

BANKA SLOVENIJE

EVROSISTEM

Title: Annual Report 2024

Issue: 35

Year: 2025

Issued by:
Banka Slovenije
Slovenska 35, 1505 Ljubljana, Slovenia
Tel: +386 1 4719000
email: pr@bsi.si
www.bsi.si

The Annual Report is based on figures and information
available by 22 April 2025.

This publication may not be reproduced in full or in part. The
figures and text herein may only be used or published if the
source is cited. © Banka Slovenije

ISSN 1518-2103

(electronic edition)

This publication is also available in Slovene.

A Word from the Acting Governor	5
1 Economic Developments	8
1.1 International situation	8
1.2 Slovenian economy	9
2 Banking System	18
3 The Work of Banka Slovenije	28
3.1 Banka Slovenije's mandate and institutional framework	28
Strategy of Banka Slovenije 2021 to 2026	33
3.2 Monetary policy	35
3.3 Banking supervision	43
Microprudential supervision	44
Supervision of compliance and AML/CFT	47
Licensing and notification procedures	49
3.4 Macroprudential policy	49
3.5 Bank resolution and deposit guarantee scheme	54
Bank resolution	54
Deposit guarantee scheme	56
3.6 Banknotes and coins	57
3.7 Payment and settlement systems	64
Management of payment infrastructure	64
Supervision of payment and settlement systems and of payment service providers	65
Guiding and encouraging the actions of market participants	65
Digital euro	66
3.8 Joint management of the ECB's foreign reserves	68
3.9 Management of Banka Slovenije's financial assets	68
3.10 Central credit register	71
3.11 Payment services for Banka Slovenije's clients	74
3.12 Statistics	75
Financial institutions and markets	75
Statistics of international economic relations	76
Financial accounts statistics	76
Supervisory reporting and statistics	77
Other statistics and technical support	78
3.13 Banka Slovenije as the lender of last resort	79

4	Sustainability and environmental activity at Banka Slovenije	80
4.1	Monetary policy in light of climate change	81
4.2	Socially responsible and sustainable investing	81
4.3	Climate risks in the legislative framework	82
4.4	Climate risks in the macroprudential area	83
4.5	Monitoring of environmental risk at banks	84
4.6	Own carbon footprint	87
5	Financial education at Banka Slovenije	89
5.1	Education programmes	90
5.2	Banka Slovenije Museum	92
6	Banka Slovenije's reporting to the National Assembly	93
7	Report on the work of Banka Slovenije	94
7.1	Decision-making bodies	94
7.2	Work of the Governing Board of Banka Slovenije in 2024	94
7.3	Banka Slovenije's performance in 2024	96
	Balance sheet developments in 2024	96
	Financial performance in 2024	96
	Operating costs	97
	Human resources	99
7.4	Public relations	101
	Media and other public communications	101
	Publications	101
	Prizes, public events, conferences and seminars	102
	Banka Slovenije library	105
	Banka Slovenije's Mala Galerija	105
7.5	Risk management	107
7.6	Compliance and the Banka Slovenije Code of Ethics	108
7.7	Internal auditing	109
7.8	Audit Committee	111
7.9	Data management	112
7.10	Court proceedings	112
8	Financial Statements	113
	List of abbreviations	149

A Word from the Acting Governor



The euro area economy recovered slightly in 2024, driven largely by both private and government consumption. Economic growth doubled compared to the previous year, but it nevertheless remained subdued and below expectations. The economic outlook remained stable, albeit subject to significant uncertainty – an increasingly common feature of the economic landscape in recent times. In contrast to the euro area, economic growth in Slovenia slowed last year to its lowest rate since 2020. However, the Slovenian economy continued to perform better than the euro area average, with some positive structural shifts evident in the composition of growth. Geopolitical and political uncertainty increased further last year and is expected to continue adversely affecting economic growth and slowing the anticipated recovery in the euro area, which also continues to face weak productivity growth – one of the key focus areas of future policy measures in the EU. At Banka Slovenije we monitor the international and domestic economic environment carefully over the course of the year, and regularly publish our findings in the Review of macroeconomic developments, which twice a year also features our projections for domestic economic growth and inflation over the following years.

Inflation decreased significantly in 2024, following two previous years largely marked by high price growth. From the last interest rate hike in September 2023 to June 2024, inflation in the euro area fell by nearly 2 percentage points, reinforcing our conviction that we are succeeding in our effort to bring it down. In June, the ECB Governing Council began reducing the restrictiveness of monetary policy, lowering the interest rate on the deposit facility by a total of 100 basis points last year to 3%. Three more cuts followed over the first four months of this year, bringing the rate to 2.25%. Over the past year, the gradual and predictable downsizing of the portfolio of securities purchased for monetary policy purposes also continued. The monetary policy stance will continue to be data-dependant and determined by the Governing Council on a meeting-by-meeting basis, taking into account the assessments of the inflation outlook, incoming financial and economic data, and the intensity of monetary policy transmission. The Governing Council does not pre-commit to any particular level that key interest rates will reach in the future.

The Slovenian banking system performed well last year, despite the slightly less favourable economic environment. The banks further strengthened their already high resilience to various risks, and continued to record high profitability, driven in part by the effects of the monetary policy regime, while the main performance indicators remained robust. Bank asset quality as measured by the NPE ratio remained at a very favourable level in 2024, and the capital adequacy ratios at the end of the year were indicative of good solvency in the Slovenian banking system. Although certain liquidity indicators deteriorated slightly last year, liquidity remains well above the regulatory requirement, and among the highest in the euro area.

The overall risk level in the Slovenian financial system further improved last year, despite the increase in geopolitical risks, particularly in the second half of the year. The key risks to the banking sector continue to stem from the external environment, while standard risks to the financial system are assessed as low or moderate. The stability of the financial system that we have seen in recent years was successfully maintained last year through a combination of active macroprudential policy, and intrusive and ef-

fective microprudential supervision. Our macroprudential policy, which identifies, monitors and assesses systemic risks to financial stability and adopts the requisite measures to prevent and mitigate systemic risks, remained preventive in nature in 2024. We report on key findings on the evolution of risks and the macroprudential instruments used throughout the year in the Financial Stability Review, which is published twice a year. Our most recent findings were published in the spring edition in April 2025. In the area of microprudential supervision, we prioritised credit risk last year, with a focus on banks' exposure to geopolitical tensions and increased macroeconomic uncertainty. To review cyber resilience at banks, cyber stress tests were conducted in 2024, with all Slovenian banks participating. Our assessment is that banks responded appropriately to the security event simulated, but given the rise in risks of this kind, it is important that in the future banks continue investing in the adequate technological infrastructure to upgrade their information systems.

We also performed a range of other tasks at the bank as part of our mandate, many of which are critical to the functioning of the economy and the financial system, such as issuing cash, operating payment systems, managing the foreign exchange reserves and Banka Slovenije's portfolio of other assets. We also act as the payment and fiscal agent of the state, and as Slovenia's representative in international monetary organisations, we manage accounts for the state, for government bodies and for public-sector entities, and we manage the central credit register. Under the Resolution and Compulsory Winding-Up of Banks Act, Banka Slovenije also exercises the powers and tasks of the bank resolution authority, where in 2024 our focus was on updating resolution plans. We are also actively involved in the Eurosystem's digital euro project, within the framework of which the preparation phase was continued in 2024. The first part of the preparation phase will end in October 2025, but the decision to issue a digital euro has not yet been taken. The Governing Council will only take such a decision after the legal basis has been put in place at EU level.

Last year saw us organise a number of events, most notably the joint conference between Banka Slovenije and the IMF on financial systems in the region. Since 2017 we have been engaging in financial education, as strengthening financial literacy is one of our strategic objectives. Because we are aware that only financially educated individuals are capable of managing their personal finances responsibly and carefully, we have stepped up our efforts in this area in recent years, with Banka Slovenije education programmes reaching more than 6,000 children, young people and adults in 2024.

I assess that we have successfully fulfilled our legally defined mandate again last year. By helping to shape monetary policy, we played a part in bringing inflation closer to its 2% target rate. Notably, the October monetary policy decision was taken in Slovenia, which hosted a monetary policy meeting of the ECB Governing Council for the second time – 12 years after the first. Our macroprudential policy helped to maintain bank resilience and financial stability, while our microprudential supervision encouraged individual banks to maintain high standards in their operations and to be proactive in risk management. We remain committed to fulfilling our mandate consistently in the future as well.

Primož Dolenc
Acting Governor

ABOUT BANKA SLOVENIJE

Banka Slovenije is the central bank of Slovenia. It was established by the Banka Slovenije Act adopted on 25 June 1991. It has legal personality under public law, and freely and independently disposes of its own assets. Banka Slovenije is under exclusive state ownership, with autonomy in finances and governance. Banka Slovenije's financial statements are audited by an independent international auditor. Banka Slovenije's primary objective is price stability.



BANKA SLOVENIJE'S KEY AREAS OF WORK AND TASKS

MONETARY POLICY

Banka Slovenije pursues the Eurosystem's fundamental objective of maintaining price stability.

2.0
%

headline inflation in 2024 as measured by the HICP

€7
billion

excess liquidity of the Slovenian banking system at the end of 2024

€15.9
million

portfolio of securities purchased for monetary policy implementation at the end of 2024

3.2
tonnes

gold held in Banka Slovenije's intl. reserves. Gold and gold receivables amounted to €275 million at the end of 2024.

MICROPRUDENTIAL SUPERVISION

We supervise banks and savings banks for the purpose of promptly identifying risks.

137
breaches

identified in 2024 in the supervision of significant banks

144
breaches

identified in 2024 in the supervision of less significant banks

47
procedures

of licensing completed with an authorisation being granted

23
procedures

for licensing members of management bodies completed with an authorisation being granted

MACROPRUDENTIAL POLICY

We identify, monitor and assess systemic risks to financial stability, and take measures to limit them and to strengthen the banking system's resilience to risks.

€54.2
billion

year-end balance sheet total of the banking system, which generated a pre-tax profit of €1,200 million in 2024

1.0
%

NPE ratio in the banking system at the end of 2024

5.5
%

year-on-growth in the stock of loans to the non-banking sector

19.7
%

total capital ratio of the banking system on a consolidated basis

BANK RESOLUTION AND DEPOSIT GUARANTEE SCHEME

We provide for the orderly resolution of banks in difficulties, minimising the impact on the economy and on the public finances.

€197.0
million

assets under management of the bank liquidation fund at the end of 2024

€240.5
million

assets under management of the deposit guarantee fund at the end of 2024

€37.8
million

banks' total contributions to the deposit guarantee fund in 2024

€0

contributions to the Single Resolution Fund in 2024, the fund having reached its target value

PAYMENTS AND INFRASTRUCTURE

Banka Slovenije is responsible for ensuring that payment systems and securities settlement systems function undisrupted.

1,182,616
transactions

of Slovenian participants with a total value of €480.47 billion settled in T2 in 2024

€12.47 billion

of transactions in securities settled by Slovenian market participants in T2S cash accounts in 2024

1,939,067
transactions

of Slovenian participants with a total value of €2.15 billion settled in TIPS in 2024

CENTRAL CREDIT REGISTER

Banka Slovenije is responsible for ensuring the smooth operation of the systems for exchanging data on the indebtedness of individuals (SISBON) and business entities (SISBIZ).

29.9 million records

processed in SISBON and SISBIZ in 2024

67,287 views

of their own data by individuals and business entities in 2024

120 irregularities

identified in 2024 in the supervision of SISBON and SISBIZ users

BANKNOTES AND COINS

Banka Slovenije ensures that the Slovenian market is supplied with authentic and fit currency.

€17.9 billion

net total of cash issued into circulation by the end of 2024 by Banka Slovenije since the introduction of the euro

€31.4 million

total value of tolar banknotes and payment notes still in circulation at the end of 2024

138.5 million

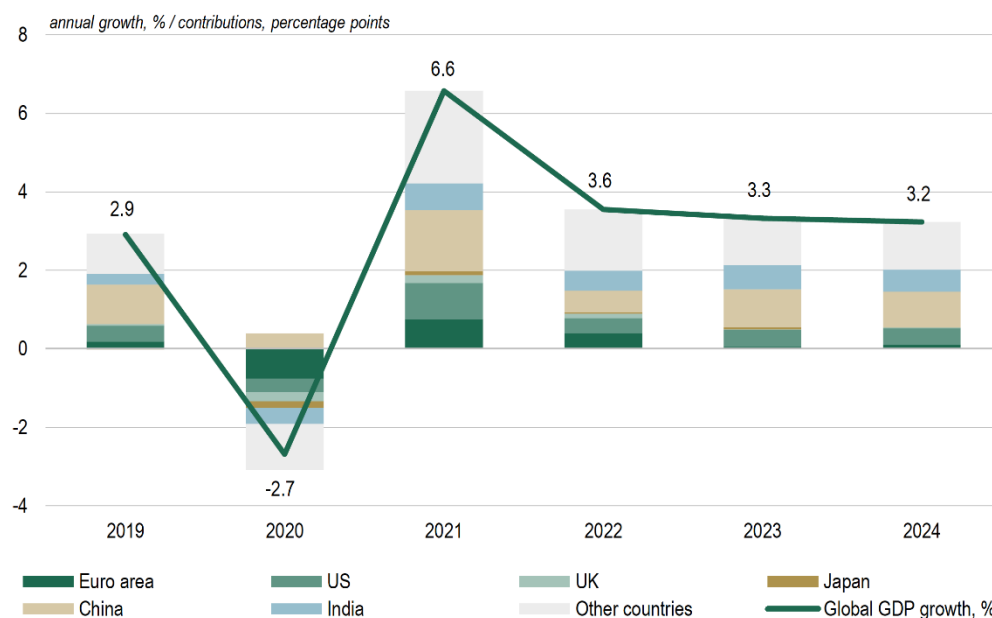
banknotes and coins counted by our processing unit in 2024

Economic Developments

1.1 International situation

Global economic growth stood at 3.2% in 2024, similar to the previous year. The economic outlook remained stable, but considerably more uncertain in the wake of major political changes. Economic developments varied considerably across the major economies last year. GDP in the US increased by 2.8%, slightly less than in the previous year, but well ahead of expectations. It was supported by strong private consumption amid a robust labour market. Growth in other leading advanced economies was more modest. It stood at 0.9% in the euro area, up from 0.4% in the previous year. The growth in the euro area was driven by private consumption and government consumption, while investment declined. Services was the main sector to perform well, while manufacturing remained weak. Consequently, several euro area countries ended the year in recession, among them Germany and Austria.¹ The UK ended the year with growth of 0.9%, while Japan saw economic growth of 0.1%. China saw economic growth of 5%, owing in particular to a moderate recovery late in the year, supported by fiscal and liquidity policy measures in force from September. Economic growth in India stood at 6.4%. The economic outlook remained stable, but subject to substantial uncertainty following the political changes in the US and certain other countries, which increased the likelihood of shifts in trade policy, fiscal policy and other policy areas.

Figure 1: **Contributions to global GDP growth from various economies**



Sources: IMF, ECB, Banka Slovenije calculations

¹ Among the major euro area countries, Germany was the only one to record in GDP last year, in the amount of 0.2%. Italy, France and Spain saw growth of 0.7%, 1.2% and 3.2% respectively.

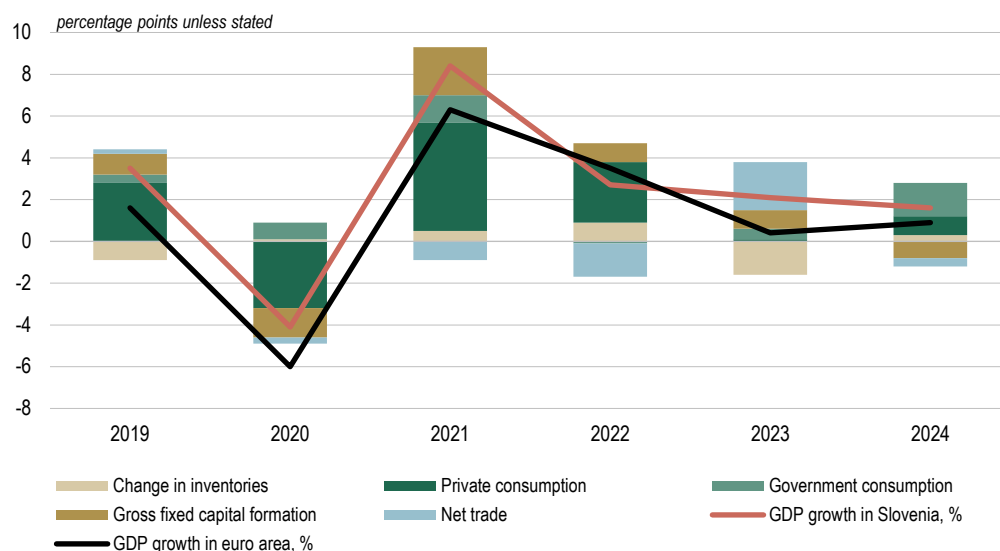
Despite slowing, global and euro area inflation remained above the target. With the effects of past shocks dissipating, global inflation excluding the euro area stood at 4.2% in 2024, a decline of 0.8 percentage points compared with 2023. Inflation in the euro area moderated faster, reaching 2.4% in 2024 – a decrease of 3.0 percentage relative to the previous year. The decline was attributable to all subcomponents, most notably prices of food and other goods. Other goods inflation stabilised close to its long-term average, indicating that the impact of past shocks dissipated almost entirely. By contrast, service price inflation remained elevated, mainly due to the pass-through of rising labour costs into final prices, which kept core inflation above the 2% target rate. Monetary policy measures, which became less restrictive, also had an impact on inflation developments in the euro area last year: the ECB cut interest rates four times, by 100 basis points in all.

Global GDP growth remained solid last year at 3.2%, but there was considerable variation between economies.

1.2 Slovenian economy

Economic growth in Slovenia was relatively low in 2024 at 1.6%, but there were a number of positive changes evident in its structure. GDP growth was down 0.5 percentage points on the previous year, but remained above the euro area average. Amid the fall in the inflation, real growth in the wage bill strengthened, which revived private consumption, which increased by 1.6%, and contributed 0.9 percentage points to GDP growth (see Figure 2). Growth in government consumption was considerably higher still at 8.5%. Much of this growth was attributable to the reclassification of supplemental health insurance as a compulsory contribution, but it was additionally driven by a further rise in employment in the government sector and increased funding for the post-flood reconstruction. The more favourable situation on the domestic market brought a rise in growth in value-added in private-sector services, which reached 1.8%. Gross fixed capital formation by contrast declined by 3.7%, reducing GDP growth by 0.8 percentage points. The reversal was linked to the high level of uncertainty, high energy prices, and the government's reduced role in investment following the end of the previous European financial framework. This hit construction in particular, where value-added declined by 1.4%, having seen high growth in the previous year. Despite the weaknesses of the European economy, growth in merchandise exports recovered, which drove up growth in value-added in manufacturing to 3.1%. The build-up of inventories and the strengthening of domestic final consumption drove an even stronger recovery in imports, which meant the contribution to GDP growth by net trade was negative (in the amount of 0.4 percentage points).

Figure 2: **Breakdown of annual GDP growth in Slovenia: expenditure side**

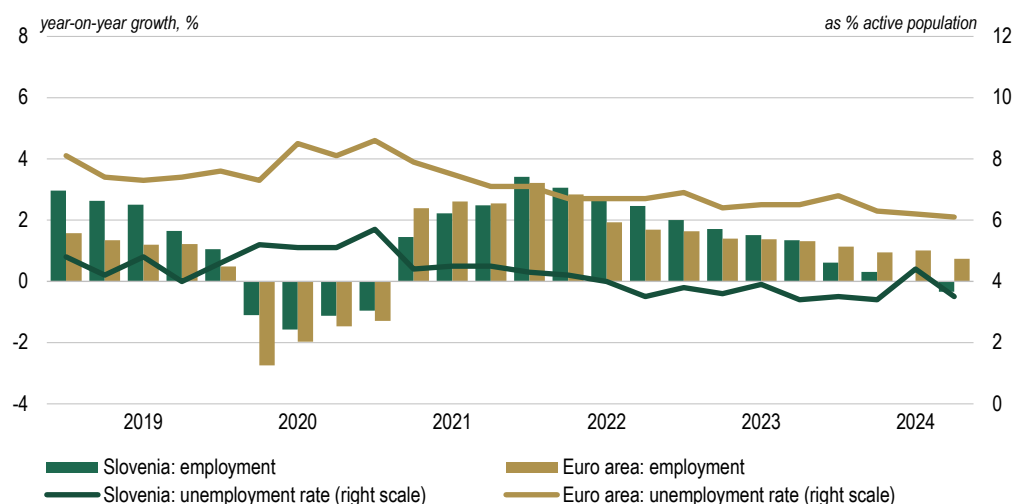


Sources: SORS, Eurostat, Banka Slovenije calculations

Last year's lower growth in the Slovenian economy was attributable to a reversal in the investment cycle, while the situation in the export sector improved despite a challenging international environment.

Employment growth slowed, but the labour market remained tight. Employment level hit a record high of 1,101.8 thousand, up 1.6 thousand on the previous year. Year-on-year employment growth slowed over the course of the year, and ended the year in negative territory. It averaged 0.1% over the year, with the number of employees falling by 0.2% in the private sector, but rising by 1.6% in the public sector (see Figure 3). Aggregate employment growth was outpaced by the euro area average, which stood at 0.9%. Despite a moderation in demand for workers, which in addition to more cautious hiring was also evidenced in a gradual but continual decline in notified vacancies, the Slovenian labour market remained tight. This was reflected in the continued low level of ILO unemployment rate. It averaged 3.7% over the year, and remained well below its long-term average, and 2.7 percentage points below the euro area average. As a result, hiring of foreign nationals continued and their share of the number of persons in employment increased to 15.7%.

Figure 3: **Quarterly developments on the labour market, comparison between Slovenia and the euro area**

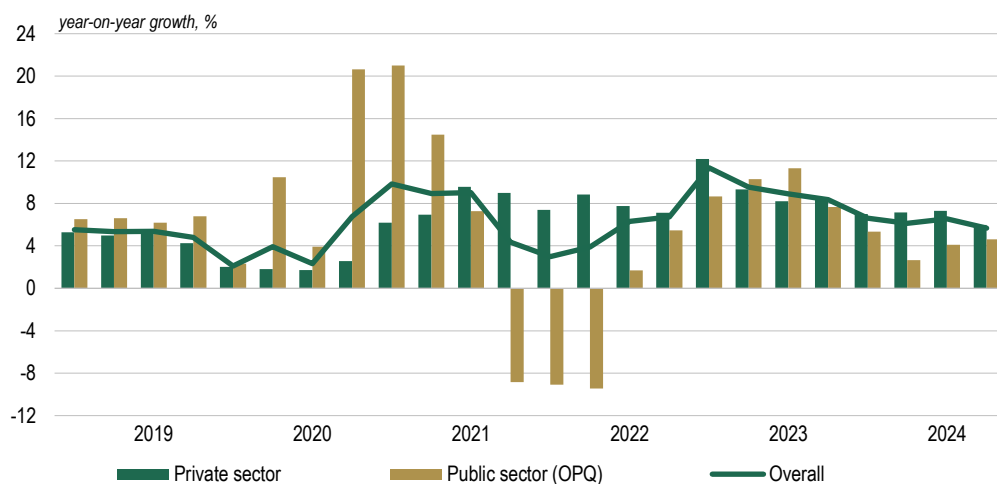


Sources: SORS, Eurostat, Banka Slovenije calculations

The labour market remained strong last year, despite signs of slowing.

Nominal wage growth slowed last year, but remained well above its long-term average. It stood at 6.2%, down 3.3 percentage points on the previous year (see Figure 4).² It remained above its long-term average (of 5.1%), primarily on account of the persistent tightness of the labour market and increases in line with past inflation. The latter also had an impact on growth in the minimum wage, which was raised by 4.2% in January. The fall in inflation strengthened real wage growth, which stood at 4.2%.³ Amid low employment growth, labour productivity growth also picked up, but at 1.5% remained below real wage growth.

Figure 4: **Nominal growth of compensation of employees per employee in Slovenia**



Sources: SORS, Banka Slovenije calculations

Nominal wage growth slowed, but remained above its long-term average, influenced by past inflation and a tight labour market.

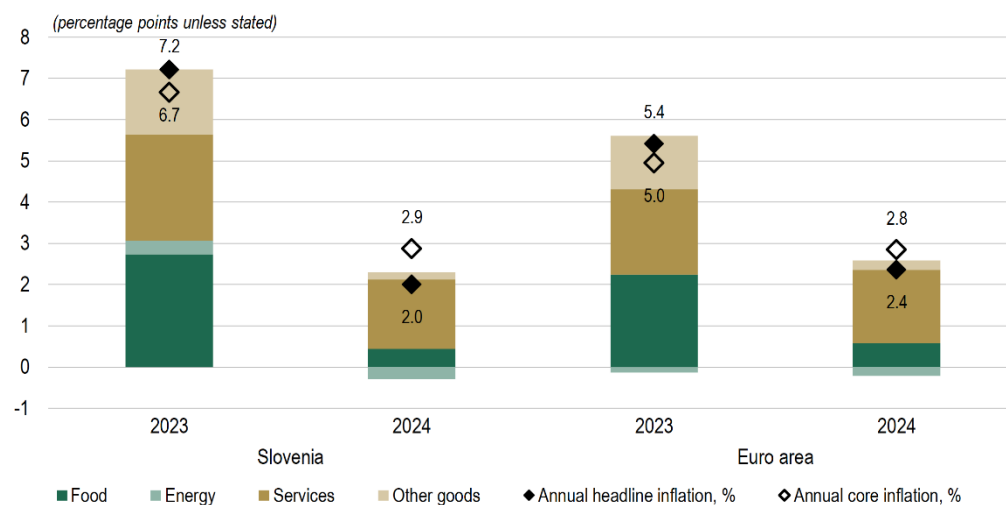
² Wage growth is measured by compensation of employees per employee according to the national accounts methodology.

³ Real wages are calculated by means of the HICP deflator.

The moderation in headline inflation was broad-based in 2024. Headline inflation as measured by the HICP averaged 2.0% in 2024, down 5.2 percentage points compared with the previous year, and 0.4 percentage points lower than in the euro area (see Figure 5). With the dissipation of past shocks in commodity and energy markets, the moderation in inflation during the first part of the year was primarily driven by lower year-on-year food price growth, which averaged at 1.9% in 2024 (2023: 11.8%). The year-on-year decline in energy prices averaged 2.3% in 2024, with considerable volatility in the year-on-year growth rates over the course of the year. The growth rate was positive until May and then turned negative. The year-on-year decline in energy prices was deepening until October, but then the growth rate began to strengthen in November with the changeover to the high season for billing electricity network charges and in the presence of a base effect related to the cuts in excise duties and margins on motor fuels from December 2023, before turning positive again in December (see Figure 6).

The moderation in core inflation was mainly held back by domestic factors. Core inflation stood at 2.9% in 2024, down 3.8 percentage points on 2023. The slowdown was mainly attributable to a decline in other goods inflation, which averaged 0.6% over the year (2023: 5.4%), thus approaching its pre-pandemic average⁴ and indicating that the effects of the post-pandemic shocks have almost entirely dissipated. By contrast, service price growth declined more gradually and averaged 4.8% over the year. It remained elevated mainly due to domestic factors related to the pass-through of higher labour costs into final prices. Service price inflation was the main factor in headline inflation, contributing 1.7 percentage points to the total rate.

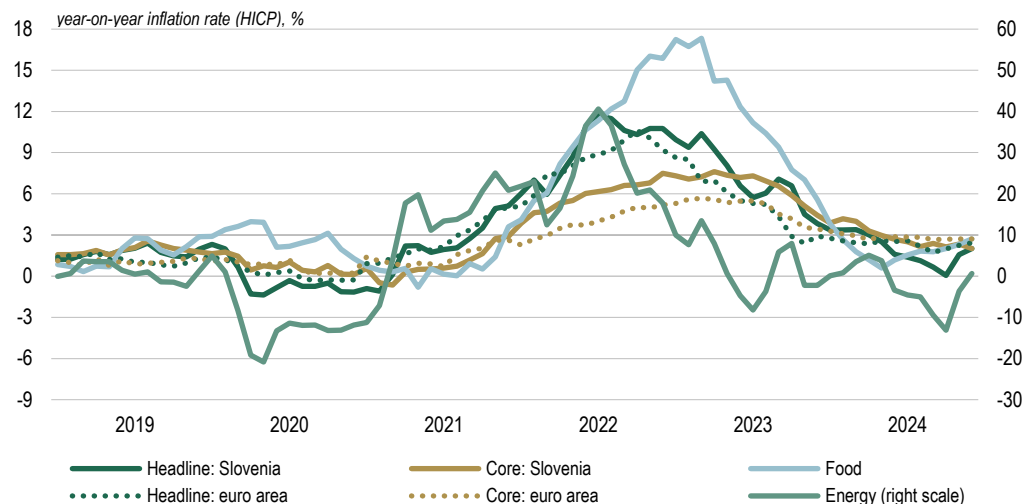
Figure 5: **Decomposition of inflation in Slovenia and the euro area**



Sources: SORS, Eurostat, ECB

⁴ Year-on-year other goods inflation averaged -0.4% between 2005 and 2019.

Figure 6: Inflation in Slovenia, 2019 to 2024



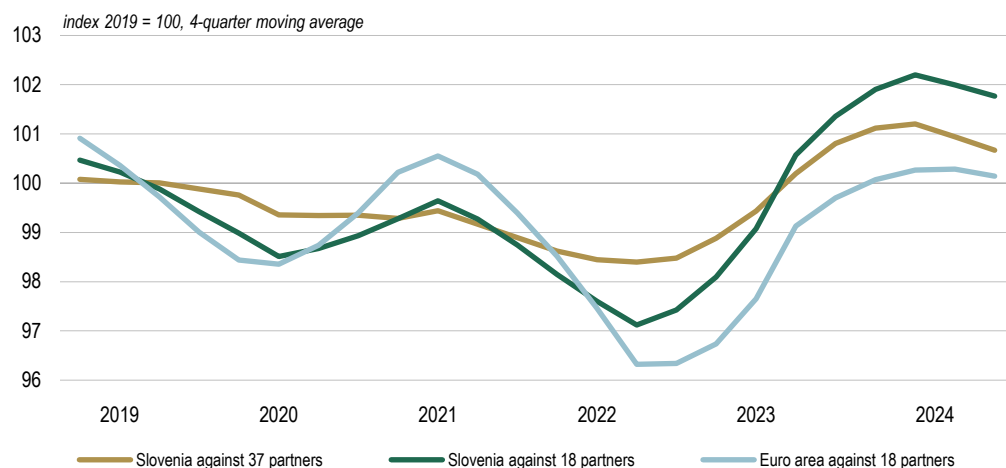
Sources: SORS, Eurostat

Headline inflation moderated in 2024, mainly due to slower growth in prices of food and other goods. Core inflation remained above the 2% due to services prices.

The price and cost competitiveness of the economy remained unchanged last year.⁵ Compared to a year earlier, the price competitiveness indicator remained at a similar level (-0.1%), while more than half of euro area Member States experienced less favourable developments than Slovenia. Domestic inflation, which was lower than the average of partner countries last year, improved the price competitiveness of the Slovenian economy, while the appreciation of the euro against a basket of partner currencies continued to worsen it (see Figure 7). The level of price competitiveness at the end of the year was still worse than before the pandemic, but was slightly better than its long-term average. The cost competitiveness of the Slovenian economy also remained similar to the previous year (-0.1%), but was a tenth worse than before the pandemic. Less favourable developments than in Slovenia were seen in just over half of the euro area countries. Price and cost competitiveness improved on average over the year vis-à-vis euro area partners, but deteriorated vis-à-vis countries outside the euro area.

⁵ They are measured by the ECB's effective exchange rate, deflated by consumer prices or unit labour costs, relative to 37 trading partners. A decline in the value of the indicator denotes an improvement in competitiveness, and vice-versa.

Figure 7: **Price competitiveness of Slovenia and the euro area**



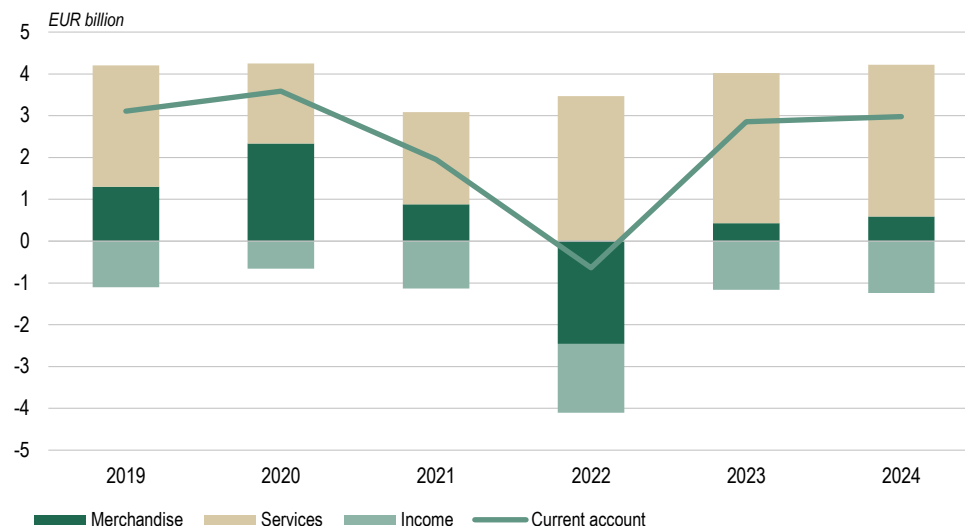
Note: Price competitiveness is expressed by the effective euro exchange rate deflated by the HICP. A decline in the index denotes an improvement in price competitiveness, and vice-versa.
Sources: ECB, Banka Slovenije calculations

The competitiveness of exporters remained broadly unchanged last year.

The current account surplus increased slightly further, largely as a result of an improvement in the terms of merchandise and services trade. It amounted to EUR 3.0 billion or 4.4% of GDP, compared to EUR 2.9 billion or 4.5% of GDP in the previous year (see Figure 8). The majority of the increase came from the increase of almost EUR 160 million in the merchandise trade balance, entirely as a result of an improvement in the terms of trade, with the fall in import prices outpacing the fall in export prices. The services trade surplus remained at the high level of EUR 3.6 billion. It strengthened slightly compared with the previous year, again as a result of the improvement in the terms of trade, while the main factor in the increase was a wider surplus of trade in other business services.⁶ Conversely, the current account balance was reduced by an EUR 80 million higher deficit in income. This was driven primarily by a decline in labour income, while various current transfers prevented an even larger deficit in income.

⁶ Technical and trade-related services in particular.

Figure 8: **Components of the current account**

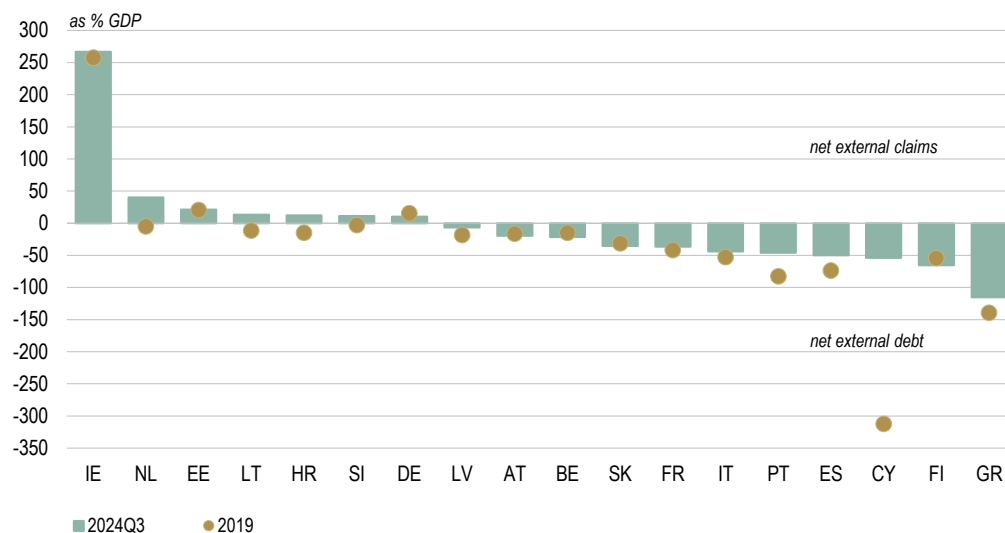


Source: Banka Slovenije

The current account surplus strengthened slightly further as a result of the favourable terms of trade.

The surplus also strengthened last year in the financial account of the balance of payments, Slovenia thereby increasing its net creditor position against the rest of the world. The financial account surplus of EUR 2.5 billion or 3.7% of GDP exceeded the result from the previous year. In terms of the main instruments, the net outflow of capital from the domestic economy to the rest of the world proceeded solely via net investments in securities, most notably bank purchases of foreign bonds. The net inflow of capital into Slovenia via other instruments, i.e. mainly non-residents' direct investments and their holdings of other assets, was significantly smaller. Slovenia disclosed no net external debt last year for the fourth consecutive time. Having amounted to 8.5% of GDP at the end of 2023, net debt claims against the rest of the world had increased to 12.6% of GDP by the end of last year. Just under half of the euro area countries held net claims against the rest of the world alongside Slovenia, while the others remained net external debtors (see Figure 9). The government sector was the only sector to remain a net debtor to the rest of the world: the ratio of its net debt to GDP declined by 1 percentage point to 25.7%. The private sector by contrast further strengthened its net creditor position against the rest of the world to 25.9% of GDP.

Figure 9: **Euro area countries' net external positions in debt instruments**



Notes: The figures for Luxembourg (2019: 2,466% of GDP; Q3 2024: 2,598% of GDP) and Malta (2019: 930% of GDP; Q3 2024: 881% of GDP) are not illustrated.
Source: ECB

A financial account surplus saw Slovenia further strengthen its net creditor position against the rest of the world.

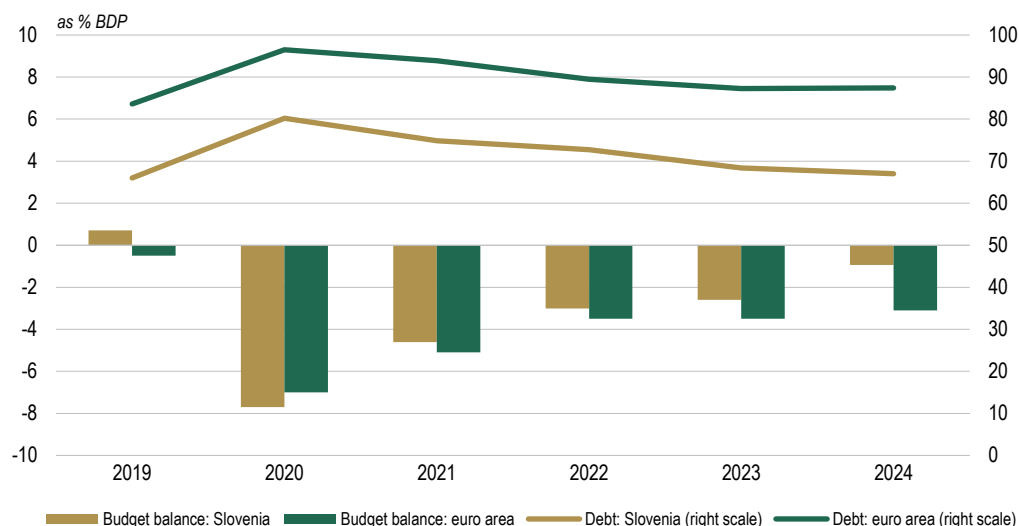
As ratios to GDP, the general government deficit and debt declined further in 2024. The general government deficit amounted to 0.9% of GDP, 1.7 percentage points less than in the previous year, and significantly better than had been forecast by the government plans (a deficit of 2.9% of GDP). General government revenues were up 9.3%, with social security contributions accounting for the majority of the increase on account of a labour market situation that was favourable to the public finances and the transformation of supplemental voluntary health insurance into a compulsory contribution. On the expenditure side this was reflected most notably in high growth in transfers in kind. Growth in expenditure stood at 5.3%. There was a notable decline in subsidies as a result of the withdrawal of high energy prices compensatory measures, while government investment also declined contrary to the government plans. Employee compensation increased by 6.2%, while interest expenditure was up a tenth. Government debt as a ratio to GDP declined to 67.0% in the wake of continuing economic growth. As ratios to GDP, the general government deficit and debt were significantly lower than in the euro area overall (see Figure 10).

The general government deficit narrowed in 2024, primarily as a result of the downsizing of support measures to mitigate high energy prices, while the decline in the ratio of government debt to GDP was driven by economic growth.

Government borrowing was at slightly better terms. Yields on 10-year government bonds were relatively stable, and averaged 3.1% over the year. According to the weighted average of coupon rates, the government borrowed at very close to this rate (3.0%), a slight improvement compared with the previous year (3.4%). Spreads on Slovenian 10-year government bonds over the German benchmark narrowed over the course of the year; their average over the year of 76 basis points was less than in the

previous year. Government borrowing was diverse in terms of the financial instruments issued: alongside the usual treasury bills and bonds in the domestic currency, which accounted for the majority of the borrowing, the year saw the first issuances of bonds for citizens, DLT bonds, and bonds in Japanese yen. There was no change in the rating agencies' assessments of sovereign risk, but several of the agencies did revise their outlook upwards (see Table 1).

Figure 10: Fiscal position: comparison between Slovenia and the euro area



Sources: SORS, Eurostat

Table 1: Sovereign credit ratings at the end of 2024

Rating agency	Rating	Outlook
S&P	AA-	positive
Fitch	A	stable
Moody's	A3	positive

Source: Bloomberg

The price of government borrowing was slightly more favourable last year than in the previous year. There were no changes to Slovenia's sovereign ratings.

The number of credit institutions in Slovenia fell by one in 2024 to 14. Nine banks, three savings banks and two branches of Member State banks were operating in Slovenia at the end of the year. The banks held the dominant market share in the banking system, accounting for 91.6% of the balance sheet total, followed by the savings banks with 5.5%, and the branches of Member State banks with 2.9%. There were no significant changes in the breakdown compared with the previous year. The banking system accounted for two-thirds of the Slovenian financial system's financial assets at the end of last year. The merger of two major banks further increased the concentration in the Slovenian banking system last year, which was reflected in a rise in the Herfindahl-Hirshman index (HHI) for total assets. This indicator has doubled over the last decade as a result of consolidation and a number of bank mergers.

A total of 14 credit institutions were operating in Slovenia at the end of last year.

The banking system's balance sheet total increased by 2.2% in 2024 to end the year at EUR 54.2 billion. The year-on-year increase was almost 3 percentage points lower than in the previous year. The increase of EUR 1.2 billion in the balance sheet total was attributable on the funding side to equity (EUR 0.6 billion), deposits by the non-banking sector (EUR 0.6 billion) and debt securities (EUR 0.3 billion), while liabilities to banks and to the ECB declined. On the asset side last year's largest increases were in securities holdings (EUR 3.3 billion) and loans to the non-banking sector (EUR 1.5 billion), while the stock of the most liquid assets declined (by EUR 3.9 billion). The ratio of the banking system's balance sheet total to GDP declined again last year to reach 79%, as growth in nominal GDP outpaced growth in the balance sheet total.⁷

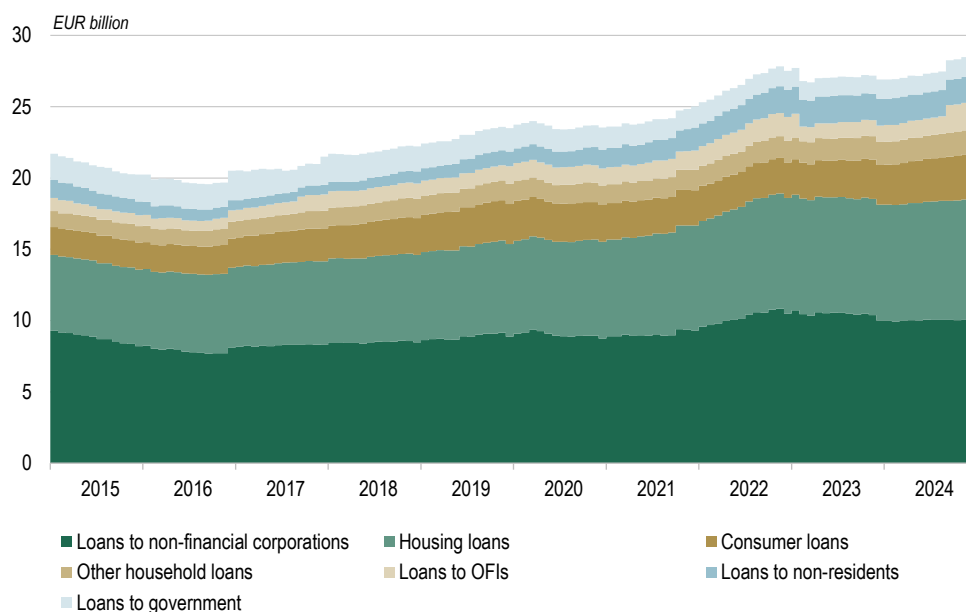
The stock of loans to non-financial corporations declined last year, but household lending, particularly via consumer loans, continued to strengthen.

After slowing in 2023, lending to the non-banking sector strengthened again last year. The loan stock was up EUR 1.5 billion in year-on-year terms at the end of 2024. The year-on-year rate of growth was still negative in January in the amount of 2.9%, but had strengthened to 5.5% by December. It again outpaced the euro area average, which after the stagnation in January of last year (-0.1%) had increased only moderately by December to 1.5%. The year saw a considerable difference in the dynamics in lending to the two largest customer segments, namely non-financial corporations (NFCs) and households. While the stock of loans to NFCs declined by EUR 206 million (2.1%) over the year, mainly as a result of an increase in loan repayments, the stock of household loans increased by EUR 755 million (6.0%). The decline in lending to NFCs was broadly based across activities, across corporate sizes, and in terms of loan purpose. The stock of loans to other financial institutions (OFIs) saw a one-off uptick in connection with financing for one of the leasing companies.

⁷ Balance sheet figures on an individual basis from bank reporting of closing accounts. Comparison of latest available GDP and balance sheet total figures (SORS, Banka Slovenije).

Household lending continued to increase last year. There were increases in the stock of housing loans (EUR 319 million) and consumer loans (EUR 377 million) last year. After reaching a low of 3.2% in September 2023 following a year of decline, aggregate year-on-year growth in household loans strengthened almost continuously, reaching 6.0% in December of last year. This widened the gap with the euro area average, where growth remained modest at 0.7%. The dynamics in terms of loan type remained similar to the second half of 2023, when there was a significant increase in the monthly figures for new consumer loans following the changes to the macroprudential restrictions on consumer lending. Last year this was again one of the most important segments of growth in loans to the non-banking sector. Year-on-year growth in this segment strengthened sharply, reaching 16.8% in June. It then gradually slowed on account of a high base effect, reaching 13.5% in December, even though new lending remained high. The volume of new housing loans was also greater last year than in 2023, which drove an increase in the stock of housing loans. Year-on-year growth in this segment has been on the rise since September 2023 (when it stood at 0.5%), and reached 3.9% in December of last year, well outpacing the euro area average (0.6%). Alongside the relatively favourable economic situation with high employment and real wage growth, another significant factor in household lending was the level and dynamics of fixed interest rates that prevail in the segment. They declined last year for consumer loans and, in particular, for housing loans, and were slightly below the euro area averages at the end of the year.

Figure 11: Lending to the non-banking sector



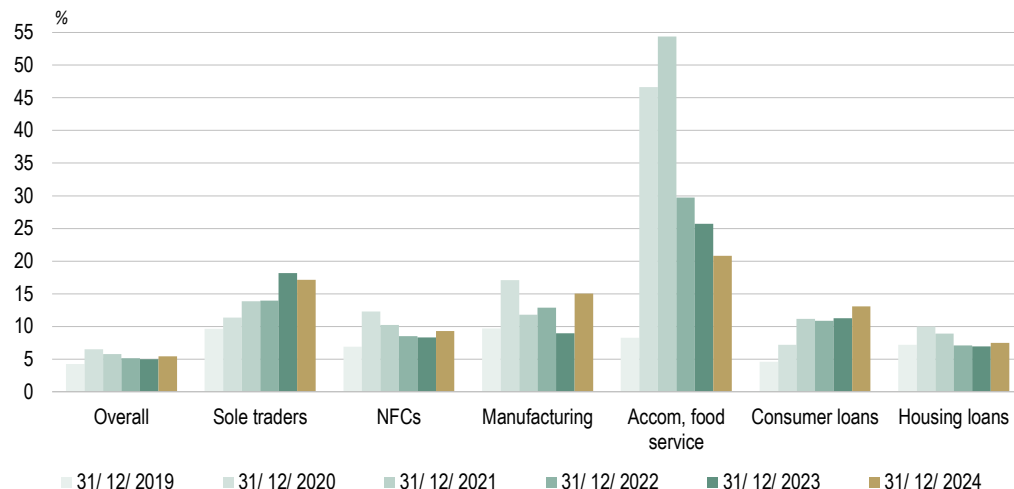
Source: Banka Slovenije

The quality of bank assets as measured by the NPE ratio remained at a very favourable level in 2024. The NPE ratio remained unchanged between April 2023 and the end of 2024 at 1.0%. The stock of NPEs did increase over this period by EUR 9 million to EUR 595 million, amid an increase of EUR 5.0 billion in total bank exposure. Since 2021, when the NPE ratio first fell below the euro area average, the gap has widened, reaching 0.4 percentage points in 2024.⁸ Amid minor fluctuations, last year the NPE ratios in the NFCs and consumer loans portfolios also remained at their levels of December 2023, at 1.8% and 3.1% respectively, while the NPE ratio in the housing loans portfolio declined slightly to 1.0%. The only segment to see a larger deterioration

⁸ The latest data for the euro area is available for the third quarter of 2024.

in portfolio quality in terms of this indicator was sole traders, where the NPE ratio rose by 0.5 percentage points in 2024 to 4.2%.

Figure 12: **Share of Stage 2 exposures**



Source: Banka Slovenije

The breakdown of bank exposures by credit risk stages worsened in the final months of 2024. After declining slightly over the first ten months of the year, the share of exposures with increased credit risk (Stage 2 under the IFRS) increased significantly in November and December, reaching 5.4% by the end of the year, the highest level of the last two years. There was a sharp increase in the share of Stage 2 exposures in the NFCs portfolio over those two months, from 7.2% to 9.3%, where the decisive factor was the increase in the manufacturing portfolio, where the share of Stage 2 exposures almost doubled from 8% in October to end the year at 15.0%. An increase in the share of Stage 2 exposures was also seen in other activities of the NFCs portfolio. The share of Stage 2 exposures in the consumer loans portfolio also increased, reaching 13.0% in December, the highest figure since measurement began in 2016; the increase followed last year's 14% expansion in exposure to consumer loans.

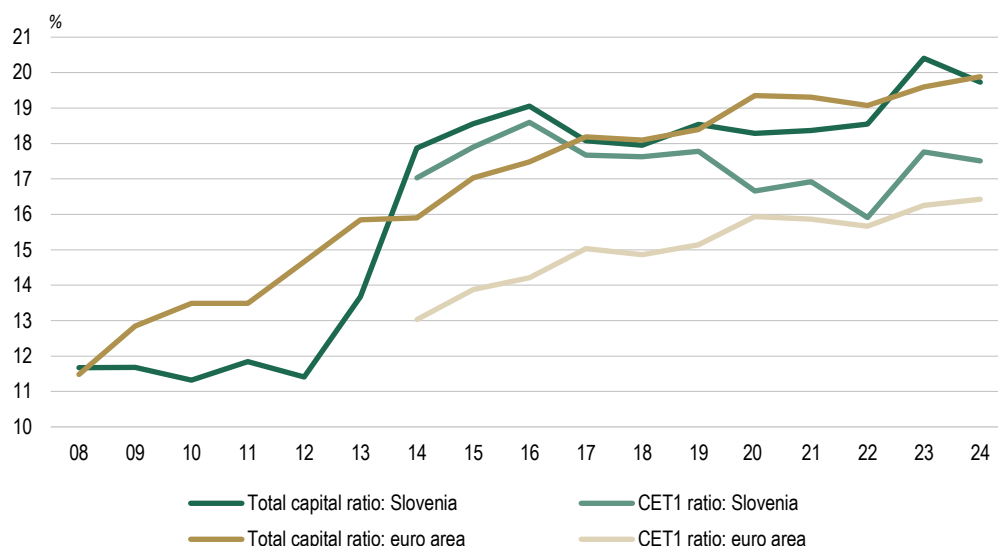
Coverage of NPEs by impairments and provisions increased further last year, while coverage of performing exposures also increased more strongly late in the year. Coverage of NPEs by impairments stood at 59.9% in December, and remained among the highest in the euro area. Coverage of performing exposures was relatively stable over the course of the year, but increased a little in December to 0.45%. The main driver of the increase was an increase in impairments in the manufacturing portfolio, in connection with the reclassification of exposures to Stage 2. Of the total increase of EUR 26 million in impairments in the NFCs portfolio, manufacturing accounted for EUR 21 million. Coverage by impairments thus increased from 0.58% to 1.01%. Coverage in the entire NFCs portfolio also increased, by 0.15 percentage points to 0.61%.

The banking system's capital position remains good.

The capital adequacy ratios at the end of 2024 were showing good solvency in the Slovenian banking system. The total capital ratio and the common equity Tier 1 capital (CET1) ratio on a consolidated basis declined slightly at system level over the course of the year (by 0.7 percentage points and 0.3 percentage points respectively), but remained solid. The first stood at 19.7%, and the second at 17.5%. The decline in the capital adequacy ratios in 2024 was attributable to an increase of 10.0% in risk-weighted exposure amounts, largely as a result of an increase in risk-weighted exposure amounts for credit risk in the household segment, while other segments accounted for significantly less of the increase. Regulatory capital increased by 6.4%, driven primarily by CET1 components, where the largest increases were recorded by retained earnings and reserves.

Just over half of the banks succeeded in increasing their surplus over allocated capital requirements in 2024, although the divergence in the surpluses widened slightly relative to 2023. There remain differences between the banks in their surpluses above overall capital requirements, and thus in their capacity to absorb the potential realisation of risks or negative shocks from the environment.

Figure 13: **Capital ratios, comparison with the euro area, consolidated basis**⁹



Sources: Banka Slovenije, ECB Data Portal

The banking system's liquidity remained high, despite a deterioration in certain liquidity indicators. The liquidity coverage ratio (LCR) on an individual basis declined by 19 percentage points at system level to 316%, but remained well above the minimum regulatory requirement of 100%, and among the highest in the euro area. This means that the banking system maintained a high capacity to cover net liquidity outflows over a short-term stress period. Last year's deterioration in the LCR was attributable to a change in liquidity structure.

After increasing for several years, the stock of primary liquidity declined sharply in 2024, as banks redirected funds held in accounts at the central bank into purchasing debt securities, thereby strengthening their secondary liquidity. Although the stock of primary liquidity declined by EUR 3.9 billion to EUR 9.9 billion, equivalent to 16.3% of the balance sheet total, it is still well above its long-term average. In addition to the LCR, there was also a slight deterioration in the net stable funding ratio (NSFR) at system level on an individual basis, which declined by 5 percentage points over the first nine

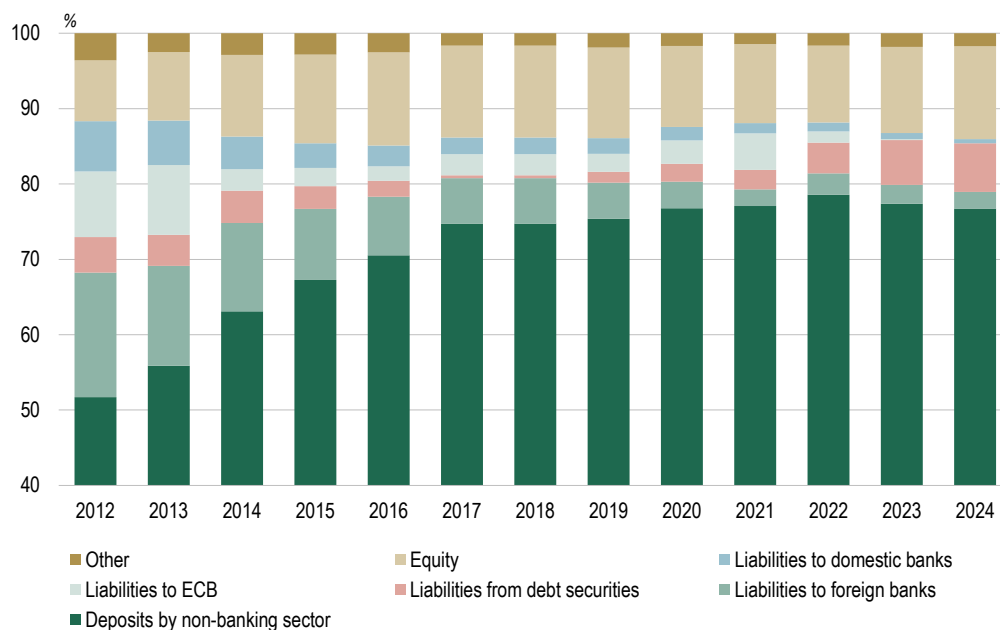
⁹ The data for the euro area (EA) relates to the third quarter of 2024.

months of last year to stand at 168%. The NSFR nevertheless remains relatively high above the minimum regulatory requirement of 100%, and with it the capacity to cover required stable funding over a one-year period. Although all banks exceeded the minimum LCR and NSFR requirements, there remain considerable differences between them in terms of their liquidity surpluses and thus in their resilience to systemic risks.

Deposits by the non-banking sector increased in 2024, due to inflows of household deposits, which remain a key source of funding for Slovenian banks, accounting for 50.0% of the balance sheet total. Household deposits increased by 3.0% or EUR 795 million, which is comparable to the increase in the previous year. The monthly inflows of household deposits were relatively modest last year, with the exception of the spring, when leave allowance was paid, and at the end of the year, when Christmas bonuses were paid. In contrast to households, deposits by non-financial corporations declined slightly last year, with firms with large savings likely choosing to finance their investments with internal resources in preference to loans. The stock of deposits by non-financial corporations declined by 0.3% over the course of the year to EUR 10.9 billion, equivalent to a fifth of the balance sheet total. Despite the decline in deposits, firms still hold solid savings at banks, which they could direct into investment or use to cover current operations. With interest rates on deposits, particularly long-term deposits, falling, savers are opting less often to fix their savings. Despite a slight decline, the stock of sight deposits remained large (accounting for 85% of all household deposits).

Deposits by the non-banking sector remained stable, and are still the most important source of funding for Slovenian banks.

Figure 14: **Breakdown of bank funding at year end**



Source: Banka Slovenije

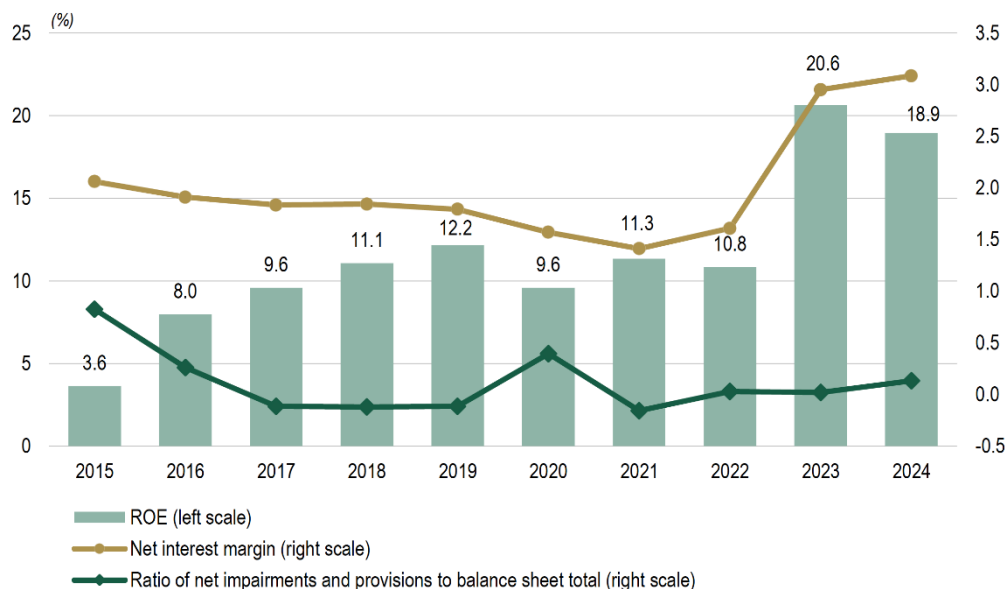
Slovenian banks again enjoyed record profits last year, thanks to the high level of income, net interest income in particular, and the low level of net impairments and provisions. Pre-tax ROE was above average.

Pre-tax profit in the Slovenian banking system amounted to EUR 1,200 million in 2024, up 5.5% on the previous year. The banks recorded ROE of 18.9%, down slightly on the previous year (20.6%) owing to the increase in equity, but it was still well above average compared with the past, and compared with other banks in the euro area and the EU. The high profits were attributable to the extremely high net interest income in the banking system, which is a result of the difference between the interest rates on bank assets and bank funding, thanks overwhelmingly to the very low interest rates on sight deposits by the non-banking sector.

Growth in net interest income began to slow when the first interest rate cuts were made, and stood at 8.6% at the end of the year. The banks thus recorded their highest ever net interest income. The net interest margin stood at 3.09%, its highest level of the last two decades. Net non-interest income increased by fully a third (34.5%), which was mainly attributable to an increase in dividend income at one of the largest banks. Even without this one-off effect, year-on-year growth would still be solid at more than 10%, having strengthened compared with the previous year. Net fees and commission, the most important component of net non-interest income, increased by 8.6% last year, significantly outpacing growth in the balance sheet total.

Growth in gross income in the banking system stood at 15.6% last year, down on the previous year as expected, owing to the slowdown in growth in net interest income amid high base effects. Growth in operating costs strengthened to 22.3%, primarily as a result of the accrual of the tax on total assets, which was introduced last year. Without the costs of this tax, growth in operating costs would be more than a half lower, and similar to the previous year. Net income last year thus exceeded the previous year by 10.7%. Another factor in the banks' high profits was the small net creation of impairments and provisions: at EUR 70.5 million, they accounted for just 3.1% of the banks' gross income.

Figure 15: **ROE, net interest margin on interest-bearing assets, and ratio of net impairments and provisions to balance sheet total**



Source: Banka Slovenije

In light of the growing number of cyberattacks on critical national infrastructure in 2024, the banking sector's exposure to cyber risk has also increased. The banks did not report an increase in the number of critical cyber incidents in 2024 compared to 2023.

We assess that the number of critical cyber incidents in the banking sector has remained stable. The number of reported phishing attacks in the banking sector fell significantly in 2024, likely due to a decrease in phishing attacks and other online fraud. This could be due to growing cyber hygiene among the public, which is being reflected in the quicker recognition of fraud attempts. Recipients recognize and delete dubious messages without reporting the incidents.

The number of cyberattacks on SMEs increased in the second quarter of 2024. They often lack sufficient resources to ensure resilience to cyber risks. They are frequently exposed to attacks by ransomware, which usually penetrates the information system and encrypts all accessible files, which can then only be unlocked after payment of a ransom.

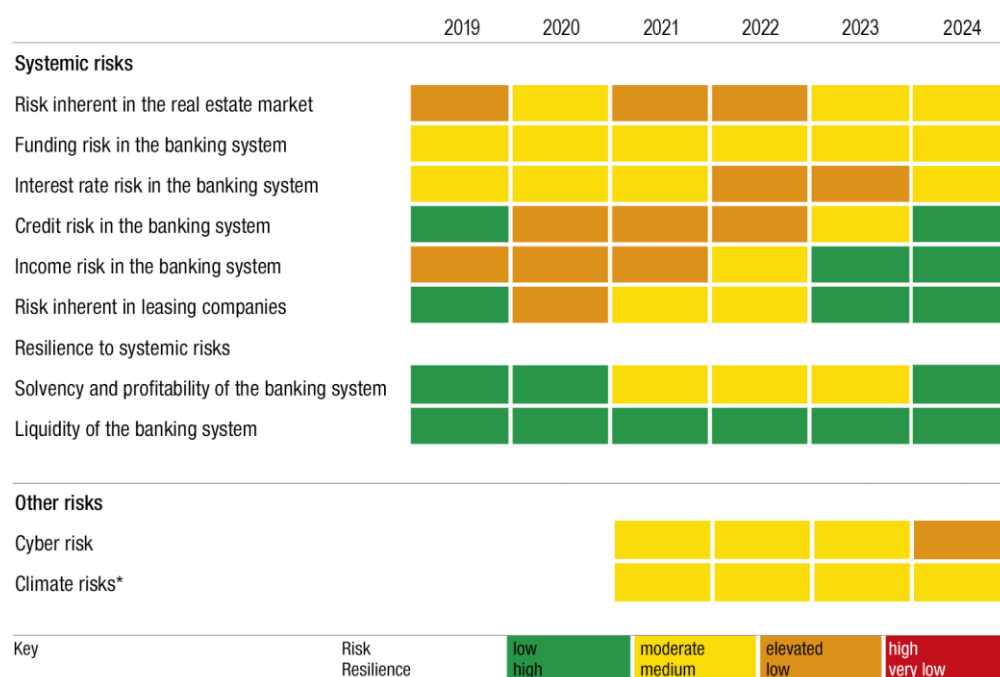
In July 2024, the CrowdStrike incident occurred due to an operating error in the software produced by a company of that same name. The incident caused an IT outage that affected the operations of certain Slovenian firms, including banks. The Slovenian banks that use CrowdStrike solutions resolved the issue the same day, so the incident did not significantly impact their operations.

As supervisors of the banking system, we regularly use tools to monitor and identify cyber risks at the system level. We use a cyber risk dashboard to monitor systemic cyber risk. This dashboard's indicators allow us to monitor risk at the level of the banking system and perform cyber mapping (for more information on the tools for monitoring systemic cyber risk, see Box 1).

The general level of systemic risks improved further in 2024.

The general level of systemic risks further, despite the increase in geopolitical risks, particularly in the second half of last year. Amid persistently favourable indicators, the credit risk assessment was lowered to low in the first half of the year, while the interest rate risk assessment was lowered to moderate, as the trend in the repricing gap improved. The cyber risk assessment was raised to elevated last year, due to more frequent DDoS attacks, particularly in the first half of the year. However, the banks did not report any significant rise in the number of critical cyber incidents. The remaining risks continued to be assessed as either low or moderate. The banking system's resilience from the perspective of liquidity remained assessed as high, while resilience from the perspective of solvency and profitability was raised to high. This was driven by the ongoing favourable developments in net interest income, which were reflected in high profitability.

Figure 16: **Risk and resilience dashboard for the Slovenian banking system**



Note: 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

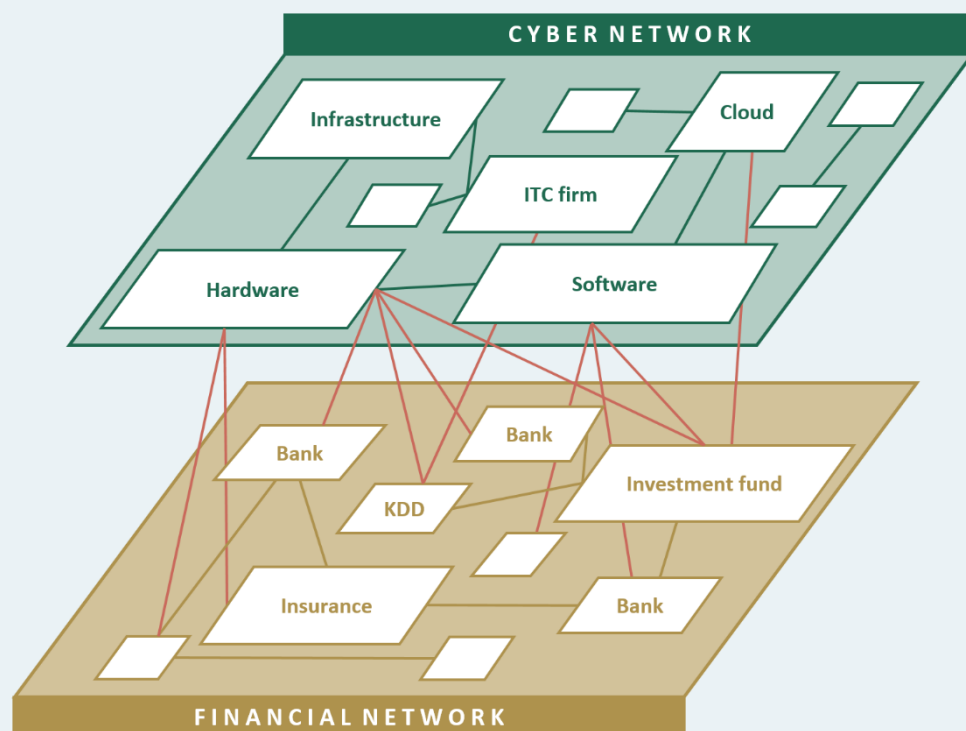
Box 1: **Development and implementation of supervisory identification and monitoring of cyber risk**

Banka Slovenije completed a project in 2024 in connection with systemic cyber risks. For this project Banka Slovenije is collaborating with the Insurance Supervision Agency (ISA) and the Securities Market Agency (SMA). The IMF provided technical assistance for all key activities and tasks. The project established supervisory identification and monitoring of cyber risk at the level of the banking system.

As part of the project we developed a risk dashboard, a report and ad hoc analysis for supervisory authorities that include cyber and financial indicators. We also continually built a supervisory database that includes the key data, including data series on cyber incidents and other financial data on the operations of institutions. This supervisory cyber database forms the basis for developing and implementing tools for addressing systemic cyber risk. During the project we also developed and implemented a cyber mapping tool, which provides an overview of the mutual operational and financial connections between various entities in the banking market. A key feature of the tool is its ability to provide an overview of critical infrastructure at the national level and facilitate the management of systemic cyber risk.

Cyber mapping provides us an overview of the connections between financial institutions and other key entities in the banking market. This information can be used to monitor financial stability, and also for the supervisory monitoring of cybersecurity. The tool for cyber mapping in the banking market allows us to identify the risk concentration caused by banks' direct or indirect exposure to key ICT service providers. We can also forecast where cyber incidents will occur in the banking system. All information obtained is useful for ongoing cyber risk monitoring at the banking system level. The plan is to expand the cyber mapping tool and application to the entire financial sector. The output of the tool is an illustration of two interlinked networks, namely the financial network and the cyber network. The cyber network can be treated as a virtual layer of the financial network composed of all ICT components that financial institutions use in their operations. Mapping the financial network (i.e. the financial system) to the cyber network, we can find the connections between third-party providers of ICT services used by financial institutions. This approach enables the identification of common ICT service providers (e.g. cloud providers) in the banking sector.

Figure 17: **Schematic cyber map**



Source: Banka Slovenije

Last year, Banka Slovenije also conduct on stress tests focused on cyber risks, modeled on the ECB approach. Banka Slovenije's targeted stress tests included all the less significant banks and savings banks, and the subsidiary banks under majority foreign ownership. The Banka Slovenije exercise was based on the ECB's simplified approach and methodology. The aim of the exercise was to assess the impact of a cyberattack defined in a scenario on the operations of individual banks and savings banks, and to monitor systemic cyber risk. Conducting targeted cyber stress tests helped Banka Slovenije in understanding whether banks or the banking system have sufficient operational capacity to respond to and recover from a likely cyberattack. According to the self-assessments of commercial banks, the results showed that a hypothetical cyberattack would not significantly impact the functioning of key economic functions or financial stability. It would also not impact on the liquidity of the banking

system or on funding risk. Thus, the cyber stress tests were a learning exercise for Banka Slovenije and the commercial banks.

The **key products** developed during the project are: (i) establishing a supervisory database, (ii) defining indicators to monitor cyber risk, and drawing up a risk dashboard and reports on risks to financial stability, (iii) putting in place cloud services with a cyber database that can be accessed by all three supervisors, (iv) developing a cyber mapping tool, and (v) performing cyber stress tests for the banking sector. The solutions we developed during the project will be useful for the ongoing monitoring of cyber risk at the banking and financial system levels. Activities related to monitoring systemic cyber risk have continued since the project's conclusion, and plans are in place to roll out the solutions to other financial supervisors.

3.1 Banka Slovenije's mandate and institutional framework

Banka Slovenije fulfils its mandate independently and within the framework of the European System of Central Banks, based on four pillars of activity:

Monetary policy relates to the central bank decisions that exert an influence on prices and the availability of money in the economy, thereby exerting an effect on the chosen target of the monetary policy. Under the Banka Slovenije Act, price stability is Banka Slovenije's fundamental objective, and it is also the primary objective of the European System of Central Banks, of which Banka Slovenije is part. Maintaining price stability is monetary policy's greatest contribution to economic growth and job creation. The Eurosystem target is to maintain growth in prices of goods and services (i.e. inflation) at around 2% over the medium term.¹⁰

Microprudential supervision is part of Banka Slovenije's mandate relating to the maintenance of financial stability. The objective of the supervisory activities is identifying risks in all areas of the operations of banks and savings banks (credit risk, liquidity risk, operational risk, capital risk, interest rate risk, profitability risk, internal controls, corporate governance, reputation, anti-money laundering) in timely fashion, and ensuring the stability of credit institutions and the financial system through effective action.

Macroprudential policy aims to mitigate the effects of financial cycles, and to increase the resilience of the financial system to disruptions. Macroprudential policy identifies, monitors and assesses systemic risks to financial stability, and adopts the requisite measures to prevent and mitigate systemic risks. The ultimate objective of macroprudential policy is to contribute to safeguarding the stability of the financial system as a whole, including strengthening the resilience of the financial system, and preventing and mitigating the build-up of systemic risks, thereby ensuring a viable and sustained contribution to economic growth from the financial sector.

Bank resolution and deposit guarantee scheme: Banka Slovenije's basic mission in this context is ensuring the orderly resolution of a bank or banks in (serious) difficulties, while minimising the consequences to the economy and the public finances. The aim in establishing a resolution mechanism is transferring the burden of any bank resolution to the banking sector (and not to the public finances), thereby reducing the moral hazard and increasing confidence in banks on the part of the public and investors. At the same time Banka Slovenije is the operator of the deposit guarantee scheme, whose basic objective is to protect depositors and to maintain their confidence in the banking system. A sound and effective deposit guarantee scheme is one of the vital conditions for the maintenance of financial stability in a country.

We also perform certain other tasks as part of our legal mandate, such as issuing cash, operating payment systems, managing the official foreign exchange reserves and other Banka Slovenije assets, acting as the payment and/or fiscal agent of the state or as a representative of the state at international monetary organisations, managing accounts for the state, government bodies and public-sector entities, attending to financial, monetary, banking and balance of payments statistics, and managing the central

¹⁰ A new monetary policy strategy was adopted within the framework of the Eurosystem in July 2021, and defines an adjusted inflation target for our monetary policy.

credit register. A number of our tasks relate to the operation of critical national infrastructure under the Critical Infrastructure Act.

Banka Slovenije's actions in 2024 were again fixed within an institutional framework at the European level.

In managing the Eurosystem and the European System of Central Banks, a key part of which is the implementation of monetary policy and the pursuit of the Eurosystem's primary objective (i.e. price stability), we worked with the ECB's decision-making bodies in the manner set out in the Treaty on the Functioning of the European Union, the Statute of the European System of Central Banks (ESCB) and of the ECB, and the Rules of Procedure of the Governing Council, the General Council and the Executive Board of the ECB. The Governor of Banka Slovenije is, by function, one of the members of the Governing Council, which is the main decision-making body of the ECB and is responsible for taking the most important strategic decisions that are key to the functioning of the Eurosystem.

In the area of microprudential supervision and the setting of rules for banks and other supervised entities, we actively worked within the framework of the Single Supervisory Mechanism and the European Banking Authority. The Single Supervisory Mechanism (SSM) is one of the three pillars of the banking union, whose task is carrying out direct supervision of significant banks and bank groups in the euro area, and is also responsible for carrying out indirect supervision of less significant banks through the introduction of standard rules for conducting supervision in participating countries. The EBA is an independent EU authority whose purpose is ensuring effective and consistent prudential regulation and supervision in the European banking sector by putting in place a single European banking rulebook. The deputy-governor of Banka Slovenije is a member of the most senior decision-making bodies of the SSM and the EBA.

In the area of macroprudential supervision, we worked within the institutional framework of the ECB and the European Systemic Risk Board (ESRB), which is responsible for the macroprudential supervision of the financial system in the EU. The objective of the ESRB's work is preventing and mitigating systemic risks to financial stability in the EU, while its tasks include defining risks on the basis of which it may issue recommendations for remedial measures. The Governor of Banka Slovenije (by function) and one of the vice-governors are members of the General Board.

In the area of bank resolution, Banka Slovenije works within the framework of the Single Resolution Mechanism (SRM), which is responsible for drawing up resolution plans and analysing the resolvability of systemically important banks or groups, and for using the resolution fund. Our objective is to put in place a single European rulebook and standardised resolution processes, and to minimise the resolution costs and asset devaluation if a bank failure occurs. Like the SSM, the SRM operates at the pan-European national level by working with the national competent authorities, in this case the national resolution authorities. The centralised application of resolution powers has been assigned to the Single Resolution Board, whose membership includes representatives of each of the national resolution authorities (one of the vice-governors in the case of Banka Slovenije), and to the national resolution authorities, where the rules on the establishment and operation of the SRM in Member States are applied directly.

Our work also encompasses collaboration with other authorities and institutions in Slovenia, the EU and further afield.

Under the **ECB** framework, the senior management of Banka Slovenije attended meetings of the Governing Council and the General Council of the ECB in 2024, sat on 19 committees and 109 working bodies, and attended meetings of the supervisory board of the SSM and meetings of 26 SSM working bodies. Within the framework of the banking union, in addition to attending plenary sessions of the SRB, we also sat on three of its committees and ten of its working bodies. Within the European system of financial supervision, we participate in the board of supervisors, seven committees and 42 working bodies at the EBA, and also have representatives on the general board and five working bodies of the ESRB. Banka Slovenije representatives attended meetings of committees, working groups and other bodies that are active within **other institutions of the EU** with a focus on financial and monetary matters. The Governor attended two meetings of the informal ECOFIN. We attended meetings of the Economic and Financial Committee and its subcommittees, and participated in several other bodies working under the aegis of the Council of the European Union, the European Commission and a number of other institutions.

Box 2: House of the Euro

The ECB officially opened the House of the Euro in the European quarter of Brussels on 9 November 2023. It is home to the permanent representative offices of the ECB, and the central banks of Malta, Ireland, Italy, Spain, France, Germany and Slovenia. The Croatian National Bank has also posted a staff member to the ECB team.

The House of the Euro works as a centre for information exchange and for the organisation of events that help in the formulation and dissemination of the common positions of the central banks of the Eurosystem. These events allow legislators in Brussels to meet and to exchange opinions with representatives of the private sector about issues such as the green transition, monetary policy, the capital markets union (savings and investment union), the digital euro, and the impact of digitalisation on operations.

The House of the Euro hosted a number of important events in 2024:

- In September Piero Cipollone, a member of the ECB's executive board, and Mairead McGuinness, the financial services commissioner at that time, highlighted the importance of working with all stakeholders during the development of the digital euro project.
- In November a joint IMF and ECB event on the expansion of the single market to raise productivity was attended by Alfred Kammer (director of the European department at the IMF), Kerstin Jorna (director-general for internal market, industry, entrepreneurship and SMEs at the European Commission) and Isabel Vansteenkiste (director-general for international and European relations at the ECB). They reiterated the importance of collective efforts to realise Europe's potential in the areas of productivity, innovation and competitiveness.
- An event was held in December in conjunction with the ESRB on regulators' responses to systemic cyber risk in the financial sector. Representatives of the ESRB, the IMF, the ECB, the EIOPA, the European Commission and the Bank of England discussed cyber risk as a driver of increased systemic risk in the financial system.
- Another event in December concerned the importance of supervising large tech firms in the financial sector, and attracted speakers from the ECB, the European

Commission and ACPR, the French supervisory authority, who discussed the current evolution of the tech giants, the current regulatory gaps, and the associated challenges, which require an overhaul of the supervisory approach.

The House of the Euro was also visited by the governors of the central bank of France and of Banka Slovenije in 2024. With representatives they discussed the experience since opening the House of the Euro, the progress of its work, the benefits of shared offices, and its future objectives. Discussions were also held about the digital euro project, the progress of the savings and investment union, and legislation in the area of resolution.

The first year of Eurosystem central banks working together at the House of the Euro was a success, and signals a stronger profile for Eurosystem central banks in Brussels in the future.

Banka Slovenije is also responsible for representing Slovenia in certain other international institutions. **Slovenia is a member of the IMF, and the Governor of Banka Slovenije is a member of the IMF Board of Governors.** Slovenia's quota at the IMF stood at SDR 586.5 million¹¹ at the end of 2024, or 0.12% of the total IMF quota. A Banka Slovenije delegation attended the annual and spring meetings of the IMF and the World Bank Group in Washington in 2024. The main themes of the meetings were current developments in the global economy and on international financial markets, the economic fragmentation resulting from geopolitical tensions, support for the IMF in providing financial assistance for countries with balance of payments difficulties, a strengthening of the role of the Bretton Woods institutions, the conclusion of the 16th general review of IMF quotas, approaches to the allocation of IMF quotas in the upcoming 17th general review of IMF quotas, the further strengthening of the assets held by IMF funds, and progress made within the joint framework of the G20 and the Paris Club on debt management and transparency.

The majority of EU Member States, Slovenia among them, had given their consent by the end of 2024 to a rise in their share of the quota increase in line with the conclusion of the 16th general review of IMF quotas, whereby the quotas rise by 50% evenly. Owing to delays in the national procedures in certain IMF members, the deadline for consent was extended to 15 May 2025. The extension of the existing bilateral loan agreements from 2020 was recognised as the most pragmatic temporary arrangement for maintaining the IMF's lending capacity until the increase in IMF quotas takes effect. On this basis Slovenia also extended its current agreement until the increase in quotas takes effect or by the end of 2027, whichever is the earlier.

On the basis of the funding strategy for strengthening the IMF's Poverty Reduction and Growth Trust (PRGT), Banka Slovenije also took the decision to participate in the light of solidarity and fair burden-sharing.

Slovenia also participated in the implementation of the IMF's Financial Transactions Plan (FTP). Slovenia's reserve tranche at the IMF declined to SDR 141 million last year, Slovenia having received refunds in the amount of SDR 22.2 million from its participation in the FTP.

¹¹ Special drawing rights (SDRs) are a unit of account whose value is based on a basket of five currencies (US dollar, euro, renminbi, Japanese yen and pound sterling).

The **annual consultations under Article IV of the IMF Statute** took place in Slovenia in January 2024. During the consultations the IMF delegation headed by Donal McGettigan met representatives of Banka Slovenije, the Ministry of Finance, other ministries, the IMAD, the Fiscal Council, the Slovenian-German Chamber of Commerce, the Chamber of Commerce and Industry, the PDII, the National Assembly, the Bank Association of Slovenia, and selected commercial banks and trade unions, and also met representatives of firms in the insurance sector. The purpose of the consultation was to review the latest economic developments, outlook and risks, fiscal policy, structural policy, the functioning of the financial sector, and future challenges.

A brief **advisory visit by an IMF delegation** was made in November 2024, where the main aim was to be briefed on the latest developments in the macroeconomic field, the evolution of Slovenia's financial sector, and the implementation of reforms.

A **joint high-level conference was held between Banka Slovenije and the IMF** in May 2024 on financial systems in the region of central, eastern and south-eastern Europe (for more, see Box 10 in Section 7.4).

The Governor of Banka Slovenije attends meetings of central bank governors of BIS members, which are held every two months. The meetings discuss developments in the global economy and on the financial markets. The governors' meetings are also an opportunity to exchange opinions on various central banking subjects. The most notable in 2024 were AI in central banking, the criteria for financial inclusion and financial stability, the challenges and opportunities in using central bank data in a fast-changing world, the future of the financial system, and the globalisation of services trade. A Banka Slovenije representative also attended the regular meeting of the BIS Working Party on Monetary Policy in Central and Eastern Europe in 2024. Banka Slovenije is a shareholder in the BIS, and the Governor of Banka Slovenije attended the annual general meeting of the BIS in June 2024.

In December Banka Slovenije organised the **14th workshop on exchange rates and monetary policy** in conjunction with the BIS, the ECB and the central banks of Italy and Belgium. The workshop was held in Brussels, and featured high-profile international researchers presenting their papers and their analytical projects.

Banka Slovenije representatives attended sessions of certain **committees and working groups of the Organisation for Economic Co-operation and Development**. They participated in meetings of the Economic Policy Committee, the Committee on Financial Markets, the Working Group on International Investment Statistics, the Working Party on Financial Statistics, and the Working Party on International Trade in Goods and Services, and provided information for the Working Party on SMEs and Entrepreneurship.

Banka Slovenije's activities are framed by the mandate conferred on us by the Banka Slovenije Act and other national regulations. The performance of tasks where the focus is on development is set out in the Strategy of Banka Slovenije, which for the period of 2021 to 2026 was adopted at the end of 2021 and began to be implemented in 2022.

The fundamental building blocks of the strategy are:

1. **Mission:** helping to create a stable economic environment for a successful Slovenia, and the wellbeing of this generation and future generations.
2. **Values:** professionalism, responsibility and transparency.
3. **Vision:** a progressive, connective, sustainability-focused central bank.
4. **Strategic guidelines:**
 - developing a connective organisational culture;
 - supporting our employees to develop and thrive;
 - working efficiently and effectively;
 - co-creating the digital environment;
 - focusing on sustainability and social responsibility.

The strategy is being realised through **12 strategic objectives**, which are substantively aligned with the strategic guidelines. Steering the strategic objectives is the responsibility of their sponsors (members of the Governing Board of Banka Slovenije and the secretary-general), while implementing them is the responsibility of the owners of the strategic objectives (directors of departments) and members of working groups. A total of 99 people were involved in implementing the strategic objectives in 2024, slightly more than a fifth of all the bank's employees.

Two objectives were set within the framework of the first strategic guideline. The first focuses on developing a connective culture at the bank. Through dialogue established with employees, we are working to increase the number of activities that ensure greater connectivity between employees, with an emphasis on interdepartmental connecting and connecting along the hierarchy. The second strategic objective addresses an external aspect of developing a connective culture, which is based on Banka Slovenije's transparency and accessibility in formulating and performing its tasks in relation to various stakeholders and the public, and on strengthening its connective role in Slovenia.

In the awareness that highly qualified and motivated employees are a key factor in our ongoing development and success, under the second strategic guideline we also committed to objectives of building the concept of developing the potential of employees. Within the framework of the objective we focus on professional and personal development in all life and career phases.

The third strategic guideline addresses effectiveness and efficiency, and is pursued via two strategic objectives. The first addresses business processes, with a focus on optimising selected horizontal business processes and upgrading key performance indicators in their implementation. The second strategic objective relates to a simplification of the system of bylaws, which aims to more clearly define the properties, types and hierarchy of bylaws, and the procedures and powers for drafting and adopting bylaws, with a focus on the user experience.

Co-creating the digital environment is being realised via four strategic objectives. Through an objective that addresses the modern digital work environment, we are responding to the latest trends and opportunities brought by technological progress, with

a focus on the effective and safe use of AI. Alongside the objective targeting an improvement in our own cyber resilience, there is also an objective focusing on the digitalisation of our operations, which aims to put in place the targeted data architecture and data management. The fourth strategic objective in this package relates to the Eurosystem's digital euro project. The ambition of the strategic objective is for Banka Slovenije to take a proactive approach and, by participating in the project, to contribute its own knowledge to a final design of the digital euro that is aligned with its own views and that realises its expectations.

The final strategic guideline – focusing on sustainability and social responsibility – is being pursued via three strategic objectives. Two objectives show our commitment to the transition to a decarbonised society. The first relates to restructuring our portfolio of financial assets, with a focus on increasing holdings of green, social and sustainable bonds. The second objective pursues a reduction in our adverse environmental impact by modernising equipment, obtaining energy from renewables, and taking measures to ensure that the bank and its actions are efficient, with the minimum possible impact on the environment. A number of activities relating to social responsibility are being carried out via the strategic objective of financial literacy. The objective and the activities are presented in detail below.

Box 3: Use of AI at Banka Slovenije

As an advanced central bank, Banka Slovenije aims to use AI tools in fulfilling its legal mandate and meeting its strategic objectives. The use and development of AI at Banka Slovenije is nothing new, but the approach has become more structured in the last year: as part of the strategic objective of modernising the digital work environment, we have set up the **AI innovations taskforce**.

The taskforce develops support data and analytical infrastructure, and encourages employees to obtain and apply new knowledge and innovativeness to optimise business processes. To this end it has formulated the **Banka Slovenije AI strategy**, which, in addition to defining the terminology of AI, sets out a vision for promoting its use, while warning of the limitations and the need to uphold ethical principles.

In 2024 the taskforce examined the possibilities for using AI at Banka Slovenije, and has already identified a number of solutions that could help to make business processes more efficient. A number of **activities to put in place systems to ensure the safe use of AI** are already underway:

- putting in place an AI-assisted programming environment,
- drawing up specifications for prototype platforms to allow the safe use of language models for the needs of generative AI,
- developing prototypes for using AI in data analysis,
- transferring an advanced tool for conducting AML/CFT supervision into the production environment,
- testing various options for calling language models using application programming interfaces (APIs),
- purchasing a system to transcribe audio recordings of meetings of the Governing Board, certain committees and other events.

The taskforce also drew up the **Guidelines for using online tools with generative AI**, which help employees to use these tools safely, and to identify and assess the inherent risks. Banka Slovenije also conducts risk analysis to ensure the safe use of AI in individual solutions.

Banka Slovenije also monitors progress in AI at other institutions, most notably the ECB, the national central banks and other supervisory institutions. Banka Slovenije staff last year attended a number of unveilings of solutions employed by related institutions, or that form part of joint solutions in the SSM. Banka Slovenije is working with research institutions and the private sector and subsequently expects to partner with them, and is also making use of external financing in the use of AI, for example within the framework of EU programmes. Last year saw the successful completion of a project to put in place supervisory monitoring and identification of cyber risk at the level of the banking system, with technical assistance being provided by the IMF (for more on this project, see Box 1).

Given that data and digital literacy is a prerequisite for the safe and effective use of AI, and the development of AI also requires special knowledge, Banka Slovenije is endeavouring to provide **proper staff training** in this area. Last year saw a number of AI training courses provided by the taskforce, commercial providers, and the aforementioned institutions with whom Banka Slovenije cooperates. Members of the taskforce also took part in an ECB AI hackathon entitled Advent of GenAI, LLM and Legal Tech, and were part of the team that in the eyes of the expert commission presented the most innovative solution, taking first place.

Over the next two years covered by the current AI strategy, Banka Slovenije will continue introducing and expanding the safe and ethical use of AI. At the end of the period covered by the strategy, namely at the end of 2026, the Governing Board will be briefed on a performance assessment in meeting the objectives, and will issue guidance for drawing up Banka Slovenije's new strategy for using AI tools over the next planning period.

3.2 Monetary policy

The Eurosystem maintained the restrictiveness of its monetary policy at the same level over the first half of 2024. The key interest rates were left unchanged at their levels of September 2023, to ensure the restoration of inflation to its medium-term target rate of 2%. The restrictive monetary policy was transmitted into the financing conditions. Households and firms saw their borrowing costs rise, and demand for loans was curtailed. The price pressures weakened, and the short-term and long-term inflation expectations also declined. The latter was a major factor in the slowdown in inflation, which fell by more than 2.5 percentage points between August 2023 and June 2024.

The slowdown in inflation strengthened our confidence in meeting the 2% medium-term target rate, and so in June we began reducing the restrictiveness of monetary policy.

June saw the onset of interest rate cuts, and thus the reduction of the restrictiveness of monetary policy. The slowdown in core inflation and the inflation outlook, and the good functioning of monetary policy transmission strengthened our confidence that inflation would fall sustainably towards its target rate. The interest rate cuts continued in September, October and December. The interest rate on the deposit facility was cut last year by 100 basis points in all to 3%, while the interest rates on main refinancing operations and the marginal lending facility were cut by 135 basis points in all.

We remain committed to ensuring that inflation stabilises sustainably at 2% over the medium term. The monetary policy stance will be determined by the Governing Council, which remains fully committed to a data-dependent and meeting-by-meeting approach, taking account of assessments of the inflation outlook, incoming financial and economic data, the dynamics in core inflation, and the intensity of monetary policy transmission. There is no precommitment to the level that key interest rates will reach in the future.

The final TLTRO-III matured in full in December, and reinvestments under the PEPP were fully discontinued at the end of the year.

We continued the gradual and predictable downsizing of the portfolio of securities purchased for monetary policy. The portfolio under the asset purchase programme (APP), where reinvestments were fully discontinued in July 2023, had been reduced by EUR 352 billion by the end of the year to stand at EUR 2,677 billion measured at amortised cost. Securities of public-sector issuers accounted for almost 79% of the total holdings at the end of the year. Under the pandemic emergency purchase programme (PEPP), the principal payments from maturing securities were fully reinvested in the first half of the year, but from July on the portfolio was reduced by EUR 7.5 billion per month on average. The embedded flexibility in reinvesting redemptions of maturing securities of the programme was retained and the reinvestments were smoothed across time, financial asset classes and across jurisdictions. Reinvestments under the PEPP were fully discontinued at the end of 2024. The stock of the PEPP portfolio amounted to EUR 1,612 billion at amortised cost at the end of the year, with public-sector issuers accounting for 97% of the holdings.

Eurosysteem credit operations declined as a result of the maturing of the third series of targeted longer-term refinancing operations (TLTRO-III). The total stock of credit operations amounted to EUR 34 billion at the end of the year, down EUR 376 billion on the previous year. Banks made early repayments of borrowings under the TLTRO-III in the amount of EUR 58 billion over the course of the year, with four operations in the amount of EUR 334 billion also maturing. Banks replaced their funding at the Eurosysteem with market funding. In Slovenia the banks fully repaid the outstanding disbursement of the TLTRO-III in the amount of EUR 74 million in March 2024, and did not participate in standard refinancing operations during the year.

Participation in the Eurosysteem's standard refinancing operations, i.e. the one-week main refinancing operations and the three-month longer-term refinancing operations, remained low. The stock of main refinancing operations averaged EUR 5.5 billion in 2024, while the stock of longer-term refinancing operations averaged EUR 3.7 billion. Bank demand for borrowing in US dollars was similarly modest: the stock of the seven-day operations averaged USD 0.2 billion.

With the aim of maintaining bond and repo market liquidity, thereby ensuring the smooth functioning of the markets, securities purchased under the APP and the PEPP remain available for lending. Given the continuing significant increase in the availability of securities compared with previous years, as a result of additional primary issuances and the Eurosystem's reduced purchases, the volume of lending declined. In addition to other securities, cash was also accepted as collateral for loans of this type.

The Eurosystem's monetary policy operational framework was adjusted.

The Eurosystem announced changes to the monetary policy operational framework in March 2024, which will affect how central bank liquidity will be provided in the future as the excess liquidity in the banking system gradually declines. The key attributes of the new framework are as follows:

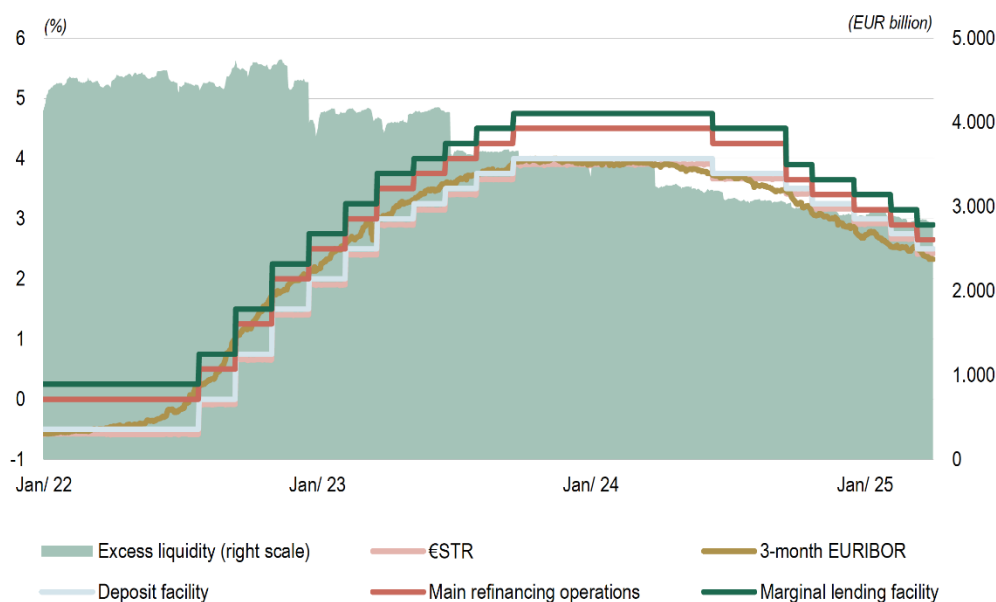
1. The monetary policy stance will continue being determined by adjustments to the interest rate on the deposit facility. Our aim is for very short-term market interest rates to stay close to this interest rate, although we tolerate their volatility, provided that the volatility does not cloud the signal that we want to send by setting the stance.
2. Liquidity will be provided via a broad range of instruments.
3. The main refinancing operations and the three-month longer-term refinancing operations will remain in the form of fixed-rate tenders with full allotment. They will play a central role in meeting the liquidity needs of banks.
4. In September 2024 we reduced the spread between the interest rates on main refinancing operations and the deposit facility from 50 basis points to 15 basis points, and the spread between the interest rates on the marginal lending facility and the deposit facility from 75 basis points to 40 basis points. By reducing the spreads, we aim to encourage banks to participate in main refinancing operations, and to limit volatility in very short-term interest rates. The spread between the interest rates on the marginal lending facility and main refinancing operations was left unchanged at 25 basis points.
5. In the subsequent phase, to cover the banking sector's structural liquidity needs, we will introduce new structural longer-term credit operations and a structural securities portfolio.
6. The minimum reserve requirement rate was maintained at 1%. The remuneration of minimum reserves was also left unchanged at zero.
7. A broad set of financial assets eligible as collateral for Eurosystem operations is being maintained.

The first experience of working under the new operational framework was positive, and showed short-term interest rates on the money market to be tracking the interest rate on the deposit facility rate and not to be displaying high volatility (see Figure 18). Trading volume on the euro money market gradually increased. Banks replaced the maturing funding from the TLTRO-III with market funding. Since 2022 banks have issued a record quantity of covered and unsecured bonds to replace the maturing TLTRO-III, with numerous issuers returning to the market after a long absence. The increase in repo rates reflected the increased availability of securities, and also the decline in purchases by the Eurosystem. Excess liquidity in the euro area remained significant, which reduced bank demand for Eurosystem credit operations. The

demand for Eurosystem credit operations was modest, because market funding of comparable maturities was cheaper.

Our expectation is that the narrower spread between the main refinancing operations and the deposit facility rates will have limited any rise in money-market interest rates that might otherwise have occurred in the wake of a further reduction in excess liquidity. The expectation is that the narrower spread will encourage banks to participate in weekly operations, while also leaving room for banks to act in the money market. We will carefully monitor the evolution and distribution of excess liquidity, the formation of interest rates in the money market, and the functioning of the money market and broader financial markets. Based on the experience acquired, we will re-examine the concept and the key parameters of the operational framework in 2026, adjusting them as necessary.

Figure 18: **ECB interest rates, interbank money-market rates and excess liquidity in the euro area**

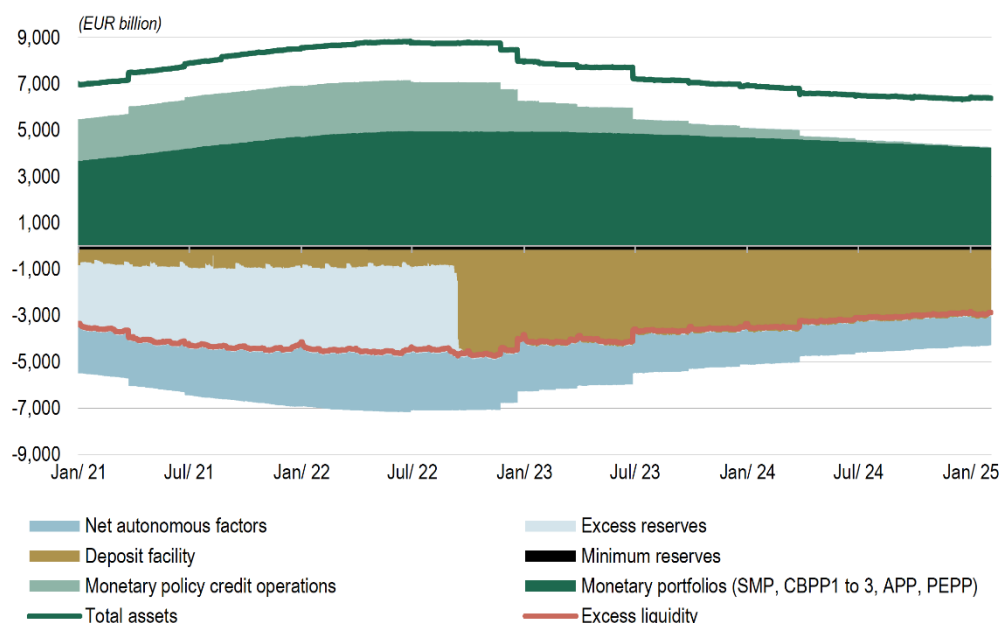


Source: Bloomberg

The gradual reduction of the Eurosystem balance sheet begun in 2022 and continued in 2024.

The Eurosystem's total assets declined for the third consecutive year, by EUR 508 billion to EUR 6,429 billion at the end the year (see Figure 19). While the main factor in the balance sheet contraction in 2023 were early repayments and maturities of the TLTRO-III, in 2024 approximately equal contributions came from maturing of securities in the APP and PEPP portfolios, and maturities and early repayments of the TLTRO-III. APP, PEPP and credit operations together accounted for 67% of the Eurosystem's total assets at the end of the year (compared with 74% at the end of 2023), of which 1% were monetary policy credit operations (6% at the end of 2023).

Figure 19: **Simplified consolidated Eurosystem balance sheet**



Note: The more negative the excess liquidity is, the larger it is.
Source: ECB

Excess liquidity¹² in the euro area continued to decline, in 2024 it declined by EUR 519 billion to EUR 2,827 billion. Excess liquidity was also in 2024 reduced by the contraction in the APP and PEPP portfolios and early repayments of the TLTRO-III, but was increased by a decline in net autonomous factors, most notably lower deposits by non-banking customers in the Eurosystem. The latter were reduced gradually and in controlled fashion, which was achieved via their remuneration. The majority of deposits were remunerated at below market interest rates, mostly at the €STR minus 20 basis points. Excess liquidity also declined in the Slovenian banking system, by EUR 4 billion to EUR 7 billion, with banks investing some of the liquidity in securities.

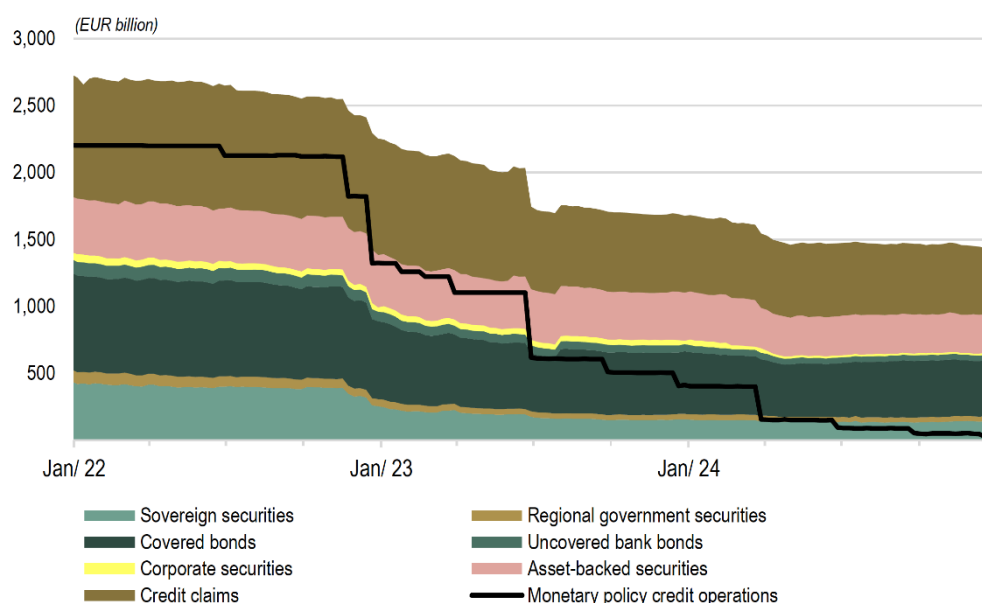
The decline in excess liquidity in the euro area has reduced use of the deposit facility and banks' excess reserves. Throughout the year Banks directed the majority of the excess liquidity into the deposit facility, which was remunerated, while the remainder was held in accounts at the Eurosystem in the form of excess reserves, which were not remunerated. Use of the deposit facility averaged EUR 3,168 billion in 2024, EUR 657 billion less than in 2023. Comparing the final minimum reserve maintenance periods in 2023 and 2024,¹³ banks' excess reserves declined by EUR 3 billion to EUR 5 billion, equivalent to 3% of the minimum reserve requirement. Slovenian banks reduced their average use of the deposit facility by EUR 0.8 billion over the same period to EUR 8.7 billion, while their excess reserves increased by EUR 14 million to EUR 26 million, equivalent to 7% of the reserve requirement.

¹² Excess liquidity is the difference between total liquidity provided to the banking system by the Eurosystem and the banks' liquidity needs. It is the sum of banks' reserves above the minimum reserve requirements, i.e. holdings in accounts at the Eurosystem above the minimum reserve requirement, and in the deposit facility at the Eurosystem. The banks' liquidity needs are the sum of net autonomous factors and the minimum reserve requirements. Autonomous factors include issued banknotes, deposits by public-sector entities at the central bank, and financial assets of the central bank that are not a consequence of the implementation of monetary policy (e.g. foreign exchange reserves).

¹³ The final reserve maintenance period in 2024 ran from 18 December 2024 to 4 February 2025, while the final reserve maintenance period in 2023 ran from 20 December 2023 to 30 January 2024.

The decline in the amount of eligible assets mobilised for Eurosystem monetary policy credit operations continued. This coincided with the decline in the TLTRO-III, and was particularly evident after a major maturing of one of the operations in March 2024. The eligible assets at the Eurosystem amounted to EUR 1,524 billion at the end of the year, down 15% on the previous year. The most common types of eligible assets mobilised by banks were bank loans, covered bonds, and asset-backed securities. 7% of the mobilised eligible assets were being used to secure Eurosystem monetary policy credit operations at the end of the year (the average for the year was 13%). The eligible assets of banks in Slovenia mobilised with Banka Slovenije amounted to EUR 2.4 billion at the end of the year, down 36% on the previous year. Until the repayment of the TLTRO-III in March 2024, only 2% of these eligible assets have been used to secure monetary policy credit operations.

Figure 20: **Eligible assets mobilised for and monetary policy credit operations by the Eurosystem**



Source: ECB

The Eurosystem decided on the gradual incorporation of certain measures of the temporary collateral framework into the general collateral framework, and on the phase-out of other temporary measures.

With the aim of maintaining a broad but harmonised range of eligible assets in all euro area countries, the Governing Council of the ECB announced certain changes in November 2024. The purpose of these changes is to maintain a broad range of eligible assets in line with the requirements of the new monetary policy operational framework. Such a collateral framework will continue granting banks access to Eurosystem monetary policy credit operations in the future, which is a condition for the smooth implementation of monetary policy.

Ever since the global financial crisis in 2008, and even more so during the time of the Covid-19 pandemic, the framework has been divided into the general collateral framework and an additional temporary collateral framework. The focus of the latter was on overcoming crisis conditions, and it was dependent on specific types of collateral available in the banking systems of individual countries.

The Governing Council decided to incorporate some of the temporary measures into the general collateral framework, namely securities in foreign currency, asset-backed securities rated BBB/Baa, and the use of national central banks' statistical in-house credit assessment systems as an additional credit assessment source. These changes will enter into force with the next regular update of the applicable legal framework, but no earlier than in the final quarter of 2025. Preparatory work on the incorporation of pools of credit claims against non-financial corporations into the general framework will also begin. The remaining additional credit claims from the temporary framework will be phased out, tentatively by the end of 2026.

The introduction of the single system for managing eligible collateral was postponed from November 2024 to June 2025. The single system, the Eurosystem Collateral Management System or ECMS, will replace the existing systems of the national central banks. The postponement will give stakeholders more time for testing ECMS functionalities in a stable environment.

Box 4: Governing Council meeting in Slovenia

At the invitation of Banka Slovenije and Governor Boštjan Vasle, Banka Slovenije hosted the monetary policy meeting of the Governing Council of the ECB on 16 and 17 October 2024, at Brdo pri Kranju. The meeting was attended by the governors of the Eurosystem countries, and members of the Executive Board of the ECB.

Governing Council meetings are usually held in Frankfurt, but once a year they are hosted by one of the central banks of the euro area countries. Last year Slovenia hosted for the second time, 12 years after the previous occasion.

The focus of the meeting was making a decision on a cut in the ECB's key interest rates. After the monetary policy meeting the monetary policy decisions were presented at a press conference by Christine Lagarde, president of the ECB, alongside Luis de Guindos, vice-president of the ECB, and Governor Boštjan Vasle.

As part of the meeting, the Governor hosted an official dinner at the National Gallery, where the keynote speaker was President Nataša Pirc Musar, while finance minister Klemen Boštjančič was also in attendance. During the official ceremonies, guests were treated to a ballet performance of the Water Man, choreographed by Edward Clug.

Before the meeting, but as part of the event, Ms Lagarde met participants in the *Masters of the Digital Future* debate competition, which is organised by Banka Slovenije. The president of the ECB and the Governor of Banka Slovenije discussed financial security with the students, with a focus on the safe use of online financial services. In a talk entitled *Financial security in the cyber world begins with safe handling of pocket money and scholarships*, they emphasised that educating people and raising their awareness of personal finances, key economic concepts, and the role and functioning of the central bank are vital to understanding the economic environment in which we live and work as individuals.

Photograph 1: Financial security in the cyber world begins with safe handling of pocket money and scholarships



Mr Vasle's assessment following the end of the Governing Council meeting was as follows: "Allowing Slovenia to organise a monetary policy meeting of the Governing Council of the ECB is a great accolade, and an expression of the trust that the leadership of the ECB place in Banka Slovenije, which we've fully justified. It's a reflection of what Slovenia has achieved over the last thirty years since independence. It's also a result of successful integration into European and international institutions."

3.3 Banking supervision

The supervisory activities in 2024 focused on the following priorities: credit risk and bank exposure to geopolitical tensions in particular, banks' IT and cyber resilience, internal governance and risk management, and management of climate-related and environmental risks.

Banka Slovenije is a member of the SSM, which is responsible for supervising significant banks and institutions (SIs) in the European banking union. The ECB is responsible for supervising SIs, with Banka Slovenije participating in the supervision and the supervisory decisions as an equal partner. The supervision of banks and savings banks that do not meet the criteria for definition as SIs, i.e. the less significant institutions (LSIs), is conducted by Banka Slovenije.

The list of significant and less significant banks changed slightly in 2024. SKB Banka d.d., Ljubljana and Nova KBM d.d., Maribor merged in August 2024. The merged bank was renamed OTP banka d.d., with a registered office in Ljubljana. The merger of the two banks was a major milestone in the creation of the second-largest banking group in Slovenia. The merger process was completed successfully.

Table 2: **Significant banks and less significant banks (as at 31 December 2024)**

Significant banks (SIs)	Less significant banks (LSIs)
Nova Ljubljanska banka d.d.	Deželna banka Slovenije d.d.
OTP banka d.d.	Delavska hranilnica d.d.
Gorenjska banka d.d.	Hranilnica Lon d.d.
UniCredit Banka Slovenija d.d.	Primorska hranilnica Vipava d.d.
Banka Intesa Sanpaolo d.d.	SID – Slovenska izvozna in razvojna banka*
Addiko Bank d.d.	
Banka Sparkasse d.d.	

Source: Banka Slovenije

* Has special status as a bank specialising in the promotion of exports and development. In accordance with the Slovene Export and Development Bank Act (the ZSIRB), supervision of SID banka is conducted by Banka Slovenije, the Insurance Supervision Agency and the Ministry of Finance within the framework of their remits.

Two branches of banks and banking groups of Member States (BKS Bank AG, bančna podružnica, and RCI Banque Societe Anonyme, bančna podružnica Ljubljana) were also operating in Slovenia at the end of the year.

We set the following supervisory priorities in 2024, which also formed the starting point for the supervision of Slovenian banks:

- credit risk management:
 - adequacy of credit risk management (improvement of IFRS 9 models, adequacy of credit approval processes, timely identification of unlikeliness to pay, adequate creation of impairments);
 - timely identification of an adverse impact on asset quality from geopolitical tensions;
- management of information and communication technologies (ICT);
 - response to cyber risk and outsourcing risk;
 - implementation of the digitalisation strategy;
- strengthened internal governance:
 - effectiveness of management bodies and control functions;
- identification and management of climate-related risks and environmental risks.

The results of the 2024 SREP were positive in general, the risk assessment having improved, and the Pillar 2 capital requirements having declined slightly. Despite the uncertain geopolitical and trade situation, and the weakened economic environment, the banks are continuing to disclose resilience, with stable capital and liquidity positions. The majority of the qualitative measures within the framework of the SREP addressed deficiencies in the area of internal governance and risk management, and in the area of capital.

At Banka Slovenije we continually assess and monitor the changing nature of the risks and vulnerabilities that banks face, and tailor our supervisory activities accordingly. The key supervisory priorities in 2024 included monitoring the strengthening of bank resilience to macroeconomic factors that had begun to deteriorate, and geopolitical tensions caused by military conflicts and political uncertainty. The supervisory priorities in the previous year had also included cyber risks and risks related to climate change.

In the area of credit risk we focused particular attention of rectifying deficiencies in credit risk management, particularly in the area of the timely identification of a deterioration in portfolio quality. Given the increased macroeconomic uncertainty and the geopolitical tensions, early warning of a deterioration in credit factors in portfolios is of key importance. This is particularly true of the more vulnerable portfolio segments, such as those exposed to the car industry and the steel industry.

An in-depth inspection was conducted at several significant banks in the area of approval of housing loans, consumer loans and loans to SMEs. Loan approval is one of the key elements of credit risk management at banks, and is increasingly the subject of attention from supervisors, as the approval of high-quality loans can help to prevent non-performing loans in the future.

In line with the supervisory priorities, with regard to credit risk management and the adequate creation of impairments a targeted inspection was conducted at two significant banks in 2024 in connection with the creation of impairments in accordance with IFRS 9 and the capacity to manage new risks for which the bank does not yet have relevant data to be able to incorporate them into its models (energy crisis, disruption to

supply chains, elevated inflation, rising interest rates, climate risks). Our finding was that more and more banks are using adjustments when they add the additional impairments for the aforementioned new risks that are not captured by the historical data and therefore cannot be modelled to the impairments calculated by model. The adjustments are vital for ensuring that the bank has sufficient impairments at its disposal should the new risks for which there is no adequate historical data be realised. This approach to creating additional impairments needs to be transparent, and responsive to changes, and must include clear criteria of when and how the bank adds to the volume of impairments calculated by model. The identified deficiencies were addressed to the banks in the form of recommendations, with a follow-up in 2024. Some of the deficiencies will not be rectified until 2025.

In light of the growing cyber risks caused by the increasing digitalisation of processes, the banks' awareness of these risks and the ability to successfully defend against them are of key importance. To review cyber resilience at banks, cyber stress tests were conducted in 2024, with all Slovenian banks participating. One significant bank was also included in the thematic inspection of cyber resilience conducted by the ECB in 2024. The purpose of the thematic inspection was to review the implementation of basic security measures to protect against cyber risks at the bank, and the findings were sent to banks in the form of a follow-up letter.

Banking is becoming increasingly digital. This means that there is a need to devote even greater attention to supervisory strategies for the digital transformation and the requisite risk management capacities. This includes oversight of risks related to the use of innovative technologies, and risks related to the operational resilience frameworks, such as dependency on third parties and cyber risks. In its banking supervision Banka Slovenije addresses the aforementioned risks in the form of regular inspections, and in the form of various targeted questionnaires and analyses.

The significant banks were also required to report to the outsourcing register in 2024. The use of outsourced services is a very important issue for supervised entities, particularly in the area of information and communication technologies. The less significant banks will also be required to report on the use of outsourcing in 2025 in accordance with the Digital Operational Resilience Act (DORA).

Two scheduled prudential inspections were conducted at significant banks in 2024, while a third is due to be completed in the early part of 2025. All the inspections are in the area of ICT, with a focus on the adequacy of data management systems, digitalisation processes, the introduction of IT changes, cyber resilience, and outsourcing.

Seven scheduled prudential inspections were conducted at less significant banks, in the area of credit risk, interest rate risk and liquidity risk, and in the area of the ICAAP.

Two supervisors were also involved in inspections of significant banks outside Slovenia within the framework of JSTs inside the SSM.

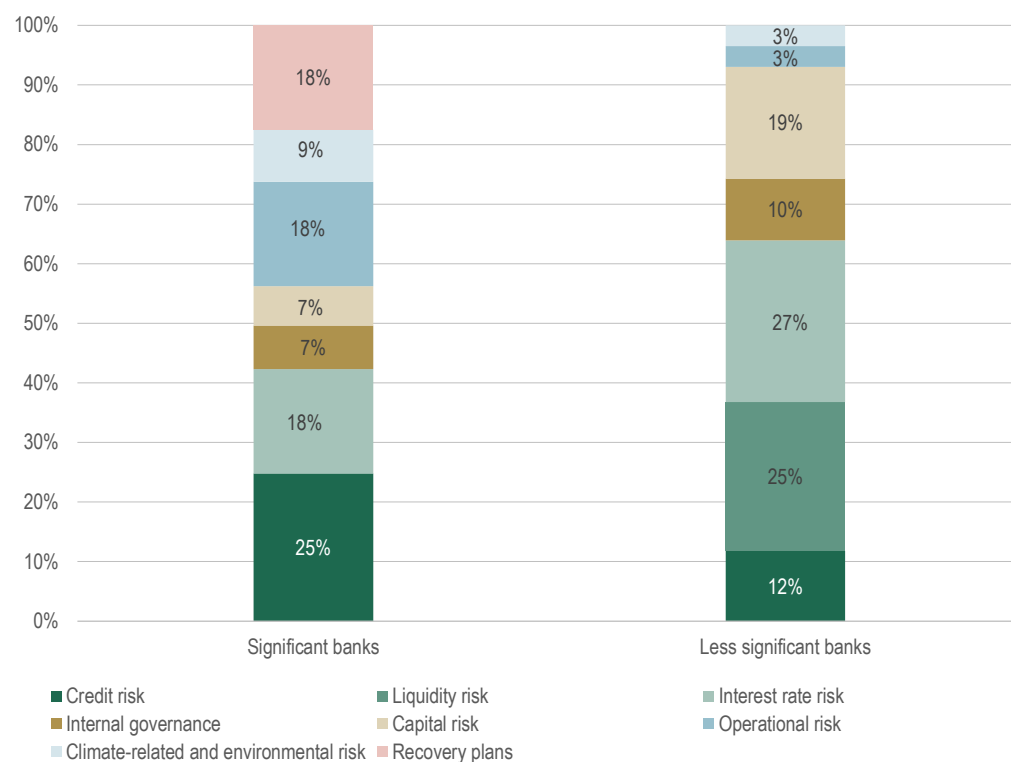
As part of its prudential supervision Banka Slovenije granted several different authorisations in connection with the inclusion of interim profit in equity, the inclusion of capital instruments in the calculation of Tier 2 capital, and the purchase/cancellation of capital instruments. It also granted authorisations for a bank merger and for the purchase of equity investments.

In 2024 the largest number of supervisory findings – which are an important product of scheduled supervisory activities, and reflect the deficiencies that banks need to rectify – again related to irregularities identified in the area of **credit risk**. This was to be expected, given that credit risk was the key supervisory priority in previous years, and in 2024 was the focus of even more activity; consequently more measures were imposed in this area. More measures were also imposed in 2024 in the area of interest rate risk, again on account of the prudential inspections conducted in 2023 and concluded in 2024.

Our supervision of significant banks in 2024 identified 137 irregularities and deficiencies, with most in the area of credit risk, followed by measures in the area of interest rate risk, operational risk and recovery plans (see Figure 20). The majority of the findings have a low or medium impact on the financial position, the level of capital, internal governance and controls, and risk management at banks, for which reason we mostly imposed measures on the banks in question in the form of a letter with recommendations (see Table 3).

Our supervision of less significant banks identified 144 irregularities and deficiencies, with most in the area of interest rate risk and liquidity risk. A number of the identified irregularities were rectified in 2024, and we will follow up on the rectification of the others in 2025. The majority of the findings have a low or medium impact on the financial position of the banks in question.

Figure 21: **Breaches identified at banks and savings banks in 2024, by risk category**



Source: Banka Slovenije

Table 3: **Supervisory measures imposed on banks and savings banks in 2024**

Type of measure	Number of measures imposed at significant institutions	Number of measures imposed at less significant institutions
Decision with supervisory measures	2	6
Follow-up letter with recommendations	23	10
Order on rectification of breaches	0	2
Post-inspection letter	0	10
Declaratory decision on rectification of breaches	0	5

Source: Banka Slovenije

Supervisory measures are imposed on significant banks by the ECB. The most common forms of measures are the operational act and the letter with recommendations. The more important measures are imposed in the form of a decision, which is a legally binding act. Two measures in the form of decisions were imposed on significant banks in 2024.

Supervisory measures are imposed on less significant banks by Banka Slovenije. The more important measures imposed on banks and savings banks, members of their management bodies, and shareholders are issued in the form of the binding legal acts set out by the Banking Act, i.e. in the form of orders and decisions.

Supervision of the two branches of foreign banks and banking groups of Member States (one from Austria and one from France) is conducted via regular reports, requests for additional clarifications, and monitoring of the liquidity position. No measures were imposed on the branches in 2024.

Supervision of compliance and AML/CFT

In contrast to prudential supervision, non-prudential supervision is exclusively the responsibility of Banka Slovenije. The central focus is anti-money laundering and countering the financing of terrorism (AML/CFT), which in addition to banks and savings banks covers other entities supervised by Banka Slovenije in accordance with the Prevention of Money Laundering and Terrorist Financing Act (ZPPDFT-2), namely payment institutions, electronic money institutions, currency exchange operators, and entities engaged in virtual currency activities. Alongside the AML/CFT activities, other supervisory activities in 2024 were conducted in connection with consumer lending in accordance with the Consumer Credit Act (ZPotK-2), having regard for the Act Governing Restrictive Measures Introduced or Implemented by the Republic of Slovenia in Compliance with Legal Instruments and Decisions Adopted by International Organisations (ZOU PAMO) and the relevant EU regulations. In accordance with Article 269 of the ZBan-3, Banka Slovenije operates a whistleblowing system.

The following activities were carried out in the area of AML/CFT:

- **inspections:**

In accordance with the guidelines of the European supervisory authorities in favour of risk-based supervision, Banka Slovenije conducted ten inspections and packages of supervisory activity in 2024, and participated in seven supervisory colleges in the area of AML/CFT. A good deal of attention continued to be devoted to various supervisory activities in connection with entities engaged in virtual currency activities.

- **drafting of regulations:**

A new EU legislative package was adopted in 2024 (AMLR, AMLD, AMLAR), and we are therefore involved in intensive activity for its implementation, including the preparation of the relevant secondary EU legislation and national laws. We also provided numerous opinions and clarifications in 2024 regarding the legal requirements and Banka Slovenije guidelines on the assessment of money laundering and terrorist financing (ML/TF) risks, and adopted the updated EBA regulations (Guidelines on ML/TF risk factors, Guidelines on information requirements in relation to transfers of funds and certain cryptoassets transfers).

- **international cooperation:**

Our international cooperation in 2024 saw us again step up our attention to AML/CFT issues, which has been reflected in a rise in the number of international events in which Banka Slovenije participates via various bodies (EBA [AML/CFT standing committee], ECB, European Commission, Council of Europe [Moneyval], OECD). There was a notable strengthening of activity to switch over to the new EU regime in the area of AML/CFT, including the creation of a new EU AML/CFT body (the AMLA), which will also be responsible for conducting direct supervision of certain supervised entities in the future. Within the framework of our remit we regularly exchange information with foreign supervisors, and in 2024 we began activities for the sixth round of assessment for Slovenia's AML/CFT system, which is being conducted by Moneyval.

- **other activities:**

Banka Slovenije's other activities include actively participating in the update of the national assessment of ML/TF risks for Slovenia, and addressing the unwanted deviations on the market. As a supervisor in the AML/CFT area, we regularly cooperate with prudential supervisors, and the information exchanged within the framework of AML/CFT is included in the assessments in licensing procedures and in the F&P assessment of the members of management bodies. After the completion of an international development project, within the framework of which we developed a platform up to the pilot phase in conjunction with the Jožef Stefan Institute for more effective implementation of supervisory activities in the area of AML/CFT, including via technology for processing large quantities of data, we are moving ahead with activity aimed at moving the pilot into regular use (for more on this project, see Box 9 in the Annual Report 2023).

In the area of bank compliance with the ZPotK-2, which governs consumer credit, four inspections and packages of supervisory activity were conducted in 2024, and a good deal of activity was focused on enforcing further changes at banks and savings banks with regard to refunding of early repayment charges paid in the past. Banka Slovenije is continuing to collaborate with the Ministry of the Economy, Tourism and Sport, the Market Inspectorate, the Slovenian Consumers' Association, the European Commission and the EBA.

Owing to the ongoing war in Ukraine, and other crisis points around the world, 2024 again saw numerous international restrictive measures in place, which continues to be reflected in Banka Slovenije's activity in this area. We are continuing to devote most attention to our preventive and advisory function, and to the coordination of reporting.

Inspections at supervised entities are still mostly conducted within the framework of comprehensive inspections in the area of AML/CFT (the area of restrictive measures was inspected at eight supervised entities in 2024), but additional supervisory activities were

also introduced because of the elevated risk of potential breaches of applicable restrictive measures and the need for a comprehensive overview of the situation. We were involved in the drafting of EBA guidelines on internal policies, procedures and controls to ensure the implementation of restrictive measures, and the reformulation of the guidelines for the effective implementation of restrictive measures issued by the permanent restrictive measures coordinating group (SKSOU), which is headed by the foreign ministry. Mutual cooperation between the competent national bodies within the framework of SKSOU strengthened further in 2024, and we are continuing to provide relevant data on the implementation of financial restrictive measures to the European Commission.

Licensing and notification procedures

Banka Slovenije grants authorisations in accordance with Slovenian legislation and EU legal acts, namely the Banking Act (ZBan-3), the Payment Services, Electronic Money Issuance Services and Payment Systems Act (ZPlaSSIED), Commission Delegated Regulation (EU) 2018/389, the Foreign Exchange Act (ZDP-2), the CRR, the EMIR, and the Consumer Credit Act (ZPotK-2). In accordance with ZBan-3 and ZPlaSSIED we also process notifications of direct provisioning of services in Slovenia by member state institutions.

In 2024, we conducted 61 procedures in accordance with the aforementioned regulations. Of these, 47 procedures concluded with the granting of an authorisation, with half relating to members of the management body of a bank or savings bank, while 14 procedures were refused, halted or withdrawn, or were pending at the end of the year and thus deferred to 2025. We issued 22 decisions to withdraw authorisations in accordance with the ZBan-3 in 2024, all for performing the function of a member of the management body of a bank. One bank was removed from the register of banks holding an authorisation to provide banking services, mutually recognised financial services and ancillary financial services in 2024, following its merger with another bank, while one payment institution was removed from the register of payment institutions because it ceased to provide payment services.

Banka Slovenije is also responsible for processing notifications under the ZBan-3, the ZPotK-2 and the ZPlaSSIED. Last year we received six new notifications of the direct provision of services in Slovenia by banks of EU and EEA Member States, and 64 new notifications of the provision of payment services by payment institutions of Member States and of the provision of electronic money issuance services and payment services by electronic money institutions. No bank established in Slovenia newly notified the direct provision of services in another Member State in 2024.

3.4 Macroeprudential policy

Macroeprudential policy is used to identify, monitor, assess and reduce or prevent systemic risks to financial stability with the aim of safeguarding the stability of the entire financial system. The ultimate objective of macroprudential policy is ensuring that the financial sector makes a lasting contribution to economic growth. EU Member States have a number of macroprudential instruments at their disposal that can be used and tailored with regard to the systemic risks identified and the resilience of the financial system. The macroprudential instruments can be broadly classified into three main groups: liquidity-based measures, capital-based measures and borrower-based measures. The capital-based measures are designed to build the banking system's resilience, while the borrower-based measures put minimum credit standards in place

and can limit excessive credit growth. Certain macroprudential instruments are implemented in a harmonised manner across EU Member States, whereas others are designed to reflect the specific features of individual banking systems or the particular systemic risks they face.

Banka Slovenije is responsible for the development and implementation of macroprudential measures for the banking sector and for leasing companies. The legal basis for the implementation of macroprudential policy consists of the Capital Requirements Regulation (CRR), the Banking Act (ZBan-3) and the Macroprudential Supervision of the Financial System Act (ZMbNFS).

The process of drawing up and implementing macroprudential policy can be divided into four interconnected phases:

1. identification and assessment of systemic risks,
2. selection and formulation (calibration) of macroprudential instruments,
3. implementation of macroprudential instruments,
4. evaluation of macroprudential policy and instruments.

Banka Slovenije assesses the level of systemic risks on the basis of a number of tools for monitoring financial stability. Systemic risk is defined as the risk of disruptions in the financial system that could have serious adverse effects on the functioning of the financial system and the real sector. There are two dimensions to systemic risk: cyclical and structural. The cyclical dimension relates to the evolution of risks in the financial system over time, while the structural dimension relates to the distribution of risks across the financial system. Banka Slovenije regularly publishes its risk and resilience dashboard for the financial system in the Financial Stability Review and in other publications. Banka Slovenije has developed a suite of indicators to monitor the evolution of systemic risks and to evaluate the attainment of individual intermediate macroprudential policy objectives. They include:

- to mitigate and prevent excessive credit growth and excessive leverage,
- to mitigate and prevent excessive maturity mismatch and market illiquidity,
- to limit direct and indirect exposure concentrations,
- to limit the systemic impact of misaligned incentives with a view to reducing moral hazard,
- to strengthen the resilience of financial infrastructures and the operations of institutions.

If the level of systemic risk is assessed as elevated and the resilience of the financial system is reduced, or there is a risk of the intermediate macroprudential policy objectives not being attained, Banka Slovenije can opt to impose macroprudential measures. The selection and calibration depend on the level and source of risks, and follow the principles described in the Strategic Framework for Macroprudential Policy.

Once selected and calibrated, the instrument is implemented and subjected to the assessment of its effectiveness. A macroprudential instrument is successful if it contributes to the attainment of the intermediate macroprudential policy objectives, and indirectly helps to reduce systemic risks.

Implemented macroprudential instruments may also have adverse cross-border effects, and can be the subject of avoidance. This makes cross-border cooperation extremely important. The ESRB is involved in the coordination of macroprudential policy at the European level. It is also responsible for issuing recommendations on the reciprocity of macroprudential measures. It can issue recommendations and warnings to national macroprudential authorities and other European bodies.

Table 4: **Banka Slovenije macroprudential measures valid in 2024**

Macroprudential instrument	Year of introduction / change*	Type of instrument	Intermediate objective	Assessment of achievement of objective
Macroprudential restrictions on consumer lending (LTV, DSTI, caps on maturity)	2016 ¹ /2018 ² / 2019 ³ /2020 ⁴ / 2022 ⁵ /2023 ⁶	BINDING	To mitigate and prevent excessive credit growth and excessive leverage	Improved credit standards in approval of consumer loans and housing loans
O-SII buffer	2015	BINDING	To limit the systemic impact of misaligned incentives with a view to reducing moral hazard	Increased resilience as a result of higher requirements for common equity Tier 1 capital, which was not binding on the banks
Countercyclical capital buffer (CCyB)	2016/2022/2023 ⁷	BINDING	To mitigate and prevent excessive credit growth and excessive leverage	The CCyB helps to increase the resilience of the banking system
Sectoral systemic risk buffers	2022 ⁸ /2023 ⁸	BINDING	(a) To mitigate and prevent excessive credit growth and excessive leverage (b) To limit direct and indirect exposure concentrations	The two sectoral systemic risk buffers represent a complementary measure to the macroprudential restrictions on consumer lending, and help to increase the banking system's resilience to the structural systemic risks inherent in the residential real estate market

Source: Banka Slovenije

* Cites the year when the measure entered into force.

¹ A recommendation with regard to LTV and DSTI was introduced in 2016 for housing loans.

² In 2018 the macroprudential recommendation was extended to consumer loans, to which a cap on maturity also applied alongside the cap on DSTI.

³ The caps on DSTI and maturity became a binding macroprudential instrument in 2019.

⁴ In response to the Covid-19 pandemic, adjustments were made to the cap on DSTI in 2020, allowing the banks under certain conditions to exclude the temporary loss of income during the pandemic when calculating DSTI.

⁵ Additional changes to the existing restrictions on consumer lending entered into force on 1 July 2022.

⁶ The latest changes to the existing restrictions on consumer lending entered into force on 1 July 2023.

⁷ The banks are required to meet a countercyclical capital buffer rate of 0.5% as of 31 December 2023, and a (positive neutral) rate of 1.0% as of 1 January 2025.

⁸ The two sectoral systemic risk buffers were introduced in 2022, and entered into force on 1 January 2023. The systemic risk buffer requirement for all retail exposures to natural persons secured by residential real estate was reduced from 1.0% to 0.5% of the total risk exposure amount in November 2023. The new buffer rate may be applied by banks as of 1 January 2025.

In 2024, macroprudential policy remained preventive in nature and focused primarily on maintaining the resilience of the financial system.

In light of the assessments of systemic risks and the resilience of the financial system, last year we continued making adjustments to a minor part of the macroprudential toolkit. Given the situation, we maintained a preventive macroprudential policy stance, which remained focused on maintaining the resilience of the financial system.

As part of the annual review of systemic importance, adjustments to the O-SII buffer were made for individual institutions where justified by the updated scores. Certain banks are classed as systemically important because of their size, their interconnectedness with other financial institutions and the real sector, the complexity

of their business model, and the size of their cross-border activity. These institutions are required to meet the O-SII buffer with the aim of increasing resilience. The buffer rate is determined once a year with regard to the aforementioned attributes. Banks are granted a transitional period to build up to any changes in the buffer rate.

Table 5 illustrates the estimated systemic importance scores for individual O-SIIs, and the corresponding buffer rates that banks are required to meet in 2025. The merger of two banks meant that five institutions were identified as O-SIIs in 2024.

Table 5: **Estimates of systemic importance scores and corresponding buffer rates**

O-SII	Systemic importance score (EBA guidelines)	Current capital buffer rate (as % total risk exposure) effective 1 January 2025	Capital buffer rate (as % total risk exposure) effective 1 January 2026
NLB d.d.	4,055	1.25%	1.25%
OTP banka d.d.	2,292	0.75%	1.00%
SID banka d.d.	769	0.50%	0.50%
Unicredit Slovenija d.d.	736	0.25%	0.50%
Intesa Sanpaolo d.d.	586	0.25%	0.25%

Source: Banka Slovenije

Under the Regulation amending the Regulation on the exercise of options and discretions under European Union law (Official Gazette of the Republic of Slovenia, No. 108/24), the use of discretions under Article 124 of the CRR is being abandoned. As of 1 January 2025 the stricter criterion previously in force is no longer relevant to banks. It had stipulated that the part of an exposure secured by residential real estate that may be weighted more favourably was 60% of the value of the residential real estate (the CRR3 lowers this threshold to 55%).

Our assessment was that no adjustments to the macroprudential restrictions on consumer loans were necessary in 2024. The most recent adjustment to the macroprudential instrument related to restrictions on consumer lending was made at the end of the first half of 2023. On that occasion the lower creditworthiness limit was tied to the minimum cost of living (plus an amount for any family dependants), which is adjusted as necessary for the general level of inflation and for other factors. We introduced a single cap on DSTI of 50%, and reduced the level of allowable deviations from the cap on DSTI. Based on an assessment of the attributes of consumer loans made in 2024, our opinion is that no particular risks are being posed by household lending. Consequently the calibration of the macroprudential restrictions on consumer lending is still adequate.

A positive neutral countercyclical capital buffer rate of 1% was maintained in 2024. Last year saw the introduction of the positive neutral rate, which aims to ensure that the banking system has sufficient capital at its disposal for release in the event of unforeseeable shocks not necessarily related to excessive credit growth and the build-up of domestic imbalances. Banks have been required to meet the increased buffer requirement as of 1 January 2025. The buffer rate of 1.0% represents a positive neutral countercyclical capital buffer rate, which entails a buffer rate of 1.0% in a neutral environment. The neutral environment is one where cyclical risks are neither excessively high nor excessively low, and are being maintained at stable levels. To assess the

phase of the financial cycle and a neutral risk environment, we use the existing set of individual risk indicators, a composite indicator and the newly introduced indicator of a neutral environment. Each quarter we publish an assessment of cyclical systemic risks and the countercyclical capital buffer rate on our website.

Last year we also made no change to the two sectoral systemic risk buffers, which entered into force on 1 January 2023 with the aim of addressing the risks inherent in the real estate market and the increase in household lending, and covering the exemptions deriving from the Regulation on macroprudential restrictions on consumer lending. The sectoral systemic risk buffers were thus introduced for: (i) all retail exposures to natural persons secured by residential real estate, with a rate of 1.0%, and (ii) all other exposures to natural persons other than the aforementioned, with a rate of 0.5%.

The decision was made in November 2023 to lower the sectoral buffer for exposures secured by residential real estate from 1.0% to 0.5% of the total risk-weighted exposure amount, which banks have been able to apply as of 1 January 2025. The recalibration of the buffer was the result of our regular assessments of systemic risks, which found that the situation in the Slovenian real estate market had eased, which reduced the need to use this buffer.

Macprudential policy in Slovenia is developed and carried out by the Financial Stability Board in close cooperation with the sectoral supervisory authorities.

Slovenia's Financial Stability Board (FSB) continued its regular discussions on systemic risks in 2024 and received updates on supervisors' macroprudential measures and the implementation of ESRB recommendations. Detailed information on the FSB's activities is available in its annual reports, published by the end of June each year.

As part of the FSB working group for fintech and cybersecurity, we devoted particular attention in 2024 to regulating cryptoassets, and analysing the potential tokenisation of the broader financial system. Due to the rapid advances in fintech and cybersecurity, we also identified new opportunities for cooperation between the working group members. In the area of cyber security we presented the results of the targeted cyber stress tests for the banking sector, which were conducted in the first half of last year. A cyber mapping tool designed to monitor systemic cyber risk was also presented. The tool illustrates the key financial and technological connections between financial institutions and firms providing high-tech services. The working group was briefed on the activities of the ESRB's cybersecurity working group and on the inter-supervisor project on systemic cyber risk.

In 2024 as part of the **FSB working group for climate risk** we assessed the transition risks and physical risks in the banking system and at insurance corporations, and monitored the evolution of regulations in the area of sustainable financing. The current assessments of climate risk indicate that it is low to moderate at insurance corporations and in the banking system. The realisation of physical risks (floods) in 2023 had a major impact on the insurance sector as expected, while its impact on the banking system was relatively limited.

3.5 Bank resolution and deposit guarantee scheme

The area of bank resolution and deposit insurance is regulated by several EU legal acts. Directive 2001/24/EC of the European Parliament and of the Council on the reorganisation and winding up of credit institutions was adopted on 4 April 2001, and Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms was adopted on 15 May 2014. A key role in bank resolution is played by the resolution authorities responsible for using resolution tools and exercising resolution powers. An important innovation within this framework came with Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund. The key EU legal act in the area of deposit insurance is Directive 2014/49/EU of 16 April 2014, which sets out the rules and procedures in connection with the establishment and functioning of deposit guarantee schemes.

Bank resolution

Under the Resolution and Compulsory Winding Up of Banks Act¹⁴ (the ZRPPB-1), we exercise the powers and tasks of the designated national resolution authority. The aforementioned law transposes Directive 2001/24/EC and Directive 2014/59/EU into Slovenian legislation. The ZRPPB-1 regulates the responsibilities and procedures implemented by Banka Slovenije in exercising the powers and tasks of the bank resolution authority, bank resolution planning, the resolution procedure and powers in connection with the use of resolution measures, and procedures for the compulsory winding-up of banks (compulsory liquidation and bankruptcy). The objectives of bank resolution are, through the use of resolution measures, to ensure the continuing implementation of critical functions, to prevent a serious adverse impact on financial stability, to protect public funds, to protect depositors whose deposits are covered, and investors in terms of guaranteed claims, and to protect the assets and resources of customers. The Single Resolution Board (SRB) was established by Regulation 806/2014/EU. Under the ZRPPB-1 and Regulation 806/2014/EU, Banka Slovenije exercises powers and tasks in connection with resolution, other than the powers and tasks for which the SRB is responsible in accordance with Regulation 806/2014/EU.

Banka Slovenije exercises the powers and tasks of the designated national resolution authority.

In 2024 Banka Slovenije focused on updating the resolution plans setting out measures for resolution or compulsory wind-up that could be implemented at banks should they fail. To this end Banka Slovenije independently draws up resolution plans for all banks under our remit, and participates in the SRB's internal resolution taskforces in creating and updating the resolution plans of systemically important banks and international banking groups operating in Slovenia. The SRB is responsible for drawing up resolution plans for banks and banking groups that are under the direct supervision of the ECB, and for all banking groups that pursue cross-border activities. The drafting of the resolution plans for banks under the remit of the SRB is undertaken

¹⁴ Official Gazette of the Republic of Slovenia, Nos. 92/21, 133/23, and 102/24.

by internal resolution taskforces in cooperation with all the national resolution authorities of the countries of the banking union where individual members of the banking group have a presence. Participation in internal resolution taskforces is via document exchange, regular teleconferences and meetings. Banka Slovenije is responsible for drawing up resolution plans for all banks that do not fall under the remit of the SRB.

The bank resolution fund, which was established in March 2015 on the basis of the Bank Resolution Authority and Fund Act, and was supposed to cease operating on 31 December 2024, is continuing to operate as the bank liquidation fund, whose purpose is financing compulsory liquidation measures¹⁵ under the ZRPPB-1. The basis for this is the amended ZRPPB-1, which entered into force in December 2024. The target level of assets is 3.0% of the total amount of covered deposits in Slovenia as at 30 September 2014. Assets in the amount of 1.3% of the total amount of covered deposits were provided by the transfer of the founding contributions paid into the bank resolution fund in March 2015,¹⁶ while assets in the amount of 1.7% of the total amount of covered deposits are being provided by banks in the form of pledged liquid assets to cover extraordinary cash payments. Banks paid founding contributions to the bank resolution fund in the amount of EUR 191.1 million in March 2015.

Banka Slovenije manages Slovenia's bank liquidation fund.

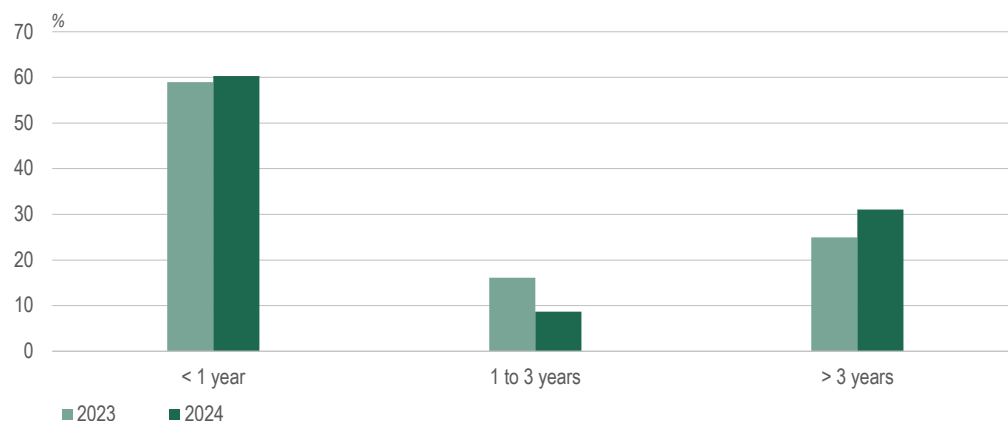
To reduce management costs, the assets of the bank liquidation fund are managed by Banka Slovenije together with the assets of the deposit guarantee fund. The bank liquidation fund and the deposit guarantee fund each have a share of the joint fund (the bank liquidation and deposit guarantee fund) that is proportional to their respective holdings of the pooled assets.

The joint fund invested in highly liquid sovereign, supranational, regional, agency and corporate debt instruments in 2024, generally restricting its investments to those with an internal Banka Slovenije rating of at least A-. Assets were also placed in short-term deposits at commercial banks, as these offered higher interest rates compared to the remuneration on the Banka Slovenije's account. Higher bond yields allowed for the interest rate exposure (modified duration) to be maintained close to its maximum level in 2024. The maturity breakdown is as follows: 60% of the joint fund's assets are in the bucket of up to one year, 9% in the bucket of one to three years, and 31% in the bucket of more than three years.

¹⁵ Compulsory liquidation proceedings are proceedings for winding up a bank as a legal entity and are carried out by Banka Slovenije in order to close the bank as a business and settle its liabilities to creditors arising from contracts for the provision of banking services, financial services and ancillary financial services performed by the bank on the basis of the authorisation to provide banking services under the law governing banking.

¹⁶ The contribution was made in March 2015 on the basis of the Bank Resolution Authority and Fund Act (ZOSRB).

Figure 22: **Maturity breakdown of joint fund's assets**



Source: Banka Slovenije

The bank liquidation fund's assets under management amounted to EUR 197.0 million at the end of 2024, while the value of the joint fund was EUR 437.5 million. The bank liquidation fund's operating result was a net profit of EUR 6,743,413.43 in 2024, while the joint fund recorded a net profit of EUR 14,659,175.56, on account of a fall in the market yields of short-term German government bonds and a general fall in credit spreads during the year. Performance is disclosed in greater detail in the bank liquidation fund's annual report.

In accordance with Article 216n of the ZRPPB-1, the bank liquidation fund will cease operations on 31 December 2030. Since the establishment of the bank liquidation fund, no measures that would require the use of its assets have been imposed on banks.

Deposit guarantee scheme

As the deposit guarantee authority, Banka Slovenije exercises powers and tasks in connection with the deposit guarantee scheme in Slovenia in accordance with the Deposit Guarantee Scheme Act (ZSJV).¹⁷ This law transposed Directive 2014/49/EU into Slovenian law. The ZSJV stipulates that Banka Slovenije should establish and operate a deposit guarantee scheme to guarantee a depositor's deposits in the event of the unavailability of deposits at a bank. The deposit guarantee is enforced by means of the repayment of covered deposits to depositors, or through other measures by which depositors' access to covered deposits is maintained in the event of the bank's resolution or compulsory wind-up. Deposits at each bank or savings bank established in Slovenia are covered up to the value of EUR 100,000 on the basis of the ZSJV. The deadline for the repayment of covered deposits is seven working days from the publication of the Banka Slovenije decision on deposit unavailability.

Banka Slovenije exercises the powers and tasks of the national deposit guarantee authority.

In 2024 Banka Slovenije continued its periodic testing of the capture of data on covered deposits at banks in Slovenia. We continued our dialogue with the Ministry of Finance on the financial capacity of the deposit guarantee scheme and the envisaged procedures in the event of the payout of covered deposits.

¹⁷ Official Gazette of the Republic of Slovenia, Nos. 27/16, 17/22 and 113/24.

Banka Slovenije established the deposit guarantee fund in 2016 as part of its operation of the deposit guarantee scheme. The fund may be used to make repayments of covered deposits, and to finance resolution or compulsory wind-up measures by means of which access to covered deposits is maintained for depositors. The fund is primarily financed via regular contributions by banks. Directive 2014/49/EU required the fund to reach its target level by 3 July 2024, in the amount of 0.8% of the total covered deposits in Slovenia. Additional contributions by the banks in 2024 ensured that this target was met. Should the fund's available assets not suffice for paying out covered deposits or for repaying the fund's other liabilities, banks will be ordered to make extraordinary contributions to the fund. The fund is also financed via income from its asset holdings, borrowing on the market, and loans obtained from other sources in accordance with the ZSJV. The ZSJV additionally envisages the possibility of an emergency liquidity loan from Banka Slovenije and a short-term loan from the state, if the fund is unable to secure sufficient funds in time from the aforementioned sources to meet its obligations.

The deposit guarantee fund's assets under management amounted to EUR 240.5 million at the end of 2024. The banks made total contributions of EUR 37.8 million to the deposit guarantee fund in 2024. The deposit guarantee fund's operating result was a net profit of EUR 7,910,638.13 in 2024. Its performance is disclosed in detail in its annual report.

A new ZSJV entered into force in January 2025, and raises the target value of the deposit guarantee fund's assets under management to 1.5% of covered deposits in Slovenia. The fund is required to reach the new target value by 31 December 2030.

The deposit guarantee fund has not been activated since its establishment.

Deposits at banks from EEA countries that provide banking services in Slovenia via a branch or directly are covered by the deposit guarantee scheme in the country in which the bank is established. The deposit guarantee scheme in Slovenia pays out coverage for deposits at a branch of a Member State bank in Slovenia at the request of and on behalf of the deposit guarantee scheme in the country in question. The deposit guarantee scheme of the aforementioned country provides funds in the amount of the covered deposits that will be paid out in Slovenia, and all necessary information and instructions for paying out the covered deposits of the branch.

Banka Slovenije is a signatory to the multilateral cooperation agreement of the European Forum of Deposit Insurers (EFDI), which regulates cooperation between deposit guarantee schemes.

3.6 Banknotes and coins

Supplying fit and authentic cash to the market is one of Banka Slovenije's key tasks. To ensure that it has the right quantities of banknotes and coins at its disposal and that the market is kept smoothly supplied with cash, each year Banka Slovenije is involved in the printing of euro banknotes at Eurosystem level; in 2024 it was 50-euro notes that were printed.¹⁸ Banka Slovenije also minted euro coins in 2024, in the form of general circulation 1-cent, 2-cent, 5-cent, 10-cent, 20-cent, 50-cent and 2-euro

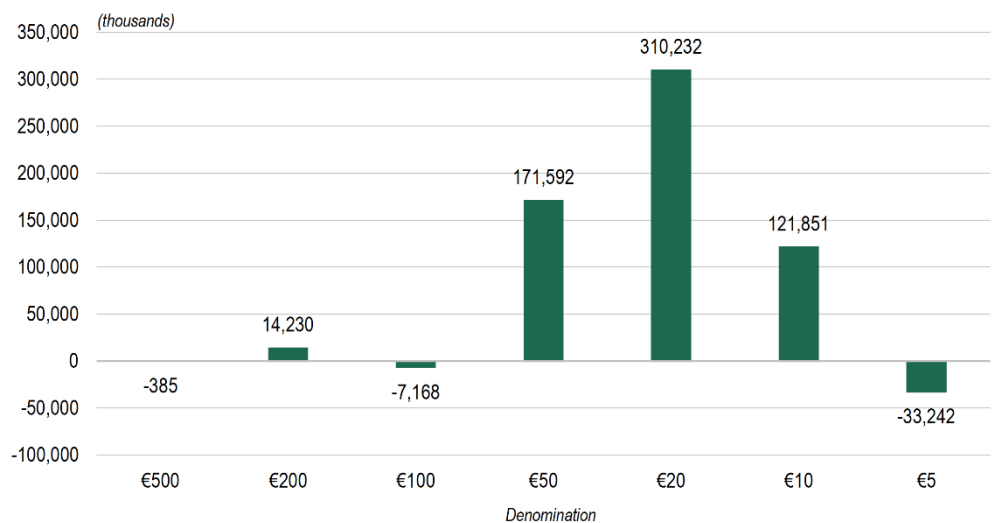
¹⁸ For more, see the [ECB website](#).

coins.¹⁹ In addition to the general circulation coins, Banka Slovenije also issues Slovenian commemorative coins, and its own numismatic products. We inform and educate professional audiences and the general public with regard to fit and authentic euro banknotes and coins.

A net total of EUR 17.9 billion of cash was issued into circulation by Banka Slovenije between the introduction of the euro on 1 January 2007 and 31 December 2024. Banka Slovenije issued a net total of EUR 1.5 billion of cash in 2024, comparable to the previous year's figure of EUR 1.7 billion. The total net cash issuance of EUR 17.9 billion consists of EUR 17.8 billion in banknotes (577.1 million banknotes) and EUR 160.4 million in coins (623.0 million coins). In terms of quantity, the 20-euro note was the most heavily issued (310.2 million banknotes), followed by the 50-euro note (171.6 million banknotes), and the 10-euro note (121.9 million banknotes). Net issuance of the 500-euro, 100-euro and 5-euro notes since the introduction of the euro is negative (the number of banknotes issued by Banka Slovenije is less than the total number of banknotes returned to Banka Slovenije). The coins that were issued most heavily in terms of net quantity were the 1-cent (197.0 million coins) and 2-cent (132.0 million coins), while the lowest net quantity of issued coins was recorded by the 1-euro (18.5 million coins).

A net total of EUR 17.9 billion of cash was issued into circulation by Banka Slovenije between 1 January 2007 and 31 December 2024, of which EUR 1.5 billion was in 2024.

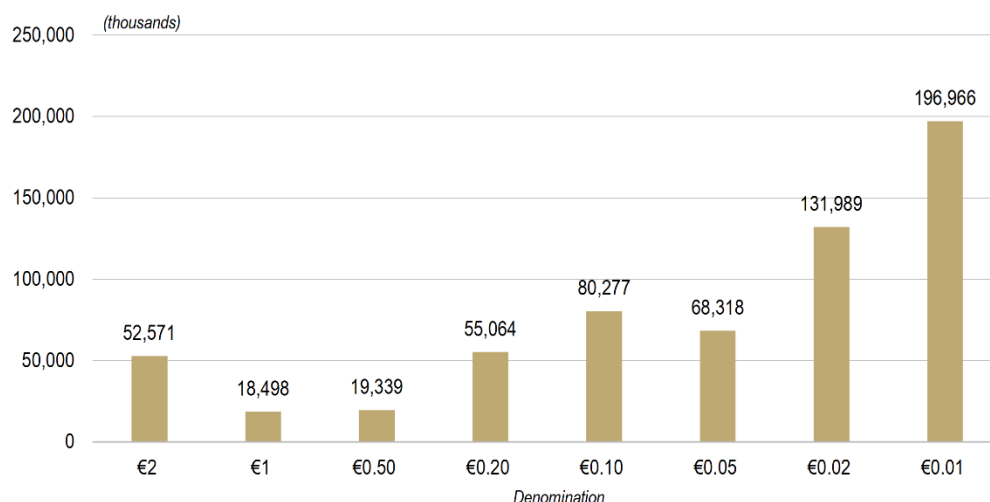
Figure 23: **Net issued banknotes by denomination as at 31 December 2024**



Source: Banka Slovenije

¹⁹ For more, see the [Banka Slovenije website](#).

Figure 24: **Net issued coins by denomination as at 31 December 2024**



Source: Banka Slovenije

The cash processing unit sorted 138.5 million banknotes and coins returned from circulation in 2024, up 5% on the previous year. This consisted of 138.4 million banknotes, and 0.1 million coins. A total of 19.6 million euro banknotes were withdrawn from circulation and destroyed in order to maintain the general quality of banknotes in circulation, up 4% on the previous year.

Last year Banka Slovenije made 458 exchanges of tolar banknotes and payment notes, down 24% on the previous year. A total of EUR 95.7 thousand worth of tolar banknotes and payment notes were returned from circulation in 2024 (up 32% on 2023). The total value of the tolar banknotes and payment notes still in circulation as at 31 December 2024 was EUR 31.4 million. Payment notes and tolar banknotes are exchangeable at Banka Slovenije counters with no time limit, while the exchange of tolar coins ended on 3 January 2017 in accordance with the Introduction of the Euro Act.

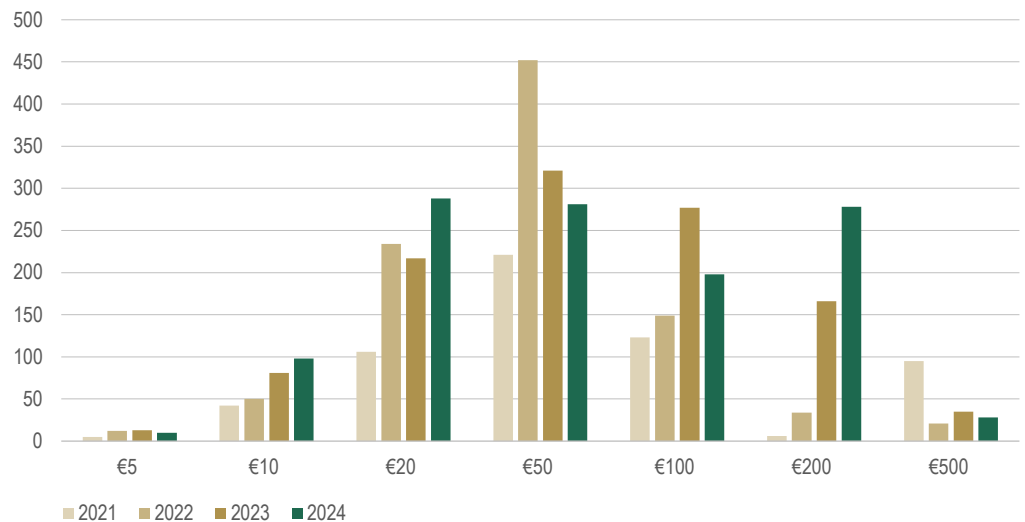
The total value of the tolar banknotes and payment notes still in circulation at the end of 2024 was EUR 31.4 million.

The likelihood of receiving counterfeit euro cash remains low. By monitoring the functioning of our cash processing machines and providing training in checking the fitness and authenticity of cash, Banka Slovenije ensures that machines and employees are able to identify counterfeits, and thus ensures that all counterfeit banknotes and coins are withdrawn from circulation. According to the figures of the National Analysis Centre and the Coin National Analysis Centre, a total of 1,181 counterfeit banknotes were withdrawn from circulation in 2024, up approximately 7% on 2023. The most frequently detected counterfeits were 20-euro, 50-euro and 200-euro notes, which together accounted for 72% of all counterfeits seized in circulation in Slovenia in 2024. The total value of counterfeit euro cash detected in Slovenia amounted to EUR 110,240 in 2024,²⁰ up approximately 11% on the previous year. Despite the increase, the number of seized counterfeits in circulation in Slovenia remains low, placing Slovenia in the bottom half of the euro area countries in terms of the number of counterfeits detected. A total of 6,665 counterfeit euro coins were also withdrawn from circulation in Slovenia in 2024, down 13% on 2023. The most common counterfeit remains the 2-euro coin

²⁰ For more, see the [Banka Slovenije website](#).

(92% of the total number). Given the size of the net issuance of authentic euro banknotes and coins, the share of counterfeits in circulation in Slovenia is very low.

Figure 25: **Breakdown of counterfeit euro banknotes withdrawn from circulation, by denomination**



Source: Banka Slovenije

Banka Slovenije organises the issuance, distribution and storage of general circulation and occasional coins for the Republic of Slovenia on the basis of the Occasional Coins Act.²¹ Banka Slovenije issued a commemorative 2-euro coin into circulation to mark the 250th anniversary of the National and University Library (1 million coins were minted), and collector coins to mark the 150th anniversary of the birth of Rudolf Maister (750 gold, 1,250 silver and 68,000 bimetallic 3-euro coins). For the collector market we also issued a collection of euro coins minted in 2024 in ordinary and proof versions, and a 2-euro commemorative coin and 3-euro collector coin, both proof-quality. The numismatic products can be purchased at the Banka Slovenije counters, and at selected branches of our two agents for numismatic products, Deželna banka Slovenije d.d. and Moro & Kunst d.o.o. A list of the numismatic products and selling prices can also be found on the [Banka Slovenije website](#), with those marked in red no longer available.

In 2024 Banka Slovenije issued collector coins marking the 150th anniversary of the birth of Rudolf Maister and a commemorative coin marking the 250th anniversary of the National and University Library.

²¹ For more, see the Numismatics section on the [Banka Slovenije website](#).

Photograph 2: Collector coins marking the 150th anniversary of the birth of Rudolf Maister (gold coin, silver coin and 3-euro coin)



Photograph 3: Commemorative coin marking the 250th anniversary of the National and University Library



Box 5: New ES3 series of euro banknotes

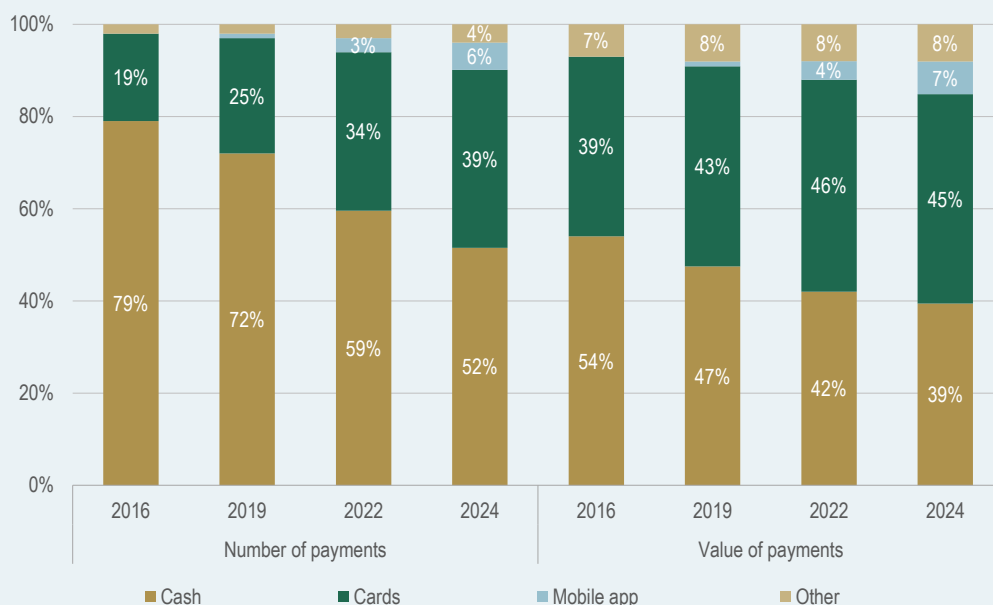
Together with the national central banks the ECB is preparing a new series of euro banknotes, where the primary aims are to maintain their resilience to counterfeiting, to update the design and look of the notes, and to make them more environment-friendly. This process reflects the Eurosystem's commitment to cash, and is an opportunity to create euro banknotes that would be more inclusive for all European citizens.

In 2024 a multidisciplinary advisory group, including experts from various relevant fields, compiled a list of potential motifs that best represent the two selected themes of European culture: shared cultural spaces, and Rivers and birds: resilience in diversity. On 29 January 2025 the Governing Council of the ECB selected the motifs for the two themes, and established the jury that will organise the design contest and participate in selecting the best design proposals. The jury consists of members from all euro area countries. The ECB is set to make a decision on the future designs in 2026, and to fix when the new banknotes will be produced and issued. It will take several years before the first banknotes are produced and issued.

Between September 2023 and June 2024 the ECB conducted its third study on the payment attitudes of consumers in the euro area (SPACE 2024²²), making comparisons of the findings with the first two studies (SPACE 2022²³ and SPACE 2019²⁴), and trying as far as possible to compare the findings with the results of the study on the use of cash by households in the euro area (SUCH²⁵) from 2016.

The findings of the study show that cash remains the most commonly used means of payment at physical points of sale and in P2P payments, both in the euro area overall and in Slovenia, although its share is declining. Consumers in the euro area executed 52% of their transactions at points of sale with cash (39% in value terms), a gradual decline relative to previous years, and down 27 percentage points on 2016 (down 15 percentage points in value terms). The share of cash payments in Slovenia according to the latest study stood at 64%, one of the highest figures in the euro area (but down 16 percentage points on 2016), while cash accounted for 56% of the total value (down 12 percentage points on 2016). The share of cash payments is continuing to fall, primarily in favour of card payments. The share of card payments at euro area level stood at 39% in 2024 (45% in value terms), up 20 percentage points on 2016 (up 6 percentage points in value terms), and there is a similar trend in card payments in Slovenia. The use of mobile payments also increased relatively strongly: in the euro area their share doubled from 3% in 2022 to 6% in 2024, and a similar trend was evident in Slovenia.

Figure 26: Breakdown of means of payment used at points of sale in the euro area



Source: Study on the payment attitudes of consumers in the euro area (SPACE 2024)

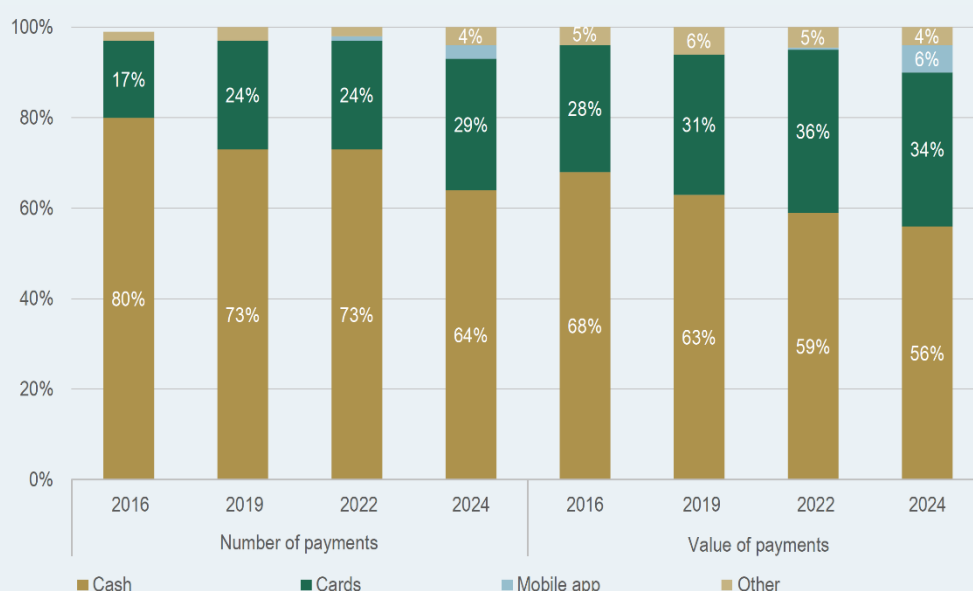
²² [Study on the payment attitudes of consumers in the euro area 2024](#)

²³ [Study on the payment attitudes of consumers in the euro area \(SPACE\) – 2022 \(europa.eu\)](#)

²⁴ [Study on the payment attitudes of consumers in the euro area \(europa.eu\)](#)

²⁵ [The use of cash by households in the euro area \(europa.eu\)](#)

Figure 27: **Breakdown of means of payment used at points of sale in Slovenia**



Source: Study on the payment attitudes of consumers in the euro area (SPACE 2016, 2019, 2022 and 2024)

The use of non-cash means of payment is particularly common in online purchases, where transactions made by cards have been declining since 2019 (48% in 2024, 51% in 2022, 54% in 2019), while the share of transactions made with e-payment solutions (e.g. PayPal, Sofort, Afterpay) is at the same level as 2019, and new means of payment are appearing: 5% of transactions in 2024 were settled by instant payments. Online purchases are becoming more frequent: following a sharp increase (from 7% to 17%) between 2019 and 2022, which is at least partly attributable to the impact of the Covid-19 pandemic, by 2024 the share of online purchases in the euro area had risen to 21%²⁶ (and to 36% in value terms, from 28% in 2022 and 18% in 2019). Despite almost doubling since 2019 (when it stood at 10%), at 19% the share of online purchases in Slovenia is one of the lowest figures in the euro area, although Slovenes are purchasing higher-value items online overall, given that the share of online purchases in value terms is at the level of the euro area average (36%).

The part of the survey addressing consumer preferences in means of payment again revealed that these do not reflect the actual means of payment as determined by the study. Similarly to 2022, 55% of those surveyed prefer to use cashless means of payment (54% in Slovenia), while just 22% prefer to pay with cash (27% in Slovenia). Conversely 62% of those surveyed consider it (very) important that cash is available as a means of payment (57% in Slovenia), up 2 percentage points on 2022 (up 3 percentage points in Slovenia).

²⁶ Points-of-sale accounted for 75% of total reported purchases, and person-to-person (P2P) payments for 4%.

3.7 Payment and settlement systems

Payment and settlement systems are financial market infrastructure that facilitates the transfer of cash and securities, and are a fundamental component of the financial system. By ensuring the effective, uninterrupted and secure execution of a large number and high value of financial transactions (i.e. the exchange and settlement of payments and securities), they make a significant contribution to the smooth functioning of financial markets, and thereby to general economic stability and efficiency.

As the (joint) operator of market infrastructure owned and operated by the Eurosystem, Banka Slovenije provides market participants with settlement in risk-free central bank money. We are also involved in making decisions on the direction of the development of this infrastructure. Under the TARGET-Slovenija payment system, we manage cash accounts for the settlement of (primarily) large-value payments in T2, cash accounts for the settlement of securities transactions in TARGET2-Securities (T2S), and cash accounts for the settlement of instant payments in TARGET Instant Payment Settlement (TIPS). Additionally, we enable access to pan-European retail payment systems for Slovenian banks and savings banks. As the supervisor we ensure the compliance of payment and settlement systems, providers of payment services and electronic money issuance services, and currency exchange operators with the regulatory requirements. We also act as a guide (i.e. catalyst) for the activities of market participants in the area of payments and market infrastructure for payments and securities.

Besides our ordinary tasks in the area of payment and settlement systems that were carried out in line with plans in 2024, we were also actively involved in the Eurosystem's digital euro project and exploratory work on new technologies for wholesale central bank money settlement.

Management of payment infrastructure

Banka Slovenije was managing main cash accounts and dedicated cash accounts in the T2 payment system for 16 Slovenian market participants at the end of 2024, who during the course of the year settled a total of 1,182,616 transactions (up 1.8% on 2023) with a total value of EUR 480.47 billion (up 5.0% on 2023). We managed 23 dedicated cash accounts for settling securities transactions on the T2S platform for 10 Slovenian participants, who settled 51,223 transactions over the course of the year (up 18.8% on 2023) in the total amount of EUR 12.47 billion (down 4.7% on 2023). For the settlement of instant payments in TIPS we managed one dedicated cash account for each of the 13 Slovenian participants, via which 1,939,067 transactions (up 46.8% on 2023) in the total amount of EUR 2.15 billion (up 41.1% on 2023) were settled in 2024.

Slovenian participants settled 1,182,616 transactions in the total amount of EUR 480.47 billion in T2, 51,223 transactions in the total amount of EUR 12.47 billion in cash accounts in T2S, and 1,939,067 transactions in the total amount of EUR 2.15 billion in cash accounts in TIPS in 2024.

In the cross-border retail payments segment, we enabled Slovenian banks and savings banks to exchange SEPA credit transfers with more than 3,500 payment service providers and to exchange SEPA direct debits with more than 2,800 payment service providers across the EU.

Last year we were involved in the further development of market infrastructures owned and managed by the Eurosystem, where the activities mostly focused on improving the functionality of the infrastructures and ensuring greater (cyber) resilience and availability.

Supervision of payment and settlement systems and of payment service providers

With the aim of ensuring efficient, continuous and secure operation of payment and settlement systems and payment service providers, Banka Slovenije monitors and analyses their operation and issues supervisory measures. As part of its supervision of payments under the Payment Services, Electronic Money Issuance Services and Payment Systems Act (ZPlaSSIED), Banka Slovenije supervises payment systems, credit institutions, payment institutions and electronic money institutions. Under the Act Implementing the Markets in Cryptoassets Regulation (ZIUTK), Banka Slovenije is also competent for supervising electronic money institutions and credit institutions that issue e-money tokens, and, in conjunction with Securities Market Agency (SMA), for supervising credit institutions that issue asset-referenced tokens and provide cryptoasset services. We are also competent for supervising currency exchange operators under the Foreign Exchange Act (ZDP-2). Under the Decree implementing Regulation (EU) No 909/2014 on improving securities settlement in the European Union and on central securities depositories, Banka Slovenije shares supervisory powers with the SMA in supervising a settlement system operator. Last year we deleted one provider of account information services from the register of payment institutions because it ceased to provide these payment services. No new authorisations were granted under the ZPlaSSIED.

To examine compliance with the ZPlaSSIED in the area of payment services, we conducted inspections at one bank and two electronic money institutions in 2024. Inspections were also conducted at three currency exchange operators in accordance with the ZDP-2. In conjunction with the SMA we concluded an inspection of a central depository under Regulation 909/2014/EU, and an inspection of a payment system operator in accordance with the ZPlaSSIED.

Guiding and encouraging the actions of market participants

In 2024 we continued to guide the activities of market participants with the aim of improving competition and accelerating the development of payment and securities markets in line with the Eurosystem policy. In doing so, we act collaboratively, with the aim of finding synergies among market participants. We focus on the objectives that participants in the aforementioned markets are unable to attain alone, or that require the coordination of various interests. Playing the role of catalyst demands a system-wide view of the market, knowledge, reputation and awareness that we are not acting on the market as a competitor to other participants.

Our regular activities include promoting harmonisation with pan-European (and global) practices and standards in the area of payments and financial collateral management, and efforts to raise the level of cyber resilience and business continuity in market infrastructure for payments and securities. In this regard we guided the activities of market

participants within the framework of the National Payments Council (NPC), the National Group of Participants for Market Infrastructure for Securities and Financial Collateral, and the National Group of Participants for Market Infrastructure for Payments.

The majority of the NPC's activities in 2024 addressed the first three strategic initiatives of the Strategy for the development of the payments market in Slovenia for the period of 2024 to 2028: (1) developing simple payment solutions with a good user experience in line with the needs and expectations of users, including vulnerable groups; (2) addressing the security aspects of electronic payments; and (3) ensuring the phased acceptance of electronic payments at point of interaction (POI). Three working groups were established, with a task of proposing activities to address the relevant strategic initiative. Of the issues discussed by the NPC, there was a particular focus on instant payments and the EU's Instant Payments Regulation.

The subjects discussed within the framework of the National Group of Participants for Market Infrastructure for Securities and Financial Collateral, and the National Group of Participants for Market Infrastructure for Payments in 2024 mostly related to encouraging the harmonisation of activities in the domestic environment in the area of securities settlement and financial collateral management, and to the further development of market infrastructures managed by the Eurosystem.

Via the Banka Slovenije fintech innovation hub we also provide clarifications in connection with regulatory requirements falling under our remit to market entities whose financial services are based on advanced technologies. The majority of the questions received at the hub in 2024 from domestic and foreign innovative businesses related to cryptoasset services and payment services. We are also active at international level in the area of innovations in financial services, where we participate in the European Forum for Innovation Facilitators and in the BIS Innovation Hub. We are also active participants in the European blockchain regulatory sandbox, the aim of which is to put in place a pan-European framework for regulatory dialogue and to increase legal certainty for innovative solutions in the aforementioned area. In two phases of the sandbox we participated in analysis of innovative business models in the area of payments with cryptoassets in 2024.

Digital euro

We are actively involved in the Eurosystem's digital euro project, within which the preparation phase continued in 2024. One of the key activities in this phase was the ongoing cooperation between the Eurosystem and market participants on the technical rulebook of the payment scheme for the digital euro. This will set out the rules, procedures and processes for exchanging and processing payments with the digital euro between relevant participants. The Eurosystem also began the process of selecting providers to develop the digital euro ecosystem, continued experiments and performed in-depth analysis of technologies for making payments without an internet connection and to improve privacy. The first part of the preparation phase will end in October 2025, but the decision to issue a digital euro has not yet been taken. The Governing Council will only take such a decision after the legal basis has been put in place at EU level.

We strengthened cooperation with the key Slovenian participants via the National Participants Group on a Digital Euro (NSGDE). We hosted meetings of the NSGDE in April, September and December 2024, which discussed key themes and the progress on the digital euro project.

Amid growing interest in using distributed ledger technology (DLT) to settle financial transactions, **the Eurosystem conducted exploratory work in 2024** that examined how to ensure the reliable and secure settlement of the cash leg of wholesale financial transactions in central bank money using innovative technologies such as DLT.

Market participants were invited to take part, and had the opportunity to **test three different technical solutions** that served as the link between the TARGET system on one side and market-licensed DLT platforms on the other. The activities ran from May to November 2024, with 64 participants, including central banks, market participants and DLT platform operators. More than 200 transactions with a total value of EUR 1.59 billion were executed. **Slovenia participated in the trials**, and issued a DLT bond with a nominal value of EUR 30 million, marking the first issuance of this kind by any Member State of the EU.

The exploratory work showed that there is high level of interest on the financial markets in using innovative technologies such as DLT in the settlement of wholesale financial transactions. The Eurosystem has therefore already taken a **decision regarding further steps**, as it wants to preserve the role of central bank money as the safest and most liquid form of asset, while preventing the fragmentation on the capital markets that might occur in absence of a clear long-term vision in this area. Accordingly a solution will be prepared as soon as possible that will be interoperable with existing TARGET services and will allow for the use of innovative technologies in the settlement of the cash leg of wholesale financial transactions in central bank money. At the same time, in consultation with market participants, the Eurosystem will examine the possibility of developing a long-term integrated solution that will also include international operations, such as foreign exchange settlement.

3.8 Joint management of the ECB's foreign reserves

Banka Slovenije manages part of the ECB's foreign exchange reserves. The value of the foreign exchange reserves transferred to the ECB when Slovenia introduced the euro was EUR 200.5 million as at 31 December 2024. The main purpose of the ECB's foreign exchange reserves is to ensure adequate liquidity in the Eurosystem for interventions on the foreign exchange market. They are managed collectively by the national central banks of the Eurosystem.

Banka Slovenije manages just over EUR 200 million of the ECB's foreign exchange reserves.

Banka Slovenije manages the reserves in conjunction with the central bank of Luxembourg. In addition to the foreign exchange reserves transferred to the ECB, Banka Slovenije also holds a portion of its investments in foreign currency in case the ECB calls for additional foreign exchange reserves, in accordance with Article 30 of the Protocol on the Statute of the ESCB and the ECB.

3.9 Management of Banka Slovenije's financial assets

Banka Slovenije manages its own financial assets with the aim of strengthening its capital over the medium term, thereby helping to ensure its financial independence in performing its central banking tasks. In addition to pursuing this primary objective, we also strive for socially responsible and sustainable investing. Banka Slovenije's financial assets that are not related to the implementation of Eurosystem monetary policy amounted to EUR 5.7 billion at the end of 2024, up EUR 1.4 billion on 2023.

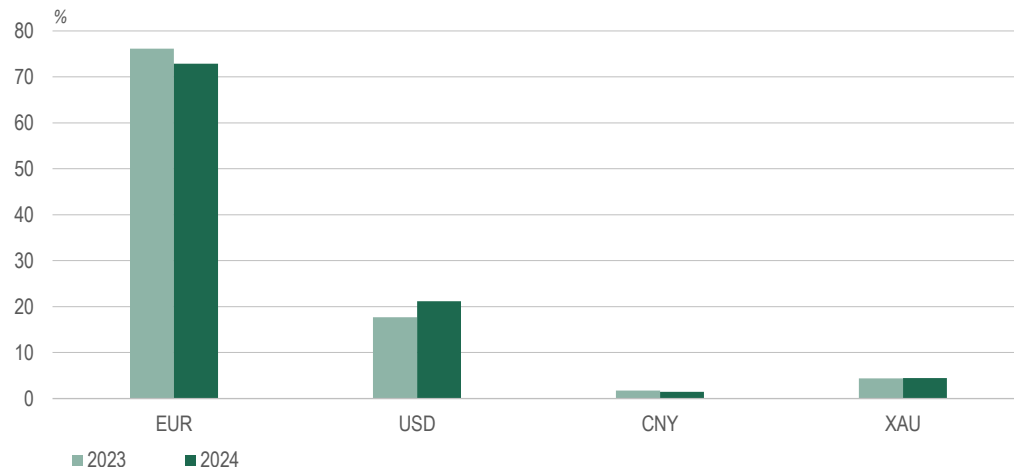
Banka Slovenije's financial assets amounted to EUR 5.7 billion at the end of 2024.

The asset breakdown is determined on the basis of the strategic asset allocation, which is updated once a year, having regard for all constraints, by optimising the expected return while keeping quantitatively expressed financial risks to an acceptable level. The strategic asset allocation is approved annually by the Governing Board of Banka Slovenije at the proposal of the Investment Committee. Under the strategic asset allocation, Banka Slovenije's financial assets are spread across several portfolios, which differ either in terms of currency or asset class breakdown. Approximately 40% of Banka Slovenije's financial assets are actively managed against benchmark portfolios. Banka Slovenije's financial assets encompass holdings of sovereign, supranational, agency, regional, covered, and corporate debt (financial and non-financial). In addition, with the aim of diversifying risks and attaining higher potential long-term returns we invest a portion of our financial assets in exchange-traded funds (ETFs), which match the movements of a global equity index that is diversified in terms of geographical region, currency and sector. Monetary gold also constitutes part of our financial assets.

Investments in debt instruments are generally restricted to those with an internal Banka Slovenije rating of at least A-. Furthermore, investments in different types of debt are additionally limited by the maximum allowable aggregate exposure to an individual type of debt, and are limited to a list of eligible issuers. There is also an upper exposure limit per individual entity or group of connected entities, which depends on the internal Banka Slovenije rating. Any deviations from the aforementioned limits are approved by the Governing Board of Banka Slovenije, or by the Investment Committee under the Governing Board's guidelines. The Investment Committee also monitors the asset management process on a monthly basis.

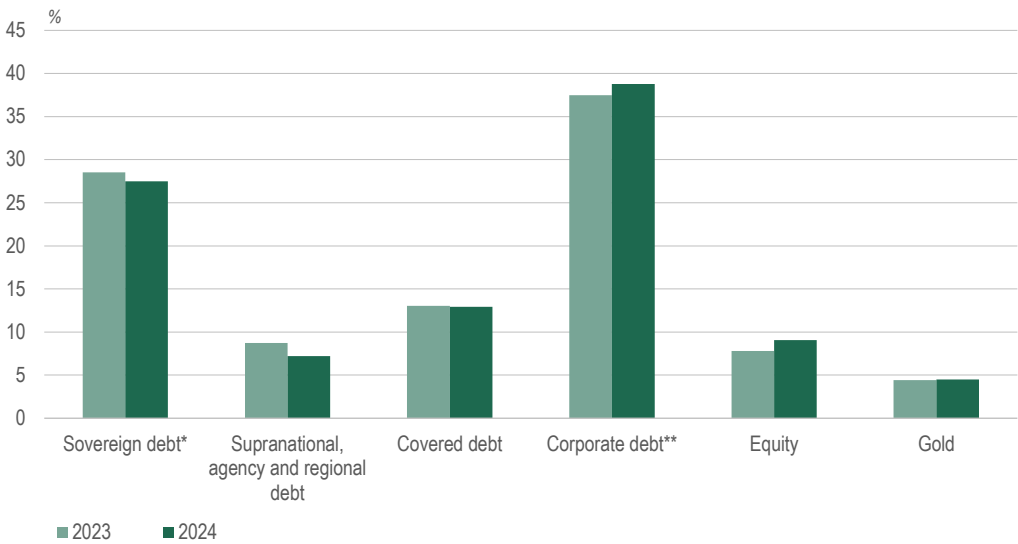
The vast majority of our financial assets are denominated in euros (EUR 4.1 billion), with the remainder in foreign currencies and gold. The appreciation of the US dollar in 2024 led to a slight increase in the share of assets denominated in this currency (21%), while the share denominated in euros declined (73%). In the breakdown of Banka Slovenije's financial assets by investment class there was a slight decline in the share of sovereign debt (28%) and the share of supranational, agency and regional debt (7% in total), in favour of increases in the shares of corporate debt (39%) and equity ETFs (9%). The shares of covered debt (13%) and gold (4%) remained unchanged. There was no significant change in the breakdown of the financial assets in terms of maturity in 2024. The largest component consists of financial assets in the maturity bucket of more than three years (52%, including holdings in the BIS fund and of equity ETFs, which have no maturity), followed by the buckets of up to one year (29%) and one to three years (19%). The share of assets rated AAA amounted to 29%, those rated AA amounted to 25%, and the remainder were rated below AA (including holdings of equity ETFs, which are not rated).

Figure 28: **Currency breakdown of Banka Slovenije's financial assets**



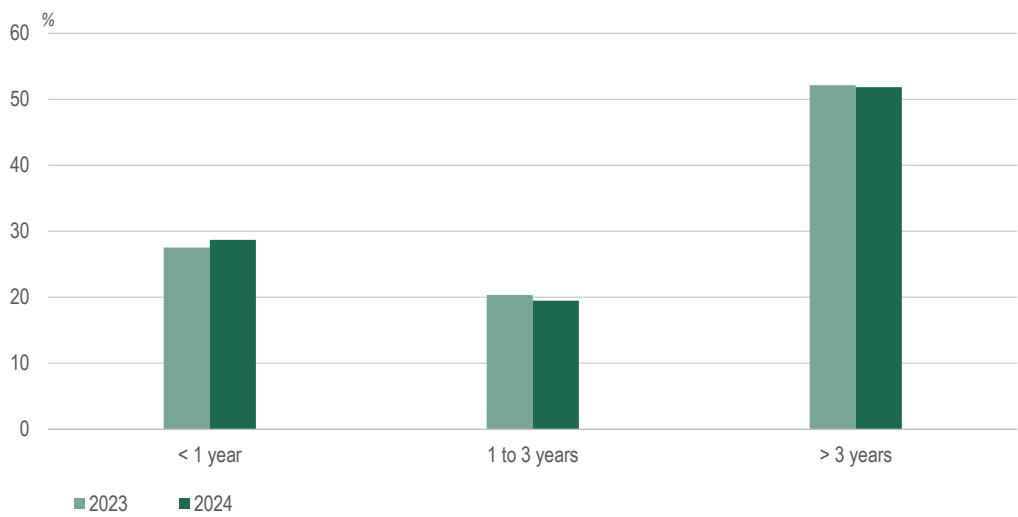
Source: Banka Slovenije

Figure 29: **Investment class breakdown of Banka Slovenije's financial assets**



* Includes account balance.
 ** Financial and non-financial corporate debt.
 Source: Banka Slovenije

Figure 30: **Maturity breakdown of Banka Slovenije's financial assets**



Source: Banka Slovenije

3.10 Central credit register

Banka Slovenije is authorized by law to manage the central credit register, the main national database about the indebtedness of individuals and business entities. The register was established with the aim of increasing efficiency in the exercise of Banka Slovenije's key powers and tasks, and with the aim of providing data for a system for exchanging information about the indebtedness of individuals (SISBON) and business entities (SISBIZ). The information exchange system allows for improvements to be made to the process of assessing and managing credit risk at lenders. Furthermore it promotes policies and measures for responsible lending and sustainable borrowing by individuals and business entities, thereby preventing over-indebtedness.

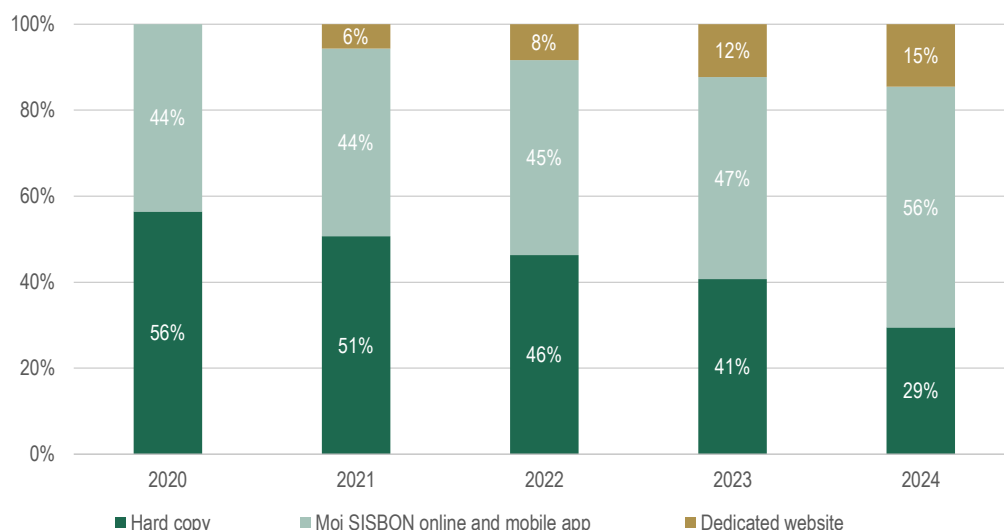
At the end of 2024 the SISBON system held data on 1,564,651 individuals and their 3,115,461 different credit operations.

The **database of individual indebtedness, SISBON**, held processed data on the credit operations²⁷ of 1,564,651 individuals as at 31 December 2024, down 0.04% on a year earlier. There were 58 different creditors at the end of 2024 with access to the data in the SISBON system. Of these, 38 were members (entities referred to in Article 15 of the Central Credit Register Act), who have access to all data in the SISBON system, and 20 were included creditors, who have access to a limited amount of data only, as set out by the third paragraph of Article 19 of the aforementioned law. Data on 3,115,461 credit operations was held in the SISBON system on 31 December 2024, down 0.8% on the previous year. They consisted of 1,138,596 personal account overdrafts (down 1.5% on 2023), 832,998 credit card limits (down 2.0%), 496,049 consumer loans (up 3.1%), 305,069 limits on other payment instruments (down 0.4%), 179,296 housing loans (down 2.9%), and 163,453 finance leases (up 0.8%).

The SISBON system was managed in accordance with the Central Credit Register Act, while the identification options for logging onto the Moj SISBON app were expanded, to make it easier for individuals to access their own data. System members and other creditors enjoyed system functionality without disruption throughout the year, with the system operating 24 hours a day, every day. Individuals whose data is held in the system were allowed to exercise their legal rights with regard to their own data, and were given full technical and substantive support. We actively highlighted the benefits of various digital options for viewing data, which helped to further raise the share of digital transcripts compared with hard copy. The increase in the share of digital transcripts was also attributable to two new approaches to identification when logging onto the Moj SISBON app that were offered to individuals in 2024, namely via the SI-PASS service and with the new chipped personal ID card. A total of 16,628 data transcripts were sent to individuals in 2024, of which 11,725 were digital and 4,903 were hard copy. The share of digital transcripts was 11.2 percentage points higher than in 2023. We also gave individuals 2,236 clarifications regarding queries in connection with the SISBON system by phone or by email.

²⁷ Data on individual credit operations is processed in the SISBON system, is visible for four years after the credit operation has been completed, and then becomes inactive.

Figure 31: **Breakdown of data viewings in SISBON by method and year**



Source: Banka Slovenije

In the SISBON system we focused in particular on monitoring the members and included creditors regarding compliance with membership and data access requirements, system security, and the accuracy of data reporting. To verify compliance with the regulations governing the information exchange system, we conducted 23 audits of SISBON members, which identified 77 instances of non-compliance. These non-compliances were rectified by the members by the deadlines set with regard to the nature of each instance of non-compliance. One indicator of members' compliance with regard to the accuracy of data reporting is the number of complaints by individuals, in particular substantiated complaints. A total of 1,833 complaints covering 38 members were submitted in 2024 in connection with the accuracy of the data in the SISBON system, up 45% on the previous year. The level of complaints is still low: it was equivalent to 0.12% of all individuals whose data is managed in the system. Despite the rise in complaints, the share of substantiated complaints remained unchanged from the previous year, at 37%. There was no significant change in the reasons for the complaints compared with the previous year: most are the result of the incorrect reporting of the status of completion of enforcement and of transactions in connection with personal bankruptcy proceedings.

The SISBIZ system held data on 276,383 credit operations for 138,150 business entities at the end of 2024.

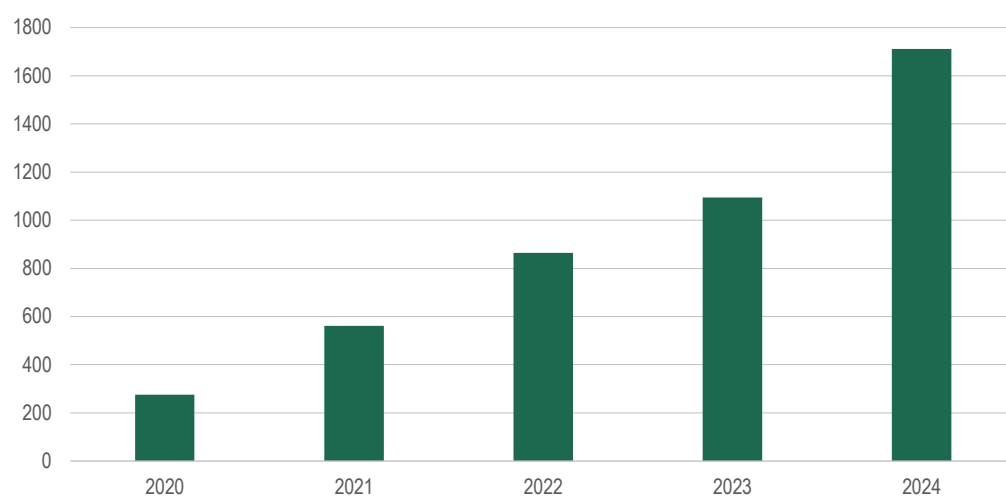
The **database of business entities' indebtedness, SISBIZ**, held processed data on the credit operations²⁸ of 138,150 business entities as at 31 December 2024, up 7.7% on a year earlier. Sole traders and other self-employed individuals accounted for 53% of the total, capital and personal corporations for 40%, and other forms of business entity (societies, institutes, chambers, interest associations, etc.) for 7%. The share accounted for by sole traders and other self-employed individuals was up 2 percentage points on 2023, while the share accounted for by capital and personal corporations declined by 2 percentage points. The share accounted for by other forms of business entity remained the same. A total of 36 creditors with the status of system member (entities referred to in Article 15 of the Central Credit Register Act) were able to access

²⁸ Data on individual credit operations is processed in the SISBIZ system, is visible for four years after the credit operation has been completed, and then becomes inactive.

data in the SISBIZ system in 2023. As at 31 December 2024 the SISBIZ system held data on 276,383 credit operations, of which 102,704 were loans (up 12% on 2023), 36,974 were loans and receivables under payment cards and credit cards (down 53%), 67,297 were finance leases (up 1%), 20,538 were sureties (down 18%), 27,146 were factoring operations (up 14%) and 21,724 were financial guarantees and other contingent liabilities (down 7%).

We were effective in managing the SISBIZ system over the course of the year, in that it was available uninterrupted, 24 hours a day, every day of the year, to system members and also to business entities whose data is held in the system. Business entities were able to smoothly exercise their legal rights in connection with their own data, and were provided with technical and substantive support. Business entities viewed their own data 1,711 times, in digital form via the Moj SISBIZ online app. We also gave business entities 1,705 clarifications regarding queries in connection with the SISBIZ system by phone or by email.

Figure 32: **Number of business entities' enquiries into their own data**



Source: Banka Slovenije

A major priority was ensuring SISBIZ members' compliance with the requirements of the Central Credit Register Act. To verify compliance with the conditions of membership and for access to data in the system, system security and the accuracy of data reporting, a total of 17 audits were conducted at SISBIZ members, which identified 43 instances of non-compliance. The majority of the non-compliance related to inaccuracies in data reporting, and was rectified by members by the deadlines set with regard to the nature of the particular breach. One indicator of members' compliance with regard to the accuracy of data reporting is the number of complaints by business entities. Business entities submitted a total of 95 complaints in 2024, down 8% on 2023, which covered just 0.07% of all business entities whose data is held in the system. The share of substantiated complaints was also down on the previous year: it stood at 48%, 31 percentage points less than in 2023. The reasons for the complaints were unchanged from previous years: the main issue was the reporting of the past-due debt and credit rating of the business entity.

Banka Slovenije again acted with the diligence of a good expert and good manager in executing the legal task of managing the central credit register and the SISBON and SISBIZ information exchange systems in 2024. Further evidence comes indirectly from the following figures: a total of 120 irregularities identified during supervision of SISBON and SISBIZ users, 29.9 million data records processed in the

central credit register, and 67,287 viewings of their own data by individuals and business entities, who requested 18,339 data reports.

A significant benefit of the central credit register and the data processed within it is evidenced in the exercise of Banka Slovenije's core tasks and powers, particularly in the area of macroprudential supervision and in the exercise of supervisory powers and tasks at banks.

3.11 Payment services for Banka Slovenije's clients

Banka Slovenije is a payment service provider and manages accounts for clients, of whom the largest group are budget spending units. Banka Slovenije administers the government's single treasury account and the single municipal treasury accounts for some municipalities. The accounts of direct and indirect spending units of the state budget and municipal budgets, which include the Health Insurance Institute and the Pension and Disability Insurance Institute, were opened as sub-accounts of the single government or municipal treasury accounts. The sub-accounts are administered by the Public Payments Administration of the Republic of Slovenia.

Banka Slovenije manages purpose-specific current accounts for the Ministry of Finance, and provides payment bank services on its behalf. For this purpose, Banka Slovenije maintains a cash account in TARGET2 Securities to provide these services for the Ministry of Finance. The KDD holds a transaction account with Banka Slovenije for its own resources. Banka Slovenije's clients also include foreign financial institutions and EU institutions.

The number of Banka Slovenije's clients fell to 132 in 2024; they held 138 accounts. Three municipalities closed their single municipal treasury accounts, and transferred, together with their budget spending units, their payments transactions to new sub-accounts opened under the government's single treasury account. KDD's account for the guarantee fund and its fiduciary account for custody services were transferred to the TARGET system.

Banka Slovenije allows its clients to execute (instant) credit transfers and direct debits.

There were 55.57 million payments executed in 2024, up by 0.26 million or 0.5% on 2023. To make payments, we participate in various payment systems and other systems, and have put in place a network of correspondent accounts abroad. We thereby ensure that our clients are able to smoothly make payments to their counterparties and receive payments from them. The payment services are provided with a high degree of automation: only 0.04% of the transactions were processed manually.

For Banka Slovenije in its role as a payment service provider, instant payments were again the focus of much of our activity in 2024. Consequently 14.6 million of our domestic SEPA credit transfers, almost 60% of the total, were executed as instant payments. This made a significant contribution to meeting the commitment by the Slovenian banking community to migrate all domestic SEPA credit transfers to instant payments by February 2027.

Banka Slovenije regularly updates and upgrades its software with the aim of ensuring that its clients are able to execute payments securely and effectively. We focused much activity on adapting software to the new standards in the area of SEPA payments. We also made adaptations to software to enforce the ISO20022 standard for exchanging payment and other messages in the area of correspondent banking.

We have legal documentation in place with our clients to regulate mutual rights and obligations in the provision of payment services. A significant amount of activity went on updating these agreements to ensure their compliance with the ECB requirements that entered into force in 2024.

3.12 Statistics

In 2024 Banka Slovenije successfully carried out all regular tasks in connection with monetary and financial statistics, external statistics, national financial accounts statistics, supervisory data and other statistics, including publications and the comprehensive provision of statistics to users. We were also successful in expanding the set of data and information for our users.

Financial institutions and markets

The **monthly reporting by monetary financial institutions (PORFI)** also proceeded successfully in 2024, providing key statistical, financial and accounting data, including data on loans, that is of great importance in supporting the implementation of macro-prudential supervision, analysis of financial stability, and banking supervision.

The research phase of the Integrated Reporting Framework (IReF) project for the integration of statistical data requirements into a standardised framework is also continuing under the aegis of the ESCB. The requirements for statistical reporting will be harmonised early in the project, followed by the requirements for bank supervision and resolution. This development will proceed under the aegis of the joint bank reporting committee (JBRC). The main purpose of harmonising the reporting in the euro area is to reduce the reporting workload on banks and to improve data quality. Cost-benefit analysis conducted over the last two years showed support for the IReF project from the banking sector and central banks. The determination of the business and IT aspects of the reporting framework was undertaken at ESCB level. The key objective of this phase is drafting a detailed plan for the implementation of the IReF, under which the first reporting is scheduled for the final quarter of 2029. To make the transition and the technical preparations as easy as possible, and to increase the effectiveness for banks and the ESCB, a one-year pilot phase will temporarily be carried out. We participate in the project on working bodies of the ESCB, where we strive for continuity in important time series while optimising reporting requirements. At the national level the majority of the coordinating activities with banks are carried out via the mixed working group for reporting under the aegis of the Bank Association of Slovenia.

Data reporting to the Register of Institutions and Affiliates Database (RIAD) within the framework of the ESCB was also carried out regularly last year in accordance with Guideline (EU) 2020/497 for supervisory needs and for data for the EBA (EUCLID). Intensive preparations continued for the use of reference data of business entities collected at the RIAD for the needs of the IReF, including preparation of an appropriate legal basis at EU level for the sharing of basic data with banks. By the end of the year the system was ready to receive sectors under the code in use as of 2025.

We succeeded in maintaining the data quality for Slovenian reporting entities at a high level in the multi-purpose AnaCredit database on credit and credit risk for loans approved by credit institutions to legal persons, where the exposure from credit operations exceeds EUR 25,000 at the observed undertaking. The AnaCredit data model serves as a starting point for the development of the IReF.

In the area of **investment fund statistics**, alongside regular reporting by the SMA and the submission of aggregate data to the ECB, there were also activities to introduce reporting by alternative investment funds with the SMA and the ECB. The guidance for this reporting is in the final phase.

We also provided payments statistics covering data from payment service providers and other residential payment providers. The data provides oversight of the number and value of payments made in each payment instrument.

Statistics of international economic relations

In 2024 Banka Slovenije made a benchmark revision of its statistics on the balance of payments, the international investment position and the external debt for the period of 2009 to 2023. This revision reconciled the data of the national accounts, the financial accounts and the balance of payments to the greatest possible extent.

The Direct Investment 2023 publication was released in October 2024. The publication discloses data on inward and outward foreign direct investment by country and by sector, and also data on the origin of foreign direct investment in Slovenia. Banka Slovenije also reached out to users of FDI data by organising a roundtable on this subject in November 2024.

As part of the development of data sources, we partly eased the burden on reporters of direct investments by linking existing databases. The agreement with the Financial Administration of the Republic of Slovenia (FARS) on the exchange of data in the area of VAT, which will provisionally be used as an additional source in the capture of services trade with the rest of the world, was updated and expanded.

Banka Slovenije worked with the Statistical Office of the Republic of Slovenia (SORS) on meeting the new requirements for business statistics under Regulation (EU) 2019/2152 on European Business Statistics. This entailed the augmentation of the requirements for international services trade, with additional itemisation with regard to size, affiliation and mode of supply (STEC and MoS data), where it is vital that institutions liaise with each other. Banka Slovenije prepared the STEC data and some of the MoS data, which the SORS augmented with its own data, before running the procedures to ensure confidentiality and then reporting to Eurostat. A description of the methodology for STEC and MoS was also drawn up in cooperation with the SORS.

Financial accounts statistics

A benchmark revision of the financial accounts data was made in 2024 for the period from 1995 to the first quarter of 2024 with the aim of achieving greater conformity with other statistics and data comparability over time and between countries. The revision had a major impact on data in the period between 2012 and 2023. In the government sector it is necessary even in the process of compiling the financial accounts to ensure complete consistency with the non-financial accounts. Major revisions were made in 2013 and 2014, on account of changes to the recording of bank resolution.

All the expanded reporting requirements introduced gradually by the implementation of Guideline ECB/2013/24 of 25 July 2013 and amended by Guidelines ECB/2020/51 of 14 October 2020 and ECB/20121/20 of 29 April 2021 were met. From the perspective of future changes in international statistical standards, discussions began on the preparation of a new medium-term strategy.

The main focus in the area of the government sector financial accounts was on monitoring the use of funding from the Recovery and Resilience Mechanism. Eurostat's working group for government sector accounts began preparations for the revision of the existing methodological basis of the European System of National and Regional Accounts. Cooperation continued between Banka Slovenije, the SORS and the Ministry of Finance on resolving the methodological issues and ensuring consistency between the financial and non-financial accounts for the government sector. A Eurostat dialogue visit also took place in July 2024.

Supervisory reporting and statistics

Within the framework of the supervisory reporting requirements changes were made in 2024 in the EBA reporting package with regard to the reporting of data on remuneration and interest rate risk, and ESG reporting. An upgrade to the EBA DPM version (3.4 and 3.5) was made as part of an update to the implementing technical standards (ITS) for the reporting package. At the same time updated EBA controls of reporting were incorporated and additional ECB and Banka Slovenije controls were built in to improve the quality of reporting.

For future reporting packages we have coordinated updates to the reporting requirements in connection with the CRR3 and the CRD6 within the framework of the EBA. We also took part in the EBA's annual exercise to assess the impact of the implementation of the Basel III standards.

Preparations were made for the collation of registers of third-party ICT service providers, which will be put in place in 2025 for the needs of carrying out the tasks required by the Digital Operational Resilience Act (DORA). There is a broad set of reporting entities, which also includes all credit institutions. During the preparatory period the EBA conducted test reporting in conjunction with the national supervisors, where it checked the basic technical readiness of all those involved (reporters, national supervisory authorities and the EBA itself) for mandatory reporting in April 2025. In connection with the DORA we also made preparations for the reporting of major incidents, within the framework of which institutions are required to put in place procedures to manage incidents in connection with ICT, including the assessment and classification of incidents and the reporting of major incidents to Banka Slovenije.

We were also involved in setting up the joint bank reporting committee (JBRC) in connection with the EBA's integrated reporting initiative. As part of the work to standardise the supervisory, resolution and statistical reporting for banking institutions, there was activity at the ECB and the EBA in the area of semantic standardisation between statistical and supervisory reporting in the direction of a common data glossary. Activity is also underway to standardise syntaxes (data structures, forms and rules). In parallel with the integrated reporting initiative, the EBA is working to reduce the workload for banks with regard to the ITS reporting requirements as part of its proportionality approach.

The requirements of Directive (EU) 2021/2167 on credit servicers and credit purchasers were transposed into Slovenian law. On the basis of Banka Slovenije regulations that require semi-annual reporting, credit institutions and credit purchasers submitted information for the first time about non-performing loans transferred to credit purchasers (and new credit purchasers).

Other statistics and technical support

Banka Slovenije collaborated at the ESCB level on developing data and indicators for analysing the risks posed by climate change. The ESCB is systematically developing and organising data to calculate indicators that will allow for a transparent and standardised view of sustainable financing: sustainable finance indicators, CO₂ emissions indicators and indicators for physical risks. The source of data for the indicators, where possible, is publicly accessible databases, while the methodology for calculations is still being developed. The published indicators are therefore designated experimental, and expanded and improved CO₂ emissions indicators and indicators for physical risks were published in 2024.

Banka Slovenije conducted a survey on access to financing of enterprises in collaboration with SID banka, and included a question about the impact of the green transition on firms. The results were due to be released in February 2025. The survey gives us insight into the availability of external financing for firms.

We are importing and managing a wide range of databases for Banka Slovenije users, and make regular improvements to the descriptions of our data. In 2024 we made preparations for the changeover to the 2025 Standard Classification of Economic Activities in the register of business entities. The set of data time series available to all users was also expanded. We additionally released time series for direct investments by sector and statistical region, and new series for services trade by enterprise characteristics (STEC) and FATS (firms in the rest of the world controlled by Slovenian investors). We began publishing time series of interest rates on household loans by loan type and loans to non-financial corporations by corporate size on the website. As part of the ECB's medium-term strategy in the area of quarterly financial accounts, detailed financial accounts data for the subsectors of other financial institutions were prepared and published, and are now also available vis-à-vis counterpart institutional sectors.

The final fieldwork for the three-yearly Household Finance and Consumption Survey (HFCS) was completed in 2024, which allowed us to make a first submission of data to the ECB. Completely new guidelines for this survey have also been drawn up, and are on the brink of being adopted. The aim is to commit central banks to the mandatory collection and submission of data.

When providing some of the data, we also successfully coordinated the national implementation of the IMF's Statistical Data Dissemination Standard Plus with the Ministry of Finance and the SORS. The SDDS Plus represents the highest level of the provision and publication of (macroeconomic) statistical data. In June 2024 we took part in an SDDS workshop in Kosovo, detailing our experience in introducing and upholding this standard.

3.13 Banka Slovenije as the lender of last resort

One of our key objectives under the Banka Slovenije Act is ensuring financial stability. Within this framework we may act as a lender of last resort, i.e. in exchange for collateral we lend to a solvent bank or savings bank in liquidity difficulties.

There was no demand for loans of this type in 2024.

Sustainability and environmental activity at Banka Slovenije

Banka Slovenije is continuing its sustainability-related work from past years, and expanded on it in 2024 by adopting a climate plan for the 2024 to 2026 period.

The climate plan has five pillars:

- resilience of the banking system,
- macroeconomic analysis and monetary policy,
- statistics and indicators,
- asset management,
- own carbon footprint.

Within the framework of **banking supervision** our aim is for banks to adequately identify, manage and disclose the risks posed by climate change and environmental degradation. In this way we are strengthening the banks' resilience to these risks, and contributing to the security and stability of the banking system. Given that exposure to climate-related and environmental risks is one of the key vulnerabilities for banks, addressing these risks is one of Banka Slovenije's supervisory priorities.

We use **macroeconomic analysis** to examine the impact of climate change and the green transition on the macroeconomic environment, and the results of this analysis are taken into account in our work and policymaking. Within the framework of our mandate in the Eurosystem, and where it does not contravene our basic objective of price stability in monetary policy implementation, we try to take account of climate change.

The foundation of high-quality analysis is well-organised and transparent **data and indicators** in connection with climate change. Within the framework of the ESCB, Banka Slovenije participates in the development of in-house indicators for assessing the impact of climate change on financial stability and monetary policy in the Eurosystem.

Banka Slovenije manages its portfolio of **assets** by taking a socially responsible and sustainable approach to investing, while strengthening its capital to help ensure financial independence in the performance of central banking tasks. Our target is to get as close as possible to net zero greenhouse gas emissions in our portfolio of financial assets by 2050.

Alongside the aforementioned measures, we are also attentive to our **own environmental impact**. We monitor the direct and indirect greenhouse gas emissions generated by Banka Slovenije's actions, and are endeavouring to further reduce the carbon footprint of banknotes, even though their environmental impact is small (e.g. reducing energy consumption by ATMs, reducing the use of packaging in cash operations).

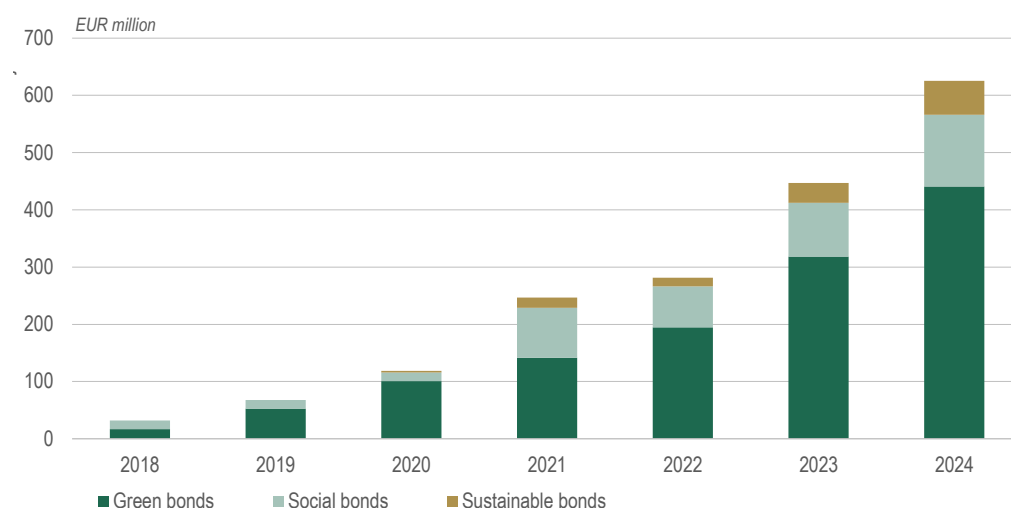
4.1 Monetary policy in light of climate change

We are continuing to strive to take account of climate risks in monetary policy, within the scope of our mandate. The disclosure of climate-related information for financial assets in the monetary policy portfolios has been expanded. In June 2024 we made our first publication of climate disclosures for public-sector bonds and covered bonds alongside corporate bonds. By providing climate disclosures about the portfolios, we aim to improve transparency and to support wider efforts to fill the gap in climate data and reporting. In line with the guidelines from 2023, by the end of 2024 (when reinvestment was discontinued) we had adjusted the portfolio of corporate bonds under the PEPP to increase holdings of issuers with better climate performance. We also continued preparations for the measures regarding financial assets as collateral for credit operations.

4.2 Socially responsible and sustainable investing

In accordance with the EU climate neutrality strategy, in support of the Paris Agreement it is our long-term environmental target to come as close as possible within our own financial investments to net zero greenhouse gas emissions by 2050. To reach this objective, we are pursuing two medium-term targets, which we aim to meet by the end of 2025 at the latest. The first medium-term target is to increase our holdings of green, social and sustainable bonds to at least EUR 600 million by the end of 2025 (the target value was raised from the previous EUR 400 million in 2024). We increased investments of this kind by almost EUR 180 million in 2024 to EUR 625 million, thus already exceeding the medium-term target. Since in the future we wish to continue to provide additional financing of projects that contribute to the decarbonisation of the economy and to the general improvement of the socioeconomic position of people, we anticipate raising the target value of our holdings of green, social and sustainable bonds.

Figure 33: Holdings of green, social and sustainable bonds



Source: Banka Slovenije

In the context of the second medium-term target we continued actively reducing the carbon footprint of our investments in issuers from the private sector in 2024. The significant tightening of the criteria for excluding companies from the list of eligible non-financial corporate bond issuers again made a major contribution in 2024 to reducing the greenhouse gas emissions of our investments in issuers of non-financial debt.

The climate indicators of the weighted average carbon intensity and carbon footprint of our investments in the debt of non-financial companies improved (fell) in 2024 by a further 22% and 27% respectively. This left the aforementioned indicators approximately 60% to 70% below the level of the general index of investment-grade non-financial corporate bonds. Within the framework of this target we also began switching in 2024 from globally diversified equity ETFs into low-carbon alternatives, thereby reducing the weighted average carbon intensity of our equity investments by 40%. The aim for 2025 is to further reduce the carbon footprint of our investments, and we also intend to set new medium-term environmental targets to be pursued over the period to the end of 2030. Depending on the availability of environmental data and the establishment of good market practice, strategies to reduce greenhouse gas emissions within the framework of our other holdings in private-sector issuers might also be elaborated in future years.

Detailed climate-related information on our entire financial investments is published as part of our annual report on socially responsible and sustainable investing. By publishing this [report](#) we aim to provide transparency regarding climate risks and opportunities within the framework of our own investments. The framework for disclosure of climate information is upgraded each year in close cooperation with all the members of the Eurosystem and taking into account the recommendations of various initiatives such as Partnership for Carbon Accounting Financials (PCAF) and the Network for Greening the Financial System (NGFS).

4.3 Climate risks in the legislative framework

Legislation in the area of ESG risks has recently moved into the implementation phase. Of the general EU legislation, the most relevant in the last year was the CSRD,²⁹ which introduces requirements in connection with sustainability reporting, which are now gradually beginning to be applied.³⁰ We played an active role in the public consultation on drafting of the new ZGD-1M, which was published in November 2024 and transposes the requirements of the CSRD into Slovenian law. June 2024 saw the adoption of the EU's corporate sustainability due diligence directive (CSDDD³¹), which aims to strengthen sustainable and responsible corporate behaviour in companies' operations and across their global value chains. Following a period of intensive development of sustainability legislation, in its new mandate the European Commission announced³² the scrutiny and consolidation of the current requirements, particularly with the aim of reducing the reporting burden for obliged entities. Omnibus legislation is under preparation, the aim of which is to standardise the reporting and disclosure requirements prescribed by the CSRD, the CSDDD and the Taxonomy Regulation.³³

²⁹ Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting

³⁰ The first group of obliged entities are required to publish disclosures under the CSRD for the first time for the 2024 financial year. These are large undertakings that to date have been obliged to publish a non-financial statement as prescribed by Directive 2014/95/EU or the NFRD (listed large undertakings, banks and insurance corporations with more than 500 employees).

³¹ Directive (EU) 2024/1760 of the European Parliament and of the Council of 13 June 2024 on corporate sustainability due diligence and amending Directive (EU) 2019/1937 and Regulation (EU) 2023/2859. Obligated entities are large undertakings including banks with more than 1,000 employees and turnover of more than EUR 450 million.

³² [EU Compass to regain competitiveness](#)

³³ Regulation (EU) 2020/852 of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088.

In the area of banking legislation in connection with ESG risks, which is also the basis for our supervisory activities, we participate in the EBA's working group, which is tasked with drawing up the expert basis for incorporating ESG risks into the CRR and the CRD as well as with drafting technical standards and guidelines to set out and implement new requirements in this area in greater detail.

The new CRR3 and CRD6 were adopted in May 2024, bringing important progress in the treatment of ESG risks, which are now included in supervisory reporting and disclosures for all banks. The CRR3, which entered into force in January 2025, also introduces requirements to take into account ESG factors in certain elements of the existing calculation of capital requirements, although this stage primarily involves the explicit emphasising of ESG factors as part of approaches that are already enabled by the current legislation, especially where there is a material impact from these risks (e.g. in valuation of collateral or in certain elements of model approaches).

Some important new dimensions in addressing ESG risks will also be introduced in 2026 by the CRD6, which requires considerations of ESG factors in shaping strategies and policies, and in all other important governance processes and systems at banks, while applying the principle of proportionality. The time horizon of the risk management framework will be extended for ESG content to at least ten years, and banks will have to implement ESG stress tests and draw up special plans for addressing ESG risks. ESG risks will also be included in the supervisory processes (SREP) and supervisory stress testing, and there is explicitly expressed the possibility of using the systemic risk buffer to manage macroeconomic and systemic risks associated with ESG factors.

We participate in EBA's activities in the drafting of technical standards, guidelines and other products related to the requirements of banking legislation. In January 2025, new Guidelines on the management of ESG risks³⁴ were published, which set out implementation details for the majority of the requirements under the CRD6. Technical standards for ESG disclosures and reporting as well as some additional guidelines from ESG area are in the process of preparation, including guidelines on scenario analysis and updates of SREP guidelines, guidelines on internal governance, on remuneration, on FAP, on calculation of the systemic risk buffer and on product oversight and governance. Additionally the EBA is preparing various reports for the European Commission, which form the expert basis for the further development of banking regulations in the area of ESG risks.

4.4 Climate risks in the macroprudential area

In the macroprudential area we continued to develop the framework for monitoring climate risks, with the monitoring and addressing of climate risks depending on the data availability and methodology development. A physical risk analysis was conducted in 2024 on the basis of a composite risk indicator that includes six physical risk indicators (chronic and acute).³⁵ This will be the basis for incorporating physical risks in the banking system's risk and resilience dashboard, tentatively in 2025.

The materialisation of climate risks in 2023 did not have a significant impact in terms of increasing risks in the banking system, transition risks were still assessed as moderate in 2024, while physical risks were assessed as low to moderate. The floods of 2023 raised a number of additional uncertainties regarding the outlook for economic growth and consequently bank performance, while the impact on

³⁴ Guidelines on the management of ESG risks (EBA/GL/2025/01)

³⁵ The definition of the composite indicator made use of the SEA data for two chronic physical risks (increase in temperature and precipitation) and four acute physical risks (floods, droughts, storms, heatwaves).

bank credit portfolios was relatively limited. Transition risks remained moderate and several indicators improved further with the reversal in the credit cycle. The banking portfolio remained tilted towards financing polluting sectors, though the tilt continued to decrease in 2024. The deterioration in the economic growth outlook, especially the weaknesses in manufacturing, resulted in an increase in the NPE ratio in climate-sensitive sectors. Credit risk across banks, including from climate risks, nevertheless remained low. Physical risks were assessed as low to moderate, with the majority of the banks' exposure to non-financial corporations and households located in municipalities with low to moderate physical risks. Chronic physical risks currently contribute the most to the composite indicator of physical risks, but the importance of acute physical risks will increase in the future.³⁶ The assumptions regarding the climate scenario have a major impact on risk assessments. By the end of the century the majority of exposures would be located in municipalities with high physical risks under the most severe scenario. This shows further the importance of climate risk mitigation.

Stress tests show that the impact of transition climate risks on the European financial system is manageable, but also highlight the importance of a timely identification and management of climate risks. An intersectoral climate stress test exercise was carried out for the first time in 2024 among the initiatives at the international level, under the aegis of European supervisory institutions. The purpose of the exercise was to assess the preparedness of the European financial sector (banks, insurers and capital markets) for the transition to a low-carbon economy (Fit for 55). The results show that the impact of transition climate risks on the financial system would be relatively limited, but at the same time the deterioration in the macrofinancial conditions could significantly worsen the adverse impact on the financial system. Similar results can be observed at the level of the banking system.

4.5 Monitoring of environmental risk at banks

One focus of supervisory activities in 2024 was again ensuring the adequate management of climate-related and environmental risks at banks. Our finding based on the monitoring of progress is that last year banks further strengthened their internal governance processes, included climate risks in their business strategies, and strengthened the governance frameworks from the perspective of climate-related and environmental risks. More challenges lie ahead for the banks in strengthening the processes of identifying, monitoring, assessing and managing environmental risks (in addition to climate risks). We issued recommendations to the banks where the expected compliance with the ECB Guide has not yet been achieved. In line with the recommendations issued after a thematic inspection in 2022, the banks were required by the end of 2024 to put in place a comprehensive framework for stress testing, and to include climate-related and environmental risks in the ICAAP. The recommendations will be followed up in 2025. The supervisory priorities in the upcoming period of 2025 to 2027 will be the complete meeting of the supervisory expectations under the ECB Guide, the timely addressing of the issued recommendations, and the fulfilment of obligations in connection with disclosure and the drafting of transition plans as required by the new CRR3/CRD6 banking legislation package.

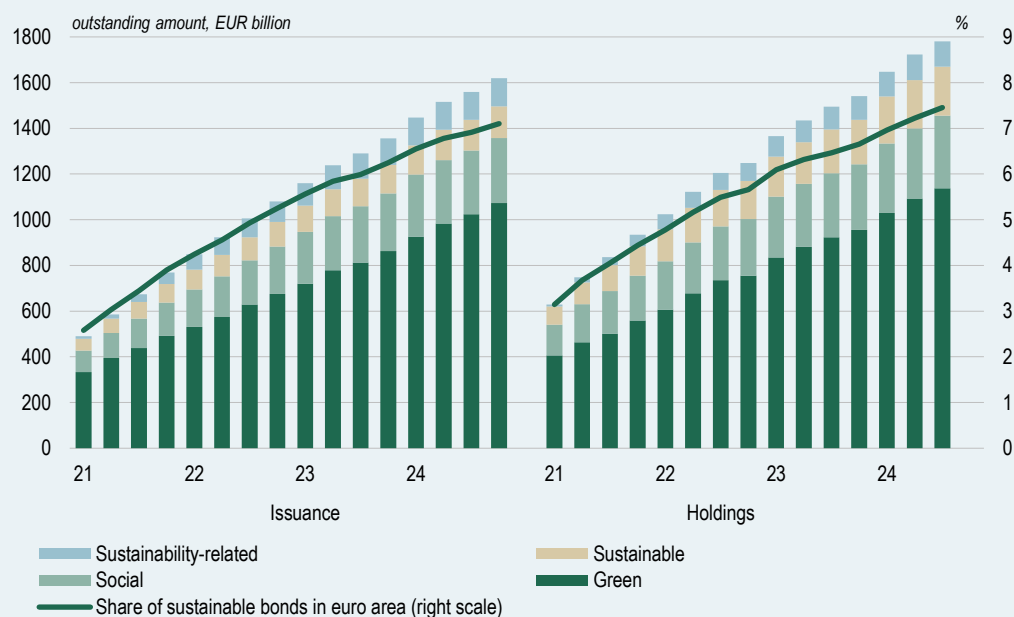
³⁶ See the October 2024 issue of the FSR.

Under the aegis of the ESCB, in 2021 we embarked on the **development of harmonised climate indicators** to assess the impact of climate change on financial stability and monetary policy in the Eurosystem. The indicators were divided into three sets: sustainable financing, emissions, and physical risks. The first set monitors the trends in financing green and other sustainable projects, the second the progress in reducing emissions, and the third the consequences of climate change. The sustainable financing indicators were published in January 2023, and the emissions and physical risk indicators in April 2024.

The sustainable financing indicators were designated **experimental**, in that they meet the majority of the quality conditions for official ECB statistics, and are therefore reliable enough for use. The emissions and physical risk indicators are **analytical** by contrast, because the methodology for their calculation is still being developed, as a result of which major deviations may occur between different data releases. They are examined in detail in this box.

The **sustainable financing indicators** illustrate the issuance of green, social and sustainable debt securities in the euro area, and holdings of these instruments (see Figure 33). The data shows the stock of issued sustainable bonds to have more than tripled over the last three years, but it nevertheless remains relatively modest, accounting for approximately 7% of total bond issuance in the euro area. Two-thirds of them are earmarked for financing green investments. At the same time there was a sharp increase in holdings of sustainable bonds, which likewise also account for just 7% of the total portfolio of debt securities in the euro area. The largest issuers and holders of green bonds are Germany and France, who together account for approximately half of the market. The third-largest issuer is the Netherlands, while Luxembourg is the third-largest holder. Other countries, Slovenia among them, account for a relatively small share of the green bonds market (on the issuance and investment sides).

Figure 34: Importance of sustainable debt securities in the euro area

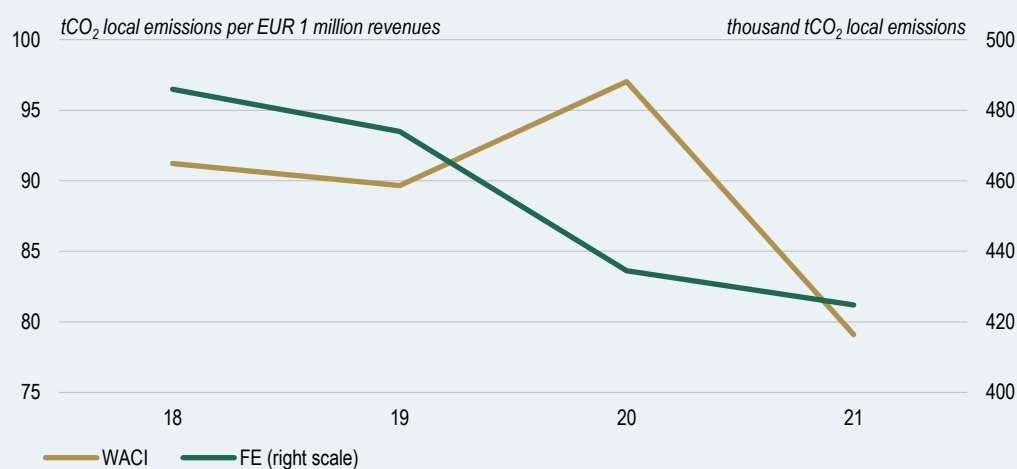


Source: ESCB calculations

The **emissions indicators** illustrate Scope 1 (direct) and Scope 2 (indirect) emissions by firms that are financed by financial institutions via loan issuance or purchases of their securities, and also measure the exposure of the financial sector's portfolio to carbon-intensive sectors. The first group consists of financed emissions (FE) and carbon intensity (CI), while the second consists of weighted average carbon intensity (WACI) and carbon footprint (CFP).

Figure 34 illustrates the FE and WACI indicators for bank loans, and shows that in Slovenia – similarly to the euro area overall – local Scope 1 emissions by firms that are financed by banks via issued loans declined between 2018 and 2021. The credit portfolio's exposure to the risks posed by the transition to a carbon-free economy also declined. Evidence comes from the WACI, which in 2021 fell below its pre-crisis level, largely as a result of the recovery in corporate performance in the wake of the relaxation of measures.³⁷

Figure 35: **Emissions indicators for bank loans in Slovenia**



Source: ESCB calculations

Note: The indicators relate to local (taking account of data at the level of the individual entity) Scope 1 emissions (those from owned or controlled sources).

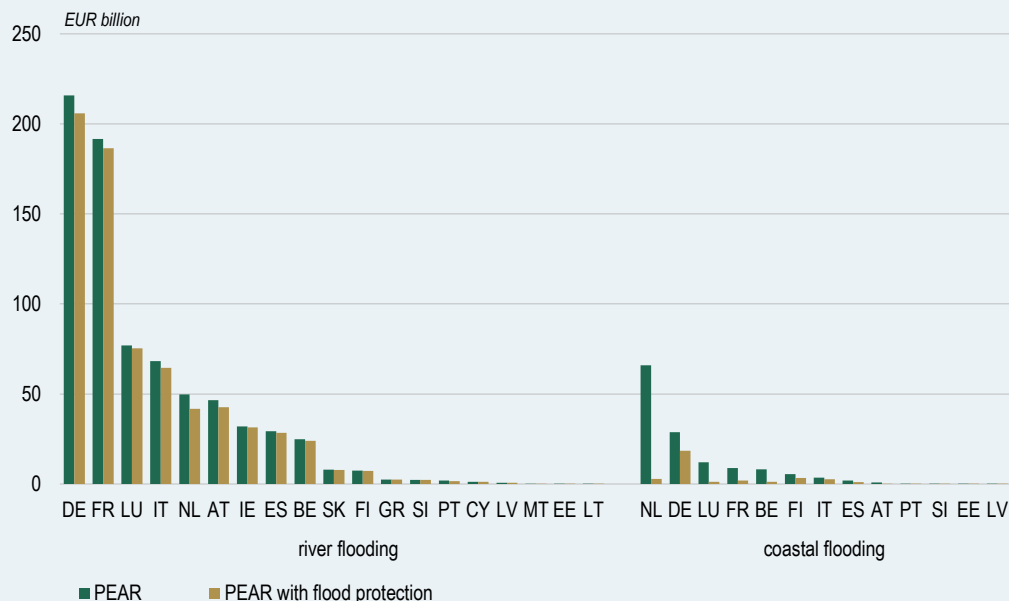
The **financial risk indicators** are also divided into two groups. The first illustrates the exposure of the portfolio of financial institutions to firms active in at-risk areas, while the second measures financial institutions' expected losses in connection with the inability to repay debt owing to natural disasters. The first consists of potential exposure at risk (PEAR) and physical risk scores (RS), while the second consists of normalised exposure at risk (NEAR) and collateral-adjusted exposure at risk (CEAR).

Figure 35 illustrates the financial exposure of euro area countries to firms active in flood-risk areas, and shows how effective flood protection is (under the RCP 8.5 scenario). The data shows flood protection in coastal areas to generally be more effective than in riverside areas, but in both cases to significantly reduce the flood risk, and with it the financial exposure of the country in question. Of the countries with the highest flood risk, the largest reductions in financial exposure brought by riverside flood protection are seen in the Netherlands (16.1%), Austria (8.4%), Italy (5.3%) and Germany (4.6%). The Netherlands' exposure to firms in coastal areas is also significantly lower (more than 90%) in this case, which ranks it third in terms of the PEAR, immediately behind Germany and Finland. Slovenia's exposure is also reduced by flood protection,

³⁷ A decline in the WACI might be attributable to a decline in firms' emissions, an increase in their revenues (which appear in the denominator) or a reallocation of the banking portfolio to greener investments.

by 2.6% (river flooding) and 41.5% (coastal flooding), which ranks it roughly in the middle of the euro area countries.

Figure 36: **Financial exposure of euro area countries**



Source: ESCB calculations

Note: Financial institutions comprise banks (S122), investment funds (S124), insurance corporations (S128) and pension funds (S129). All instruments are included: loans, debt securities and equities. The RCP 8.5 scenario for 2050 is illustrated. It is based on the fifth report by the Intergovernmental Panel on Climate Change (IPCC AR5). The countries are ranked in terms of the PEAR.

4.6 Own carbon footprint

Banka Slovenije is actively pursuing the strategic objective of reducing our own carbon footprint set out within the framework of the Banka Slovenije strategy for 2021 to 2026 and geared towards a focus on sustainability in our operations. We are taking steps in the areas of indirect and direct greenhouse gas emissions, whereby we are reducing our own negative environmental impact. In the medium term we are focused on meeting stage-by-stage targets for each period, and in so doing reducing our own carbon footprint.

Last year we set targets and took measures to reduce indirect emissions. Thus we took action to shorten supply transport paths, upheld the provisions on green public procurement, conducted an in-depth energy audit of office buildings, and drew up a plan for rectifying losses and uncontrolled venting of gases into the environment at large consumers. With the aim of taking action in connection with energy efficiency, in 2024 we worked to organise a measurement point on one of our own buildings, which is a prerequisite for the installation of a solar power plant. We also conducted analysis of the mild hybrids market with the aim of replacing company cars with electric vehicles, and the replacement of air conditioning and cooling systems for the IT centre. Activities targeting a reduction in the adverse environmental impact were also carried out as part of our promotion of sustainability among the staff.

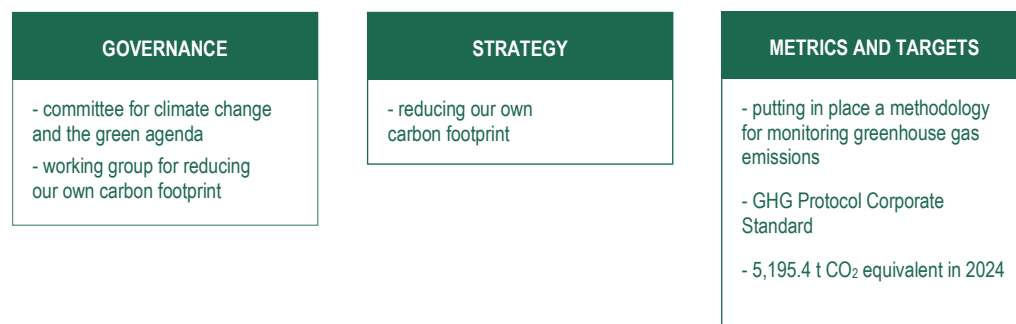
Table 6: **Banka Slovenije's carbon footprint**

Emissions	(tCO ₂)
Scope 1: direct emissions (for providing our services)	22.4
Scope 2: indirect emissions (all purchased energy – electricity, heat)	688.4
Scope 3: other types of indirect emissions	4484.6
Total	5195.4

For 2024 we made a measurement of our own carbon footprint based on the requirements of the GHG Protocol Corporate Standard. This standard classifies emissions into three scopes, meaning that in calculating greenhouse gas emissions we covered all direct and indirect emissions generated through our operations. The measurements included all the locations at which business processes take place. For direct emissions we measured fuel consumption emissions for company cars, generator emissions and similar direct emissions. For indirect emissions the carbon footprint calculation included the consumption of electricity and thermal energy, the footprint of employees caused by emissions in travelling to work, business travel emissions, and the use of paper and waste. The total emissions in 2024 amounted to 5,195.4 t CO₂ equivalent.

In the coming years the focus will be on setting and meeting targets that will drive us in the direction of net zero over the long term.

Diagram 1: **Management of environmental factors at Banka Slovenije**



Banka Slovenije has been involved in providing financial education since 2017, and in recent years we have stepped up efforts in this area. We are fulfilling the aims by expanding and presenting technical and professional content to the public, we are strengthening our presence on social media, and we are more open to the general public. We also invest a good deal of effort into financial education with a focus on children and young people. In various ways we are seeking to make financial and central banking issues more accessible to the general public, so in May 2021 we opened the Banka Slovenije museum, whose primary purpose is education. In the strategy for 2021 to 2026 we defined financial literacy as one of the strategic objectives.

Boosting financial literacy is one of Banka Slovenije's strategic objectives for the period of 2021 to 2026.

To meet the set targets as far as possible, we are linking up within Slovenia and further afield with other important stakeholders in financial literacy. Since 2021 we have initiated a series of informal interinstitutional meetings, which are attended by representatives of the finance ministry, the education ministry, the education institute, the vocational education centre and the financial administration. Since 2023 we have also been a member of an official interinstitutional group headed by the finance ministry, which drew up the national financial literacy programme in 2024. Under the aegis of the Slovenian Institute for Adult Education, we participated in a research group that formulated formal and informal financial literacy programmes for adults, and drew up material for programme providers. We held a series of seminars for teachers and managers of education institutions as part of our nationwide education projects and further afield. Each year we also run joint projects with other non-governmental institutions, such as EU House and the Association of Friends of Youth, and we are continuing to collaborate with the office of the president of Slovenia on the Masters of the Digital Future debate project. We are working even more closely with the finance ministry, with whom we run the Bodi FIN financial education project for primary schools, and are preparing other content to give better insight into financial literacy in Slovenia and to ensure more targeted education in the future.

Together with the finance ministry we applied to a European Commission tender for technical support instrument (TSI) in the area of financial literacy, which entered a more active phase in late 2024. Nationwide research into financial literacy is envisaged, following the criteria and indicators used by the OECD, but it will also be tailored to conditions in Slovenia. As part of the TSI we also envisaged the creation of interactive tools for a financial education website to be set up by Banka Slovenije in 2025, and a digital update for the Banka Slovenije museum to ensure a better user experience. The project is scheduled to conclude in 2026.

Internationally we are members of working groups at the ECB and EBA dealing with financial literacy and consumer protection, we also monitor the work of the OECD/INFE, and each year through various initiatives we are involved in marking Global Money Week, which is held under the auspices of the OECD. We have bilateral ties with other central banks in the area of financial literacy, and share our experience and knowledge at meetings.

5.1 Education programmes

More than 6,000 participants of different ages took part in our various educational programs in 2024 (education days, holiday days, seminars, workshops). This was up from a figure of approximately 4,000 in the previous year.

The **Banka Slovenije education days** were started in 2017. They are intended in particular for primary and secondary school students, and in recent years we have expanded them to preschool children, students and pensioners. A two-hour programme features presentation of Banka Slovenije's main tasks, our participation in the Eurosystem, and a number of special themes in the banking field. The level of difficulty is adjusted to the level of knowledge and understanding of the participants, who can add a tour of the Banka Slovenije museum to their immersion in the educational content and workshops. More than 5,000 people of all ages took part in education days in 2024.

Banka Slovenije's educational programmes reached more than 6,000 children, young people and adults in 2024.

The **Banka Slovenije holiday day** was launched in 2022, and is aimed at primary school students. They can spend a day with us and get to know the main tasks of Banka Slovenije, other central bank topics, they can connect with peers who have similar interests, tour our museum, learn all about the function of money and saving in workshops, be creative and thoroughly enjoy a day off. We held six holiday days in 2024, which were attended by over 130 children.

Each year we join the Slovenia-wide marking of Global Money Week, which is held under the auspices of the OECD/INFE. In conjunction with the National Education Institute, we organised an introductory financial literacy seminar in 2024, which was attended by teachers and mentors providing financial education programmes. The Banka Slovenije representatives took part in numerous roundtables and meetings, where we discussed the importance of financial literacy with representatives of other financial and education institutions. Through various workshops at the Banka Slovenije museum and online banking lessons we were able to reach more than 250 children, young people and adults. Some of them took part successfully in our online prize quiz via social media. Approximately 200 children and 15 different primary schools and kindergartens took part in an art competition entitled *Quarter Century of the Euro*, creating greetings cards for the people and nations of the euro area to mark its 25th birthday.

We held a full-day seminar for 200 primary and secondary school headmasters in January, and for 100 kindergarten headmasters in March of last year. They heard about themes such as the main pillars of central banking, inflation and the management of price stability, monetary policy, cash, modern payments and trends, and consumer protection, and learned about Banka Slovenije's financial education and teaching content.

The first winners of the Masters of the Digital Future debate project were found in May. The final tournament, where patrons of the project, President Nataša Pirc Musar and Governor Boštjan Vasle also played an active role, saw the best primary and secondary school teams debate. The first winners were the teams from Bežigrad High School, and Domžale Primary School. The prize for the best debaters was a special

reception at the presidential palace, and a trip to Frankfurt, Europe's financial capital, to see the workings of the ECB.

In the 2024/25 school year the Masters of the Digital Future project remains tied to the theme of digitalisation, with a focus on online fraud (in banking) on this occasion. The young competitors have the opportunity to discuss the dangers of false information and how to defend against it, the right to privacy and protection of personal data, and the degree to which these are the responsibility of the individual. They also consider the possibility of additional protection for vulnerable groups, and excessive use of the internet. In this school year we held 25 workshops at primary and secondary schools, involving 600 students from 60 different schools. January 2025 saw the two selection tournaments, which identified the finalists of the experienced debaters and the winners of the inexperienced debaters, with the grand final held in Ljubljana on 15 May to find the winners among the experienced debaters.

Box 9: **Bodi FIN**

Bodi FIN, a new education project for primary school students organised by Banka Slovenije together with the finance ministry, began in the 2024/25 school year.

Mentors and primary school students in the second and third triads were given three themes to play with: the working of the central bank, the working of the finance ministry, and financial security online. We held 35 workshops at schools, where students tackled the exercises with their mentors, thus gaining in-depth knowledge of the three themes. In March 2025 we organised a competition in conjunction with the Society of Mathematicians, Physicists and Astronomers of Slovenia. The best performers were rewarded with a trip to Vienna and a visit to the Austrian central bank.

The project also included a one-day introductory seminar for mentors and other teachers, held on 22 November 2024. Around 3,000 students from 85 different primary schools across Slovenia took part in the project. An open day was also held for the two showcase education projects (Bodi FIN and Masters of the Digital Future) on 4 October, and was attended by more than 400 students and mentors.

Photograph 4: **Open day for Bodi FIN and Masters of the Digital Future**



5.2 Banka Slovenije Museum

The Banka Slovenije Museum had more visitors in 2024 than in previous years, attracted by interesting new content and a number of special events. On certain special days (Prešeren Day, museum day, museum night, family week, children's week, Merry Day of Culture) visitors were able to take part in a variety of programmes aimed at all age groups: interactive tours for families, creative workshops, interactive game Atlas's Secret, guided tours, and digital game the Hunt for Lost Money. The last takes place in the open air, but is related to the museum, in that players use an interactive map to explore various points in the city with ties to the images used on the tolar, Slovenia's first independent currency, which is featured at the museum. The museum is open every third Thursday of the month, and also at other times for groups by appointment.

The museum welcomed more than 5,000 visitors in 2024, who took part in a variety of educational and special programmes. The museum was also visited by numerous foreign and Slovenian dignitaries, and expert groups from other financial institutions in Slovenia were also given guided tours.

Every second Thursday of the month we publish the e-newsletter of the Banka Slovenije museum, featuring news from the museum and from the central bank world, educational games, quizzes, interesting links, photographs and an upcoming calendar of events to which we invite the general public. We also have an active presence on Instagram and Facebook.

In the autumn we embarked on the renovation of several sections of the museum, which was completed in early 2025. A new temporary installation was *Seven Yellow Gold Coins*, which illustrates money in everyday and festive life. Visitors were also able to learn about some of the less obvious functions of money, whether as jewellery, games, a central motif in literature, etc. We also launched *Payments Through Time*, which illustrates the different forms of money and payments: cash, book money, POS terminals, payment cards, cheques, etc.

Banka Slovenije's reporting to the National Assembly

Under Article 26 of the ZBS-1, Banka Slovenije reports on its work to the National Assembly of the Republic of Slovenia, and attends meetings of other National Assembly bodies when invited to do so. In 2024 Banka Slovenije representatives reported to the National Assembly's finance and monetary policy committee during the presentation of *Banka Slovenije's 2023 Annual Report* and the *Financial Stability Board's 2023 Annual Report*. We also presented the *Banka Slovenije Annual Report* to the National Council's committee on economics, small businesses, tourism and finance.

Under Article 33 of the Banka Slovenije Act, the representative of the National Assembly's finance and monetary policy committee and the finance minister are regularly invited to meetings of the Governing Board of Banka Slovenije, but they do not hold voting rights. To this end and in accordance with the level of confidentiality, they receive all the material and proposed decisions drawn up by Banka Slovenije staff that are being decided on at the meeting. This ensures that the executive and legislative branches of government are briefed promptly on matters under the remit of the Governing Board.

Another integral part of Banka Slovenije's reporting to the National Assembly is its financial statements, which are audited by an independent international auditor selected for a three-year period (Article 52 of the ZBS-1) in accordance with Article 27(1) of the Statute of the ESCB and of the ECB. The statute lays down that the accounts of the ECB and national central banks must be audited by independent external auditors recommended by the Governing Council of the ECB and confirmed by the Governing Board of Banka Slovenije. The auditors have the power to examine all books and accounts of the ECB and national central banks, and to obtain complete information about their transactions. The Governing Board of Banka Slovenije selects and proposes a candidate to go forward to the final selection procedure following the prior collection of tenders at least six months before the expiry of the contract signed with the previous auditor.

7.1 Decision-making bodies

Under the Banka Slovenije Act, Banka Slovenije's decision-making bodies are the Governor and the Governing Board of Banka Slovenije. The Governing Board comprises five members: the Governor and four vice-governors. The Governor presides over the Governing Board. The Governor of Banka Slovenije acts as its statutory representative, directs its business, organises its work, executes the decisions of the Governing Board, and issues individual and general bylaws of Banka Slovenije that are not the responsibility of the Governing Board. The Governor may also issue guidelines for implementing resolutions by the Governing Board.

Banka Slovenije's decision-making bodies are the Governor of Banka Slovenije and the Governing Board of Banka Slovenije.

The Governing Board of Banka Slovenije comprised the following as at 31 December 2024:

- Boštjan Vasle, Governor;
- Dr Primož Dolenc, vice-governor and deputy-governor;
- Tina Žumer, vice-governor;
- Milan Martin Cvikl, vice-governor;
- Dr Marko Pahor, vice-governor.

Banka Slovenije was headed by Boštjan Vasle as Governor until 8 January 2025, and thenceforth by its deputy-governor, Dr Primož Dolenc.

The members of the Governing Board of Banka Slovenije are independent in performing their duties set out by the Banka Slovenije Act, and are not bound by the resolutions, positions or instructions of government bodies or any other bodies, and may not seek the guidance or instructions of such bodies. Since the introduction of the euro on 1 January 2007 the members of the Governing Board of Banka Slovenije have upheld the Statute of the ESCB and of the ECB in performing their duties.

7.2 Work of the Governing Board of Banka Slovenije in 2024

The Governing Board decides upon matters falling under the remit of Banka Slovenije. This remit is set out by the Banka Slovenije Act and other laws governing banking, bank resolution and compulsory winding-up of banks, payment services and payment systems, macroprudential supervision, the deposit guarantee scheme, AML/CFT, consumer credit and foreign exchange operations.

Within this framework the Governing Board takes decisions on the adoption of secondary legislation and other general regulations under its remit. It also takes positions on draft laws, secondary legislation and other general regulations governing matters falling under Banka Slovenije's remit but not adopted by it.

The Governing Board grants and revokes authorisations and imposes measures in the supervision of banks, savings banks and other entities. It grants authorisations to provide banking services, financial services and ancillary financial services to banks and financial institutions.

Under the Banka Slovenije Act, the Governing Board also has the right to take decisions on other matters affecting Banka Slovenije's operations, and may propose an external international auditor, regulate employment rights and obligations for members of the Governing Board, identify any incompatibility of functions for members of the Governing Board, and take a position on Banka Slovenije's internal administrative issues.

The Governing Board's rules of procedure define the tasks that are vital to Banka Slovenije's functioning. The Governing Board decides on the strategic allocation of Banka Slovenije's financial assets, an increase in its share capital from the general reserves, and the distribution of the surplus of income over expenses within the limits and in the scope set out by the Banka Slovenije Act, and adopts the annual report and the financial and business plan. These decisions ensure Banka Slovenije's independence in conducting its monetary policy.

The Governing Board is also responsible for regulating internal organisational matters, such as the appointment and dismissal of staff with special authorisations, and it functions as an appeals body in objections to individual legal acts issued by the Governor, when so envisaged by law. It adopts bylaws on the rights, obligations and responsibilities of staff in accordance with the Banka Slovenije Act, and secondary legislation setting out the method and scope of the recording, collection, processing, disclosure and transfer of data and information required for the functioning of Banka Slovenije's information system. In addition it is regularly briefed on reports on the implementation of important tasks submitted by working bodies and staff.

The Governing Board decides on relevant matters at meetings, where a decision is passed if at least three members vote in favour.

The members of the Governing Board convened at 19 ordinary meetings and four correspondence sessions in 2024. The timetable of meetings is set in advance for the current calendar year. In drawing up the timetable, account is taken primarily of the meetings of various working bodies in the euro area. To ensure maximum attendance, it is sometimes necessary on rare occasions to postpone a meeting date. As part of the preparations for a meeting the members of the Governing Board, as heads of division, pay particular attention to the preparation of materials, and the clarification and coordination of positions with other board members and staff, which is reflected in the proposed decisions that are generally adopted unanimously, and very rarely with a majority vote or abstention.

The Governing Board discussed a total of 372 agenda items in 2024, most often in the area of banking supervision and licensing, as is the case every year, with somewhat fewer items in the areas of financial stability, bank resolution, cash operations, and payment and settlement systems. Items concerning economic and monetary policy were tied to the timeframe of ECB Governing Council meetings and the availability of data.

7.3 Banka Slovenije's performance in 2024

The results presented in Banka Slovenije's financial statements reflect the financial effect of the performance of its tasks and objectives.

Balance sheet developments in 2024

The balance sheet total stood at EUR 35.9 billion as at 31 December 2024, down significantly on the end of 2023 (EUR 38.0 billion).

The decline on the liability side was driven by deposits by commercial banks (EUR 3.7 billion). There was an increase of EUR 1.2 billion in liabilities to the Eurosystem from adjustments in euro banknotes. This liability represents the difference between the value of banknotes belonging to Banka Slovenije as the legal issuer of 0.45% of all banknotes in circulation in the Eurosystem, and the value of banknotes actually placed into circulation by Banka Slovenije. The amount of banknotes in circulation according to the capital key increased by EUR 0.3 billion.

On the asset side, while Banka Slovenije's own portfolio holdings in euros and foreign currencies increased by EUR 1.2 billion, the discontinuation of reinvestment of the APP and PEPP portfolios meant that holdings of securities for monetary policy purposes declined by EUR 0.8 billion, where the largest exposure is still Slovenian government bonds (EUR 14.1 billion). Another major factor in the contraction on the asset side was a decline in Banka Slovenije's claims under cross-border transactions with other national central banks and the ECB via the TARGET system (by EUR 2.5 billion), which was a reflection of the other aforementioned developments.

Financial performance in 2024

The main source of Banka Slovenije's income is interest on monetary policy instruments and portfolios, and on its own holdings of securities. Net interest income in 2024 was negative in the amount of EUR 165.1 million. The main reason was the rise in key interest rates with the objective of monetary policy normalisation during 2022 and 2023, which was still having an adverse impact on financial performance in 2024 owing to asset-liability mismatch, despite the gradual fall in key interest rates. This means that we are paying higher interest on a large part of our current liabilities, while a large part of our longer-term assets are remunerated at significantly lower interest rates.

The net gain realised on the sale of securities and foreign exchange positions amounted to EUR 87.7 million. Banka Slovenije marks its positions to market at the end of the year, disclosing the negative revaluation effects as an expense. These expenses amounted to EUR 5.0 million in 2024, and were the result of market prices of securities at the end of the year being lower than the average price of the positions. The net result of pooling Eurosystem monetary income was an expense of EUR 69.9 million in 2024. Net fees and commission (EUR 13.7 million), income from participating interests (EUR 9.8 million), and other income (EUR 3.5 million) amounted to EUR 27.0 million. Operating costs amounted to EUR 54.2 million in 2024.

Provisions in the net amount of EUR 180.8 million were released in 2024 for the coverage of expenses arising from exposure to financial risks. In light of Banka Slovenije's exposure to financial risks, general provisions can be created to cover expenses from changes in interest rates, exchange rates, prices and credit developments.

Banka Slovenije held EUR 303 million of general provisions at the beginning of the year on the basis of past operations, part of which it released.

Banka Slovenije thus generated a surplus of income over expenses in the amount of EUR 1.2 million. The distribution of the surplus will be undertaken in line with applicable legislation.

Table 7: Banka Slovenije's contributions to Slovenia's state budget, EUR million

Year	Surplus	Statutory contribution to state budget	Contribution to state budget
2020	81.0	20.2	20.2
2021	37.1	9.3	9.3
2022	1.7	0.4	0.4
2023	1.0	0.2	0.2
2024	1.2	0.3	0.3
Total			30.5

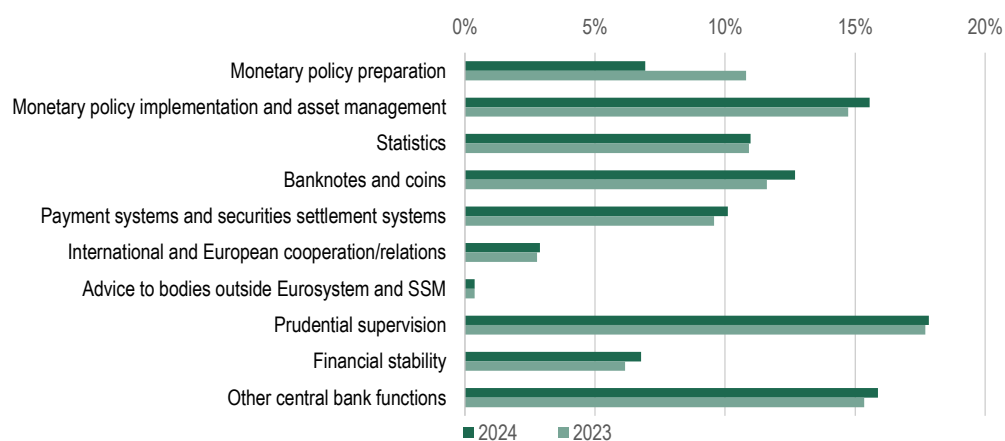
Source: Banka Slovenije

Operating costs

Banka Slovenije's operating costs are the result of the implementation of its tasks set out by law. Figure 37 shows the allocation of costs by task. In addition to direct costs, these include the imputed indirect costs of support functions (information technology, accounting, legal services and similar internal services).

Operating costs amounted to EUR 54.2 million in 2024, up EUR 6.2 million on the previous year. Labour costs make up the majority (65%) of Banka Slovenije's operating costs. They include costs of wages and salaries and other labour costs together with the corresponding taxes and social security contributions. They amounted to EUR 35.2 million in 2024 (EUR 33.1 million in 2023). The increase was the result of a rise in the basic wage in accordance with the Agreement on the Indexation of the Basic Wage, the introduction of organisational changes, and changes in staff qualifications structure caused by turnover and promotions. The change in provisions for employees is included in labour costs in accordance with IAS 19 (Employee Benefits). Other operating costs, banknote printing costs, amortisation and depreciation of non-current assets, and other costs amounted to EUR 19.0 million, up EUR 4.1 million on 2023.

Figure 37: Breakdown of costs by individual task



Source: Banka Slovenije

Table 8: Year-end balance sheet, 2020 to 2024, EUR million

Assets	2020	2021	2022	2023	2024
1. Gold and gold receivables	158	165	174	191	257
2. Claims on non-euro-area residents denominated in foreign currency	911	1,836	1,955	1,954	2,465
3. Claims on euro area residents denominated in foreign currency	33	25	41	40	26
4. Claims on non-euro-area residents denominated in euro	1,209	1,079	1,089	1,193	1,392
5. Lending to euro area credit institutions related to monetary policy operations denominated in euro	1,377	2,363	771	74	-
6. Other claims on euro area credit institutions denominated in euro	0	4	5	0	0
7. Securities of euro area residents denominated in euro	14,888	17,782	18,470	18,183	17,978
8. General government debt denominated in euro	-	-	-	-	-
9. Intra-Eurosystem claims	7,024	9,501	10,163	15,798	13,278
10. Items in course of settlement	-	-	0	0	0
11. Other assets	396	402	467	542	541
Total assets	25,995	33,157	33,136	37,975	35,938
Liabilities	2020	2021	2022	2023	2024
1. Banknotes in circulation	6,355	6,842	6,964	6,888	7,219
2. Liabilities to euro area credit institutions related to monetary policy operations denominated in euro	7,097	9,748	8,877	11,069	7,381
3. Other liabilities to euro area credit institutions denominated in euro	17	582	377	392	223
4. Debt certificates issued	-	-	-	-	-
5. Liabilities to other euro area residents denominated in euro	5,735	6,489	5,837	6,806	7,117
6. Liabilities to non-euro-area residents denominated in euro	34	292	269	272	220
7. Liabilities to euro area residents denominated in foreign currency	6	6	37	27	20
8. Liabilities to non-euro-area residents denominated in foreign currency	-	-	-	-	-
9. Counterpart of special drawing rights allocated by the IMF	254	962	974	946	976
10. Intra-Eurosystem liabilities	4,333	5,909	7,599	9,413	10,624
11. Items in course of settlement	-	4	5	-	-
12. Other liabilities	109	125	175	248	234
13. Provisions	622	697	559	318	136
14. Revaluation accounts	189	241	208	342	523
15. Capital and reserves	1,163	1,224	1,251	1,253	1,262
16. Surplus of income over expenses for the current year	81	37	2	1	1
Total liabilities	25,995	33,157	33,136	37,975	35,938

Source: Banka Slovenije

Table 9: **Profit and loss account, 2020 to 2024, EUR million**

	2020	2021	2022	2023	2024
1. Net interest income	150	160	131	-162	-165
2. Net result of financial operations and write-downs	0	-4	-216	4	83
3. Net result of pooling monetary income	-5	-23	-27	-59	-70
4. Net income from fees and commissions	13	13	14	13	14
5. Other income	14	10	9	11	13
6. Operating costs	-41	-43	-46	-48	-54
7. Transfer to/from risk provisions	-51	-75	137	242	181
Surplus of income over expenses for the current year	81	37	2	1	1

Source: Banka Slovenije

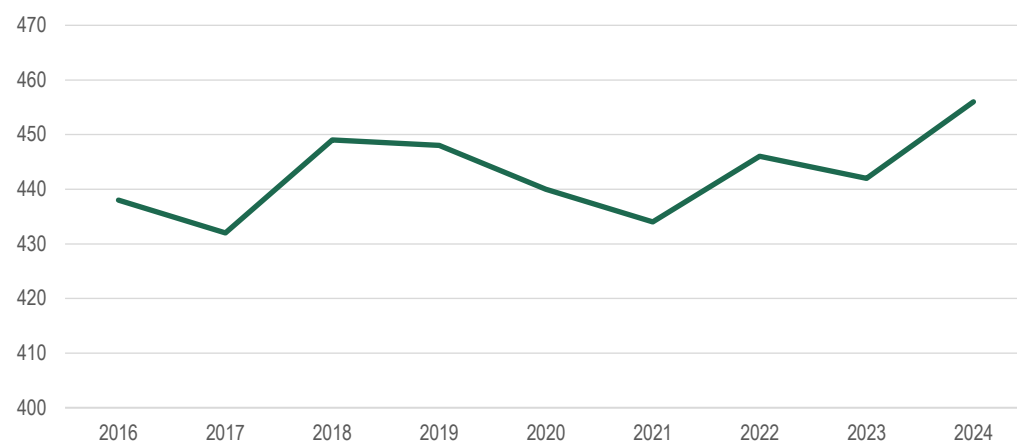
Human resources

In the area of HR and organisation we continued our established good practice, and also introduced several new approaches. Banka Slovenije has held full Family-Friendly Company certification for several years now. In 2024 we continued to introduce new measures to give our employees better opportunities for work-life balance. We again organised the Santa Claus for a Day campaign, where employees can volunteer to help prepare and give presents to children and the elderly.

We advertised 46 vacancies, to which a total of 1,217 candidates applied. The greatest interest from jobseekers came in the areas of banking operations, HR and information technology. We hired 18 new staff members, while two returned from temporary assignments at the ECB. In the past year 22 staff members left, ten of whom retired, while 12 continued their careers outside Banka Slovenije. The average age of staff members at Banka Slovenije was 46 and 11 months last year, up two months on the previous year. There are more women employees (53%) than men (47%). Of the management positions, 42% are occupied by women. Some 81% of staff members at Banka Slovenije hold at least a Level VII qualification.

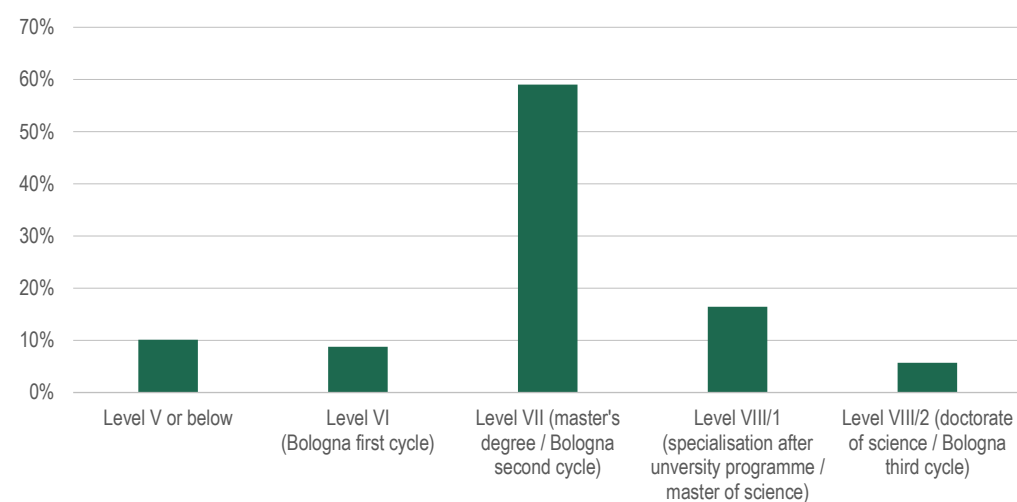
Banka Slovenije had an effective headcount of 456 as at 31 December 2024.³⁸

Figure 38: Effective headcount at Banka Slovenije



Source: Banka Slovenije

Figure 39: Breakdown of staff qualifications, 31 December 2024



Source: Banka Slovenije

³⁸ The effective headcount includes all those who were present in the workplace on the reporting date (including all those who on the reporting date were taking annual leave or short-term sick leave).

7.4 Public relations

At Banka Slovenije we endeavour to communicate with all audiences in a clear, substantive and effective manner. In this way we make sure that our message reaches the right audience at the right time. Our transparent communications help to raise Banka Slovenije's profile, and to build our reputation in the domestic and foreign environments.

Media and other public communications

In 2024 we fielded and answered a total of more than 550 questions from journalists, and issued 90 press releases, 75 Banka Slovenije publications and four ECB publications. Our representatives took part in numerous major interviews, gave 18 statements to TV or radio, and organised five full press conferences and numerous informal briefings for journalists. We also organised four major panel discussions involving representatives of the profession and the media.

Journalists frequently asked about the state of the Slovenian banking system, our forecasts – especially for inflation – and about interest rate trends. They sought information about the volume of lending and about supervisory measures. The process of appointing a new governor was also a focus of interest in the second half of the year.

More than 1,990 stories in connection with Banka Slovenije were published in the media in 2024. These appeared for the most part in online media, most notably Sta.si, Bloombergadria.si and Delo.si, with print media, radio and television the next most common outlets.

In addition to media questions, in 2024 Banka Slovenije received and responded to more than 1,350 questions from the general public, individuals and businesses alike. We also dealt with a large number of complaints from consumers, and responded to multiple questions regarding numismatic products, licensing, and other banking regulations.

Publications

The following periodical publications were issued in 2024:

- Eight issues of the *Review of macroeconomic developments* were released. In it we analysed key macroeconomic trends. The medium-term macroeconomic projections for Slovenia made up the centrepiece of the June and December issues.
- The *Financial Stability Review* came out in May and October. In it we analysed and explained the systemic risks in the Slovenian financial system.
- The *Report on bank performance with commentary* contained key balance sheet data for the banking system, current data on interest rates and non-performing loans, and data on the performance of leasing companies. It was released in June and December.

The regular statistical publications were the *Bulletin* (monthly), *Slovenia's International Economic Relations* (monthly), the *Financial Accounts of Slovenia* (quarterly), *Services Trade by Enterprise Characteristics* (annual) and *Direct Investment* (annual).

Various periodical research papers, surveys and reports can be found on the Banka Slovenije website, such as the *Survey on access to finance of enterprises* (annual), the *Retail banking service price comparison* (annual) and *Socially responsible and sustainable investing* (annual).

Original publications make up a special category of their own. In these Banka Slovenije analysts and specialists provide a detailed discussion of various areas of banking that are currently attracting interest and fall under the wider framework of the works and tasks of the central bank, with a focus on monetary policy analysis, the banking system, the financial markets and the balance of payments. Last year saw the release of three papers in the *Banka Slovenije Working Papers* collection, six in the *Discussion Papers* collection, and eleven in the *Short Economic and Financial Analyses* series.

Prizes, public events, conferences and seminars

In May of last year we organised an international conference in conjunction with the IMF entitled *Financial Systems in the Region of Central, Eastern and South-eastern Europe in Portorož* (for more, see Box 10). As part of the event we hosted a regional governors meeting, which was attended by nine governors and two vice-governors of the invited central banks. Before the conference, Alfred Kammer, director of the European department at the IMF, shared the latest experiences in macroeconomic forecasting with Banka Slovenije.

Banka Slovenije hosted several bilateral meetings with senior representatives of central banks and international institutions, during which we organised a number of events. Thus we were able to hear a talk by Pierre Wunsch, governor of the Belgian central bank, on the green agenda and its impact on monetary policy and macroeconomic policy. He examined the technological feasibility and cost of climate neutrality, with a focus on the realm of fiscal and monetary policy.

In 2024 we once again awarded prizes to the best doctoral and master's dissertations in the fields of economics, banking, insurance, finance and financial law. Dr Ivan Ribnikar prizes were awarded to the three best master's dissertations and the best doctoral dissertation. In cooperation with the University of Ljubljana School of Economics and Business we held ten seminars intended mainly for professional circles.

A roundtable entitled *Foreign Direct Investment is Rising: Do We Know How to Take Advantage of the Opportunities?* examined the current data in the field, and with guests looked at the evolution of capital markets, the business conditions, and aspects of the relative advantages of certain markets.

Box 10: Banka Slovenije and IMF international conference

Over the last three and a half decades the financial system in the CESEE region has undergone significant consolidation and development, but remains primarily focused on banking and relatively shallow compared with the most advanced EU economies. Banks play an extremely important role in corporate financing, but the stock of corporate loans and the banking system's balance sheet total as ratios to GDP are

smaller than the EU average. The potential of the wider capital markets and venture capital is not fully exploited.

It was this unexploited potential for financial development in the region that in thematic terms motivated the creation of a conference entitled *Financial Systems in the Region of Central, Eastern and South-eastern Europe* held jointly by Banka Slovenije and the IMF on 17 May 2024 in Portorož. The event also signified the revival of the partnership between Banka Slovenije and the IMF in promoting public dialogue on the state and development of financial systems in CESEE. Previously we had come together to hold joint events in 2014 and 2016, when discussions centred on the impact of the previous financial crisis.

Introductory addresses were made by Alfred Kammer, director of the European department at the IMF, and Governor Boštjan Vasle. The conference was attended by senior representatives of central banks, finance ministries, the European Commission, the EBA, the OECD, the EBRD and the EIB, and experts from firms in finance and consulting, who discussed the state of financial systems in the region and the potential paths ahead.

The conference was divided into three parts, each devoted to a different subject. The first covered the **functioning and development of banking systems** in the region of central, eastern and south-eastern Europe, and their role within the framework of an evolving global financial environment. The second part featured an exchange of opinions on the **availability of financing for capital projects and other commercial projects** in the region. The final part covered the **policy response to challenges in financial systems and global trends**.

Photograph 5: **Financial systems in the region of central, eastern and south-eastern Europe international conference**



The discussions highlighted the opportunities for and limitations on more effective financial intermediation in the region, including the financing of investment, business ventures and broader economic development. Participants gave their views of what governments and EU institutions could do to strengthen the sector in the context of the

rapidly evolving global financial environment, and of the factors that encourage or hinder the development of the financial sector. Best practices from other small countries who in recent decades have taken important steps in improving the development of the financial system that might indicate the potential way forward were also examined.

The conference successfully provided a platform for dialogue, with an exchange of views and experience, which is vital for encouraging progress. The high turnout of representatives from across the region was further evidence of the commitment to financial stability and development.

Banka Slovenije library

The Banka Slovenije library is a specialist library, whose range of informative resources and literature provides support for the work process of its host organisation. The material is scanned into Cobiss, and is thus available for borrowing by external users. Our external users are mostly specific, and use the library as a research source for a variety of economics material that cannot be obtained elsewhere, most notably various reports and financial data from global monetary institutions and banks (IMF, OECD, Fed).

The library is home to around 16,000 bibliographic units, primarily in the areas of banking and central banking, finance, economics, legislation and information technology. We released 75 Banka Slovenije publications and four ECB publications in 2024, and forwarded 23 online professional papers and reports issued by various financial institutions that we monitor. We purchased six print versions of books and 172 serial publications (financial journals and foreign dailies specialising in economics and finance). For our staff we borrowed 45 books under inter-library loans. Subscriptions were renewed for 21 different databases used by staff members in their work.

Banka Slovenije's Mala Galerija

Each year Mala Galerija plans and holds a series of exhibitions featuring artists and creatives from various departments and schools within the University of Ljubljana who work in fine art, sculpture, photography, design, textiles, architecture and landscape architecture, music, computer tech and acting. We participated in a number of high-profile domestic and international art events held in Ljubljana, and in all the major cultural and museum events in the city. Exhibitions are accompanied by a range of talks, roundtables, workshops, literary and music evenings, auctions and similar events.

Eight exhibitions and one independent event were held in 2024, which together with their accompanying events attracted 2,432 visitors.

In cooperation with the University of Ljubljana we staged six exhibitions in 2024 featuring a range of artistic fields, and one drama and storytelling event, and in this way supported the work of young, as yet unestablished artists. Mala Galerija offered a platform for artistic work and projects by students from the University of Ljubljana's Faculty of Architecture, Academy of Fine Arts and Design, Faculty of Natural Sciences and Engineering, and Academy of Theatre, Radio, Film and Television.

We also hosted an independent exhibition by young artist Jurij Hartman in coproduction with the University of Ljubljana.

In collaboration with the Academy of Theatre, Radio, Film and Television, we organised an artistic drama and storytelling event, where students presented personal and family stories.

The programme was upgraded in collaboration with the Museum of Architecture and Design. Mala Galerija was also one of the exhibition centres in Ljubljana as part of BIO28, the 28th Biennial of Design.

Banka Slovenije has a long tradition of cooperation with key cultural institutions in Slovenia. Banka Slovenije's annual exhibition was organised in collaboration with the Museum of Modern and Contemporary Art Koroška (KGLU), and featured works by Bogdan Borčič under the title *Nowhere from Nowhere*. The exhibition attracted 240 visitors.

Bogdan Borčič was undoubtedly one of Slovenia's most important painters and graphic artists of the second half of the 20th century, with an extensive body of work. From prints, objects, sketches, sculptures and canvases, to assemblages and bricolages, Borčič's work is testimony to an artist whose interests stretched into the most diverse reaches of artistic endeavour.

Over the course of his career Borčič switched adeptly between various styles, from abstract minimalism and art informel, to readymade and sculptural imagery. When receiving the Prešeren Award for lifetime achievement in 2005 after more than 200 independent exhibitions, he stated in an interview that over the years he had learned to play, and to allow himself to digress or to fail. He did not see himself as a rationalist, although he was occasionally labelled as one; rather he brought emotion into all of his work, alongside technical precision. This is best illustrated by his *Doors* cycle, with the humdrum familiar object featuring in his work over many years, and awakening his imagination. As he said in interview, doors fascinate him in particular because of their hidden nature: they always show us one side only, and we never know what lurks behind.

The exhibition title of *Nowhere from Nowhere* is itself a comment on doors, which when removed from the context of functionality come from nowhere and lead nowhere. Alongside the famous *Doors of Dachau*, the exhibition features studio doors, doors from his travels, doors of various churches, and doors of acquaintances and strangers. In a way Borčič's doors provide a glimpse into his own life, in which he valued the visible just as much as the invisible.

Photograph 6: **Bogdan Borčič exhibition:**
Nowhere from Nowhere



7.5 Risk management

Banka Slovenije manages risks on the basis of a structured systemic approach, which is set out by the overall risk management framework. The overall framework defines the principal types of risk that Banka Slovenije faces and manages.

The actions of the risk management system focus on supporting Banka Slovenije's decision-making bodies in the risk management process, primarily by providing structured comprehensive information on what the overall risk exposure is at any given moment, and how we can continually actively manage or mitigate the identified risks in full. Risk management at Banka Slovenije does not constitute an independent business process separate from its principal activities and business processes, but instead constitutes an integral part of the senior management's responsibilities, and an integral part of all business processes, including strategic planning and all change management projects and processes. Activities to ensure that there is an effective risk management process are included in the business plans of all our organisational units.

The risk management system is designed as a model based on three lines of defence against risks, as described by the overall risk management framework. The functioning of the system ensures the identification of risks that could endanger the realisation of Banka Slovenije's strategic and other objectives. The risk management framework defines the main strategic elements of the risk management system, and represents the starting point for subordinate bylaws, policies, methodologies and guidance for managing the identified types of risk.

The **first line of defence consists of the organisational units** whose business decisions actively manage the specific identified risks, and who are primarily responsible for implementing the policies in each area for managing individual types of risk.

Diagram 2: **Three-level system of lines of defence against risk at Banka Slovenije**



Source: Overall risk management framework at Banka Slovenije

The second line of defence consists of our committees, the risk management department, and the compliance department. The primary purpose of the committees is supporting the Governor or the Governing Board in regularly monitoring, coordinating and providing information about risk management. On the basis of the standard definition of the system, the risk management department coordinates the functioning of sub-systems for managing financial, operational, strategic, IT, legal, project and other risks, and our various ways of responding to interruptions in business caused by contingencies (business continuity for various periods during contingencies). In the assessment of operational risk, the compliance department provides general opinions of compliance risks and, as necessary, takes a position on self-assessments and plans for managing compliance risks drawn up by business process custodians.

The risk management department is connected to two Banka Slovenije committees holding risk management powers: the Risk Committee and the Investment Committee. The first works principally in the area of non-financial risks, and the second has a mandate from the Governing Board to manage the financial risks of Banka Slovenije's financial assets. Last year the Risk Committee met eight times to address 57 agenda items, mainly in the area of operational risk and information security risk, while the Investment Committee met 12 times to discuss 111 agenda items, mainly in connection with the management of Banka Slovenije's portfolio of financial assets.

The third line of defence consists of the Internal Audit Department and the Audit Committee. The Risk Management Department reports to the Audit Committee on the functioning of the integrated risk management system. The Governing Board is committed to putting in place a comprehensive and effective risk management system that reduces the occurrence of unforeseen consequences for Banka Slovenije. Annual reviews of the implementation of the overall framework are conducted by the Governing Board, which also discusses current issues of relevance to risk management.

7.6 Compliance and the Banka Slovenije Code of Ethics

Banka Slovenije endeavours to build and maintain public confidence in good governance at the institution in the performance of its public tasks. Banka Slovenije has put a compliance function in place to this end.

The Compliance Department is responsible for implementing an effective internal governance system based on the principles of ethical, responsible and transparent conduct. The Compliance Department acts to complement the system of checks and balances at the bank by monitoring the level of compliance in the bank's operations and its employees' conduct with regulations, bylaws, codes of ethics and standards, and is responsible for expanding the culture of compliance to encourage lawful, fair, ethical and transparent conduct on the part of the bank and its employees.

In its functioning the Compliance Department is independent from other organisational units, and answers directly to the Governor. The compliance officer reports on their work once a year to the Governing Board, to the Audit Committee and to the Risk Committee.

The Code of Ethics of Banka Slovenije sets out the rules of ethical conduct for employees at Banka Slovenije and other persons working for or providing services for Banka Slovenije on the basis of a contract or agreement. The Code of Ethics of Banka Slovenije sets out the key principles in the area of internal governance, and upholds the highest standards of ethical conduct on the part of employees, in accordance with

joint guidance and values formulated within the framework of the ESCB and the ECB, in relation to employees and Banka Slovenije's partners. In this the code provides detailed guidelines regarding how to handle conflicts of interest, receiving gifts and benefits, performing activities beyond professional duties and the incompatibility of functions and tasks, public and non-public contacts with external stakeholders, protection of non-public information, concluding financial transactions, the prohibition on abuse of inside information and restrictions regarding the pursuit of gainful activity after ceasing work at Banka Slovenije (cooling off period). The requirements and prohibitions set out by the code strengthen the mechanisms for employees to act impartially and independently in performing the tasks under Banka Slovenije's remit, and raise the confidence that in their conduct at Banka Slovenije employees are exclusively upholding the public interest.

7.7 Internal auditing

Internal auditing is an independent, objective assurance and advisory service designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

The aim of the internal audit function is to assist Banka Slovenije's senior management in making improvements to quality, efficiency and effectiveness within the framework of applicable legislation, and Banka Slovenije's strategy, business policies and business plans. In its work the Internal Audit Department devotes particular attention to reviewing and assessing the system of internal controls and risk management at Banka Slovenije.

The internal audit department functions independently from other organisational Units and in the organisational structure is directly subordinated and answerable to the Governor. It conducts audits of functions, processes, data/information, projects and systems in all areas of Banka Slovenije operations and in all elements of the operation of the Eurosystem, ESCB and SSM present in Banka Slovenije.

The Internal Audit Department is responsible for:

- drawing up and implementing its annual plan of work;
- reporting on the outcome of audit engagements, which may include an assessment as to whether:
 - the risks associated with attaining the strategic objectives have been properly identified and managed,
 - the conduct of employees and contract-based workers complies with laws, regulations, policies and bylaws,
 - the processes and systems put in place facilitate compliance with laws, regulations, policies and bylaws,
 - the results of activities are aligned with the corresponding objectives,
 - activities are being carried out effectively;
- following up and assessing the implementation of issued recommendations, and reporting on their realisation;
- providing advice with regard to good business practice, corporate governance, internal controls and prevention of fraud;

- coordinating activities in connection with the external auditor of Banka Slovenije's financial statements, and those of the funds under its management;
- carrying out tasks in connection with the handling of reports of breaches by employees (in connection with Banka Slovenije's bylaws governing this area).

The Internal Audit Department reports periodically to the Audit Committee, the Governor and the Governing Board on the outcomes of audit engagements, its findings, the follow-up of recommendations, other activities, and its own performance.

7.8 Audit Committee

Alongside its internal working bodies, Banka Slovenije has an Audit Committee, which aims to improve governance at Banka Slovenije by means of additional independent oversight alongside the internal and external auditors. Headed by an external expert, it functions as a consultative body for the Governor and the Governing Board in exercising their powers in accordance with the Banka Slovenije Act.

The Audit Committee provides support to the Governing Board with regard to:

- the integrity and reliability of financial information; and
- the selection of the external auditor, the compilation of the financial statements, and the external auditing of the financial statements.

The Audit Committee provides support to the Governor with regard to:

- the functioning of internal auditing; and
- the procedures and findings of audits by the Court of Audit.

Banka Slovenije's Audit Committee complements the internal and external control environment already put in place at the bank, with the aim of improving governance by providing additional independent oversight.

The Audit Committee met six times in 2024. It addressed the external auditor's report on the audited financial statements, and the approach to auditing at Banka Slovenije, the bank resolution fund, the deposit guarantee fund, and the resolution and deposit guarantee fund for 2023. Although Banka Slovenije is not subject to the requirements of Regulation (EU) No 537/2014 and Directive 2014/56/EU, which apply to audits of public-interest entities, after conducting the closing audit and at the request of the Audit Committee the external auditor revised the audit report in accordance with Article 11 of the aforementioned regulation, which prescribes mandatory elements for an additional report to the audit committee.³⁹

The Audit Committee was also briefed on reports on the work of the Internal Audit Department, issued opinions with regard to all audit engagements, followed up the implementation of internal audit recommendations and the work of the external auditor, and discussed the reports of the commission for investigating internal breaches at Banka Slovenije.

In 2024 the Audit Committee was also briefed on the Banka Slovenije risk reports compiled by the Risk Management Department, and the report on the Compliance Department's work completed in the previous year.

³⁹ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32014R0537>.

7.9 Data management

Because data is of strategic importance to Banka Slovenije, and is a vital component of the majority of its business processes, **effective data management is therefore the duty of all employees at Banka Slovenije**. Data management at Banka Slovenije encompasses numerous aspects: data architecture, data modelling, the data warehouse and business notification tools, metadata, codes, data quality, and data governance.

Organisational changes were made in 2024, and in 2025 processes related to data management were positioned within the Financial Statistics Department. The switch prioritises the objective of an organisational streamlining of the process, but also requires a staffing upgrade. Therefore the priority in 2024 was tasks related to monitoring the data management process and meeting the new and modified data requirements of international institutions. In the preparations for the target upgraded data architecture at Banka Slovenije, the new possibility of using the solution at ECB level was examined, which might be a sensible alternative to the in-house development of data architecture, and perhaps even optimal in certain aspects. Much of the activity also centred on the ESCB's IReF project, which will drive a large part of Banka Slovenije's future activity in the area of data management and the creation of the target data architecture and the future reporting framework. The mixed working group for reporting at the Bank Association of Slovenia met twice in 2024, where Banka Slovenije representatives presented the new and modified data requirements to the commercial banks.

7.10 Court proceedings

Six administrative disputes were pending at the end of 2024, where Banka Slovenije is an accessory participant in three disputes against a decision by the Information Commissioner, while in three cases Banka Slovenije is the defendant in connection with administrative decisions issued in two supervisory proceedings and one bank resolution proceedings.

Banka Slovenije was involved in 168 pending litigation proceedings at the end of 2024, either as the defendant or co-defendant, or as an accessory participant. All related to compensation claims by holders of qualified bank credit who were subject to extraordinary measures in 2013 and 2014.

Two cases were pending at the end of 2024 with regard to misdemeanours decisions following the lodging of requests for judicial review, while Banka Slovenije was involved in six cases of bankruptcy proceedings as a creditor.

Two cases were pending at the Constitutional Court as at 31 December 2024: one a petition for a ruling on the constitutionality and legality of a Banka Slovenije Act, and the other a constitutional complaint regarding a final ruling in a labour dispute.

Statement of responsibilities of the Governing Board of Banka Slovenije

The Banka Slovenije Act requires Banka Slovenije to prepare financial statements to give a true and fair view of the state of affairs of Banka Slovenije and the surplus or deficit of Banka Slovenije for a given period. The financial statements are adopted by the Governing Board of Banka Slovenije. In preparing the financial statements, Banka Slovenije is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, namely the Guideline of the European Central Bank of 14 November 2024 on the legal framework for accounting and financial reporting in the European System of Central Banks (ECB/2024/31 (recast))¹ and the provisions of the Banka Slovenije Act relating to accounting; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that Banka Slovenije will continue in business.

The Governing Board of Banka Slovenije has a general responsibility for taking such steps as are reasonably open to it to safeguard the assets of Banka Slovenije.

¹ OJ L [2024/2941](#), 11.12.2024.

Independent Auditor's Report

To the Governing Board of Banka Slovenije

Opinion

We have audited the financial statements of **Banka Slovenije**, which comprise the balance sheet as at 31 December 2024, the profit and loss account for the year then ended, material accounting policy information, and other explanatory information.

In our opinion, the enclosed financial statements of Banka Slovenije for the year ended 31 December 2024 are prepared, in all material respects, in accordance with Guideline (EU) 2024/2941 of the European Central Bank of 14 November 2024 on the legal framework for accounting and financial reporting in the European System of Central Banks (ECB/2024/31) (recast) and the provisions of the Banka Slovenije Act relating to accounting.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibility for the Audit of the Financial Statements* section of this report. We are independent of Banka Slovenije in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the financial statements in Slovenia and we have fulfilled all our other ethical requirements in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

The financial statements of Banka Slovenije for the year ended 31 December 2023 were audited by another audit firm, which expressed an unmodified opinion on those financial statements on 4 April 2024.

Responsibility of the Governing Board of Banka Slovenije and the Audit Committee of Banka Slovenije for the Financial Statements

The Governing Board of Banka Slovenije is responsible for the preparation of the financial statements in accordance with Guideline (EU) 2024/2941 of the European Central Bank of 14 November 2024 on the legal framework for accounting and financial reporting in the European System of Central Banks (ECB/2024/31) (recast) and the provisions of the Banka Slovenije Act relating to accounting and for such internal control as the Governing Board of Banka Slovenije determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Governing Board of Banka Slovenije is responsible for assessing Banka Slovenije's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Governing Board of Banka Slovenije either intends to liquidate Banka Slovenije or to cease operations, or has no realistic alternative but to do so.

The Audit Committee of Banka Slovenije assists the Governing Board of Banka Slovenije in overseeing Banka Slovenije's financial reporting process.

This auditor's report is a direct translation from the Slovenian original enclosed to the financial statements for the financial year then ended and material accounting policy information with other explanatory information. The translation is for information purposes only and is not signed.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Banka Slovenije's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Governing Board of Banka Slovenije.
- Conclude on the appropriateness of Governing Board of Banka Slovenije's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Banka Slovenije's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organisation to cease to continue as a going concern.

We communicate with the Audit Committee of Banka Slovenije regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ljubljana, 31 March 2025

FORVIS MAZARS, družba za revizijo, d.o.o.

M. Sc. Teja Burja
Certified Auditor

This auditor's report is a direct translation from the Slovenian original enclosed to the financial statements for the financial year then ended and material accounting policy information with other explanatory information. The translation is for information purposes only and is not signed.

FORVIS MAZARS, družba za revizijo, d.o.o., Verovškova ulica 55A, SI-1000 Ljubljana | T: +386 59 049 500 | info@mazars.si | www.mazars.si

Bank account with OTP banka: SI56 0400 0027 7830 251 | Registration: Ljubljana District Court, SRG 2011/15129
Share capital: €15,957.45 | Company registration number: 3959023000 | Tax identification number: SI 88105571

Constitution

Banka Slovenije was constituted by the Law on Banka Slovenije of 25 June 1991. Banka Slovenije is a legal entity governed by public law which independently disposes of its own property. Banka Slovenije is wholly owned by the state and is autonomous as regards its finances and administration. Banka Slovenije is supervised by Parliament. The primary objective of Banka Slovenije shall be to maintain price stability. In pursuing this objective, Banka Slovenije shall strive for financial stability, while taking into account the principles of an open market economy and free competition. According to the Banka Slovenije Act, on the day of introduction of the euro as the Republic of Slovenia's currency, Banka Slovenije shall begin to perform its tasks in accordance with the Treaty establishing the European Community and in accordance with the Statute of the ESCB and the ECB.²

Accounting policies

Introduction of the euro

The Republic of Slovenia introduced the euro as a new legal tender on 1 January 2007. Banka Slovenije thus became part of the Eurosystem and took over joint responsibility for defining and implementing monetary policy and for exercising the common strategic goals of the ESCB.³

Accounting principles and standards

Banka Slovenije applies the Guideline of the European Central Bank of 14 November 2004 on the legal framework for accounting and financial reporting in the European System of Central Banks (ECB/2004/31 (recast)) (the Accounting Guideline) as the legal basis for accounting and reporting. According to the Banka Slovenije Act and the Statute of the ESCB and of the ECB, this legal framework was adopted by the Governing Board of Banka Slovenije at its 342nd meeting on 20 December 2006.

Financial statements are presented in accordance with the valuation rules as defined by the Accounting Guideline.

In cases that are not covered by the Accounting Guideline or are governed by non-mandatory provisions, the valuation principles in accordance with international financial reporting standards valid in the EU and with the Banka Slovenije Act are applied.

Basic principles

The financial statements are prepared in conformity with the provisions governing the Eurosystem's accounting and reporting procedures, which follow accounting principles harmonised by Community law, with generally accepted international financial reporting standards valid in the EU, and with the Banka Slovenije Act.

The following fundamental accounting principles have been applied:

- Economic reality and transparency: the accounting methods and financial reporting shall reflect economic reality, be transparent, and respect the qualitative characteristics of understandability, relevance, reliability and comparability;
- Prudence: the valuation of assets and liabilities and income recognition shall be carried out prudently. In the context of the Accounting Guideline, this implies that unrealised gains shall not be recognised as income in the profit and loss account but shall be recorded directly in a revaluation account and that unrealised losses shall be taken at year-end to the profit and loss account if they exceed previous revaluation gains registered in the corresponding revaluation account;

² Protocol (No. 18) (ex. No. 3) on the Statute of the European System of Central Banks and of the European Central Bank (Protocol annexed to the Treaty establishing the European Community, OJ C 191, 29.07.1992).

³ The term "ESCB" (European System of Central Banks) refers to the 27 national central banks (NCBs) of the Member States of the European Union on 31 December 2024 plus the European Central Bank (ECB). The term "Eurosystem" refers to the 20 NCBs of the Member States participating in the Monetary Union plus the ECB on the same date.

- Materiality: deviations from the accounting rules shall only be allowed if they can reasonably be considered as immaterial in the overall context and presentation of the financial statements;
- Consistency and comparability: the criteria for balance sheet valuation and income recognition shall be applied consistently in terms of commonality and continuity of approach to ensure comparability of data in the financial statements;
- Going concern basis: accounts shall be prepared on a going concern basis;
- Accruals principle: income and expenditure shall be recognised in the accounting period in which they are earned or incurred and not in the period in which they are received or paid;
- Post-balance-sheet events: assets and liabilities shall be adjusted for events that occur between the annual balance sheet date and the date on which the financial statements are approved by the Governing Board if they materially affect the fair presentation of assets or liabilities at the balance sheet date.

Recognition of assets and liabilities

An asset or liability is only recognised on the balance sheet when it is probable that any associated future economic benefit will flow to or from Banka Slovenije, substantially all of the associated risks and rewards have been transferred to Banka Slovenije, and the cost or value of the asset or the amount of the obligation can be measured reliably.

Economic approach

On the basis of the definition of alternative economic approach in the Accounting Guideline, transactions in financial assets and liabilities are reflected during the year in the accounts on the date on which they were settled.

For transactions in foreign currency agreed in one year but maturing in a subsequent year, the trade date approach is applied. Transactions are recorded in off-balance-sheet accounts on the trade date. On the settlement date, the off-balance-sheet entries are reversed and transactions are booked on-balance-sheet. Purchases and sales of foreign currency affect the net foreign currency position on the trade date and realised results arising from sales are also calculated on the trade date.

Securities transactions are recorded according to the cash/settlement approach. Accrued interest, premiums and discounts related to financial instruments in foreign currency are calculated and booked daily from the settlement date, and the foreign currency position is also affected daily by these accruals.

Conversion of foreign currencies

Foreign currency transactions whose exchange rate is not fixed against the euro are recorded in the balance sheet at market rates prevailing on the day of the transaction. At year-end, both financial assets and liabilities are revalued at current market rates of the last day of the year, as derived from the ECB's daily quotation of reference exchange rates. This applies equally to on-balance-sheet and off-balance-sheet transactions. The revaluation takes place on a currency-by-currency basis.

Income and expenses are converted at the exchange rate prevailing on the recording date.

Gold and gold receivables

Gold and gold receivables are valued at the market price prevailing at the year-end. No distinction is made between the price and currency revaluation differences for gold. Instead, a single gold revaluation difference is accounted for, based on the euro price per fine ounce of gold, derived from the gold price in US dollars as at the balance sheet date.

Securities held for monetary policy purposes

Debt securities currently held for monetary policy purposes are accounted for at amortised cost subject to impairment.

Other securities

Marketable securities (other than debt securities currently held for monetary policy purposes and those classified as held-to-maturity) and similar assets are valued either at the mid-market prices or on the basis of the relevant yield curve prevailing on the balance sheet date, on a security-by-security

basis. Options embedded in securities are not separated for valuation purposes. For the year ending 31 December 2024, mid-market prices on 31 December 2024 were used.

Marketable debt securities classified as held-to-maturity and non-marketable securities are valued at amortised cost subject to impairment. Illiquid equity shares and any other equity instruments held as permanent investments are valued at cost, subject to impairment.

Investment funds are valued at market prices on a net basis and not on the basis of the underlying assets, provided that they meet certain predetermined criteria in relation to the level of influence of Banka Slovenije on the day-to-day operations of the fund, the legal status of the fund and the way the investment is evaluated. There is no netting between the revaluation results of different investment funds.

Securities lending transactions under automated security lending contracts are conducted as part of the management of Banka Slovenije's assets. Securities lending transactions are collateralised. Income resulting from lending operations is included in the profit and loss account. Securities lending is conducted via agent and custodian banks. Transactions outstanding at year-end are recorded off-balance-sheet.

Tangible fixed assets

Depreciation is calculated on a straight-line basis, beginning with the month following acquisition, so as to write off the cost of the assets over their estimated economic lifetime at the following annual percentage rates:

	2024	2023
Buildings	1.3–1.8%	1.3–1.8%
Hardware and software	20–33%	20–33%
Other equipment	10–25%	10–25%

Gains and losses related to disposal of fixed assets are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised as income or expense in the profit and loss account.

Properties located in Austria are included in Banka Slovenije's fixed assets. They are carried at a value in the middle interval of the estimated fair values and are not depreciated. The fair value is based on a middle value in the range of appraised values, obtained by an external certificated valuer (Banka Slovenije revalues these properties once every five years; the last revaluation was carried out in 2024). This revaluation method gives a more appropriate and accurate view to the reader of the financial statements.

Leases

For all long-term leases involving a tangible asset, the related right-of-use asset and liability are recognised on the balance sheet at the lease commencement date at the present value of the future lease payments and included under the asset item "Tangible and intangible fixed assets" and the liability item "Sundry". Right-of-use assets are valued at cost less depreciation, which is calculated on a straight-line basis.

ECB capital key

The capital key is essentially a measure of the relative size of EU Member States and is a 50:50 composite of GDP and population size. The key is used as the basis for allocation of each NCB's share of capital in the ECB and must be adjusted every five years under the Statute of the ESCB and of the ECB or whenever there is a change in the composition of the ESCB national central banks.

The Eurosystem key is an individual NCB's share in the total key held by Eurosystem members and is used as the basis for allocation of monetary income, the ECB's income on euro banknotes in circulation, the ECB's (net) income arising from securities held for monetary policy purposes and the ECB's profit/loss.

Banknotes in circulation

The ECB and the euro area NCBs, which together comprise the Eurosystem, issue euro banknotes.⁴ The total value of euro banknotes in circulation is allocated to the Eurosystem central banks on the last working day of each month in accordance with the banknote allocation key.⁵

The ECB has been allocated an 8% share of the total value of euro banknotes in circulation, whereas the remaining 92% has been allocated to NCBs according to their weightings in the capital key of the ECB. The share of banknotes allocated to each NCB is disclosed in the balance sheet under the liability item "Banknotes in circulation".

The difference between the value of the euro banknotes allocated to each NCB in accordance with the banknote allocation key and the value of the euro banknotes that it actually puts into circulation also gives rise to remunerated⁶ intra-Eurosystem balances. These claims or liabilities are disclosed under the sub-item "Intra Eurosystem: Net claims/liabilities related to the allocation of euro banknotes within the Eurosystem" (see "Intra-ESCB balances/Intra-Eurosystem balances" in the notes on accounting policies).

From the cash changeover year⁷ until five years following the cash changeover year, the intra-Eurosystem balances arising from the allocation of euro banknotes are adjusted in order to avoid significant changes in NCBs' relative income positions compared to previous years. The adjustments are affected by taking into account the differences between the average value of banknotes in circulation of each NCB in the reference period⁸ and the average value of banknotes that would have been allocated to them during that period under the ECB capital key. The adjustments will be reduced in annual stages until the first day of the sixth year after the cash changeover year, when income on banknotes will be allocated fully in proportion to the NCBs' paid-up shares in the ECB's capital. In the year under review, the adjustment resulted from the accession of Hrvatska narodna banka (in 2023) and will terminate at the end of 2028.

The interest income and expense on these balances is cleared through the accounts of the ECB and is disclosed under "Net interest income / (expense)" in the profit and loss account.

Intra-ESCB balances / Intra-Eurosystem balances

Intra-Eurosystem balances result primarily from cross-border payments in the EU that are settled in central bank money in euro. These transactions are for the most part initiated by private entities (i.e. credit institutions, corporations and individuals). They are settled in TARGET⁹ and give rise to bilateral balances in the TARGET accounts of EU central banks. Payments conducted by the ECB and the national central banks (NCBs) also affect these accounts. All settlements are automatically aggregated and adjusted to form part of a single position of each NCB vis-à-vis the ECB. The movements in TARGET accounts are reflected in the accounting records of the ECB and the NCBs on a daily basis.

⁴ Decision of the European Central Bank of 13 December 2010 on the issue of euro banknotes (recast) (ECB/2010/29), OJ L 35, 09.02.2011, pp. 26–30, as amended. The unofficial consolidated text with the list of amendments can be found [here](#).

⁵ Banknote allocation key means the percentages that result from taking into account the ECB's share in the total euro banknote issue and applying the subscribed capital key to the NCBs' share in such total.

⁶ Decision of the European Central Bank of 3 November 2016 on the allocation of monetary income of the national central banks of Member States whose currency is the euro (recast) (ECB/2016/36), OJ L 347, 20.12.2016, pp. 26–36, as amended. The unofficial consolidated text with the list of amendments can be found [here](#).

⁷ Cash changeover year refers to the year in which the euro banknotes are introduced as legal tender in the respective Member State; for Banka Slovenije this was 2007.

⁸ The reference period refers to the 24 months which start 30 months before the day on which euro banknotes become legal tender in the respective Member State; for Banka Slovenije this is the period from July 2004 to June 2006.

⁹ Trans-European Automated Real-time Gross Settlement Express Transfer system.

The intra-Eurosystem balance of Banka Slovenije vis-à-vis the ECB arising from TARGET is presented on the balance sheet of Banka Slovenije as an asset or liability position under either “Claims related to TARGET” or “Liabilities related to TARGET”. Intra-ESCB balances vis-à-vis non-euro area NCBs not arising from TARGET are disclosed under either “Claims on non-euro area residents denominated in euro” or “Liabilities to non-euro area residents denominated in euro”.

Intra-Eurosystem claims arising from Banka Slovenije’s participating interest in the ECB are reported under “Participating interest in the ECB”. In particular this balance sheet item includes (i) the NCBs’ paid-up share in the ECB’s subscribed capital, (ii) any net amount paid by the NCBs due to the increase in their share in the ECB’s equity value¹⁰ resulting from all previous ECB capital key adjustments, and (iii) contributions in accordance with Article 48.2 of the Statute of the ESCB and the ECB with respect to the central banks of Member States whose derogations have been abrogated.

Intra-Eurosystem claims arising from the transfer of foreign reserve assets to the ECB by Banka Slovenije at the time of joining the Eurosystem are denominated in euro and reported under “Claims equivalent to the transfer of foreign reserves”.

Intra-Eurosystem balances arising from the allocation of euro banknotes within the Eurosystem are included as a single net asset/liability under “Net claims related to the allocation of euro banknotes within the Eurosystem” or “Net liabilities related to the allocation of euro banknotes within the Eurosystem” (see “Banknotes in circulation” in the notes on accounting policies).

Other intra-Eurosystem balances denominated in euro (e.g. the ECB’s interim profit distributions to NCBs, if any, correspondent accounts, and the balance due to the difference between monetary income to be pooled and redistributed) are presented as a single net asset or liability position under either “Other claims within the Eurosystem (net)” or “Other liabilities within the Eurosystem (net)”.

ECB profit distribution

The Governing Council of the ECB has decided that the seigniorage income of the ECB, which arises from the 8% share of euro banknotes allocated to the ECB, as well as the income arising from the securities held under (a) the securities markets programme (SMP), (b) the third covered bond purchase programme (CBPP3), (c) the asset-backed securities purchase programme (ABSPP), (d) the public sector purchase programme (PSPP) and (e) the pandemic emergency purchase programme (PEPP) is distributed in January of the following year by means of an interim profit distribution, unless otherwise decided by the Governing Council.¹¹ Any such decision shall be taken where, on the basis of a reasoned estimate prepared by the Executive Board, the Governing Council expects that the ECB will have an overall annual loss or will make an annual profit that is less than this income. The Governing Council may also decide to transfer all or part of this income to a provision for financial risks. Furthermore, the Governing Council may also decide to reduce the amount of the income on euro banknotes in circulation to be distributed in January by the amount of the costs incurred by the ECB in connection with the issue and handling of euro banknotes.

Provisions

Provisions are recognised when Banka Slovenije has a present legal or other obligation as a result of past events when it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be estimated reliably.

In compliance with Article 49.a of the Banka Slovenije Act, after the introduction of the euro as the Republic of Slovenia’s currency, the Governing Board of Banka Slovenije may, with the intention of maintaining the real value of assets, take a decision to create general provisions for anticipated exchange rate, interest rate and price risks. Provisions may not be created if they should, together

¹⁰ Equity value means the total of the ECB’s reserves, revaluation accounts and provisions equivalent to reserves, minus any loss carried forward from previous periods. In the event of capital key adjustments taking place during the financial year, the equity value also includes the ECB’s accumulated net profit or net loss until the date of the adjustment.

¹¹ Decision of the European Central Bank of 15 December 2014 on the interim distribution of the income of the European Central Bank (recast) (ECB/2014/57), OJ L 53, 25.02.2015, pp. 24–26, as amended. The unofficial consolidated text with the list of amendments can be found [here](#).

with the unrealised exchange rate differences, securities valuation effects and gold valuation effects, exceed 20% of identified net income. With the amendment of the Accounting Guideline, which entered into force as at the end of 2012, the legal background was also given for the creation of provisions for credit risks. Following the amendment of the Accounting Guideline at the end of 2019,¹² which extends the area of provisioning to all financial risks, Banka Slovenije also created provisions for equity risks for the first time in 2019. The relevant amount of provisions for all such financial risks is determined annually on the basis of the Expected Shortfall (ES) method at a 99% confidence level. The ES is defined as the expected or average loss in the selected period for those events that are worse than the VaR¹³ figure at the same confidence level and holding period, with an unchanged investment structure. Banka Slovenije also creates provisions for risks arising from the asset–liability mismatch.

Income recognition

Income and expenses are recognised in the financial year in which they are earned or incurred. Realised gains and losses are taken to the profit and loss account.

From the beginning of 2007, the foreign exchange and price valuation has been performed on a quarterly basis in accordance with the Accounting Guideline. Net unrealised positive valuation effects which arose before the adoption of the euro are separated from the unrealised positive valuation effects recorded after that date. They are considered as “Pre-Stage Three” revaluation reserves and are included in the liability balance sheet item “Reserves”.

At the end of the year, unrealised positive valuation effects are not recognised as income in the profit and loss account but are recorded on the revaluation accounts on the liability side of the balance sheet.

Unrealised negative valuation effects are taken to the profit and loss account if they exceed previous positive valuation effects registered in the corresponding revaluation account. Such losses cannot be reversed against any future unrealised positive valuation effects in subsequent years. Unrealised valuation effects in respect of securities and foreign currency denominated items are entered on an item-by-item basis and a currency-by-currency basis. Netting is not allowed.

Premiums and discounts arising from purchased securities are calculated and presented as part of the interest income and are amortised over the remaining life of the securities according to the internal rate of return (IRR) method.

Cost of transactions

With regard to gold, foreign currencies and securities, the average cost method as defined in the Accounting Guideline is used daily to establish the acquisition cost of items sold when calculating effects of exchange rates and prices.

When net acquisitions of currency or gold are made, the average acquisition cost for the day's acquisition with regard to each individual currency is added to the previous day's holdings to obtain a new weighted average of the exchange rate or gold price. In the case of net sales, the realised result is calculated on the basis of the average acquisition cost of the previous day for the respective foreign currency position.

Gains and losses on disposals of securities are calculated on the basis of the weighted average price of an individual security.

The market prices and rates applied in the opening balance sheet as at 1 January 2007 were considered as the opening average cost of Banka Slovenije's assets and liabilities. In the case of foreign currency positions and gold, the opening costs were the exchange rates prevailing on 1 January 2007, communicated by the ECB. For securities investments, the securities prices as at 31

¹² Guideline of the European Central Bank of 28 November 2019 amending Guideline on the legal framework for accounting and financial reporting in the European System of Central Banks (ECB/2019/34), OJ L 332, 23.12.2019, pp. 184–203.

¹³ VaR is defined as the maximum loss of portfolio with a given diversification at a given confidence level (99%) and for a given holding period (one year).

December 2006 represented the opening average prices, which served as a starting point for premium and discount amortisation and calculation of realised gains and losses in the event of their sale.

Off-balance-sheet instruments

Forward legs of foreign exchange swaps are disclosed off-balance-sheet and are included in the net foreign currency position for the purpose of calculating the average cost of currencies and foreign exchange gains and losses. Gains and losses arising from the forward legs are recognised and treated in a similar manner to on-balance-sheet instruments. Unrealised positive valuation effects are not recognised as income but are transferred to the revaluation accounts. Unrealised negative valuation effects are taken to the profit and loss account when exceeding previous positive valuation effects registered in the revaluation accounts. Unrealised valuation effects of the forward legs of foreign exchange swaps are recorded from the trade date to the settlement date under "Other assets/liabilities".

Since spot and forward amounts in foreign currencies are converted to euro at the same exchange rate, foreign exchange swaps do not influence the profit and loss account or the revaluation accounts on the liability side.

Cash flow statement

Taking into account Banka Slovenije's role as a central bank, publishing a cash flow statement would not provide readers of the financial statements with any additional relevant information. Therefore such a statement is not included as part of these statements.

Taxation

Banka Slovenije is not subject to Slovenian corporate income tax.

Appropriations

In accordance with the Banka Slovenije Act, net profit is allocated to general reserves and the budget of the Republic of Slovenia. Unrealised positive valuation effects deriving from exchange rate and price changes are allocated in their entirety to the revaluation accounts and are not included in the net profit available for distribution. Revaluation accounts may only be used to cover a shortfall deriving from unrealised negative valuation effects as a result of exchange rate and price movements.

A net loss of Banka Slovenije is covered from general reserves. Should the net loss arise from unrealised exchange rate and price changes, it shall be covered from the special reserves created for that purpose. Any net loss which cannot be covered from general reserves is covered by the budget of the Republic of Slovenia.

Post-balance-sheet events

Assets and liabilities are adjusted for events that occur between the annual balance sheet date and the date on which the Governing Board approves the financial statements if such events materially affect the condition of assets and liabilities on the balance sheet date.

On 13 March 2024, the Governing Council decided on a set of principles¹⁴ that will guide monetary policy implementation in the future and that, among other key parameters, it will continue to steer the monetary policy stance through the deposit facility rate (DFR). In the same context, the Governing Council decided that from 1 January 2025 the DFR will become the basis for the remuneration of (i) TARGET balances, (ii) claims/liabilities related to the allocation of euro banknotes within the Eurosystem and (iii) claims equivalent to the transfer of foreign reserves.

We estimate that there were no other significant events after the balance sheet date that might affect the presented financial statements, taking into account the impact of the current geopolitical situation.

On 15 June 2024, the Act on the Judicial Protection Procedure for Holders of Eligible Bank Liabilities (ZPSVIKOB-1) entered into force. The act provides that former holders of shares and subordinated bonds may bring an action to claim compensation for measures taken by Banka Slovenije. Former holders may therefore bring an action against Banka Slovenije, whereby the Republic of Slovenia will assume responsibility for the potential damage in the first stage of the proceedings. If it has to pay

¹⁴ See the press release of 13 March 2024 on the Governing Council's decisions.

compensation, the Republic of Slovenia will be able to decide whether to sue Banka Slovenije for reimbursement of the compensation paid in a special procedure. Proceedings under the ZPSVIKOB-1 have not yet been initiated, so the provisions of the act do not affect the financial statements for the year ended 31 December 2024.

Changes to accounting policies

In 2024, there were no changes to the accounting policies applied by Banka Slovenije.

Other issues

The new Accounting Guideline introduced changes to the presentation of the items “Loss for the year” and “Accumulated losses carried forward” in the balance sheet. Furthermore, the new Accounting Guideline introduced additional changes to the layout of the balance sheet and profit and loss account of the NCBs. These changes aimed to foster transparency and increase the information value of the financial statements for readers.

Related to these changes, the Intra-Eurosystem claim of Banka Slovenije vis-à-vis the ECB arising from TARGET was previously presented together with other items under “Other claims within the Eurosystem (net)”. This claim is now presented separately under “Claims related to TARGET”. The 2023 numbers have been restated accordingly.

Auditing of financial statements

The financial statements were audited by Forvis Mazars d.o.o., who were appointed as the external auditor of Banka Slovenije for the financial years 2024 to 2026.

Balance Sheet as at 31 December 2024 and 31 December 2023

ASSETS (thousand euros)		Note number	31 December 2024	31 December 2023
1	Gold and gold receivables	1	256,671	190,922
2	Claims on non-euro area residents denominated in foreign currency	2	2,464,990	1,953,913
2.1	Receivables from the IMF		1,205,240	1,158,770
2.2	Balances with banks and security investments, external loans and other external assets		1,259,750	795,142
3	Claims on euro area residents denominated in foreign currency	3	26,279	40,333
4	Claims on non-euro area residents denominated in euro	4	1,392,428	1,192,968
4.1	Balances with banks, security investments and loans		1,392,428	1,192,968
4.2	Claims arising from the credit facility under ERM II		-	-
5	Lending to euro area credit institutions related to monetary policy operations denominated in euro	5	-	73,670
5.1	Main refinancing operations		-	-
5.2	Longer-term refinancing operations		-	73,670
5.3	Fine-tuning reverse operations		-	-
5.4	Structural reverse operations		-	-
5.5	Marginal lending facility		-	-
5.6	Credits related to margin calls		-	-
6	Other claims on euro area credit institutions denominated in euro	6	267	298
7	Securities of euro area residents denominated in euro	7	17,977,574	18,182,751
7.1	Securities held for monetary policy purposes		15,875,092	16,658,669
7.2	Other securities		2,102,482	1,524,082
8	General government debt denominated in euro		-	-
9	Intra-Eurosystem claims	8	13,278,429	15,798,374
9.1	Participating interest in ECB		91,359	84,067
9.2	Claims equivalent to the transfer of foreign reserves		200,458	194,257
9.3	Claims related to TARGET		12,986,612	15,520,049
9.4	Net claims related to the allocation of euro banknotes within the Eurosystem		-	-
9.5	Other claims within the Eurosystem (net)		-	-
10	Items in the course of settlement	9	6	11
11	Other assets	10	541,211	542,243
11.1	Coins of euro area		4,029	2,351
11.2	Tangible and intangible fixed assets		62,579	53,337
11.3	Other financial assets		52,736	51,746
11.4	Off-balance-sheet instruments revaluation differences		7,756	6,532
11.5	Accruals and prepaid expenditure		258,390	265,434
11.6	Sundry		155,721	162,843
12	Loss for the year		-	-
Total assets			35,937,854	37,975,482

LIABILITIES (thousand euros)	Note number	31 December 2024	31 December 2023
1 Banknotes in circulation	11	7,219,023	6,887,963
2 Liabilities to euro area credit institutions related to monetary policy operations denominated in euro	12	7,381,309	11,069,212
2.1 Current accounts (covering the minimum reserve system)		896,077	538,419
2.2 Deposit facility		6,485,232	10,530,794
2.3 Fixed-term deposits		-	-
2.4 Fine-tuning reverse operations		-	-
2.5 Deposits related to margin calls		-	-
3 Other liabilities to euro area credit institutions denominated in euro	13	223,404	391,681
4 Debt certificates issued		-	-
5 Liabilities to other euro area residents denominated in euro	14	7,116,808	6,806,497
5.1 General government		6,570,834	6,105,545
5.2 Other liabilities		545,974	700,952
6 Liabilities to non-euro area residents denominated in euro	15	219,897	272,362
7 Liabilities to euro area residents denominated in foreign currency	16	20,432	27,018
8 Liabilities to non-euro area residents denominated in foreign currency		-	-
8.1 Deposits, balances and other liabilities		-	-
8.2 Liabilities arising from the credit facility under ERM II		-	-
9 Counterpart of special drawing rights allocated by the IMF	17	975,943	945,834
10 Intra-Eurosystem liabilities	18	10,624,167	9,412,578
10.1 Liabilities equivalent to the transfer of foreign reserves		-	-
10.2 Liabilities related to TARGET		-	-
10.3 Net liabilities related to the allocation of euro banknotes within the Eurosystem		10,554,018	9,353,321
10.4 Other liabilities within the Eurosystem (net)		70,149	59,256
11 Items in the course of settlement		-	-
12 Other liabilities	19	234,064	248,448
12.1 Off-balance-sheet instruments revaluation differences		21	-
12.2 Accruals and income collected in advance		127,402	147,114
12.3 Sundry		106,641	101,334
13 Provisions	20	136,171	317,656
13.1 Risk provisions		122,542	303,388
13.2 Other provisions		13,629	14,268
14 Revaluation accounts	21	523,166	342,451
15 Capital and reserves	22	1,262,227	1,252,804
15.1 Capital		8,346	8,346
15.2 Reserves		1,253,881	1,244,458
16 Accumulated losses carried forward		-	-
17 Profit / (loss) for the year		1,243	977
Total liabilities		35,937,854	37,975,482

Profit and loss account for the years ending 31 December 2024 and 2023

(thousand euros)		Note number	2024	2023
1	Net interest income / (expense)	26	-165,086	-161,566
1.1	<i>Interest income</i>		890,564	772,514
1.2	<i>Interest expense</i>		-1,055,650	-934,080
2	Net result of financial operations and write-downs	27	82,661	3,855
2.1	<i>Realised gains / (losses) arising from financial operations</i>		87,660	9,401
2.2	<i>Write-downs on financial assets and positions</i>		-4,999	-5,547
3	Net result of pooling monetary income	28	-69,944	-59,461
4	Net income / (expense) from fees and commissions	29	13,692	12,880
5	Income from equity instruments and participating interests	30	9,768	7,598
6	Other income	31	3,496	3,497
7	Staff costs	32	-35,162	-33,074
8	Administrative expenses	33	-12,582	-10,454
9	Depreciation of tangible and intangible fixed assets	34	-2,329	-2,452
10	Banknote production services	35	-1,532	-1,034
11	Other expenses	36	-2,584	-987
	Profit / (loss) before transfer (to) / from risk provisions and other charges		-179,603	-241,200
12	Transfer (to) / from risk provisions	37	180,846	242,177
13	Income tax and other government charges on income		-	-
8	Profit / (loss) for the year	38	1,243	977

The notes on pages 16 to 36 form an integral part of the financial statements.

The unaudited financial statements were approved by the Governing Board on 4 March 2025, and these final financial statements were approved by the Governing Board on 31 March 2025 and were signed on its behalf by the Acting President of the Governing Board:

Primož Dolenc
Acting President of the Governing Board
Acting Governor of Banka Slovenije

In accordance with Article 49 of the Banka Slovenije Act, Banka Slovenije shall inform the National Assembly of the Republic of Slovenia of these annual financial statements.

Notes to the balance sheet

1. Gold and gold receivables

With the exception of the stock of gold held at Banka Slovenije, Banka Slovenije's gold holdings consist of gold in foreign bank accounts. In the annual accounts, gold is valued on the basis of the euro price per fine ounce derived from the quotation in USD established at the London fixing on 31 December 2024. This price, communicated by the ECB, amounts to EUR 2,511.069 per ounce of fine gold compared to EUR 1,867.828 on 29 December 2023. The unrealised positive valuation effects of EUR 207.3 million were disclosed under the liability balance sheet item "Revaluation accounts".

	000 EUR	Fine troy ounces
Balance as at 31 December 2022	174,388	102,216
Revaluation of gold stock as at end of 2023	16,534	-
Balance as at 31 December 2023	190,922	102,216
Revaluation of gold stock as at end of 2024	65,749	-
Balance as at 31 December 2024	256,671	102,216

2. Claims on non-euro area residents denominated in foreign currency

This item includes holdings of SDRs allocated by the IMF and the foreign currency claims on non-euro area residents included in Banka Slovenije's foreign reserves.

Sub-item 2.1, "Receivables from the IMF", consists of the reserve tranche, holdings in the SDR account at the IMF and the deposit in the PRGT-DIA.¹⁵ Claims are remunerated by the IMF at a remuneration rate that is calculated weekly.

The reserve tranche represents the difference between the quota of the Republic of Slovenia in the IMF and the IMF's euro holdings at Banka Slovenije.

Holdings in the SDR account at the IMF are reserve assets created and allocated by the IMF to its members in order to increase international liquidity. They are used in transactions between official monetary authorities.

The deposit in the PRGT-DIA is intended to generate Slovenia's subsidy contribution to the benefit of the PRGT.

The SDR is defined in terms of a basket of currencies. Its value is determined as the weighted average of the exchange rates of five currencies (USD, GBP, JPY, EUR and CNY). All claims in the balance sheet are shown on the basis of the market rate of SDR 1 = EUR 1.2544 (31 December 2023: SDR 1 = EUR 1.2157), calculated by the ECB at the end of the year for all central banks participating in the Eurosystem. At the balance sheet date, the market rate of the SDR was above the average cost, and positive valuation effects were therefore in accordance with the accounting rules disclosed under the liability balance sheet item "Revaluation accounts".

¹⁵ Poverty Reduction and Growth Trust – Deposit and Investment account.

	31 December 2024		31 December 2023		Change	
	000 SDR	000 EUR	000 SDR	000 EUR	000 SDR	000 EUR
Quota	586,500	735,706	586,500	713,008	-	22,698
Less IMF holdings of euro	-445,695	-559,080	-423,539	-514,896	-22,156	-44,184
Reserve tranche at the IMF	140,805	176,626	162,961	198,112	-22,156	-21,486
SDR holdings	745,005	934,534	790,210	960,658	-45,205	-26,124
Deposit in the PRGT Fund	75,000	94,080			75,000	94,080
Total	960,810	1,205,240	953,171	1,158,770	7,638	46,469

Sub-item 2.2, "Balances with banks and security investments, external loans and other external assets", includes the foreign currency assets held with non-euro area residents. Foreign currency assets are shown under this sub-item at their euro equivalent as calculated on the basis of the market exchange rates as at 31 December 2024.

Breakdown of foreign currency assets by type of investment:

	31 December 2024	31 December 2023	Change
	000 EUR	000 EUR	000 EUR
Sight deposits	1,645	4,053	-2,409
Debt securities	658,619	379,390	279,228
Investment funds	599,486	411,699	187,788
Total	1,259,750	795,142	464,608

Breakdown of foreign currency assets by currency:

	31 December 2024	31 December 2023	Change
	000 EUR	000 EUR	000 EUR
USD	1,176,925	719,410	457,516
CNY	82,217	75,443	6,774
Other currencies	608	290	318
Total	1,259,750	795,142	464,608

Breakdown of debt securities according to their residual maturity:

	31 December 2024	31 December 2023	Change
	000 EUR	000 EUR	000 EUR
≤ 1 year	84,830	5,762	79,067
>1 year and ≤ 5 years	327,770	215,990	111,780
> 5 years	246,019	157,638	88,381
Total	658,619	379,390	279,228

3. Claims on euro area residents denominated in foreign currency

The foreign currency assets held with euro area residents are invested in sight deposits and debt securities in foreign currencies.

Foreign currency assets are shown at their euro equivalent as calculated on the basis of the market exchange rates on 31 December 2024.

Breakdown of foreign currency assets by type of investment:

	31 December 2024	31 December 2023	Change
	000 EUR	000 EUR	000 EUR
Sight deposits	9	8	1
Debt securities	26,270	40,325	-14,055
Total	26,279	40,333	-14,054

Breakdown of foreign currency assets by currency:

	31 December 2024	31 December 2023	Change
	000 EUR	000 EUR	000 EUR
USD	26,279	40,333	-14,054
Total	26,279	40,333	-14,054

Breakdown of debt securities according to their residual maturity:

	31 December 2024	31 December 2023	Change
	000 EUR	000 EUR	000 EUR
≤ 1 year	-	25,084	-25,084
>1 year and ≤ 5 years	9,469	2,600	6,868
>5 years	16,802	12,640	4,161
Total	26,270	40,325	-14,055

4. Claims on non-euro area residents denominated in euro

The claims on non-euro area residents denominated in euro included under this balance sheet item are invested in sight deposits and debt securities.

Breakdown of euro-denominated assets by type of investment:

	31 December 2024	31 December 2023	Change
	000 EUR	000 EUR	000 EUR
Sight deposits	0	0	-
Debt securities	1,392,428	1,192,968	199,461
Total	1,392,428	1,192,968	199,461

Breakdown of debt securities according to their residual maturity:

	31 December 2024	31 December 2023	Change
	000 EUR	000 EUR	000 EUR
≤ 1 year	314,599	304,962	9,637
>1 year and ≤ 5 years	754,485	701,766	52,719
>5 years	323,344	186,240	137,104
Total	1,392,428	1,192,968	199,461

5. Lending to euro area credit institutions related to monetary policy operations in euro

This item shows operations carried out by Banka Slovenije within the framework of the single monetary policy of the Eurosystem and reflects the volume and structure of Banka Slovenije's refinancing of the Slovenian credit institutions.

The total Eurosystem holding of monetary policy assets amounts to EUR 34,221 million (31 December 2023: EUR 410,290 million, of which Banka Slovenije held EUR 74 million). Banka Slovenije has no

such positions at the end of 2024. In accordance with Article 32.4 of the Statute of the ESCB and the ECB, losses from monetary policy operations, if they were to materialise, are shared, by decision of the Governing Council, in full by the Eurosystem NCBs, in proportion to the prevailing ECB capital key shares (see “Provisions” in the notes to the balance sheet).

Losses can only materialise if both the counterparty fails and the recovery of funds received from the resolution of the collateral provided by the counterparty is not sufficient. For specific collateral which can be accepted by NCBs at their own discretion, risk sharing has been excluded by the Governing Council of the ECB.

	31 December 2024	31 December 2023	Change
	000 EUR	000 EUR	000 EUR
Longer-term refinancing operations	-	73,670	-73,670
Total	-	73,670	-73,670

Longer-term refinancing operations aim to provide counterparties with additional longer-term refinancing. These operations were conducted at fixed rate with allotment of the total amount bid.

In addition to the series of seven quarterly targeted longer-term refinancing operations (TLTRO III) introduced in 2019, the Governing Council added three further operations to this series in December 2020, which were conducted between June and December 2021. These operations had a three-year maturity and therefore the last operation matured in 2024. For all TLTROs III, starting 12 months after the settlement of each operation, participants had the option on a quarterly basis of terminating or reducing the amount of TLTRO III concerned before maturity. Borrowing rates in these operations could be as low as 50 basis points below the average interest rate on the deposit facility over the period from 24 June 2020 to 23 June 2022, but in any case they might not become less negative than -1%, and as low as the average – for the relevant period – interest rate on the deposit facility during the rest of the life of the same operation.¹⁶

The actual interest rates could only be known at the maturity or early repayment of each operation, and before that a reliable estimate was used for calculating the TLTRO III interest accruals. This means that for the 2023 annual accounts, the interest rate for the accruals was indexed to the average applicable key ECB interest rate since the beginning of the last interest period of these operations, which began on 23 November 2022. Any difference between the accrued and the actual interest is reflected in 2024 result.

6. Other claims on euro area credit institutions denominated in euro

This item, amounting to EUR 0.3 million (31 December 2023: EUR 0.3 million), comprises claims on credit institutions which do not relate to monetary policy operations. Funds are invested in sight deposits.

7. Securities of euro area residents denominated in euro

This item includes securities held for monetary policy purposes and other securities issued by euro area residents denominated in euro.

¹⁶ On 27 October 2022 the Governing Council decided that, from 23 November 2022 until the maturity date or early repayment date of each respective outstanding TLTRO III operation, the interest rate on TLTRO III operations will be indexed to the average applicable key ECB interest rates over this period.

As at 31 December 2024, sub-item 7.1, “Securities held for monetary policy purposes”, consisted of securities acquired by Banka Slovenije within the scope of the third covered bonds purchase programme (CBPP3),¹⁷ the public sector purchase programme (PSPP)¹⁸ and the pandemic emergency purchase programme (PEPP).¹⁹

In 2024 the asset purchase programme (APP)²⁰ portfolio continued to decline, as the Eurosystem, since July 2023, no longer reinvests the principal payments from maturing securities.²¹

As concerns the PEPP,²² following the Governing Council decision in December 2023,²³ during the first half of 2024 the Eurosystem continued to reinvest, in full, the principal payments from maturing securities. Over the second half of the year, the PEPP portfolio declined by EUR 7.5 billion per month on average, as the Eurosystem did not reinvest all of the principal payments from maturing securities. The reinvestments under the PEPP were discontinued at the end of 2024.

The securities purchased under these programmes are valued on an amortised cost basis subject to impairment (see “Securities held for monetary policy purposes” in the notes on accounting policies).

The amortised cost of the securities held by Banka Slovenije, and their market value²⁴ (which is not recorded on the balance sheet or in the profit and loss account but is provided for comparison purposes only), are as follows:

	31 December 2024		31 December 2023		Change	
	Amortised cost	Market value	Amortised cost	Market value	Amortised cost	Market value
	000 EUR	000 EUR	000 EUR	000 EUR	000 EUR	000 EUR
Third covered bond purchase programme	201,587	198,308	279,525	270,013	-77,938	-71,705
Public sector purchase programme	10,324,955	9,305,105	10,862,439	9,667,704	-537,484	-362,598
Pandemic emergency purchase programme	5,348,551	4,598,138	5,516,705	4,632,688	-168,154	-34,550
Total	15,875,092	14,101,552	16,658,669	14,570,406	-783,576	-468,854

¹⁷ Decision of the European Central Bank of 3 February 2020 on the implementation of the third covered bond purchase programme (recast) (ECB/2020/8), OJ L 39, 12.02.2020, pp. 6–11, as amended.

¹⁸ Decision of the European Central Bank of 3 February 2020 on a secondary markets public sector purchase programme (recast) (ECB/2020/9), OJ L 39, 12.02.2020, pp. 12–18.

¹⁹ Decision of the European Central Bank of 24 March 2020 on a temporary pandemic emergency purchase programme (ECB/2020/17), OJ L 91, 25.03.2020, pp. 1–4, as amended.

²⁰ The APP programme consists of CBPP3, the asset-backed securities purchase programme (ABSPP), the PSPP and the corporate sector purchase programme (CSPP). Further details on the APP can be found on the ECB’s website:
<https://www.ecb.europa.eu/mopo/implement/omt/html/index.en.html>.

²¹ See the press release on 15 June 2023 on the Governing Council’s decisions.

²² Further details on the PEPP can be found on the ECB’s website:
<https://www.ecb.europa.eu/mopo/implement/pepp/html/index.en.html>.

²³ See the press release on 14 December 2023 of the Governing Council’s decisions.

²⁴ Market values are indicative and were derived on the basis of market quotes. When market quotes were not available, market prices were estimated using internal Eurosystem models.

Breakdown of securities held for monetary policy purposes according to their residual maturity:

	31 December 2024	31 December 2023	Change
	000 EUR	000 EUR	000 EUR
≤ 1 year	1,113,125	870,670	242,455
>1 year and ≤ 5 years	5,107,566	5,129,817	-22,250
> 5 years	9,654,402	10,658,182	-1,003,781
Total	15,875,092	16,658,669	-783,576

The Governing Council assesses on a regular basis the financial risks associated with the securities held under these programmes. In this context, impairment tests are conducted on an annual basis, using data as at the year-end, and are approved by the Governing Council. In these tests, impairment indicators are assessed separately for each programme. In cases where impairment indicators are observed, further analysis is performed to confirm that the cash flows of the underlying securities have not been affected by an impairment event.

The total Eurosystem holding of CBPP, SMP, ABSPP, PSPP, CSPP and PEPP securities amounts to EUR 4,283,370 million (31 December 2023: EUR 4,694,345 million), of which Banka Slovenije holds EUR 15,875 million (31 December 2023: EUR 16,659 million). In accordance with the decision of the Governing Council taken under Article 32.4 of the Statute of the ESCB and the ECB, losses from holdings of SMP, CBPP3, ABSPP, CSPP and PEPP (except those issued by the public sector) securities and PSPP securities issued by an international organisation or a multilateral development bank, if they were to materialise, are shared in full by the Eurosystem NCBs, in proportion to the prevailing ECB capital key shares.

Based on the results of this year's impairment tests, no losses have been recorded by Banka Slovenije for the securities held in its monetary policy portfolios in 2024.

Sub-item 7.2, "Other securities", covers the portfolio of marketable securities issued by governments and credit and corporate institutions of the euro area.

Breakdown of securities per portfolio:

	31 December 2024	31 December 2023	Change
	000 EUR	000 EUR	000 EUR
Marketable securities other than those held to maturity	2,102,482	1,524,082	578,399
Total	2,102,482	1,524,082	578,399

Breakdown of securities according to their residual maturity:

	31 December 2024	31 December 2023	Change
	000 EUR	000 EUR	000 EUR
≤ 1 year	349,208	119,826	229,382
>1 year and ≤ 5 years	1,035,293	905,693	129,599
> 5 years	717,981	498,563	219,418
Total	2,102,482	1,524,082	578,399

8. Intra-Eurosystem claims

Sub-item 9.1 shows Banka Slovenije's participating interest in the ECB and includes (i) Banka Slovenije's paid-up share in the ECB's subscribed capital, (ii) the net amount paid by Banka Slovenije due to the increase in its share in the ECB's equity value resulting from all previous ECB capital key adjustments, and (iii) contributions in accordance with Article 48.2 of the Statute of the ESCB and the ECB.

Pursuant to Article 28 of the Statute of the ESCB and the ECB, the ESCB national central banks are the sole subscribers to the capital of the ECB. Subscriptions depend on shares which are fixed in accordance with Article 29 of the Statute of the ESCB and the ECB and are subject to adjustment every five years or whenever there is a change in composition of the ESCB national central banks. The most recent such adjustment took effect on 1 January 2024. Consequently, on 1 January 2024, the share that Banka Slovenije held in the subscribed capital of the ECB – EUR 10.8 billion in total – increased from 0.3916% to 0.4041%, and the paid amount under the asset item 9.1 "Participating interest in the ECB" increased by EUR 1.4 million to EUR 43.7 million as a result of the additional capital contribution that was transferred to the ECB.

The subscribed and paid-up capital of the 27 European central banks in the capital of the ECB on 31 December 2024 is as follows:

	Capital key	Subscribed capital	Of which fully paid up	Eurosystem key
	%	EUR	EUR	%
Nationale Bank van België/				
Banque Nationale de Belgique	3.0005	324,804,337	324,804,337	3.6695
Deutsche Bundesbank	21.7749	2,357,134,464	2,357,134,464	26.6301
Eesti Pank	0.2437	26,380,542	26,380,542	0.2980
Central Bank of Ireland	1.7811	192,804,201	192,804,201	2.1782
Bank of Greece	1.8474	199,981,181	199,981,181	2.2593
Banco de España	9.6690	1,046,669,934	1,046,669,934	11.8249
Banque de France	16.3575	1,770,700,531	1,770,700,531	20.0047
Hrvatska narodna banka	0.6329	68,511,470	68,511,470	0.7740
Banca d'Italia	13.0993	1,418,000,151	1,418,000,151	16.0201
Central Bank of Cyprus	0.1802	19,506,663	19,506,663	0.2204
Latvijas Banka	0.3169	34,304,447	34,304,447	0.3876
Lietuvos bankas	0.4826	52,241,484	52,241,484	0.5902
Banque centrale du Luxembourg	0.2976	32,215,221	32,215,221	0.3640
Central Bank of Malta	0.1053	11,398,732	11,398,732	0.1288
De Nederlandsche Bank	4.8306	522,912,792	522,912,792	5.9077
Oesterreichische Nationalbank	2.4175	261,694,546	261,694,546	2.9565
Banco de Portugal	1.9014	205,826,684	205,826,684	2.3254
Banka Slovenije	0.4041	43,743,854	43,743,854	0.4942
Národná banka Slovenska	0.9403	101,787,541	101,787,541	1.1500
Suomen Pankki	1.4853	160,783,830	160,783,830	1.8165
Total euro area NCBs	81.7681	8,851,402,606	8,851,402,606	100.0000
Bulgarian National Bank	0.9783	105,901,044	3,971,289	
Česká národní banka	1.9623	212,419,114	7,965,717	
Danmarks Nationalbank	1.7797	192,652,651	7,224,474	
Magyar Nemzeti Bank	1.5819	171,240,787	6,421,530	
Narodowy Bank Polski	6.0968	659,979,031	24,749,214	
Banca Națională a României	2.8888	312,712,804	11,726,730	
Sveriges Riksbank	2.9441	318,699,033	11,951,214	
Total non-euro area NCBs	18.2319	1,973,604,464	74,010,167	
Total euro area and non-euro area NCBs	100.0000	10,825,007,070	8,925,412,773	

In accordance with Article 48.2 of the Statute of the ESCB and the ECB and the legal acts adopted by the Governing Council of the ECB, Banka Slovenije also made a contribution of EUR 36.7 million to the ECB's foreign exchange, gold and security price revaluation accounts and to the ECB's provision for financial risks in 2007. The payment was made in two parts. As a result of a difference between the euro equivalent of foreign reserve assets to be transferred to the ECB at current exchange rates and the claim of Banka Slovenije in accordance with its capital key (disclosed under asset item 9.2), the amount of EUR 7.6 million was used as the advance contribution to the ECB reserves, provisions and revaluation accounts on 3 January 2007. The rest of the contribution was paid after the approval of the ECB's 2006 Annual Accounts by the Governing Council of the ECB in March 2007.

Due to changes in the ECB's capital key on 1 January 2009, 1 July 2013, 1 January 2014 and 1 January 2024, the additional contributions were made to the ECB's net equity by Banka Slovenije on 9 March 2009, 12 July 2013, 21 February 2014 and 23 February 2024. As a result of the ECB's capital

key changes on 1 January 2019 and 1 February 2020, the relative share of Banka Slovenije in the accumulated net equity of the ECB decreased.

	31 December 2024
	000 EUR
Contribution to revaluation accounts	
- paid on 3 January 2007	7,647
- paid on 12 March 2007	18,105
Contribution to reserves and provisions	
- paid on 12 March 2007	10,947
Contribution paid on 9 March 2009	2,700
Contribution paid on 12 July 2013	50
Contribution paid on 21 February 2014	5,350
Contribution received on 22 February 2019	-2,618
Contribution received on 28 February 2020	-504
Contribution paid on 23 February 2024	5,938
Total	47,615

Sub-item 9.2 represents Banka Slovenije's claims, amounting to EUR 200.5 million, arising from the transfer of foreign reserve assets to the ECB when Banka Slovenije joined the Eurosystem. In line with Article 30.2 of the Statute of the ESCB, these contributions are fixed in proportion to NCBs' share in the subscribed capital of the ECB. Given the five-yearly adjustment of the NCBs' weightings in the key for subscription to the ECB's capital on 1 January 2024, the weighting of Banka Slovenije in the ECB's subscribed capital increased. Consequently, the euro-denominated claim of Banka Slovenije increased by EUR 6.2 million to EUR 200.5 million on 1 January 2024.

The remuneration of these claims was calculated daily at the latest available marginal interest rate used by the Eurosystem in its tenders for main refinancing operations, adjusted to reflect a zero return on the gold component (see "Post-balance-sheet events" in accounting policies).

Sub-item 9.3, "Claims related to TARGET", amounting to EUR 12,986.6 million (31 December 2023: EUR 15,520.0 million) represents the position of Banka Slovenije vis-à-vis the ECB (see "Intra-ESCB balances/Intra-Eurosystem balances" in the notes on accounting policies).

The remuneration of this claim was calculated daily at the latest available marginal interest rate used by the Eurosystem in its tenders for the main refinancing operations (see "Post-balance-sheet events" in accounting policies).

9. Items in course of settlement

These claims comprise transactions that were not yet settled as at the end of the financial year.

10. Other assets

Banka Slovenije's holding of coins, issued by the Republic of Slovenia in the amount of EUR 4.0 million, is shown in sub-item 11.1, "Coins of euro area" (31 December 2023: EUR 2.4 million).

Sub-item 11.2, “Tangible and intangible fixed assets”, comprises land and buildings, computer hardware and software, furniture, and other equipment.

	Land and buildings	Computers & equipment	Total
	000 EUR	000 EUR	000 EUR
Cost or valuation			
At 31 December 2023	50,849	35,386	86,236
Additions	36	2,956	2,992
Disposals	79	371	449
Revaluation	8,684	-	8,684
At 31 December 2024	59,490	37,972	97,462
Depreciation			
At 31 December 2023	3,322	29,577	32,899
Disposals	14	371	385
Charge for the year	479	1,890	2,369
At 31 December 2024	3,787	31,096	34,883
Net book value			
At 31 December 2023	47,527	5,809	53,337
At 31 December 2024	55,703	6,876	62,579

As at 31 December 2024, an amount of EUR 30.6 million related to investment properties in Austria is included in land and buildings (31 December 2023: EUR 21.9 million). From 2019 onwards, Banka Slovenije has recognised long-term leases as a right-of-use asset among fixed assets.

Sub-item 11.3, “Other financial assets”, amounting to EUR 52.7 million (31 December 2023: EUR 51.7 million), contains Banka Slovenije’s participating interests in international financial organisations and other financial assets.

Sub-item 11.4, “Off-balance-sheet instruments revaluation differences”, amounting to EUR 7.8 million (31 December 2023: EUR 6.5 million), includes the positive revaluation effects arising from the forward legs of foreign currency swaps agreed in 2024 which are to be settled in the subsequent year. At the end of 2023, the balance also included the valuation results of foreign exchange spot transactions. Foreign currency swaps and foreign exchange spot transactions are recorded in the off-balance-sheet accounts.

Sub-item 11.5, “Accruals and prepaid expenses”, in the amount of EUR 258.4 million (31 December 2023: EUR 265.4 million), contains the accrued income identified at 31 December 2024. This consists mainly of interest income which is due in the subsequent financial year.

Sub-item 11.6, “Sundry”, amounting to EUR 155.7 million (31 December 2023: EUR 162.8 million), consists of fiduciary and other assets.

11. Banknotes in circulation

This item consists of Banka Slovenije's share of the total euro banknotes in circulation (see "Banknotes in circulation" in the notes on accounting policies).

	31 December 2024	31 December 2023	Change
	000 EUR	000 EUR	000 EUR
Total value of euro banknotes put into circulation by Banka Slovenije	17,773,041	16,241,284	1,531,757
Liability resulting from the ECB's share of euro banknotes in circulation	-627,971	-598,844	-29,127
Liability according to Banka Slovenije's weighting in the ECB's capital key	-9,926,047	-8,754,477	-1,171,570
Total banknotes in circulation	7,219,023	6,887,963	331,061

During 2024, the total value of banknotes in circulation within the Eurosystem increased by 1.3%. According to the allocation key, Banka Slovenije had euro banknotes in circulation worth EUR 7,219.0 million at the end of the year compared with EUR 6,888.0 million at the end of 2023. The value of the euro banknotes actually issued by Banka Slovenije in 2024 increased by 9.4% from EUR 16,241.3 million to EUR 17,773.0 million. As this was more than the allocated amount, the difference of EUR 10,554.0 million (compared to EUR 9,353.3 million at the end of 2023) is shown under liability sub-item 10.3, "Net liabilities related to the allocation of euro banknotes within the Eurosystem".

12. Liabilities to euro area credit institutions related to monetary policy operations denominated in euro

	31 December 2024	31 December 2023	Change
	000 EUR	000 EUR	000 EUR
Current accounts (covering the minimum reserve system)	896,077	538,419	357,658
Deposit facility	6,485,232	10,530,794	-4,045,561
Total	7,381,309	11,069,212	-3,687,903

Current accounts contain the credit balances on the transaction accounts of credit institutions that are required to hold minimum reserves, excluding funds of credit institutions that are not freely disposable and accounts of credit institutions exempt from minimum reserve requirements, which are disclosed separately under liability item 3, "Other liabilities to euro area credit institutions denominated in euro".

Banks' minimum reserve balances were remunerated at the latest available marginal interest rate used by the Eurosystem in its tenders for main refinancing operations until 20 December 2022, and at the Eurosystem's deposit facility rate between 21 December 2022 and 19 September 2023. Following a Governing Council decision on 27 July 2023, these balances have been remunerated at zero percent since 20 September 2023.

The deposit facility refers to overnight deposits placed by Slovenian banks that access the Eurosystem's liquidity absorbing standing facility at the pre-specified rate.

13. Other liabilities to euro area credit institutions denominated in euro

Item 3 "Other liabilities to euro area credit institutions denominated in euro", amounting to EUR 223.4 million (31 December 2023: EUR 391.7 million), contains cash received as collateral in connection with the APP and own investments' securities lending.

14. Liabilities to other euro area residents denominated in euro

Sub-item 5.1, "General government", encompasses the balances of the government sight deposits in euro. The deposits of other public depositors constitute balances held by local communities, the Bank Liquidation Fund and the Deposit Guarantee Fund.

	31 December 2024	31 December 2023	Change
	000 EUR	000 EUR	000 EUR
Government sight deposits and special funds	6,168,051	5,580,903	587,148
Other public sector deposits	402,782	524,642	-121,860
Total	6,570,834	6,105,545	465,288

Sub-item 5.2, "Other liabilities", amounting to EUR 546.0 million (31 December 2023: EUR 701.0 million), includes accounts of the Central Securities Clearing Corporation and Bankart.

15. Liabilities to non-euro area residents denominated in euro

The balance sheet item "Liabilities to non-euro area residents denominated in euro", amounting to EUR 219.9 million (31 December 2023: EUR 272.4 million), contains cash received as collateral in connection with the APP and own investments' securities lending and euro balances of international and supranational organisations. The IMF account No. 2 is also included in this balance sheet item.

16. Liabilities to euro area residents denominated in foreign currency

This item, amounting to EUR 20.4 million (31 December 2023: EUR 27.0 million), contains foreign currency sight deposits and special funds of central government.

17. Counterpart of special drawing rights allocated by the IMF

This item, amounting to EUR 975.9 million (31 December 2023: EUR 945.8 million), represents the liability of Banka Slovenije towards the IMF, which corresponds to the allocation of SDRs to the Republic of Slovenia as a result of its membership in the IMF. At the end of 2024, the liability is shown in the balance sheet on the basis of the market rate of SDR 1 = EUR 1.2544 (31 December 2023: SDR 1 = EUR 1.2157), calculated by the ECB at the end of the year for all central banks participating in the Eurosystem.

18. Intra-Eurosystem liabilities

Sub-item 10.3, "Net liabilities related to the allocation of euro banknotes within the Eurosystem", amounting to EUR 10,554.0 million, consists of the claims and liabilities of Banka Slovenije vis-à-vis the Eurosystem relating to the allocation of euro banknotes within the Eurosystem (see "Banknotes in circulation" and "Intra-ESCB balances/Intra-Eurosystem balances" in the notes on accounting policies).²⁵ The increase of net liability in comparison to 2023 (by EUR 1,201 million) was due to the increase in banknotes put into circulation by Banka Slovenije in 2024 (which represents an increase of 9.4%), as well as the rise in banknotes in circulation in the Eurosystem as a whole (increase of 1.3% compared to 2023).

The remuneration of these liabilities was calculated daily at the latest available marginal interest rate used by the Eurosystem in its tenders for the main refinancing operations (see "Post-balance-sheet events" in accounting policies).

Sub-item 9.4, "Other claims within the Eurosystem (net)", represents the position vis-à-vis the ECB in respect of pooling and allocation of monetary income within the Eurosystem pending settlement. This position had a credit balance of EUR 70.1 million at year-end (31 December 2023: EUR 59.3 million) (see "Net result of pooling of monetary income" in the notes to the profit and loss account).

19. Other liabilities

Sub-item 12.1, "Off-balance-sheet instruments revaluation differences", includes the valuation results of foreign exchange spot transactions agreed in 2024 which are to be settled in the subsequent year. At 31 December 2023 there were no such liabilities.

Sub-item 12.2, "Accruals and income collected in advance", amounting to EUR 127.4 million (31 December 2023: EUR 147.1 million), contains the accrued interest and other expenses identified at 31 December 2024 which are due in the new financial year or later but were incurred in the financial year just ended.

Sub-item 12.3, "Sundry", amounting to EUR 106.6 million (31 December 2023: EUR 101.3 million), consists mainly of fiduciary liabilities and non-returned tolar banknotes.

20. Provisions

	31 December 2024	31 December 2023	Change
	000 EUR	000 EUR	000 EUR
Risk provisions	122,542	303,388	-180,846
Other provisions	13,629	14,268	-639
Total	136,171	317,656	-181,485

²⁵ According to the accounting regime chosen by the Eurosystem on the issue of euro banknotes, a share of 8% of the total value of the euro banknotes in circulation is allocated to the ECB on a monthly basis. The remaining 92% of the value of the euro banknotes in circulation is allocated to the NCBs also on a monthly basis, whereby each NCB shows in its balance sheet a share of the euro banknotes issued corresponding to its paid-up share in the ECB's capital. The difference between the value of the euro banknotes allocated to the NCB according to the aforementioned accounting regime and the value of euro banknotes put into circulation is recorded as "Net claim related to the allocation of euro banknotes within the Eurosystem" or "Net liability related to the allocation of euro banknotes within the Eurosystem".

Sub-item 13.1, "Risk provisions", includes provisions for general risks. Taking into account Banka Slovenije's exposure to financial risks, general provisions for covering losses arising from changes in interest rates, exchange rates and prices, as well as for covering losses from credit events, can be created. If the estimated risks for which general provisions have previously been created are realised and a loss is incurred as a result, this is first covered by a surplus of Banka Slovenije's revenue over its expenditure. If this is not sufficient, Banka Slovenije makes use of general provisions. Provisions in the net amount of EUR 180.8 million were thus released in 2024 to cover losses resulting from the exposure to financial risks.

Sub-item 13.2, "Other provisions", contains provisions for employees and for known risks.

Provisions for employees include provisions for severance pay and long-service awards and are calculated in accordance with IAS 19 – "Employee benefits". These take into account the stipulations of Banka Slovenije's collective agreement, expected future salary increases, employee turnover and a rate to discount future obligations. Provisions are calculated based on actuarial assumptions as at 31 December 2024.

Provisions for known risks relate to potential liabilities of Banka Slovenije stemming from on-balance-sheet positions and potential liabilities arising from the performance of the tasks of Banka Slovenije.

At the end of 2023, this item also included the provision established in 2023 by the NCBs of participating Member States with regard to credit risks in monetary policy operations. The amount of EUR 43 million was used to cover the biggest part of the loss realised on the sale in 2024 of an impaired security held by one of the Eurosystem NCBs under the CSPP. Out of this amount, EUR 0.2 million was covered by the provision established in 2023 by Banka Slovenije.

21. Revaluation accounts

The positive difference between the market value and the average acquisition costs in the case of gold holdings, net positions in each foreign currency and the securities portfolio is shown in this balance sheet item.

	31 December 2024	31 December 2023	Change
	000 EUR	000 EUR	000 EUR
Gold	207,331	141,582	65,749
Foreign currency	113,112	37,083	76,029
- USD	100,302	33,769	66,532
- SDR	10,320	3,311	7,009
- other foreign currencies	2,491	3	2,488
Securities	202,722	163,786	38,936
- securities in foreign currencies (asset items 2 and 3)	72,766	67,511	5,255
- securities in euro (asset items 4 and 7)	129,956	96,275	33,681
Total	523,166	342,451	180,715

The acquisition cost of gold was EUR 482.700 per fine ounce of gold at the end of 2024 (2023: EUR 482.700), compared to the market price at the end of 2024, which was EUR 2,511.069 per fine ounce of gold (2023: EUR 1,867.828). The market value of the gold position exceeded its acquisition price and resulted in positive valuation effects amounting to EUR 207.3 million (2023: EUR 141.6 million).

In the case of foreign currency positions, positive valuation effects of EUR 100.3 million at the end of 2024 arose from the valuation of the USD position and EUR 10.3 million from the valuation of the SDR

position. The average acquisition cost of foreign currencies at the end of 2024 was USD 1.1320 for EUR and EUR 1.2051 for SDR (2023: USD 1.1516 for EUR and EUR 1.1993 for SDR), while the market rate was USD 1.0389 for EUR and EUR 1.2544 for SDR (2023: USD 1.1050 for EUR and EUR 1.2157 for SDR).

In the case of the valuation of securities, positive valuation effects of EUR 130.0 million arose from the valuation of the EUR-denominated portfolio (2023: EUR 96.3 million), EUR 63.5 million from the valuation of the USD-denominated portfolio (2023: EUR 62.6 million) and EUR 9.2 million from the valuation of the CNY-denominated portfolio (2023: EUR 4.9 million).

22. Capital and reserves

In accordance with Article 5 of the Banka Slovenije Act, the capital of Banka Slovenije was created in 2002 from the general reserves in the amount of EUR 8.3 million. Banka Slovenije's initial capital may be increased by allocating funds from the general reserves in an amount to be determined by the Governing Board.

The reserves of Banka Slovenije are composed of general reserves and special reserves. General reserves serve to cover general risks associated with the operations of Banka Slovenije. They are generated through the allocation of the annual surplus of Banka Slovenije. Special reserves serve to cover exchange rate and price risks. Investment properties revaluation reserves are created from the valuation gains arising mainly from the appraisal of the investment properties in Austria, performed by the independent real estate assessor.

The composition of reserves is as follows:

	31 December 2024	31 December 2023	Change
	000 EUR	000 EUR	000 EUR
General reserves	1,029,156	1,028,423	733
Special reserves for foreign exchange differences	174,214	174,214	-
Special reserves for price risk (gold)	19,736	19,736	-
Valorisation reserves	30,775	22,085	8,690
Total	1,253,881	1,244,458	9,423

Notes to the off-balance-sheet items

23. Foreign currency swaps

As at 31 December 2024, the forward foreign currency position arising from EUR/foreign currency swap transactions amounted to EUR 94.3 million (31 December 2023: EUR 161.3 million).

The forward claims and forward liabilities in foreign currencies are revalued at the same exchange rates as those used for spot holdings in foreign currencies.

	31 December 2024		31 December 2023		Change	
	000 USD	000 EUR	000 USD	000 EUR	000 USD	000 EUR
Forward claims in USD	98,000	94,331	178,200	161,267	-80,200	-66,936
Total	98,000	94,331	178,200	161,267	-80,200	-66,936

24. Securities lending

As at 31 December 2024, securities with a market value of EUR 481.3 million (31 December 2023: EUR 598.3 million) were lent under automated securities lending contracts with agents. The collateral received was reinvested into reverse repo transactions or deposited with Banka Slovenije.

25. Other off-balance-sheet items

The following other financial claims and liabilities of Banka Slovenije were stated off-balance-sheet as at 31 December 2024:

- an obligation under the IMF's statute to provide currency on demand in exchange for SDRs up to three times the amount that Banka Slovenije received from the IMF, which was equivalent to EUR 1,993.3 million as at 31 December 2024 (31 December 2023: EUR 1,876.8 million);
- an obligation under the Loan Agreement between Banka Slovenije and the IMF to lend the IMF an SDR denominated amount up to the equivalent of EUR 392.0 million (31 December 2023: EUR 392.0 million);
- a contingent liability of EUR 202.1 million, equivalent to Banka Slovenije's share of the maximum of EUR 50 billion reserve assets that the ECB may additionally request the euro area NCBs to transfer under Article 30.1 of the Statute of the ESCB and of the ECB (31 December 2023: EUR 195.8 million);
- a contingent claim arising from the credit lines as an instrument of intraday liquidity provision within TARGET, amounting to EUR 60.0 million, granted based on eligible collateral and by means of overdraft on participants' settlement accounts (31 December 2023: EUR 270.0 million).

Notes to the profit and loss account

26. Net interest income / (expense)

Interest income

Interest income consists of interest income from foreign reserve assets, euro-denominated assets, intra-Eurosystem claims, loans to credit institutions related to monetary policy and receivables from the IMF and other interest income.

	2024	2023	Change
	000 EUR	000 EUR	000 EUR
Current accounts and deposits	236	138	99
- in foreign currency	236	138	99
Securities	241,547	187,564	53,983
- in foreign currency	20,769	13,110	7,659
- in euro	220,778	174,454	46,324
IMF	44,552	44,503	49
Loans to credit institutions related to monetary policy	704	11,021	-10,317
Intra-Eurosystem claims	596,133	522,547	73,586
Foreign currency swaps	2,115	2,139	-24
Other interest income	5,276	4,602	675
Total	890,564	772,514	118,050

Interest expense

Interest expense arises from liabilities in the form of accounts and deposits of credit institutions, government and other clients, from the liabilities to the IMF, from the intra-Eurosystem liabilities and other interest expense.

	2024	2023	Change
	000 EUR	000 EUR	000 EUR
Current accounts and deposits	279,687	240,792	38,894
- in foreign currency	1,059	1,447	-388
- in euro	278,628	239,346	39,282
IMF	35,602	35,405	197
Deposits of credit institutions related to monetary policy	330,905	331,261	-356
Intra-Eurosystem liabilities	409,457	326,563	82,894
Other interest expense	0	59	-58
Total	1,055,650	934,080	121,570

27. Net result of financial operations and write-downs

The net income shown in the sub-item "Realised gains/losses arising from financial operations" arises from the sale of currency positions and securities.

Write-downs of financial assets and positions reflect the decline in market prices of balance sheet items below the average cost of the respective currencies or securities as at 31 December 2024. The valuation loss in 2024 occurred mainly on USD-denominated securities (2023: USD-denominated securities and CNY currency position).

	2024	2023	Change
	000 EUR	000 EUR	000 EUR
Realised gains/losses arising from financial operations			
Currency position	1,061	2,218	-1,157
Securities	86,598	7,183	79,415
Total	87,660	9,401	78,258
Write-downs on financial assets and positions			
Currency position	-2	-4,488	4,486
Securities	-4,997	-1,058	-3,939
Total	-4,999	-5,547	548
Total	82,661	3,855	78,806

28. Net result of pooling of monetary income

This item contains the net result of pooling of monetary income for 2024, amounting to an expense of EUR 69.9 million compared to the expense of EUR 59.5 million in the previous year. This item also contains Banka Slovenije's share of the realised loss in relation to the sale in 2024 of an impaired security held by an NCB of the Eurosystem in its CSPP portfolio, as well as the usage of the provision established in 2023 against losses in monetary policy operations portfolio (see "Provisions" in the notes to the balance sheet).

	2024	2023	Change
	000 EUR	000 EUR	000 EUR
Net monetary income pooled by Banka Slovenije	292,404	253,896	38,508
Net monetary income allocated to Banka Slovenije	222,562	194,680	27,882
Monetary income reallocation for the year	-69,842	-59,216	-10,626
Adjustments of monetary income reallocation for previous years	-308	-41	-267
Provisions in respect of monetary policy operations	205	-205	410
Total	-69,944	-59,461	-10,483

The monetary income of the Eurosystem NCBs is allocated in accordance with the decision taken by the Governing Council of the ECB.²⁶ The amount of each Eurosystem NCB's monetary income is determined by measuring the annual income that derives from its earmarkable assets held against its liability base.

²⁶ Decision of the European Central Bank of 3 November 2016 on the allocation of monetary income of the national central banks of Member States whose currency is the euro (recast) (ECB/2016/36), OJ L 347, 20.12.2016, pp. 26–36, as amended.

Any interest paid on liabilities included within the liability base is to be deducted from the monetary income to be pooled.

Where the value of an NCB's earmarkable assets exceeds or falls short of the value of its liability base, the difference shall be offset by applying to the value of the difference the latest available marginal rate for the Eurosystem's main refinancing operations.

The monetary income pooled by the Eurosystem is allocated among the NCBs according to the subscribed ECB capital key. The pooling and reallocation of monetary income to NCBs leads to certain net reallocation effects. One reason for this is that the yields earned on certain earmarkable assets and the interest expense paid on certain liability base items may differ to a varying degree among the Eurosystem NCBs. In addition, each Eurosystem NCB's share of earmarkable assets and liability base usually deviates from its share in the subscribed capital of the ECB. The difference between the monetary income pooled by Banka Slovenije amounting to EUR 292.4 million and reallocated to Banka Slovenije amounting to EUR 222.6 million is the net result arising from the pooling of monetary income.

29. Net income / (expense) from fees and commissions

Net income from fees and commissions amounts to EUR 13.7 million (2023: EUR 12.9 million). Fees and commissions are mainly received from supervisory and regulatory functions, payment and settlement services, managing the Central Credit Register, management of the funds, processing of cash, and securities lending transactions.

30. Income from equity shares and participating interests

This item, amounting to EUR 9.8 million (2023: EUR 7.6 million), represents the income received from Banka Slovenije's participation in the international financial institutions and from investments in investment funds.

31. Other income

Other income, amounting to EUR 3.5 million (2023: EUR 3.5 million), includes income from non-bank services such as rental income, reimbursements, numismatics and other income.

32. Staff costs

Staff costs, amounting to EUR 35.2 million (2023: EUR 33.1 million), include salaries and other staff costs together with the related taxes and contributions. The change of provisions for employees in accordance with IAS 19 (Employee Benefits) is also included in staff costs.

Banka Slovenije employed 456 employees as at 31 December 2024 (31 December 2023: 461 employees). The average number of employees, based on the number of hours worked, stood at 441 employees (2023: 439 employees).

In accordance with the contract between Banka Slovenije and the trade union from March 2002, Banka Slovenije's employees have been included in voluntary supplementary pension insurance, which is defined as a contribution plan. Staff costs include Banka Slovenije's contribution to the voluntary supplementary pension insurance of EUR 0.9 million (2023: EUR 0.9 million).

In 2024 the remuneration of the Governing Board members of Banka Slovenije was EUR 1.2 million (2023: EUR 1.1 million).

33. Administrative expenses

This item, amounting to EUR 12.6 million (2023: EUR 10.5 million), consists mainly of expenses related to building and equipment maintenance, communication and energy costs, IT-related expenses (software maintenance, system assistance), expenses for services outsourced, rent, business travel and training costs, expenses for materials, and other office expenses.

34. Depreciation of tangible and intangible fixed assets

Depreciation of buildings, furniture and office equipment, and computer hardware and software amounting to EUR 2.3 million (2023: EUR 2.5 million) is performed according to the adopted depreciation rates.

35. Banknote production services

Expenses for banknote production services, amounting to EUR 1.5 million (2023: EUR 1.0 million), mainly include the expenses related to the production and transportation of banknotes. The additional quantity of banknotes to be printed is determined on the basis of the assessed need for banknotes in circulation and for the maintenance of an adequate volume of stock in the Eurosystem, distributed to each individual NCB according to its capital key and denomination structure.

36. Other expenses

Other expenses, amounting to EUR 2.6 million (2023: EUR 1.0 million), consist of contributions, subscriptions, taxes and other operating expenses of Banka Slovenije.

37. Transfer (to) / from risk provisions

A decrease in provisions for general risks in the amount of EUR 180.8 million represents the release of provisions created for potential losses from financial risks (see "Provisions" in note 20 to the balance sheet).

38. Profit / (loss) for the year

As per the Accounting Guideline, according to which the unrealised negative valuation effects shall be covered from the current financial result, while the unrealised positive valuation effects are transferred directly to revaluation accounts, Banka Slovenije shows a profit amounting to EUR 1,243 thousand (2023: EUR 977 thousand). Allocation of the financial result will be performed in accordance with the applicable legislation.

List of abbreviations

AIFs	alternative investment funds
AJPES	Agency of the Republic of Slovenia for Public Legal Records and Related Services
AnaCredit	Analytical Credit Datasets, the database at the European Central Bank containing details on corporate lending and credit risk of credit institutions in the euro area
APP	Asset Purchase Programme
SMA	Securities Market Agency
ISA	Insurance Supervision Agency
GDP	gross domestic product
BIS	Bank for International Settlements
BLS	Bank Lending Survey
cCBA	complementary cost benefit analysis
CCyB	countercyclical capital buffer
CET1	common equity Tier 1 capital
CPI	consumer price index
CRD6	proposal for a <u>Directive of the European Parliament and of the Council</u> amending Directive 2013/36/EU as regards supervisory powers, sanctions, third-country branches, and environmental, social and governance risks, and amending Directive 2014/59/EU
CRR3	proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) No 575/2013 as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor
CSDB	Centralised Securities Database
CVA	credit valuation adjustment risk
DPM	data dictionary with structured data layout for EBA supervisory needs (<u>data point model</u>)
DORA	Digital Operational Resilience Act
O-SIIs	other systemically important institutions
DSTI	debt service-to-income ratio
NA	National Assembly of the Republic of Slovenia
EBA	European Banking Authority
ECB	European Central Bank
ECMS	Eurosystem Collateral Management System
EFC	Economic and Financial Committee
EFDI	European Forum of Deposit Insurers
EEA	European Economic Area
EIOPA	European Insurance and Occupational Pensions Authority
EA	euro area
EONIA	Euro OverNight Index Average (average interest rate for overnight credit)
ESCB	European System of Central Banks
ESG	environmental, social and governance risks
ESMA	European Securities and Markets Authority
ESRB	European Systemic Risk Board
€STR	Euro short-term rate
EUR	euro
Fed	US Federal Reserve System
FTP	Financial Transactions Plan
FARS	Financial Administration of the Republic of Slovenia
GLTDF	gross loans to deposits flows ratio
HFCN	Household Finance and Consumption Network of the ESCB
HHI	Herfindahl-Hirschman index
HICP	harmonised index of consumer prices
ICAAP	Internal Capital Adequacy Assessment Process
ILAAP	Internal Liquidity Adequacy Assessment Process
IRB	internal ratings based
IReF	ESCB project to introduce standardised reporting of bank data in the euro area (Integrated Reporting Framework)
JBRC	EBA and ESCB Joint Bank Reporting Committee
JST	joint supervisory team
KDD	Central Securities Clearing Corporation
LCR	liquidity coverage ratio
LSIs	less significant institutions
LTV	ratio of the amount of a housing loan to the value of the real estate pledged as loan collateral (loan-to-value)
IMF	International Monetary Fund
MFI	monetary financial institutions
MiCAR	Markets in Crypto-Assets Regulation
MOS	statistical report on services trade by modes of supply
MREL	minimum requirement for own funds and eligible liabilities
IFRS	International Financial Reporting Standards
NFCs	non-financial corporations
NGFS	Network for Greening the Financial System
NIS2	Directive on measures for a high common level of cybersecurity across the Union
NPEs	non-performing exposures
NPLs	non-performing loans
NSFR	net stable funding ratio

NPC	National Payments Council
OECD	Organisation for Economic Co-operation and Development
OFATS	outward foreign affiliates statistics
FSB	Financial Stability Board
PEPP	Pandemic Emergency Purchase Programme
AML/CFT	anti-money laundering and countering the financing of terrorism
ML/FT	money laundering, financing of terrorism
PSPP	Public Sector Purchase Programme
RIAD	Register of Institutions and Affiliates Data
ROE	return on equity
SDRs	special drawing rights (financial instrument used and whose value is published by the IMF)
SEPA	Single Euro Payments Area
SI	Slovenia
SIs	significant institutions
SISBIZ	system for the exchange of information on the indebtedness of business entities and credit risks
SISBON	system for the exchange of information on personal debt from credit operations
SIUI	AI innovations taskforce
SPACE	study on the payment attitudes of consumers in the euro area
SRB	Single Resolution Board
SREP	Supervisory Review and Evaluation Process
SRM	Single Resolution Mechanism
SSM	Single Supervisory Mechanism
STEC	statistical report on services trade by enterprise characteristics
STEP2-T	pan-European payment system for executing SEPA credit transfers and SEPA direct debits
SUCH	study on the use of cash by households in the euro area
SORS	Statistical Office of the Republic of Slovenia
TARGET	Trans-European Automated Real-time Gross Settlement Express Transfer System, the Europe-wide payment system for settling (mainly) large-value payments, securities transactions and instant payments in euros
TARGET2 Securities (T2S)	a service under the TARGET system for settling securities transactions
T2	a service under the TARGET system for settling (mainly) large-value payments in euros that functions according to the principle of real time gross settlement
TIPS	TARGET Instant Payment Settlement
TLPT	threat-led penetration testing
TLTRO, TLTRO-II and TLTRO-III	targeted longer-term refinancing operations
TSI	technical support instrument
OMLP	Office for Money Laundering Prevention
ZDP-2	Foreign Exchange Act
ZMbnFS-A	revised Macprudential Supervision of the Financial System Act
ZPlaSSIED	Payment Services, Electronic Money Issuance Services and Payment Systems Act
BAS	Bank Association of Slovenia