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## Foreword



Dear readers,

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

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

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

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

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

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

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

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

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

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

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

mag. Tina Žumer,  
Vice Governor, Banka Slovenije

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## Summary

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

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

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

|                                                       | 2021 | 2022     | 2023     | 2024     | 2025 |    |    |    | 2026 |    |    | Trend of change |
|-------------------------------------------------------|------|----------|----------|----------|------|----|----|----|------|----|----|-----------------|
|                                                       | Q4   | Q4       | Q4       | Q4       | Q1   | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 |                 |
| <b>Systemic risks</b>                                 |      |          |          |          |      |    |    |    |      |    |    |                 |
| Macro-financial risks                                 |      |          |          |          |      |    |    |    |      |    |    | ↑               |
| Risk inherent in the real estate market               |      |          |          |          |      |    |    |    |      |    |    | ↑               |
| Funding risk in the banking system                    |      |          |          |          |      |    |    |    |      |    |    | →               |
| Interest rate risk in the banking system              |      |          |          |          |      |    |    |    |      |    |    | →               |
| Credit risk in the banking system                     |      |          |          |          |      |    |    |    |      |    |    | →               |
| Income risk in the banking system                     |      |          |          |          |      |    |    |    |      |    |    | →               |
| Risk inherent in the performance of leasing companies |      |          |          |          |      |    |    |    |      |    |    | →               |
| ICT related risk                                      |      |          |          |          |      |    |    |    |      |    |    | ↑               |
| Climate risks                                         |      |          |          |          |      |    |    |    |      |    |    | →               |
| <b>Resilience to systemic risks</b>                   |      |          |          |          |      |    |    |    |      |    |    |                 |
| Solvency and profitability of the banking system      |      |          |          |          |      |    |    |    |      |    |    | →               |
| Liquidity of the banking system                       |      |          |          |          |      |    |    |    |      |    |    | →               |
| <b>Colour code:</b>                                   |      |          |          |          |      |    |    |    |      |    |    |                 |
| Risk                                                  | low  | moderate | elevated | high     |      |    |    |    |      |    |    |                 |
| Resilience                                            | high | medium   | low      | very low |      |    |    |    |      |    |    |                 |

Note: The colour code in the risk and resilience dashboard relates to the assessment for up to one quarter in advance. The arrow illustrates the expected change in risk or resilience in the scale (up or down) over a slightly longer horizon of around one year. For risks, an up arrow means an increase in risk over the next 12 months, and vice-versa, while for resilience it means strengthening, and vice-versa. Macro-financial risks have been reintroduced into the risk and resilience dashboard Effective the first quarter of 2026, while in the third quarter of 2026, the scope of cyber risks was broadened to encompass all information and communication technology (ICT) risks. The risk and resilience dashboard is based on an analysis of key risks and resilience in the Slovenian banking system and is defined as the set of quantitative and qualitative indicators for defining and measuring systemic risks and resilience.

Source: Banka Slovenije.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

# 1 Key risks to Financial Stability

## 1.1 Macrofinancial risks

Q2 26

Q3 26



### **The assessment of macro-financial risks remains elevated with an upward trend.**

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

### **Risks arising from the international environment**

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

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

<sup>1</sup> ECB, September 2026.

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

**Financial markets remain influenced by the conflict between the US and Iran, new escalations, and uncertainty regarding the further development of negotiations.**

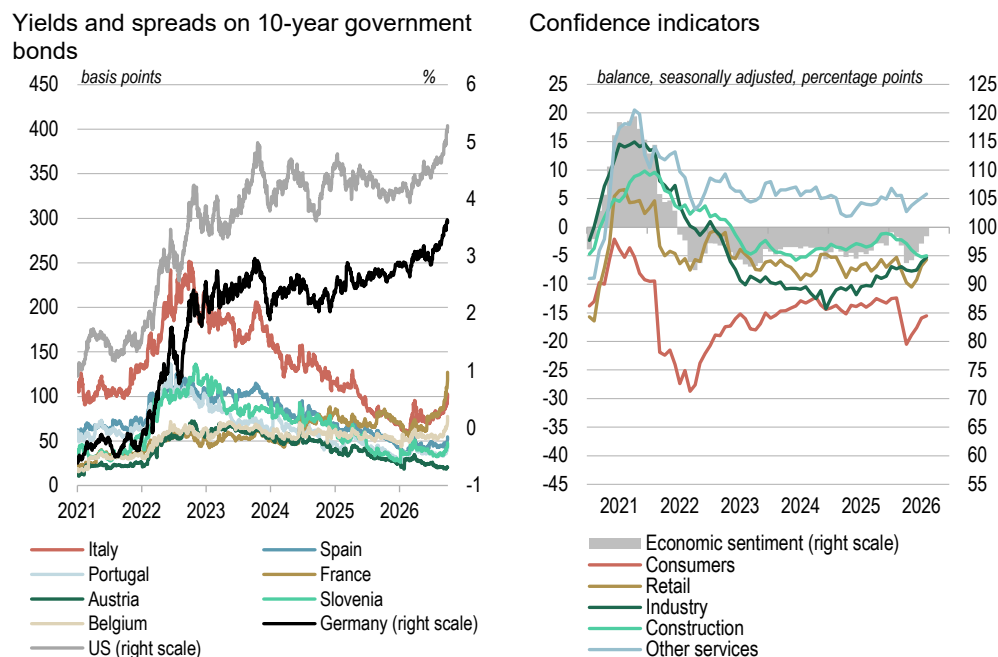
In commodity markets, energy prices remained elevated and volatile in August, and broader commodity price indices also remained at high levels. Government bond markets represent an important channel for the transmission of negative shocks throughout the global financial system, including to euro area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

**Risks in the international environment are more balanced compared to April, but remain elevated.**

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

<sup>2</sup> ECB, September 2026.

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



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

Source: Bloomberg, Banka Slovenije calculations, right chart Eurostat and Banka Slovenije calculations.

### Risks arising from the domestic environment

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

**Headline inflation, measured by the HICP, increased this year due to rising energy prices.** Although the impact of geopolitical tensions on domestic economic activity remained limited in the first half of the year, their effects quickly manifested in higher inflation. Year-on-year price growth strengthened significantly, reaching a peak of 3.8% in May, and after a temporary decline, stood at 3.7% in September. The government's

<sup>3</sup> Overview of macroeconomic developments, September 2026.

<sup>4</sup> Overview of macroeconomic developments with forecasts, June 2026.

<sup>5</sup> UMAR, Autumn Economic Forecast, September 2026.

reduction of duties on motor fuels partly mitigated the impact on final consumer prices. In contrast to energy, food price growth remains relatively low for now, but there is considerable risk of acceleration due to lagged effects from higher energy costs and the exceptionally dry summer in Slovenia and elsewhere in Europe. According to Banka Slovenije's June forecast, headline inflation is expected to reach 3.6% in 2026, then decline to 2.3% in 2027 and 2.0% in 2028.<sup>6</sup> The latest UMAR forecast projects inflation at 3.1% this year.

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

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

<sup>6</sup> Overview of macroeconomic developments with forecasts, June 2026.

<sup>7</sup> For more information, see the chapter on households.

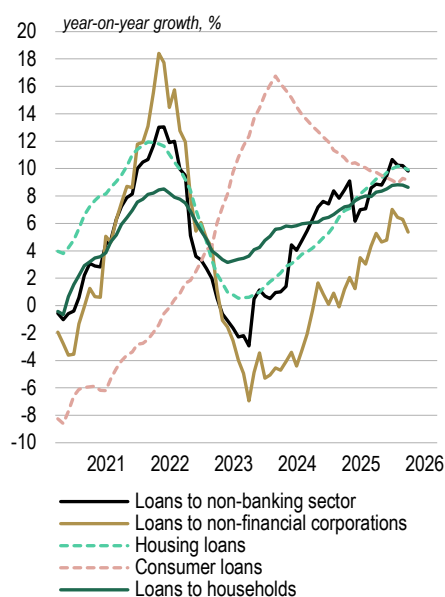
<sup>8</sup> For more information, see the chapter on companies.

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

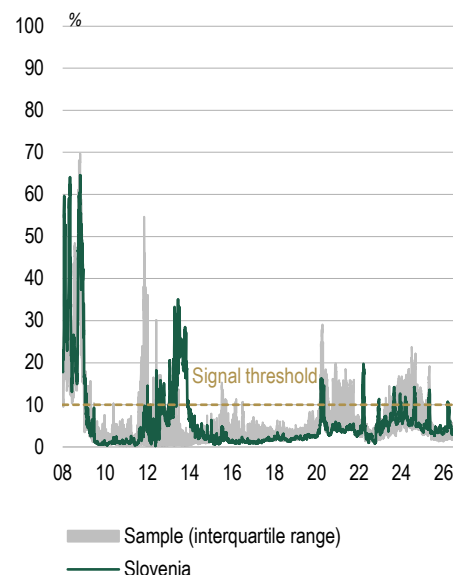
<sup>10</sup> Nineteen euro area countries, plus Denmark and Sweden.

Figure 1.2: Credit activity and probability of financial crisis

Credit activity in Slovenia



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



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

Source: Banka Slovenije.

## 1.2 Risk inherent in the real estate market

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Q3 26



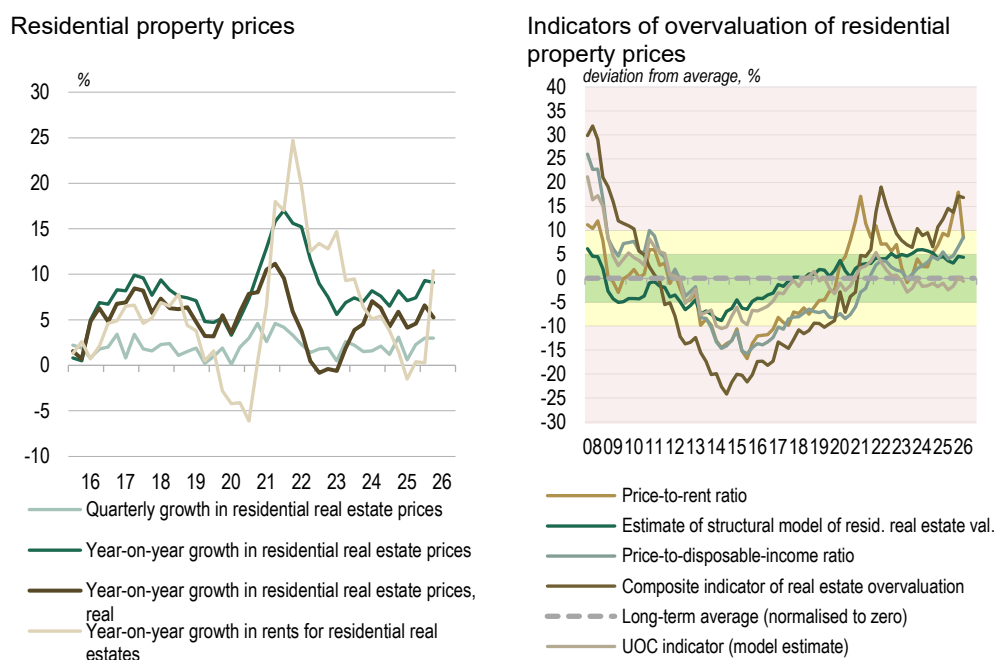
**The risk to financial stability arising from the real estate market remains moderate, with an upward trend.** Amid heightened inflationary pressures, the growth in residential property prices and rents has accelerated. The real estate market is currently characterised by a prolonged, structurally driven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

### Residential real estate market

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

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

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



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

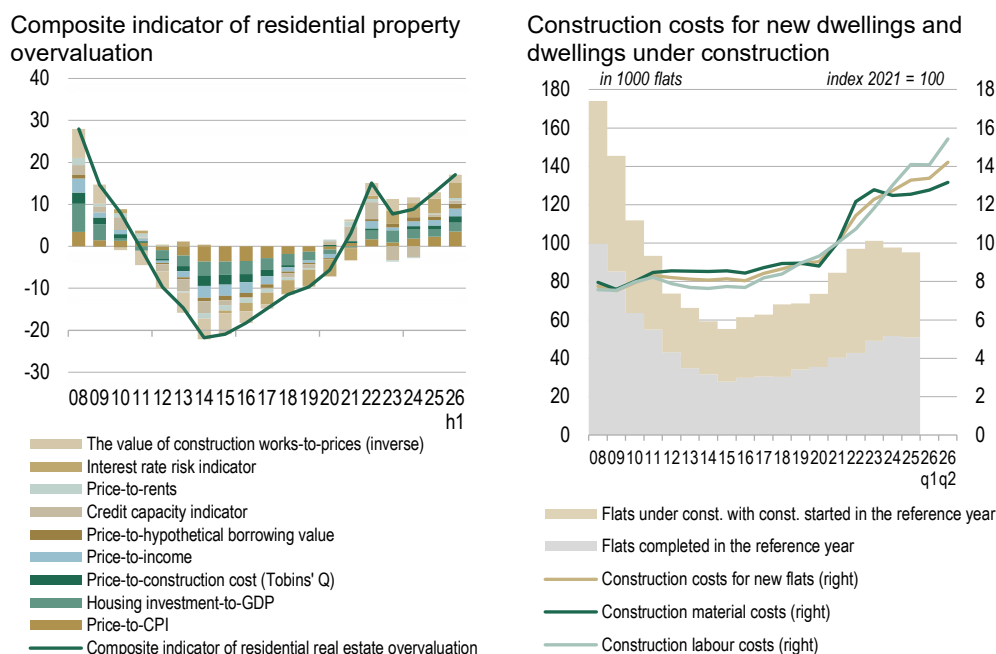
Sources: SURS, GURS, Banka Slovenije.

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

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

<sup>12</sup> See also the chapter Macprudential policy for the banking system and leasing companies (see Figure 5.3, left).

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



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

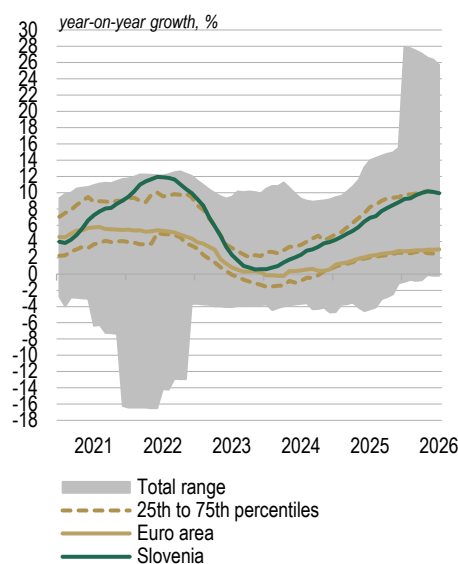
**Demand for residential properties exceeds supply, particularly in Ljubljana, on the coast, and in other tourist destinations.** After nearly three years of decline, residential property sales increased by 30% in 2025, but fell slightly year-on-year in the first half of 2026. Meanwhile, the construction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

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

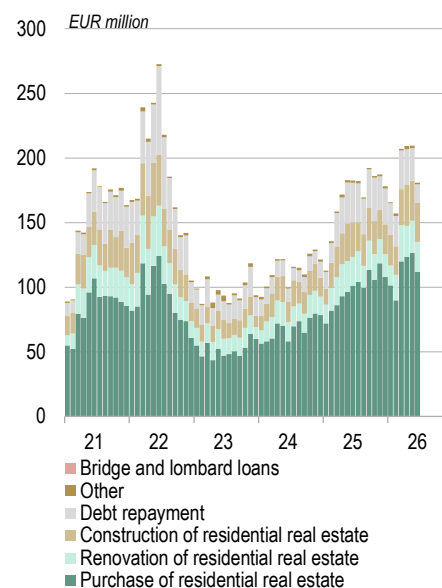
supply of residential properties, as changes are needed in spatial planning, construction legislation, the provision of utility infrastructure for building land, and taxes related to real estate.<sup>13</sup>

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

Growth of housing loans in Slovenia and the euro area



New housing loans by loan purpose



Note: In the left chart, the entire range increased in 2026 due to Bulgaria's entry into the euro area.

Sources: Banka Slovenije, ECB Data Portal.

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

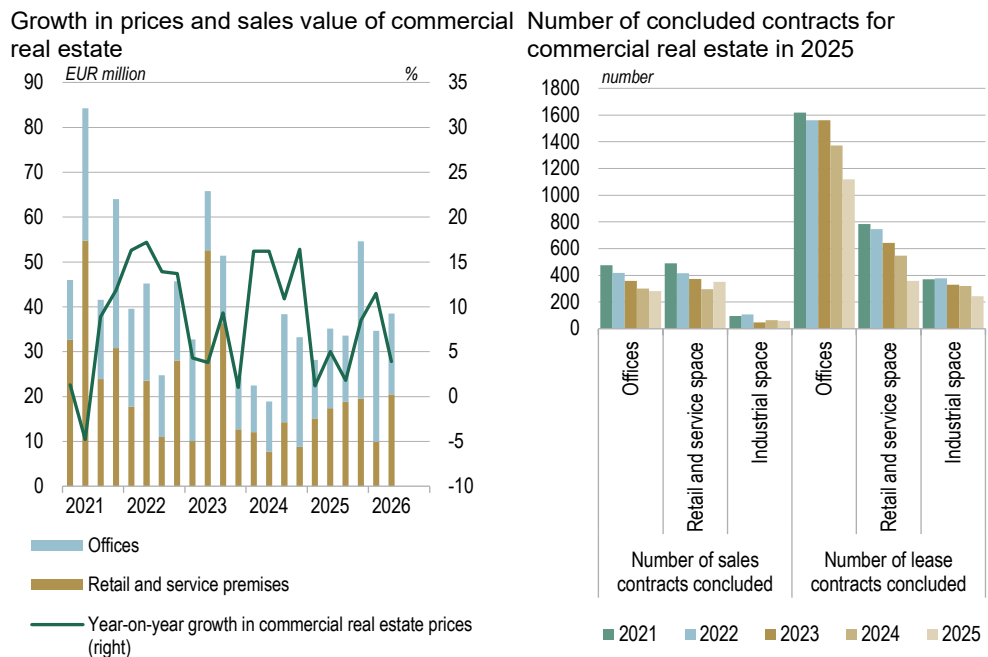
<sup>13</sup> GURS (2026): Report on the Slovenian real estate market for 2025.

<sup>14</sup> The BLS survey for Slovenia includes 8 banks. The survey was conducted in March 2026.

**The Slovenian commercial real estate market is small, with a limited number of transactions and a low supply of new commercial properties.** In the first half of 2026, the year-on-year growth in commercial property prices accelerated following a period of moderation in 2025 (see Figure 1.6, left). The value of sales was slightly below the average of the previous year, when, after several years of decline, it increased by one third. The volume of loans for commercial real estate increased slightly year-on-year by June 2026, but remained relatively low at EUR 428 million. The share of these loans in all loans to NFCs stood at 4.2%.

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

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



Sources: SURS, Banka Slovenije.

### 1.3 Funding risk

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Q3 26



**Funding risk remains moderate with a stable outlook.** Due to substantial inflows of household deposits, the volume of non-bank sector deposits strengthened up to June this year, continuing to represent the main source of funding for Slovenian banks. Despite a slight increase in deposit interest rates, most savers do not opt for term deposits; consequently, sight deposits have continued to grow. The banking system thus remains exposed to the risk of unstable funding, which could materialise in the event of an unexpected, rapid and large-scale shift of deposits between banks or out of the banking system, facilitated by freely available deposits and digital banking. Despite the diverse

and easily accessible range of alternative investments to bank deposits, deposits remain the main form of savings for most Slovenians, which currently contributes to the stability of this source of funding. Nevertheless, saving habits are gradually changing; therefore, monitoring these trends and timely adjustment of deposit product offerings to remain competitive is important for ensuring the stability of banking operations in the future.

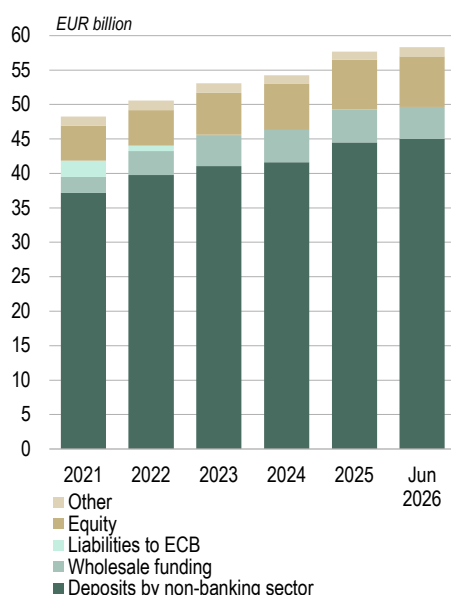
### Sources of funding

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

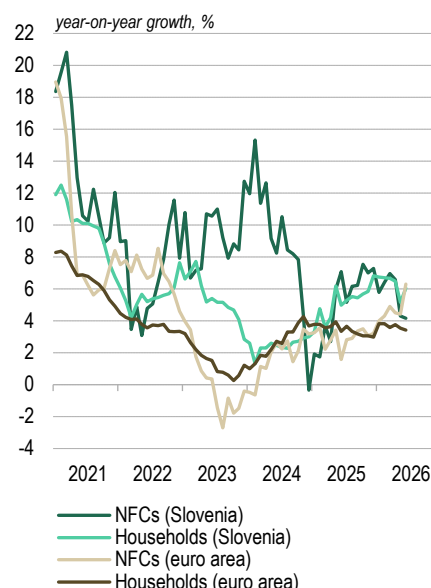
**The volume of wholesale funding sources has decreased due to a reduction in issued debt securities.** Some banks repaid issued debt securities early or upon maturity, while only one bank issued a new bond in the first half of 2026. As with previous issuances, the reason for issuing was not the bank's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

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

Sources of funding



Deposit trends by sector for Slovenia and the euro area

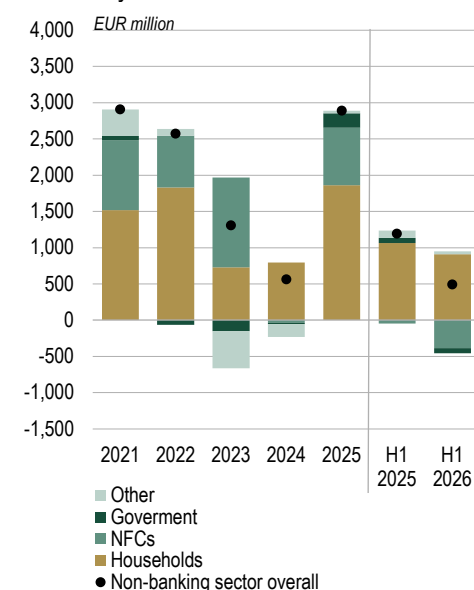


Sources: Banka Slovenije, ECB Data Portal.

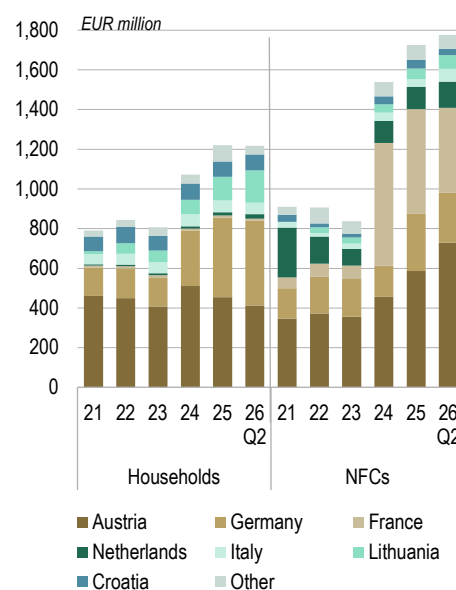
**Households increased their savings in banks significantly up to June this year, similar to the same period last year.** Deposit increases were recorded in every month except March, when some savers allocated part of their savings to the purchase of retail bonds, which were reissued by the state. Nevertheless, the outflow of deposits, as in previous years, did not exceed one percent of total household deposits. Enhanced saving was, as usual, observed in the spring months, coinciding with the payment of holiday bonuses to employees, annual supplements to pensioners, and dividend payments. Increased saving was also supported by continued strong wage growth and higher disposable income for households, as discussed in more detail in the chapter Households. The volume of household deposits increased by EUR 911 million in the first half of 2026 (see Figure 1.8, left), and with half of total assets (EUR 30.1 billion), they remain the most important source of funding for Slovenian banks. Solid year-on-year growth stood at 6% in June, remaining well above the euro area average, which was almost half as high (see Figure 1.7, right). Modest inflows of deposits are typically observed during the summer months, due to higher household expenditure on leisure activities and purchases associated with the start of the new school year.

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

**Changes in stock of deposits by sector in individual years**



**Household and NFC deposits with foreign banks**



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

**Although the saving habits of some households are gradually changing, household deposits remain a stable source of funding for Slovenian banks.** The development of digital technology enables savers to quickly and easily access various banking and financial services from domestic and foreign providers, as well as to compare them. Since 2024, increased saving by Slovenian households at banks in other euro area countries has been observed (see Figure 1.8, right), as these banks offer higher interest rates for term deposits than Slovenian banks. A more profitable and relatively safe alternative to bank savings remains the purchase of Slovenian retail bonds, which have been successfully issued for the third consecutive year. The introduction of individual investment accounts in March, which 10,000 individuals had opened by May this year,<sup>15</sup> also encourages savers to invest in various financial instruments; however, this has not yet had a significant impact on household deposit trends. In addition, household saving in mutual funds is gradually increasing, as discussed in more detail in the chapter Mutual Funds. Despite the diverse range of more profitable alternative investments with varying levels of risk, most savers remain relatively passive in managing their savings, which therefore remain in bank accounts. The limited amount of savings held by the majority of savers,<sup>16</sup> lack of financial literacy for prudent investment decisions, and unwillingness to take on risk are some of the reasons for this behaviour, which currently contributes positively to the stability of household deposits and thus bank funding.

**NFC deposits declined in the first half of the year, similar to the same period in previous years.** At the beginning of the year, companies repay maturing commercial loans, and in the spring months they pay dividends to owners and holiday bonuses to employees, which increases liquidity needs and contributes to a reduction in deposits at banks (see Figure 1.8, left). It is also observed that, since 2024, companies have increased saving at banks abroad (see Figure 1.8, right), further reducing the potential for deposit growth at Slovenian banks. Despite a decrease of EUR 387 million, NFCs held EUR 11.3 billion in deposits at Slovenian banks in June, which can be used for current operations or directed towards investment activities. These activities remain

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

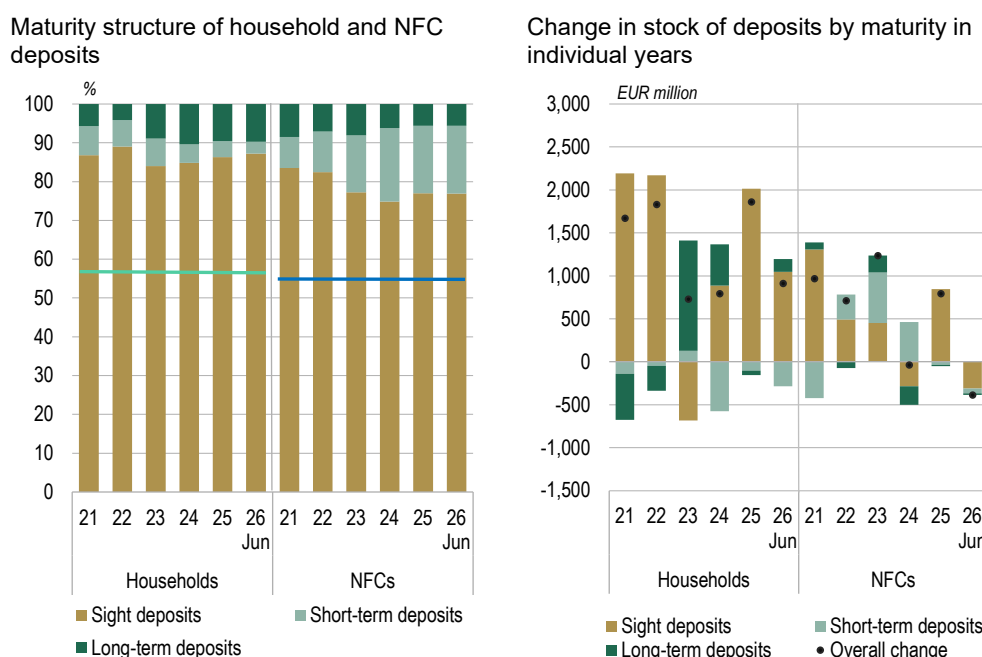
<sup>16</sup> Nearly 90% of all savers had less than EUR 30,000 in their bank account in 2024.

subdued due to uncertain geopolitical and economic developments. Year-on-year growth in NFC deposits slowed to 4.2% by June and, since May, has lagged behind the euro area average (see Figure 1.7, right).

### Deposit maturities and the maturity gap between assets and liabilities

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

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

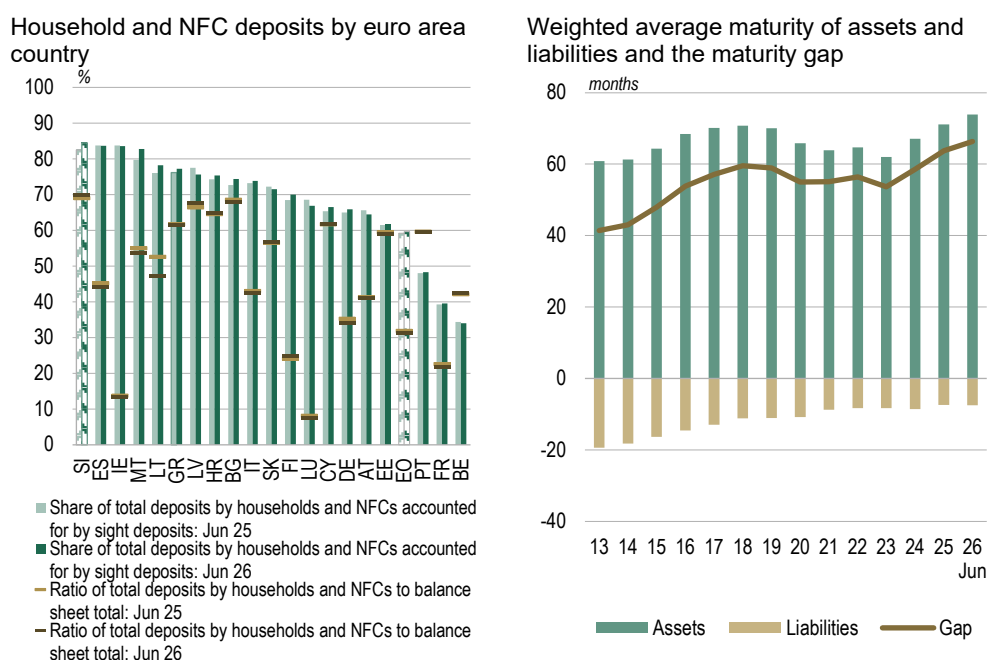


Note: In the left chart, the horizontal line indicates the average share of sight deposits in the period from 2000 to June 2026, which was 56.7% of all household deposits and 54.9% of all NFC deposits.  
Source: Banka Slovenije.

**The maturity gap between assets and liabilities has been widening since 2023.** As banks continued to channel liquid assets from accounts at the central bank into longer-term loans and debt securities, the weighted average maturity of assets increased in the first half of this year (to six years and two months). At the same time, the weighted average maturity of liabilities remained almost unchanged (at eight months), but low due to the large volume of sight deposits. As a result, the maturity gap

between assets and liabilities widened by a further two months, reaching a high of five years and six months (see Figure 1.10, right), which is the highest level since before the rapid growth in sight deposits began in 2013—a trend that significantly contributes to maturity mismatches. Sight deposits and digital banking enable savers to quickly and in larger amounts transfer deposits between banks or withdraw them from the banking system in the event of a sudden stress event. This can reduce the stability of bank funding, which is highly dependent on this source. Due to the continued confidence of savers in the operations of the Slovenian banking system and their traditional saving habits, as discussed earlier in this chapter, deposits from the non-bank sector remain a stable source of funding for Slovenian banks for now. It should be emphasised that careful monitoring of competitive conditions and changes in clients' saving habits, as well as rapid and appropriate adjustment of product offerings to the competition, remain important for maintaining the stability of banking operations in the future.

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



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

## 1.4 Interest rate risk

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Q3 26



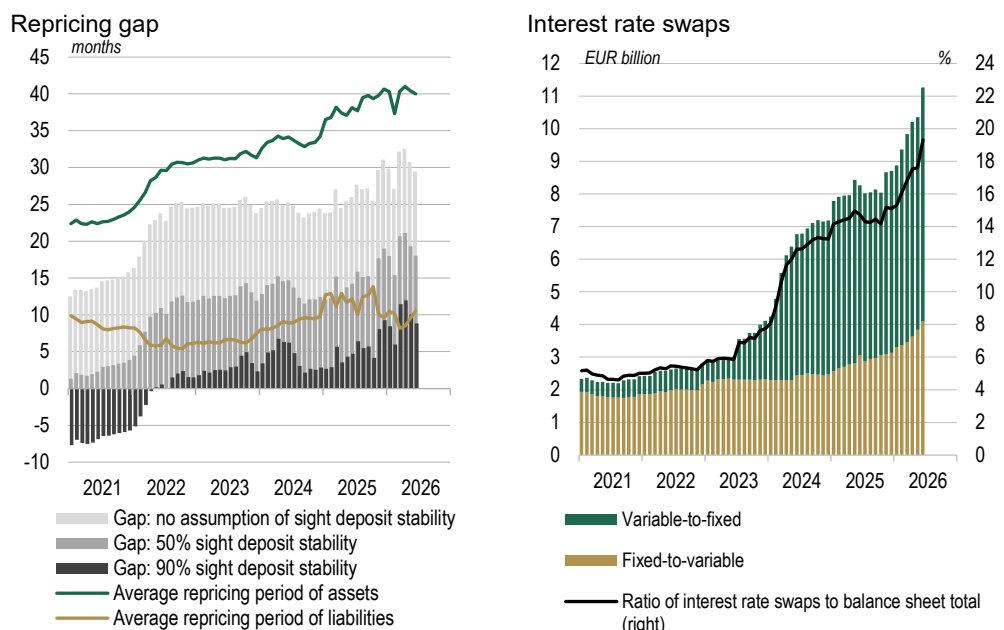
**Interest rate risk in the banking system remains moderate with a stable outlook.** With continued solid growth in household lending, the share of loans bearing a fixed interest rate has increased, while the average residual maturity of loans to the non-bank sector has lengthened as well. Primary liquidity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

## Interest rate sensitivity of banks

**In the first half of the year, changes in assets were the main factor affecting banks' interest rate sensitivity.** Loans to the non-bank sector increased by EUR 1.7 billion, or 5.4% (10.2% year-on-year) up to June this year, raising their share in the asset structure (see Figure 6.4 in the annex, left). The largest contribution to the increase in loans came from loans to households, particularly housing loans. Fixed-rate loans continued to dominate household lending, with their share in outstanding loans increasing further (see Figure 6.5 in the annex, left), with almost all newly approved housing and consumer loans granted at a fixed interest rate. Meanwhile, the share of outstanding fixed-rate loans to NFCs remained stable (see Figure 6.5 in the annex, right). With continued strong growth in housing loans (10.1% year-on-year) and the extension of their average maturity,<sup>17</sup> the share of longer-term loans in the overall loan portfolio increased. The effect of a higher share of fixed-rate loans and their longer average residual maturity continued to be reflected in a slight extension of the repricing period for loans at banks, which increased the interest rate sensitivity of the entire loan portfolio.

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

Figure 1.11: Repricing gap and interest rate swaps



Note: In the left chart, the repricing gap takes into account the stability of sight deposits under various assumptions of stability and with the distribution of the core part of sight deposits across time intervals.

Source: Banka Slovenije.

<sup>17</sup> Average residual maturity for fixed-rate housing loans stood at 16 years in June.

<sup>18</sup> Cash on hand, balances with the central bank, and sight deposits with banks.

**Among liabilities, deposits from the non-bank sector continue to have a significant impact on banks' interest rate sensitivity, given their large share among total liabilities.** By June, these had increased by EUR 0.5 billion, or 1.1% (5.1% year-on-year), and continued to account for the largest share of bank funding at 77% (see Figure 6.4 in the annex, right). The increase was driven by sight deposits, which rose by EUR 0.9 billion, while the volume of term deposits declined. As a result, the deposit structure changed slightly compared to the end of 2025, with sight deposits accounting for 82% of all deposits in the banking system in June, the highest level since 2023 (see Figure 6.8 in the annex, right). The repricing period for deposits did not change significantly, as the structure of term deposits also shifted somewhat, with a notable decrease in short-term term deposits and a slight increase in long-term term deposits. With the maturing of issued debt securities, both their volume and share in the funding structure of banks declined by June (to 5%), while their residual maturity and repricing period increased. Overall, changes in deposits and issued securities did not significantly affect the average repricing period (see Figure 1.11, left).

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

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

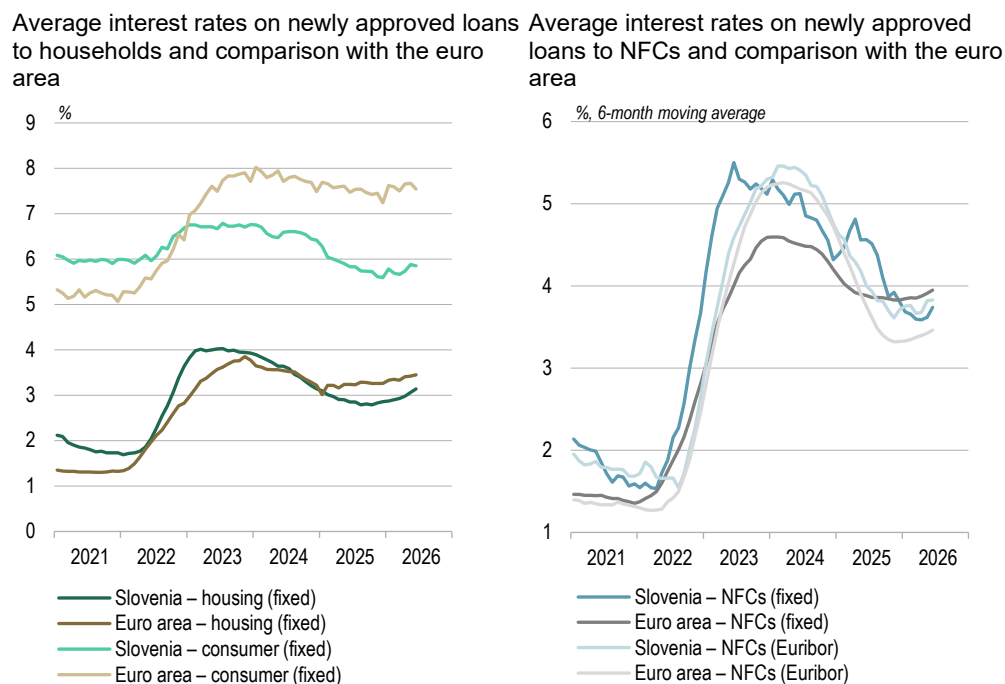
<sup>19</sup> This has been applied since 14 May 2024 and stipulates that the maximum permitted decline in net interest income, measured against Tier 1 capital, is 5%. The decline represents the difference between net interest income in the baseline scenario and net interest income in the worst-case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

<sup>20</sup> For example, by restricting certain loans in terms of maturity and type of interest rate, modelling deposits, etc.

**Interest rates on newly approved loans to the non-bank sector increased slightly in the first half of this year.** Even before the end of 2025, and well before the ECB's key interest rates hike in June this year, interest rates on loans to the non-bank sector in certain segments had already begun to rise. Fixed-rate loans continued to dominate household lending. For newly approved housing loans, fixed interest rates reached their lowest level in this interest rate lowering cycle at 2.8% in August last year, after which they increased slightly on average. In June this year, they stood at 3.1%, lower than in the euro area, where they were 3.5% in June (see Figure 1.12, left). Meanwhile, fixed interest rates for newly approved consumer loans reached their lowest level in the past decade at 5.6% in December last year, and then also increased slightly on average. In June, they reached 5.9% and remained well below the euro area average of 7.5%. Variable interest rates for both types of loan also increased in the first half of this year, but due to the very low volume of new business with variable rates, their movements were quite volatile. Variable interest rates for newly approved NFC loans, which predominate compared to fixed rates, increased on average, with more volatile dynamics than those in the euro area. In the first half of the year, they hovered just below 4% and were on average slightly higher than in the euro area. In June, they stood at 3.9% (see Figure 1.12, right). Meanwhile, fixed rates, which were even more volatile, also increased. In June, they were equal to variable rates and similar to those in the euro area.

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

Figure 1.12: Interest rates



Source: ECB Data Portal, Banka Slovenije calculations.

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

**The narrowing of the interest spread for households slowed further in the first half of this year, while for NFCs the spread remained close to the levels reached last year.**<sup>22</sup> After reaching the highest level of key interest rates in September 2023, the interest spread for households (see Figure 6.7 in the annex, left) and NFCs (see Figure 6.7 in the annex, right) began to decrease. With the stabilisation of interest rates on outstanding loans and deposits this year, this narrowing notably slowed or, in the case of NFCs, stopped. Meanwhile, in the euro area, the spread for households continued to increase, thereby continuously reducing the difference with the Slovenian banking system and bringing it much closer to levels observed during the period of low

<sup>21</sup> Long-term deposits are defined as deposits with a maturity of more than one year, while short-term deposits are those with a maturity of up to one year.

<sup>22</sup> The interest spread is defined as the difference between the average interest rates on outstanding loans and the average interest rates on outstanding deposits.

interest rates. Nevertheless, the spread remained considerably higher in Slovenia, reflecting the very large share of sight deposits in the banking system and interest rates close to 0% for these deposits, as well as below-average rates for term deposits, which do not encourage households to tie up their savings for longer periods. For NFCs, the spread in the euro area also remained stable, preserving the difference achieved in 2025. Similar to households, the gap to the euro area average remained larger than in the period of low interest rates. The relatively large interest spread compared to the euro area continues to be reflected in solid income trends for banks in Slovenia.<sup>23</sup>

## 1.5 Credit risk

Q2 26

Q3 26



**Credit risk remains at a moderate level with a stable trend, amid mostly unchanged credit portfolio quality indicators but still highly uncertain economic conditions.** After a significant deterioration in credit portfolio quality in the non-financial corporations (NFC) segment last year, the risk level was stable in the first half of this year; any potential future deterioration may be linked to the persistently challenging external economic environment. Banks increased the coverage of claims against manufacturing companies—reclassified as non-performing exposures (NPE) last year—through restructuring and enhanced collateralisation. The number of initiated bankruptcies rose in the first half of this year, but banks' exposure to companies in bankruptcy remained low. The Slovenian economy demonstrated a high degree of resilience in the first half of the year, with growth strengthening despite challenging conditions. Labour market conditions were favourable, and the financial position of households was generally solid, which, amid continued growth in household lending, maintained stable NPE ratios.

### Non-performing exposures and credit risk stages

**The quality of bank assets, measured by the NPE ratio, remained unchanged at mid-2026 compared to the end of last year.** After a notable increase in the NPE ratio for the overall portfolio in the last quarter of last year, it remained unchanged up to June this year. At 1.6%, it continued to be close to the highest level since the first quarter of 2021 (see Figure 1.13, left). In international comparison, the NPE ratio for the overall portfolio in recent years was slightly below the median distribution for euro area countries but exceeded it in the last quarter of last year (see Figure 1.13, right).<sup>24</sup> The volume of NPEs declined slightly up to June this year but remained significantly above the level a year ago (by 59%). Of the EUR 1.0 billion in total NPEs, exposures to NFCs accounted for 73% (see Figure 6.9 in the annex, left) and remained highly concentrated in only a few manufacturing companies (C).<sup>25</sup> Just four companies together accounted for more than 50% of all NFC NPEs, indicating that difficulties in business operations and debt repayment are limited to individual companies and do not currently represent a systemic deterioration in debt repayment at banks. The NPE ratio for NFCs declined slightly up to June, to 3.9%, but remained well above the historically low levels of recent years. It also declined in manufacturing, but at 9.6% remained significantly elevated (see Figure 1.14, left). Economic entities, especially predominantly export-oriented and energy-dependent companies, continue to face a highly uncertain external economic environment and volatility in energy markets. Such conditions, combined with potential

<sup>23</sup> For more information, see the chapter on income risk.

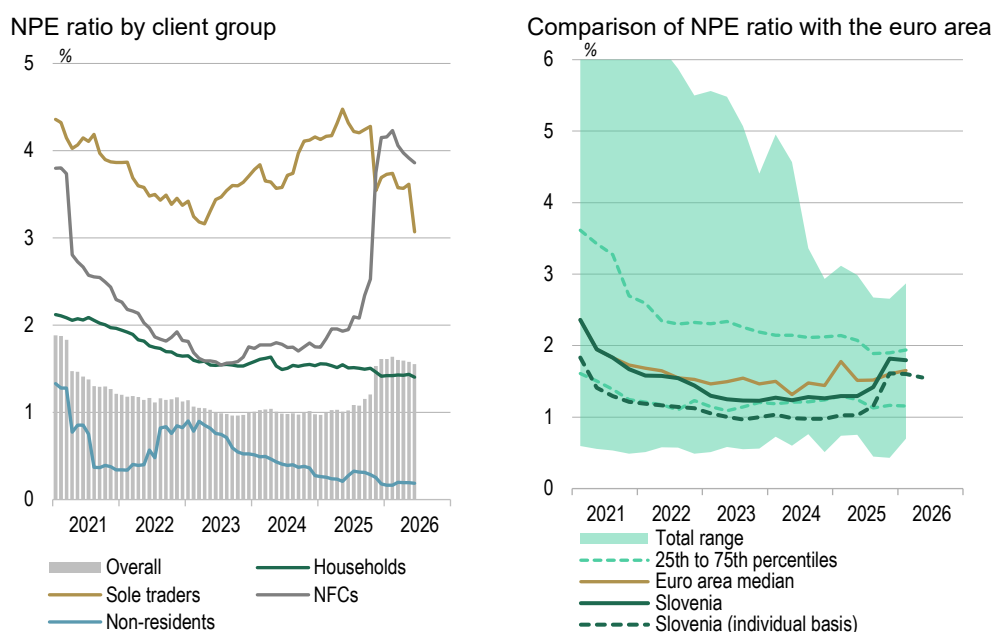
<sup>24</sup> ECB Data Portal data for the euro area and Slovenia for the second quarter were not yet available at the time of review preparation. The source of individual data for Slovenia is Banka Slovenije.

<sup>25</sup> Letter codes according to the standard classification of activities – SKD 2025.

operational difficulties of such companies, increase the risk of their ability to repay debts to banks, thereby maintaining credit risk at a moderate level with a stable outlook.

**In other NFC activities, the NPE ratio was on average stable, with changes—similar to previous periods—mostly linked to individual larger exposures.** As in manufacturing, the NPE ratio after a notable increase last year also declined up to June in professional, scientific, technical, and business activities (NO). Last November's increase was linked to a single company, which also significantly influenced the March reduction in the ratio. The NPE ratio in this group of activities declined to 4.2% up to June (see Figure 1.14, left). Meanwhile, a visible increase in the NPE ratio was observed in transport and storage (H) in March, again due to a significant change at a single company. In this group, the NPE ratio increased to 2.0% up to June. In construction (F), the gradual reduction in the NPE ratio continued, reaching 1.7% in June, while in other predominantly service activities, portfolio quality remained stable in the first half of the year.

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



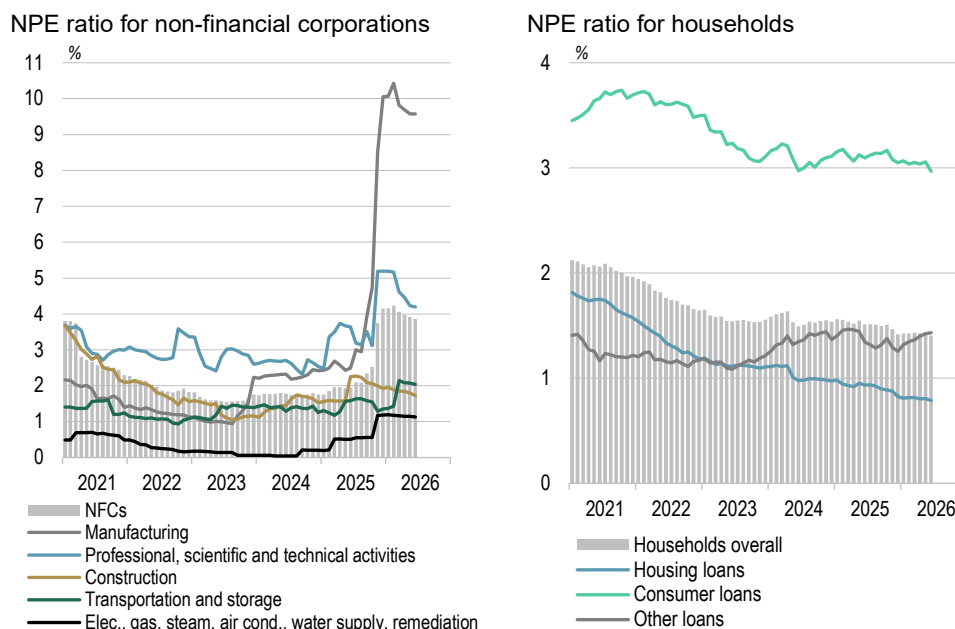
Note: In the right chart, only data for debt instruments (loans and debt securities) on a consolidated basis are included, while the presentation for Slovenia on an individual basis covers the entire bank exposure on an individual basis. The upper limit of the total range up to 2022 is not fully visible and represents exceptionally high values for Greece.

Sources: Banka Slovenije, ECB Data Portal.

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

<sup>26</sup> Sole traders, with a total exposure of 1.3%, account for 2.4% of all NPEs in the banking system.

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



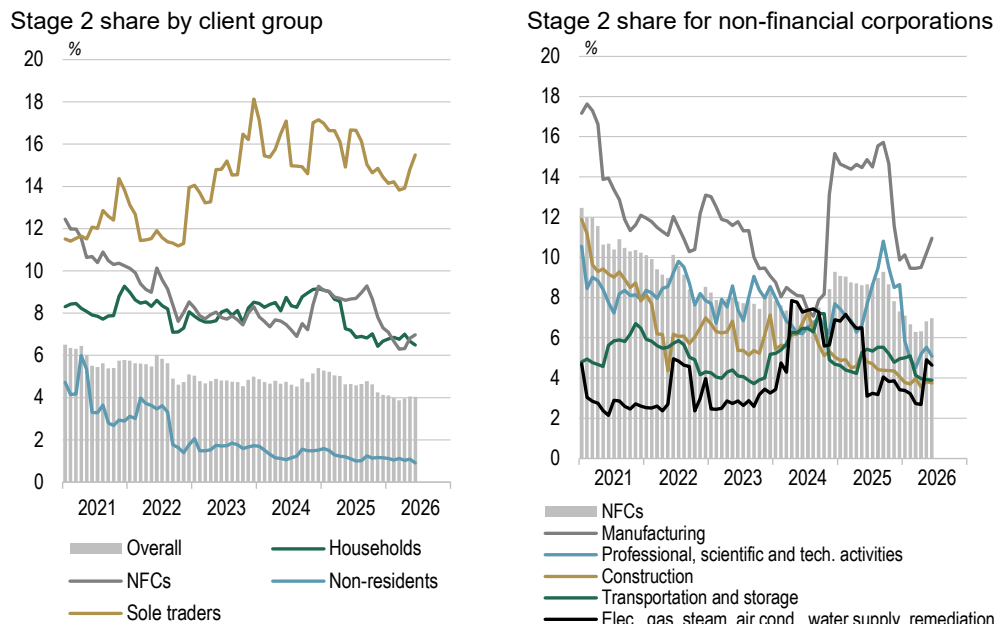
Source: Banka Slovenije.

**The share of exposures with increased credit risk (Stage 2 or S2) remained close to its lowest multi-year level, confirming stable prospects for credit risk.** After a decrease in the last quarter of last year, it was stable in the first half of 2026, fluctuating around 4.0%, which was its level in June (see Figure 1.15, left). The volume of Stage 2 exposures declined slightly up to June this year (by EUR 19 million; 0.7%), and was 9% lower compared to the same period last year. By client group, changes varied; of the EUR 2.7 billion in total Stage 2 exposures, the majority were accounted for by NFCs (51%) and households (39%) (see Figure 6.9 in the annex, right). Among households, the Stage 2 share declined to 6.5%<sup>27</sup> by June (see Figure 6.10 in the annex, left), representing the lowest level in the observed period. Together with historically low NPE ratios, this continues to confirm the very good average financial position of households as perceived by banks. Among other client groups, sole traders continued to stand out, with the Stage 2 share remaining within the range of recent years and increasing again in the months up to June (to 15.5%).

**After a notable decrease in the Stage 2 share for NFCs in the last quarter of last year, it increased slightly up to June this year.** Last year's decrease indicated a deterioration in credit portfolio quality in this segment, as it was linked to the reclassification of larger exposures to manufacturing companies as NPEs. As a result, both the volume and share of Stage 2 exposures for NFCs declined significantly, especially in manufacturing. For NFCs, the Stage 2 share reached its lowest multi-year level in March, at 6.3%, and increased slightly to 7.0% by June. This increase was again linked to only a few individual companies and mainly reflected changes in manufacturing, where the Stage 2 share increased to 10.9% by June (see Figure 1.15, right). Banks also noted increased risk in some exposures in electricity, gas, water supply, and waste management activities (DE), where the share rose to 4.6%, while a decrease was observed in professional, scientific, technical, and business activities (NO), with the share declining to 5.1%. In most other activities, the Stage 2 share also declined in the first half of the year. Banks thus generally detect and respond to payment delays in a timely manner, reclassifying exposures to higher credit risk levels as appropriate.

<sup>27</sup> In June 2026, the Stage 2 share for housing loans was 4.7%, for consumer loans 9.9%, and for other household loans 8.1%.

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

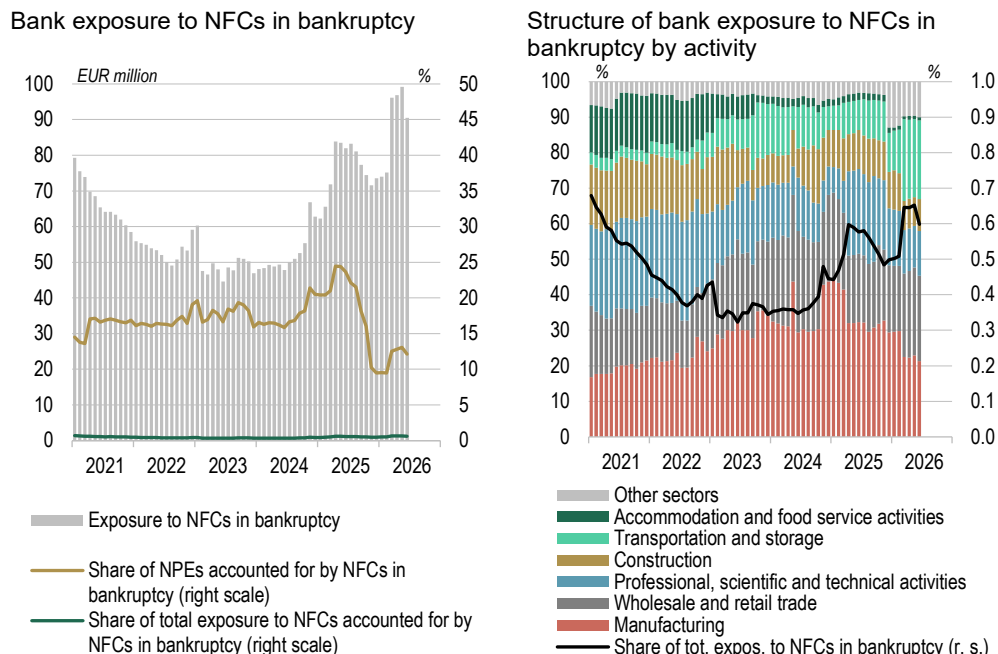


Source: Banka Slovenije.

### Exposure to companies in bankruptcy proceedings and companies with blocked accounts

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

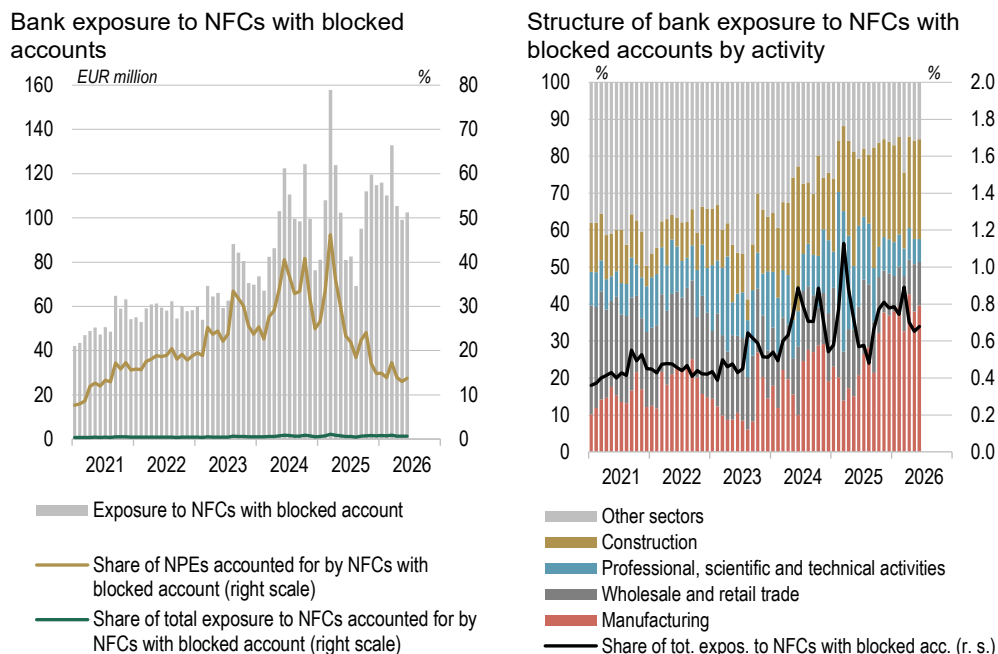
Figure 1.16: **Bank exposure to NFCs in bankruptcy**



Sources: Banka Slovenije, Supreme court.

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

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



Sources: Banka Slovenije, Supreme court.

### Bank lending standards and interest rates

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

**The level of interest rates on loans to the non-bank sector continued to have a favourable impact on credit risk in the first half of this year.** Interest rates on newly approved loans to the non-bank sector reached their lowest levels in this cycle of lowering interest rates in the second half of last year and increased only slightly in the first half of this year amid one ECB rate hike. The debt servicing burden for the non-bank sector therefore did not change significantly, which had a positive effect on credit risk. Households became even more resilient to potential further interest rate increases, as fixed-rate loans strongly predominate.<sup>28</sup> For newly approved housing and consumer loans, fixed interest rates increased only slightly up to June, so new household borrowing remains relatively favourable. By contrast, variable-rate loans continue to predominate for NFCs, with their share remaining stable at just over four fifths. As a result, NFCs are more sensitive to potential interest rate increases compared to households, as interest rates on existing variable-rate loans rise in line with changes in reference rates. Despite greater interest rate sensitivity, NFCs did not experience significant changes in debt servicing in the first half of the year, as variable rates remained close to the lowest levels in the recent rate lowering cycle.<sup>29</sup>

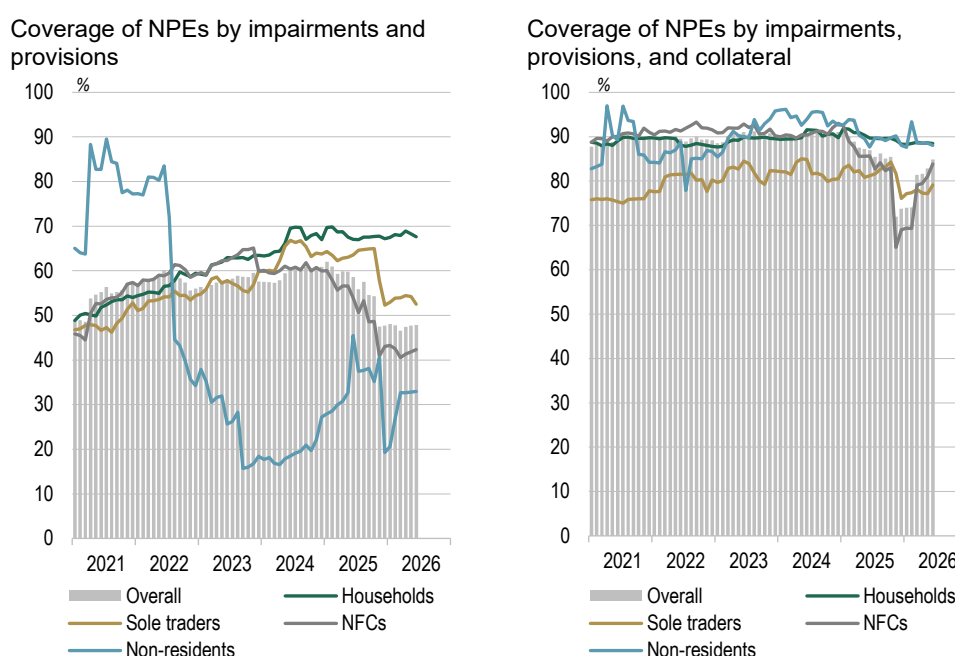
<sup>28</sup> For housing loans, such loans account for 86%; for consumer loans, the share is 97%.

<sup>29</sup> For more information on interest rates, see the chapter on interest rate risk.

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

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

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



Source: Banka Slovenije.

<sup>30</sup> Coverage of NPEs for housing loans by impairments and provisions stood at 58.3% in June 2026 (1.0 percentage point higher than in December 2025), for consumer loans at 74.3% (1.0 percentage point higher than in December 2025), and for other household loans at 66.3% (2.9 percentage points lower than in December 2025).



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

#### Gross and net income of banks

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

#### Net interest and non-interest income

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

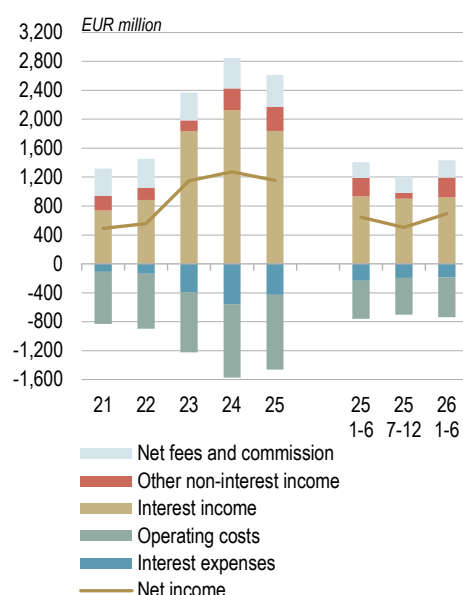
<sup>31</sup> This refers to the interest-bearing assets representing claims on the central bank (ECB) and on banks.

<sup>32</sup> For example, in the first half of last year, the interest rate on the ECB's deposit facility, after several consecutive reductions, stood at three percent at the beginning of the year, but was reduced to two percent in June, where it remained until the increase in June 2026. A similar pattern applied to the Euribor rate.

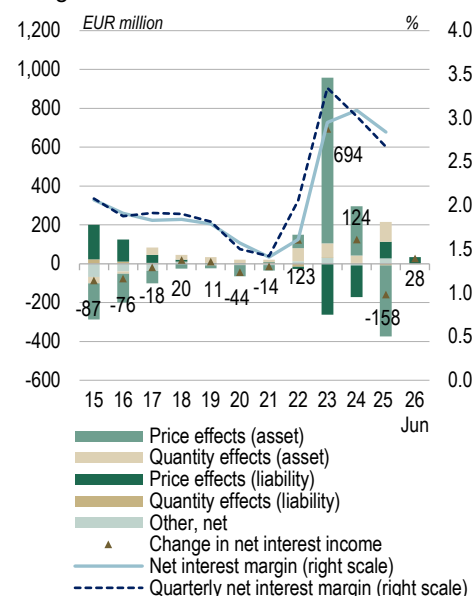
<sup>33</sup> Over the past two and a half years, up to June 2026, banks' most liquid investments decreased by EUR 6.6 billion, while investments in securities increased by EUR 5.5 billion.

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

Net income and its components



Contribution of volume and price factors to changes in net interest income



Note: The value of changes in EUR million for January–June 2026 shows the change in this period of the current year compared to the same period of the previous year.  
Source: Banka Slovenije.

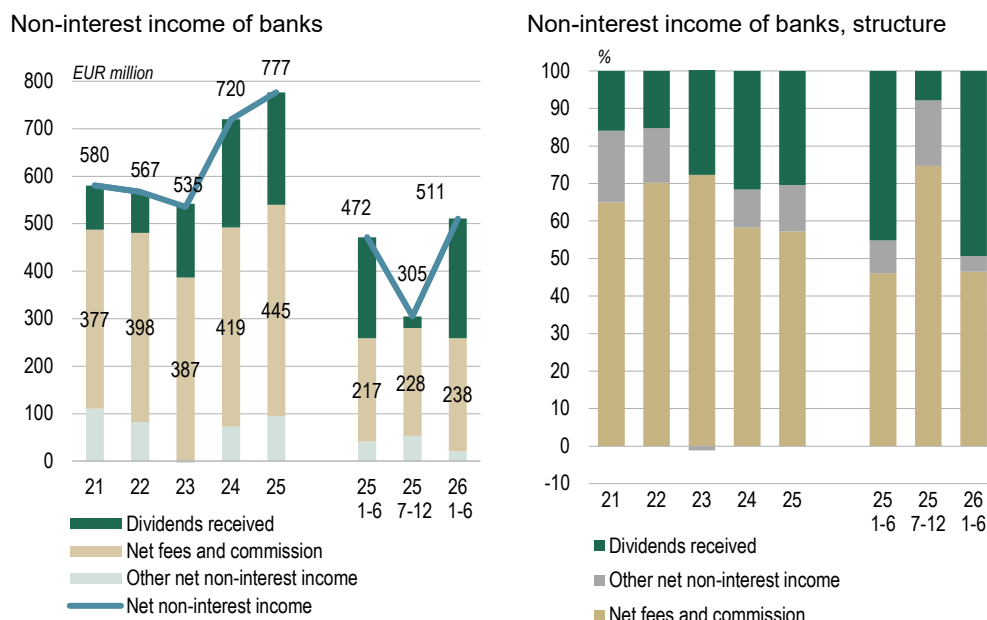
**On the asset side of banks' balance sheets, negative price effects were almost entirely offset by positive volume effects this year, while positive price effects on the liability side contributed to an increase in net interest.** As last year, negative price effects on the asset side arose from the most liquid forms of investment and loans to the non-bank sector, while positive effects stemmed from increased investments in securities (see Figure 1.19, right). Positive volume effects on the asset side increased this year. On the asset side, they originated from loans and securities, linked to increased credit activity and the shift of bank investments from liquid assets to securities. Conversely, price effects on the liability side were positive. Price effects from deposits (lower interest rates) increased net interest. Meanwhile, volume effects on the liability side did not significantly affect changes in net interest at banks.

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

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

<sup>34</sup> The average value of the net interest margin in the Slovenian banking system from Slovenia's accession in 2004 to the end of 2025 was 2.14%, and from Slovenia's entry into the euro area in 2007, 2.07%. The thirty-year average (1996–2025) stands at 2.76%, with values in the first five years (5.0%) and the first decade (4.1%) being high compared to current levels. The net interest margin in the "low interest rate environment (LIRE)", if we consider the period 2012–2024, averaged only 1.80%.

Figure 1.20: **Non-interest income of banks and the structure of non-interest income**



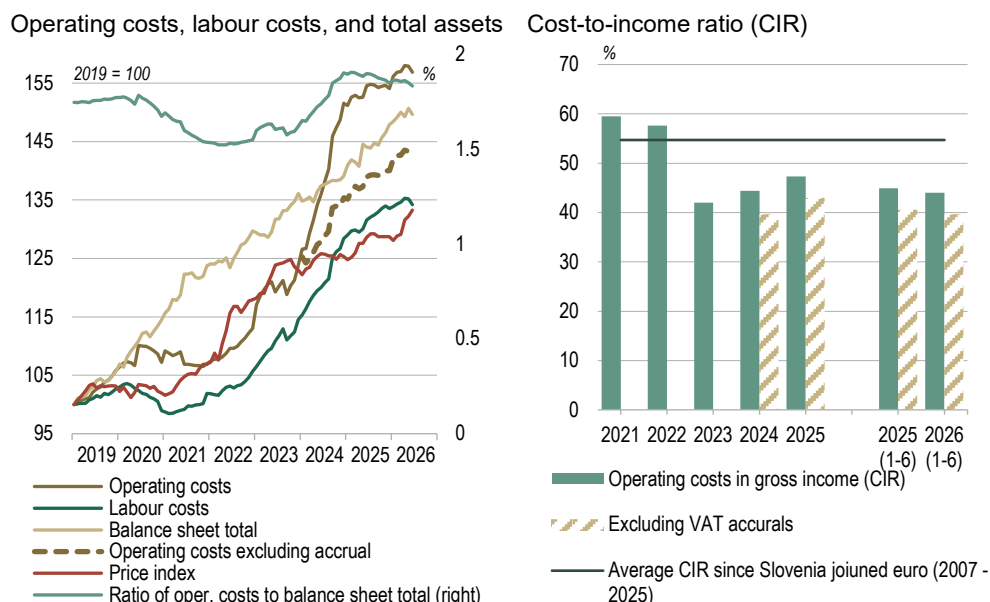
Note: In 2023, the effect from other net interest income was negative overall.  
Source: Banka Slovenije.

### Operating costs

**Year-on-year growth in banks' operating costs was moderate at 3.6% in the first half of this year.** Year-on-year growth in labour costs was even lower, decreasing to just 1% in June. Operating cost growth was higher in the first quarter of the year (see Figure 1.21, left), primarily reflecting banks' provisional estimates regarding expected contributions to the guarantee scheme. Some banks initially anticipated a somewhat larger volume of contributions, but subsequently revised these estimates downwards. The cost-to-income ratio stood at 44.0% in the first half of the year, broadly unchanged from the same period last year (see Figure 1.21, right). Excluding the amount of the calculated balance sheet tax, which was introduced in 2025, the cost-to-income ratio would have been four percentage points lower. The below-average share (the average for the past two decades since Slovenia joined the euro area is 54.7%) is also a result of the higher bank income mentioned earlier in recent years.<sup>35</sup>

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

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



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

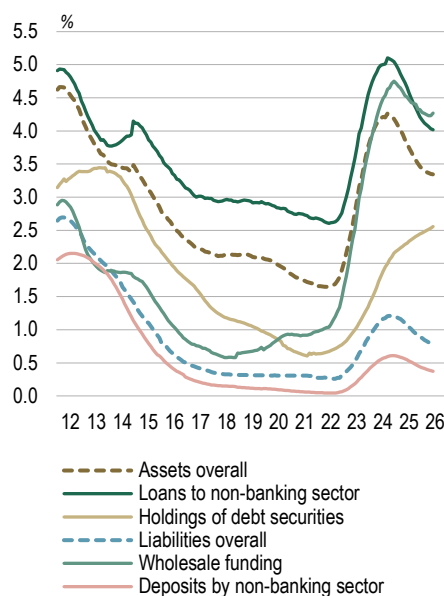
### Expected income trends in the second half of 2026

**Banks remain in a favourable income position.** In the second half of 2026, we expect income generation to be lower than in the first half of the year, as was also the case last year, although full-year income is projected to exceed the level recorded in 2025. After interest rates stabilised last year, when the Euribor rate declined to around 2%, it began to increase gradually from March this year, reaching 2.5% by mid-August. In the second half of the year, further growth in net interest is anticipated due to the rising Euribor (see Figure 1.22, right), which is also expected by market participants. At the same time, banks continue to reduce their most liquid assets and reallocate them into more profitable securities, while bank lending remains relatively high. According to the BLS survey for Slovenia, banks expect relatively moderate changes in corporate lending in the third quarter of 2026, along with a decrease in demand for long-term loans. Responses from corporates in June compared to March indicate “stabilisation” of expectations. For households, banks mainly expect a decrease in demand for housing loans, while credit standards are expected to remain almost unchanged.<sup>36</sup> On the other hand, due to the rigid structure of deposits, no significant effects on interest expenses are anticipated.

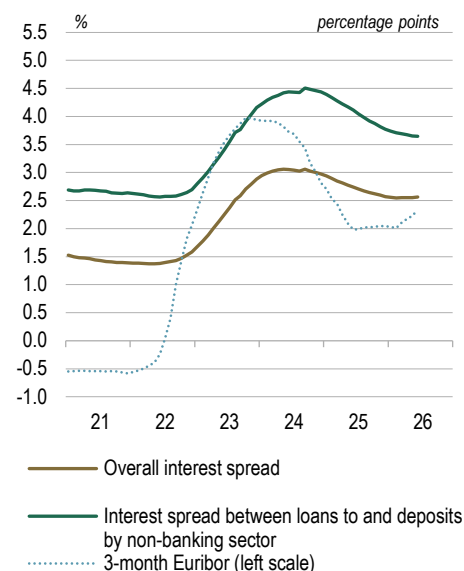
<sup>36</sup> In the previous BLS survey conducted in the spring, which coincided with significant uncertainties due to geopolitical tensions and military attacks in the Middle East, banks expressed even stronger expectations of changes in the corporate segment. In particular, they anticipated an increase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

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

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



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



Note: The overall interest rate spread reflects the difference between the interest rate for interest-bearing assets and interest-bearing liabilities. Interest rate values and, consequently, spreads are calculated for each latest one-year period. Euribor values reflect the respective monthly data.

Source: Banka Slovenije.

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

### Comparison with EU and euro area countries

**Last year, the net interest margin declined in Slovenia, EU countries, and the euro area, but remained above long-term average.** The Slovenian banking system continued to stand out notably upwards in this indicator compared to other countries (see Figure 1.23, left and right). For other main categories of income and expenses relative to total assets, values for the Slovenian banking system were similar to previous years. Slovenia also stood out positively in net non-interest and net fee margins, ranking fifth and fourth among EU countries respectively in 2025. On the other hand, similar to some other smaller banking systems, the Slovenian banking system exceeded the average of both areas in the share of operating costs to total assets. The share of operating costs relative to gross income in Slovenia last year was below the euro area average and slightly above the EU average.<sup>37</sup>

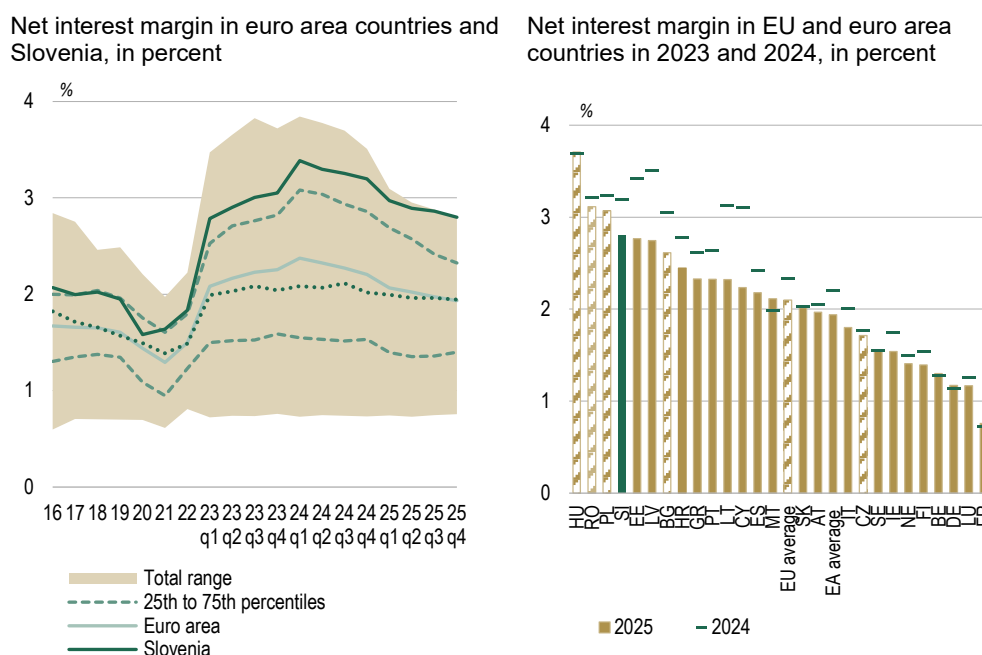
**The net interest margin of the Slovenian banking system in 2025 exceeded that of banks of comparable size in the EU and euro area.** The difference remained high, despite a slight reduction. At 2.80%, the margin in the Slovenian banking system in 2025 was 0.60 percentage points higher than that of small EU banks and 0.86 percentage points higher than that of small banks in the euro area, which is significantly more than before the interest rate increases (in 2021, the difference was 0.16 and 0.25 percentage points, respectively). The cost-to-income ratio in Slovenia, due to high bank

<sup>37</sup> See the charts in the Annex on pages 116–118.

income, was 48.7%, 9.9 percentage points lower than in the EU and 12 percentage points lower than in the euro area.

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

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

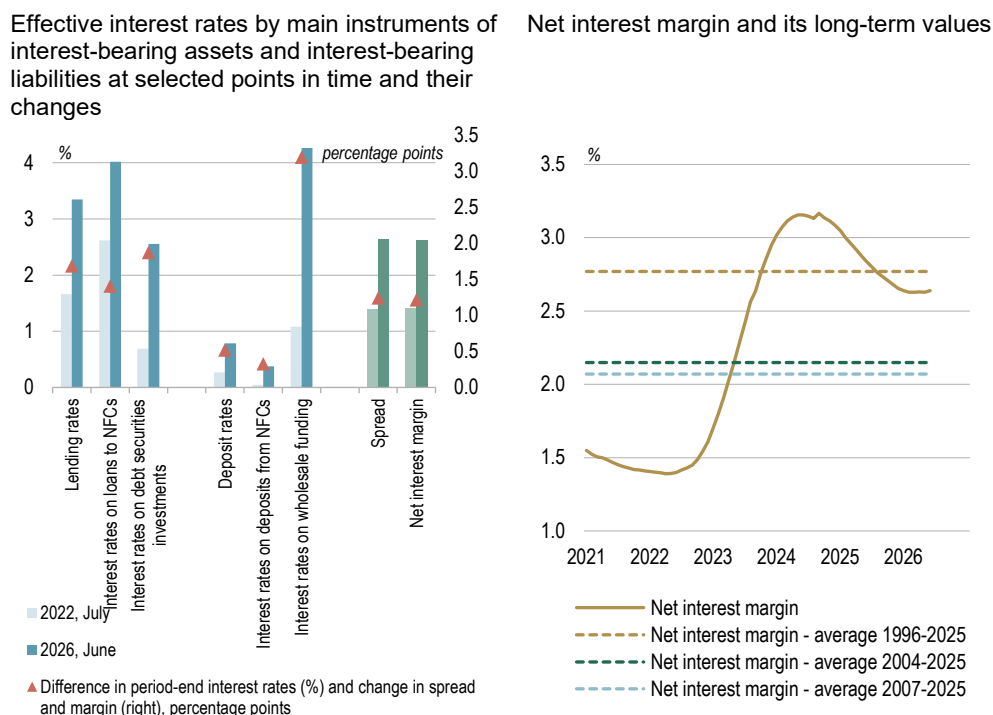


Note: In the left chart, net interest margin data during the year reflect the respective cumulative figures. Data for certain countries may not have been available for some time periods.  
Source: ECB Data Portal.

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

<sup>38</sup> The last factor, despite the difference between Slovenia and the euro area, is less important for net interest income than the first two. However, banks, through their interest rate policy, influence the maintenance of a large share of sight deposits in banks, which further reduces interest expenses.

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



**Box 1: The importance of card business for fee and commission income in the Slovenian banking system<sup>39</sup>**

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

**The growing use of payment cards is also reflected in banks' business performance, with card business representing an important source of fee and commission income for banks.** Card business is an important segment of payment services

<sup>39</sup> This box summarises an analysis to be published in the Short Economic and Financial Analyses series under the title »Prispevek kartičnega poslovanja k opravninskim prihodkom slovenskih bank«.

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

and one of the more important sources of fee and commission income for the banking system. Based on banks' reporting data, their responses to the survey and additional estimates, we estimate that banks generated approximately EUR 169 million in fee and commission income from card business in 2025. This accounted for around 29% of total fee and commission income in the banking system. Net fee and commission income from card business amounted to around EUR 74 million, representing around 17% of total net fee and commission income in the banking system in 2025 (Figure 1.25, left). As the available data do not allow for a complete identification of all fee and commission income related to card business, some of the estimates are also based on additional assumptions.<sup>41</sup>

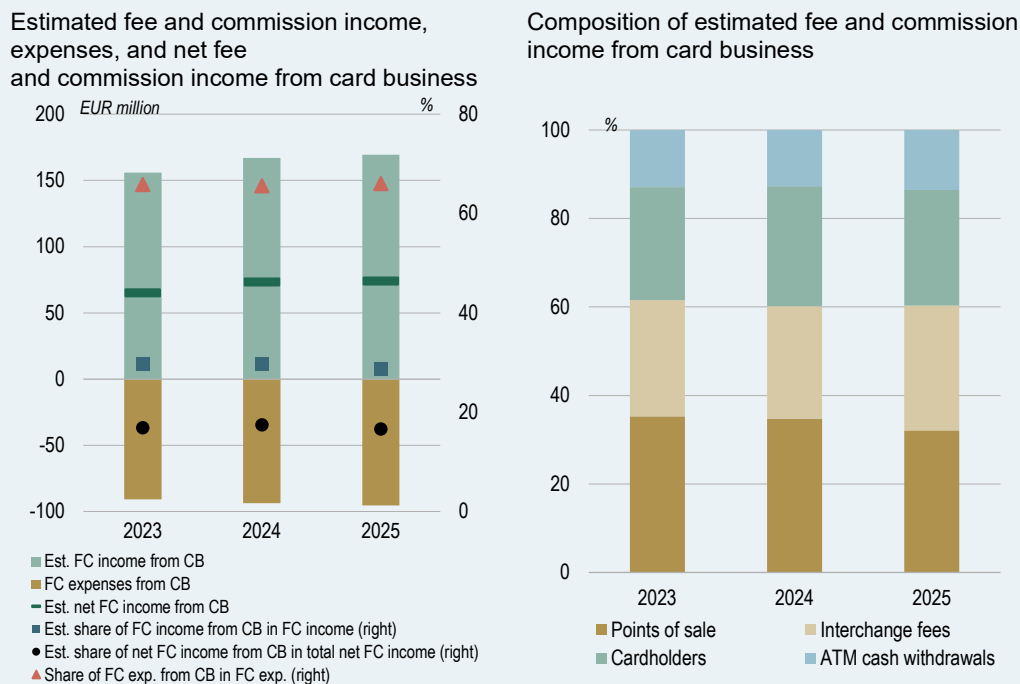
**Merchant acquiring accounts for the largest share of fee and commission income from card business.** This is followed by revenue from interchange fees and fee income from cardholders, mainly from cardholder fees, payment card issuance fees and other card-related fees (Figure 1.25, right). Revenue related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

**The composition of fee and commission income from card business changed somewhat over the 2023–2025 period.** Fee and commission income from interchange fees increased the most rapidly, and its share of total revenue also increased the most. As interchange fees for consumer cards are regulated and capped under EU legislation, their growth was primarily driven by the increase in the volume and value of card transactions.<sup>42</sup> Fee and commission income generated from charges to cardholders also increased, as did fee and commission income related to cash withdrawals at ATMs, with both accounting for a slightly larger share of total fee and commission income. By contrast, fee and commission income from merchant acquiring declined, resulting in a lower share of acquiring revenue in total card business revenue. One possible explanation is the increasing role of foreign acquirers in the Slovenian market. As a result, part of the fee and commission income generated from merchant acquiring is realised outside the Slovenian banking system, while fee and commission income from interchange fees remains linked to the role of Slovenian banks as card issuers.

<sup>41</sup> Further methodological details and a description of the assumptions used will be provided in the analysis "Prispevek kartičnega poslovanja k opravninskim prihodkom slovenskih bank", which is expected to be published later this year.

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

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



Note: CB – card business, FC – fee and commission, est. estimated.  
 Source: Banka Slovenije, own calculations.

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

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

**Card business remains an important segment of banks' payment services.** Its importance stems primarily from the high volume of transactions and the regular use of payment cards for day-to-day payments, making it a relatively stable source of fee and commission income. Its significance therefore extends beyond its direct contribution to

fee and commission income, as the widespread use of payment cards means that card business is closely linked to customers' day-to-day banking activities and their use of other payment and banking services. Further developments in card business will depend, among other things, on the digitalisation of payments, the development of new payment solutions and changes in users' payment habits. Although many new digital solutions are based on existing card infrastructure, the development of alternative payment methods, such as account-to-account payments (e.g. Flik) and the possible introduction of a digital euro, could affect the future role of payment cards in payment transactions and banks' fee income from payment services.

## 1.7 ICT related risks

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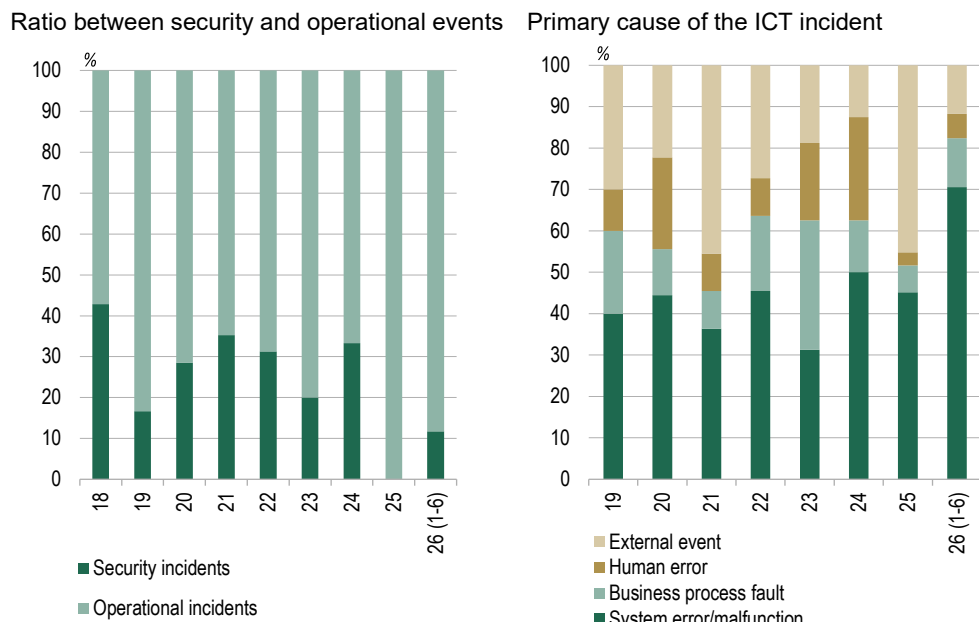


**Risks associated with information and communication technology (ICT) in the banking system are maintained at an elevated level with an upward trend.** ICT risks, as defined in this edition of the Financial Stability Review, now include not only cyber threats (data misuse, ransomware), but also hardware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

**In the first half of 2026, more ICT-related incidents were observed in payment infrastructure and the execution of key financial services, but their financial impact remains low.** Slovenian banks reported 17 ICT-related incidents in the first half of 2026 that affected transaction execution at POS terminals and ATMs. These errors caused approximately EUR 8,000 in financial losses for banks in the first half of 2026. The majority of incidents were caused by malfunctions in banking information systems and errors made by third parties providing IT solutions to banks. A large proportion of operational incidents in the first half of 2026 were thus linked to external service providers for banks. Among the causes of ICT incidents, human errors and external events—such as payment system outages or inaccessible services (see Figure 1.26, right)—also appear. These incidents had no impact on financial stability.

<sup>43</sup> The ICT mapping tool is designed to monitor and identify ICT risk at the banking system level. It also enables forecasting of operational incidents for the next quarter.

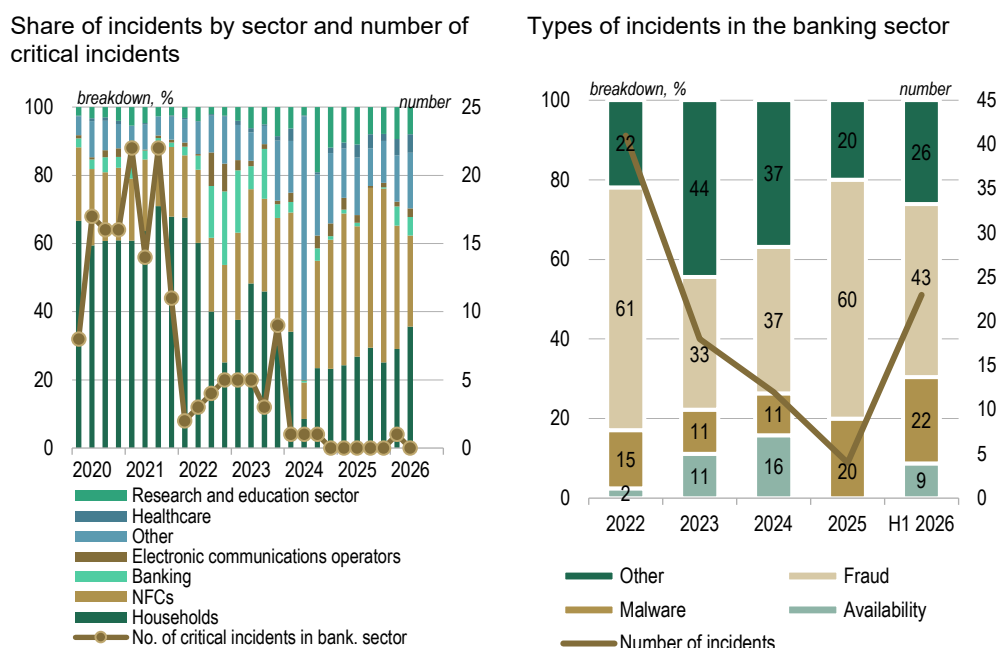
Figure 1.26: **Causes of incidents and the ratio between security and operational events**



Source: Banka Slovenije.

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

Figure 1.27: **Cyber incidents by sector**



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

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

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

**The trend of cyber incidents involving fake emails, online fraud, and ransomware continued in the first half of 2026.** Credential and banking data phishing remains one of the main tools for online fraud and other forms of cybercrime. It is the most used method by cybercriminals, who are mostly financially motivated. It enables perpetrators to gain initial access to individuals' services and company networks. Cyberattacks are becoming increasingly advanced and complex, as attackers use sophisticated social engineering techniques to obtain confidential information from victims. Malicious emails and phishing have become more targeted and personalized, increasing their effectiveness. Rapidly advancing AI technology and tools for creating complex forgeries assist attackers in these efforts.

**In the EU, the banking sector in the first half of 2026 was predominantly affected by attacks exploiting AI tools, vulnerabilities associated with external ICT service providers, DDoS attacks, unauthorised access, and ransomware attacks.** The main motive for these was financial gain. A larger number of incidents affected third-party service providers, which has an indirect impact on banks' operations with clients (e.g. theft of confidential data and disruption to banking services). These are followed by ransomware, phishing attacks, and attacks using malicious software. The number of critical cyber incidents within the SSM has remained stable. However, there has been an increase in cyberattacks on European infrastructure and in online fraud using increasingly sophisticated artificial intelligence, which exploits the flood of information circulating online regarding military conflicts. ICT risks have further increased due to

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

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

advanced AI models such as Claude Mythos. These models, due to their ability to proactively identify and exploit cyber vulnerabilities, pose a serious security risk to banks and financial stability. Because of these risks, the company Anthropic has made its model available only to a limited number of entities in a strictly controlled environment with advanced security protocols. Cyber threats in the EU remain at a high level, also due to geopolitical risks.

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

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

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

**Banks do not have a dedicated procedure for reporting and handling cyber incidents related to artificial intelligence.** They also currently lack separate strategies for defending against cyberattacks that exploit artificial intelligence. Such risks are managed within the existing information security framework. Future updates to policies and standards are expected to include artificial intelligence.

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

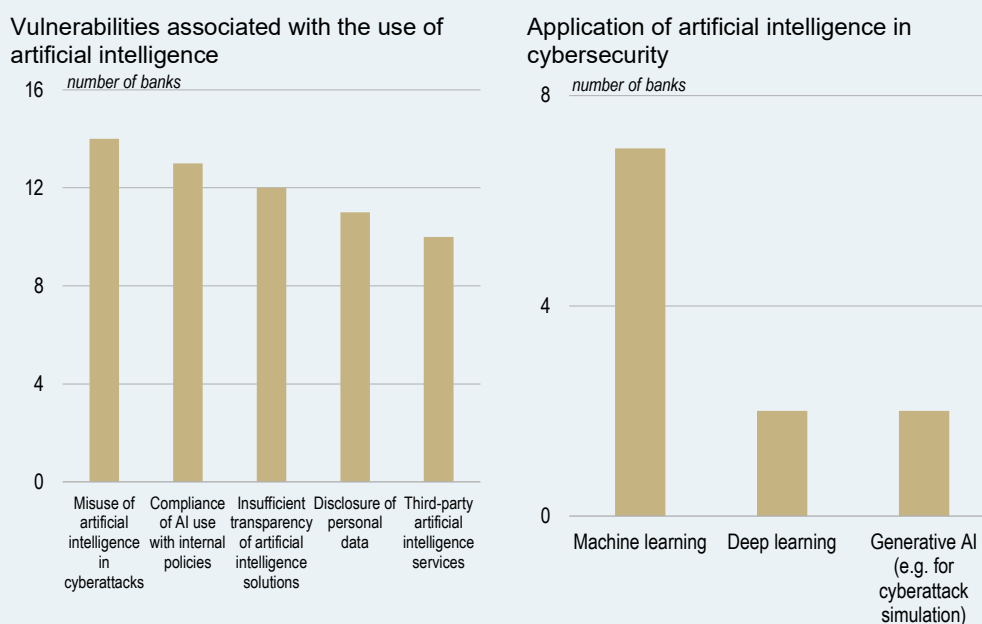
Banks assess that the most vulnerable areas associated with artificial intelligence are (see Figure 1.28, left):

- (i) risk of unintentional disclosure of sensitive or personal data when using generative AI tools,
- (ii) risks related to the use of services from external AI providers, including data processing, service security, and reliance on providers,

- (iii) misuse of artificial intelligence for advanced phishing attacks, social engineering, and fraud,
- (iv) insufficient transparency in the operation of AI solutions and potential inaccuracies or hallucinations of models, and
- (v) (lack of) adequate control over the use of artificial intelligence by employees and compliance with internal policies and regulatory requirements.

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

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



Source: Banka Slovenije.

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

<sup>46</sup> The warning is published on the ESRB website as well as the Banka Slovenije website.

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



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

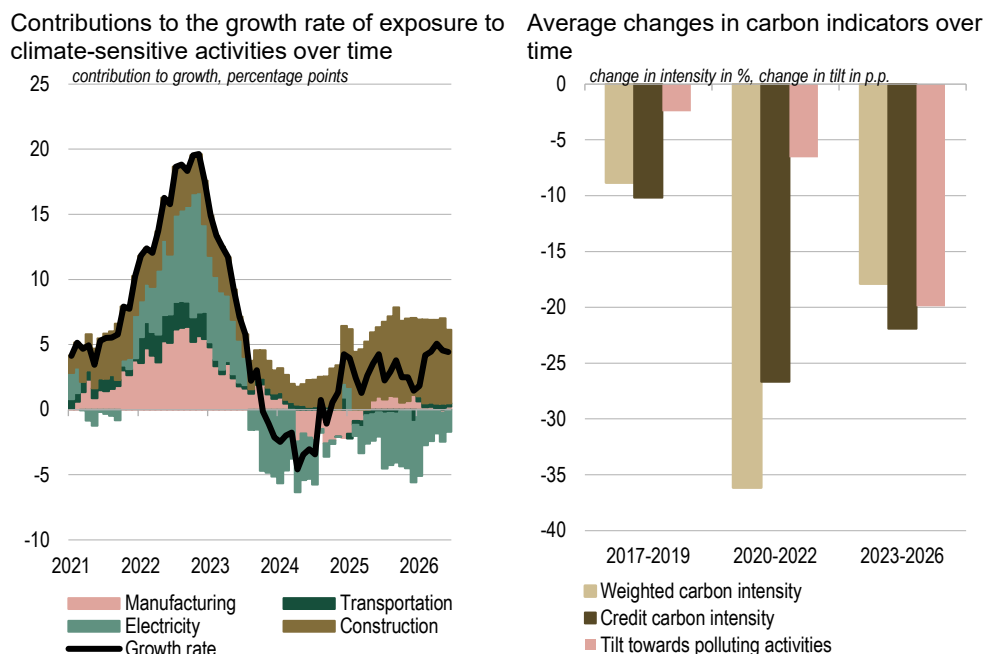
**The Slovenian banking system's exposure to climate-sensitive activities increased on average by 5.1% year-on-year in June.** If climate sensitivity is defined based on emissions physically generated within Slovenia, this growth was mainly driven by a 5.6 percentage point increase in exposure to the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

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

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

<sup>49</sup> There is still a difference in the sign and magnitude of the tilt indicator, which depends on whether granular or sectoral emissions data are used. Using granular emissions data, somewhat greater variability in indicators can be observed due to the contribution of emissions from individual companies.

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



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

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

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

<sup>50</sup> The time series of data on exposure by activity covers the period from October 2016 onwards.

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

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

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

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

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

<sup>54</sup> Overall inflation in Slovenia increased year-on-year to 3.7% in June (euro area: 2.8%), or by 1.3 percentage points (euro area: 0.2 percentage points) compared to March; energy prices contributed 1.7 percentage points (euro area: 0.8 percentage points) to the annual growth rate.

<sup>55</sup> The consumer price index in the euro area would be 0.2 percentage points higher in 2028 due to the introduction of EU ETS2.

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

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

<sup>56</sup> To our knowledge, such an analysis has not yet been conducted in Slovenia, although climate risks have been analysed by Pavlič (2023) and Ceglar et al. (2024).

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

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

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

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

| Seismic hazard class | Design ground acceleration | Number of municipalities | Share of municipalities | Share of area |
|----------------------|----------------------------|--------------------------|-------------------------|---------------|
| Low                  | 0,10                       | 50                       | 23.6%                   | 12.7%         |
|                      | 0,11                       | 18                       | 8.5%                    | 6.8%          |
|                      | 0,13                       | 18                       | 8.5%                    | 5.2%          |
|                      | 0,14                       | 15                       | 7.1%                    | 5.5%          |
| Low – overall        | 0,10–0,14                  | 101                      | 47.6%                   | 30.3%         |
| Medium               | 0,15                       | 17                       | 8.0%                    | 11.3%         |
|                      | 0,16                       | 26                       | 12.3%                   | 14.0%         |
|                      | 0,18                       | 16                       | 7.6%                    | 10.7%         |
|                      | 0,19                       | 14                       | 6.6%                    | 11.4%         |
| Medium – overall     | 0,15–0,19                  | 73                       | 34.4%                   | 47.4%         |
| High                 | 0,20                       | 10                       | 4.7%                    | 9.2%          |
|                      | 0,21                       | 15                       | 7.1%                    | 8.3%          |
|                      | 0,23                       | 7                        | 3.3%                    | 3.6%          |
|                      | 0,24                       | 6                        | 2.8%                    | 1.3%          |
| High – overall       | 0,20–0,24                  | 38                       | 17.9%                   | 22.3%         |
| Overall              |                            | 212                      | 100.0%                  | 100.0%        |

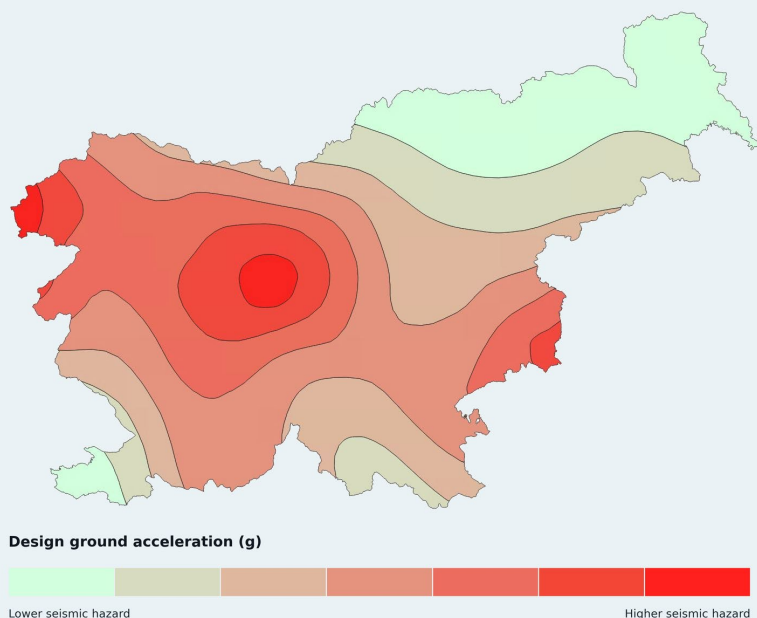
Note: Surface area shares are calculated relative to the total area of Slovenia, which is 20,271.21 km<sup>2</sup>. The classification of municipalities into three categories was prepared for the purposes of this analysis and does not represent the official ARSO classification. Sources: ARSO, GURS and Banka Slovenije calculations.

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

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

also characteristic of parts of north-western and south-eastern Slovenia, while the lowest values are mainly found in Prekmurje, Slovenske gorice, parts of the Drava region, and parts of the Obalno-kraška region.

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



Source: ARSO.

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

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

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

| Seismic hazard class | Households            | NFCs                 | Overall               |
|----------------------|-----------------------|----------------------|-----------------------|
| Low                  | 6,4 (39,9 %)          | 1,4 (38,8 %)         | 7,8 (39,7 %)          |
| Medium               | 4,0 (24,7 %)          | 0,8 (23,8 %)         | 4,8 (24,5 %)          |
| High                 | 5,7 (35,4 %)          | 1,3 (37,4 %)         | 7,0 (35,8 %)          |
| <b>Overall</b>       | <b>16,0 (100,0 %)</b> | <b>3,5 (100,0 %)</b> | <b>19,5 (100,0 %)</b> |

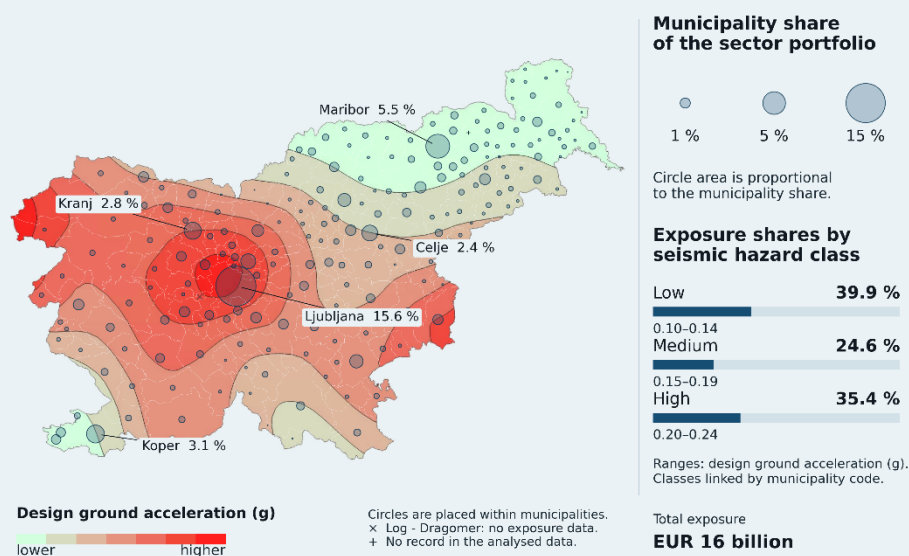
Note: Amounts are expressed in EUR billion. Due to rounding, the totals of the displayed values may differ slightly. The exposure analysis includes 211 municipalities. The municipality Log-Dragomer (OB\_ID 208) is missing from the original table used for linking exposures, so 37 municipalities are included in the high category in the banking exposure analysis instead of 38.

For non-financial corporations, multiple counting of exposures linked to several plots was prevented. If the same amount appeared for multiple plots, it was divided by the number of repetitions and the resulting portions were allocated to the municipalities where the individual plots are located. For example, if an exposure of EUR 900,000 appeared for three plots, each was allocated EUR 300,000. This preserved the original total exposure amount and prevented multiple counting.

Source: Banka Slovenije. Cut-off date: 30. June 2026.

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

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



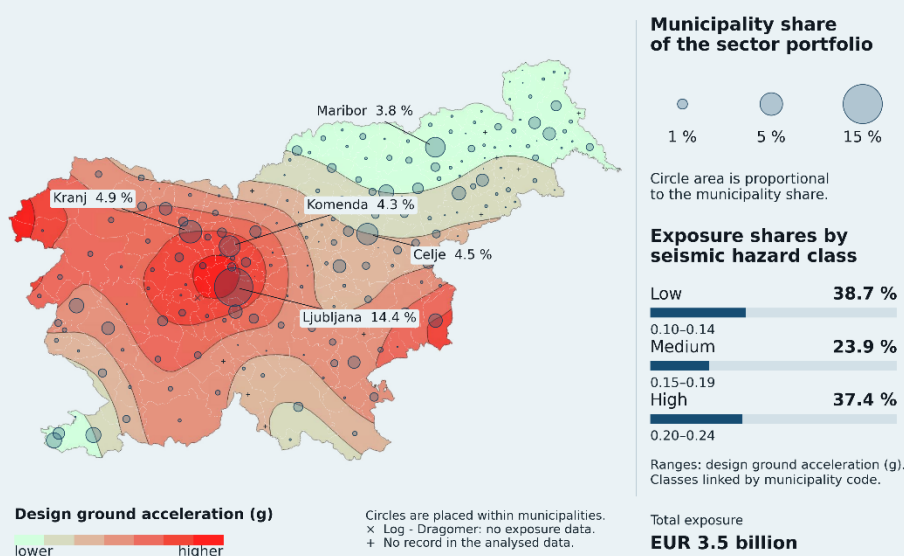
Note: Shares are calculated based on cleaned data for 210 municipalities and do not represent expected losses. For the municipality of Sveti Jurij v Slovenskih goricah, there is no entry in these data; in the original table, its exposure was zero.

Sources: ARSO, own calculations.

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

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

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



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

Sources: ARSO, own calculations.

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

## 2 Resilience of the Banking System

### 2.1 Solvency and profitability

Q2 26

Q3 26



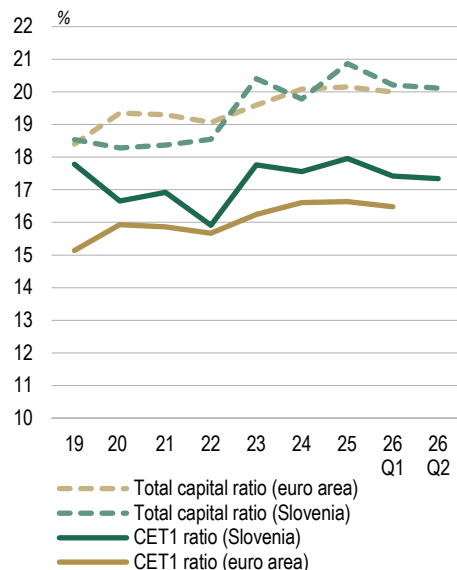
**The resilience of the banking system in terms of solvency and profitability remains high.** The effects of strong profitability and the strengthening of regulatory capital through retained earnings at the end of 2025 carried over into the first half of 2026, when high solvency was maintained despite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

#### Solvency

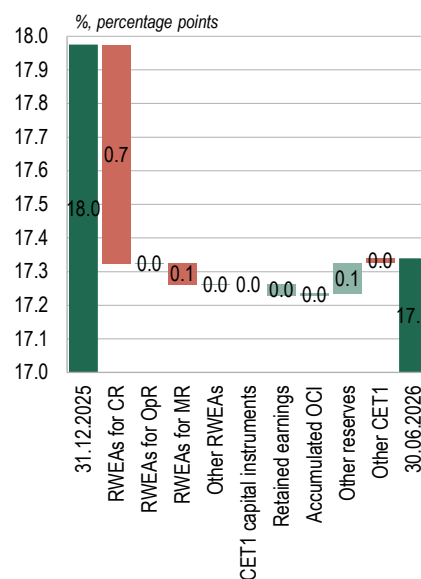
**In a changing environment, the Slovenian banking system maintained high strength and resilience at the end of the first half of 2026, despite lower capital adequacy ratios.** In the second quarter, the pace of their decline slowed compared to the first quarter (see Figure 2.1, left). The total capital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

Figure 2.1: Trends in capital adequacy ratios and breakdown of CET1 ratio growth

Trends in capital adequacy ratios on a consolidated basis compared to the euro area



Breakdown of changes in the CET1 ratio, consolidated basis

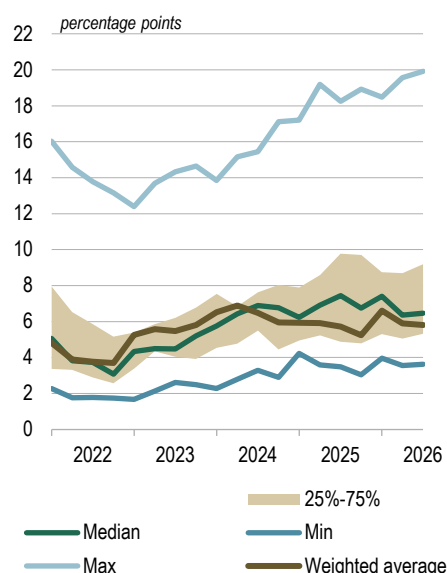


Note: CR – credit risk, MR – market risk, OpR – operational risk.  
Sources: Banka Slovenije and ECB Data Portal.

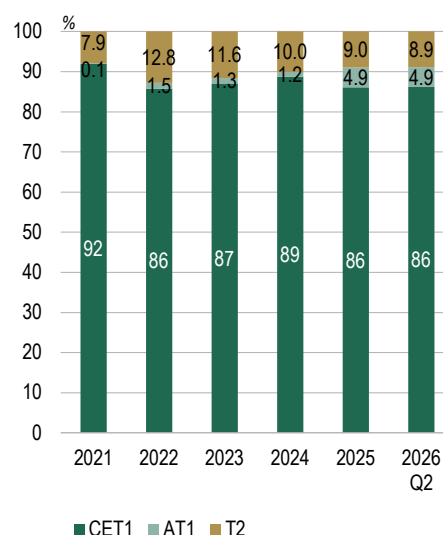
**The decrease in capital adequacy ratios in the first half of 2026 was the result of growth in total risk- exposure amount (TREA), which was less pronounced in the second quarter.** TREA increased by 4.1% (+EUR 1.5 billion) from the beginning of the year to the end of the half-year, which corresponds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

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

Trends and distribution of capital surplus among banks over time



Trends in the share of regulatory capital components over time



Source: Banka Slovenije.

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

### Profitability

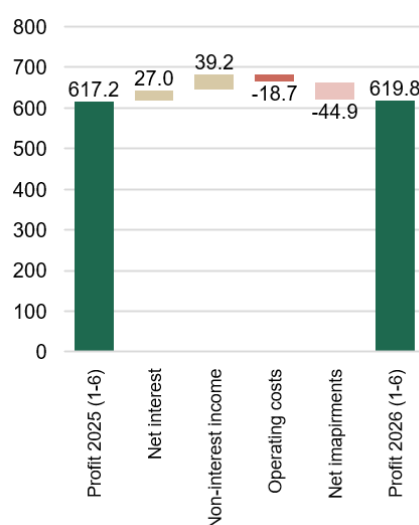
**Profit before tax amounted to EUR 619.8 million in the first half of 2026, remaining broadly unchanged compared with the same period last year (+0.4%).** The maintenance of high profit levels was supported by higher net income<sup>61</sup> (+EUR 47.5 million), resulting from both higher net interest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

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

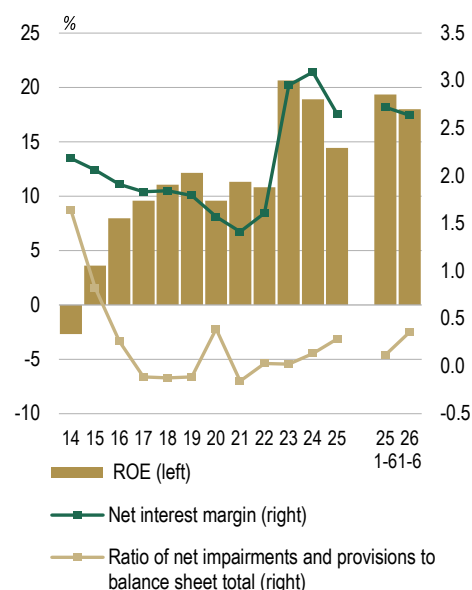
ROE stood at 18.0%, slightly lower than in the same period last year (19.4%), but still above average.<sup>62</sup> At the end of 2025, it was lower, at 14.4%.

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

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



Selected bank performance indicators



Note: Values for net interest margin and net impairments and provisions in June reflect the latest one-year period.  
Source: Banka Slovenije.

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

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

<sup>62</sup> Profitability at the banking system level has averaged around ten percent over the long term. From 2016 to 2022, it stood at 10.4%; in the years 2023–2025, it was 18%; and the long-term average for 1996–2025, excluding the two years before the restructuring and the restructuring year, was 10.0%.

<sup>63</sup> Due to the effects of carried forward tax losses from previous years, bank profit after tax in 2025 was EUR 67.0 million higher. The positive effects of carried forward tax losses on bank profit were lower in 2025 than the previous year (2024: EUR 84.6 million), mainly due to lower profit before tax and thus a lower tax base for profit tax. The impact of carried forward tax losses on bank profit is analysed in detail in the section "Obdavčitev dobičkov bank in vpliv prenesenih davčnih izgub," published in April 2025.

<sup>64</sup> The ratio refers to profit tax relative to profit before tax.

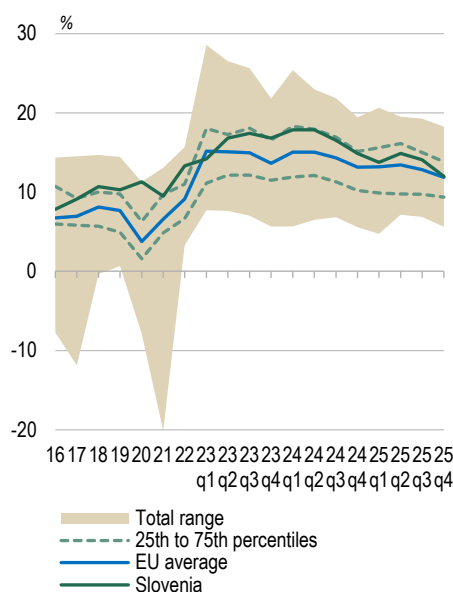
expected to decline from its current value in the coming months and approach last year's level, but will still remain several percentage points above the long-term average.

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

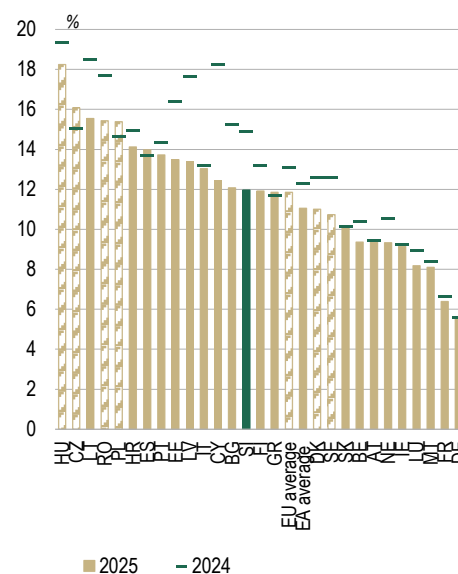
**The profitability of the Slovenian banking system in 2025 was broadly in line with the (simple) average for EU countries and slightly above the average for euro area countries.** The profitability level noticeably exceeded both the average for the entire area and, in particular, the level of comparably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

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

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



Return on equity (ROE) in EU countries in 2023 and 2024 (consolidated data), after tax



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

**In the first quarter of 2026, bank profitability declined compared with the same period last year in Slovenia, the EU, and the euro area.** In Slovenia, the ROE<sup>66</sup> indicator after tax, at 10.4%, lagged by just over three percentage points compared to last year in the same period; in the EU country average and euro area country average, at 12.0% and 11.8% respectively, it was about one percentage point lower. ROE in each of the two areas was around 10% in the first quarter of this year and comparable with last year in the same period.

<sup>65</sup> Consolidated bank data at the national level (ECB, Data Portal, CBD data).

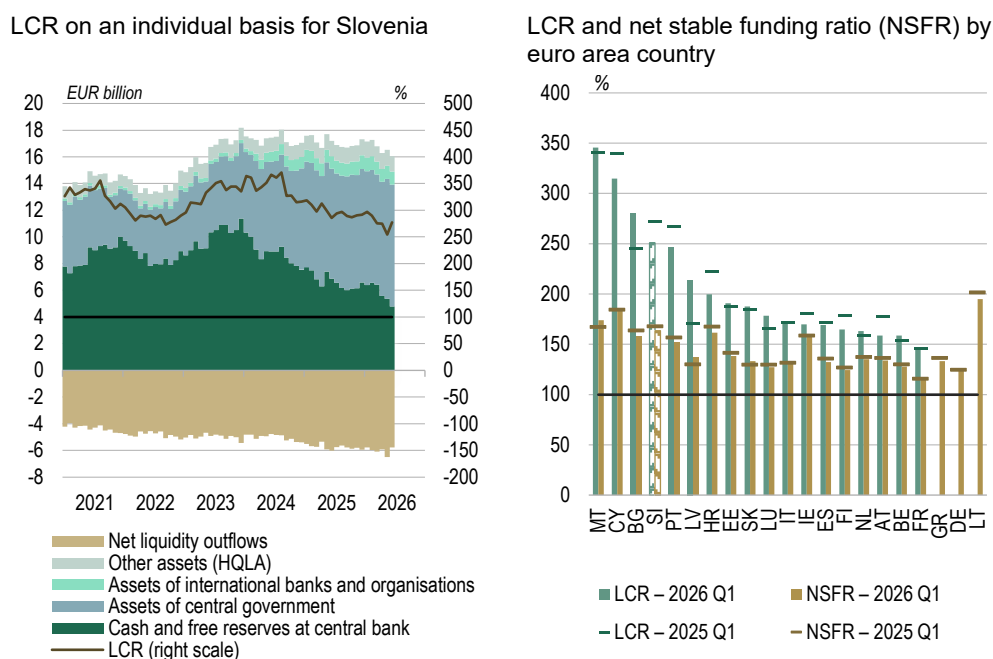
<sup>66</sup> Consolidated bank data at the national level (ECB, SDW, CBD) include the ROE indicator after tax, which is annualised.



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

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

Figure 2.5: Liquidity indicators for Slovenia and the euro area



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

Sources: Banka Slovenije, ECB Data Portal.

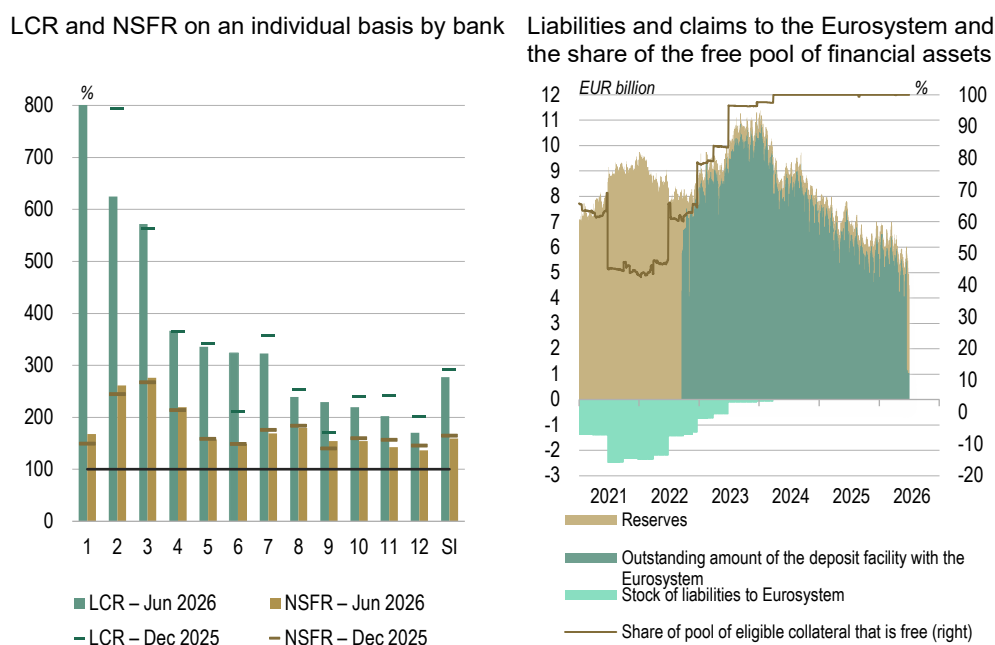
<sup>67</sup> Net liquidity outflows are the difference between expected outflows and expected inflows in a 30-day stress period. Inflows are only considered up to 75% of all outflows.

<sup>68</sup> The comparison includes publicly available consolidated data for the first quarter of 2025 and the first quarter of 2026. More recent data were not available at the time of writing this review.

**Changes in the investment structure on banks' balance sheets in the first half of 2026 affected both the reduction in volume and the change in structure of high-quality liquid assets (HQLA), which banks use to cover net liquidity outflows.** As banks directed liquid funds held in accounts at the central bank more towards lending to the non-bank sector—which does not count as HQLA—than to the purchase of government debt securities, the volume of HQLA decreased. At the same time, the structure of HQLA continued to change. Cash and free reserves at the central bank decreased to EUR 4.8 billion by June, representing less than one third of HQLA. This means that banks can no longer fully cover net liquidity outflows solely with this form of liquid assets (see Figure 2.5, left). Meanwhile, due to investments in government securities,<sup>69</sup> assets of central government units increased to EUR 9.1 billion, or 57% of all HQLA. With such a structure of HQLA, where government debt securities dominate, banks could be in a less favourable position in the event of sudden and large liquidity needs requiring the sale of these securities.

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

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



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

Source: Banka Slovenije.

<sup>69</sup> The structure of debt securities by geographical area and counterparty is shown in Figure 6.18 in the Annex.

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

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

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

## 3 Households and Non-Financial Corporations

### 3.1 Households

#### **Households maintained a favourable financial position in the first half of 2026.**

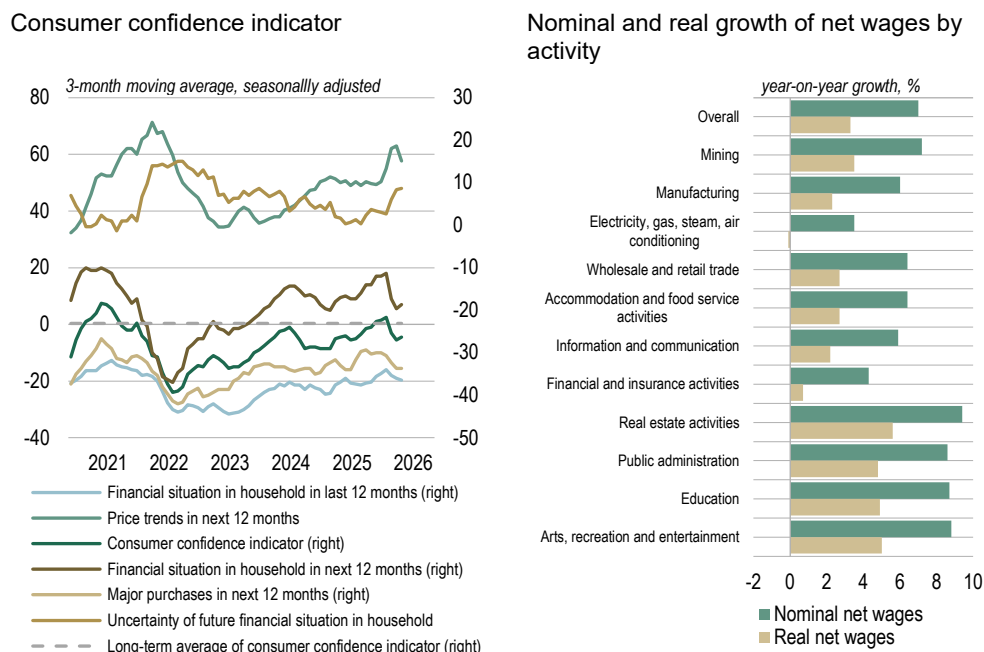
Slovenian consumer confidence improved at the end of the second quarter of 2026, as did their expectations regarding economic and financial conditions. Strengthened lending activity among households continued in the first half of 2026, with housing loans standing out due to strong year-on-year growth, and consumer loans also recording high growth. Nevertheless, Slovenian households remain less indebted compared to households in the euro area.

#### Consumer sentiment and household financial assets

#### **Slovenian consumer confidence improved at the end of the second quarter of 2026, as did their expectations regarding economic and financial conditions.**

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

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



Source: SURS.

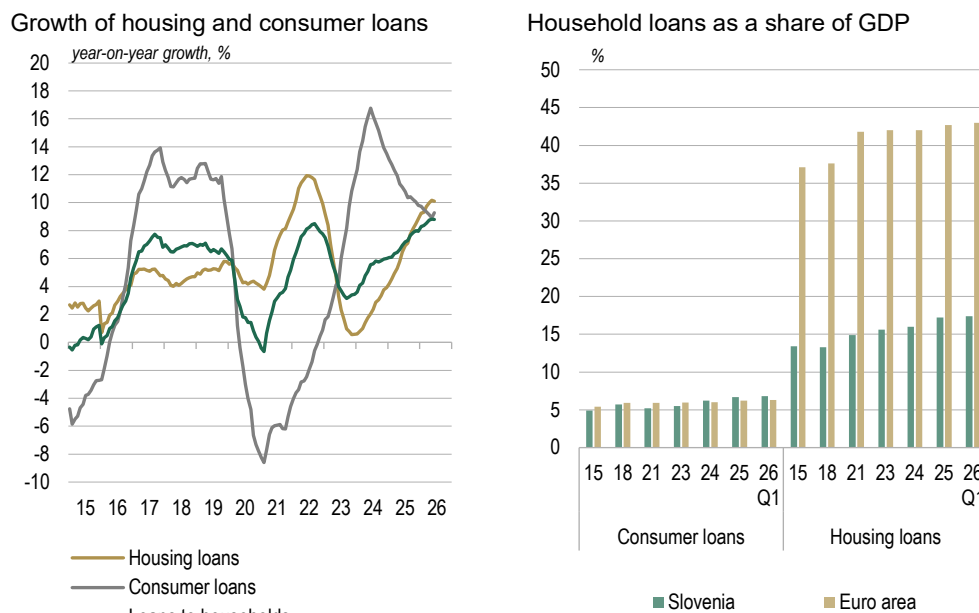
**The share of Slovenian households' financial assets in GDP increased in the first quarter of 2026 compared to the end of the previous year, but at 135.7% remains significantly lower than in the euro area.** Household financial assets amounted to EUR 101.5 billion in the second quarter of 2026, having increased nominally by 10.8% year-on-year (see Figure 6.19 in the annex, left). In the last quarter, the share of investments in debt securities and bonds strengthened slightly.<sup>71</sup> Compared to the euro area, Slovenian households continue to have a larger share of deposits and cash in their financial asset structure—accounting for almost half of total assets—as well as a higher share of equity. Households in the euro area, on the other hand, hold more assets in the form of life and pension insurance, shares, and bonds.

#### Household indebtedness and housing cost burden

**The indebtedness of Slovenian households remains lower than in the euro area.** Household liabilities amounted to EUR 20.5 billion in the second quarter of 2026, having increased nominally by 7% year-on-year. Their liabilities represented 28.3% of GDP in the first quarter of 2026, which is almost half the level in the euro area (57.1%). Loans taken out increased by 8.2% year-on-year in the second quarter of 2026, reaching EUR 18.3 billion, with 84% of loans taken out from domestic banks and a smaller share from other domestic intermediaries, non-financial corporations, and abroad.

<sup>71</sup> For more information, see Box 4.

Figure 3.2: **Household indebtedness**



Sources: ECB Data Portal, Banka Slovenije.

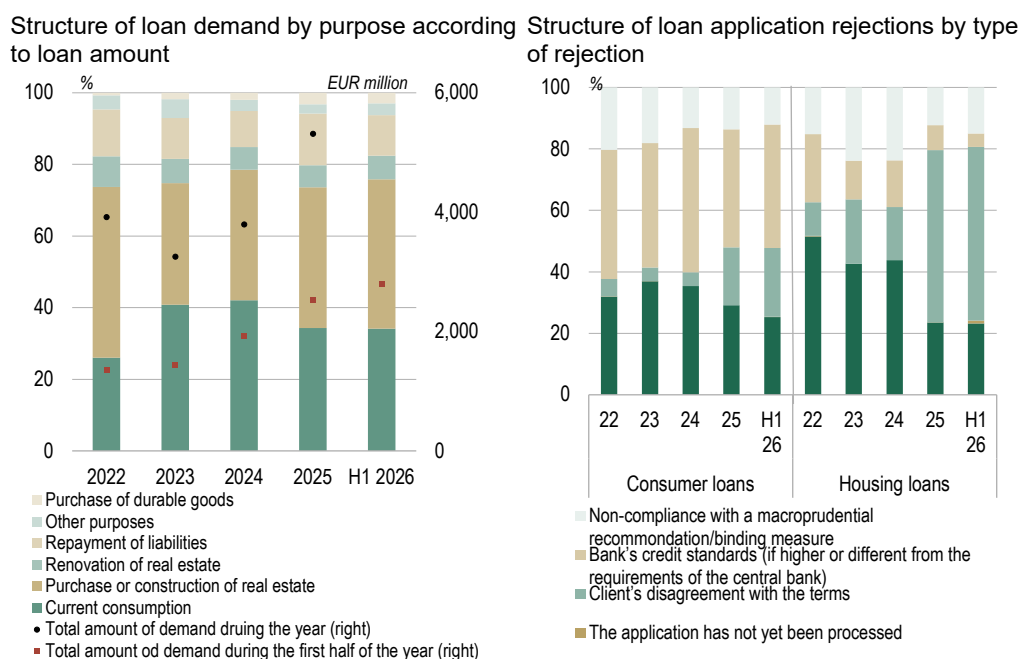
**In the Slovenian banking system, strengthened household lending continued in the first half of 2026, with housing loans standing out due to strong year-on-year growth.** The year-on-year growth of consumer loans has been gradually moderating since the end of 2024, but was still high at 9.3% in June 2026, while the growth of housing loans further accelerated this year, reaching 10.1% in June (see Figure 3.2, left). In June 2026, the stock of consumer loans amounted to EUR 3.6 billion, and the stock of housing loans EUR 9.7 billion.<sup>72</sup> The share of housing loans in GDP is increasing, but remains considerably lower than the euro area average (see Figure 3.2, right). The share of consumer loans in GDP also increased, reaching 6.8% in the first half of this year. This widened the gap compared to the euro area average (6.3%).

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

<sup>72</sup> For more information, see Box 5.

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

Figure 3.3: **Household loan demand**



Note: In the left chart, for 2025 and January–June 2026, banks cited among other reasons (“other”) for rejection: not keeping records of rejections, incomplete client documentation, unresolved land registry status, or did not specify other reasons.  
Source: Banka Slovenije.

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

**This box analyses the extent of simultaneous holding of high-interest debt and liquid assets among Slovenian households, based on data from the Household Finance and Consumption Survey (HFCS).**<sup>73</sup> In the household finance literature, the phenomenon of simultaneous holding is also known as the “co-holding puzzle,” referring to the seemingly contradictory decision to hold low-yield assets and high-cost debt at the same time. Below, we present the prevalence of simultaneous holding among Slovenian households in the form of sight deposits and term deposits alongside overdrafts on transaction accounts.

**The Household Finance and Consumption Survey (HFCS) provides household-level data on balance sheets—including assets, liabilities, income, and expenditure—as well as socioeconomic and demographic data at the individual level.** In the following, simultaneous holding is defined as maintaining both an overdraft balance on a transaction account and bank deposits, using HFCS variables.<sup>74</sup> Both sight deposits and term deposits are considered liquid assets, whose yield is significantly lower than the cost of using an overdraft on a transaction account.<sup>75</sup> Nevertheless, in line with established practice in the literature, alternative specifications are also presented, including a narrower definition that only covers sight deposits, as well as definitions with value thresholds.

**Table 3.1: Prevalence of simultaneous holding in Slovenia: HFCS results**

| Co-holding category                                       | Prevalence (%) | # co-holders | # total |
|-----------------------------------------------------------|----------------|--------------|---------|
| <b>Baseline</b>                                           |                |              |         |
| Sight and term deposits + overdraft                       | 4.7            | 97           | 1,987   |
| Sight deposits + overdraft                                | 4.1            | 86           | 1,987   |
| <b>Strict alternative with thresholds</b>                 |                |              |         |
| Sight deposits > EUR 100 and overdraft > EUR 100          | 2.7            | 56           | 1,987   |
| Sight and term deposits > EUR 500 and overdraft > EUR 500 | 1.6            | 30           | 1,987   |

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

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

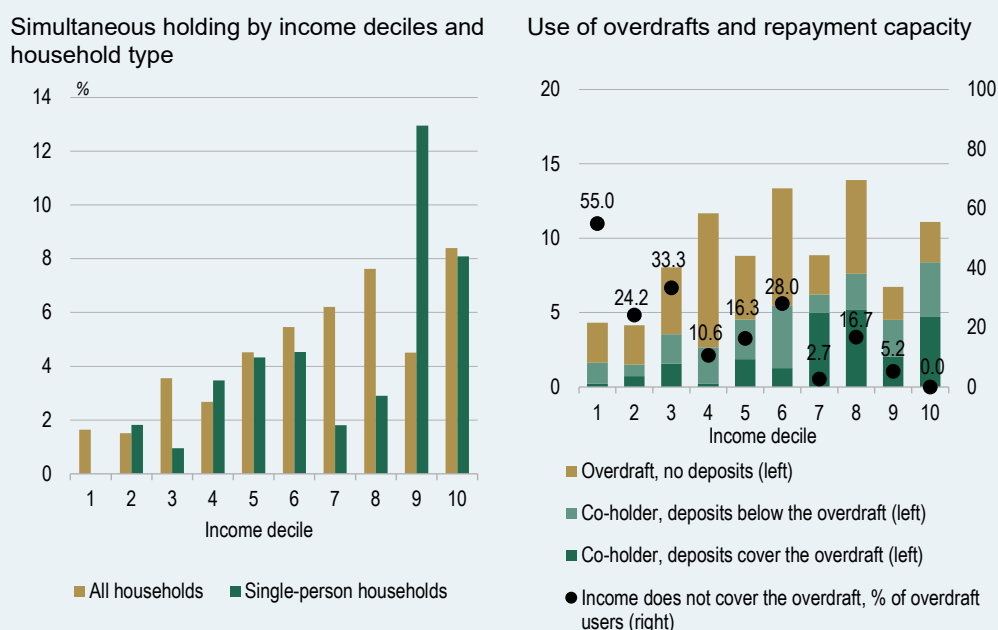
<sup>74</sup> The following HFCS variables are used in the analysis: sight deposit balance (HD1110), term deposit balance (HD1210), overdraft balance on a transaction account (HC0220), and total gross household income (DI2000).

<sup>75</sup> Although high-cost debt could also include credit card debt, thereby expanding the sample of simultaneous holding cases, the interest-free grace period for credit card spending could distort the results. During this period, such debt does not accrue interest and therefore differs significantly from high-cost overdrafts on transaction accounts.

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

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

Figure 3.4: Use of overdrafts and simultaneous holding by income distribution



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

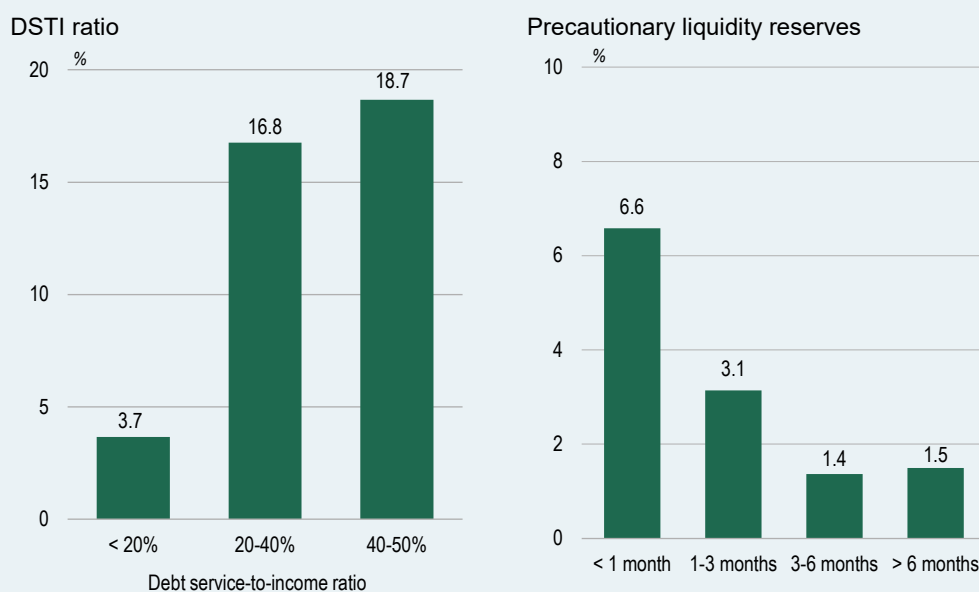
Source: Banka Slovenije.

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

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

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

**Figure 3.5: The importance of liabilities and liquidity for simultaneous holding**

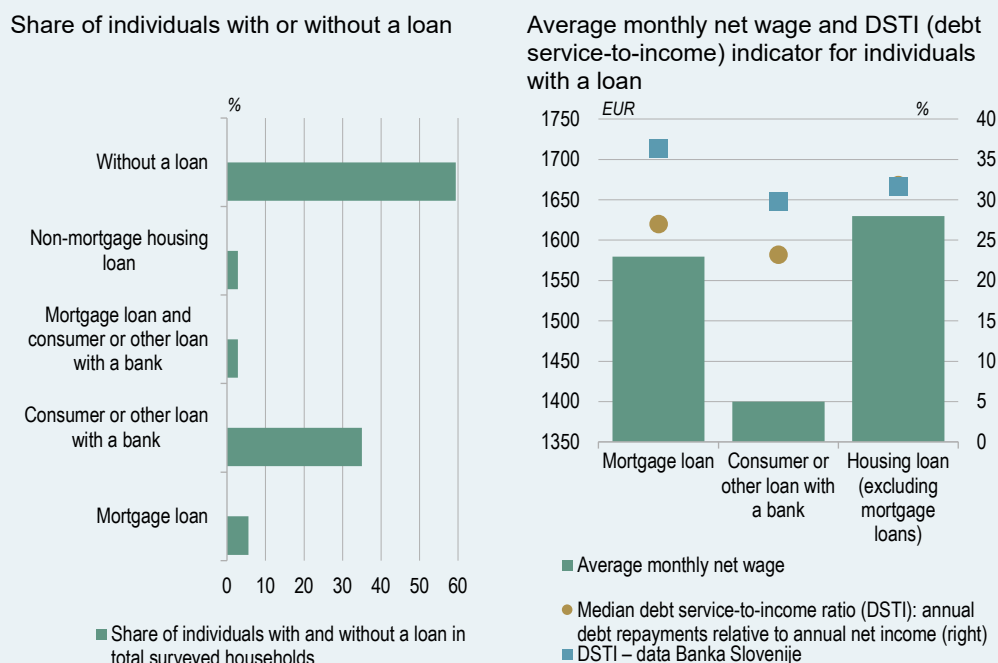


Note: Share of households with simultaneous holding of sight deposits, term deposits, and an overdraft balance on a transaction account (%). The left chart shows the debt service-to-income ratio according to Banka Slovenije methodology, with the regulatory limit at 50%. The right chart shows deposits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

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

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

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



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

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

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

<sup>79</sup> The box presents the initial results of the Survey on Living Conditions analysis, which may change in the future. The data in the analysis are unweighted. The results of the analysis may differ from those published on the SURS website.

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

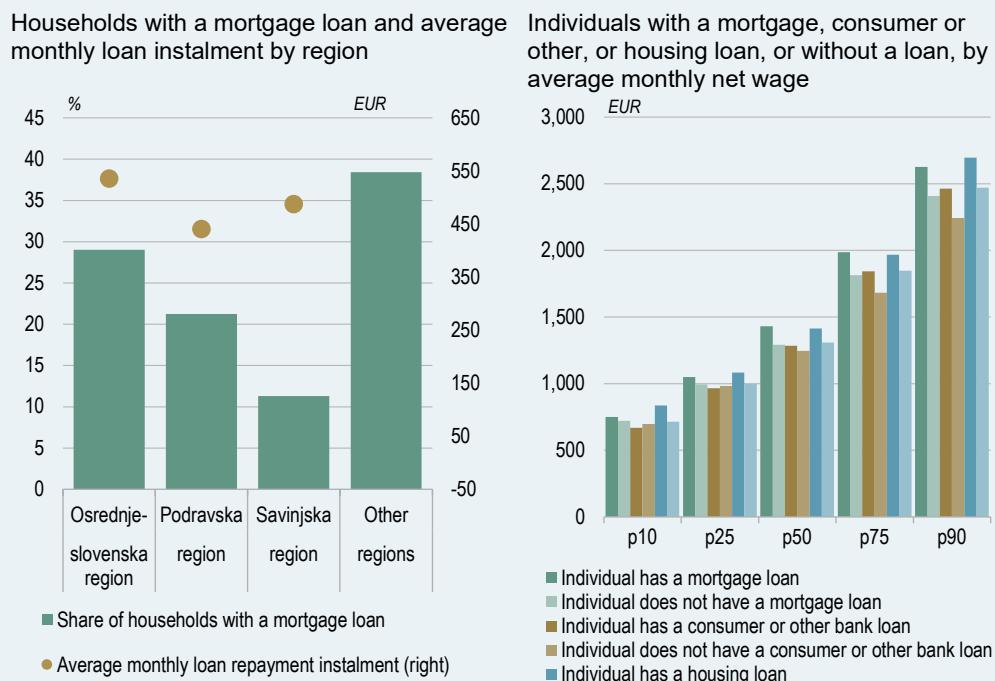
consumer or other loan from a bank<sup>81</sup> (see Figure 3.6, left). A further 2.8% had a housing loan that was not a mortgage. Due to the relatively high rate of home ownership in Slovenia, the share of individuals with a housing (mortgage or non-mortgage) loan is relatively small. The average monthly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

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

**The analysis results indicate that individuals with a mortgage loan have a higher average net wage than those without such a loan.** On the other hand, individuals with a consumer or other loan have a higher average net wage than those without such a loan only if their net wage is above the median net wage (see Figure 3.7, right).

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

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



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

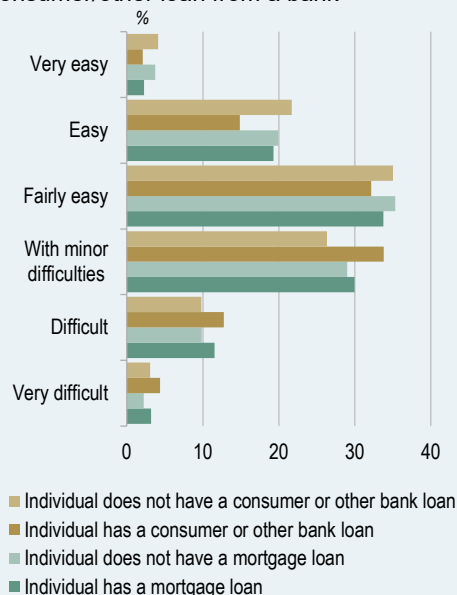
Sources: SURS, Banka Slovenije own calculations.

**The results also show that individuals with a mortgage loan were on average 32.6 years old, which is younger than the average age of individuals without such a loan (49.3 years).** This indicates that borrowers are, on average, from the younger part of the population, who typically have lower incomes than the rest of the population, meaning that average monthly instalments are lower and repayment periods longer to ensure greater loan repayment capacity. For individuals with a consumer or other bank loan, the average age was 39 years, and for those with a housing loan, 34 years.

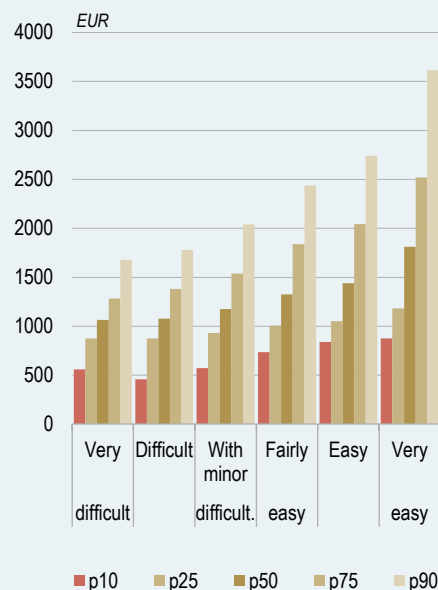
**Despite having higher average net wages, individuals with a loan report finding it somewhat more difficult to make ends meet each month than those without a loan.** Among individuals with a mortgage loan, 14.7% said they find it difficult or very difficult to make ends meet each month, compared to 12.1% among those without such a loan (see Figure 3.8, left). Among those with a mortgage loan, those with the lowest wages find it hardest to make ends meet, but a significant number of individuals with higher wages also report difficulty making ends meet (see Figure 3.8, right). Most individuals with a loan manage to make ends meet fairly easily or with minor difficulties, but those with a consumer or other bank loan perceive loan repayment as more burdensome than those with a mortgage loan (the difference in the share of individuals reporting difficulties is greater for the former). To maintain financial stability, Banka Slovenije applies a macroprudential measure limiting the ratio of annual debt service costs to annual borrower income (DSTI) at the time of loan agreement, which helps limit banks' credit risk by ensuring that loan obligations are proportionate to the borrower's income.

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

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



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



Source: SURS, Banka Slovenije own calculations.

**For most individuals who had a consumer or other loan from a bank in 2025, loan repayment represented a moderate or significant burden.** More than a quarter of these individuals considered loan repayment to be a significant burden, more than half considered it a moderate burden, and for the remainder, loan repayment was not a burden at all. Among those who had both a mortgage loan and a consumer or other loan from a bank, more than one third considered loan repayment to be a significant burden, and half considered it a moderate burden. In addition, one third of individuals with a mortgage loan considered all housing-related costs<sup>82</sup> to be a significant burden (compared to 21.7% among those without a mortgage loan).

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

<sup>82</sup> Housing costs include all expenses related to housing: any housing or mortgage loan, rent, insurance, costs for water, sewage, waste removal, electricity, gas, heating, etc.

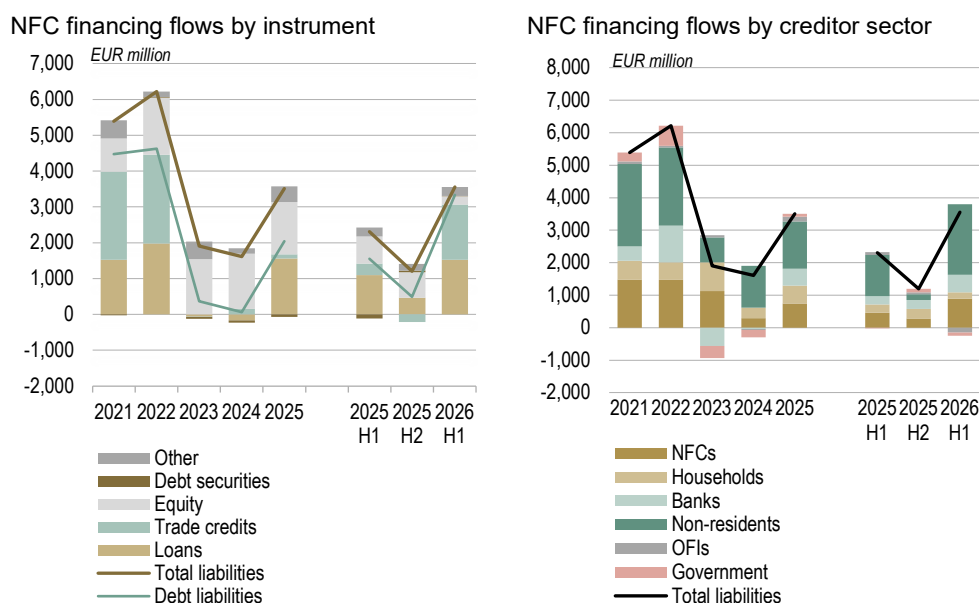
### 3.2 Non-Financial Corporations

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

#### Financing and indebtedness of NFCs

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

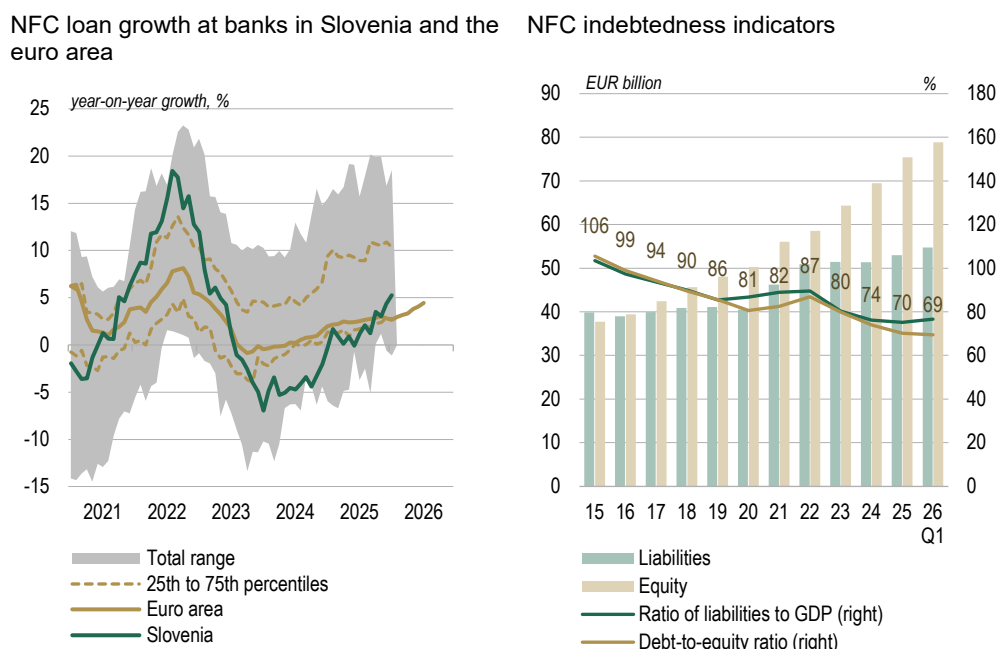
Figure 3.9: **NFC financing**



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

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

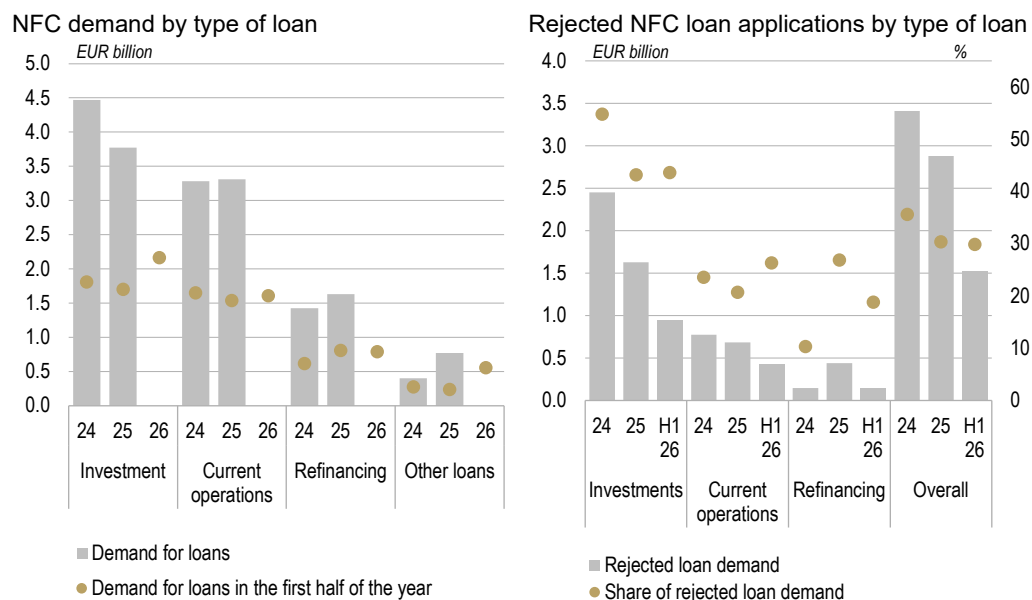
Figure 3.10: **NFC loan growth at banks and NFC indebtedness indicators**



Sources: Banka Slovenije, ECB Data Portal.

**The financial leverage of NFCs remained at a similar level in the first half of 2026, while debt liabilities as a share of GDP increased again after three years of decline.** NFC debt liabilities rose to EUR 56.2 billion in the first half of 2026, while equity liabilities reached EUR 81.0 billion. Financial leverage, defined as the ratio of debt-to-equity financing, remained around 69% (68.7% in 2025 and 69.4% in the first half of 2026). As debt liabilities increased, equity also grew. With the rise in NFC liabilities, liabilities as a share of GDP increased slightly after declining in the period 2023–2025, reaching 76.9% (see Figure 3.10, right). NFC indebtedness remained at a similar level despite the growth in debt liabilities, also due to the revaluation of equity. Capital inflows declined somewhat year-on-year in the first half of 2026, while valuation changes contributed EUR 6.4 billion, or 87%, to the growth in equity (see Figure 6.20 in the annex, right).

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

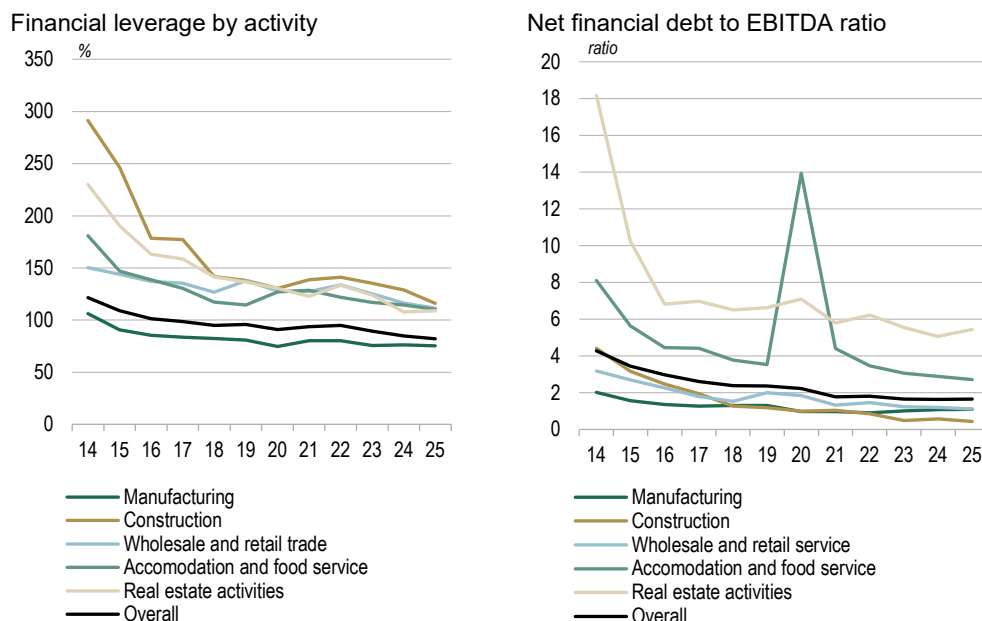


Sources: Banka Slovenije, Loan Demand Survey.

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

<sup>83</sup> See the chapter on Credit risk.

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



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

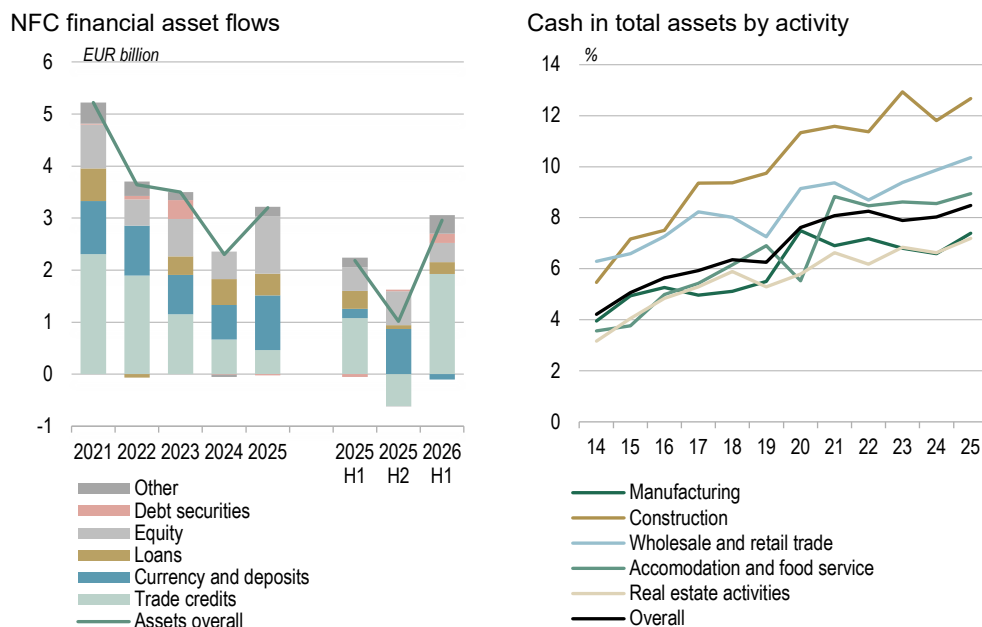
Sources: AJPEs; Banka Slovenije calculations.

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

#### NFC financial assets

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

Figure 3.13: **Financial assets and cash in total NFC assets**



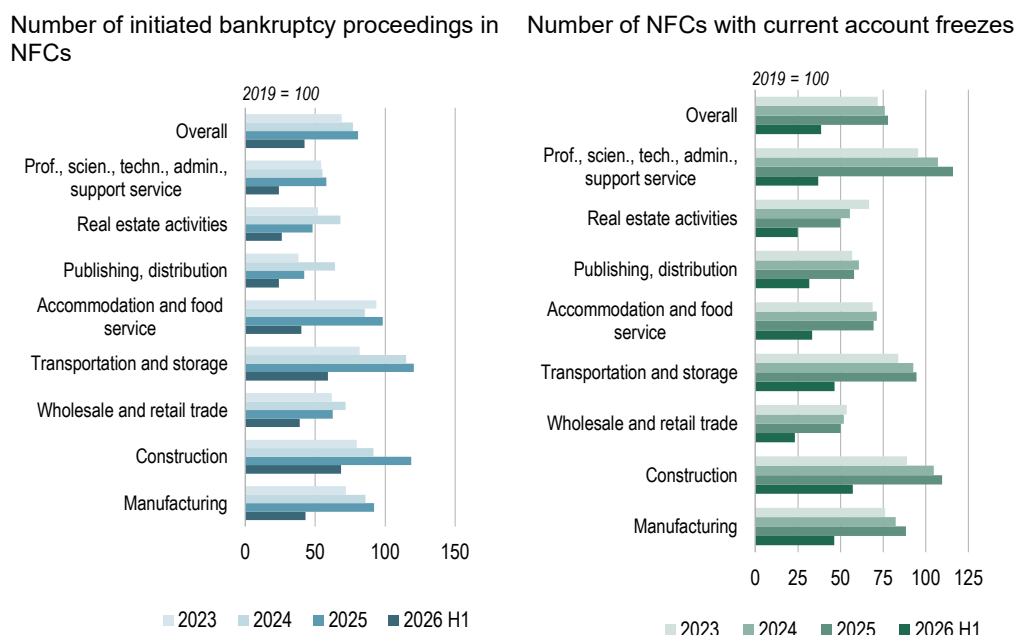
Sources: Banka Slovenije, AJ PES.

### Bankruptcies and current account freezes among NFCs

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

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

Figure 3.14: **Bankruptcies and current account freezes among NFCs**



Note: In the left chart, data for 2026 H1 refer to the number of bankruptcies initiated from January to June 2026.  
Source: Supreme court, Banka Slovenije.

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

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

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

**In 2013 and 2014, demand for loans for refinancing and debt restructuring increased.** This was the period of banking system rehabilitation, including the transfer of non-performing loans to the Bank Asset Management Company. The process of cleaning up banks' portfolios began. The downward trend in newly approved loans moderated somewhat after the rehabilitation in 2014.

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

**The turning point towards a period of loan activity growth occurred in 2017 and 2018, when companies perceived a significant improvement in access to bank financing, both in terms of banks' willingness to grant loans and more favourable**

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

**interest rate conditions.** At the same time, there was an improvement in the general economic situation, and this period was also characterised by low overall interest rates. Noticeable growth in newly approved loans followed in 2018, as demand increased for investment loans, working capital loans, and refinancing of liabilities.

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

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

**In 2022, following Russia's aggression against Ukraine, economic conditions tightened again.** Increased uncertainty led to tighter credit standards and higher risk perception, resulting in higher credit spreads. At the same time, inflationary pressures and labour and production costs rose sharply, as a result of both the delayed effects of pandemic-related restrictions and supply chain disruptions, as well as the energy crisis linked to the war. In such an environment, demand increased for working capital loans—mainly for inventory and working capital financing—as well as for refinancing loans, and financing for energy companies also grew. This was also reflected in the growth of newly approved loans. Central banks responded to inflationary pressures in the second half of the year by raising interest rates, which also pushed up bank lending rates.

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

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

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

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

Note: In the table, green indicates supportive factors and red indicates constraining factors for lending activity, as determined by our methodology according to the type of each survey indicator. These colours are assigned based on year-on-year changes in these indicators, and therefore do not explain absolute levels. The colours used to mark years in the table header represent periods of high year-on-year growth or decline in newly approved loans as indicated by the loan demand survey. Dark shades indicate absolute year-on-year changes above 20%, while light shades indicate changes of 10–20%.

Source: Loan Demand Survey, BLS Survey, Survey on Access to Finance for Enterprises, and own calculations.

## 4 Non-Bank Financial Institutions

### 4.1 Leasing companies

Q2 26

Q3 26



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

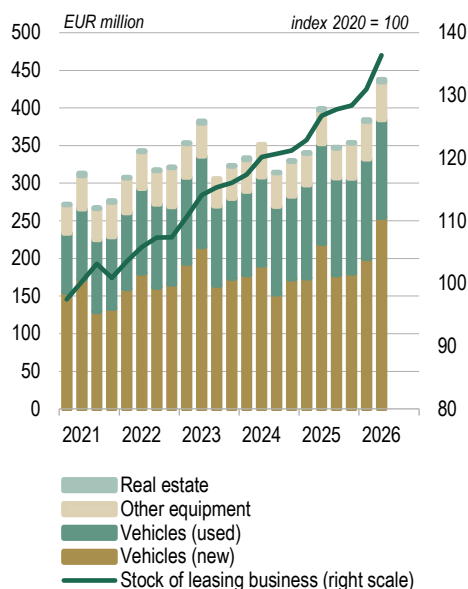
**The total value of newly concluded contracts by leasing companies increased significantly in the first half of this year compared to the same period last year.** New business recorded 11.2% year-on-year growth in the first half, reaching EUR 821.7 million. This was significantly supported by increased sales of passenger and commercial vehicles in Slovenia in the first half of the year. The highest growth in new leasing business was recorded in the new vehicle segment (see Figure 4.1, left). Households remain the largest client group for leasing companies, concluding 52.8% of all contracts in the first half of 2026, while NFCs accounted for 46.9% of total business volume.

**The structure of new business in Slovenia shows that leasing as a financial product is used mainly for vehicle purchases.** In the first half of 2026, the largest share was for passenger vehicles (67.1%), followed by commercial and freight vehicles (20.1%), while contracts for other movable assets and production equipment and machinery accounted for 12.4%. Most new contracts had a maturity of 5 to 10 years (54.9%), followed by contracts with a maturity of 1 to 5 years (31.5%). The majority of new contracts were concluded as financial leases (82.3%), while the volume of operating leases was much smaller (13.8%), with the remaining share accounted for by loans.

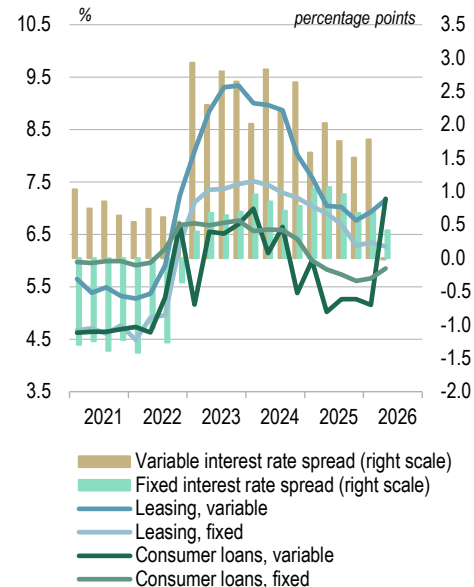
**In the first half of this year, average fixed interest rates for leasing declined slightly.** During this period, just under half of all new contracts were concluded with a variable interest rate, with these contracts accounting for 35.9% of the total value of new business, indicating that larger amounts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

Figure 4.1: **Newly approved transactions and interest rate trends for leasing contracts**

New leasing business s by purpose of financing and stock



Trends in average interest rates on contracts concluded with households

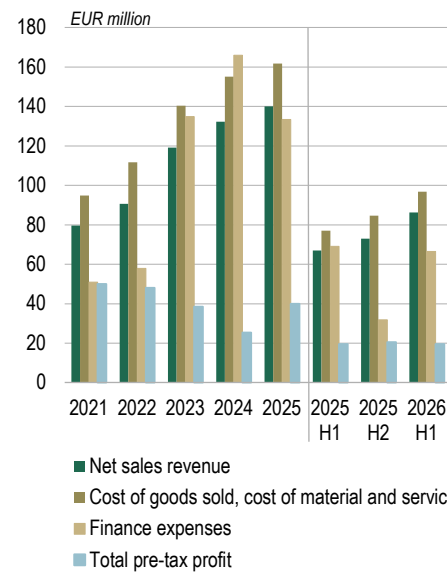
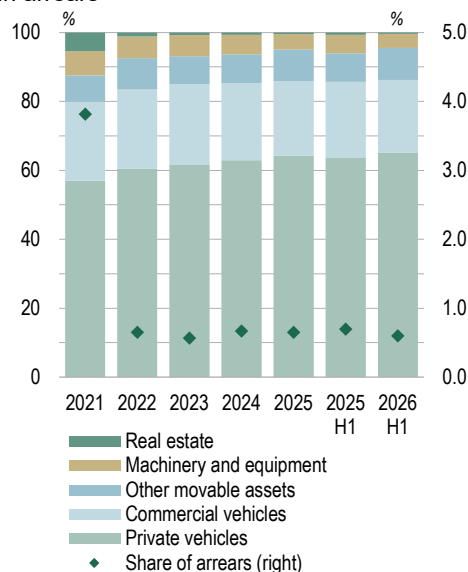


Note: The interest rate differential represents the difference between the interest rate on leasing contracts and consumer loans.  
Source: Banka Slovenije.

**The stock of leasing business strengthened this year compared to the same period last year.** At the end of June, the outstanding balance grew by 7.6% year-on-year, reaching EUR 3.1 billion (see Figure 4.2, left). The majority of contracts were concluded with households (60.9%), while 38.4% were concluded with NFCs. Among contracts with NFCs, the dominant sectors were transport and storage, and trade, maintenance, and repair of motor vehicles. In terms of structure, financing of passenger and commercial vehicles prevails in the stock of contracts, which is also reflected in the maturity structure: 59.6% of contracts have a residual maturity of 1 to 5 years, and 32.6% have a residual maturity of 5 to 10 years. Total assets increased by 9.3% to EUR 3.6 billion.

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

Structure of stock of leasing business and share Profitability of leasing companies in arrears



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

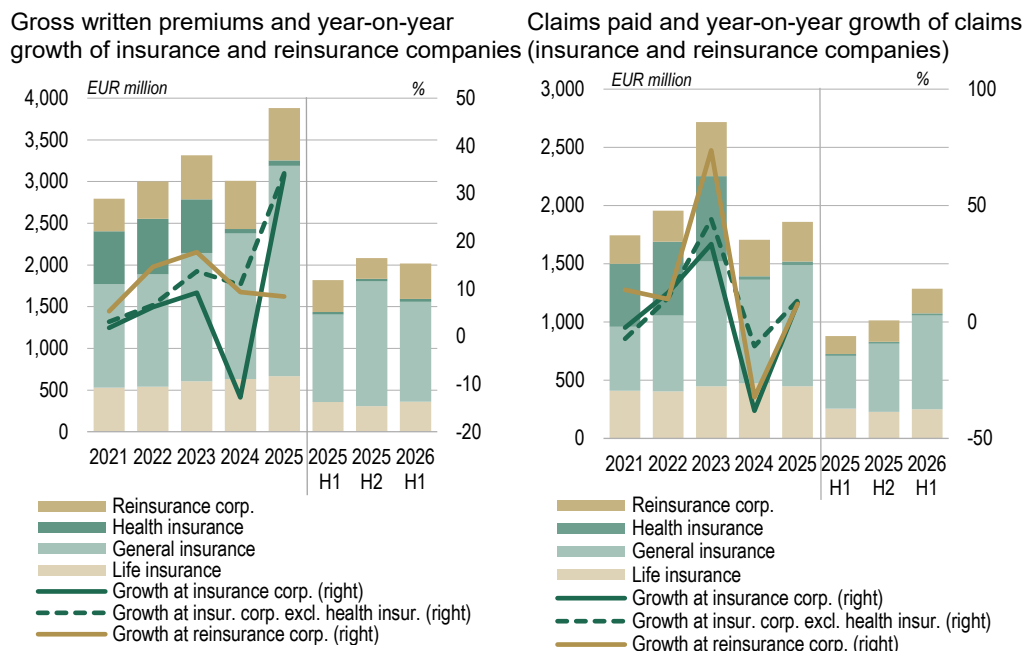
**The profitability of leasing companies in the first half of this year remained at the same level as in the same period last year.** Despite higher sales revenues, profit before tax in the first half of 2026 amounted to EUR 19.5 million, comparable to the same period last year (see Figure 4.2, right).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

## 4.2 Insurers

**The Slovenian insurance sector maintained a sound financial position in the first half of 2026.** Growth in gross written premiums continued this year, but was accompanied by an increase in claims paid. In the structure of non-life insurance, motor third-party liability and motor vehicle insurance continue to predominate, while among life insurance, the largest share is held by index-linked or unit-linked insurance. Due to faster growth in claims compared to premiums, the loss ratio of insurers increased year-on-year, contributing to lower sector profitability. Capital adequacy remains high, confirming the strong resilience of the Slovenian insurance sector to potential adverse shocks. Reinsurers also performed successfully, increasing profits alongside premium growth.

**The volume of insurance business increased year-on-year in the first half of 2026, together with growth in claims paid.** Gross written premiums increased by 10.9% year-on-year to EUR 1.6 billion (see Figure 4.3, left). The increase in gross premiums collected was mainly due to higher average premiums and a greater number of insurance contracts concluded, particularly in the motor third-party liability segment, also due to the activity of one insurer in a foreign market. Elevated dynamics were also present in reinsurance, where gross premiums likewise increased by 10.9% to EUR 422.0 million. Gross claims paid by insurers increased by 48.3% year-on-year to EUR 1.1 billion (see Figure 4.3, right). The higher volume of claims paid compared to the same period last year was due to less favourable claims experience, as more natural catastrophe events were recorded in the first half of the year. Most claims paid were related to non-life insurance, accounting for 76.7% of all claims paid, while the share of claims from life insurance was 23.3%. Reinsurers also recorded a 37.8% increase in claims paid.

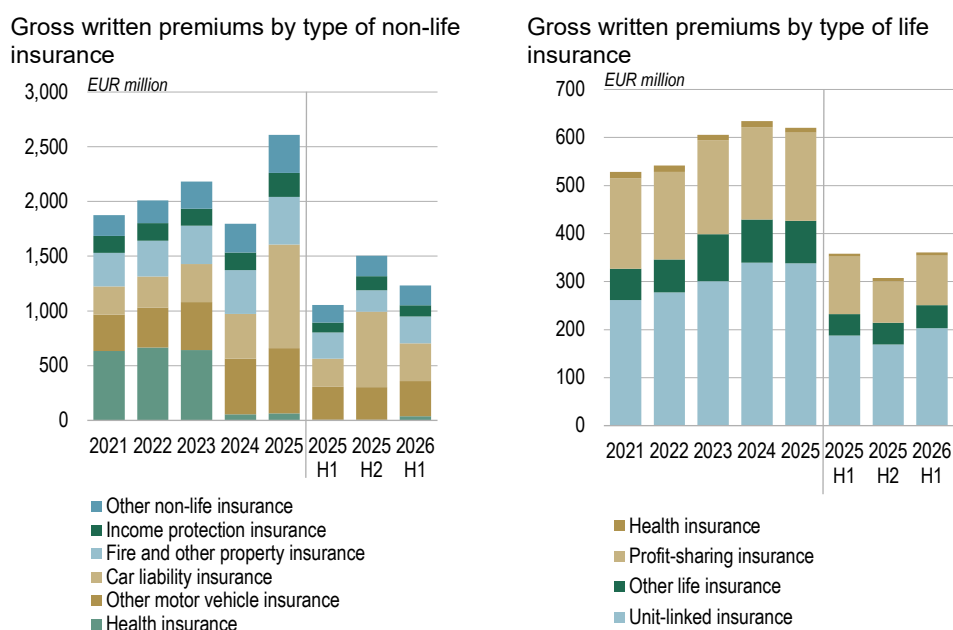
Figure 4.3: **Gross written premiums and claims paid**



Sources: AZN, Banka Slovenije calculations.

**Among types of insurance, motor third-party liability insurance accounted for the largest share and the highest year-on-year growth in gross written premiums.** Within non-life insurance, motor third-party liability insurance had the largest share of gross written premiums and also recorded the highest year-on-year growth. This was followed by other motor vehicle insurance and fire and other damage insurance (see Figure 4.4, left). In life insurance, index-linked or unit-linked insurance predominated. A significant part of the portfolio also consisted of profit-participating insurance, with a smaller share held by other life insurance products (see Figure 4.4, right). The structure of life insurance thus remains predominantly focused on products with an investment component.

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

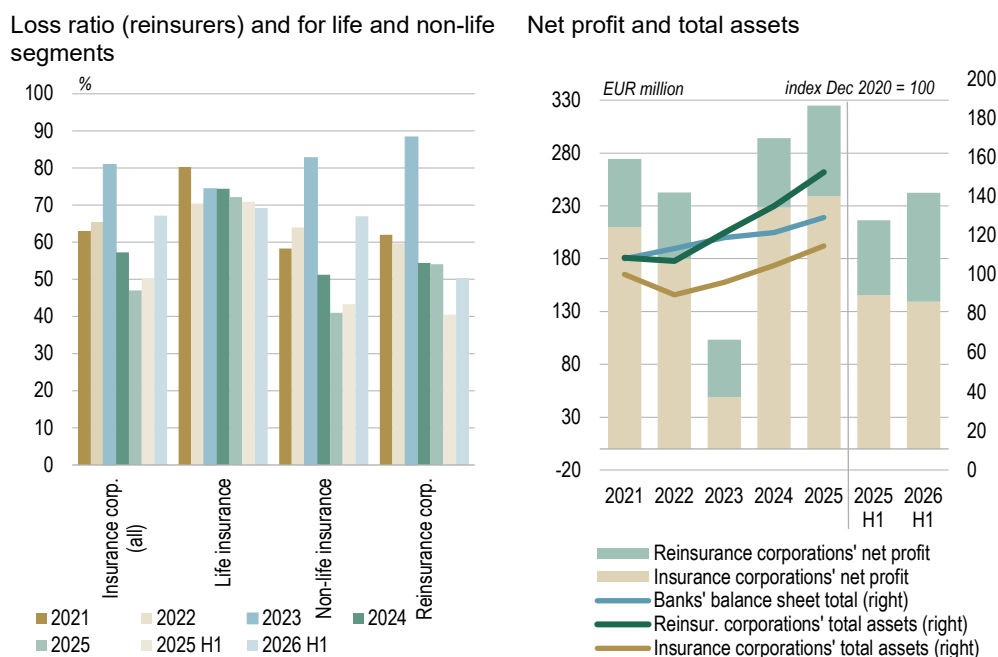


Sources: AZN, Banka Slovenije calculations.

**Trends in premiums and claims in the first half of 2026 contributed to a deterioration in the loss ratios of insurers and reinsurers.** The growth in gross claims paid outpaced the growth in gross written premiums, resulting in an increased ratio of claims to premiums. The loss ratio, which measures the share of claims paid in gross written premiums, is an important indicator of insurance activity performance and has a significant impact on sector profitability. At the end of the first half of 2026, the loss ratio for insurers was 67.3%, 16.9 percentage points higher than in the same period last year. For reinsurers, it was 50.4%, up 9.8 percentage points year-on-year (see Figure 4.5, left). The deterioration in the overall loss ratio was mainly due to non-life insurance, while trends in life insurance were more favourable.

**The volume of investments by insurers and reinsurers increased in the first half of 2026.** Year-on-year, investments rose by 5.3% to EUR 7.8 billion. The investment portfolio remains predominantly focused on debt securities, with government debt securities accounting for the largest share, followed by other debt and equity instruments. Reinsurers recorded faster growth, with investments increasing by 15.7% year-on-year to EUR 1.4 billion. Further growth in investments reflects the strengthening of the sector's balance sheet and the increase in available funds to cover assumed liabilities.

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



Sources: AZN, Banka Slovenije calculations.

**The profitability of insurance companies declined slightly in the first half of 2026, while reinsurers performed better than in the comparable period last year.** Insurers' profit decreased year-on-year by 4.4% to EUR 139.4 million (see Figure 4.5, right). Lower profitability was mainly due to more subdued growth in gross premiums collected and an increase in claims expenses, particularly in the non-life insurance segment. Profit from non-life insurance declined by 23.2% to EUR 87 million, while profit from life insurance increased by 63.0% to EUR 52 million. Reinsurers, on the other hand, increased their profit year-on-year by 45.8% to EUR 103.1 million in the first half. Positive business results were also accompanied by growth in total assets, which reached EUR 9.5 billion for insurers and EUR 1.9 billion for reinsurers. The Slovenian insurance sector remains well capitalised. The median solvency capital requirement (SCR) at the end of the first half of 2026 was 256.7%, and the median minimum capital requirement

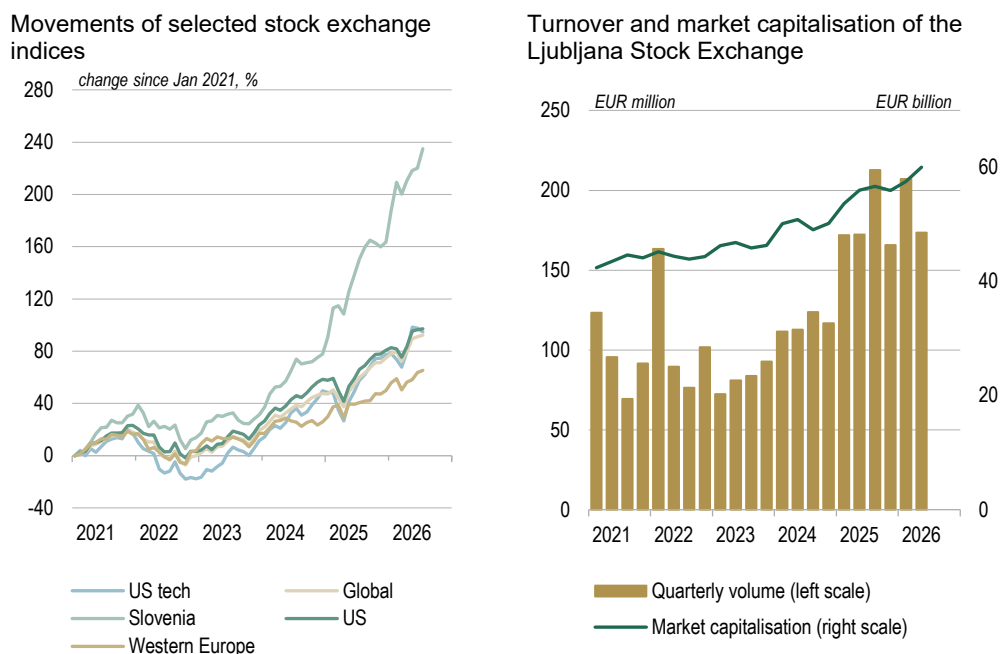
(MCR) was 663.9% (see Figure 6.21 in the annex, left and right). The values of both indicators exceed regulatory requirements and confirm the sector's high resilience to potential deteriorations in economic and financial conditions, as well as to various natural and mass claim events.

### 4.3 Mutual funds

**The increased volatility triggered at the beginning of the year by geopolitical tensions in the Middle East did not significantly affect the longer-term trends in financial markets, as investor sentiment quickly improved.** Nevertheless, investor confidence, supported by favourable corporate earnings and sustained economic activity, remained at a relatively high level. As a result, the main global equity indices and the Slovenian capital market recorded growth up to the end of August. The US S&P 500 equity index achieved a return of 11.5% this year up to the end of July, while the European STOXX Europe 600 index delivered an 8.7% return. The highest return was achieved by the Slovenian stock exchange index SBI TOP, which gained 24.7% in the period under review (see Figure 4.6, left). These developments also led to increased net inflows, particularly into equity funds.

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

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



Note: In the left chart, the selected indices are NASDAQ New York for US Technology, S&P 500 for the US, Euro Stoxx 600 for Western Europe, and SBI TOP for Slovenia. The chart shows data up to and including August 2026. Turnover in the right chart refers to turnover excluding block trades.

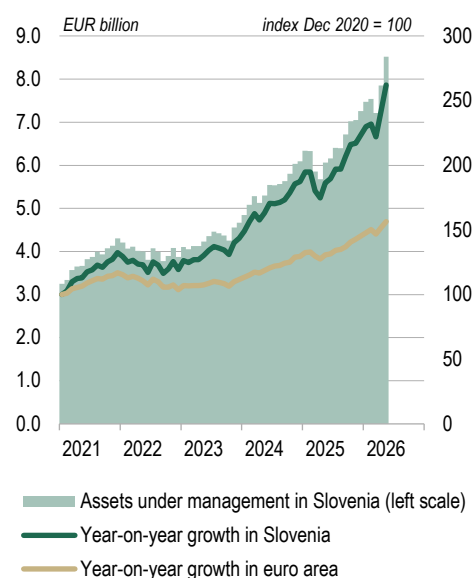
Sources: LJSE, Banka Slovenije.

**Assets of mutual funds saw strong growth in the first half of 2026.** The value of domestic mutual fund assets increased by 35.1% year-on-year in the first half, reaching EUR 8.7 billion. This strong growth was driven by higher investor inflows and the revaluation of assets managed by domestic mutual funds. Compared to euro area funds, which have most of their assets invested in bonds, domestic funds are dominated by equity funds, making them more exposed to market risk. The high exposure of Slovenian mutual funds to equity investments contributed not only to higher asset growth in the first half of the year, but also to greater volatility in asset values compared to the euro area average (see Figure 4.7, left).

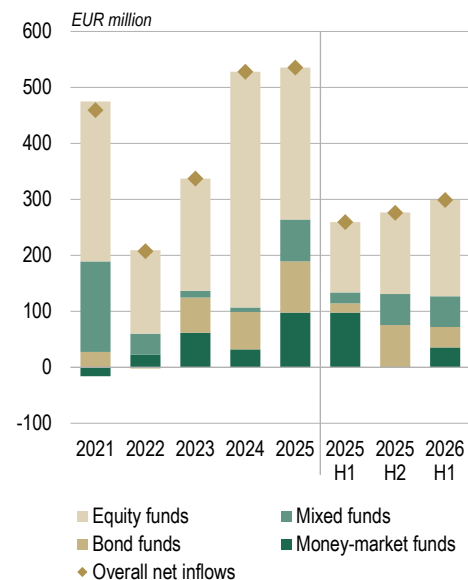
**Savers' willingness to invest in mutual funds remains on a positive trend.** Net inflows into mutual funds increased by 15.1% in the first half of the year compared to the same period last year, reaching EUR 299 million. Households remain the largest owners of units in domestic investment funds, contributing EUR 180 million in the first half of this year, or 61.7% of all net inflows. Other financial intermediaries contributed EUR 80 million in net inflows to mutual funds, similar to the same period last year. NFCs contributed EUR 33 million in net inflows during this period, which is 54.7% less than in the same period last year. Equity funds remain the most popular type of fund by value of invested assets (see Figure 4.7, right). The equity investments of domestic mutual funds are most exposed to equity companies based in the US. For investments by Slovenian mutual funds in debt securities, euro area countries predominate as issuers.

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

Assets and asset growth of mutual funds



Net inflows of domestic mutual funds



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

## 5 Macprudential Policy for the Banking System and Leasing Companies

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

### Purpose of macroprudential policy

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

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

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

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

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

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

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

buffers since 2021 at the euro area level have not significantly reduced overall loan supply; only banks with lower capital surpluses responded more strongly to changes. This confirms that resilience can be built up in a timely manner and at relatively low short-term cost, increasing the scope for subsequent buffer release and limiting the risk of excessive contraction in lending activity during crises.<sup>86</sup>

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

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

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

**In addition to the aforementioned buffers, macroprudential authorities impose additional capital requirements on other systemically important institutions (O-SIIs), as their potential failure poses a higher risk to financial stability.** Each EU Member State identifies these banks at least annually and sets additional buffers for them, aimed at loss absorption and strengthening system resilience. According to the

<sup>86</sup> Source ECB, Macroprudential policy and productivity: friends not foes (last updated 24 July 2026).

<sup>87</sup> Defined as the ratio of debt service amount to borrower income.

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

latest EBA list, published in June 2026 and based on notifications from national authorities in 2025, there were 172 O-SIIs in the EU, averaging about 6.4 banks per Member State. Since 2025, the ECB has applied a revised floor methodology in its assessment of national decisions on O-SII buffer rates, supplementing the national perspective with the systemic importance of banks for the banking union<sup>89</sup> as a whole.

### Macroprudential policy of Banka Slovenije

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

Table 5.1: Macroprudential measures of Banka Slovenije

| Macroprudential measure                                                                                                               | Type of instrument     | Intermediate objective                                                                      | Assessment of achievement of objective                                                                       |
|---------------------------------------------------------------------------------------------------------------------------------------|------------------------|---------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|
| Macroprudential restrictions on household lending (recommendation: LTV; binding measures: DSTI, cap on maturity and LTC) <sup>1</sup> | 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 <sup>2</sup>                                                                                                             | 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) <sup>3</sup>                                                                                    | 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 <sup>4</sup>                                                                                           | BINDING                | To mitigate and prevent excessive credit growth and excessive leverage.                     | Increased resilience of the banking system to systemic risks inherent in the residential real estate market. |

1 In 2016, a recommendation on the LTV and DSTI ratios for housing loans was introduced. In 2018, the macroprudential recommendation was extended to consumer loans, for which, in addition to DSTI ratio limits, maximum maturity limits also applied. In 2019, DSTI and maturity limits became binding macroprudential instruments. In 2020, due to the Covid-19 epidemic, adjustments to the DSTI measure were introduced, allowing banks, under certain conditions, to exclude temporary income reductions during the epidemic from the DSTI calculation. Additional changes to consumer lending restrictions took effect on 1 July 2022. The latest changes to consumer lending restrictions took effect on 1 July 2023.

2 2015, a methodology for verifying criteria for designating a bank as an O-SII was adopted. In 2017, a methodology for determining the O-SII buffer rate was adopted. In 2023, the methodology for determining the O-SII buffer rate was amended.

3 The measure has been in force since 1 January 2016. At the end of 2022, the countercyclical capital buffer (CCyB) was raised from 0% to 0.5%, with banks required to meet the requirement from 31 December 2023. From 1 January 2025, banks must comply with a countercyclical capital buffer of 1.0% (the positive neutral rate).

4 Sectoral systemic risk buffers were introduced in 2022 and entered into force on 1 January 2023. In November 2023, the systemic risk buffer rate for all retail exposures to individuals secured by residential real estate was reduced from 1.0% to 0.5% of the total risk exposure amount. Banks may apply the new buffer rate from 1 January 2025.

Source: Banka Slovenije.

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

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

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

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

**In the first half of 2026, the average DSTI ratio remains stable.** Compared to the end of the previous year, this ratio decreased by 0.2 percentage points for consumer loans and increased by 0.1 percentage points for housing loans. Since 2020, the DSTI ratio has increased, but has remained stable over the past year. Consumers with consumer loans have allocated an average of 29.2% of income to debt repayment over the past two years,<sup>93</sup> while consumers with housing loans have allocated an average of 34.9% of income to debt repayment. The average LSTI ratio follows the trend of the DSTI ratio and also decreased slightly for consumer loans in the first half of 2026, while it increased for housing loans (see Figure 5.1, left). The average DTI and LTI ratios remain stable for consumer loans, while for housing loans, the DTI ratio declined after

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

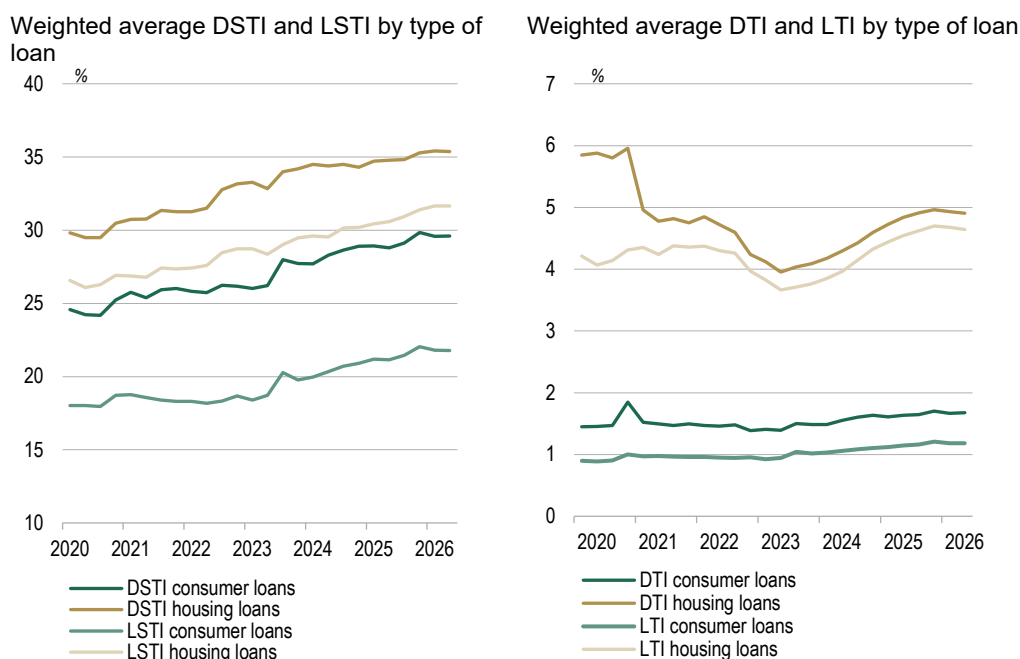
<sup>91</sup> Overview of macroeconomic developments with forecasts, [June 2026 | Banka Slovenije](#)

<sup>92</sup> [Minimalni življenjski stroški 2025.pdf](#)

<sup>93</sup> When calculating the consumer's annual income, the bank takes into account income from all sources as defined by the Personal Income Tax Act (income from employment, business activity, pensions, income from renting out real estate, financial investments, and other sources). (Decision on macroprudential restrictions on consumer lending, Article 7).

2020, increased from mid-2023, and decreased slightly again in the first half of 2026. The average LTI ratio for housing loans follows the trend of the DTI ratio, but between 2020 and 2021 the DTI ratio declined much more sharply than the LTI ratio, mainly because DTI includes total household indebtedness, while LTI measures only the ratio between the newly approved loan and income (see Figure 5.1, right).

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

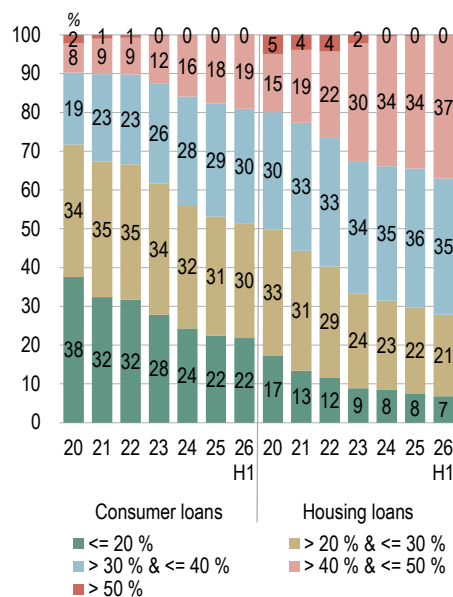


Source: Banka Slovenije.

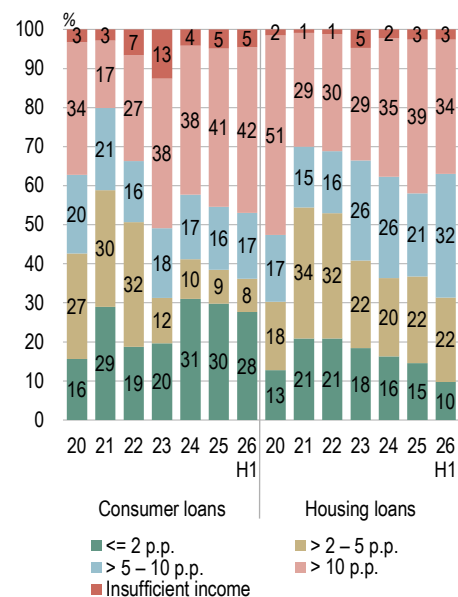
**The share of deviations from the DSTI ratio limit does not exceed the permitted level.** In recent years, both for consumer and housing loans, the share of new loans with a DSTI above 30% and up to 50% has increased. For consumer loans, loans with a DSTI between 40% and 50% account for only about 19%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

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

Distribution of DSTI ratio by type of loan



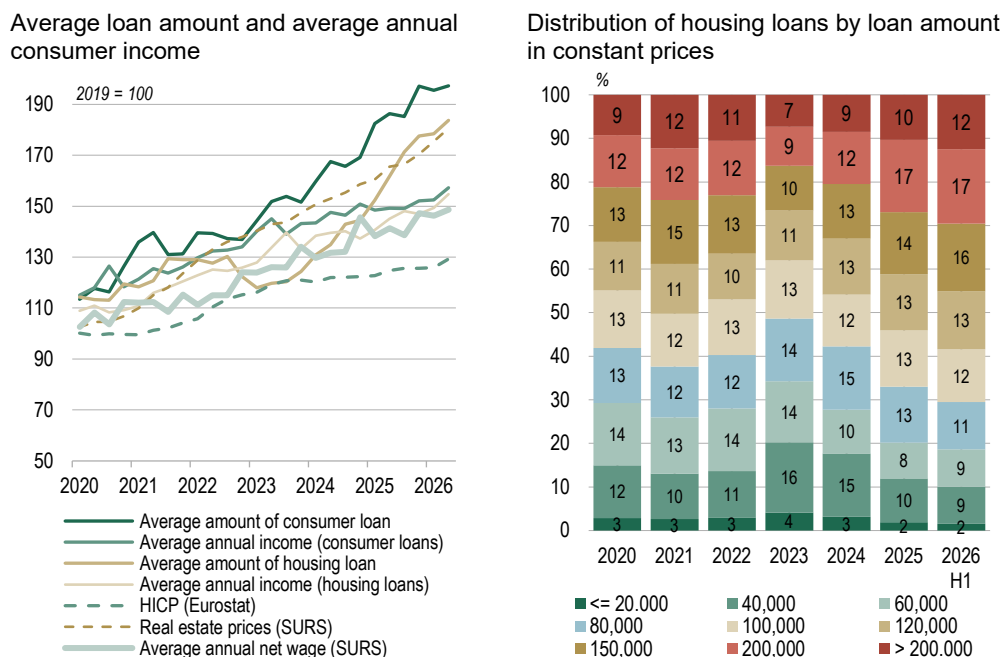
Distribution of loans by degree of deviation from DSTI



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

**The average loan amount to households is increasing, mainly due to a higher share of loans with larger amounts.** The average amount of consumer loans has been rising for some time, while for housing loans, the increase became pronounced after 2023. In Q2 2026, the average consumer loan amount was around EUR 16,000, and the average housing loan amount was EUR 110,000. The average annual income of consumers has also increased over the observed period. For both types of loans, the loan amount relative to annual income increased from 2023, but this ratio declined in the last two quarters (see Figure 5.3, left). An analysis of the distribution of housing loans by amount shows that in recent years, the share of higher-value loans has increased. The share of housing loans exceeding EUR 120,000 is rising both in value and in number, while the share of loans up to and including EUR 80,000 is decreasing. Part of this trend can be attributed to rising real estate prices. If amounts are expressed in constant prices (see Figure 5.3, right), the share of loans above EUR 120,000 is lower, but the trend of increasing shares of higher-value loans remains present.

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



Note: The distribution is shown based on the total loan amount. Loans in constant prices are deflated using the consumer price index.

Sources: Banka Slovenije, SURS, Eurostat.

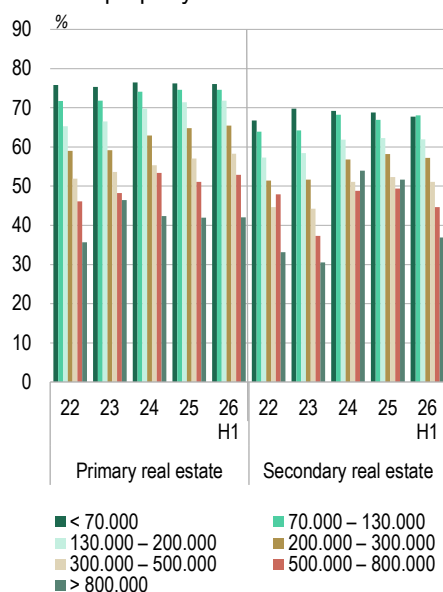
**The LTV ratio declined in the first half of 2026 (see Table 5.2).** The average LTV ratio for loans for primary residences was approximately 63% in Q2 2026, and about 54% for loans for secondary residences. For both types of property, the average LTV ratio was highest for loans where the expected collateral value<sup>94</sup> did not exceed EUR 200,000. At the same time, in all classes of expected collateral value, the ratio was higher for loans for primary residences than for loans for secondary residences. In the first half of 2026, the average LTV ratio by class of expected collateral value for loans for primary residences did not change significantly. For loans for secondary residences, however, it declined, most notably in the class with an expected collateral value above EUR 500,000 (see Figure 5.3, left).

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

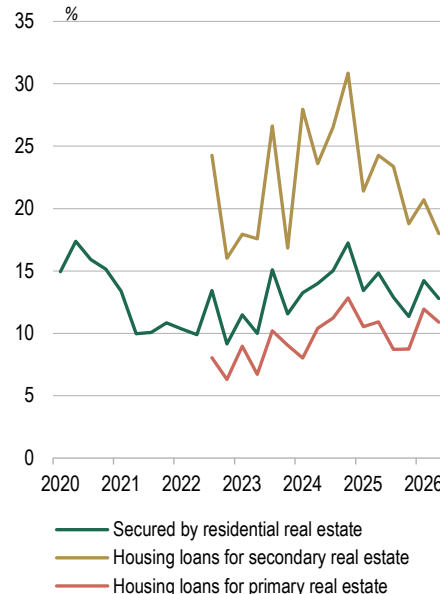
<sup>94</sup> The expected collateral value includes not only the actual value of the residential property securing the loan, but also cases where the collateralisation with residential property has not yet been formally arranged, but its anticipated value is already known. This value is also used in the calculation of the LTV indicator.

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

Weighted average LTV by expected value of residential property collateral



Share of housing loans deviating from the LTV recommendation



Source: Banka Slovenije.

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

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

1 The DSTI and maturity restriction instruments (for consumer loans) became binding on 1 November 2019. At that time, the maximum permitted maturity for consumer loans was reduced from 10 to 7 years.

2 The share of deviations from the LTV limit is calculated as the amount of all housing loans secured by residential property that exceed the recommended LTV ratio, relative to the amount of all housing loans secured by residential property approved in the same quarter.

3 The share of deviations from the DSTI limit is, up to Q3 2022, calculated as the amount of all loans exceeding the maximum permitted DSTI ratio, relative to the amount of all loans compliant with macroprudential measures and approved in the same quarter. After Q2 2022, the share of deviations is calculated relative to the amount of all loans compliant with macroprudential measures and approved in the previous quarter. Up to Q3 2023, the permitted share of deviations from the prescribed DSTI ratio was 10%; from Q3 2023 onwards, it is 3%.

4 The share of deviations from the maturity limit is, up to Q3 2022, calculated as the amount of all loans exceeding the maximum permitted maturity relative to the amount of all loans compliant with macroprudential measures and approved in the same quarter. After Q2 2022, the share of deviations is calculated relative to the amount of all loans compliant with macroprudential measures and approved in the previous quarter.

5 In the first three quarters of 2019, before macroprudential restrictions on consumer lending were introduced, an average of 41% of all new consumer loans were approved with a maturity of over 7 years.

Source: Banka Slovenije.

## Other systemically important institutions (O-SIIs)

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

## Countercyclical capital buffer

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

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

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

## Systemic risk buffer

**Since 2023, two sectoral systemic risk buffers (sSyRB) have been in force.** The requirements for maintaining sSyRB in the Republic of Slovenia, which banks comply with, are: (i) 0.5% for all retail exposures to individuals secured by residential real estate, and (ii) 0.5% for all other exposures to individuals, except those from point (i).<sup>97</sup>

**In April 2026, we conducted a regular assessment of the appropriateness of the sectoral buffer calibration, which confirmed that no change to the current rates is necessary.** The assessment was based on a review of real estate market trends,

<sup>95</sup> For more on O-SII buffers, see: Buffer for other systemically important institutions (bsi.si).

<sup>96</sup> More information on the positive neutral CCyB rate and the neutral risk environment is available on the Banka Slovenije website.

<sup>97</sup> Further information on sectoral systemic risk buffers is also available on the Banka Slovenije website.

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

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

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

<sup>1</sup> Last two available dates illustrated.<sup>2</sup> Includes binding measures and recommendations. The measures cited apply to consumer loans and to housing loans.<sup>3</sup> 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.<sup>4</sup> Higher risk weights are also applied to exposures to commercial real estate.

Sources: ESRB, ECB

## 6 Annex

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

| 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-bank sector, particularly household deposits and deposits by non-financial corporations, LTD, changes in the maturity breakdown of deposits by the non-bank sector, residual maturity gap between assets and liabilities.                                                                                                                                                                                                                                                                                                                                                                                                        |
| Interest rate risk                      | Interest rate risk is the risk of investment losses as a result of changes in interest rates, and comes from the maturity mismatch between assets and liabilities that have a fixed interest rate, and from the repricing gap between assets and liabilities.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | The main indicator for monitoring interest rate risk is the repricing gap between asset and liability interest rates, where the most important factor for liability interest rates is the assumption about the stable component of sight deposits. Other indicators are: the average repricing period for asset interest rates, the average repricing period for liability interest rates, the share of new loans and existing loans accounted for by fixed-rate loans, and the average maturity of new loans and existing loans.                                                                                                                                                       |
| Credit risk                             | Credit risk is the risk of loss resulting from the failure of a debtor to settle their liabilities to the creditor, and comes from the debtor's inability to meet their financial liabilities by the agreed deadline, which may be temporary (illiquidity) or permanent (insolvency).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | The main indicators are NPE ratios, the breakdown of exposures into credit risk stages, credit parameters (default rates, probabilities of default, transition rates), and coverage of NPEs and performing exposures by impairments, provisions and collateral.                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Income risk                             | Income risk is the risk to the generation of adequate income by banks, and is based on developments in components of income generation and cost control.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | The main indicators follow the generation and disposal of income, to the point of net income: net interest margin, net non-interest margin, net commission margin, gross income, developments in operating costs, CIR, developments in net income.                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| ICT related risk                        | ICT (Information and Communication Technology) risks are risks arising from the use, management or dependence on information systems, software, networks and digital solutions in banks. These risks include cyber risk (the risk of cyberattacks, breaches, data theft or misuse of information systems), operational incidents (disruptions caused by failures in software, hardware or network infrastructure), data security risks (data loss, unauthorised access to data, or unauthorised modification of data), and change management risks (challenges associated with the implementation of new technologies or system upgrades). Effective management of ICT risks is essential to ensure the uninterrupted functioning of banking operations, the protection of data, and compliance with the requirements of the Digital Operational Resilience Act (DORA). | Number of operational and cyber incidents; direct and indirect financial losses; average response time for risk mitigation (in minutes); market concentration of external IT service providers (%); number of phishing and DDoS attacks; share of the budget allocated to IT security (banks' self-assessment); number of devices running outdated software and number of external IT service providers; share of hardware and software failures or malfunctions; share of unplanned outages of critical ICT services; share of external events in total operational events; share of human errors in total operational events; and the cross-border impact of an operational incident. |

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

Source: Banka Slovenije.

Table 6.2: **Selected climate risk indicators**

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

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

Source: Banka Slovenije.

**Table 6.3: Balance sheet at selected points in time (2021–2026 H1), Slovenian banking system**

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

Source: Banka Slovenije.

Table 6.4: Income statement of banks (2021–2026 H1), Slovenian banking system

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

Source: Banka Slovenije.

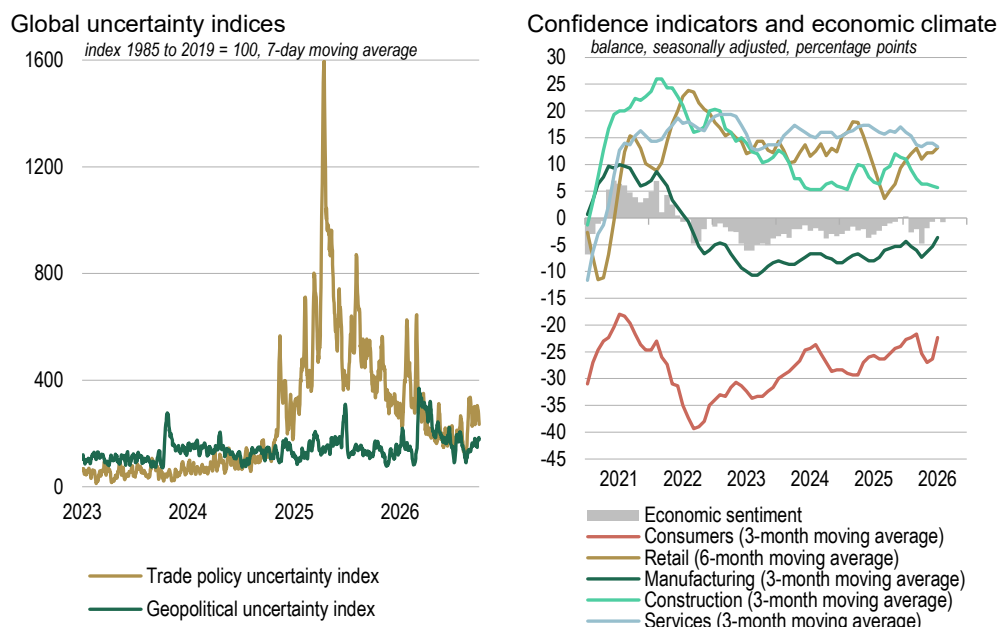
Table 6.5: Selected bank performance indicators (2011–2026 H1), Slovenian banking system

| (%)                                            | 2011   | 2012   | 2013    | 2014  | 2015  | 2016  | 2017  | 2018  | 2019  | 2020  | 2021  | 2022  | 2023  | 2024  | 2025  | 2025 (1-6) | 2026 (1-6) |
|------------------------------------------------|--------|--------|---------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|------------|------------|
| ROA                                            | -1.06  | -1.60  | -7.70   | -0.27 | 0.42  | 0.99  | 1.19  | 1.38  | 1.48  | 1.10  | 1.20  | 1.11  | 2.22  | 2.25  | 1.77  | 2.26       | 2.16       |
| ROE                                            | -12.54 | -19.04 | -100.00 | -2.69 | 3.63  | 7.96  | 9.58  | 11.07 | 12.16 | 9.57  | 11.33 | 10.82 | 20.64 | 18.92 | 14.44 | 19.37      | 18.00      |
| CIR                                            | 53.68  | 47.43  | 66.08   | 55.80 | 59.26 | 59.19 | 62.72 | 58.05 | 56.47 | 52.82 | 59.48 | 57.60 | 41.98 | 44.43 | 47.27 | 44.87      | 43.98      |
| Net interest margin on interest-bearing assets | 2.13   | 1.93   | 1.67    | 2.18  | 2.06  | 1.91  | 1.83  | 1.84  | 1.79  | 1.57  | 1.41  | 1.61  | 2.95  | 3.09  | 2.65  | 2.72       | 2.68       |
| Net interest margin on total assets            | 2.02   | 1.83   | 1.59    | 2.09  | 1.96  | 1.82  | 1.75  | 1.75  | 1.70  | 1.49  | 1.34  | 1.53  | 2.81  | 2.93  | 2.52  | 2.57       | 2.54       |
| Non-interest margin                            | 0.85   | 1.40   | 0.85    | 1.01  | 1.09  | 1.23  | 1.13  | 1.26  | 1.43  | 1.67  | 1.24  | 1.15  | 1.05  | 1.35  | 1.38  | 1.75       | 1.80       |
| Gross income / average assets (FIM)            | 2.87   | 3.23   | 2.44    | 3.10  | 3.05  | 3.05  | 2.88  | 3.01  | 3.13  | 3.16  | 2.58  | 2.68  | 3.86  | 4.28  | 3.90  | 4.32       | 4.34       |

Note: FIM – financial intermediation margin.

Source: Banka Slovenije.

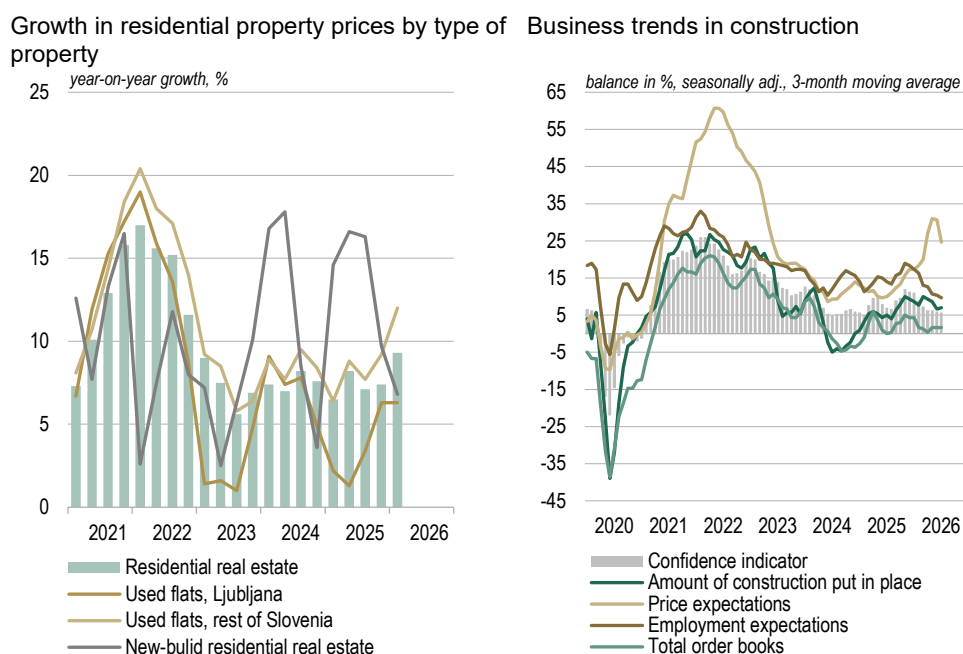
Figure 6.1: **Global uncertainty indices and economic climate in Slovenia**



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

Sources: Left chart: policyuncertainty.com and matteociacoviello.com; right chart: SURS.

Figure 6.2: **Growth in residential property prices, demand and demand factors for housing loans (BLS)**

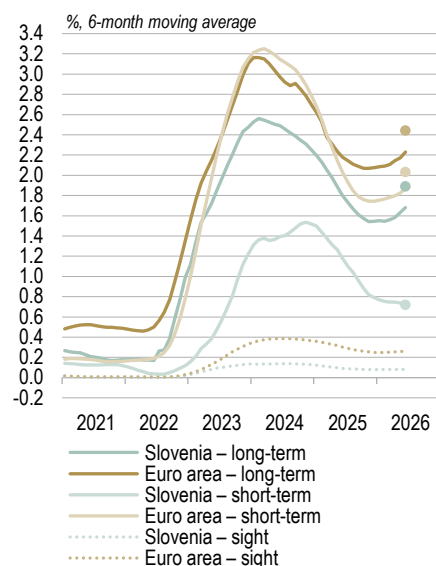


Note: In the left chart, price growth rates for 2025 differ slightly from those published in the previous Financial Stability Review, as SURS has revised the residential property price indices.

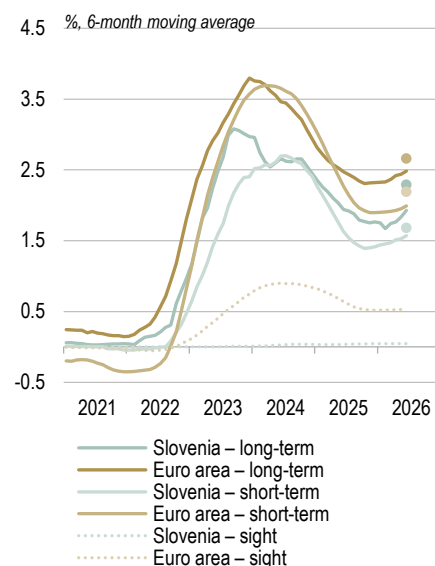
Source: SURS.

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

**Average interest rates on new household deposits**



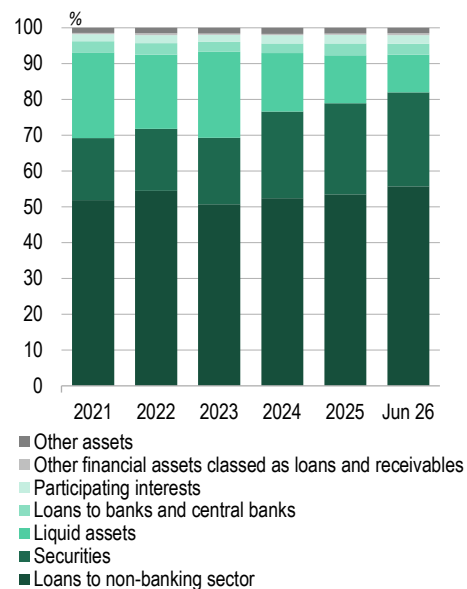
**Average interest rates on new NFC deposits**



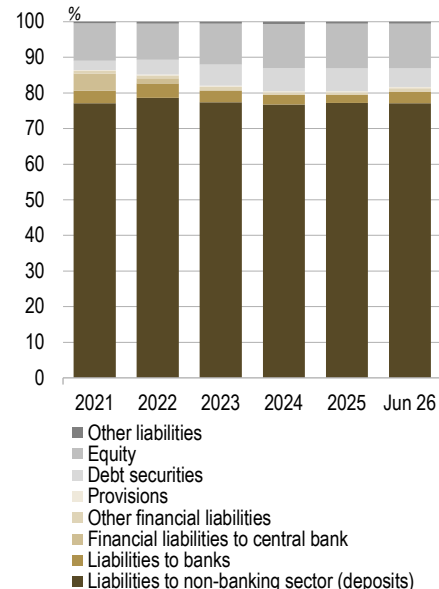
Note: Dots represent the actual latest data.  
Sources: Banka Slovenije, ECB Data Portal.

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

**Breakdown of assets**



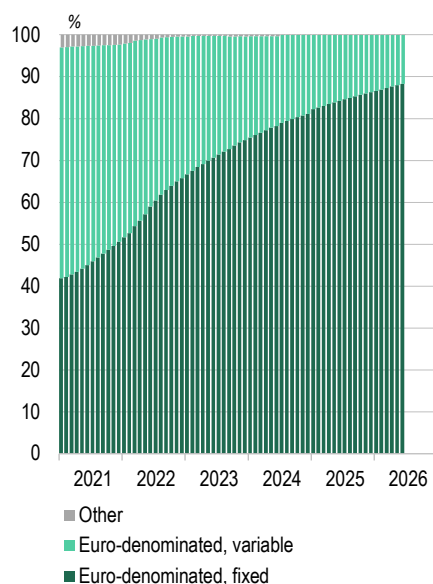
**Breakdown of liabilities**



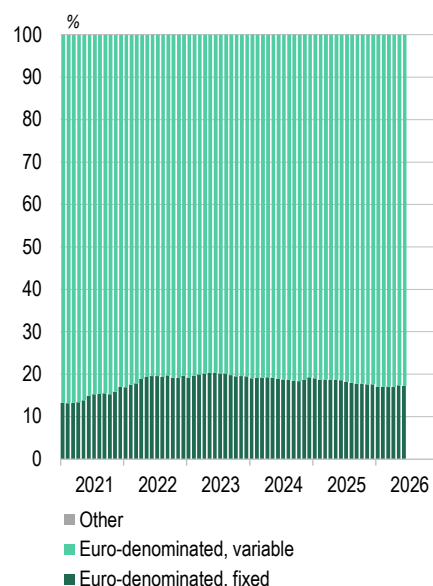
Note: In the left chart, liquid assets comprise cash on hand, balances with the central bank, and sight deposits with banks.  
Source: Banka Slovenije.

Figure 6.5: **Breakdown of loans by type of interest rate in outstanding amounts**

Breakdown of loans to households



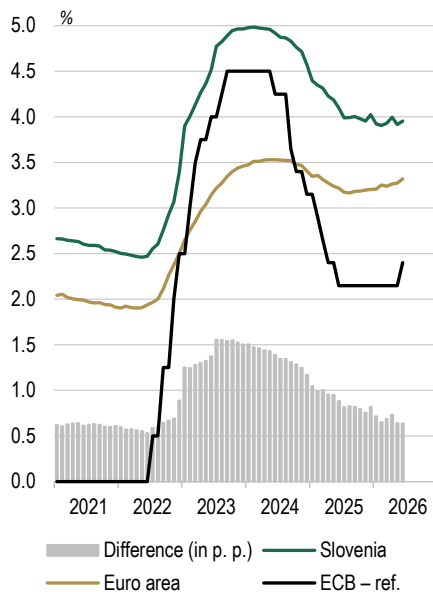
Breakdown of loans to non-financial corporations



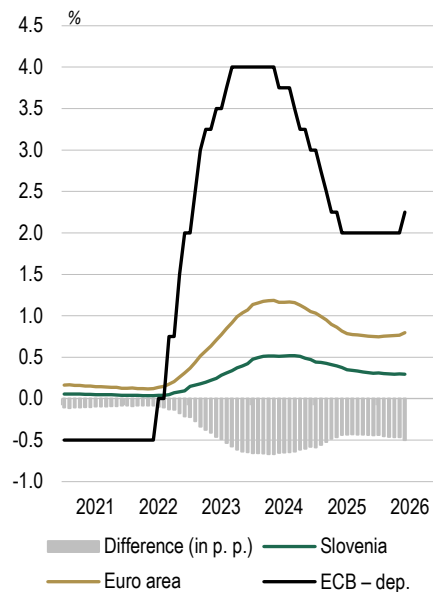
Note: Loans to households include housing and consumer loans, excluding other household loans. The "other" category includes all loans in Swiss francs, which account for the majority of remaining loans.  
Source: Banka Slovenije.

Figure 6.6: **Interest rates**

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

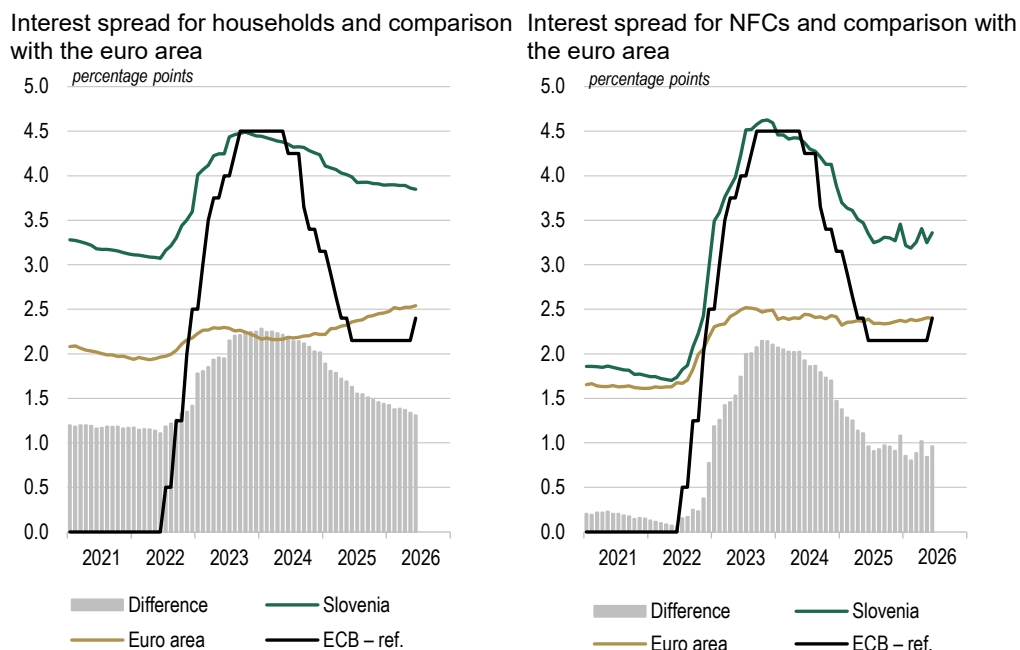


Average interest rates on outstanding deposits of households and NFCs and comparison with the euro area



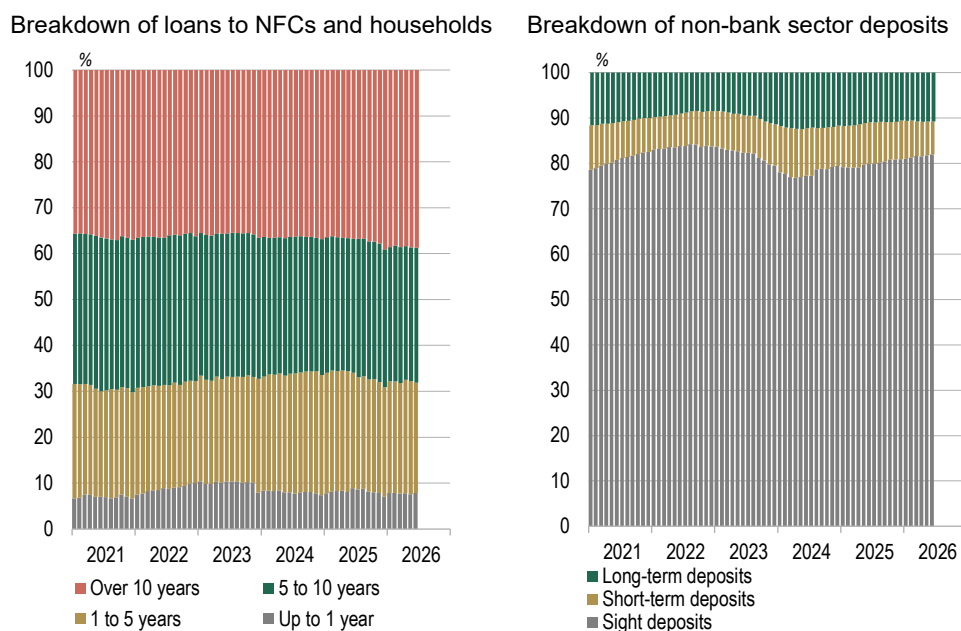
Note: ECB - ref. represents the ECB main refinancing operations rate. ECB - dep. represents the ECB deposit facility rate.  
Source: ECB Data Portal, Banke Slovenije calculations.

Figure 6.7: **Interest spread**



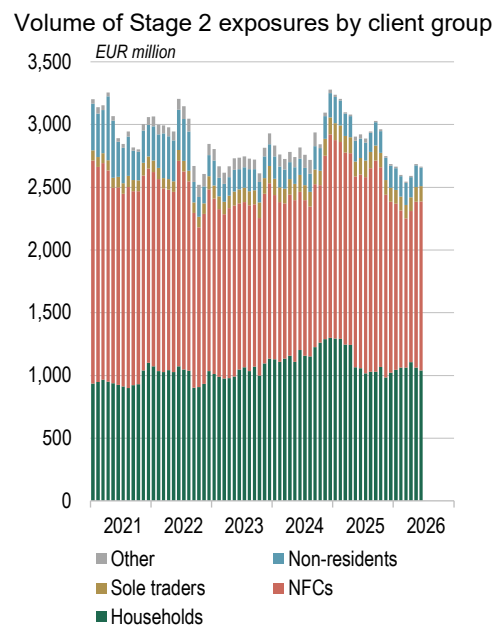
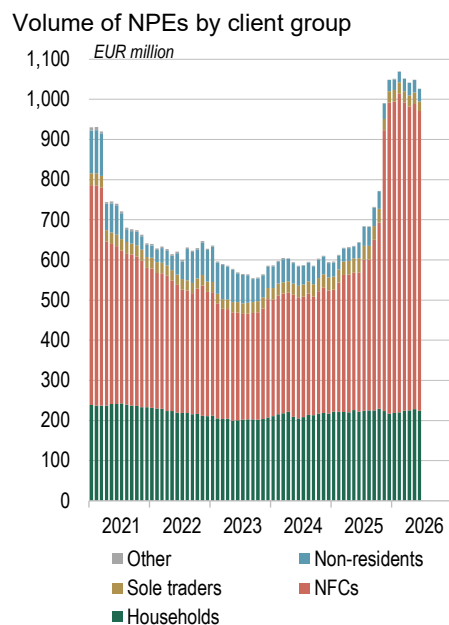
Note: ECB – ref. represents the ECB main refinancing operations rate.  
Sources: ECB Data Portal, Banke Slovenije calculations.

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



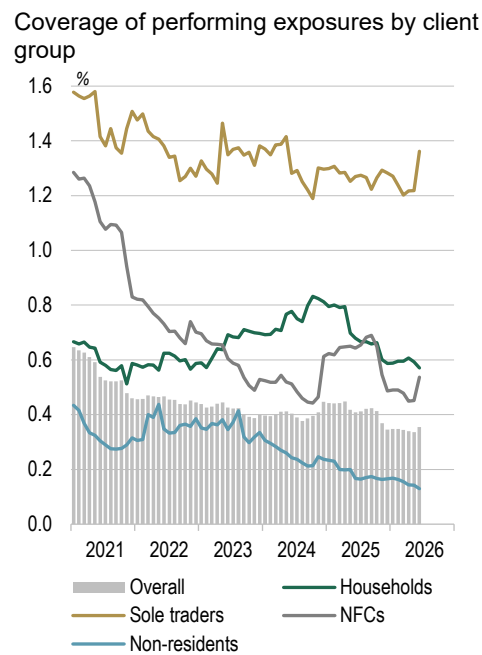
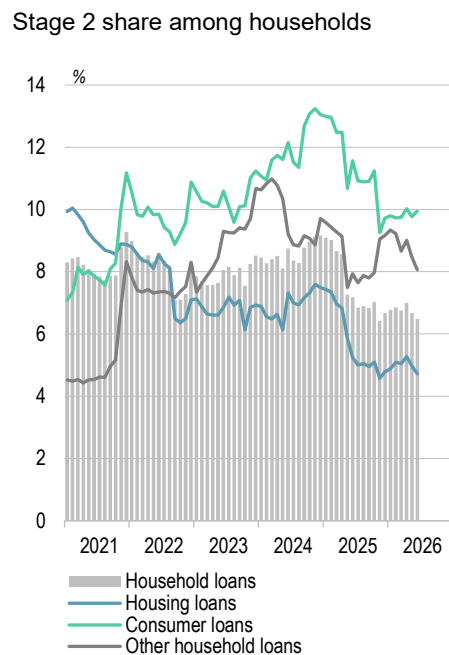
Note: Loans to households on the left chart include housing and consumer loans, excluding other household loans.  
Source: Banka Slovenije.

Figure 6.9: **Volume of NPEs and Stage 2 exposures by client group**



Source: Banka Slovenije.

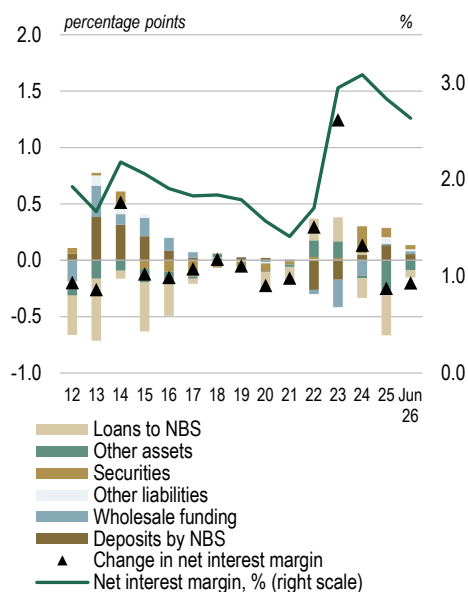
Figure 6.10: **Stage 2 share among households and coverage of performing exposures by client group**



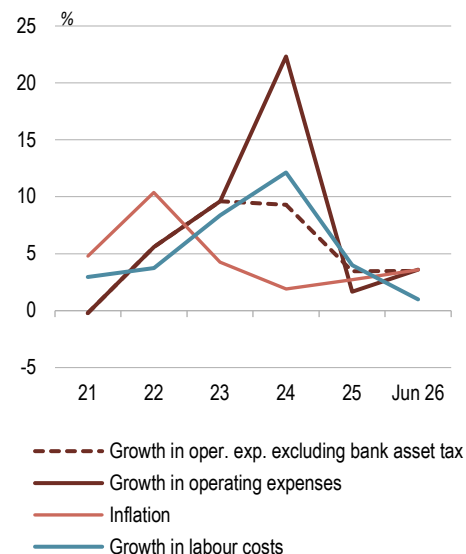
Source: Banka Slovenije.

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

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



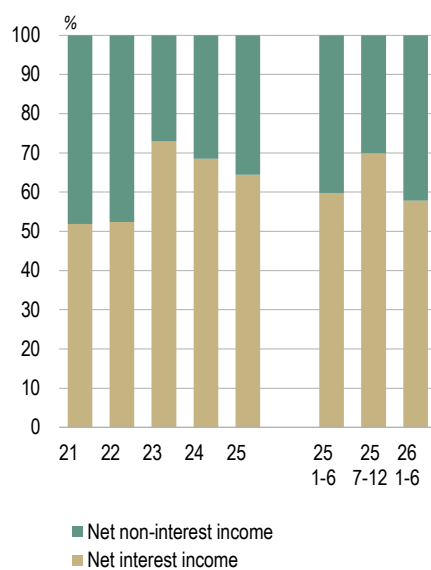
Operating costs, labour costs, and inflation



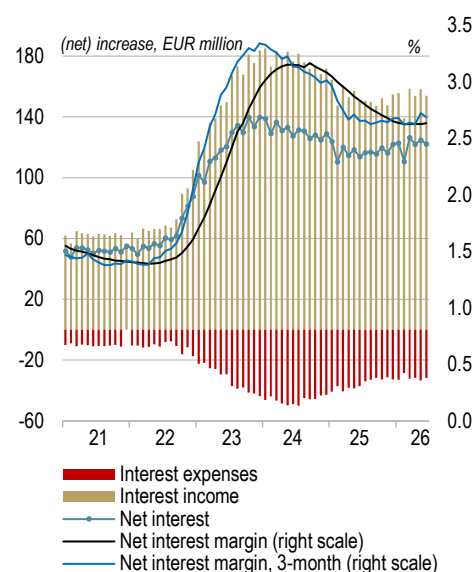
Source: Banka Slovenije.

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

Composition of banks' gross income



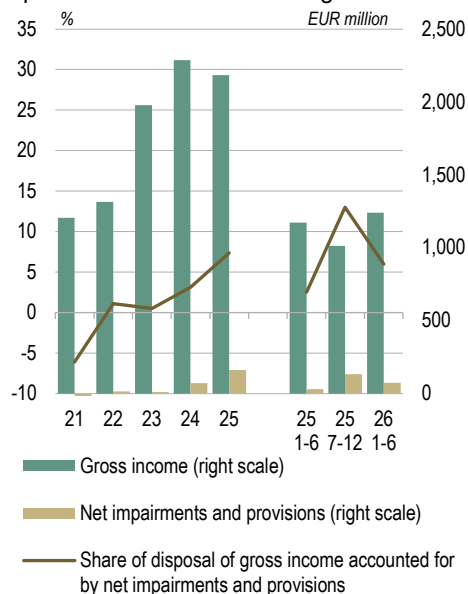
Growth in interest income, expenses, net interest, and net interest margin



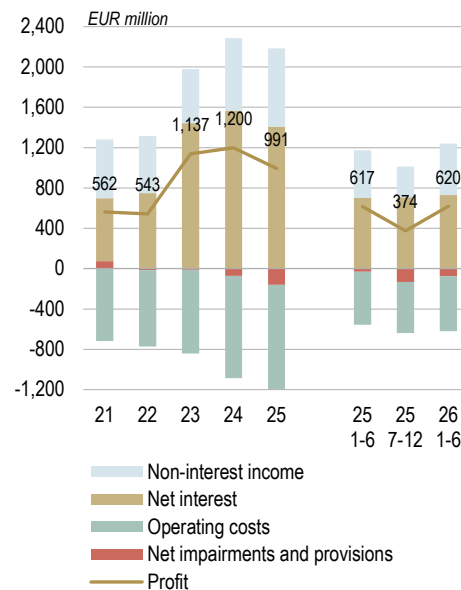
Note: In the left chart, changes in asset items represent the sum of the contributions from loans, securities, and other interest-bearing assets; changes in liability items represent the sum of the contributions from non-bank sector deposits, wholesale funding, and other interest-bearing liabilities.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

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

Net impairments and provisions and banks' gross income, and the share of net impairments in banks' income generated



Income generation and use by banks, and profit before tax

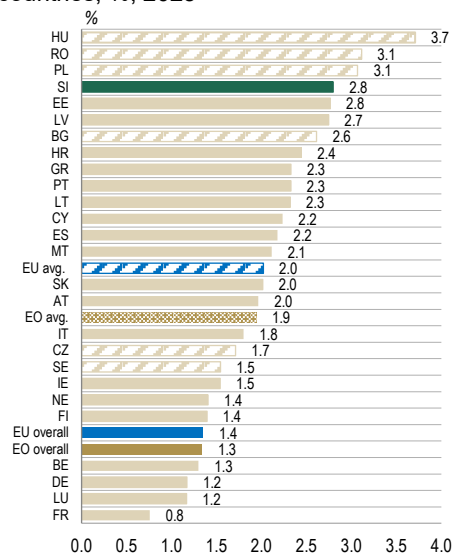


Note: Negative values for net impairments and provisions in the left chart reflect net releases of impairments and provisions; in the right chart, they reflect net creation. Data for the Slovenian banking system are based on banks' balance sheet data on an individual basis. On the right side of both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

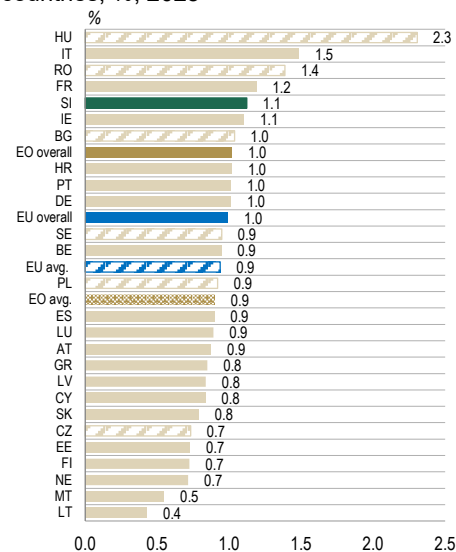
Sources: Banka Slovenije.

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

Net interest margin in Slovenia and EU countries, %, 2025



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

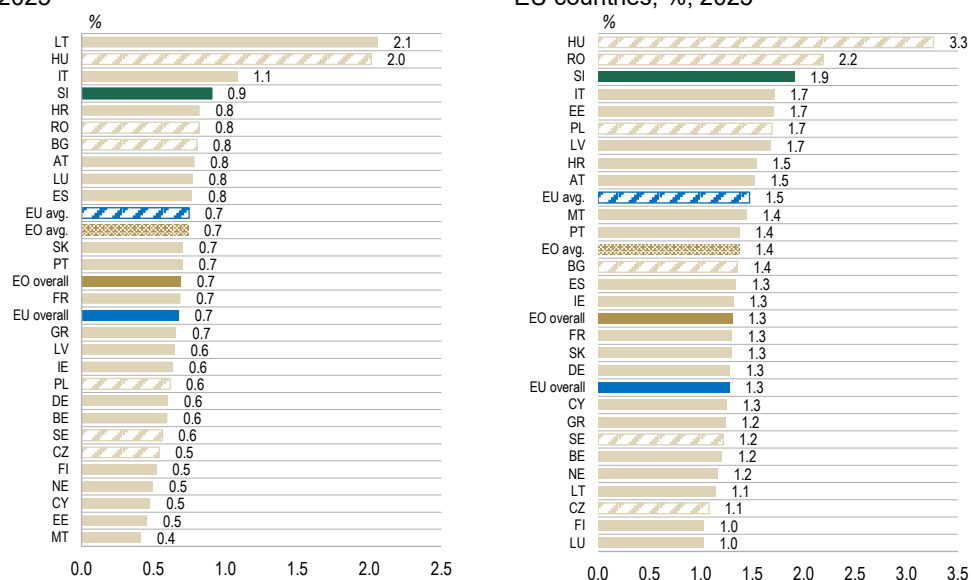


Note: Indicators are calculated based on data from the ECB Data Portal, Consolidated Banking Data. These may differ somewhat from those based on banks' balance sheet data on an individual basis. For the first five charts in this comparison, there may be no available data for certain countries among EU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

Sources: Banka Slovenije, ECB Data Portal.

Figure 6.15: **Net fee margin and operating costs in total assets**

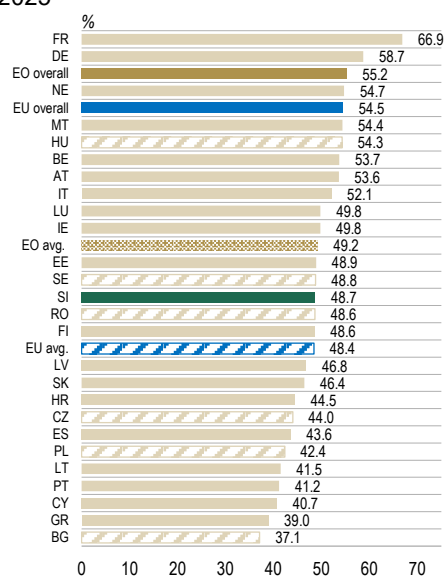
Net fee margin in Slovenia and EU countries, %, Operating costs in total assets in Slovenia and EU countries, %, 2025



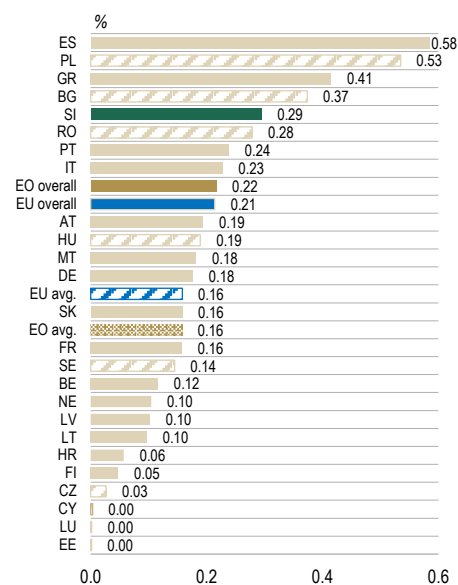
Note: Indicators are calculated based on data from the ECB Data Portal, Consolidated Banking Data. These may differ somewhat from those based on banks' balance sheet data on an individual basis.  
Sources: Banka Slovenije, ECB Data Portal.

Figure 6.16: **Operating costs in gross income and net impairments and provisions in total assets**

Operating costs in gross income (Cost-to-Income Ratio) in Slovenia and EU countries, 2025



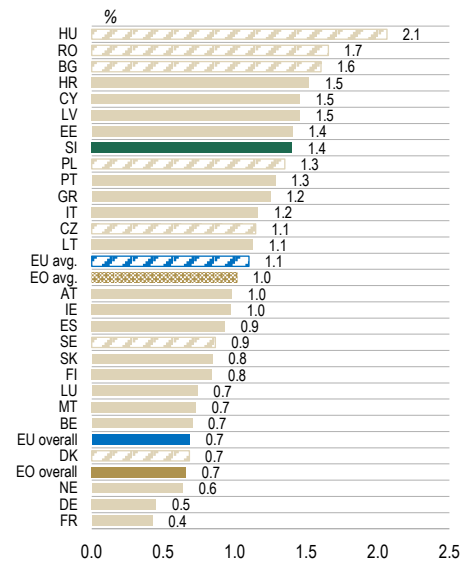
Net impairments and provisions in total assets in Slovenia and EU countries, %, 2025



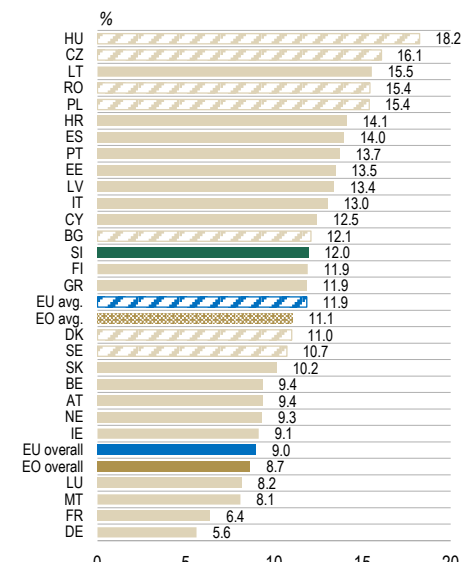
Note: Indicators are calculated based on data from the ECB Data Portal, Consolidated Banking Data. These may differ somewhat from those based on banks' balance sheet data on an individual basis.  
Sources: Banka Slovenije, ECB Data Portal.

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

Return on assets (ROA) in EU countries, %, 2025



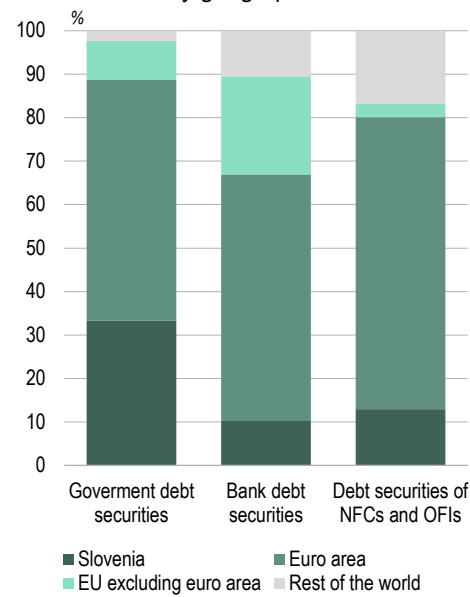
Return on equity (ROE) in EU countries, %, 2025



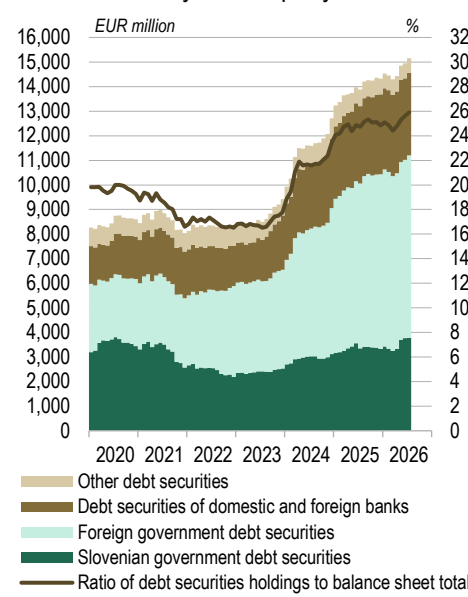
Source: Banka Slovenije.

Figure 6.18: **Trends and structure of debt securities**

Debt securities by geographical area



Debt securities by counterparty



Source: Banka Slovenije.

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

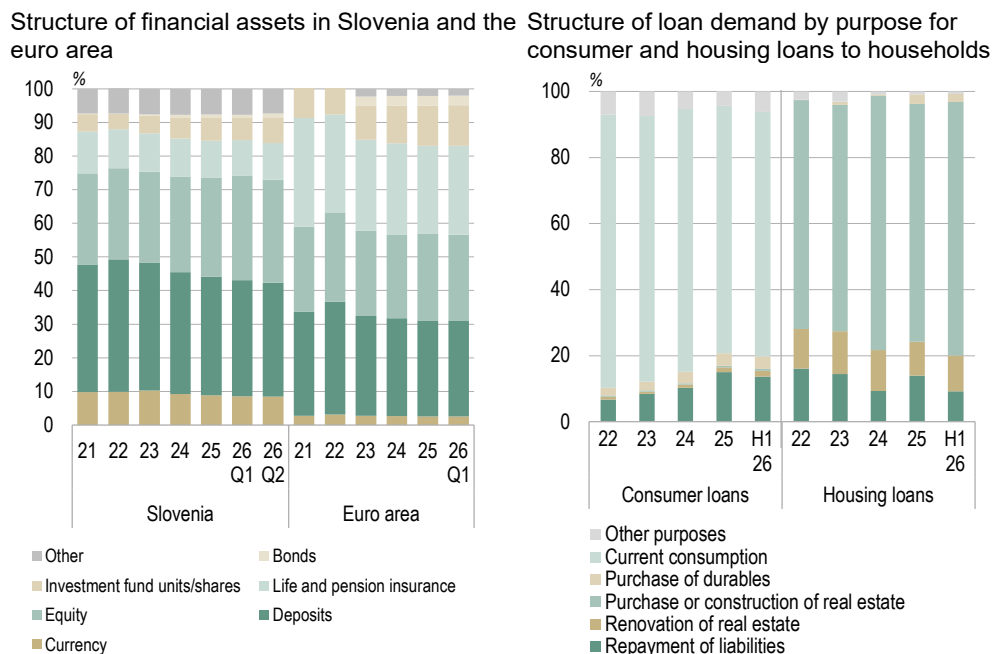


Figure 6.20: **NFC financing flows and equity**

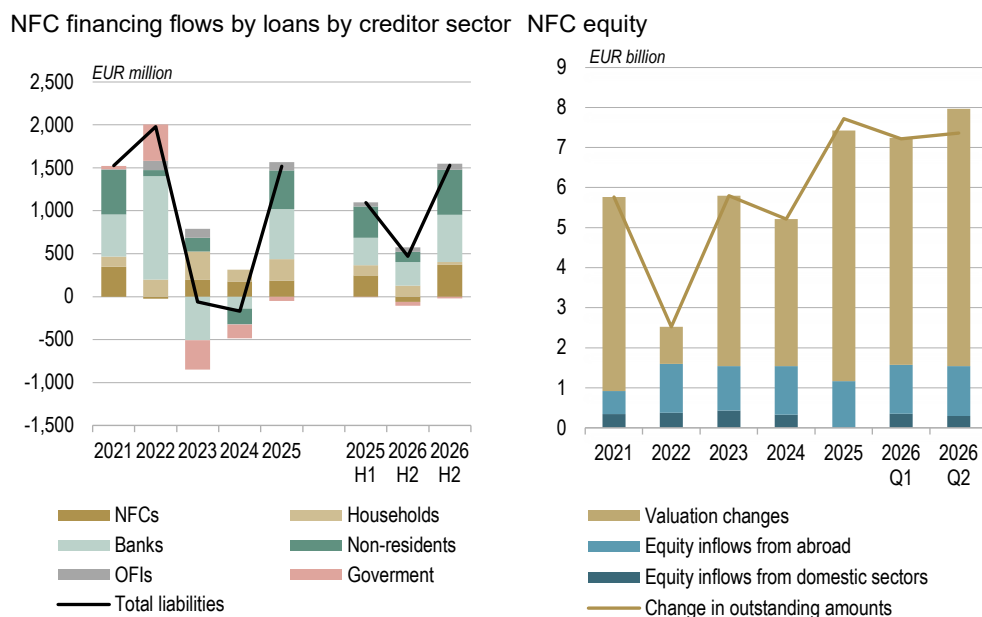
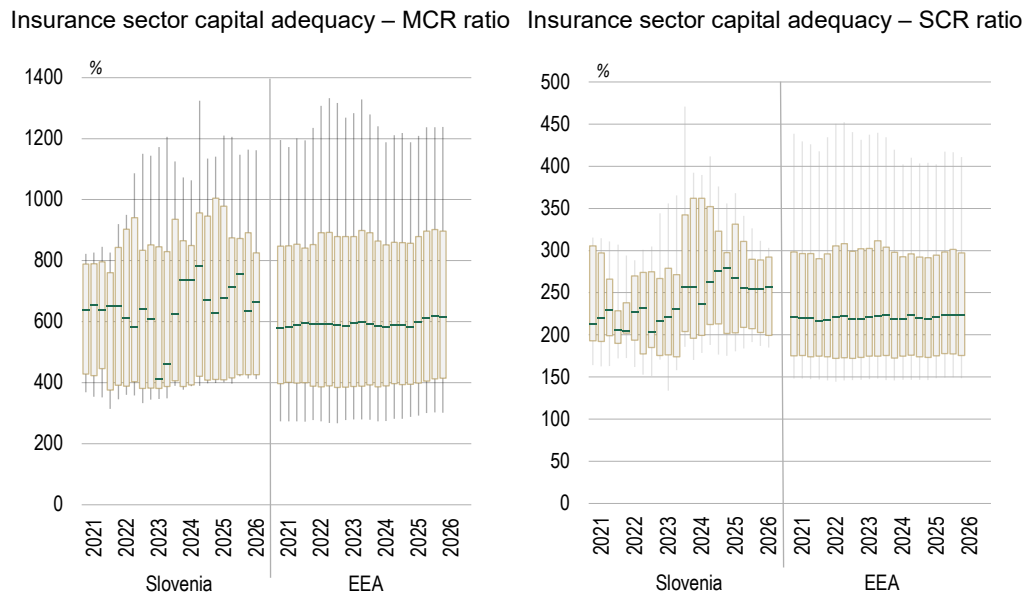


Figure 6.21: **Insurance sector capital adequacy: MCR and SCR**



Sources: AZN, Banka Slovenije calculations.

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

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

Note: The calculation of one-year transition rates from performing to non-performing borrowers is based on the following assumptions:

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

Source: Banka Slovenije.

Figure 6.7: **Shares of transitions of micro, small, and medium-sized enterprises and large enterprises between credit rating classes (transition matrices)**

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

Note: The calculation of one-year transition rates of clients between different credit rating classes is based on the following assumptions:

1. Unit of observation: for the calculation of transition rates between credit rating classes, the unit of observation is business bank-client-date. In the calculation, each client is counted according to the number of exposures at different banks in the banking system. The calculation includes banks and savings banks. Clients who were present in the credit register data at the beginning of each year are included. For the end-of-period data, the last available data for the client within the year is used. All clients with a positive value of classified claims at amortised cost and a recorded credit rating at the beginning of the observation period, and who were classified in sector S.11 in the business register at each calculation date, are included in the analysis.

2. Calculation:

The numerator of the transition rate between rating classes i and j is defined as the number of clients who had rating i at the initial date (end of year T) and whose last available rating in year T+1 was j, regardless of whether they were still in that state at the end of year T+1.

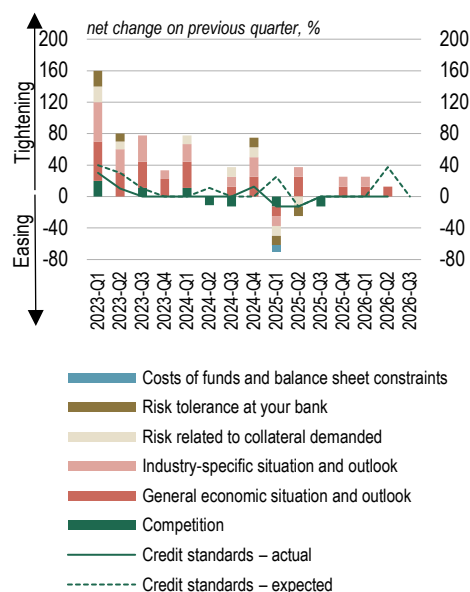
The denominator of the transition rate between rating classes i and j is defined as the number of clients who had rating i at the initial date (end of year T).

Source: Banka Slovenije.

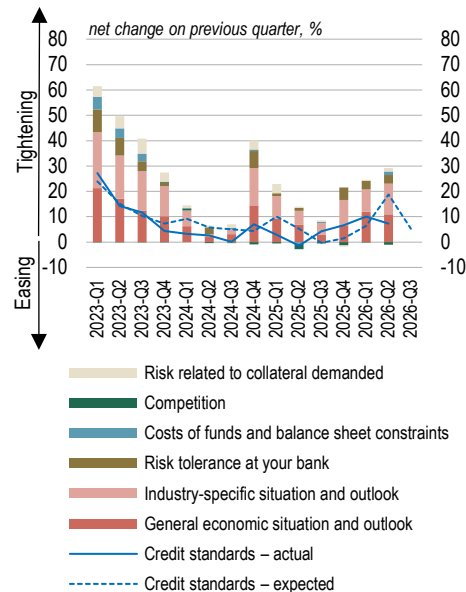
## Bank Lending Survey

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

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



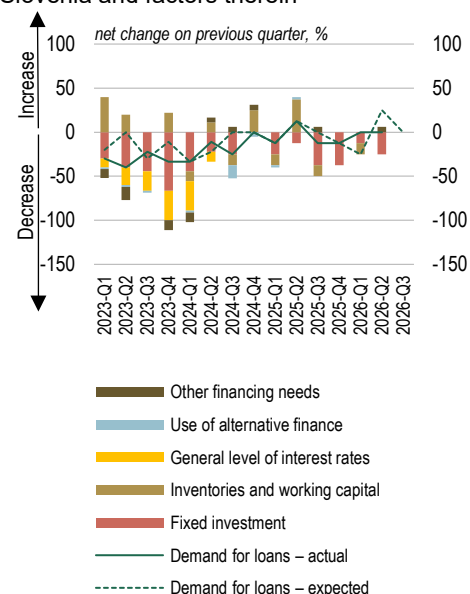
Changes in credit standards for loans to NFCs in the euro area and factors therein



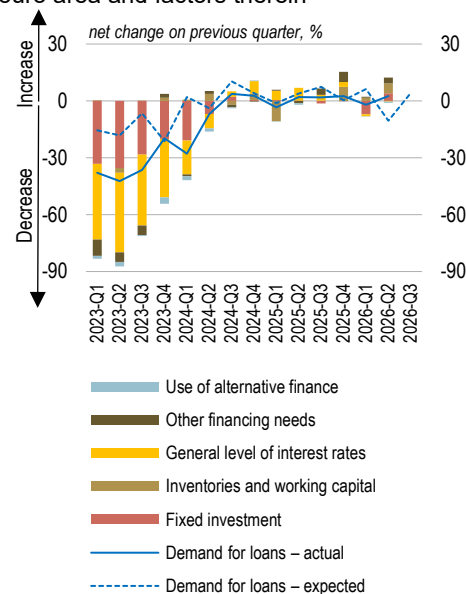
Note: "Actual" values are changes that have occurred, while "expected" values are changes anticipated by banks. The same applies in the remainder of this comparison. Net percentages are defined as the difference between the total percentage of banks answering "tightened considerably" and "tightened somewhat",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

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

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



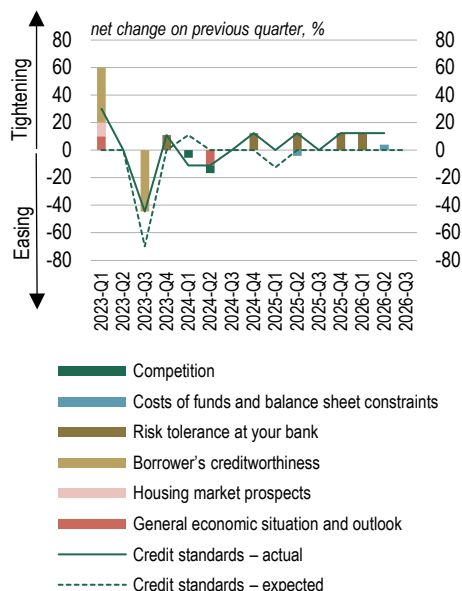
Changes in demand for loans to NFCs in the euro area and factors therein



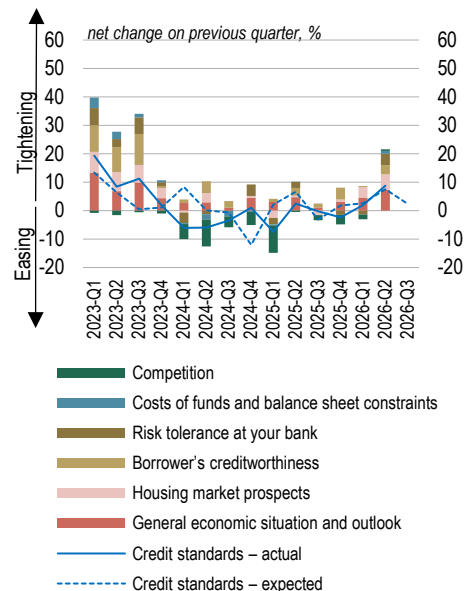
Note: Net percentages in questions about demand for loans are defined as the difference between the total percentage of banks answering "increased considerably" and "increased somewhat", and the total percentage of banks answering "decreased considerably" and "decreased somewhat". The same applies below.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

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

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



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

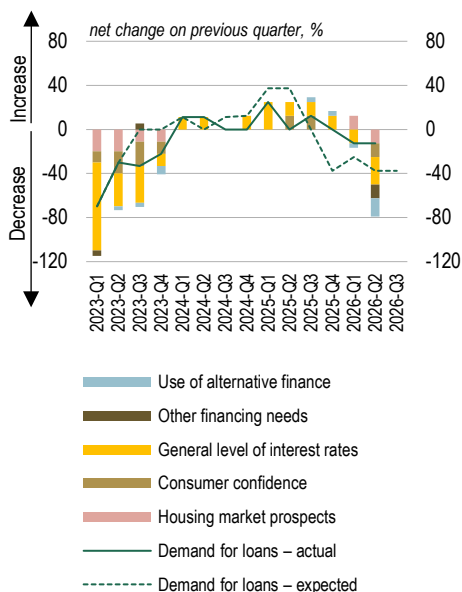


Note: "Cost of funds and balance sheet constraints" is the simple average of "banks' capital and the costs related to banks' capital position", "access to market financing" and "liquidity position"; "Competition" is the simple average of "competition from other banks" and "competition from non-banks".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

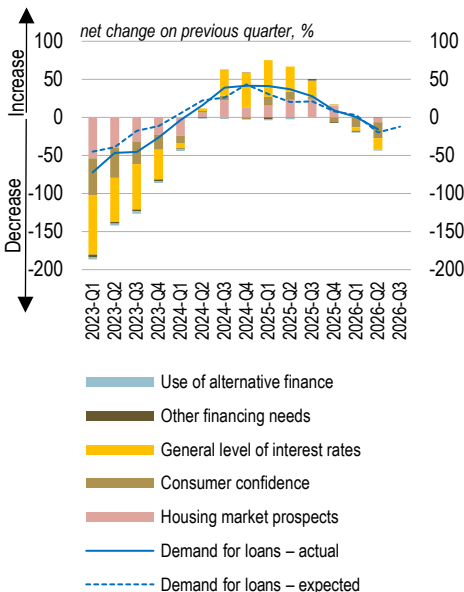
Source: Banka Slovenije.

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

Changes in demand for housing loans in Slovenia and factors therein



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

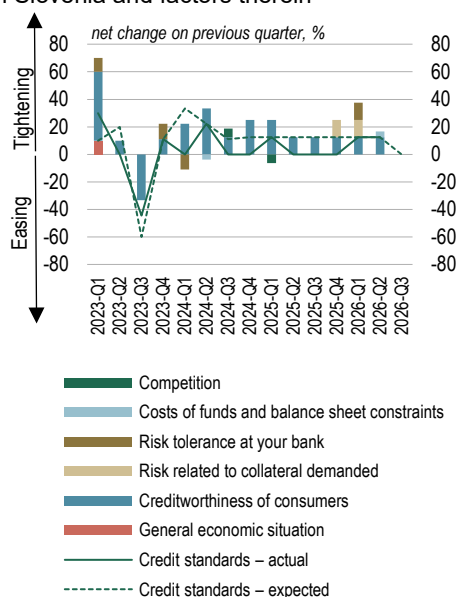


Note: "Other financing needs" is the simple average of "debt refinancing/restructuring and renegotiation" and "regulatory and fiscal regime of housing markets". "Use of alternative finance" is the simple average of "internal finance of house purchase out of savings/down payment", "loans from other banks"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

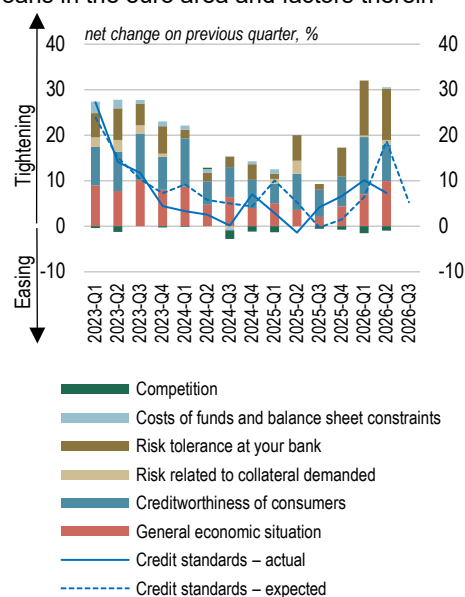
Source: Banka Slovenije.

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

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



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

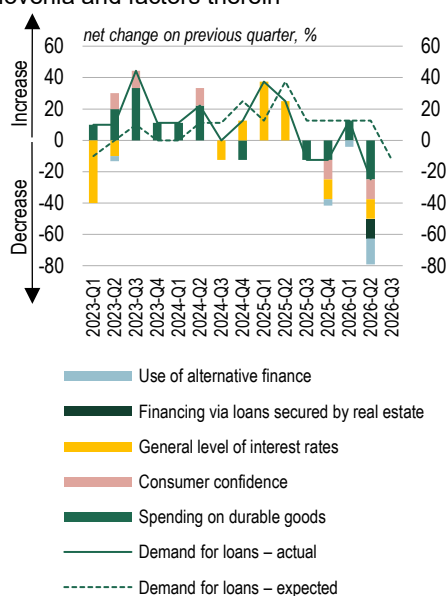


Note: "Cost of funds and balance sheet constraints" is the simple average of "banks' capital and the costs related to banks' capital position", "access to market financing" and "liquidity position"; "Competition" is the simple average of "competition from other banks" and "competition from non-banks".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

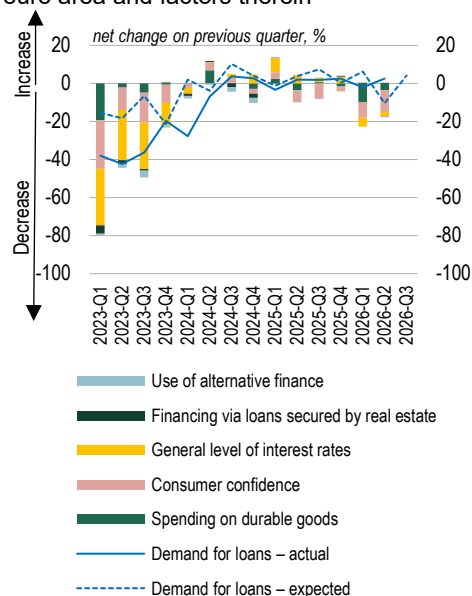
Source: Banka Slovenije.

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

Changes in demand for consumer loans in Slovenia and factors therein



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



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

Source: Banka Slovenije.

## 6.1 Description of abbreviations

### Abbreviations

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