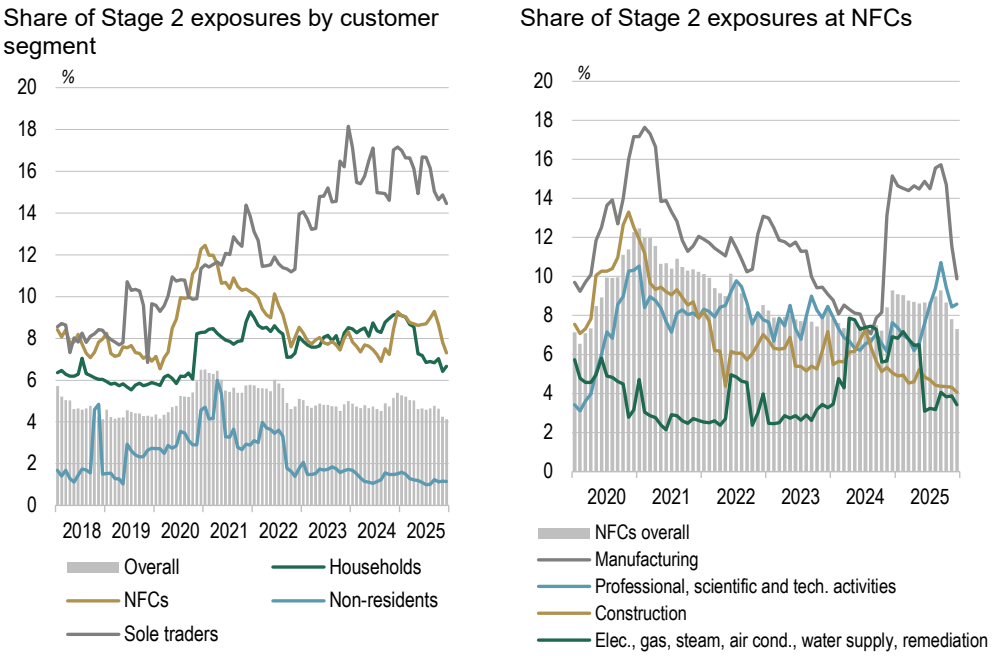
The share of Stage 2 exposures (increased credit risk) declined to its lowest level for several years. The decline was broadly based across customer segments (see Figure 1.19, left). The stock of Stage 2 exposures declined by EUR 594 million (or 18.1%) last year to stand at EUR 2.7 billion, with households and NFCs accounting for the majority of the decline. While the decline in the stock of Stage 2 exposures in the household segment entailed an improvement in the quality of the loan portfolio, the stock of NPEs in the portfolio having undergone no increase, in the NFCs portfolio it entailed reclassification from Stage 2 to NPEs. The share of Stage 2 exposures in the household portfolio had declined to 6.7% by December of last year (see Figure 6.9, right, in the appendix), closely approaching its lower levels from five years ago, and continued to reflect the sound financial position of households as recognised by banks. The decline in the share of Stage 2 exposures was driven by housing loans and consumer loans, while other household loans saw an increase in the figure over the course of the year.[31] Sole traders remain notable among other customer segments, but the share of Stage 2 exposures in this portfolio has stabilised over the last two years, and at 14.5% in December was close to its lowest level of this period.

After rising significantly in late 2024, by the end of last year the share of Stage 2 exposures in the NFCs portfolio had again declined to a level similar to that before its rise. It stood at 7.3% in December, the change having been driven primarily by shifts in manufacturing (see Figure 1.19, right). Having identified increased risk, the banks first reclassified exposures to the aforementioned manufacturing firms to Stage 2 at the end of 2024, and then to NPEs at the end of last year. For this reason the share of Stage 2 exposures in manufacturing increased sharply in 2024, before declining in 2025 in the wake of the reclassification of these exposures as non-performing. This means that the banks promptly identified the increased default risk in the aforementioned exposures, having held these exposures in Stage 2 for approximately one year. The banks were mostly quite careful in monitoring the risk of individual exposures, in that even shorter arrears were reclassified relatively quickly as Stage 2 or NPEs. A number of banks however were relatively late in identifying these exposures as non-performing. Similarly to NPEs, the developments in the share of Stage 2 exposures in

[31] In December 2025 it stood at 4.8% in the housing loans portfolio, 9.7% in the consumer loans portfolio, and 9.2% in the portfolio of other household loans.

professional, scientific and technical activities and administrative and support service activities were primarily linked to changes at a single firm. Among other activities there was an even more noticeable change last year in electricity, gas, steam and air conditioning supply and water supply, sewerage, waste management and remediation activities, where the share of Stage 2 exposures had declined to 3.4% by December as a result of exposures being reclassified to Stage 1.

Figure 1.19: **Share of Stage 2 exposures in individual portfolio segments**



Source: Banka Slovenije.

Changes in NPEs and bank expectations

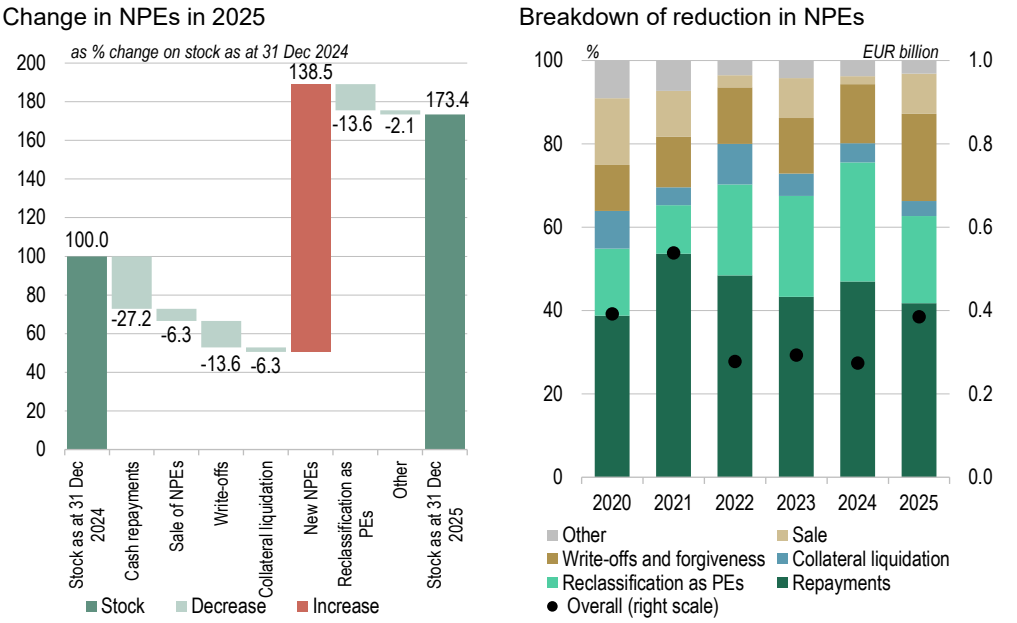
According to the bank survey, repayments were the largest component of the decline in the stock of NPEs in 2025. They were followed by write-offs and reclassifications as performing exposures (PEs) with equal contributions (see Figure 1.20, left). Despite an overall reduction in NPEs[32] that was 40% larger than in 2024, the stock at the end of 2025 was up 73.4% on the end of the previous year, primarily as a result of the aforementioned major reclassifications as NPEs in the NFCs portfolio in the final quarter. Repayments accounted for 42% of the overall reduction in NPEs, followed by write-offs and reclassifications as performing exposures with 21% (see Figure 1.20, right). Repayments of NPEs were the largest component of the overall reduction in NPEs in the NFCs and household portfolios alike, accounting for 40% in the first and 43% in the second (see Figures 6.10, right and 6.11, right, in the appendix). The most evident difference between the two segments was in write-offs, and in reclassifications as performing. While write-offs accounted for 26% of the overall reduction in the NFCs portfolio, in the household portfolio the figure was just 16%. The opposite applies to improvements in the status of NPEs and reclassifications as performing exposures, which accounted for 17% of the reduction in the NFCs portfolio and 30% in the household portfolio. This is indicative of banks taking a more conservative approach when assessing risk in the household portfolio, with a significantly larger share returning to performing status than in the NFCs portfolio. Repayments and reclassifications as performing exposures account for almost three-quarters of the overall reduction in NPEs

[32] Having regard for all approaches to the reduction of NPEs.

in the household portfolio, which is indicative of the capacity of households to repay arrears when servicing debt at banks and to continue repaying their liabilities to banks.

Banks are expecting an increase in NPEs this year, followed by a decline in 2027.[33] According to the survey data, the stock of NPEs is expected to increase by 4.2% this year, before declining by 2.5% next year, a considerably more optimistic forecast than in last year's survey.[34] Banks are expecting the stock of NPEs in the household portfolio to increase by 8.2% this year, and by 6.3% next year. After last year's large increase in the stock of NPEs in the NFCs portfolio, which strongly exceeded banks' expectations in last year's survey, they are expecting an increase of 3.2% in the NFCs portfolio this year, and a decline of 5.3% next year (see Figure 6.12, left, in the appendix). Coverage of the unimpaired portion of NPEs by profit and equity declined sharply last year to its lowest level of the last five years, but banks still have a large capital reserve amid solid profitability and a favourable capital position. The potential for significantly larger realisation of new NPEs than expected would not have a significant impact on capital for banks. Even after last year's large increase in the stock of NPEs, regulatory capital in the banking system is almost seven times larger than the total stock of NPEs, and almost 13 times larger than the unimpaired portion of NPEs (see Figure 6.12, right, in the appendix). Despite the significant increase in the stock of NPEs, last year's profit was also larger than the unimpaired portion of NPEs (by 1.8 times).

Figure 1.20: **Reduction in NPEs according to the bank survey**



Note: The right chart illustrates the approaches to the reduction of NPEs excluding the inflows of NPEs in the year (the red column in the left chart).
Source: Banka Slovenije.

Exposure to firms in bankruptcy and firms with a frozen current account

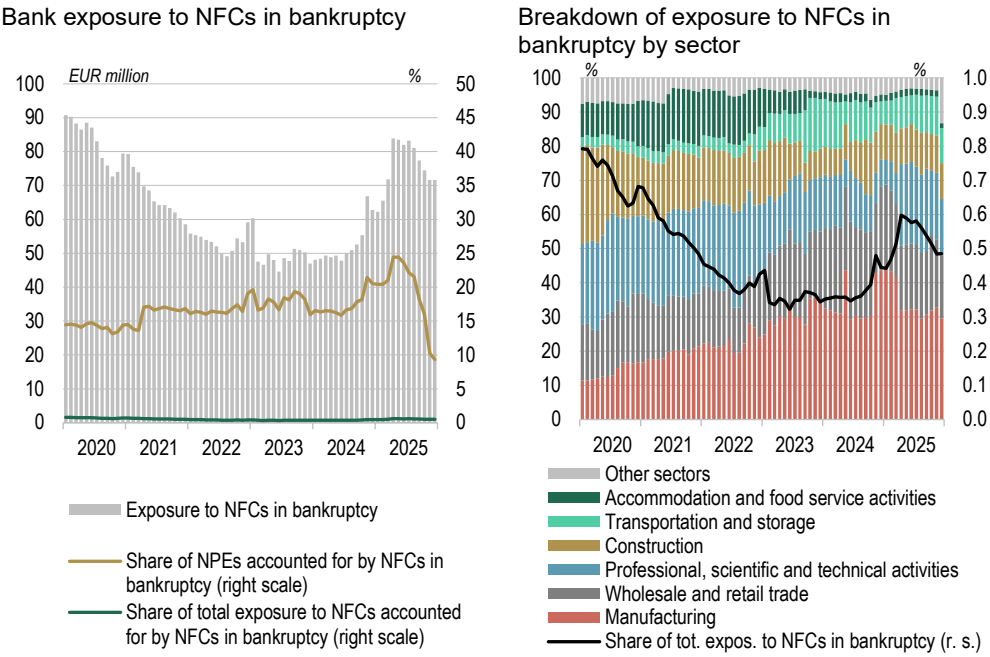
The number of bankruptcy proceedings initiated rose last year compared with the previous year, but the banks' exposure to these firms nevertheless remained low. The difficult economic situation in 2025 was reflected in a rise in the number of firms in bankruptcy: the figure was up 7.3% in year-on-year terms. The banks' exposure

[33] The bank survey was received by Banka Slovenije after the outbreak of the war in the Middle East.

[34] In the 2025 survey banks forecast increases in NPEs of 13.5% in 2025, and 7.0% in 2026. The total stock of NPEs increased by 75% last year, while the total stock of NPEs from loans increased by 72%.

to firms in bankruptcy also increased, by 14% to EUR 72 million (see Figure 1.21, left). The banks' exposure to these firms measured relative to total exposure to NFCs was also low, having peaked at 0.60% in April of last year. It had declined to 0.49% by December. The breakdown of exposure to firms undergoing bankruptcy proceedings is similar to the breakdown of exposure overall: in December manufacturing firms were prevalent with 30%, followed by wholesale and retail trade with just under a fifth, and professional, scientific and technical activities and administrative and support service activities with slightly less than a sixth (see Figure 1.21, right). In the difficult economic environment seen in the last few years, the largest increase was in the share accounted for by exposures to manufacturing, while the largest decline was in exposures to construction.

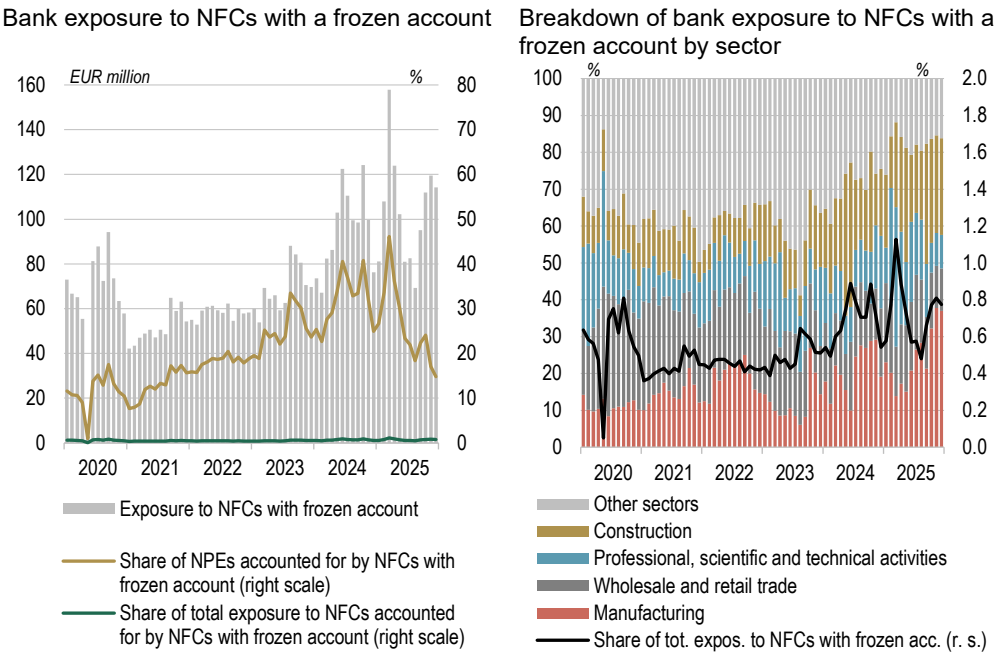
Figure 1.21: **Bank exposure to NFCs in bankruptcy**



Sources: Banka Slovenije, Supreme Court.

Similarly to bankruptcy proceedings, the number of firms with a frozen account rose last year compared with the previous year, although in this case too bank exposure to these firms remained low. The difficulty of the economic situation was also reflected to a lesser extent in a rise in the number of firms with a frozen current account in 2025. The number was up 3.0% in year-on-year terms. This also raised the banks' exposure to firms with a frozen account. This figure had been somewhat volatile over the two preceding years, but its trend of increase continued last year. The share of total exposure accounted for by firms with a frozen account nevertheless remained low at 0.77% in December 2025 (see Figure 1.22). Manufacturing firms accounted for just under two-fifths of total exposure to firms with a frozen account in December, followed by construction firms with just under a quarter, while the remaining share of just over a third consisted of firms in professional, scientific and technical activities and administrative and support service activities, and other activities (see Figure 1.22, right). Similarly to bankruptcy proceedings, amid the difficult economic environment the largest increase in the share of exposure over the last few years has been recorded by manufacturing firms.

Figure 1.22: **Bank exposure to NFCs with a frozen account**



Sources: Banka Slovenije, Supreme Court.

Bank credit standards and interest rates

According to the BLS,[35] banks left their credit standards for consumer loans and corporate loans unchanged in the second half of 2025, but slightly tightened credit standards for housing loans. The moderate easing in credit standards for corporate loans in the third quarter was attributable to competition from other banks and competition from market financing, while the tightening in the final quarter was attributable to the general economic situation and outlook and to the industry-specific situation (see Figure 6.21, left, in the appendix). In the household portfolio banks left credit standards for consumer loans unchanged, although they cited borrower's creditworthiness as a factor driving tightening in the third quarter, and did so again in the final quarter alongside the risk related to collateral requirements (see Figure 6.25, left, in the appendix). Credit standards for housing loans tightened slightly in the final quarter, with banks citing the risk perception at the bank as a factor (see Figure 6.23, left, in the appendix).

The fall in interest rates reduced the burden on the non-banking sector in making repayments to banks, which had a favourable impact on the level of credit risk. The expectations of a fall and the actual fall in the ECB's key interest rates last year drove a fall in interest rates on bank loans to the non-banking sector. The impact on the debt servicing burden faced by customers was dependent on the prevailing type of remuneration. The fall in interest rates was felt more by NFCs, who mostly raised variable-rate loans, while the impact of more favourable borrowing was felt primarily by those households that raised new loans.[36] Fixed-rate loans are strongly prevalent in the household portfolio. While interest rates on existing variable-rate loans fell promptly with the changes in the interest rate benchmarks, the fall in rates on existing fixed-rate loans was considerably slower, being driven by the inflow of new loans with lower rates.[37]

[35] Eight banks are included in the BLS for Slovenia.

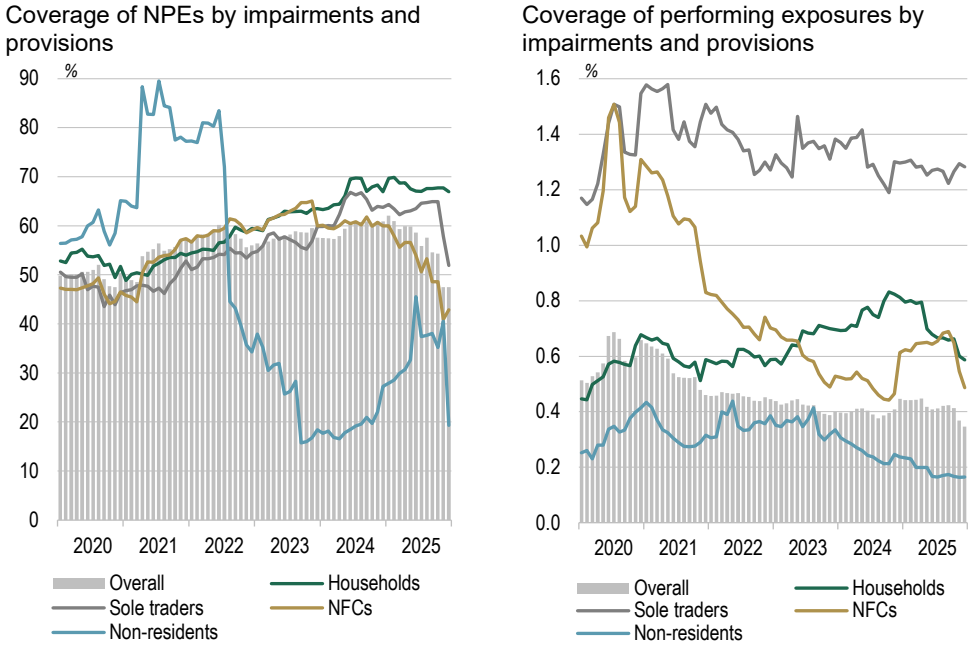
[36] The share of consumer loans that constituted refinancing of existing loans increased in 2025.

[37] For more on interest rates, see the section on interest rate risk.

Coverage by impairments and provisions

Coverage of NPEs and performing exposures in the portfolio by impairments and provisions declined notably in 2025. While coverage of NPEs in the total portfolio by impairments and provisions recorded its highest level for several years in January of last year (62.1%), it declined over the remainder of the year, falling sharply in November when the aforementioned exposures to manufacturing firms were reclassified as NPEs. These carried below-average impairments, as a result of which the overall coverage and the coverage in the NFCs segment declined significantly upon their reclassification. At the same time there was a significant decline in coverage by collateral in the two segments, which is indicative of the need for banks to devote greater attention to the prompt identification of the risk of default in certain exposures, and the prompt creation of impairments and provisions or increase in collateral. Coverage by impairments and provisions stood at 47.7% in the total portfolio in December, and 42.8% in the NFCs portfolio[38] (see Figure 1.23, left). Meanwhile coverage of the non-performing portion of the household portfolio stood at 67.2% in December, unchanged from a year earlier, having declined slightly in the housing loans portfolio and the consumer loans portfolio, while rising in the portfolio of other household loans.[39] Coverage of NPEs was down significantly in the sole traders and non-residents portfolios at the end of the year. Overall coverage of performing exposures declined to 0.35% last year, its lowest level to date, following a broadly based decline across customer segments (see Figure 1.23, right). By the end of the year coverage was down significantly in the two largest segments, households and NFCs.

Figure 1.23: **Coverage of NPEs and performing exposures by impairments and provisions**



Source: Banka Slovenije.

[38] Coverage of NPEs by impairments and provisions in the NFCs portfolio stood at 42.8% in December 2025 (down 17.1 percentage points on December 2024). Coverage of NPEs by impairments, provisions and collateral in the NFCs portfolio stood at 69.0% in December 2025 (down 24.0 percentage points on December 2024).

[39] Coverage of NPEs by impairments and provisions stood at 57.4% in the housing loans portfolio in December 2025 (down 1.7 percentage points on December 2024), 73.3% in the consumer loans portfolio (down 0.7 percentage points on December 2024), and 69.2% in the portfolio of other household loans (up 4.5 percentage points on December 2024). Coverage of NPEs by impairments, provisions and collateral stood at 97.4% in the housing loans portfolio in December 2025 (up 0.1 percentage points on December 2024), 82.6% in the consumer loans portfolio (down 1.6 percentage points on December 2024), and 86.6% in the portfolio of other household loans (down 1.3 percentage points on December 2024).

1.6 Income risk

Q4 25 | Q1 26 ⇨

Income risk in the Slovenian banking system continues to be assessed as low, with a stable outlook. During the period of rising interest rates, banks in Slovenia saw a significant improvement in their income position thanks to an increase in net interest income. Despite declining, last year net interest income was still significantly higher than before the beginning of the rise in interest rates. Even after the fall in interest rates, a wide spread was maintained between interest rates on the asset and liability sides of the balance sheet. The net interest margin is thus still significantly higher than its average of the last two decades. Non-interest income was stable last year, amid solid growth in net fees and commission, and the maintenance of relatively high dividend income. Growth in operating costs fell below 2% last year. Escalating geopolitical tensions and the persistence of military conflict in the Middle East are worsening the economic situation and outlook. This could have an indirect adverse impact on bank performance, and on the banks' ability to generate stable income.

Gross income and net income

Income in the Slovenian banking system declined slightly in 2025, but remains relatively high. Gross income has averaged EUR 2.2 billion over the last three years, and net income EUR 1.2 billion, significantly more than before the recent period of higher interest rates.[40] Gross income amounted to EUR 2,185 million last year, down 4.4% on 2024, while net income was down 9.2% at EUR 1,152 million. This was attributable to a 10% decline in net interest income, while the decline was mitigated by an increase in non-interest income. Growth in operating costs was only a minor factor in the changes in net income.

Net interest income and non-interest income

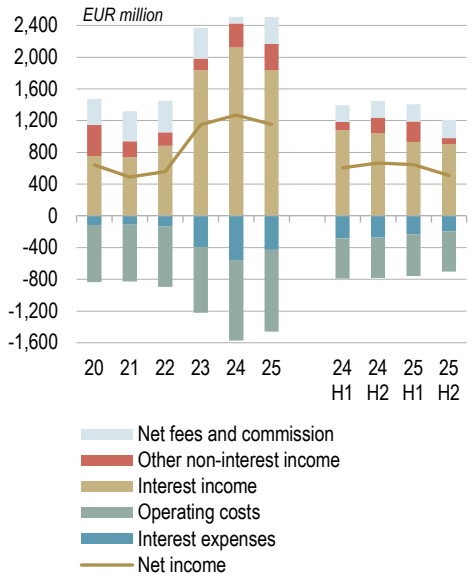
Net interest income declined significantly in 2025. It amounted to EUR 1.4 billion, down 10.1% on 2024. Interest rate levels fell further, and net interest income was declining from the very beginning of the year. The year-on-year decline was stable and gradual over the course of the year, without any major fluctuations. The largest decline in interest income last year was recorded by high-quality liquid assets, income from which was down almost a half (EUR 0.2 million) and by loans, income from which was down a tenth in year-on-year terms (EUR 0.14 billion). Interest income from securities by contrast increased by a third (EUR 0.1 billion). The dynamics reflect the ongoing restructuring of interest-bearing assets on bank balance sheets in the direction of a reduction in claims against the central bank and an increase in holdings of securities. The latter was also driven by the higher yields on newly issued securities compared with the period of low interest rates.

The banks also quickly reduced their interest expenses at the same time, by almost a quarter last year (24%). This reduction allowed them to compensate for just under a half of the total decline in interest income. The decline in interest expenses was primarily a reflection of the high share of deposits, and the low level of interest rates on the liability side.

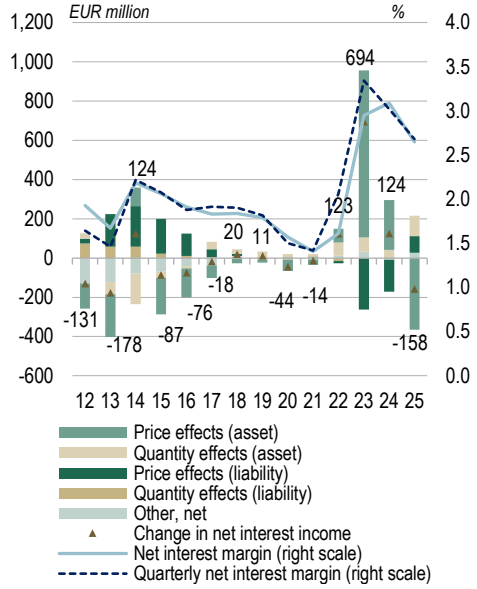
[40] This allowed the banks to generate above-average pre-tax profits. See the section on profitability and solvency, which examines the differences in the amount of pre-tax profit that explain the changes in income and cost categories (net income), and in net impairments and provisions.

Figure 1.24: **Components of net income and contribution made by quantity effects and price effects to change in net interest income**

Net income and its components



Contribution made by quantity effects and price effects to change in net interest income



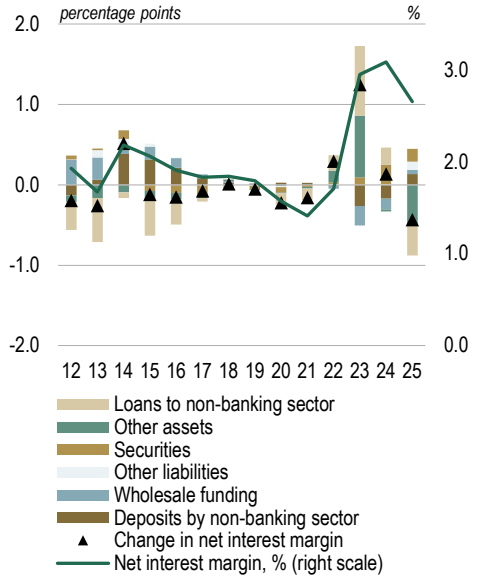
Source: Banka Slovenije.

Price effects on the asset side of the balance sheet were the largest factor in the decline in net interest income in 2025. These prevailed over the positive price effects on the liability side (see Figure 1.24, right). As was previously highlighted for the rise in interest income, the negative effects were driven by the high-quality liquid assets and by loans to the non-banking sector, while the positive effects came from holdings of securities. Last year by contrast saw positive price effects from interest-bearing liabilities, most notably deposits, which constitute the majority of bank funding. Quantity effects were small compared with price effects, but were larger than in 2024. On the asset side they were reflected in an increase in (net) interest income from loans and securities, the banks having reduced their claims against the ECB last year while increasing their lending and securities holdings. The quantity effects on the liability side were negligible.

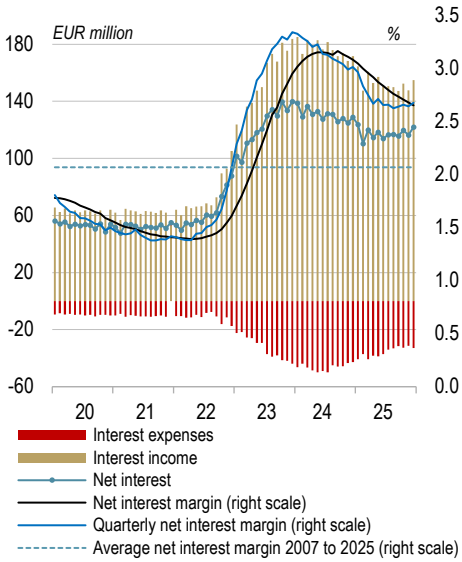
The net interest margin declined last year, but is still exceeding its average over recent decades. The net interest margin declined by just over 0.4 percentage points last year to stand at 2.65%. In terms of quarterly values, the decline in the net interest margin began in early 2024, and came to an end in mid-2025 (see Figure 1.25, right). The net interest margin increased slightly towards the end of last year and in the early part of this year. The December figure was only slightly below its long-term average over the last 30 years.

Figure 1.25: **Contributions to change in net interest margin, and monthly interest income and expenses**

Contributions of interest-bearing asset and liability instruments to change in net interest margin



Monthly interest income and interest expenses, and net interest margin



Note: In the left chart the change in asset items is the sum of the contributions made by loans, securities and other interest-bearing assets, while the change in liability items is the sum of the contributions made by deposits by the non-banking sector, wholesale funding and other interest-bearing liabilities. The change in the effect of liability items is multiplied by -1, as for example a rise in liability interest rates acts to reduce the net interest margin, while a fall acts to raise the net interest margin.
Source: Banka Slovenije.

Comparison of net interest margin across the euro area and the EU

The Slovenian banking system ranks above the average for European countries in terms of net interest margin. It was in the upper realms of the euro area over the first three quarters of 2025, exceeding the euro area average by 0.9 percentage points. The margin has been declining as expected since mid-2024 in Slovenia and in the euro area overall. For most of the long period between the financial crisis just under two decades ago and the end of the period of low interest rates, the Slovenian banking system has ranked around the 75th percentile of the distribution of the margin in euro area countries, but has surpassed this level over the last three years, and recorded the highest figure of any euro area country over three quarters of last year (see Figure 1.26, left). After the rise in the ECB's key interest rates, a rapid shift in interest rates on the asset side of the balance sheet began in Slovenia as soon as the first quarter of 2023. This was followed by a significantly slower and more restrained adjustment in interest rates on the funding side, most notably on sight deposits, which are prevalent in the funding structure. After the fall in interest rates began in 2024, the net interest margin established itself at a higher level than before the rise in interest rates. A comparison with EU and euro area countries shows that the margin over the first three quarters of the year was only surpassed by three central and eastern European countries outside the euro area, and was comparable to two of the Baltic states (see Figure 1.26, right).

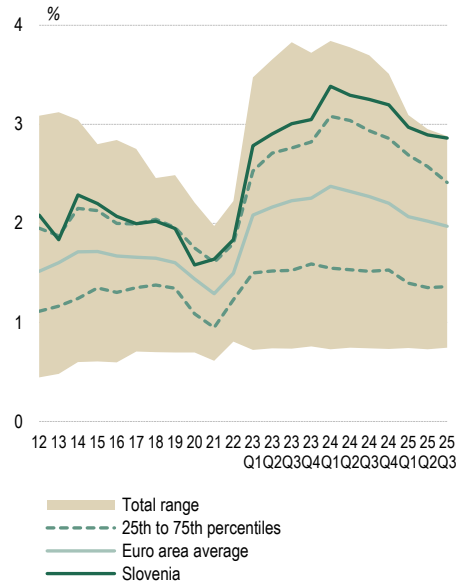
The high net interest margin in Slovenia is primarily a reflection of funding. As highlighted on several occasions in recent issues of the FSR,[41] the ratio of interest expenses to the balance sheet total is extremely low, with Slovenia recording one of

[41] See page 38 of the October 2024 issue of the Financial Stability Review, page 44 of the April 2025 issue, and pages 47 and 48 of the October 2025 issue.

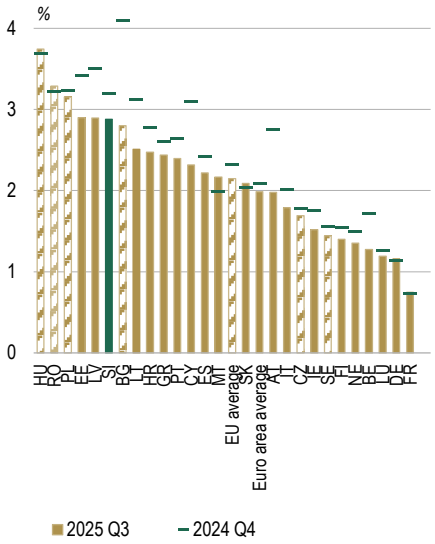
the lowest figures in the EU at the end of the third quarter of last year, above only one other country.

Figure 1.26: **Net interest margin in the euro area and EU Member States**

Net interest margin in Slovenia and the euro area



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

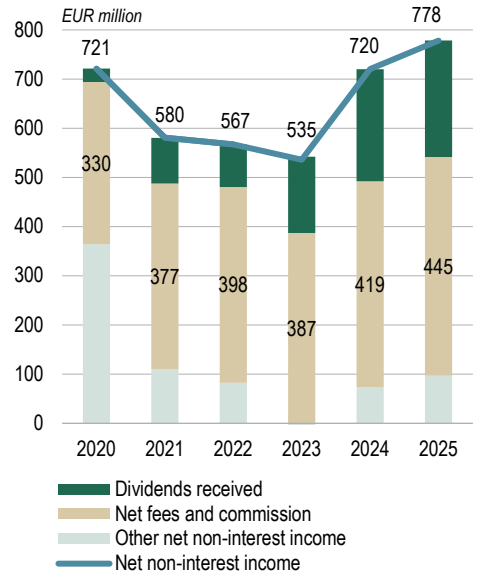


Note: In the left chart the data for net interest margin during the year reflects the cumulative data on each occasion. The data for Denmark is not available in the right chart. Bulgaria was not yet a member of the euro area in 2025, and is therefore treated solely as an EU Member State in the figure.
Source: ECB Data Portal.

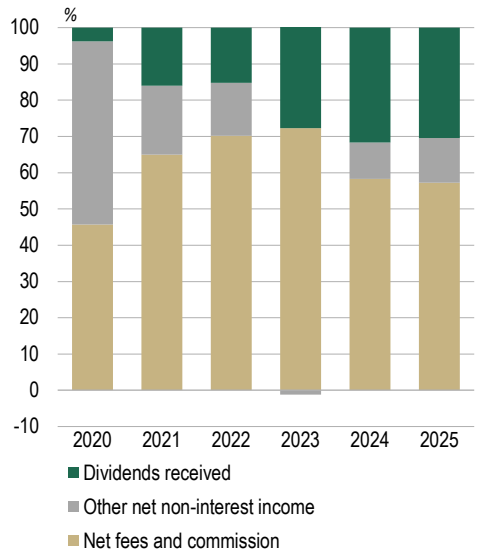
Net non-interest income increased by 8.1% last year. Non-interest income in the banking system over the last two years was up a third on the two preceding years (see Figure 1.27, left). The increase over the last two years was driven by net fees and commission, and by above-average dividend income. Year-on-year growth in net fees and commission, which is the most important component of net non-interest income, remained similar to growth in the balance sheet total at 6.1%. Last year's net commission margin consequently remained similar to the previous year (at 0.80%, versus 0.79%). Dividends received at one of the banks again had a significant impact on total net non-interest income in the Slovenian banking system in 2025 (see Figure 1.27, left and right).

Figure 1.27: **Absolute and relative breakdown of non-interest income**

Absolute breakdown of non-interest income



Relative breakdown of non-interest income



Note: The overall effect of other net non-interest income in 2023 was negative.
Source: Banka Slovenije.

Operating costs

Growth in operating costs slowed last year to a low 1.7% at year end. After an increase in costs in the previous year caused by the introduction of the tax on total assets, when year-on-year growth surpassed 22%, last year the rate slowed sharply as the base effect waned, reaching 4% by the midpoint of the year, and less than 2% by year end.[42] Another factor in the lower growth in costs was the decline in the actual accrual of tax on total assets in 2025, in that the banks were able to reduce the base for this tax by the effect of the rise of 3 percentage points in the rate of corporate income tax in 2024.[43] Payments of tax on total assets in 2025 were therefore down on 2024, by just over a tenth. Growth in labour costs stood at 4.0% last year, having peaked at 12.1% in December of the previous year, in reflection of a slightly delayed response to several years of relatively high inflation (see Figure 1.28, left).[44] The decline in income drove the CIR up by 2.8 percentage points to 47.2%, but it remains well below its long-term average (see Figure 1.28, right). Last year this indicator stood at just over 8 percentage points below its average over the period since Slovenia joined the euro.

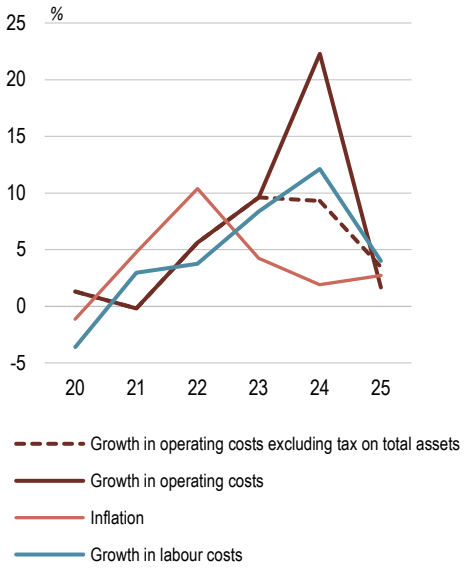
[42] Without the introduction of this tax, growth would have stood at 9.3% in 2024 instead of 22.3%, and 3.5% in 2025 instead of 1.7% (Banka Slovenije estimate).

[43] Paragraph 9 of Article 78 of the Act on Reconstruction, Development and the Provision of Financial Resources.

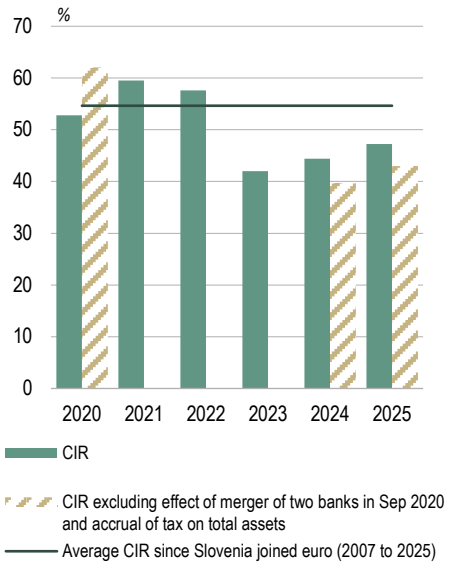
[44] Similar growth in 2024 was also recorded by employee compensation in the Slovenian banking system, although the data is not directly comparable. See Box 3, and the figures on total remuneration in the Slovenian banking system.

Figure 1.28: **Operating costs and CIR**

Growth in operating costs and labour costs, and inflation



Cost-to income ratio (CIR)



Source: Banka Slovenije.

Income expectations for 2026

Our expectation for 2026 is that income in the banking system will remain at a level comparable to recent years. The persistent uncertainty driven by geopolitical tensions and new military conflicts in the Middle East could lead to changes in demand for loans over the longer term. An increase in corporate demand can be anticipated in the short-term segment, as usually occurs during a rapid deterioration in the economic situation and/or outlook. The long-term segment by contrast is expected to see further stagnation or a decline in demand, in association with investment. At the same time banks will be able to tighten credit standards for firms over the short term. Meanwhile in the household segment, amid higher interest rates, the expectation is primarily for a decline in demand for housing loans, while the outlook for demand for consumer loans, growth in which has been declining slightly for a year now, is more uncertain. The current interest rate levels and the maintenance of a wide spread between interest rates on assets and funding suggest that net interest income and the net interest margin will remain relatively high in the future, particularly compared with the period when low interest rates prevailed. Net interest income in the early months of this year has been comparable to last year.[45] The decline in the net interest margin came to an end in the middle of last year, and recent months have even seen a slight increase. This year's military clashes in the Middle East, the energy crisis and the associated inflationary pressures, and the market expectations point to a potential rise in the central bank interest rates in 2026 (see Figure 1.1, right). From the perspective of price effects in the generation of interest income, this would have a positive impact on (net) interest income in the banking system. At the same time the potential adverse quantity effects should be highlighted. Should the weaker economic situation, inflation and higher interest rates persist or even deteriorate, the downturn in lending would lead to a decline in interest income. The overall impact of the two opposing changes is difficult to predict.

[45] The net interest margin over the 12 months to February stood at 2.63%, or an annualised rate of 2.62% over the three months to February. The net interest margin in the Slovenian banking system averaged 2.14% between the time that Slovenia joined the EU (2004) and the end of 2025, and 2.07% in the time since Slovenia joined the euro in 2007. The net interest margin in the low interest rate environment, covering the years of 2012 to 2024, stood at 1.80%. The average net interest margin in the Slovenian banking system over a 30-year period stands at 2.76%, where it should be noted that margins in the first decade were significantly higher than in the next two.

In the non-interest income segment, net fees and commission, where banks are currently maintaining stable volume, are also expected to see stable growth this year. Dividend income will also be subject to the performance of bank subsidiaries, who will themselves be affected by the aforementioned developments. Growth in operating costs also remains low and stable.

Box 3: **Remuneration of employees in the Slovenian banking system, 2022 to 2024**

Operating costs are a major determinant of net income and profitability in the banking system. Labour costs account for more than 50% of operating costs. Analysing labour costs from the perspective of financial stability is important for the sake of monitoring income risk and, particularly in terms of the make-up of the remuneration of members of management boards, monitoring any moral hazard present in the incentives for making high-risk but high-yielding short-term decisions that have an impact on their variable remuneration.

In accordance with the CRD[46] **and the Banking Act, banks are required to put in place prudent and effective internal governance, including sound remuneration policy.** The remuneration policy must be aligned with the institution's business strategy, objectives, values and long-term interests, and must be gender-neutral. It must also ensure that the fixed and variable parts of total remuneration are properly balanced. To a great extent remuneration is mostly reflected in a bank's labour costs, while for more detailed monitoring of the implementation of remuneration policy banks inform the supervisor about the remuneration awarded, and are also required to make the public disclosures prescribed by the CRR, the Banking Act and the Commission Implementing Regulation each year.[47]

In its supervisory function Banka Slovenije reviews each bank's implementation of the details set out in its own remuneration policy. Banks use their remuneration policies to promote effective risk management, while at the same time not allowing exposure to risk that exceeds the acceptable level. Remuneration policies that encourage excessive risk take-up can pose a danger to prudent and effective risk management. Implementing sound remuneration policy at banks is based on clear principles with regard to the governance and structure of remuneration policy, which must above all be aligned with the bank's risk appetite, its values, and its long-term interests. When setting out its remuneration policy, a bank needs to distinguish between fixed remuneration, which includes salaries, the corresponding ordinary pension contributions, and other general fringe benefits, and variable remuneration, which includes bonuses and benefits based on the performance of the bank, the organisational unit or the individual, including monetary and non-monetary benefits. The Banking Act stipulates that an individual's variable remuneration may not exceed their fixed remuneration.[48] With the aim of ensuring sound remuneration policy, the bank's management body (management board and supervisory board) are required to adopt and regularly review the remuneration policy that the bank puts in place. With the aim of protecting and promoting

[46] Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC.

[47] Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012

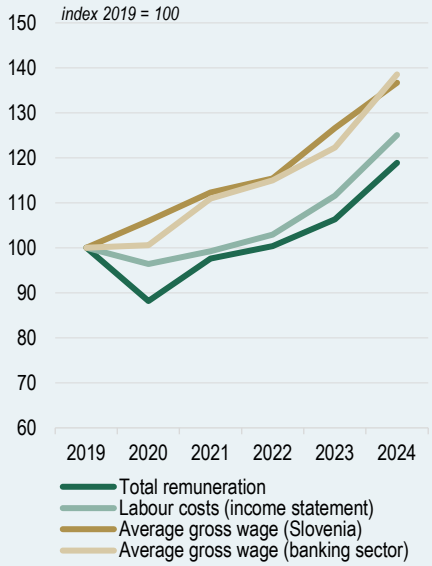
[48] Article 221 of the Banking Act (Official Gazette of the Republic of Slovenia, No. 15/26).

financial stability in the EU, the competent supervisory authorities, including Banka Slovenije, are required to ensure that banks comply with the principles and rules in connection with remuneration at banks on a consolidated basis, i.e. at the level of the group, parent undertakings and subsidiaries, branches, and subsidiaries established in third countries.

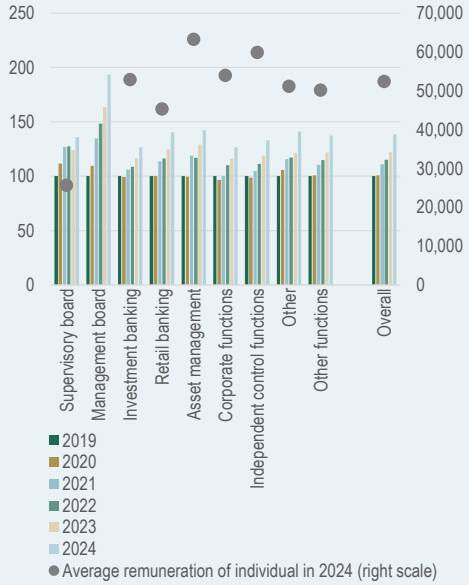
Ongoing consolidation saw the number of employees in the banking sector decline by 14.2% between 2019 and 2024, while the remuneration of management board members and employees increased, and the remuneration of supervisory board members declined. Growth in remuneration and labour costs[49] trailed inflation until 2023, but after the fall in inflation in 2023 growth in remuneration and labour costs strengthened in comparison with inflation.

Figure 1.29: **Growth in remuneration between 2019 and 2024, and comparison with costs and inflation**

Comparison of growth in remuneration, costs and average gross wage



Growth in remuneration by business segment



Note: Labour costs are a broader category than remuneration, in that they include transport costs and meal allowances. The methodology for preparing the data on costs and remuneration is not fully aligned: the data is collected for different purposes. The average remuneration of a management board member, which is not illustrated in the right chart, stood at approximately EUR 539,000.
Source: Eurostat, Banka Slovenije, Banka Slovenije calculations.

The cessation of trading by three banks between 2019 and 2024 meant that the average number of staff in business areas fell, and stood at 8,224 at the end of 2024 (down 13.9%). The number of supervisory board members fell by 30.8%, while the number of management board members fell by 31.6%. The total remuneration of management board members increased by 32.4%, while the average remuneration of staff in business areas increased by 18.4%. The remuneration of supervisory board members fell by 5.8% by contrast. Growth in variable remuneration outpaced growth in fixed remuneration, and stood at 132.9% for staff in business areas, and 233.0% for management board members. The ratio of variable to fixed remuneration had increased to 11.8% by the end of the year for staff in business areas (variable remuneration thus accounting for 10.6% of total remuneration), while the corresponding figures for management board members were 62.1% and 38.3%.

[49] Labour costs are a broader category than remuneration, in that they include transport costs and meal allowances.

The business area whose staff enjoyed the highest average remuneration was asset management, followed by independent control functions. The lowest remuneration was seen in retail banking, although recent years (since 2019) have seen remuneration in this segment together with asset management and other functions rise the most, by just over 40%. Meanwhile the average remuneration of management board members almost doubled, and in 2024 was 10.7 times higher than remuneration of staff in business areas. The ratio had been considerably lower (7.6) in 2019.

Table 1.1: **Number of staff and remuneration by business area**[50] [51]

	Number of staff (supervisory board and management board: actual number; others: FTE)			Total remuneration, EUR thousand			Ratio of variable to fixed remuneration, %		
Staff category / business area	**2022**	**2023**	**2024**	**2022**	**2023**	**2024**	**2022**	**2023**	**2024**
Supervisory board	93	83	81	2,236	1,938	2,078	0.00	0.41	3.44
Management board	41	41	42	16,930	18,665	22,628	43.64	55.21	62.10
Investment banking	281	243	276	12,765	11,819	14,616	12.46	15.55	14.71
Retail banking	3,755	3,672	3,552	140,749	147,675	160,826	10.50	11.38	11.86
Asset management	70	70	69	3,645	4,025	4,366	13.95	17.04	14.25
Corporate functions	1,591	1,643	1,723	74,694	81,134	92,928	8.64	9.80	11.71
Independent control functions	708	716	768	35,444	38,350	46,015	9.71	11.65	12.19
Other functions	1,950	1,986	1,836	82,834	87,503	93,949	8.60	11.58	11.13
Business areas total	**8,355**	**8,329**	**8,224**	**350,131**	**370,506**	**412,700**	**9.67**	**11.29**	**11.82**

Note: The data for the management board and supervisory board is disclosed with regard to the actual number of staff, while the data for the business areas (investment banking, retail banking, asset management, corporate functions, independent control functions, other functions) is disclosed with regard to full-time equivalents. The business areas are aligned with the EBA guidelines.
Source: Banka Slovenije.

1.7 Cyber risk

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The assessment of cyber risk in the banking system remains elevated, with a stable outlook. Between 2025 and the first quarter of 2026, Slovenian banks did not report any cyber threats or major cyber incidents that could have caused financial damage or affected their business with customers. They did report incidents in connection with the operational non-functioning of servers and payment systems, and with lack of access to third-party services owing to technical faults, which for now are not monitored within the framework of this risk. The cyber mapping tool continues to indicate that cyber risk at the level of the banking system remains stable.[52] Largely owing to cyber threats in connection with the elevated geopolitical risk, the cyber risk assessment is being held at elevated with a stable outlook.

The number of cyber incidents reported to SI-CERT by the banking sector is continuing to decline. While banks reported 19 incidents with material damage to SI-CERT in 2024, while 2025 saw just five such incidents reported, the largest decline in any sector. Households and SMEs reported the largest number of events and incidents. Any major damage suffered by these entities could also have an (indirect) impact on the banking system. In addition to these two sectors, others with greater exposure are the research and education sector, central government administration, and electronic communications operators (see Figure 1.30, left).

[50] The table includes consolidated data for the purposes of conducting supervision.

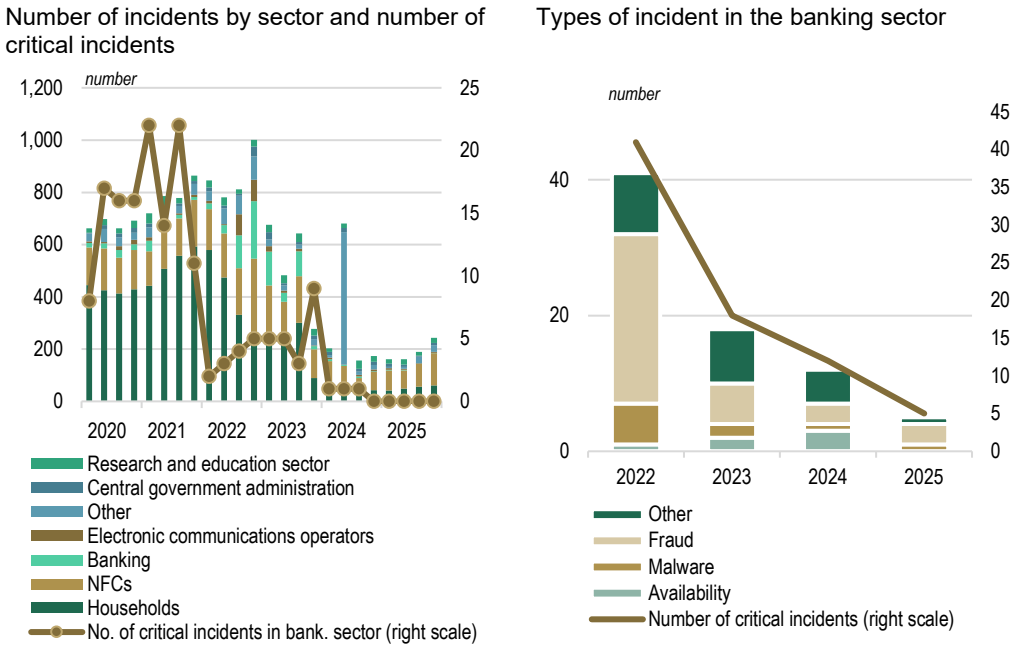
[51] At the EU level comparative analysis of the trends in remuneration is published every two years by the EBA (Benchmarking of remuneration trends and practices and the gender pay gap, 2021 - 2023 data was released in 2025).

[52] The cyber mapping tool is designed to monitor and identify cyber risk at the level of the banking system, and also allows forecasts to be made of the cyber risk in the next quarter. For more on cyber mapping, see Cyber mapping as a tool for monitoring cyber risk.

The Slovenian banking system was not the target of major cyberattacks in 2025, in contrast to what has been seen in recent years at EU level.[53] The number of critical cyber incidents in the banking sector remained unchanged despite the geopolitical threats posed by the wars in Ukraine and the Middle East. There were also no major financial losses seen at banks as a result of cyberattacks. Phishing[54], DDoS attacks and online fraud remain the most common types of attack on banks and their customers, (see Figure 1.30, right). There were also no serious cyberattacks on the providers of external services vital to bank operations in 2025. Banks reported in 2025 that they are already facing the risk of cyberattacks involving AI. Bank employees and customers have been receiving phishing messages created using generative AI tools. Conversely banks are already incorporating AI techniques into their information systems, for example in the area of threat identification, simulations of phishing attacks, analysis of daily logs and email protection, and for research purposes.

According to Slovenian police data, victims of online fraud suffered losses totalling 40 million in 2025, which is a 33% increase compared with 2024. Bank customers were mainly affected by fraud relating to the misuse of electronic and mobile banking, payment card fraud, and fake loans. SI-CERT is forecasting a rise in the amount of online fraud and misuse of electronic and mobile banking faced by bank customers.

Figure 1.30: **Cyber incidents by sector**



Note: The term "Other" in the left chart covers the energy sector, financial markets infrastructure, online marketplace providers, healthcare, transportation, drinking water supply, digital infrastructure and cloud service providers.
Sources: SI-CERT, Banka Slovenije.

The most common cyber incidents seen in the banking sector in 2025 were fake emails, online fraud, and ransomware attacks. Phishing for credentials and banking data remains the primary tool of online fraud because it provides quick access to user accounts and networks. Cyberattacks are also becoming more sophisticated and complex, with attackers using advanced social engineering techniques to obtain confidential information from victims. Malicious emails and phishing are becoming increasingly

[53] A critical incident is defined as an event that severely disrupts or prevents the functioning of essential services, information systems or critical infrastructure.

[54] Phishing attacks involve false representation, with the attacker sending a fraudulent (e.g. fake or otherwise misleading) message that causes the victim to reveal sensitive data to the attacker or install malware on their infrastructure.

more targeted and personalised, and consequently more effective. Advances in AI and deep fake technologies are also helping criminals to target victims more effectively. SMEs recorded the highest number of cyber incidents in 2025. They lack the sufficient financial necessary to guarantee cyber security, which increases their exposure to cyberattacks. Firms are most frequently exposed to ransomware attacks, which typically penetrate the information system and encrypt all accessible files. These files can only be unlocked after a ransom has been paid. In 2025, sectors of non-financial corporations and private individuals suffered the most financial damage from cyberattacks, which could also indirectly impact on the banking system. The ever-increasing complexity and scale of electronic payments, as well as new payment methods are also creating new security risks for bank customers. A bank's liability in the event of unauthorised payment transactions is regulated by European legislation (PSD2) and the national regulations based on these principles. If a customer (payment service user) acts with serious negligence[55] (e.g. failing to safeguard their security information such as a password or PIN), they are liable for any loss caused by unauthorised payment transactions. The bank is not obliged to refund the customer's loss in this case, unless it occurred as a result of a technical fault on the part of the bank, or its employees or contractual partners. If a customer promptly notifies the bank after losing a payment instrument, having it stolen or it being misused, the bank is liable for any further losses and the customer's liability is limited to EUR 50. However, if the customer is found to have been seriously negligent, they will be held fully liable for any loss.[56]

The main cyber incidents reported in the EU banking sector in 2025 were related to external ICT service providers, DDoS attacks,[57] unauthorised access and ransomware. These accounted for just over a half of all reported cyber incidents. The number of incidents involving third-party service providers increased again in 2025. These incidents have an indirect effect on banking (e.g. theft of confidential information, impact on the provision of banking services, instances of unauthorised access). These were followed by phishing, ransomware, and malware attacks. The number of critical cyber incidents at EU level remains stable (around 40 critical cyber incidents were reported on average in each quarter of 2025). Cyber threats remain elevated across the EU, on account of the geopolitical risks. Europol warns that owing to the new conflict in the Middle East, we can expect more cyberattacks on European infrastructure and an increase in online fraud utilising increasingly sophisticated AI, taking advantage of flood of information circulating globally in connection with the conflict.

1.8 Climate risks

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Climate risks in the banking system remain moderate with a stable outlook. Exposure to climate-sensitive sectors increased slightly on average, while the carbon indicators improved significantly as a result of changes in exposures to certain firms. There has been a further increase in credit risk in climate-sensitive sectors. Transition risks in the banking system therefore continue to be assessed as moderate, while physical risks remain relatively stable (and are currently assessed as low). The risk of interaction between physical risks and transition risks[58] is assessed as low.

[55] Serious negligence is a legal term that denotes a greater degree of failure to act with due care and precautions that exceeds ordinary negligence. In a general sense it means that an individual failed to act in the manner as might be expected of them in the given circumstances, causing damage or risk that could have been prevented through their actions or inactions..

[56] For more, see Rijavec Uršej, A. and Reven R. (2025). Measures used to deliver payment security. Bančni Vestnik, BAS.

[57] The aim of DDoS attacks is to disrupt or deny services for users. Botnets are commonly used to make attacks of this type. To prevent DDoS attacks the banks are setting up security operations centres and installing antivirus software.

[58] The assessment is based on the level of simultaneous exposures to transition risks and physical risks.

Exposure to climate-sensitive sectors increased by an average of approximately 0.4% year-on-year, with further improvement in the carbon indicators. According to the definition based on emissions in Slovenia, the main factor was an increase in exposure to construction (of 5.9 percentage points). According to the definition based on emissions in the EU, exposure declined by 0.5% in year-on-year terms. The decline was attributable to a further contraction in exposure to electricity, gas, steam and air conditioning supply, while exposure to energy-intensive sectors and housing continued to increase. The shares of exposures to climate-sensitive sectors declined slightly, to an average of 33% in December. There was a significant improvement in the carbon indicators, primarily as a result of a decline in exposures to electricity, gas, steam and air conditioning supply and to agriculture. Carbon loan intensity and weighted carbon intensity declined by approximately 19% in year-on-year terms on average. The portfolio tilt to polluting sectors has almost disappeared and averaged just 0.14%.[59] This was attributable to a significant decline in exposure to agriculture and to electricity, gas, steam and air conditioning supply, which generate a higher share of emissions. The banking system's exposure to polluting sectors is slightly higher than their share of value-added in the economy. This is a continuation of the trend of decline in the tilt over the last two years (see Figure 1.31, right).

Credit risk in climate-sensitive sectors increased during the second half of the year, which is a reflection of the concentration of risks in particular firms. The NPE ratio of highly climate-sensitive sectors in the NFCs portfolio increased by 1.9 percentage points to 2.4% (relative to December). The share of total NPEs to NFCs accounted for by these sectors increased further to 58.6% (a record high),[60] up significantly (22.4 percentage points) from June. The increase was driven mainly by the materialisation of credit risk in certain manufacturing firms.[61] The NPE ratio in the portfolio of climate-sensitive sectors, which has been higher than the NPE ratio in the total NFCs portfolio since June 2025, also increased further, to 7.5%. The gap between the NPE ratio in climate-sensitive sectors and that of the total NFCs portfolio widened to 3.3 percentage points, an indication of the additional deterioration in credit risk in climate-sensitive sectors in particular (see Figure 1.31, left). The risks for now remain concentrated in individual manufacturing firms and are not yet broadly based.

Physical risks in the banking system remain relatively stable. The share of exposure to entities in municipalities with a high or elevated physical risk (including chronic and acute physical risks[62]) was 15.3% at the level of the system in December, while the share of exposure to areas with high exposure to at least one acute physical risk was 14.2%. As a result of the greater dispersion of exposure to households, the share in the household portfolio remains significantly higher than the share in the NFCs portfolio (18.4% versus 10.4%). Of the acute physical risks, the banking system is least exposed to flood risk (share of exposure of 0.6% as of December 2025).[63] The NPE ratios in total exposures (households and NFCs) remain low, both in exposures to entities in municipalities with a high or elevated risk and exposures with a high acute physical risk (average of 0.23%).

[59] While the indicator based on sectoral emissions stood at 7.1%, the use of granular data shows a tilt of -6.8%. With the use of granular emissions, it is possible to observe slightly greater variation in the indicators as a result of the contributions of emissions by individual firms.

[60] The time series for exposure by sector covers the period from October 2016 onwards.

[61] Mainly the manufacture of basic metals and fabricated metal products. For more, see the section on credit risk.

[62] Based on the composite indicator of physical risks, which includes standardised indicators of exposure to six types of physical risk (acute: floods, drought, extreme winds and extreme heat; chronic: increased temperature and precipitation).

[63] The composite risk indicator accounts for chronic and acute physical risks. The acute physical risks include the risks of drought, floods, extreme wind and extreme heat, while the chronic physical risks include risks related to the rise in temperature and the increase in precipitation.

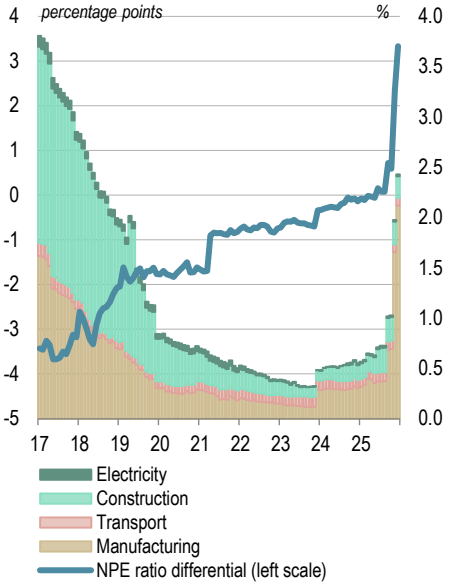
When interpreting the indicators, it is important to note that they do not reflect all the indicators related to physical or transition risks, although the initial assessments point to low risk of interaction between climate risk factors. The share of exposure to climate-sensitive sectors in municipalities with high exposure to composite physical risk[63] is low, and stood at less than 5% in December. This is true regardless of the definition of climate sensitivity used. This shows that the risks of interaction between physical risks and transition risks are low, as the share of entities with high exposure to physical risks and transition risks simultaneously is low. It should be highlighted that transition risks and physical risks are analysed separately in the current methodological framework. The analysis does not account for the impact of a change in transition risks on physical risks, and vice-versa. In addition, indicators of physical risk are based on long-term climate scenario projections and do not reflect current changes to environmental indicators, which could have a significant impact on the performance of individual economic sectors and consequently on the banking system.

Geopolitical risks are still a source of considerable uncertainty and could have an indirect impact on climate risks. Given the redirection of investment for other strategic purposes, the timeline for the green transition and the general level of prices might be subject to change. The escalation and materialisation of geopolitical risks will lead to elevated inflation via an energy price channel, at least over the short term, while the introduction of the EU ETS2 is likely to temporarily lead to a moderate rise in inflation up to 2028.[64] The access to financing of climate-sensitive sectors remains a major question. The latest assessments show a significant decline in portfolio tilt to polluting sectors, which is reducing transition risks in the banking system, albeit mainly over the medium term. It is reasonable for banks to maintain or strengthen financing of investments and programmes which aim to reduce the impact of climate change.

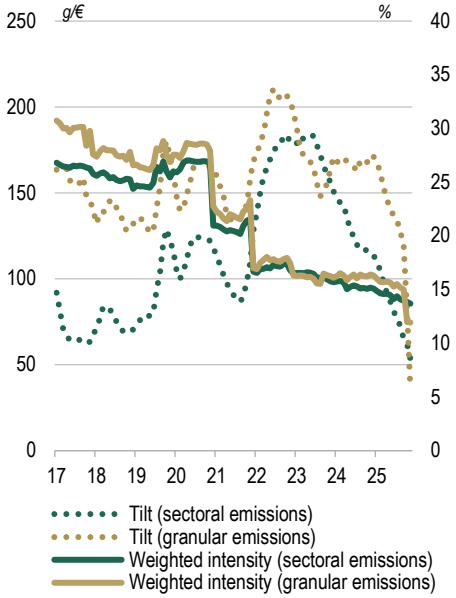
[64] See Eurosystem's December projections.

Figure 1.31: **Carbon indicators over time, and credit risk in highly climate-sensitive sectors**

Gap between the NPE ratio in climate-sensitive sectors and the NPE ratio in the NFCs portfolio, and share of NPEs in the NFCs portfolio accounted for by highly climate-sensitive sectors



Weighted carbon intensity and portfolio tilt to polluting sectors



Note: The left axis of the left chart illustrates the gap between the NPE ratio in climate-sensitive sectors and the NPE ratio in the NFCs portfolio. Climate-sensitive sectors include subsectors of manufacturing, and the sectors of construction, transport, and electricity, gas, steam and air conditioning supply that contribute the most to the Slovenian economy's total emissions. Owing to the low baseline stock of NPEs, larger shifts in the value of the indicators can occur as a result of the reclassification of some exposures, as happened at the end of 2023 and in the final quarter of 2025. The right chart illustrates four-quarter moving averages of the tilt indicators calculated on the basis of sectoral or granular emissions. The tilt reflects the difference between the weighted carbon intensity of the banking system and the unweighted carbon intensity of the economy, where a positive (negative) difference indicates that the share of the banking system's exposure to polluting sectors is higher (lower) than these sectors' share of value-added in the economy (for more, see the May 2023 issue of the FSR).
Source: Banka Slovenije.

2 Resilience of the Banking System

2.1 Solvency and profitability

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The banking system's resilience from the perspective of solvency and profitability was high at the end of 2025. The total capital ratio reached a high value, thanks to growth in regulatory capital that outpaced growth in risk-weighted exposures. Our assessment is that the good profitability resulting from persistently high net interest income has been maintained in 2026. The banks are expected to maintain good solvency in 2026, albeit with the expectation of a decline in capital adequacy ratios, driven largely by growth in risk-weighted exposures for credit risk. A risk to the maintenance of the current solvency position might in the future be posed mainly by growth in credit exposure and the potential realisation of risks from the economic environment. Similarly, profit might primarily be reduced by an increase in net impairments and provisions. This could occur in the event of a persistent energy crisis and a downturn in the economic environment, which could also be reflected in an increase in non-performing claims.

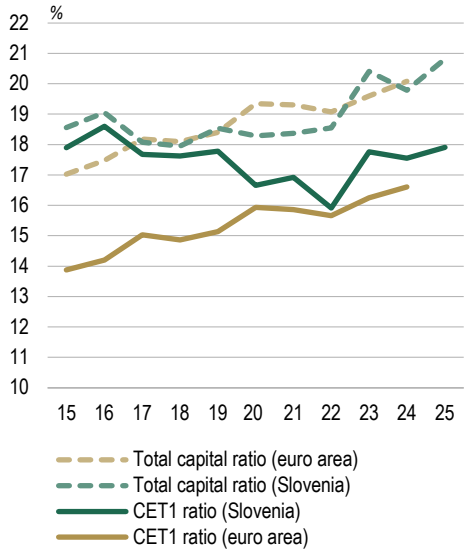
Solvency

The high solvency of the Slovenian banking system at the end of 2025 is confirmed by the high capital adequacy ratios. The total capital ratio on a consolidated basis (see Figure 2.1, left) reached 20.8%, one of its highest levels of the last 10 years (up 1.0 percentage points on 2024), while the common equity Tier 1 capital ratio (CET1) reached its second highest level of this period at 17.9% (up 0.3 percentage points on the end of 2024; see Figure 2.2, left). Further evidence of the good solvency of the Slovenian banking system at the end of 2025 comes from the increased surplus over the overall capital requirement,[65] which stood at 6.5 percentage points, and the leverage ratio of 9.7% (see Figure 2.2, right). The data for the euro area from the end of the third quarter of 2025 also demonstrates high solvency in the euro area banking system, although the capital ratios were lower than those disclosed by the Slovenian banking system at the end of last year. The total capital ratio on an individual basis in the Slovenian banking system stood at 23.3% at the end of 2025, and the CET1 ratio at 19.8%, further evidence of the banking system's high solvency.

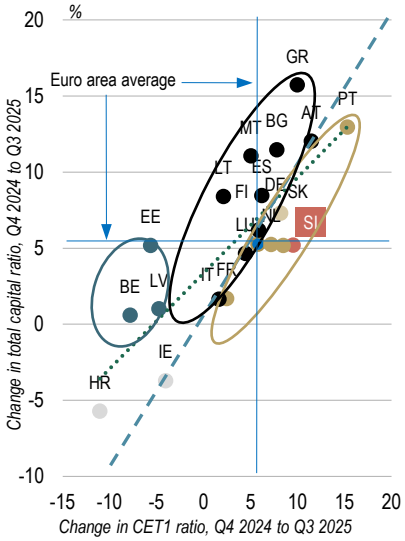
[65] The overall capital requirement encompasses the Pillar 1 and Pillar 2 capital requirements and the capital buffers, but not the Pillar 2 guidance.

Figure 2.1: **Developments in capital ratios and changes in capital ratios, comparison with the euro area**

Capital ratios, comparison with the euro area, consolidated basis



Change in total capital ratio versus change in CET1 ratio in the euro area, consolidated basis



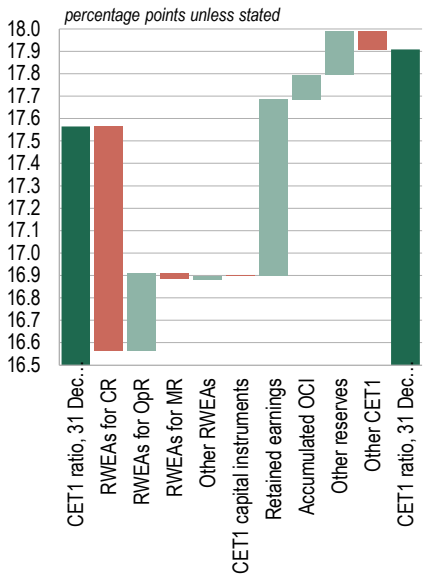
Note: Cyprus is omitted from the right chart on account of being an outlier. The dotted line denotes the average change in the total capital ratio in all euro area countries versus the average change in the CET1 ratio. The dashed line denotes the change in the total capital ratio had it increased by the same percentage as the CET1 ratio.
Sources: Banka Slovenije, ECB Data Portal.

The rise in the capital ratios, particularly in the final quarter, was based on an increase in regulatory capital. The latter strengthened by 9.3%, largely through allocation of a portion of the current profits from 2025 to retained earnings (EUR 315 million) and the issuance of Additional Tier 1 capital (EUR 300 million). This growth outpaced the increase of 4% in risk-weighted exposures, which was driven by an increase in credit risk, while operational risks were still acting to reduce the increase in risk-weighted exposures over the course of the year on account of a new approach to calculating the capital requirement.[66] The main factor in the rise in risk-weighted exposures for credit risk was household borrowing via consumer loans and housing loans. There was also a notable increase in exposures in default, which nevertheless remained limited. In recent years the banks have used retained earnings to improve the quality of regulatory capital, as confirmed by developments in the capital ratios compared with the euro area overall (see Figure 2.1, left). A comparison of the change in the total capital ratio versus the change in the CET1 ratio across the euro area shows the Slovenian banking system to be ranked among the countries where growth in the CET1 ratio was more pronounced than growth in the total capital ratio (see Figure 2.1, right). Three groups of countries are evident in the figure: in the first, where Slovenia belongs, the increase in the total capital ratio was based primarily on common equity Tier 1 capital. The second group consists of the countries where the increase in the total capital ratio was mainly driven by other forms of regulatory capital (e.g. Lithuania), while in the third group (e.g. Belgium) the increase in other types of capital was sufficient to allow for a decline in the CET1 ratio even as the total capital ratio increased. The Slovenian banking system thus displays a high level of resilience through the quality of its regulatory capital compared with other euro area countries.

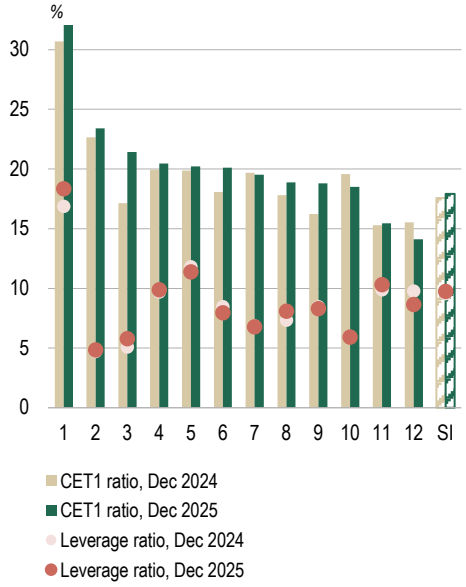
[66] The new calculation of capital requirements for operational risk on the basis of the CRR replaces all the previous approaches, and is based on performance indicators in various business segments, covering a three-year average of the relevant accounting data. The capital requirement amounts to 12% to 18% of the business indicator. Our estimate is that the total capital ratio would be 0.4 percentage points lower in the absence of this effect.

Figure 2.2: **Evolution of risk-weighted exposures, and leverage ratio and CET1 ratio at individual banks**

Decomposition of change in CET1 ratio, consolidated basis



Leverage ratio and CET1 ratio at individual banks



Note: CR: credit risk; MR: market risk; OpR: operational risk; OCI: other comprehensive income.
Source: Banka Slovenije.

Our expectation is that the banking system will maintain its good capital resilience this year, albeit with a decline in capital adequacy ratios. A decline in capital adequacy ratios is expected mainly on account of rising credit risk and the high uncertainty in the business environment, which could be reflected in higher growth in net impairments and provisions and higher operating costs. The banks could otherwise further increase capital through growth in regulatory capital driven by retained earnings that were yet to be allocated by the end of 2025. The possibilities of strengthening regulatory capital by internal accumulation remain good, primarily on account of the stable income flows, while strengthening capital via issuances of capital instruments on the financial markets remains limited to individual banks. Strengthening regulatory capital maintains and increases bank resilience, while in doing so banks are also addressing their MREL requirements, which they are meeting successfully. Despite the increase in the resilience of the banking system as a whole, there are differences between the banks in terms of their capital positions, and thus in their capacity to absorb sudden shocks from the environment. Despite the good resilience at system level, good management of capital adequacy remains highly important at the level of individual banks.

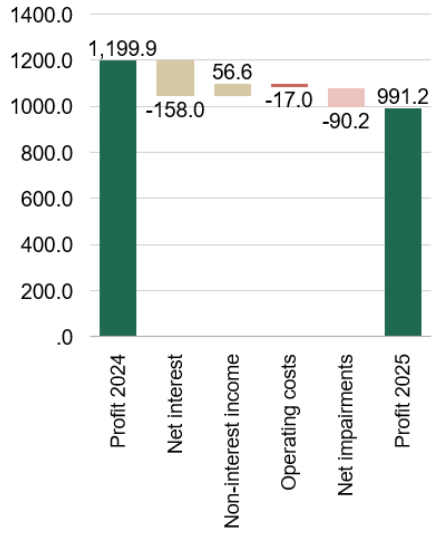
Profitability

Last year profitability in the banking system was lower than in the two preceding years, but nevertheless remained above its long-term average. Pre-tax profit amounted to EUR 991.2 million last year, down 17.4% on the previous year, but remained significantly above the levels seen before the period of interest rate rises. The decline in profit was attributable to a decline in income and an increase in net impairments and provisions (see Figure 2.3, left). Given the uncertain economic outlook and the reclassification of certain firms as higher-risk, net impairments and provisions last year were up EUR 90 million on the previous year at EUR 161 million. Their ratio to the balance sheet total increased by 4.3 percentage points to 7.4% in 2025. Despite this

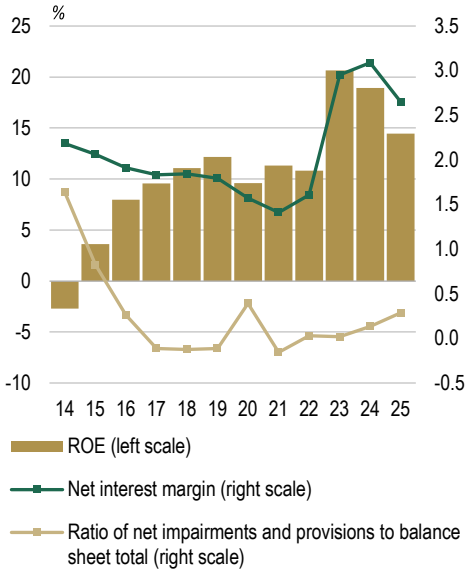
increase, this figure was still relatively low in historical terms.[67] The ratio of net impairments and provisions to the balance sheet total was last slightly higher in 2020, the first year of the pandemic. The banks maintained extremely low net impairments and provisions in previous years. The latter only began to increase towards the end of last year, when the share of non-performing claims increased. A decline in profit and a simultaneous increase in regulatory capital saw pre-tax ROE decline to 14.4% at system level last year (see Figure 2.3, right), down 5.5 percentage points on the previous year. Despite last year's decline, ever since 2023 pre-tax ROE at system level has markedly exceeded the average of the years immediately before the interest rate rises and also its long-term average.[68] Profit in the early part of 2026 is down on the same period last year, primarily as a result of a slight decline in non-interest income and a rise in costs. While net impairments and provisions are comparable with last year, a decline in the early months of the year usually does not play a significant role in the final result.

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

Impact on pre-tax profit from changes in components (EUR million)



Selected bank performance indicators



Note: The June figures for net interest margin and net impairments and provisions are measured over the preceding 12 months.
Source: Banka Slovenije.

The conditions for generating profit will be more difficult and uncertain this year. Although the expectation is for stable income generation, the amount of profit might be reduced, in particular by higher net impairments and provisions, in the event of a persistent energy crisis and a deterioration in the international and domestic economic environment. The financial markets' expectations with regard to actions taken by central banks amid increased inflationary pressures point to a rise in interest rates on assets, and higher yields on the bond markets. Meanwhile domestic banks' funding, where sight deposits are prevalent, could remain very cheap amid a similar interest rate policy at banks and in the wake of the recent rise in interest rates. The shift in interest rates to a higher level has mainly been reflected on the asset side in recent

[67] In the pandemic year of 2020 net impairments and provisions accounted for 12.5% of the disposal of gross income, while the average over the years of 2022 to 2024 stood at just 1.6%. Over the last decade the banks have on several occasions recorded net releases of impairments and provisions, but the long-term average over three decades, excluding certain outlying above-average years and the years of net release, is 19.3%.

[68] Profitability at system level has fluctuated around 10% over the long term. It averaged 10.4% between 2016 and 2022, and 18% between 2023 and 2025, while the long-term average between 1996 and 2025, excluding the two years before and one year during the recovery and resolution of the banking system in 2013, stood at 10.0%.

years. The banks would have to devote more attention to interest rates on deposits, as these constitute their most important source of funding, and encourage long-term stable saving by households. Conversely, in the event of a deterioration in the economic situation, the decline in demand and the need for greater caution might cause the banks to reduce lending and to focus more on lower-risk, lower-yielding assets. Alongside the increase in net impairments and provisions, this would further reduce their profitability.

By the third quarter there had been no sign of an increase in net impairments in EU Member States. The Slovenian banking system was one of the lowest ranked in terms of net impairments.[69] The low net impairments were still a factor in the high bank profitability, in Slovenia and in other EU Member States alike. Slovenia is expected to have seen an increase by the end of 2025, with individual bank balance sheets showing an increase in net impairments, particularly in the final quarter. Asset quality at banks in Slovenia and both wider zones is forecast to deteriorate this year. The war and crisis in the Middle East means that last year's rising trade tensions, the lower economic growth, the disruptions to supply chains and the deterioration in the conditions for manufacturing firms and export-oriented firms have been joined by increased inflationary pressures driven by the energy crisis. Any rises in interest rates will also raise the cost of financing at the same time. All of this could have a further adverse impact on firms' competitiveness and the quality of their portfolios, and drive an increase in net impairments at banks.

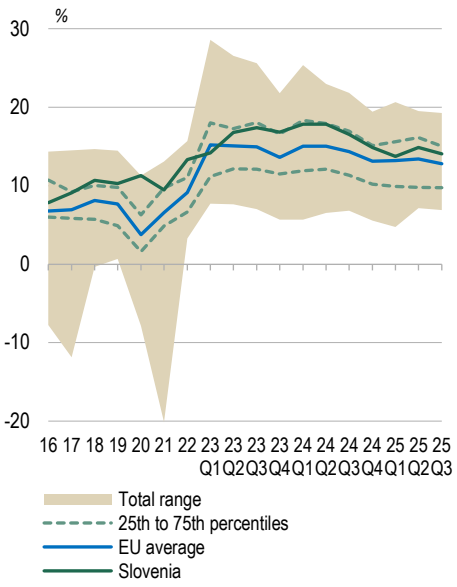
Bank profitability in Slovenia also outperformed the EU and euro area averages over the first three quarters of last year. It declined as expected with the fall in interest rates, but not significantly (see Figure 2.4, left). The gap between Slovenia and the averages in the two zones narrowed slightly. ROE[70] in the Slovenian banking system stood at 14.1% over the first three quarters of last year (compared with 14.9% in 2024), and thus exceeded the average figures for the EU (12.8%) and the euro area (11.9%). ROE after tax in Slovenia still strongly outperformed (by approximately a half) the values in the two zones, which stood at less than 10% over the period in question. Slovenia's gap with the EU average narrowed slightly last year (see Figure 2.4, right), taking it out of the top quartile of countries with the highest rates, where it had been ranked since the second quarter of 2023.

[69] Comparison with EU and euro area countries in terms of the ratio of impairments of financial assets to the balance sheet total. Impairments of financial assets not measured at fair value, which account for the largest component of impairments, for which consolidated, internationally comparable quarterly data to the third quarter of 2025 is available, having been annualised. At the end of the third quarter this indicator stood at 0.09% for Slovenia, 0.14% for the EU overall, and 0.12% for the euro area overall (end of 2024: 0.14%, 0.15% and 0.14% respectively). The most recent higher values in this indicator at year end were recorded in 2024, with figures of 0.37% for Slovenia, and 0.48% for each of the other two zones.

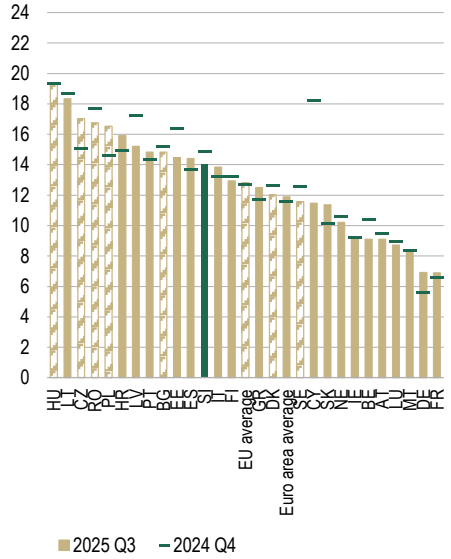
[70] Consolidated bank data at national level (ECB SDW (CBD)), annualised post-tax ROE.

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

Profitability (ROE) after tax in Slovenia and in the EU (consolidated data)



ROE in EU Member States, 2024 and 2025 (consolidated data, post-tax)



Note: Bulgaria was not yet a member of the euro area in 2025, and is therefore treated solely as an EU Member State in the right chart.
Sources: Banka Slovenije, ECB Data Portal, own calculations.

2.2 Liquidity

Q4 25 | Q1 26 ⇨

Despite a deterioration in certain indicators, the resilience of the banking system in the liquidity segment remained high, with a stable outlook. The capacity to cover net liquidity outflows over a short-term stress period and to finance liabilities over a one-year period deteriorated slightly at system level but nevertheless remains high. The banks continued their redirection of free liquid assets into purchases of debt securities, although this trend slowed slightly. While the volume of liquidity remained large, the modified structure is less favourable, in that a pronounced need for liquidity would require the sale of securities. There remain considerable differences in the liquidity surpluses of individual banks. Careful monitoring of market conditions and prudent management of the current good liquidity will remain important to maintaining good liquidity, and thus high resilience at banks.

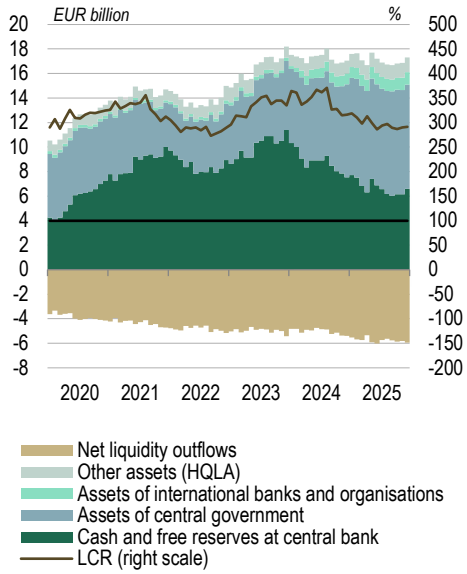
The banking system in 2025, despite a slight deterioration, retained high capacity to cover net liquidity outflows over a one-month stress period. The gradual decline in the liquidity coverage ratio (LCR), mainly seen in the first half of last year, stabilized over the remainder of the year (see Figure 2.5, left). The LCR on an individual basis declined by 25 percentage points, but at 291% remained well above the minimum regulatory requirement (100%). The liquidity surplus amounted to a high EUR 11.4 billion at the end of the year. The decline in the LCR was attributable to an increase in net liquidity outflows,[71] which rose by more than the liquidity buffer, i.e. holdings of high-quality liquid assets (HQLA). Similarly to Slovenia, the LCR also declined in almost all other euro area countries, with Slovenia ranked a high third place in terms of this indicator (see Figure 2.5, right).[72]

[71] Net liquidity outflows are the difference between expected outflows and expected inflows over a 30-day stress period. Inflows are counted as no more than 75% of outflows.

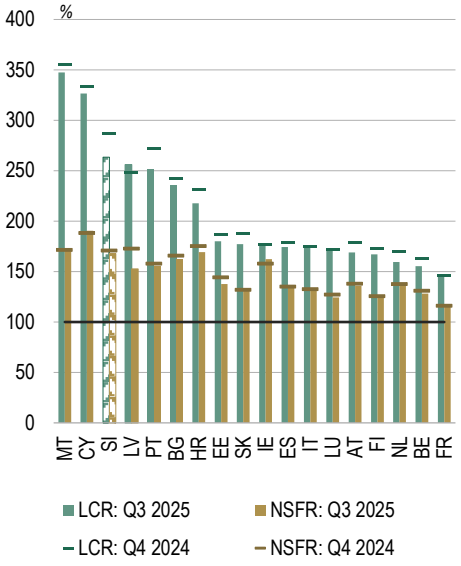
[72] Public data on a consolidated basis for the end of 2024 and the third quarter of 2025 is included in the comparison. Later data was not available at the time of writing.

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

LCR in Slovenia, individual basis



LCR and NSFR in euro area countries



Note: Net liquidity outflows are shown in the negative zone in the left chart for the sake of clarity. The horizontal line in both charts denotes the minimum regulatory requirement (100%). The right chart features public data on a consolidated basis.
Sources: Banka Slovenije, ECB Data Portal.

The change of the structure of the HQLA used by banks to cover net liquidity outflows slowed slightly in the second half of the year. The banks intensively redirected cash and free reserves from accounts at the central bank into purchases of debt securities and loans, particularly in the final quarter of 2024 and the first quarter of 2025. The trend slowed slightly over the remainder of the year, which coincided with the stabilisation of ECB interest rates, where the fall in the interest rate on the deposit facility was the conduit for the change of liquidity structure. Although the banks increased their liquid assets in the final quarter of last year, their total value decreased by just over a tenth across the whole of 2025 at EUR 6.6 billion or 38% of total HQLA. Purchases of government securities increased their holdings of central government assets, which amounted to EUR 8.5 billion in December or almost half of total HQLA.[73] The modified liquidity structure with the prevalence of government debt securities could constitute a less favourable starting position in a situation of pronounced need for immediate liquidity, should the sale of securities be necessary. Increased government borrowing is gradually increasing the risk level of government securities, which is weakening the possibility of their efficient sale in the event of a sudden need for liquidity.

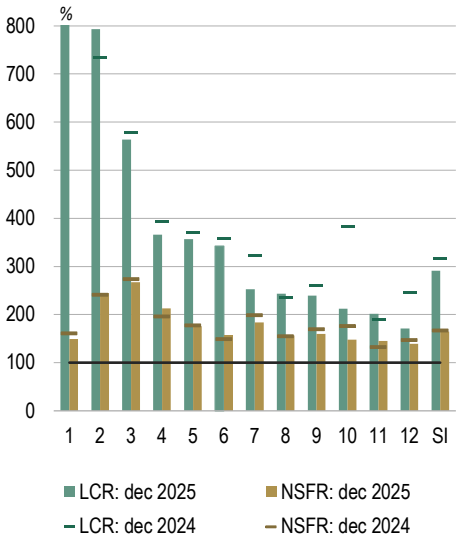
The ability to fund liabilities over a one-year horizon deteriorated slightly at the level of the banking system but nevertheless remained high. Amid growth in loans to the non-banking sector and in securities holdings, required stable funding increased by slightly more than available stable funding, which was mainly strengthened by the inflow of deposits by the non-banking sector. This lowered the net stable funding ratio (NSFR) in the banking system on an individual basis by just over 2 percentage points to 165%, which nevertheless remains significantly above the minimum regulatory requirement (100%). This means that the banking system's available stable funding exceeded its required stable funding for a one-year period by EUR 18.3 billion at the end of 2025. The NSFR similarly declined in most other euro area countries, among whom Slovenia ranks a high fourth in terms of this indicator.[74]

[73] The breakdown of debt securities is illustrated in Figure 6.16 in the appendix.

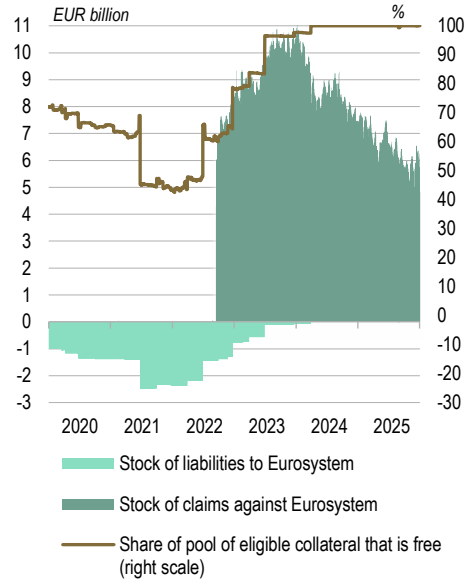
[74] Public data on a consolidated basis for the end of 2024 and the third quarter of 2025 is included in the comparison. Later data was not available at the time of writing.

Figure 2.6: **LCR and NSFR at individual banks, and stock of claims and liabilities vis-à-vis the Eurosystem**

LCR and NSFR at banks, individual basis



Liabilities and claims vis-à-vis the Eurosystem, and share of the pool of eligible collateral that is free



Note: The horizontal line in the left chart denotes the minimum requirement for the LCR and the NSFR under the CRR (100%). For the sake of transparency, one of the banks is not fully illustrated in the left chart: its LCR stood at 4,181% in December 2024, and 4,494% in December 2025.
Source: Banka Slovenije.

All the banks exceeded the minimum regulatory requirements for LCR and NSFR, but there nevertheless remains significant differences in their liquidity surpluses. As a result of changes in liquidity structure, the LCR declined at two-thirds of the banks, but only at one bank was the value less than double the minimum regulatory requirement at the end of the year (see Figure 2.6, left). The NSFR declined at more than half of the banks, with two-thirds holding at least 50% more available funding than would be needed to fund liabilities over the next one-year period. The banks therefore maintained high resilience to funding risk in 2025, but careful liquidity management nevertheless remains important to maintaining high resilience in the future.

The pool of eligible collateral for Eurosystem operations remained free, and its stock increased slightly. It amounted to EUR 2.5 billion at the end of 2025, up 7% on the previous year. For now the banks have no need of additional liquidity, and so the pool remained totally free (see Figure 2.6, right). In the event of major liquidity needs, the banks could mobilise into the pool a further EUR 11.3 billion of eligible collateral currently held on their own balance sheets. The stabilisation of interest rates somewhat halted the decline in the stock of overnight placements with the Eurosystem, particularly in the second half of last year. The stock averaged EUR 6.5 billion last year, down almost a third on 2023, when interest rates on the deposit facility were still rising, and the banks were strengthening their claims against the Eurosystem.

3 Households and Non-Financial Corporations

3.1 Households

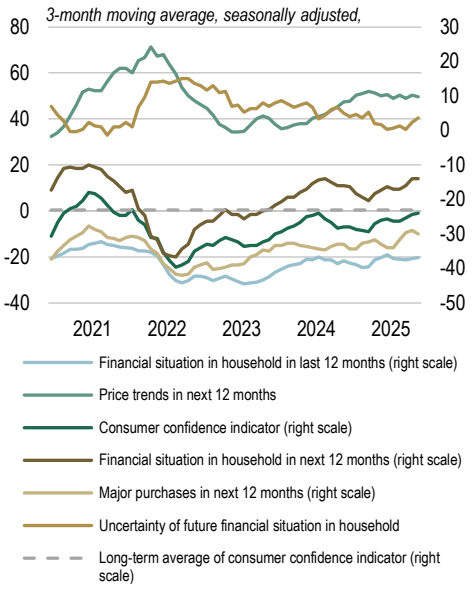
The financial position of households remained stable in the second half of 2025. Consumer confidence in Slovenia improved slightly towards the end of 2025, as did expectations regarding the economic and financial situation. Following a long period of high growth in consumer loans, growth in housing loans is also strengthening, but Slovenian households remain less indebted than households in the euro area overall. The uncertainties in the international environment, which are already being reflected in developments in energy prices, pose a risk to household purchasing power and confidence.

Consumer confidence and household financial assets

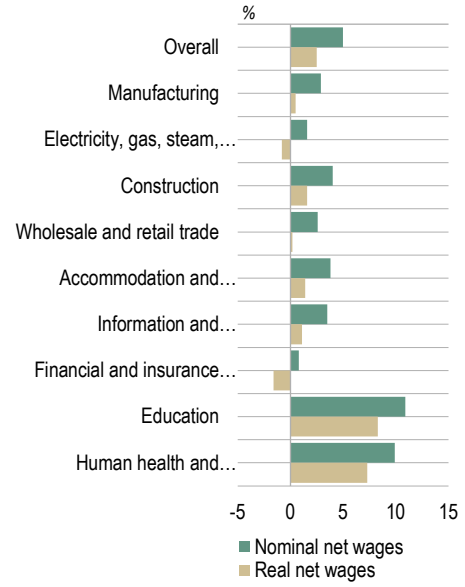
Consumer confidence in Slovenia improved slightly towards the end of 2025, as did expectations regarding the economic and financial situation. The consumer confidence indicator gradually improved over the second half of 2025, and in November reached its highest level since the end of 2024 (see Figure 3.1, left), driven by the improvement in the expectations surrounding the economic situation in the country, the future financial situation of households and the timing of major purchases over the next 12 months. Net wages in December 2025 were up 5% on December 2024 in nominal terms, and 2.5% in real terms. Nominal year-on-year wage growth was present in December in all sectors, most notably in mostly public services (education, and human health and social work activities; see Figure 3.1, right). The highest wages were paid in electricity, gas, steam and air conditioning supply, while the lowest wages were recorded by accommodation and food service activities and by administrative and support service activities.

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

Consumer confidence indicators



Nominal and real year-on-year wage growth in December 2025 by economic sector



Source: SORS.

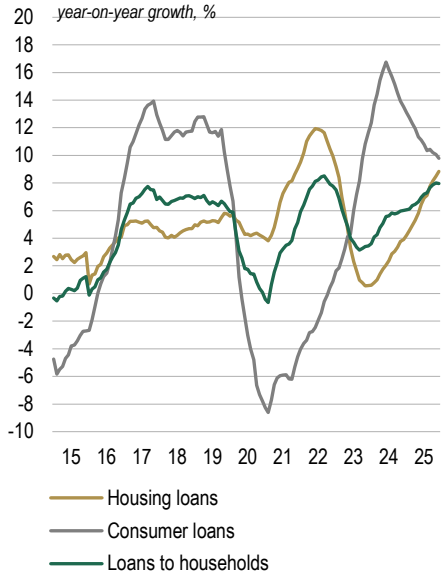
The breakdown of financial assets was stable last year, and broadly unchanged from previous years. The ratio of Slovenian households' financial assets to GDP at the end of the third quarter of 2025 was up on the end of the previous year, but at 133.7% remained significantly below the figure for the euro area overall. Household financial assets amounted to EUR 93.6 billion in the final quarter of 2025, up EUR 7.4 billion over the preceding 12 months (see Figure 6.17, left, in the appendix). The share accounted for by deposits and shares increased slightly in the final quarter. Compared with the euro area overall, in the breakdown of their financial assets households in Slovenia continue to hold a higher share of currency and deposits, which account for almost half, and a higher share of equity. Households in the euro area overall hold more assets in the form of life and pension insurance, shares, and bonds.

Household indebtedness and housing cost burden

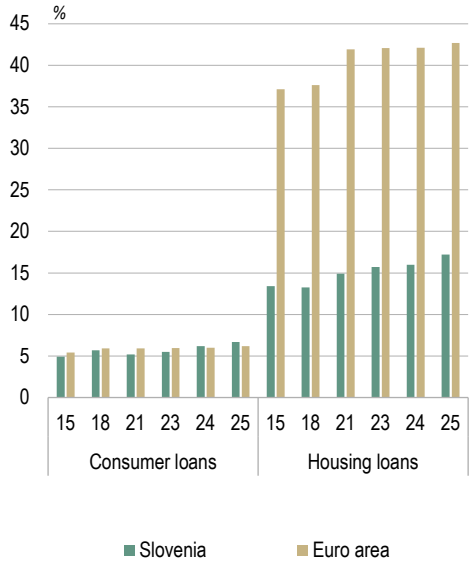
The indebtedness of households in Slovenia is lower than in the euro area overall. Household financial liabilities amounted to EUR 19.8 billion in the final quarter of 2025, up EUR 1.3 billion in year-on-year terms. The ratio of household financial liabilities to GDP stood at 28.2% in the third quarter of 2025, almost half less than the figure in the euro area overall (57.8%). Households held the majority of their loans in the second half of the year with domestic financial corporations, primarily banks, with smaller holdings at other domestic intermediaries, non-financial corporations and non-residents. The debt structure remains stable, which is contributing to the favourable assessment of credit risk in the household portfolio.

Figure 3.2: **Household indebtedness**

Growth in housing loans and consumer loans



Ratio of household loan stock to GDP



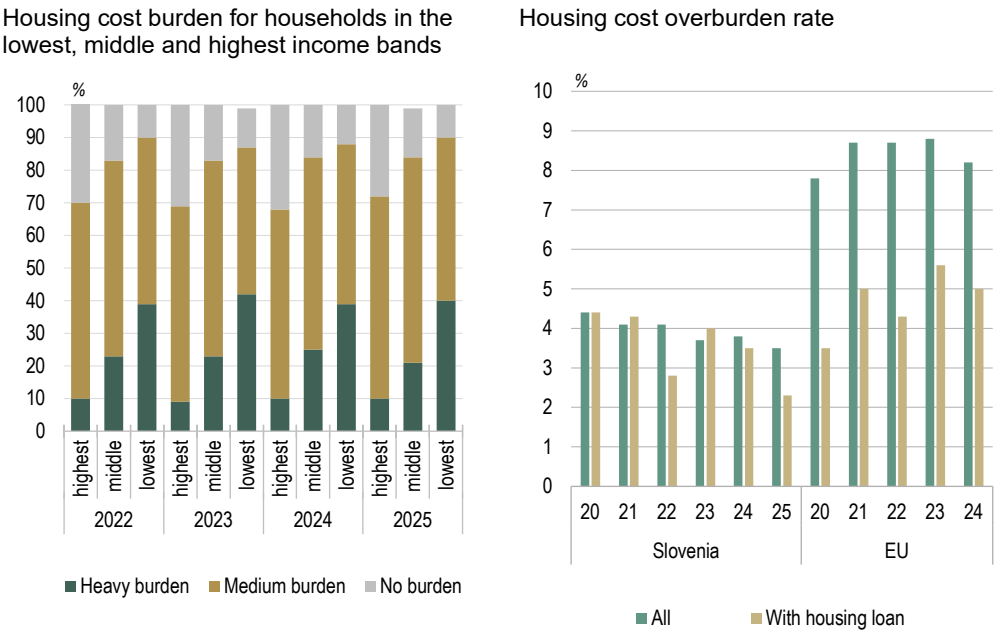
Source: ECB Data Portal, Banka Slovenije.

Household lending at Slovenian banks strengthened further in the second half of 2025. The growth in household lending since the beginning of the year was driven by consumer loans and housing loans alike, the rate hitting 8% by December. Year-on-year growth in consumer loans is gradually slowing, but still stood at a high 9.8% in December, while growth in housing loans is strengthening and reached 8.8% in December (see Figure 3.2, left). The ratio of housing loans to GDP in Slovenia remains well below the euro area average (see Figure 3.2, right). The ratio of consumer loans

to GDP has increased over the last three years, and in 2025 was again above the euro area average.

According to the EU-SILC survey, the number of households who felt their housing cost burden to be heavy was highest in the lowest income band (see Figure 3.3, left). The share of such households in 2025 (40%) was up slightly on 2024 (39%), but down on 2023 (42%). The housing cost overburden rate (the share of households whose housing costs exceed 40% of their disposable income) stood at 2.3%, and nevertheless remains one of the lowest figures in the EU (see Figure 3.3, right). The low figure is also related to the relatively low level of household indebtedness in Slovenia compared with the EU average. Housing loan repayments are included in housing costs. By contrast, the higher housing cost overburden rate excluding housing loans indicates that low-income households are spending much of their income on housing costs even in the absence of loan obligations. According to the EU-SILC survey, the share of Slovenian households who are in arrears with loan repayments declined in 2025 compared with previous years, and remains below the EU average (see Figure 6.17, right, in the appendix).

Figure 3.3: **Housing cost burden and housing cost overburden rate**



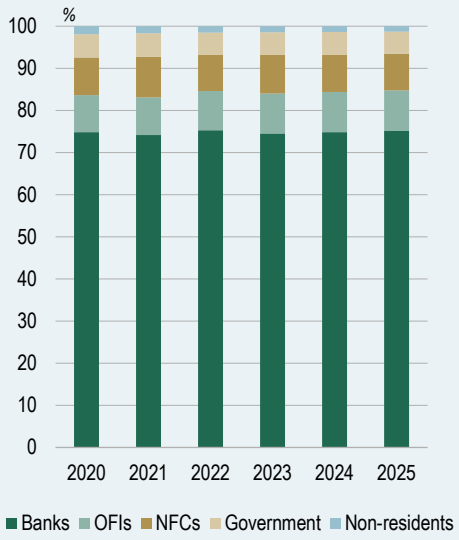
Note: Housing costs in the left chart include all costs associated with housing (any housing loans or mortgage loans, rents, insurance, costs for electricity, water, gas, heating, etc.), and households are classified into five quintiles with regard to net disposable income per equivalent person living in the household. The first quintile consists of persons living in households with the lowest equivalent income, while the fifth quintile contains persons living in households with the highest equivalent income. The figure illustrates the first, third and fifth quintiles. In the right chart households that are overburdened by housing costs in the EU-SILC survey are defined as those households whose housing costs exceed 40% of their disposable income. The data for the EU for 2025 in the right chart was not yet available at the time of writing.
Source: ECB Data Portal, SORS.

Box 4: **Household borrowing**

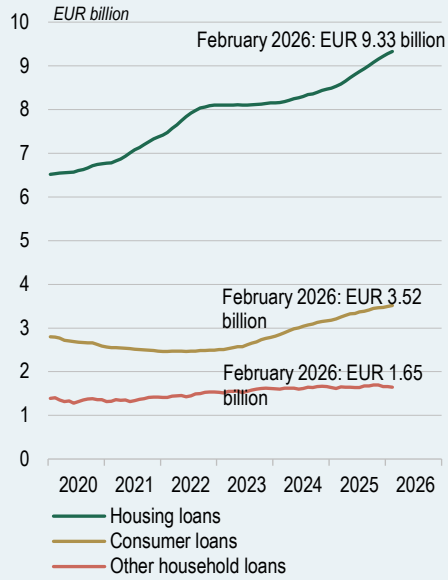
Households in Slovenia borrow primarily from the banking sector. This borrowing accounted for 75.3% of households' total debt at the end of last year, while non-bank financial institutions accounted for 9.6% of their debt. These ratios have remained relatively stable over the last 10 years. The remainder of this box provides detailed analysis of borrowing via products that are not traditional bank loans, but act as substitutes.

Figure 3.4: **Breakdown of household debt and overview of bank loans**

Breakdown of household debt by institutional sector



Household loans



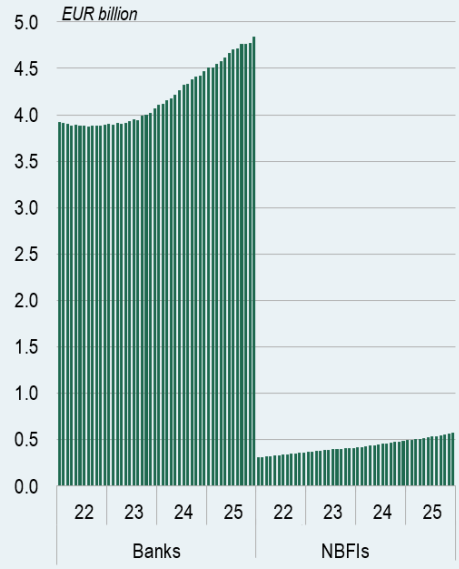
Note: All monetary financial institutions are included under banks in the left chart.
Source: Banka Slovenije.

The main alternative forms of financing are credit facilities[75] **and leasing.** This products are offered by banks and by non-bank financial institutions (NBFIs). Although banks are the main source of financing, NBFIs represent an important alternative, who over the years have tracked the trends in demand for loans, providing a stable source of financing for certain segments of the household sector (see Figure 3.5). The structure of the banking product range differs significantly from the NBFIs' product range. While NBFIs mainly provide households with leasing, banks are mainly offering various credit facilities. Shrinking overdrafts are a particular form of credit facility, whose economic properties make them most like consumer loans, in that the approved amount gradually decreases, and the debtor is required to reduce the exposure in line with the predetermined repayment plan. For now these products account for a minor share of lending, but there are signs of an increase in their stock and their average amounts. Thanks to a simplified approval process, and given that these products do not currently fall under the framework of the macroprudential restrictions, there is a risk of their use as replacement financing to circumvent applicable credit standards. The lower approval standards, the increase in this lending, and the higher interest rates charged by banks raise the question of the potential build-up of risks and a deterioration in credit quality in the future. This segment is therefore being closely monitored and treated as a potential source of regulatory circumvention, and of the risk of excessive household borrowing.

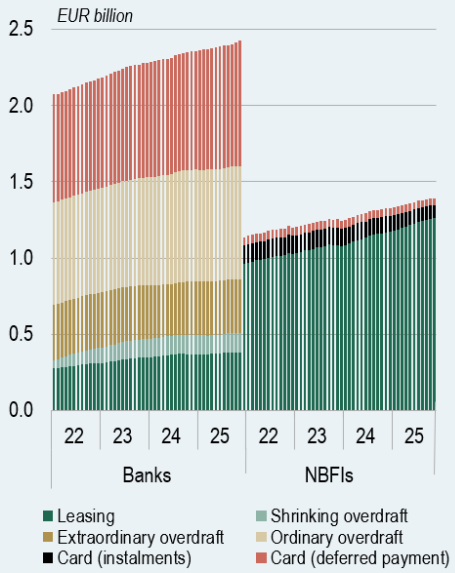
[75] Credit facilities in this case include overdrafts and card facilities, which by their nature are treated differently from traditional loans.

Figure 3.5: **Alternative sources of household financing and comparison with consumer loans**

Change in consumer loans at banks and non-banks



Change in alternative sources of financing at banks and non-banks



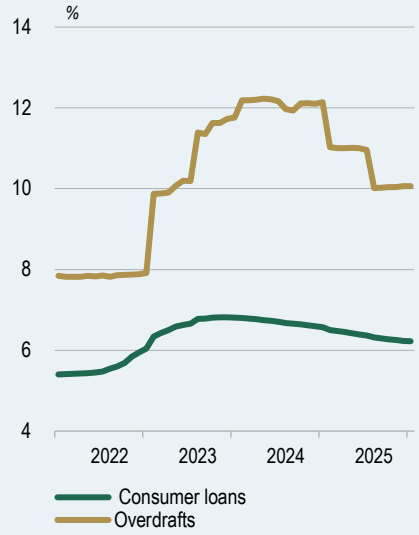
Note: SISBON allows for monitoring of credit facilities solely in the amount of approved sums, which have not necessarily been drawn down.
Source: SISBON.

Given that banks are taking the largest shares of the market for alternative loans, the analysis below examines the terms and prices at which they provide these services. These are then compared with the costs of traditional consumer loans.

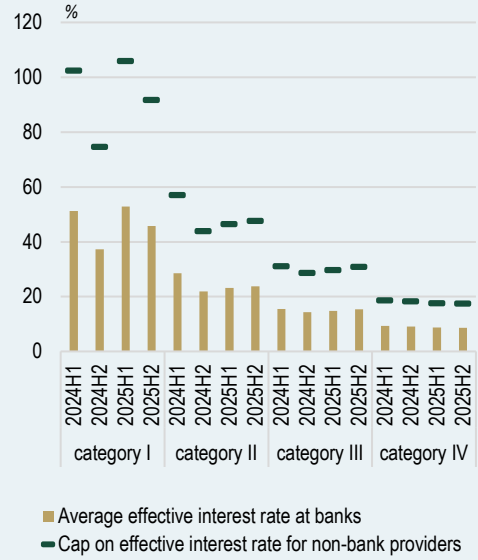
Credit facilities carry higher interest rates than consumer loans, and consequently place a greater cost burden on consumers. Interest rates on overdrafts have ranged between 8.5% and 12.9% over the last four years, compared with a range of 4.5% to 6.9% for consumer loans. Despite the higher price, they nevertheless constitute an alternative form of borrowing for a particular segment of consumers. The main advantage of credit facilities is that they are simple to obtain. They thus constitute a quick and administratively less challenging source of financing, which can provide additional liquidity in the event of unforeseen expenses, or when bridging a gap in irregular income.

Figure 3.6: **Weighted interest rates on overdrafts and interest rates by maturity**

Weighted interest rates on overdrafts and consumer loans at banks



Interest rates on consumer loans of various maturities



Note: The categories in the right chart are as follows: category I: maturity of up to 6 months, amount of up to EUR 1,000; category II: maturity of 6 to 12 months, amount of EUR 1,000 to EUR 2,000; category III: maturity of 12 to 36 months, amount of EUR 2,000 to EUR 4,000; category IV: maturity of 36 months to 10 years, amount of EUR 4,000 to EUR 20,000.
Source: Ministry of the Economy, Tourism and Sport, Banka Slovenije, Banka Slovenije calculations.

Consumers need to be attentive to products that in cost terms deviate sharply from the standard services, and that can carry a high price despite the attraction of fast access to liquidity. When other accompanying costs are added to the ordinary interest, effective interest rates can rise to levels of more than 100%, particularly on short-term credit. The Consumer Credit Act stipulates that the effective interest rate at non-bank providers may amount to no more than double the average effective interest rate at credit institutions published by Banka Slovenije for the relevant category of credit (see Figure 3.6, right). Interest rates that exceed this level do appear at banks (to which the aforementioned restriction does not apply) and at non-bank providers.

3.2 Non-financial corporations

The financial position of NFCs and their access to financing remains favourable. After two years of modest growth, debt financing of NFCs increased sharply in 2025. Loans at domestic banks and at various entities in the rest of the world strengthened in particular. Despite the increase in debt, Slovenian NFCs still rank below the euro area average in terms of most debt indicators. The numbers of bankruptcies and frozen current accounts are continuing to rise. The outbreak of the war in the Middle East has strengthened expectations of a potential earlier rise in central bank interest rates, including at the ECB. In the past NFCs' demand for loans eased during times of rising interest rates, but it might also strengthen in the future on account of the general uncertainty and the geopolitical crisis. The uncertainties in the international environment related to the war in the Middle East might be reflected in lower resilience at NFCs, which could have an adverse impact on financial stability.

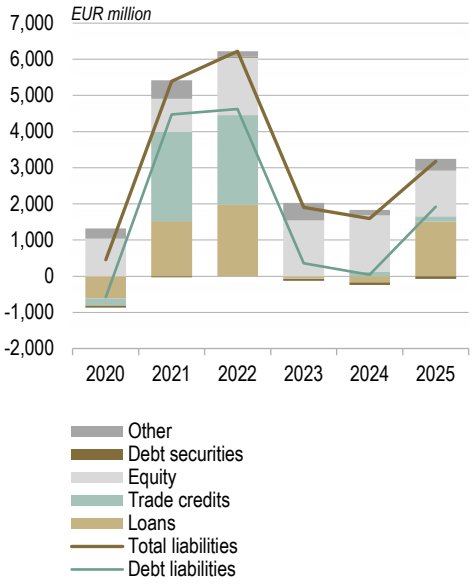
Financing and indebtedness of non-financial corporations

Financing of NFCs via loans increased sharply in 2025. After declining in 2023 and increasing only moderately in 2024, loans to NFCs grew strongly, while trade credits received also increased slightly. The inflow of debt liabilities reached almost EUR 2

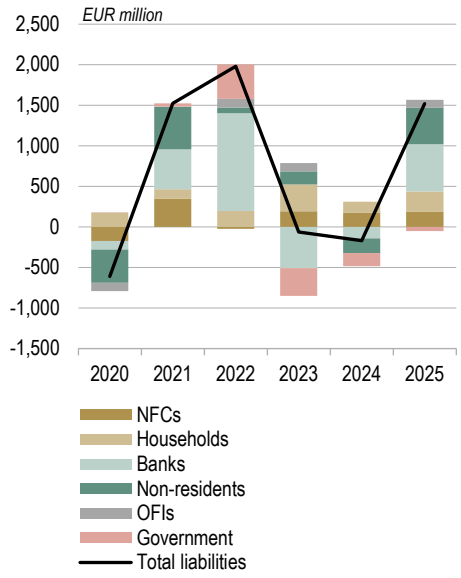
billion in 2025, having been only slightly positive in the previous year. The inflow of equity was smaller than those seen in the three preceding years (see Figure 3.7, left). Financing via loans increased with all creditor sectors in 2025, other than the government sector. There was a sharp increase in loans at domestic banks, and financing via loans from the rest of the world, which had declined in the previous year. There was a considerable increase in loans received from sole traders (captured under the household sector), while financing via loans between Slovenian NFCs also increased slightly (see Figure 3.7, right).

Figure 3.7: **Financing of NFCs**

NFCs' flows of financing by instrument



NFCs' flows of loan financing by creditor sector



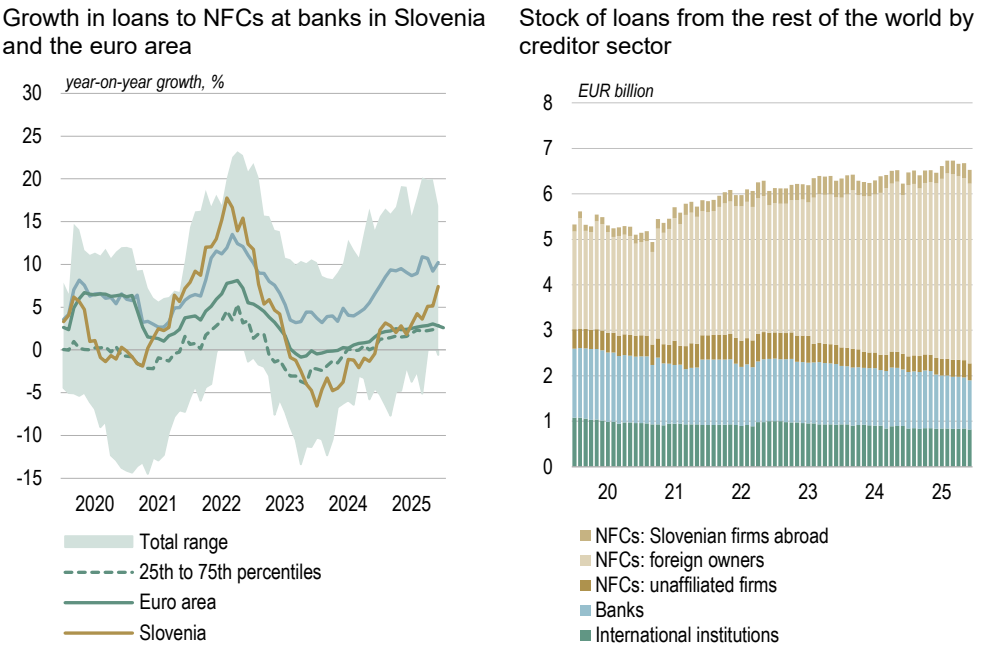
Note: The charts capture all financing of NFCs, irrespective of creditor sector.
Source: Banka Slovenije.

By the end of 2025 growth in loans to NFCs at domestic banks had outpaced the rate in the euro area overall. Year-on-year growth in loans at domestic banks stood at 4.3% in Slovenia, compared with 2.8% in the euro area overall (see Figure 3.8, left). Financing via loans from the rest of the world also increased in 2025, the year-on-year rate reaching 4.5% at the end of the year. Loans to NFCs at domestic banks thus reached EUR 10.6 billion, while loans to NFCs from the rest of the world amounted to around EUR 7 billion (see Figure 3.8, right). Growth in loans from the rest of the world was based primarily on growth in loans at parent undertakings, while financing at unaffiliated undertakings and institutions declined. By the end of 2025 loans received from parent undertakings in the rest of the world accounted for almost 62% of total foreign loans, compared with merely around 42% at the end of 2020. The stock of loans at international institutions and banks in the rest of the world remained low, at almost EUR 2 billion.

The outbreak of the war in the Middle East has strengthened expectations of a potential earlier rise in central bank interest rates, including at the ECB. Rising interest rates could be a major factor reducing demand for bank loans, particularly in light of the uncertainties brought by higher prices of energy and commodities, and the potential slowdown in economic growth. Conversely, owing to the general uncertainty and the geopolitical crisis, particularly if high oil prices persist for some time because

of the adverse geopolitical situation, NFCs' demand for loans might also strengthen in the future on account of potential liquidity difficulties.

Figure 3.8: **Growth in loans to NFCs at banks and loans from the rest of the world by ownership link**



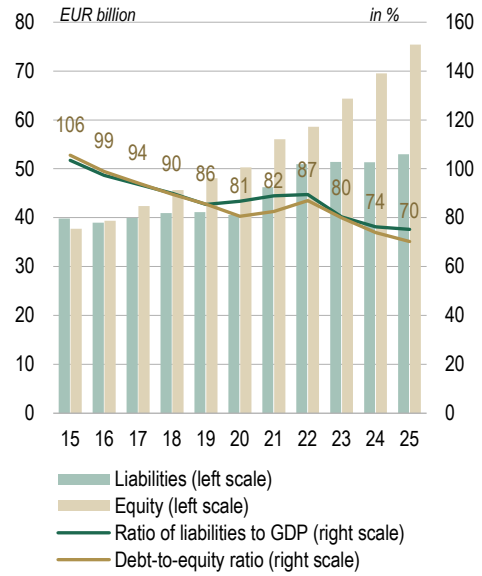
Sources: Banka Slovenije, ECB Data Portal.

The indebtedness of Slovenian NFCs remains low, and most of the indebtedness indicators also remain below the euro area averages. NFCs' debt liabilities had increased to EUR 53.0 billion by the end of 2025, while their liabilities from equity have reached EUR 75.2 billion. After declining in 2023 and 2024, the ratio of NFCs' liabilities to GDP remained almost unchanged in 2025 at 75.2%. Leverage as measured by the debt-to-equity ratio improved further in declining to 70.2% (see Figure 3.9, left). The indebtedness of Slovenian NFCs in terms of leverage is comparable to the euro area average, while their indebtedness in terms of the indicator of the ratio of debt liabilities to GDP is significantly lower than the euro area average. Loans to NFCs amounted to 36.8% of GDP in the final quarter of 2025, and trade credits to 25.3% of GDP (see Figure 3.9, right), compared with figures of 91.0% of GDP and 29.8% of GDP respectively in the euro area overall in the third quarter of 2025.

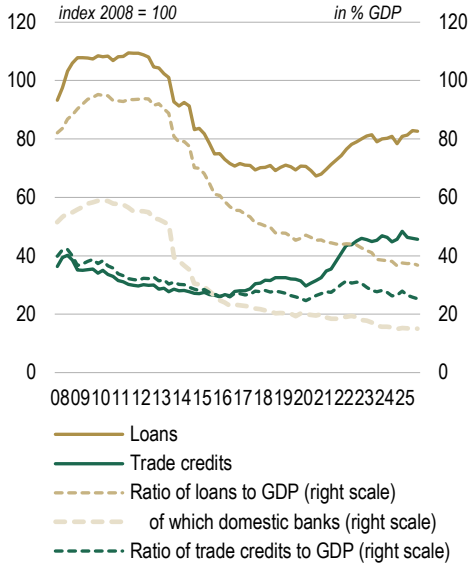
Along the growth in debt liabilities, NFCs' indebtedness as measured by leverage improved primarily as a result of the above-average revaluation of equity. The inflow of equity in 2025 was slightly smaller than in previous periods, but revaluations accounted for fully EUR 4.7 billion of the increase in the stock of equity (see Figure 6.18, right, in the appendix).

Figure 3.9: **NFCs' indebtedness**

NFCs' debt indicators



NFCs' indebtedness via trade credits and loans



Note: The indicators in the left chart include all debt liabilities of NFCs.
Sources: Banka Slovenije, ECB Data Portal.

A survey conducted by Banka Slovenije[76] **has revealed that firms continued to have good access to the majority of financing in 2025.** NFCs assessed the willingness of banks to approve loans in 2025 slightly less favourably than in the previous year, but are optimistic for 2026 and expect an improvement in access to almost all types of financing. Over the next three years NFCs are planning to invest most in machinery and equipment, human resources and digital technology, mostly financing these investments via internal funds and bank loans. Access to financing was assessed by NFCs as one of the least important limiting factors in their business.[77]

Non-financial corporations' financial assets

In parallel with the rise in NFCs' liabilities, their financial assets increased again in 2025. The increase in financial assets was driven by an increase in (the value of) equity, and an increase in currency and deposits, which are reducing the need for external financing of operations and investment. The annual flow of trade credits granted was similar to the previous year (see Figure 3.10, left). NFCs' surplus of total liabilities over financial assets increased further, and so did the associated risks, in that any renewed rise in interest rates will also drive up debt servicing costs, while in the event of a decline in economic activity, debt servicing capacity could also worsen. The key factor in the increase in the overall net negative position was the increase in net equity received, which was mainly driven by above-average revaluations. The net negative position as a ratio to GDP is significantly lower than in the euro area overall, an indication of the lower indebtedness of Slovenian NFCs.

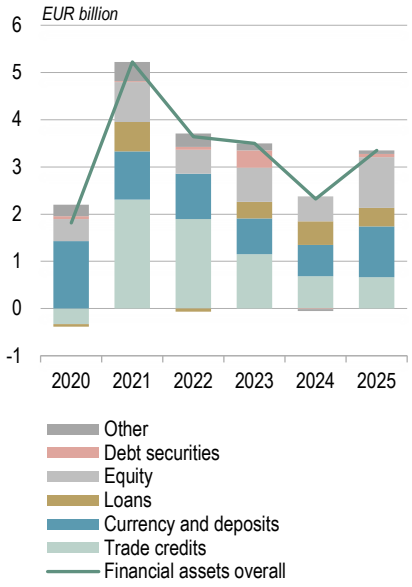
The surplus in trade credits granted over trade credits received by NFCs increased in 2025. Alongside currency and deposits, this is the only segment of financing where NFCs generate a surplus in financial assets over liabilities (see Figure 3.10, right). The surplus in trade credits, which averaged EUR 1.2 billion or 2.7% of GDP between 2013 and 2022, had widened to EUR 2.9 billion or 4.3% of GDP by the end of 2025. More than half of all trade credits granted were issued to the rest of the world,

[76] The survey was conducted before the outbreak of the war in the Middle East.
[77] For more, see the box on access to finance of enterprises.

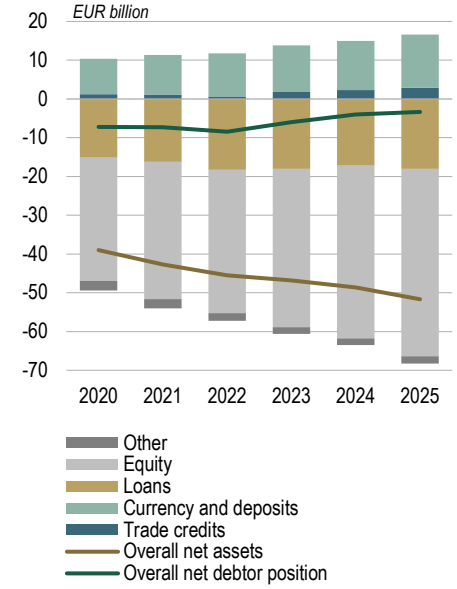
while the majority in Slovenia were issued to NFCs, and only around 5% to households and the government sector.

Figure 3.10: **NFCs' financial assets and net financial position**

Flows in NFCs' financial assets by instrument



Net financial position of NFCs



Source: Banka Slovenije.

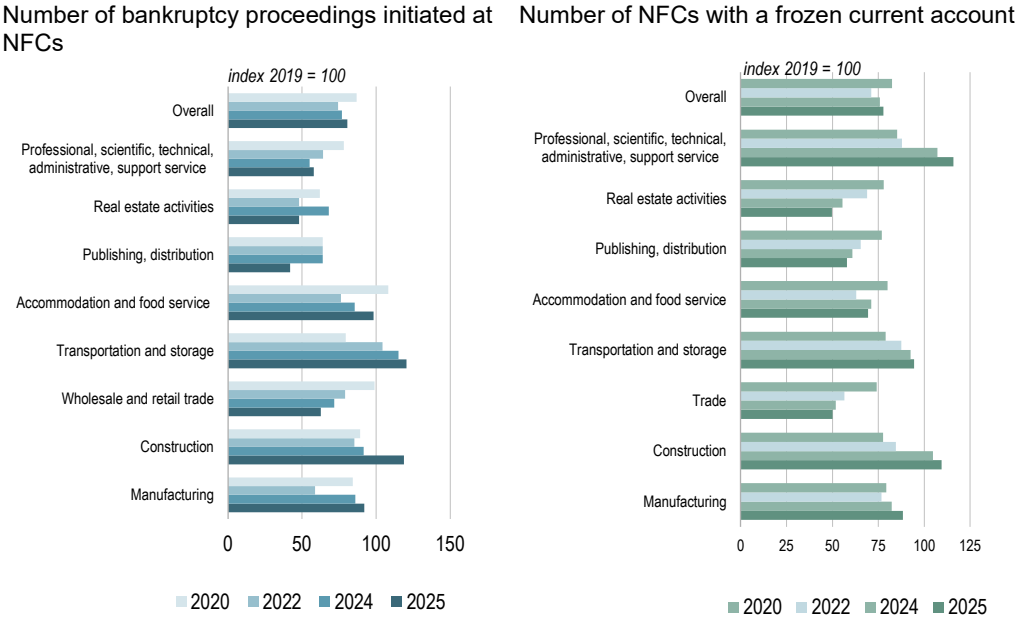
Bankruptcies and current account freezes at NFCs, and their performance during the last energy crisis

The rise in the number of bankruptcy proceedings initiated and current account freezes at NFCs continued in 2025. The number of bankruptcies initiated at NFCs in 2025 was up 4.8%, having increased by 11.8% in 2024. There was a renewed rise in the number of bankruptcies in construction and in transportation and storage, while the rise in the number of bankruptcies in manufacturing slowed slightly (see Figure 3.11, left). The largest rise in the number of bankruptcies was recorded by small enterprises, while the number of bankruptcies at large enterprises remained very small (see Figure 6.19, left, in the appendix). The number of frozen current accounts in 2025 was up 3% on the previous year (compared with a rise of 5.7% in 2024), and was driven mainly by firms in manufacturing, construction, and transportation and storage (see Figure 3.11, right). Amid the rising uncertainty in the international environment, the possibility of additional deteriorations in the future is also increasing.

The uncertainties in the international environment related to the war in the Middle East might be reflected in lower resilience at NFCs, which could have an adverse impact on financial stability. In the past NFCs' demand for loans eased during times of rising interest rates, but demand might also strengthen in the future on account of the general uncertainty and the energy crisis. The financial position of NFCs is otherwise good, although firms who are more exposed to energy prices and the accessibility of commodities might see their demand for loans increase in the future on account of potential liquidity difficulties. Following the outbreak of the war in the Middle East, oil and gas prices have risen sharply owing to disruptions to global supply, which could strengthen price pressures and lead to lower annual economic growth. The increased uncertainty could also have a significant impact in reducing investment activity by NFCs, and thus their demand for investment loans. The resilience of the NFCs sector

has however increased sharply over the last decade, NFCs having deleveraged sharply since the last financial crisis. Government measures to mitigate the energy crisis that is being forecast because of the war in Iran could help to maintain the resilience of Slovenian NFCs.

Figure 3.11: **Bankruptcies and current account freezes at NFCs**



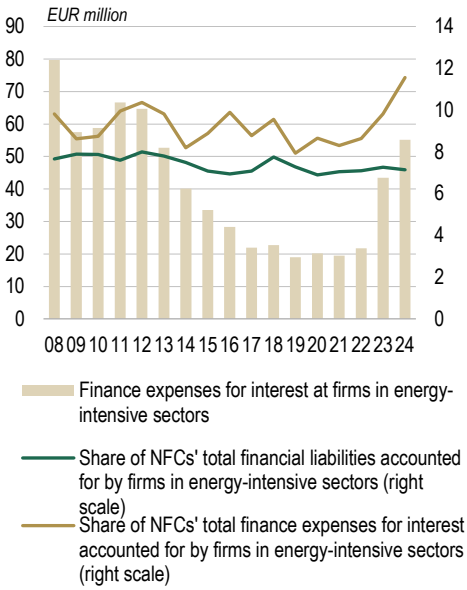
Sources: Supreme Court, Banka Slovenije.

The performance of NFCs, particularly those in energy-intensive sectors, has been hit by the geopolitical crisis. The energy-intensive sectors' importance to the economy is diminishing but remains discernible: they account for 3.5% of GDP.[78] While firms in energy-intensive sectors have accounted for around 7% of NFCs' total financial liabilities over the last decade, the share of NFCs' total interest expenses that they account for increased sharply in 2023 and 2024. Around 40% of NFCs in energy-intensive sectors have held financial liabilities at banks in recent years. This figure has declined since 2008, as has the indebtedness of NFCs as measured by the ratio of liabilities to assets. The number of bankruptcies in these sectors in 2023 and 2024 was higher than in the three preceding years, but is still lower than in the period between 2010 and 2019, when it averaged 21 annually. There were nine bankruptcies in these sectors in 2025. The share of total bank loans to NFCs accounted for by firms in energy-intensive sectors stood at 9.3% at the end of 2025, while the share of total off-balance-sheet exposure to NFCs that they accounted for stood at 3.9%.

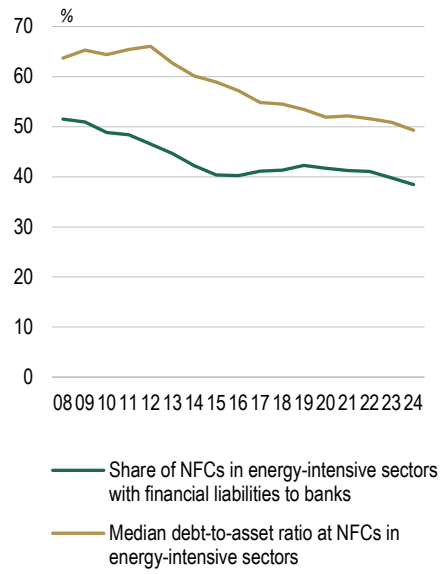
[78] Luka Žakelj (2024): Situation in energy-intensive manufacturing sectors in Slovenia, Short economic and financial analyses, Banka Slovenije.

Figure 3.12: **Financial liabilities of NFCs in energy-intensive sectors**

Financial liabilities of NFCs in energy-intensive sectors



Indebtedness of NFCs in energy-intensive sectors



Notes: Energy-intensive sectors were defined on the basis of a 2024 paper by Luka Žakelj (Situation in energy-intensive manufacturing sectors in Slovenia, released under Banka Slovenije's Short economic and financial analyses), according to which five sectors are classed as energy-intensive sectors: manufacture of paper and paper products (C17), manufacture of basic metals (C24), manufacture of other non-metallic mineral products (C23), manufacture of wood and of products of wood and cork, except furniture (C16) and manufacture of chemicals and chemical products (C20).
Sources: AJPES, Banka Slovenije.

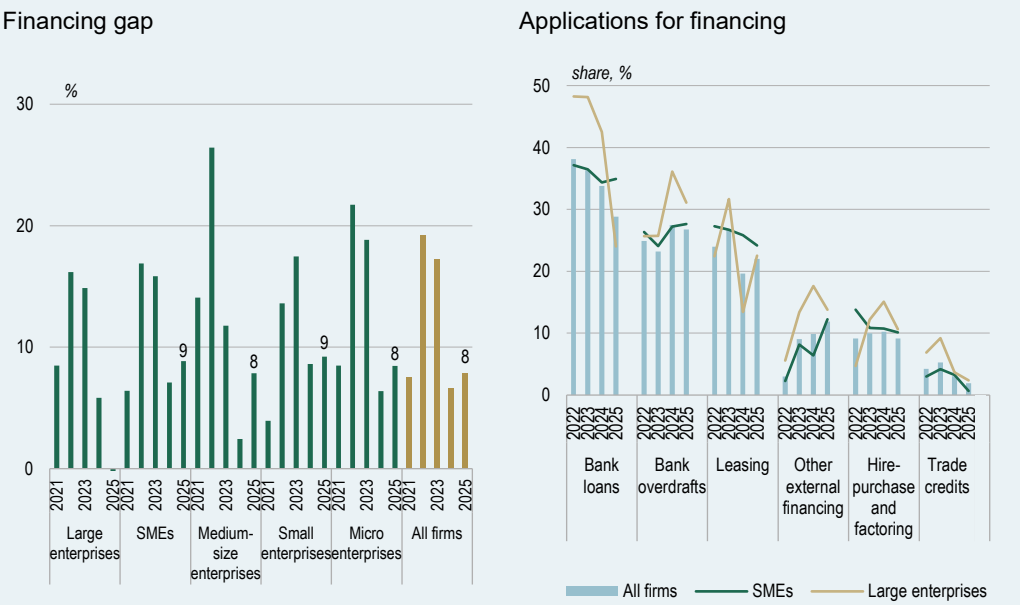
Box 5: **Access to finance of enterprises**

Since 2016, Banka Slovenije and SID banka have been conducting a survey on the access to finance of enterprises, which provides information on how enterprises assess the situation in the area of external financing. Banka Slovenije uses the survey data to complement the information obtained from banks, while SID banka uses the data as an additional information in adapting its activities to the current situation on the market and the gaps in the financial markets.[79]

The results of the survey for 2025 show a stable situation in corporate financing, albeit with major differences between large enterprises and SMEs. The need for external financing has declined compared with the 2020-2022 period. Firms reported the strongest demand for bank loans, leasing and other short-term bank financing,[80] where the needs differ according to corporate size. Given their better access to financing and smaller need for financing, no financing gap was recorded by large enterprises (see Figure 3.13, left). A gap continued to be recorded by SMEs, where the net need for financing remained positive, and access to financing deteriorated. The banks participating in the BLS also report a moderate deterioration in corporate demand for loans.

[79] For more on the survey, see the Statistics section of the Banka Slovenije website (https://www.bsi.si/en/survey-on-the-access-to-finance-of-enterprises). The most recent survey was conducted in December 2025.
[80] Other short-term financing includes bank (current account) overdrafts, credit lines and credit card overdrafts.

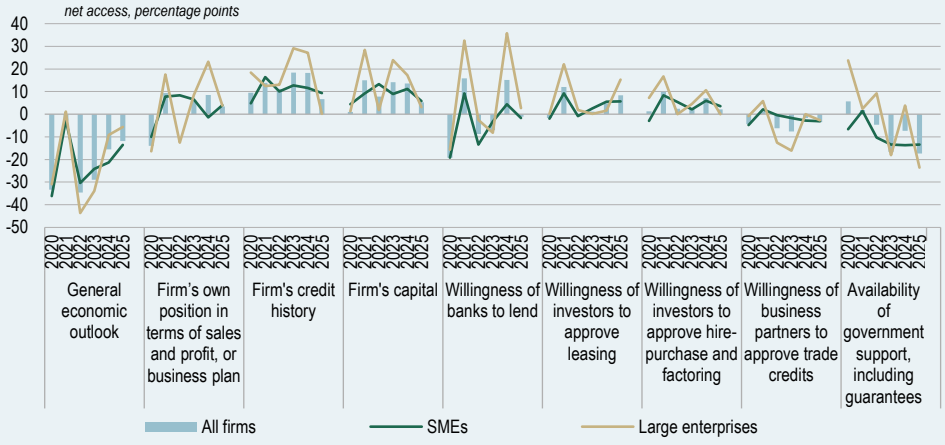
Figure 3.13: **Financing gap and applications for financing**



Notes: The financing gap in the left chart reflects the difference between firms' needs for and access to financing. The gap widens when needs increase and access worsens and narrows when needs decrease and access improves. It takes account of firms that indicated this factor to be relevant. "Bank overdrafts" in the right chart is an abbreviation for "Bank overdrafts, credit lines and credit card overdrafts". "Other external financing" includes external financing not included under the sources cited within the question. It takes account of firms that applied for external financing.
Source: Banka Slovenije survey and calculations. Firms that indicated that external financing is relevant.

The main factors having a positive impact on access to financing were those related to the firm's own performance,[81] **such as profitability, credit rating, and operating result.** Although the situation deteriorated slightly compared with 2024, firms are continuing to emphasise the importance of their own performance in obtaining financing. Firms cite the general economic outlook and the availability of government support, including guarantees, as the main factors worsening access to financing. In contrast to 2024, the lower willingness of banks to approve loans was also a factor worsening access to external financing (see Figure 3.14). However, the banks participating in the BLS did not report any tightening of loan terms and conditions last year.

Figure 3.14: **Factors affecting access to external financing**



Note: Net access is the difference between the "improved" and "worsened" responses.
Source: Banka Slovenije survey. Firms that applied for external financing.

The reduced willingness of banks to lend, as assessed by firms, is closely linked to the tightened financing conditions highlighted in the survey. The majority of

[81] The factors related to performance include the firm's own position in terms of sales and profit, the firm's credit history, and the firm's capital.

firms identified the fall in interest rates, but also observed a rise in other financing costs, large enterprises in particular. Banks[82] however are reporting a slight decline in margins on average loans, while interest rates and other costs only rose on loans to large enterprises. The success rate in obtaining bank financing thus deteriorated. Some 85% of firms who applied for bank loans or overdrafts received at least part of the funds[83] applied for in 2025, compared with a rate of 95% in the previous year.

The majority of enterprises report internal funds as their most widely used source of financing, while bank loans, leasing and equity capital remain the most important external financing instruments. The rise in the use of internal funds came to an end in 2025, reflecting increased uncertainty in the international environment. This trend is indicative of caution on the part of firms owing to the adverse macroeconomic situation, geopolitical uncertainties and worsening conflicts, which have slowed the anticipated pace of the use of internal funds. Enterprises submitted fewer applications for bank loans, thereby continuing the downward trend observed since 2022. The decline was most pronounced among large enterprises, while it was more moderate among SMEs (Figure 3.13, right). The importance of other forms of external financing is growing by contrast, although number of applications for financing of these types remain virtually unchanged.

Firms remain optimistic regarding the availability of financing in 2026, particularly for internal funds and leasing. Expectations regarding the availability of other sources of financing remain broadly neutral, as the share of firms expecting an improvement is equal to the share of those expecting a deterioration. Large enterprises are more optimistic than SMEs with regard to future access to external financing, although their optimism is less pronounced than in 2024.

[82] Banks participating in the BLS.

[83] "Received at least part of the funds" includes all firms that obtained at least part of the funds applied for (1% to 100%).

4 Non-Bank Financial Institutions

4.1 Leasing companies

Q4 25 | Q1 26 ⇨

The risk inherent in leasing companies is assessed as low, with a stable outlook. Last year, leasing companies saw an increase in their new business. In an environment of gradually falling interest rates, interest rates on leasing business with households fell more quickly than interest rates on consumer loans. After declining for three years, the profitability of leasing companies rose again, and there were also increases in their total assets and the total stock of leasing business. Portfolio quality remains favourable, with arrears on leasing business remaining at low levels. Most of the sector is funded either via loans from affiliates within the group, or via loans from banks.

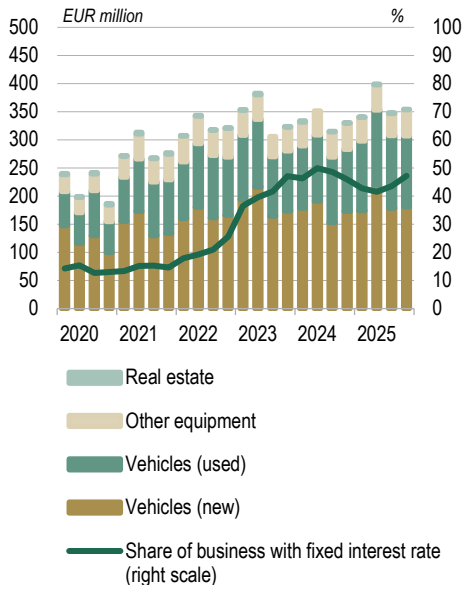
Leasing companies recorder higher volumes of new business last year compared to the previous year. The year-on-year increase stood at 8.4%, while the total volume of new business concluded last year amounted to EUR 1.4 billion (see Figure 4.1, left). Growth in new business at the midpoint of the year outpaced average growth at leasing companies in the countries monitored by Leaseurope,[84] where the rate stood at 2.2% at the midpoint of 2025. In terms of customer segment, households accounted for just over half of the business, with NFCs making up slightly less. The breakdown of new business in terms of the subject of financing remains comparable to previous years. Leasing plays an important role for households, primarily as a form of financing for purchasing cars. For NFCs it represents an important tool for financing cars, and commercial and goods vehicles, while to a lesser extent it is also used for financing production machinery and equipment. New business with a maturity of five to ten years was the most prevalent, followed by business with a maturity of one to five years. The banks entered into EUR 362 million of finance leases last year, comparable to the previous year. The largest volume of finance leases was entered into with households, followed by NFCs.

Interest rates on leasing business continued to decline gradually throughout last year. Fixed-rate business accounted for 47.2% of total new business during the year in terms of number of transactions (see Figure 4.1, left). Interest rates on leasing business with households fell faster than interest rates on consumer loans, although they remain higher than the latter. Interest rates on leasing business were still below those on consumer loans in the first half of 2022 (see Figure 4.1, right). The gradual narrowing of the spread between interest rates on leasing business and on consumer loans has enhanced the competitiveness of leasing, contributing to its growing popularity as a financing option.

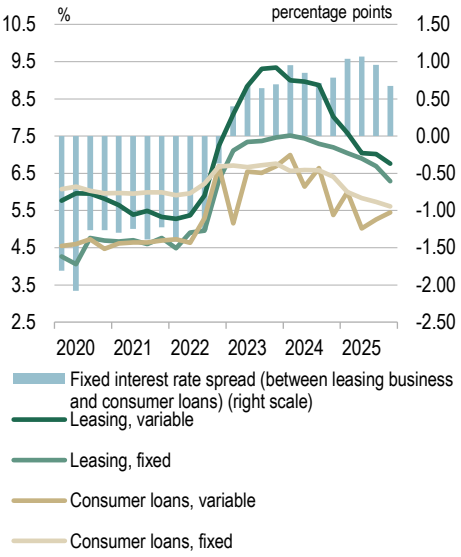
[84] Home | Leaseurope

Figure 4.1: **New leasing business and interest rates on leasing business**

New leasing business by purpose of financing and by type of interest rate



Average interest rates on household lending



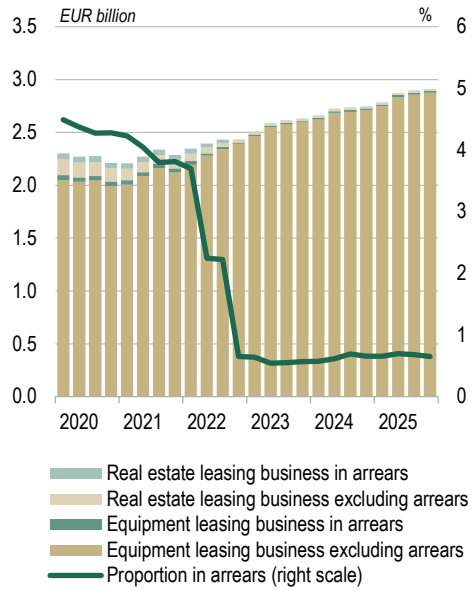
Source: Banka Slovenije.

There was an increase in leasing companies' total assets. They stood at EUR 3.4 billion at the end of the year, up 7.5% in year-on-year terms. The majority of the total assets consists of financial receivables, which are the subject of leasing business. The stock of leasing business increased by 5.9% in 2025 to EUR 2.9 billion at end the year at (see Figure 4.2, left). Households account for the majority of the stock of leasing business (61.1%), followed by NFCs (38.2%). Firms in transportation and storage and in wholesale and retail trade and repair of motor vehicles and motorcycles are prevalent in the latter. Slovenian leasing companies are predominantly engaged in finance leasing.[85] The majority or sole owners of Slovenian leasing companies are banks or financial groups, who also provide the main source their funding.

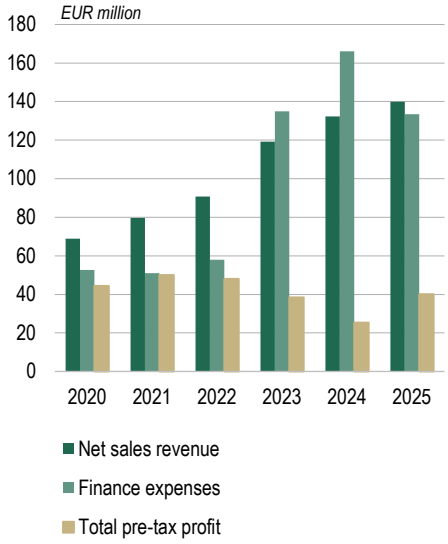
[85] The leasing business of leasing companies includes finance leases (90.0% of business), operating leases (5.6%) and loans (4.3%).

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

Stock of leasing business by purpose of financing, and proportion in arrears



Profitability of leasing companies



Note: The higher proportion of arrears in 2020, 2021 and 2022 was primarily attributable to a concentration of arrears at one of the companies. It was removed from the sample of mandatory reporting entities in 2023, having largely refocused on other activities, with leasing on the Slovenian market no longer constituting a significant part of its business model.
Source: Banka Slovenije.

Leasing companies performed better last year than in the previous year. After three consecutive years of declining profitability, profits began to recover. Total pre-tax profit in 2025 amounted to EUR 40.0 million, up 57.2% in year-on-year terms. The largest factor in the improvement in profitability was a decline in finance expenses from loans (see Figure 4.2, right). The quality of leasing business remains high. The share of arrears exceeding 90 days remained stable and accounted for a low 0.7% of the stock of leasing business at the end of December 2025 (see Figure 4.2, left).

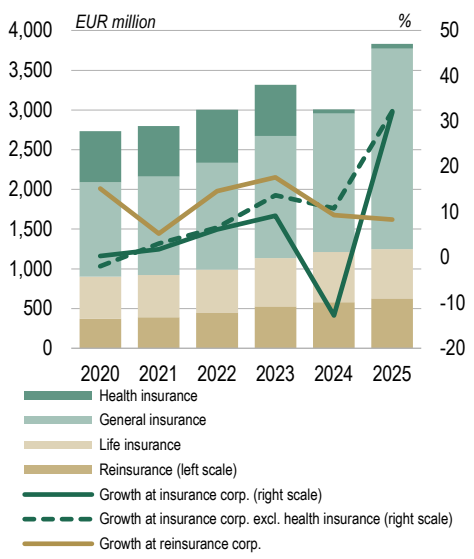
4.2 Insurers

Insurers continued to display the high resilience of the sector last year, with a continuation of high profits and stable performance. Gross written premium and claims both increased in year-on-year terms. Car liability insurance was the prevalent component of the non-life insurance segment, while unit-linked insurance was the largest component in the life insurance segment. Claims ratios at insurance corporations improved notably, and their capital adequacy remains at a high level. The reinsurance corporations also performed well, recording growth in gross written premium and high profits.

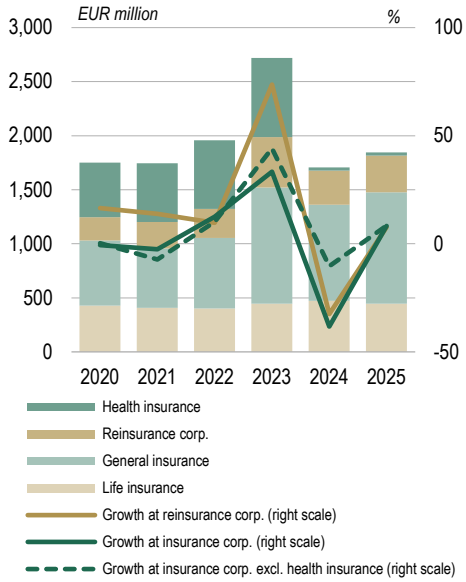
Insurance corporations saw increases in gross written premium and claims paid last year. Insurance corporations generated gross written premium of EUR 3.2 billion last year, up a notable 32.3% on the previous year. The high growth in gross written premium was primarily driven by one of the insurance corporations entering the Italian car insurance market in the second half of 2025, which significantly increased its premium during this period. The reinsurance corporations also saw growth: their gross written premium was up 8% at EUR 627 million (see Figure 4.3, left). Meanwhile insurance corporations saw their gross claims paid last year increase by 8.2% relative to the previous year. Non-life insurance accounted for 68.3% of their claims, and life insurance for 31.7%. The reinsurance corporations saw an increase in claims paid, which increased by 7.7% to EUR 339 million (see Figure 4.3, right).

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

Gross written premium and annual growth by type of insurance



Claims paid and year-on-year growth in claims at insurers

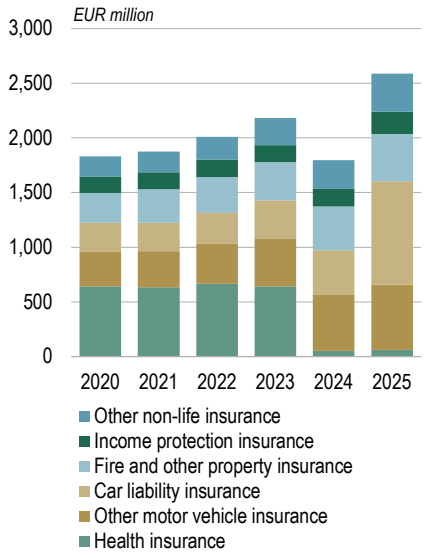


Sources: ISA, Banka Slovenije.

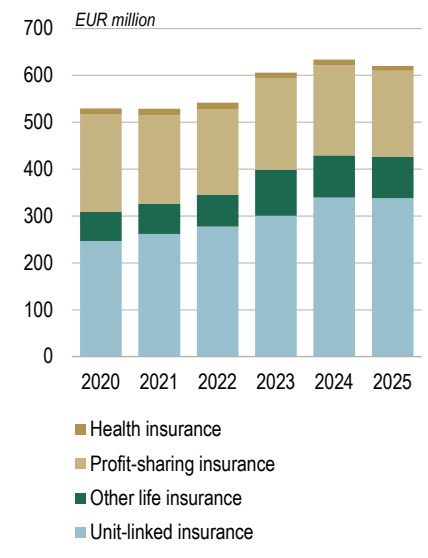
Premium for car liability insurance recorded the highest growth in the non-life segment, while life insurance premium declined slightly. Gross premium for car liability insurance prevailed for the first time in the non-life segment last year, largely due to the previously mentioned entry of one insurer into a foreign market. This was followed by premiums for other motor vehicle insurance, and for fire and other property insurance. The most significant year-on-year growth was thus recorded by car liability insurance (see Figure 4.4, left). There were no major changes in the breakdown of the life insurance segment by individual type, with insurance corporations recording a moderate decline in gross written premium in this segment. Unit-linked insurance remains the largest component in this segment, followed by profit-sharing insurance (see Figure 4.4, right).

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

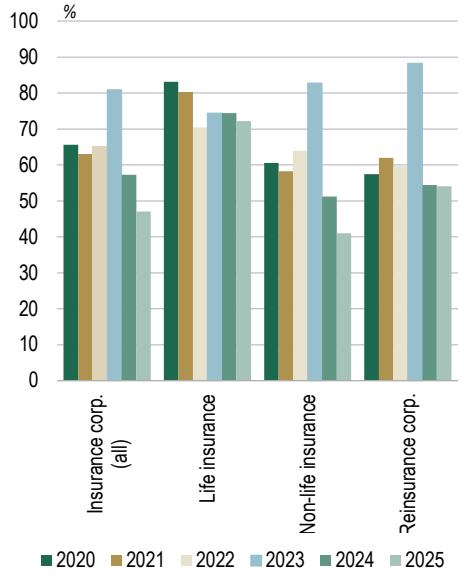


Sources: ISA, Banka Slovenije.

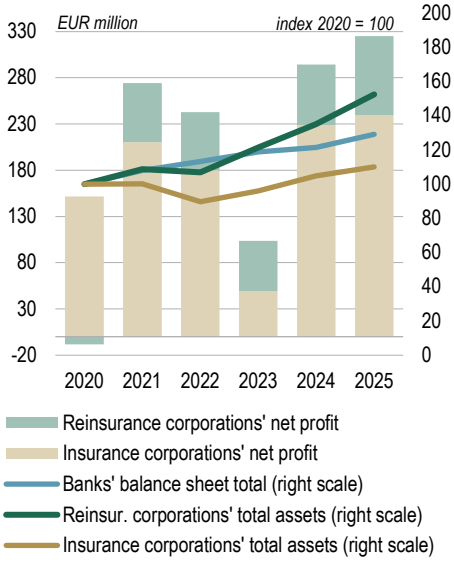
Claims ratios at insurance corporations and reinsurance corporations improved significantly. The claims ratio at insurance corporations declined to 47.0% in 2025, the lowest figure since 2016 (when the data first began to be monitored), which reflects the improvement in the ratio of claims paid to gross written premium. The improvement in the non-life segment's claims ratio was primarily attributable to the pronounced growth in gross written premium, while the claims ratio in the life insurance segment remained at its level of the previous year. The claims ratio at the reinsurance corporations was also down on the previous year, at 54.1% (see Figure 4.5, left).

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

Claims ratio for reinsurance corporations, insurance corporations, and life and non-life segments



Insurers' net profit and total assets



Sources: ISA, Banka Slovenije, own calculations.

The insurance corporations and reinsurance corporations performed well last year, which is reflected in their high growth in profit. Insurance corporations' total profit increased by 5% in 2025. The key factor in this increase was the non-life segment, where profit was up 21.8%, while profit in the life insurance segment declined by 47.5%. The decline in profit in the life insurance segment was primarily attributable to a significant decline in the gains on assets. The reinsurance corporations recorded even higher growth: their profit was up 30.4% (see Figure 4.5, right). Insurance corporations' total assets increased by 6.3% to EUR 8.8 billion, while reinsurance corporations' total assets increased by 12.9% to EUR 1.8 billion. The capital adequacy of insurance corporations in Slovenia remains at a high level. The median SCR coverage ratio stood at 254.5% in December 2025, while the median MCR coverage ratio stood at 666.2%.

4.3 Mutual funds

The financial markets saw pronounced volatility in March of this year, primarily due to the attack on Iran, which caused a deterioration in relations in the Middle East, and increased uncertainty in the region. This development had an impact on stock markets in the region and globally, while energy prices, oil prices in particular, rose on account of concerns over potential disruptions to supply. After a promising start to last year, the financial markets experienced a pronounced correction in March and

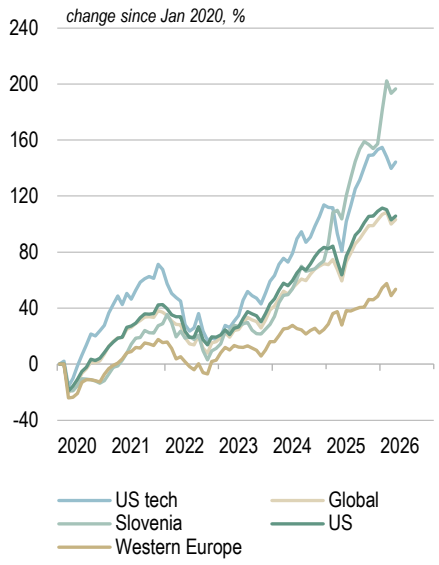
April, largely owing to the US announcements of tariffs on imports from numerous countries, but ended the year with high returns despite the shocks. Last year saw a continuation of the exceptional rise in the SBITOP, before a correction came in March of this year, similarly to international stock markets, driven by the worsening conflict in the Middle East. Last year's high growth had a positive impact on the liquidity of the domestic stock exchange. The domestic mutual funds remains heavily exposed to equities, which was reflected in high outflows in March and April of last year.

Following a stable start to this year, the markets experienced pronounced corrections in March due to the conflict in the Middle East. Similarly, after a good start to last year, the markets faced pronounced corrections in March and April, which were largely attributable to US announcements of new tariffs on imports from several countries. These announcements increased the uncertainty surrounding international trade and global economic growth, leading to substantial declines in global stock markets. Over the remainder of the year an easing of the rhetoric and the beginning of negotiations on tariff policy brought a gradual reduction in risks, and the renewed strengthening of investor confidence. The S&P 500 in the US gained 16.3% in 2025 despite the tariff shocks, while the STOXX Europe 600 rose by 21%. The SBITOP, the domestic share index, saw a rise of fully 50% last year (see Figure 4.6, left).

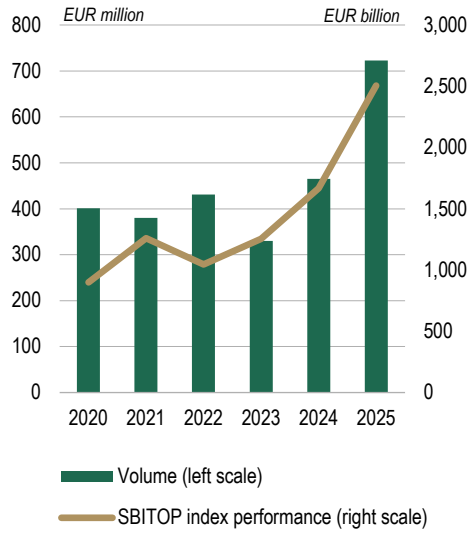
The high growth of the SBITOP continued last year, but a substantial correction occurred in March of this year due to the conflict in the Middle East. Total trading volume on the Ljubljana Stock Exchange, excluding block trades, amounted to EUR 773 million last year, up 55.5% on the previous year. Most of the trading at the LJSE consists of shares, which accounted for 95.0% of total volume, with bonds, structured products and treasury bills making up the remainder. The market capitalisation of the domestic stock market amounted to EUR 56.0 billion at the end of December 2025, up 11.4% in year-on-year terms (see Figure 4.6, right).

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

Changes in selected share indices



Volume and SBITOP index performance (Ljubljana Stock Exchange)



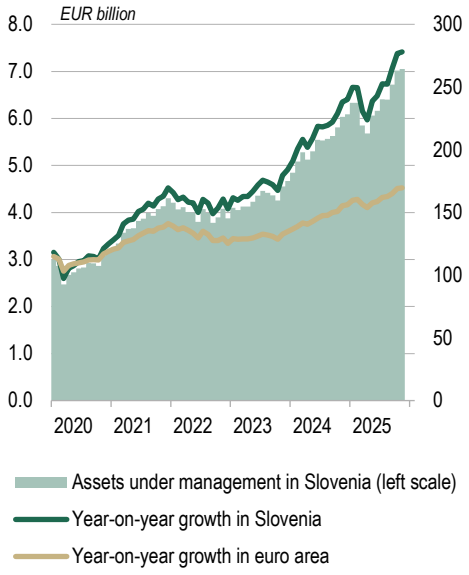
Note: The indices featured in the left chart are the NASDAQ New York for US tech, the S&P 500 for the US, the STOXX Europe 600 for western Europe, and the SBITOP for Slovenia. The chart features data to 14 April 2026. Volume in the right chart excludes block trades.
Sources: Ljubljana Stock Exchange, Banka Slovenije.

Mutual funds saw large gains over the course of 2025. The domestic mutual funds' assets under management stood at EUR 7.3 billion at the end of December 2025, up 15.8% in year-on-year terms. Although assets under management declined in March and April of this year due to stock market corrections, they subsequently recovered. Year-on-year growth in assets under management at the domestic mutual funds continues to significantly outperform the rate at mutual funds in the euro area overall (see Figure 4.7, left). The assets under management of alternative investment funds amounted to EUR 946.2 million at the end of the year, up 11.9% in year-on-year terms.

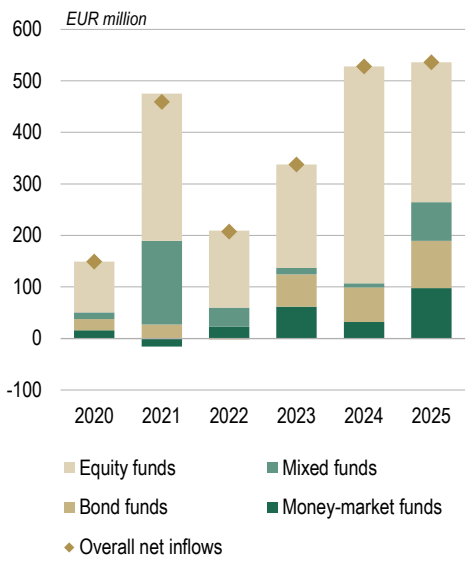
Net inflows into mutual funds at the annual level increased slightly, despite the increased volatility on the markets and the substantial withdrawals in the first half of 2025. Net inflows amounted to EUR 536 million, up 1.5% on the previous year. Net inflows were extremely volatile at the monthly level, in reflection of the increased uncertainty and caution on the part of investors in responding to the situation on the financial markets. Households remain the largest holders of units in the domestic mutual funds, and recorded net inflows of EUR 421 million last year, followed by other financial intermediaries with net inflows of EUR 142.7 million. NFCs recorded net inflows into mutual funds of EUR 22.6 million last year. The largest net inflows last year were into equity funds, which remain the most popular type of mutual fund in Slovenia, accounting for just over half of the total net inflows. Net inflows into equity funds were nevertheless down almost a half on the previous year, with other types of fund attracting inflows. in particular, inflows into money-market funds and bond funds strengthened (see Figure 4.7, right). The domestic mutual funds are most exposed to shares from the US, while their holdings of debt securities are mostly focused on euro area countries.

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

Stock of and growth in mutual funds' assets under management



Net inflows into domestic mutual funds



Note: The left chart does not include money-market funds.
Sources: Banka Slovenije, ECB SDW.

5 Macroprudential Policy for the Banking System and Leasing Companies

Banka Slovenije maintained a preventive and balanced stance in macroprudential policy in 2025, with a focus on maintaining the resilience of the banking system and preventing the build-up of risks. Given that the risks posed primarily by the external and macrofinancial environment are strengthening, it remains vital that the existing macroprudential policy toolkit provides adequate safety valves to protect against potential adverse shocks. Since 1 January 2025 the banks have been meeting a positive neutral countercyclical capital buffer rate of 1.0% and a sectoral buffer rate of 0.5%. Other systemically important institutions (O-SIIs) are additionally required to meet their own capital buffers. In the area of restrictions on household lending we are still using measures to encourage more sustainable borrowing by households.

Purpose of macroprudential policy

Macroprudential policy focuses on identifying, monitoring and restricting systemic risks to financial stability. Its fundamental objective is to strengthen the resilience of the financial system, and to prevent the build-up of risks, thus allowing the financial sector to provide sustained support for economic growth. There is a broad toolkit of macroprudential instruments available in EU Member States, which are tailored to the nature of the risks and the level of resilience in the system. The instruments can be divided into three main groups: 1) liquidity-based measures, 2) capital-based measures and 3) borrower-based measures. The capital-based measures are designed to strengthen the banking system's resilience, the borrower-based measures put minimum credit standards in place and can limit excessive credit growth, thereby reducing risks in the banking system, and the liquidity measures reduce funding risk and increase liquidity resilience. Certain macroprudential instruments are used in standardised form at the EU level, while others are tailored to national specifics (see Table 5.3).

Review of macroeconomic policy across Europe

Discussions are currently underway at the European level about simplifying the regulatory, supervisory and reporting framework for the banking sector, while simultaneously maintaining the resilience of the financial system. In December 2025 the Governing Council of the ECB published the recommendations of the High-Level Task Force on Simplification.[86] The recommendations focus on simplifying the framework, while simultaneously maintaining the resilience of the European banking system. The proposals include simplification of capital buffers by merging the existing buffers into a releasable buffer and a non-releasable buffer, simplification of the leverage ratio framework, and expansion of the simplified prudential regime for small banks. In the area of macroprudential policy the Governing Council of the ECB recommends the automatic reciprocation of macroprudential measures, which would enable the automatic recognition and application of measures in other EU Member States, thereby simplifying the implementation of rules and increasing alignment between Member States. The recommendations also encourage the completion of the banking union and the savings and investment union to reduce national fragmentation and to strengthen

[86] See: Governing Council proposes simplification of EU banking rules.

cross-border integration. The European Commission is completing the *Targeted consultation on the competitiveness of the EU banking sector* in April, and using the responses received will draw up a comprehensive report on the state of the banking system, which is scheduled for release in 2026 and will form part of the strategy of the savings and investment union. The proposals submitted by the ECB, the ESRB and the EBA also touch on macroprudential policy.

Capital buffers are a key instrument in ensuring the long-term resilience of the banking system. Putting them in place during good times creates an adequate capital reserve that can be released when systemically important shocks occur, thus directly supporting the absorption of losses and the maintenance of lending to businesses and households without disruptions. Releasing the buffers during times of difficulty allows banks to mitigate the impact of adverse shocks, and to prevent excessive and sudden contractions in credit activity, thereby reducing the adverse impact on the real sector.

The macroprudential authorities therefore actively use and adjust buffers, whereby capital requirements that take effect on the supply side are sensibly complemented by restrictions on the side of borrowers. This comprehensive approach significantly reduces the risk of a deterioration in the quality of the credit portfolio, strengthens confidence in the stability of the banking system, and increases its capacity to deal with unforeseeable shocks. At euro area level the timely activation and adequate sizing of capital buffers additionally help to reduce tensions between the objectives of financial stability and price stability, and increase the effectiveness of monetary policy transmission.[87]

The positive neutral countercyclical capital buffer rate approach has become established in Europe in recent years, and allows for an earlier and more flexible response to systemic risks. Four countries have opted to raise countercyclical capital buffer rates since October 2025. Like Slovenia, the majority of countries use a positive neutral rate in the form of a targeted rate in a neutral (standardised) risk environment. The positive neutral rate gives precedence to expert judgment over mechanical setting of the buffer rate, and allows for a build-up of capital reserves even when cyclical risks are not yet particularly elevated. The buffer can thus be released effectively during shocks that are not necessarily related to domestic financial imbalances. This approach is now used by 25 European countries, including Slovenia (see Table 5.3).

Of the macroprudential measures restricting borrowing by households, the most common are the caps on LTV and DSTI. Both criteria are also in use in Slovenia (see Table 5.3). The cap on DSTI is used by 20 countries, and sets the maximum amount of the borrower's income that can be earmarked for debt repayment.[88] Meanwhile the cap on LTV is seen in 26 countries, and applies to all consumer loans and housing loans secured by residential real estate. Additional instruments are seen in certain countries, such as the cap on maturity (16), the cap on DTI (5), which limits total indebtedness relative to income, the cap on LSTI (1), which takes account solely of loan repayments and not the individual's total debt, and the cap on LTI (3), which limits the size of the loan relative to the individual's income.

Countries are using various types of systemic risk buffer.[89] General buffers, which apply to all bank exposures and are not limited to a particular sector, are used for example in Austria, Bulgaria, Romania, Finland, Croatia and Sweden. The use of sectoral buffers, which focus on a particular sector, is most common in the real estate market,

[87] See: Mind the gap: credit dynamics in the euro area

[88] Defined as the ratio of the debt servicing amount to the borrower's income.

[89] See: Review of the EU Macroprudential Framework for the Banking Sector - Concept Note

where risks usually build up faster. A buffer of this kind to strengthen the resilience of banks to the risks inherent in the real estate market has also been introduced in Slovenia, while similar arrangements are in place in Belgium, Germany, Lithuania, Malta and Portugal. Some countries are using more targeted buffers, i.e. for precisely determined exposure classes. Slovenia for example uses a buffer for household loans not secured by real estate, while Denmark targets bank exposures to real estate firms. This flexibility allows capital requirements to be targeted more accurately where the risks are largest.

A number of European countries have adjusted their use of the systemic risk buffer since the previous issue of the Financial Stability Review from October 2025. Hungary introduced a new 1% sectoral systemic risk buffer for exposures secured by real estate in Hungary, simultaneously abolishing the previous systemic risk buffer for project loans to commercial real estate projects. Malta held its sectoral systemic risk buffer rate at 1.5%, but expanded its scope to all exposures secured by real estate. Belgium announced the abolition of the sectoral systemic risk buffer for exposures to residential real estate in mid-2026, and in so doing will shift part of the macroprudential tightening to the countercyclical capital buffer. Portugal and Liechtenstein extended the use of their existing sectoral systemic risk buffers for real estate exposures.

In addition to the aforementioned buffers, macroprudential authorities impose further capital requirements on other systemically important institutions (O-SIIs), as their potential failure poses a major risk to financial stability. Each EU Member State identifies these banks once a year, and imposes additional buffers on them with the aim of absorbing losses and strengthening the resilience of the system. According to the EBA's latest list (May 2025, based on data from the end of 2024), there were a total of 175 O-SIIs in the EU, an average of 6.5 per Member State. Last year saw the introduction of a new methodology, which alongside national importance also takes account of the role of banks in the banking union as a whole.[90] The aim of the change is to reduce the differences between countries, and within the banking union to ensure greater unity in capital requirements and to strengthen the financial stability and competitiveness of the banking sector.[91]

Banka Slovenije macroprudential policy

We use macroprudential instruments to actively mitigate key risks in the Slovenian banking system, and to simultaneously strengthen its resilience. There are four macroprudential instruments that currently apply to the Slovenian banking system. The macroprudential restrictions on consumer lending put minimum credit standards in place, and at the same time are pitched at mitigating and preventing excessive credit growth and excessive leverage, thereby reducing credit risk. The buffer for other systemically important institutions (O-SII buffer), the countercyclical capital buffer (CCyB) and the two sectoral systemic risk buffers (SyRB) require a higher level of capital at banks, and thus strengthen the (capital) resilience of the banking system.

[90] The banking union (BU) encompasses all euro area countries, and countries outside the euro area that have entered into close cooperation within the framework of the Single Supervisory Mechanism (SSM). Under the new floor methodology for O-SIIs, the systemic importance of a bank is also assessed from the perspective of the BU as a whole, where cross-border exposures inside the BU are partly treated as domestic. The new methodology has been applied to new notifications as of 1 January 2025, and is being gradually implemented by 1 January 2028 (Governing Council statement on macroprudential policies – the ECB's framework for assessing capital buffers of other systemically important institutions, 12 December 2024).

[91] It was adopted by the Governing Council of the ECB in November 2024. See: Governing Council statement on macroprudential policies.

Table 5.1: **Banka Slovenije macroprudential measures**

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, 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 buffer[2]	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 buffers[4]	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

Source: Banka Slovenije.
[1] A recommendation with regard to LTV and DSTI was introduced in 2016 for housing loans. In 2018 the macroprudential recommendation was extended to consumer loans, to which a cap on maturity also applied alongside the cap on DSTI. The caps on DSTI and maturity became a binding macroprudential instrument in 2019. In response to the Covid-19 pandemic, adjustments were made to the cap on DSTI in 2020, allowing the banks under certain conditions to exclude the temporary loss of income during the pandemic when calculating DSTI. Additional changes to the restrictions on consumer lending entered into force on 1 July 2022. The latest changes to the restrictions on consumer lending entered into force on 1 July 2023.
[2] The methodology for reviewing the criteria for identifying banks as O-SIIs was adopted in 2015. The methodology for determining the O-SII buffer rate was adopted in 2017. The methodology for determining the O-SII buffer rate was modified in 2023.
[3] The measure has been effective as of 1 January 2016. At the end of 2022 Banka Slovenije approved a rise in the countercyclical capital buffer rate from zero to 0.5%, with the banks obliged to meet the requirement as of 31 December 2023. Banks are required to meet a (positive neutral) countercyclical capital buffer rate of 1.0% as of 1 January 2025.
[4] The two sectoral systemic risk buffers were introduced in 2022, and entered into force on 1 January 2023. The systemic risk buffer requirement for all retail exposures to natural persons secured by residential real estate was reduced from 1.0% to 0.5% of the total risk exposure amount in November 2023. The new buffer rate may be applied by banks as of 1 January 2025.

Macroprudential restrictions on consumer lending

The macroprudential restrictions on consumer lending aim to mitigate and prevent excessive credit growth and excessive leverage at households. They set out minimum credit standards for housing loans and consumer loans, and serve as structural safety valves for sustainable household borrowing in all phases of the financial cycle.

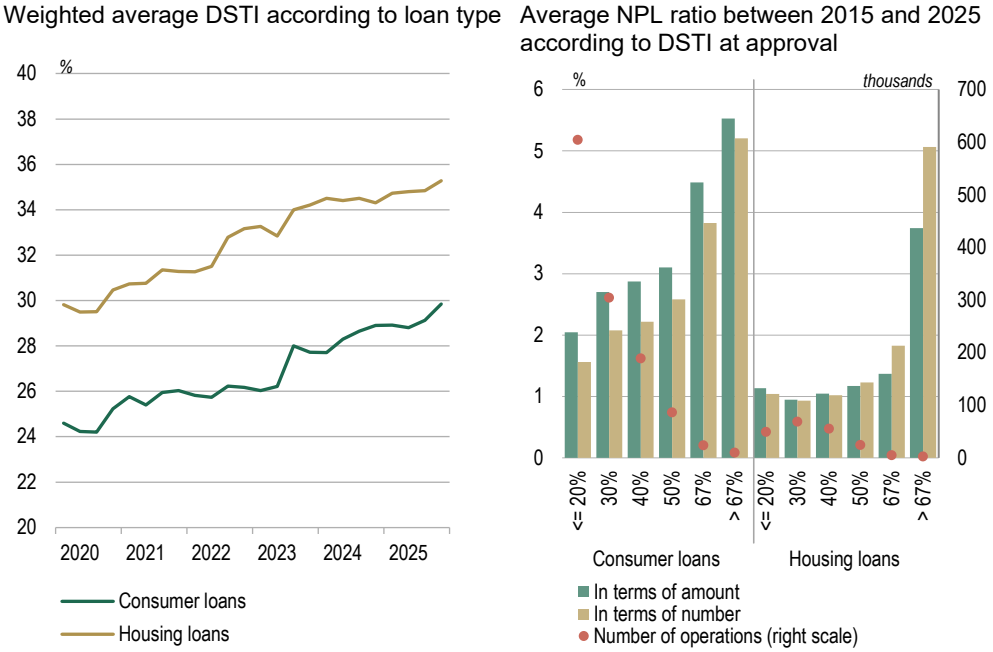
Four macroprudential instruments in the form of borrower-related measures are in use in Slovenia. These are: 1) a cap on DSTI, 2) a cap on LTV, 3) a cap on the maturity of consumer loans, and 4) a cap on the ratio of the bridging loan amount secured by financial instruments to the value of financial instruments used as collateral for the loan (LTC).[92] This section examines the main attributes of consumer loans and housing loans in recent years, and makes an assessment of the suitability of the current calibration of the macroprudential instruments.

Based on the attributes of approved consumer loans, our judgment is that the calibration of the macroprudential instruments remains appropriate. Our assessment is that the risks are increasing slightly: the average DSTI and the average loan amount, particularly for consumer loans, have been increasing in recent years, while the experience of previous years shows that loans with higher DSTIs and higher

[92] For more on the details of and latest adjustments to the macroprudential restrictions on household lending, see Macroprudential restrictions on consumer lending, the November 2024 issue of the Financial Stability Review and the April 2025 issue of the Financial Stability Review.

amounts are more likely to become non-performing. Consumers are spending a growing share of income on debt repayment. The average DSTI nevertheless remains at sustainable levels, while another factor in the decline in risk is that since 2022 fully 95% of consumer loans and housing loans have been approved with a fixed interest rate.

Figure 5.1: **Weighted average DSTI, and average NPL ratio between 2015 and 2025 according to DSTI at approval**



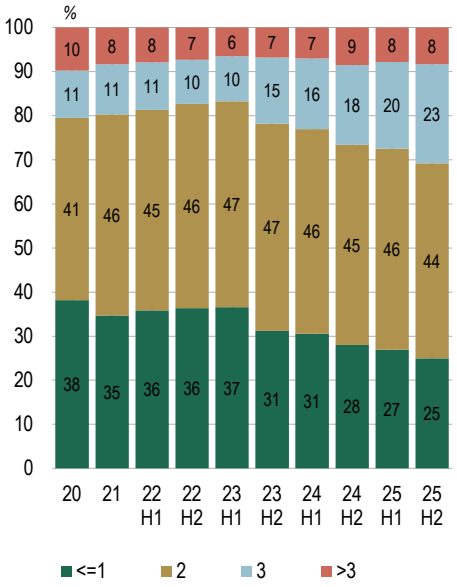
Note: The number of operations is the sum of all non-performing operations in the individual DSTI band between 2015 and 2025.
Source: Banka Slovenije.

The average DSTI increased in 2025. The DSTI was up 0.9 percentage points on the end of the previous year for consumer loans, and up 1.0 percentage points for housing loans (see Figure 5.1, left). Despite the increase the DSTI remains at sustainable levels, with consumers spending an average of 28.8% of their income [93] on consumer loan repayments over the last two years, while consumers spend an average of 34.7% of their income on housing loan repayments. The share of deviations from the cap on DSTI does not exceed the allowed level (see Table 5.2). The distribution of DSTI shows that the share of new loans with a DSTI of between 30% and 50% has increased in recent years for consumer loans and housing loans alike. Loans with a DSTI of between 40% and 50% account for merely around 18% of all new consumer loans, but fully a third of new housing loans. Most consumer loans are still approved with a DSTI of between 20% and 30%, although this share has fallen slightly. Loans with a DSTI of 30% to 40% are prevalent in the housing loans portfolio. Loans with higher DSTIs, consumer loans in particular, became non-performing more often in the past than loans with lower values (see Figure 5.1, right). The average DSTI remains stable for consumer loans, while the DSTI for housing loans declined after 2020, before increasing after mid-2023 (see Figure 5.1, right). The distribution of DTI shows a slight increase in 2025 in the share of consumers with a DTI of between 2 and 3 in the consumer loans portfolio, and in the share of consumers with a DTI of 6 or more in the housing loans portfolio (see Figure 5.2).

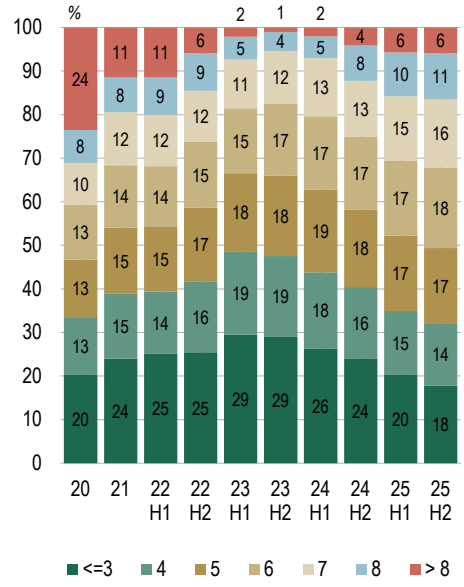
[93] When calculating a consumer's annual income the bank takes account of earnings from all income sources as defined by the Personal Income Tax Act (employment income, income from business activities, pensions, earnings from the letting of real estate, financial investments and other sources) (Article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

Figure 5.2:**Distribution of DTI**

Distribution of DTI for consumer loans



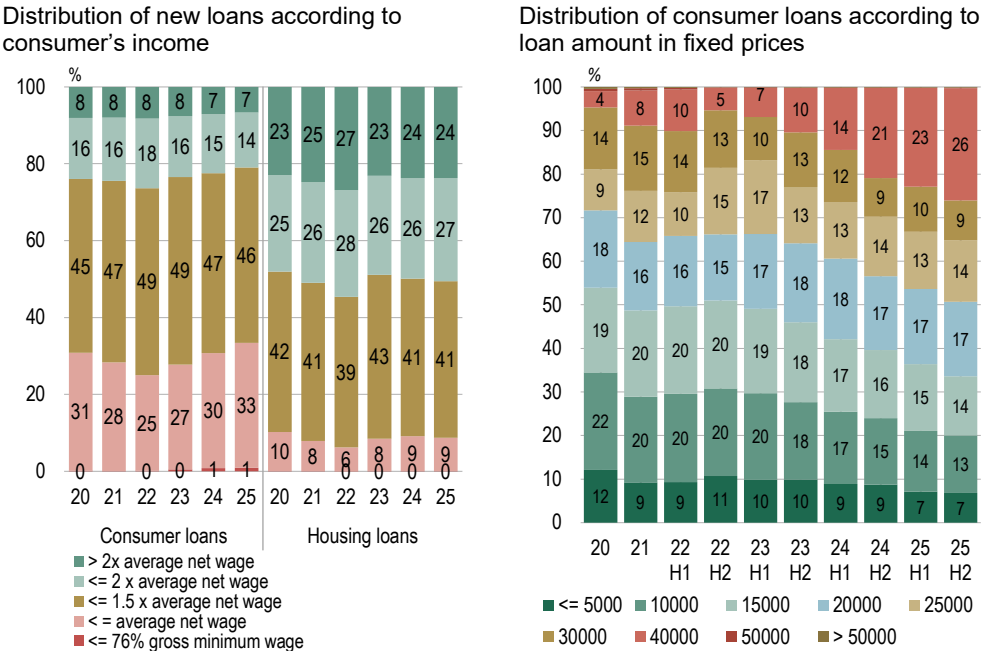
Distribution of DTI for housing loans



Note: The distribution is illustrated on the basis of the sum of loan amount.
Source: Banka Slovenije.

The majority of loans continue to be approved for consumers whose reported income is above the average net wage, but is no more than 1.5 times the average net wage. Following the adjustment to the macroprudential measure in 2023, the share of loans of both types that was approved for consumers whose income is no more than 76% of the gross minimum wage increased, but nevertheless remains very low. The share of consumer loans approved for consumers whose income is no more than the average net wage in 2025 was up on the previous year, while the share in the housing loans portfolio remained at a similar level. The share of consumer loans approved for consumers whose income is more than 1.5 times the average net wage declined over the same period last year, while the share in the housing loans portfolio increased fractionally. Analysis of the distribution of consumer loans according to loan amount shows the share of loans with higher amounts to have increased in recent years. The share of consumer loans (in terms of value and in terms of number) with a loan amount of more than EUR 30,000 is rising, while the share with a loan amount of up to EUR 20,000 is declining. Some of these developments can be attributed to the impact of inflation: when the amounts are expressed in fixed prices (see Figure 5.3, right), the share of loans with a loan amount of more than EUR 30,000 falls, but the trend of growth in loans with higher amounts nevertheless remains present.

Figure 5.3: **Distribution of new loans according to income and distribution of new consumer loans according to loan amount**

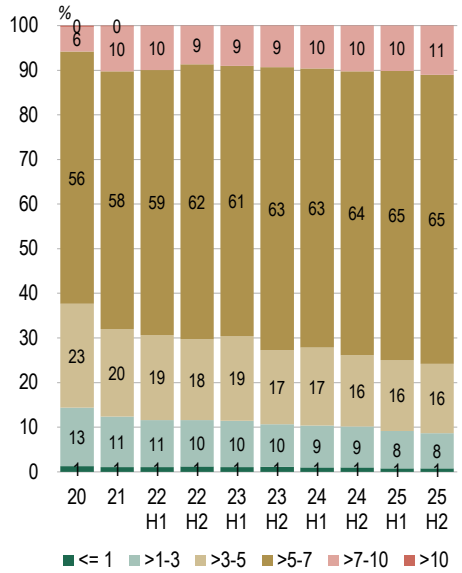


Note: The distribution is illustrated on the basis of the sum of loan amount. Loans at fixed prices are deflated using the consumer price index.
Source: Banka Slovenije.

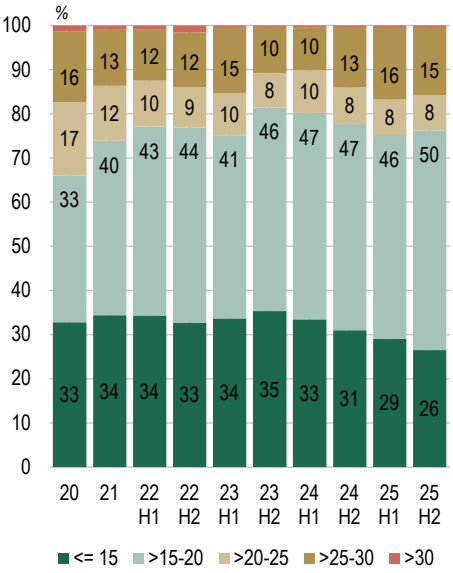
The average loan maturity is gradually lengthening. The average maturity of consumer loans has increased slightly in recent years, but remains at sustainable levels. The share of deviations from the cap on maturity increased slightly, having averaged 12.4% in 2025, but nevertheless remains within the allowed quota. In the distribution of the maturity of new consumer loans there has recently been a moderate increase in the shares with a maturity of between five and seven years and with a maturity of between seven and ten years, but no major changes are occurring (see Figure 5.4, left). Certain changes are evident in the distribution of the maturity of housing loans (see Figure 5.4, right). New housing loans with a maturity of 15 to 20 years have prevailed since 2021. The share of loans with a maturity of more than 20 years has also been rising over the last two years, in reflection of the decline in the share of loans with a maturity of up to 15 years. In terms of number loans with a maturity of up to 15 years are still the most common, but account for approximately 30% of the mass of new loans. In light of the rising share of loans with longer maturities, the average maturity of housing loans has also lengthened slightly over the last year.

Figure 5.4: **Distribution of maturity of consumer loans and housing loans**

Distribution of maturity of consumer loans



Distribution of maturity of housing loans

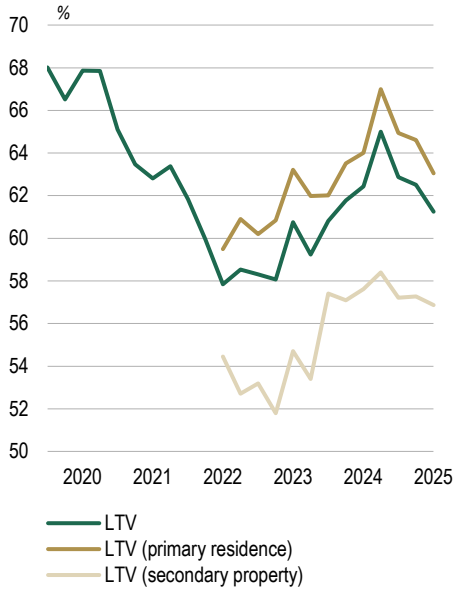


Note: The distribution is illustrated on the basis of the sum of loan amount.
Source: Banka Slovenije.

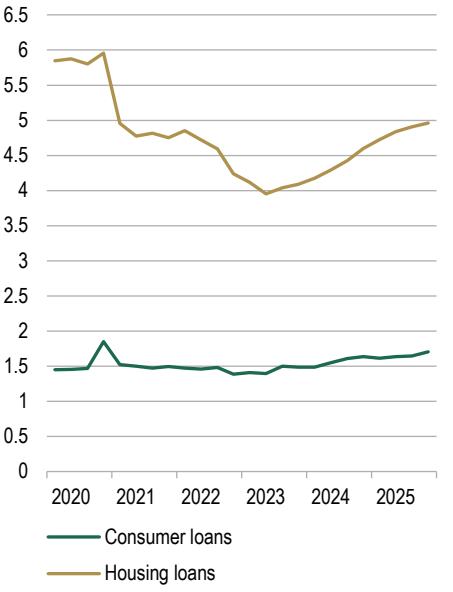
LTV declined in 2025. The average LTV on loans for primary residences stood at approximately 63% in the final quarter of 2025, while the average LTV on loans for secondary properties stood at 56% (see Figure 5.5, left). The share of deviations from the recommended LTV also declined in 2025. Deviations from the recommended LTV are still more common in loans for secondary properties. An average of 10% of all loans secured by residential real estate deviated from the recommended LTV in 2025 in the case of primary residences, compared with an average of 22% for secondary properties.

Figure 5.5:**Average LTV for primary residence and secondary property and weighted average DTI according to loan type**

Average LTV for primary residence and secondary property



Weighted average DTI according to loan type



Source: Banka Slovenije.

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

Weighted average	2019 [1]	2020	2021	2022	2023	2024	2025
			Housing loans				
LTV	67.7%	67.6%	63.7%	59.5%	59.1%	62.5%	62.0%
Share of deviations in LTV[2]	19.8%	15.8%	11.1%	10.7%	12.0%	14.9%	13.1%
DSTI	32.1%	29.9%	31.0%	32.2%	33.6%	34.4%	34.9%
Share of deviations in DSTI[3]	15.7%	4.9%	5.5%	4.0%	5.0%	1.6%	1.8%
Average maturity, years	19.1	19.3	18.8	18.5	18.2	18.5	19.3
			Consumer loans				
DSTI	26.4%	24.6%	25.8%	26.0%	27.0%	28.4%	29.2%
Share of deviations in DSTI[3]	21.8%	4.3%	6.2%	3.8%	5.1%	2.8%	2.9%
Average maturity, years	6.5	5.8	6.2	6.2	6.2	6.4	6.5
Share of deviations in maturity[4]	2.3%	5.8%	12.2%	10.6%	10.9%	11.5%	12.4%

[1] The instruments capping DSTI and maturity (for consumer loans) only became binding on 1 November 2019. The maximum maturity for consumer loans was reduced at that time from ten years to seven years.
[2] The share of deviations in LTV is calculated as the ratio of the sum of all housing loans secured by residential real estate where the recommended LTV is exceeded to the sum of all housing loans secured by residential real estate approved in the same quarter.
[3] Until Q3 2022 the share of deviations in DSTI was calculated as the ratio of the sum of all loans where the cap on DSTI was exceeded to the sum of all loans that comply with the macroprudential measures approved in the same quarter. Since Q2 2022 the share of deviations has been calculated with regard to the sum of all loans that comply with the macroprudential measures approved in the previous quarter. The allowed share of deviations in DSTI stood at 10% until Q3 2023, and stands at 3% as of Q3 2023.
[4] Until Q3 2022 the share of deviations in maturity was calculated as the ratio of the sum of all loans where the cap on maturity was exceeded to the sum of all loans that comply with the macroprudential measures approved in the same quarter. Since Q2 2022 the share of deviations has been calculated with regard to the sum of all loans that comply with the macroprudential measures approved in the previous quarter.
[5] Over the first three quarters of 2019, before the introduction of the macroprudential restrictions on consumer lending, fully 41% of all new consumer loans carried a maturity of more than seven years.
Source: Banka Slovenije.

Other systemically important institutions

Article 242 of the Banking Act stipulates that at least once a year Banka Slovenije should verify the fulfilment of O-SII criteria and the appropriateness of O-SII buffer rates. [94] Banka Slovenije follows the EBA methodology in its identification of O-SIIs, and the level of the buffer is determined on the basis of the assessment of the systemic importance of the bank in question. In October 2025 the Governing Board of Banka Slovenije modified its methodology for determining O-SII buffer rates, introducing minimum buffer rates with regard to categories of systemic importance. Where there are justifiable grounds, the buffer rate for a particular O-SII may exceed the minimum rate by a maximum of 0.50 percentage points. The modified methodology was used to set the buffer rates for 2026. Five O-SIIs remain identified, with no changes in their buffer rates. The assessments of systemic importance and the corresponding buffer rates for the identified O-SIIs are published on the Banka Slovenije website.

Countercyclical capital buffer

The countercyclical capital buffer serves as protection for the banking system against potential losses during the materialisation of credit risk. Its role is to strengthen the resilience of the banking system at a time of rising cyclical systemic risks. In the event of the materialisation of credit risk, the buffer allows the banking system to cover losses with the capital buffers built up by the active macroprudential policy. This reduces the likelihood of an excessive contraction in lending to the real sector in the event of the materialisation of risks.

Banka Slovenije introduced the concept of a positive neutral countercyclical capital buffer rate in 2023. Its main purpose is ensuring that the banking system has

[94] For more on O-SII buffers, see: O-SII buffer on the Banka Slovenije website.

sufficient capital available that can be released upon the occurrence of risks that are not necessarily related to excessive credit growth and the build-up of domestic imbalances, but are a consequence of the materialisation of risks outside the financial and banking system.[95] Other reasons for introducing this approach include the volatility of data series, the uncertainty in the measurement of cyclical risks, and the time lag in the assessment of cyclical risks and the build-up of the countercyclical capital buffer. To assess the phase of the financial cycle and a standardised or neutral risk environment, we use the existing set of individual risk indicators, a composite indicator and the indicator of a neutral environment.

The countercyclical capital buffer for exposures in Slovenia was held at 1.0% of the total risk exposure amount in 2025. The financial cycle is holding in a neutral risk environment. Banks were obliged to meet this requirement as of 1 January 2025.

Systemic risk buffer

Two sectoral systemic risk buffers (sSyRBs) have been in force since 2023. The current sectoral systemic risk buffer requirements for all banks in Slovenia are as follows: (i) 0.5% for all retail exposures to natural persons secured by residential real estate, and (ii) 0.5% for all exposures to natural persons other than those cited under point (i).

This year we conducted the regular assessment of the calibration of the sectoral buffer, focusing on the assessment of systemic risks related to real estate market developments, trends in new household lending, and credit risk indicators based on supervisory and statistical data. The analysis points to a gradual build-up of certain vulnerabilities, including a lengthening of loan maturities and a gradual decline in DSTI, while overall credit standards remain stable and aligned with the macroprudential restrictions. Credit risk, as reflected in realised losses, remains low for the time being. On this basis, our assessment is that the current calibration of the sectoral buffer remains appropriate.[96] The sectoral systemic risk buffer remains an important preventive capital instrument that complements the measures in connection with household lending, and helps to strengthen the banking system's resilience to potential shocks in this segment.

[95] For more information about the positive neutral countercyclical capital buffer rate and the neutral risk environment, see the Banka Slovenije website.

[96] Banka Slovenije notified the ECB of its assessment under Article 5 of Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions, and the ECB has five working days to object.

Table 5.3:**Countercyclical capital 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 residential real estate	Application of Article 458 of CRR for risks inherent in real estate market	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					Cap on maturity, DSTI, LTV
	1.5%	1 December 2023				X	
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 factors)**

Risk and resilience dashboard	Description	Indicators
Macro-financial risks	Macro-financial 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-banking sector, particularly household deposits and deposits by non-financial corporations, LTD, changes in the maturity breakdown of deposits by the non-banking 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.
Cyber risk	Cyber risk can be defined as a combination of the probability of cyber incidents and their potential impact on banking (which might be realised in the form of interruptions to business, financial losses, or the transmission of risk to other sectors). Cyber resilience is the capacity of a bank or any other financial institution to realise its mission statement through the anticipation and management of cyber risks, and fast recovery from cyber incidents.	Number of cyber incidents, direct and indirect financial losses, mean time to contain (minutes), market concentration of outsourced IT services (%), number of phishing and DDoS attacks, share of budget for IT security (bank self-assessment), number of devices with obsolete software, and number of outsourced IT service providers.
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: **Slovenia's sovereign credit ratings at the major rating agencies**

Agency	Credit rating	Outlook	Last change
Standard and Poor's	AA	stable	06.06.2025
Moody's	A2	stable	11.02.2026
Fitch Ratings	A+	stable	03.10.2025

Source: Ministry of Finance.

Table 6.3: **Slovenian banking system balance sheet for selected time snapshots, 2020 to 2025**

	Stock, EUR million unless stated								Increase, EUR million					Year-on-year growth, %				
	2020	2021	2022	2023	2024	reakdown (%)	2025	reakdown (%)	2021	2022	2023	2024	2025	2021	2022	2023	2024	2025
Assets																		
Cash on hand, balance at central bank	8,825	11,495	10,445	12,763	8,854	16.3	7,714	13.4	2,671	-1,051	2,318	-3,909	-1,140	30.3	-9.1	22.2	-30.6	-12.9
Loans to banks	1,492	1,544	1,665	1,444	1,450	2.7	1,856	3.2	52	121	-221	6	406	3.5	7.8	-13.3	0.4	28.0
Loans to non-banking sector	23,561	25,045	27,538	26,934	28,405	52.4	30,840	53.5	1,484	2,493	-604	1,471	2,434	6.3	10.0	-2.2	5.5	8.6
of which to non-financial corporations	8,750	9,300	10,487	9,968	9,762	18.0	10,186	17.7	550	1,187	-519	-206	423	6.3	12.8	-4.9	-2.1	4.3
of which to households	10,712	11,263	12,138	12,556	13,311	24.5	14,369	24.9	551	875	418	755	1,058	5.1	7.8	3.4	6.0	7.9
Financial assets / securities	8,958	8,355	8,759	9,816	13,112	24.2	14,674	25.5	-603	404	1,056	3,296	1,563	-6.7	4.8	12.1	33.6	11.9
Other	1,815	1,811	2,168	2,125	2,414	4.5	2,572	4.5	-4	357	-43	289	157	-0.2	19.7	-2.0	13.6	6.5
Equity and liabilities																		
Financial liabilities to Eurosystem	1,380	2,344	758	75	0	0.0	0	0.0	964	-1,586	-683	-75	0	69.9	-67.6	-90.1	-100.0	....
Liabilities to banks	2,378	1,716	2,034	1,746	1,484	2.7	1,285	2.2	-663	318	-288	-262	-199	-27.9	18.6	-14.2	-15.0	-13.4
of which to domestic banks	799	649	600	413	286	0.5	218	0.4	-150	-49	-187	-128	-68	-18.8	-7.6	-31.1	-30.9	-23.8
of which to foreign banks	1,579	1,066	1,434	1,333	1,199	2.2	1,067	1.9	-513	368	-101	-134	-131	-32.5	34.5	-7.1	-10.1	-11.0
Liabilities to non-banking sector (deposit	34,281	37,185	39,756	41,062	41,625	76.7	44,512	77.2	2,904	2,571	1,306	563	2,887	8.5	6.9	3.3	1.4	6.9
of which to non-financial corporation	8,031	8,998	9,710	10,947	10,910	20.1	11,718	20.3	967	712	1,238	-37	808	12.0	7.9	12.7	-0.3	7.4
of which to households	22,437	23,953	25,784	26,514	27,309	50.4	29,170	50.6	1,516	1,832	730	795	1,861	6.8	7.6	2.8	3.0	6.8
Debt securities	1,058	1,250	2,066	3,164	3,504	6.5	3,718	6.4	191	817	1,097	341	213	18.1	65.4	53.1	10.8	6.1
Provisions	186	151	142	187	204	0.4	210	0.4	-34	-10	46	16	6	-18.4	-6.5	32.3	8.7	3.0
Shareholder equity	4,805	5,061	5,153	6,081	6,681	12.3	7,228	12.5	256	93	928	600	547	5.3	1.8	18.0	9.9	8.2
Other	564	545	665	767	738	1.4	704	1.2	-19	120	102	-29	**-34**	-3.3	22.1	15.3	-3.8	-4.6
Balance sheet total	**44,651**	**48,252**	**50,575**	**53,082**	**54,236**	**100.0**	**57,656**	**100.0**	**3,600**	**2,323**	**2,507**	**1,154**	**3,420**	**8.1**	**4.8**	**5.0**	**2.2**	**6.3**

Source: Banka Slovenije.

Table 6.4: **Slovenian banking system income statement, 2020 to 2025**

	Amount, EUR million						Year-on-year growth, %						Ratio to gross income, %					
	2020	2021	2022	2023	2024	2025	2020	2021	2022	2023	2024	2025	2020	2021	2022	2023	2024	2025
Net interest	639	625	748	1442	1566	1408	-6.4	-2.2	19.6	92.8	8.6	-10.1	47.0	51.9	56.9	72.9	68.5	64.4
Non-interest income	721	580	567	535	720	778	25.7	-19.5	-2.3	-5.6	34.5	8.1	53.0	48.1	43.1	27.1	31.5	35.6
of which net fees and	330	377	398	387	419	445	-1.2	14.4	5.5	-2.8	8.4	6.1	24.2	31.3	30.3	19.6	18.3	20.4
of which net trading gains/losses	16	18	31	10	24	13	31.8	10.8	76.4	-69.6	153.8	-46.7	1.2	1.5	2.4	0.5	1.1	0.6
Gross income	1360	1206	1315	1978	2286	2186	8.3	-11.4	9.1	50.4	15.6	-4.4	100.0	100.0	100.0	100.0	100.0	100.0
Operating costs	-718	-717	-758	-830	-1016	-1033	1.3	-0.2	5.6	9.6	22.3	1.7	-52.8	-59.5	-57.6	-42.0	-44.4	-47.2
labour costs	-386	-398	-413	-447	-501	-521	-3.6	3.0	3.7	8.4	12.1	4.0	-28.4	-33.0	-31.4	-22.6	-21.9	-23.8
Net income	642	489	558	1147	1270	1154	17.3	-23.9	14.1	105.8	10.7	-9.2	47.2	40.5	42.4	58.0	55.6	52.8
Net impairments and provisions	-170	74	-14	-10	-71	-162	-470.8	-143.4	-119.2	-27.7	590.0	130.2	-12.5	6.1	-1.1	-0.5	-3.1	-7.4
of which at amortised cost	-133	72	-23	-33	-83	-183	-323.8	-153.8	-131.8	44.7	150.9	121.1	-9.8	6.0	-1.7	-1.7	-3.6	-8.4
Pre-tax profit	**472**	**562**	**543**	**1137**	**1200**	**991**	**-20.3**	**19.1**	**-3.3**	**109.3**	**5.5**	**-17.4**	**34.7**	**46.6**	**41.3**	**57.5**	**52.5**	**45.3**
Corporate income tax	-22	-37	-42	-39	-125	-108.9	-65.0	70.1	13.1	-6.8	221.1	**-12.8**	-1.6	-3.1	-3.2	-2.0	-5.5	-5.0
Net profit	450	525	502	1098	1075	882.4	-15.1	16.6	-4.5	118.9	-2.1	-17.9	33.1	43.6	38.1	55.5	47.0	40.4

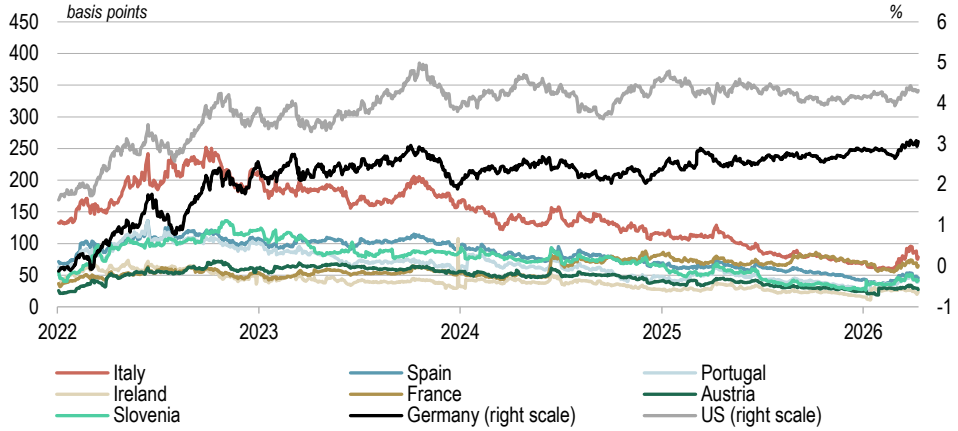
Source: Banka Slovenije.

Table 6.5: **Selected bank performance indicators for the Slovenian banking system, 2011 to 2025**

(%)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
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
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
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	47.23
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
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
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	1.39
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	3.91

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

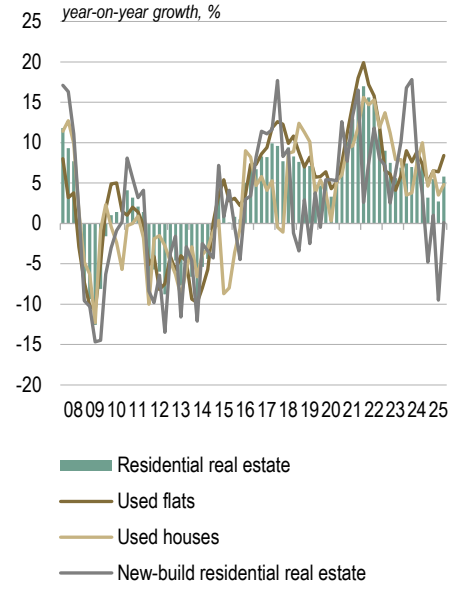
Figure 6.1: **Yield and spreads on 10-year government bonds**



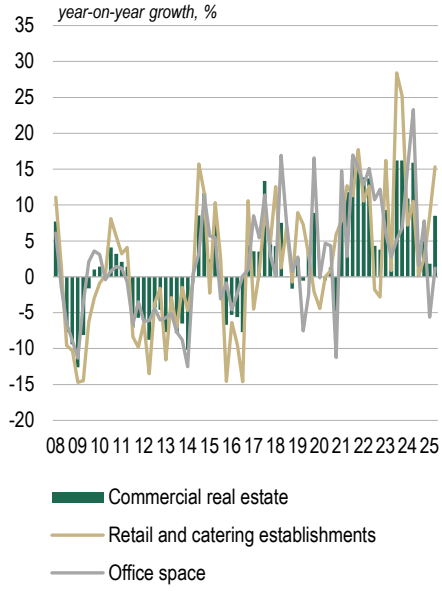
Note: Data to 14 April 2026. The spread in the chart is calculated as the difference between the yield on the 10-year government bond and the yield on the benchmark (German bond) on a daily basis, and reflects the additional risk that the markets ascribe to the country in question. The data is illustrated as a 30-day moving average.
Sources: Bloomberg, Banka Slovenije calculations.

Figure 6.2: **Growth in residential and commercial real estate prices**

Growth in residential real estate prices



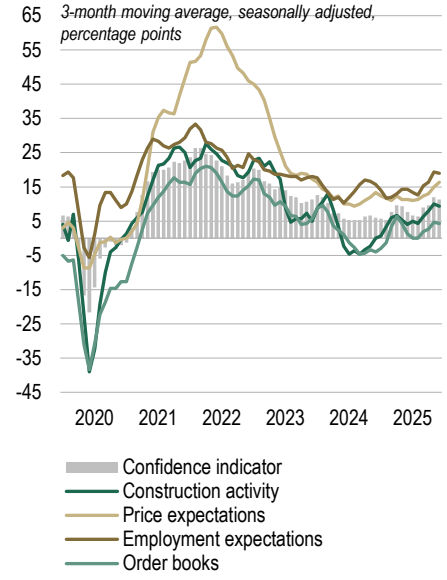
Growth in commercial real estate prices



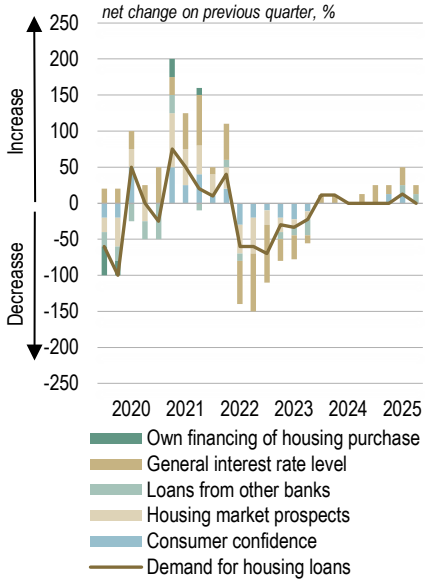
Source: SORS.

Figure 6.3: **Business trends in construction, and demand for housing loans (BLS)**

Business trends in construction



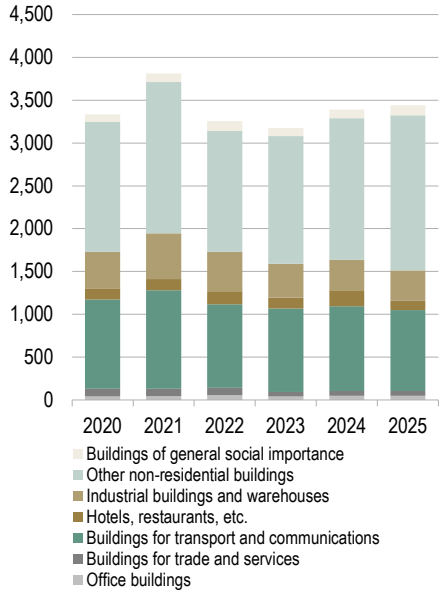
Demand for housing loans and demand factors (BLS)



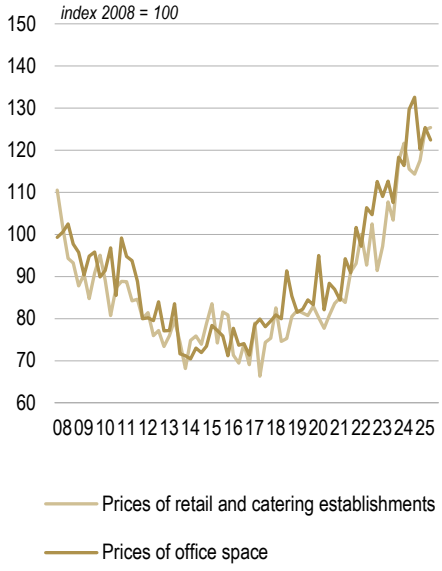
Source: SORS.

Figure 6.4: **Building permits for commercial real estate, and prices of office space and retail and catering establishments**

Half-yearly breakdown of number of building permits issued for commercial real estate



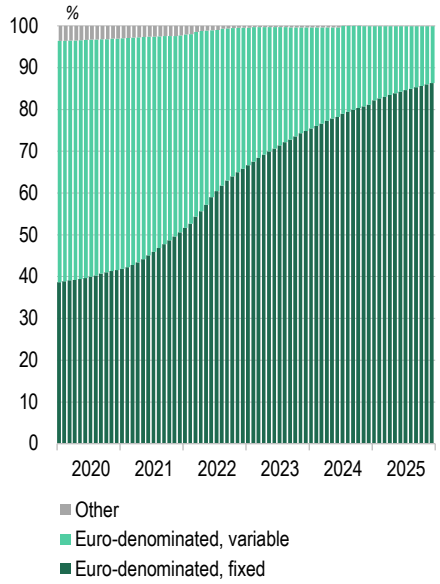
Growth in prices of office space and retail and catering establishments



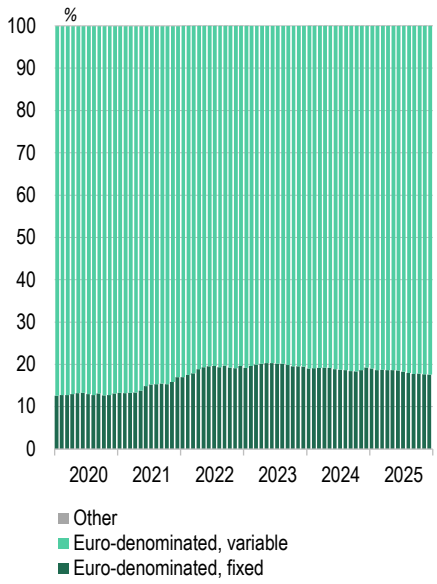
Source: SORS.

Figure 6.5: **Breakdown of loan stock by remuneration type**

Breakdown of household loans by remuneration type

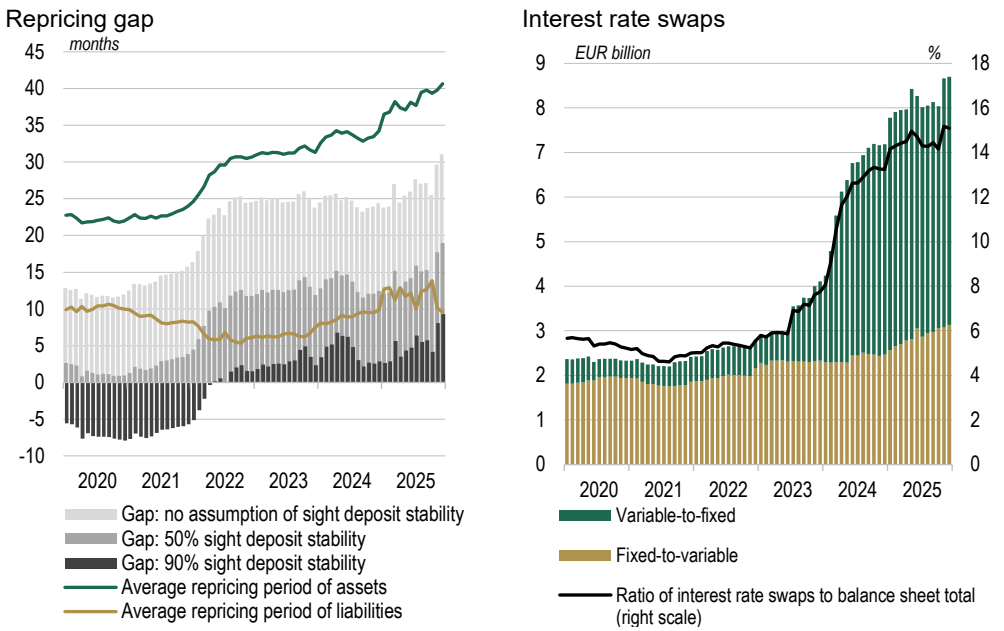


Breakdown of loans to non-financial corporations by remuneration type



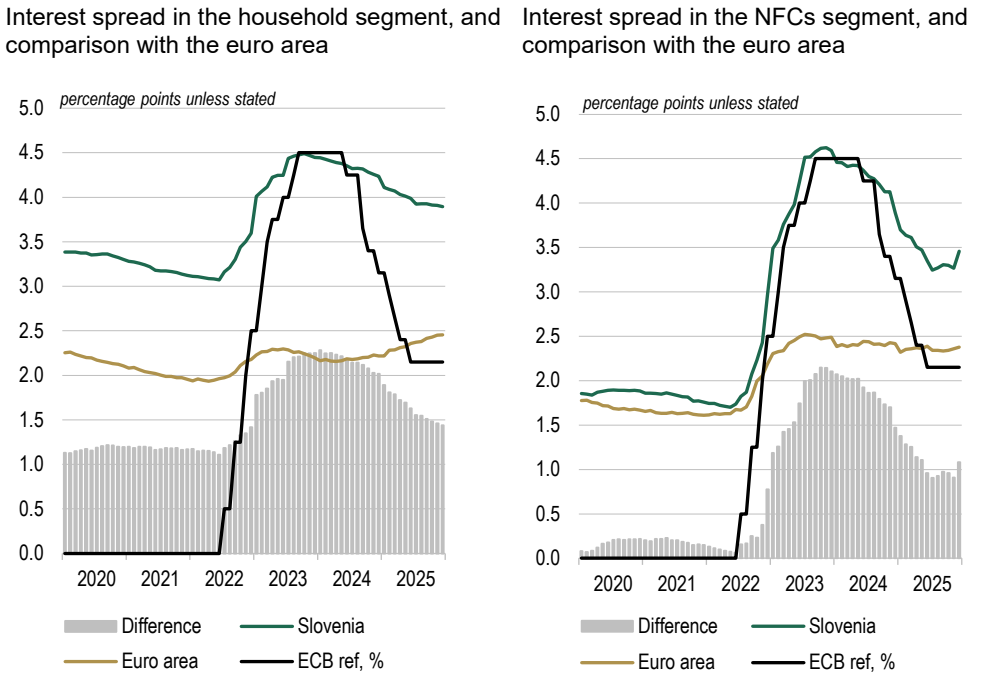
Note: Household loans include housing loans and consumer loans, but not other loans to households. The category of "other" includes all loans in Swiss francs, which constitute the majority of other loans.
Source: Banka Slovenije.

Figure 6.6: **Repricing gap and interest rate swaps**



Note: The repricing gap in the left chart takes account of 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.

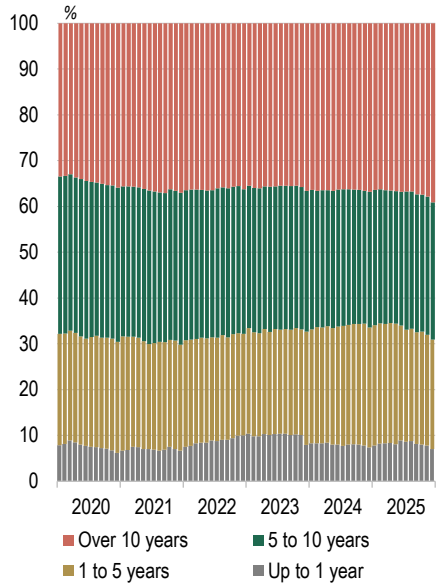
Figure 6.7: **Interest spread**



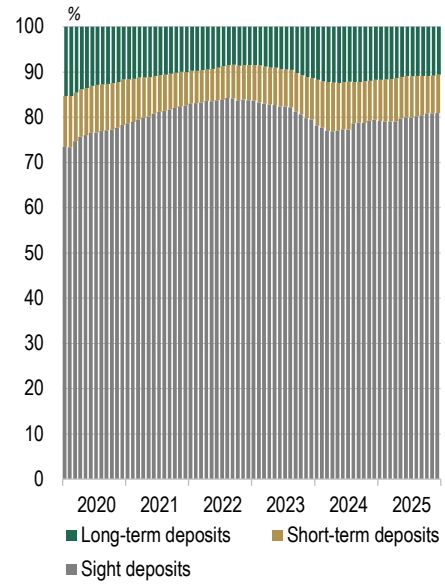
Note: ECB ref is the interest rate on main refinancing operations.
Sources: ECB Data Portal, Banka Slovenije calculations.

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

Breakdown of loans to NFCs and households by residual maturity



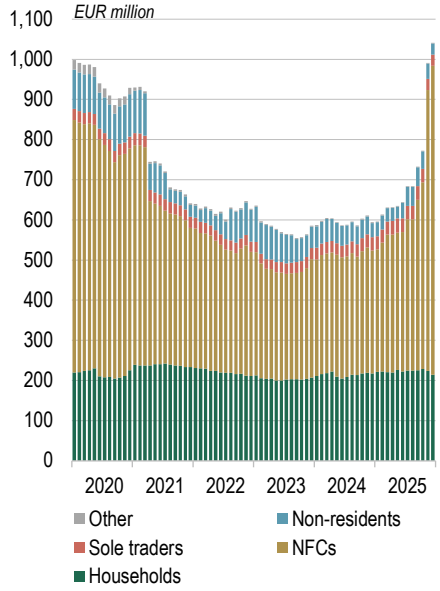
Breakdown of deposits by the non-banking sector by maturity



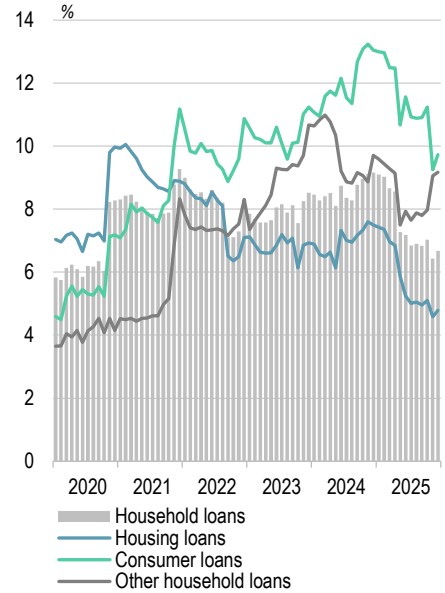
Note: Household loans in the left chart include housing loans and consumer loans, but not other loans to households.
Source: Banka Slovenije.

Figure 6.9: **Breakdown of NPEs by customer segment and share of Stage 2 exposures in the household portfolio**

Breakdown of NPEs by customer segment



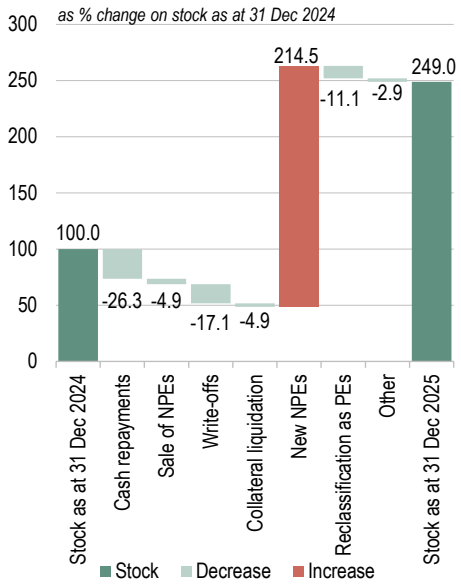
Share of Stage 2 exposures in the household portfolio



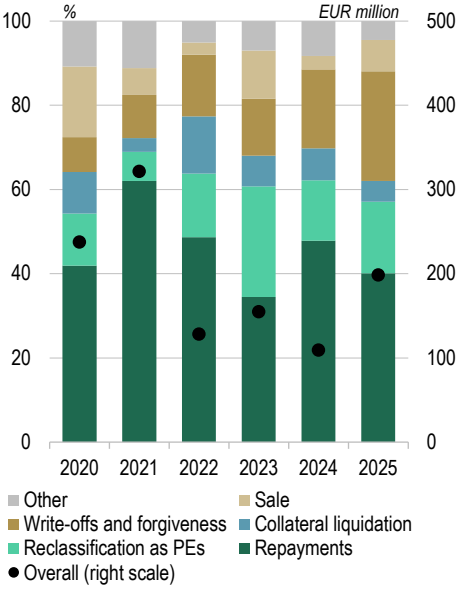
Source: Banka Slovenije.

Figure 6.10: **Reduction in NPEs in the NFCs portfolio according to the bank survey**

Changes in NPEs in the NFCs portfolio in 2025



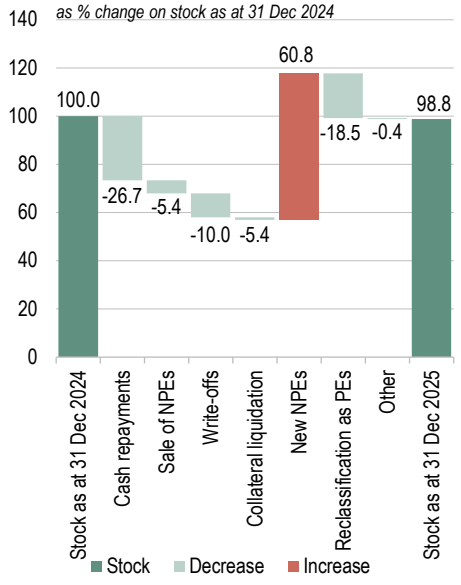
Breakdown of reduction in NPEs in the NFCs portfolio



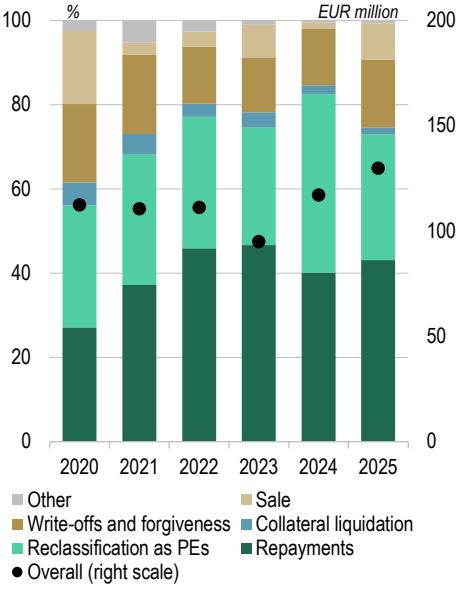
Note: The right chart illustrates the approaches to the reduction of NPEs excluding the inflows of NPEs in the year (the red column in the left chart).
Source: Banka Slovenije.

Figure 6.11: **Reduction in NPEs in the household portfolio according to the bank survey**

Changes in NPEs in the household portfolio in 2025



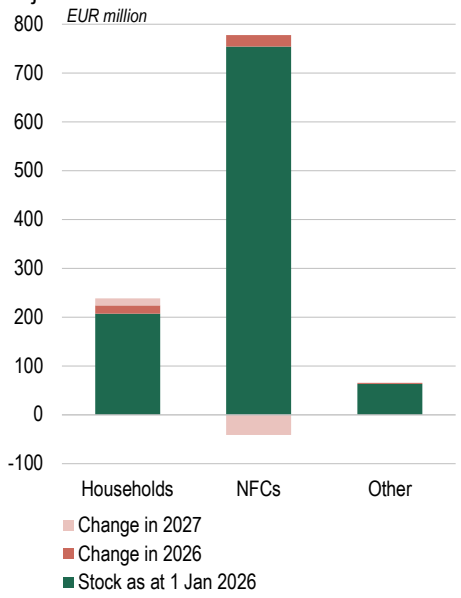
Breakdown of reduction in NPEs in the household portfolio



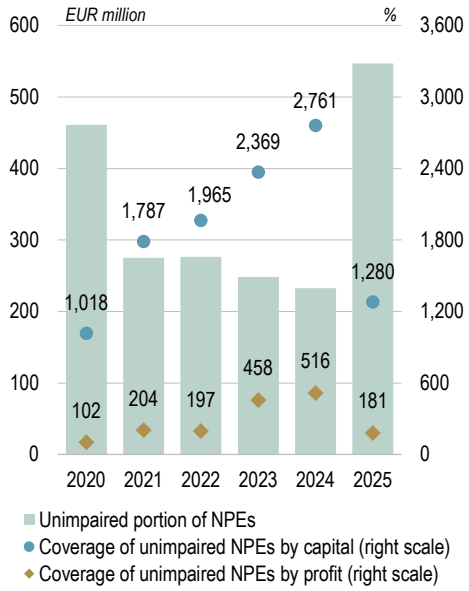
Note: The right chart illustrates the approaches to the reduction of NPEs excluding the inflows of NPEs in the year (the red column in the left chart).
Source: Banka Slovenije.

Figure 6.12: **Projections for NPEs and coverage of unimpaired NPEs by capital**

Projections for NPEs



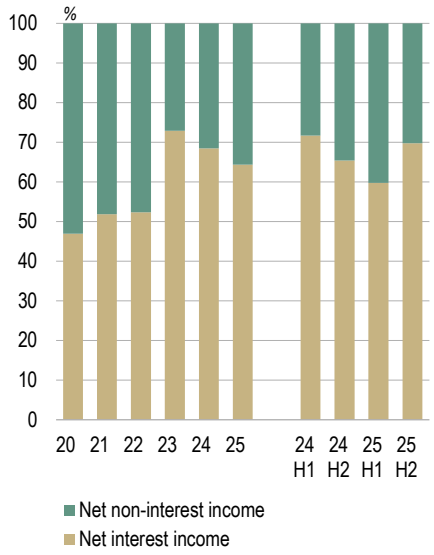
Ratio of capital to unimpaired NPEs



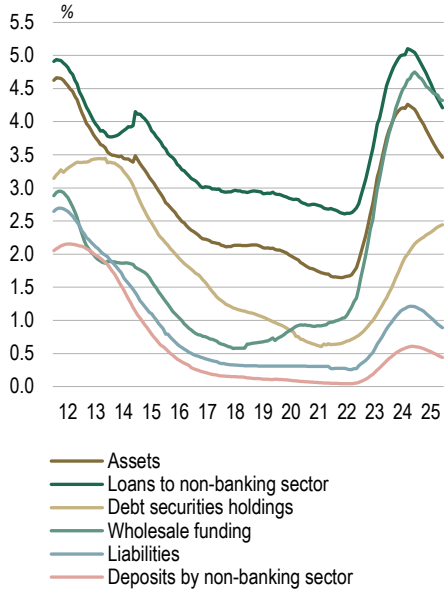
Source: Banka Slovenije.

Figure 6.13: **Breakdown of gross income and effective interest rates**

Breakdown of gross income



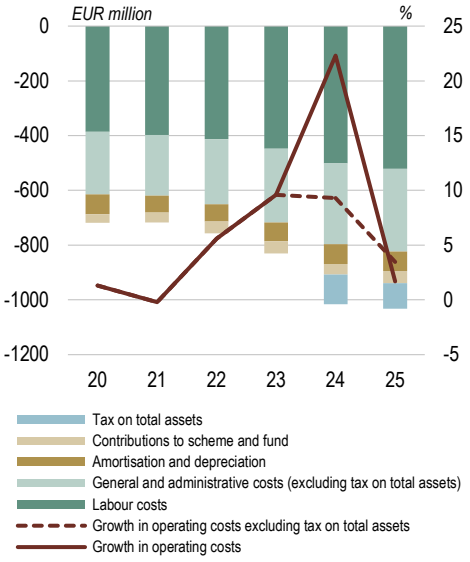
Effective interest rates by main instruments of interest-bearing assets and liabilities



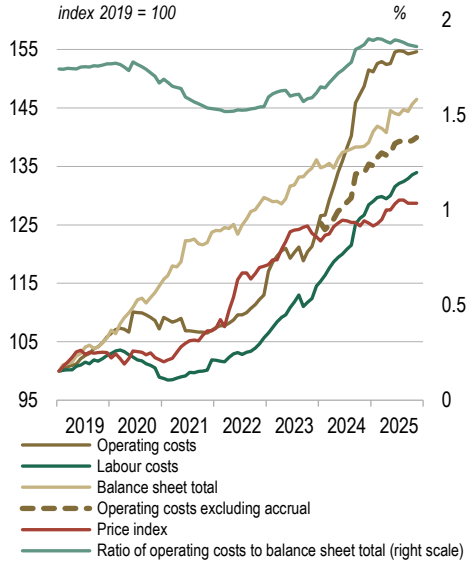
Source: Banka Slovenije.

Figure 6.14: **Operating costs**

Breakdown of operating costs by main type, and growth in operating costs



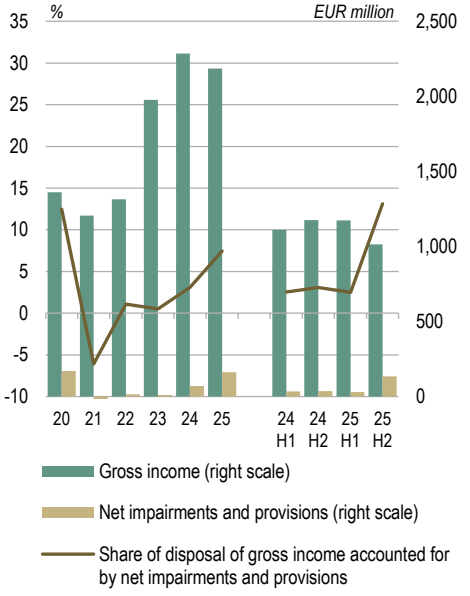
Operating costs, labour costs, inflation and balance sheet total



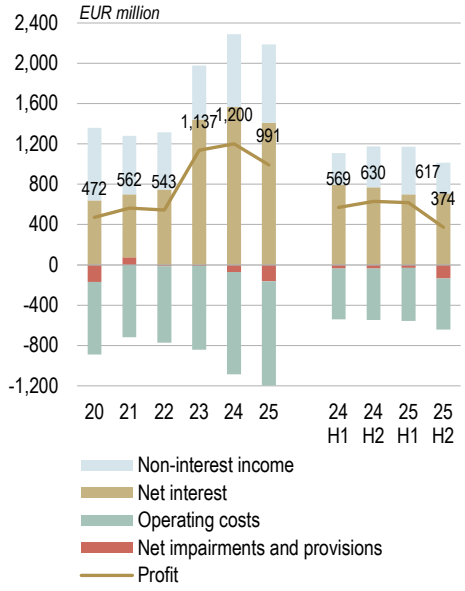
Source: Banka Slovenije.

Figure 6.15: **Net impairments and provisions, bank income, and other income statement categories**

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



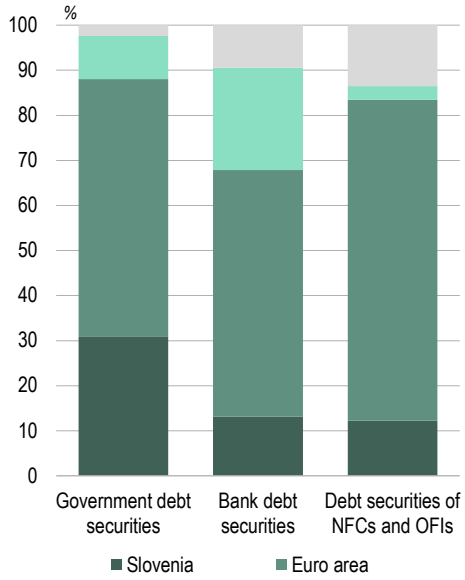
Generation and disposal of bank income, and pre-tax profit



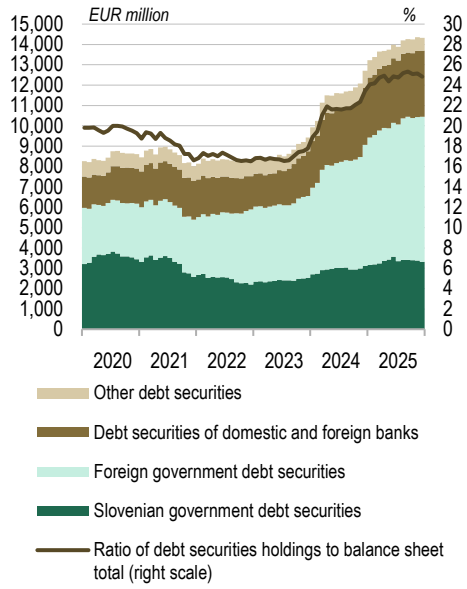
Note: Negative values for net impairments and provisions represent the net release of impairments and provisions in the left chart, and net creation in the right chart. The data for the Slovenian banking system comes from balance sheet figures on an individual basis. A half-yearly breakdown is illustrated separately on the right for the last two years.
Source: Banka Slovenije.

Figure 6.16: **Changes in and breakdown of debt securities holdings**

Breakdown of debt securities by geographical region



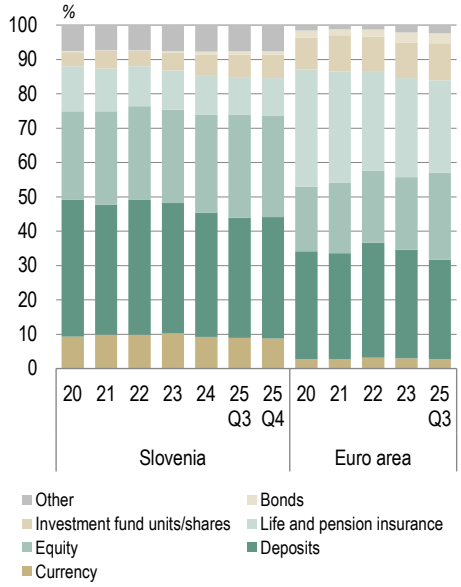
Breakdown of debt securities by counterparty



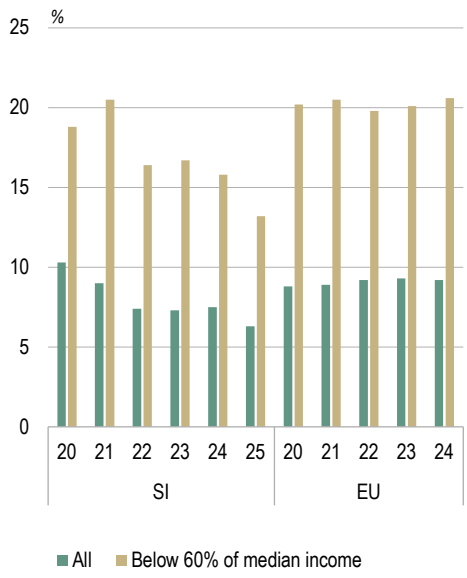
Source: Banka Slovenije.

Figure 6.17: **Household financial assets**

Breakdown of household financial assets in Slovenia and the euro area



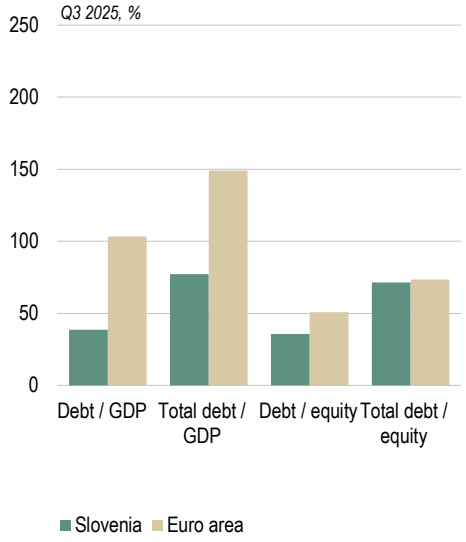
Share of households in arrears in repayment



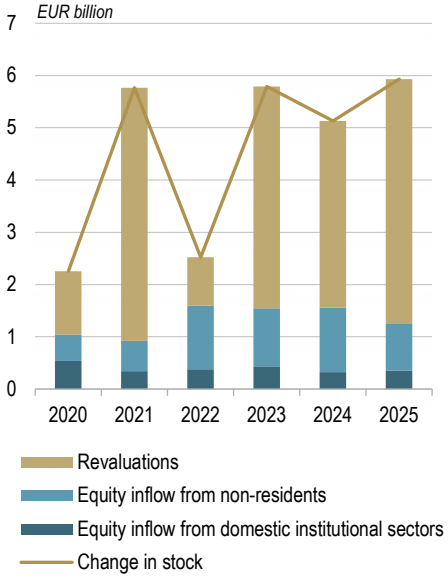
Note: Equity in the left chart consists of listed shares, unlisted shares and other equity. Investment fund shares relate to funds with a corporate structure. Units relate to mutual funds. The data for the EU for 2025 in the right chart was not yet available at the time of writing.
Sources: ECB Data Portal, Banka Slovenije.

Figure 6.18: **NFCs' indebtedness and comparison with the euro area, and breakdown of equity changes**

Comparison of indebtedness with the euro area



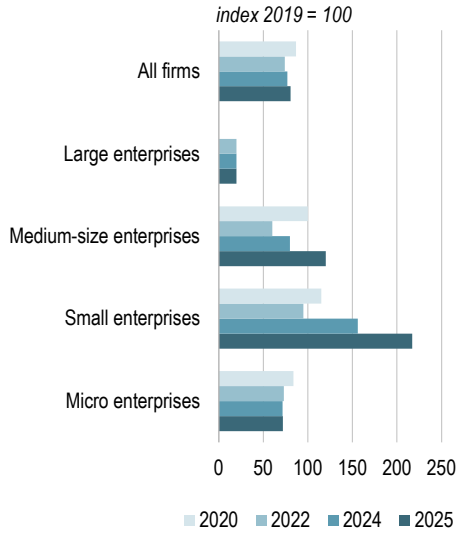
Equity of NFCs



Note: The indicators in the left chart with "total debt" in the numerator include all debt liabilities of NFCs, while "debt" only captures loans and debt securities. The data for Q3 of 2025 in the left chart uses the sum of GDP over the last four quarters.
Sources: Banka Slovenije, ECB Data Portal.

Figure 6.19: **Bankruptcies at NFCs by corporate size class**

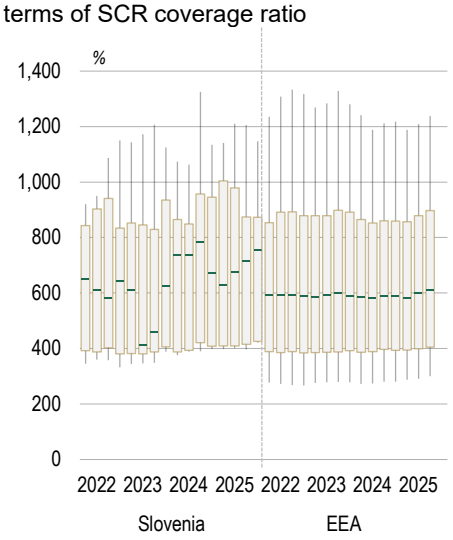
Number of bankruptcy proceedings initiated at NFCs



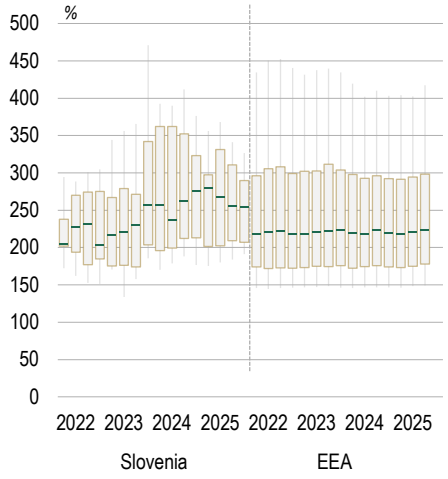
Sources: Supreme Court, Banka Slovenije.

Figure 6.20: **Capital adequacy of insurance corporations**

Capital adequacy of insurance corporations in terms of SCR coverage ratio



Capital adequacy of insurance corporations in terms of MCR coverage ratio

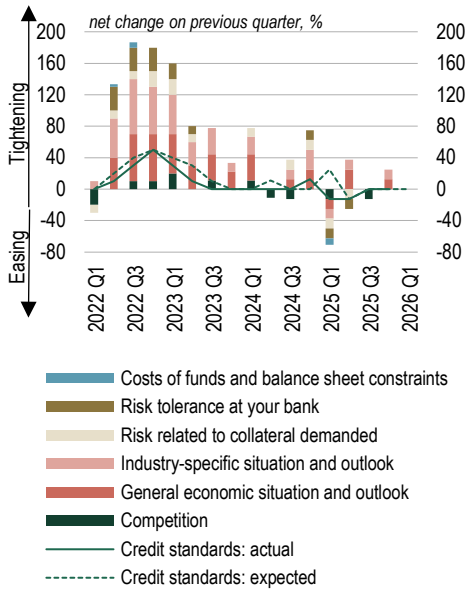


Note: The 10th and 90th percentiles are taken as the upper and lower limits. The green line illustrates the median ratio. The data for the EEA is available up to the third quarter of 2025.
Sources: EIOPA, ISA, Banka Slovenije.

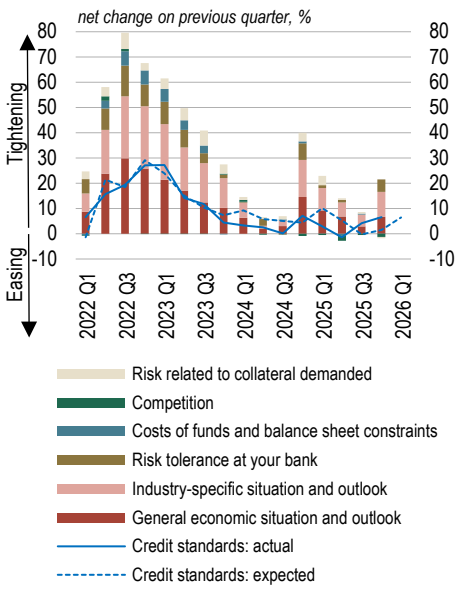
Bank Lending Survey

Figure 6.21: **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



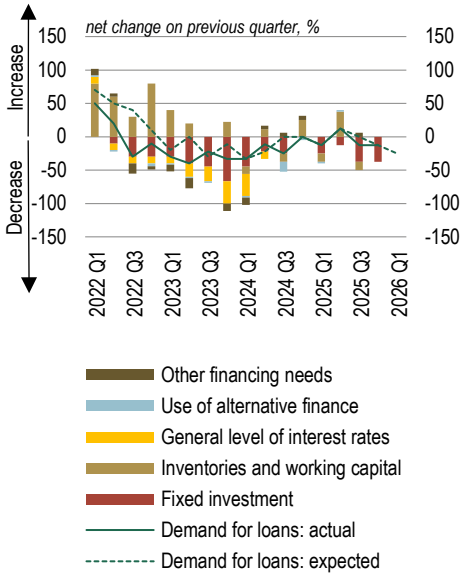
Changes in credit standards for loans to NFCs in the euro area and factors therein



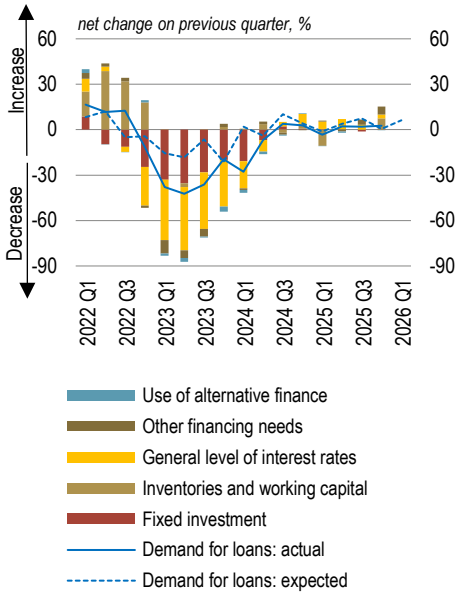
Note: "Actual" values are changes that have occurred, while "expected" values are changes anticipated by banks. The same applies in the remainder of this comparison. Net percentages are defined as the difference between the total percentage of banks answering "tightened considerably" and "tightened somewhat", 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.

Figure 6.22: **Changes in demand for loans to NFCs and factors therein**

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



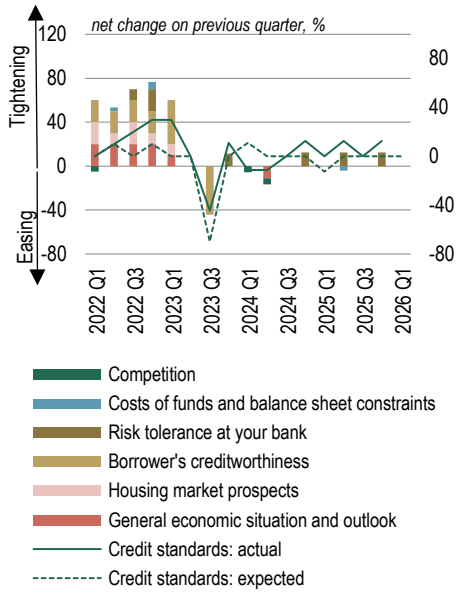
Changes in demand for loans to NFCs in the euro area and factors therein



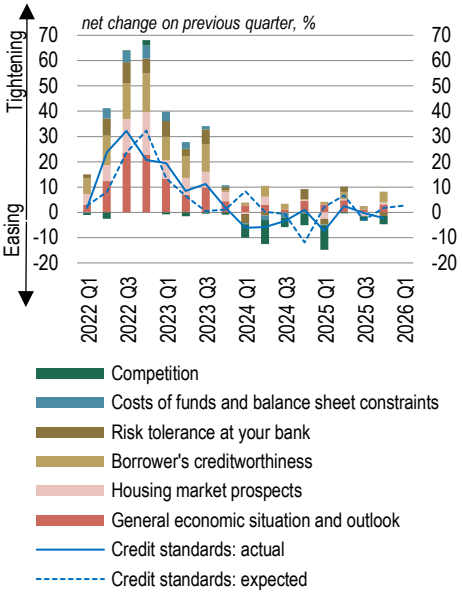
Note: Net percentages in questions about demand for loans are defined as the difference between the total percentage of banks answering "increased considerably" and "increased somewhat", and the total percentage of banks answering "decreased considerably" and "decreased somewhat". The same applies below. "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 6.23: **Changes in credit standards for housing loans and factors therein**

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



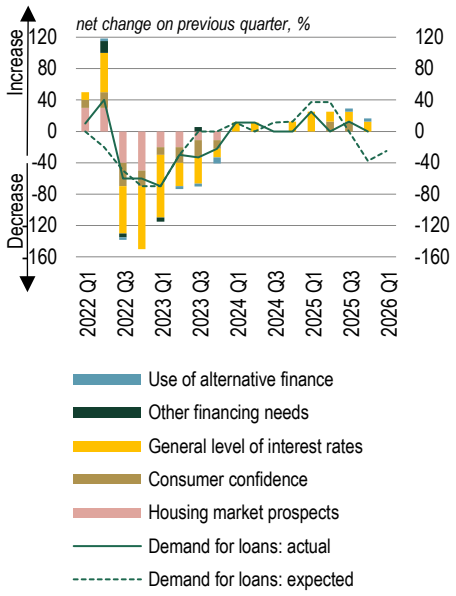
Changes in credit standards for housing loans in the euro area and factors therein



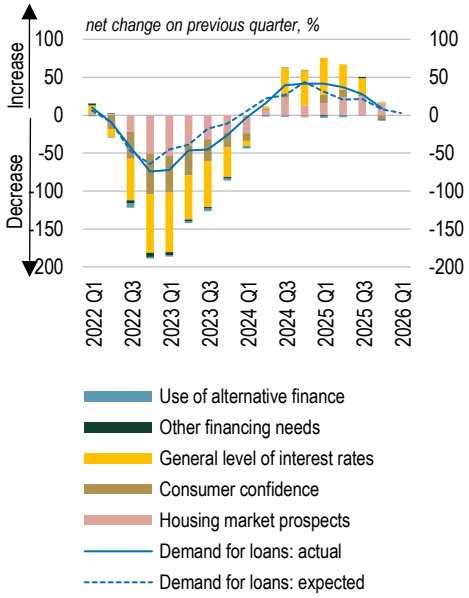
Note: "Cost of funds and balance sheet constraints" is the simple average of "banks' capital and the costs related to banks' capital position", "access to market financing" and "liquidity position"; "Competition" is the simple average of "competition from other banks" and "competition from non-banks". 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 6.24: **Changes in demand for housing loans and factors therein**

Changes in demand for housing loans in Slovenia and factors therein



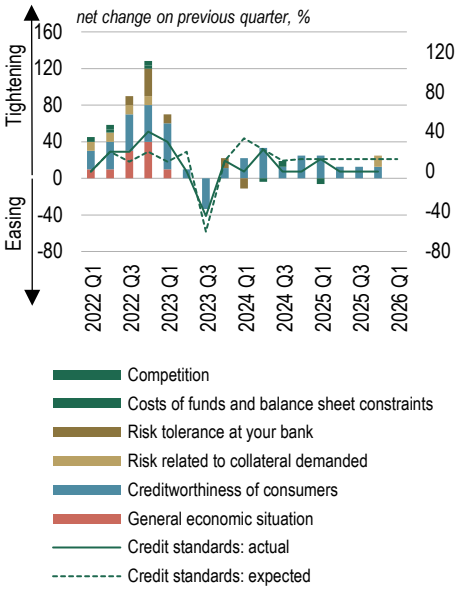
Changes in demand for housing loans in the euro area and factors therein



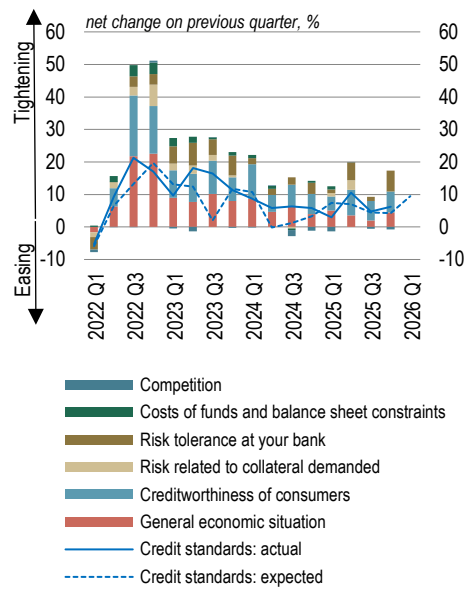
Note: "Other financing needs" is the simple average of "debt refinancing/restructuring and renegotiation" and "regulatory and fiscal regime of housing markets". "Use of alternative finance" is the simple average of "internal finance of house purchase out of savings/down payment", "loans from other banks"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

Figure 6.25: **Changes in credit standards for consumer loans and factors therein**

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



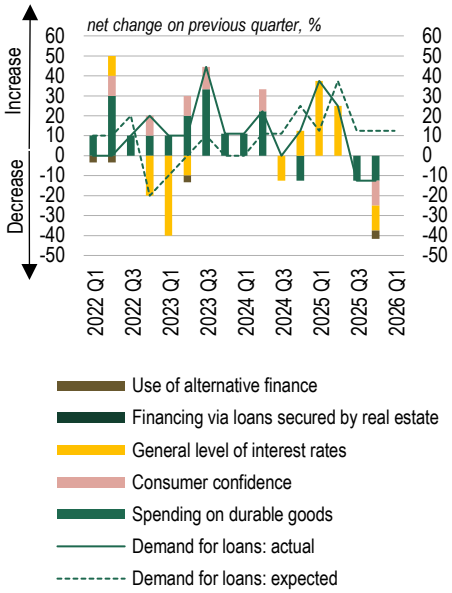
Changes in credit standards for consumer loans in the euro area and factors therein



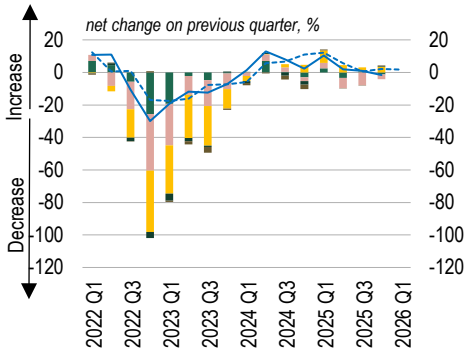
Note: "Cost of funds and balance sheet constraints" is the simple average of "banks' capital and the costs related to banks' capital position", "access to market financing" and "liquidity position"; "Competition" is the simple average of "competition from other banks" and "competition from non-banks".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

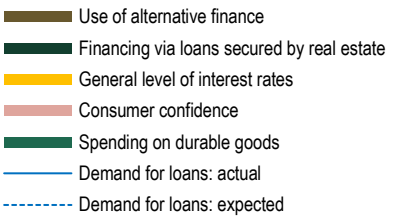
Figure 6.26: **Changes in demand for consumer loans and factors therein**

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
BLS	Bank Lending Survey
CA	Capital adequacy
CCyB	Countercyclical capital buffer
CET1	Common Equity Tier 1 Capital
CRD	Capital Requirements Directive
CRR	Capital Requirements Regulation
DSTI	Debt-service-to-income ratio
EA	Euro area (European Monetary Union)
EBA	European Banking Authority
ECB	European Central Bank
EEA	European Economic Area
ESRB	European Systemic Risk Board
EU	European Union
EU ETS	European Union Emissions Trading Scheme
Fed	Federal Reserve System (central bank in US)
GDP	Gross domestic product
HQLA	High-quality liquid assets
IMF	International Monetary Fund
ISA	Insurance Supervision Agency
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
NFCs	Non-financial corporations
NPEs	Non-performing exposures
NSFR	Net stable funding ratio
O-SII	Other systemically important institution
P2G	Pillar 2 guidance
PMI	Purchasing Managers' Index
ROE	Return on equity
S&P	Standard and Poor's
S2	Stage 2 (increased credit risk)
SCR	Solvency capital requirement
SDW	Statistical Data Warehouse
SMARS	Surveying and Mapping Authority of the Republic of Slovenia
SORS	Statistical Office of the Republic of Slovenia
SRI	Systemic Risk Indicator
SyRB	Systemic risk buffer