BANKA SLOVENIJE

EVROSISTEM

Report on bank performance with commentary, January to October 2024

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Methodological notes:

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

1 Summary

Despite the challenging situation in the international environment and the uncertain outlook, domestic economic activity is strengthening moderately. Interest rates on loans to the non-banking sector are gradually declining, which is strengthening lending to this sector, although there remain differences between customer segments and types of loan. Consumer lending to households is prevalent, while lending to non-financial corporations remains weak. Given the large spread between interest rates on assets and interest rates on sources of funding, banks are still generating above-average net interest income, which amid a simultaneous increase in net non-interest income is being reflected in high income and profit in the banking system. Profit and ROE remain high, and comparable to the same period last year. Credit portfolio quality remains high, with record low NPE ratios. The banking system's capital and liquidity positions remain solid.

There was a modest increase in deposits by the non-banking sector over the first ten months of the year, deposits having declined in all segments other than households. The inflow of household deposits was similar to the same period last year at EUR 425 million, despite the withdrawals seen in February to make bond purchases. Following the increased inflows of deposits in the spring, driven by leave allowance payments, a seasonal effect saw households mainly spending their savings over the summer and autumn. After declining in the early part of the year, by October year-on-year growth in household deposits had risen to 2.7%, although it remained below the euro area average. After declining in the first half of the year, deposits by non-financial corporations have been increasing since July, but the stock nevertheless declined by EUR 156 million over the first ten months of the year. Despite the decline, the year-on-year rate of growth remained relatively high at 7.8% and above the euro area average. Christmas bonuses and increased spending over the holidays could be expected to bring the usual increase in deposits by households and non-financial corporations at the end of the year. In the wake of a decline in interest rates on long-term deposits, the increase in fixed-term deposits seen over the last two years slowed, and sight deposits continue to account for the majority of total deposits by households (84.6%) and non-financial corporations (72.7%).

On the asset side of the balance sheet banks increased their stock of loans to the non-banking sector over the first ten months of the year, in particular to other financial institutions and households. The stock of loans to the non-banking sector increased by EUR 1.4 billion over the first ten months of the year, having declined in the same period last year. The year-on-year rate of growth stood at 4.0% in October, well above of the euro area average of 1.3%. This year's largest one-off increase in loan stock consisted of lending to one leasing company, which also sharply increased the stock of loans to other financial institutions (OFIs). Banks continued actively lending to households, where consumer loans accounted for the majority of the increase in loan stock, although the housing loan stock also increased. Lending to non-financial corporations remained weak, while the stock of loans to non-residents has been declining this year, similarly to last year. As far as other assets are concerned, there was a sharp increase of EUR 2.5 billion in securities holdings over the first ten months of the year, while the decline in the most liquid assets was even larger at EUR 3.4 billion.

The stock of loans to non-financial corporations (NFCs) increased slightly over the first ten months of the year. It was down in year-on-year terms in the majority of sectors, and in all corporate size categories, while in terms of purpose there was a significant decline in the stock of loans for working capital and other purposes. In terms of loan maturity, the largest increase was in loans with maturities of between six months and one year. Loans to NFCs declined by 4.4% in year-on-year terms on aggregate, the largest decline in the euro area, which saw a slight increase of 0.6% overall. Interest rates on new loans to NFCs have fallen slightly this year, amid considerable volatility, and in recent months they have been close to rates in the euro area overall.

Consumer loans remained the main driver of current household lending, which strengthened over the first ten months of the year. Year-on-year growth in household loans rose to 5.7% in October, and continues to significantly outpace the euro area average (0.5%). Consumer loans are strengthening in current terms, following the change made last year to the macroprudential restrictions on consumer lending. Last year's high base meant that year-on-year growth in consumer loans began to slow after hitting 16.7% in June of this year. It stood at 14.3% in October, and continued to significantly outpace the euro area average of 3.0%. Fixed-rate loans remain hugely prevalent in consumer lending, with the rates falling slightly over the first ten months of the year after stagnating in 2023, and they remain below those in the euro area overall. New lending via housing loans this year was up slightly on the same period last year, and the stock of housing loans increased over the first ten months of the year. Year-on-year growth in housing loans rose from its lowest level in several years in November of last year to 3.4% in October, compared with a rate of 0.4% in the euro area overall. Fixed-rate loans also remained prevalent in housing loans, with the stable rates in 2023 seeing a slight decline over the first ten months of this year.

The asset quality remains high, with signs of increased credit risk in certain segments of the portfolio. The NPE ratio is stable and virtually unchanged in all major portfolio segments, with the exception of sole traders, where it is rising again. In the manufacturing sector there is no sign to date of any deterioration in the segments exposed to the crisis in the German car industry. One major standout was the continued significant improvement in the NPE ratio in accommodation and food service activities. The share of Stage 2 exposures at total portfolio level of is stable, although the figure is continuing to rise in the consumer loans portfolio. This segment is notable for an increase in coverage by impairments and provisions, which is also being reflected in increased identification of risk in this fast-growing asset segment.

The banks saw their gross income over the first ten months of the year increase by slightly less than a fifth, while their net income was up a tenth on the same period last year. Net interest income is still reaching high levels compared with previous years, while there has also been an increase in net non-interest income. Net interest income has nevertheless accounted for more than two-thirds of the Slovenian banking system's gross income this year. Price effects on the asset side were the main factor in the increase in net interest income, growth in which is however slowing. Growth in operating costs rose sharply, primarily as a result of the introduction of the tax on total assets, which banks have booked as accrued expenses during the year.

The banking system's pre-tax profit over the first ten months of the year was up just over a tenth (12.1%) on the same period last year. This year's increase in profit has also been driven primarily by an increase in net income; net impairments and provisions have remained low, and accounted for less than 3% of the disposal of gross income. ROE was down only a fraction on the same period last year at over 20%.

The Slovenian banking system's capital position remains solid. The total capital ratio stood at 19.7% in the third quarter of 2024, while the CET1 ratio stood at 17.3%. Both ratios are down slightly on the end of last year, as a result of a rise in risk-weighted assets driven mainly by increased credit exposure.

The liquidity of the banking system remained good, despite a deterioration in certain liquidity indicators. The decline in balances at the central bank lowered the liquidity coverage ratio (LCR) to 328%. The LCR nevertheless remained well above the regulatory minimum requirement of 100%, which means that the banking system retained its good ability to cover net liquidity outflows over a short-term stress period. It also retained its good ability to fund liabilities over the longer term, despite a slight deterioration in the net stable funding ratio (NSFR), which stood at 168% in October. Banks reduced their holdings of primary liquidity by EUR 3.4 billion by using funds from accounts at the central bank to purchase debt securities, which strengthened their holdings of secondary liquidity at the same time.

2 Macroeconomic Environment

Global economic growth this year remains similar to last year, with a stable outlook for the following years, although it remains below its historical average. The latest growth forecasts for the global economy (excluding the euro area)[1] are virtually unchanged from the previous forecasts, although there are revisions for certain major economies. The forecast was upgraded for the US, but downgraded for other advanced economies, most notably the largest European countries.[2] In many economies the most significant factors limiting potential growth will be persistent structural issues, such as ageing population, weak investment and low productivity. Global inflation fell, and the gaps between inflation in different countries also narrowed. Service price inflation remains elevated in numerous countries. The risks to the outlook are growing, in light of the rising geopolitical and trade policy uncertainty.

After last year's weak growth, economic activity in the euro area strengthened moderately this year. Following an increase in the first half of the year, activity strengthened further in the third quarter, taking the year-on-year rate of growth to 0.9%.[3] There were considerable differences between the largest countries: Germany recorded a year-on-year decline in economic activity for the fifth consecutive quarter, while Spain saw above-average growth. The outlook is still highly uncertain, and the risks are strengthening. The ECB's December projections[4] forecast real GDP growth of 0.7% for this year, down 0.1 percentage points on the September projections, while growth is forecast to strengthen to 1.1% in 2025 in line with the anticipated increase in consumption and the renewed strengthening of investment, which contracted this year. Growth is then forecast to strengthen to 1.4% in 2026 and 1.3% in 2027. The disinflation process continued as inflationary pressures declined. Owing to base effects and expiring support measures in connection with energy prices, a certain level of volatility is expected in the future, and service price inflation is forecast to remain stubborn, while gradually declining over 2025.[5] Financing conditions are forecast to ease as monetary policy is further relaxed. Lending in the euro area is showing signs of picking up: net lending is increasing again, but remains weak in nominal terms.

Activity in the domestic economy strengthened moderately in the third quarter. Growth continued to be curtailed by weak investment, particularly in construction, but was still being driven by domestic consumption, both government and private, and also once again by net exports. Quarterly GDP growth strengthened to 0.3% in the third quarter, up from 0.1% in the second quarter, while the year-on-year rate strengthened from 0.7% to 1.4%. It was similar to the euro area average for the second consecutive quarter, according to the seasonally and calendar-adjusted figures. Economic sentiment remained in negative territory in October and November, and slightly lower than in the third quarter. The 12-month current account surplus remained large, and was primarily attributable to a services trade surplus, but there was also an improvement in the terms of trade. After its record performance in previous years, the labour market is showing the first signs of slowing, but remains tight. Banka Slovenije's December projections are forecasting growth of 1.4% for this year, down 1.1 percentage points on

1 Global economic growth (excluding the euro area) is forecast at 3.4% in 2024, 3.5% in 2025, 3.3% in 2026 and 3.2% in 2027 (Eurosystem staff macroeconomic projections, December 2024).

2 IMF, October 2024.

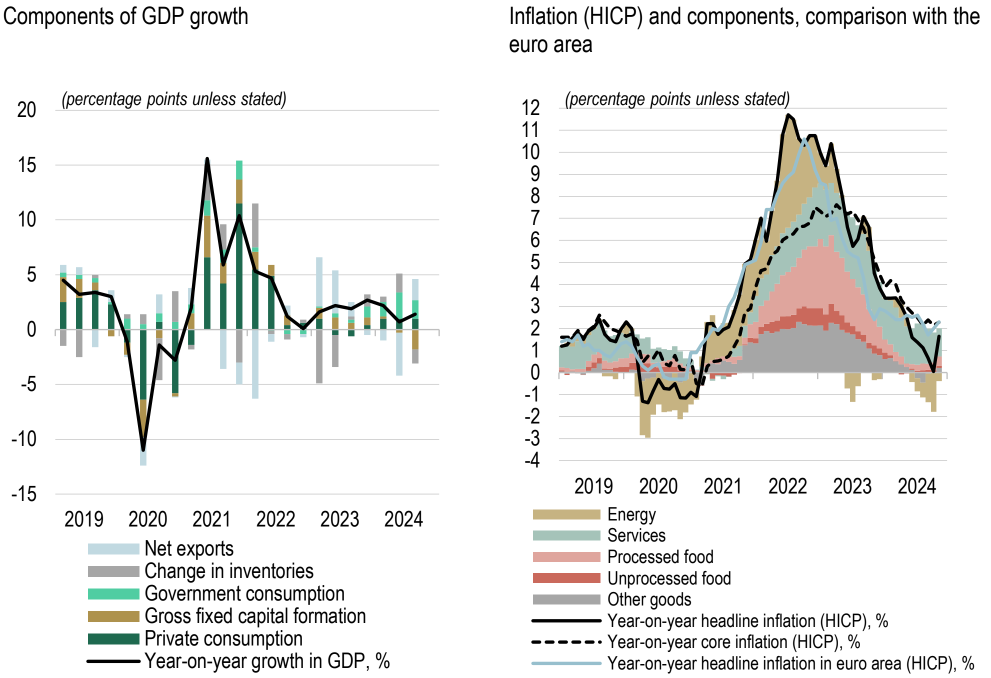
3 According to seasonally and calendar-adjusted figures.

4 Eurosystem staff macroeconomic projections, December 2024.

5 Headline inflation in the euro area is forecast to fall by more than half this year, from 5.4% in 2023 to 2.4%, before gradually slowing to 2.1% in 2025, 1.9% in 2026 and 2.1% in 2027 (Eurosystem staff macroeconomic projections, December 2024).

the June projections, and the forecast for 2025 has also been revised downwards, to 2.2%. The forecast for 2026 meanwhile remains unchanged at 2.8%.[6] The forecast for 2027 is 2.4%. Inflation as measured by the HICP was falling faster than in the euro area overall over the first ten months of the year, reaching zero in October, but then rose to 1.6% in November as the year-on-year fall in energy prices diminished.[7] Core inflation also rose slightly, to 2.3%. Meanwhile headline inflation in the euro area rose to 2.3%, while core inflation remained unchanged at 2.7%.

Figure 1: **GDP and inflation in Slovenia**



Sources: SORS, Eurostat, ECB, Banka Slovenije calculations

Financial markets remain buoyant, with low risk premiums, while expectations regarding future inflation have declined. The markets are expecting the ECB to continue cutting interest rates, and at a faster pace than had been expected in the spring. According to futures contracts tied to the 3-month Euribor, the short-term nominal interest rate is forecast to be below 3% at the end of this year, and to have declined to around 2% by the end of 2025. Inflation expectations declined at the same time, which is being reflected in a fall in interest rates at various maturities.

[6] [Review of macroeconomic developments and projections, December 2024](#).

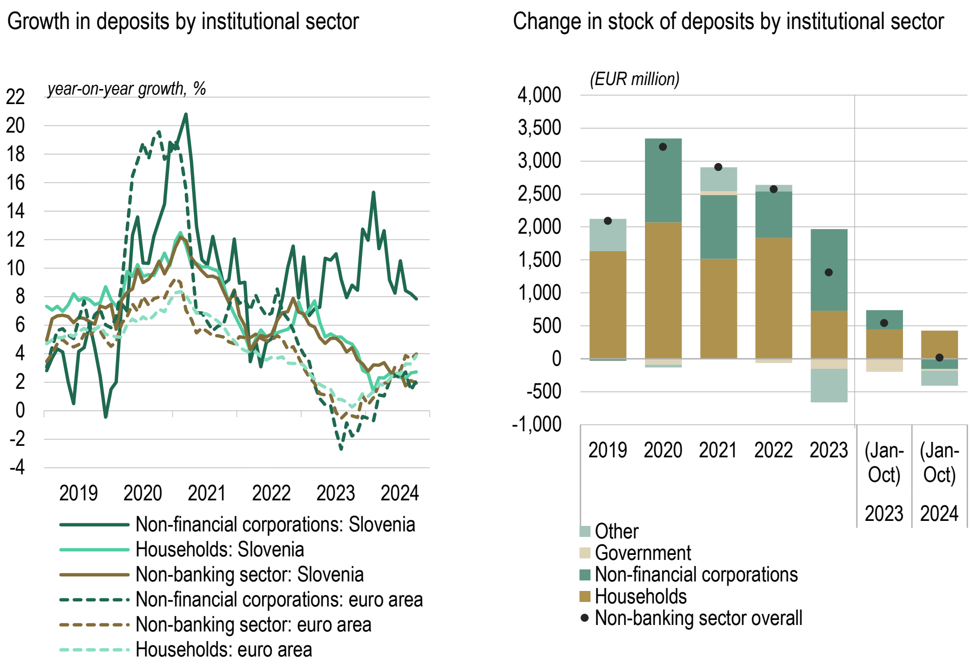
[7] Energy prices reflected the effect of changes in electricity prices in the wake of October's changeover to a new approach to billing network charges, which introduces low and high billing seasons.

3

Bank Funding

Deposits by the non-banking sector remain a stable source of funding for Slovenian banks, although the increase in the stock over the first ten months of this year was significantly less than those seen in the same period of previous years. It increased by a modest EUR 16 million to EUR 41.1 billion, driven by an increase in household deposits, while deposits in other saver sectors declined. Deposits by the non-banking sector remained the most important source of funding for Slovenian banks, accounting for 76.2% of the balance sheet total. Having been on the decline since April, the year-on-year rate of growth stood at 1.9% in October, and was down more than a half over the period of one year. Given the maintenance of the large stock of deposits and liquid assets, the banks have no need of further borrowing. Similarly to previous years, this year's issuance of debt securities by individual banks was mainly for the purpose of meeting the minimum requirements for own funds and eligible liabilities (MREL). Despite the increase, the ratio of issued debt securities to the balance sheet total remains low, at 6.5% in October.

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



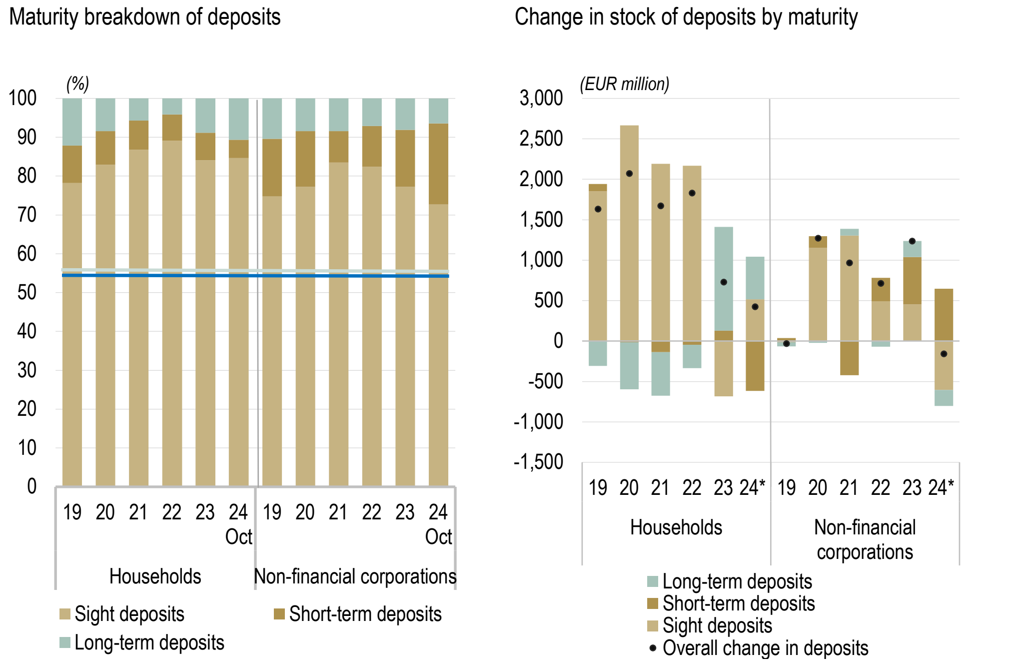
Sources: Banka Slovenije, ECB Data Portal

The inflow of household deposits over the first ten months of the year was similar to the same period last year. The stock increased by EUR 425 million to EUR 26.9 billion, almost half of the balance sheet total. The monthly inflows of deposits were more pronounced during the spring in the wake of payments of annual leave allowance, but the built-up savings were then mainly spent over the summer and the autumn for seasonal reasons (holidays, new school year). After declining in the early part of the year, year-on-year growth in household deposits had risen to 2.7% by October. Despite the increase, since June Slovenia has remained below the euro area average in terms of year-on-year growth in household deposits, which had risen to 3.9% by October of this year. Seen over a longer period (since January 2019), household deposits have increased by 42.5%, significantly more than the corresponding increase in the euro area overall (26.8%). The payment of Christmas bonuses at the end of the year can be expected to bring a renewed rise in household savings at banks.

After declining in the first half of the year, deposits by non-financial corporations strengthened continuously between July and October. The stock nevertheless declined by EUR 156 million over the first ten months of the year to EUR 10.8 billion, equivalent to a fifth of the balance sheet total of the banking system. Year-on-year growth in deposits by non-financial corporations slowed to 7.8% this year, but remains well above the euro area average, which stood at 2.1% in October. Firms still hold solid amount of savings at banks, which they could direct into investment or use to cover current operations. Given the dynamics in deposits in previous years, this year can also be expected to see an increase in deposits by non-financial corporations at the end of the year, when consumption increases during the holidays.

Given the falling interest rates on long-term deposits and rising interest rates on short-term deposits, savers are more inclined to short-term fixes. Households opted for long-term deposit fixes in the early part of the year, but later in the year became more cautious and slightly favoured short-term fixes. Due to the tehnical reason the stock of short-term deposits nevertheless declined: incorrect booking saw one of the banks transfer some of its short-term deposits to sight deposits. After almost two years of decline, this raised the share of total household deposits accounted for by sight deposits to 84.6%, well above the euro area average of 54%. Given the small spread between interest rates on short-term and long-term deposits, non-financial corporations remained more disposed towards short-term fixes, which gives them faster access to their savings. Despite the increase in fixed-term deposits, sight deposits continue to make up the majority: they accounted for 72.7% of total deposits by non-financial corporations.

Figure 3: **Maturity of deposits**

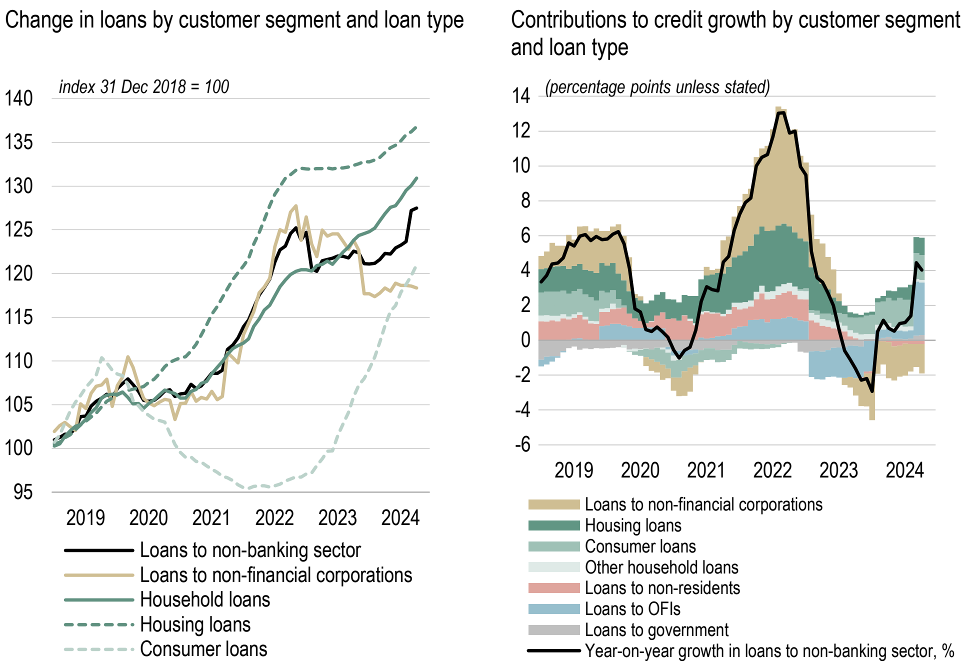


Note: The horizontal lines in the left chart denote the average share of sight deposits between 2000 and April 2024, which stood at 54.7% in the household segment and 53.5% in the non-financial corporations segment. * For 2024 the change over the first ten months of the year is illustrated in the right chart.
Source: Banka Slovenije

4 Bank Assets

Banks increased their stock of loans to the non-banking sector over the first ten months of the year, most notably to other financial institutions and households. The stock of loans to the non-banking sector was up EUR 1.4 billion on the end of 2023, compared with a decline of EUR 287 million in the same period last year. The share of the banks' total assets that they account for increased by 1.8 percentage points relative to the end of 2023 to reach 52.6%. The strengthening lending activity was also reflected in the year-on-year growth in loans, which rose from -2.9% in January of this year, its lowest rate since 2016, to 4.0% in October, significantly outpacing the euro area average of 1.3%. The largest monthly increase in the loan stock at banks came in September, and consisted of a loan to a single leasing company, which increased the stock of loans to other financial institutions (OFIs) by EUR 725 million in September alone, compared with the total increase of EUR 779 million over the first ten months of the year. In the other customer segments banks remained most active in their lending to households, whose loan stock at banks increased by EUR 638 million over the first ten months of this year (compared with EUR 339 million in the same period last year). Consumer loans accounted for the majority of the increase, but the stock of housing loans also increased. Lending to non-financial corporations has been weak this year: the loan stock increased by just EUR 55 million over the first ten months of the year (compared with a decline of EUR 2 million in the same period last year). Similarly to last year, the stock of loans to non-residents is declining: it was down EUR 77 million over the first ten months of the year. Among other assets the increase in holdings of securities outpaced that in loan stock, at EUR 2.5 billion. Also, there was a significant decline of EUR 3.4 billion in holdings of the most liquid assets.[8]

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

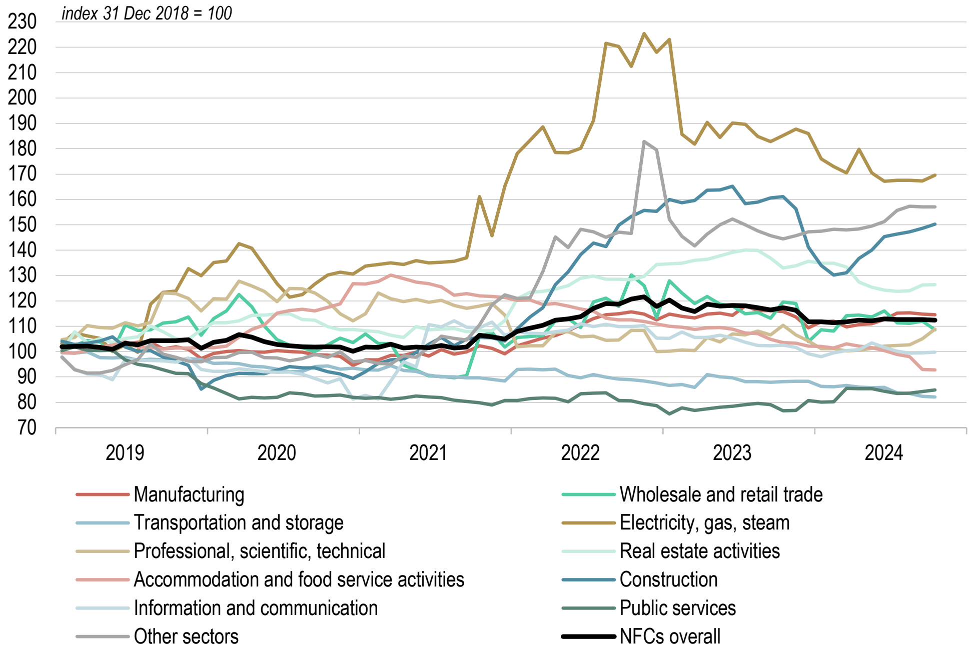


Note: OFIs: other financial institutions. The pronounced negative contribution by loans to OFIs between February 2023 and January 2024 was related to the sale of a leasing company and its repayment of a loan, while the pronounced positive contribution in September and October 2024 was attributable to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

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

The stock of loans to non-financial corporations increased only slightly over the first ten months of the year, and remained down in year-on-year terms. Loans to non-financial corporations were down 4.4% in year-on-year terms, the biggest decrease in the euro area, where overall year-on-year growth in loans to non-financial corporations strengthened slightly to 0.6%. The stock in the majority of sectors remained down in year-on-year terms. Having reached one of its highest levels of recent years last year, the stock of loans to construction firms declined in the early part of the year, but by October was rising again. Of the other major sectors, the loan stock remained at a similar level to last year in manufacturing, while there was a significant decline in the electricity, gas, steam and air conditioning supply sector. The stock also declined in wholesale and retail trade, transportation and storage, real estate activities, and accommodation and food service activities. The contributions to overall year-on-year growth in loans to non-financial corporations by individual sectors mostly remained negative, with loans to firms in wholesale and retail trade making the largest negative contribution in absolute terms in October.

Figure 5: **Change in loans to non-financial corporations by sector**



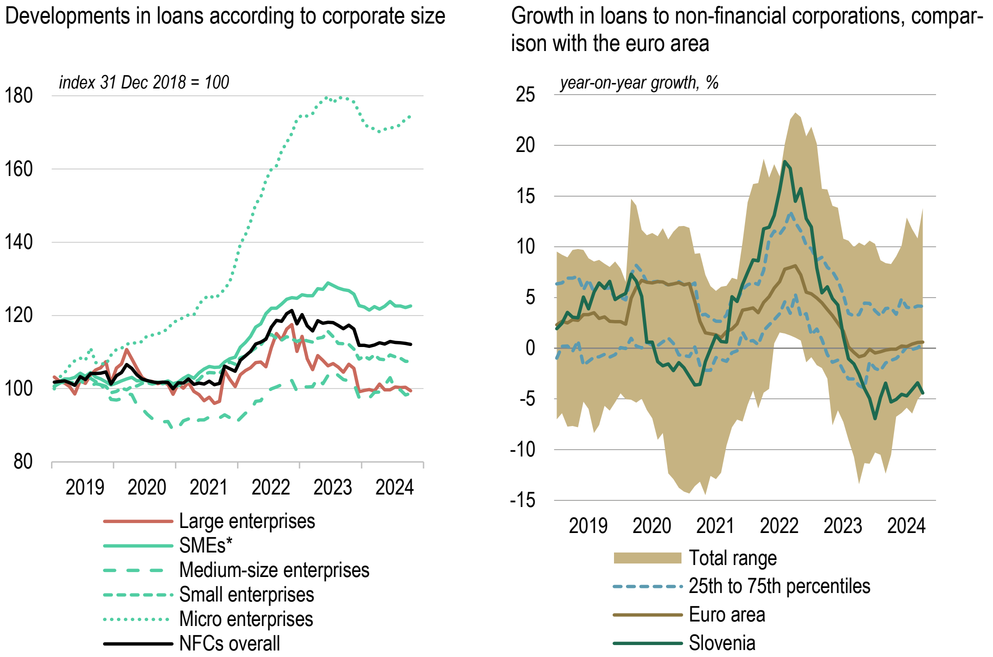
Note: Gross figures. Other sectors comprise agriculture, water supply, sewerage and waste management, information and communication, and financial and insurance activities.
Source: Banka Slovenije

The year-on-year decline in loans to non-financial corporations was evident in all corporate size categories in October, while in terms of purpose it was working capital and other purposes that recorded the more notable declines.[9] In October the loan stock to non-financial corporations mostly remained similar to its level from the beginning of the year in all corporate size categories, but was down in year-on-year terms, most notably at large enterprises. In terms of loan purpose, there was a significant decline in loans for working capital in December of last year, but they were rising again by October of this year. The contraction in loans for other purposes continued, with the largest decline in stock being recorded by loans for construction. In terms of loan maturity, this year's largest increase has been in loans with maturities between six months and one year, following a significant decline in December of last year. Amid great volatility, moving in the range between 4% and 6%, interest rates on new fixed-

[9] Other purposes include investments in construction, lending to increase a trading portfolio, imports and exports, purchase and renovation of residential real estate, and miscellaneous purposes not covered by other categories.

rate loans to non-financial corporations have seen a moderate trend of decline since the beginning of 2023. Meanwhile variable rates have also been falling since the beginning of the year, with less volatility than fixed rates, and stood at just over 5% in October. Both have been close to the corresponding interest rates in the euro area overall in recent months.

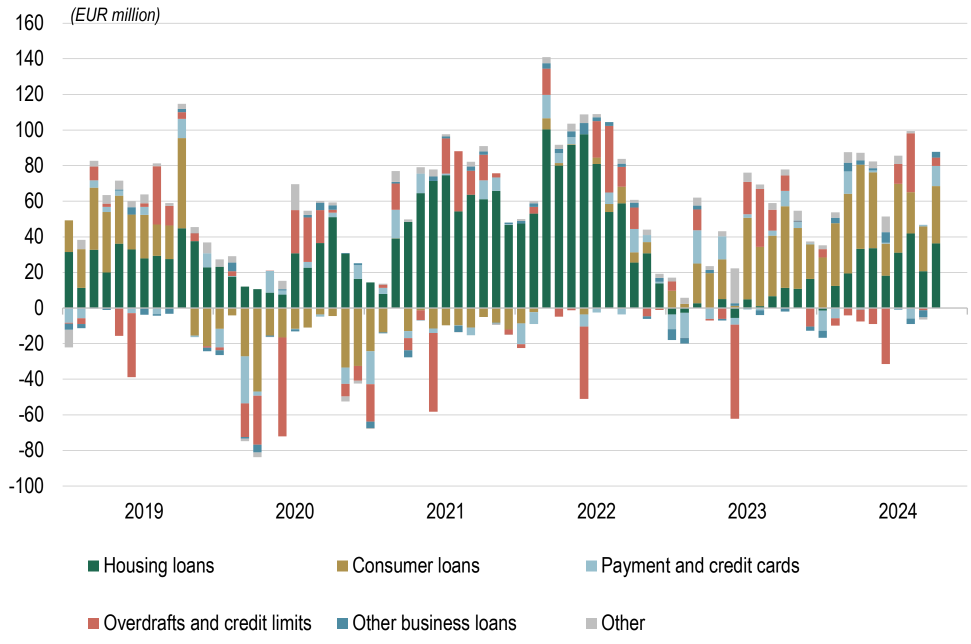
Figure 6: **Lending to non-financial corporations**



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

Current household lending strengthened over the first ten months of the year, with consumer loans remaining prevalent among new loans. Year-on-year growth in household loans rose after hitting its low point since the beginning of the interest rate rises in 2022 (3.2% in September 2023), but then stagnated over the three months to October of this year, when it stood at 5.7%. It continued to significantly outpace the rate in the euro area overall, where the stock of household loans in October was up 0.5% in year-on-year terms. Since the beginning of July of last year, when the modified macroprudential restrictions on consumer lending entered into force, lending via consumer loans has remained elevated. Their stock increased by EUR 336 million over the first ten months of this year (compared with EUR 237 million in the same period last year). The year-on-year rate of growth strengthened to a peak of 16.7% in June of this year, and started to decline afterwards. It stood at 14.3% in October, and continued to strongly outpace the euro area average of 3.0%. Fixed-rate loans account for almost all new consumer loans. After stabilising at around 6.7% last year, the average fixed interest rate has declined only slightly this year. It stood at 6.6% in October, and thus remained lower than the euro area average (7.8%). Banks extended slightly more housing loans than in the same period last year; their stock increased by EUR 245 million over the first ten months of the year (compared with just EUR 20 million in the same period last year). After reaching 0.5% in November of last year, its lowest level in several years, year-on-year growth in housing loans had risen to 3.4% by October of this year. This widened the gap with the euro area overall, where the loan stock was up just 0.4% in year-on-year terms. Fixed-rate loans also predominate in new housing loans: after stabilising at 4.0% in 2023, the average fixed rate has declined slightly this year. It had fallen to 3.4% by October, and was the same as in the euro area overall.

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



Source: Banka Slovenije

5 Bank Asset Quality

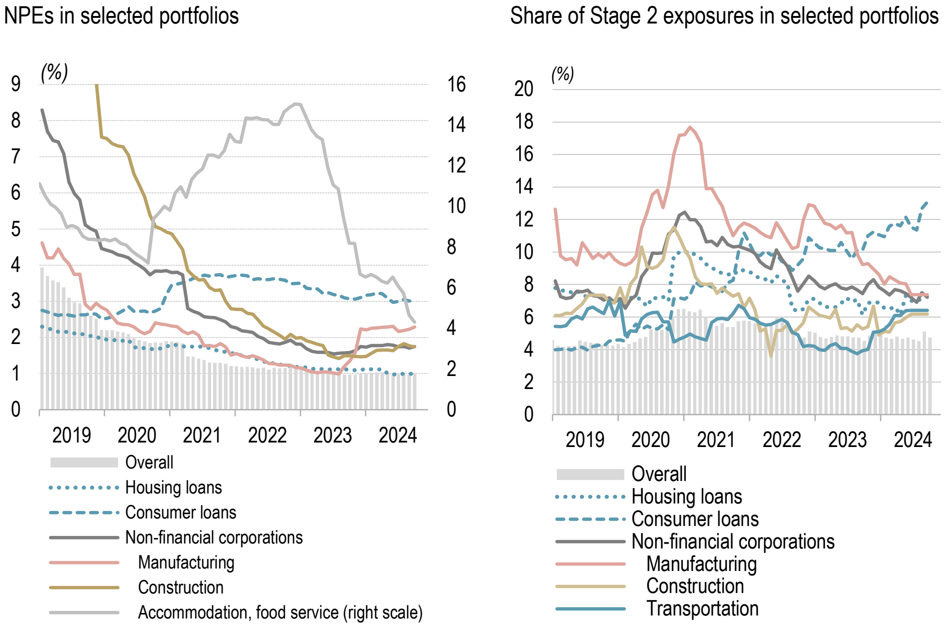
The NPE ratio in the total portfolio remains at 1.0%, and the ratios are also stable in all the major portfolio segments. The NPE ratio in the non-financial corporations portfolio fluctuated between 1.7% and 1.8% over the first ten months of the year. This year's rise in the NPE ratio in construction came to an end in August at 1.8%, the figure then declining slightly over the next two months. The NPE ratio in manufacturing has ranged between 2.2% and 2.3% since rising at the end of last year, but for now there is no sign of a deterioration even in the segments most closely linked to the German car industry. Portfolio quality improved markedly in accommodation and food service activities, where the NPE ratio had fallen to 4.3% by October, its lowest level since measurement of this indicator began eight years ago. One notable customer segment in terms of the dynamics in the NPE ratio is sole traders, where after declining in the first half of the year the NPE ratio began to rise again, reaching 4.1% in October.[10]

The number of new bankruptcy proceedings initiated at non-financial corporations over the first ten months of the year was up 11.3% in year-on-year terms. Despite this increase, banks' exposure to firms in bankruptcy is low, at just 0.3% of total exposure to non-financial corporations. Even before bankruptcy proceedings are initiated, the performance difficulties of firms in bankruptcy are reflected in an increased probability of default, which means that banks generally classify them as defaulters even before proceedings are initiated.

The NPE ratio in the household portfolio stabilised in both the consumer loans and housing loans segments. The stock of NPEs in the consumer loans portfolio has displayed an increasing trend since October of last year, but the NPE ratio has stabilised between 3.0% and 3.1% over the last half-year amid soaring consumer lending. The NPE ratio in the housing loans portfolio has remained at 1.0% over the same period.

[10] Sole traders account for 5.4% of total NPEs, and 1.3% of total exposure in the banking system, and as such constitute a minor customer segment.

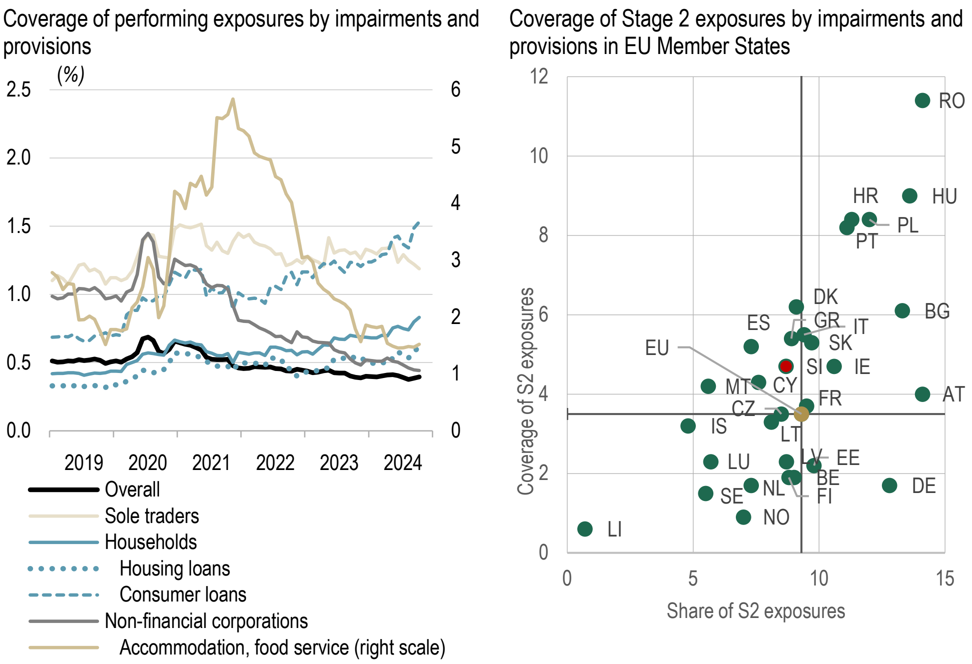
Figure 8: **NPE ratios and share of Stage 2 exposures**



Source: Banka Slovenije

The portfolio breakdown in terms of credit risk stages is also stable, although certain segments are showing a significant increase in credit risk. The trend in the share of Stage 2 exposures in the total portfolio is declining: it stood at 4.7% in October, down 0.3 percentage points on the end of one year earlier. The share of Stage 2 exposures in the non-financial corporations portfolio declined more than average over this period, falling by 1.1 percentage points to 7.2%. A trend of decline in the share of Stage 2 exposures was also prevalent in the majority of sectors in the non-financial corporations portfolio, except for transportation, and arts, entertainment and recreation. A rise in the share of Stage 2 exposures is evident in the consumer loans portfolio, where the increased reclassification to this stage is tracking the rapid rise in consumer lending. The share of Stage 2 exposures in this portfolio segment reached 13.1% in October (up 1.8 percentage points on the previous December). In the housing loans portfolio the level of this indicator and its increase over the same period were smaller, at 7.3% and 0.4 percentage points respectively.

Figure 9: **Coverage by impairments and provisions**



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

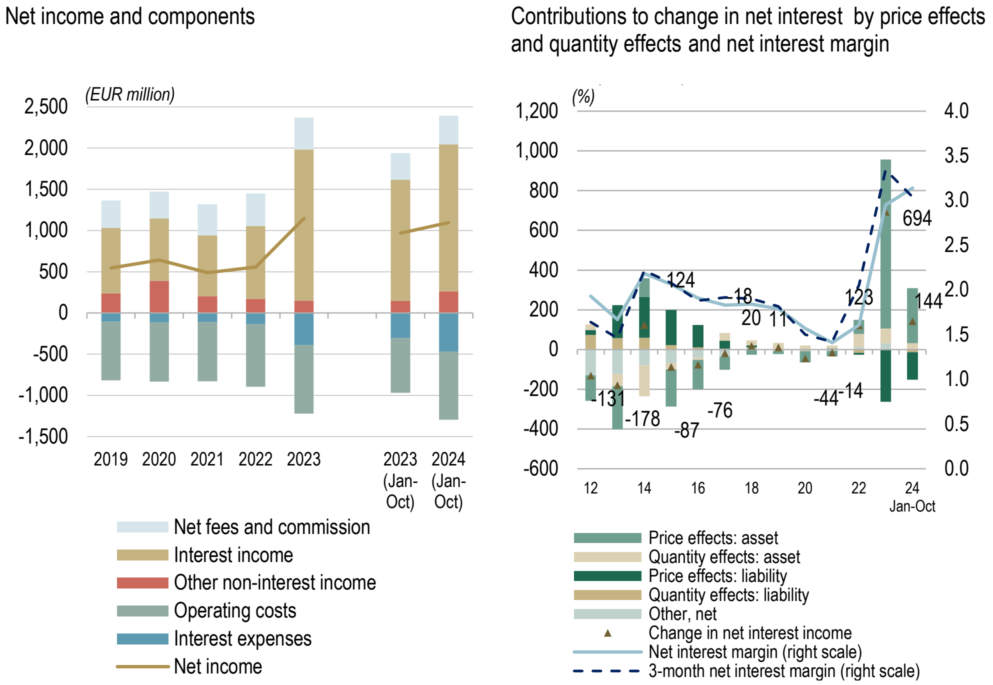
Coverage of NPEs by impairments and provisions remains high, while coverage of performing exposures was unchanged. Coverage of NPEs reached a record high of 61.0% in July of this year, before declining slightly over the following months to 59.9%. Coverage of performing exposures stood at 0.40% in October, the same as its average of the previous months of the year. This year's coverage is down significantly on its pre-pandemic level, having averaged 0.51% in 2019, with a peak of 0.69% coming in mid-2020. The trends in coverage vary according to customer segment. After a sustained decline since 2020, coverage in the non-financial corporations portfolio stood at 0.44% in October, down significantly on the figure of 1.07% in 2019. Coverage in the household portfolio rose from 0.43% to 0.83% over the same period. This year has seen a notable rise in coverage of performing consumer loans, which reached 1.53% in October, up 0.29 percentage points on the end of 2023.

Coverage of performing exposures reflects the changes in the share of Stage 2 exposures, and the level of their coverage by impairments and provisions. Coverage of Stage 2 exposures at portfolio level stood at 4.7% in October, up 0.6 percentage points on the end of last year, primarily as a result of increased coverage in the household portfolio, where the figure rose by 1.1 percentage points to 6.6%. Coverage increased in the consumer loans and housing loans portfolios alike, to 6.1% and 8.1% respectively, where the difference in coverage is attributable to the differing risks of loans of these types, and the lower coverage of consumer loans by collateral. Compared with other EU Member States, banks in Slovenia rank in the top half of the distribution in terms of coverage of Stage 2 exposures by impairment in the loan portfolio, but in the bottom half in terms of the share of Stage 2 exposures itself.

6 Bank Income Generation

Net income in the Slovenian banking system over the first ten months of the year was up more than a tenth on the same period last year. The risk to income generation remains low, despite the slowing rate of growth; the banks are still enjoying an above-average net interest margin, and generating more income than in the years before the rise in interest rates. Gross income over the first ten months of the year amounted to EUR 1,920 million, up 17.5% on the same period last year, while net income was up 13.2% in year-on-year terms at EUR 1,096 million. Over the three months to the end of October 2024, the banks generated around EUR 0.5 billion of gross income, still comparable to the above-average performance in income (and profit) seen in 2023.

Figure 10: **Net income and factors in change in net interest and net interest margin**

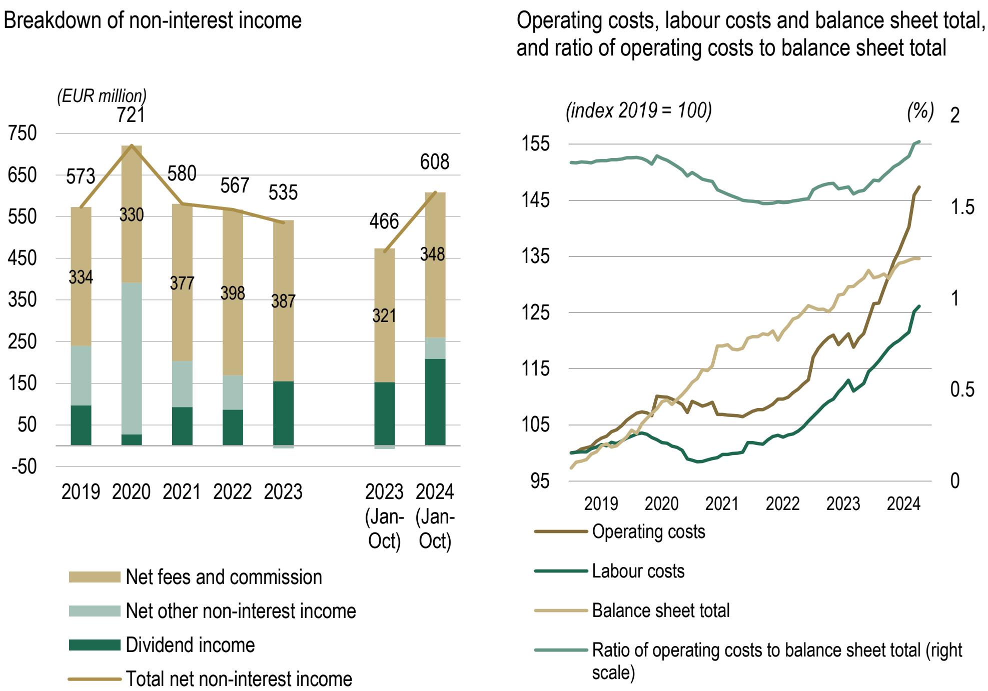


Note: The net interest margin at any point in the right chart is calculated over the preceding 12 months.
Source: Banka Slovenije

Net interest income is up 12.3% this year, the rate of growth having slowed as expected. Interest rates on the asset side are much higher than those on the liability side, and the average spread this year is also significantly larger than that in the same period last year. Like last year, this year's increase in net interest is being driven by price effects on the asset side prevailing over those on the liability side. The quantity effects were small, and accounted for just a tenth of the total asset-side effects, with only a fraction attributable to loans. The quantity effects on the liability side are also small. The price effects were positive on the asset side for all main asset types, and on the liability side were negative for deposits by the non-banking sector and for wholesale funding. The net interest margin calculated over the preceding 12 months stood at 3.14% in October, while the three-monthly margin has been declining since the beginning of the year, and approached 3% in October. The net interest margin is still well above the levels seen over the last two decades.[11] Year-on-year growth in net interest income will slow over the coming months, as a result of the ECB's interest rate cuts and the fall in interest rates on the financial markets.

The banking system's net non-interest income this year is up almost a third in year-on-year terms, although this was largely attributable to dividend income. The year-on-year increase of 30.5% in net non-interest income was attributable above all to dividend income at one of the largest banks in July, although growth in net non-interest income at system level would have been positive even without this. Growth in net fees and commission remains solid, with a year-on-year rate of more than 8.5%. The net commission margin over the preceding 12 months had risen to 0.78% by October (up from 0.75% in December 2023). Despite the high net interest margin seen over the last year, the banks are also maintaining or even strengthening their net commission margin.

Figure 11: **Net non-interest income and operating costs**



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

Operating costs over the first ten months of this year were up 23.7% in year-on-year terms, primarily on account of the new tax on total assets. This year the banks have recorded accruals of around EUR 90 million for this tax. Without these costs year-on-year growth in operating costs would stand at just 10%. Labour costs over the first ten months of the year were up 12.8% in year-on-year terms, the rate having risen slightly in recent months. In June the rate had stood at 9.8%, for example. The high income in the banking system means that the CIR remains low this year, at 42.9%, below its long-term average. Given the anticipated slowdown in growth in income, the CIR can be expected to rise slightly in the future.

[11] The current level of the net interest margin is significantly above its long-term average: the net interest margin in the Slovenian banking system averaged 2.07% between the time that Slovenia joined the EU (2004) and the end of 2023, and 1.97% in the time since Slovenia joined the euro in 2007.

The banks are currently generating high income, but 2025 can be expected to bring less favourable developments. The data for the last three months (to October) suggests that net interest income at the annual level would still exceed last year's figure by just under 7%, even though its current rate of growth has been slightly negative for several quarters now (latest data: -1.8%). Any further falls in the ECB's monetary policy interest rates and interest rates on the financial markets will have a negative impact on (net) interest income, growth in which will slide into negative territory next year, and this will be reflected in poorer performance by the banks. Interest income will primarily decline on account of a fall in interest rates on liquid assets and variable-rate loans. For now there is no indication that the banks might be able to compensate for the loss of net interest through (increased) lending. The expectation is nevertheless that the banks will still generate better income next year and will operate at significantly higher margins than before the onset of the interest rate rises. The negative impact of the tax on total assets in raising operating costs also needs to be taken into account, where a decline in income means that they will account for a larger share of the disposal of gross income than this year.

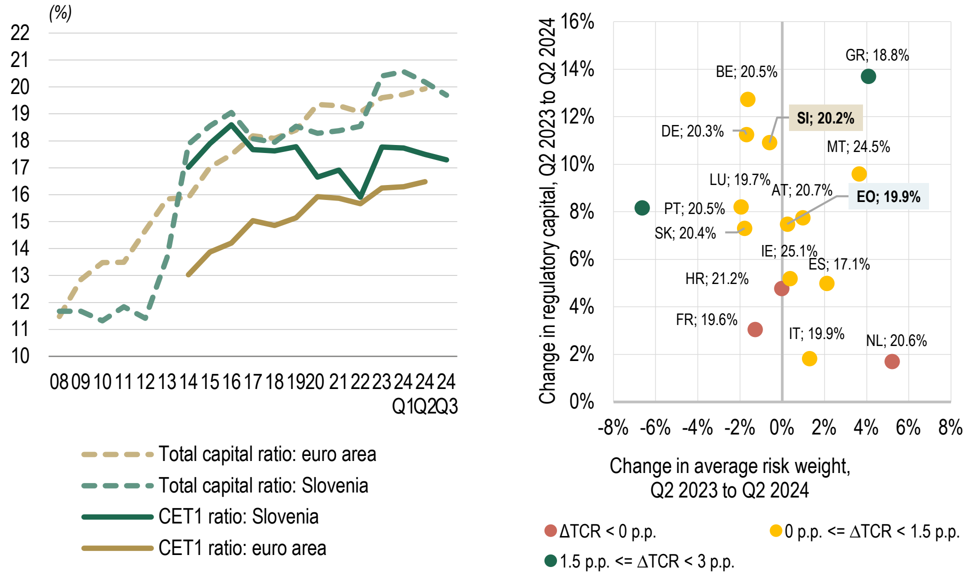
7 Capital Adequacy, Profitability and Liquidity in the Banking System

The solvency of the Slovenian banking system remained solid in the third quarter of 2024, despite a decline in the capital adequacy ratios. The total capital ratio on a consolidated basis declined by 0.7 percentage points over the first three quarters of the year to 19.7%, while the common equity Tier 1 capital (CET1) ratio declined by 0.4 percentage points to 17.3%. The capital adequacy ratios have declined this year as a result of the increase in risk-weighted assets (of 5.0%), driven in particular by the increase in risk-weighted assets for credit risk (5.4%), most notably in the household segment (14.4%). Regulatory capital has increased this year, largely as a result of an increase in CET1 capital (2.5%). The largest increases in the components of CET1 capital were observed in higher retained earnings and reserves, while the negative effects of accumulated comprehensive income further diminished. Tier 2 capital has declined slightly this year (by 6%). The latest data for the euro area overall is from the end of the second quarter, which shows the ratios to have increased this year. The total capital ratio in the euro area overall stood at 19.9%, while the CET1 ratio stood at 16.5%.

Figure 12: **Capital ratios, comparison with euro area**

Capital ratios, comparison with the euro area, consolidated basis

Capital ratios in the euro area[12]



Sources: Banka Slovenije, ECB Data Portal, own calculations

Banks in the euro area used last year's profits to increase their regulatory capital. The capital ratio rose, despite the increase in portfolio risk level. Figure 12 (right) illustrates the link between change in the average risk weight and the change in regulatory capital between the second quarter of 2023 and the second quarter of 2024 across euro area countries. Overall euro area countries increased their capital adequacy mainly through a large increase in regulatory capital, the risk level of the portfolio having increased only a little. The Slovenian banking system saw an above-average increase

[12] Cyprus is not illustrated in the chart, given its high growth in regulatory capital (18.6%) and the resulting large increase in capital adequacy (total capital ratio) of 3.4 percentage points.

in capital adequacy, driven by an increase in regulatory capital and a simultaneous decline in the risk weight of the portfolio (average risk weight).

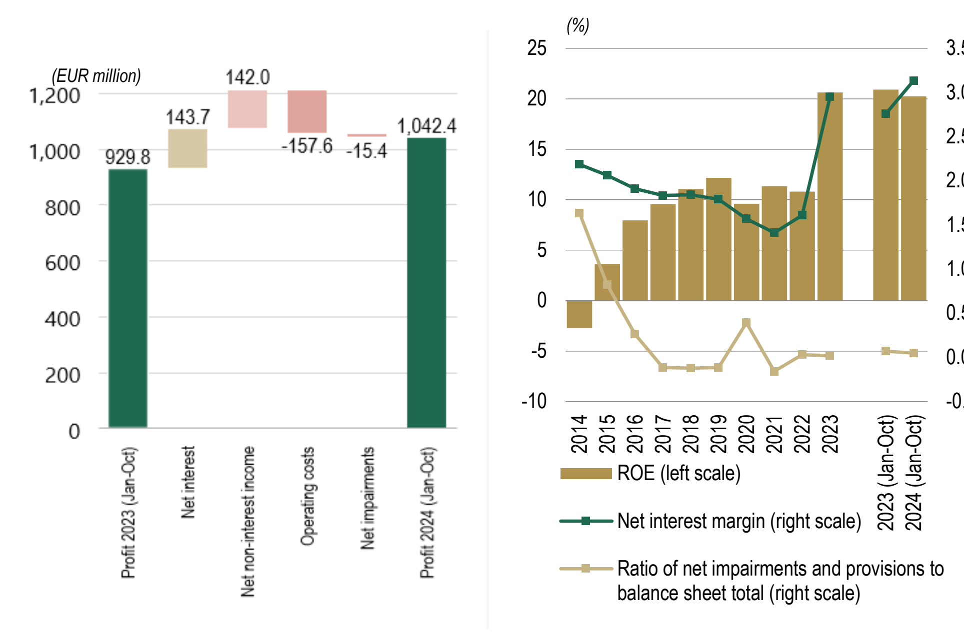
Amid their extremely good performance, the banks still need to act prudently this year and to further strengthen their solvency. Their resilience to any adverse impact from the macroeconomic environment can provide a solid platform for firms. Given the variation in their capital surpluses, the banks continue to vary in their ability to absorb the negative effects from the realisation of systemic risks, although those with smaller surpluses in particular are increasing their resilience by strengthening regulatory capital.

Pre-tax profit in the Slovenian banking system amounted to EUR 1,042 million over the first ten months of the year, up just over a tenth on the same period last year. The year-on-year increase in profit of 12.1% was primarily attributable to the increase in net income, driven by net interest income and net non-interest income alike. The rise of a quarter in operating costs, primarily attributable to the accrual of the tax on total assets, reduced net income and pre-tax profit. Net impairments and provisions at system level remained low, at EUR 53.9 million. They accounted for just 2.8% of the disposal of gross income, with ten of the 14 credit institutions recording net creation. Pre-tax ROE remained above the 20% mark over the first ten months of the year (at 20.2%), down 0.7 percentage points on October 2023, and 0.4 percentage points on the end of 2023.

Figure 13: **Changes in components of profit and selected bank performance indicators**

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

Selected bank performance indicators



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

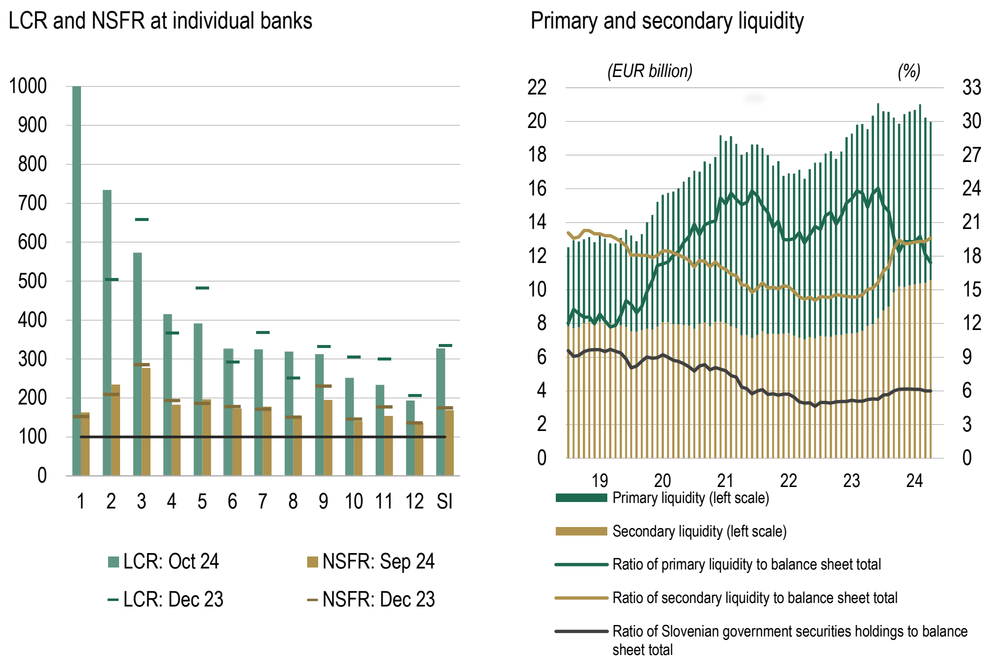
This year's pre-tax profit will be comparable to last year, but a decline is anticipated in 2025. Despite the gradual decline in net interest income as a result of the anticipated further reduction in the ECB interest rates and the adverse impact from the levying of the tax on total assets, the banks will generate profits in 2024 that are comparable to those seen in 2023, amid low net impairments and provisions. Profit will decline next year, even according to the banks' projections.[13] The banks are expecting

[13] In the ad hoc section of the survey conducted in September and October of this year, the latest BLS (see Section 10) clearly shows the banks' expectations of a decline in net interest income and lower profitability even over the next half-year.

net interest income to decline as a result of falling interest rates, thereby reducing income and profit compared with this year. The weaker economic outlook means that there can be no expectation that net impairments and provisions will remain as low as in previous years, which could further eat into profits. However they are projected to still exceed the profits seen in the years before the sharp rise in interest rates (i.e. before 2023).

The liquidity of the banking system remained good, despite a deterioration in certain liquidity indicators. As a result of a sharp decline in balances at the central bank, the liquidity buffer declined by more than net liquidity outflow, which drove a reduction in the liquidity coverage ratio (LCR). It declined by 7.4 percentage points over the first ten months of the year to 328%, but nevertheless remains well above the regulatory minimum requirement of 100%, and among the highest in the euro area. Although the LCR exceeds at least double the regulatory requirement at almost all of banks, there remain considerable differences in their ability to cover net liquidity outflows over a short-term stress period. The increase in loans and in holdings of debt securities drove an increase in the stable funding requirement that outpaced the increase in available stable funding. This lowered the net stable funding ratio (NSFR) by 5.2 percentage points to 168.5%, still well above the regulatory requirement of 100%. This means that the banking system retained good capacity to fund liabilities over a longer period of one year.

Figure 14: **Liquidity indicators**



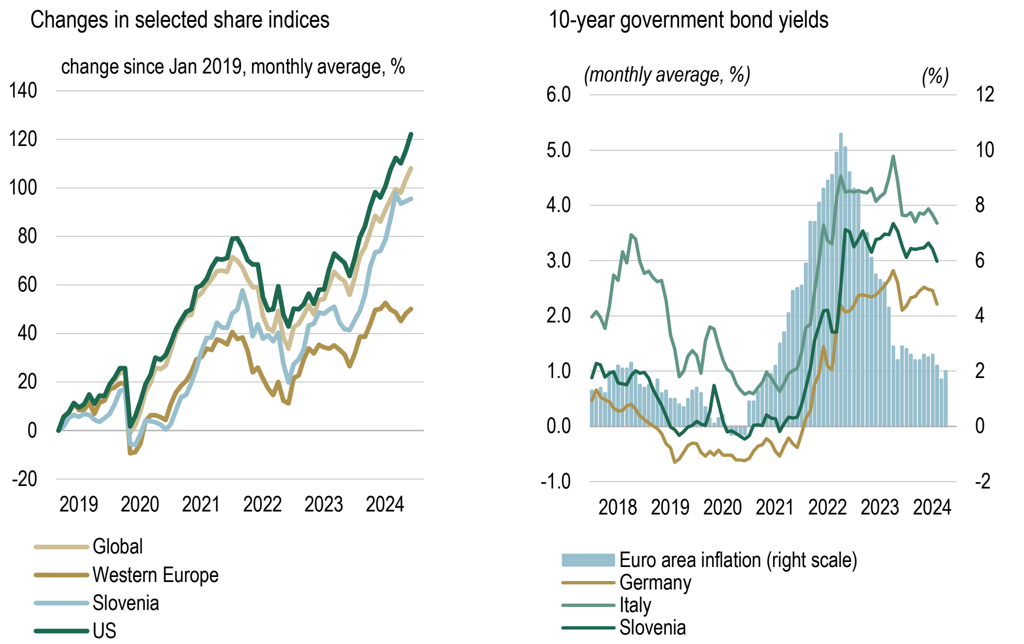
Note: The horizontal line in the left chart denotes the minimum requirements for the LCR and the NSFR in accordance with the CRR (100%). For the sake of clarity, the full values for one of the banks are not illustrated: its LCR stood at 4,993% in October 2024 and 1,069% in December 2023. Primary liquidity in the right chart comprises cash on hand, balances at the central bank and sight deposits at banks, while secondary liquidity comprises Slovenian government securities and foreign marketable securities rated BBB or higher.
Source: Banka Slovenije

The use of funds in accounts at the central bank to purchase debt securities has changed the liquidity structure. Given the gradual decline in the interest rate on the deposit facility, and thus in interest income from holdings of liquid assets at the ECB, the banks have begun redirecting their liquid assets, mainly into purchases of debt securities and into lending. This reduced the banking system's primary liquidity by EUR 3.4 billion over the first ten months of the year to EUR 9.4 billion, lowering its ratio to the balance sheet total to 17.4%, still well above its long-term average (7.8%). Meanwhile the purchases of debt securities strengthened their secondary liquidity. It increased by EUR 2.3 billion to EUR 10.6 billion, equivalent to almost a fifth of the balance sheet total. Secondary liquidity thus exceeded the stock of primary liquidity for the first time since October 2020. Given the expectations of a further fall in the ECB's key interest rates, the redirection of liquid assets into secondary liquidity is likely to continue.

8 Capital Markets and Mutual Funds

The major global stock markets have continued to make gains this year. The leading share indices at the end of October were up on the end of last year. By October of this year Slovenia's SBITOP had gained 30.9% on the end of last year. Over the same period the SPX gained 23.6% in the US, while the SXXE for western Europe rose by 8.3%. As a result of the gradual fall in inflation and the three consecutive cuts in the ECB's key interest rates, yields on 10-year German and Slovenian government bonds continued their fall in late November. By the end of October the yields stood at 3.0% on the 10-year Slovenian government bonds, and 2.2% on the German bonds.

Figure 15: **Stock market indices and government bond yields**



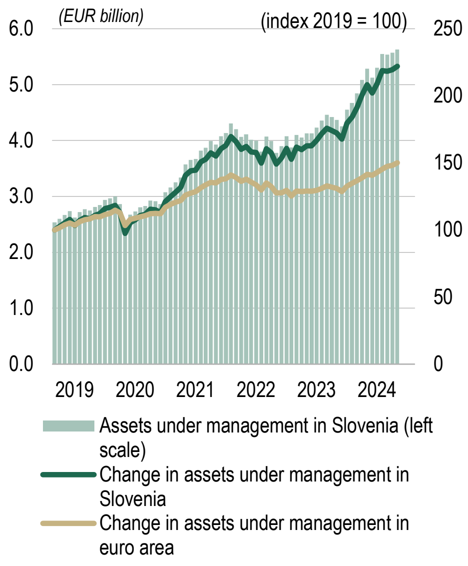
Note: The indices in the left chart are the SPX for the US, the STOXX Europe 600 for western Europe, the SBITOP for Slovenia and the MSCI World Net Total Return Index for global equities.
Sources: Eurostat, Banka Slovenije

Inflows into mutual funds remain at record highs. The domestic mutual funds recorded a net inflow of EUR 426.9 million over the first ten months of the year, up 62.7% on the same period last year. Equity funds were the major factor in the high net inflows, accounting for 80.6% of the total. Bond funds accounted for 11.8% of total net inflows, and money-market funds for 7.7%. Households continued to account for the majority (72.7%) of net inflows, followed by other financial intermediaries (20.8%) and non-financial corporations (6.2%). Households' inflows into mutual funds over the first ten months of the year were only 27.0% lower than the increase in household deposits at banks.

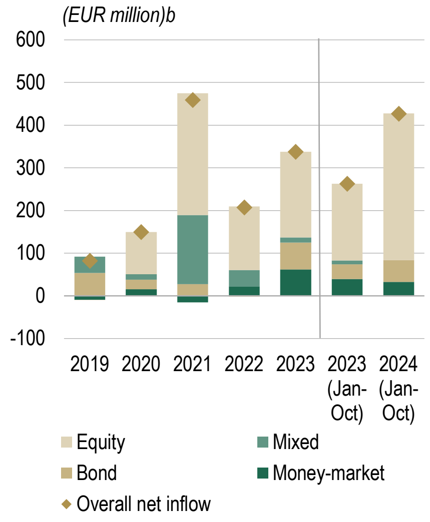
The domestic mutual funds' assets under management also recorded high growth, reaching EUR 6.0 billion at the end of October 2024. The year-on-year increase in assets under management thus stood at 13.7%. Equity funds are prevalent, and account for 69.4% of the total assets under management of the domestic mutual funds.

Figure 16: **Domestic mutual funds' assets under management and net inflows**

Stock of and growth in mutual funds' assets under management



Net inflows into domestic mutual funds by fund type

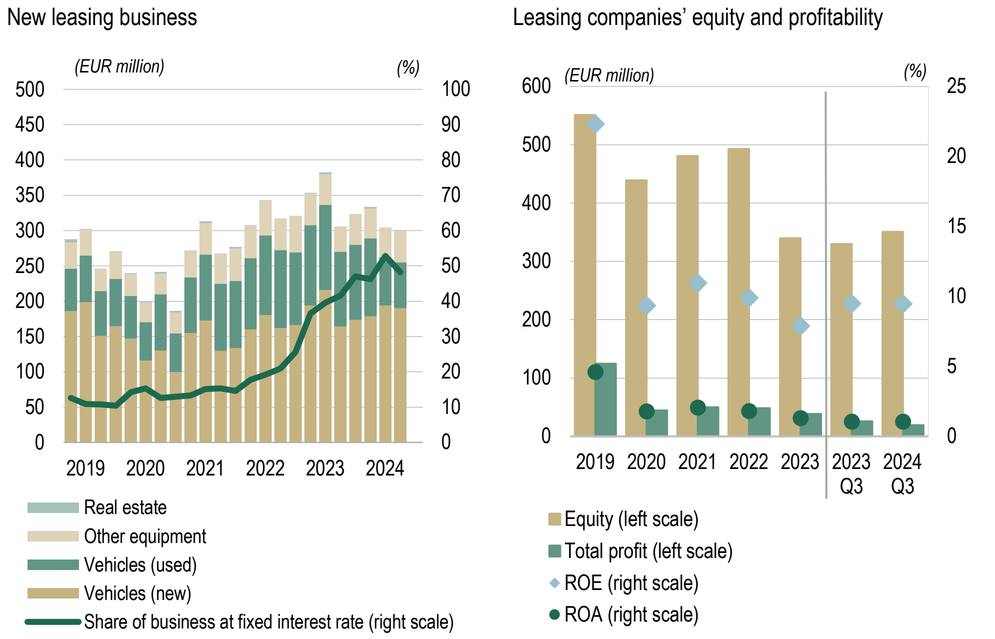


Note: The left chart does not include money-market funds. The data in the chart is up to September 2024 inclusive.
Sources: ECB SDW, SMA, Banka Slovenije

9 Performance of Leasing Companies

New leasing business over the first three quarters of the year was down in year-on-year terms. New leasing business over this period amounted to EUR 999.2 million, down 5.6% on the same period last year. Households accounted for EUR 553.1 million of the new leasing business, and non-financial corporations for EUR 444.1 million. Leasing companies in Slovenia mostly finance vehicle purchases. The largest component of new leasing business in the first three quarters of the year was car leases (65.8% of the total), followed by leases for commercial and goods vehicles (20.9%). The stock of leasing business amounted to EUR 2.7 billion at the end of September of this year, up 4.6% in year-on-year terms.

Figure 17: **New leasing business and profitability of leasing companies**



Source: Banka Slovenije

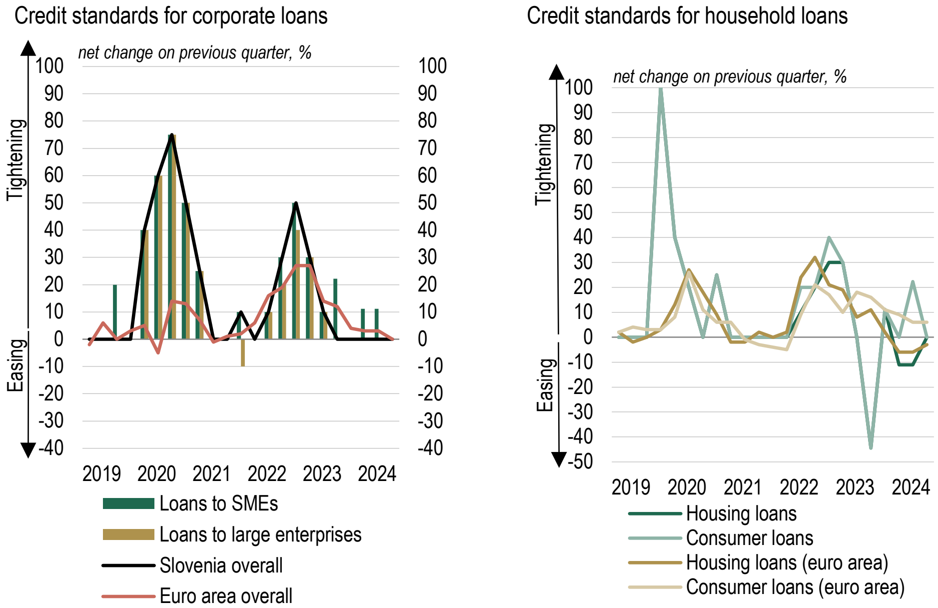
Leasing companies' profitability over the first three quarters of the year was down in year-on-year terms. Their profit over the first nine months of the year amounted to EUR 19.1 million, down 25.1% on the same period last year. Despite an increase in net sales revenue, profitability continues to be hit by rising costs of material and services, and more expensive funding of loans. Leasing companies' balance sheet total stood at EUR 3.2 billion, up 5.5% in year-on-year terms. The quality of leasing business remains high. The proportion of claims more than 90 days in arrears stood at 0.7% at the end of September. The arrears remain highly concentrated: three leasing companies account for almost 75% of the arrears.

The banks also saw a slight decline in their new finance leasing business in the first three quarters of the year compared with the same period of 2023. They approved EUR 288.7 million of new finance leases, down 5.8% on the same period last year. The banks concluded the majority of their business with households (58.9% of the total), and the remaining 41.1% with non-financial corporations.

10 Bank Lending Survey[14]

Over the last five quarters banks have not cited any changes in credit standards in respect of their loans to non-financial corporations,[15] and have slightly eased their credit standards for housing loans, while tightening them for consumer loans. Since a period of tightening credit standards in 2022 and the first half of 2023, banks have made no changes to their credit standards for corporate loans.[16] The factors driving a tightening of standards were the general economic situation and outlook, and the industry-specific situation, while competition from other banks has been acting to ease standards. The survey results show an easing of the standards for housing loans over the first two quarters of the year, with no change in the third quarter. The credit standards for consumer loans have remained unchanged over the course of this year, with the exception of a tightening in the second quarter. The main factor for the tightening in the second quarter was the borrower's creditworthiness. For the final quarter of this year banks were predicting no change in credit standards for corporate loans and housing loans, and a moderate tightening of standards for consumer loans.

Figure 18: **Credit standards for corporate loans and household loans**



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

Banks have eased their loan terms for corporate loans and housing loans this year. In respect of firms where banks eased their loan terms last year, banks have this year highlighted the developments in the interest rates on the loans and a decline in margins. Margins were also down on housing loans. Pressure from competition was

[14] The euro area Bank Lending Survey (BLS). The banks in the BLS sample in Slovenia (eight banks as of August 2024) accounted for 82.2% of total corporate loans, 93.9% of total housing loans and 91.9% of total consumer loans in October 2024 according to data on an individual basis.

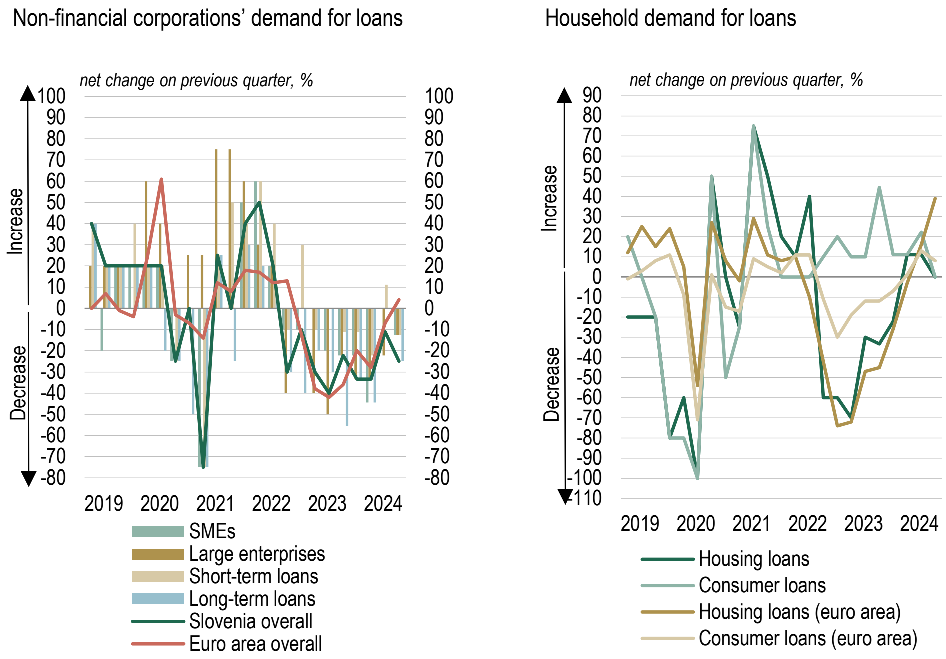
[15] For more on the definitions of credit standards, loan terms and demand for loans within the framework of the BLS in the euro area as referred to below, see the ECB website (https://www.ecb.europa.eu//stats/pdf/ecbblsglossary.en.pdf).

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

cited as a driver of the easing of loan terms on housing loans in all four quarters of this year.

Non-financial corporations' demand for loans declined for the ninth consecutive quarter, while demand for household loans increased over the first half of the year. The decline in demand was evident at large enterprises and at SMEs alike, and was more pronounced with regard to long-term loans. Banks are citing reduced investment as the main factor in the decline in non-financial corporations' demand for loans over the last two years. They are not citing the (higher) level of interest rates as a limiting factor for loans of any type. The banks cited the purchase of durables as one of the factors acting to increase demand for consumer loans. Banks were not expecting any changes in demand for corporate loans in the final quarter of 2024, but were forecasting a slight increase in demand for housing loans and a moderate increase in demand for consumer loans.

Figure 19: **Demand for loans from non-financial corporations and households**



Source: Banka Slovenije

Amid a tightening of credit standards for consumer loans and corporate loans, and an easing of credit standards for housing loans, demand for loans, housing loans in particular, has begun to increase in the euro area overall this year. Credit standards were tightened slightly further for non-financial corporations in the first half of the year, and then left unchanged. Housing loans have seen a slight easing of credit standards for several consecutive quarters now, while consumer loans have seen a moderate tightening. After seven consecutive quarters, the decline in demand for corporate loans in the euro area came to an end in the third quarter, with banks reporting a fractional increase. Demand for housing loans in the euro area is strengthening markedly, while the increase in demand for consumer loans is also positive, albeit less pronounced. Compared with Slovenia there are thus major differences with regard to housing loans, while the changes in demand for consumer loans are more comparable than in previous quarters. Banks in the euro area were not predicting any changes in credit standards in the final quarter of 2024, except for housing loans, where they were forecasting a further moderate easing. At the same time banks are expecting demand to strengthen in all lending segments, most notably for housing loans.

11 Risk and Resilience Dashboard

The general level of systemic risks and resilience in the banking system remains unchanged relative to the previous quarter, despite the additional rise in geopolitical risks in recent times. The latter are increasing the uncertainty surrounding future economic growth in Europe and around the world. Nevertheless no major changes in the performance of the banking sector are expected in the final quarter. Assessments of systemic risks for the final quarter of 2024 thus remain in the range between low and moderate, while the banking system's resilience remains high. The assessments of cyber risk and climate risks also remain unchanged, at elevated and moderate respectively.

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

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

Colour code:

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

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

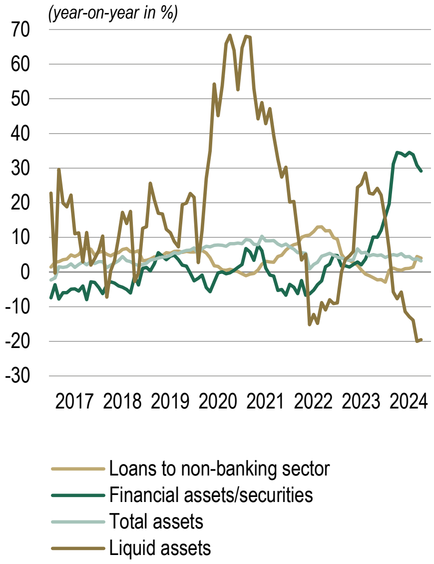
The growing uncertainty posed by geopolitical risks might drive a rise in risks in the banking system, and in the economy at large. A delay in the anticipated improvement in the economy and further cuts in key interest rates will also affect bank performance over the coming quarters. Consequently, we are increasingly focusing our attention on income risk and credit risk in the banking system. Their indicators remain at record levels of favourability, but in light of the geopolitical tensions and the increased uncertainty, the expectations of their future developments are negative, which is reflected in the change in the outlook for these two risks. Given the deterioration in the performance of leasing companies and the build-up of issues in the car industry, our expectation is that risks might also strengthen in this segment. The risk inherent in the real estate market is also strengthening. The banking system's resilience remains high, despite a slight deterioration in the indicators in the segment of solvency and profitability, on account of the renewed (extensive) funding of one particular leasing company by the banking system, and also in the segment of liquidity, largely as a result of the decline in balances at the central bank.

12 Appendix

Key trends in the banking sector

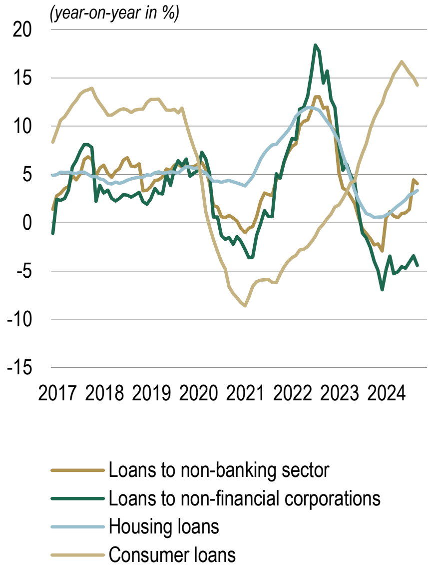
Figure 20: **Bank assets and loans**

Growth in bank assets



Note: "Financial assets / securities" also includes debt securities classed as loans and receivables.
"Liquid assets" comprises cash on hand, balances at the central bank, and sight deposits at banks.
Source: Banka Slovenije

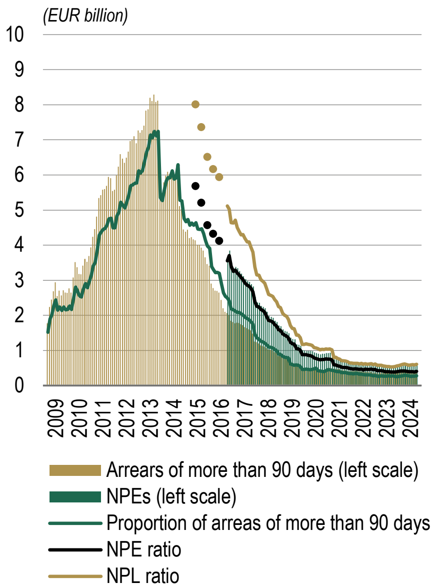
Growth in loans by institutional sector and loan type



Source: Banka Slovenije

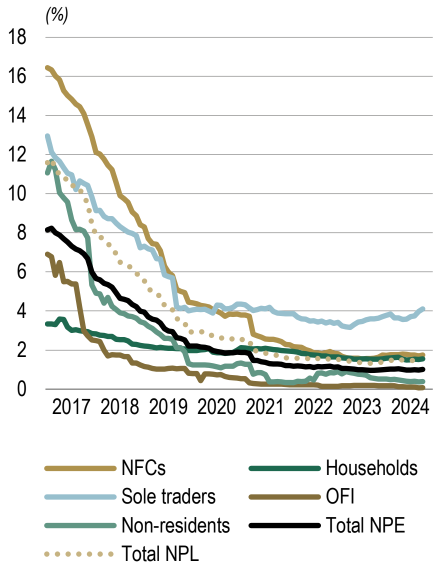
Figure 21: **Non-performing exposures**

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



Source: Banka Slovenije

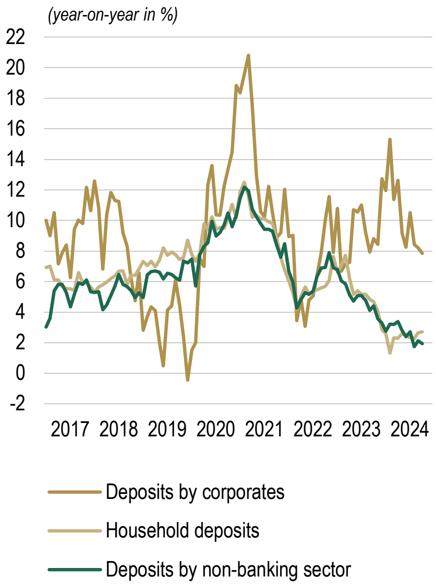
NPE ratios by customer segment



Source: Banka Slovenije

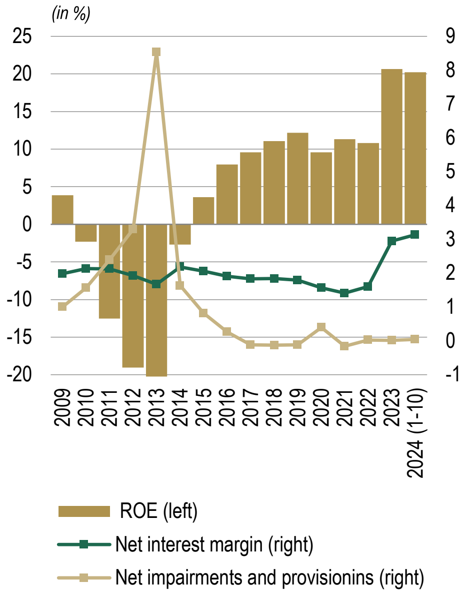
Figure 22: **Deposits and selected bank performance indicators**

Growth in deposits by institutional sector



Source: ECB SDW

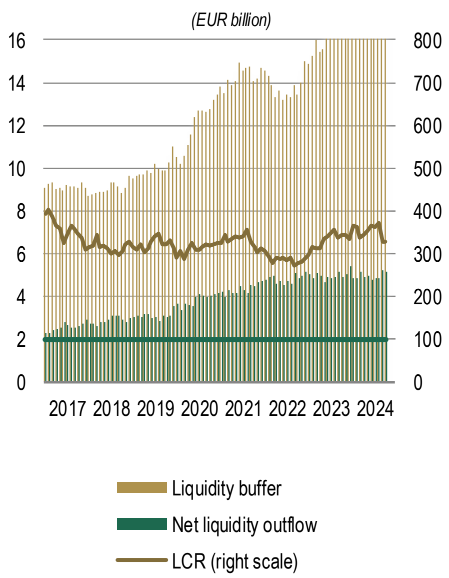
ROE, net interest margin, and ratio of net impairments and provisions to balance sheet total



Note: The net interest margin measured against interest-bearing assets and the ratio of net impairments and provisions to the balance sheet total are calculated for the preceding 12 months at all points. Pre-tax ROE is calculated during the year on a cumulative basis up to the most recent data available.
Source: Banka Slovenije

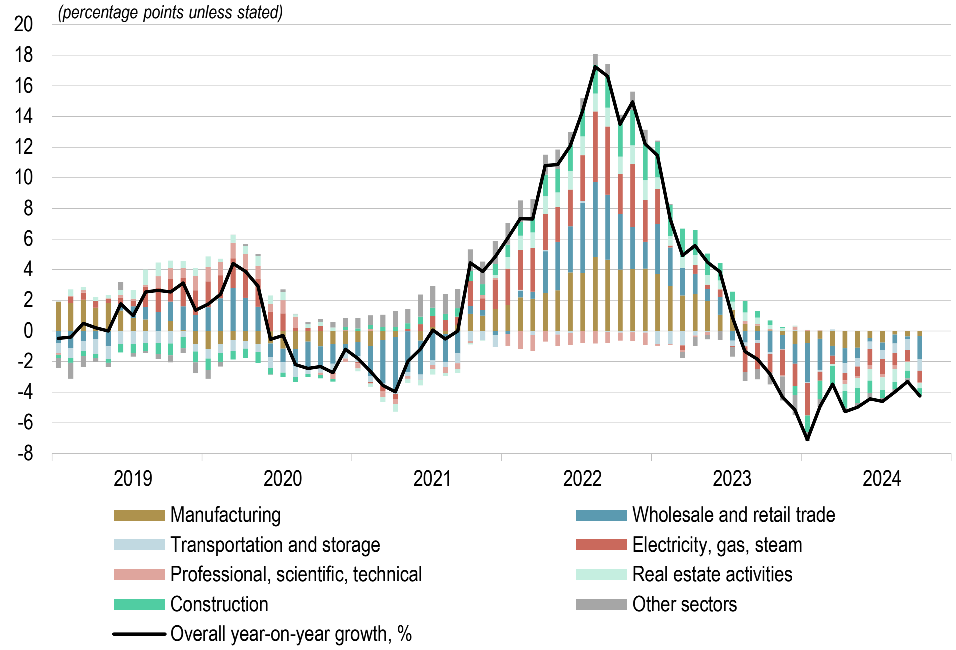
Figure 23: **Liquidity indicator**

Liquidity coverage ratio



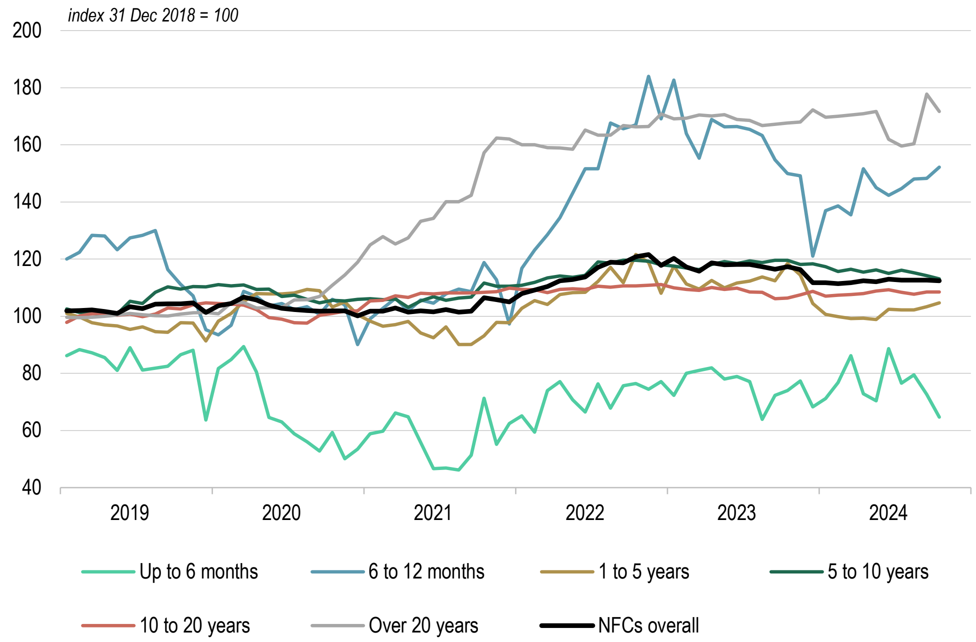
Note: The horizontal line denotes the minimum requirement for the LCR (100%) under the CRR.
Source: Banka Slovenije

Figure 24: **Contributions to credit growth by economic sector**



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

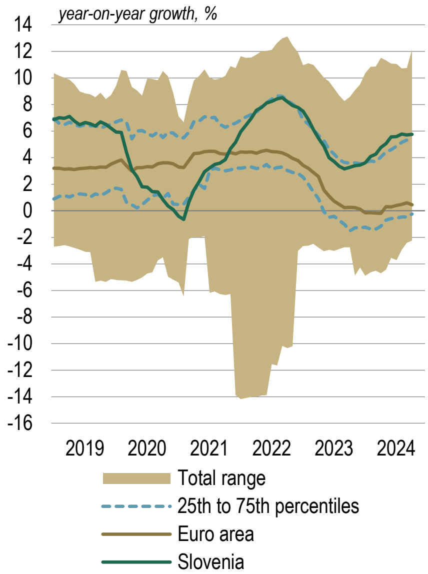
Figure 25: **Growth in loans to non-financial corporations by maturity**



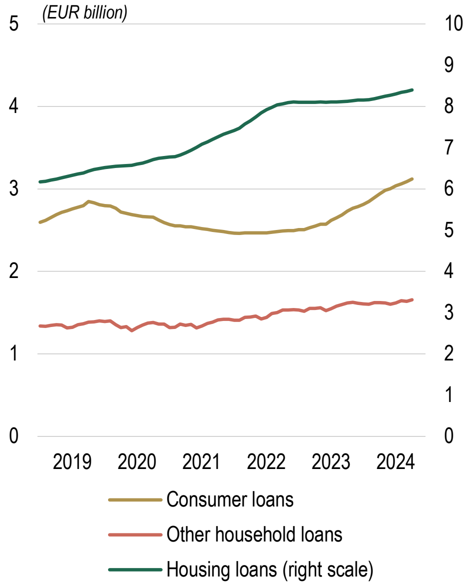
Note: Gross figures. Other sectors comprise agriculture, water supply, sewerage and waste management, accommodation and food service activities, information and communication, financial and insurance activities, and public services.
Source: Banka Slovenije

Figure 26: **Household lending**

Growth in household loans, comparison with the euro area



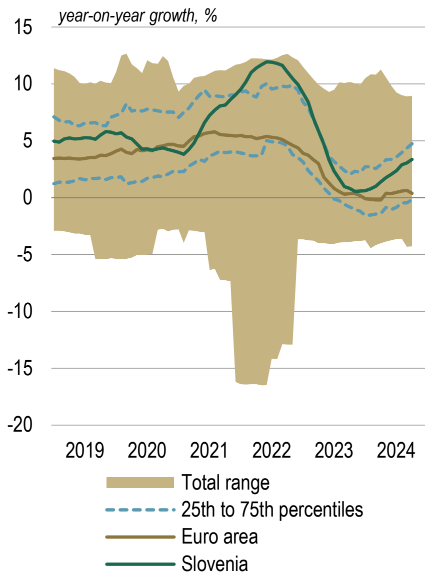
Stock of household loans



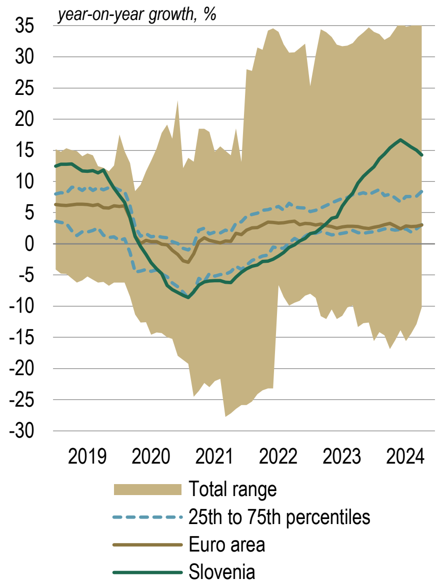
Source: Banka Slovenije

Figure 27: **Housing loans and consumer loans**

Growth in housing loans, comparison between Slovenia and the euro area



Growth in consumer loans, comparison between Slovenia and the euro area



Sources: Banka Slovenije, ECB SDW, Banka Slovenije calculations

Table 2: **Banking system balance sheet as at 31 October 2024**

EUR million unless stated, growth rates in %	Stock Dec.19	Breakdown (%)	Stock Dec.23	Breakdown (%)	Stock Oct.24	Breakdown (%)	ncrease in mio EUR Oct.24	in 2024	Growth in % Oct.24	year-on-year
Assets	**52,009**	**100.0**	**53,082**	**100.0**	**53,935**	**100.0**	**-12.8**	**853.2**	**0.0**	**3.2**
Cash in hand, balances at CB and sight deposits at banks	**1,468**	**2.8**	**12,763**	**24.0**	**9,405**	**17.4**	**-402.4**	**-3,358.1**	**-4.1**	**-19.5**
Loans to banks at amortised cost (including central bank)	**5,763**	**11.1**	**1,444**	**2.7**	**1,515**	**2.8**	**76.5**	**70.7**	**5.3**	**-21.4**
domestic banks	3,531	6.8	259	0.5	207	0.4	-4.8	-52.1	-2.3	-17.3
foreign banks	2,232	4.3	1,185	2.2	1,308	2.4	81.3	122.8	6.6	-22.0
short-term loans to banks	3,020	5.8	376	0.7	710	1.3	59.4	334.0	9.1	-10.7
long-term loans to banks	2,743	5.3	1,069	2.0	806	1.5	17.1	-263.2	2.2	-28.9
Loans to non-banking sector*	**34,132**	**65.6**	**26,934**	**50.7**	**28,349**	**52.6**	**64.6**	**1,414.9**	**0.2**	**4.0**
of which non-financial corporations	20,201	38.8	9,968	18.8	10,023	18.6	-21.1	55.1	-0.2	-4.4
households	8,072	15.5	12,556	23.7	13,194	24.5	86.8	637.5	0.7	5.7
of which residential			8,153	15.4	8,398	15.6	36.3	245.3	0.4	3.4
consumer			2,784	5.2	3,120	5.8	32.3	335.6	1.0	14.3
government	735	1.4	1,341	2.5	1,364	2.5	10.9	23.3	0.8	6.5
other financial institutions	2,719	5.2	1,157	2.2	1,936	3.6	-13.0	778.6	-0.7	73.3
non-residents	2,354	4.5	1,885	3.6	1,808	3.4	1.2	-77.2	0.1	-3.1
Other FA classed as loans and receivables (at amortised cost)	**0**	**0.0**	**213**	**0.4**	**300**	**0.6**	**63.4**	**87.5**	**26.8**	**55.6**
Securities / financial assets (FA)**	**8,907**	**17.1**	**9,816**	**18.5**	**12,273**	**22.8**	**177.6**	**2,457.4**	**1.5**	**29.1**
a) FA held for trading	**890**	**1.7**	**92**	**0.2**	**81**	**0.1**	**-4.3**	**-11.1**	**-5.0**	**-29.2**
of which debt securities held for trading	381	0.7	0	0.0	4	0.0	-1.6	4.0	-28.5	-25.4
... government debt securities held for trading	30	0.1	0	0.0	4	0.0	0.4	4.0	11.9	-25.4
b) FA measured at FV through P&L not held for trading	**0**	**0.0**	**99**	**0.2**	**82**	**0.2**	**1.4**	**-16.5**	**1.8**	**-16.7**
of which debt securities measured at FV through P&L not held for trading	0	0.0	2	0.0	1	0.0	0.0	-0.9	3.2	-42.2
c) FA designated for measurement at FV through P&L	**270**	**0.5**	**0**	**0.0**	**0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
of which debt securities designated for measurement at FV through P&L	264	0.5	0	0.0	0	0.0	0.0	0.0	0.0	0.0
... government debt securities designated for measurement at FV through	0	0.0	0	0.0	0	0.0	0.0	0.0	0.0	0.0
d) FA measured at FV through other comprehensive income	**6,237**	**12.0**	**3,132**	**5.9**	**3,945**	**7.3**	**-34.6**	**812.8**	**-0.9**	**22.1**
of which debt securities measured at FV through other comprehensive income	5,627	10.8	2,935	5.5	3,727	6.9	-35.0	792.3	-0.9	22.7
... government debt securities measured at FV through other comprehensive income	3,870	7.4	2,126	4.0	2,827	5.2	-7.3	700.8	-0.3	28.7
e) Debt securities at amortised cost	**1,511**	**2.9**	**6,493**	**12.2**	**8,165**	**15.1**	**215.0**	**1,672.2**	**2.7**	**34.7**
of which government debt securities at amortised cost	1,231	2.4	4,419	8.3	5,514	10.2	79.1	1,095.5	1.5	30.5
Investments in subsidiaries, joint ventures and associates	**696**	**1.3**	**1,057**	**2.0**	**1,208**	**2.2**	**3.3**	**150.5**	**0.3**	**26.0**
Other assets	**1,042**	**2.0**	**855**	**1.6**	**886**	**1.6**	**4.2**	**30.3**	**0.5**	**16.5**
Equity and liabilities	**52,009**	**100.0**	**53,082**	**100.0**	**53,935**	**100.0**	**-12.8**	**853.2**	**0.0**	**3.2**
Financial liabilities measured at amortised cost (deposits)***	**46,927**	**90.2**	**46,517**	**87.6**	**46,796**	**86.8**	**-70.5**	**279.1**	**-0.2**	**1.6**
a) Financial liabilities to central bank (Eurosystem)	**2,121**	**4.1**	**75**	**0.1**	**0**	**0.0**	**0.0**	**-75.2**		**-100.0**
b) Liabilities to banks	**15,949**	**30.7**	**1,746**	**3.3**	**1,665**	**3.1**	**-36.9**	**-81.2**	**-2.2**	**-15.1**
of which to domestic banks	2,920	5.6	413	0.8	384	0.7	1.7	-29.3	0.5	-7.1
of which to foreign banks	13,024	25.0	1,333	2.5	1,281	2.4	-38.7	-51.9	-2.9	-17.2
c) Liabilities to non-banking sector (deposits by NBS)	**23,892**	**45.9**	**41,062**	**77.4**	**41,078**	**76.2**	**5.5**	**16.5**	**0.0**	**1.9**
of which to non-financial corporations	3,850	7.4	10,784	20.3	10,791	20.0	141.7	-156.1	1.3	7.8
households	14,049	27.0	26,514	49.9	26,940	49.9	-68.4	425.3	-0.3	2.7
government	4,008	7.7	789	1.5	765	1.4	-21.7	-24.3	-2.8	2.2
other financial institutions	1,130	2.2	1,071	2.0	749	1.4	-44.0	-158.0	-5.5	-46.4
non-residents	537	1.0	1,333	2.5	1,263	2.3	14.2	-69.4	1.1	-6.3
d) Debt securities	**3,442**	**6.6**	**3,164**	**6.0**	**3,531**	**6.5**	**-86.3**	**367.7**	**-2.4**	**12.0**
e) Other financial liabilities measured at amortised cost****	**1,523**	**2.9**	**471**	**0.9**	**522**	**1.0**	**47.2**	**51.3**	**9.9**	**2.1**
Provisions	**175**	**0.3**	**187**	**0.4**	**182**	**0.3**	**0.8**	**-5.8**	**0.5**	**22.1**
Shareholder equity	**4,310**	**8.3**	**6,081**	**11.5**	**6,611**	**12.3**	**55.9**	**529.5**	**0.9**	**14.2**
Other liabilities	**597**	**1.1**	**296**	**0.6**	**347**	**0.6**	**1.0**	**50.5**	**0.3**	**13.9**
Balance sheet total	**52,009**	**100.0**	**53,082**	**100.0**	**53,935**	**100.0**	**-12.8**	**853.2**	**0.0**	**3.2**

Notes: * Loans to non-banking sector not held for trading are defined on the basis of the methodology for compiling the recapitulation of the statement of financial position, and comprise loans and other financial assets at amortised cost (from A.VI), at fair value (FV) through profit and loss (from A.III), and at FV through other comprehensive income (from A.IV).
** Financial assets / securities on the asset side comprise total financial assets from A.II, including loans held for trading, while equities and debt securities other than loans are captured from other categories of financial asset (A.III, A.IV and A.V).
*** Total financial liabilities at amortised cost in 2008 also include liabilities to the central bank.
**** Includes subordinated debt until 31 December 2017. Under the IFRS 9 methodology, the item of "subordinated debt" is abolished, and these liabilities are included under liabilities to banks.[17]
Source: Banka Slovenije

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

Table 3: **Income statement for 2009, 2022, 2023 and 2024**

(EUR million unless stated)	2009	Breakdown (%)	2022	Breakdown (%)	2023	Breakdown (%)	2023 Jan.-Oct.	Breakdown in %	2024 Jan.-Oct.	Breakdown (%)	Annual growth, % Jan.- Oct. 24/ Jan.- Oct. 23
Interest income	2,114.7		884.3		1,834.0		1,473.1		1,784.6		21.1
Interest expenses	1,175.1		136.5		391.9		304.5		472.3		55.1
Net interest	**939.6**	**65.2**	**747.8**	**56.9**	**1,442.1**	**72.9**	**1,168.6**	**71.5**	**1,312.3**	**68.3**	**12.3**
Non-interest income	**500.5**	**34.8**	**567.3**	**43.1**	**535.4**	**27.1**	**466.1**	**28.5**	**608.1**	**31.7**	**30.5**
of which net fees and commission	342.7	23.8	398.1	30.3	387.0	19.6	321.0	19.6	348.2	18.1	8.5
of which net gains/losses on financial assets and liabilities held for trading	41.5	2.9	31.3	2.4	9.5	0.5	9.9	0.6	17.2	0.9	72.6
Gross income	**1,440.2**	**100.0**	**1,315.1**	**100.0**	**1,977.5**	**100.0**	**1,634.7**	**100.0**	**1,920.4**	**100.0**	**17.5**
Operating costs	**-777.0**	**-54.0**	**-757.6**	**-57.6**	**-830.2**	**-42.0**	**-666.5**	**-40.8**	**-824.1**	**-42.9**	**23.7**
Net income	**663.2**	**46.0**	**557.6**	**42.4**	**1,147.4**	**58.0**	**968.3**	**59.2**	**1,096.3**	**57.1**	**13.2**
Net impairments and provisions	**-501.0**	**-34.8**	**-14.1**	**-1.1**	**-10.2**	**-0.5**	**-38.5**	**-2.4**	**-53.9**	**-2.8**	**39.9**
Pre-tax profit	**162.1**	**11.3**	**543.4**	**41.3**	**1,137.2**	**57.5**	**929.8**	**56.9**	**1,042.4**	**54.3**	**12.1**
Taxes	-39.1		-41.7		-38.9		-117.3		-135.9		15.9
Net profit	123.0		501.7		1,098.3		812.5		906.5		11.6

Source: Banka Slovenije

Table 4: **Selected performance indicators**

in %	2018	2019	2020	2021	2022	2023	2023 Jan.-Oct.	2024 Jan.-Oct.	Oct.2023 (last 12 mon.)	Oct.2024 (last 12 mon.)
Profitability										
Financial intermediation margin*	3.01	3.13	3.16	2.58	2.68	3.86	3.86	4.34	3.70	4.26
ROA	1.39	1.48	1.10	1.20	1.11	2.22	2.19	2.35	2.05	2.35
ROE	11.07	12.16	9.57	11.33	10.82	20.64	20.92	20.24	19.34	20.12
Net interest margin on interest-bearing assets	1.84	1.79	1.57	1.41	1.61	2.95	2.89	3.12	2.76	3.14
Net non-interest income / operating costs	71.93	80.84	100.35	80.95	74.89	64.50	69.94	73.79	67.41	68.58
Operating costs										
Labour costs / average assets	1.02	1.00	0.90	0.85	0.84	0.87	0.83	0.90	0.86	0.93
Other costs / average assets	0.73	0.77	0.77	0.69	0.71	0.75	0.74	0.95	0.73	0.93
Asset quality										
Ratio of allowances for credit losses on loans to banks and non-banking sector not held for trading to gross	2.64	1.53	1.59	1.14	1.03	0.98	0.97	1.04	/	/

* Gross income / average assets
Source: Banka Slovenije

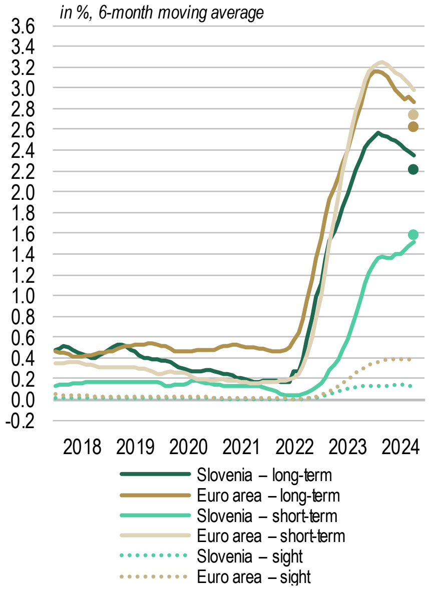
Table 5: **Comparison of interest rates on new variable-rate loans in Slovenia with the euro area overall**

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

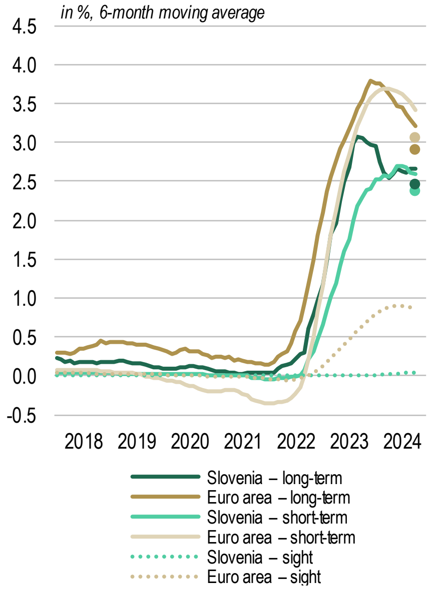
Note: Household deposits are broken down by maturity, irrespective of the type of remuneration (fixed-rate and variable-rate deposits are combined).
Sources: Banka Slovenije, ECB

Figure 28: **Average interest rates on new deposits**

Average interest rates on new household deposits



Average interest rates on new deposits by non-financial corporations



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

Table 6: **Comparison of interest rates on new fixed-rate loans in Slovenia with the euro area overall**

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

Sources: Banka Slovenije, ECB

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

	Exposures		Non-performing exposures (NPEs)							
	EUR million	in %	EUR million				ratio, in %			
	Oct.24	Oct.24	Dec.21	Dec.22	Dec.23	Oct.24	Dec.21	Dec.22	Dec.23	Oct.24
NFCs	17,391	28.9	347	310	295	304	2.3	1.8	1.8	1.8
large NFCs	8,881	14.8	78	55	88	80	1.0	0.6	1.0	0.9
SME	8,229	13.7	270	255	207	225	3.8	3.2	2.5	2.7
OFIs	2,129	3.5	4	3	2	2	0.2	0.1	0.2	0.1
Households	14,868	24.7	261	236	236	250	2.1	1.7	1.7	1.7
sole traders	792	1.3	27	25	28	33	3.9	3.4	3.7	4.1
individuals	14,076	23.4	233	211	207	217	2.0	1.6	1.6	1.5
consumer loans	3,246	5.4	94	90	89	100	3.7	3.5	3.1	3.1
housing loans	8,366	13.9	114	95	90	83	1.6	1.2	1.1	1.0
other	2,465	4.1	24	25	27	34	1.2	1.1	1.2	1.4
Non-residents	12,139	20.2	30	79	53	46	0.3	0.8	0.5	0.4
Government	4,476	7.5	0	0	0	1	0.0	0.0	0.0	0.0
Banks and savings banks	784	1.3	0	0	0	0	0.0	0.0	0.0	0.0
Total	**60,074**	**100.0**	**641**	**628**	**585**	**603**	**1.2**	**1.1**	**1.0**	**1.0**

Source: Banka Slovenije

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

	Exposures		Non-performing exposures (NPEs)				NPE ratio			
	EUR million	in %	EUR million				(%)			
	Oct.24	Oct.24	Dec.22	Dec.23	Sep.24	Oct.24	Dec.22	Dec.23	Sep.24	Oct.24
Agriculture, forestry, fishing, mining	126	0,7	2	3	3	3	1,4	2,0	2,3	2,2
Manufacturing	5.091	29,3	55	110	114	116	1,2	2,2	2,2	2,3
Electricity, gas, water, remediation	1.723	9,9	3	1	4	4	0,2	0,1	0,2	0,2
Construction	2.067	11,9	34	26	36	36	2,0	1,5	1,8	1,7
Wholesale and retail trade	3.102	17,8	61	55	54	55	2,0	1,8	1,7	1,8
Transportation and storage	1.420	8,2	17	21	19	19	1,1	1,4	1,4	1,3
Accommodation and food service	520	3,0	80	32	23	22	15,0	6,7	4,7	4,3
Information and communication	681	3,9	3	3	4	4	0,5	0,5	0,6	0,6
Financial and insurance activities	154	0,9	0	0	0	0	0,0	0,0	0,0	0,0
Real estate activities	772	4,4	5	4	3	3	0,6	0,4	0,4	0,4
Professional, scientific and technical	1.473	8,5	45	37	34	39	3,3	2,5	2,3	2,7
Education, health, public admin.	148	0,9	2	1	1	1	1,2	1,0	1,0	0,9
Arts, recreation and entertainment	114	0,7	2	2	1	1	2,0	1,6	0,6	0,8
Total	**17.391**	**100,0**	**310**	**295**	**295**	**304**	**1,8**	**1,8**	**1,7**	**1,8**

Source: Banka Slovenije

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

	Share in %									Exposure to stage 2 amount, EUR million		
	S1			S2			S3					
	Dec 22	**Dec 23**	**Oct 24**	**Dec 22**	**Dec 23**	**Oct 24**	**Dec 22**	**Dec 23**	**Oct 24**	**Dec 22**	**Dec 23**	**Oct 24**
NFCs	89.7	89.9	91.0	8.5	8.3	7.2	1.8	1.8	1.8	1,449	1,397	1,256
large NFCs	94.0	94.7	94.8	5.4	4.3	4.3	0.6	1.0	0.9	484	372	378
SME	84.9	85.0	87.0	12.0	12.5	10.3	3.2	2.5	2.6	964	1,025	878
OFIs	98.1	98.6	99.7	1.8	1.3	0.3	0.1	0.2	0.1	32	17	6
Households	89.9	89.3	89.1	8.4	9.0	9.3	1.7	1.7	1.7	1,139	1,273	1,377
sole traders	82.8	78.2	81.3	13.9	18.1	14.6	3.3	3.7	4.1	105	138	116
individuals	90.3	89.9	89.5	8.1	8.5	9.0	1.6	1.6	1.5	1,034	1,135	1,261
consumer loans	85.6	85.7	83.9	10.9	11.2	13.1	3.5	3.1	3.1	279	323	424
housing loans	91.7	92.0	91.7	7.1	6.9	7.3	1.2	1.1	1.0	571	561	613
other	90.5	88.1	89.5	8.3	10.7	9.1	1.2	1.2	1.4	184	251	224
Non-residents	97.4	97.7	98.1	1.8	1.7	1.5	0.8	0.5	0.4	169	174	181
Government	98.7	98.5	99.7	1.3	1.5	0.2	0.0	0.0	0.0	46	61	11
Total	**93.8**	**94.0**	**94.3**	**5.1**	**5.0**	**4.7**	**1.1**	**1.0**	**1.0**	**2,847**	**2,929**	**2,843**

Source: Banka Slovenije

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

	Share in %									Exposure to stage 2 amount, EUR million		
	S1			S2			S3					
	Dec 22	**Dec 23**	**Oct 24**	**Dec 22**	**Dec 23**	**Oct 24**	**Dec 22**	**Dec 23**	**Oct 24**	**Dec 22**	**Dec 23**	**Oct 24**
Agriculture, forestry, fishing, mining	91.2	86.8	89.7	7.4	11.3	8.0	1.4	2.0	2.2	11	16	10
Manufacturing	86.0	88.8	89.7	12.9	9.0	8.0	1.2	2.2	2.3	608	440	409
Electricity, gas, water, remediation	95.8	97.1	94.6	4.0	2.8	5.2	0.2	0.1	0.2	75	46	90
Construction	91.4	91.9	93.7	6.7	6.7	4.5	2.0	1.5	1.7	114	119	94
Wholesale and retail trade	92.2	88.3	91.4	5.8	9.9	6.9	2.0	1.8	1.8	180	300	213
Transportation and storage	94.6	93.6	91.5	4.3	5.1	7.1	1.1	1.4	1.3	68	78	101
Accommodation and food service	55.7	67.6	74.4	29.7	25.7	21.3	14.6	6.7	4.3	157	125	110
Information and communication	94.6	95.1	95.9	4.9	4.4	3.5	0.5	0.5	0.6	32	28	24
Financial and insurance activities	95.9	99.1	99.1	4.1	0.9	0.9	0.0	0.0	0.0	11	1	1
Real estate activities	94.1	92.3	94.5	5.3	7.2	5.1	0.6	0.5	0.4	41	57	39
Professional, scientific and technical	88.4	88.7	90.2	8.3	8.8	7.1	3.3	2.5	2.7	113	129	104
Education, health, public admin.	85.5	77.8	82.4	13.3	21.2	16.7	1.2	1.0	0.9	19	31	25
Arts, recreation and entertainment	77.8	70.6	67.9	20.2	27.8	31.2	2.0	1.5	0.8	19	27	36
Total	**89.7**	**89.9**	**91.0**	**8.5**	**8.3**	**7.2**	**1.8**	**1.8**	**1.8**	**1,449**	**1,397**	**1,256**

Source: Banka Slovenije

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

	Credit risk stages									NPE		
	S1			S2			S3					
	Dec.22	**Dec.23**	**Oct.24**	**Dec.22**	**Dec.23**	**Oct.24**	**Dec.22**	**Dec.23**	**Oct.24**	**Dec.22**	**Dec.23**	**Oct.24**
NFCs	0.4	0.3	0.3	4.0	2.8	2.7	59.1	60.0	59.9	59.1	59.9	59.9
OFIs	0.2	0.2	0.2	0.6	2.3	2.7	87.6	97.2	85.6	87.6	97.2	81.9
Households	0.3	0.3	0.3	4.6	5.3	6.4	59.1	63.1	67.4	58.9	63.0	67.3
sole traders	0.7	0.7	0.6	4.9	4.4	4.3	56.0	60.0	63.9	54.5	59.9	63.2
individuals	0.2	0.2	0.3	4.5	5.5	6.6	59.5	63.5	67.9	59.4	63.5	67.9
consumer loans	0.5	0.4	0.5	6.6	7.3	8.1	67.4	69.5	75.3	67.4	69.5	75.2
housing loans	0.2	0.2	0.2	3.9	5.1	6.1	51.5	57.7	59.5	51.5	57.7	59.5
other	0.3	0.3	0.2	3.2	3.9	4.9	61.0	62.7	67.0	61.0	62.9	66.9
Non-residents	0.3	0.2	0.1	5.5	6.5	5.7	35.8	18.3	19.6	34.3	18.4	19.7
Government	0.1	0.1	0.1	1.1	1.8	6.8	54.3	80.4	58.9	10.7	80.4	58.9
Banks and savings banks	0.1	0.1	0.1	0.2	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Central bank	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.1	0.2	0.2	0.3	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**0.2**	**0.2**	**0.2**	**4.2**	**4.1**	**4.7**	**56.4**	**57.6**	**60.0**	**56.0**	**57.6**	**59.9**

Source: Banka Slovenije

Figures

Tables