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EVROSISTEM

Report on bank performance with commentary

Data to April 2025

June 2025

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Methodological notes

The data in the tables and figures consists of data reported by banks to Banka Slovenije in accordance with the Guidelines for implementing the Regulation on reporting by monetary financial institutions (report on accounting items with interest rates [PORFI]). In 2020 banks changed over to a new way of disclosing interest on credit-impaired financial assets in accordance with the interpretation of the IFRS Interpretations Committee (IFRIC) of March 2019, and the application of that interpretation to a specific case of 22 July 2019, which can be found online at https://www.ifrs.org/news-and-events/news/2019/07/ifrs-9-webinar-curing-of-a-credit-impaired-financial-asset/.

Summary

Activity in the domestic economy declined in the first quarter, which represents a poor starting point for this year's GDP growth. Given the pronounced uncertainty in the international environment, the assessment of the general level of risk to the banking system is being gradually raised, but the banking system's resilience remains high. In the wake of the fall in interest rates, household lending is strengthening, but lending to non-financial corporations (NFCs) remains weak. Banks are seeing a decline in net interest income on account of lower interest rates, while net non-interest income is recording moderate growth. The anticipated decline in gross and net income this year has also been reflected in a decline in pre-tax profit, which over the first four months of the year was down almost a fifth on the same period last year. The quality of bank assets remains stable, with minor deteriorations in specific segments of the portfolio. The banking system's capital and liquidity positions remain good.

Deposits by the non-banking sector increased over the first four months of the year, driven primarily by an inflow of household deposits. The overall increase in household deposits, which was larger than in the same period last year, was curtailed by the decision by certain savers to redirect some of their savings into purchasing government bonds aimed at the public. In contrast to household deposits, deposits by NFCs declined over the first four months of the year, which is normal for this time of year. Firms are paying dividends to their owners, and some are repaying loans, while the spring sees a rise in labour costs on account of annual leave allowance payments to employees. Year-on-year growth in deposits by NFCs has slowed significantly, and is now slightly below the euro area average. With interest rates on deposits falling further, savers are considerably less motivated to fix their savings, which means that there has been no significant change in the average maturity of deposits. Sight deposits continue to account for the majority of all deposits.

The increase in loans to the non-banking sector over the first four months of this year was larger than in the same period last year, leaving their stock up 7.4% in year-on-year terms (compared with 2.5% in the euro area overall). They account for an increasing share of bank assets. Households were the main driver of this growth, largely in the form of housing loans and consumer loans, while loans to NFCs stagnated. Lending to a leasing company in September of last year also had a significant, albeit one-off, impact. Loans to non-residents are increasing again after declining last year, while loans to the government were a notable factor in March. The share of bank assets accounted for by liquid assets is declining: they are being replaced by higher-yielding debt securities, which banks mostly intend to hold to maturity.

Loans to NFCs increased slightly over the first four months of the year, but remained virtually unchanged in year-on-year terms, with growth below the euro area average. The uncertain situation and firms' greater reliance on alternative sources of financing are being reflected in modest growth in loans. There was no significant increase in loans in the majority of activities, and some even saw a decline. Loans to manufacturing firms, who account for a third of all firms, have increased by less than 20% since 2019, while the increases in construction and wholesale and retail trade are even smaller. The energy supply activities are still notable for their high loan stock, although it has been declining since 2022. In terms of corporate size, loans to micro firms increased last year, while loans to small, medium-size and large firms stagnated

or declined slightly. In terms of loan purpose, the largest increase was in loans for working capital, while there was a decline in loans for construction. Loans to NFCs are up 11% overall on the end of 2019.

Households remain the key factor in growth in loans to the non-banking sector. Housing loans and consumer loans alike increased over the first four months of this year. Household loans were up 6.5% in year-on-year terms, significantly more than in the euro area overall (1.7%). In addition to the relatively favourable economic situation with high employment and real wage growth, household lending was also significantly correlated with the level of and dynamics in interest rates. Since the beginning of July 2023, while the modified macroprudential restrictions on consumer lending have been in force, lending via consumer loans has continued to increase, although their year-on-year rate of growth slowed over the first four months of this year. Almost all new consumer loans carried a fixed interest rate, which had fallen to 5.9% by April of this year, significantly lower than in the euro area overall. Although the ratio of housing loans to GDP in Slovenia remains well below the euro area average, the ratio of consumer loans to GDP has risen again over the last two years, and was similar to that in the euro area overall. Lower interest rates also encouraged growth in housing loans, which recorded their highest monthly volume since 2022, with year-on-year growth of 5.3%. Household loans increased by just over 27% between December 2019 and April of this year, with housing loans up 33% and consumer loans up 19%.

The quality of bank assets remains stable, with minor deteriorations in specific segments of the portfolio. The NPE ratio of the total portfolio of the banking system remained at 1.0% in April, although the NPE ratio in the NFCs portfolio rose to 2.0%, primarily on account of loans to manufacturing firms engaged in the manufacturing of basic metals. There were also significant increases in the professional, scientific and technical activities portfolio, and in the sole traders portfolio. The stock of non-performing consumer loans increased, but the NPE ratio remained stable as the total stock of consumer loans expanded rapidly, while the NPE ratio in the housing loans portfolio declined.

Portfolio structure in terms of credit risk stages remains stable, with a number of minor changes, while coverage by impairments and provisions remains stable. The share of Stage 2 exposures had declined to 5.0% by April, but remains above its average over the last two years. Last year's increase was driven by NFCs, most notably by manufacturing firms engaged in the manufacture of basic metals. The share of Stage 2 exposures in the NFCs portfolio had declined to 8.7% by April, but remains elevated. Declines were also evident in the sectors of wholesale and retail trade, and professional, scientific and technical activities. Housing loans and consumer loans also contributed to the decline in the share of Stage 2 exposures in the total portfolio, although the figure in the consumer loans portfolio remains close to its record high. Coverage of NPEs declined slightly over the first four months of the year, but remains high, while coverage of performing exposures is stable.

A decline in net interest income meant that banks generated less gross income and net income than in the same period last year, but this decline was expected given the fall in interest rates. Gross income in the Slovenian banking system was down just under 7% in year-on-year terms, while net income was down 15%. It should nevertheless be emphasised that net interest income is still at a high level, particularly compared with the years before the rise in interest rates. Banks did however record markedly above-average net interest income, gross income and net income last year and in the previous year. The main factor in the decline in net interest income was price effects on the asset side. Growth in non-interest income was positive: it increased by just under a tenth. Growth in operating costs in the banking system slowed sharply this year, as a result of a base effect from the accrual of the tax on total assets, which banks first took into account in January 2024. Growth in labour costs also declined.

Pre-tax profit over the first four months of the year was down just under a fifth on the same period last year. This year's decline in profit (of 18.6%) is primarily attributable to a decline in net income, but there was also a slight increase in net impairments and provisions, which nevertheless remain low, accounting for less than 4% of the disposal of gross income. Pre-tax ROE in the banking system stood at 13.8% over the first four months of the year, down on the same period last year (18.7%) and 2024 as a whole (18.9%).

The Slovenian banking system's capital position remains solid. The total capital ratio stood at 19.8% at the end of 2024, while the CET1 ratio stood at 17.6%. The estimates for 2025 suggest that developments remain favourable at system level.

The liquidity of the banking system remained good, although the liquidity ratios deteriorated slightly. The decline in funds held in accounts at the central bank was a significant factor in the slight deterioration in the liquidity coverage ratio, which stood at 313% in April, thus remaining well above the regulatory minimum. This means that the banking system maintained its high capacity to cover net liquidity outflows over a short-term stress period. Banks also maintained a relatively high capacity to fund their liabilities over a longer period of one year, despite a slight decline in the net stable funding ratio. The redirection of funds from accounts at the central bank into purchasing debt securities drove a further change in liquidity structure in the direction of strengthening secondary liquidity.

1 Macroeconomic Environment

The global economy is facing pronounced uncertainty in the international environment this year, which is a product of global trade and geopolitical tensions. The US imposed tariff measures, which trading partners responded to with retaliatory measures. During negotiations there was a 90-day moratorium on the imposition of new tariffs between the US and its trading partners, running from April to July. The changes constitute an adverse shock to global economic growth, mainly as a result of unpredictability, which makes it harder to formulate the assumptions on which institutions' forecasts are based. Global economic growth (excluding the euro area) is forecast to stand at 3.1% this year, before slowing to 2.9% next year, and strengthening to 3.2% in 2027.[1] The latest forecasts for 2025 and 2026 are down 0.4 percentage points on the December projections. The downward revision reflects the impact of new trade measures, and their indirect impact via international trade links and increased uncertainty. A worsening trade war and rising uncertainty surrounding future trade policy could further reduce economic growth over the short term. At the same time the weaker reserves in fiscal policy are reducing resilience to potential future shocks.

The euro area economy strengthened in the first quarter, but is expected to be more subdued in the second quarter amid increased global uncertainty. GDP was up by 0.6% in quarterly terms, and by 1.5% in year-on-year terms.[2] With the exception of services, confidence indicators remain in the zone of contraction. The services PMI moved from the zone of expansion into the zone of contraction in May, while the manufacturing PMI remained in the zone of contraction. The composite PMI remains in the zone of expansion. Inflation (HICP) remained above its target rate of 2% in the first quarter and April, before falling to 1.9% in May. The slowdown in inflation is expected to happen faster than forecast in March. This is largely attributable to the impact of falling energy prices and the appreciation of the euro, which outweighed the rise in prices of food commodities. According to the latest projections, euro area GDP is forecast to expand by 0.9% this year, 0.2 percentage points less than forecast in the December projections.[3] The downward revision is attributable to the rise in tariffs, the increased uncertainty being driven by changes in US trade policy, and the unpredictability of the final configuration of tariffs. Despite the challenges, growth in the euro area is forecast to rise to 1.1% in 2026, driven by further growth in consumption and a recovery in investment.[4]

Activity in the domestic economy declined in the first quarter, which represents a poor starting point for this year's GDP growth. Activity was down 0.7% on the same period last year. The largest negative contributions came from investment and net exports. Private consumption and government consumption both made slight positive contributions. The sentiment in the economy improved slightly over the first five months of the year, but the economic sentiment indicator remains in negative territory. The sentiment in manufacturing remains negative, as does the sentiment among consumers, where there was a slight improvement in May despite the traditionally low level seen at that time. The sentiment worsened slightly in construction, and more notably in

[1] ECB, June 2025.

[2] Eurostat, June 2025. The figures are seasonally adjusted and calendar-adjusted.

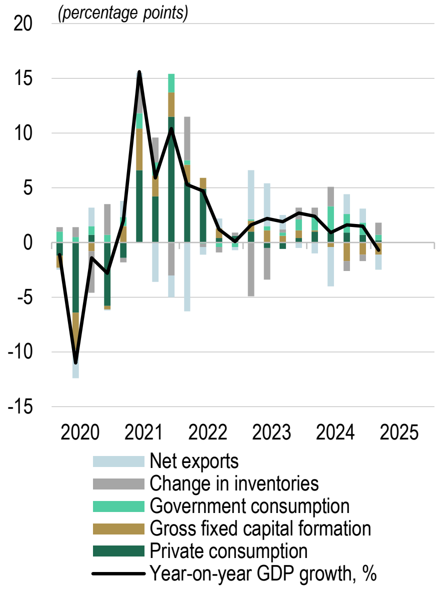
[3] This forecast assumes that the high tariffs announced on 2 April will not be reimposed, and that US tariffs on imports from the EU and almost all other countries will remain at 10% (the level applied generally on 9 April), with the exception of tariffs on steel, aluminium and cars (25%), and exemptions of certain products such as pharmaceuticals and microprocessors (ECB, June 2025).

[4] ECB, June 2025.

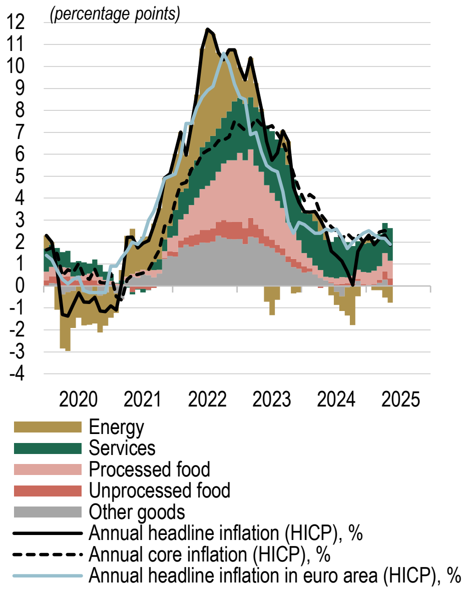
retail, as a result of the uncertain economic situation. The sentiment in services remained positive, and improved further. Headline inflation stood at 1.9% in May. It was primarily driven by service price inflation, while the contribution by energy prices was negative. Core inflation[5] stood at 2.3%. The labour market remains tight, despite showing signs of slowing. After a typical fall in the workforce in employment at the end of the year, it has been rising again this year, but remains down in year-on-year terms. Registered unemployment is falling.

Figure 1.1: **GDP and inflation in Slovenia**

Components of GDP growth



Inflation (HICP), core inflation and components, comparison with the euro area



Sources: SORS, Eurostat, ECB, Banka Slovenije calculations.

The situation in the remainder of the year will be unfavourable for domestic economic growth. The uncertainties are coming from the external environment via geopolitical tensions and international trade conflicts, and from the domestic environment via adverse structural trends (lower growth in labour productivity). Banka Slovenije's latest economic growth forecast for this year of 1.3% is down 0.9 percentage points on the December projections, while the forecast for 2026 has also been revised downwards to 2.4%. The forecast for 2027 meanwhile remains unchanged at 2.4%.[6] The forecasts are based on the anticipated gradual improvement of the international situation, and favourable factors in the domestic environment.

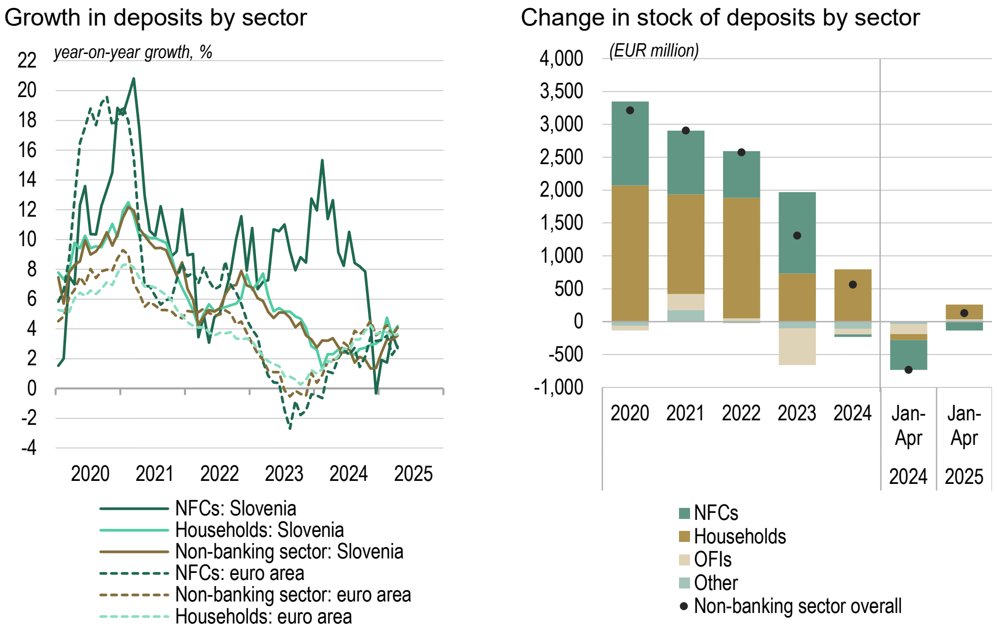
[5] HICP excluding energy, food, alcohol and tobacco.

[6] June 2025 issue of the Review of macroeconomic developments and projections.

2 Bank Funding

Deposits by the non-banking sector remain the most important and stable source of funding for Slovenian banks. After slowing for several years, growth in deposits by the non-banking sector has been gradually rising since the end of last year, the year-on-year rate hitting 3.5% in April. The increase in the stock of deposits by the non-banking sector over the first four months of this year was driven mainly by household deposits, while deposits by NFCs declined. Given the large stock of deposits by the non-banking sector and the large stock of liquid assets that could be directed into investment, there is no need for the banks to seek an increase in other sources of funding, whose stock as a ratio to the balance sheet total remains small. One of the banks slightly increased its liabilities from issued debt securities, which it issued to meet its MREL requirements, and not out of a need for additional funding. Although an increase in issued debt securities for the aforementioned reason has been evident over the last few years, their stock as a ratio to the balance sheet total remains relatively small.

Figure 2.1: **Trends in deposits by the non-banking sector**



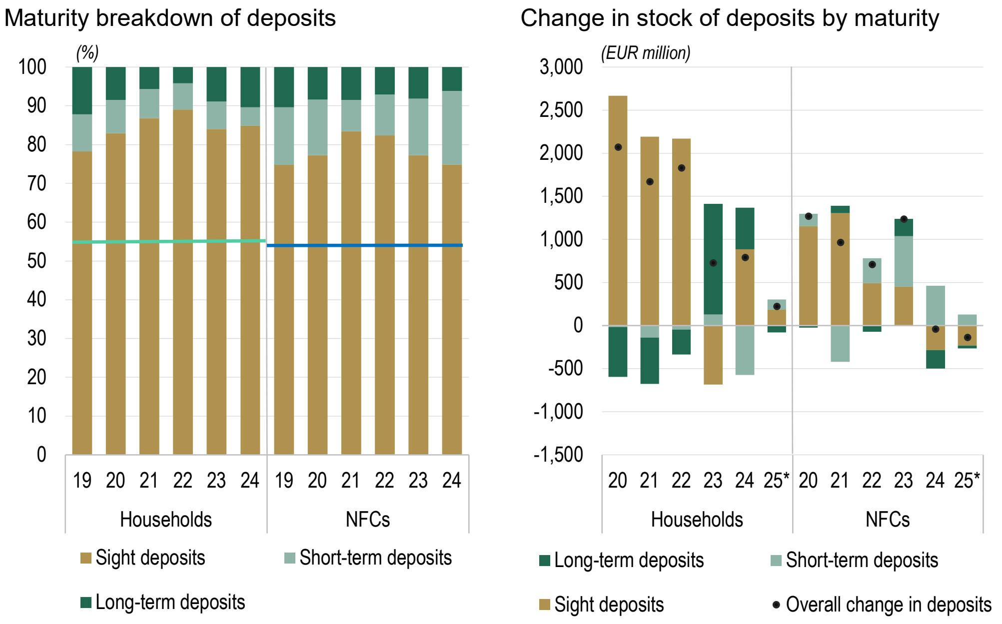
Sources: Banka Slovenije, ECB Data Portal

At EUR 224 million, the increase in household deposits over the first four months of this year was larger than in the same periods of the two previous years. The monthly inflows of deposits have been solid since the end of last year, with the exception of a notable outflow in March, when some households redirected part of their savings into purchasing government bonds primarily aimed at the public. Similarly to that seen during the first issuance of a bond of this kind in February 2024, the outflow was less than 1% of the total stock of household deposits. Household deposits still account for more than half of the balance sheet total on the liability side, the highest share in any euro area country. Year-on-year growth in household deposits, which was relatively modest last year, had risen to 4.2% by April of this year, outpacing the euro area average. The rest of the spring is also expected to have been relatively favourable for a rise in household deposits at banks, given that this is the period of annual leave allowance payments.

Deposits by NFCs declined by EUR 136 million at system level over the first four months of the year, less than in the same period last year. Outflows of deposits by NFCs are typical in the first half of the year, with firms paying dividends to their owners, and repaying maturing loans, while their current expenses are also higher on account of annual leave allowance payments to their employees. At the same time firms remain cautious about raising new loans in light of the considerable geopolitical and economic uncertainties, for which reason those with large savings tend to finance any investment with their holdings at banks. After slowing sharply last year, year-on-year growth in deposits by NFCs had risen to 2.7% by April of this year, although this is less than a third of the average rate over the five previous years. Despite the more modest growth in deposits by NFCs, they remain an important source of funding for Slovenian banks, accounting for almost a fifth of the balance sheet total on the liability side.

Given the continuing fall in interest rates on deposits, savers are opting less and less to tie up their savings in term deposits, which means that sight deposits continue to account for the majority of all deposits by the non-banking sector. The households who despite lower interest rates are nevertheless opting to tie their savings are mainly doing it for terms of less than one year. This is also typical for NFCs, as it grants them faster access to their funds should they be needed for doing business. The share of total deposits by the non-banking sector accounted for by sight deposits has remained broadly unchanged over the last six months at 79%.

Figure 2.2: **Maturity of deposits**

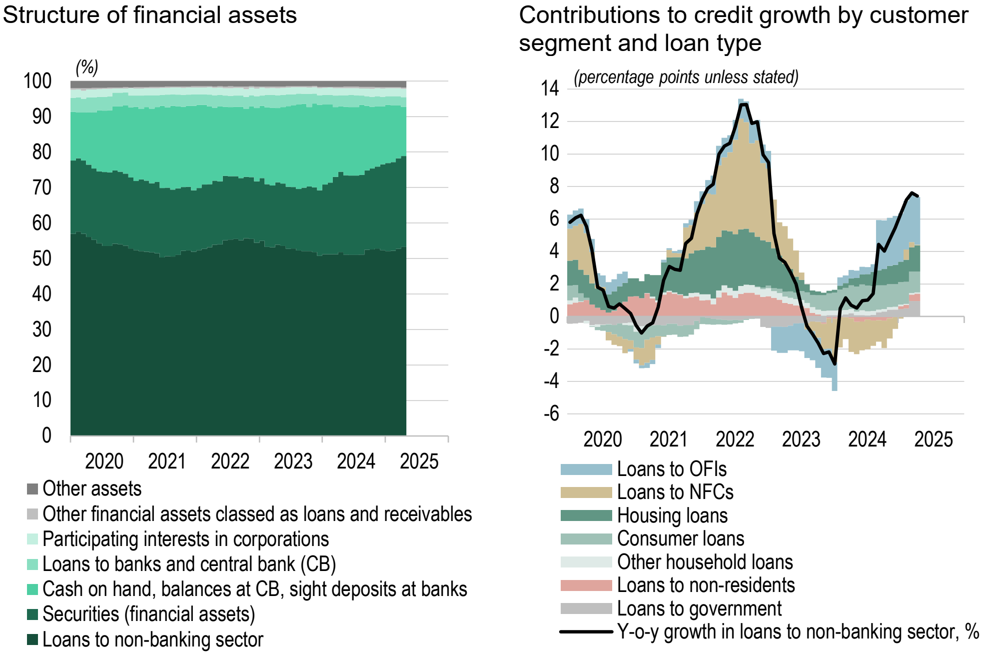


Note: The horizontal lines in the left chart denote the average share of sight deposits between 2000 and April 2025, which stood at 54.9% in the household segment and 53.6% in the NFC segment. * For 2025 the change over the first four months of the year is illustrated in the right chart.
Source: Banka Slovenije

3 Bank Assets

Loans to the non-banking sector increased by more over the first four months of this year than in the same period last year. They were also up in year-on-year terms, by 7.4% (compared with 2.5% in the euro area overall), and account for a growing share of total bank assets. The majority of this year's increase was attributable to the two customer segments that account for the largest shares of total loans, namely households and NFCs, although their contributions differed considerably in the year-on-year comparison. While household loans accounted for 3 percentage points of the aggregate growth, loans to NFCs made zero contribution, i.e. they were unchanged in year-on-year terms in April. Housing loans and consumer loans continue to play a core role in the household segment, with the former recording a larger year-on-year contribution. Loans to other financial institutions (OFIs) contributed the same to overall growth as households, although this represents a one-off effect from lending to a leasing company, which will drop out of the calculation in September of this year. After declining for most of last year, loans to non-residents have grown in importance this year, with an unbroken increase in stock since November of last year. Their contribution to year-on-year growth was also positive. Loans to the government sector made a more substantial contribution as well, thanks to a one-off increase in March of this year. This year has seen a significant change in the shares of bank assets accounted for by holdings of securities and liquid assets.[7] Securities holdings increased by more than loans to the non-banking sector last year and in the first four months of this year, while liquid assets have declined by a similar amount. Banks thus transformed liquid assets which bring relatively low remuneration into higher-yielding debt securities, the majority of which they intend to hold to maturity.

Figure 3.1: **Lending to the non-banking sector**



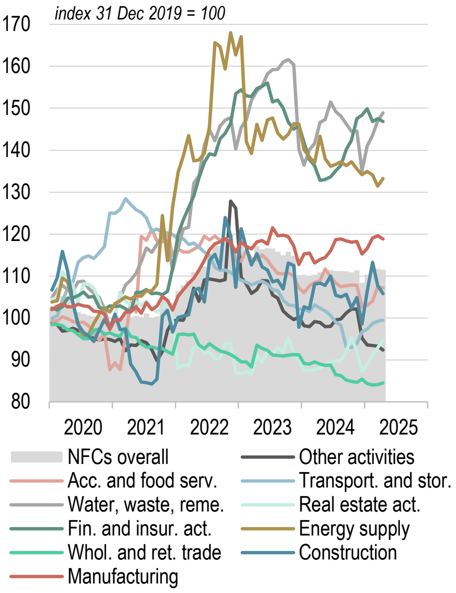
Note: OFIs: other financial institutions. The pronounced negative contribution by loans to OFIs between February 2023 and January 2024 was related to the sale of a leasing company and its repayment of a loan, while the pronounced positive contribution in September and October 2024 was attributable to lending to the same company.
Source: Banka Slovenije

[7] Cash on hand, balances at the central bank and sight deposits at banks.

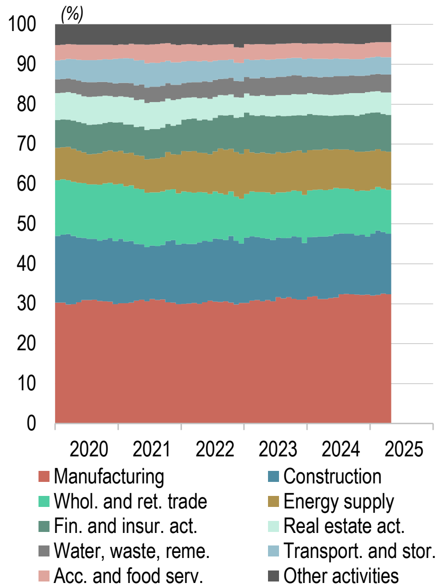
Loans to NFCs increased over the first four months of this year, but were virtually unchanged in year-on-year terms. The loan stock was up just 0.1% on last April, significantly less than the increase in the euro area overall, which strengthened to 2.5%. The highly uncertain economic situation and firms' increasing reliance on other sources of financing in previous years are being significantly reflected in developments in loans to NFCs at banks. The loan stock in certain activities increased only moderately over the previous five years, while in many activities it was down, with no sign of a reversal in the negative trend. The stock of loans to manufacturing firms, which account for approximately a third of all loans to NFCs and are thus the largest component, has increased by less than 20% since the end of 2019. The increase in the second-largest sector in terms of loan stock (construction) was significantly smaller, while the third-largest sector (wholesale and retail trade) saw a significant decline. Loans to firms in the electricity, gas, steam and air conditioning supply activities (i.e. energy supply activities) remain notable for their large increase, although they have been gradually declining in recent years since the energy crisis eased after 2022. Overall, loans to NFCs increased merely by just over 11% in nominal terms between December 2019 and April 2025, or 2.1% per year, while in real terms they declined by 10% or 1.9% per year. Meanwhile GDP increased by 9.3% in real terms between the final quarter of 2019 and the first quarter of this year, or 1.7% per year.

Figure 3.2: **Loans to NFCs by sector**

Change in loans to NFCs by activity



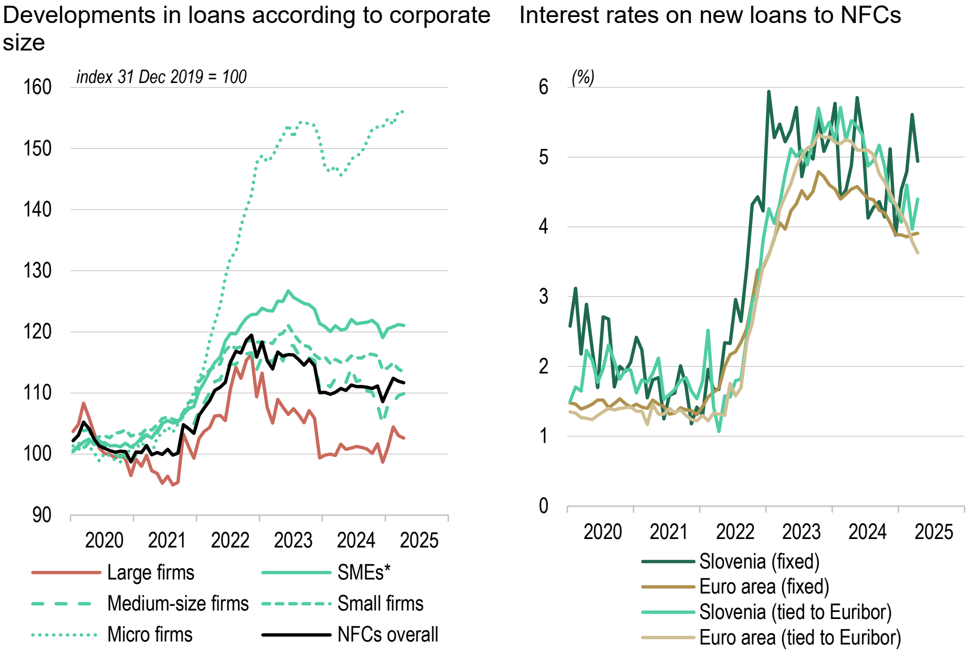
Breakdown of loans to NFCs by sector



Note: Gross figures. Other sectors comprise agriculture, forestry and fishing, information and communication, professional, scientific and technical activities, and public services.
Source: Banka Slovenije

Last year's changes in loan stock varied in terms of corporate size, loan purpose and loan maturity, while interest rates on loans to NFCs continued to decline moderately. The stock of loans to medium, small and micro firms as a whole stagnated, although there was a notable increase in the stock of loans to micro firms, while the stock of loans to small and medium firms declined. The stock of loans to large firms, which account for almost half of all loans to NFCs, also stagnated, leaving it up less than 3% on the end of 2019. In terms of loan purpose, last year's largest increase was in loans for working capital, while loans for construction recorded the largest decline. In terms of maturity, short-term loans were notable as the stock of loans with a maturity of up to six months increased sharply, although they account for only a small share of total loans to NFCs. Interest rates on new variable-rate loans to NFCs, which are prevalent in new lending, have continued their trend of moderate decline this year, reaching just over 4% in April. Meanwhile fixed interest rates remained highly volatile amid a slight trend of decline, and continue to range between 4% and 6%. Variable rates have been close to the corresponding interest rates in the euro area overall in recent months.

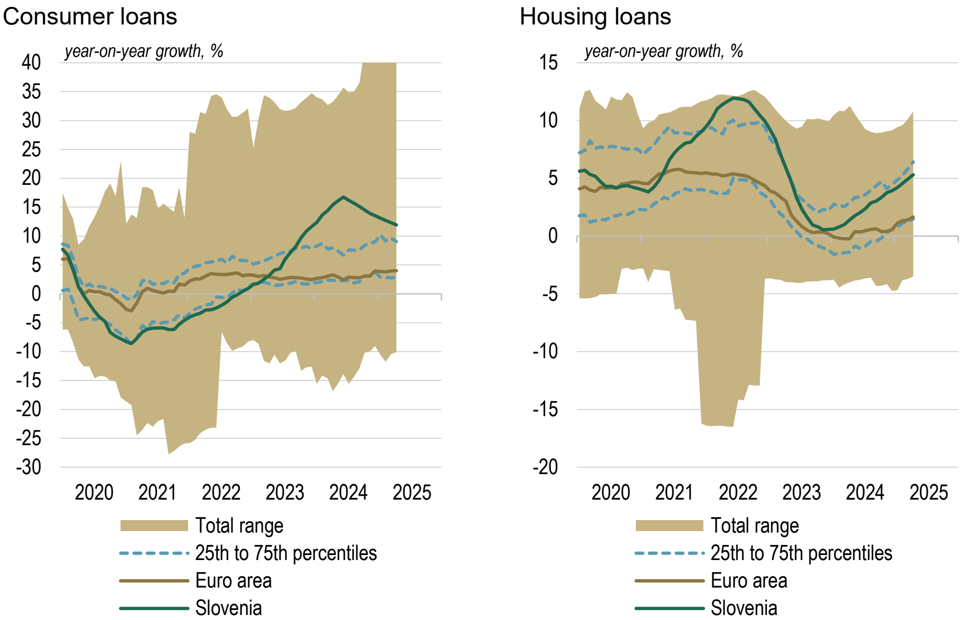
Figure 3.3: **Lending to NFCs and interest rates**



Note: The left chart illustrates gross figures. SMEs includes micro, small and medium-size enterprises.
Sources: Banka Slovenije, ECB Data Portal, Banka Slovenije calculations

Household lending remains the most important segment of growth in loans to the non-banking sector. The monthly volumes of new housing loans and new consumer loans both increased over the first four months of the year, with both portfolios contributing to a similar degree over the previous months to the year-on-year growth in loans to the non-banking sector. Alongside OFIs, households made the largest contribution of any customer segment. Year-on-year growth in household loans had strengthened to 6.5% by April, and continued to strongly outpace the euro area average (1.7%). In addition to the relatively favourable economic situation with high employment and real wage growth, household lending was also significantly correlated with the level of and dynamics in interest rates. The increase in the monthly volume of new consumer loans, which is still underway, has been evident since the beginning of July 2023, when the macroprudential restrictions on consumer lending were modified. The dynamics in year-on-year growth in the stock of consumer loans are also related to these changes: from a peak of 16.8% in June of last year, the rate had declined to 11.9% by April of this year, but was still strongly outpacing the euro area average (4.0%). Almost all new consumer loans carried a fixed interest rate, which had fallen to 5.9% by April of this year, significantly lower than in the euro area overall. Lower interest rates also encouraged growth in housing loans: new housing loans recorded their largest monthly volume since 2022, while year-on-year growth in housing loans strengthened to 5.3%, well above the euro area average (1.7%). Fixed interest rates on new housing loans, which are far more common than variable rates, had fallen to 2.9% by April. Household loans increased by just over 27% in nominal terms between December 2019 and April of this year, with housing loans up 33% and consumer loans up 19%. Although the ratio of housing loans to GDP in Slovenia remains well below the euro area average, the ratio of consumer loans to GDP has risen again over the last two years, and was similar to that in the euro area overall.

Figure 3.4: **Household lending**

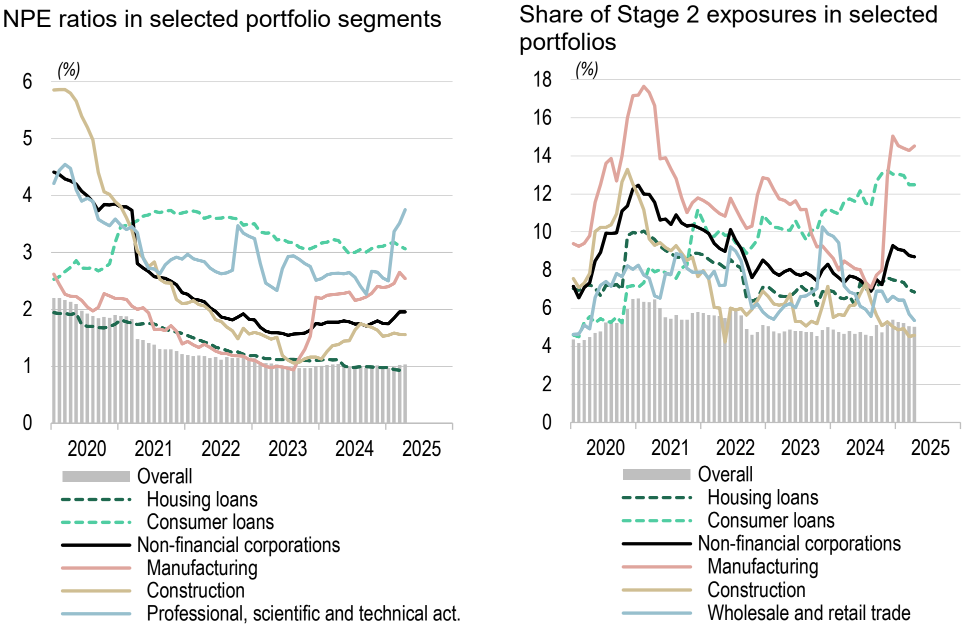


Source: Banka Slovenije

4 Bank Asset Quality

Bank assets have maintained broadly similar quality to the end of last year overall, with a deterioration in certain segments of the portfolio. The NPE ratio in the banking system's total portfolio remained at 1.0% in April, and most major portfolio segments were also without any significant changes. The most notable change was in the NFCs portfolio, where the stability seen in 2024 with an NPE ratio ranging between 1.7% and 1.8%, was followed by a rise to 2.0% by March of this year, where the figure remained in April. The increase was driven primarily by manufacturing, where the NPE ratio had begun to rise slightly already in the second half of last year. With the classification of loans at certain firms in the manufacture of basic metals as non-performing, the NPE ratio hit 2.7% in March, its highest level since December 2019, but then fell slightly to 2.5% in April. Of the other sectors with smaller exposures, professional, scientific and technical activities were notable for the rise in the NPE ratio to 3.7% in April, which was related in part to firms engaged in the manufacture of basic metals. The sole traders portfolio remains notable for the highest NPE ratios, which are also rising moderately.[8] The stock of non-performing consumer loans is also increasing, but the NPE ratio remains stable at 3.1% amid the rapid increase in the loan stock. The NPE ratio in the housing loans portfolio had declined to 0.9% by April.

Figure 4.1: **NPE ratios and share of Stage 2 exposures**



Source: Banka Slovenije

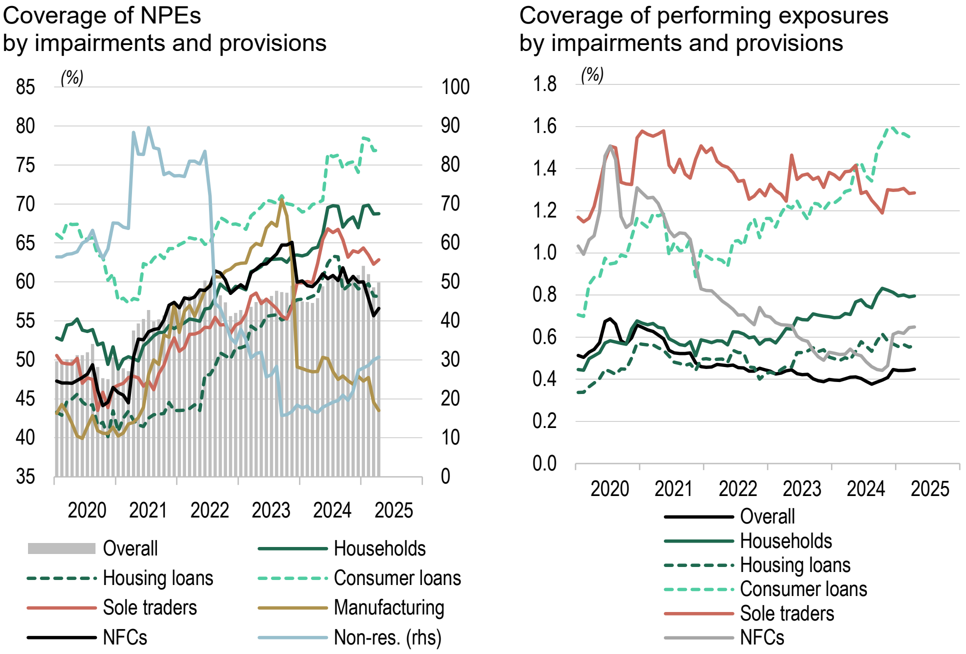
The portfolio structure in terms of credit risk stages remains stable, and the changes in individual portfolio segments are not in one direction only. After an increase in the share of Stage 2 exposures in the total portfolio in the final quarter of last year, to 5.4% in December, its highest level since 2022, the figure then declined to 5.0% in April of this year, above its average over the last two years. Last year's increase was driven by the NFCs portfolio, amid a rise in the share in manufacturing activities. It was related to loans to firms engaged in the manufacture of basic metals, which were

[8] Sole traders account for 5.6% of total NPEs, and 1.3% of total exposure in the banking system, and as such constitute a minor customer segment.

classified as non-performing in March. The share of Stage 2 exposures in the NFCs portfolio had gradually declined to 8.7% by April of this year, but remained above its average over the last two years, while close to its highest level since 2021 in manufacturing activities. Of the other sectors with smaller exposures, the share of Stage 2 exposures declined notably in wholesale and retail trade, and in professional, scientific and technical activities. The decline in the share of Stage 2 exposures in the total portfolio over the first four months of this year was to a large extent attributable to declines in the shares in the housing loans and consumer loans portfolios. The figure in the consumer loans portfolio had increased in previous years amid rapid growth in consumer lending, and was still close to its peak in April.

The number of new bankruptcy proceedings initiated at NFCs over the first four months of the year was up 3.8% in year-on-year terms. Despite this increase, exposure to firms in bankruptcy remained low, at just 0.5% of total exposure to NFCs. Even before bankruptcy proceedings are initiated, the performance difficulties of firms in bankruptcy are reflected in an increased probability of default, which means that banks generally classify them as defaulters even before proceedings are initiated.

Figure 4.2: **Coverage by impairments and provisions**



Note: Coverage of Stage 2 exposures in the right chart refers to the loan portfolio, and not to total exposure.
Source: Banka Slovenije

Coverage of NPEs by impairments and provisions declined slightly over the first four months of the year but remained high, while coverage of performing exposures was unchanged. Coverage of NPEs reached a record high of 62.1% in January of this year, before declining slightly to 59.9% by April. The changes over the previous months varied according to customer segment, with a significant decline in the NFCs portfolio, a more moderate decline in the sole traders portfolio, and a slight increase in the non-residents portfolio. Meanwhile the figure in the household portfolio remained broadly unchanged, with coverage in the consumer loans portfolio remaining close to its peak after a trend of increase over the last few years, and coverage in the housing loans portfolio declining from the middle of last year.

Coverage of performing exposures reached 0.45% in December, its highest level of the last three years, and remained at this level in April. This still represented significantly lower coverage than during and before the pandemic, when the figure exceeded 0.50%. The dynamics of the changes in coverage of performing exposures also varied according to customer segment. While coverage in the NFCs portfolio had been declining overall since the pandemic, reaching a low of 0.44% in October of last year, by April of this year it had increased significantly to 0.64%, driven by manufacturing. Coverage in the household portfolio had increased in previous years, driven by a faster rise in the consumer loans portfolio, but then stagnated in recent months, and stood at 0.80% in April.

Coverage of performing exposures reflects the changes in the share of Stage 2 exposures, and the level of their coverage by impairments and provisions. Coverage of Stage 2 exposures in the total portfolio has increased notably since September of last year, reaching 5.4% by April of this year, largely as a result of an uptick in coverage in the NFCs portfolio, where it increased by 1.9 percentage points over this period to 4.6%. Meanwhile coverage of Stage 2 exposures in the household portfolio mainly increased in the consumer loans portfolio, where the figure of 8.6% seen in April was the highest since the pandemic.

Aggregate coverage by impairments, provisions and collateral is continuing to decline, driven most of all by a decline in collateral in the consumer loans portfolio. Coverage of performing exposures by impairments and collateral stood at 28.1% in the total portfolio. The high collateral requirements for housing loans means that aggregate coverage in this segment stands at 88%, and the decline in coverage over recent years has been incomparably smaller than in the consumer loans portfolio, where the stock and coverage by collateral are falling sharply as impairments increase (see figure in the appendix).

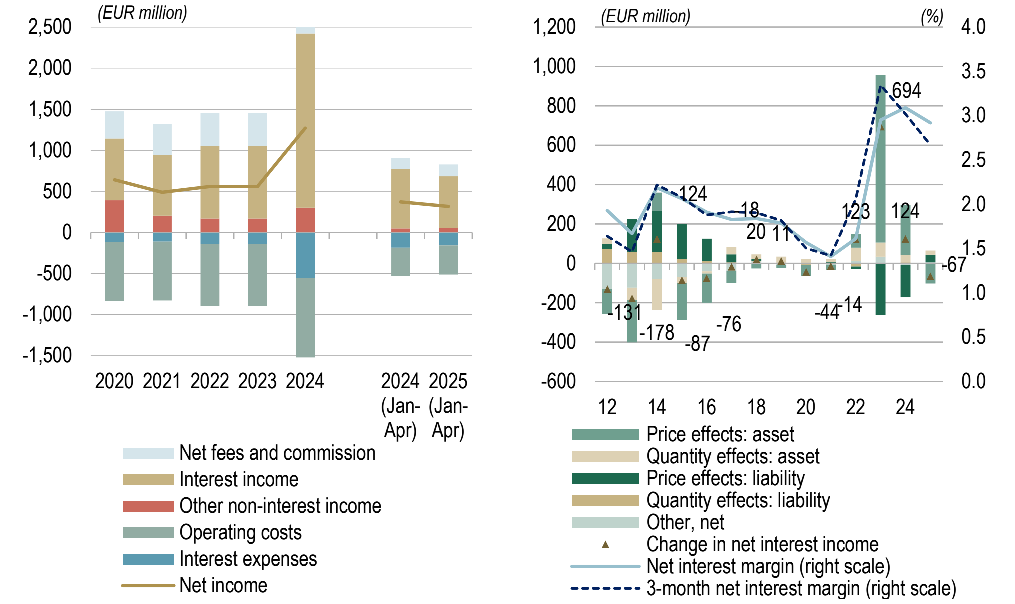
5 Bank Income Generation

In the wake of the fall in interest rates, the income generated by the Slovenian banking system over the first four months of this year is, as expected, down on last year's high level. Despite this decline, the risk to the generation of income remains low for now. Banks are still enjoying an above-average net interest margin, and are generating relatively high income. They had generated EUR 0.7 billion of gross income by the end of April, still comparable to the above-average income seen in 2023, and well above the figures seen in the previous years. Gross income over the first four months of the year was down 6.9% in year-on-year terms, and net income by 15.0%. This year's gross income would nevertheless exceed EUR 2 billion on an annualised basis.

Figure 5.1: **Net income and factors of change in net interest and net interest margin**

Net income and components

Contributions to change in net interest and net interest margin by price effects and quantity effects



Note: The net interest margin at any point in the right chart is calculated over the preceding 12 months.
Source: Banka Slovenije

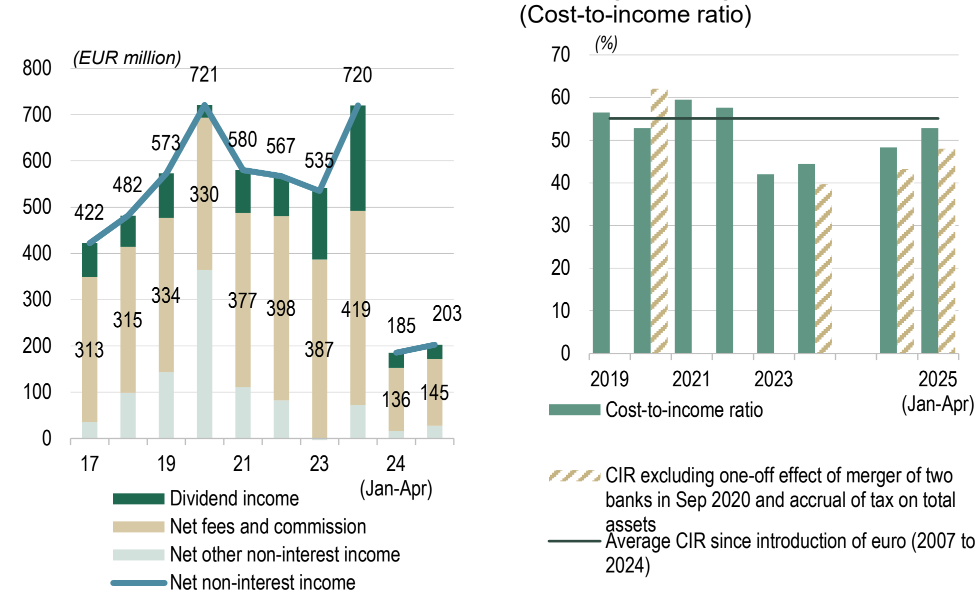
Net interest income this year is down 12.5%, although it has been stable and not decreasing further over the last three months. The average interest rate spread between assets and liabilities in the banking system has already narrowed significantly over the last year. The decline in net interest income is being driven by the prevailing price effects on the asset side of the balance sheet. The quantity effects on the asset side are moderately positive. They amounted to just over a quarter of the total (negative) effects on the asset side, and originated in loans and securities alike. The positive price effects slightly outweighed the quantity effects on the liability side. The positive price effects were seen in deposits by the non-banking sector, and in wholesale funding, although they were stronger in the latter. The net interest margin calculated over the preceding 12 months stood at 2.92% in April, while the margin over the preceding three months stood at 2.67%. The latter has been declining since hitting a peak of more than 3.3% in December 2023. The net interest margin is still well above the levels seen over the last two decades. The fall in interest rates means that net interest income will also decline in the second half of this year.

Net non-interest income in the banking system is up a tenth in year-on-year terms this year, with stable growth in net fees and commission. Net non-interest income is up 9.2% this year, while growth in net fees and commission remained relatively solid at 6.6%. With interest rates falling, banks are focusing on the most stable component of their non-interest income. The net commission margin remains stable at 0.79%. Dividend income over the first four months of the year is still down on last year, although it usually strengthens over the summer, while banks have generated slightly higher income this year compared with last year from other types of non-interest income.

Figure 5.2: **Net non-interest income and CIR**

Absolute breakdown of non-interest income

Operating costs in gross income (Cost-to-income ratio)



Source: Banka Slovenije

Growth in operating costs has slowed as expected this year, with the base effect of the accrual of costs from the introduction of the tax on total assets waning. Year-on-year growth in labour costs slowed over the first four months of the year to stand at 2.6% in April (down from 12.1% in December of last year). The CIR stood at 52.8%, up on the figure of 48.3% seen in the same period last year. The inclusion of the contributions to the guarantee scheme and the resolution fund at the beginning of the year means that the CIR is higher in the early months, and gradually declines over the course of the year. Amid a further decline in income, the expectation is that this year the CIR will nevertheless exceed the figures seen in the two previous years, and will again be close to its long-term average.

Net interest income over the coming months can be expected to remain down on last year, with the other components of income remaining relatively stable. The net interest margin will decline further compared with the two previous years, but is forecast to remain above its long-term average. Amid further ECB rate cuts and a decline in market interest rates, this year's interest rates are down significantly on last year, and will remain so in the second half of the year. At the same time ECB interest rate cuts are expected to gradually come to an end, while the fall in market interest rates is expected to slow. Just as the rise in interest rates in previous years was reflected in a relatively fast rise in (net) interest income, the process is now occurring in the opposite direction.[9] If the figures for the first four months of the year are annualised, this year's net interest income would still almost reach the year before last's level (down 2.5%), when the figures were down almost a tenth on last year's record levels, and the net interest margin stood at just under 3%. Deposits (sight deposits) are overwhelmingly prevalent in the favourable structure of bank funding.[10] Consequently banks are still enjoying a relatively high net interest margin, thanks to the persistently high spread between asset and liability interest rates. At the same time it should be noted that the downward pressure on interest income will increase in the event of any further fall in interest rates, which will worsen performance next year in particular. Recently (last year and this year) banks have been switching from highly liquid assets (claims against the ECB) into higher-yielding securities, making the decline in interest income smaller than it might otherwise have been. Banks have also been funding themselves more cheaply on the wholesale markets, while they have made adjustments in interest rates on deposits of the non-banking sector (cuts in interest rates on deposits of longer maturities) shortly after the first rate cuts at the ECB. Other components of income remain relatively stable. Dividend income was a factor driving the growth in aggregate non-interest income in recent years, while net fees and commission have generally been stable, and growth in operating costs has slowed this year.

[9] The 3-month Euribor averaged 2.40% over the first five months of this year, compared with 3.90% over the same period last year. It stood at 3.82% in May of last year, compared with 2.09% in May of this year; similarly the interest rate on the deposit facility stood at 4% last May and 2.25% this May.

[10] Banks are paying an average interest rate of merely around 0.5% on deposits by the non-banking sector.

6 Capital Adequacy, Profitability and Liquidity in the Banking System

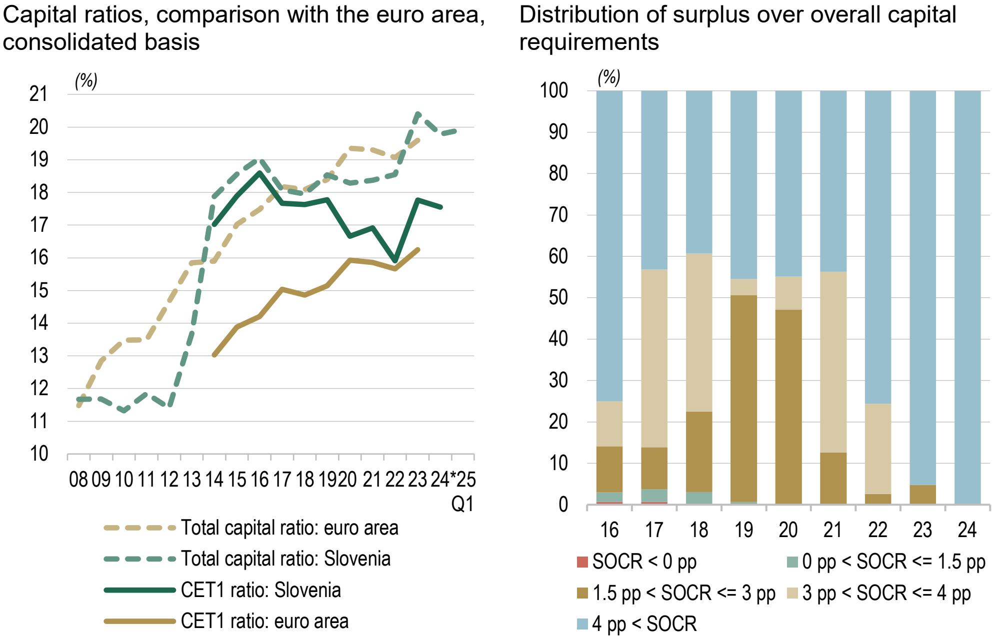
The solvency of the Slovenian banking system was solid at the end of 2024, and forecasts suggest that this remains the case this year. The total capital ratio on a consolidated basis stood at 19.8% at the end of 2024,[11] while the common equity Tier 1 capital (CET1) ratio stood at 17.6%. According to the latest data for the euro area from the third quarter of 2024, the total capital ratio in Slovenia has fallen below the euro area average, while the CET1 ratio remains above the euro area average. The rise in the capital ratios in Slovenia in the final quarter of last year was driven above all by growth in regulatory capital (which was up EUR 352 million or 5.2% in the final quarter), as prudent behaviour by banks saw them allocate some of their 2024 profits to retained earnings at the end of the year, thereby further strengthening regulatory capital. These actions increased their common equity Tier 1 capital (by EUR 365 million or 6.1% in the final quarter of last year), which also improved the quality structure of regulatory capital at system level. Growth in total risk-weighted exposure had a dampening effect on the rise in capital ratios, which was particularly pronounced in the final quarter of last year as the rate reached 4.8% (an increase of EUR 1.6 billion in risk-weighted exposure). This accounted for fully half of the whole year's nominal increase in total risk-weighted exposure (EUR 3.6 billion or 10.0%). The growth in total risk-weighted exposure in the final quarter of last year was driven by increases in risk-weighted exposure for operational risk and credit risk. The good solvency was reflected in the surplus over the overall capital requirements,[12] which reached 5.9 percentage points at the end of 2024, and in the leverage ratio, which reached 9.5%.

This year's developments in capital adequacy at system level are still being assessed as favourable. Our expectation is for a slight further inflow into the regulatory capital of banks who are yet to allocate last year's profits to retained earnings or reserves. Trends favourable to solvency are also expected in the developments in total risk-weighted exposure, which are being reflected in subdued growth in exposure to credit risk owing to risk from the macroeconomic environment, and the aforementioned deterioration in quality in the credit portfolio. The total capital ratio in the banking system on a consolidated basis was estimated at 19.9% in the first quarter of 2025.

[11] The data for 31 March 2025 is not yet available, owing to an allowed delay in reporting following the introduction of the new reporting framework and the new data model.

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

Figure 6.1: **Capital ratios and surpluses over MDA, comparison with euro area**



Note: * estimate. SOCR: surplus over overall capital requirement.
Sources: Banka Slovenije, ECB Data Portal, own calculations

There are differences between individual banks in terms of their capital position and their capacity to absorb sudden shocks from an adverse macroeconomic environment. Despite the increased resilience driven by growth in regulatory capital, good capital adequacy management at the level of individual banks remains important, particularly over the long term. Current assessments suggest that it will be difficult over the long term for the banks to maintain the good profitability that might allow them to maintain or even strengthen capital adequacy in the future, and hence it will be difficult to maintain high capital ratios.

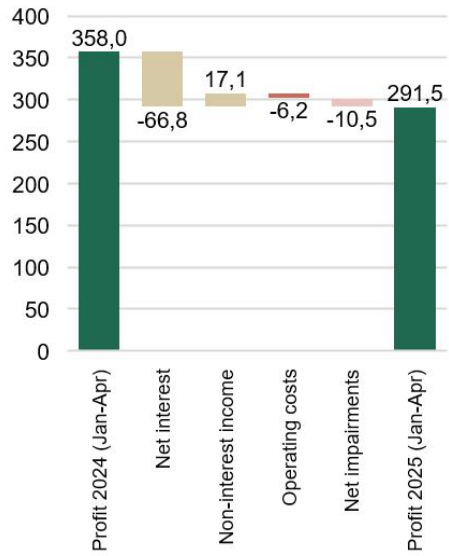
Pre-tax profit over the first four months of this year amounted to EUR 291.5 million, down 18.6% on the same period last year. The decline in profit was mainly attributable to the decline in income driven by lower net interest income,[13] and also to a slight increase in net impairments and provisions, which are still relatively low compared with income (accounting for just 3.8% of its disposal). The decline in profit also led to a decline in ROE, which stood at 13.8% on an annualised basis (18.7% last year). After two consecutive years of markedly above-average values, profit in the Slovenian banking system is gradually declining, and the expectation is that a similar trend will be seen over the following months.[14] For now profit is expected to remain higher than before the rise in interest rates. Given the more unfavourable economic situation, net impairments and provisions can be expected to gradually increase from their current very low levels.

[13] See the section on income risk.

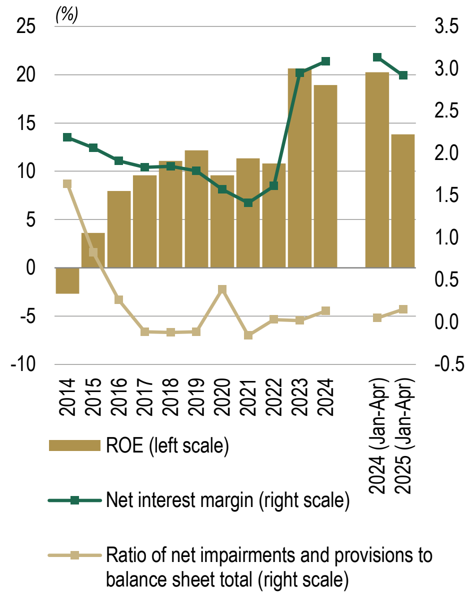
[14] See also the section on the Bank Lending Survey, where a high percentage of banks are expecting a decline in net interest income and profit over the next six months.

Figure 6.2: **Changes in components of profit and selected bank performance indicators**

Changes in components of profit, January to April 2024 to January to April 2025 (in EUR million)



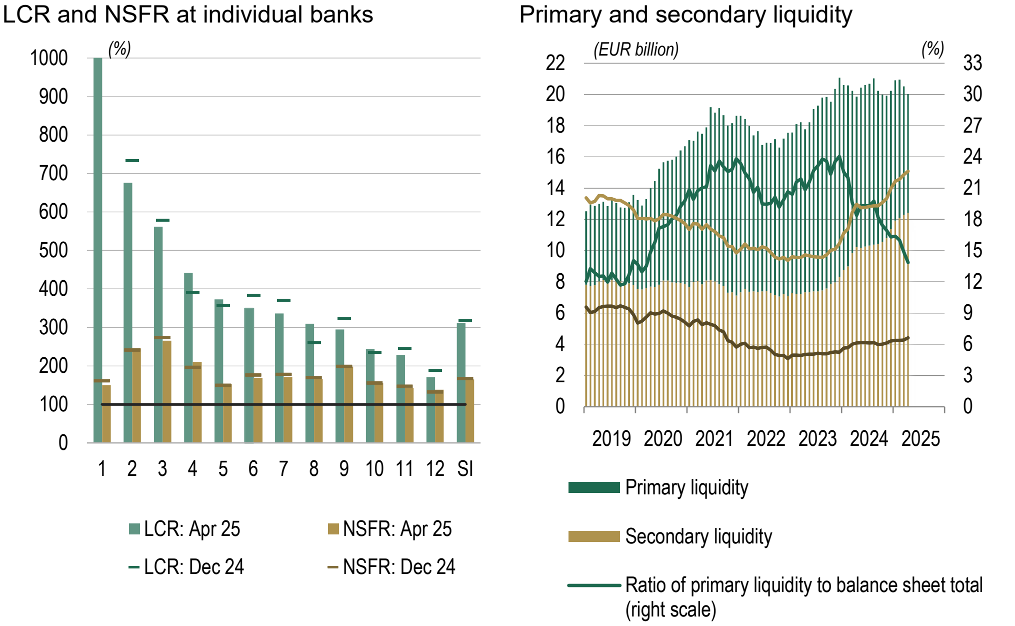
Selected bank performance indicators



Note: The net interest margin and the ratio of net impairments and provisions to the balance sheet total are calculated over the preceding 12 months in each instance.
Source: Banka Slovenije

The liquidity of the banking system remained solid, although the liquidity ratios deteriorated slightly. The liquidity coverage ratio (LCR) declined, but at 313% it remains well above the minimum regulatory requirement. The decline in balances in accounts at the central bank was a major factor in the deterioration in the LCR, in that it reduced the liquidity buffer more than net liquidity outflows. The LCR declined at more than half of the banks, although it still exceeds double the regulatory requirement at the majority of the banks. This means that banks maintained a relatively high capacity to cover net liquidity outflows over a short-term stress period. It is a similar situation with the capacity to fund liabilities over a longer period of one year, which remained high, despite the net stable funding ratio (NSFR) declining to 165% in the first quarter.

Figure 6.3: **Liquidity indicators**



Note: The horizontal line in the left chart denotes the minimum requirements for the LCR and the NSFR in accordance with the CRR (100%). For the sake of clarity, the full values for one of the banks are not illustrated: its LCR stood at 4,860% in April 2025 and 4,181% in December 2024. Primary liquidity in the right chart comprises cash on hand, balances at the central bank and sight deposits at banks, while secondary liquidity comprises Slovenian government securities and foreign marketable securities rated BBB or higher.
Source: Banka Slovenije

Banks continued to redirect funds from accounts at the central bank into purchasing debt securities, which drove a change in liquidity structure in the direction of strengthening secondary liquidity. Primary liquidity declined by EUR 1.3 billion over the first four months of this year, but at 14% of the balance sheet total on the asset side it still considerably exceeds its long-term average. The purchases of debt securities, mainly government securities, simultaneously strengthened secondary liquidity, which now accounts for more than a fifth of the balance sheet total. Through this asset restructuring banks are trying to secure better returns, thereby replacing the interest income lost as a result of the cuts in the interest rate on the deposit facility at the ECB. Similar changes in the liquidity structure can be expected in the future, particularly if the ECB's key interest rates continue to fall.

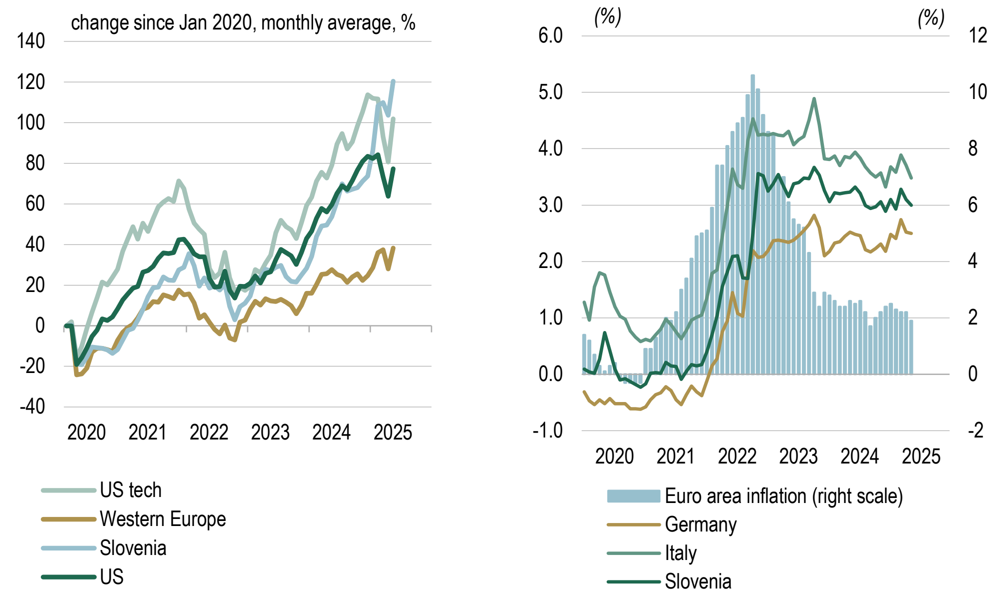
7 Capital Markets and Mutual Funds

Over the first five months of this year global stock markets saw pronounced volatility and increased uncertainty owing to geopolitical tensions and US trade measures. After initial gains in the early part of the year, the main global indices fell sharply in April following the announcement of tariffs imposed by the US on almost all of its trading partners. This was quickly followed by a reversal, with the US freezing the tariffs for 90 days, thus creating space for negotiations. In May the indices mostly returned to their levels from before the announcement of tariffs. The tariff announcement did not have a major impact on the Slovenian stock market: by May the SBITOP was up 27% on the beginning of the year, at a new high. The rise was supported by the good performance of Slovenian firms and the high dividends being paid by firms in the index. Over the same period the SPX in the US lost 3%, while the Western Europe SXXE gained 11%. The ECB has continued to ease monetary policy this year, in light of the gradual slowdown in inflation, the moderate economic growth forecasts for the euro area, and the huge uncertainty surrounding the future evolution of trade policy. It reduced its interest rates seven times since the beginning of its monetary easing cycle and up to June 2025. By the end of May yields stood at 3.0% on 10-year Slovenian government bonds, and 2.5% on the German benchmark.

Figure 7.1: **Stock market indices and government bond yields**

Changes in selected share indices

10-year government bond yields



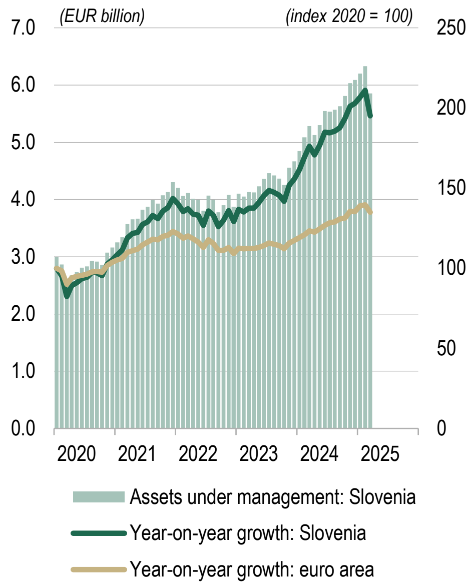
Note: The indices in the left chart are the SPX for the US, the STOXX Europe 600 for western Europe, the SBITOP for Slovenia and the MSCI World Net Total Return Index for global equities.
Sources: Eurostat, Banka Slovenije

Given the increased uncertainty and volatility on the markets, net inflows into mutual funds have declined this year. The domestic mutual funds recorded a net inflow of EUR 150.5 million over the first four months of the year, down 20.4% on the same period last year. The net inflows in January and February were comparable to the previous months, but were followed by a pronounced decline in net inflows in March and April, when stock markets were hit by uncertainty following the announcement of US tariffs. Investors responded by making withdrawals or moving their money into safer assets. The equity funds suffered the largest net withdrawals, while the bond funds and money-market funds saw increased inflows.

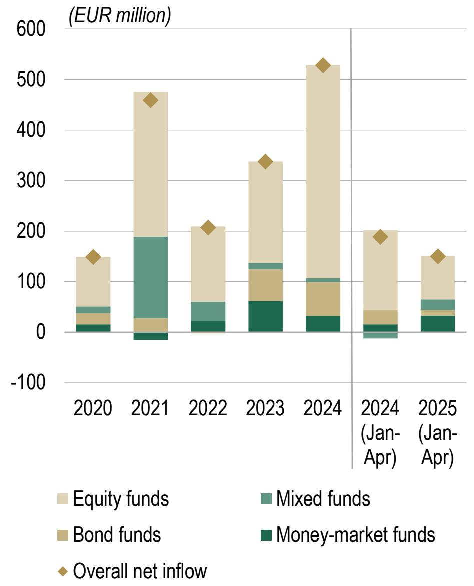
The domestic mutual funds' assets under management also declined, and stood at EUR 5.9 billion at the end of April. Assets under management declined by 6.0% over the first four months of the year. The main reason for the decline was revaluations of assets under management. Equity funds are the dominant type of mutual fund, accounting for 68.3% of the total assets under management, followed by mixed funds with 20.9%.

Figure 7.2: **Domestic mutual funds' assets under management and inflows**

Stock of and growth in mutual funds' assets under management



Net inflows into domestic mutual funds by fund type

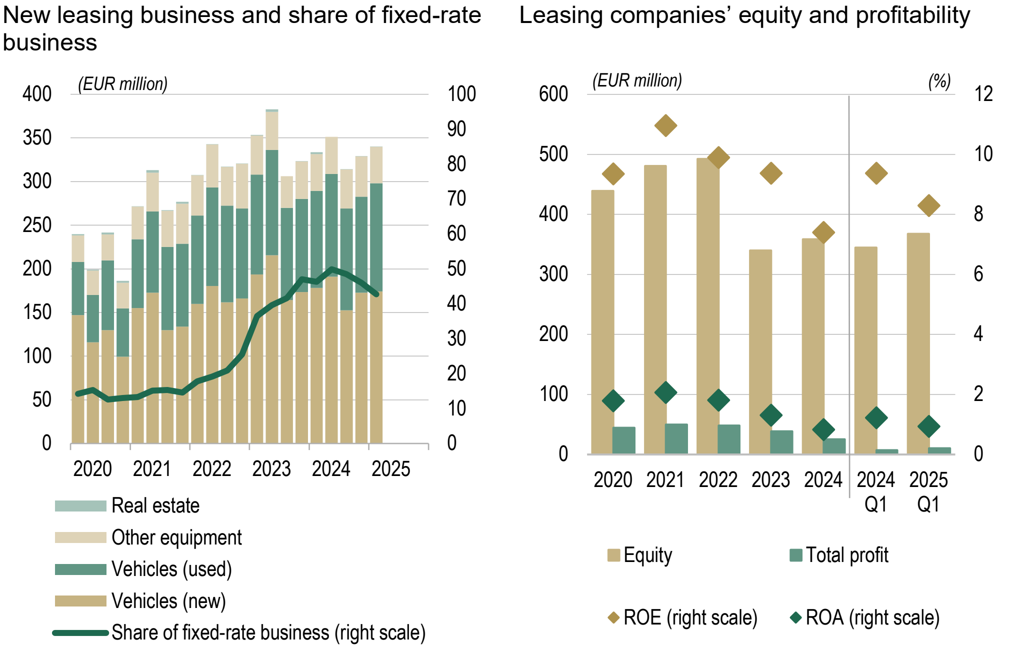


Note: The left chart does not include money-market funds. The data in the chart is up to March 2025 inclusive.
Sources: ECB SDW, SMA, Banka Slovenije

8 Performance of Leasing Companies

Leasing companies' new leasing business in the first quarter of 2025 was up slightly in year-on-year terms. It increased by 1.9% to EUR 340 million. Households accounted for 56.7% of the new business, and NFCs for 43.1%. Leasing companies in Slovenia mostly finance vehicle purchases. The share of new business concluded for the lease or purchase of cars further increased in the first quarter of this year. Cars accounted for a large majority of new leases in terms of number (66.8%), and commercial and goods vehicles for 20.8%. The share of new business concluded with a fixed interest rate is continuing to decline, and stood at 42.7% in the first quarter of this year. The stock of leasing business amounted to EUR 2.8 billion at the end of March of this year, up 4.7% in year-on-year terms. Households account for the majority of the stock (60.0%), and NFCs for 39.2%.

Figure 8.1: **New leasing business and profitability of leasing companies**



Source: Banka Slovenije

Leasing companies' profits in the first quarter of this year were up 51.4% in year-on-year terms at EUR 10.6 million. Their total assets amounted to EUR 3.2 billion, up 3.9% in year-on-year terms. The quality of the leasing business remains high. The proportion of claims more than 90 days in arrears stood at 0.7% at the end of March. The arrears remain highly concentrated: three leasing companies account for almost 75% of the arrears.

9 Bank Lending Survey

In the Bank Lending Survey (BLS)[15] banks have not reported any significant changes in credit standards for corporate loans for a long time now.[16] Changes in standards for housing loans and consumer loans have similarly been relatively small since the final quarter of 2023. Since the last period of tightening in credit standards[17] in 2022 and the first half of 2023, banks have not made any significant changes to their credit standards for NFCs. They cite a moderate easing of credit standards for loans to NFCs in the first quarter of this year. Last year banks cited the general economic situation and outlook and the industry-specific situation as the main factors driving a tightening of credit standards, and several times cited competition from other banks as a factor driving an easing. No individual factors were particularly highlighted in the first quarter of this year. Since the major easing of standards for housing loans and consumer loans in the third quarter of 2023 in connection with the modification of the macroprudential restrictions on consumer lending, the survey has shown only minor changes. There were no changes for housing loans in the first quarter of this year, while consumer loans saw a moderate tightening. Banks are also not highlighting any particular factors in credit standards, other than borrowers' creditworthiness being cited for several consecutive quarters now as a factor of moderate tightening. Banks are expecting a moderate easing of credit standards for NFCs and a moderate tightening for consumer loans next quarter.[18]

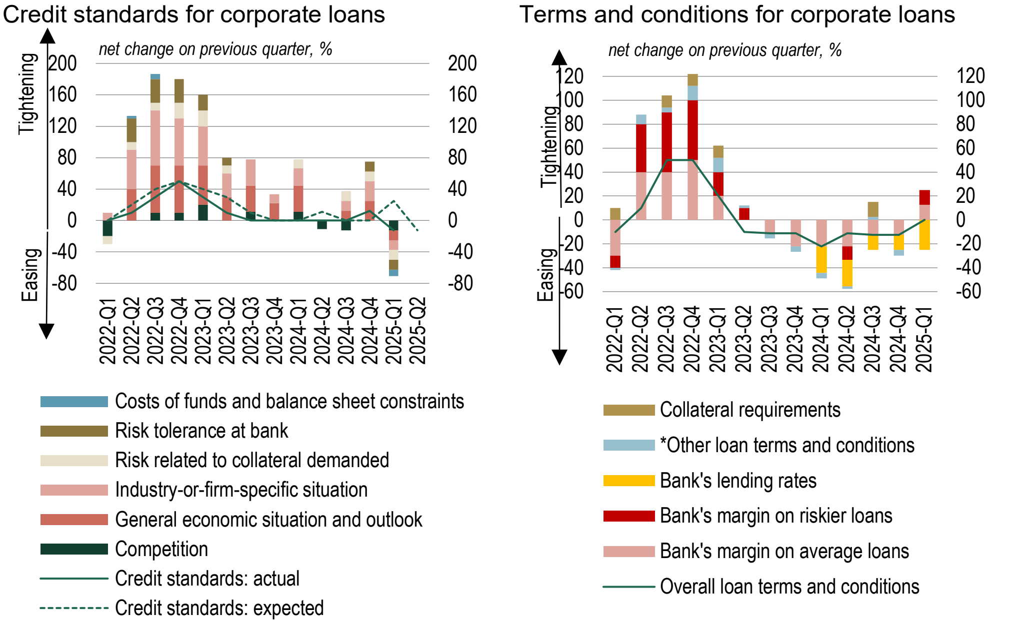
[15] The euro area Bank Lending Survey (BLS). The banks in the BLS sample in Slovenia (eight banks as of August 2024) accounted for 82.2% of total corporate loans, 94.1% of total housing loans and 92.0% of total consumer loans in April 2025 according to data on an individual basis.

[16] For more on the definitions of credit standards, loan terms and conditions, and demand for loans within the framework of the BLS in the euro area as referred to below, see the ECB website (https://www.ecb.europa.eu//stats/pdf/ecbblsglossary.en.pdf).

[17] In the BLS banks report changes in standards, terms and conditions, and demand with regard to the previous quarter. The changes are illustrated in net percentages. The net percentages for credit standards refer to the changes over the last three months, and are defined as the difference between the percentage of banks reporting a tightening and the percentage of banks reporting an easing of credit standards. The same applies to loan terms and conditions. Demand for loans is illustrated as net percentages defined as the difference between the total percentage of banks reporting for example an increase in demand and the total percentage of banks reporting a decrease in demand.

[18] A comprehensive overview of credit standards and demand for loans in Slovenia and in the euro area can be found in the appendix. Only the slightly more prominent disclosures are illustrated in the figures below.

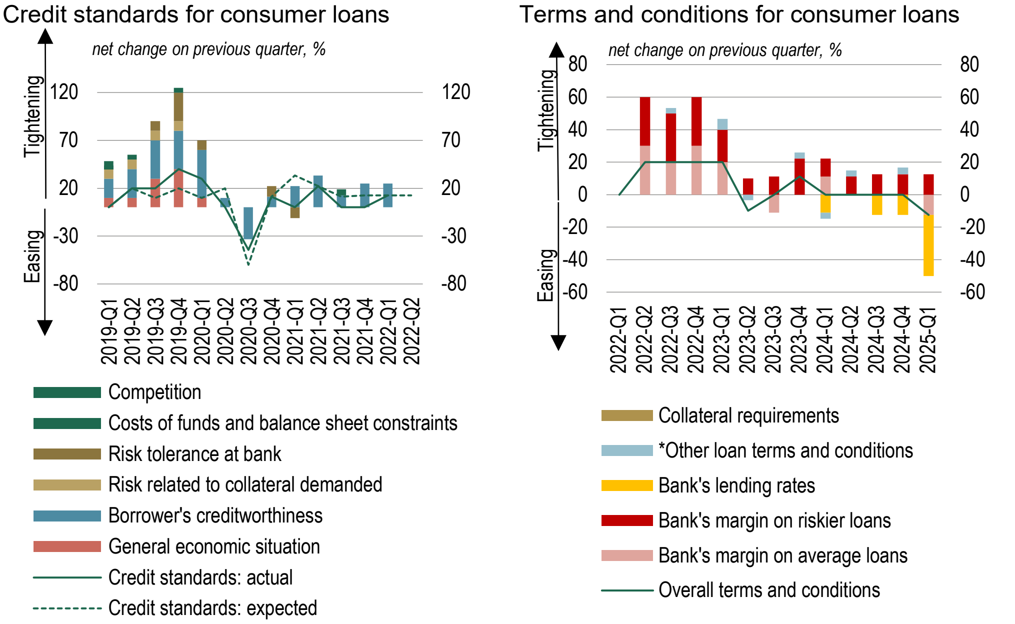
Figure 9.1: **Credit standards and loan terms and conditions for corporate loans according to the BLS**



Note: Lending rates have been included among the loan terms and conditions as part of the BLS questionnaire since the first quarter of 2024 inclusive. "Margins" are defined as the spread over relevant market reference rates. "Other terms and conditions" is the simple average of "non-interest rate charges", "size of the loan or credit line", "loan covenants" and "maturity". The same applies everywhere below with regard to loan terms and conditions. For other notes in connection with credit standards and demand for loans, see the appendix on the BLS.
Source: Banka Slovenije

After banks had mostly eased their loan terms and conditions over the two previous years, particularly for corporate loans, in the first quarter of this year they are merely citing a moderate easing for consumer loans. Lending rates have been prominent among the factors in loan terms and conditions for all loan types for several quarters now. Banks have been citing competition from other banks for a year and a half now among the factors driving the easing of loan terms and conditions.

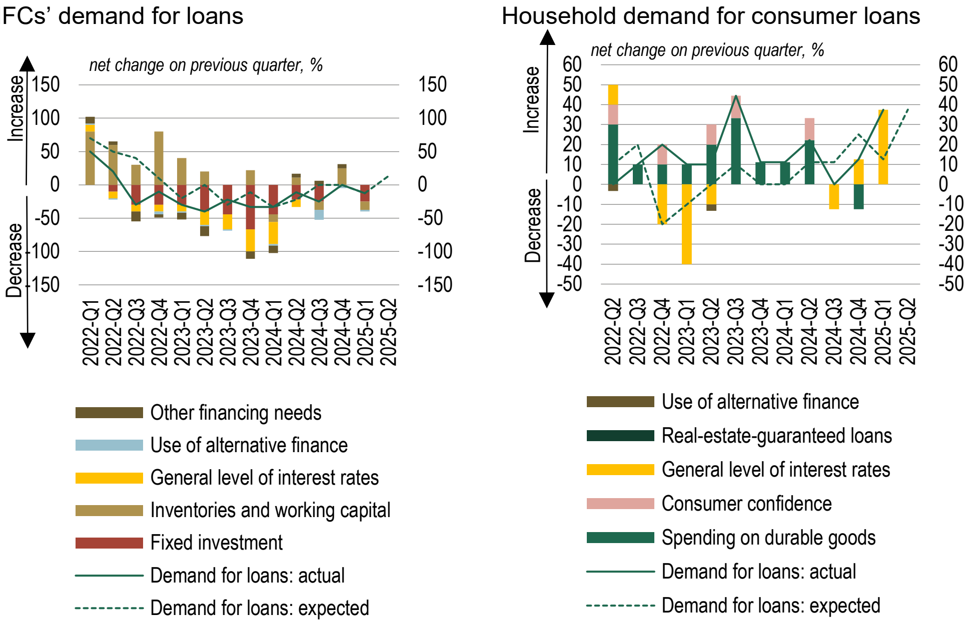
Figure 9.2: **Credit standards and loan terms and conditions for consumer loans according to the BLS**



Note: "Margins" are defined as the spread over a relevant market reference rate. "Other terms and conditions" is the simple average of "size of the loan", "non-interest rate charges" and "maturity".
Source: Banka Slovenije

Corporate demand for loans, which was unchanged at the end of last year after more than two years of decline, was negative again in the first quarter of this year, while demand for housing loans and consumer loans increased. Banks cited a moderate decline in corporate demand in the first quarter in respect of small enterprises and medium-size enterprises. Similarly to the two previous years, the main reason for the decline in corporate demand cited by banks was investment, while they have no longer been citing the general level of interest rates as a limiting factor for three consecutive quarters now. Banks are citing the general level of interest rates among the factors in demand for household loans (housing loans and consumer loans alike), particularly for consumer loans. Banks are expecting a slight increase in demand for corporate loans in the second quarter, and a stronger increase in demand for consumer loans and housing loans.

Figure 9.3: **Corporate demand for loans and household demand for consumer loans according to the BLS**



Source: Banka Slovenije

The slight tightening of credit standards for corporate loans and consumer loans continued in the euro area. Demand for housing loans has strengthened sharply for three consecutive quarters. Credit standards for corporate loans were tightened slightly in the first quarter of this year, similarly to most of the five previous quarters. Housing loans continued to see the slight easing evident in the majority of last year, while consumer loans saw a small tightening in standards. There are no major changes in corporate demand for loans at banks, which was slightly down in the first quarter of this year. The increase in demand for consumer loans strengthened slightly, but was significantly smaller than the increase in demand for housing loans, which is enjoying a longer period of strengthening. The main factors in the increased demand are the general level of interest rates, and the housing market prospects.

A comparison of demand in the euro area overall with that in Slovenia mainly reveals differences in demand for housing loans, which began to strengthen earlier and more markedly in the euro area overall than in Slovenia, while demand for consumer loans has been comparable this year, and demand for corporate loans declined in the euro area overall and in Slovenia. Banks in the euro area are expecting a moderate tightening of credit standards in the second quarter for all three loan types, and an increase in demand, most notably in the housing loans segment, albeit fully half less than the increase in the first quarter.

In the ad hoc section of the survey Slovenian banks were reporting an improvement or easing of the financing conditions in the first quarter of this year for retail financing, and slightly less via the interbank market. These are minor changes, which are the result of the relatively stable bank funding structure, with deposits prevailing. For the second quarter of this year banks are forecasting a very slight deterioration in financing conditions via debt securities.

The changes in the monetary policy asset portfolio in Slovenia primarily resulted in an increase in bank holdings of securities. This has been evident in the Slovenian banking system for some time now, in the wake of the cuts in ECB interest rates and downsizing of the deposit facility at the ECB. A moderate increase in securities holdings is also expected by banks in the second half of this year. The most obvious impact over the previous half-years was an increase in profitability. As a result of the changes in monetary policy, banks are citing a slight to moderate easing in loan terms and conditions, which they are also expecting over the next six months. At the same time the changes in the portfolio of monetary policy assets drove a slight to moderate increase in the volume of corporate loans and housing loans.

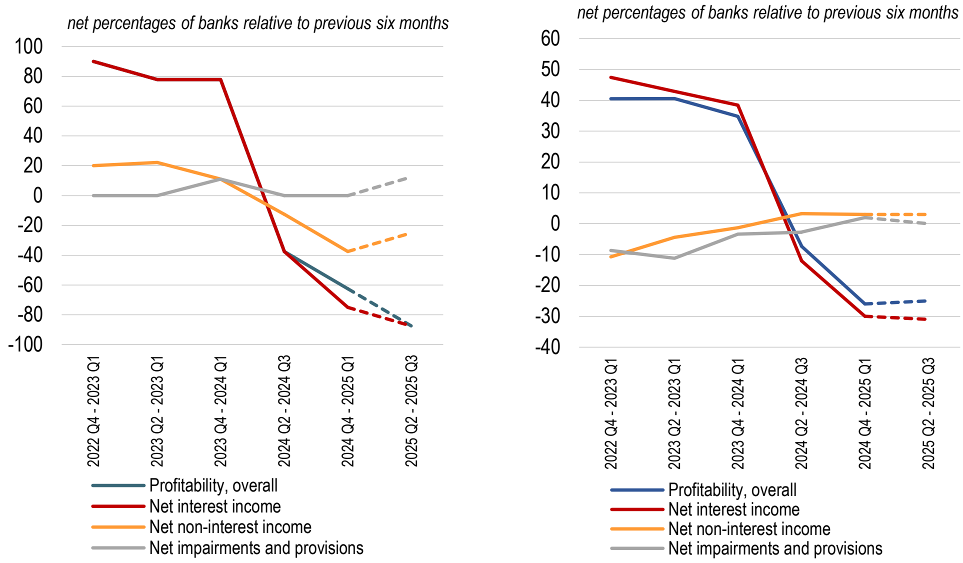
The responses to the question about the impact of NPL ratios and other indicators of asset quality for all three loan types reveal an impact on bank lending policy, i.e. credit standards and loan terms and conditions, namely a tightening effect.

Banks in Slovenia report in the survey that the ECB decisions on interest rates over the previous six months (the winter) mainly had a negative impact on their net interest income and profitability. This drove a decline in profitability at almost all banks. The crucial factor in the decline in net interest income over the winter was the changes in interest rates, i.e. price effects, while changes in stock, i.e. quantity effects, did not have a significant impact. Banks in Slovenia have similar expectations for the next six months, and are mainly expecting a decline in net interest income and profitability.

Figure 9.4: **Impact of ECB interest rate decisions on bank profitability in Slovenia and in the euro area according to the BLS**

Impact of ECB interest rate decisions on categories in Slovenia

Impact of ECB interest rate decisions on categories in the euro area



Note: The net percentages are defined as the difference between the sum of percentages of banks responding "increased considerably" and "increased somewhat" and the sum of the percentages of the banks responding "decreased somewhat" and "decreased considerably". The net percentages are inverted in the case of net impairments and provisions, where greater need for the net creation of impairments and provisions entails a decline in profitability, and reduced need for the net creation of impairments and provisions entails an increase. The final data denotes expectations for the next six months. The banks' responses for net interest income and profitability (in general) in Slovenia generally overlap, i.e. for much of the past they form a single line.
Source: Banka Slovenije

The survey results in the euro area show relatively small changes, with the exception of the impact on profitability from ECB interest rate decisions. In the area of financing the survey for the first quarter of this year shows an improvement in the financing conditions via debt securities and securitisation, and minimal changes via financing via household deposits and corporate deposits (retail funding) and the interbank market. At the same time banks are expecting a slight improvement via securitisation and debt securities. The changes in the ECB monetary policy portfolio also resulted in an increase in securities holdings, and banks have similar expectations for the next quarter. NPL ratios and other quality indicators had an impact on credit standards for corporate loans, namely a moderate tightening, but less so on housing loans and consumer loans, and banks have similar expectations for the next quarter. Banks in the euro area also assessed the impact of ECB interest rate decisions as negative in respect of net interest income and profitability alike, albeit less markedly than in Slovenia. The decisive factor was the changes in interest rates, i.e. price effects, while quantity effects, similarly to Slovenia, did not have a significant impact on net interest income. As measured by net percentage changes, banks have similar expectations for the next six months.

10 Risk and Resilience Dashboard

The assessment of the general level of risk to the banking system is gradually increasing, driven by the pronounced uncertainty coming from the international environment. The increased uncertainty in the macroeconomic environment is being reflected in credit risk, where the assessment was previously raised in the first quarter. The expected deterioration, slight for now, in bank asset quality is being reflected in individual portfolio segments, while the NPE ratio in the total portfolio remains at 1.0%. The credit risk assessment in the second quarter remains at moderate with a stable outlook. The lower interest rates in the euro area are being reflected in a decline in income in the banking system. We expect a similar trend to continue over the remainder of the year, while also anticipate that the main income categories will remain above their long-term averages. Income risk therefore remains assessed as low. However, due to high uncertainty, the outlook could further deteriorate, contributing to an increase in risk. Cyber risk in the banking system continues to be assessed as elevated with a stable outlook, owing to geopolitical risks and the cyber threats posed by these risks. The outlooks for the risk inherent in the real estate market and the risk inherent in the performance of leasing companies have been upgraded from rising to stable. The real estate market saw strengthened construction activity in the first quarter of this year, while the rise in prices in 2024 remained at the level seen in 2023. Meanwhile leasing companies are seeing stable growth in the stock of leasing business, supported by declining financing costs driven by falling key interest rates. Remaining risks in the banking system continue to be assessed as moderate with a stable outlook.

Table 10.1: **Banka Slovenije's risk and resilience dashboard for the Slovenian financial system**

Risk and resilience dashboard

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

Colour code:

Risk	low	moderate	elevated	high
Resilience	high	medium	low	very low

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

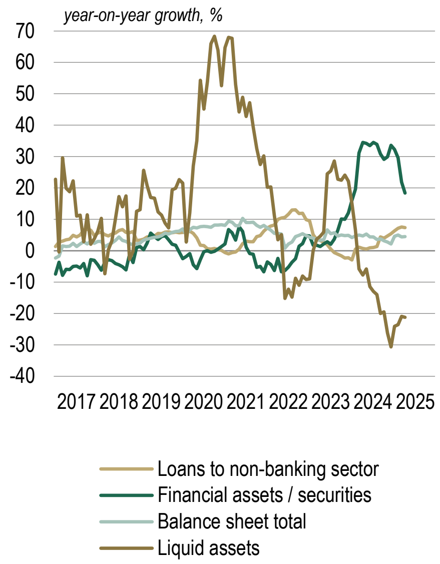
The banking system's resilience to systemic risks continues to be assessed as high and stable in the segment of solvency and profitability, and in the segment of liquidity. The banking system's solvency remains solid, while profits are forecast to remain higher than during the period before the rise in interest rates, despite this year's expectations of a decline from the high levels seen in the last two years. The liquidity of the banking system also remains good, although the liquidity ratios deteriorated slightly. While the banking system's liquidity remains high, its structure has shifted toward secondary liquidity. This might be slightly less favourable for banks if there's a sudden, large demand for liquidity that requires securities to be sold. The high uncertainty posed by the external environment is being reflected in the Slovenian economy, and the future might hold a further rise in risks and a decline in resilience in the banking system.

11 Appendix

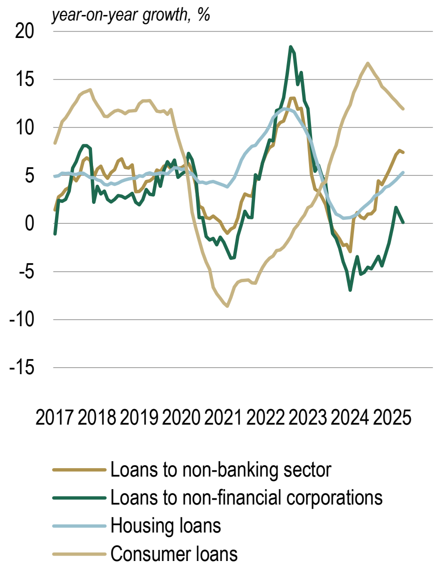
11.1 Key trends in the banking system

Figure 11.1: **Assets and loans**

Growth in bank assets



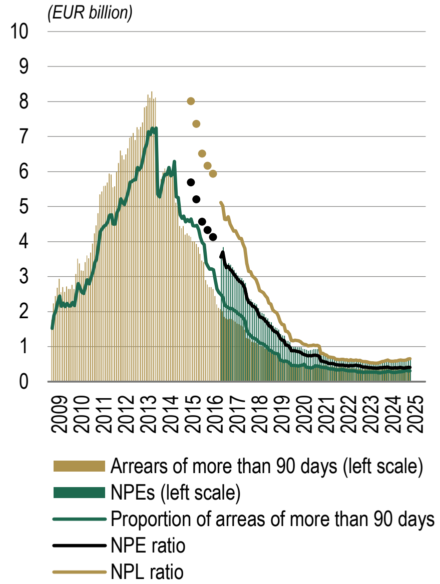
Growth in loans by sector and type



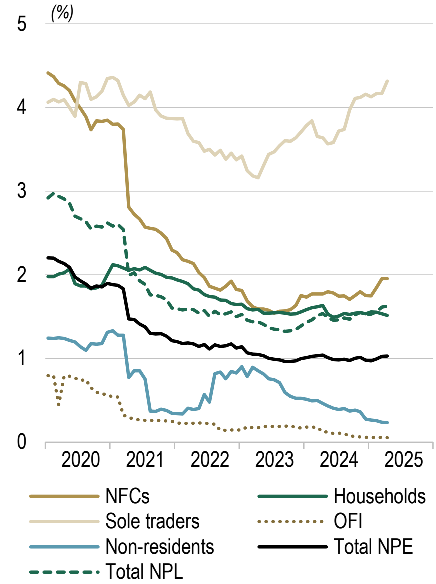
Note: The category "Financial assets / securities" in the left chart also includes debt securities from the category of loans and receivables. *SD: sight deposits.
Source: Banka Slovenije

Figure 11.2: **NPEs at banks**

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



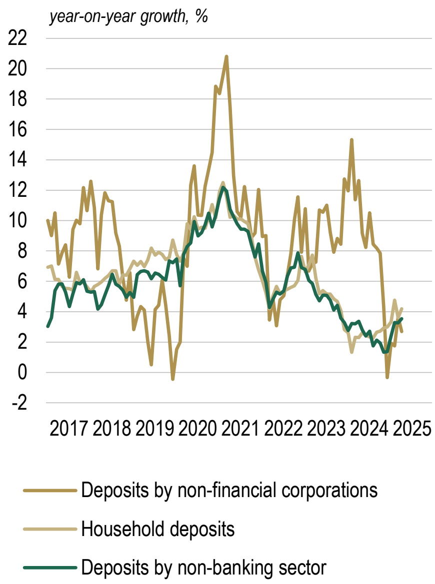
NPE ratios by customer segment



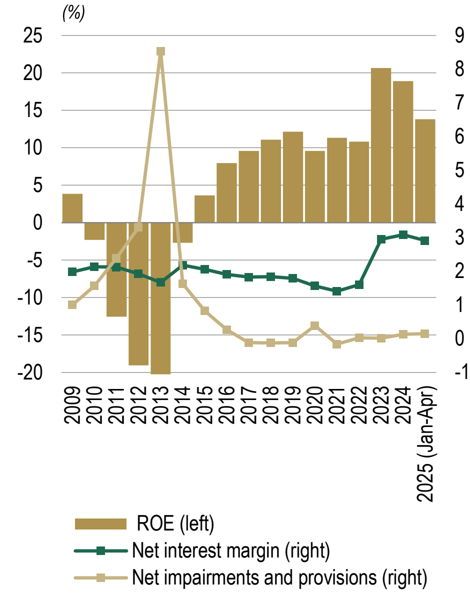
Source: Banka Slovenije

Figure 11.3: **Deposits and profitability indicators**

Growth in deposits by institutional sector

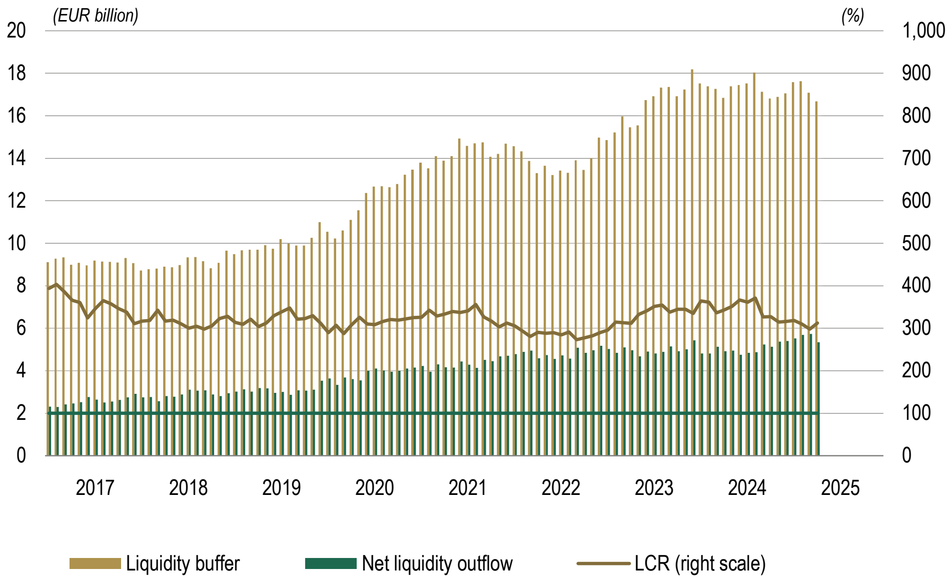


ROE, net interest margin, and ratio of impairment and provisioning costs to balance sheet total



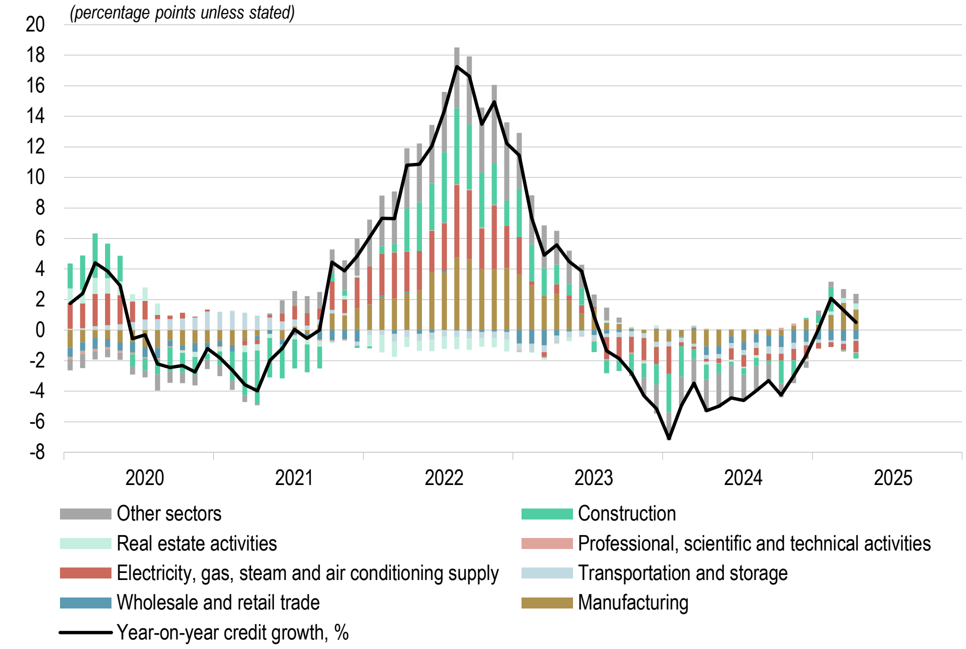
Note (right): The net interest margin on interest-bearing assets and the ratio of net impairment and provisioning costs to the balance sheet total are always calculated for the preceding 12 months. Pre-tax ROE is calculated during the year on a cumulative basis up to the most recent data available.
Sources: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

Figure 11.4: **Liquidity coverage ratio**



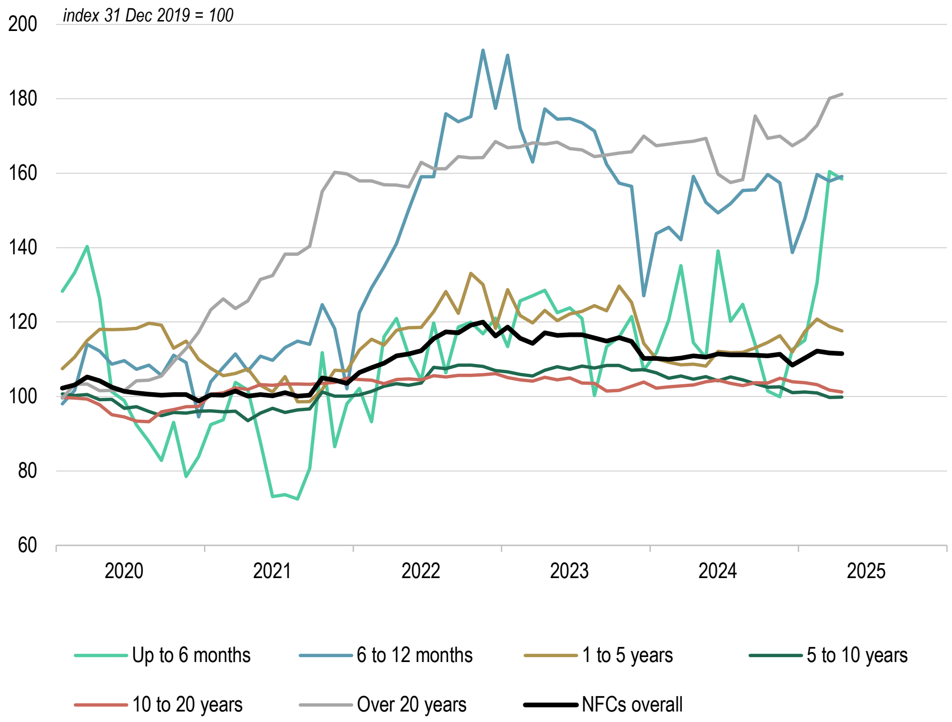
Note: The horizontal line denotes the minimum requirement for the LCR (100%) in accordance with the CRR.
Source: Banka Slovenije

Figure 11.5: **Contributions to credit growth by economic sector**



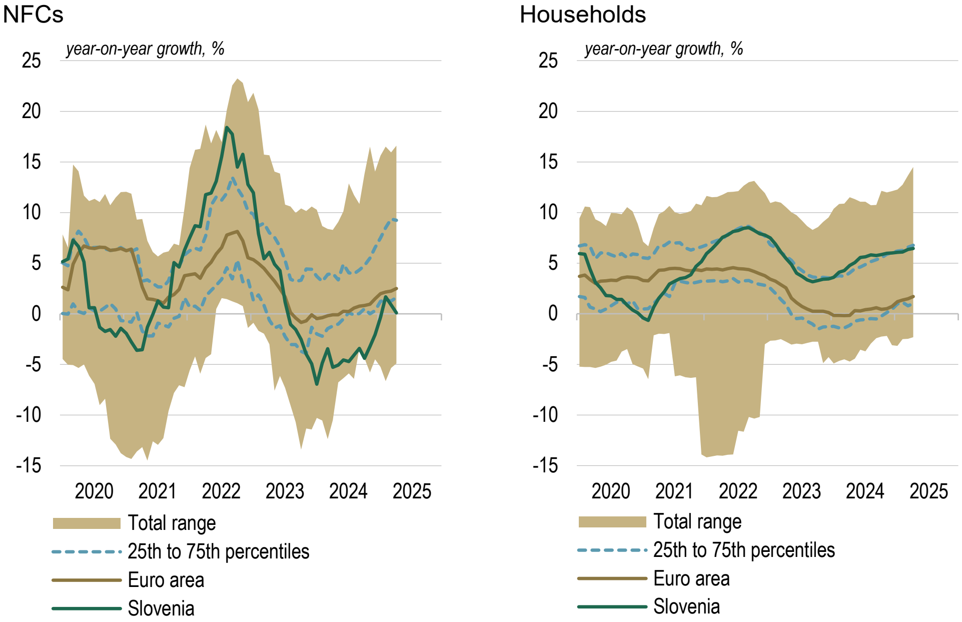
Note: Gross figures. Other sectors comprise agriculture, forestry and fishing, water supply, sewerage and waste management, accommodation and food service activities, information and communication, financial and insurance activities, and public services.
Source: Banka Slovenije

Figure 11.6: **Growth in loans to NFCs by maturity**



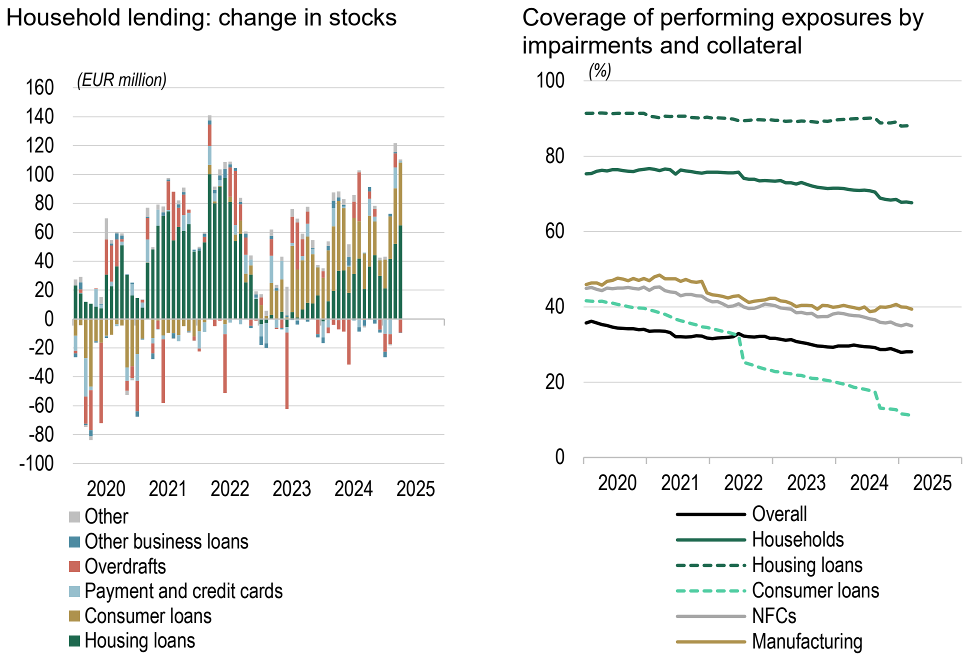
Source: Banka Slovenije

Figure 11.7: **Lending to NFCs and households**



Source: Banka Slovenije

Figure 11.8: **Household lending and coverage of performing exposures**



Source: Banka Slovenije

Table 11.1: **Banking system balance sheet as at 30 April 2025**

EUR million unless stated, growth rates in %	Stock Dec.19	Breakdow (%)	Stock Dec.24	Breakdown (%)	Stock Apr.25	Breakdown (%)	Increase in mio EUR Apr.25	in 2025	Growth in % Apr.25	year-on-year
Assets	**52,009**	**100.0**	**54,236**	**100.0**	**54,896**	**100.0**	**-274.7**	**660.3**	**-0.5**	**4.5**
Cash in hand, balances at CB and sight deposits at banks	**1,468**	**2.8**	**8,854**	**16.3**	**7,604**	**13.9**	**-609.0**	**-1,250.2**	**-7.4**	**-21.2**
Loans to banks at amortised cost (including central bank)	**5.763**	**11.1**	**1.450**	**2.7**	**1.498**	**2.7**	**64.4**	**48.1**	**4.5**	**-10.5**
domestic banks	3.531	6.8	181	0.3	138	0.3	-26.5	-43.1	-16.1	-42.1
foreign banks	2.232	4.3	1.269	2.3	1.360	2.5	90.9	91.2	7.2	-5.2
short-term loans to banks	3.020	5.8	674	1.2	754	1.4	77.7	79.5	11.5	28.6
long-term loans to banks	2.743	5.3	776	1.4	745	1.4	-13.4	-31.4	-1.8	-31.5
Loans to non-banking sector*	**34.132**	**65.6**	**28.405**	**52.4**	**29.215**	**53.2**	**112.7**	**810.0**	**0.4**	**7.4**
of which non-financial corporations	20.201	38.8	9.762	18.0	10.035	18.3	-25.5	272.9	-0.3	0.1
households	8.072	15.5	13.311	24.5	13.609	24.8	99.3	297.8	0.7	6.5
of which residential			8.473	15.6	8.652	15.8	64.9	179.7	0.8	5.3
consumer			3.161	5.8	3.292	6.0	43.5	131.4	1.3	11.9
government	735	1.4	1.451	2.7	1.577	2.9	9.6	125.2	0.6	19.5
other financial institutions	2.719	5.2	1.968	3.6	1.994	3.6	22.2	26.1	1.1	67.4
non-residents	2.354	4.5	1.888	3.5	1.979	3.6	7.8	90.6	0.4	6.7
Other FA classed as loans and receivables (at amortised cost)	**0**	**0.0**	**195**	**0.4**	**226**	**0.4**	**92.0**	**30.7**	**68.7**	**22.6**
Securities / financial assets (FA)**	**8.907**	**17.1**	**13.112**	**24.2**	**14.091**	**25.7**	**48.3**	**978.8**	**0.3**	**18.4**
a) FA held for trading	**890**	**1.7**	**90**	**0.2**	**91**	**0.2**	**-17.5**	**1.1**	**-16.1**	**-5.7**
of which debt securities held for trading	381	0.7	10	0.0	20	0.0	-17.4	10.0	-46.3	623.9
... government debt securities held for trading	30	0.1	10	0.0	20	0.0	-17.4	10.0	-46.3	623.9
b) FA measured at FV through P&L not held for trading	**0**	**0.0**	**88**	**0.2**	**91**	**0.2**	**0.3**	**3.3**	**0.3**	**-11.8**
of which debt securities measured at FV through P&L not held for tradin	0	0.0	1	0.0	1	0.0	-0.1	0.0	-5.0	-41.3
c) FA designated for measurement at FV through P&L	**270**	**0.5**	**0**	**0.0**	**0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
of which debt securities designated for measurement at FV through P&L	264	0.5	0	0.0	0	0.0	0.0	0.0	0.0	0.0
... government debt securities designated for measurement at FV	0	0.0	0	0.0	0	0.0	0.0	0.0	0.0	0.0
d) FA measured at FV through other comprehensive income	**6.237**	**12.0**	**4.004**	**7.4**	**4.404**	**8.0**	**180.4**	**399.9**	**4.3**	**9.4**
of which debt securities measured at FV through other comprehensive income	5,627	10.8	3,766	6.9	4,162	7.6	178.9	396.2	4.5	8.8
... government debt securities measured at FV through other comprehensive income	3,870	7.4	2,871	5.3	3,090	5.6	135.6	218.9	4.6	9.7
e) Debt securities at amortised cost	**1.511**	**2.9**	**8.929**	**16.5**	**9.504**	**17.3**	**-115.0**	**574.5**	**-1.2**	**23.8**
of which government debt securities at amortised cost	1.231	2.4	6.178	11.4	6.791	12.4	11.2	613.6	0.2	29.2
Investments in subsidiaries, joint ventures and associates	**696**	**1.3**	**1,261**	**2.3**	**1,279**	**2.3**	**0.0**	**18.0**	**0.0**	**21.0**
Other assets	**1,042**	**2.0**	**958**	**1.8**	**982**	**1.8**	**16.9**	**24.8**	**1.7**	**13.8**
Equity and liabilities	**52.009**	**100.0**	**54.236**	**100.0**	**54.896**	**100.0**	**-274.7**	**660.3**	**-0.5**	**4.5**
Financial liabilities measured at amortised cost (deposits)***	**46.927**	**90.2**	**46.995**	**86.6**	**47.825**	**87.1**	**-53.5**	**829.6**	**-0.1**	**4.2**
a) Financial liabilities to central bank (Eurosystem)	**2.121**	**4.1**	**0**	**0.0**	**0**	**0.0**	**0.0**	**0.0**	**0**	
b) Liabilities to banks	**15.949**	**30.7**	**1.484**	**2.7**	**1.573**	**2.9**	**2.4**	**88.8**	**0.2**	**-17.3**
of which to domestic banks	2.920	5.6	286	0.5	245	0.4	-25.7	-40.5	-9.5	-36.0
of which to foreign banks	13.024	25.0	1.199	2.2	1.328	2.4	28.0	129.3	2.2	-12.6
c) Liabilities to non-banking sector (deposits by NBS)	**23,892**	**45.9**	**41,625**	**76.7**	**41,751**	**76.1**	**-12.8**	**125.8**	**0.0**	**3.5**
of which to non-financial corporations	3.850	7.4	10.910	20.1	10.775	19.6	-104.1	-135.5	-1.0	2.7
households	14.049	27.0	27.309	50.4	27.533	50.2	140.3	223.9	0.5	4.2
government	4.008	7.7	769	1.4	731	1.3	-59.9	-37.3	-7.6	-7.1
other financial institutions	1.130	2.2	824	1.5	847	1.5	16.9	22.7	2.0	12.2
non-residents	537	1.0	1.235	2.3	1.285	2.3	-7.7	49.9	-0.6	-1.4
d) Debt securities	**3,442**	**6.6**	**3,504**	**6.5**	**4,025**	**7.3**	**20.1**	**520.8**	**0.5**	**22.4**
e) Other financial liabilities measured at amortised cost****	**1,523**	**2.9**	**381**	**0.7**	**476**	**0.9**	**-63.1**	**94.2**	**-11.7**	**19.8**
Provisions	**175**	**0.3**	**204**	**0.4**	**196**	**0.4**	**1.9**	**-7.9**	**1.0**	**6.5**
Shareholder equity	**4.310**	**8.3**	**6.681**	**12.3**	**6.588**	**12.0**	**-151.7**	**-92.7**	**-2.3**	**7.3**
Other liabilities	**597**	**1.1**	**356**	**0.7**	**288**	**0.5**	**-71.5**	**-68.7**	**-19.9**	**0.3**
Balance sheet total	**52.009**	**100.0**	**54.236**	**100.0**	**54.896**	**100.0**	**-274.7**	**660.3**	**-0.5**	**4.5**

Notes: * Loans to non-banking sector not held for trading are defined on the basis of the methodology for producing the recapitulation of the statement of financial position, and comprise loans and other financial assets at amortised cost (from A.VI), at fair value through profit or loss (from A.III) and at fair value through other comprehensive income (from A.IV).
** Financial assets / securities on the asset side comprise total financial assets from A.II, including loans held for trading, while equities and debt securities other than loans are captured from other categories of financial asset (A.III, A.IV and A.V)
*** Includes subordinated debt until 31 December 2017. Under the IFRS 9 methodology, the item of "subordinated debt" is abolished, and these liabilities are included under liabilities to banks.19
Source: Banka Slovenije

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

Table 11.2: **Income statement for 2009, 2023, 2024 and 2025**

(EUR million unless stated)	2009	Breakdown (%)	2023	Breakdown (%)	2024	Breakdown (%)	2024 Jan.-Apr.	Breakdown in %	2025 Jan.-Apr.	Breakdown (%)	Annual growth, % Jan.- Apr. 25/ Jan.- Apr. 24
Interest income	2,114.7		1,832.3		2,122.8		720.8		625.4		-13.2
Interest expenses	1,175.1		390.2		556.6		185.3		156.7		-15.4
Net interest	**939.6**	**65.2**	**1,442.1**	**72.9**	**1,566.2**	**68.5**	**535.5**	**74.3**	**468.7**	**69.8**	**-12.5**
Non-interest income	**500.5**	**34.8**	**535.4**	**27.1**	**720.0**	**31.5**	**185.5**	**25.7**	**202.6**	**30.2**	**9.2**
of which net fees and commission	342.7	23.8	387.0	19.6	419.4	18.3	136.2	18.9	145.2	21.6	6.6
of which net gains/losses on financial assets and liabilities held for trading	41.5	2.9	9.5	0.5	24.2	1.1	7.2	1.0	2.3	0.3	-67.3
Gross income	**1,440.2**	**100.0**	**1,977.5**	**100.0**	**2,286.1**	**100.0**	**721.0**	**100.0**	**671.3**	**100.0**	**-6.9**
Operating costs	**-777.0**	**-54.0**	**-830.2**	**-42.0**	**-1,015.7**	**-44.4**	**-347.9**	**-48.3**	**-354.2**	**-52.8**	**1.8**
Net income	**663.2**	**46.0**	**1,147.4**	**58.0**	**1,270.5**	**55.6**	**373.1**	**51.7**	**317.1**	**47.2**	**-15.0**
Net impairments and provisio	**-501.0**	**-34.8**	**-10.2**	**-0.5**	**-70.5**	**-3.1**	**-15.1**	**-2.1**	**-25.6**	**-3.8**	**69.6**
Pre-tax profit	**162.1**	**11.3**	**1,137.2**	**57.5**	**1,199.9**	**52.5**	**358.0**	**49.7**	**291.5**	**43.4**	**-18.6**
Taxes	-39.1		-38.9		-124.9		-47.7		-34.3		-28.1
Net profit	123.0		1,098.3		1,075.0		310.2		257.2		-17.1

Source: Banka Slovenije

Table 11.3: **Selected performance indicators**

in %	2018	2019	2020	2021	2022	2023	2024	2024 Jan.-Apr.	2025 Jan.-Apr.	Apr.2024 (last 12 mon.)
Profitability										
Financial intermediation margin*	3.01	3.13	3.16	2.58	2.68	3.86	4.28	4.19	3.76	4.16
ROA	1.39	1.48	1.10	1.20	1.11	2.22	2.25	2.07	1.62	2.43
ROE	11.07	12.16	9.57	11.33	10.82	20.64	18.92	18.71	13.81	21.78
Net interest margin on interest-bearing assets	1.84	1.79	1.57	1.41	1.61	2.95	3.09	3.26	2.77	3.14
Net non-interest income / operating costs	71.93	80.84	100.35	80.95	74.89	64.50	70.88	53.31	57.19	68.90
Operating costs										
Labour costs / average assets	1.02	1.00	0.90	0.85	0.84	0.87	0.94	0.92	0.91	0.89
Other costs / average assets	0.73	0.77	0.77	0.69	0.71	0.75	0.96	1.06	1.04	0.80
Asset quality										
Ratio of allowances for credit losses on loans to banks and non-banking sector not held for trading to gross	2.64	1.53	1.59	1.14	1.03	0.98	1.09	1.02	1.11	/

* Gross income / average assets
Source: Banka Slovenije

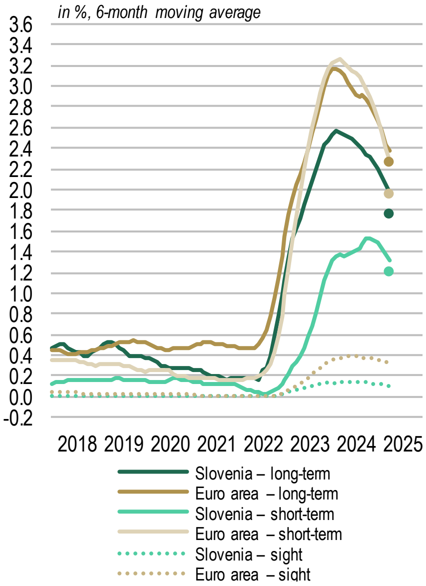
Table 11.4: **Comparison of interest rates on new variable-rate loans in Slovenia with the euro area overall**

									Loans				Household deposits
	Interest				Households				Corporates	up to 1 year		over 1 year	
	rate	Housing		Consumer		up to EUR 1m		over EUR 1m					
v %	ECB	EA	SLO	EA	SLO	EA	SLO	EA	SLO	EA	SLO	EA	SLO
Dec 17	0.00	1.7	2.0	4.5	4.4	2.1	2.4	1.3	2.0	0.3	0.1	0.5	0.5
Dec 18	0.00	1.6	1.9	4.9	4.7	1.9	2.2	1.3	1.8	0.3	0.2	0.5	0.6
Dec 19	0.00	1.5	1.8	5.4	4.6	1.9	2.2	1.3	1.5	0.2	0.2	0.5	0.4
Dec 20	0.00	1.4	1.8	5.0	4.5	1.8	2.3	1.3	1.8	0.2	0.1	0.5	0.3
Dec 21	0.00	1.3	1.6	5.1	4.7	1.7	1.9	1.1	1.4	0.2	0.1	0.5	0.2
Dec 22	2.50	3.1	3.8	6.7	6.7	3.7	4.0	3.4	3.7	1.4	0.2	1.9	1.4
Jan 23	2.50	3.5	4.4	7.4	6.8	4.0	4.4	3.5	4.2	1.5	0.2	2.0	1.4
Feb 23	3.00	3.7	4.6	7.5	6.7	4.3	4.4	3.7	3.9	1.9	0.4	2.2	1.5
Mar 23	3.50	3.9	4.7	7.8	5.2	4.6	4.3	4.1	4.4	2.1	0.6	2.2	1.9
Apr 23	3.50	4.1	4.8	8.3	6.7	4.8	4.5	4.3	4.8	2.3	0.4	2.3	1.9
May 23	3.75	4.2	5.2	8.4	6.3	5.0	4.8	4.5	5.3	2.5	0.5	2.4	2.0
Jun 23	4.00	4.4	5.1	7.0	6.6	5.2	5.0	4.8	5.0	2.7	0.7	2.6	2.2
Jul 23	4.00	4.6	5.5	8.4	7.1	5.4	5.2	4.9	5.0	2.8	0.9	2.8	2.3
Aug 23	4.25	4.7	5.7	8.7	6.7	5.4	5.0	5.0	4.8	3.1	1.1	3.0	2.3
Sep 23	4.50	4.7	5.4	8.5	6.5	5.5	5.3	5.0	5.2	3.1	1.3	3.0	2.6
Oct 23	4.50	4.8	5.5	8.3	6.9	5.6	5.6	5.2	5.7	3.3	1.5	3.2	2.6
Nov 23	4.50	4.9	5.7	7.3	6.8	5.6	5.5	5.1	5.3	3.3	1.3	3.3	2.6
Dec 23	4.50	4.9	5.8	7.6	6.7	5.5	5.4	5.2	5.5	3.3	1.3	3.3	2.5
Jan 24	4.50	4.9	5.3	8.0	6.9	5.4	5.4	5.1	5.2	3.2	1.4	3.1	2.5
Feb 24	4.50	4.8	5.2	7.7	6.3	5.5	5.5	5.1	5.8	3.2	1.4	3.0	2.5
Mar 24	4.50	4.8	5.3	8.1	7.0	5.4	5.2	5.2	5.3	3.2	1.4	3.0	2.5
Apr 24	4.50	4.8	5.8	8.1	6.6	5.3	5.2	5.2	5.7	3.1	1.3	2.9	2.5
May 24	4.50	4.8	5.7	7.6	6.3	5.4	5.0	5.0	5.6	3.1	1.4	2.9	2.5
Jun 24	4.25	4.8	5.4	7.4	6.1	5.3	4.8	5.0	5.5	3.0	1.5	2.9	2.4
Jul 24	4.25	4.8	5.4	7.6	6.4	5.2	5.0	5.1	4.8	3.0	1.5	2.8	2.3
Aug 24	4.25	4.7	5.1	7.9	6.4	5.2	5.0	5.0	4.9	3.0	1.6	2.8	2.3
Sep 24	3.65	4.6	4.9	7.6	6.6	5.0	4.8	4.7	5.3	3.0	1.6	3.1	2.3
Oct 24	3.40	4.4	5.2	7.2	6.0	4.8	4.8	4.6	4.9	2.7	1.6	2.6	2.2
Nov 24	3.40	4.3	5.0	6.5	5.7	4.7	4.4	4.4	4.4	2.6	1.5	2.5	2.2
Dec 24	3.15	4.2	5.0	6.8	5.4	4.6	4.3	4.2	4.3	2.5	1.4	2.5	2.1
Jan 25	3.15	4.1	4.1	7.2	5.8	4.4	4.1	4.1	4.1	2.3	1.4	2.4	2.0
Feb 25	2.90	4.0	4.3	6.8	6.1	4.3	4.3	3.9	4.7	2.2	1.2	2.3	1.9
Mar 25	2.65	3.9	4.0	7.0	6.0	4.1	3.9	3.7	4.0	2.1	1.3	2.2	1.8
Apr 25	2.40	3.8	3.8	6.9	5.2	3.9	3.9	3.5	4.6	2.0	1.2	2.3	1.8

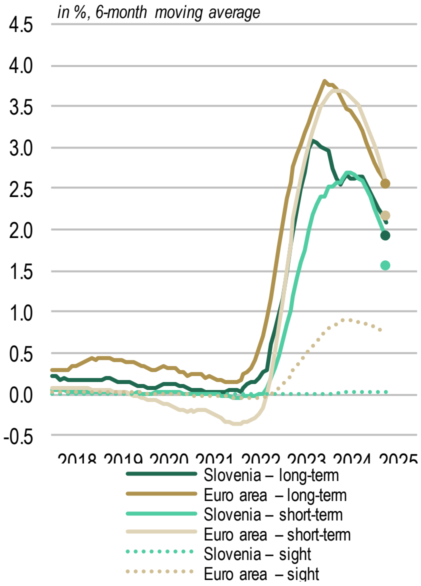
Note: Household deposits are itemised by maturity, irrespective of type of remuneration (fixed-rate and variable-rate deposits are combined).
Sources: Banka Slovenije, ECB

Figure 11.9: **Average interest rates on new deposits**

Average interest rates on new household deposits



Average interest rates on new deposits by NFCs



Note: The dots denote the latest data.
Sources: Banka Slovenije, ECB SDW

Table 11.5:
Comparison of interest rates on new fixed-rate loans in Slovenia with the euro area overall

	Loans							
	Households				Corporates			
	Housing		Consumer		up to EUR 1m		over EUR 1m	
in %	EA	SLO	EA	SLO	EA	SLO	EA	SLO
Dec 17	1.9	2.9	5.4	6.1	2.0	3.4	1.5	1.8
Dec 18	1.9	2.9	5.5	6.2	2.0	3.3	1.6	1.5
Dec 19	1.4	2.7	5.3	6.2	1.7	3.5	1.4	1.1
Dec 20	1.3	2.2	5.1	6.0	1.7	3.3	1.3	1.7
Dec 21	1.3	1.7	5.1	6.0	1.6	2.2	1.2	1.2
Dec 22	2.8	3.6	6.4	6.7	3.8	4.7	3.3	3.5
Jan 23	3.0	3.8	7.0	6.8	4.0	5.9	3.4	-
Feb 23	3.1	4.0	7.1	6.8	4.3	5.7	3.6	4.0
Mar 23	3.3	4.0	7.2	6.7	4.4	5.6	3.9	4.6
Apr 23	3.4	4.0	7.4	6.7	4.5	5.7	3.7	4.4
May 23	3.5	4.0	7.6	6.7	4.6	5.5	4.0	4.9
Jun 23	3.6	4.0	7.5	6.7	4.8	6.0	4.1	5.3
Jul 23	3.6	4.0	7.7	6.8	4.9	6.2	4.3	3.8
Aug 23	3.7	4.0	7.8	6.7	5.1	5.9	4.0	4.7
Sep 23	3.7	4.0	7.8	6.7	5.1	5.8	4.2	2.3
Oct 23	3.8	3.9	7.9	6.8	5.2	6.1	4.5	4.2
Nov 23	3.9	3.9	7.9	6.7	5.3	5.9	4.4	4.1
Dec 23	3.8	3.9	7.7	6.8	5.1	6.0	4.4	5.0
Jan 24	3.7	3.9	8.0	6.7	5.1	6.3	4.2	0.6
Feb 24	3.6	3.8	7.9	6.7	5.1	6.1	4.0	1.4
Mar 24	3.6	3.8	7.8	6.6	5.0	6.2	4.2	3.8
Apr 24	3.6	3.7	7.9	6.5	5.1	5.7	4.2	3.5
May 24	3.6	3.6	8.0	6.5	5.2	6.0	4.2	5.2
Jun 24	3.5	3.6	7.7	6.6	5.1	5.7	4.1	4.2
Jul 24	3.5	3.6	7.8	6.6	4.9	5.6	4.1	2.6
Aug 24	3.5	3.5	7.8	6.6	4.9	5.9	4.1	3.3
Sep 24	3.4	3.4	7.8	6.6	4.9	5.4	3.9	3.6
Oct 24	3.4	3.3	7.7	6.5	4.8	5.1	3.9	3.7
Nov 24	3.3	3.2	7.7	6.4	4.7	5.3	3.7	4.9
Dec 24	3.2	3.1	7.5	6.4	4.5	5.0	3.6	3.6
Jan 25	3.0	3.1	7.7	6.3	4.4	5.0	3.7	3.7
Feb 25	3.2	3.0	7.7	6.0	4.3	5.2	3.6	3.2
Mar 25	3.2	3.0	7.6	6.0	4.3	4.9	3.7	6.5
Apr 25	3.2	2.9	7.6	6.0	4.3	5.1	3.7	4.7

Sources: Banka Slovenije, ECB

Table 11.6: **Non-performing exposures by customer segment**

	Exposures		Non-performing exposures (NPEs)							
	(EUR million)	(%)	Stock, EUR million				NPE ratio, %			
	Apr 25	Apr 25	Dec 23	Dec 24	Mar 25	Apr 25	Dec 23	Dec 24	Mar 25	Apr 25
Non-financial corporations	17,548	28.6	295	306	342	343	1.8	1.8	2.0	2.0
large enterprises	8,946	14.6	88	76	92	92	1.0	0.8	1.0	1.0
SMEs	8,561	14.0	207	230	250	251	2.5	2.7	2.9	2.9
OFIs	2,370	3.9	2	1	1	1	0.2	0.1	0.1	0.1
Households	15,330	25.0	236	250	254	254	1.7	1.7	1.7	1.7
sole traders	790	1.3	28	33	33	34	3.7	4.2	4.2	4.3
individuals	14,540	23.7	207	218	221	220	1.6	1.5	1.5	1.5
consumer loans	3,421	5.6	89	102	105	105	3.1	3.1	3.1	3.1
housing loans	8,623	14.1	90	82	80	79	1.1	1.0	0.9	0.9
other	2,496	4.1	27	32	36	36	1.2	1.3	1.5	1.5
Non-residents	13,760	22.5	53	36	33	32	0.5	0.3	0.2	0.2
Government	4,971	8.1	0	1	0	1	0.0	0.0	0.0	0.0
Total	**61,249**	**100.0**	**585**	**594**	**631**	**632**	**1.0**	**1.0**	**1.0**	**1.0**

Source: Banka Slovenije

Table 11.7: **Non-performing exposures to NFCs by sector**

	Exposures		Non-performing exposures (NPEs)							
	(EUR million)	(%)	Stock, EUR million				NPE ratio, %			
	Apr 25	Apr 25	Dec 23	Dec 24	Mar 25	Apr 25	Dec 23	Dec 24	Mar 25	Apr 25
Agriculture, forestry, fishing, mining	122	0.7	3	3	3	3	2.0	2.3	2.4	2.5
Manufacturing	5,192	29.6	109	121	137	132	2.2	2.4	2.7	2.5
Electricity, gas, water, remediation	1,621	9.2	1	3	8	8	0.1	0.2	0.5	0.5
Construction	1,737	9.9	17	26	27	27	1.2	1.5	1.6	1.6
Wholesale and retail trade	3,000	17.1	54	55	56	57	1.8	1.9	1.9	1.9
Transportation and storage	1,363	7.8	21	19	16	17	1.4	1.2	1.2	1.3
Accommodation and food service activities	538	3.1	32	22	22	22	6.6	4.0	4.1	4.1
Information and communication	743	4.2	3	4	4	3	0.5	0.5	0.5	0.5
Financial and insurance activities	125	0.7	0	0	0	0	0.0	0.0	0.0	0.0
Real estate activities	1,222	7.0	11	11	10	10	1.0	0.9	0.8	0.8
Professional, scientific and technical	1,583	9.0	36	38	55	59	2.5	2.6	3.5	3.7
Education, health, public administration	137	0.8	1	1	1	1	0.8	0.7	0.7	0.6
Arts, recreation and entertainment	165	0.9	6	4	3	3	3.6	2.2	2.0	2.0
Total	**17,548**	**100.0**	**295**	**306**	**342**	**343**	**1.8**	**1.8**	**2.0**	**2.0**

Source: Banka Slovenije

Table 11.8: **Breakdown of exposures by credit risk stage and customer segment**

	Breakdown, %									Stage 2 exposures stock, EUR million		
	Stage 1			Stage 2			Stage 3					
	Dec 23	Dec 24	Apr 25	Dec 23	Dec 24	Apr 25	Dec 23	Dec 24	Apr 25	Dec 23	Dec 24	Apr 25
NFCs	89.9	89.0	89.3	8.3	9.3	8.7	1.8	1.7	2.0	1,397	1,623	1,527
large enterprises	94.7	90.6	90.4	4.3	8.6	8.5	1.0	0.8	1.0	372	768	764
SMEs	84.9	86.8	88.2	12.6	10.4	8.9	2.5	2.8	2.9	1,025	855	763
OFIs	98.6	99.7	99.7	1.3	0.2	0.2	0.2	0.1	0.1	17	6	5
Households	89.3	88.7	89.4	9.0	9.6	8.9	1.7	1.7	1.7	1,273	1,433	1,372
sole traders	78.2	78.5	79.6	18.1	17.2	16.1	3.7	4.3	4.3	138	135	127
individuals	89.9	89.3	89.9	8.5	9.2	8.6	1.6	1.5	1.5	1,135	1,298	1,245
consumer loans	85.7	83.8	84.5	11.2	13.0	12.5	3.1	3.1	3.1	323	428	427
housing loans	92.0	91.5	92.2	6.9	7.5	6.8	1.1	1.0	0.9	561	632	590
other	88.1	88.9	89.4	10.7	9.7	9.1	1.2	1.4	1.5	251	238	228
Non-residents	97.7	98.2	98.5	1.7	1.5	1.2	0.5	0.3	0.2	174	194	168
Government	98.5	99.8	99.9	1.5	0.2	0.1	0.0	0.0	0.0	61	10	6
Total	**94.0**	**93.6**	**93.9**	**5.0**	**5.4**	**5.0**	**1.0**	**1.0**	**1.0**	**2,929**	**3,279**	**3,079**

Source: Banka Slovenije

Table 11.9: **Breakdown of exposures to NFCs by credit risk stage and sector**

	Breakdown, %									Stage 2 exposures stock, EUR million		
	Stage 1			Stage 2			Stage 3					
	Dec 23	Dec 24	Apr 25	Dec 23	Dec 24	Apr 25	Dec 23	Dec 24	Apr 25	Dec 23	Dec 24	Apr 25
Agriculture, forestry, fishing, mining	87.2	87.8	85.8	10.8	9.9	11.7	2.0	2.3	2.5	15	12	14
Manufacturing	88.9	82.6	82.9	8.9	15.0	14.5	2.2	2.4	2.5	439	765	754
Electricity, gas, water, remediation	96.8	92.9	93.1	3.2	6.9	6.4	0.1	0.2	0.5	52	119	104
Construction	91.6	93.4	93.9	7.2	5.0	4.6	1.2	1.5	1.6	103	85	80
Wholesale and retail trade	88.3	91.5	92.7	9.9	6.7	5.4	1.8	1.9	1.9	297	197	161
Transportation and storage	93.6	94.1	94.6	5.1	4.7	4.1	1.4	1.2	1.3	78	70	56
Accommodation and food service	67.8	75.5	75.8	25.6	20.7	20.1	6.6	3.8	4.1	124	111	107
Information and communication	95.1	96.6	97.2	4.4	2.9	2.3	0.5	0.5	0.5	28	21	17
Financial and insurance activities	99.0	98.9	98.4	0.9	1.1	1.5	0.0	0.0	0.0	1	1	2
Real estate activities	92.6	94.0	94.1	6.4	5.1	5.1	1.0	0.9	0.8	73	63	62
Professional, scientific and technical	88.9	89.6	89.8	8.6	7.8	6.5	2.5	2.6	3.7	123	116	102
Education, health, public admin.	78.0	82.5	83.4	21.2	16.8	16.0	0.8	0.7	0.6	31	24	22
Arts, recreation and entertainment	77.7	73.9	70.7	18.6	23.9	27.3	3.6	2.2	2.0	32	40	45
Total	**89.9**	**89.0**	**89.3**	**8.3**	**9.3**	**8.7**	**1.8**	**1.7**	**2.0**	**1,397**	**1,623**	**1,527**

Source: Banka Slovenije

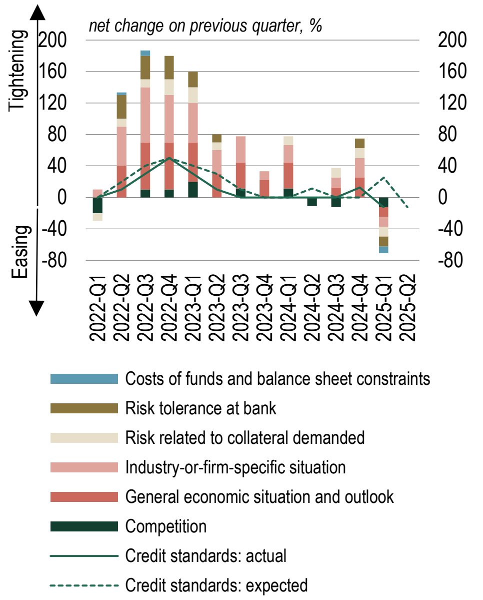
Table 11.10: **Coverage of NPEs and credit risk stages by impairments and provisions by customer segment**

(%)	Exposures by credit risk stage									NPEs		
	Stage 1			Stage 2			Stage 3					
	Dec 23	**Dec 24**	**Apr 25**	**Dec 23**	**Dec 24**	**Apr 25**	**Dec 23**	**Dec 24**	**Apr 25**	**Dec 23**	**Dec 24**	**Apr 25**
NFCs	0.3	0.3	0.3	2.8	4.0	4.6	60.0	60.1	56.6	59.9	60.0	56.6
OFIs	0.2	0.2	0.2	2.3	1.4	1.5	97.2	93.6	96.4	97.2	93.6	96.4
Households	0.3	0.3	0.3	5.3	6.1	6.3	63.1	66.3	67.9	63.0	66.5	67.9
sole traders	0.7	0.7	0.7	4.4	4.2	4.4	60.0	61.9	62.8	59.9	63.8	62.8
individuals	0.2	0.3	0.3	5.5	6.3	6.5	63.5	67.0	68.7	63.5	67.0	68.7
consumer loans	0.4	0.5	0.5	7.3	8.5	8.6	69.5	74.1	76.8	69.5	74.0	76.9
housing loans	0.2	0.2	0.2	5.1	5.6	5.9	57.7	59.1	58.2	57.7	59.1	58.1
other	0.3	0.3	0.2	3.9	4.1	3.9	62.7	65.0	68.2	62.6	64.7	68.4
Non-residents	0.2	0.1	0.1	6.5	5.8	5.9	18.3	27.3	30.7	18.4	27.3	30.7
Government	0.1	0.1	0.1	1.8	6.1	5.0	80.4	74.5	38.5	80.4	74.5	38.5
Banks and savings banks	0.1	0.1	0.1	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Central bank	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.2	0.1	0.0	0.2	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0
Total	**0.2**	**0.2**	**0.2**	**4.1**	**5.0**	**5.4**	**57.6**	**60.9**	**59.9**	**57.6**	**60.9**	**59.9**

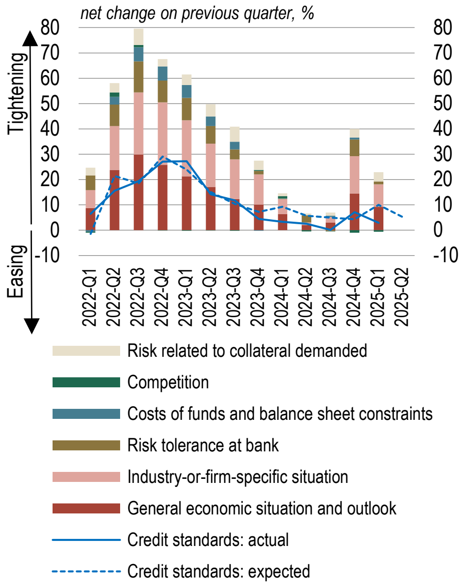
Source: Banka Slovenije

Figure 11.10: **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



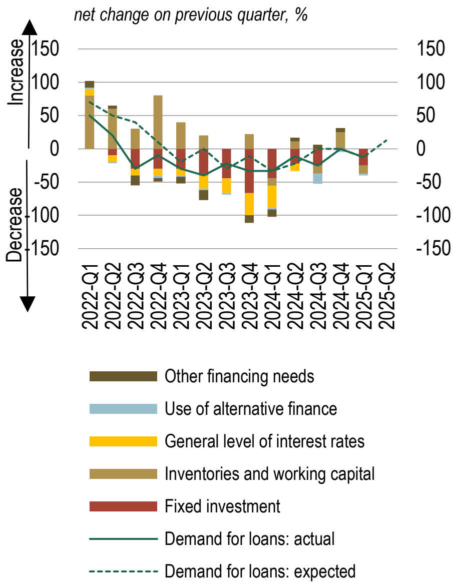
Changes in credit standards for loans to NFCs in the euro area and factors therein



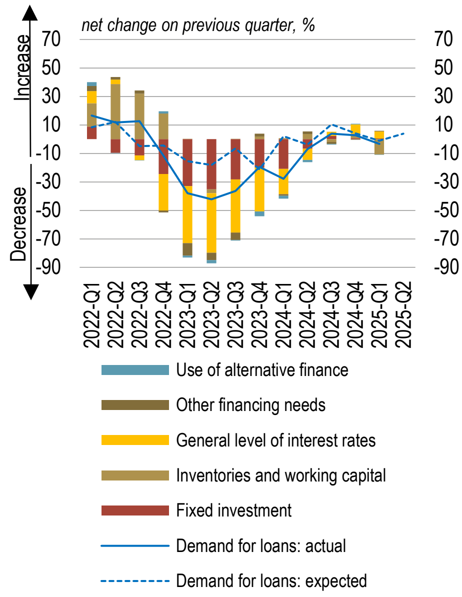
Note: "Actual" values are changes that have occurred, while "expected" values are changes anticipated by banks. The same applies in the remainder of this comparison. Net percentages are defined as the difference between the total percentage of banks answering "tightened considerably" and "tightened somewhat",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

Figure 11.11: **Changes in demand for loans to NFCs and factors therein**

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



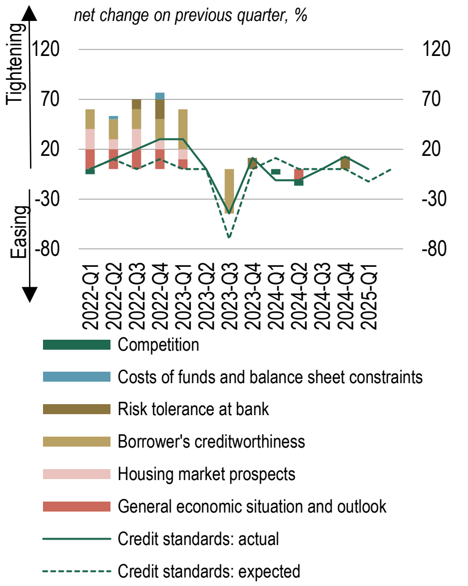
Changes in demand for loans to NFCs in the euro area and factors therein



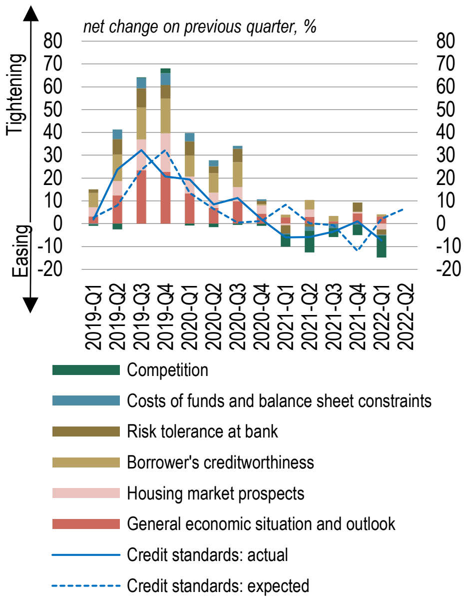
Note: Net percentages in questions about demand for loans are defined as the difference between the total percentage of banks answering “increased considerably” and “increased somewhat”, and the total percentage of banks answering “decreased considerably” and “decreased somewhat”. The same applies below. “Other financing needs” is the simple average of “mergers/acquisitions and corporate restructuring” and “debt refinancing/restructuring and renegotiation”; “Use of alternative finance” is the simple 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 11.12: **Changes in credit standards for housing loans and factors therein**

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

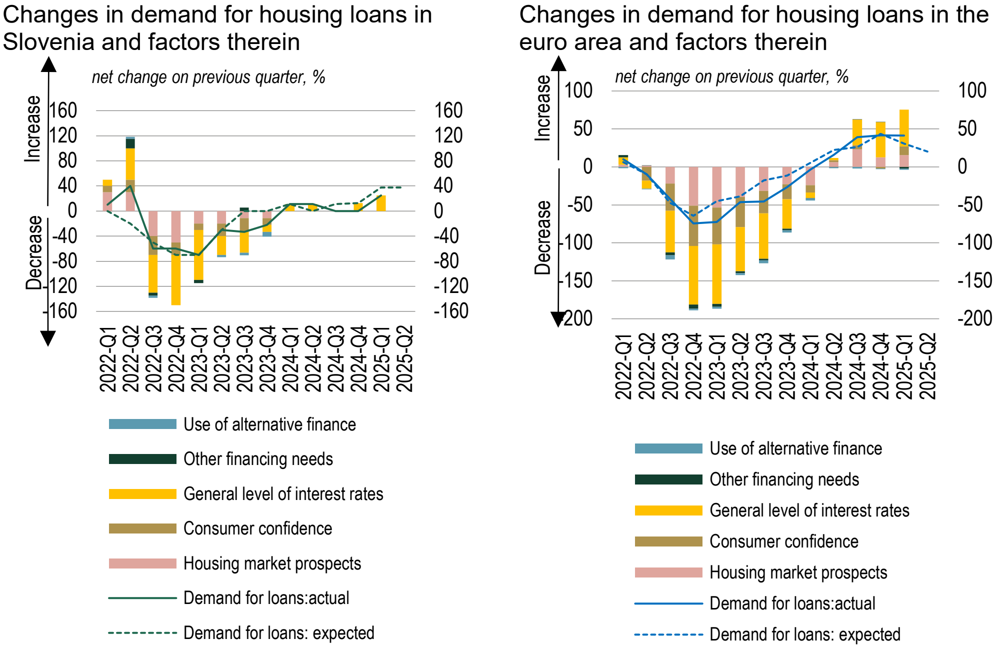


Changes in credit standards for housing loans in the euro area and factors therein



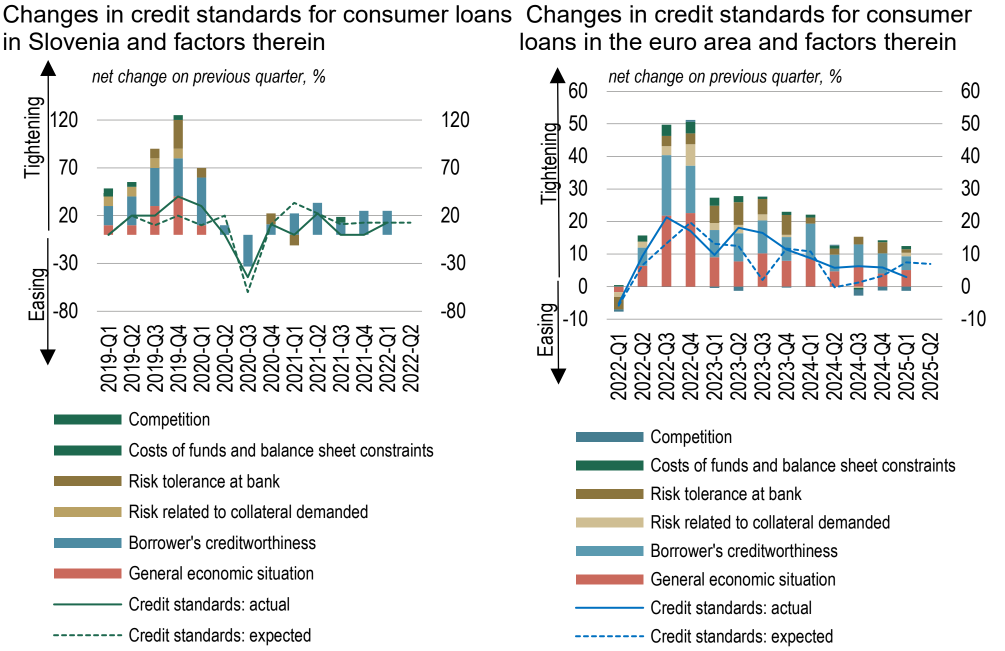
Note: “Cost of funds and balance sheet constraints” is the simple average of “banks’ capital and the costs related to banks’ capital position”, “access to market financing” and “liquidity position”; “Competition” is the simple average of “competition from other banks” and “competition from non-banks”.
Source: Banka Slovenije

Figure 11.13:**Changes in demand for housing loans 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

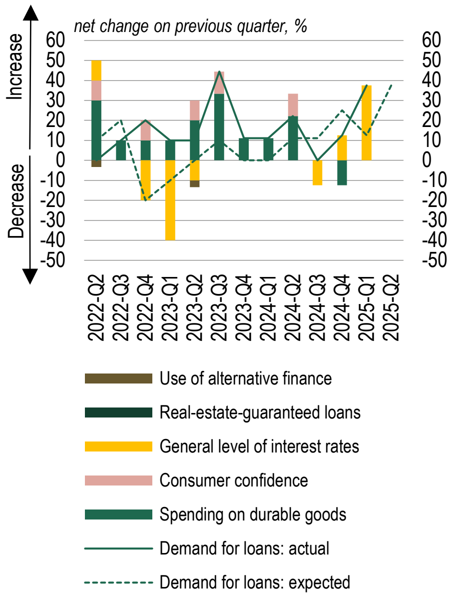
Figure 11.14:**Changes in credit standards for consumer loans and factors therein**



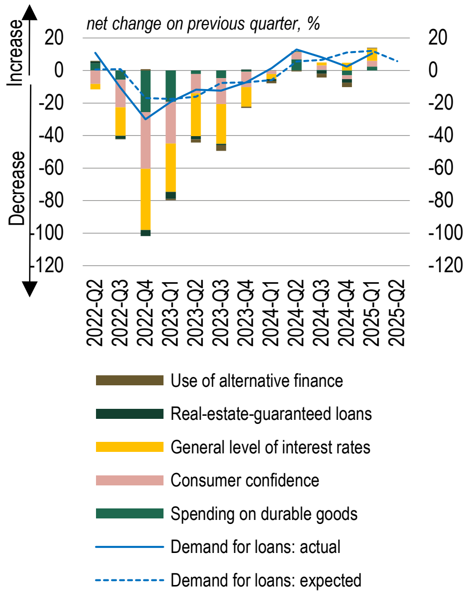
Note: “Cost of funds and balance sheet constraints” is the simple average of “banks’ capital and the costs related to banks’ capital position”, “access to market financing” and “liquidity position”; “Competition” is the simple average of “competition from other banks” and “competition from non-banks”.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

Figure 11.15 **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