

**BANKA
SLOVENIJE**

EVROSISTEM



**MONTHLY REPORT
ON BANK PERFORMANCE**



JANUARY 2022

The increase in household lending by banks in November 2021 was driven primarily by housing loans, similarly to previous months. Meanwhile, the year-on-year contraction in consumer loans slowed somewhat. Loans to non-financial corporations (NFCs) remained up in year-on-year terms, but were down on October, when major loans were made to several firms. Portfolio quality as measured by the NPE ratio remains unchanged, while there was an increase in the share of claims in the stage with increased risk (Stage 2), an indication of the decline in quality in parts of the bank portfolio. After several months of outflows, the stock of household deposits increased in November, albeit by significantly less than the average monthly increase in the first half of 2021. While certain income categories have improved in recent months, the relatively high pre-tax profits recorded by the banking system over the first eleven months of 2021 were largely attributable to a net release of impairments and provisions. The capitalisation of the banking system remains good, and liquidity remains high, despite a decline in the liquidity coverage ratio in November.

After two consecutive months of decline, the balance sheet total increased by EUR 131 million in November to stand at EUR 47.6 billion. Despite the increase, the year-on-year rate of growth nevertheless slowed to 7.5%, as a result of a base effect from the large increase in November 2020. November's main increases on the investment side were in balances at the central bank and loans to the non-banking sector (NBS), while the main increase on the funding side was in deposits by the NBS, most notably deposits by NFCs.

Loans to the NBS increased by EUR 109 million in November, driven by household loans and loans to non-residents. Year-on-year growth in household loans rose again, to 4.6%, driven by strengthened growth in housing loans (8.6%). Consumer loans continued to contract in year-on-year terms, but the rate was less pronounced than in previous months (at 5.3%). With inflows of new loans actually up on 2020, the year-on-year contraction is primarily attributable to repayments of loans from previous years, when consumer lending was well above average. The stock of loans to non-residents increased by EUR 78 million in November to EUR 1.5 billion, the growth rate reaching a high 22.1%, but they continue to account for just a small share of total assets (3.3%). Loans to large foreign firms are prevalent, although this form of lending is seen solely at certain large banks. After a sharp increase in loans to NFCs in October, the stock declined by EUR 49 million in November, slowing the year-on-year rate of growth to 4.6%.

The decline in the NPE ratio of the total portfolio came to an end: it has stood at 1.3% since August. The NPE ratio is still declining slightly in the NFCs and sole traders portfolios, reaching 2.4% and 3.9% respectively in November. Further increases in the NPE ratio were otherwise evident in individual activities within the NFCs portfolio (accommodation and food service activities, and professional, scientific and technical activities).

A trend of increase in the share of Stage 2 exposures has been evident for several months now in numerous activities within the NFCs portfolio, with manufacturing joining their number in November. The share of Stage 2 exposures in the household portfolio also increased significantly, less evidently for housing loans, and more notably for consumer loans and other exposures to households (credit and payment cards, and overdrafts). The reclassification of exposures to higher-risk stages was not reflected in increased creation of impairments in these portfolio segments. On the contrary, coverage of Stage 2 by impairments is continuing to decline. After declining in August, coverage of NPEs increased over the following months, reaching 57% in November, up 6.8 percentage points on the end of 2020.

Deposits by the NBS increased by EUR 140 million in November of last year, significantly less than the increase in November 2020 (EUR 381 million), when household deposits in particular began their sharp rise. The base effect reduced year-on-year growth in deposits of both the NBS and households to 7.6% in November. After three consecutive months of decline, the stock of household deposits increased by EUR 29 million in November. This was only just over a tenth of the average monthly increase in the first half of 2021, when precautionary behaviour and the limited ability to spend saw savers build up extensive savings at banks. Deposits by NFCs remained volatile: after contracting in October, they increased by EUR 103 million in November.

The banking system's income performance has improved in recent months. Realised earnings were substantial over the first eleven months of the year, thanks in part to a net release of impairments and provisions at more than two-thirds of credit institutions. Pre-tax profit amounted to EUR 473 million over the first eleven months of the year, while ROE stood at 10.5%. The pre-tax profit was entirely comparable to 2020 (up 0.3%), while operating profit (net income), i.e. before the net release of impairments and provisions and simultaneously excluding the previous year's one-off effects from the merger of two banks, was a little higher (up 6.6%).

The year-on-year decline in net interest income slowed to 2.6% in November, thanks to rising growth in loans. With net interest falling, the net interest margin also declined as a result: it stood at 1.42% over the 12 months to November 2021. Its decline did however slow. Net non-interest income was down a third in year-on-year terms, as a result of the aforementioned merger of two banks; excluding this effect, it would have been up around 8% on the previous year. Net fees and commission continued to record high growth (14.9%), while operating costs were broadly unchanged in year-on-year terms (down 0.7%). Gross and net income remained down on the previous year, as a result of the aforementioned effect in non-interest income; in its absence they would have been up 2% and almost 7% respectively on the previous year. The net release of impairments and provisions amounted to EUR 52 million at system level, compared with the net creation of impairments and provisions in the total amount of EUR 125 million recorded by the banks in 2020. Had impairment and provisioning costs been at their long-term average, pre-tax profit would only have been just over a third of that actually observed.

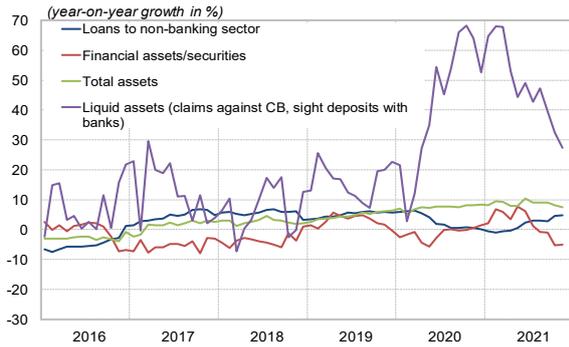
The banking system's total capital ratio and common equity Tier 1 capital ratio remained unchanged in the third quarter of 2021, at 18.5% and 17.0% respectively on a consolidated basis. The liquidity coverage ratio (LCR) stood at 303% in November, down 14 percentage points on the previous month, as net liquidity outflows rose by more than the liquidity buffer. The LCR nevertheless remained well above its regulatory requirement of 100%. Primary liquidity, which includes cash on hand, balances at the central bank and sight deposits at banks, increased in November (by EUR 127 million), to reach almost 23% of the balance sheet total.

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1. KEY TRENDS IN THE BANKING SECTOR

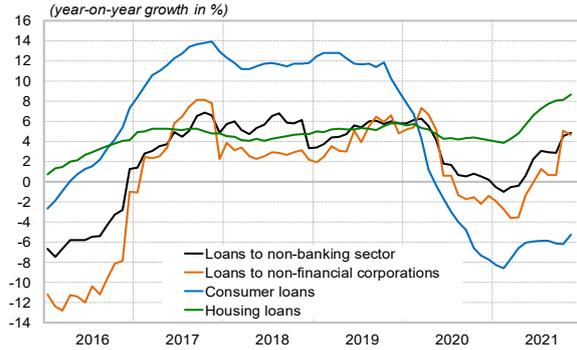
Figure 1.1: Growth in bank investments



Note: The category 'Financial assets/securities' also includes debt securities from the category of loans and receivables.

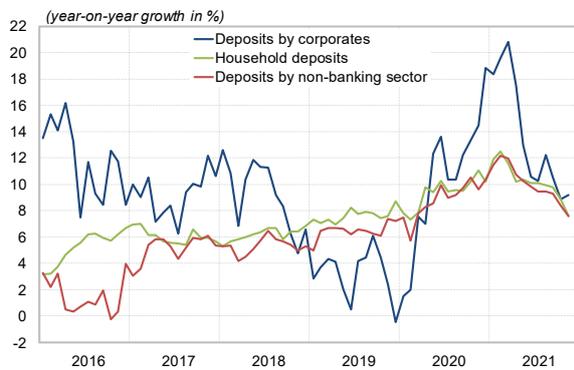
Source: Bank of Slovenia.

Figure 1.2: Loans by sector and loan type



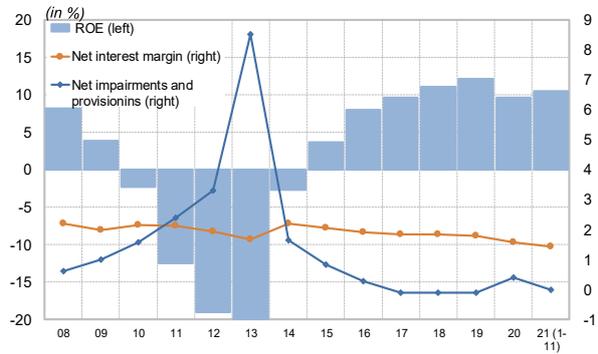
Source: Bank of Slovenia.

Figure 1.3: Deposits by sector



Source: Bank of Slovenia.

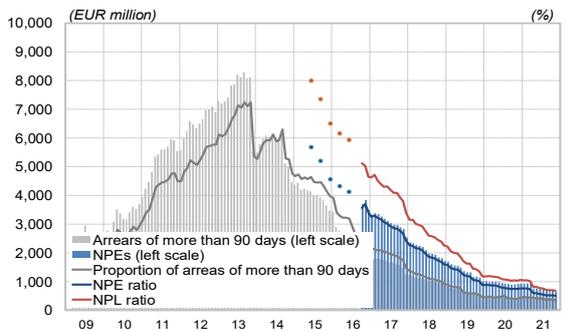
Figure 1.4: ROE, net interest margin, and ratio of impairment and provisioning costs to total assets



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

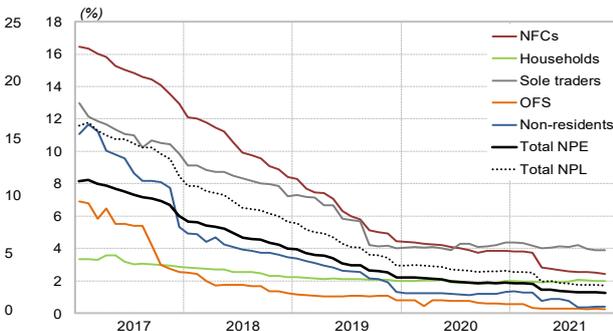
Source: Bank of Slovenia.

Figure 1.5: NPEs, NPLs and claims more than 90 days in arrears, stocks and ratios



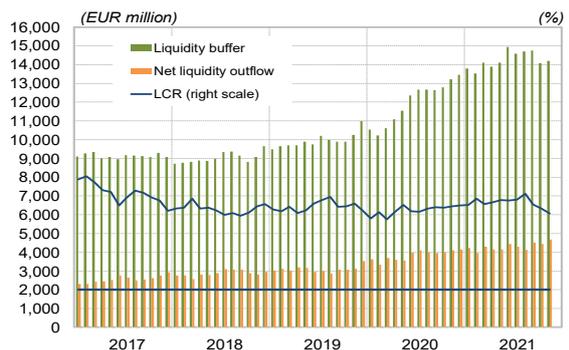
Source: Bank of Slovenia.

Figure 1.6: NPE ratio by client segment



Source: Bank of Slovenia.

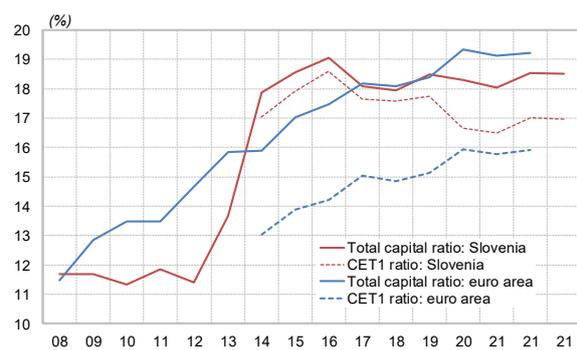
Figure 1.7: Liquidity coverage ratio (LCR)



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

Source: Bank of Slovenia.

Figure 1.8: Capital ratios compared with the euro area, consolidated basis



Source: Bank of Slovenia, ECB (SDW).

2. MAIN FEATURES OF BANKS' PERFORMANCE AND FINANCIAL STATEMENTS¹

Table 2.1: Banking system's assets and liabilities, as at 30 November 2021

EUR million unless stated, growth rates in %	Stock		Breakdown		Stock		Breakdown		Stock		Breakdown		Increase in mio EUR		Growth in November 21, %	
	31.12.2008	(%)	31.12.2020	(%)	30.11.2021	(%)	in November 21	in 2021	monthly	year-on-year						
Assets	47,948	100.0	44,651	100.0	47,552	100.0	131.2	2,900.9	0.3	7.5						
Cash in hand, balances at central bank and sight deposits at banks	1,250	2.6	8,825	19.8	10,839	22.8	126.8	2,014.2	1.2	27.4						
Loans to banks at amortised cost (including central bank)	4,101	8.6	1,492	3.3	1,498	3.2	-108.7	6.0	-6.8	-6.4						
domestic banks	2,673	5.6	647	1.4	500	1.1	-36.7	-146.9	-6.8	-19.8						
foreign banks	1,428	3.0	845	1.9	998	2.1	-72.1	152.9	-6.7	2.2						
short-term loans to banks	2,056	4.3	271	0.6	409	0.9	-75.5	138.6	-15.6	8.9						
long-term loans to banks	2,046	4.3	1,222	2.7	1,089	2.3	-33.3	-132.6	-3.0	-11.1						
Loans to non-banking sector*	33,718	70.3	23,561	52.8	24,867	52.3	109.4	1,306.3	0.4	4.8						
of which non-financial corporations	20,260	42.3	8,750	19.6	9,349	19.7	-49.1	598.4	-0.5	4.6						
households	7,558	15.8	10,712	24.0	11,231	23.6	66.1	518.9	0.6	4.7						
of which residential			6,760	15.1	7,326	15.4	65.7	565.5	0.9	8.6						
consumer			2,591	5.8	2,484	5.2	-8.2	-106.8	-0.3	-5.3						
government	506	1.1	1,546	3.5	1,414	3.0	9.8	-132.2	0.7	-8.3						
other financial institutions	2,829	5.9	1,202	2.7	1,300	2.7	6.2	97.8	0.5	6.4						
non-residents	2,515	5.2	1,323	3.0	1,549	3.3	77.7	226.1	5.3	22.1						
Other financial assets classed as loans and receivables (at amortised cost)	0	0.0	113	0.3	158	0.3	-24.2	45.4	-13.3	30.5						
Securities / financial assets**	7,323	15.3	8,958	20.1	8,530	17.9	26.0	-428.5	0.3	-5.0						
a) Financial assets held for trading	1,177	2.5	61	0.1	50	0.1	-4.0	-10.6	-7.4	-19.1						
of which debt securities held for trading	571	1.2	3	0.0	1	0.0	-4.3	-2.5	-81.1	-71.8						
... government debt securities held for trading	56	0.1	3	0.0	1	0.0	-4.3	-2.5	-81.1	-71.8						
b) Financial assets measured at fair value through P&L not held for trading	0	0.0	92	0.2	90	0.2	0.3	-2.9	0.3	16.6						
of which debt securities measured at fair value through P&L not held for trading	0	0.0	3	0.0	3	0.0	0.1	0.3	3.3	0.0						
c) Financial assets designated for measurement at fair value through P&L	179	0.4	6	0.0	0	0.0	0.0	-6.1	0.0	-100.0						
of which debt securities designated for measurement at fair value through P&L	163	0.3	6	0.0	0	0.0	0.0	-6.1	0.0	-100.0						
... government debt securities designated for measurement at fair value through P&L	0	0.0	0	0.0	0	0.0	0.0	0.0	0.0	0.0						
d) Financial assets measured at fair value through other comprehensive income	4,552	9.5	5,818	13.0	5,060	10.6	77.5	-758.0	1.6	-13.6						
of which debt securities measured at fair value through other comprehensive income	4,318	9.0	5,625	12.6	4,862	10.2	75.7	-763.3	1.6	-14.1						
... government debt securities measured at fair value through other comprehensive income	2,875	6.0	3,854	8.6	3,225	6.8	67.9	-628.4	2.1	-17.0						
e) Debt securities at amortised cost	1,415	3.0	2,981	6.7	3,330	7.0	-47.9	349.1	-1.4	11.9						
of which government debt securities at amortised cost	1,182	2.5	2,314	5.2	2,326	4.9	-46.4	11.8	-2.0	0.5						
Investments in subsidiaries, joint ventures and associates	627	1.3	903	2.0	936	2.0	-0.5	33.4	0.0	81.2						
Other assets	928	1.9	799	1.8	723	1.5	2.4	-75.9	0.3	-8.5						
Equity and liabilities	47,948	100.0	44,651	100.0	47,552	100.0	131.2	2,900.9	0.3	7.5						
Financial liabilities measured at amortised cost (deposits)***	41,895	87.4	39,404	88.2	42,129	88.6	105.7	2,724.7	0.3	8.0						
a) Financial liabilities to central bank (Eurosystem)	1,229	2.6	1,380	3.1	2,327	4.9	-1.4	946.9	-0.1	68.3						
b) Liabilities to banks	18,168	37.9	2,378	5.3	1,905	4.0	-15.4	-473.5	-0.8	-24.6						
of which to domestic banks	2,065	4.3	799	1.8	688	1.4	-52.3	-111.5	-7.1	-11.7						
of which to foreign banks	16,098	33.6	1,579	3.5	1,217	2.6	36.9	-361.9	3.1	-30.3						
c) Liabilities to non-banking sector (deposits by NBS)	20,883	43.6	34,281	76.8	36,230	76.2	139.9	1,948.9	0.4	7.6						
of which to non-financial corporations	3,728	7.8	8,031	18.0	8,461	17.8	103.4	429.9	1.2	9.2						
households	13,407	28.0	22,437	50.2	23,731	49.9	29.4	1,294.9	0.1	7.6						
government	1,879	3.9	948	2.1	779	1.6	-4.0	-168.9	-0.5	-17.7						
other financial institutions	1,065	2.2	1,172	2.6	1,451	3.1	57.7	278.3	4.1	15.5						
non-residents	475	1.0	1,217	2.7	1,307	2.7	-44.1	90.5	-3.3	8.4						
d) Debt securities	1,276	2.7	1,058	2.4	1,251	2.6	16.3	193.2	1.3	18.1						
e) Other financial liabilities measured at amortised cost****	1,568	3.3	307	0.7	416	0.9	-33.7	109.2	-7.5	15.2						
Provisions	176	0.4	186	0.4	153	0.3	-5.9	-32.6	-3.7	-14.8						
Shareholder equity	4,010	8.4	4,805	10.8	5,058	10.6	14.6	253.3	0.3	5.4						
Other liabilities	1,867	3.9	257	0.6	212	0.4	16.8	-44.5	8.6	-18.0						
BALANCE SHEET TOTAL	47,948	100.0	44,651	100.0	47,552	100.0	131.2	2,900.9	0.3	7.5						

Notes: * Loans to non-banking sector not held for trading comprise "Loans and other financial assets at amortised cost" (from A.VI of the "Methodology for compiling the recapitulation of the statement of financial position", the category of "Loans (and other financial assets) designated for measurement at fair value through profit and loss" (from A.III), the category of "Loans (and other financial assets) designated for measurement at fair value through other comprehensive income" (from A.IV) and the category of "Loans (and other financial assets) measured at fair value through other comprehensive income".

** 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 measured at amortised cost in 2008 also include banks' 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.

Source: Bank of Slovenia.

¹ 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 2.2: Income statement for 2019, 2020 and 2021

(EUR million unless stated)	2019	Breakdown	2020	Breakdown	2020	Breakdown	2021	Breakdown	Annual growth, %
		(%)		(%)	Jan.-Nov	(%)	Jan.-Nov	(%)	Jan.- Nov. 21/ Jan.- Nov. 20
Interest income	790.0		754.0		689.9		684.1		-0.8
Interest expenses	107.3		114.9		104.8		114.0		8.8
Net interest	682.7	54.4	639.1	47.0	585.1	47.0	570.0	53.5	-2.6
Non-interest income	573.4	45.6	721.0	53.0	660.6	53.0	494.8	46.5	-25.1
of which net fees and commission	333.8	26.6	329.7	24.2	299.5	24.0	343.9	32.3	14.9
of which net gains/losses on financial assets and liabilities held for trading	12.1	1.0	16.0	1.2	14.0	1.1	17.4	1.6	24.3
Gross income	1,256.1	100.0	1,360.1	100.0	1,245.6	100.0	1,064.9	100.0	-14.5
Operating costs	-709.3	-56.5	-718.4	-52.8	-649.4	-52.1	-644.7	-60.5	-0.7
Net income	546.8	43.5	641.6	47.2	596.2	47.9	420.2	39.5	-29.5
Net impairments and provisions	45.7	3.6	-169.6	-12.5	-124.8	-10.0	52.4	4.9	-142.0
Pre-tax profit	592.5	47.2	472.0	34.7	471.4	37.8	472.6	44.4	0.3
Taxes	-62.0		-21.7		-22.5		-44.3		96.6
Net profit	530.5		450.3		448.9		428.3		-4.6

Source: Bank of Slovenia.

Table 2.3: Selected performance indicators

in %	2014		2015		2016		2017		2018		2019		2020	2021	Nov-20	Nov-21
	2014	2015	2016	2017	2018	2019	2020	Jan.-Nov.	Jan.-Nov.	(last 12 mon.)	(last 12 mon.)					
Profitability																
Financial intermediation margin*	3.10	3.05	3.05	2.88	3.01	3.13	3.16	3.18	2.50	3.15	2.54					
ROA	-0.27	0.42	0.99	1.19	1.39	1.48	1.10	1.20	1.11	1.12	1.02					
ROE	-2.69	3.63	7.96	9.58	11.07	12.16	9.57	10.46	10.47	9.71	9.58					
Interest margin on interest-bearing assets	2.18	2.06	1.91	1.83	1.84	1.79	1.57	1.58	1.41	1.59	1.42					
Net non-interest income / operating costs	58.05	60.05	68.53	62.67	71.93	80.84	100.35	101.72	76.76	96.54	77.79					
Operating costs																
Labour costs / average assets	0.92	0.97	1.01	1.02	1.02	1.00	0.90	0.90	0.84	0.92	0.84					
Other costs / average assets	0.81	0.84	0.80	0.78	0.73	0.77	0.77	0.75	0.67	0.79	0.70					
Asset quality																
Impairments of financial assets at amortised cost / gross assets	8.98	7.84	5.38	4.09	2.64	1.53	1.59	1.46	1.20	/	/					

* Gross income / average assets

Source: Bank of Slovenia.

3. BANKS' INTEREST RATES

Table 3.1: Comparison of interest rates on new variable-rate loans in Slovenia with those across the euro area, in percentages

	ECB interest rate	Loans								Household deposits			
		Households				Corporates				up to 1 year		over 1 year	
		Housing		Consumer		up to EUR 1m		over EUR 1m		EMU	SLO	EMU	SLO
	EMU	SLO	EMU	SLO	EMU	SLO	EMU	SLO	EMU	SLO	EMU	SLO	
Dec-12	0.75	2.9	2.9	5.2	4.9	3.8	5.8	2.3	4.9	2.7	2.2	2.4	4.0
Dec-13	0.25	2.8	3.3	5.5	5.1	3.8	5.5	2.3	4.5	1.6	1.5	1.8	2.8
Dec-14	0.05	2.4	2.9	5.1	4.8	3.1	4.5	1.8	3.4	1.0	0.7	1.2	1.4
Dec-15	0.05	2.0	2.2	4.8	4.2	2.6	2.9	1.6	2.2	0.7	0.3	0.8	0.7
Dec-16	0.00	1.8	2.0	4.7	4.2	2.3	2.5	1.4	2.6	0.4	0.2	0.5	0.5
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	4.6	2.0	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	1.2	1.5	0.2	0.2	0.5	0.3
Jan-20	0.00	1.5	1.8	5.6	4.7	2.0	2.3	1.1	1.3	0.3	0.1	0.5	0.3
Feb-20	0.00	1.4	1.8	5.5	4.6	1.9	2.4	1.1	1.4	0.3	0.0	0.5	0.3
Mar-20	0.00	1.4	1.8	5.5	4.5	1.8	2.3	1.1	1.4	0.3	0.2	0.4	0.3
Apr-20	0.00	1.3	2.0	3.6	4.4	1.4	2.7	1.2	2.0	0.2	0.2	0.5	0.2
May-20	0.00	1.5	2.0	4.1	4.4	1.4	2.4	1.2	1.9	0.2	0.2	0.5	0.3
Jun-20	0.00	1.4	1.9	4.4	4.6	1.6	2.3	1.2	1.5	0.2	0.2	0.5	0.3
Jul-20	0.00	1.4	1.8	4.7	4.6	1.7	2.3	1.2	1.9	0.2	0.2	0.5	0.3
Aug-20	0.00	1.4	1.7	5.3	4.7	1.7	2.2	1.3	2.4	0.2	0.2	0.5	0.3
Sep-20	0.00	1.4	1.7	5.1	4.7	1.8	2.2	1.2	2.0	0.2	0.1	0.5	0.3
Oct-20	0.00	1.4	1.7	5.1	4.6	1.8	2.3	1.3	1.6	0.2	0.1	0.5	0.3
Nov-20	0.00	1.4	1.7	5.0	4.6	1.8	2.4	1.2	1.8	0.2	0.2	0.5	0.3
Dec-20	0.00	1.3	1.8	4.9	4.5	1.8	2.3	1.3	1.8	0.2	0.1	0.5	0.3
Jan-21	0.00	1.4	1.7	4.8	4.7	1.9	2.3	1.2	1.3	0.2	0.1	0.5	0.2
Feb-21	0.00	1.3	1.7	5.0	4.7	1.8	2.2	1.2	1.7	0.2	0.1	0.5	0.2
Mar-21	0.00	1.3	1.6	4.9	4.6	1.8	2.2	1.0	1.6	0.2	0.1	0.5	0.2
Apr-21	0.00	1.3	1.6	5.2	4.5	1.8	2.4	1.3	1.8	0.2	0.1	0.5	0.3
May-21	0.00	1.3	1.6	5.2	4.5	1.8	2.2	1.2	2.1	0.2	0.1	0.5	0.2
Jun-21	0.00	1.3	1.5	5.2	4.6	1.8	2.0	1.2	1.4	0.1	0.1	0.5	0.2
Jul-21	0.00	1.3	1.6	5.3	4.8	1.8	2.0	1.3	1.4	0.2	0.1	0.5	0.2
Aug-21	0.00	1.3	1.6	5.7	4.7	1.7	2.1	1.2	1.2	0.1	0.1	0.5	0.1
Sep-21	0.00	1.3	1.6	5.4	4.6	1.7	2.0	1.3	1.7	0.2	0.1	0.5	0.1
Oct-21	0.00	1.3	1.5	5.5	4.6	1.8	1.9	1.2	1.8	0.2	0.1	0.5	0.2
Nov-21	0.00	1.3	1.5	5.0	4.6	1.7	2.1	1.1	1.5	0.2	0.2	0.5	0.2

Note: Household deposits are broken down by maturity, irrespective of the type of remuneration (fixed and variable interest rates are combined).

Source: Bank of Slovenia, ECB.

Table 3.2: Comparison of interest rates on new fixed-rate loans in Slovenia with those across the euro area, in percentages

	Loans							
	Households				Corporates			
	Housing		Consumer		up to EUR 1m		over EUR 1m	
EMU	SLO	EMU	SLO	EMU	SLO	EMU	SLO	
Dec-12	3.3	5.5	6.8	7.2	3.7	6.9	3.0	5.3
Dec-13	3.2	6.4	6.8	7.2	3.6	5.5	2.9	4.6
Dec-14	2.6	4.4	6.2	6.8	2.9	5.4	2.1	2.9
Dec-15	2.4	3.2	5.9	5.5	2.5	3.8	1.9	3.0
Dec-16	1.8	2.6	5.5	6.0	2.0	3.2	1.6	2.2
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
Jan-20	1.4	2.7	5.7	6.2	1.8	3.1	1.3	1.0
Feb-20	1.4	2.6	5.6	6.1	1.8	3.8	1.3	1.4
Mar-20	1.4	2.6	5.5	6.1	1.7	3.0	1.2	1.3
Apr-20	1.4	2.8	5.5	6.1	1.6	2.9	1.3	2.9
May-20	1.4	2.6	5.3	6.1	1.6	2.8	1.3	1.8
Jun-20	1.4	2.5	5.1	6.1	1.7	2.8	1.4	1.2
Jul-20	1.4	2.4	5.3	6.1	1.7	3.5	1.4	2.3
Aug-20	1.4	2.3	5.4	6.1	1.7	2.9	1.2	1.9
Sep-20	1.4	2.3	5.3	6.0	1.7	3.2	1.3	1.2
Oct-20	1.4	2.2	5.3	6.1	1.7	3.4	1.4	1.4
Nov-20	1.4	2.2	5.3	6.0	1.7	3.0	1.3	1.5
Dec-20	1.3	2.2	5.1	6.0	1.7	3.3	1.3	1.7
Jan-21	1.4	2.1	5.3	6.1	1.7	3.1	1.3	1.7
Feb-21	1.3	2.1	5.3	6.1	1.7	3.4	1.2	1.8
Mar-21	1.3	2.0	5.1	6.0	1.7	2.6	1.2	1.1
Apr-21	1.3	1.9	5.2	5.9	1.7	2.6	1.4	1.6
May-21	1.3	1.9	5.3	6.0	1.7	2.6	1.3	1.2
Jun-21	1.3	1.8	5.2	6.0	1.8	2.7	1.2	1.0
Jul-21	1.3	1.8	5.2	6.0	1.7	2.6	1.2	1.1
Aug-21	1.3	1.8	5.3	6.0	1.7	2.8	1.1	0.9
Sep-21	1.3	1.8	5.2	6.0	1.7	2.4	1.3	1.6
Oct-21	1.3	1.7	5.2	6.0	1.7	2.8	1.2	1.3
Nov-21	1.3	1.7	5.2	5.9	1.7	2.8	1.2	0.5

Source: Bank of Slovenia, ECB.

4. QUALITY OF THE BANKING SYSTEM'S PORTFOLIO

 Table 4.1:¹ Non-performing exposures by client segment

	Exposures		Non-performing exposures (NPEs)							
	amount, EUR million	breakdown, in %	amount, EUR million					ratio, %		
			Nov.21	Nov.21	Dec.19	Dec.20	Oct.21	Nov.21	Dec.19	Dec.20
NFCs	14,999	28.7	636	552	373	365	4.5	3.9	2.5	2.4
- large NFCs	7,538	14.4	261	224	86	79	3.5	3.1	1.1	1.1
- SME	7,345	14.0	374	328	287	286	5.5	4.6	4.0	3.9
OFIs	1,505	2.9	11	8	4	4	0.8	0.6	0.3	0.3
Households	12,550	24.0	247	255	264	261	2.1	2.1	2.1	2.1
sole traders	700	1.3	28	30	27	27	4.0	4.3	3.9	3.9
individuals	11,850	22.7	219	225	236	233	2.0	2.0	2.0	2.0
- consumer loans	2,541	4.9	71	84	95	93	2.5	3.2	3.7	3.7
- housing loans	7,202	13.8	123	115	116	115	1.9	1.7	1.6	1.6
- other	2,106	4.0	24	25	24	24	1.2	1.3	1.2	1.2
Non-residents	8,768	16.8	99	106	34	33	1.3	1.3	0.4	0.4
Government	4,353	8.3	12	8	0	0	0.2	0.2	0.0	0.0
Banks and savings banks	780	1.5	0	0	0	0	0.0	0.0	0.0	0.0
Central bank	9,317	17.8	0	0	0	0	0.0	0.0	0.0	0.0
Total	52,286	100.0	1,006	929	674	663	2.2	1.9	1.3	1.3

Table 4.2: Non-performing exposures to non-financial corporations by sector

	Exposures		Non-performing exposures (NPEs)				NPE ratio			
	EUR million	breakdown, in %	EUR million				(%)			
			Nov.21	Nov.21	Dec.19	Dec.20	Oct.21	Nov.21	Dec.19	Dec.20
Agriculture, forestry, fishing, mining	136	0.9	3	3	2	2	2.2	3.1	1.7	1.6
Manufacturing	4,036	26.9	114	93	74	70	2.8	2.3	1.8	1.7
Electricity, gas, water, remediation	1,499	10.0	8	9	9	9	0.6	0.6	0.6	0.6
Construction	1,441	9.6	84	60	47	43	7.3	4.8	3.3	3.0
Wholesale and retail trade	2,617	17.4	229	209	76	76	9.0	8.2	2.9	2.9
Transportation and storage	1,572	10.5	20	25	19	19	1.2	1.5	1.2	1.2
Accommodation and food service	583	3.9	41	62	74	74	8.0	10.0	12.5	12.7
Information and communication	671	4.5	6	5	5	4	0.9	0.9	0.7	0.7
Financial and insurance activities	105	0.7	0	0	0	0	0.7	0.0	0.2	0.1
Real estate activities	629	4.2	46	24	14	14	7.9	4.1	2.4	2.2
Professional, scientific and technical	1,464	9.8	65	50	42	43	4.9	3.7	2.9	2.9
Education, health, public admin.	140	0.9	13	5	4	4	8.6	3.8	3.1	3.0
Arts, recreation and entertainment	107	0.7	7	7	6	6	6.6	6.7	5.3	5.3
Total	14,999	100.0	636	552	373	365	4.5	3.9	2.5	2.4

 Table 4.3:¹ Exposures by credit risk stages by client segment

	Share in %									Exposure to stage 2		
	S1			S2			S3			amount, EUR million		
	Dec 19	Dec 20	Nov 21	Dec 19	Dec 20	Nov 21	Dec 19	Dec 20	Nov 21	Dec 19	Dec 20	Nov 21
NFCs	89.5	84.7	87.2	6.9	12.3	10.4	3.6	3.0	2.4	976	1,743	1,553
- large NFCs	92.3	88.4	92.1	5.7	10.0	6.9	1.9	1.5	1.0	423	718	501
- SME	86.1	80.9	82.4	8.3	14.6	13.9	5.5	4.6	3.8	553	1,026	1,052
OFIs	98.8	99.2	99.6	0.4	0.3	0.2	0.8	0.6	0.3	5	4	2
Households	91.8	89.4	88.8	6.1	8.5	9.1	2.1	2.1	2.1	720	1,010	1,142
sole traders	86.3	84.3	81.8	9.7	11.3	14.4	4.0	4.3	3.9	67	78	101
individuals	92.1	89.7	89.2	5.9	8.3	8.8	2.0	2.0	2.0	653	932	1,041
- consumer loans	92.9	89.6	86.3	4.6	7.2	10.0	2.5	3.2	3.7	129	189	255
- housing loans	90.9	88.3	89.5	7.2	10.0	8.9	1.9	1.7	1.6	455	660	641
- other	95.1	94.6	91.9	3.6	4.1	6.9	1.3	1.3	1.2	69	83	145
Non-residents	96.4	94.5	96.7	2.7	4.6	2.9	0.9	1.0	0.4	207	366	258
Government	99.3	99.2	99.1	0.4	0.6	0.9	0.2	0.2	0.0	21	33	38
Total	93.9	91.9	93.0	4.3	6.5	5.7	1.9	1.6	1.3	1,931	3,166	3,003

¹ The data on non-performing exposures is calculated on the basis of the banks' modified reporting under the Guidelines for implementing the Regulation on reporting by monetary financial institutions in accordance with the CRD IV and the EBA definition published in Commission Implementing Regulation (EU) 2015/227 (OJ L 48 of 20 April 2015).

Source: Bank of Slovenia.

Table 4.4: Exposures by credit risk stages by sector

	Share in %									Exposure to stage 2		
	S1			S2			S3			amount, EUR million		
	Dec 19	Dec 20	Nov 21	Dec 19	Dec 20	Nov 21	Dec 19	Dec 20	Nov 21	Dec 19	Dec 20	Nov 21
Agriculture, forestry, fishing, mining	90.5	83.3	89.0	7.3	13.6	9.4	2.2	3.1	1.6	8	15	13
Manufacturing	87.9	80.6	86.9	9.3	17.1	11.4	2.8	2.3	1.7	374	679	460
Electricity, gas, water, remediation	94.1	96.1	96.7	5.2	3.3	2.7	0.6	0.6	0.6	68	45	41
Construction	86.1	84.6	89.8	6.7	10.7	7.3	7.2	4.7	2.9	77	135	106
Wholesale and retail trade	91.2	88.0	89.1	4.4	8.2	8.0	4.5	3.8	2.9	106	201	208
Transportation and storage	92.7	93.8	92.1	6.1	4.7	6.7	1.2	1.5	1.2	106	77	105
Accommodation and food service	84.3	43.6	31.5	8.4	47.0	56.3	7.3	9.4	12.2	42	288	326
Information and communication	95.9	92.1	97.0	3.2	7.0	2.4	0.9	0.9	0.7	21	39	16
Financial and insurance activities	78.5	99.1	95.0	20.7	0.8	4.8	0.7	0.0	0.1	13	1	5
Real estate activities	82.8	86.3	88.9	9.3	9.6	8.9	8.0	4.1	2.2	54	56	55
Professional, scientific and technical	89.4	85.5	86.9	5.7	10.8	10.1	4.9	3.7	2.9	75	145	148
Education, health, public admin.	83.4	85.3	87.6	8.0	10.9	9.4	8.6	3.8	3.0	12	15	13
Arts, recreation and entertainment	76.8	47.7	42.1	16.9	45.8	52.7	6.4	6.5	5.2	19	49	57
Total	89.5	84.7	87.2	6.9	12.3	10.4	3.6	3.0	2.4	976	1,743	1,553

Source: Bank of Slovenia.

Table 4.5: Coverage of NPEs and credit risk stages with impairments and provisions

	Credit risk stages											
	S1			S2			S3			NPE		
	Dec.19	Dec.20	Nov.21	Dec.19	Dec.20	Nov.21	Dec.19	Dec.20	Nov.21	Dec.19	Dec.20	Nov.21
NFCs	0.6	0.7	0.5	6.7	5.6	4.4	49.0	52.5	56.8	47.2	46.5	57.0
OFIs	0.2	0.5	0.5	2.8	1.2	2.4	59.6	54.3	93.7	59.5	54.2	93.7
Households	0.3	0.3	0.2	3.7	4.7	3.8	52.4	51.2	54.1	53.1	51.1	54.1
sole traders	0.7	1.0	0.8	5.4	5.8	4.8	50.4	46.4	51.4	56.9	46.4	51.3
individuals	0.2	0.3	0.2	3.6	4.6	3.7	52.7	51.8	54.4	52.7	51.7	54.4
- consumer loans	0.4	0.6	0.4	7.0	8.4	5.4	65.9	60.9	64.3	65.9	61.0	64.3
- housing loans	0.2	0.2	0.2	2.6	3.7	3.3	43.2	43.4	44.5	43.2	43.5	44.5
- other	0.3	0.3	0.2	3.4	3.3	2.3	61.9	58.8	62.0	61.8	58.0	63.0
Non-residents	0.2	0.3	0.2	2.1	3.7	3.3	66.9	78.1	78.0	56.1	65.1	78.1
Government	0.1	0.1	0.1	3.9	3.6	2.8	63.6	93.9	70.8	63.7	93.9	71.9
Total	0.30	0.35	0.26	5.1	5.1	4.1	51.8	55.0	57.0	49.7	50.3	57.1

Source: Bank of Slovenia.

5. LOANS UNDER MORATORIA AND NEWLY APPROVED LOANS AS A RESULT OF THE COVID-19 EPIDEMIC

Table 5.1: Loans as at 30 November 2021 by sector

	Total loans							
	Of which: Loans under moratoria			Of which: Loans under legislative moratoria		Of which: Loans under bilaterally agreed moratoria		
	(EUR million)	(EUR million)	in % of total loans	(EUR million)	in % of total loans	(EUR million)	in % of total loans	
	(1)	(2)	(3) = (2) / (1)	(4)	(5) = (4) / (1)	(6)	(7) = (6) / (1)	
Central banks and credit institutions	11,906	0	0.0	0	0.0	0	0.0	
Other financial organizations	1,785	9	0.5	0	0.0	9	0.5	
Government	1,500	1	0.0	1	0.0	0	0.0	
Non-financial corporations	10,705	1,680	15.7	1,359	12.7	321	3.0	
large companies	4,622	622	13.5	567	12.3	55	1.2	
micro, small and medium-sized companies	6,083	1,058	17.4	792	13.0	266	4.4	
Households	11,546	524	4.5	490	4.2	35	0.3	
sole traders	601	79	13.2	61	10.2	18	3.0	
other households	10,945	445	4.1	428	3.9	17	0.2	
Total	37,442	2,214	5.9	1,850	4.9	365	1.0	

Note: Balance sheet exposures of banks, savings banks and branches are shown. They also include loans granted to foreigners. Loans under moratoria are loans in which banks have granted borrowers a deferral of payment of obligations under a credit agreement, regardless of whether the moratorium has already expired or not.

Source: Bank of Slovenia.

Table 5.2: Loans to non-financial corporations as at 30 November 2021 by activity

	Total loans									
	Of which: Loans under moratoria					Of which: Newly approved loans as a result of the Covid-19 epidemic				
	Of which: Loans under legislative moratoria			Of which: Loans under bilaterally agreed moratoria		Of which: Loans under legislative moratoria			Of which: Loans under bilaterally agreed moratoria	
	(EUR million)	(EUR million)	in % of total loans	(EUR million)	in % of total loans	(EUR million)	in % of total loans	(EUR million)	in % of total loans	
(1)	(2)	(3) = (2) / (1)	(4)	(5) = (4) / (1)	(6)	(7) = (6) / (1)	(8)	(9) = (8) / (1)		
Agriculture, forestry and fishing	53	2	3.7	2	2.9	0	0.8	1	1.8	
Mining and quarrying	87	11	12.1	3	3.5	8	8.6	0	0.1	
Manufacturing	3,032	600	19.8	545	18.0	56	1.8	116	3.8	
Electricity, gas, remediation	765	1	0.1	1	0.1	0	0.0	0	0.0	
Water supply	125	13	10.8	11	8.8	2	2.0	0	0.2	
Construction	547	55	10.1	30	5.4	26	4.7	11	2.0	
Wholesale and retail trade	1,794	153	8.5	128	7.1	25	1.4	35	1.9	
Transport and storage	1,247	97	7.8	84	6.7	13	1.1	15	1.2	
Accommodation and food service	568	322	56.7	251	44.1	71	12.6	35	6.1	
Information and communication	487	32	6.6	25	5.2	7	1.4	5	1.1	
Financial and insurance activities	142	0	0.3	0	0.1	0	0.2	0	0.0	
Real estate activities	710	189	26.6	118	16.6	71	10.1	0	0.0	
Professional, scientific and tech.	725	54	7.4	50	6.8	4	0.6	7	1.0	
Administrative and support service	167	32	19.0	17	10.1	15	8.9	10	5.8	
Public admini., defence, soc. sec.	1	1	63.7	1	63.7	0	0.0	0	0.0	
Education	20	10	48.4	3	15.9	7	32.5	0	0.1	
Health and social security	146	51	35.2	42	28.8	9	6.4	1	0.6	
Arts, entertainment and recreation	72	51	71.2	47	65.5	4	5.7	1	0.9	
Other services	18	6	32.4	4	21.1	2	11.3	0	2.7	
Total	10,705	1,680	15.7	1,359	12.7	321	3.0	237	2.2	

Note: Balance sheet exposures of banks, savings banks and branches are shown. They also include loans granted to foreigners. Loans under moratoria are loans in which banks have granted borrowers a deferral of payment of obligations under a credit agreement, regardless of whether the moratorium has already expired or not.

Source: Bank of Slovenia.

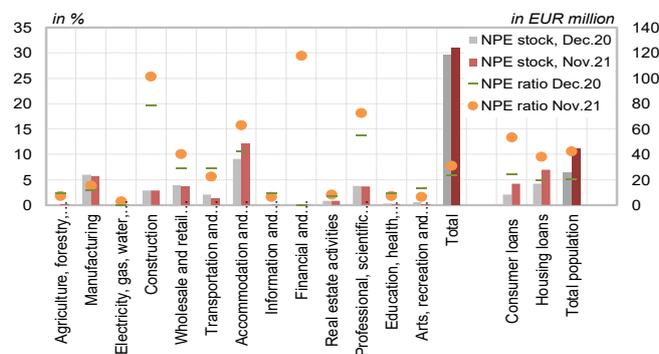
Table 5.3: Loans by moratoria according to the maturity of the deferral as at 30 November 2021 by activity

	Loans under legislative moratoria								Loans under bilaterally agreed moratoria									
	Of which: expired moratoria				Of which: active moratoria				Of which: expired moratoria				Of which: active moratoria					
	in mio EUR	in mio EUR	in % of loans under legislative moratoria	in mio EUR	in % of loans under legislative moratoria	Of which: Residual maturity of moratoria up to 3 months	Of which: Residual maturity of moratoria 3 - 6 months	Of which: Residual maturity of moratoria 6 - 9 months	Of which: Residual maturity of moratoria above 9 months	in mio EUR	in mio EUR	in % of loans under bilaterally agreed moratoria	in mio EUR	in % of loans under bilaterally agreed moratoria	Of which: Residual maturity of moratoria up to 3 months	Of which: Residual maturity of moratoria 3 - 6 months	Of which: Residual maturity of moratoria 6 - 9 months	Of which: Residual maturity of moratoria above 9 months
(1)	(2)	(3) = (2) / (1)	(4)	(5) = (4) / (1)	(6)	(7)	(8)	(9)	(10)	(11)	(12) = (11) / (10)	(13)	(14) = (13) / (10)	(15)	(16)	(17)	(18)	
Agriculture, forestry and fishing	2	2	100.0	0	0.0	0	0	0	0	0	100	0	0.0	0	0	0	0	
Mining and quarrying	3	3	100.0	0	0.0	0	0	0	0	8	100	0	0.0	0	0	0	0	
Manufacturing	545	533	97.9	12	2.1	12	0	0	0	56	41	74	14	25.9	13	2	0	
Electricity, gas, remediation	1	1	100.0	0	0.0	0	0	0	0	0	0	0	0.0	0	0	0	0	
Water supply	11	11	100.0	0	0.0	0	0	0	0	2	100	0	0.0	0	0	0	0	
Construction	30	30	100.0	0	0.0	0	0	0	0	26	25	97	1	2.5	0	0	0	
Wholesale and retail trade	128	124	97.2	4	2.8	4	0	0	0	25	22	89	3	11.1	3	0	0	
Transport and storage	84	83	99.3	1	0.7	1	0	0	0	13	11	81	3	18.9	2	0	0	
Accommodation and food service	251	248	99.0	2	1.0	2	0	0	0	71	40	56	31	43.7	15	16	0	
Information and communication	25	25	100.0	0	0.0	0	0	0	0	7	100	0	0.0	0	0	0	0	
Financial and insurance activities	0	0	100.0	0	0.0	0	0	0	0	0	100	0	0.0	0	0	0	0	
Real estate activities	118	118	100.0	0	0.0	0	0	0	0	71	71	100	0	0.0	0	0	0	
Professional, scientific and tech.	50	50	100.0	0	0.0	0	0	0	0	4	88	1	12.2	1	0	0	0	
Administrative and support service	17	16	96.6	1	3.4	1	0	0	0	15	15	98	0	1.6	0	0	0	
Public admini., defence, soc. sec.	1	1	100.0	0	0.0	0	0	0	0	0	0	0	0.0	0	0	0	0	
Education	3	3	98.6	0	1.4	0	0	0	0	7	100	0	0.0	0	0	0	0	
Health and social security	42	42	100.0	0	0.0	0	0	0	0	9	95	0	4.9	0	0	0	0	
Arts, entertainment and recreation	47	45	94.8	2	5.2	2	0	0	0	4	58	2	41.7	1	0	0	1	
Other services	4	4	96.1	0	3.9	0	0	0	0	2	19	2	81.1	2	0	0	0	
Total	1,359	1,337	98.4	22	1.6	21	0	0	0	321	265	83	56	17.5	36	19	0	1

Note: Loans include on-balance sheet exposures of banks, savings banks and branches of Member State banks. They include loans to non-residents.

Source: Bank of Slovenia.

Figure 5.1: NPEs in exposures under moratoria in NFCs by sector and by type of loans to households



Source: Bank of Slovenia.