BANKA SLOVENIJE

BANK OF SLOVENIA

EUROSYSTEM

MONTHLY REPORT ON BANK PERFORMANCE WITH COMMENTARY

JUNE 2020

COMMENTARY IN BRIEF

The Slovenian banking system is facing a sharp decline in economic indicators caused by the Covid-19 epidemic and the extensive lockdown measures. On the investment side of the balance sheet, this situation is being reflected in slowing growth in credit activity. Growth in household loans and corporate loans has declined, but for the moment there has been no increase in approvals of corporate loans for bridging liquidity difficulties, mainly because of a lack of clarity surrounding the government guarantee for these loans. On the funding side, deposits by the non-banking sector remain key, and are continuing to increase. According to the data available to date, there has been no deterioration yet in the quality of the credit portfolio, but this can be expected in the following quarters, despite the aforementioned measures, mainly because of the extremely bad situation in certain segments of the economy. Amid the anticipated deterioration in the portfolio and the forecast contraction in the economy, the banks are again recording positive impairment and provisioning costs after several years of net release. Alongside a fall in interest income and non-interest income, this brought a large decline in the banking system's profit even in the first third of this year, and even larger falls are expected in the coming quarters. Following this year's contraction, the economy is expected to stabilise over the next two years.

Year-on-year growth in the balance sheet total strengthened over the first four months of this year, reaching 7.5% in April, the highest rate of the last ten years. The balance sheet total increased by EUR 401 million in April to stand at EUR 42.5 billion. On the investment side, the banks mainly increased their liquid assets in balances at the central bank in April, while loans to the non-banking sector declined over the month, after increasing in the first quarter. Investments in securities continued to decline, but they still account for a fifth of the banking system's balance sheet total.

The declaration of the Covid-19 epidemic and the resulting economic shock have brought a slowdown in credit activity. April's decline of EUR 149 million in loans to the non-banking sector slowed year-on-year growth in these loans to 5.5%, as both corporate loans and household loans declined. Year-on-year growth in corporate loans slowed, but remained solid at 6.6%, double the rate of growth in household loans. The banks are approving liquidity loans to firms, but independently of the emergency law, as there are still certain aspects of the government guarantee that need clarification.

Year-on-year growth in household loans stood at 3.1% in April, having halved since the beginning of the year. The declaration of the epidemic, which curtailed household consumption, was a factor in the sharp slowdown in growth in consumer loans; the year-on-year rate was just 1.2% in April. Year-on-year growth in housing loans also slowed slightly, but at 5.2% it was no lower than its average rate of last year. Rising unemployment, falling household income and the resulting increased caution with regard to spending on durables, luxury goods and real estate are the likely factors that will slow future growth in household loans.

The banks were seeing a reduction in non-performing exposures even after the reversal in economic growth, albeit more slowly than 2019. The overall NPE ratio stood at 2.1% in April, while the NPL ratio has remained at 2.9% for several months. The deterioration in the portfolio, which is to be expected when the economy is contracting, has been deferred for some time or at least mitigated by the government's emergency measures. In the wake of major revisions to economic projections and the increased likelihood of a deterioration in portfolio quality, banks have begun increasing their impairments for performing exposures.

Deposits by the non-banking sector have increased during the epidemic, albeit mainly in the form of sight deposits. There was a particular increase in household deposits, which were up 9.8% in year-on-year terms, the largest increase since February 2009. The increase in saving is most likely attributable to payments of additional benefits to households during the epidemic, and to reduced spending on goods and services. The caution on the part of savers, in the sense of wanting their money to be immediately available, has brought an increase in sight deposits, which by April accounted for 80.6% of all household deposits and 75.7% of all deposits by the non-banking sector, while fixed-term deposits have declined. March's pronounced increase in corporate deposits was not repeated in April, but the year-on-year rate of growth reached 7%.

The banks have seen their conditions for operating profitably worsen this year. Even before the pandemic was declared, the situation was expected to be less conducive to generating a profit, given the inferior economic outlook and the low interest rate environment. Bank profitability has already declined: their pre-tax profit over the first third of the year was down more than a half on the same period last year. Bank profitability can be expected to decline. The slowdown in lending activity and the large holdings of low-yielding liquid assets are already being reflected in a decline in net interest income in the banking system, while non-interest income is down a quarter on last year. The economic downturn means that the banks are again creating net impairments and provisions, although they still account for a small proportion of the disposal of gross income across the system. The banking system generated a pre-tax profit of EUR 96 million over the first four months of the year.

The banking system is maintaining a good capital position and liquidity position. The total capital ratio stood at 18.5% and the common equity Tier 1 capital ratio at 17.8% on a consolidated basis at the end of 2019, both above the euro area average. The banks primarily increased their regulatory capital in previous years via retained earnings and other reserves. It will be a major challenge to continue doing so as the economy deteriorates and profits become harder to generate. The LCR at system level remains among the highest figures in the EU, although there is considerable variation from bank to bank. The banks have increased the proportion of the balance sheet total accounted for by highly liquid assets to 15%, while the level of secondary liquidity also remained solid at 18%.

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APPENDICES

Methodological note: The data in the tables and figures as of March 2012 inclusive 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]), and not data reported in accordance with the Guidelines on the submissions of monthly reports on balances in accounts (KNB). Changes in items in the statement of financial position have given rise to differences in certain categories.

Item A.V LOANS AND ADVANCES includes two new sub-items, namely (a) debt securities, which had previously been reported in part under the sub-items of “Loans and advances to banks” and “Loans and advances to non-bank customers”, and (b) Other financial assets, which relates to cheques and other financial receivables, which had previously been reported under item A.XV OTHER ASSETS.

Item P.IV FINANCIAL LIABILITIES MEASURED AT AMORTISED COST includes a new sub-item, “Other financial liabilities”, which to date has been reported under item P.XI OTHER LIABILITIES, and in the part relating to unexecuted payments to the rest of the world, under the sub-items “Deposits by banks” and “Deposits by non-bank customers”.

The data source for the statement of financial position is monthly reporting of accounting items with interest rates for the period since 1 January 2011, and the KNB for the period before this date.

The data source for the income statement is monthly reporting of accounting items with interest rates for the period since 1 May 2011, and the KNB for the period before this date.

1. Macroeconomic environment

The economic shock caused by the Covid-19 epidemic and the resulting containment measures have driven a sharp rise in macroeconomic risks. Economic growth in the euro area was negative in the first quarter: according to seasonally adjusted provisional figures, the year-on-year rate stood at -3.8%. The confidence indicators and economic sentiment have also declined sharply, and by April had fallen to their levels from the time of the great economic crisis in early 2009, before increasing only slightly in May. The ECB is forecasting a decline of 8.7% in the euro area economy this year, followed by a recovery in 2021 with growth of 5.2%. Given the huge depth of the crisis, and the numerous uncertainties in connection with the further spread of Covid-19 or a second wave of the epidemic, and with the effectiveness of the various economic policy measures taken to combat the crisis, the course of the recovery of the euro area economy is itself rather uncertain.

GDP in the first quarter was down 2.3% in year-on-year terms, but down 3.4% according to seasonally adjusted figures. Like other European countries, Slovenia is facing a major economic crisis, which is already being seen in plummeting confidence indicators, a large decline in consumption, and a downturn on the labour market. The economic downturn meant that the unemployment rate had already risen by the beginning of the second quarter, while consumer prices as measured by the HICP were down in year-on-year terms. Following economic growth of 2.4% in 2019, Banka Slovenije has forecast[1] a contraction of 6.5% in 2020, followed by a recovery in 2021 with growth of 4.9%. Amid the profound changes in the macroeconomic environment, the rise in unemployment and the decline in corporate activity, there is also increasing uncertainty surrounding bank lending activity, and demand from households and corporates for particular loan types. The ECB's low interest rates and monetary policy forward guidance, and the increase in liquidity via additional measures are providing for favourable loan terms.

Figure 1.1: Confidence indicators in the euro area

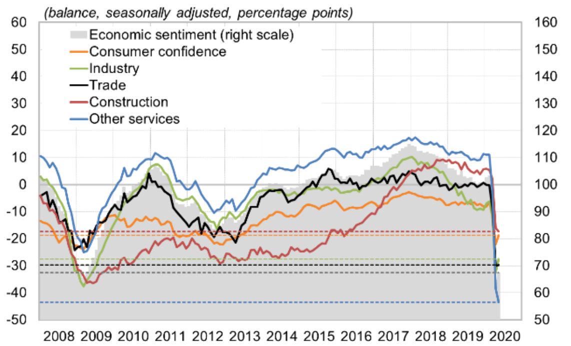
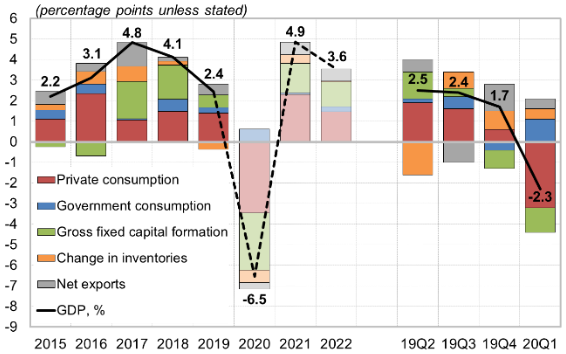


Figure 1.2: GDP growth in Slovenia, and contributions by expenditure-side components



Note: The dotted lines in the left figure represent the latest figures (May 2020).

Sources: European Commission, SORS, Banka Slovenije forecasts.

2. Bank investments

Year-on-year growth in the banking system's balance sheet total strengthened over the first four months of this year, reaching 7.5% in April, the highest rate since June 2010. The balance sheet total has increased by EUR 1.3 billion this year, of which EUR 401 million came in April. While deposits by the non-banking sector have increased and funding has been obtained from the Eurosystem, the banks have mainly increased their balances in accounts at the central bank. Liquid assets were up EUR 609 million, increasing the proportion of the balance sheet total that they account for to almost 15%. Investments in securities have

[1] Macroeconomic Projections for Slovenia.

declined, but they still account for a fifth of the balance sheet total. The banks remained able to fund their lending activity via deposits: the increase in loans to the non-banking sector over the first four months of the year of EUR 340 million was just over a third of the increase in deposits by the non-banking sector.

Figure 2.1: Year-on-year growth in loans

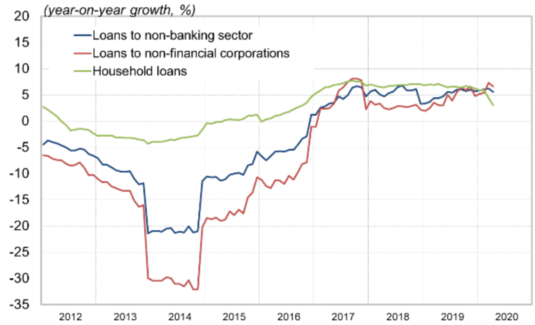
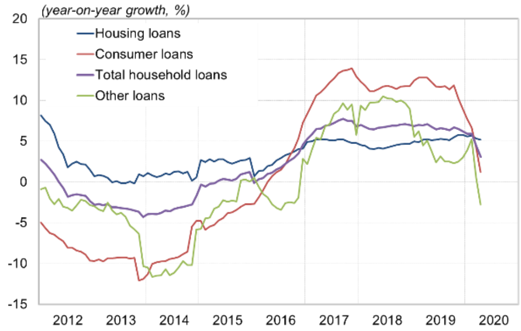


Figure 2.2: Growth in household loans by loan type



Source: Banka Slovenije.

Year-on-year growth in loans to the non-banking sector slowed with the outbreak of the epidemic, and stood at 5.5% in April. The stock of loans was down EUR 149 million in April, as both household loans and corporate loans declined. Corporate loans increased gradually over the first quarter, but declined by EUR 101 million in April, although the year-on-year rate of growth remained solid at 6.6%, double the rate of growth in household loans. The banks are approving liquidity loans for firms, albeit not under the aegis of the emergency law, given a number of unresolved issues in connection with the government guarantee.

The dynamics in corporate loans vary, depending on the sector. Year-on-year growth in bank loans to firms in the sectors of trade, miscellaneous business services, and real estate activities has remained positive this year, as has year-on-year growth in loans to the accommodation and food service activities sector over the last two months. Year-on-year growth in loans to manufacturing firms has been negative since December of last year (after slowing for a year), but the stock of loans to manufacturing firms has been rising again in current terms in 2020. All of the aforementioned sectors have seen a positive increase in the stock of loans in 2020, albeit generally with a reversal in April. Given that by the end of April the banks had not approved any liquidity loans backed by government guarantee, the increase in loans to firms in these sectors is likely attributable to liquidity loans made independently of the emergency laws.

It is primarily loans to large enterprises that are increasing in 2020, while loans to SMEs have declined. However, the banks are seeing a faster increase in their off-balance-sheet exposures to SMEs, while those to large enterprises are broadly unchanged. On this basis, certain off-balance-sheet items (those consisting of loans approved but not yet drawn down) can be expected to appear on the balance sheet, under loans.

Figure 2.3: Bank loans by corporate sector

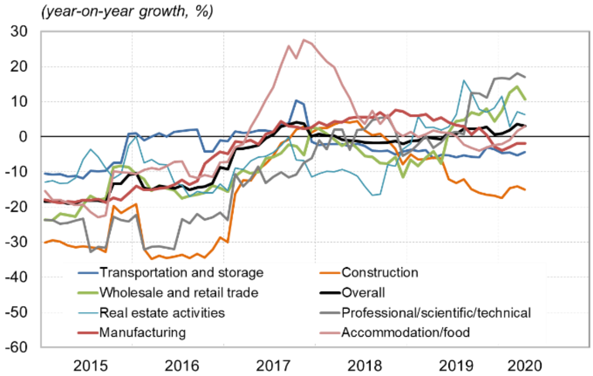
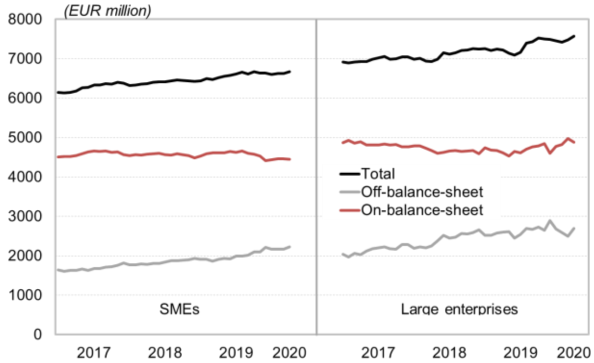


Figure 2.4: On-balance-sheet and off-balance-sheet exposures by corporate size



Note: Stocks of and growth in loans are disclosed as gross amounts.

Source: Banka Slovenije.

Household loans declined by EUR 110 million over the first four months of this year, as the year-on-year rate of growth halved to 3.1%. Growth in consumer loans had been slowing since the end of 2019, but dropped sharply when the Covid-19 epidemic was declared. The year-on-year rate stood at just 1.2% in April, while the stock of consumer loans was down EUR 90 million over the first four months of the year. The downturn on the labour market, rising unemployment, falling household income and reduced spending on durables are all factors that reduced growth in consumer loans during the epidemic, and are highly likely to continue doing so. Year-on-year growth in housing loans also slowed over the first four months of the year, but remains solid for now at 5.2%, no lower than its average rate of last year. The ending of the epidemic has reactivated supply and demand in the residential real estate market (viewings are now allowed), and with them the possibility of further growth in housing loans. The uncertainty surrounding the economy and the labour market nevertheless remains a significant factor in demand for housing loans, given that real estate purchases are one of the largest components of household expenditure.

As a result of the Covid-19 epidemic and the government's emergency law to alleviate its consequences, the amount of loan repayment deferrals by firms increased in April. The banks will upgrade their weekly reporting of deferral amounts with more detailed figures that will be available from September. A breakdown of the deferrals by sector was assessed on the basis of the figures currently submitted.[2] Manufacturing firms account for almost half (46%) of the total deferrals, followed by firms in accommodation and food service activities (16%), and firms in wholesale and retail trade and repair of motor vehicles and motorcycles (12%). The highest figures are recorded by firms in sectors that account for the largest proportions of total loans, such as manufacturing (31% of total loans), and wholesale and retail trade and repair of motor vehicles and motorcycles (17%), and by firms in sectors that were hit particularly hard by the lockdown measures during the epidemic, such as accommodation and food service activities. The highest ratio of deferrals to the total stock of loans within a sector was in accommodation and food service activities, at 19% in April, followed by public services with 15%, and manufacturing with 8%.

[2] The data capture only covers deferrals that can be identified from the banks' existing reporting, which does not yet include any loans covered by the moratorium under the emergency law (they have been estimated with regard to the change in maturity). The estimates thus obtained are revised for the average level of deferrals in previous years, before the outbreak of the epidemic.

Figure 2.5: Breakdown of deferrals by sector

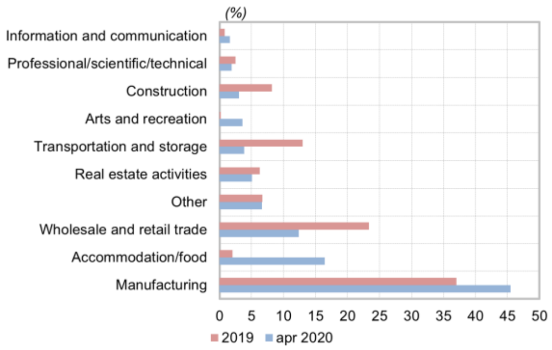
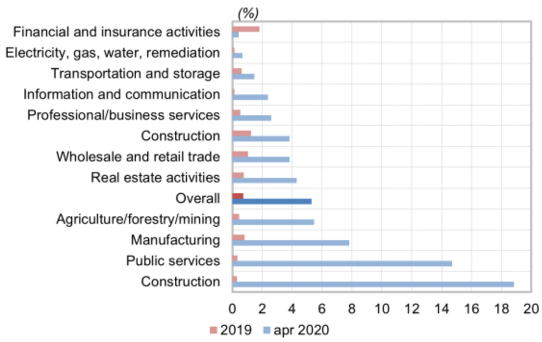


Figure 2.6: Ratio of deferrals to total loan stock by sector



Source: Banka Slovenije.

3. Quality of bank investments

Non-performing exposures (NPEs) remained at a low level until the end of April, despite the outbreak of the crisis, and cannot be expected to increase quickly in the coming months, thanks to the emergency laws. The brutal switch from a normally functioning economy to the complete shutdown of large segments of the economy was followed by immediate measures to prevent defaults from accumulating, which, at least for a time, deferred the increase in NPEs, which is to be expected in a contracting economy. The overall NPE ratio stood at 2.1% in April, down 0.1 percentage points on December 2019, while the NPL ratio was unchanged at 2.9%. The NPE ratios were still declining in April in the majority of sectors and customer segments, albeit more slowly than in 2019. In the non-financial corporations segment, there has been a larger decline in the NPE ratio for large enterprises (which is down 0.3 percentage points at 3.2%) than that for SMEs (down 0.1 percentage points at 5.5%). After declining in previous years, the stock of NPEs in the consumer loans segment has increased slightly over recent months to stand at EUR 75 million, taking the NPE ratio to 2.7%.The potential further increase in NPEs in this segment was temporarily prevented by the emergency law on the loan moratorium. Judging by the sharp increase in the average maturity on new consumer loans, which amounted to 7.9 years in April (including deferred loans), it can be concluded that deferrals were requested by customers that raised loans with very long maturities. After the end of the moratorium period, unless there has been an upturn in the economy, non-performing loans can be expected to increase in this segment. This is also the case for other segments of the portfolio.

The increased inflow of NPEs from new loans (vintage analysis) suggested a cooling economy even in the final quarter of 2019. The inflow in NPEs in the first quarter was mainly from new loans to sole traders and loans in sectors where small enterprises are prevalent (accommodation and food service activities, miscellaneous professional and business services, but also manufacturing). The non-performing loans are still relatively small in value terms, and do not entail great pressure on the overall quality of bank investments.

Before the epidemic, the coverage of performing investments by impairments declined to the low level of 0.52% in February. The ratio of total impairments (measured at amortised cost) to gross assets in the banking system also reached a record low of 1.53%. In the wake of major revisions to economic projections, banks have begun increasing their impairments for performing exposures. The increase in impairments for performing exposures to households is notably larger than for exposures to corporates.

Figure 3.1: NPEs for consumer loans

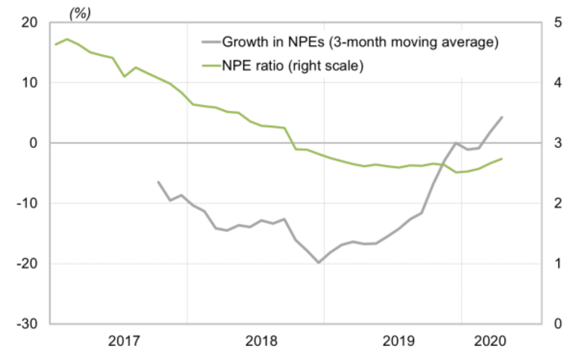
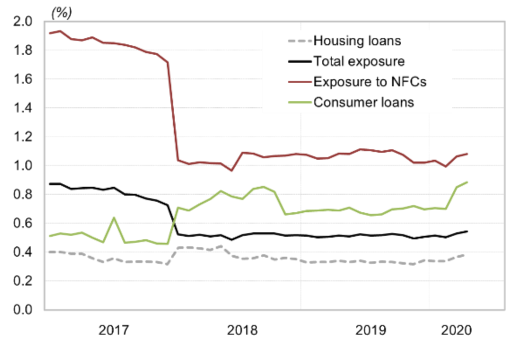


Figure 3.2: Coverage of performing exposures to corporates and households by impairments



Source: Banka Slovenije.

4. Bank profitability

The banks generated a pre-tax profit of EUR 96 million over the first four months of this year, down a half on the same period last year. The conditions on the income side are significantly less favourable this year, and net impairment and provisioning costs are now predominantly positive again across the banking system. Even before the economic shock of the Covid-19 epidemic, the conditions for maintaining profitability were expected to gradually worsen, but the crisis will accelerate and exacerbate this trend. Pre-tax profit has declined relatively sharply this year. ROE has also halved compared with the same period last year: it stands at 6% at system level this year. The decline in profit was primarily attributable to a decline in income: net non-interest income is down a quarter, and growth in net interest income is now negative. There has been a notable decline over the first four months of this year in net fees and commission, the most stable component of non-interest income, which is down 3.2%. Growth in net interest income has declined as expected amid diminishing returns in the low interest rate environment; the rate had turned negative by April. The decline in net interest is attributable to declining returns on investment in the low interest rate environment. Interest income from loans was still up 1.9% on the same period last year, but interest income from securities is continuing to decline, and accounts for a smaller proportion of the banks' total interest income. Thanks to the loan moratoria allowed under the ZIUOPOK and the EBA guidelines,[3] the decline in interest income has not been too large for now, but a further decline driven by quantity effects can also be expected as a result of the slowdown in growth in (more profitable) household lending.

The net interest margin has declined further this year as a result: it stood at 1.75% over the 12 months to the end of April. Year-on-year growth in operating costs slowed to 4.1%, and was outpaced by growth in the balance sheet total in April, but the decline in gross income brought a deterioration in the CIR, which stands at a high 65% this year. The net release of impairments and provisions came to an end in the first quarter of this year. Impairment and provisioning costs still only account for a relatively small proportion of the disposal of gross income at system level for now (7.5%). Given the crisis situation and the economic shock triggered by the Covid-19 epidemic, and owing to the nature of the IFRS requirements, the coming months can be expected to see an increase in impairment and provisioning costs at banks.[4] The less favourable developments projected for the income side, and the increase in impairment and provisioning costs will reduce bank profitability.

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[3] See the Emergency Deferral of Borrowers' Liabilities Act (ZIUOPOK), and the EBA guidelines, available at https://eba.europa.eu/eba-publishes-guidelines-treatment-public-and-private-moratoria-light-covid-19-measures.
[4] The number of banks recording a net release of impairments and provisions is falling. There were seven such banks in 2019 and the first third of this year (compared with nine in 2018, and 11 in 2017). The deterioration in the economy will be reflected in a higher default rate and a rapid increase in expected credit losses on account of transitions to stage 3. The nature of IFRS 9 means that the additional creation of impairments and provisions is also expected in stages 1 in 2. In the event of a sudden

Figure 4.1: Change in components of profit, Jan-Apr 2019 to Jan-Apr 2020

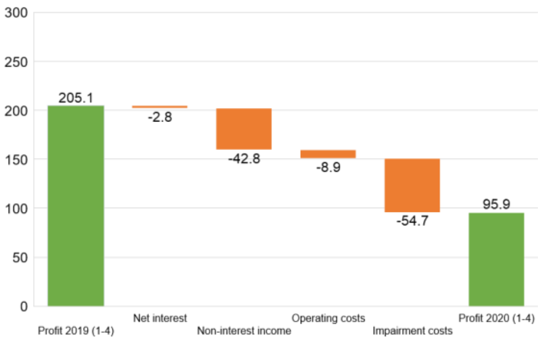
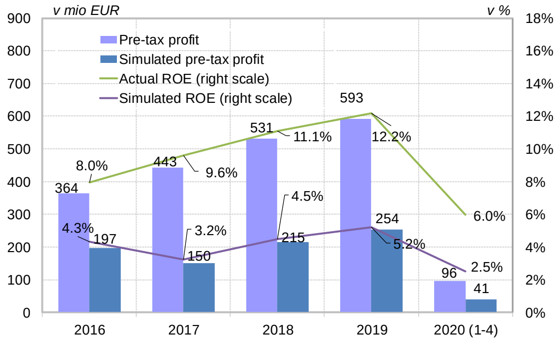


Figure 4.2: Comparison of observed profit and ROE with simulated values under higher impairments



Note: The simulated values for impairment and provisioning costs take account of their average ratio to gross income since 1996; this calculation excludes 2012, 2013, and 2014, when impairment and provisioning costs were far above average, and 2017, 2018 and 2019, when the banks recorded a net release of impairments and provisions overall.

Source: Banka Slovenije.

5. Capital adequacy[5] and liquidity at banks

The Slovenian banking system is well-capitalised. The banking system's total capital ratio stood at 18.5% on a consolidated basis at the end of 2019, while the common equity Tier 1 capital ratio stood at 17.8%, both above their euro area averages. The banks increased their capital during the previous year via retained earnings and the issuance of debt securities, and less so via recapitalisations. The increase in risk-weighted assets was driven primarily by further growth in lending to households and corporates. Despite recapitalisations, the small domestic banks and savings banks stand out with lower capital ratios and leverage ratios. The epidemic and the resulting economic shock are increasing the downward pressure on capital adequacy, primarily due to the increase in income risk and the deteriorating quality of the credit portfolio. It is estimated that the banking system could absorb an NPE ratio of 13% to 18% across the entire portfolio using its capital surplus (continuing to meet minimum capital adequacy under the SREP, while using the countercyclical capital buffer [CCyB], the Pillar 2 guidance [P2G] and last year's entire profit), if impairments for performing exposures and other effects are ignored and only the increase in NPEs is considered.[6]

The liquidity of the banking system remains sound even following the outbreak of the epidemic, although the differences between banks remain considerable. In the context of more significant growth in household and corporate deposits, the primary liquidity[7] of the banking system was up by EUR 0.5 billion during the first four months of this year to stand at 14.8% of the balance sheet total. Secondary liquidity remained at a solid 18% of the balance sheet total. The banks have increased investments in Slovenian government securities, particularly in March and April, and reduced investments in foreign marketable securities. At 309%, the liquidity coverage ratio remained well above the regulatory requirement, although the difference between banks in terms of their ability to cover current net liquidity outflows with liquid assets is significant. Given that the proportion of the pool of eligible collateral at the Eurosystem that is free is relatively high (70% at the level of the banking system), the banks will be able to secure additional liquid assets via the ECB's longer-term refinancing operations. With the easing of terms on existing operations (TLTRO-III) and the introduction of additional operations (PELTRO), the ECB is ensuring sufficient liquidity in banking systems and liquidity

significant downgrading of the economic forecasts, the recalibration of the credit risk parameters could lead to sudden significant growth in credit risk impairments and provisions.

[5] Only data until 31 December 2019 were available at the time this report was compiled.

[6] That assessment is presented in detail in the *Assessment of systemic risks and resilience of the financial sector during the Covid-19 epidemic*, which can be found on the Banka Slovenije website at https://www.bsi.si/publikacije/druge-publikacije/obcasne-publikacije.

[7] Primary liquidity incudes cash-on-hand, balances at the central bank and sight deposits at banks.

support for businesses. Slovenian banks are expected to participate in the aforementioned operations for reason of prudence, or because of additional needs for liquidity.

Figure 5.1: Total capital ratio (TCR) and common equity Tier 1 capital ratio (CET1) for Slovenia and the euro area, consolidated basis

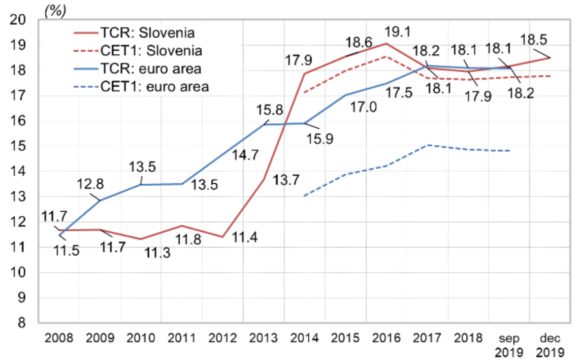
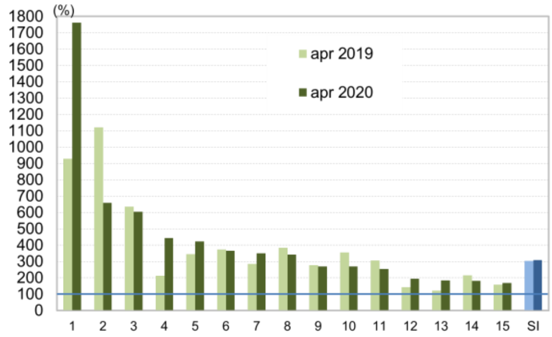


Figure 5.2: Liquidity coverage ratio (LCR) at individual banks



Note: The horizontal line on the right figure denotes the minimum regulatory requirement.

Sources: Banka Slovenije, ECB (SDW).

6. Bank funding

Deposits by the non-banking sector have increased during the epidemic, albeit mainly in the form of sight deposits. Deposits by the non-banking sector were up 8.3% in year-on-year terms in April, primarily due to an increase in household and corporate deposits. Household deposits increased by EUR 373 million in April, taking the year-on-year growth to 9.8%, the highest rate since February 2009. The outbreak of the epidemic and the accompanying economic shock has not yet resulted in the use of household savings. On the contrary, lower household consumption, particularly for purchases of goods and services, real estate, holidays, etc., as well as government payments to mitigate the consequences of the epidemic, have likely contributed to growth in savings. Households have kept these assets in liquid form, in the desire for immediate availability. The proportion of total household deposits and total deposits by the non-banking sector accounted for by sight deposits increased to 80.6% and 75.7% respectively, while fixed-term deposits were down. After slowing over the previous two years, growth in deposits by non-financial corporations has risen again this year, and stood at 7% in year-on-year terms in April. Monthly changes in corporate deposits remain very volatile. After March's sharp increase of EUR 452 million, corporate deposits were practically unchanged in April. In the future firms can be expected to gradually reduce their holdings in bank accounts from the current level of EUR 7 billion, use the money to cover internal liquidity needs, particular those firms hit hardest during this period (firms in tourism, accommodation and food services, service activities, the car industry, etc.). The banking system remains less dependent on other sources of funding. Wholesale funding accounted for 6.4% of the balance sheet total in April, while liabilities to the Eurosystem accounted for just 2.7%.

Figure 6.1: Growth in deposits by sector

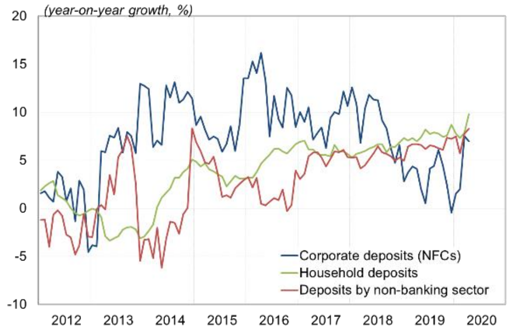
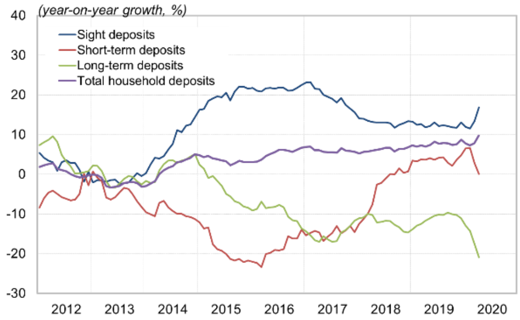


Figure 6.2: Growth in household deposits by maturity



Source: Banka Slovenije.

7. Capital markets and mutual funds

Stock markets recorded a strong rebound in April after bottoming out in the second half of March, while the recovery continued in May. Investor confidence is gradually returning, as seen in diminishing volatility, although uncertainty due to the adverse consequences of Covid-19 remains. The consequences of the epidemic are already being seen in macroeconomic data, but the full extent of the pandemic will only be seen in the coming quarters. The positive response on the stock markets can be attributed to the rapidly implemented fiscal and monetary stimulus measures, which will facilitate a faster recovery for governments and firms, and to the fact that the spread of the virus has slowed considerably in recent days in most countries, leading an increasing number of governments to gradually lift their containment measures. Since bottoming out in March, the representative index for Western Europe and the US S&P 500 had gained 29.0% and 36.1% respectively by the end of May, while the Slovenian SBI TOP gained just 21.7%, but had also lost the least since its peak of February 2020. Volatility on the stock markets, which in March nearly reached the highest average monthly value recorded during the financial crisis of 2008, diminished in April and May.

Figure 7.1: Recovery of selected stock market indices

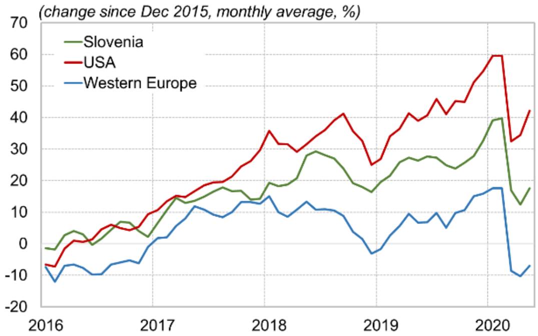
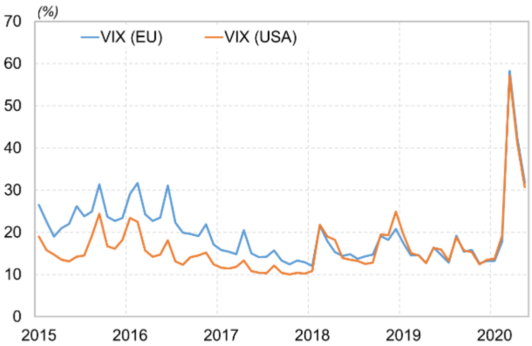


Figure 7.2: Diminishing volatility on stock markets



Note: Capture includes data up to and including 30 May 2020.

Sources: Bloomberg, Banka Slovenije.

Required yields on bond markets rose in April and May. In the battle with Covid-19, numerous countries have raised additional borrowing by issuing new bonds. The majority of countries were forced to issue new bonds under terms that were worse than those still in place as late as February of this year, which gave rise to additional pressure on the prices of existing bonds. While the required yield on 10-year German government bonds averaged between -0.4% and -0.5% in April and May, the average monthly spreads on the bonds of other euro area countries of the same maturity rose further in April and May. There was a notable decline in spreads during the second half of May due to the measures adopted by the ECB and other central banks.

Figure 7.3: Growth in spreads on selected 10-year government bonds is gradually slowing

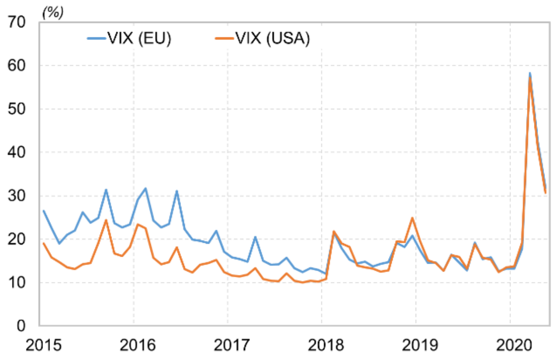
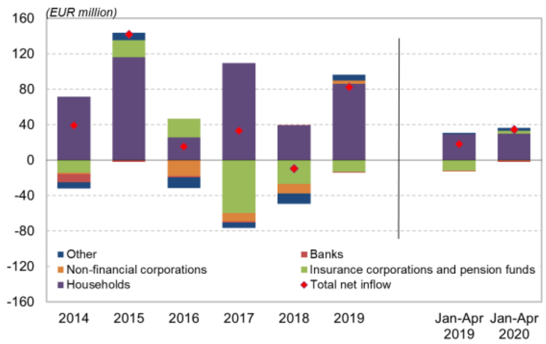


Figure 7.4: Net investments in domestic mutual funds remain positive



Note: The figure on the left includes data up to and including 30 May 2020.

Sources: Bloomberg, Banka Slovenije.

The impact of Covid-19 was also felt by domestic mutual funds in the form of a fall in the average unit price and net withdrawals in March, but in April funds recorded a positive net inflow and a recovery in the average unit price. In the search for a haven from potential losses, funds saw net withdrawals of EUR 25 million in March. Pressure to sell was felt by equity funds and mixed funds, which recorded withdrawals in the total amount of EUR 62 million. Just over half of that sum was transferred to funds traditionally seen as safer, mostly money-market funds, but also bond funds. In line with the reversal of the trend on stock markets in April, funds recorded a net inflow of EUR 7 million, similar to the average monthly net flow achieved in 2019.

8. Performance of leasing companies

The Covid-19 epidemic had an impact on the performance of leasing companies in the first quarter of 2020, in a decline in new business. New leasing business in the first quarter of 2020 was down 16.6% in year-on-year terms.[8] The decline was seen in all categories of equipment leasing, which accounts for the majority of new business. The decline in commercial and freight vehicle leasing business intensified (to 19.9%), while car leasing business was down 14.2%. The latter accounted for 65% of all new business in 2019. Given the saturation of the vehicle market, and the deteriorating macroeconomic forecasts, last year saw a sharp slowdown in growth in new business, which stalled towards the end of the year. Growth in new business in 2019 consequently stalled just below the level recorded in 2018. Growth in new business is expected to continue slowing in 2020 in the main category of equipment leasing (cars), while the second most important category (commercial and freight vehicles) is expected to continue contracting. The government began to gradually lift all containment measures in May. The major negative effects of Covid-19 are nevertheless expected to be felt over the remainder of 2020. This will result in a further contraction in the stock of leasing business, which in previous years was primarily the result of leasing companies' move away from real estate business.

The stock of leasing business did not change significantly in year-on-year terms, and remains at EUR 2.3 billion.[9] Taking into account a correction (i.e. the data of those companies

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[8] Banka Slovenije added new leasing companies to the reporting sample in 2020, which affected the year-on-year comparison of new business. Excluding this effect, the value of new business would have been down by 19.4%.

[9] The termination of reporting to Banka Slovenije by certain leasing companies in 2020 affected the year-on-year comparison of the stock of leasing business, the comparison of balance sheet and income statement items, and, to a lesser extent, the stock of claims more than 90 days in arrears. New companies added to the reporting population by Banka Slovenije in 2020 also led to

that reported in the periods in question and excluding all others), the stock of leasing business at the end of the first quarter of 2020 would have been down 1.6% in year-on-year terms at EUR 2.26 billion. The decline in the total stock of leasing business (after the correction) was again driven by a decline in the stock of real estate leasing business, while the stock of equipment leasing business was up 2.5% at EUR 2.05 billion. The trend of decline in claims more than 90 days in arrears also continued in the first quarter of 2020: the proportion was down 1.4 percentage points in year-on-year terms at 4.5% (or 4.6% taking into account the aforementioned correction). This was attributable to shortening arrears in both equipment and real estate leasing business, while concentration remained high at three leasing companies. The impact of the Covid-19 epidemic is expected to be seen in the stock of leasing business and in arrears of more than 90 days in the coming quarters.

Figure 8.1: New leasing business

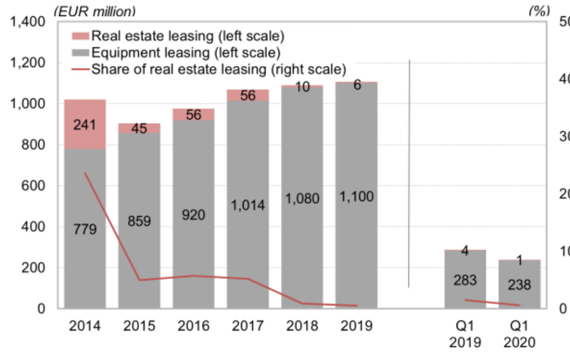
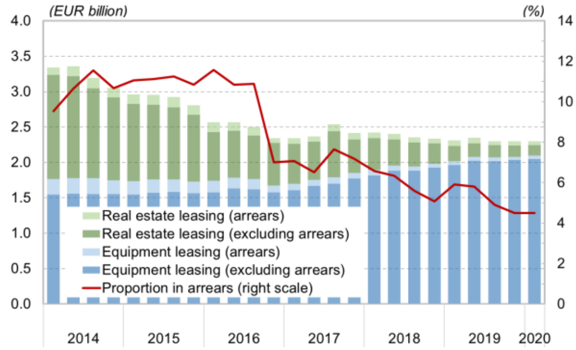


Figure 8.2: Stock of leasing business and proportion of arrears



Source: Banka Slovenije.

Total assets were down by more than 10% in year-on-year terms in March, primarily as the result of changes in the reporting structure. Taking into account the aforementioned correction, total assets would be down 1.7% at EUR 2.41 billion. The adverse impact of Covid-19 will be seen in the coming quarters, similar to the stock of leasing business. Total profit was down by 30.6% in year-on-year terms in March to stand at EUR 18 million. The effect of the correction was smaller in this case, as the impact of Covid-19 (taking into account the correction) was seen directly in a year-on-year decline in total profit of 19.3%.

Banka Slovenije issued a macroprudential recommendation to leasing companies in May aimed at temporarily restricting the distribution of distributable profit and retained earnings generated in 2019 and 2020. The primary objectives of the recommendation were to increase the resilience of the financial system, to maintain financial stability and to prevent disruptions to the financial system in Slovenia. Despite the end of the epidemic in June, leasing companies are still expected to feel the impact of Covid-19 in all segments of their operations in the coming quarters.

∗ 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.

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changes. Leasing companies stopped reporting to Banka Slovenije due to winding-up or a change in activity. The actual stock on a year-on-year basis is taken into account in the figures and texts, unless otherwise expressly stated. For a more relevant year-on-year comparison, corrected data that solely includes reporting entities that were active across the comparison period has been added (hereinafter: the correction).

1. MAIN FEATURES OF BANKS' PERFORMANCE AND FINANCIAL STATEMENTS[1]

Table 1.1: Banking system's assets and liabilities, as at 30 April 2020

EUR million unless stated, growth rates in %	Stock 31.12.2008	Breakdown (%)	Stock 31.12.2019	Breakdown (%)	Stock 30.04.2020	Breakdown (%)	Increase in April 20	Increase in 2020	Growth in April 20, % monthly	Growth in April 20, % year-on-year
Assets	**47,948**	**100.0**	**41,213**	**100.0**	**42,545**	**100.0**	**401.2**	**1,332.4**	**1.0**	**7.5**
Cash in hand, balances at central bank and sight deposits at banks*	**1,250**	**2.6**	**5,783**	**14.0**	**6,307**	**14.8**	**609.3**	**523.6**	**10.7**	**27.0**
Loans to banks at amortised cost (including central bank)	**4,101**	**8.6**	**1,592**	**3.9**	**1,761**	**4.1**	**143.0**	**168.8**	**8.8**	**18.3**
domestic banks	2,673	5.6	758	1.8	698	1.6	26.5	-60.1	4.0	-7.0
foreign banks	1,428	3.0	834	2.0	1,063	2.5	116.4	228.9	12.3	44.0
short-term loans to banks	2,056	4.3	563	1.4	652	1.5	121.9	88.8	23.0	23.0
long-term loans to banks	2,046	4.3	1,029	2.5	1,109	2.6	21.0	80.0	1.9	15.7
Loans to non-banking sector*	**33,718**	**70.3**	**23,520**	**57.1**	**23,859**	**56.1**	**-148.9**	**339.3**	**-0.6**	**5.5**
of which non-financial corporations	20,260	42.3	8,877	21.5	9,257	21.8	-100.6	379.5	-1.1	6.6
households	7,558	15.8	10,703	26.0	10,593	24.9	-73.2	-110.1	-0.7	3.1
government	506	1.1	1,634	4.0	1,609	3.8	0.5	-24.6	0.0	-3.7
other financial institutions	2,829	5.9	1,239	3.0	1,244	2.9	-11.4	4.6	-0.9	18.8
non-residents	2,515	5.2	1,036	2.5	1,127	2.6	35.4	90.6	3.2	25.2
Other financial assets classed as loans and receivables (at amortised cost)	**0**	**0.0**	**148**	**0.4**	**168**	**0.4**	**-156.2**	**20.2**	**-48.1**	**1.1**
Securities / financial assets**	**7,323**	**15.3**	**8,838**	**21.4**	**8,649**	**20.3**	**-55.8**	**-189.0**	**-0.6**	**-4.4**
a) Financial assets held for trading	**1,177**	**2.5**	**63**	**0.2**	**90**	**0.2**	**10.1**	**27.4**	**12.5**	**6.5**
of which debt securities held for trading	571	1.2	8	0.0	21	0.0	14.3	13.0	226.6	-32.0
... government debt securities held for trading	56	0.1	8	0.0	21	0.0	14.3	13.0	226.6	-32.0
b) Financial assets measured at fair value through P&L not held for trading	**0**	**0.0**	**52**	**0.1**	**57**	**0.1**	**0.6**	**5.6**	**1.0**	**-12.0**
of which debt securities measured at fair value through P&L not held for trading	0	0.0	0	0.0	0	0.0	0.0	0.0	0.0	0.0
c) Financial assets designated for measurement at fair value through P&L	**179**	**0.4**	**6**	**0.0**	**6**	**0.0**	**0.0**	**0.0**	**0.4**	**0.0**
of which debt securities designated for measurement at fair value through P&L	163	0.3	6	0.0	6	0.0	0.0	0.0	0.4	0.0
... 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**	**5,012**	**12.2**	**4,846**	**11.4**	**-159.1**	**-166.2**	**-3.2**	**-8.6**
of which debt securities measured at fair value through other comprehensive income	4,318	9.0	4,807	11.7	4,643	10.9	-160.0	-164.3	-3.3	-8.8
... government debt securities measured at fair value through other comprehensive income	2,875	6.0	3,385	8.2	3,210	7.5	-119.8	-174.1	-3.6	-8.6
e) Debt securities at amortised cost	**1,415**	**3.0**	**3,706**	**9.0**	**3,650**	**8.6**	**92.6**	**-55.8**	**2.6**	**1.6**
of which government debt securities at amortised cost	1,182	2.5	2,862	6.9	2,874	6.8	64.1	12.0	2.3	1.4
Investments in subsidiaries, joint ventures and associates	**627**	**1.3**	**509**	**1.2**	**953**	**2.2**	**0.0**	**444.3**	**0.0**	**85.0**
Other assets	**928**	**1.9**	**823**	**2.0**	**849**	**2.0**	**9.8**	**25.3**	**1.2**	**7.0**
Equity and liabilities	**47,948**	**100.0**	**41,213**	**100.0**	**42,545**	**100.0**	**401.2**	**1,332.4**	**1.0**	**7.5**
Financial liabilities measured at amortised cost (deposits)	**41,895**	**87.4**	**35,803**	**86.9**	**37,135**	**87.3**	**357.9**	**1,332.5**	**1.0**	**8.4**
a) Financial liabilities to central bank (Eurosystem)	**1,229**	**2.6**	**983**	**2.4**	**1,163**	**2.7**	**119.7**	**180.0**	**11.5**	**11.7**
b) Liabilities to banks	**18,168**	**37.9**	**2,821**	**6.8**	**2,858**	**6.7**	**63.0**	**36.6**	**2.3**	**-8.6**
of which to domestic banks	2,065	4.3	856	2.1	848	2.0	33.6	-8.1	4.1	5.2
of which to foreign banks	16,098	33.6	1,965	4.8	2,010	4.7	29.4	44.6	1.5	-13.4
c) Liabilities to non-banking sector (deposits by NBS)	**20,883**	**43.6**	**31,069**	**75.4**	**31,964**	**75.1**	**244.9**	**894.9**	**0.8**	**8.3**
of which to non-financial corporations	3,728	7.8	6,758	16.4	7,046	16.6	9.0	288.2	0.1	7.0
households	13,407	28.0	20,365	49.4	21,009	49.4	372.8	644.5	1.8	9.8
government	1,879	3.9	1,037	2.5	1,033	2.4	-22.9	-3.6	-2.2	-13.1
other financial institutions	1,065	2.2	1,243	3.0	1,261	3.0	-65.4	17.7	-4.9	-7.6
non-residents	475	1.0	1,228	3.0	1,178	2.8	-51.6	-49.9	-4.2	37.6
d) Debt securities	**1,276**	**2.7**	**600**	**1.5**	**724**	**1.7**	**1.4**	**124.3**	**0.2**	**386.3**
e) Other financial liabilities measured at amortised cost***	**1,568**	**3.3**	**329**	**0.8**	**426**	**1.0**	**-71.0**	**96.7**	**-14.3**	**-1.8**
Provisions	**176**	**0.4**	**187**	**0.5**	**181**	**0.4**	**-0.4**	**-6.6**	**-0.2**	**-4.9**
Shareholder equity	**4,010**	**8.4**	**4,963**	**12.0**	**4,947**	**11.6**	**38.8**	**-16.2**	**0.8**	**0.7**
Other liabilities	**1,867**	**3.9**	**260**	**0.6**	**282**	**0.7**	**4.9**	**22.7**	**1.8**	**28.8**
BALANCE SHEET TOTAL	**47,948**	**100.0**	**41,213**	**100.0**	**42,545**	**100.0**	**401.2**	**1,332.4**	**1.0**	**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).

*** 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.

[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.

Source: Bank of Slovenia

Table 1.2: Income statement for 2018, 2019 and 2020

(EUR million unless stated)	2019	Breakdown (%)	2019 Jan.-Apr	Breakdown (%)	2020 Jan.-Apr	Breakdown v %	Annual growth, % Jan.- Apr. 20/ Jan.- Apr. 19
Interest income	790.0		256.1		254.6		-0.6
Interest expenses	107.3		35.1		36.3		3.4
Net interest	**682.7**	**54.4**	**221.0**	**55.8**	**218.3**	**62.3**	**-1.3**
Non-interest income	**573.4**	**45.6**	**175.0**	**44.2**	**132.3**	**37.7**	**-24.4**
of which net fees and commission	333.8	26.6	110.5	27.9	107.0	30.5	-3.2
of which net gains/losses on financial assets and liabilities held for trading	12.1	1.0	7.8	2.0	4.0	1.1	-49.3
Gross income	**1,256.1**	**100.0**	**396.1**	**100.0**	**350.5**	**100.0**	**-11.5**
Operating costs	**-709.3**	**-56.5**	**-219.4**	**-55.4**	**-228.3**	**-65.1**	**4.1**
Net income	**546.8**	**43.5**	**176.7**	**44.6**	**122.2**	**34.9**	**-30.8**
Net impairments and provisions	**45.7**	**3.6**	**28.4**	**7.2**	**-26.3**	**-7.5**	**-192.5**
Pre-tax profit	**592.5**	**47.2**	**205.1**	**51.8**	**95.9**	**27.4**	**-53.2**
Taxes	-62.0		-24.5		-12.0		-51.0
Net profit	530.5		180.5		83.9		-53.5

Source: Bank of Slovenia

Table 1.3: Selected performance indicators

in %	2014	2015	2016	2017	2018	2019	2019 Jan.-Apr.	2020 Jan.-Apr.	Apr-19 (last 12 mon.)	Apr-20 (last 12 mon.)
Profitability										
Financial intermediation margin*	3.10	3.05	3.05	2.88	3.01	3.13	3.10	2.56	2.98	2.96
ROA	-0.27	0.42	0.99	1.19	1.39	1.48	1.60	0.70	1.41	1.18
ROE	-2.69	3.63	7.96	9.58	11.07	12.16	13.53	5.96	11.31	9.81
Interest margin on interest-bearing assets	2.18	2.06	1.91	1.83	1.84	1.79	1.81	1.68	1.85	1.75
Net non-interest income / operating costs	58.05	60.05	68.53	62.67	71.93	80.84	79.78	57.93	70.02	73.88
Operating costs										
Labour costs / average assets	0.92	0.97	1.01	1.02	1.02	1.00	0.98	0.93	1.01	0.99
Other costs / average assets	0.81	0.84	0.80	0.78	0.73	0.77	0.71	0.71	0.74	0.77
Asset quality										
Impairments of financial assets at amortised cost / gross assets	8.98	7.84	5.38	4.09	2.64	1.53	2.38	1.56	/	/

** Gross income / average assets*

Source: Bank of Slovenia

2. QUALITY OF THE BANKING SYSTEM'S CREDIT PORTFOLIO

Table 2.1:[1] Non-performing exposures by client segment

	Exposures						Non-performing exposures (NPEs)					
	amount, EUR million			breakdown, %			amount, EUR million			ratio, %		
	Dec.19	Mar.20	Apr.20	Dec.19	Mar.20	Apr.20	Dec.19	Mar.20	Apr.20	Dec.19	Mar.20	Apr.20
NFCs	14,272	14,317	14,460	31.3	31.4	31.3	636	614	615	4.5	4.3	4.3
OFIs	1,372	2,461	1,396	3.0	5.4	3.0	11	11	11	0.8	0.4	0.8
Households	11,794	11,844	11,817	25.9	26.0	25.6	247	252	253	2.1	2.1	2.1
sole traders	691	691	685	1.5	1.5	1.5	28	28	28	4.0	4.1	4.1
individuals	11,104	11,153	11,132	24.4	24.5	24.1	219	224	225	2.0	2.0	2.0
Non-residents	7,587	7,700	7,633	16.6	16.9	16.5	99	96	95	1.3	1.2	1.2
Government	5,176	5,222	5,312	11.4	11.5	11.5	12	13	13	0.2	0.2	0.2
Banks and savings banks	897	907	872	2.0	2.0	1.9	0	0	0	0.0	0.0	0.0
Central bank	4,440	3,105	4,721	9.7	6.8	10.2	0	0	0	0.0	0.0	0.0
Total	45,592	45,600	46,211	100.0	100.0	100.0	1,005	986	987	2.2	2.2	2.1

Table 2.2: Classified claims more than 90 days in arrears by client segment

	Classified claims						Claims more than 90 days in arrears					
	amount, EUR million			breakdown, %			amount, EUR million			ratio, %		
	Dec.19	Mar.20	Apr.20	Dec.19	Mar.20	Apr.20	Dec.19	Mar.20	Apr.20	Dec.19	Mar.20	Apr.20
NFCs	14,041	14,094	14,236	34.6	34.7	34.4	201	191	190	1.4	1.4	1.3
OFIs	1,369	1,374	1,395	3.4	3.4	3.4	5	5	5	0.3	0.3	0.3
Households	11,794	11,843	11,817	29.1	29.2	28.6	214	219	218	1.8	1.8	1.8
sole traders	691	691	685	1.7	1.7	1.7	20	20	19	2.9	2.9	2.8
individuals	11,103	11,153	11,132	27.4	27.5	26.9	194	199	199	1.8	1.8	1.8
Non-residents	4,846	5,061	5,126	11.9	12.5	12.4	41	44	44	0.8	0.9	0.9
Government	3,175	3,130	3,247	7.8	7.7	7.8	6	6	6	0.2	0.2	0.2
Banks and savings banks	916	910	831	2.3	2.2	2.0	0	0	0	0.0	0.0	0.0
Central bank	4,440	4,191	4,721	10.9	10.3	11.4	0	0	0	0.0	0.0	0.0
Total	40,581	40,603	41,371	100.0	100.0	100.0	466	464	462	1.1	1.1	1.1

Table 2.3:[1] Non-performing exposures to non-financial corporations by sector

	Exposures			Non-performing exposures (NPEs)			NPE ratio		
	(EUR million)			(EUR million)			(%)		
	Dec.19	Mar.20	Apr.20	Dec.19	Mar.20	Apr.20	Dec.19	Mar.20	Apr.20
Agriculture, forestry, fishing, mining	132	129	137	3	3	3	2.0	2.1	2.0
Manufacturing	4,038	4,008	4,052	114	95	95	2.8	2.4	2.3
Electricity, gas, water, remediation	1,296	1,383	1,411	8	8	8	0.6	0.6	0.6
Construction	1,160	1,164	1,158	84	82	82	7.2	7.1	7.0
Wholesale and retail trade	2,559	2,578	2,617	229	223	223	9.0	8.7	8.5
Transportation and storage	1,750	1,707	1,700	21	22	22	1.2	1.3	1.3
Accommodation and food service	454	464	481	40	42	42	8.8	9.0	8.8
Information and communication	656	612	642	6	5	5	0.9	0.9	0.8
Financial and insurance activities	61	69	64	0	0	0	0.7	0.6	0.7
Real estate activities	593	611	611	46	46	49	7.8	7.5	8.1
Professional, scientific and technical	1,313	1,346	1,341	65	68	67	4.9	5.1	5.0
Public services	261	245	246	20	19	19	7.8	7.8	7.8
Total	14,272	14,317	14,460	636	614	615	4.5	4.3	4.3

Source: Bank of Slovenia

Note: [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).

Table 2.4: Classified claims against non-financial corporations more than 90 days in arrears

	Classified claims (EUR million)			Classified claims more than 90 days in arrears (EUR million)			Proportion of classified claims more than 90 days in arrears (%)		
	Dec.19	Mar.20	Apr.20	Dec.19	Mar.20	Apr.20	Dec.19	Mar.20	Apr.20
Agriculture, forestry, fishing, mining	132	129	137	1	1	1	0.6	0.8	0.8
Manufacturing	4,028	4,001	4,045	42	40	38	1.0	1.0	0.9
Electricity, gas, w ater, remediation	1,289	1,375	1,404	4	4	4	0.3	0.3	0.3
Construction	1,158	1,162	1,156	58	51	51	5.0	4.4	4.4
Wholesale and retail trade	2,434	2,456	2,495	36	34	34	1.5	1.4	1.4
Transportation and storage	1,719	1,677	1,669	5	5	6	0.3	0.3	0.4
Accommodation and food service	448	457	475	18	20	20	4.1	4.3	4.3
Information and communication	634	591	621	1	1	1	0.1	0.2	0.1
Financial and insurance activities	61	69	64	0	0	0	0.0	0.0	0.0
Real estate activities	591	611	610	5	5	5	0.9	0.8	0.8
Professional, scientific and technical	1,285	1,320	1,315	31	29	28	2.4	2.2	2.2
Public services	261	245	246	1	1	1	0.3	0.4	0.4
Total	14,041	14,094	14,236	201	191	190	1.4	1.4	1.3

Source: Bank of Slovenia

3. LEASING COMPANIES' PERFORMANCE

Table 3.1: New leasing business by type of leasing and institutional sector

		Real estate leasing					Equipment leasing				
		NFCs	Households	Other sectors	Rest of world	Total	NFCs	Households	Other sectors	Rest of world	Total
2013		152.6	9.6	2.6	1.0	165.9	346.4	373.7	1.2	3.6	724.9
2014		213.8	4.4	22.2	0.4	240.8	356.5	416.7	2.3	3.4	779.0
2015		39.5	3.9	1.3	0.3	45.0	407.2	444.1	1.8	5.8	858.9
2016		49.4	4.4	2.4	0.0	56.2	472.4	440.3	1.1	6.3	920.0
2017		39.5	2.8	10.8	2.9	56.0	520.5	477.8	9.6	6.3	1,014.2
2018		9.2	0.3	0.9	0.0	10.5	567.3	510.4	1.3	0.7	1,079.7
2019		5.3	0.1	1.0	0.0	6.4	558.8	531.7	2.2	7.2	1,099.9
2019	mar.	3.3	0.0	1.0	0.0	4.4	139.6	136.6	0.7	6.5	283.4
	jun.	0.8		0.0		0.8	160.6	140.0	0.4	0.3	301.4
	sep.	0.2	0.0			0.2	118.9	125.9	0.6	0.2	245.6
	dec.	0.9	0.1	0.0		1.0	139.7	129.1	0.5	0.2	269.6
2020	mar.	1.3	0.1	0.1		1.5	105.5	124.7	0.1	0.1	230.4

Table 3.2: Stock of leasing business by type of leasing and institutional sector

		Real estate leasing					Equipment leasing				
		NFCs	Households	Other sectors	Rest of world	Total	NFCs	Households	Other sectors	Rest of world	Total
2013		1,342.9	120.0	158.2	1.7	1,622.9	781.9	936.7	10.7	55.0	1,784.3
2014		1,087.3	97.6	118.7	1.7	1,305.5	745.2	945.1	7.2	47.8	1,745.3
2015		899.4	79.2	96.7	2.0	1,077.3	712.7	963.8	5.6	50.0	1,732.0
2016		556.5	59.9	52.5	3.2	672.2	710.6	933.4	3.7	23.7	1,671.3
2017		468.8	49.2	44.0	2.0	564.0	816.5	1,018.8	12.5	4.4	1,852.2
2018		286.3	35.8	29.7	1.3	353.1	888.4	1,074.2	14.5	2.6	1,979.7
2019		165.3	27.9	21.8	0.7	215.8	908.8	1,151.0	13.3	7.5	2,080.6
2019	mar.	231.4	32.2	29.4	1.2	294.1	897.2	1,099.8	13.9	8.2	2,019.1
	jun.	210.2	30.9	28.7	1.0	270.8	926.0	1,129.0	13.6	8.3	2,076.8
	sep.	176.4	29.0	25.6	1.0	232.1	916.6	1,131.8	13.3	8.1	2,069.8
	dec.	165.3	27.9	21.8	0.7	215.8	908.8	1,151.0	13.3	7.5	2,080.6
2020	mar.	161.7	26.7	17.3	0.6	206.3	866.3	1,164.6	12.6	7.2	2,050.7

Source: Bank of Slovenia.

Table 3.3: Leasing business by type of leasing and maturity

	New leasing business by maturity, EUR million										
	Up to 1 year		1 to 5 years		5 to 10 years		Over 10 years		Total		
	Equipment	Real estate	Equipment	Real estate	Equipment	Real estate	Equipment	Real estate	Equipment	Real estate	All leasing
2013	125.7	100.4	296.8	12.3	299.6	15.8	2.8	37.4	724.9	165.9	890.8
2014	124.9	50.0	339.0	77.1	314.6	74.9	0.6	38.8	779.0	240.8	1,019.8
2015	151.1	13.7	350.3	9.6	353.3	12.0	4.3	9.7	858.9	45.0	903.9
2016	178.2	31.5	352.8	8.1	385.5	11.8	3.6	4.7	920.0	56.2	976.2
2017	210.8	34.0	368.7	3.8	434.2	2.0	0.4	16.2	1,014.2	56.0	1,070.2
2018	211.7	0.3	371.4	0.5	496.3	2.5	0.4	7.2	1,079.7	10.5	1,090.2
2019	226.9	1.5	371.7	0.3	501.1	1.5	0.3	3.1	1,099.9	6.4	1,106.3
2019 mar.	60.9	1.2	100.8	0.1	121.4	0.6	0.2	2.5	283.4	4.4	287.8
jun.	68.4	0.2	91.8	0.2	141.1		0.1	0.4	301.4	0.8	302.2
sep.	46.4	0.0	84.4	0.0	114.7	0.2		0.0	245.6	0.2	245.8
dec.	51.1	0.0	94.7	0.1	123.8	0.7		0.2	269.6	1.0	270.5
2020 mar.	41.2	0.1	79.0	0.3	109.7	0.0	0.4	1.1	230.4	1.5	231.8

	Stock of leasing business by maturity, EUR million										
	Up to 1 year		1 to 5 years		5 to 10 years		Over 10 years		Total		
	Equipment	Real estate	Equipment	Real estate	Equipment	Real estate	Equipment	Real estate	Equipment	Real estate	All leasing
2013	353.2	358.2	1,124.7	471.0	268.8	476.1	37.6	317.5	1,784.3	1,622.9	3,407.2
2014	316.3	215.2	1,125.7	519.8	288.5	365.8	14.8	204.7	1,745.3	1,305.5	3,050.7
2015	305.0	172.3	1,099.0	504.2	315.7	295.7	12.3	105.1	1,732.0	1,077.3	2,809.3
2016	228.2	164.0	1,113.8	290.3	322.9	155.5	6.4	62.3	1,671.3	672.2	2,343.5
2017	251.1	161.4	1,243.3	189.6	353.0	157.5	4.8	55.5	1,852.2	564.0	2,416.2
2018	226.6	106.1	1,332.9	109.2	419.6	102.6	0.7	35.3	1,979.7	353.1	2,332.9
2019	232.5	73.4	1,390.8	59.3	456.6	61.2	0.7	21.8	2,080.6	215.8	2,296.3
2019 mar.	235.8	104.9	1,355.5	71.5	427.7	84.6	0.8	33.1	2,019.7	294.1	2,313.8
jun.	252.0	96.0	1,376.9	65.9	447.1	78.8	0.7	30.0	2,076.8	270.8	2,347.6
sep.	247.3	72.5	1,374.8	62.3	447.0	74.7	0.7	22.5	2,069.8	232.1	2,301.9
dec.	232.5	73.4	1,390.8	59.3	456.6	61.2	0.7	21.8	2,080.6	215.8	2,296.3
2020 mar.	216.2	72.3	1,378.0	58.6	455.6	53.1	0.9	22.4	2,050.7	206.3	2,257.0

Source: Bank of Slovenia.

Table 3.4: Stock of leasing business with non-financial corporations by type of leasing and sector

	Real estate leasing business, EUR million											
	Agri, mining	Manuf	Elec, gas, water	Construct	Trade	Trans, storage	Acco, food	Info, comms	Fin, insur	Real estate	PSTAs, ASSAs	Public services	Total
2013	6.2	53.5	6.5	106.7	637.2	14.0	56.2	8.8	3.5	344.6	64.8	41.0	1,342.9
2014	5.6	39.3	2.8	102.3	462.6	13.5	40.5	7.5	6.3	308.7	60.7	37.6	1,087.3
2015	5.5	33.8	7.4	86.1	399.7	11.2	35.7	7.2	1.8	242.2	43.3	25.6	899.4
2016	5.5	27.2	0.9	21.1	204.2	7.3	22.7	7.2	2.8	213.9	18.6	22.3	553.7
2017	0.1	30.0	1.1	25.2	135.9	10.5	19.3	7.1	4.8	158.9	41.3	33.6	467.9
2018		15.0	0.9	8.8	110.0	6.3	12.3	5.1	3.2	66.9	33.4	24.3	286.3
2019		11.4	0.5	4.6	74.7	5.0	8.4	3.1	2.2	13.1	28.5	13.8	165.3
2019 mar.		13.0	0.8	7.9	88.6	6.0	12.2	3.9	2.5	40.0	34.8	21.8	231.4
jun.		12.7	0.5	5.9	76.0	5.7	11.5	3.4	2.4	37.4	31.9	22.8	210.2
sep.		12.3	0.5	5.4	78.3	5.3	10.1	3.3	2.3	13.3	30.7	14.9	176.4
dec.		11.4	0.5	4.6	74.7	5.0	8.4	3.1	2.2	13.1	28.5	13.8	165.3
2020 mar.	0.0	11.2	0.8	4.4	73.4	4.7	8.1	2.9	2.2	12.6	28.0	13.4	161.7

	Equipment leasing business, EUR million											
	Agri, mining	Manuf	Elec, gas, water	Construct	Trade	Trans, storage	Acco, food	Info, comms	Fin, insur	Real estate	PSTAs, ASSAs	Public services	Total
2013	9.4	148.4	51.6	77.8	153.8	152.3	29.9	20.9	6.0	9.9	77.1	44.7	781.8
2014	10.1	132.4	41.9	75.5	146.0	163.5	34.4	22.9	3.6	9.4	68.0	37.6	745.2
2015	9.5	113.2	38.8	71.0	145.9	162.8	43.4	13.4	3.6	6.2	70.5	34.4	712.7
2016	11.9	96.7	27.2	65.7	139.1	196.4	52.5	12.3	4.4	4.9	66.4	33.1	710.6
2017	8.6	107.1	28.4	73.0	163.4	237.0	46.6	27.5	5.5	4.8	76.0	38.6	816.5
2018	9.4	129.2	17.6	92.8	167.7	289.9	26.3	24.2	4.9	5.6	87.1	33.7	888.4
2019 mar.	9.7	129.2	17.6	94.7	181.6	291.3	23.1	21.6	5.0	6.2	83.2	33.7	897.1
jun.	10.3	132.0	17.3	99.7	183.8	295.5	22.4	22.4	5.4	5.4	99.3	32.3	925.9
sep.	10.7	131.5	17.7	100.0	182.9	288.6	21.5	22.0	5.4	5.8	99.6	30.9	916.5
dec.	11.4	134.0	18.0	98.3	183.3	285.3	21.6	22.8	5.3	5.8	92.0	30.8	908.7
2020 mar.	12.6	127.8	18.0	95.8	174.7	275.9	19.6	18.8	5.1	6.1	82.3	29.5	866.2

Source: Bank of Slovenia.

Table 3.5: Arrears in leasing business with non-financial corporations by type of leasing and sector

	Real estate leasing business, %													
	Agri, mining	Manuf	Elec, gas, water	Construct	Trade	Trans, storage	Acco, food	Info, comms	Fin, insur	Real estate	PSTAs, ASSAs	Public services	Overall	Overall (all leasing)
2013	85.3	10.3	0.0	15.7	2.8	0.4	15.7	4.3	9.2	2.2	13.3	6.0	5.5	9.5
2014	93.7	17.2	0.0	42.9	5.2	3.5	21.2	4.9	5.3	4.2	20.4	7.4	10.8	13.1
2015	95.2	14.5	4.3	45.8	5.5	7.1	23.9	5.6	3.9	8.9	23.1	13.5	13.0	13.5
2016	96.6	4.3	0.5	38.7	8.1	1.1	14.2	0.2	4.6	6.3	14.1	12.3	9.6	9.1
2017	63.6	6.3	0.0	41.0	13.9	27.6	23.1	0.2	36.0	6.6	48.3	7.4	15.6	10.6
2018		9.6	1.0	47.9	14.7	2.1	22.4	0.0	1.4	8.4	51.2	5.5	17.1	7.7
2019		11.6	0.0	21.5	21.5	2.3	27.6	0.0	2.2	32.8	74.0	1.1	28.0	7.5
2019 mar.		14.0	0.0	48.1	18.2	1.9	27.8	0.1	2.0	69.5	46.7	1.3	30.1	9.9
jun.		14.8	0.0	23.5	21.2	2.4	25.8	0.0	2.1	68.3	69.6	0.8	33.5	9.8
sep.		15.3	0.0	23.9	20.6	2.3	27.6	0.0	2.1	36.1	72.4	1.2	28.0	8.2
dec.		11.6	0.0	21.5	21.5	2.3	27.6	0.0	2.2	32.8	74.0	1.1	28.0	7.5
2020 mar.	0.0	11.7	0.0	22.4	22.0	2.6	26.9	0.0	2.0	33.1	75.3	1.3	28.6	7.8

	Equipment leasing business, %													
	Agri, mining	Manuf	Elec, gas, water	Construct	Trade	Trans, storage	Acco, food	Info, comms	Fin, insur	Real estate	PSTAs, ASSAs	Public services	Overall	Overall (all leasing)
2013	18.6	11.7	12.4	46.7	11.9	9.9	21.3	3.0	13.2	26.6	19.5	17.9	16.5	9.5
2014	15.0	13.8	15.8	43.6	12.4	7.5	21.4	2.3	31.1	33.4	23.7	9.7	16.3	13.1
2015	15.0	10.7	13.4	39.0	11.6	5.3	18.4	7.2	32.6	42.2	19.2	9.5	14.3	13.5
2016	13.3	7.9	15.8	26.7	6.9	2.0	10.3	9.0	20.7	20.9	8.5	7.8	8.6	9.1
2017	7.8	8.1	13.7	15.8	5.8	5.6	5.4	3.9	8.8	13.5	6.2	15.4	7.7	10.6
2018	5.4	5.6	6.7	10.9	3.0	4.4	2.4	4.4	0.9	3.5	1.8	4.1	4.7	7.7
2019	4.6	5.3	6.0	4.2	2.4	4.4	1.9	4.7	0.5	1.5	1.4	4.4	3.8	7.5
2019 mar.	5.0	5.5	6.5	10.7	2.8	4.5	2.6	4.8	0.9	1.4	1.6	4.1	4.6	9.9
jun.	5.0	5.4	6.5	10.2	2.7	4.3	1.9	4.7	0.7	1.7	1.3	4.3	4.4	9.8
sep.	4.8	5.4	6.6	10.1	2.4	4.5	2.0	4.8	0.7	1.5	1.3	4.4	4.4	8.2
dec.	4.6	5.3	6.0	4.2	2.4	4.4	1.9	4.7	0.5	1.5	1.4	4.4	3.8	7.5
2020 mar.	4.2	5.6	6.0	4.4	2.6	4.8	2.1	5.6	0.4	1.4	0.9	4.6	4.0	7.8

Source: Bank of Slovenia.

Table 3.6: Leasing companies' performance and funding

								Growth, %						
	2014	2015	2016	2017	2018	2019	Q1 2020	2014	2015	2016	2017	2018	2019	Q1 2020
Total assets, EUR million	3,461	2,869	2,675	2,809	2,711	2,545	2426.0	-9.5	-17.1	-6.7	5.0	-3.5	-6.1	-11.6
Shareholder equity, EUR million	288	260	400	479	527	551	448.1	5570.2	-9.7	53.9	19.7	10.0	4.6	-19.2
Net profit, EUR million	50	24	51	82	88	124	18.2	-81.1	-52.4	111.9	62.1	6.8	41.5	-30.8
ROA, %	1.3	0.7	1.8	3.0	3.1	4.6	4.6							
ROE, %	41.5	9.6	16.9	19.8	17.2	22.3	22.3							
Financial and operating liabilities, EUR million	3,061	2,518	2,189	2,259	2,133	1,946	1928.0	-17.9	-17.7	-13.1	3.2	-5.6	-8.8	-9.2
liabilities to banks and undertakings in group / total assets, %	88	88	82	80	79	76	79.5							
Investment property	822	629	567	389	362	69	45.9	-18.0	-23.5	-9.8	-31.5	-7.0	-80.8	-86.4
investment property / assets, %	24	22	21	14	13	3	1.9							
Finance expenses from impairments and write-offs, EUR million	113	118	61	54	43	34	8.8	-45.7	4.8	-48.0	-11.4	-21.4	-20.2	-5.6

Source: Bank of Slovenia.