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EVROSISTEM

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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/.

1 Summary

With interest rates still at high levels, and households and firms proving highly resilient, the solid economic activity and improving outlook are helping Slovenian banks to perform well again this year. Even before the first cut in the ECB's key interest rates, the banks slightly lowered their interest rates on loans to the non-banking sector. This slightly strengthened their current lending to the non-banking sector, which nevertheless remained relatively weak, with the exception of consumer loans, which have continued to increase. The spread between interest rates on bank assets and liabilities is allowing banks to generate high net interest income, which amid the solid growth in non-interest income is being reflected in high income. Profits and ROE remain high, despite the rise in operating costs caused by the introduction of the tax on total assets. Asset quality remains good, with record low NPE ratios. The banking system's capital and liquidity positions remain good.

Although outflows in all institutional sectors meant that the stock of deposits by the non-banking sector declined slightly over the first four months of this year, similarly to the same period last year, deposits remain a stable source of funding for Slovenian banks. A number of savers opted for Slovenian government bonds when the people's bond was issued in February, which was a major factor in the decline of approximately EUR 90 million in household deposits. Household deposits nevertheless account for a half of the balance sheet total on the liability side, and remain the main source of funding in the banking system. The slowdown in year-on-year growth in household deposits seen for almost a year came to an end this year, and April's rate of 2.3% continued to outpace the euro area average. In contrast to household deposits, year-on-year growth in deposits by non-financial corporations remained high but relatively volatile. The rate stood at 12.6% in April, well above the euro area average of 1.1%. The stock of deposits by non-financial corporations did decline slightly over the first four months of this year, similarly to the same period of the two previous years. Despite the broadly unchanged interest rates on deposits, and even a fall at certain banks, savers continued to opt in favour of fixing their savings. The share of fixed-term deposits thus increased slightly further, but sight deposits continue to make up the majority of deposits: in April they accounted for 82.4% of all household deposits, and 72.3% of all deposits by non-financial corporations.

Banks saw a slight increase in their stock of loans to the non-banking sector, households in particular, over the first four months of the year. Current lending was relatively weak, but year-on-year growth in loans to the non-banking sector rose to 0.7%, slightly outpacing the rate of 0.5% in the euro area overall. The largest increase (of EUR 226 million) was in the stock of household loans, the majority of which was driven by consumer loans, alongside a slight increase in housing loans. Loans to non-financial corporations and other financial institutions also increased over the first four months of the year (by EUR 57 million and EUR 34 million respectively), while loans to non-residents and the government sector declined (by EUR 50 million in total).

Consumer loans were the main driver of current household lending, which strengthened over the first four months of the year. The rise in interest rates meant that year-on-year growth in household loans was still declining until September of last year, but the rate had strengthened to 4.8% by April of this year, well above the rate in the euro area overall, which saw a decline in household loans (of 0.2%). Following the modification of the macroprudential restrictions on consumer lending, there was a notable increase in current consumer lending, while year-on-year growth in the stock of consumer loans increased sharply to hit 15.4% in April, compared with the euro area average of 3.3%. New housing loans increased slightly over the first four months of the year, and the number of housing loans also rose. Year-on-year growth in the stock of housing loans had increased from its lowest level in several years in November to 1.4% by April of this year, while the growth rate in the euro area overall slowed to 0.2%.

The year-on-year decline in loans to non-financial corporations strengthened again in April, although the loan stock increased slightly amid modest new lending over the first four months of this year. The year-on-year decline in loans was evident in most economic sectors, and in all corporate sizes, while in terms of purpose it was most evident in loans for working capital. The largest decline in loan stock was recorded by construction firms, but there were also declines in manufacturing, in wholesale and retail trade, and in transportation and storage, the three largest sectors in terms of bank exposure to non-financial corporations. Loans to finance working capital and loans for investment in construction declined in year-on-year terms, while there was an increase in loans to finance debt and loans for the purchase of commercial real estate. The year-on-year change of -5.3% was lower than the euro area average (-0.1%), and in the bottom quartile of all countries.

The bank asset quality remains good and stable. The NPE ratio has held at 1.0% for the last 12 months. There was no significant change in the share of Stage 2[1] exposures during 2023 and the first four months of 2024, amid minor monthly fluctuations. After rising in the final months of 2023, the NPE ratio in manufacturing stabilised in the early months of 2024. The asset quality indicators point to a slight deterioration in the consumer loans segment, where high growth in lending has been accompanied by higher reclassifications to Stage 2 and an increase in coverage by impairments. A trend of improvement has been evident this year in the sole traders segment, which previously had been notable for the size and dynamics of the two indicators over a lengthy period.

Gross income and net income in the banking system over the first four months of this year were up a third and a half respectively on the same period last year. This was attributable to the maintenance of high net interest, and positive growth in non-interest income. Net interest income, which accounts for almost three-quarters of the banks' gross income, over the first four months of the year was up a quarter on the same period last year, although its rate of growth is slowing, given that interest rates were still rising last year. Higher levels of interest rates still significantly contribute to the increase in net interest income, i.e. price effects on the asset side. Net non-interest income is recording moderate growth, while growth in operating costs continues to trail growth in income significantly, despite the rise in operating costs caused by the introduction of the tax on total assets.

Pre-tax profit over the first four months of the year was up more than a half (54.1%) on the same period last year. The increase in profit was primarily attributable to an increase in net income, net interest in particular, while net impairments and provisions remain small, accounting for just 2% of the disposal of gross income. Bank

[1] Under IFRS 9, banks classify financial assets measured at amortised cost or at fair value through other comprehensive income (equity) and off-balance-sheet exposures into three credit risk stages for the purpose of creating impairments and allowances.

Stages 1 and 2 consist of exposures that are not in default. Stage 2 consists of exposures where there has been a significant increase in credit risk since initial recognition.

Stage 3 consists of exposures in default.

For more, see the April 2022 issue of the Financial Stability Review, footnote 35.

profitability is only down slightly on last year's record level, and remains well above its average level.

The Slovenian banking system's capital position remains solid. The total capital ratio strengthened further over the first quarter of this year to end the period at 20.6%, while the CET1 ratio declined slightly to 17.7%. The rise in the total capital ratio is attributable to growth in regulatory capital outpacing growth in risk-weighted assets, largely as a result of an increase in Tier 2 capital instruments.[2] Credit risk was the largest factor in the increase in risk-weighted assets.

The liquidity of the banking system remained good. The liquidity coverage ratio (LCR), which illustrates the capacity to cover net liquidity outflows over a short-term stress period, had increased to a high 343% by April of this year. There was a slight deterioration in the net stable funding ratio (NSFR), which illustrates the capacity to finance liabilities over the longer term. Despite declining to 171%, the NSFR maintained a relatively large cushion above the regulatory requirement of 100%. After increasing last year, the stock of primary liquidity has declined by EUR 3.1 billion this year, with banks having redirected some of the liquid assets that they held in accounts at the central bank primarily into purchasing debt securities, thereby strengthening secondary liquidity.

[2] Instruments such as subordinated bonds must be issued in accordance with Article 63 of Regulation (EU) No 575/2013.

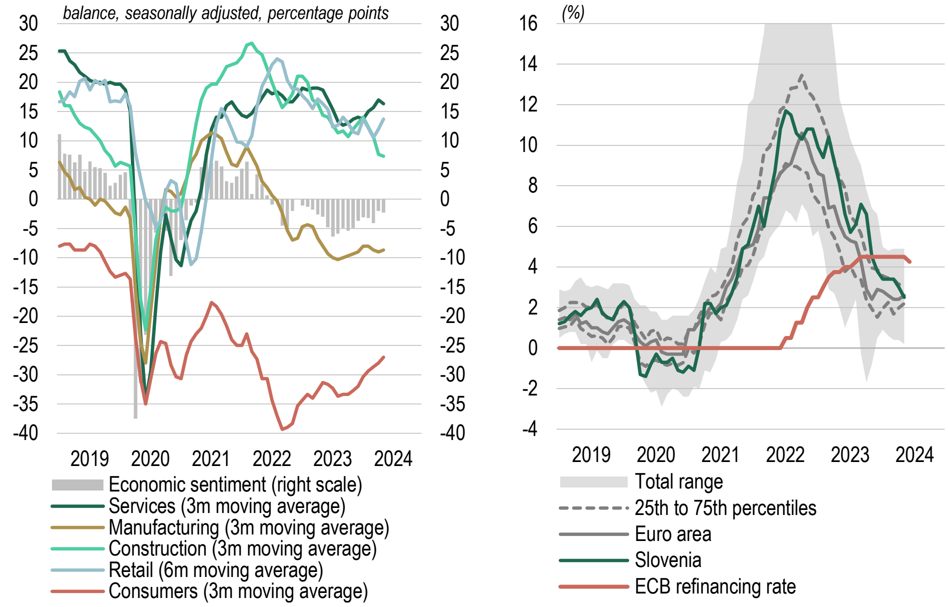
2 Macroeconomic Environment

Global economic activity was surprisingly robust during the disinflation period of 2022-2023, and grew consistently, with this year's economic trends remaining favourable. Employment and income have increased, which has been reflected in encouraging demand, via private consumption and public spending alike. Despite the significant rise in central bank interest rates, households in the major advanced economies showed great resilience, partly on account of their ability to draw on significant savings built up during the pandemic. As inflation draws closer to its target rate, central banks will gradually look to loosen monetary policy, but growth might in the future be adversely impacted by tightening fiscal policy aimed at curbing the high public debt via tax increases and public spending cuts.[3] According to the ECB's latest projections,[4] global economic growth (excluding the euro area) stood at 3.5% in 2023, and is forecast to slow to 3.3% this year and next year, and then to 3.2% in 2026, thereby remaining below its historical average levels.

After stagnating in the second half of 2023, economic activity in the euro area has been more encouraging this year, and the sentiment in the economy has been slightly better as well. Euro area GDP strengthened somewhat more significantly for the first time since the third quarter of 2022, and was up 0.3% on the previous quarter, and by 0.4% in year-on-year terms.[5] With the exception of services, the confidence indicators remain in the zone of contraction, while the PMI for this year strengthened notably in services, and also in manufacturing in May, but remained in the zone of contraction. The composite PMI moved into the zone of growth in March, and had strengthened further by May. Unemployment remains low and employment remains at a record high, while inflation (HICP) is continuing to fall, albeit slowly.[6] According to the ECB's latest projections,[7] euro area GDP growth is forecast to remain weak over the short term. It stood at 0.6% last year, and is forecast to strengthen to 0.9% this year, 1.4% in 2025 and 1.6% in 2026. While inflation (HICP) stood at 5.4% last year, it is forecast to slow to 2.5% this year, and then to 2.2% and 1.9% over the next two years. After a cycle of interest rate hikes, the Governing Council of the ECB lowered interest rates for the first time in June of this year, by 25 basis points. Future interest rate decisions will continue to be made on the basis of assessments of the inflation outlook in light of incoming economic and financial data, the dynamics in core inflation, and the strength of monetary policy transmission.

[3] IMF, April 2024.
[4] ECB, June 2024.
[5] The figures are seasonally adjusted and calendar-adjusted.
[6] It rose again in May, to 2.6%.
[7] ECB, June 2024.

Figure 1: **Confidence indicators and inflation**



Note: The confidence indicators in the left chart are illustrated as three- or six-month moving averages (other than the economic sentiment indicator), in the form of an average balance, where the balance is the difference between the proportions of positive answers and negative answers. The highest inflation rates (the grey band, which illustrates the full range of the distribution) are not visible in the right chart.
Sources: SORS, Eurostat, ECB, Banka Slovenije calculations

GDP in Slovenia stagnated in the first quarter, but the sentiment in the economy improved over the first five months of the year, and the economic indicators for the current quarter are also presenting a more favourable picture. GDP was up 2.1% in year-on-year terms, driven largely by government consumption and private consumption. Confidence remained high in retail and services over the first five months of the year, while there was also a sustained rise in consumer confidence, which traditionally lies in negative territory. Amid slowing inflation and real growth in incomes, and given the robustness of the labour market, this reflects the solid financial position of households. By contrast, construction confidence deteriorated significantly, while the persistent uncertainty of the economic situation and the very low demand are keeping manufacturing confidence in negative territory. Meanwhile the nowcasts for the second quarter based on a limited set of available indicators are suggesting growth of approximately 1%. After stagnating in the first quarter, headline inflation fell to 2.5% in May, thus dipping slightly below the euro area average (2.6%). Core inflation[8] also slowed notably, to 3.0%. According to our latest projections, growth in the Slovenian economy stood at 1.6% last year, and is forecast to increase to 2.5% this year, 2.6% next year and 2.8% in 2026.[9]

The European and Slovenian banking sectors are continuing to record high profitability, with strong indicators of solvency, liquidity and credit quality. Despite a rising trend in bankruptcies, which hit a new record low during the pandemic, asset quality at European banks remains at a solid level, and non-performing loans remain low. Given the rise in interest rates, there is an expectation that the quality of bank assets might deteriorate somewhat further in the future, but European banks are in a good position to withstand such a deterioration. Bank lending activity remains weak, and financing costs for businesses and households have already fallen slightly, on account of expectations of monetary policy loosening, which came to pass in June. The

[8] HICP excluding energy, food, alcohol and tobacco.
[9] June 2024 issue of the Review of macroeconomic developments and projections.

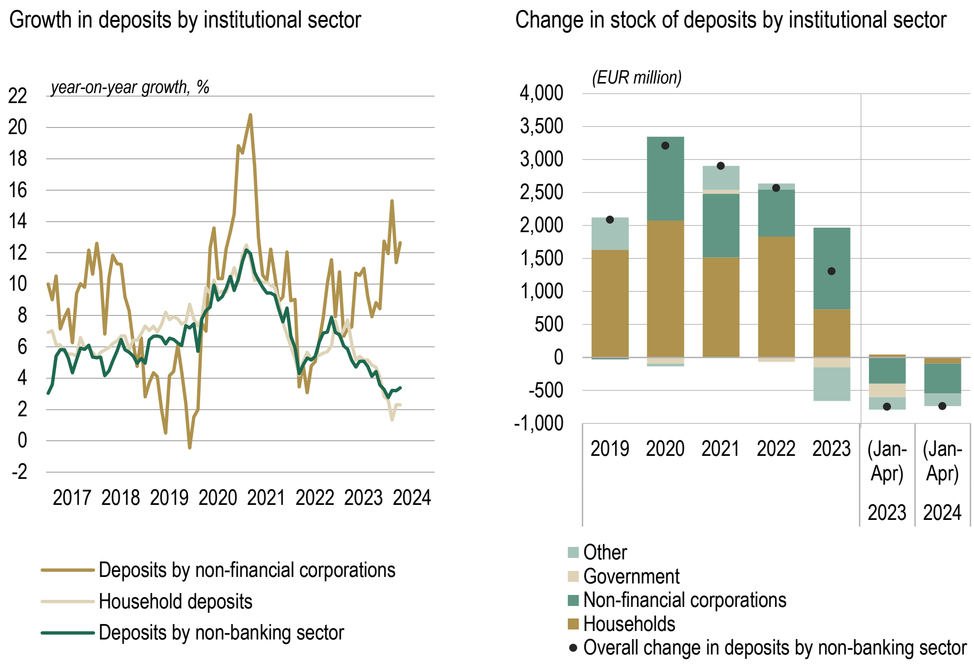
latest ECB survey data on bank lending in the euro area for the first quarter of this year[10] shows a decline in demand, which is primarily attributable to the high interest rates, and a decline in gross fixed capital formation. Demand for housing loans also declined slightly, while demand for consumer loans and other household loans remained mostly unchanged. Banks reported a further slight tightening of credit standards for corporate loans, with risk perception at banks the main driver in this. In the household segment credit standards were further tightened for consumer loans, and moderately relaxed for housing loans. The higher interest rates continued to have a beneficial impact on bank performance and on profitability indicators via increased net interest income, although these developments can be expected to tail off as higher financing costs take effect.

[10] Bank Lending Survey, Q1 2024. For more on the results for Slovenia, see Section 10.

3 Bank Funding

Deposits by the non-banking sector declined slightly over the first four months of this year, similarly to the same period last year, but still account for 76.8% of the balance sheet total on the liability side and remain the stable and principal source of funding for the Slovenian banking system. Outflows of deposits in all institutional sectors saw the stock of deposits by the non-banking sector decline by EUR 736 million over the first four months of the year, a similar figure to the same period last year, to leave it at EUR 40.3 billion. After slowing for more than a year, year-on-year growth in deposits has been slightly on the increase since January of this year, reaching 3.4% in April. Given the large stock of liquid assets and deposits by the non-banking sector, the banks had no major need to obtain funding from other sources. One bank issued debt securities, primarily for the purpose of meeting its MREL requirements, while several banks borrowed to a small extent from banks in the rest of the world. Although this slightly increased wholesale funding, its share of the balance sheet total on the liability side remains relatively small at 9.2%.

Figure 2: **Trends in deposits by the non-banking sector**



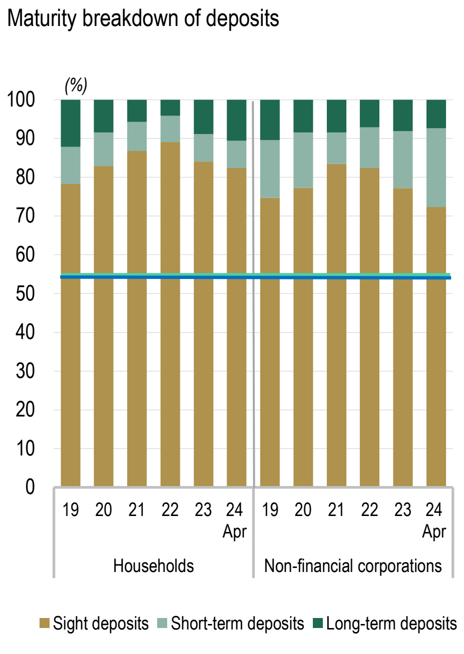
Source: Banka Slovenije

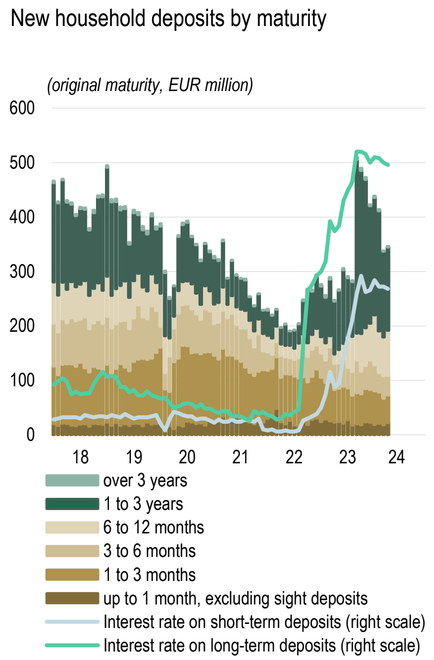
Despite declining slightly to EUR 26.4 billion, household deposits still accounted for half of the banking system's balance sheet total on the liability side in April. The stock declined by EUR 91 million over the first four months of this year, primarily as a result of net withdrawals in the amount of EUR 258 million in February during the issuance of the people's bond in Slovenia, which numerous savers purchased as an alternative investment to low-yielding bank deposits. After slowing for almost a year, year-on-year growth in household deposits stood at 1.3% in February of this year, its lowest figure of the last decade, but the rate had risen to 2.3% by April. It thus remains slightly above the euro area average rate (1.8%), which has been rising since November of last year, following several years of decline. Moderate growth in household deposits can also be expected in the Slovenian banking system over the remainder of the year. A favourable impact will come in the second quarter from the payment of annual leave allowance, which will then be followed by a summer that is less favourable for growth in household deposits.

After rising without interruption in the second half of last year, deposits by non-financial corporations declined over the first four months of this year. Their stock was down EUR 455 million, a similar outflow having been seen in the same period of the two previous years. Despite the decline, non-financial corporations still hold EUR 10.5 billion of savings at banks, which they can use for current operations or direct into investment. Year-on-year growth in deposits by non-financial corporations, which is usually relatively volatile, stood at a high 12.6% in April, well above the euro area average (1.1%).

Although the rise in interest rates on deposits has stalled, and some banks have even slightly reduced rates, fixed-term deposits have gradually increased. Households have mainly fixed their savings for periods of one to three years, while short-term fixes have been less popular on account of the significantly lower interest rates. In contrast to households, non-financial corporations have been more inclined towards short-term fixes, given the smaller spread between interest rates on short-term and long-term deposits. At the same time shorter-term fixing of their assets allows for quicker availability of their savings should they be needed for the business. Despite increasing, the share of fixed-term deposits remains small, with sight deposits still accounting for the majority of total deposits. They accounted for 82.4% of total household deposits and 72.3% of total deposits by non-financial corporations in April, both figures remaining well above their long-term averages.[11] Similarly to other euro area countries, interest rates on fixed-term deposits in Slovenia were broadly unchanged over the early months of this year or declined slightly, and were still below the euro area average. The trend of decline in the share of sight deposits is therefore likely to be relatively slow in the future, and might even come to a halt should interest rates on deposits fall further.

Figure 3: **Change in maturity breakdown of deposits**





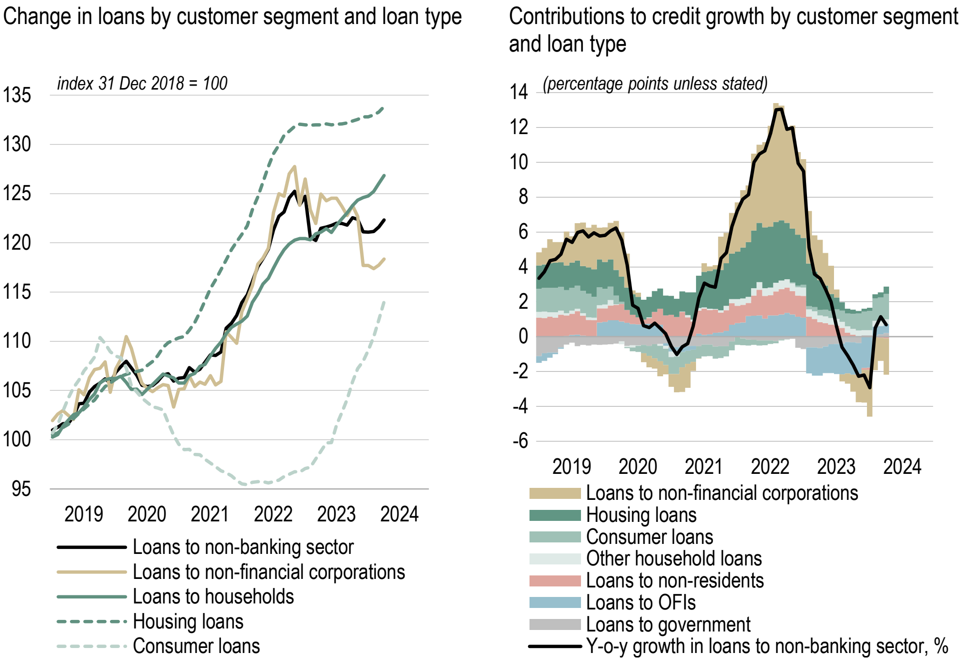
Note: The horizontal lines in the left chart denote the average share of sight deposits between 2000 and April 2024, which stood at 54.1% in the household segment (green line) and 53.1% in the non-financial corporations segment (blue line).
Source: Banka Slovenije

[11] The average shares of sight deposits are calculated for the period of January 2000 to April 2024, and amounted to 54.1% for household deposits and 53.1% for deposits by non-financial corporations.

4 Bank Assets

Banks saw an increase in the stock of loans to the non-banking sector, households in particular, over the first four months of the year. The stock of loans to the non-banking sector was up EUR 265 million on the end of 2023, compared with a decline of EUR 526 million in the same period last year. The share of the banks' total assets that they account for increased by 1 percentage point relative to the end of 2023 to reach 51.8%. Year-on-year growth in loans to the non-banking sector slowed sharply last year, and its rate of -2.9% in January this year was the lowest figure since 2016. By April it had recovered to 0.7%, slightly outpacing the euro area average (0.5%). Current lending was weak over the first four months of the year; February's uptick in growth and re-entry into positive territory reflected the very low base during the sale of a leasing company and the repayment of its bank loans in February of last year. Banks were most active in lending to households, whose loan stock increased by EUR 226 million over the first four months of this year (compared with EUR 64 million in the same period last year). Consumer loans accounted for the majority of the increase (EUR 156 million), but the stock of housing loans also increased (by EUR 64 million). Loans to non-financial corporations and other financial institutions increased moderately (by EUR 57 million and EUR 34 million respectively), while loans to non-residents and the government sector declined. The largest increase among other assets was recorded by securities holdings, whose rise of EUR 2.1 billion was driven by the appeal of higher returns and the expectation of future cuts in interest rates, while the largest decline was in highly liquid assets[12] (EUR 3.1 billion). Loans to banks and the central bank increased by EUR 229 million, while other financial assets classed as loans and receivables declined by EUR 28 million, and holdings in subsidiaries, joint ventures and associates remained unchanged.

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

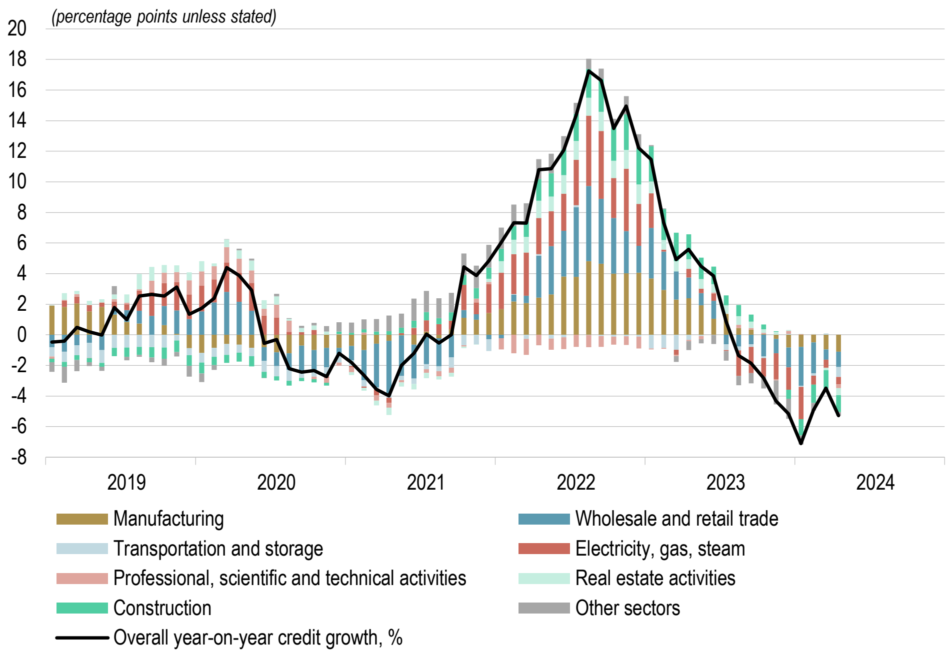


Note: OFIs: other financial institutions. The pronounced negative contribution by loans to OFIs between February 2023 and January 2024 in the right chart is related to the sale of a leasing company.
Source: Banka Slovenije

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

The stock of loans to non-financial corporations increased only slightly over the first four months of the year, and was down 5.3% on April of last year, while loans to non-financial corporations in the euro area overall were broadly unchanged. The majority of economic sectors in Slovenia saw a year-on-year contraction in loans. The stock of loans to construction firms, which accounted for 6% of total exposure to non-financial corporations in April, declined from one of the highest levels in recent years, while the largest increase was recorded by water supply, sewerage and waste management activities, and by public services (which together accounted for 3.8% of total exposure to non-financial corporations). There was also a decline in loan stock in the three largest economic sectors, namely manufacturing, wholesale and retail trade, and transportation and storage (59% of total exposure to non-financial corporations). Since the large decline in the stock of loans to firms in the electricity, gas, steam and air conditioning supply activities in early 2023 after the conditions on the energy markets eased, loans to firms in these activities have been relatively stable, and declined slightly over the first four months of the year. The contributions to aggregate year-on-year growth in loans to non-financial corporations by individual sectors were mostly negative, while given their small share of total exposure to non-financial corporations, the activities of water supply, sewerage and waste management and public services only made an insignificant positive contribution.

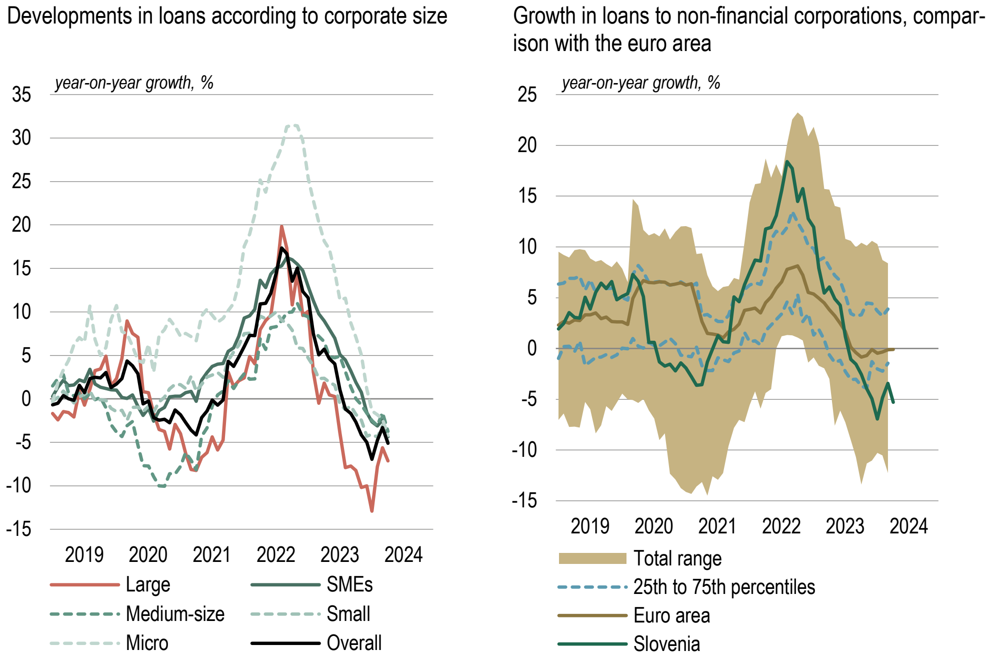
Figure 5: **Contributions to credit growth by economic sector**



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

Current lending to non-financial corporations was weak over the first four months of the year, and new loans to non-financial corporations over the period were well down on the same period last year. In April loans to non-financial corporations were down in year-on-year terms for all corporate sizes. Given the low base from a year earlier, when a number of large enterprises made significant loan repayments as prices on energy markets eased, the year-on-year decline at large enterprises slowed in February of this year, and remained broadly unchanged over the next two months. Loans to micro enterprises also swung from year-on-year growth to contraction this year, having recorded growth in excess of 30% in late 2022. The stock of loans to SMEs was also down in year-on-year terms. Loans to finance working capital, which accounted for approximately 29% of all loans to non-financial corporations in April, have declined notably from their highest levels in the final quarter of 2022, while the stock of loans for investment in construction (15% of all loans to non-financial corporations) was also down in year-on-year terms. Meanwhile loans to finance debt and loans to purchase commercial real estate (which accounted for 12% and 7% of all loans to non-financial corporations respectively) increased in year-on-year terms. Interest rates on new fixed-rate loans to non-financial corporations, which have accounted for just under a third of total loans to non-financial corporations on average this year, stagnated last year to average between 5% and 6%, but had fallen to below 5% by February of this year. After peaking in the final quarter of last year, interest rates on variable-rate loans have also stagnated at around 5.5%. Both rates were slightly higher than the euro area average rates in April.

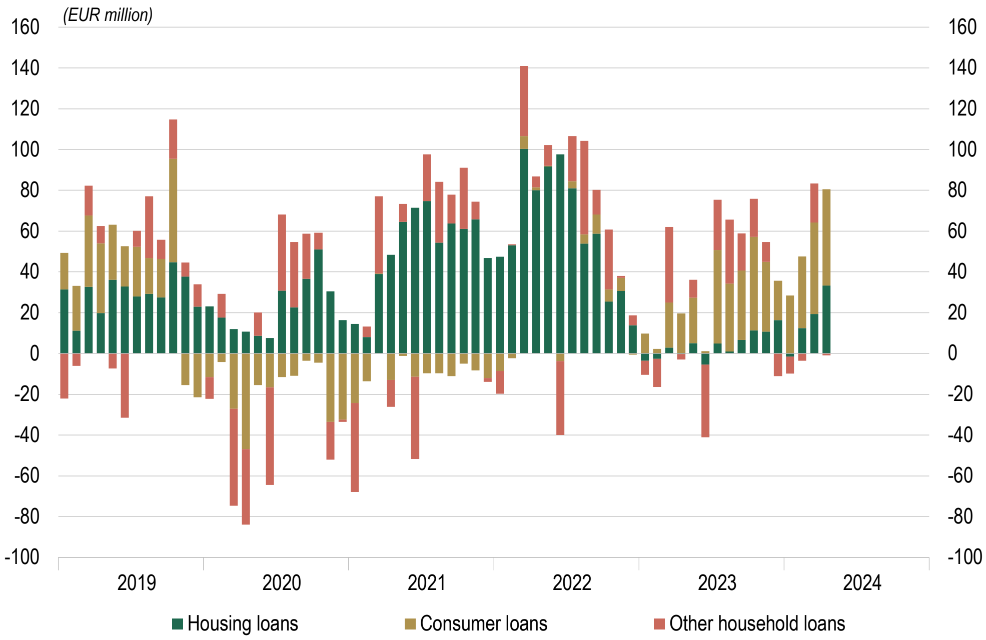
Figure 6: **Lending to non-financial corporations**



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

Current household lending strengthened over the first four months of the year, with consumer loans prevalent among new loans. Year-on-year growth in household loans bottomed out at 3.2% in September of last year following the rise in interest rates, then rose again, reaching 4.8% in April of this year. This has seen Slovenia move into the quartile of euro area countries with the highest rates of growth, while the stock of household loans in the euro area overall was down 0.2% in year-on-year terms. Consumer loans strengthened in particular, the modified macroprudential restrictions on consumer lending bringing an increase in monthly new loans when they entered into force in July of last year, compared with the period before the modification. The stock of consumer loans increased by EUR 156 million over the first four months of this year (compared with EUR 54 million in the same period last year), the year-on-year rate of growth strengthening sharply to 15.4% in April, well above the euro area average of 3.3%, which has risen moderately this year. Fixed-rate loans continue to account for almost all new consumer loans. After stabilising at around 6.7% last year, the average fixed interest rate had declined to 6.5% by April. This was significantly less than the rate of 7.9% in the euro area overall, which might well be a factor in the higher growth in consumer loans in Slovenia. The monthly average of new housing loans was stable in 2023 and down considerably on the two previous years, but increased slightly over the first four months of this year, with their number increasing as well. The stock of housing loans thereby increased by EUR 64 million over the first four months of the year (compared with a decline of EUR 3 million in the same period last year). After reaching 0.5% in November of last year, its lowest level in several years, year-on-year growth in housing loans had risen to 1.4% by April of this year. This widened the gap with the average growth rate in the euro area, where the stock of housing loans was down 0.2% in year-on-year terms. Fixed-rate loans remained prevalent in new housing loans. The rates had been stable at 4.0% in 2023, but had fallen to 3.7% by April of this year, being slightly higher than the euro area average (3.6%).

Figure 7: **Household lending: change in stocks**



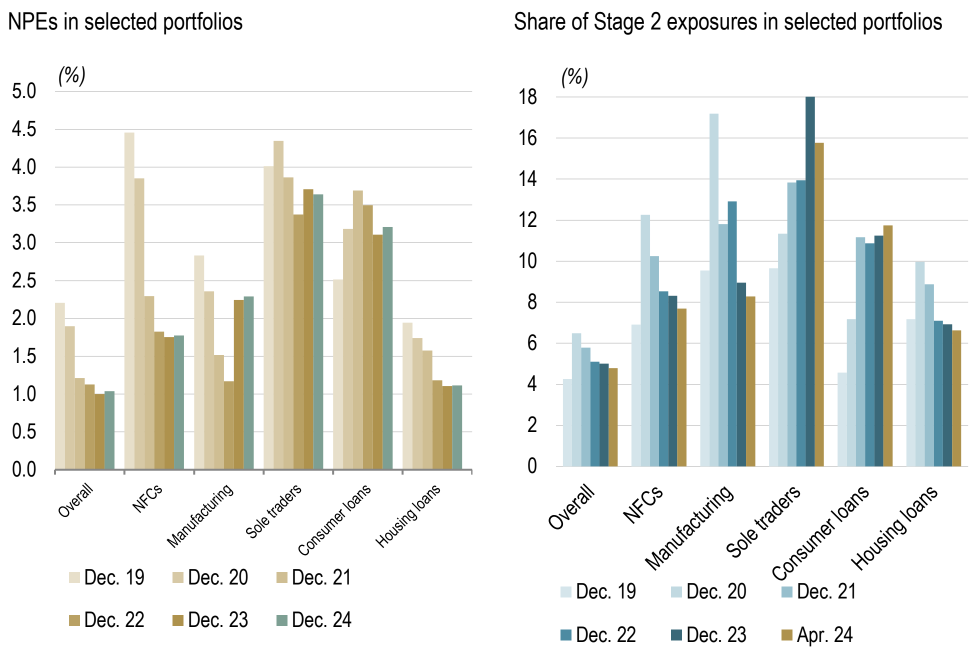
Note: Other household loans comprise overdrafts and credit limits, payment and credit cards, other business loans, and other loans.
Source: Banka Slovenije

5 Bank Asset Quality

The NPE ratio in the total portfolio has held at 1.0% since April 2023. The stock of NPEs has slightly increased in recent months, but at EUR 604 million it has merely reached just over half of the banking system's profits in 2023. The NPEs burden was significantly larger in previous years: the ratio of the stock of NPEs to annual profit stood at 1.1 in 2021 and 2022, and averaged 2.3 between 2018 and 2020. After rising by 0.2 percentage points in the final quarter of 2023, the NPE ratio in the NFCs portfolio has stabilised at 1.8% in 2024. After rising for one year, the NPE ratio in the sole traders portfolio has begun to fall over the last two months, while the OFIs portfolio has also seen a decline in the NPE ratio.

The largest factor in the increase in NPEs in the NFCs portfolio was the deterioration in asset quality in manufacturing, which came to a halt after January. The stock of NPEs in manufacturing more than doubled between September and December as a result of the reclassification of a small number of corporate claims as non-performing, raising the NPE ratio from 1.0% to 2.2%. The NPE ratio then stabilised at 2.3% in February. The latest data showing growth in value-added in the final quarter of 2023 and the first quarter of 2024 and increased expectations in manufacturing provide a basis for judging the deterioration in this part of the portfolio to be temporary in nature. In other sectors in the NFCs segment, there were slight deteriorations in the NPE ratios in construction (0.2 percentage points) and professional, scientific and technical activities (0.1 percentage points), while last year's trend of improvement in accommodation and food service activities continued over the first four months of this year.

Figure 8: **NPE ratios and share of Stage 2 exposures**



Source: Banka Slovenije

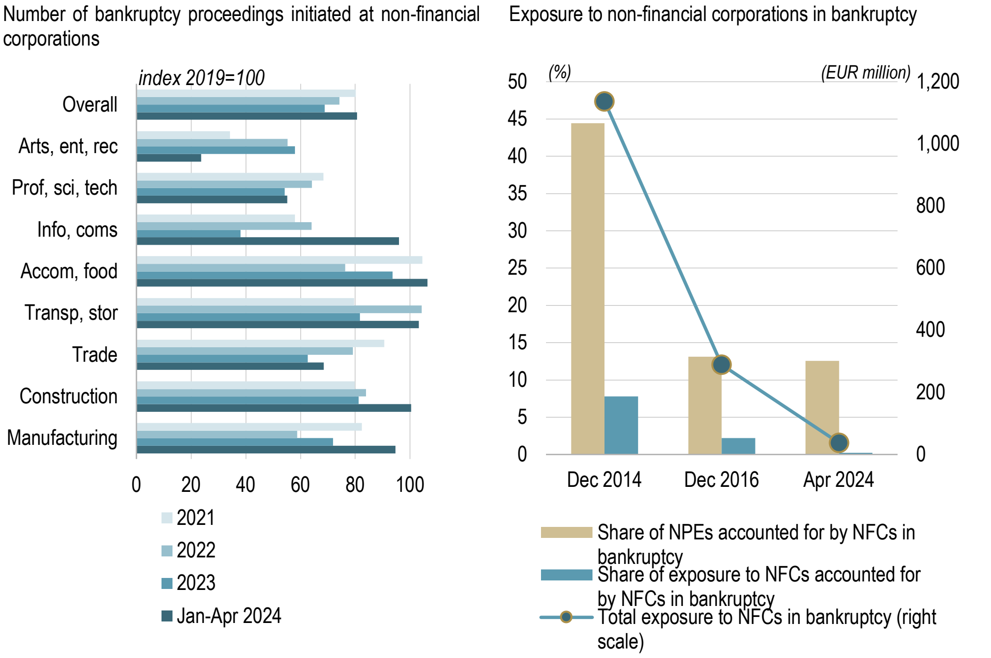
In the wake of the rapid growth in consumer lending, the asset quality indicators in this segment of the portfolio deteriorated slightly. The stock of NPEs has increased by 14% since October of last year, although the simultaneous high growth in consumer loans means that the NPE ratio has increased by less over the same period (by just 0.1 percentage points to 3.2%). The NPE ratio in the housing loans portfolio has remained stable at 1.1% for 14 months now, as growth in housing loans has slowed significantly.

The banking system's exposure to firms in bankruptcy remains extremely low, and has not deteriorated, despite a rise in the number of bankruptcy proceedings initiated. After falling for several years, the number of new bankruptcy proceedings began rising in the final quarter of 2023 in certain sectors (accommodation and food service activities and arts, entertainment and recreation), and in the early months of this year in most other sectors. This year's monthly average number of bankruptcy proceedings in accommodation and food service activities and in arts, entertainment and recreation has overtaken the average from 2019. The banking system's exposure to firms in bankruptcy nevertheless remained low. Firms in bankruptcy account for just 0.2% of exposure to NFCs, compared with a figure of 7.8% during the time of bank recovery and resolution, even after the transfer of non-performing claims to the BAMC. Firms in bankruptcy account for 12.6% of total NPEs to NFCs, compared with a figure of 44.4% immediately after the time of bank recovery and resolution.

The stock of Stage 2 exposures is gradually declining. The share of Stage 2 exposures declined slightly over the first four months of this year to reach 4.8%, at the level of last year's average figure. A trend of decline has been evident in the NFCs portfolio ever since 2021, where the key factor in the last year has been the reclassification of exposures from Stage 2 to Stage 1 at firms in accommodation and food service activities and in arts, entertainment and recreation. These sectors accounted for almost a quarter of total Stage 2 exposures in the NFCs portfolio in mid-2021, but by April of this year their share had fallen to just 11.4%. The share of Stage 2 exposures also declined this year for the first time in the sole traders portfolio, which is notable among customer segments for its high figure according to this measure (15.8%) and its NPE ratio (3.6%).

The increase in the share of Stage 2 exposures in the consumer loans portfolio is an additional warning of the increased credit risk that accompanies the rapid rise in loans of this type. The share of Stage 2 exposures reached 11.7% in April, the highest figure since measurement began. In the wake of the increased reclassification of exposures to Stage 2, over the last two years the banks have also increased coverage by impairments for Stage 2 exposures, which at 7.6% is now the highest of all portfolio segments.

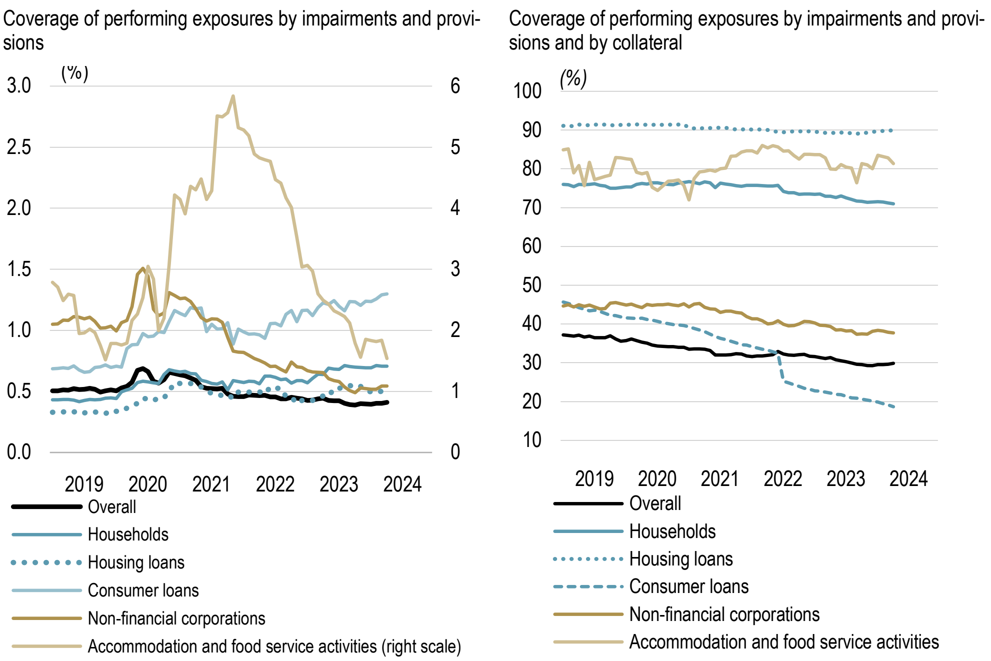
Figure 9: **Non-financial corporations in bankruptcy**



Note: The indices for Jan-Apr 2024 are calculated from the monthly averages for the number of bankruptcy proceedings initiated.
Sources: Banka Slovenije, Supreme Court

Coverage of NPEs by impairments and provisions remains high, while coverage of performing exposures improved slightly. Coverage of NPEs is up slightly on last December at 57.9%, which is unchanged from its average monthly level in 2023. Coverage of performing exposures reached 0.41% in April, having fluctuated between 0.39% and 0.40% since the second half of last year. The largest factor in the rise was the aforementioned increase in coverage of performing consumer loans, which reached 1.3% in April. Low coverage by collateral means that the consumer loans portfolio has one of the lowest rates of overall coverage by impairments and collateral at just 18.7%, while overall coverage in the housing loans portfolio stands at 89.9%.

Figure 10: **Coverage by impairments and provisions and by collateral**



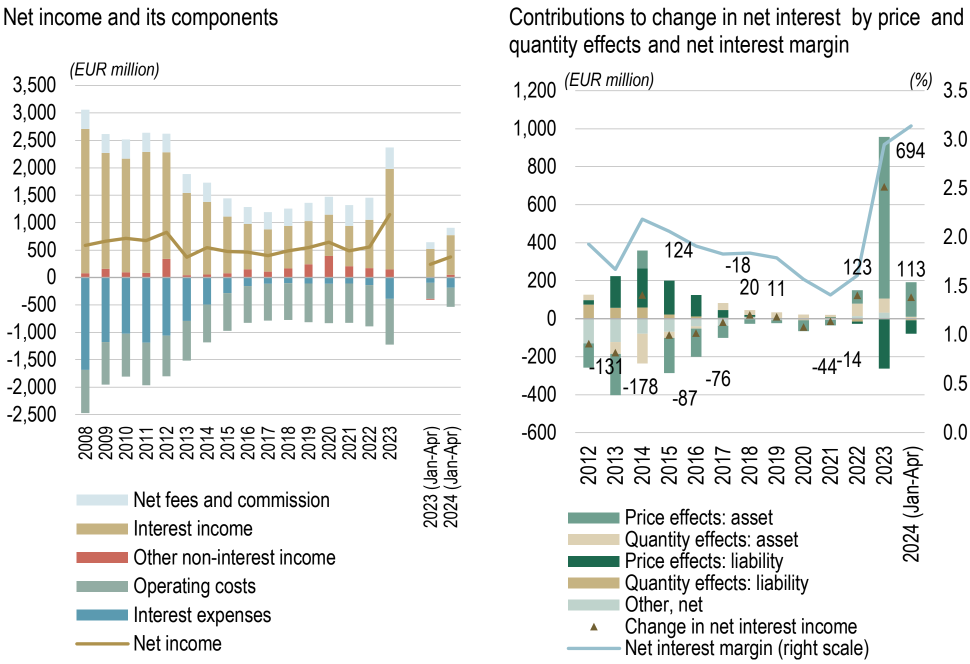
Source: Banka Slovenije

6 Bank Income Generation

The Slovenian banking system's income over the first four months of this year was up a third on the same period last year. The risks to income generation diminished last year as interest rates rose. Currently the banks are generating just over EUR 0.5 billion of gross income each quarter from net interest and net non-interest income, comparable to the EUR 2 billion of income generated in 2023. Net interest income this year is still up more than a quarter on the same period last year, on account of this year's higher level of interest rates on the asset side of the balance sheet compared with the same period last year. Meanwhile growth in net interest income is also positive. Gross income over the first four months of the year was up 34.5% in year-on-year terms, while net income was up 54.1%.

Net interest income has increased by 26.7% this year, although the rate is slowing as expected, with the rise in interest rates having come to an end in the final quarter of last year. Interest rates nevertheless remain well above those seen in the same period last year, particularly on the asset side. The year-on-year increase in net interest in the first third of 2024 was driven by the price effects on the asset side prevailing over those on the liability side. The quantity effects, particularly those from loans, were minimal last year, and this year have actually turned slightly negative in the wake of the year-on-year decline in loans. The net interest margin is still displaying a trend of increase, rising to 3.14% in April measured over the preceding 12 months, with growth in net interest still significantly outpacing growth in interest-bearing assets. Year-on-year growth in net interest income will slow further over the following months, although the additional slowdown will depend on the dynamics of the ECB's interest rate cuts and the resulting interest rates on the financial markets.

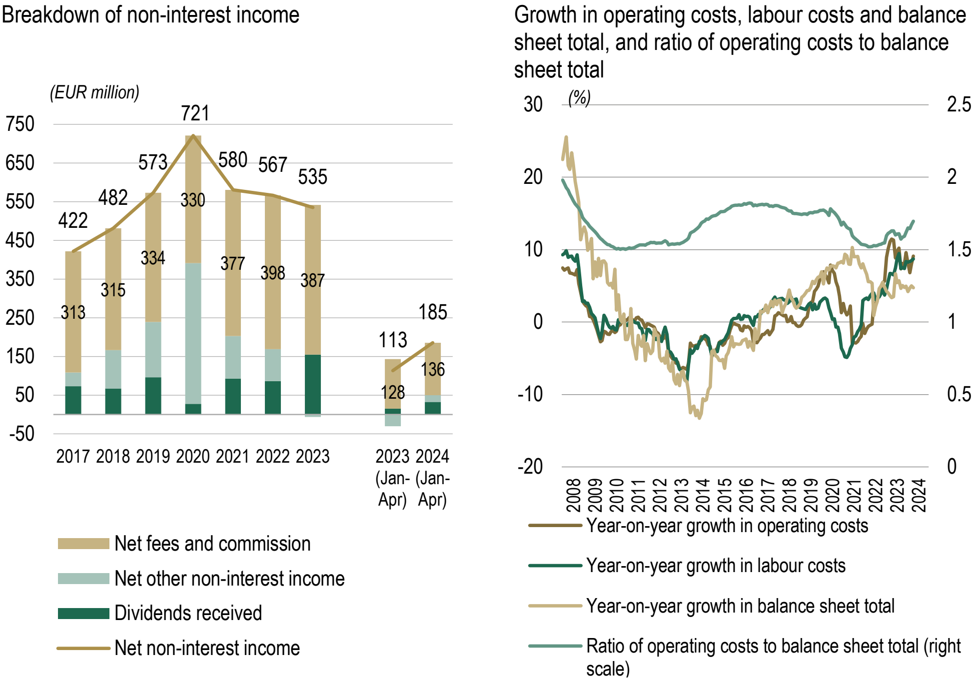
Figure 11: **Net income, and contributions to change in net interest by price and quantity effects and net interest margin**



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

The banking system's net non-interest income is increasing this year. The sharp year-on-year increase in net non-interest income is attributable above all to the effect of the sale of a leasing company at one of the major banks in February of last year, which brought a decline in net non-interest income at that time, but even excluding this effect this year's rate of growth would still be good at 12.8%. Net fees and commission have also increased this year, by 6.4% in year-on-year terms, outpacing growth in the average balance sheet total. The net commission margin increased by a fraction to 0.76%. The banks are thus maintaining the net commission margin at a relatively stable level. In the expectation of a gradual fall in interest rates and a slowdown in growth in net interest, the banks have begun giving greater attention once again to non-interest income.

Figure 12: **Net non-interest income and operating costs**



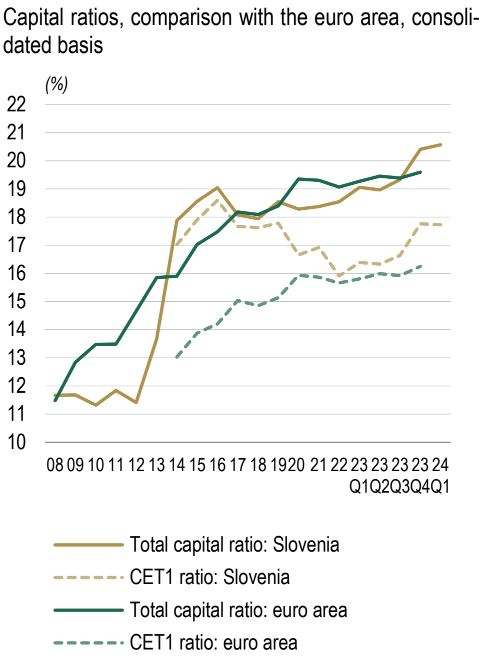
Note: The ratio of operating costs to the balance sheet total is calculated over the preceding 12 months on each occasion.
Source: Banka Slovenije

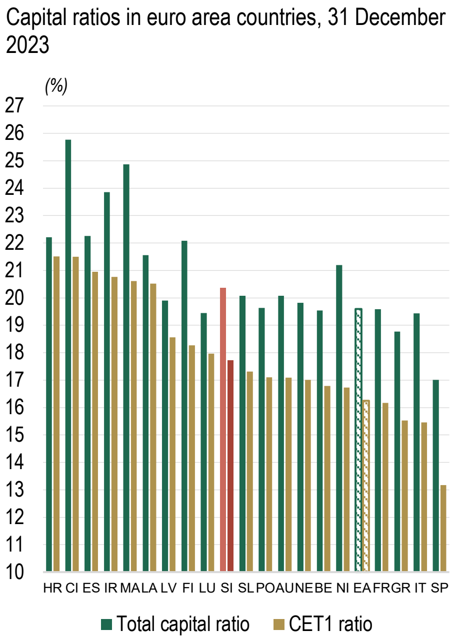
Growth in operating costs in the banking system has increased this year as a result of the introduction of the tax on total assets, but is still being significantly outpaced by growth in gross income. Operating costs over the first four months of the year were up 17.4% in year-on-year terms, as labour costs rose by 11.3%, which raised the ratio of operating costs to the balance sheet total (measured over the preceding 12 months) to 1.69%. The CIR (i.e. the ratio of operating costs to gross income) stood at 48.3% this year (compared with 55.3% in the same period last year, and 42% in the whole of 2023). The CIR can be expected to gradually rise, to be more comparable with its long-term values.

7 Capital Adequacy, Profitability and Liquidity in the Banking System

The capital adequacy ratios remained at high levels in the first quarter of this year, reinforcing the good solvency of the Slovenian banking system. The total capital ratio on a consolidated basis increased by 0.2 percentage points over the first quarter to 20.6%, while the common equity Tier 1 capital (CET1) ratio declined slightly by 0.1 percentage points to 17.7%.[13] The increase in the total capital ratio was attributable to growth in regulatory capital (2.2%) outpacing growth in risk-weighted assets (1.4%). The growth in regulatory capital was largely driven by the issuance of Tier 2 instruments and by CET1 capital components, including retained earnings and reserves, and a decline in the negative effects of accumulated comprehensive income. The largest factor in the rise in risk-weighted assets in the first quarter of this year was credit risk associated with the increase in exposure to households, to other banks and to corporates, while there was virtually no increase in exposures secured by real estate. Risk-weighted assets for operational risk also increased, albeit by significantly less than in the latter part of last year. Compared to the euro area, for which the latest data is from the end of 2023, the total capital ratio and the CET1 ratio of the Slovenian banking system at the end of the first quarter of 2024 were above the euro area averages[14] of 19.6% and 16.2%.

Figure 13: **Capital ratios, comparison with euro area**





Sources: Banka Slovenije, ECB Data Portal, own calculations

[13] The Slovenian banking system's total capital ratio on an individual basis increased by 0.1 percentage points in the first quarter to 22.2%, while the CET1 ratio declined by 0.1 percentage points to 18.8%.
[14] Weighted average.

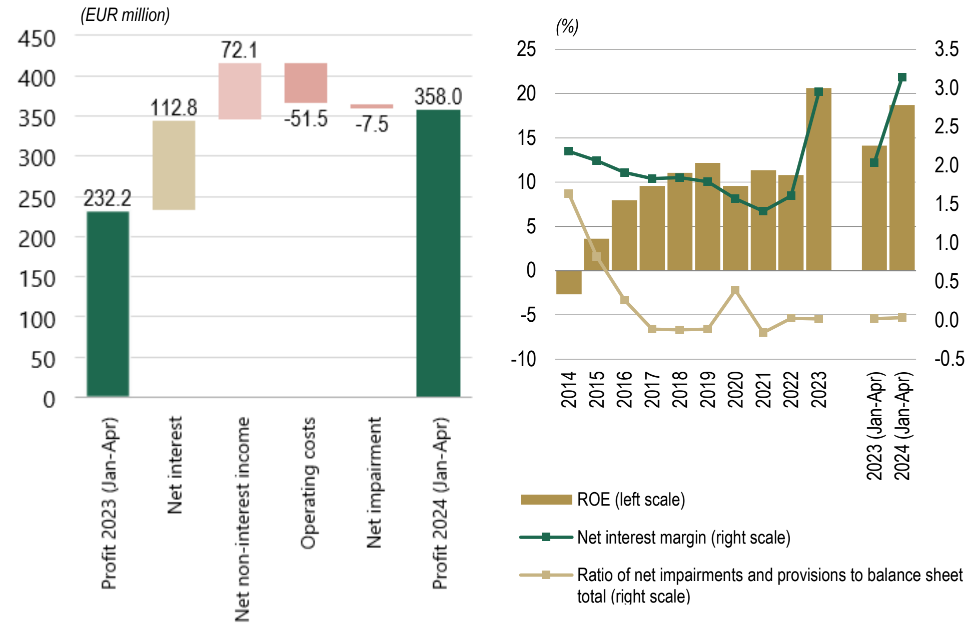
The banks saw their surpluses over their overall capital requirements increase significantly over the course of last year. Their high profits were allocated in part to retained earnings and reserves. Solvency is expected to strengthen further in the second half of the year on the basis of the good current performance. The banks must be prudent in utilising their current high profits to further strengthen capital adequacy, as it is difficult to expect them to achieve performance at this level over a longer timeframe. Our expectation is that the capital ratios at system level will be reduced by the announced purchase of the leasing company that was sold off in 2023. The return of this portfolio to the banking system is expected to reduce the capital ratios by 0.5 percentage points (*ceteris paribus*). The differences in the banks' capital surpluses mean that there remain differences in their ability to absorb the negative effects of the realisation of systemic risks.

The banks generated a pre-tax profit of EUR 358 million over the first four months of this year, up 54% on the same period last year. The increase of EUR 125 million was primarily attributable to an increase in net income (in the amount of EUR 133 million). Net interest income was the main factor in that increase, but a one-off factor in non-interest income at one of the major banks also had a significant impact. Excluding this impact, the year-on-year increase in profit would have been smaller, but would still amount to more than a quarter. Net impairments and provisions have increased this year, but are still low, accounting for just 2.1% of the disposal of gross income. The banks have created net impairments and provisions of EUR 15 million this year, compared with EUR 7.6 million in the whole of last year. Pre-tax ROE stands at 18.7%, up on the same period last year (14.1%), but slightly below the level recorded across the whole of 2023 (20.6%).

Figure 14: **Changes in components of profit and selected bank performance indicators**

Change in components of profit, Jan-Apr 2024 compared to Jan-Apr 2023

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 expectation is for profitability to be maintained at levels comparable to last year, at least in the first half of this year. Income generation from net interest and from non-interest items is currently relatively stable and unchanged. With interest rates on assets still high, net interest income in recent months has been almost entirely comparable to that seen towards the end of last year. Another factor that remains significant in the generation of interest income is the large holdings in the ECB deposit facility, although in the expectation of interest rate cuts the banks have begun redirecting some of their most liquid assets into securities in order to maintain interest income at comparable levels. Amid the simultaneous stagnation in lending activity, small signs of a decline in net interest income are gradually being seen, and will gradually strengthen as interest rates are reduced, while profit will continue to be adversely impacted in the future by the rise in operating costs caused by the tax on total assets. The banks can nevertheless be expected to enjoy above-average profitability this year, as net impairments and provisions remain at their current very low levels.

The liquidity of the banking system remained good. With net liquidity outflows declining by more than the liquidity buffer, where the latter decline was primarily driven by a reduction of the holdings of liquid assets at the central bank, the liquidity coverage ratio (LCR) increased by 8 percentage points over the first four months of the year to reach 343%. It thus remained well above the regulatory requirement of 100%. In terms of this indicator, Slovenia remains among the euro area countries with high capacity to cover net liquidity outflows over a short-term stress period. The LCR is at least double the minimum regulatory requirement at all of the banks, but there remain significant differences between them in their capacity to cover net liquidity outflows. The Slovenian banking system also maintained good capacity to fund its liabilities over a one-year period. The net stable funding ratio (NSFR) declined by 3 percentage points over the first quarter of this year to 171%, still well above the minimum regulatory requirement of 100%.

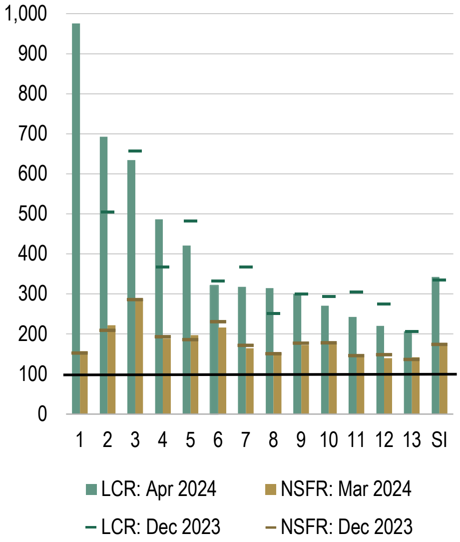
Over the first four months of the year the banks redirected some of their primary liquidity into purchasing debt securities, thereby strengthening their secondary liquidity.[15] Amid a reduction in liquid assets at the central bank, primary liquidity declined by EUR 3.1 billion to EUR 9.6 billion, still equivalent to 18.4% of the balance sheet total. Given the anticipated gradual reduction in the deposit facility rate, which actually came to pass in June,[16] the banks began redirecting their liquid assets into purchasing securities. With these assets they are trying to compensate for the decline in the interest income that they currently earn from placing assets with ECB in the form of the deposit facility. The purchases, mainly of foreign marketable securities, increased secondary liquidity by EUR 1.9 billion to EUR 10.2 billion. Given that the banks still have large holdings of liquid assets, and credit activity remains modest for now, investments of this kind can be expected to continue.

[15] Secondary liquidity comprises Slovenian government securities and foreign marketable securities rated BBB or higher.

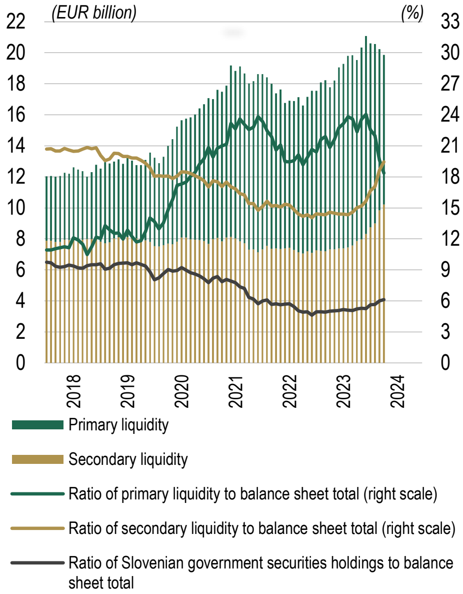
[16] After a cycle of interest rate hikes, the Governing Council of the ECB lowered interest rates for the first time in June of this year, by 25 basis points. Future interest rate decisions will continue to be made on the basis of assessments of the inflation outlook in light of incoming economic and financial data, the dynamics in core inflation, and the strength of monetary policy transmission.

Figure 15: **Liquidity indicators**

Liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) at individual banks



Primary and secondary liquidity

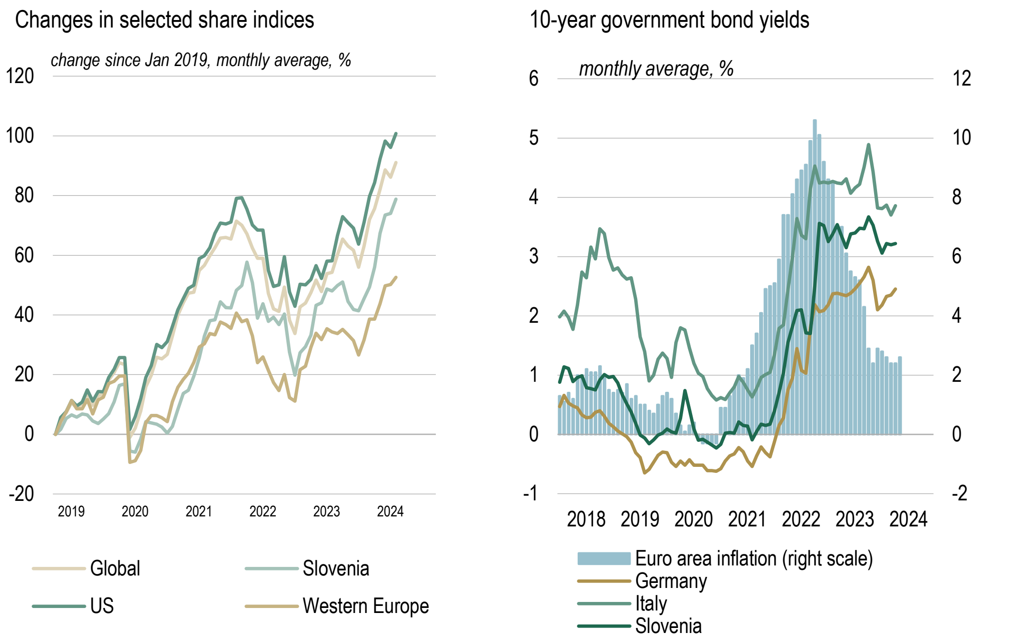


Note: The horizontal blue line in the left chart denotes the minimum requirements for the LCR and the NSFR in accordance with the CRR (100%). Primary liquidity in the right chart comprises cash on hand, balances at the central bank and sight deposits at banks, while secondary liquidity comprises Slovenian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

8 Capital Markets and Mutual Funds

The major global stock markets have continued to make gains this year. By the end of May the main share indices were up on the end of last year. By May of this year the Slovenian SBI TOP had gained 19.7% on the end of last year. Over the same period the SPX gained 11.7% in the US, while the SXXE for western Europe rose by 10.0%. As a result of the gradual fall in inflation, and the expectation that the ECB has brought an end to the hikes in its key interest rates, yields on Slovenian and German 10-year government bonds fell in late November. By the end of April the yields stood at 3.2% on the 10-year Slovenian government bonds, and 2.5% on the German bonds.

Figure 16: **Stock market indices and government bond yields**



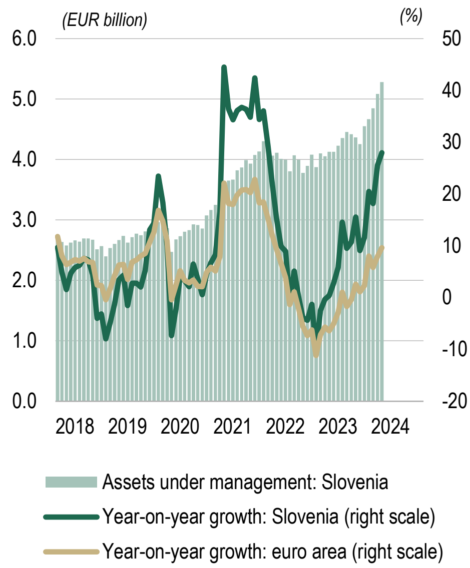
Note: The indices in the left chart are the SPX for the US, the STOXX Europe 600 for western Europe, the SBI TOP for Slovenia and the MSCI World Net Total Return Index for global equities. The data in the left chart is up to May 2024 inclusive, while the data in the right chart is up to April 2024 inclusive.
Sources: Eurostat, Banka Slovenije

Net inflows into mutual funds reached record highs in the first quarter of 2024. The domestic mutual funds recorded a net inflow of EUR 144.9 million in the first quarter of this year, up 94.3% on the same period last year. The high growth in net inflows was driven by equity funds, which accounted for 88.9% of total net inflows in the first quarter. The breakdown of investors in mutual funds remains unchanged: households accounted for the majority (75.2%) of net inflows, followed by other financial intermediaries (18.2%) and non-financial corporations (6.8%). Mixed mutual funds were the only class to record net outflows.

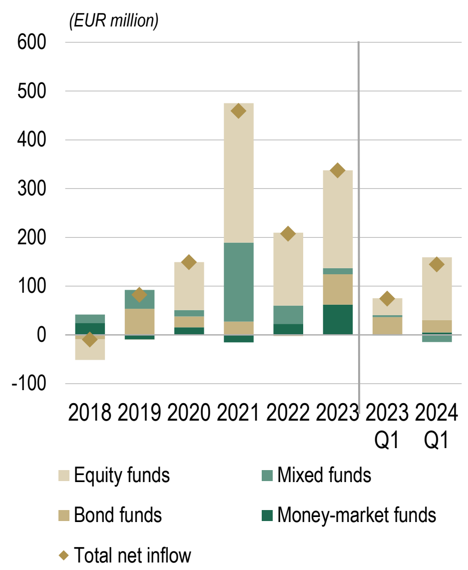
The domestic mutual funds' assets under management also recorded high growth, reaching EUR 5.4 billion at the end of March 2024. The year-on-year growth in assets under management thus stood at 29.0%, strongly outperforming the euro area overall (9.7%). Equity funds are prevalent, and account for 69% of the total assets under management of the domestic mutual funds.

Figure 17: **Domestic mutual funds' assets under management and net inflows**

Stock of and growth in mutual funds' assets under management



Net inflows into domestic mutual funds by investor sector

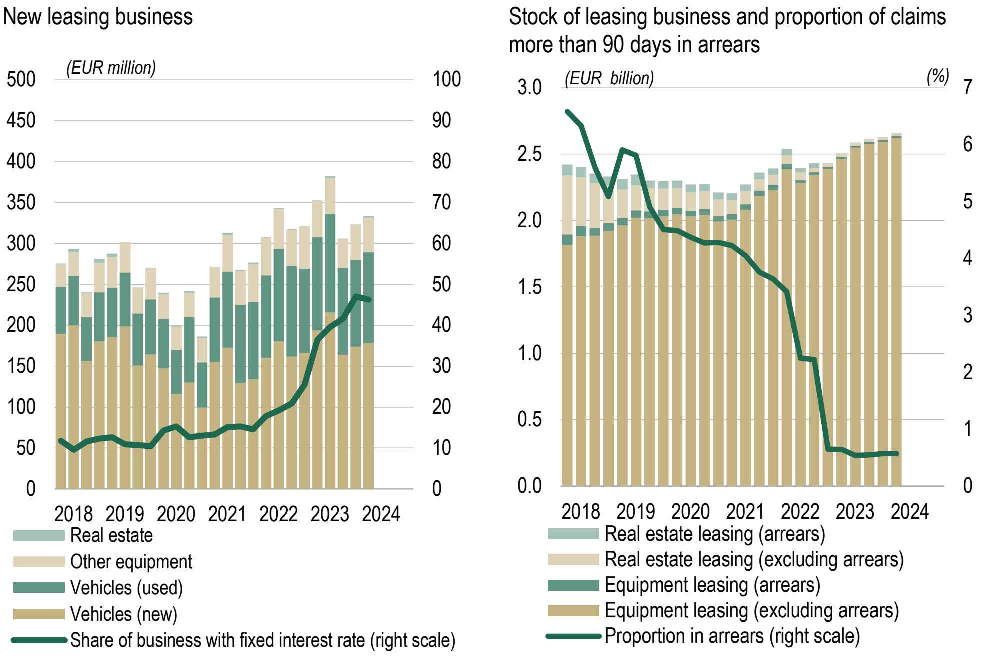


Note: The left chart does not include money-market funds. The data in the chart is up to March 2024 inclusive.
Sources: ECB Data Portal, SMA, Banka Slovenije

9 Performance of Leasing Companies

New leasing business in the first quarter of this year was down on the same period last year. Leasing companies approved EUR 333.6 million of new business in the first quarter, a decline of 5.6% on the same period last year. Almost all of the new business was concluded with non-financial corporations (56.9% of the total) and households (42.9%). The majority of the business was for financing vehicle purchases. In terms of the number of transactions, the purchase of cars (50.1%) and commercial vehicles (34.3%) accounted for most business in the first quarter. The majority (53.7%) of new business was concluded at a fixed interest rate, but the quarterly rise in the share of fixed-rate new business came to an end for the first time since the final quarter of 2021. The stock of leasing business amounted to EUR 2.7 billion at the end of March of this year, up 6.1% in year-on-year terms.

Figure 18: **New business, stocks of leasing business, and arrears**



Note: Data is up to March 2024 inclusive.
Source: Banka Slovenije

The profitability of leasing companies in the first quarter of this year deteriorated in year-on-year terms. Their profits amounted to EUR 7.0 million in the first quarter. If only the leasing companies that remained in the reporting sample in 2024 are included in the figures for the first quarter of 2023, the year-on-year decline in profit amounts to 24.2%.[17] Despite an increase in net sales revenue, profitability continues to be hit by rising costs of material and services, and more expensive funding of loans. The leasing companies' balance sheet total stood at EUR 3.0 billion at the end of March of this year, up 1.5% in year-on-year terms. The quality of the leasing portfolio remained high: the proportion of claims more than 90 days in arrears stood at 0.57% at the end of March 2024. The arrears remain highly concentrated as four leasing companies account for more than 86% of total arrears.

[17] Banka Slovenije sets out the statistical sample of reporting entities on the basis of the significance of their operations, and does not cover the entire leasing sector. The sample of reporting entities can change between quarters. Four leasing companies were excluded from the reporting sample this year.

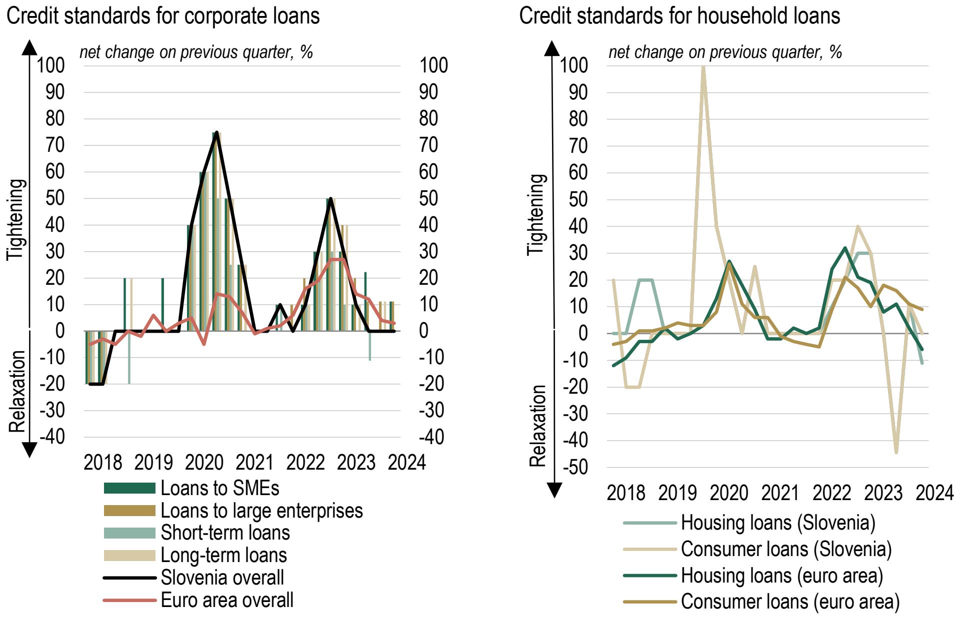
Finance leasing business concluded by the banks in the first quarter of this year was up slightly in year-on-year terms. Banks had approved EUR 102.6 million of new finance leases by the end of March of this year, up 0.5% on the same period last year. They concluded the majority of their business with households (58.7% of the total), and the remaining 41.3% with non-financial corporations.

10 Bank Lending Survey

In the Bank Lending Survey (BLS),[18] the banks are not reporting any major changes in credit standards in the final quarter of last year and the first quarter of this year.[19] After a period of tightening credit standards[20] between the third quarter of 2022 and the second quarter of 2023, the banks are not reporting any changes in credit standards during the second half of last year and the first quarter of this year. The general economic situation and outlook and the industry-specific situation were still being cited by the banks as the main factors in the tightening of standards in the most recent reporting and in previous quarters covered by the survey.

The changes in credit standards for household loans, both housing loans and consumer loans, were similarly small. Having reported a sharp relaxation in credit standards in the third quarter of last year on account of an increase in borrower creditworthiness, which was the result of the modification of Banka Slovenije macroprudential measures, the survey results again pointed to a moderate tightening for housing loans in the final quarter of last year, and then a relaxation in the first quarter of this year. After tightening in the final quarter of last year, the standards for consumer loans remained unchanged in the first quarter of this year. For the second quarter of this year the banks were predicting no change in credit standards for housing loans, and a slight or moderate tightening of standards for corporate loans and consumer loans.

Figure 19: **Credit standards for corporate loans and household loans according to the BLS**



Note: The line representing housing loans in the right chart is not fully visible; over a certain period it traces the line representing consumer loans.
Source: Banka Slovenije, ECB Data Portal

[18] A total of ten credit institutions were reporting in the BLS for Slovenia from late 2021 and early 2022. That was six more banks than previously. As of September 2023 this number was reduced to nine, following the merger of two banks in the reporting sample. The banks in the BLS sample accounted for 81.7% of total loans to non-financial corporations, 93.8% of total housing loans and 90.9% of total consumer loans in April 2024 according to data on an individual basis.

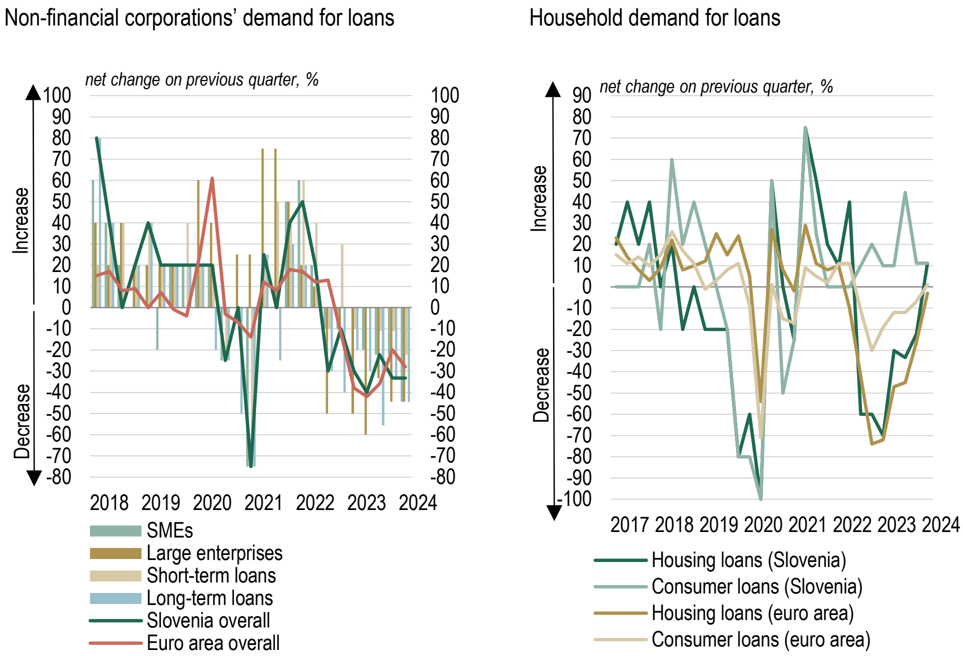
[19] Credit standards are the internal guidelines and criteria according to which a bank approves a loan. They are established before the actual negotiation of loan terms, and before the actual decision to approve or deny a loan. Credit standards according to the BLS for bank loans in the euro area define the required attributes of the borrower (e.g. assets, income situation, age, employment status) based on which a loan can be obtained. The survey also takes account of documented lending policy and its implementation. Credit standards may for example be modified on account of changes in the bank's asset costs and balance sheet situation, changes in competition, changes in the risk perception at the bank, changes in the level of acceptable risk at the bank, and legislative changes.

[20] In the BLS banks report changes in standards, conditions and demand with regard to the previous quarter. The changes are 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.

Non-financial corporations' demand for loans declined for the seventh consecutive quarter, while demand for housing loans saw its decline come to an end in March with a slight increase. Demand for consumer loans remains slightly elevated. The main reasons cited by the banks for the decline in non-financial corporations' demand for loans were again a decline in investment and the general level of interest rates. The main factor reducing demand for housing loans was loans from other banks, while the banks cited the general level of interest rates as a factor increasing demand, albeit to a lesser extent. The banks were more strident in reporting an increase in demand for consumer loans in the third quarter of 2023, after the modification of the macroprudential restrictions on consumer lending, but also recorded increased demand for consumer loans in the following quarters. Purchases of durables were the largest factor in the increased demand for consumer loans. The banks are expecting a further moderate decline in demand for corporate loans in the second quarter, no changes in demand for housing loans, and a continuing increase in demand for consumer loans.

Credit standards in the euro area are being tightened less and less in the non-financial corporations portfolio, while demand for loans is continuing to decline. Credit standards were virtually unchanged in the first quarter for corporate loans, were relaxed fractionally for housing loans, and were tightened moderately for consumer loans. Similarly to Slovenia, the decline in non-financial corporations' demand for loans in the euro area overall is still pronounced. By contrast, the decline in demand for housing loans and consumer loans slowed entirely in the first quarter of this year. Compared with Slovenia, gaps have recently opened up in demand for consumer loans, which has declined for several consecutive quarters in the euro area overall, but has increased in Slovenia. The expectations with regard to credit standards in the euro area overall for the second quarter of this year indicate almost no change, although the banks are again expecting a moderate increase in demand for housing loans.

Figure 20: **Corporate and household demand for loans according to the BLS**



Source: Banka Slovenije, ECB Data Portal

11 Risk and Resilience Dashboard

The evolution of systemic risks remains favourable in the second quarter of this year. Developments in the macroeconomic environment remain encouraging. In light of the sustained favourable indicators and the improved outlook for the economy, the assessment of credit risk at banks was lowered to low with a stable outlook. The assessments of other systemic risks remain unchanged, and range from low to moderate with a stable outlook. With regard to other risks, the assessment of cyber risk has been held at elevated, given the rise in the number of cyberattacks and threats to the banking sector over the recent period.

Our assessment is that the banking system's resilience to systemic risks in the second quarter remains high with a stable outlook. High profits are allowing the banks to further strengthen their capital position, while liquidity remains at a high level.

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

	Risk and Resilience Dashboard								
	Q4 2021	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Trend of change
Systemic risks									
Risk inherent in the real estate market	orange	orange	orange	yellow	yellow	yellow	yellow	yellow	⇨
Funding risk in the banking system	yellow	yellow	yellow	yellow	yellow	yellow	yellow	yellow	⇨
Interest rate risk in the banking system	yellow	orange	orange	orange	orange	orange	yellow	yellow	⇨
Credit risk in the banking system	orange	orange	orange	orange	yellow	yellow	yellow	green	⇨
Income risk in the banking system	orange	yellow	yellow	yellow	green	green	green	green	⇨
Risk inherent in leasing companies	yellow	yellow	yellow	yellow	green	green	green	green	⇨
Resilience to systemic risks									
Solvency and profitability of the banking system	yellow	yellow	yellow	yellow	yellow	yellow	green	green	⇨
Liquidity of the banking system	green	green	green	green	green	green	green	green	⇨
Other risks									
Cyber risk	yellow	yellow	yellow	yellow	yellow	yellow	orange	orange	⇨
Climate risks*	yellow	yellow	yellow	yellow	yellow	yellow	yellow	yellow	⇨

Colour code:

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

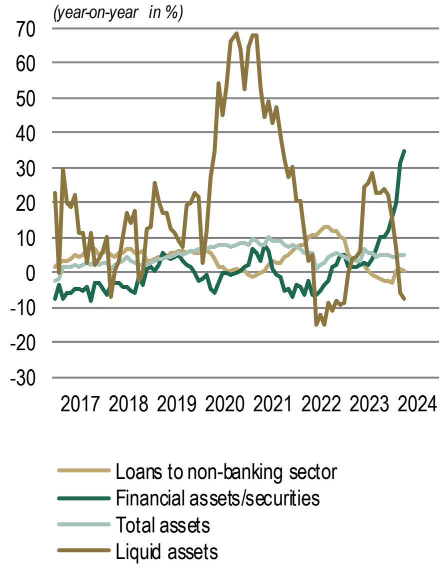
Note: The colour code in the risk and resilience dashboard relates to the assessment for up to one quarter in advance. The arrow illustrates the expected change in risk or resilience in the scale (up or down) over a slightly longer horizon of around one year. For risks, an up arrow means an increase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

12 Appendix

Key trends in the banking system

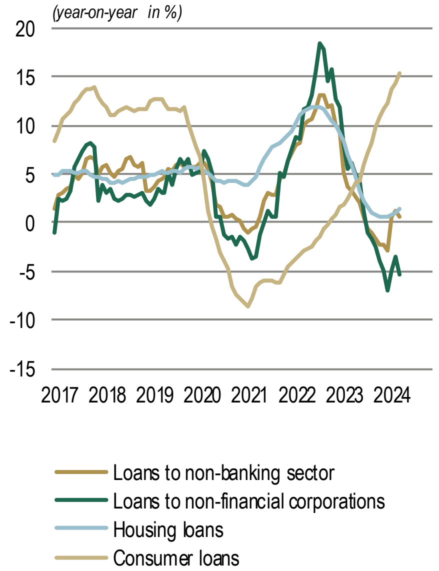
Figure 21: **Assets and loans**

Bank Assets



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

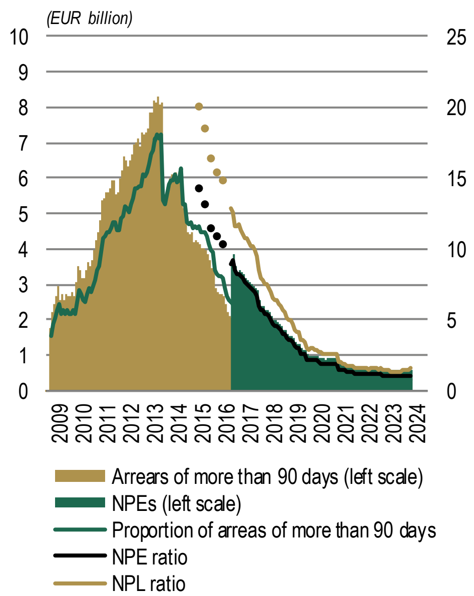
Loans by institutional sector and loan type



Source: Banka Slovenije

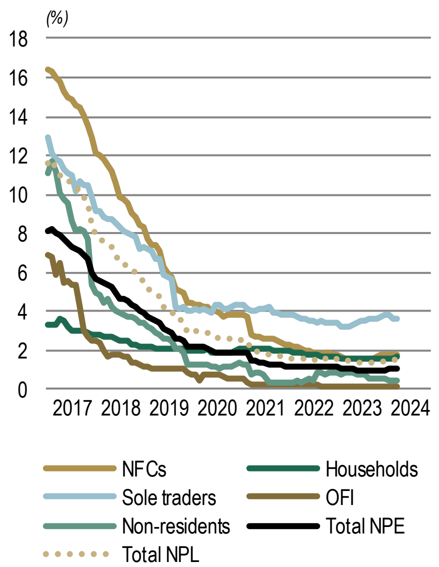
Figure 22: **NPEs at banks**

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



Source: Banka Slovenije

NPE ratios by customer segment



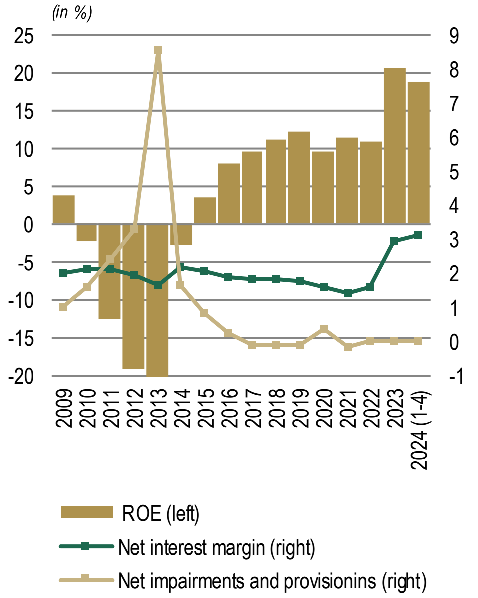
Source: Banka Slovenije

Figure 23: **Deposits and profitability indicators**

Growth in household deposits in Slovenia and the euro area

Source: ECB Data Portal

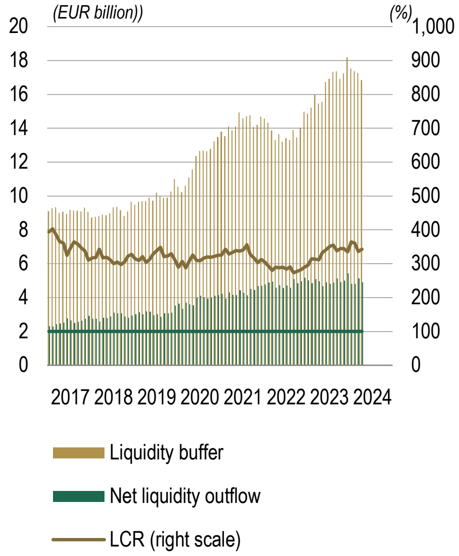
ROE, net interest margin, and ratio of impairment and provisioning costs to balance sheet total



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

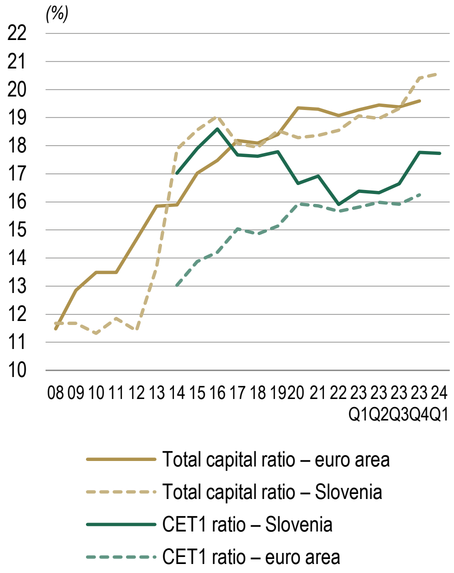
Figure 24: **Liquidity and solvency indicators**

Liquidity coverage ratio



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

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



Sources: Banka Slovenije, ECB Data Portal

Table 2: **Banking system balance sheet as at 30 April 2024**

	Stock	Breakdown	Stock	Breakdown	Stock	Breakdown	Increase in mio EUR		Growth in %	
EUR million unless stated, growth rates in %	**Dec.09**	**(%)**	**Dec.23**	**in %**	**Apr.24**	**in %**	**Apr.24**	**in 2024**	**Apr.24**	**year-on-year**
Assets	**52,009**	**100.0**	**53,082**	**100.0**	**52,523**	**100.0**	**-321.7**	**-559.5**	**-0.6**	**4.7**
Cash in hand, balances at CB and sight deposits at banks	**1,468**	**2.8**	**12,763**	**24.0**	**9,646**	**18.4**	**-735.2**	**-3117.4**	**-7.1**	**-7.7**
Loans to banks at amortised cost (including central bank)	**5,763**	**11.1**	**1,444**	**2.7**	**1,674**	**3.2**	**-77.2**	**229.4**	**-4.4**	**-8.0**
domestic banks	3,531	6.8	259	0.5	238	0.5	5.4	-20.9	2.3	-47.1
foreign banks	2,232	4.3	1,185	2.2	1,435	2.7	-82.6	250.4	-5.4	4.8
short-term loans to banks	3,020	5.8	376	0.7	586	1.1	-49.8	210.6	-7.8	12.4
long-term loans to banks	2,743	5.3	1,069	2.0	1,088	2.1	-27.4	18.8	-2.5	-16.2
Loans to non-banking sector*	**34,132**	**65.6**	**26,934**	**50.7**	**27,200**	**51.8**	**155.7**	**265.3**	**0.6**	**0.7**
of which non-financial corporations	20,201	38.8	9,968	18.8	10,025	19.1	51.2	56.6	0.5	-5.3
households	8,072	15.5	12,556	23.7	12,783	24.3	80.0	226.5	0.6	4.8
of which residential			8,153	15.4	8,217	15.6	33.3	63.6	0.4	1.4
consumer			2,784	5.2	2,940	5.6	47.4	155.7	1.6	15.4
government	735	1.4	1,341	2.5	1,319	2.5	6.9	-21.5	0.5	4.3
other financial institutions	2,719	5.2	1,157	2.2	1,191	2.3	22.5	34.5	1.9	13.5
non-residents	2,354	4.5	1,885	3.6	1,856	3.5	-5.0	-28.9	-0.3	-1.5
Other FA classed as loans and receivables (at amortised cost)	**0**	**0.0**	**213**	**0.4**	184	**0.4**	**-39.6**	**-28.3**	**-17.7**	**-18.5**
Securities / financial assets (FA)**	**8,907**	**17.1**	**9,816**	**18.5**	**11,899**	**22.7**	**372.1**	**2083.4**	**3.2**	**34.5**
a) FA held for trading	**890**	**1.7**	**92**	**0.2**	**97**	**0.2**	**-0.2**	**5.0**	**-0.2**	**-33.4**
of which debt securities held for trading	381	0.7	0	0.0	3	0.0	-3.0	2.8	-51.6	-89.6
... government debt securities held for trading	30	0.1	0	0.0	3	0.0	-3.0	2.8	-51.6	-89.6
b) FA measured at FV through P&L not held for trading	**0**	**0.0**	**99**	**0.2**	**104**	**0.2**	**-0.3**	**4.6**	**-0.3**	**9.6**
of which debt securities measured at FV through P&L not held for trading	0	0.0	2	0.0	2	0.0	0.0	0.2	0.8	29.8
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
... government debt securities designated for measurement at FV through P&L	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**	**3,132**	**5.9**	**4,025**	**7.7**	**304.5**	**892.9**	**8**	**14.6**
of which debt securities measured at FV through other comprehensive income	5,627	10.8	2,935	5.5	3,827	7.3	304.8	891.9	9	15.2
... government debt securities measured at FV through other comprehensive income	3,870	7.4	2,126	4.0	2,817	5.4	207.2	690.6	8	20.7
e) Debt securities at amortised cost	**1,511**	**2.9**	**6,493**	**12.2**	**7,674**	**14.6**	**68.2**	**1180.9**	**1**	**50.7**
of which government debt securities at amortised cost	1,231	2.4	4,419	8.3	5,255	10.0	28.6	836.1	1	43.1
Investments in subsidiaries, joint ventures and associates	**696**	**1.3**	**1,057**	**2.0**	**1,057**	**2.0**	**0.0**	**0.0**	**0**	**7.9**
Other assets	**1,042**	**2.0**	**855**	**1.6**	**863**	**1.6**	**2.4**	**8.1**	**0**	**7.2**
Equity and liabilities	**52,009**	**100.0**	**53,082**	**100.0**	**52,523**	**100.0**	**-321.7**	**-559.5**	**-1**	**4.7**
Financial liabilities measured at amortised cost (deposits)***	**46,927**	**90.2**	**46,517**	**87.6**	**45,913**	**87.4**	**-295.7**	**-604.2**	**-1**	**3.3**
a) Financial liabilities to central bank (Eurosystem)	**2,121**	**4.1**	**75**	**0.1**	**0**	**0.0**	**0.0**	**-75.2**		**-100.0**
b) Liabilities to banks	**15,949**	**30.7**	**1,746**	**3.3**	**1,902**	**3.6**	**-140.5**	**155.9**	**-7**	**-11.3**
of which to domestic banks	2,920	5.6	413	0.8	383	0.7	-12.2	-30.2	-3	-41.5
of which to foreign banks	13,024	25.0	1,333	2.5	1,519	2.9	-128.3	186.1	-8	1.9
c) Liabilities to non-banking sector (deposits by NBS)	**23,892**	**45.9**	**41,062**	**77.4**	**40,326**	**76.8**	**-121.7**	**-736.2**	**0**	**3.4**
of which to non-financial corporations	3,850	7.4	10,784	20.3	10,492	20.0	-2.1	-455.4	0	12.6
households	14,049	27.0	26,514	49.9	26,423	50.3	-16.8	-91.1	0	2.3
government	4,008	7.7	789	1.5	787	1.5	-16.5	-1.5	-2	7.4
other financial institutions	1,130	2.2	1,071	2.0	754	1.4	-83.1	-153.1	-10	-42.1
non-residents	537	1.0	1,333	2.5	1,303	2.5	3.8	-29.3	0	1.2
d) Debt securities	**3,442**	**6.6**	**3,164**	**6.0**	**3,289**	**6.3**	**295.9**	**124.9**	**10**	**47.8**
e) Other financial liabilities measured at amortised cost****	**1,523**	**2.9**	**471**	**0.9**	**397**	**0.8**	**-329.5**	**-73.6**	**-45**	**-19.8**
Provisions	**175**	**0.3**	**187**	**0.4**	**184**	**0.3**	**-0.3**	**-3.6**	**-0.2**	**31.5**
Shareholder equity	**4,310**	**8.3**	**6,081**	**11.5**	**6,139**	**11.7**	**35.8**	**57.9**	**0.6**	**15.6**
Other liabilities	**597**	**1.1**	**296**	**0.6**	**287**	**0.5**	**-61.5**	**-9.6**	**-17.7**	**11.9**
Balance sheet total	**52,009**	**100.0**	**53,082**	**100.0**	**52,523**	**100.0**	**-321.7**	**-559.5**	**-0.6**	**4.7**

Notes: * Loans to non-banking sector not held for trading are defined on the basis of the methodology for producing the recapitulation of the statement of financial position, and comprise loans and other financial assets at amortised cost (from A.VI), at fair value through profit or loss (from A.III) and at fair value through other comprehensive income (from A.IV).
** Financial assets / securities on the asset side comprise total financial assets from A.II, including loans held for trading, while equities and debt securities other than loans are captured from other categories of financial asset (A.III, A.IV and A.V)
*** Total financial liabilities at amortised cost in 2008 also include liabilities to the central bank.
**** Includes subordinated debt until 31 December 2017. Under the IFRS 9 methodology, the item of "subordinated debt" is abolished, and these liabilities are included under liabilities to banks.[21]
Source: Banka Slovenije

[21] 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 3: **Income statement for 2009, 2021, 2022 and 2023**

(EUR million unless stated)	2009	Breakdown in %	2022	Breakdown in %	2023	Breakdown in %	2023 Jan.-Apr	Breakdown in %	2024 Jan.-Apr	Breakdown in %	Annual growth, % Jan.- Apr. 24/ Jan.- Apr. 23
Interest income	2114.7		884.3		1,834.0		518.3		721.6		39.2
Interest expenses	1175.1		136.5		391.9		95.5		186.1		94.8
Net interest	**939.61**	**65.2**	**747.8**	**56.9**	**1,442.1**	**72.9**	**422.8**	**78.8**	**535.5**	**74.3**	**26.7**
Non-interest income	**500.55**	**34.8**	**567.3**	**43.1**	**535.4**	**27.1**	**113.4**	**21.2**	**185.5**	**25.7**	**63.5**
of which net fees and commission	342.74	23.8	398.1	30.3	387.0	19.6	128.1	23.9	136.2	18.9	6.4
of which net gains/losses on financial assets and liabilities held for trading	41.517	2.9	31.3	2.4	9.5	0.5	4.6	0.9	7.2	1.0	55.9
Gross income	***1440.2***	**100.0**	**1,315.1**	**100.0**	**1,977.5**	**100.0**	**536.2**	**100.0**	**721.0**	**100.0**	**34.5**
Operating costs	**-777**	**-54.0**	**-757.6**	**-57.6**	**-830.2**	**-42.0**	**-296.4**	**-55.3**	**-347.9**	**-48.3**	**17.4**
Net income	**663.17**	**46.0**	**557.6**	**42.4**	**1,147.4**	**58.0**	**239.8**	**44.7**	**373.1**	**51.7**	**55.6**
Net impairments and provisions	**-501**	**-34.8**	**-14.1**	**-1.1**	**-10.2**	**-0.5**	**-7.6**	**-1.4**	**-15.1**	**-2.1**	**99.7**
Pre-tax profit	**162.13**	**11.3**	**543.4**	**41.3**	**1,137.2**	**57.5**	**232.2**	**43.3**	**358.0**	**49.7**	**54.1**
Taxes	-39.1		-41.7		-38.9		-34.4	39.6	-47.7		38.8
Net profit	123.04		501.7		1,098.3		197.8		310.2		56.8

Source: Banka Slovenije

Table 4: **Selected performance indicators**

in %	2018	2019	2020	2021	2022	2023	2023 Jan.-Apr	2024 Jan.-Apr	apr.2023 (last 12 mon.)	apr.2024 (last 12 mon.)
Profitability										
Financial intermediation margin*	3.01	3.13	3.16	2.58	2.68	3.86	3.27	4.19	2.95	4.16
ROA	1.39	1.48	1.10	1.20	1.11	2.22	1.41	2.07	1.30	2.43
ROE	11.07	12.16	9.57	11.33	10.82	20.64	14.11	18.71	12.65	21.78
Interest margin on interest-bearing assets	1.84	1.79	1.57	1.41	1.61	2.95	2.71	3.26	2.04	3.14
Net non-interest income / operating costs	71.93	80.84	100.35	80.95	74.89	64.50	38.27	53.31	62.42	68.90
Operating costs										
Labour costs / average assets	1.02	1.00	0.90	0.85	0.84	0.87	0.87	0.92	0.86	0.89
Other costs / average assets	0.73	0.77	0.77	0.69	0.71	0.75	0.91	1.06	0.77	0.80
Asset quality										
Impairments of financial assets	2.64	1.53	1.59	1.14	1.03	0.98	1.05	1.02		

* Gross income / average assets

Source: Banka Slovenije

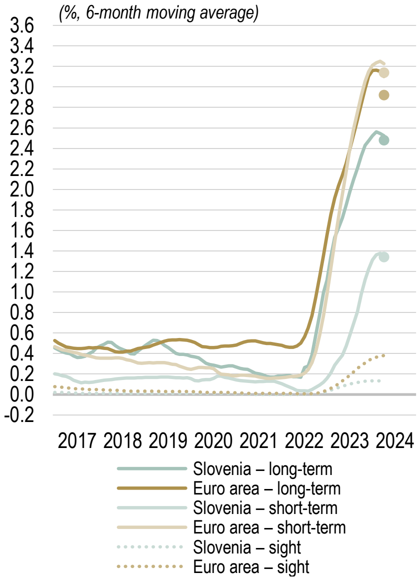
Table 5: **Comparison of interest rates on new variable-rate loans in Slovenia with the euro area overall**

		Loans								Household deposits			
	Interest rate	Households				Corporates				up to 1 year		over 1 year	
		Housing		Consumer		up to EUR 1m		over EUR 1m					
in %	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
Maj.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
Avg.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
Okt.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	7.5	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

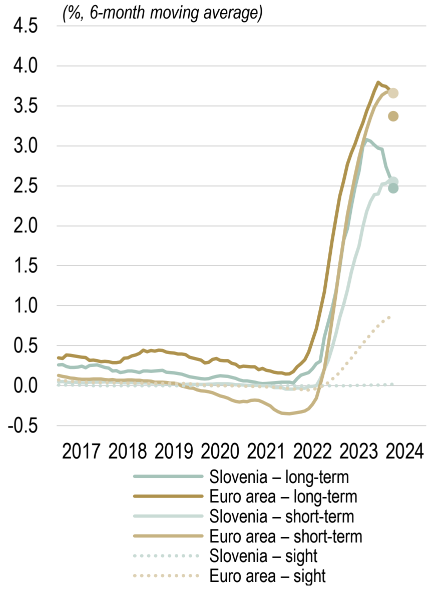
Note: Household deposits are itemised by maturity, irrespective of type of remuneration (fixed-rate and variable-rate deposits are combined).
Sources: Banka Slovenije, ECB Data Portal

Figure 25: **Average interest rates on new deposits**

Average interest rates on new household deposits



Average interest rates on new deposits by non-financial corporations



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

Table 6:
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	6.5	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
Maj.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
Avg.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
Okt.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	4.1	3.5

Sources: Banka Slovenije, ECB Data Portal

Table 7: **Non-performing exposures by customer segment**

	Exposures		Non-performing exposures (NPEs)							
	EUR million	in %	EUR million				ratio, in %			
	Apr.24	Apr.24	Dec.22	Dec.23	Mar.24	Apr.24	Dec.22	Dec.23	Mar.24	Apr.24
NFCs	16,725	28.8	310	295	298	297	1.8	1.8	1.8	1.8
large NFCs	8,660	14.9	55	88	86	86	0.6	1.0	1.0	1.0
micro, small and medium NFCs	7,971	13.7	255	207	212	210	3.2	2.5	2.6	2.6
Other financial institutions	1,375	2.4	3	2	2	2	0.1	0.2	0.2	0.1
Households	14,375	24.8	236	236	246	251	1.7	1.7	1.7	1.7
sole traders	779	1.3	25	28	28	28	3.4	3.7	3.7	3.6
individuals	13,595	23.4	211	207	218	222	1.6	1.6	1.6	1.6
consumer loans	3,041	5.2	90	89	97	98	3.5	3.1	3.2	3.2
housing loans	8,165	14.1	95	90	90	91	1.2	1.1	1.1	1.1
other	2,389	4.1	25	27	30	32	1.1	1.2	1.3	1.3
Non-residents	11,842	20.4	79	53	57	55	0.8	0.5	0.5	0.5
Government	4,401	7.6	0	0	0	0	0.0	0.0	0.0	0.0
Banks and savings banks	768	1.3	0	0	0	0	0.0	0.0	0.0	0.0
Central bank	8,564	14.8	0	0	0	0	0.0	0.0	0.0	0.0
Total	**58,050**	**100.0**	**628**	**585**	**605**	**604**	**1.1**	**1.0**	**1.0**	**1.0**

Source: Banka Slovenije

Table 8: **Non-performing exposures to non-financial corporations by sector**

	Exposures		Non-performing exposures (NPEs)				NPE ratio			
	EUR million	in %	EUR million				(%)			
	Apr.24	Apr.24	Dec.22	Dec.23	Mar.24	Apr.24	Dec.22	Dec.23	Mar.24	Apr.24
Agriculture, forestry, fishing, mining	128	0.8	2	3	3	3	1.4	2.0	2.2	2.2
Manufacturing	4,770	28.5	55	110	110	109	1.2	2.2	2.3	2.3
Electricity, gas, water, remediation	1,748	10.4	3	1	1	1	0.2	0.1	0.1	0.0
Construction	1,774	10.6	34	26	29	29	2.0	1.4	1.6	1.6
Wholesale and retail trade	3,124	18.7	60	55	57	56	2.0	1.8	1.8	1.8
Transportation and storage	1,495	8.9	17	21	21	21	1.1	1.4	1.4	1.4
Accommodation and food service	494	3.0	80	32	32	31	15.1	6.7	6.5	6.3
Information and communication	624	3.7	3	3	3	3	0.5	0.5	0.5	0.5
Financial and insurance activities	140	0.8	0	0	0	0	0.0	0.0	0.0	0.0
Real estate activities	736	4.4	5	4	3	3	0.6	0.5	0.4	0.4
Professional, scientific and technical	1,432	8.6	45	37	38	38	3.3	2.5	2.6	2.6
Education, health, public admin.	148	0.9	2	1	1	1	1.2	1.0	1.0	0.9
Arts, recreation and entertainment	112	0.7	2	2	2	1	1.9	1.6	1.3	1.3
Total	**16,725**	**100.0**	**310**	**295**	**298**	**297**	**1.8**	**1.8**	**1.8**	**1.8**

Source: Banka Slovenije

Table 9: **Breakdown of exposures by credit risk stage and customer segment**

	S1			S2			S3			Exposure to stage 2 amount, EUR milion		
	Share in %											
	Dec 22	Dec 23	Apr 24	Dec 22	Dec 23	Apr 24	Dec 22	Dec 23	Apr 24	Dec 22	Dec 23	Apr 24
NFCs	89.7	89.9	90.5	8.5	8.3	7.7	1.8	1.8	1.8	1,449	1,397	1,286
large NFCs	94.0	94.7	95.2	5.4	4.3	3.8	0.6	1.0	1.0	484	372	330
micro, small and medium NFCs	84.9	85.0	85.5	12.0	12.5	11.9	3.2	2.5	2.6	964	1,025	956
Other financial institutions	98.1	98.6	99.2	1.8	1.3	0.7	0.1	0.2	0.1	32	17	10
Households	89.9	89.3	89.4	8.4	9.0	8.9	1.7	1.7	1.7	1,139	1,273	1,279
sole traders	82.8	78.2	80.6	13.9	18.1	15.8	3.3	3.7	3.6	105	138	123
individuals	90.3	89.9	89.9	8.1	8.5	8.5	1.6	1.6	1.6	1,034	1,135	1,156
consumer loans	85.6	85.7	85.0	10.9	11.2	11.7	3.5	3.1	3.2	279	323	357
housing loans	91.7	92.0	92.3	7.1	6.9	6.6	1.2	1.1	1.1	571	561	542
other	90.5	88.1	87.8	8.3	10.7	10.8	1.2	1.2	1.4	184	251	257
Non-residents	97.4	97.7	98.4	1.8	1.7	1.2	0.8	0.5	0.5	169	174	137
Government	98.7	98.5	98.5	1.3	1.5	1.5	0.0	0.0	0.0	46	61	66
Total	**93.8**	**94.0**	**94.2**	**5.1**	**5.0**	**4.8**	**1.1**	**1.0**	**1.0**	**2,847**	**2,929**	**2,783**

Source: Banka Slovenije

Table 10: **Breakdown of exposures to non-financial corporations by credit risk stage and sector**

	S1			S2			S3			Exposure to stage 2 amount, EUR million		
	Share in %											
	Dec 22	Dec 23	Apr 24	Dec 22	Dec 23	Apr 24	Dec 22	Dec 23	Apr 24	Dec 22	Dec 23	Apr 24
Agriculture, forestry, fishing, mining	91.2	86.7	87.2	7.4	11.3	10.6	1.4	2.0	2.2	11	16	14
Manufacturing	85.9	88.8	89.4	12.9	8.9	8.3	1.2	2.2	2.3	609	439	395
Electricity, gas, water, remediation	95.8	97.1	92.5	4.0	2.8	7.5	0.2	0.1	0.0	75	46	130
Construction	91.4	91.9	92.7	6.6	6.7	5.6	2.0	1.4	1.6	113	119	100
Wholesale and retail trade	92.2	88.3	91.3	5.8	9.9	6.9	2.0	1.8	1.8	180	300	214
Transportation and storage	94.7	93.6	92.5	4.3	5.1	6.1	1.1	1.4	1.4	68	78	91
Accommodation and food service	55.7	67.6	70.1	29.7	25.7	23.5	14.6	6.7	6.4	157	124	116
Information and communication	94.6	95.1	95.5	4.9	4.4	4.0	0.5	0.5	0.5	32	28	25
Financial and insurance activities	95.9	99.1	98.9	4.1	0.9	1.0	0.0	0.0	0.0	11	1	1
Real estate activities	94.1	92.3	93.6	5.3	7.2	6.1	0.6	0.5	0.4	41	57	44
Professional, scientific and technical	88.5	88.6	90.4	8.2	8.9	6.9	3.3	2.5	2.6	113	130	99
Education, health, public admin.	85.6	78.0	83.2	13.2	21.0	15.9	1.2	1.0	0.9	19	31	23
Arts, recreation and entertainment	77.8	70.6	70.6	20.3	27.8	28.1	1.9	1.5	1.3	19	27	31
Total	**89.7**	**89.9**	**90.5**	**8.5**	**8.3**	**7.7**	**1.8**	**1.8**	**1.8**	**1,449**	**1,397**	**1,286**

Source: Banka Slovenije

Table 11: **Coverage of NPEs and credit risk stages by impairments and provisions by customer segment**

	Credit risk stages									NPE		
	S1			S2			S3					
	Dec.22	**Dec.23**	**Apr.24**	**Dec.22**	**Dec.23**	**Apr.24**	**Dec.22**	**Dec.23**	**Apr.24**	**Dec.22**	**Dec.23**	**Apr.24**
NFCs	0.4	0.3	0.3	4.0	2.8	3.1	59.1	60.0	60.0	59.1	59.9	60.0
Other financial institutions	0.2	0.2	0.2	0.6	2.3	2.7	87.6	97.2	95.1	87.6	97.2	95.1
Households	0.3	0.3	0.3	4.6	5.3	5.5	59.1	63.1	64.2	58.9	63.0	0.0
sole traders	0.7	0.7	0.7	4.9	4.4	5.0	56.0	60.0	62.2	54.5	59.9	62.3
individuals	0.2	0.2	0.3	4.5	5.5	5.5	59.5	63.5	64.5	59.4	63.5	64.4
consumer loans	0.5	0.4	0.4	6.6	7.3	7.5	67.4	69.5	70.2	67.4	69.5	70.1
housing loans	0.2	0.2	0.2	3.9	5.1	5.0	51.5	57.7	58.6	51.5	57.7	58.5
other	0.3	0.3	0.3	3.2	3.9	3.9	61.0	62.7	62.9	61.0	62.9	64.0
Non-residents	0.3	0.2	0.2	5.5	6.5	7.7	35.8	18.3	16.5	34.3	18.4	16.6
Government	0.1	0.1	0.1	1.1	1.8	1.4	54.3	80.4	79.0	10.7	80.4	79.0
Total	**0.2**	**0.2**	**0.2**	**4.2**	**4.1**	**4.4**	**56.4**	**57.6**	**57.9**	**56.0**	**57.6**	**57.9**

Source: Banka Slovenije

Figures

Tables