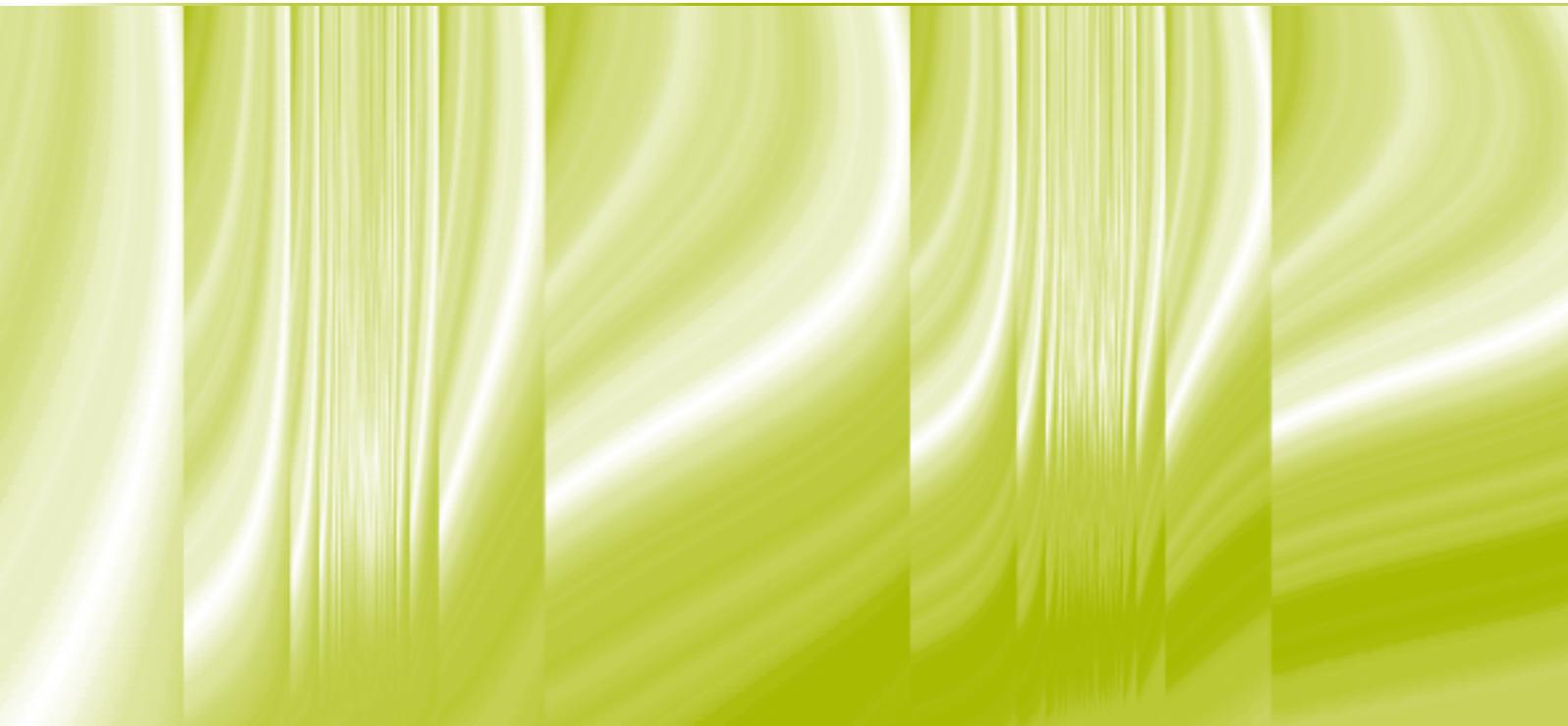


**BANKA  
SLOVENIJE**

EVROSISTEM



**MONTHLY REPORT  
ON BANK PERFORMANCE**



**OCTOBER 2021**

## COMMENTARY IN BRIEF

Following a rapid economic recovery this year, signs are emerging of a gradual slowing of economic growth, while risks in connection with a further slowing towards the end of the year are increasing. Household lending strengthened further in August, primarily as the result of a renewed increase in housing loans, while the drop in consumer loans remained at the level of the previous month. At the same time, growth in loans to non-financial corporations (NFCs) remains positive, despite a minor slowdown. With the maturing of securities and current claims against banks in the rest of the world mainly banks' primary liquidity has risen. While the decrease in non-performing exposures (NPEs) continued in the aggregate, the share of the stage with increased credit risk rose again in August. At the same time, the trend of growth in the NPE ratio, which has been present for some time, continues, particularly with respect to exposures in accommodation and food service activities, and consumer loans. Following sharp growth during the first half of 2021, household deposits were down in August, while deposits by NFCs were up in July and August after dropping in the second quarter. Banks' net income was down over the first eight months of this year relative to the same period last year. Pre-tax profit at the level of the banking system was up nevertheless, due to the release of impairments and provisions. Taking into account the long-term average of impairment and provisioning costs, pre-tax profit during the first eight months of the year would have been just one-third of the actual pre-tax profit generated. For this reason, we continue to warn that the future sustainability of profit generated in this manner is uncertain. The banking system's capital adequacy remained good, with liquidity ratios improving further in August.

The banking system's total assets increased by EUR 91 million, and were thus up by 9.0% in year-on-year terms, similar to July. On the asset side, liquid assets in the form of balances at the central bank and sight deposits at banks were up sharply, by EUR 478 million. The main reason for the increase in primary liquidity was the maturity of certain Slovenian government securities and current claims against banks in the rest of the world. After three consecutive monthly increases, loans to the non-banking sector were down in August. On the liability side, primarily deposits by NFCs were up.

Year-on-year growth in loans to the non-banking sector slowed to 2.9% in August due to a drop in loans to NFCs. Monthly changes in the stock of loans to NFCs remain quite volatile. Following July's growth (of EUR 75 million), the aforementioned loans were down by EUR 80 million in August, in particular long-term loans to large corporates. Year-on-year growth in loans to NFCs slowed to 0.7% in the context of August's contraction. Growth in household loans has been rising since this March, and strengthened to 3.5% in August in year-on-year terms. In the context of favourable terms of financing, primarily housing loans were up by EUR 54 million (7.7% in year-on-year terms), similar to previous months, while the year-on-year contraction in consumer loans continued, at -5.9%. Also up were other loans, most notably current account overdrafts, which increased by EUR 30 million.

The decline in NPEs at the level of the entire portfolio continued in August. The stock of NPEs fell to EUR 681 million, resulting in an NPE ratio of 1.3%. With NFCs, the NPE ratio fell to 2.6% in July and remained at that level in August, while in the part of the portfolio where a deferral was agreed, the NPE ratio is rising and reached 7.3% in August. The NFCs NPE ratio in accommodation and food service activities continues to rise and reached 12.5% in August. After declining for several months, the share of the stage with increased credit risk rose again in August (Stage 2 under IFRS 9), to 10.9%. In trade and transportation activities, it has been rising for the last three months, while there was renewed growth in all other activities, except in manufacturing. More than one half of exposures in accommodation and food service activities, and recreational, cultural and entertainment activities were already classified as Stage 2 in August (57.3% and 50.8% respectively). In contrast to other activities, that upward trend has been present in all months of 2021.

The sharp rise in household deposits that was present during the first half of the year eased at the beginning of the third quarter. The stock of household deposits was down by EUR 33 million in August, driven in part by a seasonal effect (summer holidays). Year-on-year growth in household deposits was down slightly, at 9.9%, but remained two percentage points higher than before the pandemic started last March. After declining during the second quarter, deposits by non-financial corporations rose again in July and August. Their stock increased by EUR 220 million or 12.2% in August in year-on-year terms, to stand at EUR 8.4 billion.

Pre-tax profit over the first eight months of the year amounted to EUR 336 million. However, the future sustainability of such profitability is uncertain. Profit was up by nearly two-thirds (63.6%) relative to the same period last year, but as a result of the net release of impairments and provisions, while the banks' net income has declined this year. Pre-tax ROE at the system level thus stood at 10.4% and was up sharply relative to the same period last year (6.2%). Meanwhile, net interest income was down, but the decline slowed slightly to stand at 4.1% in year-on-year terms in August. The net interest margin has declined for seven consecutive years, and was down by 0.13 percentage points over the first eight months of the year to stand at 1.44%. After rising sharply in spring due to one-off effects, year-on-year growth in non-interest income has fallen to just 0.9% in recent months. Operating costs were down minimally relative to the previous year (-0.6%). Banks' gross and net income are falling, with the decline relative to the same period last year increasing since June. The year-on-year decline in net profit was 3.8% at the end of August. The net release of impairments and provisions amounted to EUR 46 million at the system level, compared with the EUR 96 million in net impairments and provisions created by banks in the same period last year. Eleven out of a total of sixteen credit institutions have recorded a net release of impairments and provisions this year.

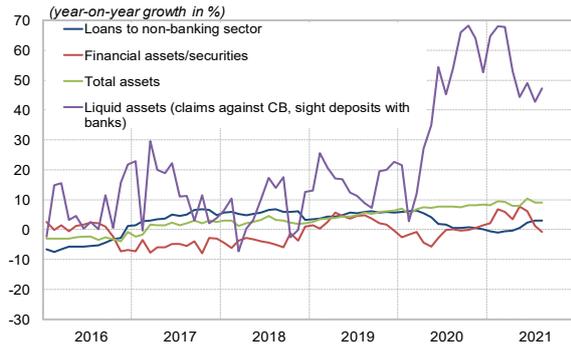
The total capital ratio increased to 18.5% on a consolidated basis in the second quarter of 2021, while the common equity Tier 1 capital ratio rose to 17.0%. Banks increased regulatory capital with retained earnings from previous financial years, while the stock of risk-weighted assets was up primarily at banks that increased credit activity. The liquidity coverage ratio (LCR) stood at 356% in August, an increase of 15 percentage points relative to the previous month, and remains well above the regulatory requirement of 100%. The sharp increase in liquid assets on banks' balance sheets has raised the share of primary liquidity to 23.6% of total assets.

**APPENDICES**

1. Key trends in the banking sector	1
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4. Quality of the banking system's portfolio	5
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## 1. KEY TRENDS IN THE BANKING SECTOR

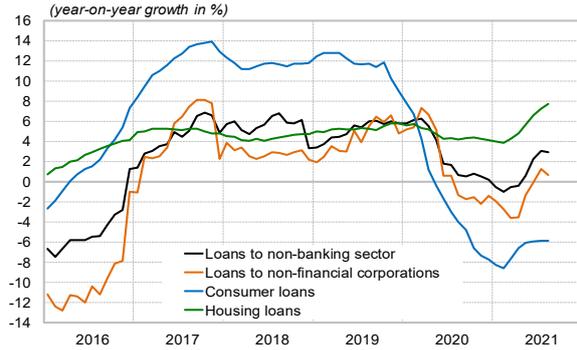
Figure 1.1: Growth in bank investments



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

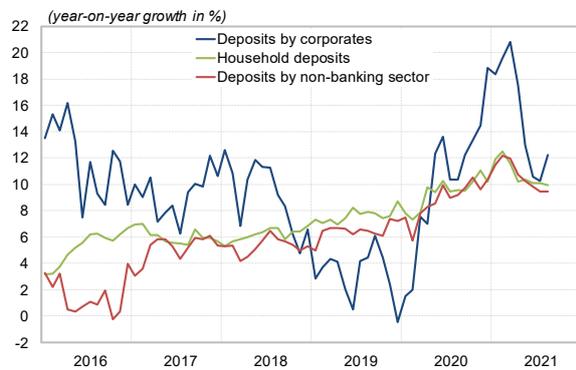
Source: Bank of Slovenia.

Figure 1.2: Loans by sector and loan type



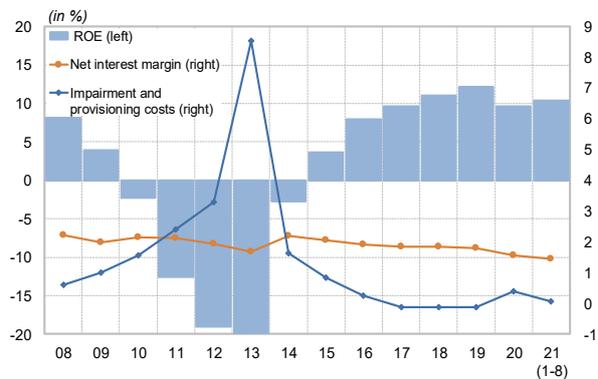
Source: Bank of Slovenia.

Figure 1.3: Deposits by sector



Source: Bank of Slovenia.

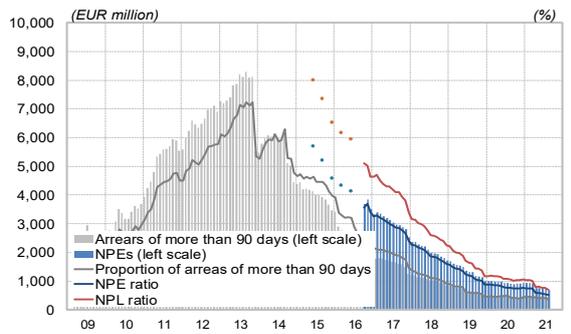
Figure 1.4: ROE, net interest margin, and ratio of impairment and provisioning costs to total assets



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.

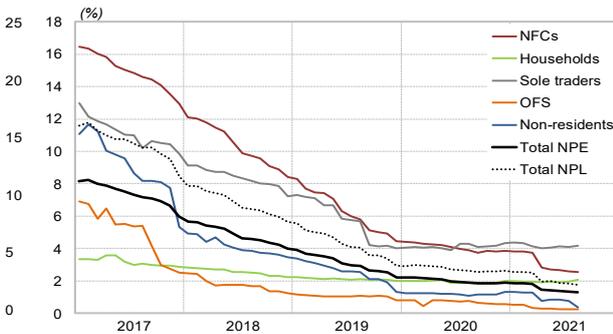
Source: Bank of Slovenia.

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



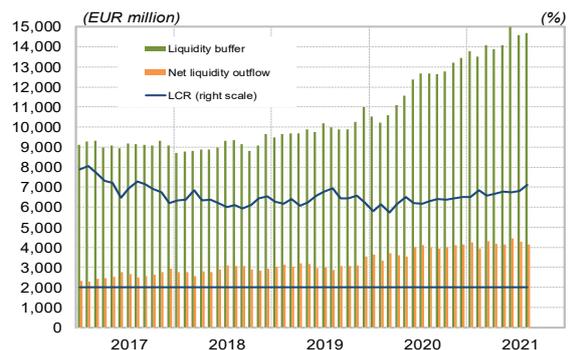
Source: Bank of Slovenia.

Figure 1.6: NPE ratio by client segment



Source: Bank of Slovenia.

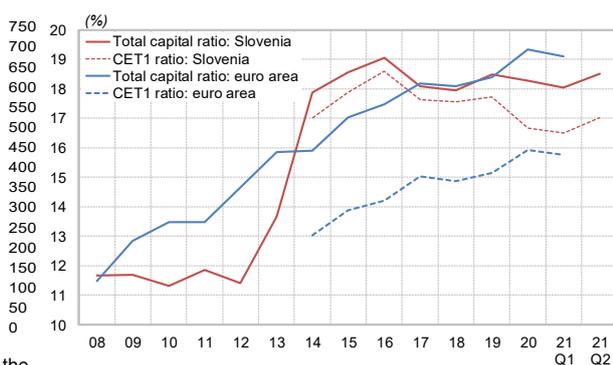
Figure 1.7: Liquidity coverage ratio (LCR)



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 STATEMENTS<sup>1</sup>

Table 2.1: Banking system's assets and liabilities, as at 31 August 2021

EUR million unless stated, growth rates in %	Stock	Breakdown	Stock	Breakdown	Stock	Breakdown	Increase in mio EUR		Growth in August 21, %	
	31.12.2008	(%)	31.12.2020	(%)	31.08.2021	(%)	in August 21	in 2021	monthly	year-on-year
<b>Assets</b>	<b>47,948</b>	<b>100.0</b>	<b>44,651</b>	<b>100.0</b>	<b>47,786</b>	<b>100.0</b>	<b>90.8</b>	<b>3,134.9</b>	<b>0.2</b>	<b>9.0</b>
Cash in hand, balances at central bank and sight deposits at banks	1,250	2.6	8,825	19.8	11,281	23.6	477.5	2,456.4	4.4	47.2
Loans to banks at amortised cost (including central bank)	4,101	8.6	1,492	3.3	1,539	3.2	-165.2	46.7	-9.7	-9.1
domestic banks	2,673	5.6	647	1.4	567	1.2	-4.1	-79.9	-0.7	-12.9
foreign banks	1,428	3.0	845	1.9	972	2.0	-161.1	126.7	-14.2	-6.7
short-term loans to banks	2,056	4.3	271	0.6	354	0.7	-100.3	83.6	-22.1	-28.4
long-term loans to banks	2,046	4.3	1,222	2.7	1,185	2.5	-64.9	-36.9	-5.2	-1.1
Loans to non-banking sector*	33,718	70.3	23,561	52.8	24,140	50.5	-14.6	579.4	-0.1	2.9
of which non-financial corporations	20,260	42.3	8,750	19.6	8,942	18.7	-80.3	192.1	-0.9	0.7
households	7,558	15.8	10,712	24.0	11,012	23.0	74.4	299.9	0.7	3.5
of which residential			6,760	15.1	7,135	14.9	54.3	374.8	0.8	7.7
consumer			2,591	5.8	2,508	5.2	-9.6	-82.6	-0.4	-5.9
government	506	1.1	1,546	3.5	1,461	3.1	8.0	-85.3	0.6	-6.7
other financial institutions	2,829	5.9	1,202	2.7	1,279	2.7	9.7	76.7	0.8	2.4
non-residents	2,515	5.2	1,323	3.0	1,419	3.0	-24.6	96.6	-1.7	30.1
Other financial assets classed as loans and receivables (at amortised cost)	0	0.0	113	0.3	132	0.3	-24.6	19.1	-15.7	-6.0
Securities / financial assets**	7,323	15.3	8,958	20.1	9,026	18.9	-170.0	67.7	-1.8	-0.9
a) Financial assets held for trading	1,177	2.5	61	0.1	53	0.1	-3.3	-7.8	-5.9	-26.6
of which debt securities held for trading	571	1.2	3	0.0	2	0.0	0.0	-1.3	0.1	-56.2
... government debt securities held for trading	56	0.1	3	0.0	2	0.0	0.0	-1.3	0.1	-56.2
b) Financial assets measured at fair value through P&L not held for trading	0	0.0	92	0.2	93	0.2	-0.2	0.4	-0.2	40.1
of which debt securities measured at fair value through P&L not held for trading	0	0.0	3	0.0	8	0.0	0.0	5.4	0.6	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	5,350	11.2	-78.0	-467.6	-1.4	1.2
of which debt securities measured at fair value through other comprehensive income	4,318	9.0	5,625	12.6	5,153	10.8	-77.7	-472.5	-1.5	1.4
... government debt securities measured at fair value through other comprehensive income	2,875	6.0	3,854	8.6	3,469	7.3	-76.1	-384.5	-2.1	-1.8
e) Debt securities at amortised cost	1,415	3.0	2,981	6.7	3,530	7.4	-88.5	548.8	-2.4	-4.1
of which government debt securities at amortised cost	1,182	2.5	2,314	5.2	2,615	5.5	-93.4	300.3	-3.5	-6.6
Investments in subsidiaries, joint ventures and associates	627	1.3	903	2.0	927	1.9	0.0	24.7	0.0	-3.0
Other assets	928	1.9	799	1.8	740	1.5	-12.2	-59.2	-1.6	-9.4
<b>Equity and liabilities</b>	<b>47,948</b>	<b>100.0</b>	<b>44,651</b>	<b>100.0</b>	<b>47,786</b>	<b>100.0</b>	<b>90.8</b>	<b>3,134.9</b>	<b>0.2</b>	<b>9.0</b>
Financial liabilities measured at amortised cost (deposits)***	41,895	87.4	39,404	88.2	42,341	88.6	60.7	2,937.3	0.1	10.5
a) Financial liabilities to central bank (Eurosystem)	1,229	2.6	1,380	3.1	2,472	5.2	-1.6	1,092.2	-0.1	82.3
b) Liabilities to banks	18,168	37.9	2,378	5.3	2,216	4.6	-11.4	-162.8	-0.5	-12.3
of which to domestic banks	2,065	4.3	799	1.8	771	1.6	-0.2	-28.3	0.0	-3.8
of which to foreign banks	16,098	33.6	1,579	3.5	1,444	3.0	-11.3	-134.5	-0.8	-16.3
c) Liabilities to non-banking sector (deposits by NBS)	20,883	43.6	34,281	76.8	36,097	75.5	109.5	1,815.8	0.3	9.4
of which to non-financial corporations	3,728	7.8	8,031	18.0	8,396	17.6	219.5	365.4	2.7	12.2
households	13,407	28.0	22,437	50.2	23,802	49.8	-33.0	1,364.9	-0.1	9.9
government	1,879	3.9	948	2.1	786	1.6	9.7	-161.4	1.3	-15.0
other financial institutions	1,065	2.2	1,172	2.6	1,308	2.7	-1.7	135.8	-0.1	1.5
non-residents	475	1.0	1,217	2.7	1,301	2.7	-100.4	84.3	-7.2	9.5
d) Debt securities	1,276	2.7	1,058	2.4	1,188	2.5	1.4	129.5	0.1	11.8
e) Other financial liabilities measured at amortised cost****	1,568	3.3	307	0.7	369	0.8	-37.1	62.5	-9.1	-0.9
Provisions	176	0.4	186	0.4	161	0.3	-4.0	-24.5	-2.5	-10.1
Shareholder equity	4,010	8.4	4,805	10.8	5,054	10.6	34.6	249.7	0.7	-0.8
Other liabilities	1,867	3.9	257	0.6	229	0.5	-0.4	-27.6	-0.2	-11.5
<b>BALANCE SHEET TOTAL</b>	<b>47,948</b>	<b>100.0</b>	<b>44,651</b>	<b>100.0</b>	<b>47,786</b>	<b>100.0</b>	<b>90.8</b>	<b>3,134.9</b>	<b>0.2</b>	<b>9.0</b>

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.

<sup>1</sup> 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.-Aug	(%)	Jan.-Aug	(%)	Jan.- August 21/ Jan.- August 20
Interest income	790.0		754.0		506.8		496.7		-2.0
Interest expenses	107.3		114.9		74.9		82.5		10.1
<b>Net interest</b>	<b>682.7</b>	<b>54.4</b>	<b>639.1</b>	<b>47.0</b>	<b>431.8</b>	<b>55.2</b>	<b>414.2</b>	<b>54.0</b>	<b>-4.1</b>
<b>Non-interest income</b>	<b>573.4</b>	<b>45.6</b>	<b>721.0</b>	<b>53.0</b>	<b>349.9</b>	<b>44.8</b>	<b>353.2</b>	<b>46.0</b>	<b>0.9</b>
of which net fees and commission	333.8	26.6	329.7	24.2	216.1	27.6	246.9	32.2	14.2
of which net gains/losses on financial assets and liabilities held for trading	12.1	1.0	16.0	1.2	10.2	1.3	14.4	1.9	41.0
<b>Gross income</b>	<b>1,256.1</b>	<b>100.0</b>	<b>1,360.1</b>	<b>100.0</b>	<b>781.7</b>	<b>100.0</b>	<b>767.4</b>	<b>100.0</b>	<b>-1.8</b>
<b>Operating costs</b>	<b>-709.3</b>	<b>-56.5</b>	<b>-718.4</b>	<b>-52.8</b>	<b>-480.5</b>	<b>-61.5</b>	<b>-477.7</b>	<b>-62.2</b>	<b>-0.6</b>
<b>Net income</b>	<b>546.8</b>	<b>43.5</b>	<b>641.6</b>	<b>47.2</b>	<b>301.3</b>	<b>38.5</b>	<b>289.8</b>	<b>37.8</b>	<b>-3.8</b>
<b>Net impairments and provisions</b>	<b>45.7</b>	<b>3.6</b>	<b>-169.6</b>	<b>-12.5</b>	<b>-96.1</b>	<b>-12.3</b>	<b>45.8</b>	<b>6.0</b>	<b>-147.7</b>
<b>Pre-tax profit</b>	<b>592.5</b>	<b>47.2</b>	<b>472.0</b>	<b>34.7</b>	<b>205.1</b>	<b>26.2</b>	<b>335.6</b>	<b>43.7</b>	<b>63.6</b>
Taxes	-62.0		-21.7		-17.5		-33.1		88.4
Net profit	530.5		450.3		187.6		302.5		61.3

Source: Bank of Slovenia.

Table 2.3: Selected performance indicators

in %	2014		2015		2016		2017		2018		2019		2020		2021		Aug-20		Aug-21	
	2014	2015	2016	2017	2018	2019	2020	Jan.-Aug.	(last 12 mon.)	(last 12 mon.)										
<b>Profitability</b>																				
Financial intermediation margin*	3.10	3.05	3.05	2.88	3.01	3.13	3.16	2.77	2.50	2.75	2.96									
ROA	-0.27	0.42	0.99	1.19	1.39	1.48	1.10	0.72	1.09	0.76	1.32									
ROE	-2.69	3.63	7.96	9.58	11.07	12.16	9.57	6.21	10.42	6.40	12.30									
Interest margin on interest-bearing assets	2.18	2.06	1.91	1.83	1.84	1.79	1.57	1.62	1.42	1.67	1.44									
Net non-interest income / operating costs	58.05	60.05	68.53	62.67	71.93	80.84	100.35	72.82	73.94	66.77	101.20									
<b>Operating costs</b>																				
Labour costs / average assets	0.92	0.97	1.01	1.02	1.02	1.00	0.90	0.90	0.84	0.95	0.85									
Other costs / average assets	0.81	0.84	0.80	0.78	0.73	0.77	0.77	0.79	0.71	0.81	0.72									
<b>Asset quality</b>																				
Impairments of financial assets at amortised cost / gross assets	8.98	7.84	5.38	4.09	2.64	1.53	1.59	1.61	1.22	/	/									

\* 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		
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	5.1	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	5.2	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	5.3	4.7	1.7	2.1	1.2	1.2	0.2	0.1	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

Source: Bank of Slovenia, ECB.

## 4. QUALITY OF THE BANKING SYSTEM'S PORTFOLIO

Table 4.1:<sup>1</sup> Non-performing exposures by client segment

	Exposures		Non-performing exposures (NPEs)							
	amount, EUR million	breakdown, in %	amount, EUR million				ratio, %			
			Aug.21	Aug.21	Dec.19	Dec.20	Jul.21	Aug.21	Dec.19	Dec.20
NFCs	14,715	28.1	636	552	381	376	4.5	3.9	2.6	2.6
- large NFCs	7,295	14.0	261	224	84	84	3.5	3.1	1.1	1.1
- SME	7,338	14.0	374	328	297	292	5.5	4.6	4.0	4.0
OFIs	1,487	2.8	11	8	4	4	0.8	0.6	0.3	0.3
Households	12,351	23.6	247	255	271	268	2.1	2.1	2.2	2.2
sole traders	690	1.3	28	30	29	29	4.0	4.3	4.1	4.2
individuals	11,661	22.3	219	225	243	240	2.0	2.0	2.1	2.1
- consumer loans	2,566	4.9	71	84	88	95	2.5	3.2	3.4	3.7
- housing loans	7,005	13.4	123	115	113	119	1.9	1.7	1.6	1.7
- other	2,090	4.0	24	25	26	26	1.3	1.3	1.2	1.2
Non-residents	8,577	16.4	99	106	65	32	1.3	1.3	0.8	0.4
Government	4,939	9.4	12	8	1	1	0.2	0.2	0.0	0.0
Banks and savings banks	859	1.6	0	0	0	0	0.0	0.0	0.0	0.0
Central bank	9,355	17.9	0	0	0	0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>52,284</b>	<b>100.0</b>	<b>1,006</b>	<b>929</b>	<b>721</b>	<b>681</b>	<b>2.2</b>	<b>1.9</b>	<b>1.4</b>	<b>1.3</b>

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				(% )			
			Aug.21	Aug.21	Dec.19	Dec.20	Jul.21	Aug.21	Dec.19	Dec.20
Agriculture, forestry, fishing, mining	114	0.8	3	3	2	2	2.2	3.0	2.1	2.1
Manufacturing	3,986	27.1	114	94	72	71	2.8	2.4	1.8	1.8
Electricity, gas, water, remediation	1,423	9.7	8	9	10	10	0.6	0.6	0.7	0.7
Construction	1,414	9.6	84	60	50	47	7.3	4.8	3.5	3.3
Wholesale and retail trade	2,606	17.7	229	209	78	78	9.0	8.1	3.0	3.0
Transportation and storage	1,584	10.8	20	25	25	25	1.2	1.5	1.6	1.6
Accommodation and food service	591	4.0	40	61	71	74	8.0	10.0	11.8	12.5
Information and communication	666	4.5	6	5	5	5	0.9	0.9	0.7	0.7
Financial and insurance activities	77	0.5	0	0	0	0	0.7	0.0	0.2	0.2
Real estate activities	586	4.0	46	24	17	14	8.0	4.1	2.8	2.4
Professional, scientific and technical	1,418	9.6	65	50	40	39	4.9	3.7	2.8	2.7
Education, health, public admin.	140	1.0	13	5	5	4	8.9	3.8	3.3	3.2
Arts, recreation and entertainment	109	0.7	8	7	6	6	6.6	6.8	5.6	5.6
<b>Total</b>	<b>14,715</b>	<b>100.0</b>	<b>636</b>	<b>552</b>	<b>381</b>	<b>376</b>	<b>4.5</b>	<b>3.9</b>	<b>2.6</b>	<b>2.6</b>

Table 4.3:<sup>1</sup> Exposures by credit risk stages by client segment

	Share in %									Exposure to stage 2		
	S1			S2			S3			amount, EUR million		
	Dec 19	Dec 20	Aug 21	Dec 19	Dec 20	Aug 21	Dec 19	Dec 20	Aug 21	Dec 19	Dec 20	Aug 21
NFCs	89.5	84.7	86.6	6.9	12.3	10.9	3.6	3.0	2.5	976	1,743	1,603
- large NFCs	92.3	88.4	90.7	5.7	10.0	8.2	1.9	1.5	1.1	423	718	598
- SME	86.1	80.9	82.4	8.3	14.6	13.7	5.5	4.6	3.9	553	1,026	1,006
OFIs	98.8	99.2	98.6	0.4	0.3	1.1	0.8	0.6	0.3	5	4	17
Households	91.8	89.4	89.8	6.1	8.5	8.0	2.1	2.1	2.2	720	1,010	988
sole traders	86.3	84.3	83.0	9.7	11.3	12.9	4.0	4.3	4.1	67	78	89
individuals	92.1	89.7	90.2	5.9	8.3	7.7	2.0	2.0	2.1	653	932	899
- consumer loans	92.9	89.6	88.7	4.6	7.2	7.6	2.5	3.2	3.7	129	189	194
- housing loans	90.9	88.3	89.6	7.2	10.0	8.7	1.9	1.7	1.7	455	660	609
- other	95.1	94.6	94.2	3.6	4.1	4.6	1.3	1.3	1.2	69	83	96
Non-residents	96.4	94.5	96.0	2.7	4.6	3.7	0.9	1.0	0.4	207	366	313
Government	99.3	99.2	99.6	0.4	0.6	0.4	0.2	0.2	0.0	21	33	19
<b>Total</b>	<b>93.9</b>	<b>91.9</b>	<b>93.1</b>	<b>4.3</b>	<b>6.5</b>	<b>5.6</b>	<b>1.9</b>	<b>1.6</b>	<b>1.3</b>	<b>1,931</b>	<b>3,166</b>	<b>2,944</b>

<sup>1</sup> 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	Aug 21	Dec 19	Dec 20	Aug 21	Dec 19	Dec 20	Aug 21	Dec 19	Dec 20	Aug 21
Agriculture, forestry, fishing, mining	90.6	83.4	86.3	7.2	13.5	11.6	2.2	3.0	2.1	8	15	13
Manufacturing	87.9	80.5	85.6	9.3	17.1	12.7	2.8	2.4	1.8	374	680	505
Electricity, gas, water, remediation	94.1	96.1	96.4	5.2	3.3	2.9	0.6	0.6	0.7	68	45	41
Construction	86.2	84.5	88.9	6.7	10.8	7.8	7.1	4.7	3.2	77	137	111
Wholesale and retail trade	91.2	88.0	88.1	4.4	8.2	9.0	4.5	3.8	3.0	106	201	233
Transportation and storage	92.7	93.8	92.5	6.1	4.7	5.9	1.2	1.5	1.6	106	77	93
Accommodation and food service	84.3	43.7	30.8	8.4	46.9	57.3	7.2	9.4	11.9	42	286	336
Information and communication	95.9	92.1	97.1	3.2	7.0	2.2	0.9	0.9	0.7	21	39	15
Financial and insurance activities	78.5	99.1	92.1	20.7	0.8	7.7	0.7	0.0	0.2	13	1	6
Real estate activities	82.7	86.3	88.4	9.3	9.6	9.2	8.0	4.1	2.4	54	56	54
Professional, scientific and technical	89.4	85.6	88.4	5.7	10.7	8.9	4.9	3.7	2.7	75	143	126
Education, health, public admin.	82.7	85.3	85.9	8.3	10.9	10.9	8.9	3.8	3.2	12	15	15
Arts, recreation and entertainment	76.5	47.5	43.6	16.9	45.7	50.8	6.6	6.8	5.6	19	49	55
<b>Total</b>	<b>89.5</b>	<b>84.7</b>	<b>86.6</b>	<b>6.9</b>	<b>12.3</b>	<b>10.9</b>	<b>3.6</b>	<b>3.0</b>	<b>2.5</b>	<b>976</b>	<b>1,743</b>	<b>1,603</b>

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 31 Avgust 2021 by sector

	Total loans								
	Of w hich: Loans under moratoria			Of w hich: Loans under legislative moratoria			Of w hich: 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)
Central banks and credit institutions	12,345	0	0.0	0	0.0	0	0.0	0	0.0
Other financial organizations	1,722	9	0.5	9	0.5	0	0.0	0	0.0
Government	1,502	1	0.0	1	0.0	0	0.0	0	0.0
Non-financial corporations	10,266	1,780	17.3	1,472	14.3	308	3.0		
large companies	4,326	651	15.0	616	14.2	35	0.8		
micro, small and medium-sized companies	5,939	1,129	19.0	856	14.4	273	4.6		
Households	11,328	557	4.9	522	4.6	35	0.3		
sole traders	595	85	14.3	67	11.2	18	3.1		
other households	10,734	472	4.4	455	4.2	17	0.2		
<b>Total</b>	<b>37,163</b>	<b>2,348</b>	<b>6.3</b>	<b>2,004</b>	<b>5.4</b>	<b>344</b>	<b>0.9</b>		

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 31 Avgust 2021 by activity

	Total loans								
	Of w hich: Loans under moratoria						Of w hich: Newly approved loans as a result of the Covid-19 epidemic		
	Of w hich: Loans under legislative moratoria			Of w hich: 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	51	2	3.9	2	3.1	0	0.9	1	2.1
Mining and quarrying	79	12	14.5	3	4.1	8	10.4	0	0.1
Manufacturing	2,973	644	21.7	592	19.9	52	1.7	114	3.9
Electricity, gas, remediation	712	1	0.1	1	0.1	0	0.0	0	0.0
Water supply	121	14	11.7	11	9.5	3	2.2	0	0.2
Construction	519	60	11.6	32	6.2	28	5.4	11	2.2
Wholesale and retail trade	1,533	162	10.6	135	8.8	27	1.8	35	2.3
Transport and storage	1,262	103	8.2	88	7.0	16	1.2	12	1.0
Accommodation and food service	564	335	59.4	284	50.3	51	9.1	35	6.1
Information and communication	498	33	6.7	27	5.3	7	1.4	5	1.0
Financial and insurance activities	150	0	0.3	0	0.1	0	0.2	0	0.0
Real estate activities	704	197	28.0	122	17.3	75	10.7	0	0.0
Professional, scientific and tech.	685	57	8.3	53	7.7	4	0.6	7	1.1
Administrative and support service	153	35	23.0	18	11.5	17	11.4	10	6.5
Public admini., defence, soc. sec.	1	1	60.3	1	60.3	0	0.0	0	0.0
Education	21	10	49.1	4	17.0	7	32.1	0	0.2
Health and social security	151	55	36.3	46	30.1	9	6.1	1	0.5
Arts, entertainment and recreation	70	52	75.3	50	71.7	3	3.6	1	0.8
Other services	18	6	34.8	6	33.1	0	1.7	0	2.7
<b>Total</b>	<b>10,266</b>	<b>1,780</b>	<b>17.3</b>	<b>1,472</b>	<b>14.3</b>	<b>308</b>	<b>3.0</b>	<b>233</b>	<b>2.3</b>

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 31 Augst 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	Residual maturity	Residual maturity	Residual maturity	Residual maturity	in mio EUR	in mio EUR	in % of loans under bilaterally agreed moratoria	in mio EUR	in % of loans under bilaterally agreed moratoria	Residual maturity	Residual maturity	Residual maturity	Residual maturity
						of moratoria up to 3 months	of moratoria 3 - 6 months	of moratoria 6 - 9 months	of moratoria above 9 months						of moratoria up to 3 months	of moratoria 3 - 6 months	of moratoria 6 - 9 months	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	1	66.1	1	33.9	1	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	8	100	0	0.0	0	0	0	0
Manufacturing	592	509	85.9	83	14.1	70	13	1	0	52	48	93	4	7.3	3	0	0	0
Electricity, gas, remediation	1	1	100.0	0	0.0	0	0	0	0	0	0	0	0	0.0	0	0	0	0
Water supply	11	11	98.8	0	1.2	0	0	0	0	3	3	100	0	0.0	0	0	0	0
Construction	32	31	95.7	1	4.3	1	0	0	0	28	28	99	0	0.8	0	0	0	0
Wholesale and retail trade	135	125	92.5	10	7.5	6	4	0	0	27	22	80	6	20.1	1	4	0	0
Transport and storage	88	82	93.7	6	6.3	4	1	0	0	16	13	84	3	16.3	0	2	0	0
Accommodation and food service	284	266	93.8	18	6.2	8	10	0	0	51	22	42	30	57.7	2	13	15	0
Information and communication	27	26	97.4	1	2.6	1	0	0	0	7	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	0	100	0	0.0	0	0	0	0
Real estate activities	122	120	98.6	2	1.4	1	0	0	0	75	75	100	0	0.5	0	0	0	0
Professional, scientific and tech.	53	44	83.9	8	16.1	8	0	0	0	4	3	79	1	21.2	1	0	0	0
Administrative and support service	18	12	65.8	6	34.2	6	0	0	0	17	17	99	0	0.8	0	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	0
Education	4	3	93.8	0	6.2	0	0	0	0	7	7	100	0	0.0	0	0	0	0
Health and social security	46	23	49.7	23	50.3	18	5	0	0	9	9	100	0	0.2	0	0	0	0
Arts, entertainment and recreation	50	19	38.3	31	61.7	28	2	0	0	3	2	63	1	37.3	1	0	0	0
Other services	6	6	95.9	0	4.1	0	0	0	0	0	0	67	0	32.8	0	0	0	0
<b>Total</b>	<b>1,472</b>	<b>1,282</b>	<b>87.1</b>	<b>190</b>	<b>12.9</b>	<b>151</b>	<b>37</b>	<b>1</b>	<b>0</b>	<b>308</b>	<b>264</b>	<b>86</b>	<b>44</b>	<b>14.3</b>	<b>8</b>	<b>20</b>	<b>16</b>	<b>0</b>

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.