



NÁRODNÁ BANKA SLOVENSKA
EUROSYSTEM



STATISTICAL BULLETIN

MONETARY
AND FINANCIAL
STATISTICS

Q4
2013

Published by:
© Národná banka Slovenska

Address:
Národná banka Slovenska
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<http://www.nbs.sk/en/statistics/money-and-banking-statistics>

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ISSN 1338-6565 (online)



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NÁRODNÁ BANKA SLOVENSKA
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FOREWORD



FOREWORD

The *Statistical Bulletin – Monetary and Financial Statistics* is a quarterly publication issued by the Statistics Department of Národná banka Slovenska.

The present issue is based on preliminary statistical data as of December 2013. The publication covers the wide array of statistics, with data being an input for compilation of the European Central Bank's euro area statistics, of the International Monetary Fund's and Eurostat's statistics, and for monetary and financial stability analyses at the national level.

The publication is supplemented with a comparison of national statistics with euro area statistics on selected categories of assets and liabilities from the banking sector, and with mutual fund and securities statistics. The final chapter summarises the methodological notes to the individual areas of statistics under analysis.

Main goal of the Bulletin is to improve the presentation of monthly and quarterly data published on the website of Národná banka Slovenska and to provide users with more comprehensive data on monetary and financial statistics. The Bulletin

presents the available aggregated data compiled according to the ECB's methodology and detailed national data presented in the form of tables, charts and commentaries.

The information published in the Bulletin comprises data that are processed and reported by domestic financial institutions, specifically by banks and branches of foreign banks, collective investment undertakings, securities and derivatives dealers, leasing companies, factoring companies, and consumer credit companies.

The Bulletin is available in electronic form on the NBS website (www.nbs.sk), in PDF format.

We hope that by processing the data in this way, and with the help of feedback from our readers and data users, we will succeed in providing an overview that is quick and easy to use. Any remarks or suggestions regarding the quality of this publication and how it may be improved can be sent to mbs@nbs.sk.

Editors of the Monetary
and Financial Statistics Section



NÁRODNÁ BANKA SLOVENSKA
EUROSYSTEM

CHAPTER 1

STRUCTURE OF THE FINANCIAL MARKET IN SLOVAKIA



1 STRUCTURE OF THE FINANCIAL MARKET IN SLOVAKIA

1.1 OVERVIEW OF PARTICIPANTS

The number of monetary financial institutions in Slovakia decreased by one reporting entity in the last quarter of 2013, when *AXA Bank Europe, a branch of a foreign bank*, ended its operations in Slovakia. Another noteworthy event was an organisational change in *UniCredit Bank Slovakia, a.s.*, which was transformed into *UniCredit Bank Czech Republic and Slovakia, a.s., a branch of a foreign bank*.

The *other financial intermediaries sector* saw only minor changes in the number of mutual funds within the individual categories, owing to the establishment, dissolution, and merger of funds managed by domestic asset management companies. A marked change in the number of entities falling into the category of *other financial intermediaries* occurred at the turn of 2012 and 2013. This was confirmed by a survey conducted among factoring companies, financial leasing companies, and consumer credit companies. The number of

Table 1 Structure of the financial market in Slovakia

	XII. 2012	III. 2013	VI. 2013	IX. 2013	XII. 2013
Monetary financial institutions (S.121 + S.122)	31	31	31	31	30
Central bank (S.121)	1	1	1	1	1
Credit institutions (S.122)	28	28	28	29	28
<i>Banks</i>	11	11	11	11	11
<i>Branches of foreign banks</i>	13	13	13	14	13
<i>Credit cooperatives</i>	1	1	1	1	1
<i>Building societies</i>	3	3	3	3	3
Money Market Funds (S.122)	2	2	2	1	1
Other financial intermediaries (S.123)	231	174	178	178	177
<i>Investment funds</i>	78	79	83	83	82
Equity funds	12	12	12	12	11
Bond funds	20	20	20	20	21
Mixed funds	25	26	26	27	26
Real estate funds	5	6	6	6	6
Other funds	16	15	19	18	18
<i>Leasing companies (financial leasing)</i>	72	47	47	47	47
<i>Consumer credit companies</i>	61	39	39	39	39
<i>Factoring companies</i>	4	5	5	5	5
<i>Securities and derivatives dealers¹⁾</i>	16	4	4	4	4
Financial auxiliaries (S.124)	17	16	16	16	16
<i>Asset Management Companies</i>	7	6	6	6	6
<i>Pension Savings Companies</i>	6	6	6	6	6
<i>Supplementary Pension Asset Management Companies</i>	4	4	4	4	4
Insurance corporations and pension funds (S.125)	53	52	52	52	52
<i>Insurance corporations</i>	18	17	17	17	17
<i>Pension funds</i>	35	36	36	36	36

Source: NBS.

1) *Securities and derivatives dealers that hold a licence under Act No 566/2001 Coll., except for banks, branches of foreign banks, asset management companies, and branches of foreign asset management companies; and that according to its licence make business on their own account.*

**Table 2 Total assets of individual sectors of the financial market in Slovakia (EUR millions)**

	XII. 2012	III. 2013	VI. 2013	IX. 2013	XII. 2013
Monetary financial institutions (S.121 + S.122)	78,743	80,835	82,352	81,208	77,813
Central bank (S.121)	19,026	20,876	22,401	21,423	16,684
Credit institutions (S.122)	59,565	59,826	59,830	59,703	61,047
Money Market Funds (S.122)	152	133	121	82	82
Other financial intermediaries (S.123)	8,121	8,447	8,697	9,008	9,342
Investment funds	3,638	3,875	3,986	4,268	4,524
Leasing companies (financial leasing)	3,069	3,117	3,215	3,276	3,249
Consumer credit companies	1,253	1,309	1,349	1,303	1,409
Factoring companies	140	138	139	153	152
Securities and derivatives dealers ¹⁾	21	8	8	8	8
Financial auxiliaries (S.124)	265	267	267	257	264
Insurance corporations and pension funds (S.125)	13,644	13,642	13,710	13,847	14,053
Insurance corporations (without SIB) ²⁾	6,848	6,891	6,844	6,816	6,896
Pension funds	6,796	6,751	6,866	7,031	7,157

Source: NBS.

1) Securities and derivatives dealers that hold a licence under Act No 566/2001 Coll., except for banks, branches of foreign banks, asset management companies, and branches of foreign asset management companies; and that according to its licence make business on their own account.

2) Slovak Insurers' bureau (SIB) has been established by virtue of the Act No. 381/2001 on Compulsory MTPL Insurance and on changes in, and amendments to, some laws.

active entities operating in the domestic financial market was revised in the first quarter of 2013 on the basis of data as of end-2012 from the register of organisations maintained by the Statistical Office of the Slovak Republic.

Financial market entities belonging to other categories recorded no noticeable changes over the period under review. In the fourth quarter of 2013, *D.A.S. legal protection insurance, a.s.*, ended its operations, while, at the same time, a new insurance company entered the market, namely *NOVIS Poistovňa, a.s.*

1.2 EMPLOYEES IN THE BANKING SECTOR

The falling trend in the number of employees in the banking sector from the first half of the year continued in the fourth quarter of 2013. From 30 September 2013 to 31 December 2013, the number of employees dropped by 0.37%, representing 72 persons in absolute terms. In year-on-year terms, the number of employees decreased by 0.56%, i.e. 111 persons. The number of employees in foreign bank branches recorded a marked increase, owing to the transformation

Table 3 Number of employees in the banking sector

	2011	2012				2013			
	31.12.	31.3.	30.6.	30.9.	31.12.	31.3.	30.6.	30.9.	31.12.
Banking sector	19,527	19,494	19,542	19,656	19,662	19,628	19,576	19,623	19,551
Central bank	1,075	1,033	1,020	1,021	1,007	1,003	1,001	1,013	1,011
Banks and branches of foreign banks	18,452	18,461	18,522	18,635	18,655	18,625	18,575	18,610	18,540
<i>of which Banks</i>	17,633	17,634	17,679	17,802	17,769	17,779	17,719	17,763	16,674
<i>Branches of foreign banks</i>	819	827	843	833	886	846	856	847	1,866

Source: NBS.

of *UniCredit Bank Slovakia, a.s.* into *UniCredit Bank Czech Republic and Slovakia, a.s.*, a branch of a foreign bank.

1.3 STRUCTURE OF SHARE CAPITAL IN THE BANKING SECTOR

The ratio of domestic share capital to total subscribed capital in the banking sector fell in the quarter under review by 1.42 percentage points year-on-year, from 7.27% as at 31 December 2012 to 5.85% as at 31 December 2013.

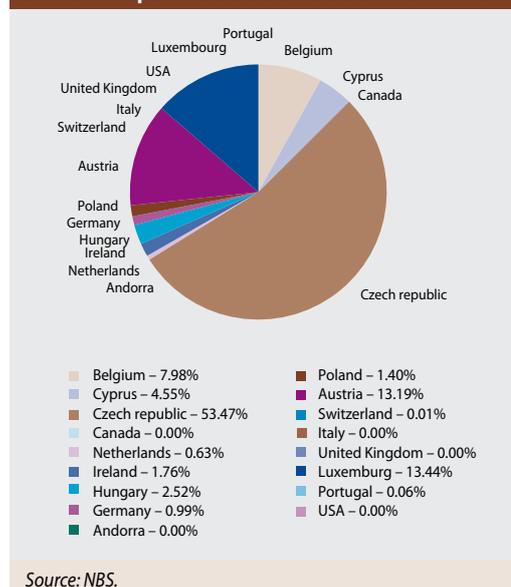
As at the end of the last quarter of 2013, domestic share capital was part of the subscribed capital of nine domestic credit institutions (out of the total of 28), with two banks (*ČSOB stavebná sporiteľňa, a.s.*, and *Slovenská záručná a rozvojová banka, a.s.*) having a 100% share of domestic capital.

The ratio of foreign share capital to total subscribed capital in domestic banks rose by 1.42 percentage points year-on-year, from 92.73% as at 31 December 2012 to 94.15% as at 31 December 2013. During the same period, the volume of foreign share capital increased in absolute terms by €603.4 million (in relative terms by 24.1%). This increase was generated largely by foreign capital from the Czech Republic, which had increased in comparison with the same period a year earlier by roughly 2.5-fold by 31 December 2013, with its proportion to total foreign capital in the banking sector growing by 26.9 percentage points.

Broken down by credit institution, the structure of foreign share capital in the banking sector (as at 31 December 2013) showed the following changes compared with the same period a year earlier: control over *Dexia banka Slovensko, a.s.*, had been taken over by Cypriot capital, replacing the holdings of shareholders from Luxembourg and Austria; Austrian capital in *UniCredit Bank* had been replaced by capital from the Czech Republic as a result of an organisational change. The share of these countries in total foreign capital consequently decreased by 3.2 percentage points (Luxembourg) and 12.4 percentage points (Austria). The Czech

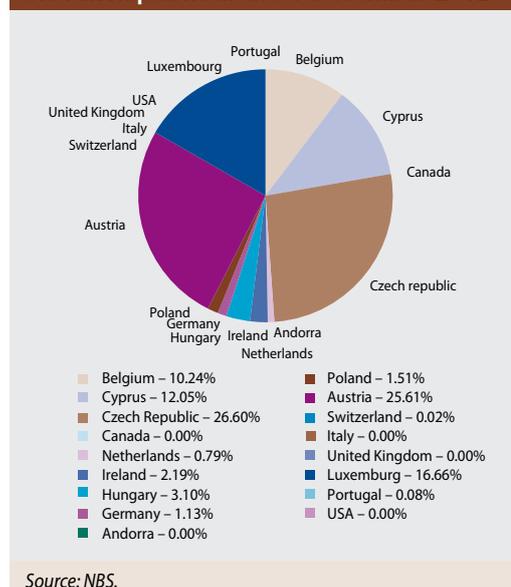
Republic's share increased by 26.9 percentage points and that of Cyprus decreased by 7.5 percentage points, mainly as a result of the said organisational change in *UniCredit Bank* and the transfer of funds in *Poštová banka, a.s.*, between owners residing in these countries. The increase in the Czech Republic's share was

Chart 1 Foreign capital in the banks in the Slovak Republic as at 31 December 2013



Source: NBS.

Chart 2 Foreign capital in the banks in the Slovak Republic as at 31 December 2012



Source: NBS.



partly due to additional funding provided to the local branches of *Komerční banka, a.s.*, and *J&T banka, a.s.*, and to the Košice branch of *AK-CENTA, spořitelní a úvěrní družstvo*. Since the local branch of *AXA Bank Europe* ended its operations, the proportion of foreign capital from Belgium decreased by 2.26 percentage points in the quarter under review.



STATISTICS OF MONETARY FINANCIAL INSTITUTIONS

2 STATISTICS OF MONETARY FINANCIAL INSTITUTIONS

2.1 BALANCE-SHEET STATISTICS OF CREDIT INSTITUTIONS: ASSETS

The total assets of banks and branches of foreign banks operating in Slovakia, excluding NBS (hereinafter referred to as 'credit institutions') reached €61.0 billion as at the end of the last quarter of 2013, and were by 2.49% higher than a year earlier. The increase took place mostly in the outstanding amount of loan claims.

The structure of total assets was dominated by loan claims, with a share of 71.83% as at 31 December 2013. This was 1.81 percentage points more than a year earlier. The outstanding amount of such claims increased by €2.1 billion (by 5.13%) year-on-year, owing mainly to long-term claims with a maturity of over five years and short-term claims with a maturity of up to one year.

The proportion of securities other than shares and mutual fund shares/units decreased by 1.27 percentage points year-on-year, to 21.64% as at the end of the last quarter of 2013. The outstanding amount of such securities in the portfolio of credit institutions fell by €0.4 billion (by 3.18%), mainly as a result of a decrease in the outstanding amount of securities with a maturity of up to one year and over two years. The outstanding amount of securities with a maturity of over one and up to two years increased.

Shares and other equity participations accounted for 1.06% of total assets (as at 31 December 2013). This was by 0.12 percentage points more than in the same period a year earlier. The out-

standing amount of shares and other equity participations in the aggregated portfolio of credit institutions grew year-on-year by €0.09 billion (15.27%). This was partly influenced by increased amount of shares/units in mutual funds other than money market funds.

The proportion of other assets (including fixed assets) to total assets decreased year-on-year by 0.62 percentage point, to 4.27% as at 31 December 2013. The outstanding amount of other assets (including fixed assets) decreased by 10.50% in year-on-year terms. This was partly influenced by decrease in derivatives with a positive fair

Chart 3 Structure of assets of credit institutions as at 31 December 2012

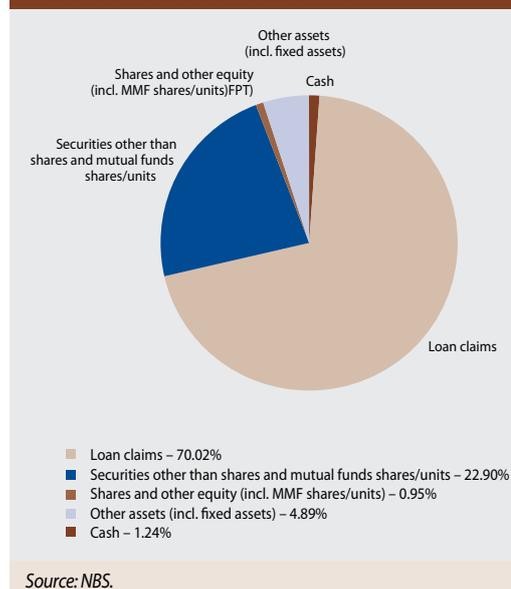


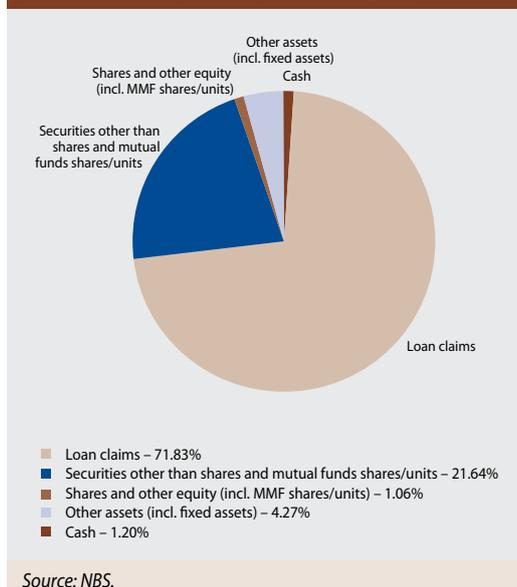
Table 4 Structure of assets of credit institutions in the SR (EUR thousands)

	XII.12.	III. 13	VI. 13	IX. 13	XII. 13
ASSETS	59,564,518	59,828,939	59,831,355	59,703,397	61,046,562
Cash	737,757	637,144	633,513	644,121	732,877
Loan claims	41,706,956	42,230,921	41,993,745	42,075,898	43,847,513
Securities other than shares and mutual funds shares/units	13,642,875	13,469,036	13,968,438	13,589,873	13,209,139
Shares and other equity (incl. MMF shares/units)	563,565	602,016	602,308	646,709	649,636
Other assets (incl. fixed assets)	2,913,365	2,889,822	2,633,351	2,746,796	2,607,397

Source: NBS.

1) Loan claims – including deposits of banks with other entities and non-tradable securities.

2) Assets excluding depreciation and including provisions.

Chart 4 Structure of assets of credit institutions as at 31 December 2013


Total liabilities continued to be dominated by deposits and loans received, the share of which in total liabilities decreased by 0.36 percentage point compared with end-2012, to 76.85% as at 31 December 2013. Their outstanding amount increased year-on-year by €0.9 billion (by 2.01%), as a result of growth in deposits and loans received with a maturity of up to one year.

The share of capital and provisions in the liabilities of credit institutions increased by 0.51 percentage point year-on-year and reached 14.61% as at 31 December 2013. The total amount of capital and provisions grew by €0.5 billion (by 6.19%) in year-on-year terms.

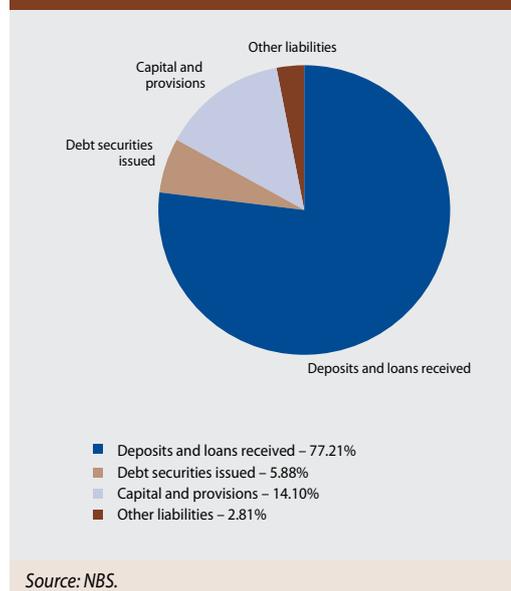
The share of issued debt securities in the liabilities of credit institutions increased year-on-year by 0.20 percentage point, to 6.08%. At the end of the fourth quarter, the outstanding amount of

value, suspense and transit items, as well as fixed assets.

The cash holdings of credit institutions as a percentage of total assets decreased by 0.04 percentage point year-on-year, to 1.20% as at 31 December 2013. Their outstanding amount decreased by 0.66%, compared with the same period a year earlier.

2.2 BALANCE-SHEET STATISTICS OF CREDIT INSTITUTIONS: LIABILITIES

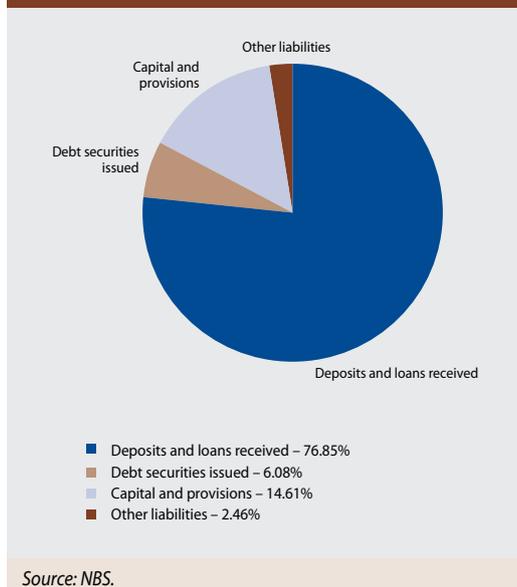
The total liabilities of credit institutions operating in Slovakia reached €61.0 billion as at the end of the fourth quarter of 2013. This represented a year-on-year increase of 2.49%, which took place mostly in deposits and loans received, capital and provisions and issued debt securities.

Chart 5 Structure of liabilities of credit institutions as at 31 December 2012

Table 5 Structure of liabilities of credit institutions in SR (EUR thousands)

	XII.12.	III. 13	VI. 13	IX. 13	XII. 13
LIABILITIES	59,564,518	59,828,939	59,831,355	59,703,397	61,046,562
Deposits and loans received	45,987,699	45,645,090	46,039,428	45,567,627	46,911,825
Debt securities issued	3,504,313	3,669,634	3,588,109	3,651,097	3,711,738
Capital and provisions	8,399,709	8,571,181	8,335,818	8,539,857	8,919,968
Other liabilities	1,672,797	1,943,034	1,868,000	1,944,816	1,503,031

Source: NBS.

Deposits and loans received – including non-tradable debt securities.

Chart 6 Structure of liabilities of credit institutions as at 31 December 2013


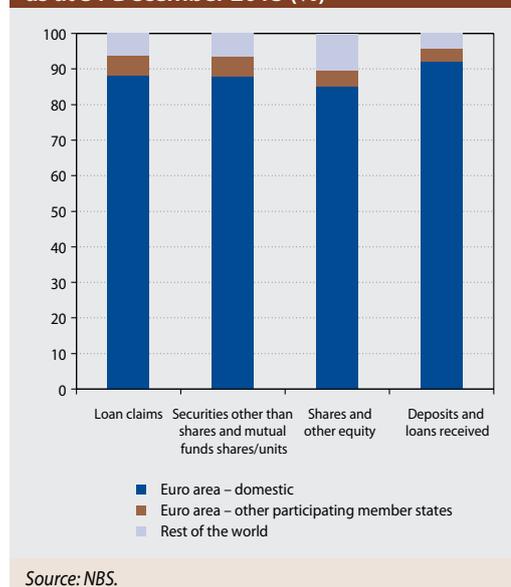
these securities stood at €3.7 billion, which was by €0.2 billion (by 5.92%) more than a year earlier.

The share of other liabilities in the total liabilities of credit institutions decreased year-on-year by 0.35 percentage point, to 2.46%. The outstanding amount of other liabilities fell by €0.2 billion (by 10.15%) year-on-year.

2.3 SELECTED ASSET AND LIABILITY ITEMS BY RESIDENCY OF COUNTERPARTY

The aggregated loan claims of credit institutions in Slovakia (€43.8 billion) continued to be dominated by claims on domestic entities (88.13%). The outstanding amount of these claims as at end-December 2013 stood at €38.6 billion. Loan claims on entities from other euro area countries and from the rest of the world accounted for 5.48% (€2.4 billion) and 6.40% (€2.8 billion) respectively.

The aggregated portfolio of credit institutions contained purchased securities other than shares and mutual fund shares/units worth €13.2 billion. Securities issued by domestic issuers reached 88.00% (€11.6 billion). Securities issued by issuers from other euro area countries and from the rest of the world accounted for 5.58% and 6.42% respectively.

Chart 7 Selected assets/liabilities: breakdown of counterparties by residency as at 31 December 2013 (%)


The structure of shares and other equity participations held in portfolio by credit institutions (worth €0.6 billion) was dominated by domestic securities (84.93%). Equity securities issued by other euro area residents and from the rest of the world accounted for 4.72% and 10.36% respectively.

Deposits and loans received amounted to €46.9 billion. Of this amount, 92.05% was accounted for by deposits and loans received from domestic entities (€43.2 billion). The creditors of credit institutions in Slovakia from other euro area countries and from the rest of the world accounted for 3.61% (€1.7 billion) and 4.35% (€2.0 billion) respectively.

2.4 SELECTED ASSET AND LIABILITY ITEMS BY SECTOR OF COUNTERPARTY

Domestic loan claims as at 31 December 2013 (€38.6 billion) were dominated by claims on sectors other than monetary financial institutions and the general government (93.41%). These claims comprised mostly claims on households and non-profit institutions serving households (€20.5 billion) and claims on non-financial corporations (€14.6 billion).

Claims on domestic monetary financial institutions (MFIs) accounted for 4.13% of the total outstanding amount of domestic loan claims; claims on the general government sector represented 2.45%.



Domestic securities other than shares and mutual fund shares/units held in portfolio by credit institutions as at 31 December 2013 (worth €11.6 billion) were dominated by government securities with a share of 93.77%.

Securities other than shares and mutual fund shares/units issued by domestic MFIs accounted for 3.64%, and those issued by entities from other domestic sectors represented 2.59%.

The total value of domestic shares and other equity participations held in portfolio by credit institutions stood at approximately €0.6 billion. Of this amount, securities issued by entities from other sectors accounted for 95.47%. Equity securities issued by domestic MFIs and held by domestic credit institutions accounted for 4.53%.

At the end of the period under review, deposits and loans received from domestic entities amounted to €43.2 billion. They were dominated by deposits from other sectors (95.98%), mostly from households. Deposits and loans received from the general government sector represented 2.30%. Domestic MFIs accounted for 1.72% of the total volume of domestic deposits and loans received.

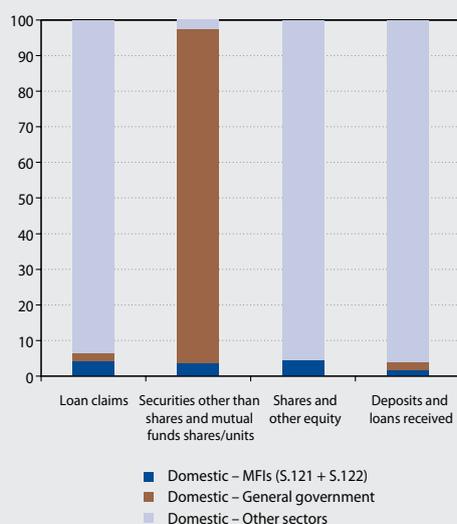
The loan claims of credit institutions operating in Slovakia on residents of **other euro area Member States** totalled €2.4 billion as at the end of the last quarter of 2013 and were dominated by claims on other sectors (54.56%). Claims on monetary financial institutions accounted for 45.44%.

The total value of securities other than shares and mutual fund shares/units issued by residents of other euro area countries, and held in portfolio by credit institutions in Slovakia, stood at €0.7 billion as at end-December 2013. Of this amount, government securities accounted for 62.63%, securities issued by monetary financial institutions for 24.28%, and securities issued by issuers from other sectors for 13.09%.

Shares and other equity participations (issued by residents of other euro area countries) held by credit institutions operating in Slovakia amounted to only €0.03 billion. Of this amount, equity securities issued by entities from other sectors accounted for 97.57% and those issued by monetary financial institutions for 2.43%.

Deposits and loans received from residents of other euro area countries amounted to €1.7 billion. They were dominated by deposits and loans received from monetary financial institutions (71.05%). Deposits from other sectors accounted for 28.90%, while deposits from the general government sector represented only 0.04%.

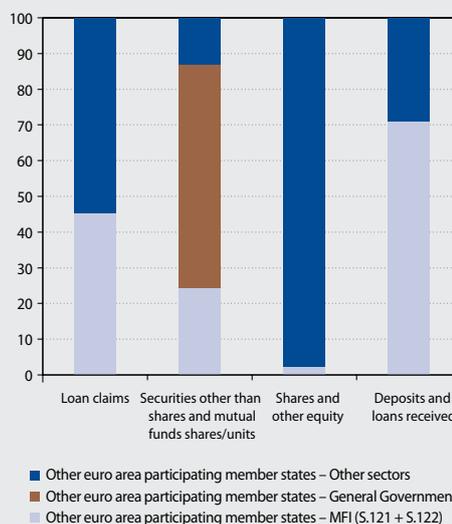
Chart 8 Selected assets/liabilities: sectoral breakdown of domestic counterparty as at 31 December 2013 (%)



Source: NBS.

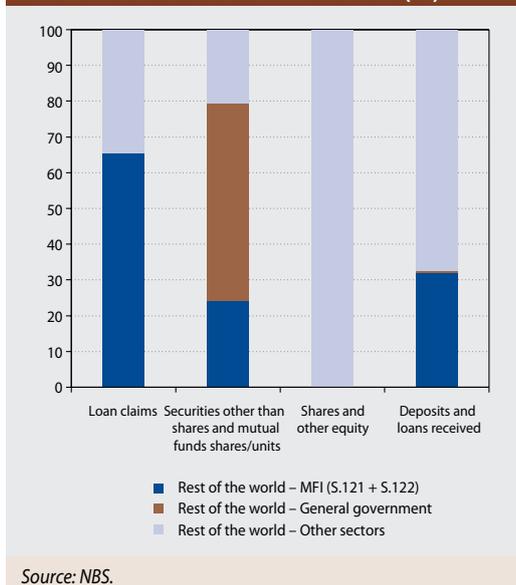
- 1) Monetary financial institutions – MFIs (S.121 + S.122).
- 2) Other sectors = Other financial intermediaries and Financial auxiliaries (S.123 and S.124) + Insurance corporations and Pension funds (S.125) + Non-financial corporations (S.11) + Households and Non-profit institutions serving households (S.14 and S.15).

Chart 9 Selected assets/liabilities: sectoral breakdown of counterparty from other euro area member states as at 31 December 2012 (%)



Source: NBS.

Chart 10 Selected assets/liabilities: sectoral breakdown of counterparty from the rest of the world as at 31 December 2013 (%)



Loan claims on residents of **the rest of the world** stood at €2.8 billion as at the end of the last quarter of 2013. They were dominated by claims on monetary financial institutions (65.38%), followed by claims on other sectors (34.53%). Claims on the general government sector accounted for only 0.09%.

Credit institutions operating in Slovakia held, in their portfolio, €0.8 billion worth of securities other than shares and mutual fund shares/units issued by rest of the world residents. Of this amount, government securities accounted for 55.31%, securities issued by monetary financial institutions for 24.14%, and those issued by entities from other sectors for 20.56%.

The value of shares and other equity securities issued by the rest of the world residents and held in portfolio by domestic credit institutions amounted to only €0.07 billion. These comprised equity securities issued by other sectors.

Deposits and loans received from rest of the world residents amounted to €2.0 billion as at end-December 2013. Of this amount, other sectors accounted for 67.26%, monetary financial institutions for 32.03%, and the general government sector for 0.71%.

2.5 ASSETS AND LIABILITIES OF CREDIT INSTITUTIONS: YEAR-ON-YEAR CHANGES

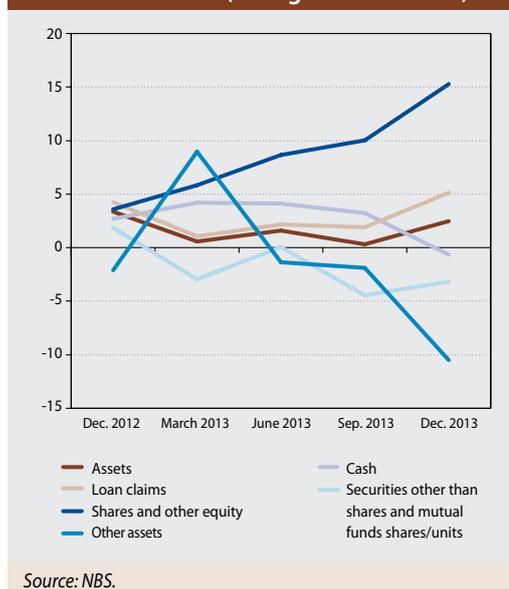
The total **assets of credit institutions** operating in Slovakia recorded a year-on-year increase at the end of each quarter in the period from 31 December 2012 to 31 December 2013. The most significant increase was recorded at the end of the last quarter of 2012, when the outstanding amount of assets was by 3.34% higher (by €1.9 billion) than a year earlier, owing to the increased amount of loan claims.

The most significant change in loan claims occurred in the fourth quarter of 2013, when their outstanding amount increased year-on-year by €2.1 billion (by 5.13%), mainly as a result of growth in claims with a maturity of over five years (by €1.8 billion).

Securities other than shares and mutual fund shares/units held in portfolios by credit institutions recorded the most significant change in the third quarter of 2013, when their outstanding amount decreased by €0.6 billion (by 4.44%) in year-on-year terms.

The outstanding amount of shares and other equity participations (including money market fund shares/units) was relatively low at the end of each quarter in the period under review (below €0.65 bil-

Chart 11 Year-on-year changes in assets of credit institutions (change of stock in %)



**Table 6 Year-on-year changes in assets of credit institutions in the SR (EUR thousands)**

	XII.12.	III. 13	VI. 13	IX. 13	XII. 13
ASSETS	1,924,699	339,323	933,501	174,873	1,482,044
Cash	19,311	25,572	25,058	20,182	-4,880
Loan claims	1,700,295	451,155	891,988	779,763	2,140,557
Loan claims – up to 1 year	943,445	-278,922	-192,321	-272,040	360,331
Loan claims – over 1 and up to 5 years	-528,281	-443,013	-259,257	-271,034	7,393
Loan claims – over 5 years	1,285,131	1,173,090	1,343,566	1,322,837	1,772,833
Securities other than shares and mutual funds shares/units	248,497	-407,959	5,275	-631,245	-433,736
Securities other than shares and mutual funds shares/units up to 1 year	52,086	-166,832	-937,685	-1,056,004	-504,953
Securities other than shares and mutual funds shares/units over 1 and up to 2 years	-3,394	7,127	264,806	174,715	147,021
Securities other than shares and mutual funds shares/units over 2 years	199,805	-248,254	678,154	250,044	-75,804
Shares and other equity	19,468	33,180	48,080	58,988	86,071
Other assets	-62,872	237,375	-36,900	-52,815	-305,968

Source: NBS.

lion). The most significant change was recorded at the end of the fourth quarter of 2013: a year-on-year increase by €0.09 billion (by 15.27%).

In other assets, the biggest change was recorded at the end of the fourth quarter of 2013: a year-on-year decrease by €0.3 billion (by 10.50%).

The most significant change in the cash holdings of credit institutions was recorded at the end of the first quarter of 2013: a year-on-year increase of €0.03 billion (by 4.18%). This increase took place mostly in euro-denominated cash holdings.

The total **liabilities of credit institutions** recorded a year-on-year increase at the end of each quarter in the period from 31 December 2012 to 31 December 2013. The most significant change, i.e. a year-on-year increase by €1.9 bil-

lion (by 3.34%), was recorded at the end of the last quarter of 2012.

This change was mainly influenced by deposits and loans received, which grew in volume by €1.6 billion (by 3.56%) in year-on-year terms. The increase took place in the outstanding amount of deposits and loans received with a maturity of up to one and over one year.

In the period under monitoring, the outstanding amount of debt securities issued changed most markedly in the third quarter of 2013, when a year-on-year decrease by €0.2 billion (by 6.15%) was recorded, mainly in securities with a maturity of up to one year and over two years.

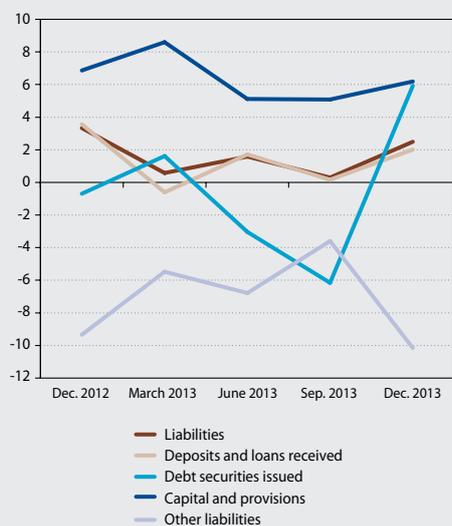
Capital and provisions recorded the most significant year-on-year change in the first quarter of

Table 7 Year-on-year changes in liabilities of credit institutions (in thousands EUR)

	XII.12.	III. 13	VI. 13	IX. 13	XII. 13
LIABILITIES	1,924,699	339,323	933,501	174,873	1,482,044
Deposits and loans received	1,581,754	-284,330	775,643	74,190	924,126
Deposits and loans received up to 1 year	1,057,857	1,435,567	2,647,928	2,314,599	3,032,752
Deposits and loans received over 1 year	523,897	-1,719,897	-1,872,285	-2,240,409	-2,108,626
Debt securities issued	-24,677	58,152	-112,195	-239,335	207,425
Debt securities issued up to 1 year	37,641	47,192	48,771	-133,853	-81,213
Debt securities issued over 1 and up to 2 years	-40,248	-53,112	21,177	4,170	9,500
Debt securities issued over 2 years	-22,070	64,072	-182,143	-109,652	279,138
Capital and provisions	540,048	678,327	406,054	412,672	520,259
Other liabilities	-172,426	-112,826	-136,001	-72,654	-169,766

Source: NBS.

Chart 12 Year-on-year changes in liabilities of credit institutions (change of stock in %)



Source: NBS.

2013: a year-on-year increase by €0.7 billion (by 8.59%).

In percentage terms, the outstanding amount of other liabilities changed most significantly in the fourth quarter of 2013 (decreased by 10.15% year-on-year), but, in absolute terms, the sharpest year-on-year decrease was recorded in the fourth quarter of 2012.

2.6 AGGREGATED BALANCE SHEET OF OTHER MONETARY FINANCIAL INSTITUTIONS

The aggregated balance sheet of **other monetary financial institutions** is compiled as an aggregate of the individual balance sheets of other monetary financial institutions (i.e. monetary institutions belonging to the S.122 sector, including money market funds). Along with the balance sheets of institutions belonging to the S.121 sector, it forms an integral part of the aggregated balance sheet of monetary financial institutions (MFIs).

At the end of 2013, the aggregated balance sheet of monetary financial institutions operating in Slovakia (excluding NBS), i.e. commercial banks, branches of foreign banks, and money market funds that are SR residents, constituted 0.2% of the aggregated balance sheet of euro area MFIs (excluding the Eurosystem).

Total assets of the aggregated balance sheet of other euro area MFIs (excluding the Eurosystem)

ranged from €32,756.1 billion to €30,452.7 billion at the end of the individual quarters of 2013. At the end of 2013, their outstanding amount decreased by €2,241.9 billion (by 6.86%) in year-on-year terms.

The assets of euro area MFIs (excluding the Eurosystem) as at the end of 2013 were dominated by loan claims on euro area residents. Their share in assets represented 55.77% and year-on-year decreased by 0.75 percentage point. The outstanding amount of these claims was by €1,005.4 billion (by 5.59%) lower than a year earlier, mainly due to a decrease in loan claims on monetary financial institutions of Eurozone (by 9.39%).

The proportion of securities other than shares and mutual fund shares/units issued by euro area residents (in the portfolio of other MFIs of Eurozone) to the total assets represented 15.34% and was by 0.35 percentage point higher than a year earlier. Their outstanding amount, however, was by 4.68% (by €229.4 billion) lower than a year earlier, mainly as a result of a decrease in the outstanding amount of securities issued by euro area MFIs (by €208.1 billion) and other euro area sectors. The holding of securities issued by the general governments of euro area Member States in the portfolio of other euro area MFIs increased.

The proportion of money market fund shares/units to the total assets of other euro area MFIs was negligible in comparison to the other asset items (0.19%). This was only by 0.01 percentage point less than a year earlier. Their outstanding amount decreased by €8.9 billion year-on-year.

At the end of 2013, shares and other equity participations issued by euro area residents accounted for 4.05% of the total assets of other euro area MFIs. This was by 0.29 percentage point more than a year earlier. Their outstanding amount increased by 0.44% year-on-year.

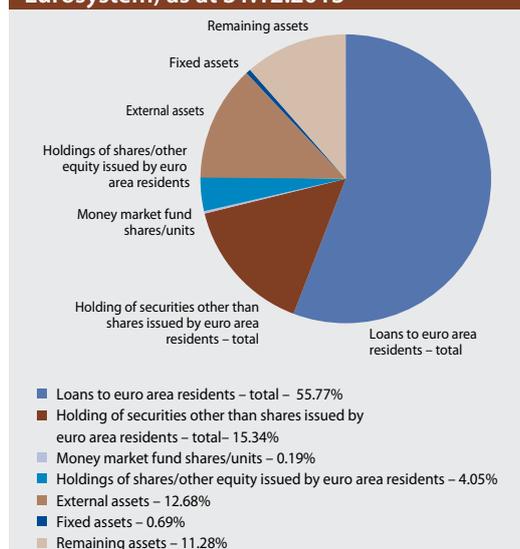
The proportion of foreign assets to total assets as at 31 December 2013 (12.68%) was by 0.30 percentage point higher than a year earlier. Their outstanding amount decreased by 4.57% in year-on-year terms.

The proportion of fixed assets to total assets stood at 0.69%, representing a year-on-year

**Table 8 Structure of assets of aggregated balance sheet of euro area MFIs (excluding Eurosystem, in EUR billions)**

	XII.12.	III. 13	VI. 13	IX. 13	XII. 13
ASSETS	32,694.6	32,756.1	32,003.8	31,384.8	30,452.7
Loans to euro area residents	17,988.2	17,773.7	17,523.5	17,299.5	16,982.8
General government	1,153.4	1,124.3	1,101.8	1,090.4	1,082.3
Other euro area residents	11,039.5	11,039.0	10,973.4	10,778.3	10,649.1
Monetary financial institutions	5,795.4	5,610.4	5,448.4	5,430.8	5,251.3
Holdings of securities other than shares issued by euro area residents	4,901.6	4,937.7	4,959.6	4,842.3	4,672.2
General government	1,627.0	1,704.1	1,785.2	1,744.7	1,693.0
Other euro area residents	1,423.3	1,408.8	1,407.3	1,393.8	1,336.0
Monetary financial institutions	1,851.3	1,824.9	1,767.1	1,703.8	1,643.2
Money market fund shares/units	66.8	64.0	50.9	58.9	57.9
Holdings of shares/other equity issued by euro area residents	1,227.8	1,234.1	1,246.4	1,232.9	1,233.2
External assets	4,045.7	4,052.5	4,004.1	3,896.6	3,860.9
Fixed assets	214.6	210.1	209.5	210.4	210.4
Remaining assets	4,249.9	4,484.0	4,009.8	3,844.3	3,435.3

Source: ECB.

Chart 13 Structure of assets of aggregated balance sheet of euro area MFIs (excluding Eurosystem) as at 31.12.2013

Source: NBS.

The proportion of other assets of other euro area MFIs to total assets reached 11.28% as at 31 December 2013, which was by 1.72 percentage points less than in the same period a year earlier. The outstanding amount of other assets decreased year-on-year by €814.6 billion.

Total liabilities of the aggregated balance sheet of other euro area MFIs (i.e. euro area MFIs excluding the Eurosystem) amounted to €30,452.7 billion as at 31 December 2013. Their outstanding amount decreased by €2,241.90 billion (by 6.86%) in year-on-year terms.

The largest part of the liabilities as at 31 December 2013 was accounted for by deposits and loans received from euro area residents (54.67%). Their proportion to liabilities increased by 2.08 percentage points year-on-year. Their outstanding amount, however, fell by €545.6 billion (by 3.17%) compared with the end of 2012. The outstanding amount of deposits and loans received from MFIs and from the central government decreased, while deposits and loans received from the rest of the public sector and from other euro area residents increased somewhat.

increase by 0.03 percentage point. Their outstanding amount was by 1.96% lower than a year earlier.

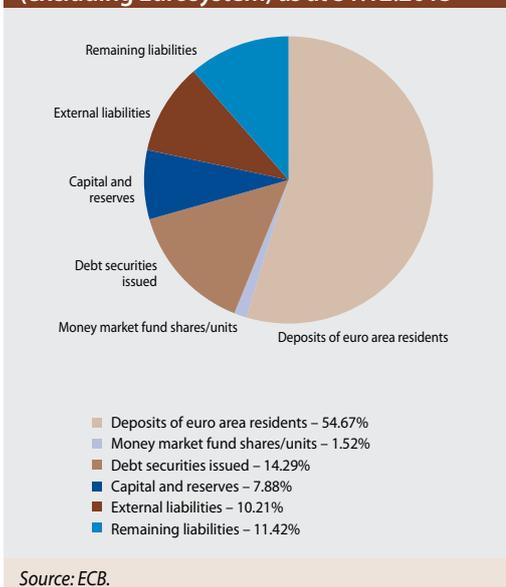
The proportion of issued money market fund shares/units to total liabilities was relatively low (only 1.52%), compared with the other liability items. This was by 0.12 percentage point less than a year earlier. The outstanding amount of money market fund shares/units issued was by €72.3 billion (by 13.52%) lower than at the end of 2012.

The proportion of issued debt securities to liabilities was among the highest (next to deposits a received loans). It stood at 14.29% as at end-2013, which was by 0.54 percentage point less than a year earlier. The outstanding amount of such securities decreased year-on-year by €495.7 billion (by 10.33%).

The share of capital and reserves in the total liabilities of other euro area MFIs as at 31 December 2013 (7.88%) was by 0.71 percentage point higher than a year earlier. The amount of capital and reserves increased year-on-year by €56.1 billion (by 2.39%).

The proportion of foreign liabilities to total liabilities of other euro area MFIs as at end-2013 (10.21%) was by 0.48 percentage point smaller than a year earlier. The outstanding amount of foreign liabilities decreased year-on-year by €384.3 billion (by 11.00%).

Chart 14 Structure of liabilities of aggregated balance sheet of euro area MFIs (excluding Eurosystem) as at 31.12.2013



The proportion of other liabilities to the total liabilities of euro area MFIs (excluding the Eurosystem) stood at 11.42% as at 31 December 2013, which was 1.66 percentage points less than a year earlier. Their outstanding amount recorded a year-on-year decrease by €800.0 billion (by 18.70%).

Table 9 Structure of liabilities of aggregated balance sheet of euro area MFIs (excluding Eurosystem, in EUR billions) as at 31.12.2013

	XII.12.	III. 13	VI. 13	IX. 13	XII. 13
LIABILITIES	32,694.6	32,756.1	32,003.8	31,384.8	30,452.7
Currency in circulation					
Deposits of euro area residents	17,195.5	17,111.6	17,066.5	16,850.8	16,649.9
Central government	169.7	207.8	235.6	190.9	152.3
Other general government and other euro area residents	10,866.8	11,013.3	11,080.4	10,928.3	10,929.6
Monetary financial institutions	6,159.1	5,890.6	5,750.6	5,731.6	5,568.0
Money market fund shares/units	534.7	523.6	486.9	476.8	462.4
Debt securities issued	4,848.9	4,732.9	4,590.6	4,470.5	4,353.2
Capital and reserves	2,343.9	2,347.8	2,391.8	2,392.7	2,400.0
External liabilities	3,494.3	3,529.8	3,410.3	3,274.9	3,110.0
Remaining liabilities	4,277.3	4,510.3	4,057.8	3,919.2	3,477.3

Source: ECB.



In terms of the share of individual asset items in total assets and the share of individual liability items in total liabilities, the aggregated balance sheet of other monetary financial institutions in Slovakia, i.e. the aggregated balance sheet of MFIs in Slovakia (excluding NBS), differed in structure from the aggregated balance sheet of euro area MFIs (excluding the Eurosystem).

Total assets of the aggregated balance sheet of MFIs in Slovakia (excluding NBS), i.e. commercial banks, branches of foreign banks, and money market funds, amounted to €61.1 billion as at 31 December 2013. Their outstanding amount increased by €1.4 billion (2.35%) year-on-year.

The highest share in total assets (67.16%) was accounted for by the loan claims of other MFIs in Slovakia on euro area residents. This share was by 1.67 percentage points higher than at the end of 2012. The outstanding amount of these claims was by €2 billion (by 5.12%) higher than a year earlier, mainly due to loans on sectors other than the general government sector.

The proportion of securities other than shares and mutual fund shares/units issued by euro

area residents to total assets reached 20.26%, which was by 1.18 percentage points less than a year earlier. Their outstanding amount held in the portfolio of other domestic MFIs decreased year-on-year by 3.13%, owing to a fall in the outstanding amount of government securities.

At the end of 2013, the portfolios of domestic other MFIs contained no money market fund shares/units issued by euro area residents.

Shares and other equity participations issued by euro area residents accounted for only 0.98% of the total assets of other MFIs. This was by 0.14 percentage point more than a year earlier.

The proportion of foreign assets to total assets increased year-on-year only by 0.01 percentage point, to 6.21%. The outstanding amount of foreign assets held by domestic MFIs (excluding NBS) grew by €0.1 billion.

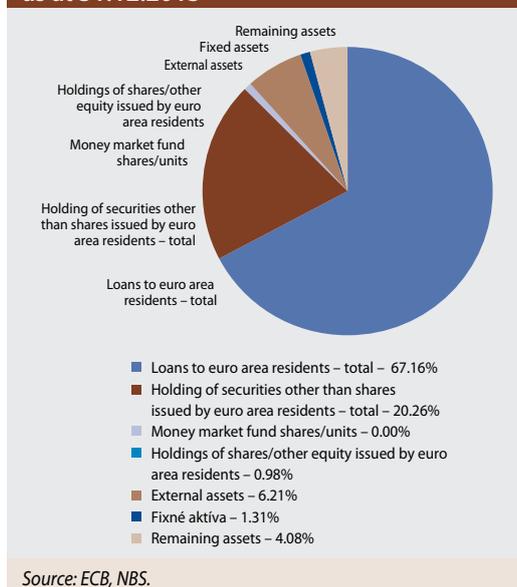
The proportion of fixed assets to total assets as at 31 December 2013 (1.31%) was by 0.03 percentage point lower than at the end of 2012. Their outstanding amount remained unchanged.

Table 10 Structure of assets of aggregated balance sheet of MFIs in Slovakia (excluding NBS, in EUR billions)

	XII.12.	III. 13	VI. 13	IX. 13	XII. 13
ASSETS	59.7	60.0	60.0	59.8	61.1
Loans to euro area residents	39.1	39.7	39.7	39.7	41.1
General government	1.0	1.0	1.0	1.0	0.9
Other euro area residents	35.4	35.9	36.3	36.7	37.4
Monetary financial institutions	2.7	2.8	2.5	2.1	2.8
Holdings of securities other than shares issued by euro area residents	12.8	12.6	13.2	12.8	12.4
General government	12.1	11.9	12.5	11.9	11.4
Other euro area residents	0.2	0.2	0.2	0.3	0.4
Monetary financial institutions	0.5	0.5	0.5	0.6	0.6
Money market fund shares/units	0.0	0.0	0.0	0.0	0.0
Holdings of shares/other equity issued by euro area residents	0.5	0.6	0.6	0.6	0.6
External assets	3.7	3.6	3.3	3.3	3.8
Fixed assets	0.8	0.8	0.8	0.8	0.8
Remaining assets	2.8	2.7	2.4	2.6	2.5

Source: ECB, NBS.

Chart 15 Structure of assets of aggregated balance sheet of MFIs in SK (excluding NBS) as at 31.12.2013



The proportion of other assets to total assets reached 4.08%, representing a year-on-year decrease of 0.61 percentage point. Their outstanding amount was by €0.3 billion lower than a year earlier.

Total liabilities of the aggregated balance sheet of monetary financial institutions operating in Slovakia (excluding NBS) amounted to €61.1 bil-

lion as at the end of 2013, and were by €1.4 billion (2.35%) higher than a year earlier.

The largest share in total liabilities represented deposits and loans received from euro area residents (73.49%), which decreased by 0.55 percentage point in year-on-year terms. Their outstanding amount grew by €0.7 billion (by 1.58%) compared with the end of 2012, owing to an increase in deposits and loans received from sectors other than the central government and monetary financial institutions.

The proportion of issued money market fund shares/units to the total liabilities of MFIs in Slovakia (excluding NBS) was negligible, only 0.16%, the year-on-year change represented decrease only by 0.01 percentage point. Their outstanding amount as at 31 December 2013 also remained at the level of the previous year.

The proportion of issued debt securities to the liabilities of MFIs (excluding NBS) increased by 0.20 percentage point year-on-year, to 6.06% at the end of 2013. Their outstanding amount increased by €0.2 billion (by 5.71%) year-on-year.

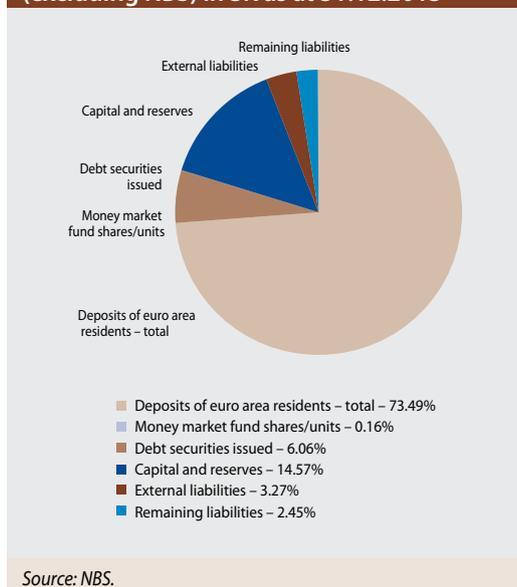
The share of capital and provisions in total liabilities of MFIs (excluding NBS) in Slovakia stood at 14.57%, representing a year-on-year increase by 0.50 percentage point. At the end of 2013, the outstanding amount of capital and provisions

Table Structure of liabilities of aggregated balance sheet of MFIs in SK (excluding NBS, in EUR billions)

	XII.12.	III. 13	VI. 13	IX. 13	XII. 13
LIABILITIES	59.7	60.0	60.0	59.8	61.1
Currency in circulation					
Deposits of euro area residents	44.2	43.8	44.1	43.8	44.9
Central government	0.4	0.7	0.6	0.7	0.4
Other general government and other euro area residents	40.6	40.6	40.9	41.0	42.6
Monetary financial institutions	3.2	2.5	2.6	2.1	1.9
Money market fund shares/units	0.1	0.1	0.1	0.1	0.1
Debt securities issued	3.5	3.7	3.6	3.7	3.7
Capital and reserves	8.4	8.6	8.3	8.5	8.9
External liabilities	1.8	1.8	1.9	1.8	2.0
Remaining liabilities	1.7	1.9	1.9	1.9	1.5

Source: ECB, NBS.

Chart 16 Structure of liabilities of aggregated balance sheet of MFIs (excluding NBS) in SK as at 31.12.2013



reached €8.9 billion, which was by €0.5 billion more than at the end of 2012.

The proportion of foreign liabilities to total liabilities (3.27%) increased by 0.25 percentage point year-on-year. Their outstanding amount was by €0.2 billion higher than a year earlier.

The share of other liabilities in total liabilities of monetary financial institutions (excluding NBS) accounted for 2.45% as at end-2013. This was by 0.40 percentage point less than a year earlier. Their outstanding amount stood at €1.5 billion, following a year-on-year decrease by €0.2 billion (by 11.76%).

2.7 PROFIT/LOSS ANALYSIS FOR CREDIT INSTITUTIONS

2.7.1 CURRENT PERIOD PROFIT/LOSS IN THE FOURTH QUARTER OF 2013

According to preliminary data as of 31 December 2013, the banking sector's cumulative profit reached €551.7 million. The cumulative profit for the entire year 2013 was the second highest in the last five years.

By the end of December 2013, the cumulative profit had increased by 10.5% year-on-year, which

was 35.7 percentage points more than a year earlier, when the cumulative profit was 25.3% lower than the figure for 31 December 2011. The steepest quarterly increase in cumulative profits in 2013 occurred in the fourth quarter.

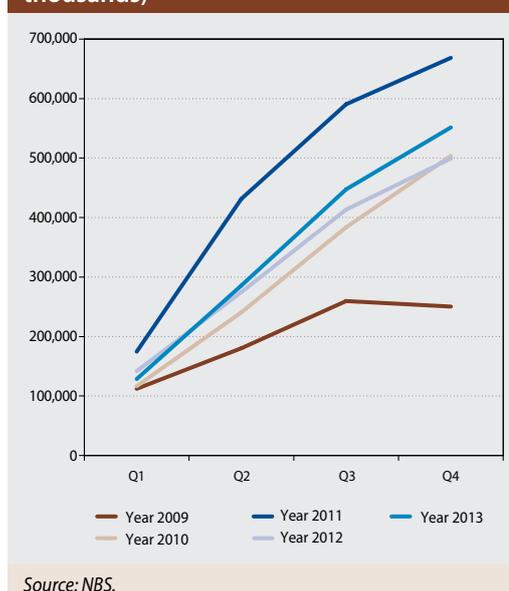
As regards the structure of income and expense items as reflected in the cumulative profit for the fourth quarter of 2013, the most significant positive contribution came from net interest income generated in particular by other interest income, though it was 3.5% lower than a year earlier. For comparison, the same period a year earlier saw a year-on-year increase of 0.38%.

Other interest income decreased (by 3.2 percentage points) at a slower pace than other interest expenses (by 24.6 percentage points).

The second most significant contribution was made by fee and commission income, which grew in amount over the last quarter of 2013 by 1.2% year-on-year, which was 28% less than in the same period a year earlier. Another income item contributing to bank profits was non-interest income, which grew by 3% year-on-year, representing an acceleration of 68 percentage points compared with the same period a year earlier.

Profits in the banking sector were influenced adversely in particular by an increase in expenses

Chart 17 Current period profit/loss (EUR thousands)





on transactions in securities (a year-on-year decline of 59.5%), accompanied by a year-on-year decrease in income from securities transactions (-32.8%), which was 127 percentage points less than in the same period a year earlier.

As regards the structure of expenses, the largest expense item in the last quarter of 2013 was general operating expenses, though they decreased by 1.5% year-on-year. The sector's net operating losses decreased by 27% year-on-year, reducing the rate of growth by as much as 212.6 percentage points.

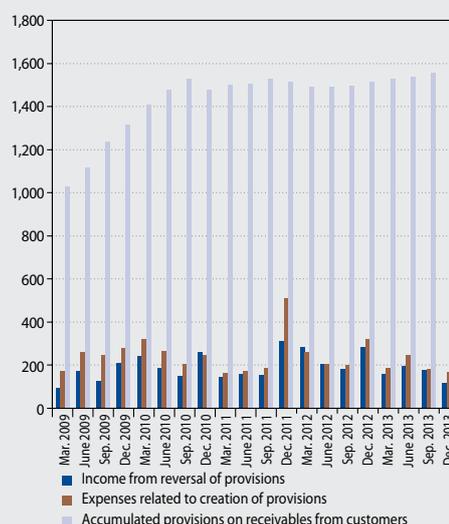
Loan-loss provisioning in the fourth quarter of 2013 increased by 2.8% year-on-year. Claims on customers for which such provisions are created increased by 6% year-on-year.

The ratio of provisions to claims fell by 0.08 percentage point year-on-year, to 4.04% as at the end of the fourth quarter.

Provisioning expenses as at 31 December 2013 were 47.9% lower than a year earlier. This represented a fall of 10.3 percentage points compared with the same period of the previous year. Income from the cancellation of provisions decreased by 58.7% year-on-year. This represented a negative growth rate of 50.2 percentage points.

A comparison of written-off and assigned claims on non-bank customers (in terms of costs and in-

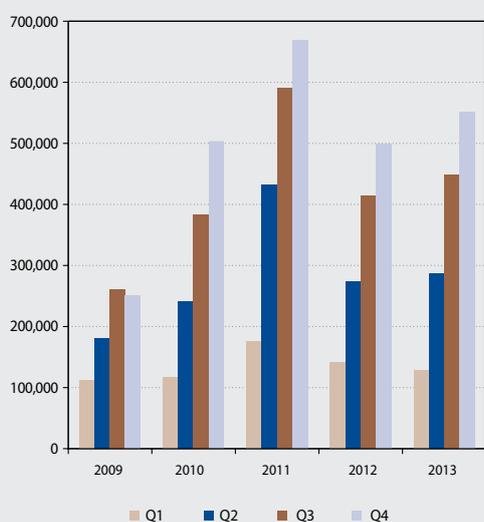
Chart 19 Provisions (EUR thousands)



Source: NBS.

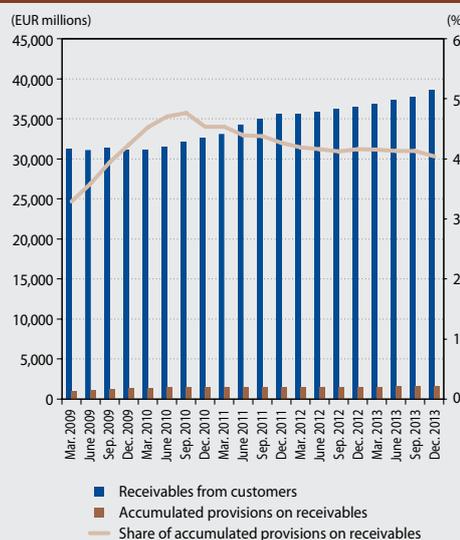
comes) indicates that, in the third quarter of 2013, a lower net loss was made on written-off claims than on assigned claims. This was caused mainly by a decrease in the costs of written-off claims. In year-on-year terms, net losses from assigned claims dropped by 44.4% in the fourth quarter of 2013 (producing a negative growth rate of 137.4 percentage points). Net losses from written-off claims decreased year-on-year by 53.1% (producing a negative growth rate of 67.7 percentage points).

Chart 18 Current period profit/loss (EUR thousands)



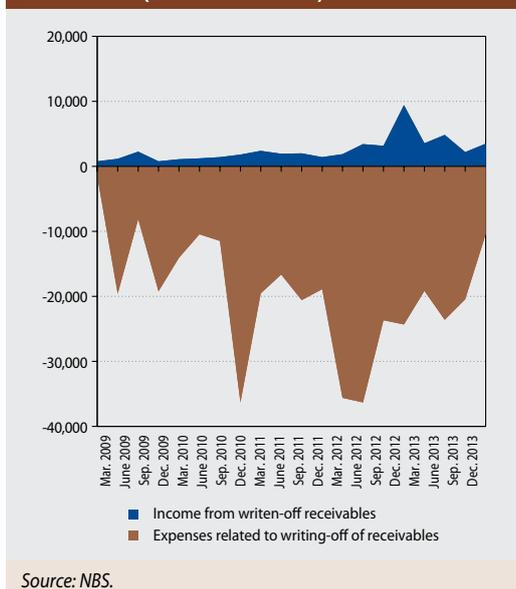
Source: NBS.

Chart 20 Receivables from non-bank customers (EUR millions)



Source: NBS.

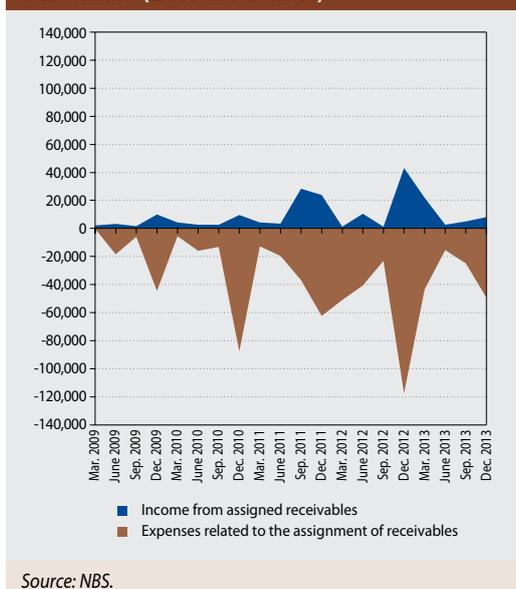
Chart 21 Written-off receivables from customers (EUR thousands)



Source: NBS.

Provisioning expenses or incomes are reported in aggregate terms, for all three months of the quarter under review. Loans granted to non-bank customers and provisions created for such loans are reported in cumulative terms for the given period.

Chart 22 Assigned receivables from customers (EUR thousands)



Source: NBS.

2.7.2 SELECTED REVENUE/EXPENDITURE ITEMS AS REFLECTED IN PROFITS/LOSSES

Income and expense items were selected for comparison with the profit or loss made according to the main activities of credit institutions.

The presented values of incomes and expenses were calculated as aggregates of three monthly values recorded in the fourth quarter of 2013.

According to preliminary data as of 31 December 2013, interest income from securities declined by 7.3% year-on-year, causing the rate of growth to slow by 2.8 percentage points compared with the same period a year earlier. Interest expenses on securities dropped year-on-year by 16.5%, which was 41.8 percentage points less than in the same period a year earlier.

Other interest income decreased by 0.5% compared with the same period a year earlier. Other interest expenses dropped year-on-year by 21%, with the growth rate slowing by 8 percentage points compared with the same period a year earlier.

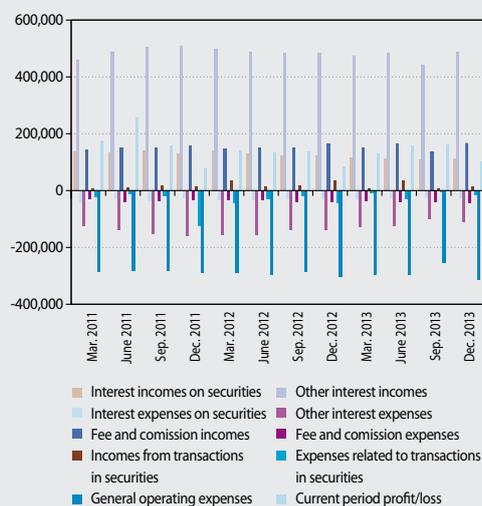
Income from fees and provisions fell in the third quarter of 2013 by 9.2% year-on-year. Expenses on fees and provisions decreased by 4.3%.

Income from transactions in securities declined by 2.5% compared with the same period a year earlier, producing a negative year-on-year growth rate of 107 percentage points. Expenses on transactions in securities dropped by 67% year-on-year. This represented a negative growth rate of 27 percentage points compared with the same period a year earlier.

General operating costs decreased in the quarter under review by 3.6% year-on-year, to a negative growth rate of 2 percentage points compared with the same period a year earlier.

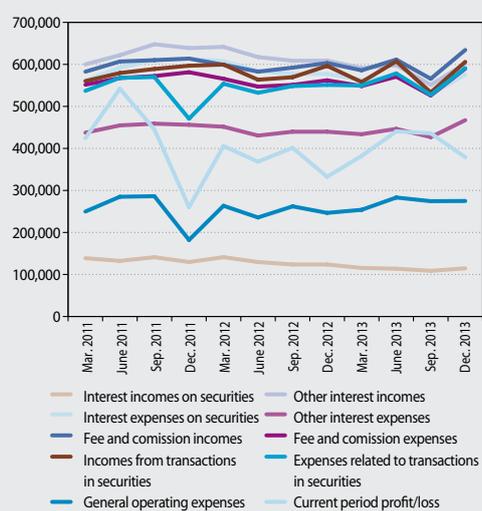
As at 31 December 2013, the profit for the current period was 20.8% higher than at the end of December 2012, when it was 10.7% higher than a year earlier.

Chart 23 Selected incomes and expenses compared with current period profit/loss (EUR thousands)



Source: NBS.

Chart 24 Selected incomes and expenses compared with current period profit/loss (EUR thousands)



Source: NBS.

2.8 LENDING TO NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS

2.8.1 LOANS TO NON-FINANCIAL CORPORATIONS BY MATURITY

In December 2013, the value of loans granted to non-financial corporations fell by 2.6% com-

pared with the same period a year earlier, following a declining trend in year-on-year terms since the middle of the previous year. The period from July to November saw month-on-month increases, though the average monthly increase was only 0.4%.

The value of short-term loans increased in year-on-year terms in December 2013, in line with the upward trend observed since August 2013. As in the previous quarters, the value of long-term loans (with a maturity of over one year and up to/over five years) declined in year-on-year terms. The year-on-year decline in long-term loans with a maturity of over five years in August represented the sharpest year-on-year fall (7%) observed since the beginning of monitoring in 2009.

Regarding the structure of individual loans by maturity, the share of short-term loans was more or less stagnant over the fourth quarter of 2013. The share of short-term loans reached almost 39% in October and November, the highest figure since March 2009. The share of loans with a maturity of over one and up to five years increased slightly in comparison with the previous quarter, to 21.6%, mainly because these loans recorded a smaller decrease in December

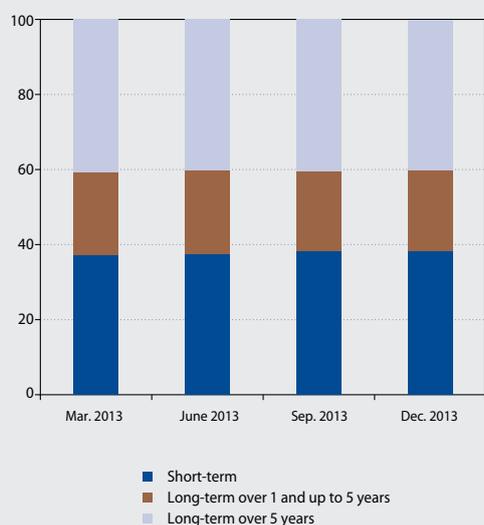
Chart 25 Loans to non-financial corporations by maturity (year-on-year changes in %)



Source: NBS.

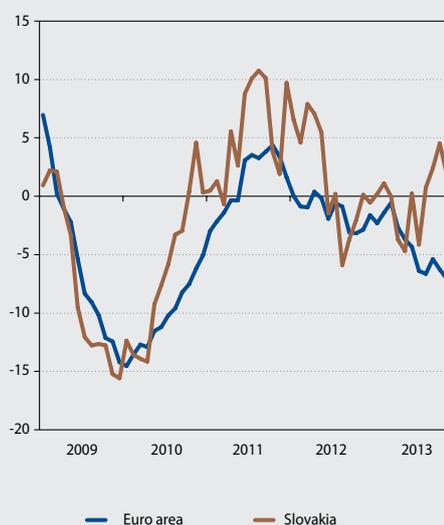
Note: The source data represents the outstanding amounts at the end of month. They are valued at nominal value not adjusted by non-transactions.

Chart 26 Loans to non-financial corporations by maturity (% share)



Source: NBS.

Chart 27 Short-term loans to non-financial corporations (year-on-year changes in %)



Source: NBS, ECB.

Note: The source data represents the outstanding amounts at the end of month. They are valued at nominal value not adjusted by non-transactions.

than long-term loans with a maturity of over five years. The share of long-term loans with a maturity of over five years decreased still further, to a level slightly above 40%.

2.8.2 LOANS TO NON-FINANCIAL CORPORATIONS (COMPARED WITH DATA FROM THE EURO AREA)

The value of short-term loans granted to non-financial corporations in the euro area declined throughout 2013, in line with the trend from the previous year. The rate of decline accelerated over the course of the year, to an annual average of 4.4%. The sharpest year-on-year decline (-7.1%) in the value of short-term loans was recorded in November. By contrast, short-term loans granted to non-financial corporations in Slovakia increased in most of the months in 2013; decreases were only recorded in three months. Short-term loans to non-financial corporations had been growing steadily since August 2013.

Long-term loans with a maturity of over one and up to five years followed similar trends in the euro area and Slovakia. In the euro area, the value of long-term loans with a maturity of over one and up to five years had, in fact, been declining since the beginning of the crisis. Slova-

kia followed a similar trend in that period with a certain delay: steady decline, interrupted by a few year-on-year increases in 2011. The rate of

Chart 28 Long-term loans over 1 and up to 5 years to non-financial corporations (year-on-year changes in %)



Source: NBS, ECB.

Note: The source data represents the outstanding amounts at the end of month. They are valued at nominal value not adjusted by non-transactions.

Chart 29 Long-term loans over 5 years to non-financial corporations (year-on-year changes in %)



Source: NBS.

Note: The source data represents the outstanding amounts at the end of month. They are valued at nominal value not adjusted by non-transactions.

Chart 30 Loans to households by maturity (year-on-year changes in %)



Source: NBS.

Note: The source data represents the outstanding amounts at the end of month. They are valued at nominal value not adjusted by non-transactions.

decline in long-term loans observed in Slovakia in 2013 was somewhat slower than in the euro area.

Since the middle of 2012, the value of long-term loans with a maturity of over five years had been steadily declining in the euro area, as well as in Slovakia. In Slovakia, however, the rate of decline was faster. The sharpest year-on-year decline was recorded in July 2013, when long-term loans decreased by 7% year-on-year.

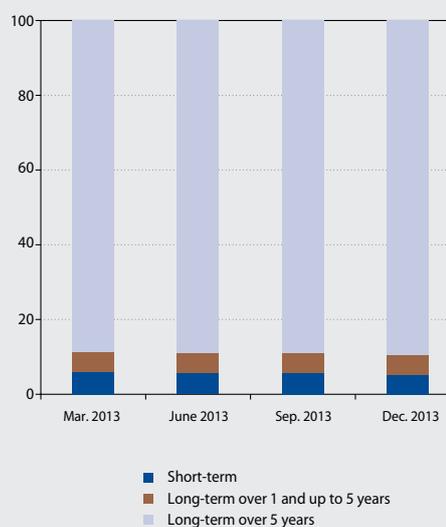
2.8.3 LOANS TO HOUSEHOLDS BY MATURITY

In year-on-year terms, the value of loans to households had been rising rapidly since the beginning of monitoring in 2009 and continued to rise in the last quarter of 2013, too. The value of total loans to households increased in December by 9,5% year-on-year. The individual categories of loans by maturity, however, underwent markedly different developments. The value of short-term loans and loans with a maturity of over one and up to five years continued to decline in year-on-year terms in the quarter under review, by 3.3% and 2.3% respectively. The value of long-term loans to households with a maturity of over five years

continued to rise dynamically, by 11.1% in December.

The value of loans with a maturity of over five years had been rising at a two-digit rate since the

Chart 31 Loans to households by maturity (% share)



Source: NBS.

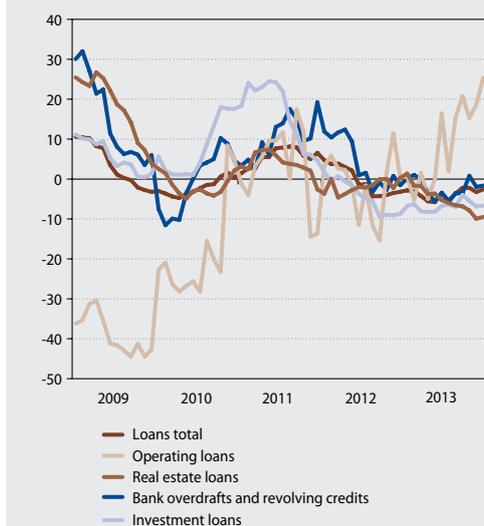
beginning of monitoring in 2009, while that of loans granted to households with a maturity of over one and up to five years had been falling in year-on-year terms.

Loans broken down by maturity continued to follow the trends from the previous periods, in terms of their share in the total amount of household loans. The share of loans with a maturity of over five years steadily increased (by 0.4 percentage point since September, up to 89.5% in December 2013) to the detriment of short-term loans and loans with a maturity of over one and up to five years.

2.8.4 LOANS TO NON-FINANCIAL CORPORATIONS BY TYPE OF LOAN

The data available indicate that *operating loans* increased steadily in year-on-year terms, throughout the second half of 2013. The fourth quarter saw an average increase of almost 20%. The sharpest year-on-year decrease was recorded in *real estate loans*, but *investment loans* also declined at a fast pace. *Bank overdrafts and revolving loans* decreased only slightly in year-on-year terms, by less than 2%.

Chart 32 Loans to non-financial corporations by type of loan (year-on-year change in %)



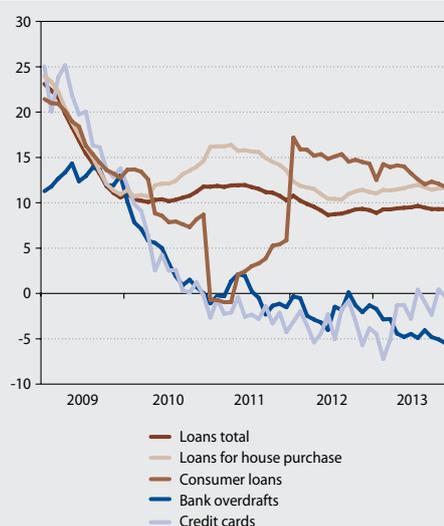
Source: NBS.

Note: The source data represents the outstanding amounts at the end of month. They are valued at nominal value not adjusted by non-transactions.

2.8.5 LOANS TO HOUSEHOLDS BY TYPE OF LOAN

The breakdown of loans granted to households by purpose shows that, as in the previous periods, *consumer loans* and *housing loans* grew most dynamically in the quarter under review. *Housing loans* and *consumer loans* increased equally by 11.7% in December 2013. By contrast, *bank overdrafts* continued to decrease, by 4.7% year-on-year.

Chart 33 Loans to households by type of loan (year-on-year change in %)



Source: NBS.

Note: The source data represents the outstanding amounts at the end of month. They are valued at nominal value not adjusted by non-transactions.

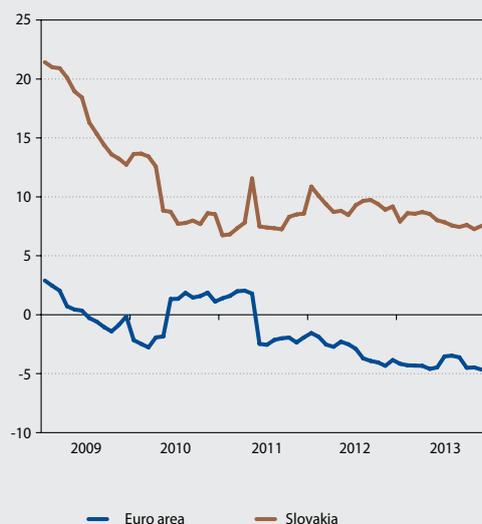
2.8.6 LOANS TO HOUSEHOLDS BY PURPOSE (COMPARED WITH DATA FROM THE EURO AREA)

In value terms, consumer loans in Slovakia has historically been rising at a relatively fast pace, while consumer loans in the euro area has shown a declining tendency in year-on-year terms since the middle of 2012. Consumer loans in Slovakia increased by an average of 8% in 2013, while those in the euro area decreased by 4.2%.

The value of housing loans provided to households in the euro area increased somewhat in

2013 (by an average of 1%). This increase, however, is much smaller than the increase in Slovakia (11.6%).

Chart 34 Consumer credit to households (year-on-year change in %)



Source: NBS, ECB.

Note: The source data represents the outstanding amounts at the end of month. They are valued at nominal value. Values of Euro area are not adjusted by non-transactions. Values related to Slovakia are adjusted by reclassifications.

Chart 35 Loans for house purchase to households (year-on-year change in %)



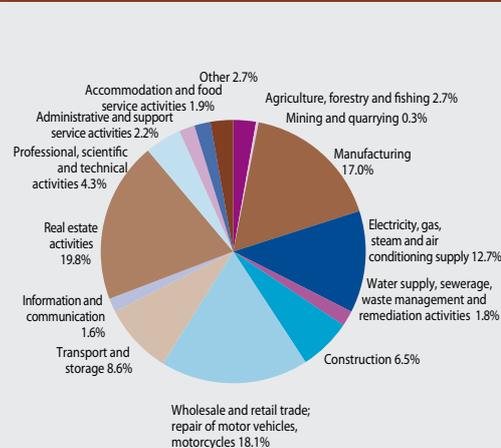
Source: NBS, ECB.

Note: The source data represents the outstanding amounts at the end of month. They are valued at nominal value. Values of Euro area are not adjusted by non-transactions. Values related to Slovakia are adjusted by reclassifications.

2.8.7 LOANS TO NON-FINANCIAL CORPORATIONS BY SECTOR OF ECONOMIC ACTIVITY

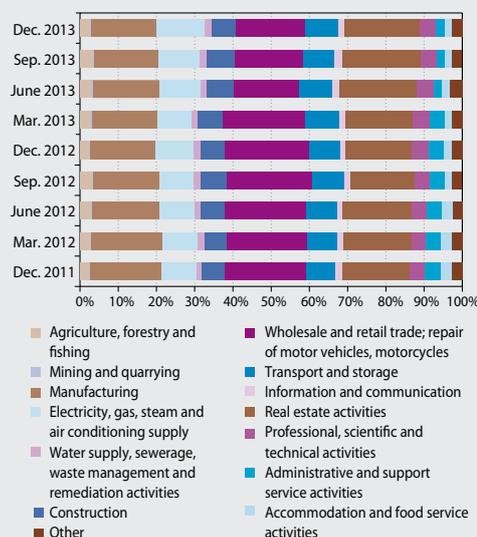
In the last quarter of 2013, loans were provided mostly to the following sectors: *real estate sector* (19.8%), *wholesale and retail trade, repair of motor vehicles and motorcycles* (18.1%), and *manufacturing* (17% of total loans). The largest increase in the share of loans since December 2012 was recorded in *electricity, gas, steam and air condition-*

Chart 36 Loans to non-financial corporations by economic activity as at 31 December 2013



Source: NBS.

Chart 37 Loans to non-financial corporations by economic activity



Source: NBS.

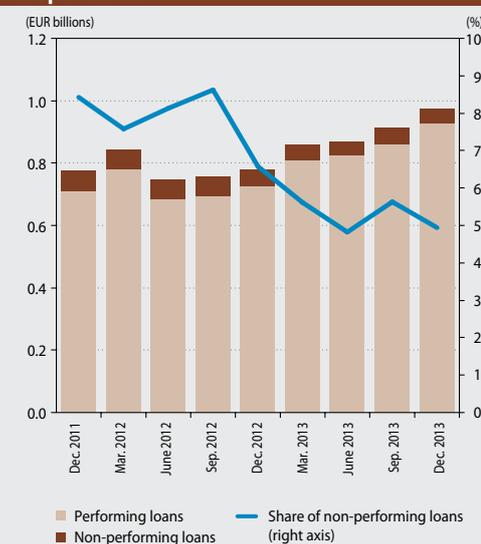
ing supply, where the amount of loans increased by 2.5 percentage points (loans in the *real estate sector* grew as a result of methodological changes). By contrast, the sharpest decrease occurred in *wholesale and retail trade* (as a result of methodological changes) and in *administrative and support service activities*.

2.8.8 NON-PERFORMING LOANS

2.8.8.1 Non-performing loans in the non-financial corporations sector

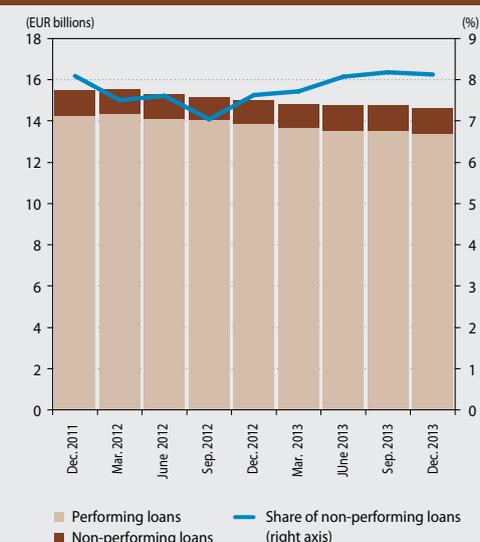
The share of non-performing loans in the total volume of loans granted to non-financial corporations decreased by 0.1 percentage point over the quarter under review, to 8.1% as at end-December 2013 (the same share as in June). In June, the share of non-performing loans exceeded the 8% limit for the first time since December 2011, and then remained above this limit throughout the second half of 2013. Compared with end-September 2013, the share of non-performing loans decreased in *operating loans*, *real estate loans*, and *credit card loans*. The share of non-performing loans in the *investment loans*, *bank overdrafts and revolving loans* categories increased in comparison with the previous quarter.

Chart 39 Share of non-performing loans on operating loans to non-financial corporations



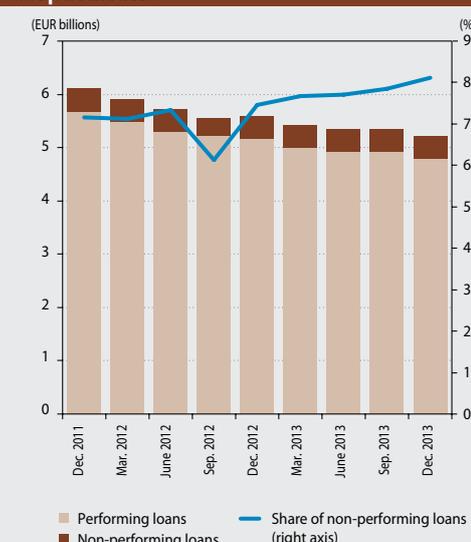
Source: NBS.

Chart 38 Share of non-performing loans on total loans to non-financial corporations



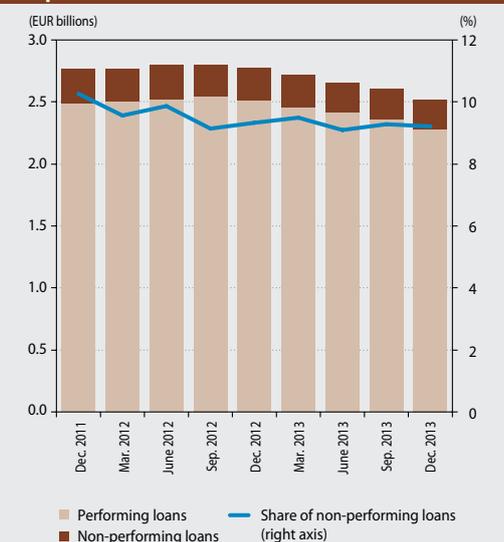
Source: NBS.

Chart 40 Share of non-performing loans on investment loans to non-financial corporations



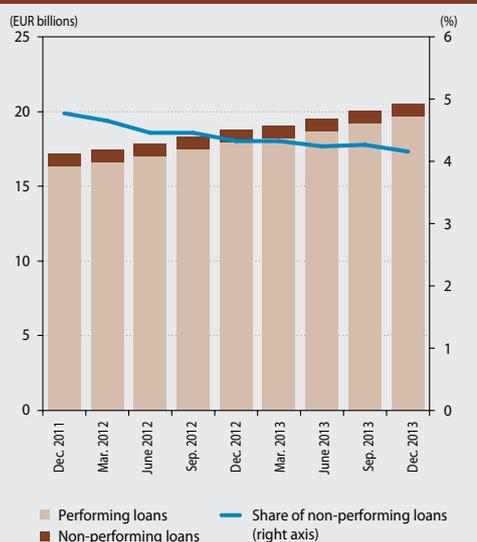
Source: NBS.

Chart 41 Share of non-performing loans on real estate loans to non-financial corporations



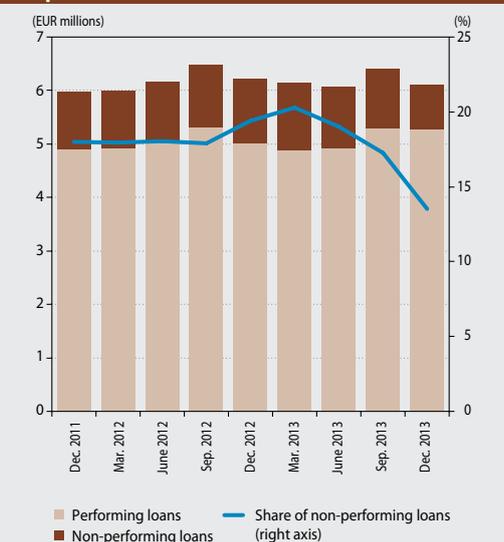
Source: NBS.

Chart 43 Share of non-performing loans on total loans to households



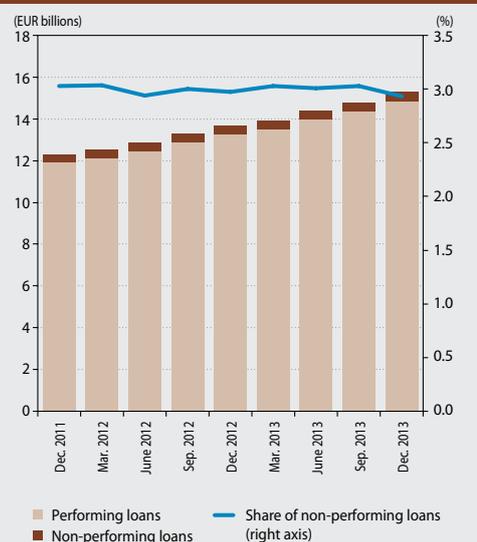
Source: NBS.

Chart 42 Share of non-performing loans on credit card loans to non-financial corporations



Source: NBS.

Chart 44 Share of non-performing loans on loans for house purchase to households



Source: NBS.

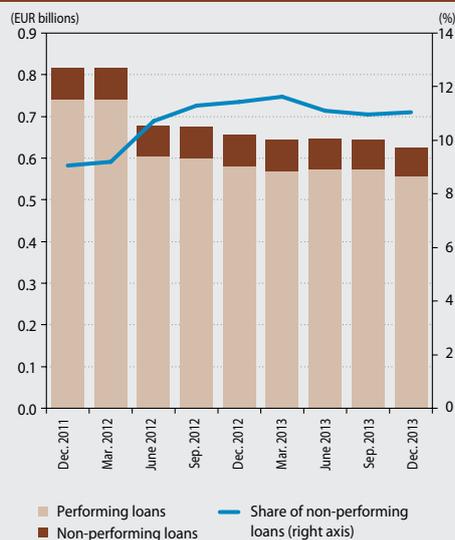
2.8.8.2 Non-performing loans in the household sector

In December 2013, the share of non-performing loans in the total volume of household sector loans remained at 4.2% as in the previous quarters. The share of non-performing household loans had been fluctuating between 4.1% and 4.3% since

the last quarter of 2012. Compared with the previous quarter, this share decreased by 0.1 percentage point. The share of non-performing *housing loans* had been hovering around the level of 3% since the end of 2011. The share of non-performing *consumer loans* remained virtually unchanged, at the level of the previous quarter (7.6%).



Chart 45 Share of non-performing loans on bank overdrafts to households



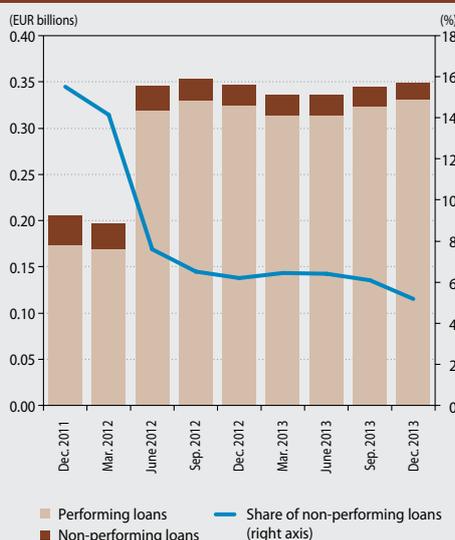
Source: NBS.

Chart 47 Share of non-performing loans on consumer loans to households



Source: NBS.

Chart 46 Share of non-performing loans on credit card loans to households



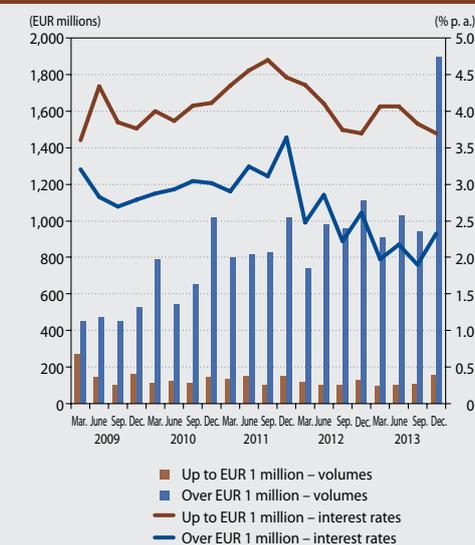
Source: NBS.

2.9 INTEREST RATES AND VOLUMES: LOANS PROVIDED

2.9.1 INTEREST RATES AND VOLUMES: LOANS TO NON-FINANCIAL CORPORATIONS (NEW BUSINESS)

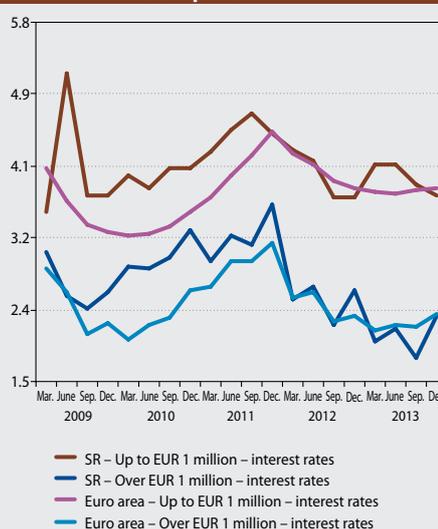
The total volume of new loans granted to non-financial corporations in the fourth quarter of 2013 increased by 9.8%, compared with the last quarter of 2012. In the **loans of up to €1 million** category, the volume of new loans increased by 13.5% in the period under review. The share of loans of this type in the total volume of loans provided stood at 9.6%. The average lending rate in the period under review remained unchanged, at 3.7% p.a. The volume of loans in the **loans of over €1 million** category also increased, specifically by 9.4% compared with the last quarter of 2012. The share of new **loans of over €1 million** in the total volume of loans granted to non-financial corporations stood at 90.4% in the quarter under review, while the average interest rate dropped by 0.1% (to 2.2% p.a.).

Chart 48 Interest rates and volumes on loans to non-financial corporations (new business)



Source: NBS.

Chart 49 Interest rates on loans to non-financial corporations in SR and euro area (new business) (% p.a.)

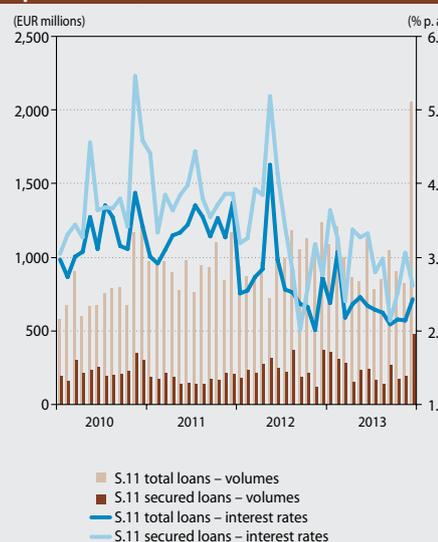


Source: ECB, NBS.

The total volume of new loans granted to non-financial corporations was dominated by loans with an initial rate fixation period of up to one year. A comparison of interest rates on such loans in Slovakia with the same category in the euro area indicates that, at the end of 2013, the interest rate for **loans of up to €1 million** in Slovakia (3.7% p.a.) was slightly lower than the corresponding rate in the euro area (3.8% p.a.). The interest rate on **loans of over €1 million** in Slovakia stood at 2.3% p.a. as at end-2013, at the same level as in the euro area.

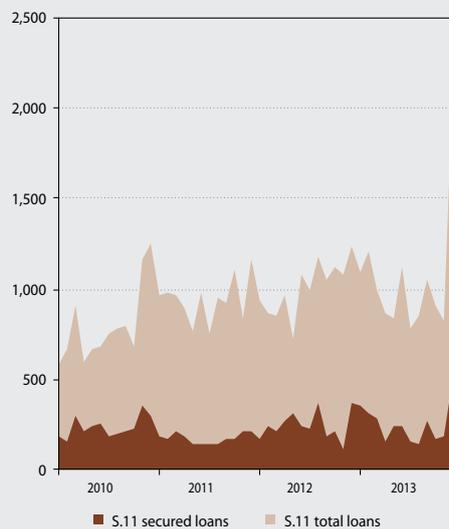
In the fourth quarter of 2013, the share of new secured loans in the **total** volume of new loans granted to non-financial corporations increased in year-on-year terms, from 20.5% to 22.2%. The average interest rate on secured loans fell from 2.8% p.a. in the last quarter of 2012 to 2.7% p.a. in the same quarter of 2013. The average rate for new loans granted to non-financial corporations also fell by 0.1% in this period, to 2.3% p.a. in the fourth quarter of 2013.

Chart 50 Interest rates and volumes on secured and total loans to non-financial corporations (new business)



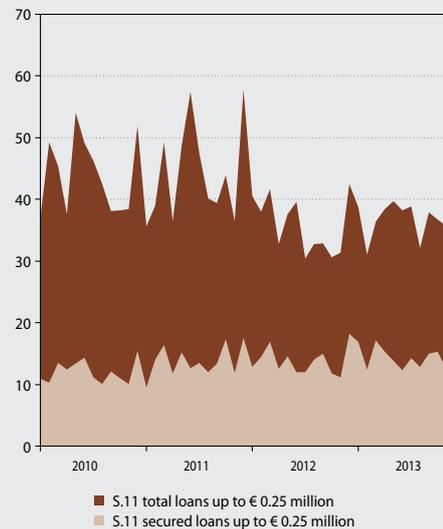
Source: NBS.

Chart 51 Share of secured loans on total loans to non-financial corporations (new business) (EUR millions)



Source: NBS.

Chart 53 Share of secured loans on total "loans up to € 0.25 million" to non-financial corporations (new business) (EUR millions)

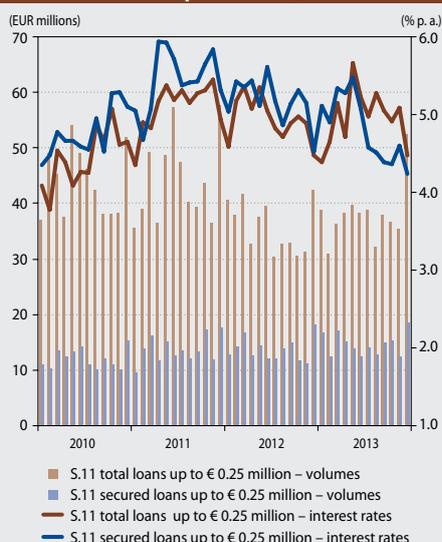


Source: NBS.

In the **loans of up to €0.25 million** category, the share of new secured loans in the total volume of new loans granted to non-financial corpora-

tions decreased by 2.2%, to 37.1% in the last quarter of 2013. The average interest rate on secured loans of this category dropped by 0.5% in the period under review, to 4.4% p.a. By contrast, the average interest rate on new **loans of up to €0.25 million** granted to non-financial corporations rose in the period under review, by 0.1% to stand at 4.8% p.a.

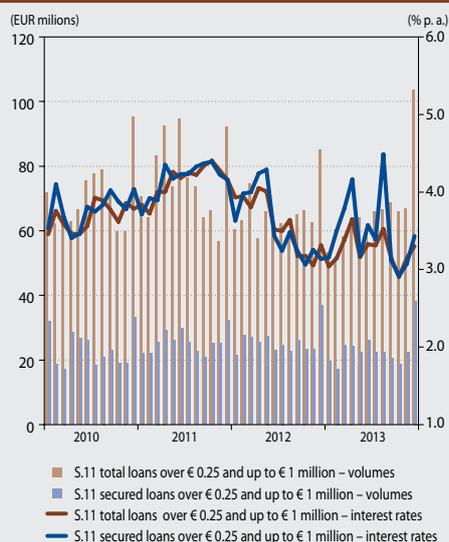
Chart 52 Interest rates and volumes on secured and total "loans up to € 0.25 million" to non-financial corporations (new business)



Source: NBS.

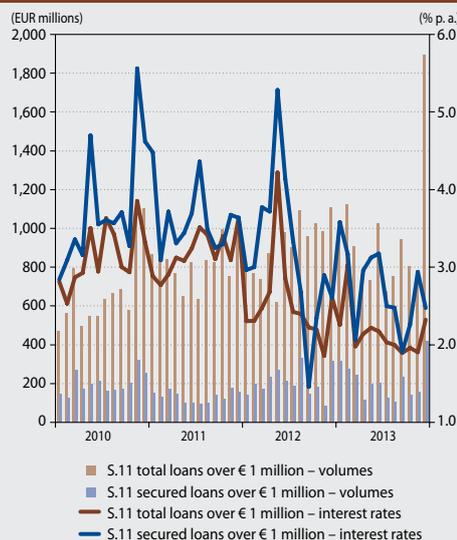
In the **loans of over €0.25 million and up to €1 million** category, the share of new secured loans in the total volume of new loans granted to non-financial corporations decreased by 5.3% in the last quarter of 2013, to 33.6%. The average interest rate on secured loans of this category remained unchanged in the period under review, at 3.2% p.a. The average interest rate on new **loans of over €0.25 million and up to €1 million** granted to non-financial corporations remained unchanged in the period under review, at 3.2% p.a.

Chart 54 Interest rates and volumes on secured and total "loans over € 0.25 and up to € 1 million" to non-financial corporations (new business)



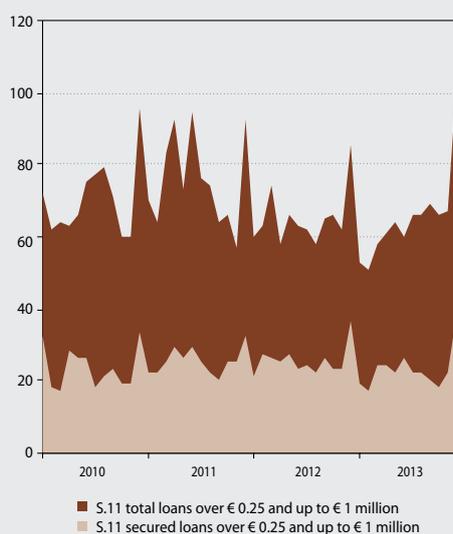
Source: NBS.

Chart 56 Interest rates and volumes on secured and total "loans over € 1 million" to non-financial corporations (new business)



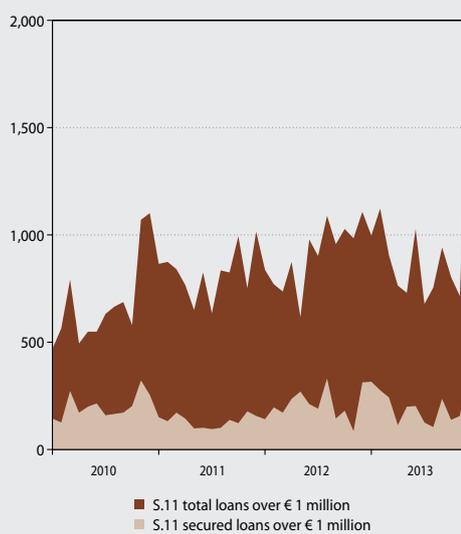
Source: NBS.

Chart 55 Share of secured loans on total "loans over € 0.25 and up to € 1 million" to non-financial corporations (new business) (EUR millions)



Source: NBS.

Chart 57 Share of secured loans on total "loans over € 1 million" to non-financial corporations (new business) (EUR millions)



Source: NBS.

In the **loans of over €1 million** category, the share of new secured loans in the total volume of new loans granted to non-financial corporations increased by 2.3% year-on-year, to 20.9% in the last quarter of 2013. The average interest rate on secured loans of this category dropped from

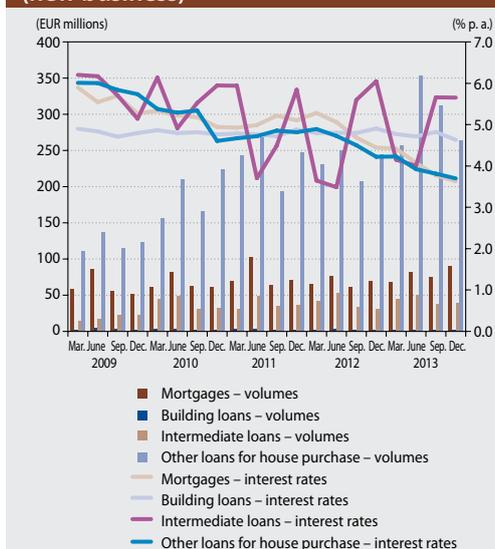
2.6% p.a. to 2.5% p.a. in the period under review. The average interest rate on new **loans of over €1 million** granted to non-financial corporations remained unchanged in year-on-year terms, at 2.2% p.a.

2.9.2 INTEREST RATES AND VOLUMES: LOANS TO HOUSEHOLDS (NEW BUSINESS)

Demand for loans in the household sector continued to be dominated by demand for *housing loans*. The average interest rate on housing loans dropped by 0.5% to 3.9% p.a. in the fourth quarter of 2013, compared with the fourth quarter of 2012. Lending rates for the individual types of housing loans changed in year-on-year terms as follows: the average rate for **intermediate loans**, which are offered by building savings banks, fell by 0.2% (to 5.8% p.a.); the average rate for **building loans** fell by 0.3% (to 4.6% p.a.); the average rate for **other loans for house purchases** fell by 0.5% (to 3.7% p.a.); and the average rate for **mortgage loans** dropped by 0.7% (to 3.7% p.a.).

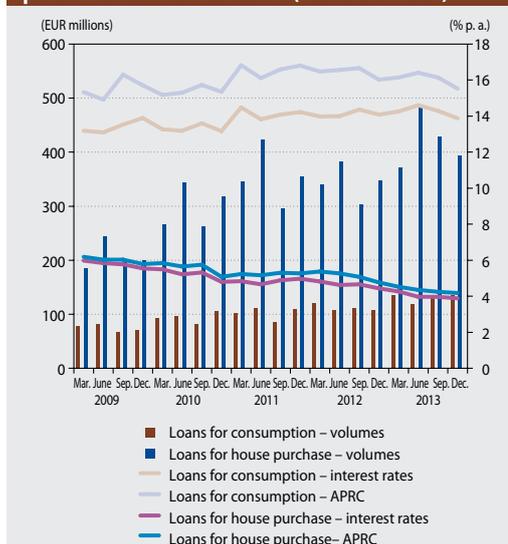
The annual percentage rate of charge (APRC) related to loans granted to households usually exceeds the rate of interest charged for these loans. Compared with the fourth quarter of 2012, the average interest rate on housing

Chart 58 Interest rates and volumes on loans for house purchase to households (new business)



Source: NBS.

Chart 59 Interest rates, APRC and volumes on loans for consumption and loans for house purchases to households (new business)

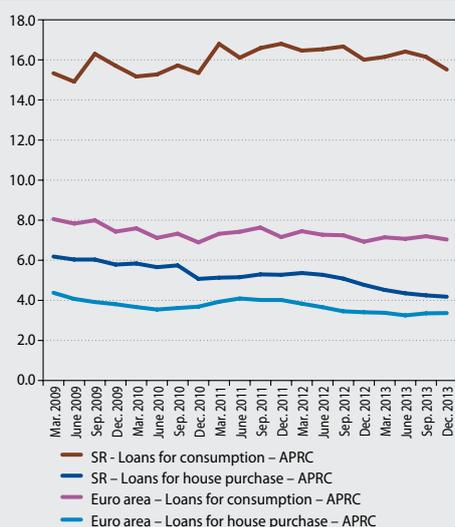


Source: NBS.

loans, as well as the average APRC for loans of this type, dropped by 0.6% to 4.2% p.a. in the fourth quarter of 2013. The APRC value related to consumer loans followed a similar trend. The average interest rate on consumer loans fell by 0.1% to 14.0% p.a. in the fourth quarter of 2013, and the average APRC for consumer loans dropped by 0.4% to 15.7% p.a. in the same period.

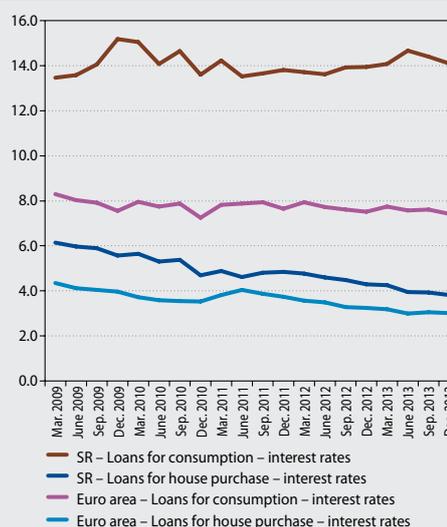
A comparison of the APRC related to housing loans in Slovakia with the same indicator of the euro area as at the end of 2013 points to the following trend. In year-on-year terms, the APRC related to housing loans in Slovakia fell by 0.6%, to stand at 4.2% p.a. as at end-2013. In euro area countries, the same indicator remained unchanged, at 3.4% p.a. The same trend was recorded in consumer loans. The APRC for consumer loans in Slovakia dropped by 0.5%, to 15.5% p.a. as at end-2013. The APRC for the euro area remained unchanged in year-on-year terms, at 7.0% p.a.

Chart 60 APRC on loans for consumption and loans for house purchases to households in SR and Euro area (new business) (% p.a.)



Source: ECB, NBS.

Chart 61 Interest rates on loans for consumption and loans for house purchases to households in SR and euro area (new business) (% p.a.)



Source: ECB, NBS.

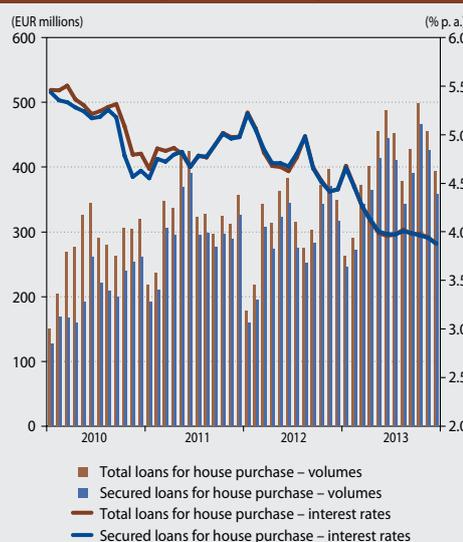
In the **new housing loans** category, a representative indicator for Slovakia is the price of housing loans with an initial rate fixation period of over one and up to five years. Lending rates in this category fell by 0.5% year-on-year, to 3.8% p.a. as at end-2013. The rate for a comparable type of housing loans in the euro area fell by 0.2%, to 3.0% p.a.

In the **new consumer loans** category, a representative indicator for Slovakia is the rate of interest on consumer loans with an initial rate fixation period of over five years. Lending rates in this category rose by 0.1% year-on-year, to 14.1% p.a. as at end-2013. The rate for a comparable type of consumer loans in the euro area fell by 0.1% in the period under review, to 7.4% p.a.

The share of **new secured housing loans** in the total volume of loans provided to households for housing purposes increased slightly, by 0.5% to 92.6% in the fourth quarter of 2013, compared with the fourth quarter of 2012. The average weighted interest rate on secured loans

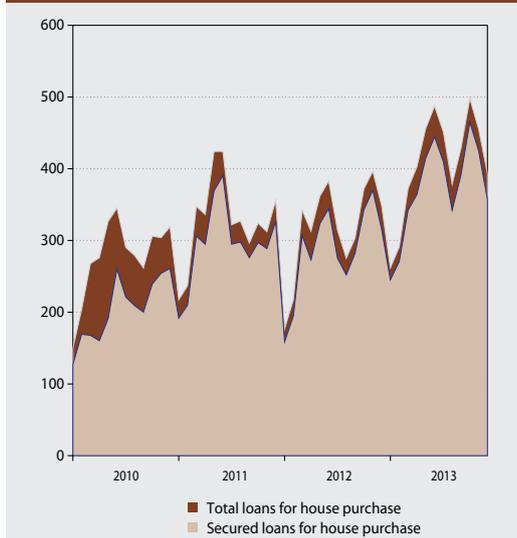
dropped by 0.6% to 3.9% p.a. in the period under review.

Chart 62 Interest rates and volumes on secured and total loans for house purchase to households (new business)



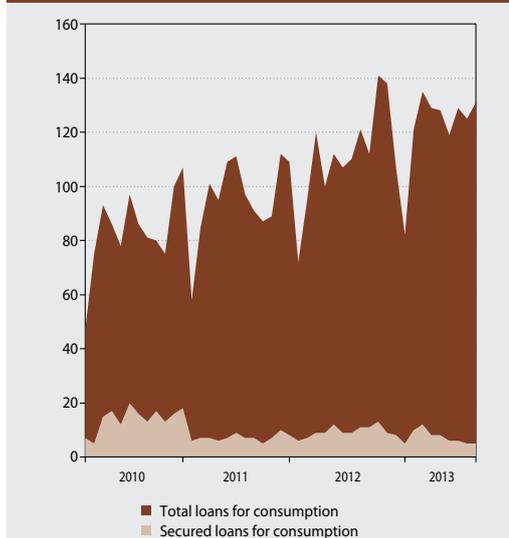
Source: NBS.

Chart 63 Share of secured loans for house purchase on total loans for house purchase to households (new business) (EUR millions)



Source: NBS.

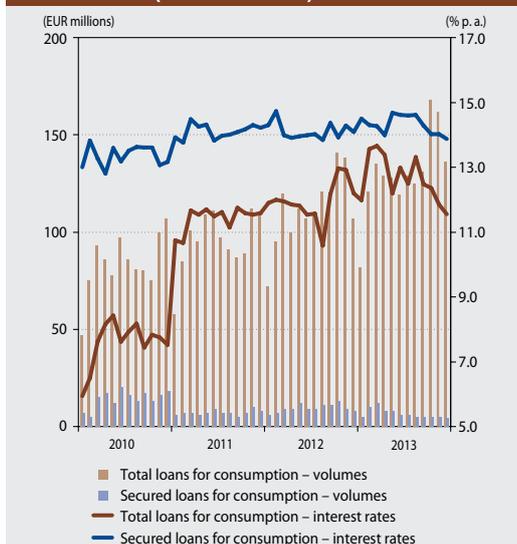
Chart 65 Share of secured loans for consumption on total loans for consumption to households (new business) (EUR millions)



Source: NBS.

In the case of **consumer loans**, the share of **secured loans** was substantially smaller than in the case of housing loans. In year-on-year terms, the share of these loans decreased in the fourth quarter of 2013, from 7.8% to 3.0%. The average interest rate on secured consumer loans dropped by 0.8% to 11.9% p.a. in the period under review.

Chart 64 Interest rates and volumes on secured and total loans for consumption to households (new business)



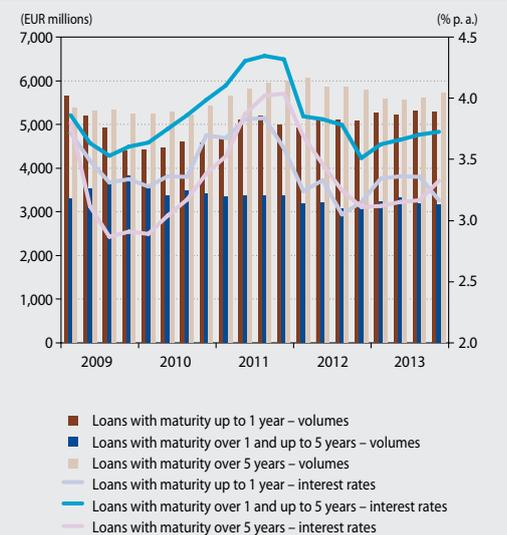
Source: NBS.

2.9.3 INTEREST RATES AND VOLUMES: LOANS TO NON-FINANCIAL CORPORATIONS (OUTSTANDING AMOUNTS)

Interest rates on loans granted to non-financial corporations with a maturity of over one and up to five years have historically been higher than the rates for other loan categories, but these loans are the smallest of all in volume terms. Since the middle of 2009, the most significant loans in volume terms in the domestic loan market had been loans with a maturity of over five years. This trend continued in the fourth quarter of 2013, too.

In year-on-year terms, the average lending rates for loans to non-financial corporations rose in the fourth quarter of 2013 in all maturity bands. The average rates for loans with a maturity of up to one year and loans with a maturity of over one and up to five years increased equally by 0.2%, to 3.3% p.a. and 3.7% p.a. respectively. The average rate for loans with a maturity of over five years rose by 0.1% to 3.2% p.a. in the fourth quarter of 2013.

Chart 66 Interest rates and volumes of loans by maturity to non-financial corporations (outstanding amounts)



Source: NBS.

A year-on-year comparison of the interest rates on the most significant categories of loans granted to non-financial corporations in Slovakia and the euro area shows that the rate for **loans with a maturity of up to one year** in Slovakia remained unchanged, at 3.2% p.a. as

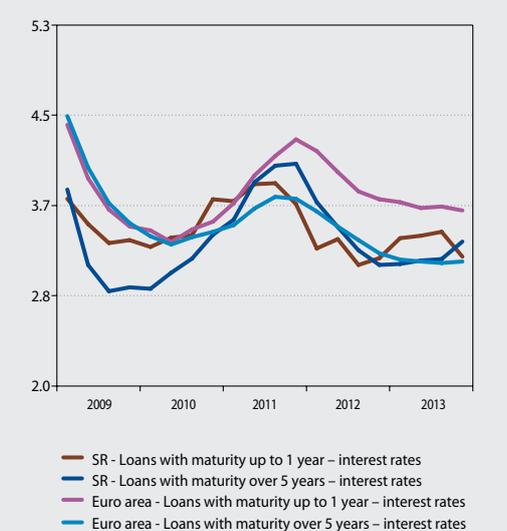
at end-2013. The rate for the same category of loans in the euro area fell by 0.1% year-on-year, to stand at 3.6% p.a. In Slovakia, interest rates on **loans with a maturity of over five years** rose by 0.2% year-on-year, to 3.3% p.a. as at end-2013. The euro area recorded a moderate fall in interest rates in this category: by 0.1% to 3.1% p.a.

2.9.4 INTEREST RATES AND VOLUMES: LOANS TO HOUSEHOLDS (OUTSTANDING AMOUNTS)

In volume terms, loans granted to households for consumption and/or for housing purposes are clearly dominated by loans with a maturity of over five years.

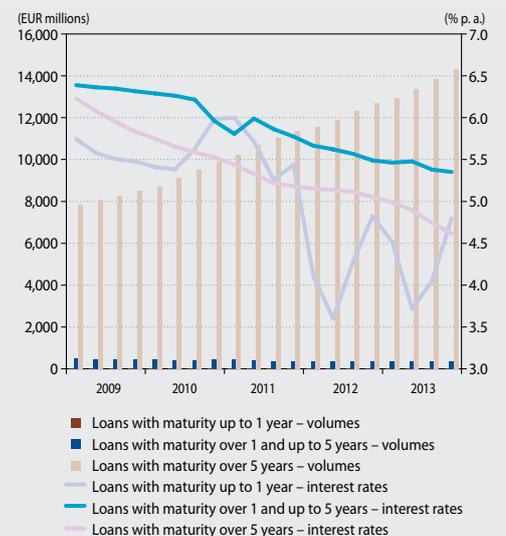
Interest rates on housing loans provided to households showed a falling tendency in the period under review. The sharpest year-on-year fall in the last quarter of 2013 was recorded in the average rate for loans provided for housing purposes with a maturity of over five years (-0.4%, to 4.7% p.a.). The average rate for housing loans with a maturity of over one and up to five years dropped by 0.2% to 5.4% p.a. in the period under review. In the same period, the average rate for loans with a maturity of up to one year fell by 0.3% to stand at 4.5% p.a.

Chart 67 Interest rates of loans by maturity to non-financial corporations in SR and euro area (outstanding amounts) (% p.a.)



Source: ECB, NBS.

Chart 68 Interest rates and volumes on loans for house purchase by maturity to households (outstanding amounts)



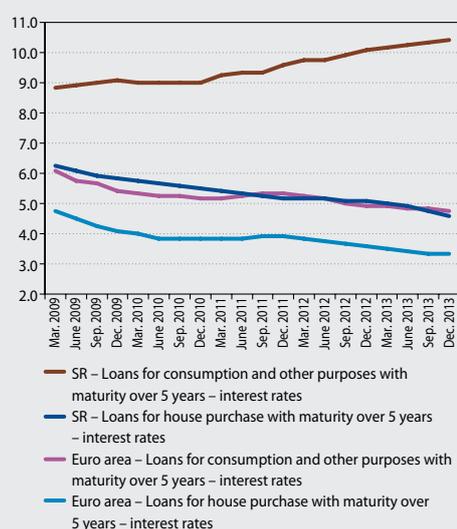
Source: NBS.

Consumer loans with a maturity of up to one year remained negligible in volume terms. Hence, interest rates on such loans were rather volatile. The volume of consumer loans with a maturity of over one and up to five years followed a gradually decreasing trend in the period under review. In volume terms, the most significant category was that of consumer loans with a maturity of over five years.

Broken down by maturity, interest rates on consumer loans granted to households changed in the period under review as follows: the average rate for consumer loans with a maturity of up to one year dropped by 1.9% to 13.2%, but these loans remained insignificant in volume terms; the average rate for consumer loans with a maturity of over one and up to five years remained unchanged, at 14.4% p.a.; while the average rate for consumer loans with a maturity of over five years rose by 0.1%, to stand at 13.4%.

For a comparison of lending rates for households in Slovakia and the euro area, we selected the most significant categories of loans (in terms of volume), i.e. *housing loans* with a maturity of over five years and *consumer loans & other loans* with a maturity of over five years. In Slovakia, interest rates on **consumer loans & other loans with a maturity of over five years** rose by 0.4%

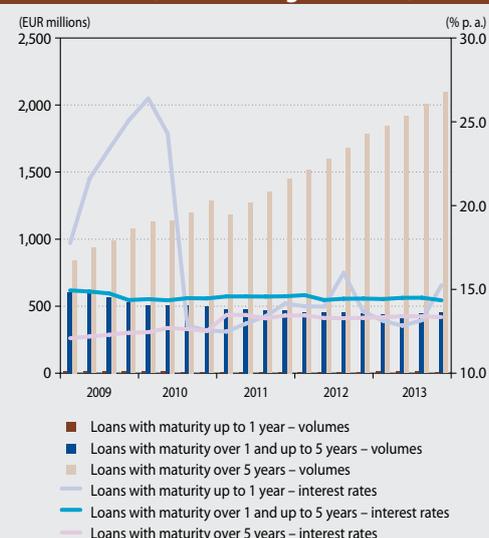
Chart 70 Interest rates of loans by maturity to households in SR and euro area (outstanding amounts) (% p.a.)



Source: ECB, NBS.

year-on-year, to 10.4% p.a. as at the end of 2013. By contrast, the rate for the same category of loans in the euro area fell by 0.1% year-on-year, to stand at 4.8% p.a. Interest rates on **housing loans with a maturity of over five years** showed the same tendency in the euro area and Slovakia. In year-on-year terms, the rate for this category of loans in Slovakia fell by 0.4% to 4.6% p.a. as at end-2013, while the same rate in the euro area dropped by 0.2% to 3.3% p.a.

Chart 69 Interest rates and volumes on loans for consumption by maturity to households (outstanding amounts)



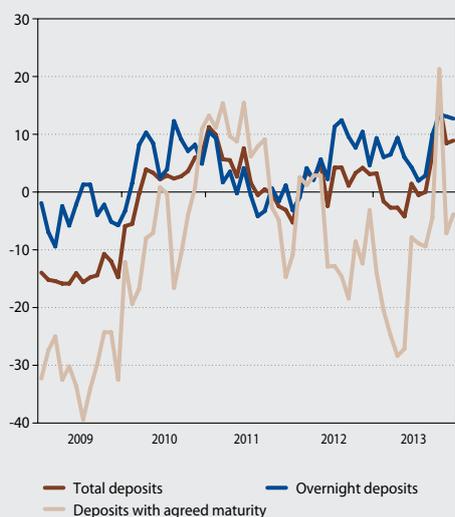
Source: NBS.

2.10 DEPOSITS RECEIVED FROM NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS

2.10.1 DEPOSITS RECEIVED FROM NON-FINANCIAL CORPORATIONS

In December 2013, the value of deposits received from non-financial corporations recorded a massive increase of 8.9%, which took place mostly in *overnight deposits*. These increased by 12.7% year-on-year in the last quarter of 2013, representing the largest year-on-year increase since the beginning of monitoring in 2009. By contrast, deposits with agreed maturity continued to decline for the fifth successive quarter (though October 2013 saw a relatively steep year-on-year increase). The share of overnight deposits received from

Chart 71 Deposits of non-financial corporations by type (year-on-year change in %)

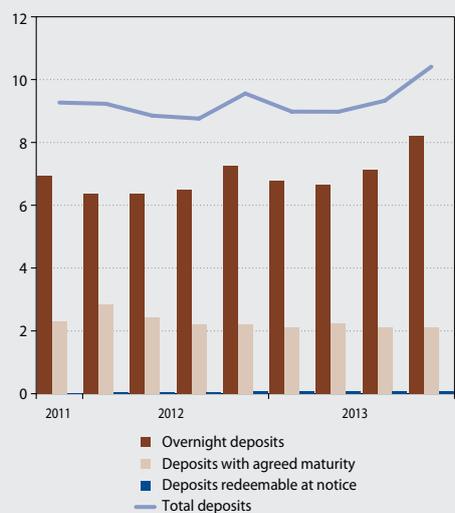


Source: NBS.

Note: The source data represents the outstanding amounts at the end of month. They are valued at nominal value not adjusted by non-transactions.

non-financial corporations in total deposits increased by 2.2 percentage points, to 78.7%. The share of deposits with agreed maturity decreased to 20.5%.

Chart 72 Deposits to non-financial corporations (% share) (EUR billions)



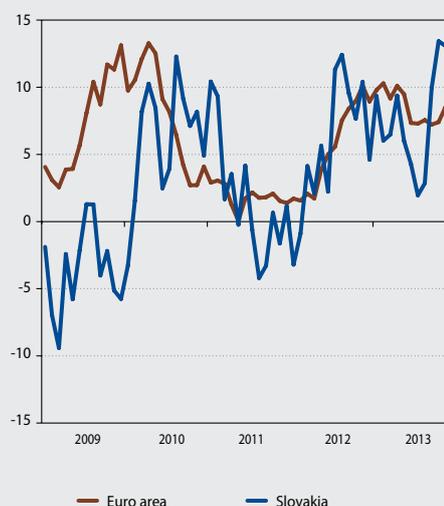
Source: NBS.

2.10.2 DEPOSITS RECEIVED FROM NON-FINANCIAL CORPORATIONS (COMPARED WITH DATA FROM THE EURO AREA)

The value of overnight deposits received from non-financial corporations rose in year-on-year terms throughout 2013, in both the euro area and in Slovakia. In the euro area, such deposits grew most rapidly in the first few months of the year, then stabilised around 7.5%. In Slovakia, however, they grew mainly in the last four months (by an average of 12.3%).

The value of deposits with agreed maturity received from non-financial corporations in the euro area declined in year-on-year terms over the first seven months of 2013, then recorded a modest increase. In Slovakia, these deposits declined throughout 2013, except in October.

Chart 73 Overnight deposits to non-financial corporations (year-on-year changes in %)



Source: NBS, ECB.

Note: The source data represents the outstanding amounts at the end of month. They are valued at nominal value not adjusted by non-transactions.

Chart 74 Deposits with agreed maturity to non-financial corporations (year-on-year changes in %)



Source: NBS, ECB.

Note: The source data represents the outstanding amounts at the end of month. They are valued at nominal value not adjusted by non-transactions.

Chart 75 Deposits of households by type (year-on-year change in %)



Source: NBS.

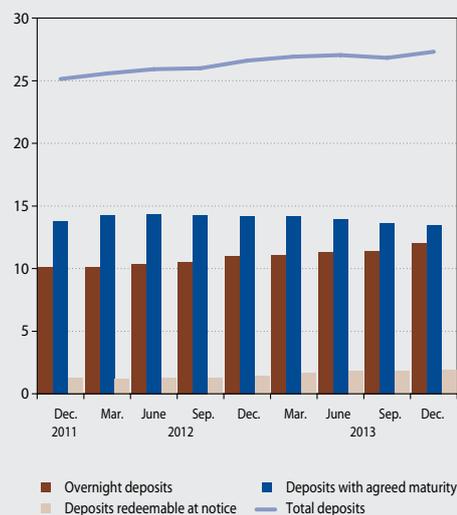
Note: The source data represents the outstanding amounts at the end of month. They are valued at nominal value not adjusted by non-transactions.

2.10.3 DEPOSITS RECEIVED FROM HOUSEHOLDS

In value terms, deposits received from households grew in December 2013 by 2.7% year-on-year, with the annual growth rate decelerating since its culmination in March 2012. The value of household deposits with agreed maturity continued to decline in year-on-year terms, following the downward trend that started at the end of the first quarter. Overnight deposits from household continued to grow rapidly during the quarter under review and ended the year with a year-on-year increase of 8.9%. Household deposits redeemable at notice continued to grow at a very fast pace, and recorded a year-on-year increase of 33.4% in December.

The share of household deposits with agreed maturity decreased in December by 1.4 percentage points compared with September 2013, and by 4 percentage points compared with December 2012. The share of household deposits with agreed maturity dropped below 50% for the first time since December 2010. The share of overnight deposits increased by 1.4 percentage points, to 43.8%. The share of deposits redeemable at notice stagnated in December 2013, at the level of 7%.

Chart 76 Deposits to households (% share) (EUR billions)



Source: NBS.



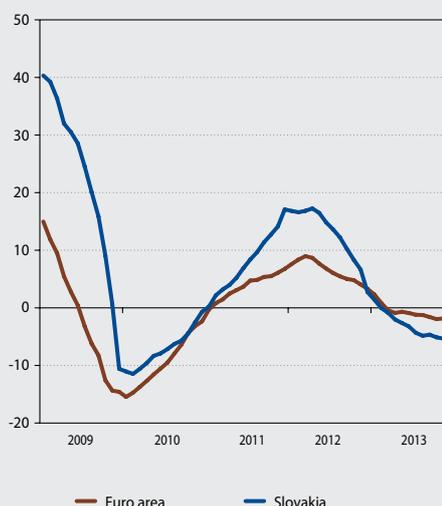
2.10.4 DEPOSITS RECEIVED FROM HOUSEHOLDS (COMPARED WITH DATA FROM THE EURO AREA)

The trends in overnight deposits received from households in the euro area and Slovakia is very similar. In year-on-year terms, the value of overnight deposits in Slovakia has been rising again since September 2012 and, since October 2012, this rise has been steeper than in the euro area. In December 2013, overnight deposits in Slovakia and the euro area increased year-on-year by 8.9% and 7.5 respectively.

The value of household deposits with agreed maturity in the euro area and Slovakia has been declining since March 2013. The decline in Slovakia is more pronounced than in the euro area. In December 2013, the year-on-year decline in the euro area reached 2.5%, compared with 5.2% in Slovakia.

In the euro area, the value of household deposits redeemable at notice rose year-on-year throughout 2013, though at a decelerating pace. Compared with the euro area, Slovakia witnessed a different trend in these deposits, namely dynamic growth since December 2012. On average, deposits redeemable at notice in Slovakia

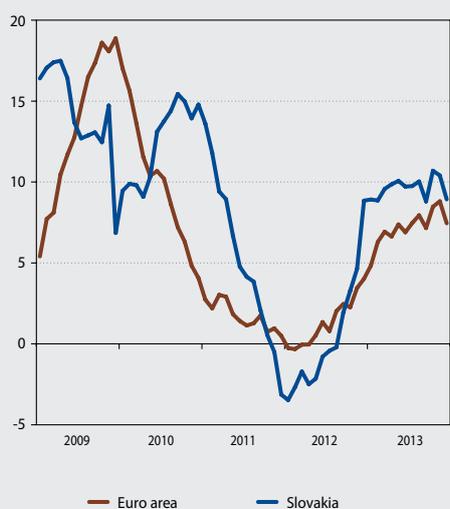
Chart 78 Deposits with agreed maturity to households (year-on-year changes in %)



Source: NBS, ECB.
Note: The source data represents the outstanding amounts at the end of month. They are valued at nominal value not adjusted by non-transactions.

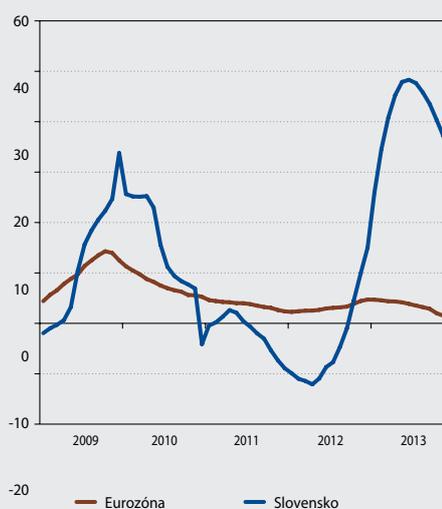
increased by 40% in 2013. In December 2013, deposits redeemable at notice in the euro area grew more slowly than in Slovakia, at a year-on-

Chart 77 Overnight deposits to households (year-on-year changes in %)



Source: NBS, ECB.
Note: The source data represents the outstanding amounts at the end of month. They are valued at nominal value not adjusted by non-transactions.

Chart 79 Deposits redeemable at notice to households (year-on-year changes in %)



Source: NBS, ECB.
Note: The source data represents the outstanding amounts at the end of month. They are valued at nominal value not adjusted by non-transactions.



year rate of 0.8%, compared with 33.4% in Slovakia.

2.11 INTEREST RATES AND VOLUMES: DEPOSITS RECEIVED

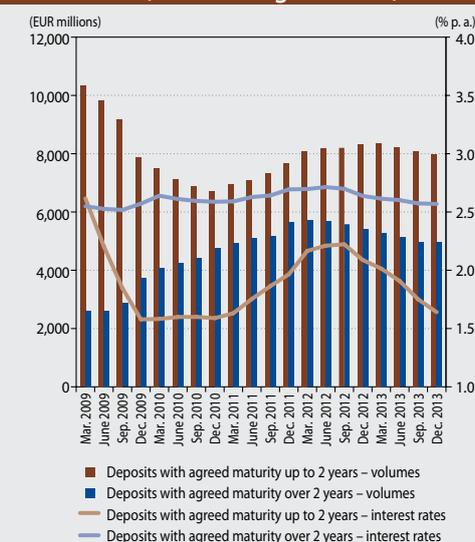
2.11.1 INTEREST RATES AND VOLUMES: DEPOSITS RECEIVED FROM HOUSEHOLDS (OUTSTANDING AMOUNTS)

The outstanding amount of household deposits with an agreed maturity of up to two years, expressed as a share of total deposits with agreed maturity increased by 1.4% in the fourth quarter of 2013 (to 61.9%) compared with the fourth quarter of 2012. The average interest rate on household deposits with an agreed maturity of up to two years dropped by 0.4% year-on-year, to 1.7% p.a. The average rate for deposits with an agreed maturity of over two years also fell in the period under review, from 2.7% p.a. to 2.6% p.a. The total volume of household deposits with agreed maturity decreased by 5.6% in the period under review.

2.11.2 INTEREST RATES AND VOLUMES: DEPOSITS RECEIVED FROM HOUSEHOLDS (NEW BUSINESS)

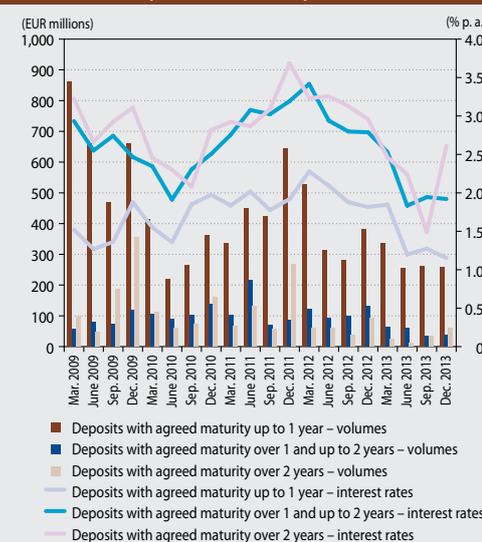
Interest rates on **new household deposits** with agreed maturity showed a falling tendency in the period under review, in all maturity bands. The sharpest fall was recorded in rates for **new deposits with an agreed maturity of over one and up to two years** (-0.8%, to an average of 1.9% p.a.), while the share of these deposits in the total volume household deposits with agreed maturity decreased by 15.8% to 9.7%. The average interest rate on **new deposits with an agreed maturity of up to one year** dropped from 1.8% p.a. to 1.3% p.a. The share of these deposits increased by as much as 15.0% in the period under review, to 78.6% of the total volume of new household deposits with agreed maturity. The average interest rate on **new deposits with an agreed maturity of over two years** fell by 0.4% to 2.5% p.a., while the share of these deposits in the total volume of new deposits with agreed maturity increased by 0.8% to 11.7%.

Chart 80 Interest rates and volumes of deposits with agreed maturity from households (outstanding amounts)



Source: NBS.

Chart 81 Interest rates and volumes on deposits with agreed maturity from households (new business)



Source: NBS.



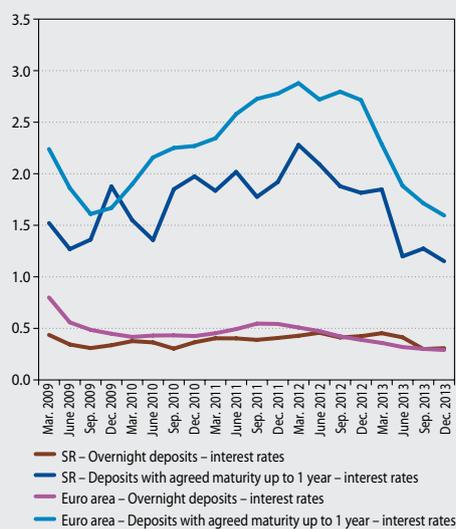
For a comparison of interest rates on new deposits received from households in Slovakia and those on the same types of deposits in the euro area, we selected the most significant deposit categories (in terms of volume), i.e. overnight deposits and deposits with an agreed maturity of up to one year. In Slovakia, interest rates on **overnight deposits** fell by 0.1% year-on-year, to stand at 0.3% p.a. as at end-2013. In the euro area, deposit rates in the same category also fell in year-on-year terms, by 0.1% to 0.3% p.a. Interest rates on **new deposits with an agreed maturity of up to one year** followed the same falling trend in year-on-year terms, in both the euro area and in Slovakia. At the end of 2013, the average rate for this category of deposits in Slovakia fell by 0.7% to 1.2% p.a., compared with a fall of 1.1% to 1.6% p.a. in the euro area.

2.11.3 INTEREST RATES AND VOLUMES: DEPOSITS

RECEIVED FROM NON-FINANCIAL CORPORATIONS (OUTSTANDING AMOUNTS)

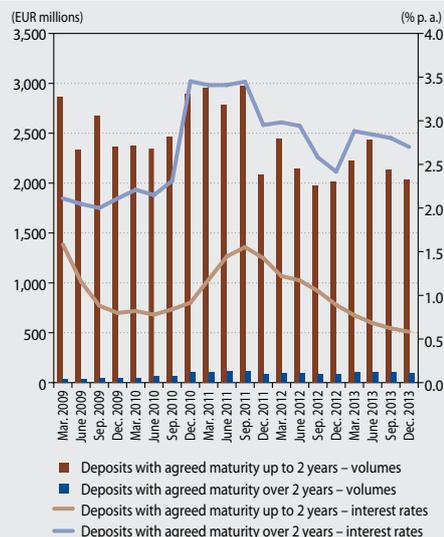
The share of **deposits with an agreed maturity of over two years** in the total outstanding amount of deposits with agreed maturity, received from non-financial corporations, increased by 0.2% to 4.1% in the fourth quarter of 2013, compared with the fourth quarter of 2012. The average interest rate on these deposits fell by 0.3% to stand at 2.7% p.a. The average rate for **deposits with an agreed maturity of up to two years** dropped in the period under review by 0.4% to stand at 0.6% p.a., while the share of these deposits in the total volume of deposits with agreed maturity, received from non-financial corporations, decreased by 0.2% to 95.9%. The total volume of deposits with agreed maturity, received from non-financial corporations, increased by 11.2% in the period under review.

Chart 82 Interest rates on deposits from households in SR and euro area (new business) (% p.a.)



Source: ECB, NBS.

Chart 83 Interest rates and volumes on deposits with agreed maturity from non-financial corporations (outstanding amounts)



Source: NBS.

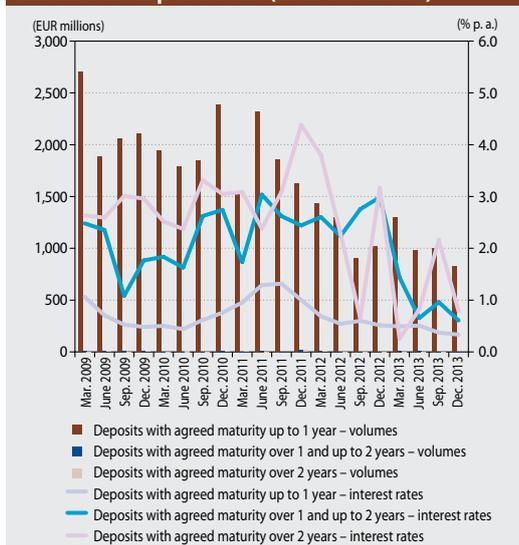


2.11.4 INTEREST RATES AND VOLUMES: DEPOSITS RECEIVED FROM NON-FINANCIAL CORPORATIONS (NEW BUSINESS)

Interest rates on new deposits with agreed maturity, received from non-financial corporations, followed a falling trend in the fourth quarter of 2013, compared with the fourth quarter of 2012, in all maturity bands. The average rate for deposits with a maturity of over two years fell by 0.9% to stand at 1.9%. The share of these deposits, however, was insignificant (0.1% of the total volume of deposits with agreed maturity), as well as the share of new deposits with an agreed maturity of over one and up to two years (1.6%), the average price of which dropped by 1.7% to 1.6% p.a. The average interest rate on new deposits with an agreed maturity of up to one year fell by 0.3% year-on-year, to stand at 0.3% p.a. In volume terms, these deposits represented the most significant category of new deposits: they accounted for 98.3% of the volume of new deposits with agreed maturity, received from non-financial corporations.

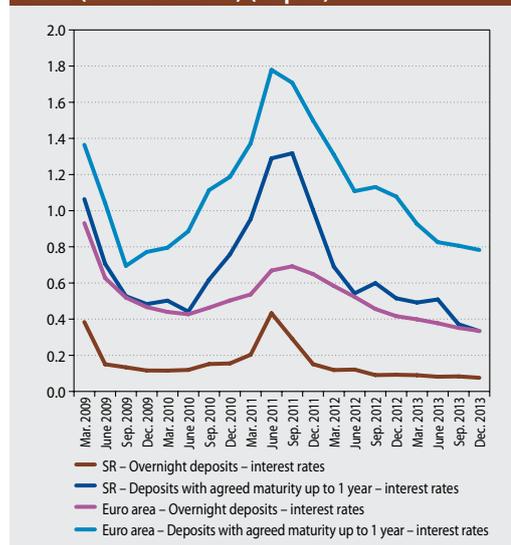
For a comparison of interest rates on new deposits received from non-financial corporations in Slovakia and those on the same type of deposits in the euro area, we selected the most significant deposit categories (in terms of volume), i.e. overnight deposits and deposits with an agreed maturity of up to one year. In Slovakia, interest rates on **overnight deposits** received from non-financial corporations remained unchanged in year-on-year terms, at 0.1% p.a. as at end-2013. In the euro area, deposit rates in the same category fell slightly in year-on-year terms, by 0.1% to 0.3% p.a. Interest rates on **deposits with a maturity of up to one year** also showed a falling tendency in both Slovakia and in the euro area. In year-on-year terms, the rate for this category of deposits in Slovakia fell by 0.2% to 0.3% p.a. as at end-2013, while the same rate in the euro area dropped by 0.3% to 0.8% p.a.

Chart 84 Interest rates and volumes on deposits with agreed maturity from non-financial corporations (new business)



Source: NBS.

Chart 85 Interest rates on deposits from non-financial corporations in SR and euro area (new business) (% p.a.)

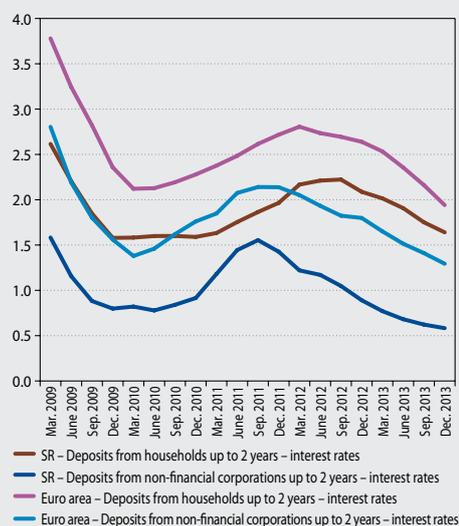


Source: ECB, NBS.



For a comparison of interest rates on new deposits with agreed maturity, received from non-financial corporations in Slovakia, and those on the same type of deposits in the euro area, we selected the most significant deposit category (in terms of volume), i.e. deposits with an agreed maturity of up to two years. The interest rate on **deposits with an agreed maturity of up to two years** received from **non-financial corporations** in Slovakia fell by 0.3% year-on-year, to stand at 0.6% p.a. as at end-2013. The rate for the same category of deposits in the euro area fell in the same period from 1.8% p.a. to 1.3% p.a. Interest rates on **household deposits with an agreed maturity of up to two years** in Slovakia fell by 0.5% year-on-year, to stand at 1.6% p.a. The same rate in the euro area dropped from 2.6% p.a. to 1.9% p.a. as at end-2013.

Chart 86 Interest rates on deposits with agreed maturity in SR and euro area (outstanding amounts) (% p.a.)



Source: ECB, NBS.



COLLECTIVE INVESTMENT: MUTUAL FUNDS

3 COLLECTIVE INVESTMENT: MUTUAL FUNDS

In the financial market of Slovakia, collective investment is represented by six domestic asset management companies and by one foreign asset management company, managing a total of 83 open-end mutual funds as at 31 December 2013.

Domestic asset management companies:

- Alico Funds Central Europe správ. spol., a.s.
- Asset Management Slovenskej sporiteľne, správ. spol., a.s.
- IAD Investments, správ. spol., a.s.
- Prvá Penzijná správcovská spoločnosť Poštovej banky, správ. spol., a.s.
- Tatra Asset Management, správ. spol., a.s.
- VÚB Asset Management, správ. spol., a.s.

Foreign asset management company:

- ČSOB Asset Management, investiční společnost, a.s.

3.1 CURRENT DEVELOPMENTS IN THE DOMESTIC MUTUAL FUNDS MARKET

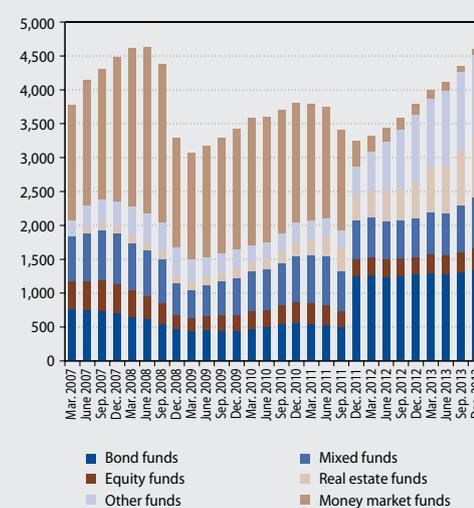
At the end of 2013, the mutual funds market still reflected the trends from the past two years. Owing to the stricter criteria and limits set for the portfolios of money market funds, asset management companies were no longer motivated to offer investment opportunities of this type to investors. The money market funds' share of the total assets of mutual funds decreased throughout 2012, and this trend continued into 2013. By the end of the last quarter of 2013, the share of equity funds had grown by 27.66% year-on-year. The rate of growth

accelerated significantly in comparison with the previous quarter, by almost 19 percentage points.

The value of assets managed by real estate funds has historically shown a rising tendency. By end-December 2013, the assets of these funds had grown by 68.7% year-on-year. The accelerated growth in 2013 can be attributed to the emergence of a new real estate fund in the first quarter of the year.

The influence of newly established special funds on the year-on-year rate of growth in total assets in the category of other funds diminished gradually in 2013, and the growth of these funds slowed step by step. Compared with the previous

Chart 87 Mutual funds broken down by investment strategy (EUR millions)



Source: NBS.

Table 12 Year-on-year changes in total assets of mutual funds by type

Total assets	Year-on-year change in %				
	XII. 12	III. 13	VI. 13	IX. 13	XII. 13
Bond funds	1.31	1.68	2.99	4.78	4.42
Equity funds	7.46	12.99	9.73	8.72	27.66
Mixed funds	-1.44	3.46	9.61	23.81	34.29
Real estate funds	38.97	65.51	63.11	77.10	68.73
Other funds	146.11	78.85	46.04	32.51	19.88
Money market funds	-60.44	-42.20	-37.04	-52.67	-45.95

Source: NBS.

quarter, a slowdown of 12.63 percentage points was recorded in the fourth quarter, to 19.88% as at 31 December 2013.

Over the past year, bond funds had maintained a moderately rising trend in the value of their assets. The total asset value as at 31 December 2013 was 4.42% higher than a year earlier. The persistent lack of interest in money market funds among investors led to a year-on-year decline of 45.95% in their assets as at end-December 2013.

3.2 STRUCTURE OF MUTUAL FUNDS IN SLOVAKIA AND IN THE EURO AREA

For the purposes of monetary and financial statistics compiled by the European Central Bank, mutual funds are broken down by investment strategy into the following categories: money market funds and short-term money market funds, bond funds, equity funds, mixed funds, real estate funds, and other funds.

The structure of mutual funds according to their investment policy is different in Slovakia and in the euro area. The only common feature is the significance of bond funds in both economic regions: they represent the most important category with approximately the same market share (28.9% in Slovakia and 31.2% in the euro area).

The share of other funds, which has markedly increased in Slovakia over the past two years owing to the emergence of new types of specialised investment funds, is different in the two regions. In Slovakia, they represent the second largest category with a share of 26.3%. In the euro area, however, they account for only 5.3% of the total assets of mutual funds. A relatively significant position in the euro area is held by equity funds (24.5%) and mixed funds (22.4%). In Slovakia, the third most significant category is that of real estate funds, which invest mainly in equity participations in real estate companies. Their share reached 19.4% at the end of 2013. They were followed by investment funds with a mixed investment strategy (16.3%) and equity funds (7.3%). The smallest category of mutual funds in terms of total assets was constituted by money market funds, with a share of 1.8%. In the euro area, hedge funds represented the smallest category

of funds, with a share of 2.1%. These investment funds are highly risky, they may produce a high yield or a serious loss. They attempt to earn an absolute yield, which is not dependent on the general economic situation, nor on capital market developments. Mutual funds of this category are not yet registered in Slovakia.

Chart 88 Share of funds types on total assets of domestic mutual funds as at 31 December 2013

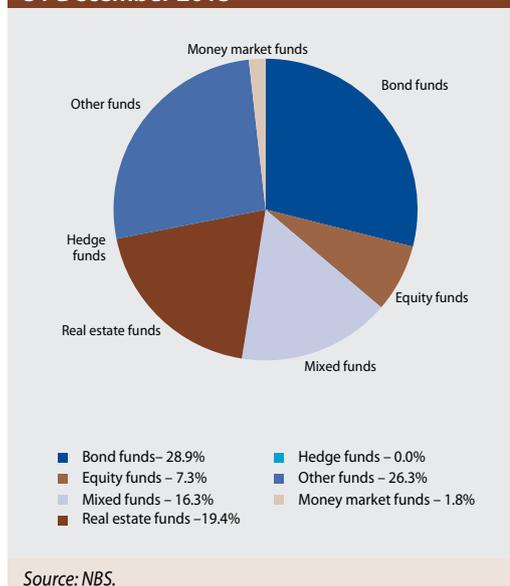
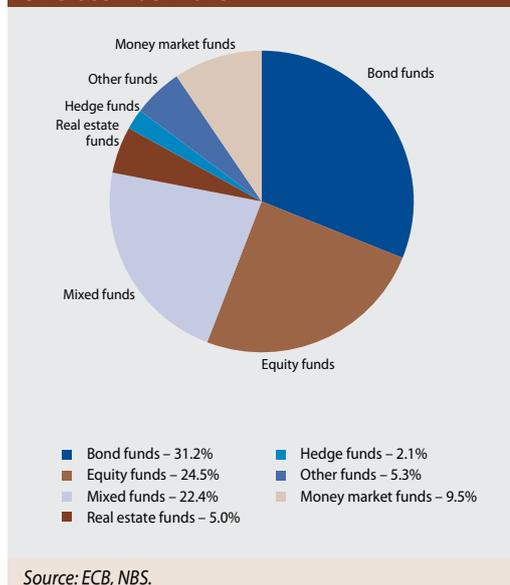


Chart 89 Share of funds types on total assets of mutual funds in Euro area as at 31 December 2013





3.3 ASSET STRUCTURE OF DOMESTIC MUTUAL FUNDS

3.3.1 MONEY MARKET FUNDS

Money market funds are considered to be the least risky type of mutual funds. They invest predominantly in money market instruments and liquid securities.

As at the end of the last quarter of 2013, money market funds had 81.4% of their resources invested in bank deposits and 18.3% in debt securities. The remaining 0.3% was in other assets. Compared with the previous quarter, the asset structure of money market funds had changed slightly in favour of bank deposits, the share of which had increased by almost 3 percentage points.

The overall securities portfolio of money market funds was dominated by domestic securities, the share of which had decreased by 1.8 percentage points quarter-on-quarter, to 86.7% as at 31 December 2013. They were followed by securities issued in other euro area member states, with a share of 13.3%.

Broken down by sector, money market funds continued to invest heavily in government securities

(Sector S.13) in the quarter under review. They accounted for 63.3% of the money market funds' aggregated portfolio, which was 20.2 percentage points less than in the previous quarter. The rest of the portfolio was formed by debt securities issued by non-financial institutions (Sector S.11), which accounted for 36.7% of the portfolio.

Chart 91 Money market funds: structure of assets as at 31 December 2013

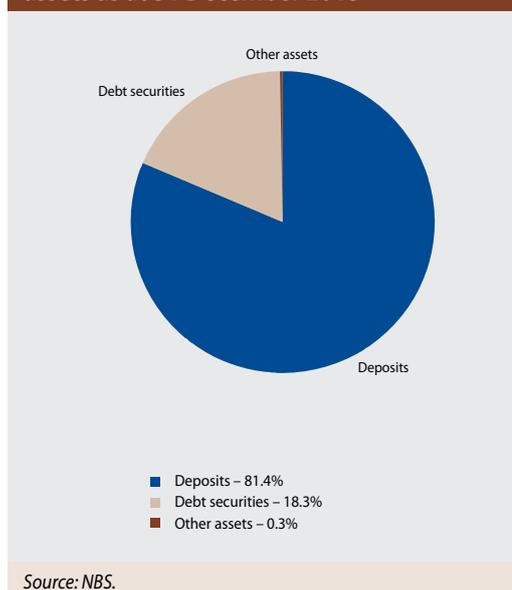


Chart 90 Money market funds: evolution of assets (EUR millions)

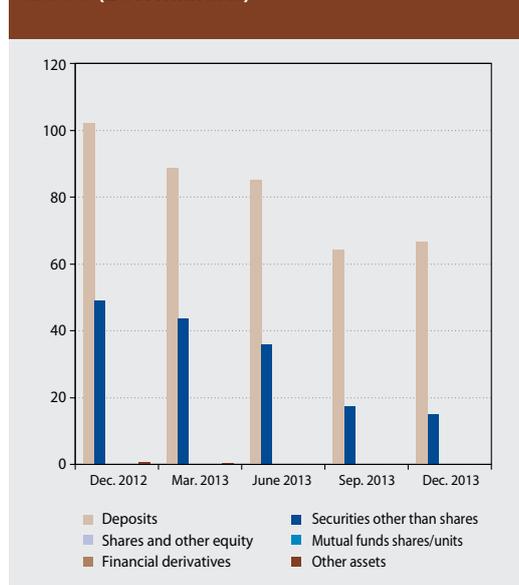


Chart 92 Geographical and sectoral breakdown of debt securities in portfolio of money market funds as at 31 December 2013

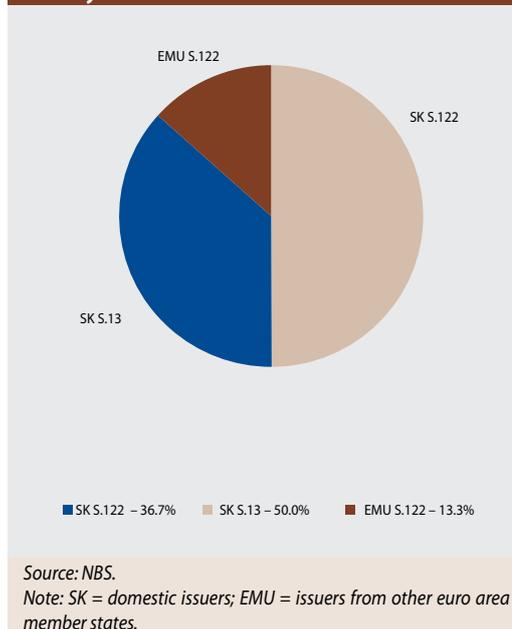
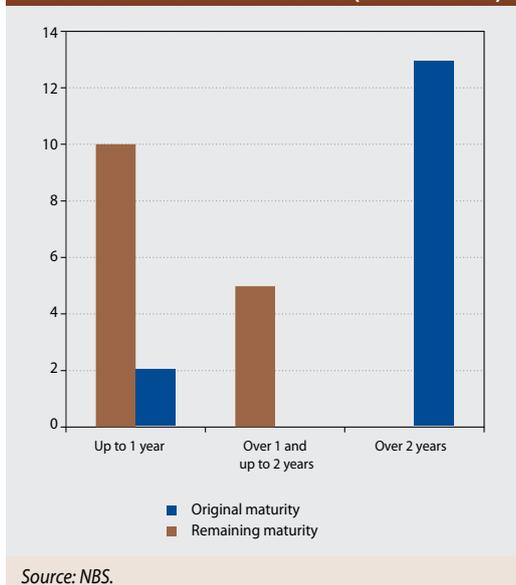


Chart 93 Maturity breakdown of debt securities in portfolio of money market funds as at 31 December 2013 (EUR millions)



The liquidity and maturity of securities in the portfolio of mutual funds are important factors in the risk assessment process. Interesting information in this respect can be obtained from a comparison of the original and residual maturities of securities in the aggregated portfolio of money market funds: while securities with an agreed maturity of over two years accounted for 86.6% as at 31 December 2013, this share dropped to zero when the residual maturity of over two years was taken into account. The share of securities with a residual maturity of over one and up to two years stood at 33.3% as at the end of the last quarter of 2013. The remaining part of the portfolio was formed by securities with a residual maturity of up to one year and a share of 66.7%.

3.3.2 BOND FUNDS

Bond funds invest primarily in government and bank debt securities, and in fixed-term bank deposits.

The assets managed by bond funds as at 31 December 2013 were dominated by debt securities, the share of which, however, decreased in comparison with the previous quarter by 1.9 percentage points (to 52.57%). A significant part

of these assets were invested in fixed-term bank deposits or held on current accounts, the share of which in total assets reached 40.49% at the end of the fourth quarter. Mutual fund shares/units accounted for 6.78%. The remaining 0.2% was formed by other assets, including financial derivatives.

At the end of the fourth quarter of 2013, the overall securities portfolio of bond funds was dominated by domestic securities (with a share of 46%), followed by securities issued outside the euro area (36%) and securities issued in other euro area member states (18%).

Broken down by sector, the securities portfolio of bond funds as at 31 December 2013 comprised mostly government bonds (49.3%) and debt securities issued by banks (40.3%). The remaining 10.4% was made up by debt securities issued by non-financial corporations and other financial institutions.

Broken down by residual maturity, bond funds held 25.1% of their portfolio in securities with a maturity of up to one year, 24.9% in securities with a maturity of over one and up to two years, and 50% in securities with a maturity of over two years.

Chart 94 Bond funds: evolution of assets (EUR millions)

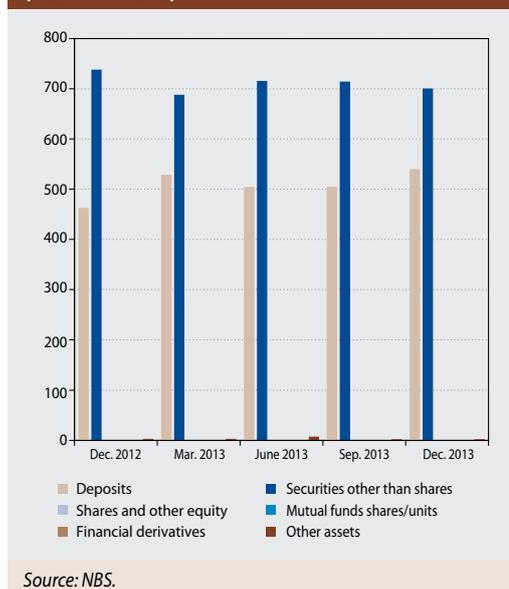
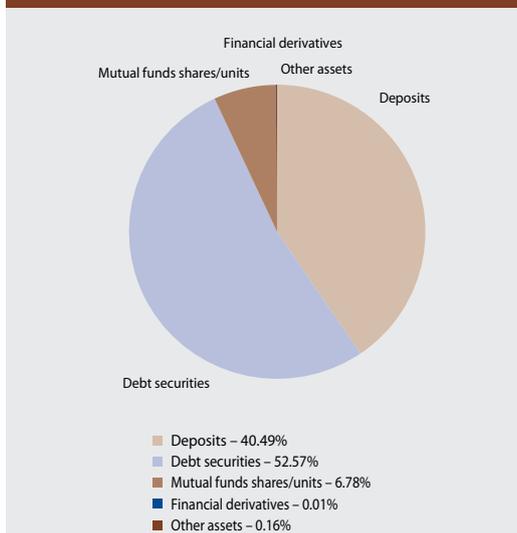
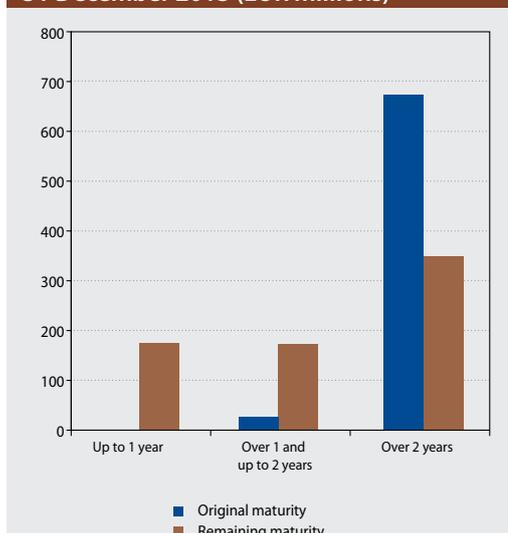


Chart 95 Bond funds: structure of assets as at 31 December 2013



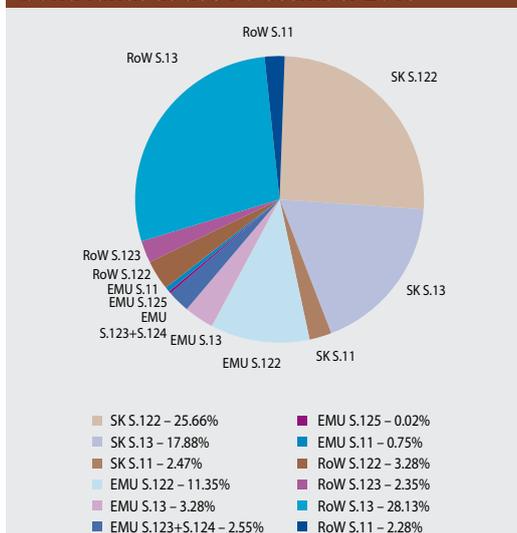
Source: NBS.

Chart 97 Maturity breakdown of debt securities in portfolio of bond funds as at 31 December 2013 (EUR millions)



Source: NBS.

Chart 96 Geographical and sectoral breakdown of debt securities in portfolio of bond funds as at 31 December 2013



Source: NBS.

Note: SK = domestic issuers; EMU = issuers from other euro area member states; RoW = issuers from the rest of the world.

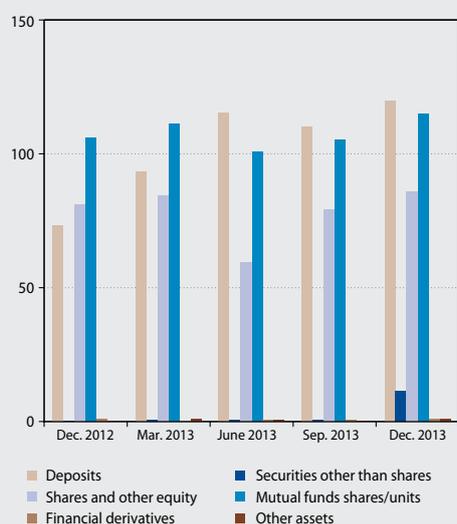
3.3.3 EQUITY FUNDS

As a result of debt security purchases into the portfolio of equity funds, a marked change was only recorded in the share of this asset component, the value of which had been close to zero in the previous periods. In the fourth quarter of 2013, this share increased by 3.2 percentage points, to 3.4%. The most significant balance-sheet items were bank deposits with a share of 35.9%, mutual fund shares/units (34.5%), and shares and other equity participations (25.8%). Other assets, including financial derivatives, accounted for 0.5% of the total assets of equity funds.

The geographical breakdown of mutual funds shares/units remained virtually unchanged over the quarter under review. Mutual fund shares/units issued by domestic mutual funds accounted for 45% as at the end of the last quarter of 2013, those issued by mutual funds from other euro area member states accounted for 38%, and shares/units issued by mutual funds from the rest of the world represented 17%.

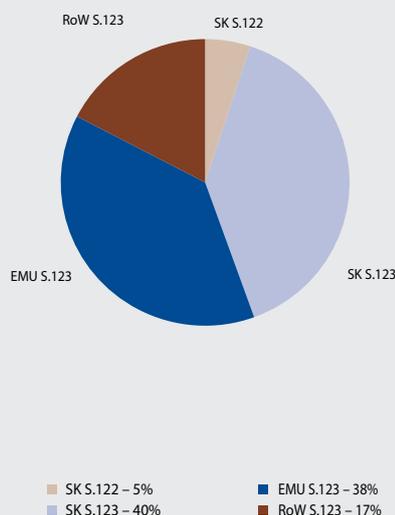
The proportions of money market fund shares/units and investment fund shares/units remained virtually unchanged in comparison with the previous quarter. The proportion of investment fund shares/units to all mutual fund shares/units in portfolio stood at 95% as at end-December 2013.

Chart 98 Equity funds: evolution of assets (EUR millions)



Source: NBS.

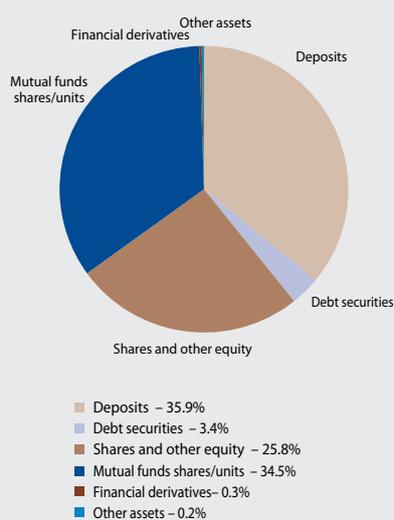
Chart 100 Geographical and sectoral breakdown of mutual funds shares/units in portfolio of equity funds as at 31 December 2013



Source: NBS.

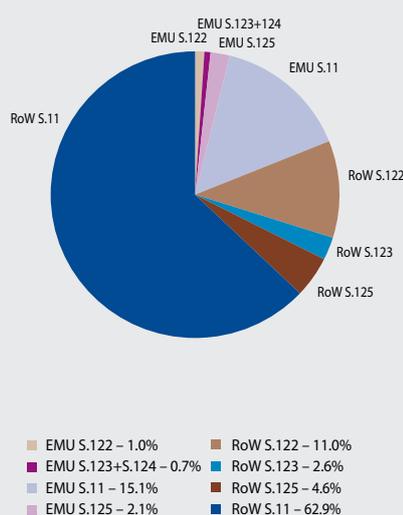
Note: SK = domestic issuers; EMU = issuers from other euro area member states; RoW = issuers from the rest of the world.

Chart 99 Equity funds: structure of assets as at 31 December 2013



Source: NBS.

Chart 101 Geographical and sectoral breakdown of shares and other equity in portfolio of equity funds as at 31 December 2013



Source: NBS.

Note: EMU = issuers from other euro area member states; RoW = issuers from the rest of the world.

The aggregated portfolio of equity funds was dominated by shares of non-financial corporations from the rest of the world (62.9%), followed

by shares of non-financial corporations from other euro area member states (15.1%) and shares of banks from non-euro area countries (11.0%).

3.3.4 MIXED FUNDS

The most significant asset item in the balance sheets of mixed funds has historically been mutual fund shares/units. The proportion of mutual fund shares/units stood at 50.5% as at 31 December 2013. Further significant asset items were bank deposits (27.9%), debt securities (15.1%), and equities (6.1%). The proportion of other assets, including financial derivatives, reached 0.4% at end-December 2013.

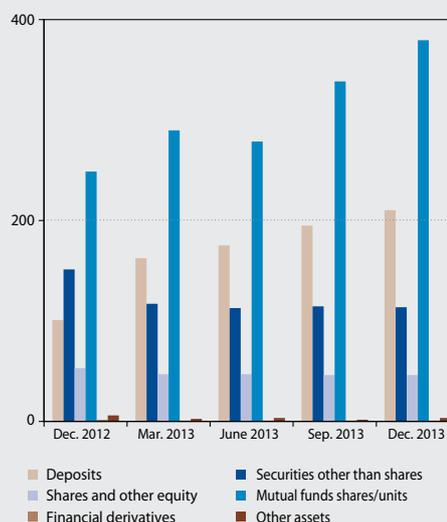
In geographical terms, the structure of mutual fund shares/units changed in the fourth quarter of 2013 in favour of shares/units from other euro area member states, the proportion of which increased by almost 4 percentage points. The aggregated portfolio of mutual funds has historically been dominated by shares/units issued by domestic mutual funds (44.1% as at 31 December 2013). Mutual fund shares/units issued in other euro area member states accounted for approximately 39.6% and those issued in the rest of the world represented 16.3%.

In geographical terms, the structure of securities in the portfolio of mixed funds as at 31 December 2013 was dominated by bonds issued by domestic companies, with a share of 46.8%. They were followed by securities from the rest of the world (36.8%) and securities from other euro area member states (16.4%).

Broken down by sector, the portfolio of mixed funds was dominated by the general government sector (Sector S.13) with a share of 51% as at 31 December 2013.

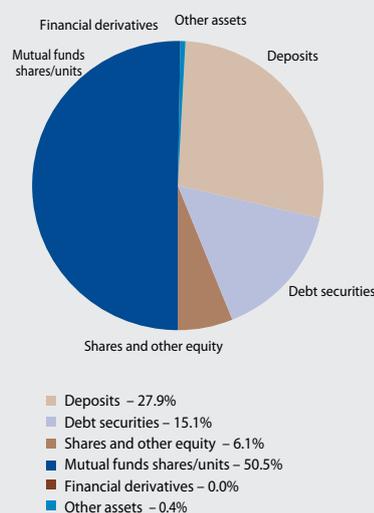
Broken down by residual maturity, mixed funds had 22.8% of their portfolio in securities with a maturity of up to one year, 30.7% in securities with a maturity of over one and up to two years, and 46.5% in securities with a maturity of over two years.

Chart 102 Mixed funds: evolution of assets (EUR millions)



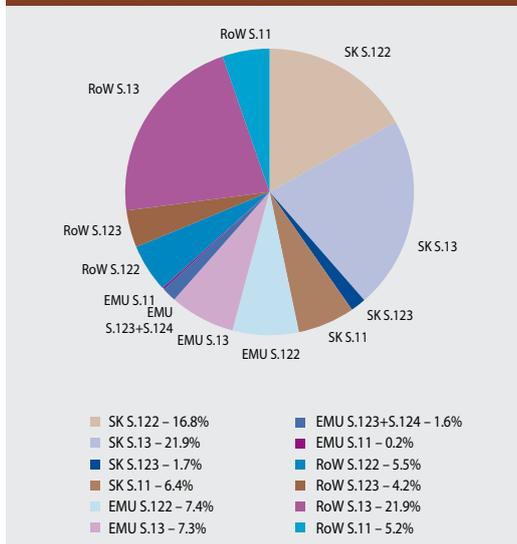
Source: NBS.

Chart 103 Mixed funds: structure of assets as at 31 December 2013



Source: NBS.

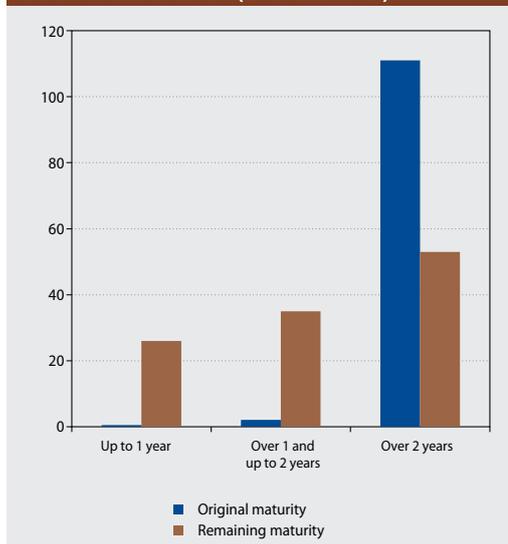
Chart 104 Geographical and sectoral breakdown of debt securities in portfolio of mixed funds as at 31 December 2013



Source: NBS.

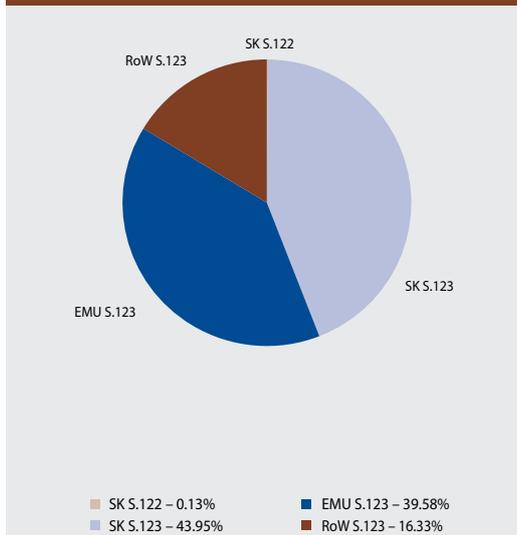
Note: SK = domestic issuers; EMU = issuers from other euro area member states; RoW = issuers from the rest of the world.

Chart 106 Maturity breakdown of debt securities in portfolio of bond funds as at 31 December 2013 (EUR millions)



Source: NBS.

Chart 105 Geographical and sectoral breakdown of mutual funds shares/units in portfolio of mixed funds as at 31 December 2013



Source: NBS.

Note: SK = domestic issuers; EMU = issuers from other euro area member states; RoW = issuers from the rest of the world.

3.3.5 REAL ESTATE FUNDS

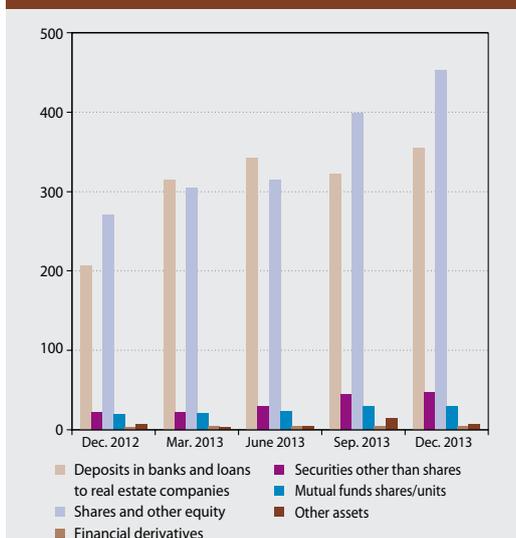
Real estate funds invest primarily in shares and equity participations in real estate companies, in line with their investment strategy. In compliance with the law, they use part of the funds obtained to grant loans to real estate companies. The structure of assets managed by real estate funds remained virtually unchanged over the quarter under review. The share of *bank deposits and loans to real estate companies* stood at 39.7% as at the end of the last quarter of 2013. The proportion of *shares and other equity participations* stood at 50.6%. In the quarter under review, real estate funds also invested, though to a lesser extent, in debt securities (5.3% of the portfolio), mutual fund shares/unit (3.3%), and other assets, including financial derivatives (1.2%).

The geographical and sectoral breakdown of shares and equity participations in the aggregated portfolio of real estate funds indicates

that the largest share (78.4%) was accounted for by domestic non-financial corporations (Sector S.11). Their share had decreased considerably in quarter-on-quarter terms, i.e. by roughly 8.2 percentage points. This was caused by growing investment in equity participations in Czech real

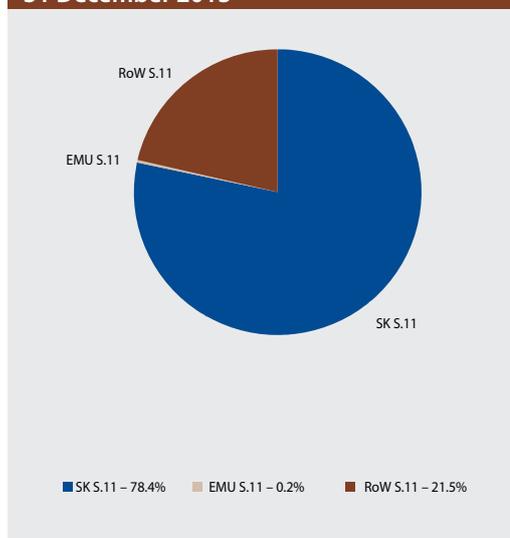
estate companies. Compared with 30 September 2013, the share of non-financial corporations from other EU Member States increased by 8.2 percentage points (to 21.5%), and that of non-financial corporations from other euro area member states remained unchanged (at 0.2%).

Chart 107 Real estate funds: evolution of assets (EUR millions)



Source: NBS.

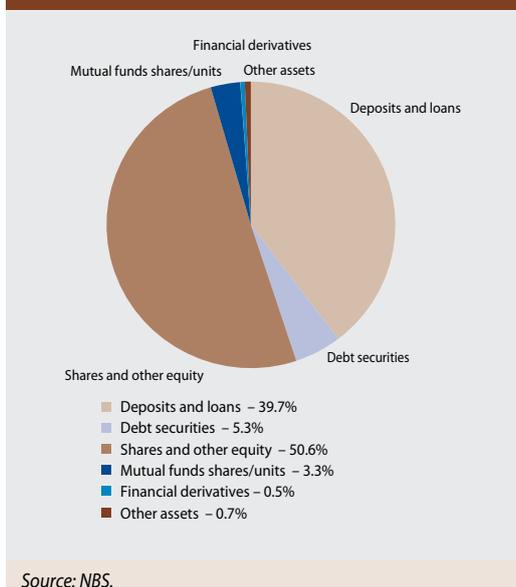
Chart 109 Geographical and sectoral breakdown of shares and other equity in portfolio of real estate funds as at 31 December 2013



Source: NBS.

Note: SK = domestic issuers; EMU = issuers from other euro area member states; RoW = issuers from the rest of the world.

Chart 108 Real estate funds: structure of assets as at 31 December 2013



Source: NBS.

3.2.6 OTHER FUNDS

Other mutual funds are defined as mutual funds that do not actually belong to any of the categories mentioned above (in terms of their investment strategy). They comprise guaranteed funds, specialised alternative investment funds (e.g. commodity funds), specialised securities funds, specialised professional investor funds, and other funds. The main asset items of *other funds* managed by domestic asset management companies are bank deposits, debt securities, and mutual fund shares/units. Developments in this category of funds have historically been influenced by the emergence of new funds, the assets of which consist largely of bank deposits in the first few months of operation. Another explanation for the high share of bank deposits is the fact that new funds started to be formed as substitutes for money market funds that had to be reclassified or dissolved owing to the strict



legislative restrictions. As at 31 December 2013, bank deposits were still an essential asset item in the balance sheets of *other funds*, with a share of 59.7%. The share of debt securities at the end of the fourth quarter stood at 23.6%. The proportion of mutual fund shares/units increased by 1.3 percentage points to 16%.

In geographical terms, debt securities in the aggregated portfolio of *other funds* have historically had a uniform structure. A dominant position in this structure as at 31 December 2013 was maintained by securities issued by domestic institutions (89%). They were followed by securities issued in other euro area member states (5.8%) and bonds issued in the rest of the world (5.2%).

Broken down by sector, the aggregated securities portfolio was dominated by securities issued

Chart 111 Other funds: structure of assets as at 31 December 2013

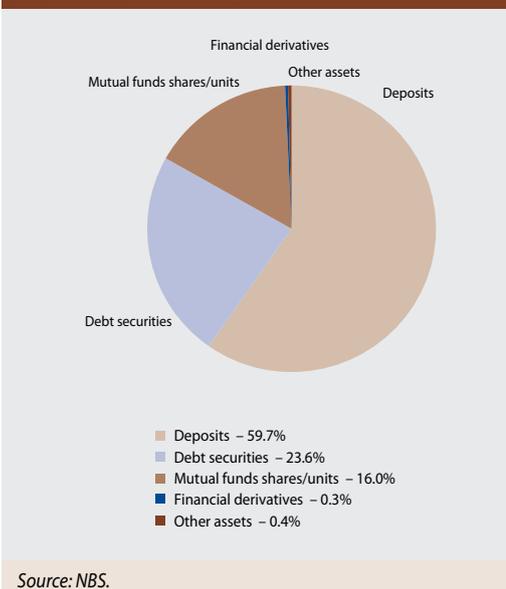


Chart 110 Other funds: evolution of assets (EUR millions)

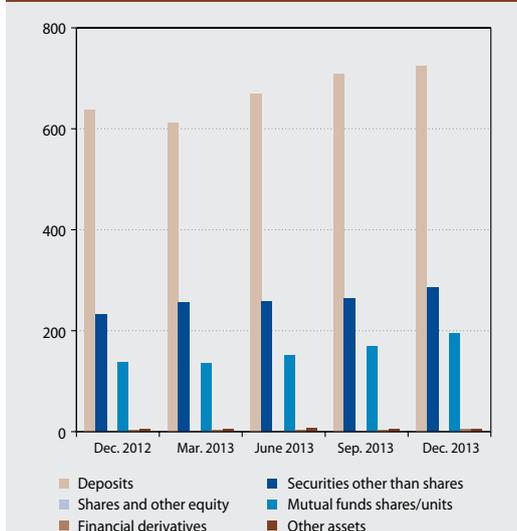


Chart 112 Geographical and sectoral breakdown of debt securities in portfolio of other funds as at 31 December 2013

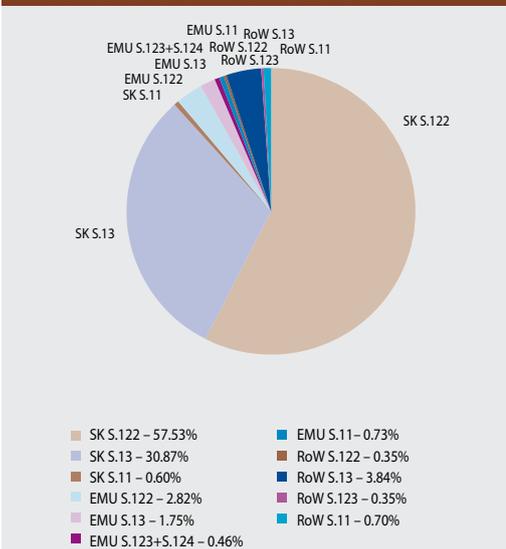
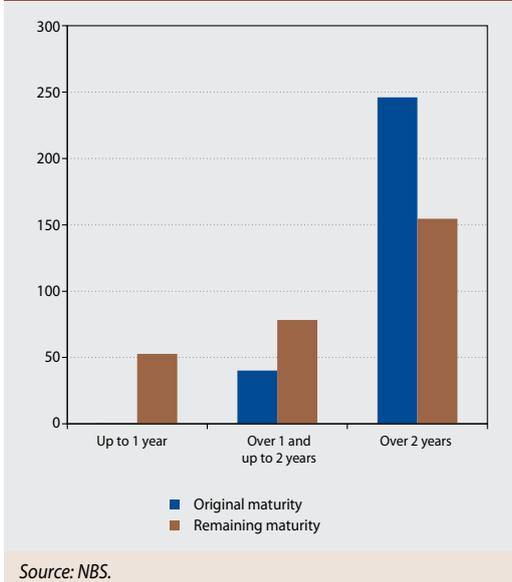




Chart 113 Maturity breakdown of debt securities in portfolio of other funds as at 31 December 2013 (EUR millions)



by banks (Sector S.122) with a share of 60.7%, followed by government bonds (Sector S.13) with a share of 36.5% as at 31 December 2013.

Broken down by residual maturity, the other funds' portfolio had the following composition: securities with a maturity of up to one year (18.5%), securities with a maturity of over one and up to two years (27.4%), and securities with a maturity of over two years (54.1%).



LEASING COMPANIES, FACTORING COMPANIES, AND CONSUMER CREDIT COMPANIES

4 LEASING COMPANIES, FACTORING COMPANIES, AND CONSUMER CREDIT COMPANIES

According to the sectoral classification of economic entities, the companies under analysis are included in the S.123 sector – *other financial intermediaries*¹, as a subcategory referred to as *financial corporations engaged in lending*.

The last quarter of 2013 proved successful for all three types of companies falling into this category. According to preliminary data as of 31 December 2013, the strongest year-on-year growth was recorded in the total assets of consumer credit companies.

The favourable trend in the consumer credit market from the previous periods continued in the fourth quarter of 2013. By 31 December 2013, the total assets of consumer credit companies had grown by approximately 12.4%, compared with the figure for 31 December 2012. The rate of growth accelerated significantly in comparison with the previous quarter, by more than 5 percentage points. This was due to a seasonal increase in demand for this form of financing in the period before Christmas.

The total assets of factoring companies recorded a sharp year-on-year decline in 2012, owing to the dissolution of three factoring companies. Over the fourth quarter of 2013, the value of total assets in this subcategory rose by 8.78% year-on-year, compared the figure for end-December 2012.

The assets of leasing companies continued to grow as in the previous quarter, at virtually the same pace (roughly 6%). The value of their assets as at 31 December 2013 was 5.9% higher than a year earlier and 0.3 percentage point lower than at the end of the previous quarter.

Among companies engaged in non-bank lending, the dominant position has historically been maintained by leasing companies. As at end-

Chart 114 Evolution of total assets by type of business (EUR millions)

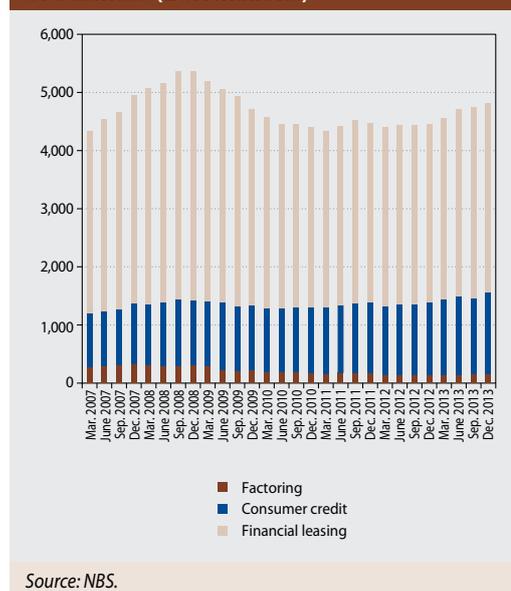


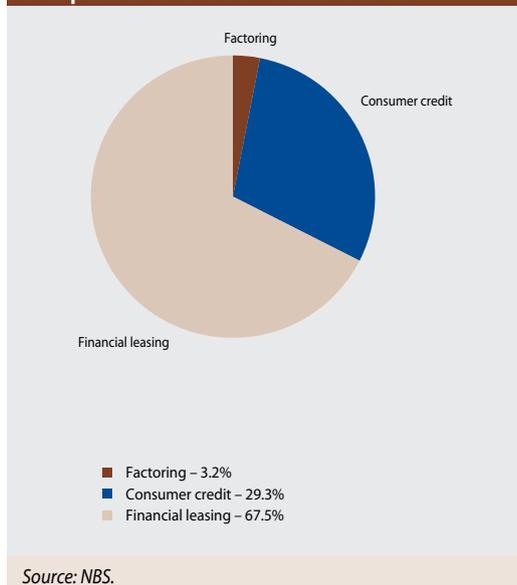
Table 13 Year-on-year changes in total assets of financial corporations engaged in lending

Total assets	Year-on-year change in %				
	XII. 12	III. 13	VI. 13	IX. 13	XII. 13
Financial leasing	-0.24	1.07	4.39	6.20	5.87
Factoring	-19.34	1.41	-0.63	6.38	8.78
Consumer credit	2.83	10.32	10.07	7.17	12.43

Source: NBS.

¹ The European System of National Accounts (ESA 95) defines other financial intermediaries, except insurance corporations and pension funds as financial corporations and quasi-corporations engaged mainly in financial intermediation through the acceptance of liabilities in forms other than cash, deposits and/or close substitutes for deposits from institutional units other than monetary financial institutions, or insurance technical reserves.

Chart 115 Financial corporations engaged in lending: Assets share of included companies as at 31 December 2013



States, with a share of roughly 15%. The remaining 6% was made up by customers from other euro area member states.

The clientele of factoring companies has historically been dominated by non-financial corporations, owing to the nature of their activities. As at end-December 2013, they accounted for 98.9% of all customers.

Financial leasing services were also used primarily by non-financial corporations (87.9%), followed by households (10.9%) and other sectors (1.2%).

The sale of consumer goods against payment by instalment has historically been an important form of household financing in Slovakia. Hence, the structure of domestic customers was dominated in the period under review by households (Sector S.14), with a share of 95.66% as at 31 December 2013. They were followed by non-financial corporations (S.11) with a share of 3.85% and by other financial intermediaries (S.123) with a share of 0.49%.

2013, leasing companies had a market share of 67.5%.

The geographical breakdown of credits and loans provided by domestic companies engaged in non-bank lending indicates that such credits and loans are used predominantly by domestic customers.

As at the end of the quarter under review, loans offered by domestic leasing companies were used exclusively by domestic customers.

As at 31 December 2013, domestic consumer credit companies had predominantly domestic customers (90.33%). Customers from other euro area member states accounted for only 9.67%.

The share of domestic customers in the clientele of factoring companies changed at the beginning of 2013, when new reporting entities entered the market. As at 31 December 2013, domestic customers accounted for approximately 79%. They were followed by customers from the rest of the world, particularly from EU Member

Chart 116 Geographical and sectoral breakdown of financial leasing companies lending as at 31 December 2013

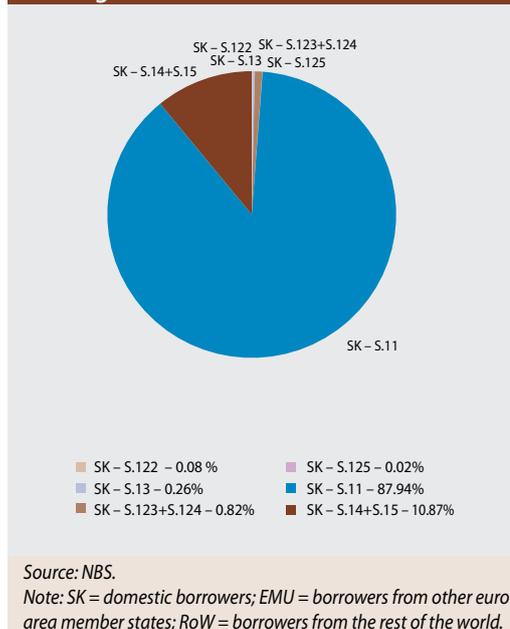
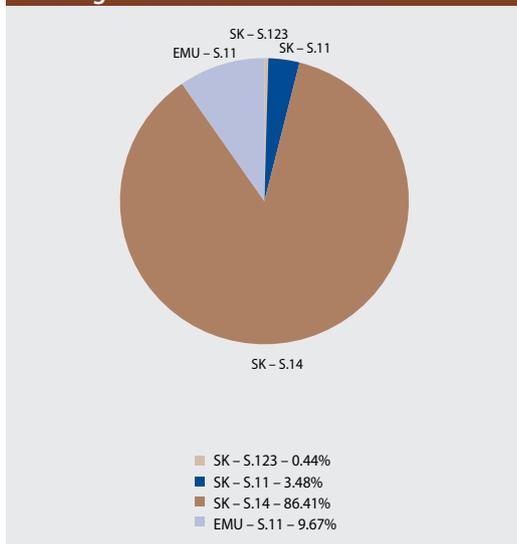


Chart 117 Geographical and sectoral breakdown of consumer credit companies lending as at 31 December 2013



Source: NBS.

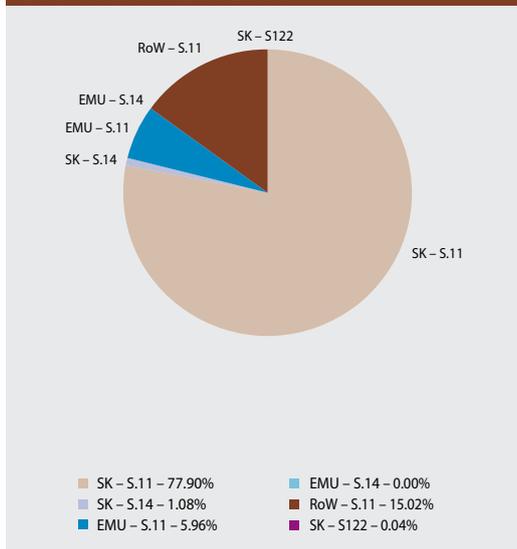
Note: SK = domestic borrowers; EMU = borrowers from other euro area member states

Regarding the flow of funds across the individual economic sectors, an interesting aspect is the allocation of financial resources to the types of companies under analysis, for the provision of credits and loans through non-bank lending channels.

The main source of financing was still foreign (borrowed) capital representing 73.3% of the total financial resources. Foreign capital was obtained mostly in the form of bank loans, which accounted for 82.4% as at 31 December 2013. The rest was obtained in the form of credits and loans borrowed from companies belonging to the same financial group (12.5%) or proceeds from issues of debt securities (5.1%).

The main components of own capital were share capital, retained earnings from previous periods, shares and other equity participations.

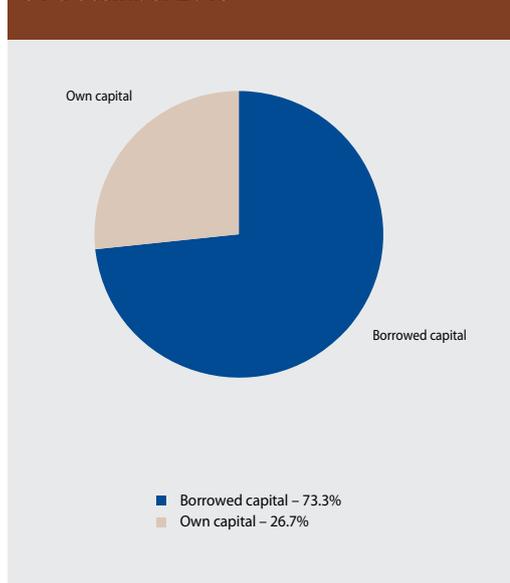
Chart 118 Geographical and sectoral breakdown of factoring companies lending as at 31 December 2013



Source: NBS.

Note: SK = domestic borrowers; EMU = borrowers from other euro area member states; RoW = borrowers from the rest of the world.

Chart 119 Breakdown of source capital as at 31 December 2013



Source: NBS.



NÁRODNÁ BANKA SLOVENSKA
EUROSYSTEM

CHAPTER 5

SECURITIES

5 SECURITIES

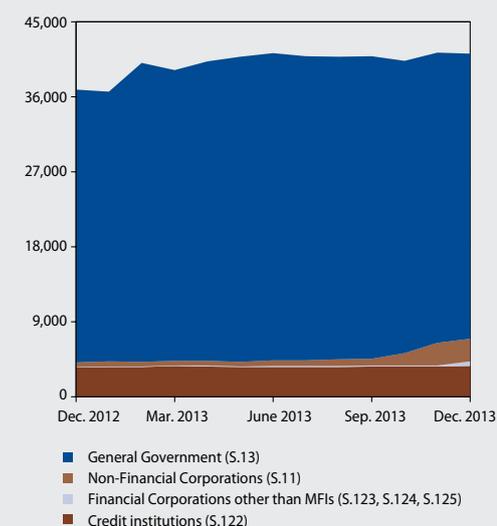
5.1 DEBT SECURITIES

The total amount of debt securities issued has historically been dominated by government bonds. Their outstanding amount as at end-December 2013 stood at €34,175.7 million. Bonds and/or mortgage bonds issued by banks represented the second most significant component with an amount of €3,722.4 million. The share of non-monetary financial institutions increased significantly in comparison with the previous quarter and reached a level comparable to that of monetary financial institutions (€3,260.8 million).

The total issue amount in net terms increased in comparison with the previous quarter, i.e. the amount of new issues exceeded that of repaid issues. In the case of monetary financial institutions, the net issue amount increased by €69.7 million. Non-monetary financial institutions recorded an increase of €2,375 million in the net issue amount. By contrast, the general government sector recorded a decrease of €2,038.6 million.

The outstanding issue amount increased by 0.78% in the fourth quarter of 2013. The previous quarter saw a modest decrease (-0.93%) in the outstanding issue amount. The increase in the fourth quarter was caused by growth in the outstanding issue amounts in two sectors: monetary financial institutions and non-monetary

Chart 120 Debt securities by sector (outstanding amounts, EUR millions)



Source: NBS.

financial institutions (by 1.66% and 266.94% respectively). By contrast, the general government sector recorded a decrease of 5.83%.

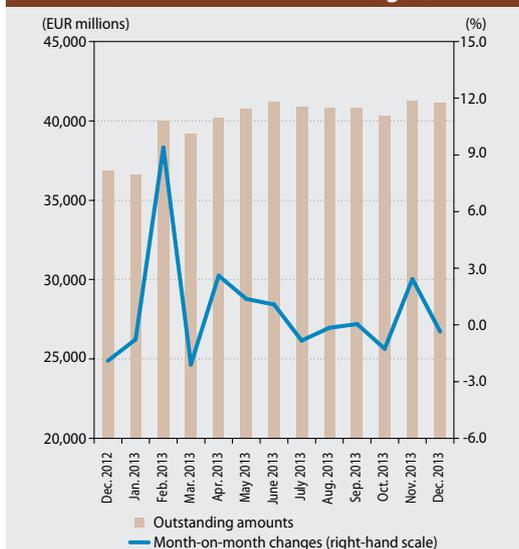
In the fourth quarter of 2013, the outstanding issue amount decreased month-on-month in October and December (by 1.3% and 0.4% respectively). November, by contrast, witnessed an increase of 2.4%.

Table 14 Debt securities (thousand EUR)

Month	Outstanding amounts				Net issues			
	Total	Monetary Financial Institutions	Non-Monetary Financial Institutions	General Government	Total	Monetary Financial Institutions	Non-Monetary Financial Institutions	General Government
2012 / 12	36,883,928	3,504,563	631,054	32,748,311	85	-384,868	40,626	344,327
2013 / 03	39,206,671	3,679,789	654,888	34,871,994	2,306,170	177,340	24,133	2,104,697
2013 / 06	41,225,466	3,599,703	803,364	36,822,400	2,060,851	-78,532	148,617	1,990,765
2013 / 09	40,841,742	3,661,612	888,663	36,291,466	-356,414	61,227	85,152	-502,793
2013 / 12	41,158,966	3,722,405	3,260,832	34,175,729	406,023	69,653	2,375,007	-2,038,636

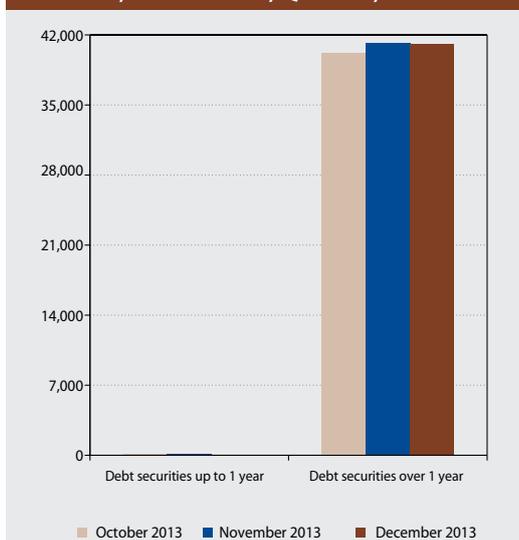
Source: NBS.

Chart 121 Debt securities (outstanding amounts, month-on-month changes)



Source: NBS.

Chart 122 Debt securities (outstanding amounts, EUR millions, Q4 2013)



Source: NBS.

Over the fourth quarter of 2013, a total of 25 new issues were placed on the securities market, of which fifteen were issued by banks, eight by non-financial corporations, and two by issuers from other sectors.

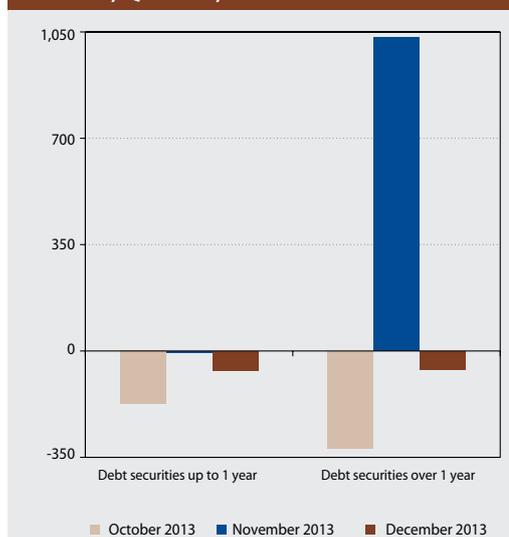
In the quarter under review, short-term debt securities recorded a fall of €242.4 million in the

net issue amount. The general government and monetary financial institutions sectors recorded a decrease of €238.5 million and €3.9 million respectively, while other financial intermediaries reported no issues in net terms.

The total issue amount of long-term debt securities in net terms increased by €648.4 million in the fourth quarter. The net issue amount of government bonds² decreased by €1,800.1 million, while that of bank bonds increased by €73.6 million. The net issue amount in the non-financial corporations sector reached a record level (€1,991.7 million). The other sectors recorded an increase of €383.3 million in the net issue amount.

According to classification by sector, the largest share of the outstanding issue amount was accounted for by the general government sector (more than 83%), followed by monetary financial institutions (more than 9%) and non-monetary financial institutions (almost 8%). According to the coupon type, the majority of issues had a fixed coupon (almost 86%) or a variable coupon (11.5%). Zero-coupon issues accounted for less than 3%. The issues were denominated mostly in euros (more than 93%); only about 7% of the issues were in other currencies. As for maturity, only a minor part (0.1%) of the issues had an original maturity of up to one year, but more than 9% of them had a residual maturity of up to one year.

Chart 123 Debt securities (net issues, EUR millions, Q4 2013)

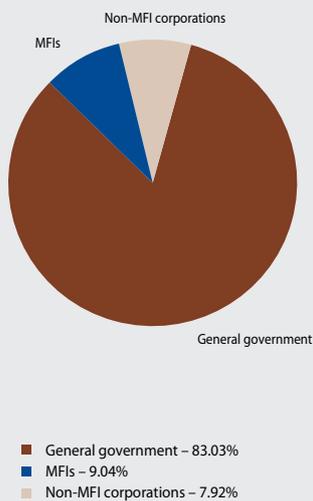


Source: NBS.

² The government bond issues in question are new tranches of existing issues.



Chart 124 Debt securities by sector
(outstanding amounts as at 31 December 2013)



Source: NBS.
Note: The individual items are classified according to the outstanding amounts of issues as at 31 December 2013.

Chart 126 Debt securities by currency
(outstanding amounts as at 31 December 2013)



Source: NBS.
Note: The individual items are classified according to the outstanding amounts of issues as at 31 December 2013.

Chart 125 Debt securities by coupon type
(outstanding amounts as at 31 December 2013)



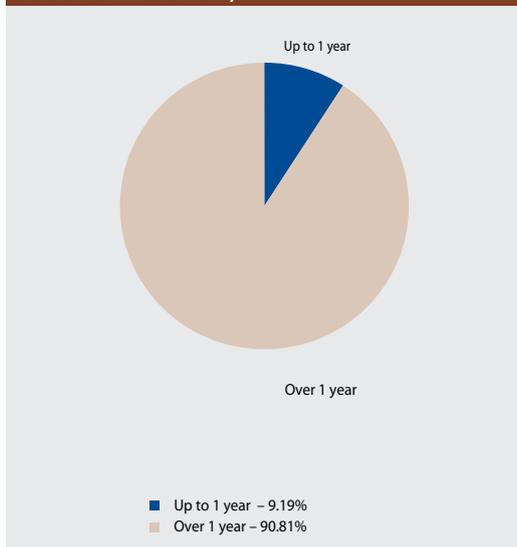
Source: NBS.
Note: The individual items are classified according to the outstanding amounts of issues as at 31 December 2013.

Chart 127 Debt securities by original maturity
(outstanding amounts as at 31 December 2013)



Source: NBS.
Note: The individual items are classified according to the outstanding amounts of issues as at 31 December 2013.

Chart 128 Debt securities by residual maturity (outstanding amounts as at 31 December 2013)



Source: NBS.

Note: The individual items are classified according to the outstanding amounts of issues as at 31 December 2013.

The most numerous debt securities placed on the domestic market by non-financial corporations are those with an outstanding amount of up to €10 million and maturity in 2017. The largest outstanding issue amount is more than €1.2 billion and the longest maturity period exceeds 20 years.

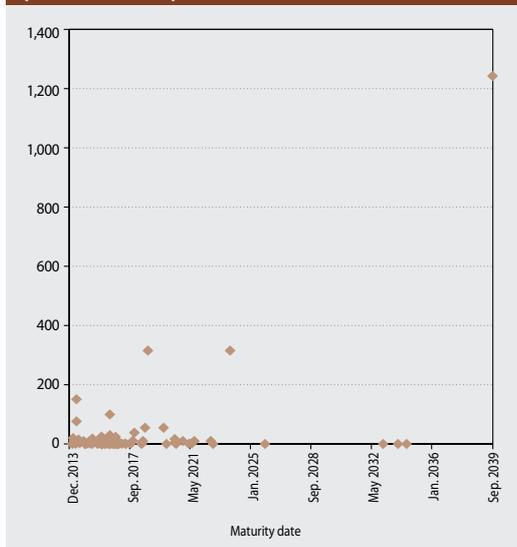
The largest outstanding issue amount of debt securities issued by banks is up to €40 million and the longest maturity period is until 2018. The largest outstanding issue amount fluctuates around €100 million and the longest maturity period is until 2037.

The number of issues of debt securities made in the government sector is lower than the number of issues made in the other two sectors, but the outstanding amount is much higher in the former case. The issue with the highest outstanding amount is worth €3.0 billion. The most recent issue will mature in 2033.

The following charts illustrate the outstanding amounts of issues in the three key sectors (the government sector, the banking sector, and the non-financial corporations sector) as a function of the issue amount and maturity.

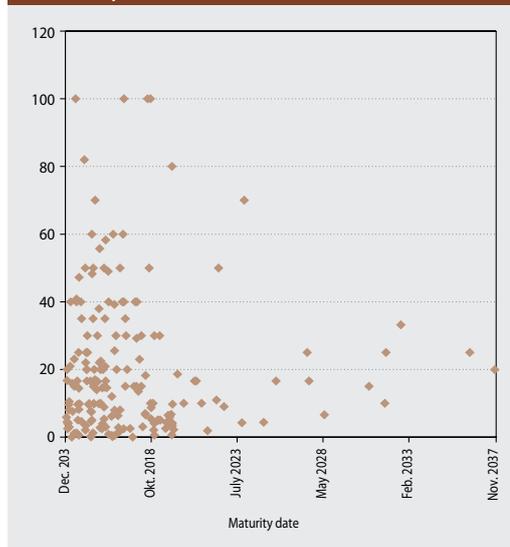
The maturity profile illustrates the course of government debt repayment based on the assumption that no new government bonds will be issued and all the existing issues will be repaid in due time.

Chart 129 Debt securities: outstanding amounts of domestic issues in S.11 sector (EUR millions)



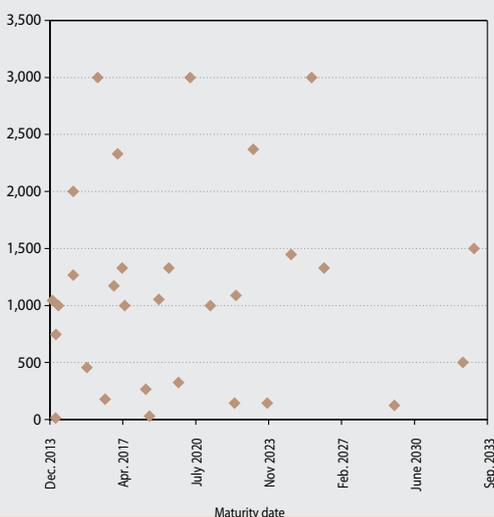
Source: NBS.

Chart 130 Debt securities: outstanding amounts of issues in S.122 Sector (EUR millions)



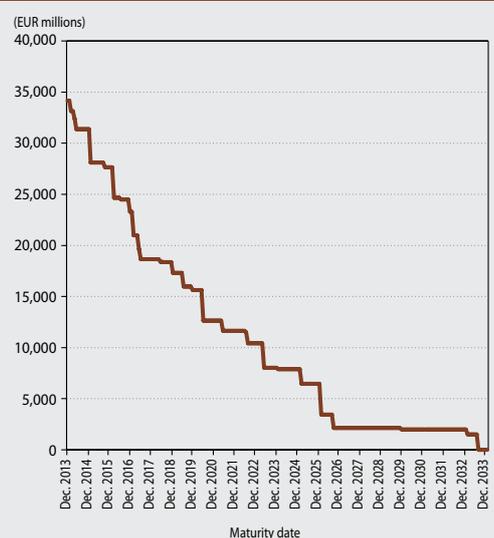
Source: NBS.

Chart 131 Debt securities: outstanding amounts of issues in S.13 Sector (EUR millions)



Source: NBS.

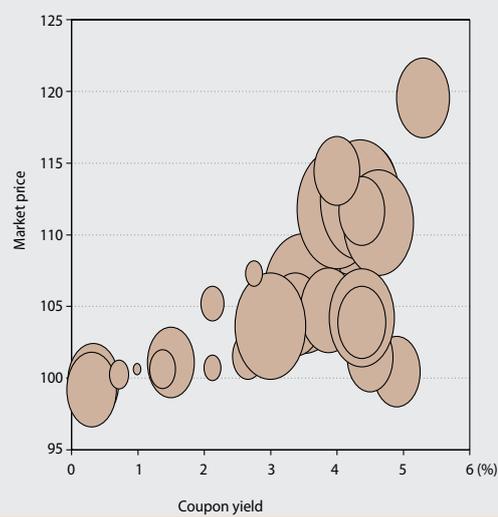
Chart 132 Government bonds: maturity profile (EUR millions)



Source: NBS.

The following chart illustrates the outstanding amounts of coupon-paying government bonds as a function of their market price and coupon yield as at the end of the fourth quarter of 2013. The average market price³ of these government bonds stood at 107.37% and the coupon yield was 3.66% at that time.

Chart 133 Government bonds: outstanding amounts (coupon bonds only, %)



Source: CSDB, issue conditions.

Note: The bubble in this chart is directly proportional in size to the outstanding amounts of the individual issues, while the centre of the bubble is given by the intersection of the market price (Source: ECB Centralised Securities Database) and the coupon yield (Source: Issue conditions).

5.2 COMPARISON OF DEBT SECURITIES: SLOVAKIA VS EURO AREA

Broken down by sector, the structure of outstanding issue amount of debt securities is different in Slovakia and in the euro area. The structure in Slovakia is dominated by the central government sector, with a share of more than 82%, followed by two sectors with a much smaller share: monetary financial institutions (more than 9%) and non-financial corporations (more than 7%). The share of other sectors is negligible. In the euro area, the most significant issuer of debt securities is the central government, but with a much smaller share (slightly more than 44%) than in Slovakia. The second most significant sector is represented by monetary financial institutions, with a share of almost 28%. Compared with Slovakia, another important issuer of debt securities in the euro area is the sector of financial institutions other than monetary financial institutions, with a share of almost 18%. Non-financial institutions account for more than 6%, but the general government sector, excluding the central government, represents the smallest sector with a share of slightly more than 4%.

During 2013, the outstanding amount of issues made by Slovak residents grew on a year-on-year

³ Arithmetical average weighted by the outstanding amount of issues.

Chart 134 Debt securities – Slovakia: by sector (outstanding amounts)

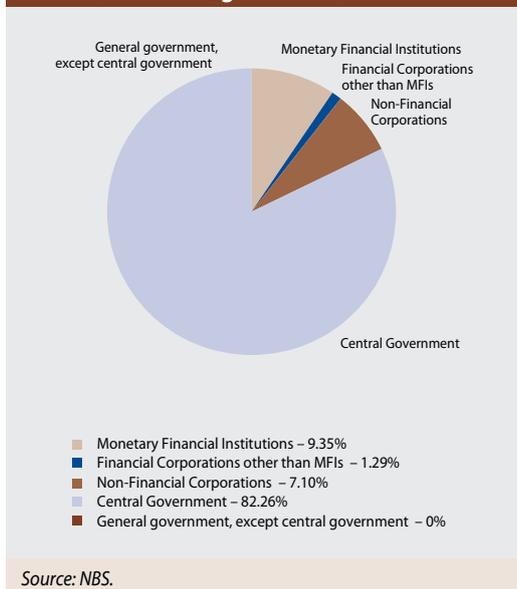
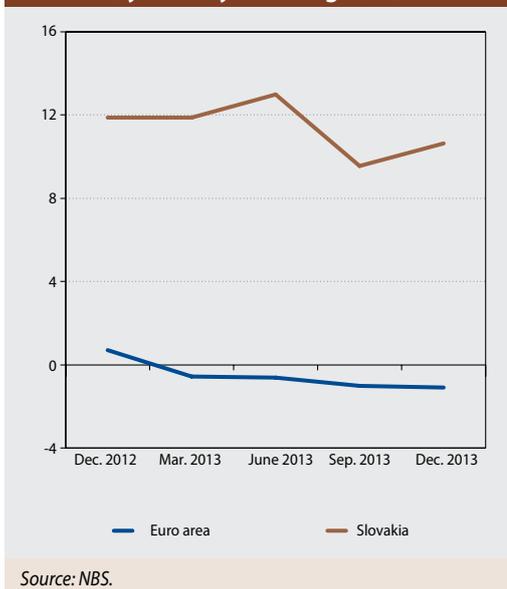


Chart 136 Debt securities – (outstanding amounts, year-on-year changes, %)



basis in each quarter under review. The rate of growth in the first half of 2013 ranged from 12% to 13%, then slowed and fluctuated between 9.5% and 10.5% in the second half of the year. In the euro area, the outstanding issue amount decreased at a broadly constant pace throughout the period under review (ranging from 0.5% to 1.1%).

The share of Slovakia in the total outstanding amount of debt securities issued in the euro area is negligible. There was no significant change in this respect in 2013: the country's share increased only negligibly, from 0.23% as at end-2012 to closely above 0.26% as at end-2013.

Chart 135 Debt securities – Euro area: by sector (outstanding amounts)

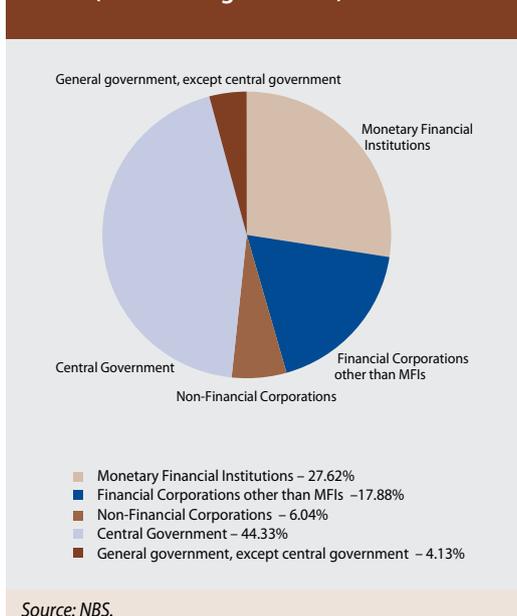
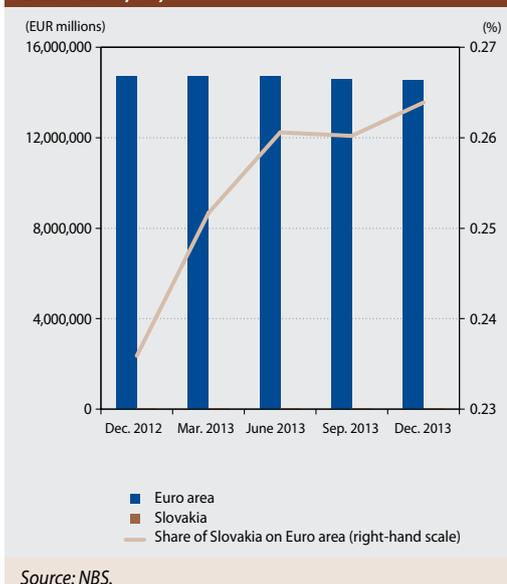


Chart 137 Debt securities – (outstanding amounts, Eur millions, share of Slovakia on Euro area, %)





5.3 QUOTED SHARES

By the end of December 2013, the outstanding amount of quoted share issues had fallen by €148.1 million, compared with the end of the previous quarter. This fall took place in credit institutions (–€10.4 million) and non-financial corporations (–€137.7 million). In the *insurance institutions and pension funds* sector, the outstanding amount of quoted shares remained unchanged in comparison with the previous quarter. Total market capitalisation stood at €3,391.6 million as at the end of the last quarter of 2013.

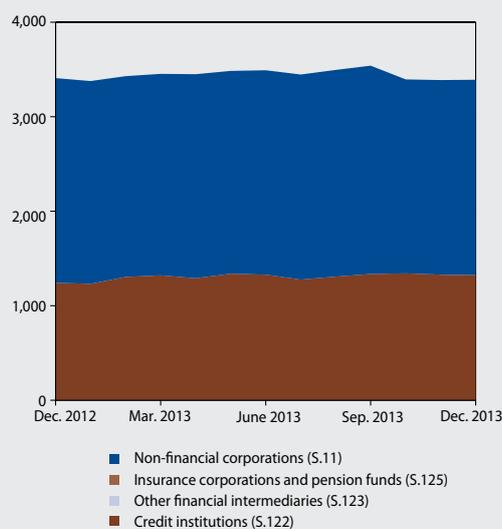
The outstanding amount of quoted share issues decreased by 4.18% compared with the previous quarter. A quarter-on-quarter decrease in

quoted shares was also reported by credit institutions (-0.8%) and non-financial institutions (-6.2%).

Over the fourth quarter of 2013, the outstanding amount of quoted share issues recorded a month-on-month increase only in December (+0.2%), while October and November saw a decrease in the outstanding amount (-4.1% and -0.3% respectively).

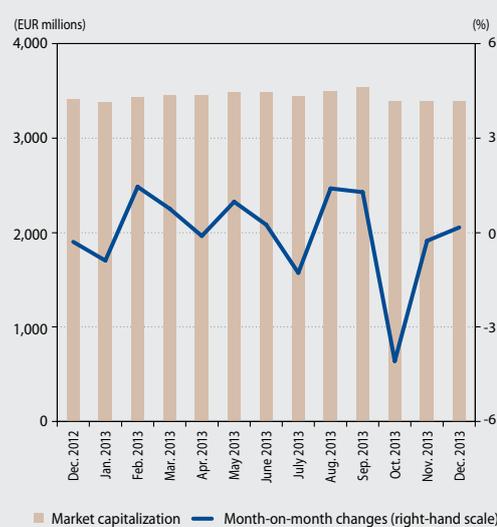
Broken down by sector, the largest share in market capitalisation, almost 61%, was accounted for by non-financial corporations, which were followed by credit institutions with a share of more than 39%. The other sectors were insignificant in this respect.

Chart 138 Quoted shares: market capitalization by sector (EUR millions)



Source: NBS.

Chart 139 Quoted shares (market capitalization, month-on-month changes)



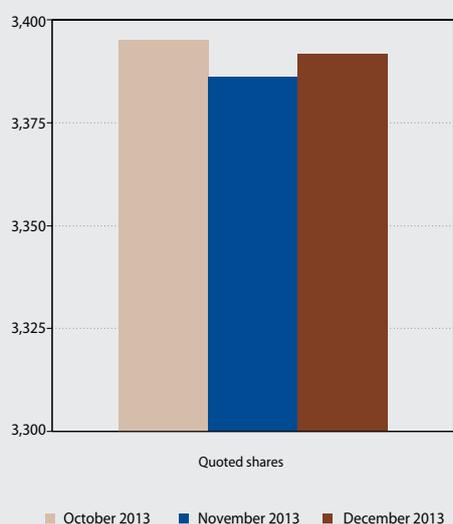
Source: NBS.

Table 15 Quoted shares (thousand EUR)

Outstanding amounts				
Month	Total	Credit Institutions	Insurance Corp. and Pension Funds	Non-Financial Corporations
2012 / 12	3,408,821	1,243,019	225	2,165,577
2013 / 03	3,453,300	1,321,117	225	2,131,958
2013 / 06	3,491,702	1,327,927	225	2,163,549
2013 / 09	3,539,657	1,335,075	225	2,204,357
2013 / 12	3,391,595	1,324,676	225	2,066,694

Source: NBS.

Chart 140 Quoted shares (market capitalization, EUR millions, Q4 2013)

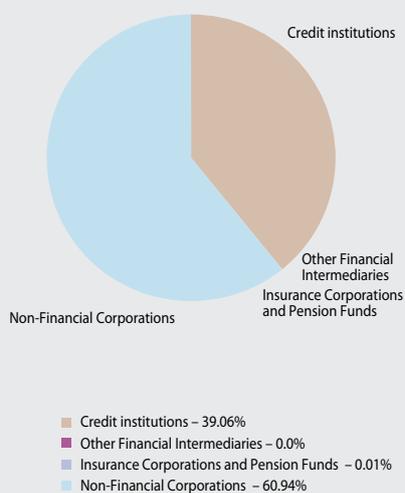


Source: NBS.

5.4 COMPARISON OF QUOTED SHARES: SLOVAKIA VS EURO AREA

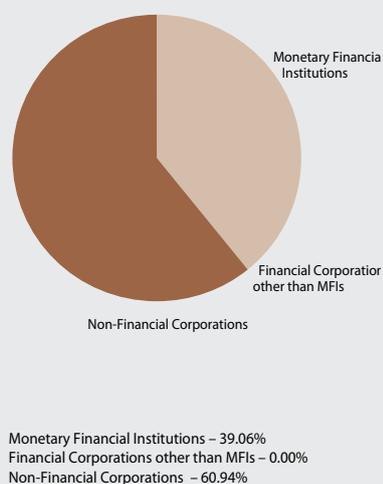
Broken down by sector, the structure and outstanding amount of quoted shares issued in Slovakia and in the euro area are different. Quoted shares in Slovakia are issued predominantly by *non-financial corporations* (almost 61%). They are followed by *monetary financial institutions* with a share of more than 39%. The other sectors are negligible. In the euro area, quoted shares are also issued largely in the *non-financial corporations* sector (more than 81%), the share of which is larger than in Slovakia. The second most significant sector is that of *monetary financial institutions*, with a share of more than 10%. Compared with Slovakia, another important issuer of quoted shares in the euro area is the sector of *financial institutions* other than monetary financial institutions, with a share of more than 8%.

Chart 141 Quoted shares by sector (market capitalization as at 31 December 2013)



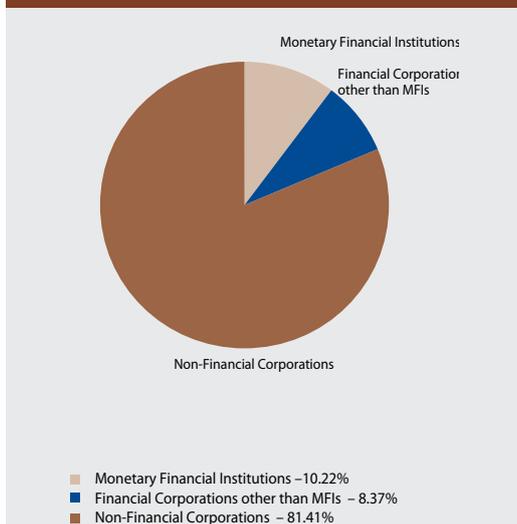
Source: NBS.

Chart 142 Quoted shares - Slovakia: by sector (outstanding amounts)



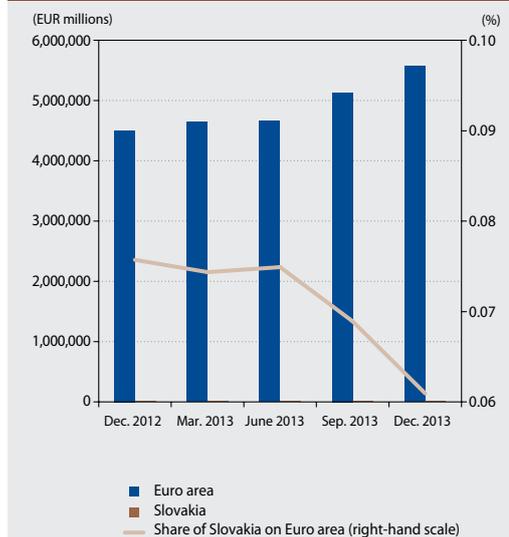
Source: NBS.

Chart 143 Quoted shares – Euro area: by sector (outstanding amounts)



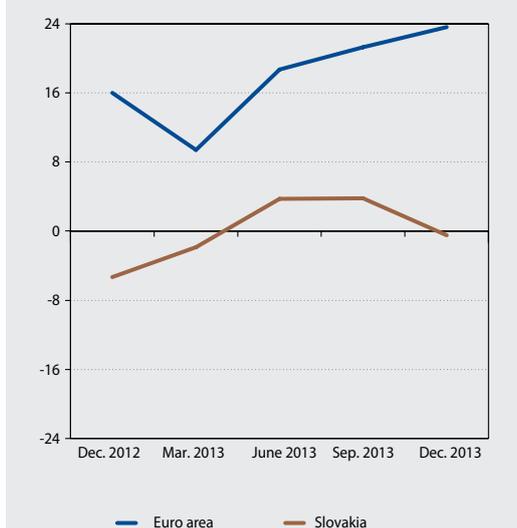
Source: NBS.

Chart 145 Quoted shares – (outstanding amounts, Eur millions, share of Slovakia on Euro area, %)



Source: NBS.

Chart 144 Quoted shares – (outstanding amounts, year-on-year changes, %)



Source: NBS.

During 2013, the outstanding amount of issues in Slovakia showed a different tendency in year-on-year terms, compared with the euro area. In Slovakia, the outstanding issue amount decreased somewhat in the first and fourth quarters, while the other two quarters saw an increase of roughly 4%. In the euro area, the outstanding issue amount grew throughout the period under review, with the rate of growth accelerating gradually from 9.5% to almost 24% in the last quarter of 2013.

The share of Slovakia in the total outstanding amount of debt securities issued in the euro area is negligible. There was no significant change during 2013: the country's share decreased only negligibly, from 0.08% as at end-2012 to closely above 0.06% as at end-2013.



SELECTED MACROECONOMIC INDICATORS



6 SELECTED MACROECONOMIC INDICATORS

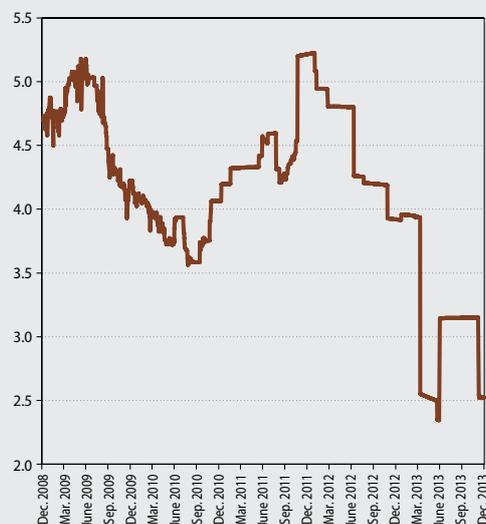
6.1 LONG-TERM INTEREST RATES

With effect from 1 July 2013, the approach based on a 'basket of bonds' was replaced with a 'benchmark-oriented' approach,⁴ using the government bond SK4120009044 as a benchmark. This approach with the same bond remained in force throughout the fourth quarter of 2013. During this period, the rate of interest dropped from 3.15% as at end-September to 2.52% as at end-December.

6.2 KEY ECB INTEREST RATES

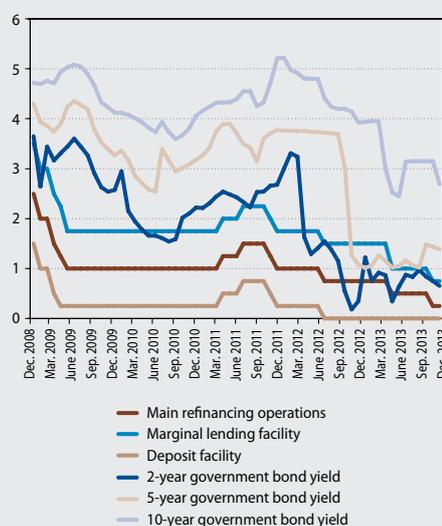
The key ECB interest rate on the main refinancing operations changed in comparison with the third quarter of 2013: it was lowered to 0.25%.⁵ The key rate for overnight refinancing operations (the marginal lending facility) was also reduced, from 1.00% to 0.75%. The key rate for overnight sterilisation operations (the deposit facility), however, remained unchanged, at 0.00%. Two-year government bond yields decreased by 0.32% quarter-on-quarter (from 0.97% to 0.65%), while five-year government bond yields increased (from 1.02% to 1.39%) and ten-year government bond yields decreased (from 3.15% to 2.69%).

Chart 146 Benchmark – yield to maturity (p.a.)



Source: BCPB.

Chart 147 Interest rates (p.a.)



Source: ECB, BCPB.

⁴ See 'Methodological Notes' in Part 7.6: Long-term interest rates.

⁵ The current key ECB interest rate has been in force since 13 November 2013.



METHODOLOGICAL NOTES



7 METHODOLOGICAL NOTES

7.1 BALANCE-SHEET STATISTICS OF MONETARY FINANCIAL INSTITUTIONS

Credit institutions in Slovakia: banks and branches of foreign banks operating in Slovakia, (except Národná banka Slovenska).

Household sector – this sector includes:

a/ Households (S.14): a sub-sector comprising households (sole proprietors) and the population (citizens). Households (sole proprietors) are private entrepreneurs not registered in the Commercial Register, doing business under the Trade Licensing Act, and natural persons doing business under a law other than the Trade Licensing Act and not registered in the Commercial Register, and private farmers not registered in the Commercial Register. The population includes households in their capacity as final consumers (citizens' accounts).

b/ Non-profit institutions serving households (S.15): a sub-sector comprising civic interest associations (unions, societies, movements, trade unions, etc.) and their organisational units, political parties and movements, their organisational units, church and religious societies, and institutions ensuring the proper conduct of certain professions (professional organisations). This sub-sector also includes the following institutions: funds; apartment owners' associations; land, forest and pasture associations; organisations providing publicly beneficial services; humanitarian societies; social, cultural, recreational and sports associations and clubs; charities; church and private schools; private preschool facilities; non-public special-purpose funds (e.g. the anti-drug fund); interest associations of legal entities.

Monetary financial institutions (MFI): financial institutions which together form the money-issuing/creating sector of the euro area. These include resident central banks, credit institutions and other resident financial institutions whose business is to receive deposits and/or other redeemable instruments from entities other than MFIs and, for their own account (at least in eco-

nomic terms), to grant credit and/or invest in securities. The latter group consists predominantly of money market funds, i.e. funds investing in short-term and low-risk instruments, which usually have a maturity of up to and including one year.

Non-financial corporations (S.11): business entities that are registered in the Commercial Register, i.e. domestic or foreign corporate entities, domestic natural persons registered in the Commercial Register and engaged in profit-oriented activities in any area of business, except in financial intermediation and insurance. The non-financial sector also includes subsidised organisations, public institutions and non-profit institutions whose expenses are covered with sales by 50 percent or more.

Non-performing loans: defaulted loans that are subject to the provisions of Section 73 of NBS Decree No. 4/2007 of 13 March 2007 (as amended) on banks' own funds and own funds requirements and on investment firms' own funds and own funds requirements.

A specific borrower is considered to be in default if

- the bank assesses that the borrower will probably fail to meet its commitments to the bank, its subsidiary or parent company, without the security being realised;

or

- the borrower is more than 90 days in arrears with a significant commitment to the bank, its subsidiary or parent company.

Principle of residency: the principle that a counterparty's country of residence is the country in which the counterparty has a centre of economic interest. This means that an economic agent is considered to be resident in the country where the agent operates for one or more years, or intends to operate on a permanent basis, or where the agent has already been registered.

Remaining assets: a residual item on the asset side of the balance sheet. In addition to fixed assets and financial derivatives with a positive fair value, this item includes, for example, accrued



revenues, including accrued interest received; profit share to be received; prepaid expenses; prepaid insurance premiums; outstanding insurance claims; claims of credit institutions not related to their main business; other cash items and cash in transit, transit items, suspense items, collection claims, advance payments and other asset items not elsewhere classified.

Remaining liabilities: a residual item on the liability side of the balance sheet. This item includes, for example, financial derivatives with a negative fair value; accrued expenses, including accrued interest payable on deposits and loans received, and on securities; profit share to be paid; deferred revenues; liabilities of credit institutions not related to their main business; provisions representing liabilities towards third parties; transit items; suspense items; funds waiting for settlement; subsidies; net equity of households in pension fund reserves, liabilities arising from collection, prepayments received and other liability items not elsewhere classified.

7.2 INTEREST RATE STATISTICS OF MONETARY FINANCIAL INSTITUTIONS

Harmonised MFI interest rate statistics are compiled from data obtained from credit institutions on deposits received from, and loans provided to, non-financial corporations and households, which are both Slovak and euro area residents. The term *households* refers to the population, including households, sole proprietors and non-profit institutions serving households. The term *new loans* or *new deposits* covers all new deposits received or loans granted during the respective reference month.

The term *outstanding amount* of loans or deposits means balances at the end of the respective reference period. Interest rates applied by credit institutions on loans or deposits are calculated as weighted arithmetic averages of the rates agreed on an annual basis.

In the case of loans provided to households for *house purchase* and *loans for consumption*, the *annual percentage rate of charge* is also reported to express the borrower's total credit-related costs. The borrower's total costs comprise the element of interest rate and the element of other

credit-related costs. The collection of the annual percentage rates of charge for statistical purposes allows developments in credit-related charges to be monitored over time.

Secured loans represent a new category, which is required for the compilation of interest rate statistics as from 2010. These are the loans secured by any type of collateral or a personal guarantee, the value of which is higher than, or equal to, the new loan's total volume. A partially secured loan is to be classified as unsecured.

The category of *loans of up to €1 million* for non-financial corporations is designed specifically for small and medium-sized enterprises. The *loans of over €1 million* category is intended for large corporations. Interest rates reflect the borrower's economic power to negotiate appropriate credit terms and conditions. Interest rate developments indicate that loans of *up to €1 million* are provided at higher rates than loans of *over €1 million*.

Agreed average annual interest rate: average interest rate individually agreed between a bank and its customer for a loan, expressed in annualised terms (percentage per annum). An agreed average annual rate is to be determined on the basis of all interest rates on loans.

An agreed interest rate is converted into an average annual interest rate according to the formula:

$$x = \left(1 + \frac{r_{ag}}{n} \right)^n - 1,$$

where

- x is the agreed average annual interest rate;
- r_{ag} is the annual interest rate agreed between the bank and its customer (borrower). The dates of loan interest capitalisation are set for the year at regular intervals;
- n is the number of periods of loan interest capitalisation per year, i.e. 1 for annual payments; 2 for semi-annual payments, 4 for quarterly payments, and 12 for monthly payments.

Interest rate statistics (outstanding amounts): these cover the outstanding amounts of bank loans of all types provided to customers and not yet repaid, and the outstanding amounts of all deposits received from customers and not yet redeemed, in all periods up to the date of report-



ing (reference period). The average interest rates agreed are expressed in annualised terms (p.a.). The method of calculation depends on the periodicity of capitalisation. The criterion for outstanding amount classification is the maturity of loans or the term of deposits.

Interest rate statistics (new business): these cover all the new loan and deposit agreements made between banks and their customers in the period under review (month). This applies to any agreement in which an interest rate is set for the first time, as well as to existing agreements that are renegotiated with the customers and in which the original terms and conditions are changed with an impact on interest levels (e.g. the new agreement is not prolonged automatically, variable interest rates are not changed, etc.). Interest rate statistics on new transactions cover the actual rates of interest agreed in individually negotiated agreements in the reference month. The method for calculating the average interest rates agreed, in annualised terms, depends on the periodicity of capitalisation.

Initial rate fixation: the period of time, set in advance, during which the interest rate on a loan is fixed. In interest rate statistics for new loans (new business), **only** the rate agreed for an initial fixation period prior to the loan agreement is reported. Loans **without** interest rate fixation are included in the category of 'variable rates and initial rate fixation for up to one year'.

7.3 STATISTICS OF MUTUAL FUNDS

Under the act on collective investment No. 203/2011 Coll., mutual funds are divided into open-end funds, closed-end funds, and specialised funds. Open-end mutual funds can be categorised according to the type of instrument in which they primarily invest. According to the area of investment, mutual funds are divided into money market funds, equity funds, bond funds, mixed funds, real estate funds, and other funds. The investment strategy of a fund is directly related to the expected rate of return, as well as to the risk involved. The general rule is that the higher the potential return, the higher the risk involved. Limits for investment in the individual types of instruments are defined in the Collective Investment Act.

According to the sectoral classification of economic entities, money market funds are treated as *monetary financial institutions* (S.122) and other categories of mutual funds, referred to as investment funds, are treated as *other financial intermediaries* (S.123).

The statistics of mutual funds assets and liabilities are defined by the relevant regulations and guidelines of the European Central Bank⁶.

Money market funds (MMFs) are collective investment undertakings complying with the following criteria:

- a) they pursue the investment objective of maintaining a fund's principal and providing a return in line with the interest rates of money market instruments;
- b) they invest in money market instruments which comply with the criteria for money market instruments set out in Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations, and administrative provisions relating to undertakings for collective investment in transferable securities, or deposits with credit institutions or, alternatively, ensure that the liquidity and valuation of the portfolio in which they invest is assessed on an equivalent basis;
- c) they ensure that the money market instruments they invest in are of high quality, as determined by the management company. The quality of a money market instrument shall be considered, inter alia, on the basis of these factors:
 - the credit quality of the money market instrument;
 - the nature of the asset class represented by the money market instrument;
 - for structured financial instruments, the operational and counterparty risk inherent within the structured financial transaction;
 - the liquidity profile;
- d) they ensure that their portfolio has a weighted average maturity of no more than six months and a weighted average life of no more than twelve months;
- e) they provide daily net asset value and a price calculation of their shares/units, and daily subscription and redemption of shares/units;
- f) they limit investment in securities to those with a residual maturity until the legal re-

⁶ Regulation (EC) No. 958/2007 of the European Central Bank of 27 July 2007 concerning statistics on the assets and liabilities of investment funds (ECB/2007/8). (http://www.ecb.int/ecb/legal/pdf/l_21120070811en00080029.pdf)
Regulation (EC) No. 25/2009 of the European Central bank of 19 December 2008 concerning the balance sheet of the monetary financial institutions sector (ECB/2008/32) (http://www.ecb.int/ecb/legal/pdf/l_01520090120en00140062.pdf), as amended by ECB Regulation No. ECB/2011/12.
Guideline of the European Central Bank of 1 August 2007 on monetary, financial institutions and markets statistics (ECB/2007/9) (<http://www.ecb.int/ecb/legal/pdf/02007o0009-20100701-en.pdf>), as amended by the Guidelines ECB/2008/31, ECB/2009/23 and ECB/2011/13.



demption date of less than or equal to two years, provided that the time remaining until the next interest rate reset date is less than or equal to 397 days, whereby floating rate securities should be reset to a money market rate or index;

- g) they limit investment in other collective investment undertakings to those complying with the definition of MMFs;
- h) they do not take direct or indirect exposure to equity or commodities, including via derivatives, and only use derivatives in line with the money market investment strategy of the fund. Derivatives which give exposure to foreign exchange may only be used for hedging purposes. Investment in non-base currency securities is allowed provided the currency exposure is fully hedged;
- i) they have either a constant or fluctuating net asset value.

The following terms are used in the definition of a money market fund:

Close substitutability for deposits in terms of liquidity: the ability of shares/units of collective investment undertakings, under normal market circumstance, to be repurchased, redeemed or transferred, at the request of the holder, where the liquidity of the shares/units is comparable to the liquidity of deposits.

Money market instruments: instruments of a high credit quality, if they have been awarded one of the two highest available short-term credit ratings by each recognised credit rating agency that has rated the instruments or, if the instruments are not rated, they are of an equivalent quality as determined by the management company's internal rating process. Where a recognised credit rating agency divides its highest short-term rating into two categories, these two ratings shall be considered as a single category and therefore the highest rating available.

When the weighted average lifetime and the weighted average maturity are calculated, the impact of financial derivative instruments, deposits and efficient portfolio management techniques are to be taken into account.

Undertakings for collective investment: undertakings the sole object of which is the collec-

tive investment in transferable securities of capital raised from the public and the shares/units of which are, at the request of holders, redeemed directly or indirectly, out of those undertakings' assets. Such undertakings may be constituted under the law of contract (as *common funds* managed by an asset management company), or under the trust law (as *unit trusts*), or under the commercial law (as *investment companies*).

Weighted average life: the weighted average of the remaining maturity of each security held in a fund, meaning the time until the principal is repaid in full, disregarding interest and not discounting. Contrary to the calculation of the weighted average maturity, the calculation of the weighted average life for floating rate securities and structured financial instruments does not permit the use of interest rate reset dates and instead only uses a security's stated final maturity. The weighted average life is used to measure the credit risk: the longer the reimbursement of principal is postponed, the higher the credit risk. The weighted average life is also used to limit the liquidity risk.

Weighted average maturity: a measure of the average length of time to maturity of all of the underlying securities in the fund weighted to reflect the relative holdings in each instrument, assuming that the maturity of a floating rate instrument is the time remaining until the next interest rate reset to a money market rate, rather than the time remaining before the principal value of the security must be repaid. In practice, weighted average maturity is used to measure the sensitivity of a MMF to changing money market interest rates.

7.4 STATISTICS OF OTHER FINANCIAL INTERMEDIARIES

The European System of National Accounts (ESA 95) defines *other financial intermediaries, except insurance corporations and pension funds – sector S.123* (hereinafter 'OFI') as financial corporations and quasi-corporations engaged mainly in financial intermediation through the acceptance of liabilities in forms other than cash, deposits, and/or close substitutes for deposits from institutional units other than monetary financial institutions, or insurance technical reserves.



The S.123 sector comprises the following types of companies:

- 1. Investment funds** – mutual funds other than money market funds;
- 2. Financial companies engaged in lending** – companies granting credits and loans to non-financial corporations and households. They include financial leasing companies, factoring companies, and consumer credit companies.
- 3. Securities and derivatives dealers** – private individuals or firms specialising in securities market transactions; 1) they provide assistance to companies issuing new securities, provide guarantee for new securities and their placement on the market; 2) they trade in existing or new securities **for their own account**.
- 4. Financial holding companies**
- 5. Special-purpose vehicles** – financial companies created to be holders of securitised assets or liabilities that have been removed from the balance sheets of corporations within the scope of their restructuring.

Other financial intermediaries are engaged primarily in long-term financing, which distinguishes the S.123 sector from that of S.122 (monetary financial institutions).

Data on OFIs need to be collected for the purpose of monitoring their activities in financial intermediation outside the *monetary financial institutions* sector (MFIs – banks, branches of foreign banks, and money market funds). The activities performed by OFIs are similar to those pursued by MFIs. The two types of institutions complement each other. Since the balance sheets of MFIs reported to the European Central Bank for statistical purposes contain no data on OFIs (though OFIs are owned fully or partly by MFIs), statistical data on OFIs need to be collected for the sake of a more detailed statistical overview.

The NBS Statistics Department has been monitoring these institutions since 2007, when their obligation to report data to NBS was imposed by an NBS decree⁷. The range of data reported complies in full with the current requirements⁸ of the European Central Bank regarding the statistics of other financial intermediaries.

In order to minimise the costs related to the reporting of data to NBS, the so-called stratified

cut-off tail sampling technique is applied, with data collected only from entities forming a representative sample within the given group, i.e. from entities representing at least 95% of the group's total assets. In 2012, quarterly balance-sheet data are collected from eighteen (out of ca 70) companies providing financial leasing services as the main or substantial part of their business activity, from eight (out of ca 60) consumer credit companies, and from all five factoring companies. The missing data are supplemented with estimated figures, in order that the given types of entities are covered up to 100%.

7.5 SECURITIES STATISTICS

7.5.1 SECURITIES ISSUANCE STATISTICS

The compilation of securities issues statistics is governed by the relevant guideline of the European Central Bank⁹. These statistics provide information on all debt securities and quoted shares issued by domestic entities in any currency and in any country.

The individual issues are classified according to the sector of issuer. Further classification is made according to currency (issues in euro or other currency), type of security (debt or quoted securities), and according to the original maturity (short-term up to one year or long-term over one year). Debt securities are further divided according to the type of coupon yield (fixed, variable, or zero coupon).

Debt securities statistics focus on the outstanding amounts of issues (stocks) and flows, which are broken down into gross issues and redemptions. The difference between them represents issues in net terms.

a) Gross issues

Gross issues during the reporting period must include all issues of debt securities and quoted shares where the issuer sells newly created securities for cash. They concern the regular creation of new instruments. The point in time at which issues have been concluded is defined as the time at which payment is made; the recording of issues must therefore reflect as closely as possible the timing of payment of the underlying issue.

7 Decrees of Národná banka Slovenska No. 6/2006, No. 14/2007 and No. 22/2008 on reporting by factoring, leasing and consumer credit companies for statistical purposes.

8 Guideline of the European Central Bank No. 9/2007 on monetary, financial institutions and markets statistics, as amended by Guidelines Nos. 31/2008, 23/2009 and 13/2011. (Annex III, Part 11), (<http://www.ecb.int/ecb/legal/pdf/02007o0009-20100701-en.pdf>)

9 Guideline of the European Central Bank No. 9/2007 on monetary, financial institutions and markets statistics, as amended by Guidelines Nos. 31/2008, 23/2009 and 13/2011. (Annex III, Part 12), (<http://www.ecb.int/ecb/legal/pdf/02007o0009-20100701-en.pdf>).



b) Redemptions

Redemptions during the reporting period cover all repurchases of debt securities and quoted shares by the issuer, where the investor receives cash for the securities. Redemptions concern the regular deletion of instruments. They cover all debt securities reaching their maturity date, as well as early redemptions. Company share buy-backs are covered, if the company repurchases all shares against cash prior to a change of its legal form, or part of its shares against cash which are cancelled, leading to a reduction in capital.

c) Net issues

Net issues represent the balance of all issues made, minus all redemptions that have occurred during the reporting period.

Outstanding amounts in the reporting period should be equal to the outstanding amounts recorded in the previous period, increased by gross issues made in the reporting period and reduced by issues redeemed in the same period. In the same way, the outstanding amounts in the reporting period can be expressed as the outstanding amounts recorded in the previous period, plus net issues in the reporting period (see the Scheme 1 below).

In fact, differences may occur as a result of price and exchange rate changes, reclassification, revision, or other adjustments.

7.5.2 DEBT SECURITIES

For debtors, debt securities represent an alternative to bank loans; for creditors, they represent a possible substitute for bank deposits and marketable instruments issued by banks.

Securities issues statistics cover the following instruments:

i) **Short-term debt securities**

- Treasury bills and other short-term paper issued by the general government;
- negotiable short-term securities issued by financial and non-financial corporations; a variety of terms are used for such paper including, for example commercial papers, commercial bills, promissory notes, bills of trade, bills of exchange and certificates of deposit;
- short-term securities issued under long-term underwritten note issuance facilities;
- bankers' acceptances.

ii) **Long-term debt securities**

- bearer bonds;
- subordinated bonds;
- bonds with optional maturity dates, the latest of which is more than one year away;
- undated or perpetual bonds;
- variable rate notes;
- convertible bonds;
- covered bonds;
- index-linked securities where the value of the principal is linked to a price index, the price of a commodity or to an exchange rate index;
- deep-discounted bonds;
- zero coupon bonds;
- euro bonds;
- global bonds;
- privately issued bonds;
- securities resulting from the conversion of loans;
- loans that have become negotiable de facto;
- special types of bonds (debentures) and borrowed securities (loan stock) convertible into shares, whether the shares of the issuing corporation or shares of another company, as long as they have not been converted. Where

Scheme 1

a)	outstanding issues at the end of the reporting period	≈	outstanding issues at the end of the previous reporting period	+	Gross issues during the reporting period	-	Redemptions during the reporting period
b)	outstanding issues at the end of the reporting period	≈	outstanding issues at the end of the previous reporting period	+	Net issues during the reporting period		



separable from the underlying bond, the conversion option, considered to be a financial derivative, is excluded;

- shares or stocks that pay a fixed income but do not provide for participation in the distribution of the residual value of the corporation on dissolution, including non-participating preference shares;
- financial assets issued as part of the securitisation of loans, mortgages, credit card debt, accounts receivable, and other assets.

The following instruments are excluded:

- transactions in securities as part of repurchase agreements;
- issues of non-negotiable securities;
- non-negotiable loans.

7.5.2 QUOTED SHARES

Quoted shares are defined in this case as shares that have been admitted to trading on a quoted market, i.e. the main or parallel market, as well as shares admitted to trading on a regulated free market, but only if they have a fair market value. Their values are reported as market capitalisation for the individual sectors.

Quoted shares include:

- capital shares issued by limited liability companies;
- redeemed shares in limited liability companies;
- dividend shares issued by limited liability companies;
- preferred or preference stocks or shares which provide for participation in the distribution of the residual value on dissolution of a corporation; these may be quoted or unquoted on a recognised stock exchange;
- private placements where possible.

If a company is privatised and the government keeps part of the shares and the other part is quoted on a regulated market, the whole value of the company's capital is recorded within the outstanding amount of quoted shares, since all shares could potentially be traded at any time at market value. The same applies if part of the shares is sold to large investors and only the remaining part, i.e. free float, is traded on the stock exchange.

Quoted shares exclude:

- shares offered for sale but not taken up on issue;
- debentures and loan stock convertible into shares; these are included once they are converted into shares;
- the equity of partners with unlimited liability in incorporated partnerships;
- government investments in the capital of international organisations which are legally constituted as corporations with share capital;
- issues of bonus shares at the time of issue only and split share issues; bonus shares and split shares are, however, included indistinguishably in the total stock of quoted shares.

7.6 LONG-TERM INTEREST RATES

Long-term interest rate stability is one of the convergence criteria laid down in the Maastricht Treaty. This criterion expresses the requirement for sustainable convergence, which is to be achieved by each Member State. The average nominal long-term interest rate in a Member State must not exceed, by more than 2%, the average nominal long-term interest rate in the three Member States with the lowest inflation rates in the year following the last assessment. The interest rates are measured on the basis of *long-term government bond rates* or the rates for comparable securities.

The statistical principles of long-term interest rate reporting are defined in the following key terms.

The term *bond issuer* refers to the *central government*. The *maturity of government bonds* is a residual maturity period of around ten years. The residual maturity period is recommended to be between 9.5 and 10.5 years. The type of bonds used should be sufficiently *liquid*. This requirement affects the choice between a *benchmark-oriented approach* and an *approach based on a basket of bonds*, depending on the national conditions. The benchmark-oriented approach treats bonds as a key indicator of the market conditions. The bond issue with the highest liquidity and turnover is often the most recent issue of sizeable volume. The approach based on a basket of bonds offers a choice of bonds from



various types of bonds with various ISIN codes. The bonds available have the same weight.

In view of the situation in the local market for securities, the *benchmark-oriented approach* had been used until the end of January 2012. From the entry of Slovakia into the euro area to January 2012, daily yields to maturity were reported to the ECB for the following government bond issues:

SK4120004318 Benchmark for the period
01/2009 – 06/2010

SK4120007204 Benchmark for the period
07/2010 – 01/2012.

With effect from 1 February 2012, the benchmark-oriented approach has been replaced with an approach based on a basket of bonds. This basket included two government bond issues that fully complied with the criteria:

SK4120004318 and SK4120007543 Benchmark for the period 02/2012 – 06/2013.

With effect from 1 July 2013, the *approach based on a basket of bonds* has been replaced with a *benchmark-oriented approach*.

SK4120004318 Benchmark for the period
07/2013 – to date.



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GLOSSARY AND ABBREVIATIONS



ABBREVIATIONS

APRC	Annual percentage rate of charge
ECB	European Central Bank
ESA95	European System of Accounts
MFI	Monetary financial institutions (banks, branches of foreign banks, money market funds)
MMF	Money market funds
NMFI	Non-monetary financial institutions
p. p.	Percentage point
P	Provisions
S	Securities
SASS	Slovak Association of Asset Management Companies
SDDS	Special Data Dissemination Standard as defined by the International Monetary Fund



GLOSSARY

Aggregate balance sheet of Slovakia: a summary statistical balance sheet of all monetary and financial institutions based in Slovakia, excluding NBS.

Building loans: loans provided by home savings banks under Act No. 310/1992 Coll. on home savings as amended.

Consumer loans: defined for reporting purposes as loans provided for the purpose of personal consumption, i.e. the purchase of goods and services.

Investment loans: loans tied to the cycle of fixed assets, where the individual components of fixed assets are tied for a period longer than one year (except for loans provided for the purchase and/or technical development of land and buildings).

Intermediate loans: loans provided by home savings banks under the provisions of Act No. 310/1992 Coll. on home savings as amended.

Key ECB interest rates: the interest rates set by the Governing Council of the European Central Bank (ECB), determining the monetary policy stance of the ECB. These interest rates are the rate for the main refinancing operations, the rate for the marginal lending facility, and the rate for the deposit facility.

Monetary financial institutions (MFI): national central banks, credit institutions and other financial institutions whose business is to collect deposits and/or other redeemable instruments from entities other than MFIs, to grant credit and loans, and to make investments in securities for their own account (e.g. money market funds).

Mortgage loans: loans with a maturity of at least four years (but not more than 30 years), which are secured by a lien on domestic real estate and which satisfy the requirements laid down in Section 68 of Act No. 483/2001 Coll. on banks and on amendments to certain laws as amended.

Nominal value of loan: the outstanding amount of the loan principal, excluding accruals and other due amounts.

Non-performing loan: any loan where the bank assesses that the borrower is unlikely to meet its commitments without the security being realised, or where the borrower is more than 90 days in arrears with a significant commitment to the bank.

Operating loans: loans tied to the cycle of operating (current) assets, where the individual current asset components are usually fixed for a period of up to one year. Such loans are provided, for example, for the purchase of material supplies, raw materials, semi-finished goods, finished products, claims related to trade credits, or for the coverage of seasonal fluctuations in economic activities.

Original maturity period: the time aspect of claims and liabilities classification based on the contractual (agreed) maturity period.

Other real estate loans: real estate loans other than mortgage loans, building loans, or intermediate loans.

Pension funds: funds managed by pension fund management companies or supplementary pension asset management companies.



GLOSSARY AND ABBREVIATIONS

Real estate loans: all loans provided for the purchase and/or technical development of land and buildings, which are registered with the Land Registry under Act No. 162/1995 Coll. on land registries and registration of ownership title and other rights to real estate (the Land Registry Act) as amended.

Residual maturity period: for claims and liabilities, the residual maturity period is the difference between the agreed maturity date and the date for which the relevant report/statement is compiled, i.e. usually the end of a month, quarter, or year.

Secured loans: for the purpose of interest rate statistics, these are loans secured up to their total amount using the technique of 'funded credit protection', or secured by a guarantee using the technique of 'unfunded credit protection' so that the value of collateral or guarantee is higher or equal to the total amount of the new loan. If the requirements for credit protection are not satisfied, the new loan is considered unsecured.



SECTOR CLASSIFICATION

Classification of institutional sectors and sub-sectors according to the European System of National and Regional Accounts (ESA 95):

- S.1 Residents – Slovakia (residents of the Slovak Republic)**
 - Residents – Other euro area member states** (euro area residents, except SR residents)
 - S.11 Non-financial corporations**
 - S.12 Financial corporations**
 - S.121 Central Bank (Národná banka Slovenska)
 - S.122 Other monetary financial institutions
 - S.123 Other financial intermediaries, except insurance corporations and pension funds
 - S.124 Financial auxiliaries
 - S.125 Insurance corporations and pension funds
 - S.13 General government**
 - S.1311 Central government
 - S.1312 Regional government
 - S.1313 Local government
 - S.1314 Social security funds
 - S.14 Households**
 - S.141 Employers
 - S.142 Own-account workers
 - S.143 Employees
 - S.144 Recipients of property incomes, pensions and other transfer incomes
 - S.145 Others
 - S.15 Non-profit institutions serving households**
- S.2 Rest of the world** (all countries, except Slovakia and the euro area)



LIST OF ADDITIONAL LINKS

Sector breakdown:

<http://www.ecb.int/pub/pdf/other/mbssmen.pdf>

Revision policy:

http://www.nbs.sk/_img/Documents/STATIST/MET/revpola.pdf

Structure of the financial market

List of monetary financial institutions:

<http://www.nbs.sk/en/statistics/money-and-banking-statistics/monetary-statistics-of-monetary-financial-institutions#ZOZPFI>

List of investment funds:

<http://www.nbs.sk/en/statistics/money-and-banking-statistics/investment-funds-statistics>

List of other financial intermediaries:

<http://www.nbs.sk/en/statistics/money-and-banking-statistics/statistics-on-financial-corporations-engaged-in-lending>

Overview of developments in the monetary sector:

<http://www.nbs.sk/en/statistics/a-survey-of-financial-sector-development>

Statistics of credit institutions and monetary statistics

Statistics of monetary financial institutions:

<http://www.nbs.sk/sk/statisticke-udaje/menova-a-bankova-statistika/menova-statistika-penznych-financnych-institucii>

Monetary aggregates in the euro area:

<http://www.ecb.int/stats/money/aggregates/aggr/html/index.en.html>

Balance sheets of monetary financial institutions based in the euro area:

<http://www.ecb.int/stats/money/aggregates/bsheets/html/index.en.html>

Interest rate statistics:

<http://www.nbs.sk/en/statistics/money-and-banking-statistics/interest-rate-statistics>

Interest rate statistics – bank loans:

<http://www.nbs.sk/en/statistics/money-and-banking-statistics/interest-rate-statistics/banking-interest-rates-statistics-loans>

Interest rate statistics – bank deposits:

<http://www.nbs.sk/en/statistics/money-and-banking-statistics/interest-rate-statistics/banking-interest-rates-statistics-deposits>

Interest rates statistics for the euro area:

<http://www.ecb.europa.eu/stats/money/interest/interest/html/index.en.html>



Long-term interest rate statistics:

<http://www.nbs.sk/en/statistics/money-and-banking-statistics/long-term-interest-rates-statistics>

Non-performing loans:

http://www.nbs.sk/_img/Documents/STATIST/MET/Bad_Loans.pdf

Source data of monetary financial institutions:

<http://www.nbs.sk/en/statistics/money-and-banking-statistics/statistical-data-of-monetary-financial-institutions>

Statistics of investment funds:

<http://www.nbs.sk/en/statistics/money-and-banking-statistics/investment-funds-statistics>

Statistics of financial corporations engaged in lending (FCLs)

<http://www.nbs.sk/en/statistics/money-and-banking-statistics/statistics-on-financial-corporations-engaged-in-lending>

Source data of other financial intermediaries (OFIs):

<http://www.nbs.sk/en/statistics/money-and-banking-statistics/statistical-data-of-other-financial-intermediaries>

Statistics on securities issues:

<http://www.nbs.sk/en/statistics/money-and-banking-statistics/securities-issues-statistics>

Data categories within SDDS:

<http://www.nbs.sk/en/statistics/data-categories-of-sdds>



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