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## **SLOVENIA SAYS WORSE TO COME AFTER BANKS' NET PROFIT SHRINKS**

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Reuters (26 March 2020)

Persistently low interest rates helped to drive the joint net profit of Slovenian banks 79% lower year-on-year in January, the Bank of Slovenia said on Thursday, and warned worse was to come as the impact of the coronavirus devastates the global economy.

The profits that totalled 7.6 million euros (\$8.36 million) in January had fallen after record highs last year and the bank said the sector, of which the Slovenian government controls about 12%, was resilient.

In the extremely difficult conditions of the spread of the coronavirus, which are reflected in an economic shock ... we can expect a fast reduction of bank profitability, the central bank said in a report.

But it said the banking system remains strong regarding capital, its liquidity position is good, as well.

Balance sheet assets rose by 7% year-on-year in January while loans to the non-banking sector were up by 5.8%.

Bad loans amounted to about 1 billion euros or 2.2% of all loans, almost unchanged from December.

The novel coronavirus took hold in December in China and has since spread across the world, leading many countries to order their populations to drastically limit their movement, curbing economic activity.

Slovenia has so far confirmed 562 coronavirus cases and six people have died. The country has closed schools, bars, restaurants, hotels, sports centres and cultural institutions and prohibited socialising in public spaces.

Slovenia on Monday said the impact on its GDP was likely to be severe.

Apart from the government, other owners of Slovenias banks include U.S. investment firm Apollo Global Management, Italys Unicredit and Intesa Sanpaolo, Hungarys OTP bank, Serbias AIK bank, Russias Sberbank and Austrias Sparkasse and Addiko Bank. (\$1 = 0.9094 euros).

<https://www.reuters.com/article/slovenia-banks/slovenia-says-worse-to-come-after-banks-net-profit-shrinks-idUSL8N2BJ7N3>

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