NÁRODNÁ BANKA SLOVENSKA
EUROSYSTÉM

QUARTERLY COMMENTARY ON MACROPRUDENTIAL POLICY

OCTOBER 2016

Contents

Foreword

Financial system stability is essential for a well-functioning economy. It encompasses many areas, ranging from the security of bank deposits and other similar products to the smooth-functioning of the lending market based on the responsible approach of financial institutions and their customers. The purpose of macroprudential policy is to contribute to financial stability, in particular by strengthening the financial sector's resilience during good times, when risks are typically still at an early stage. This purpose also entails preventing the build-up of systemic risks, so as to make the economy less vulnerable in crisis periods.

Macroprudential policy in Slovakia is implemented primarily by Národná banka Slovenska (NBS), with its formal obligation in this regard laid down in Act No 747/2004 Coll. on financial market supervision. In implementing this policy, NBS may use any of several tools (from mitigating a specific risk to increasing capital requirements across the board), and may apply them in different ways (from issuing risk warnings to laying down statutory obligations).[1] The European Central Bank (ECB) has the power to impose further, stricter macroprudential policy settings.

A key element of macroprudential policy implementation is the regular quarterly assessment of developments in the area of financial stability, and any ensuing decision of the NBS Bank Board to apply a specific instrument. The fulfilment of the core objective, i.e. the maintenance of financial stability, is assessed through the monitoring of five intermediate objectives:[2]

1. to mitigate and prevent excessive credit growth and leverage;
2. to mitigate and prevent excessive maturity mismatch and market illiquidity;
3. to limit direct and indirect exposure concentrations;
4. to limit the systemic impact of misaligned incentives with a view to reducing moral hazard;
5. to strengthen the resilience of financial infrastructures.

The **first intermediate objective** is to prevent excessive credit growth and leverage, which has been generally identified as a key driver of the financial and economic crisis. This is a particularly important objective in Slovakia, owing to the traditional nature of the financial market in this country. Most of the significant trends, as well as risks, in the domestic banking sector are related to the market in lending to households and enterprises. Looking at loans to the domestic economy as a share of total assets, the ratio in Slovakia is one of the highest of any country, with banks earning the bulk of their income from such lending.

The **second intermediate objective** relates to excessive maturity mismatch in the assets and liabilities of bank balance sheets. In other words, the maturity of banks' assets should not differ significantly from the maturity of their funding liabilities. Although the role of banks is to intermediate the funding of long-term assets (loans) with short-term liabilities (deposits), experience has shown that an excessive maturity mismatch between assets and liabilities makes the financial system more vulnerable and contributes to a build-up of economic and financial imbalances.

[1] Further details about these instruments can be found on the NBS website, at http://www.nbs.sk/en/financial-market-supervision1/macroprudential-policy

[2] The intermediate objectives are set out in line with Recommendation No ESRB/2013/1 of the European Systemic Risk Board of 4 April 2013 on intermediate objectives and instruments of macro-prudential policy.

The **third intermediate objective** is to limit direct and indirect exposure concentrations. Direct concentration risk typically arises from significant exposures to, for example, households, general government, or certain sectors of the economy. Indirect exposures arise from the interconnectedness of financial and non-financial institutions. Elevated concentration is a long-standing structural feature of the domestic financial sector. This is largely attributable to the structure of the Slovak economy, which is heavily dependent on a small number of sectors, as well as to the concentration of bank's claims on and/or sources of funding from certain customers or groups of customers. Another significant feature of the Slovak banking sector is the high share of domestic government bonds in banks' balance sheets.

The **fourth intermediate objective** aims to limit the systemic risk arising from misaligned incentives of financial institutions and their customers. The primary aim here is to reduce the risk of moral hazard related to the presence of systemically important financial institutions. Whereas, in respect of the third intermediate objective, concentration risk is monitored for its potential impact on individual banks or the banking sector, in the case of systemically important institutions concentration is monitored owing to the large impact that potential default of such an institution would have on the financial sector and real economy. Moral hazard may also arise in relation to management remuneration at financial institutions or in the terms of cooperation with financial intermediaries.

The **fifth intermediate objective** is to strengthen the resilience of financial infrastructures. The most important elements of the financial infrastructure in Slovakia are the payment systems (TARGET2, SIPS), the Deposit Protection Fund, and securities settlement systems. Their reliable operation is crucial for the country's financial stability.

The Quarterly Commentary on Macroprudential Policy (QCMP) is structured according to these objectives, pursuant to Recommendation ESRB/2013/1. Its main part is a situation analysis (based on the indicators in the annex), which is a basis for NBS decision-making. This edition of the QCMP is based mostly on data as at 30 June 2016, although the qualitative assessment also takes account of information available until the submission date of the QCMP.

The document is divided into three parts. The first part contains a brief analysis of the most significant developments related to systemic risk which occurred during the quarter under review, broken down into sub-headings that correspond to the above-mentioned intermediate objectives. The second part, focusing on decisions taken in the area of macroprudential policy, includes not only decisions of NBS, but also decisions of the ECB. The third part comprises annexes that include: tables showing indicators used to monitor the intermediate objectives, and reference information for decisions on the countercyclical capital buffer rate.

1 Situation analysis by Národná banka Slovenska

1.1 Excessive credit growth and leverage

The trends observed in the previous period continued in the second quarter 2016, as domestic bank lending[3] to the non-financial private sector further increased. Although the annual growth rate in the stock of these loans slowed in the second quarter, to 9.4% (from 10.4% in the first quarter), it remained among the highest levels recorded since 2009. Lending increased to both non-financial corporations (NFCs) and households. The stock of household loans increased in the second quarter by 12.8% year-on-year (after growing by 12.2% in the first quarter), to record one of its highest growth rates in the post-crisis period. In the sub-categories of housing loans and consumer loans, lending growth has been in double digits for an extended period. Household demand for credit has been stimulated by a favourable labour market situation and its positive impact on household sentiment, by the low interest rate environment, and by rising property prices. Another factor affecting the housing loan market in the second quarter of 2016 was a legislative amendment that capped loan prepayment fees. The increase in the loan prepayment rate resulted in frequent loan refinancings in which the principal was increased. On the supply side, interest margins continued to narrow, giving banks an increasing incentive to step up lending in order to maintain profitability. Household credit growth at the end of the second quarter was higher in Slovakia than in any other EU country. The lending growth was also reflected in the household debt ratio, which increased to 36.8% of GDP in the second quarter (from 35.8% in the first).

Corporate loans continued to grow in the second quarter of 2016, albeit more slowly than in the first quarter. The year-on-year increase in their outstanding amount eased from 7.5% in the first quarter to 4% in the second. Owing to the slower growth in lending to NFCs, the rate of growth in total lending to the private sector moderated. The slowdown in corporate loan growth cannot, however, be seen as a change in trend since the pattern of lending to NFCs is typically volatile. Corporate loan growth is largely being driven by investment loans, which constitute almost half of all loans to NFCs. The slowdown in this growth is mostly accounted for by short-term loans with a maturity of up to one year, in particular by operating loans. The increasing demand for corporate loans reflects the fact that firms' sales and investment activity are rising amid an economic upswing and that lending costs remain low due to low interest rates and credit market competition. As a result, Slovakia ranked in the top seven EU countries for corporate loan growth in the second quarter. Corporate indebtedness for the second quarter stood at 19.9% of GDP.

Credit market developments were also reflected in the domestic credit-to-GDP$_{trend}$ gap, which increased in the second quarter of 2016 by 0.24 percentage point, to 2.28%. The level of this indicator – derived from data on lending by domestic banks to domestic households and domestic NFCs – therefore comfortably exceeded the 2% threshold at which the ESRB recommends[4] increasing the countercyclical capital buffer (CCB) rate (Chart 2). The movement of this indicator in the second quarter was consistent with long-running factors that in the previous quarter resulted in a decision to apply a non-zero CCB rate with effect from 1 August 2017. The second quarter also saw a substantial change in the standardised credit-to-GDP gap, as its negative reading moderated by 2.2 percentage

[3] Loans provided by domestic banks to the household sector (S.14 and S.15) and the non-financial corporation sector (S.11) in Slovakia (source: Statement V (NBS) 33-12).

[4] Recommendation ESRB/2014/1.

points, to -1.2% (Chart 1). The marked narrowing of the gap stemmed from developments in one of the most volatile components of corporate debt, namely debt owed to non-residents. This component is, however, heavily affected by intra-group funding of international NFCs. For the purpose of setting the CCB rate, it is therefore more appropriate, for methodological reasons, to take into account a narrower concept, i.e. the domestic credit-to-GDP$_{trend}$ gap, since that covers only banks' domestic exposures to the private sector, i.e. the exposures for which the CCB rate is set.

As regards the Cyclogram indicator, it fell slightly (Chart 3) in the second quarter of 2016 in response to certain specific factors in the corporate credit market. In addition to the above-mentioned temporary slowdown in corporate loan growth, the Cyclogram reflected an increase in the amount of non-performing loans, which was caused by a single default. Although its growth trend ceased as a result of these factors, the Cyclogram's level remains significantly above its long-run average and confirms that the financial cycle is in a growth phase marked by a build-up of cyclical imbalances.

Since the second-quarter developments in the indicators under review were consistent with long-running financial market trends, NBS in the same quarter adopted a decision to apply a non-zero CCB rate (with effect from 1 August 2017). Signs of the financial cycle's expansionary phase are evident from the presence of relatively strong lending growth grounded in a low interest rate environment, in robust credit market competition that reflects banks' efforts to retain market positions, and in favourable economic trends. This financial cycle upswing is characterised by, among other things, the lower sensitivity of banks and their customers to financial risk. Two of three indicators for assessing the financial market were indicating in the second quarter that a non-zero CCB rate should be applied. At the same time, the outlook is for that trend to continue in the period ahead. It remains necessary for banks to build up capital reserves at this time of credit cycle growth, so as to ensure they have sufficient loss-absorption capacity in the event of credit risk materialisation. Even so, the current trends are not proceeding at such a pace that would imply having to revise the CCB rate.

1.2 Excessive maturity mismatch and market illiquidity

Liquidity risk in the Slovak banking sector has reflected three trends in the recent period. The first is household loan growth, covered in the previous part. The increase in housing loans, which typically have a maturity of 30 years, has prolonged the average residual maturity of banks' assets. The second trend is the increase in customers' current account balances, caused partly by inflows of funds from time deposits. As long-term assets and short-term liabilities have continued to increase, the maturity mismatch between assets and liabilities has widened further. For most maturities, the ratio between the cumulative liquidity gap and total assets has fallen to new all-time lows. The third trend is the relative stagnation in the amount of net liquid assets, as well as of negative cash flows, with regard to the liquidity coverage ratio. Although this indicator's movement has become more balanced, its internal composition has been partially changed. On the one hand, the importance of government bonds as a major component of liquid assets has fallen slightly, while, on the other hand, the impact of current account movements on negative cash flows has increased. Such composition of liquidity coverage is less robust than it used to be.

The domestic banking sector continues to be self-sufficient in liquidity, and, despite strong credit growth, the aggregate loan-to-deposit ratio even dropped slightly in the second quarter, to 90.2%, or, net of mortgage loan issuance, to 83.4%.

1.3 Concentration

Concentration risk also remains a significant structural source of risk for the Slovak banking sector, and it can be observed at several levels. The first is the concentration of exposures to certain economic sectors or to clients that are becoming systemically significant. The risk is particularly high in commercial real estate financing, as was further confirmed over May and June 2016 when the ratio of non-performing loans to total loans to this sector increased from 9.7% to 10.6%. The risk is being accentuated by specific property development projects financed by certain banks. These losses contrasted with the overall trend in the aggregate portfolio of loans to non-financial corporations, as credit quality is improving in a majority of sectors.

A second aspect of concentration risk is the high share of foreign ownership in the Slovak banking sector. Here, too, it is necessary to point out recent developments that indicate the extent of this risk. Most notably, some parent institutions are facing negative financial pressures caused by the materialisation of risks in their home country or in other countries where they have subsidiaries. These headwinds have also been reflected in stress-test results for the most significant European banks, with some of the parent institutions of Slovak banks reporting, under the stress scenarios, lower capital adequacy (compared with the majority of other European banks). This risk could be exacerbated by regulatory changes adopted within the banking union, as they allow exemptions from rules on intra-group liquidity and exposures and potentially result in a substantial increase in domestic banks' exposure to external risks in their banking groups[5]. The level of risk associated with the high share of foreign ownership depends mainly on the position of Slovak banks within their parent group, which is largely determined by their capacity to generate profits. That capacity may, however, be diminished by a significant lowering of interest rates, as well as by legislative interventions that decrease banks' profitability.

Exposure to lower-rated countries in the second quarter continued to be concentrated in exposure to Cyprus, but remained on a downward trend.

1.4 Moral hazard

The recent trends in moral hazard indicators continued in the second quarter of 2016. The concentration of total net assets increased further, reaching an all-time high level. The share of domestic government bonds in banks' total assets fell slightly, while the concentration of these holdings across the banking sector remained almost unchanged. The concentration of liabilities in the financial system stayed largely the same, at close to its historical high. As for assets in the system, their concentration increased further, but still remains quite far below its highest levels.

1.5 Financial infrastructures and other risks

Cumulative proceeds from the special levy on financial institutions stood at €650 million as at June 2016, equivalent to 0.94% of the banking sector's total net assets. The most important development, however, was the adoption of an amendment to the Act implementing the special levy (No 384/2011 Coll.), which set the levy at 0.2% for the period 2017-20. After 2020, under the legislation currently in force, the levy is to be cut to 0%. At the same time, the amendment repealed the provision that linked a reduction in the special levy to the volume of cumulative proceeds from the levy, requiring the levy to be reduced to 0.1% when the proceeds exceed €750 million,

[5] The ECB Regulation and the ECB Guide on options and discretions, published on 24 March 2016, are an important step in harmonising the supervision of significant banks in the euro area.

a threshold that will be reached in 2017. The fixing of the levy will have a negative impact on the banking sectors' profits, particularly in the current low interest rate environment. The risk that banks will not maintain adequate profitability is one of the most significant risks to financial stability in the European banking sector. This could weigh on banks' capital formation as well as on their lending to the real economy. This is because each new loan that banks provide increases their liability under the levy and, at the same time, creates a new requirement for capital, while the levy makes capital raising more difficult. The new levy setting for the period 2017-20 is expected to increase the levy proceeds by €260 million, which constitutes a sizeable share of the banking sector's net profit. For some banks, the de facto doubling of the levy could significantly reduce their net profit or even cause them a loss. It should also be added that the frequent tweaking of the above-mentioned law is creating uncertainty about the future situation regarding levies and their use.

The implementation of the EU's Deposit Guarantee Schemes Directive (DGSD) in September 2015 has entailed significant changes for the deposit guarantee scheme in Slovakia – the Deposit Protection Fund (DPF)[6]. One key change was the requirement that the risk profile of financial institutions be taken into account. The banking sector's total contribution to the DPF for 2016 was approximately €9.5 million, equivalent to 0.65% of the deposits eligible for DPF coverage.

Banks' contributions to the Single Resolution Fund are set by the Single Resolution Board, beginning from 2016. The contributions of the whole banking sector for 2016 totalled almost €22 million.

[6] Further information on changes to the deposit guarantee scheme in Slovakia are provided in the following article: Šujan, R., "Významné zmeny v ochrane vkladov na Slovensku", *Biatec*, No 10, Národná banka Slovakia, Bratislava, 2015, available online at: http://www.nbs.sk/_img/Documents/_PUBLIK_NBS_FSR/Biatec/Rok2015/10-2015/biatec_10_2015_web.pdf

2 Decisions in the area of macroprudential policy

2.1 Decision taken by NBS in the quarter under review

Developments in the domestic credit-to-GDP$_{trend}$ gap (Chart 2) and the Cyclogram (Chart 3), as well as in the indicators of excessive credit growth and leverage (table in Annex A), supported the reasons for applying a non-zero countercyclical capital buffer (CCB) rate. Under a Decision adopted by the NBS Bank Board on 25 October 2016, the CCB rate remains set at 0.5% with effect from 1 August 2017[7].

2.2 Instrument settings currently applied by NBS

On 7 October 2014 the Bank Board of NBS approved Recommendation No 1/2014 of Národná banka Slovenska in the area of macroprudential policy on risks related to market developments in retail lending. The central bank issued the Recommendation in response to developments in the retail loan market, after having repeatedly drawn attention to several imbalances. The Recommendation introduces a number of principles and can be found on the NBS website[8].

The result of NBS's regular annual review of systemically important institutions in Slovakia was that the list of banks identified as other systemically important institutions (O-SIIs) remained unchanged from the list laid down in NBS Decision No 4/2015 of 26 May 2015. The five O-SIIs in Slovakia are subject to an O-SII buffer of 1% of risk-weighted assets from 1 January 2016. At the same time, under NBS Decision No 18/2016 and 19/2016 of 24 May 2016, adjustments have been made to the structure of the O-SII buffers and systemic risk buffers (SRBs) while maintaining the same targeted sum of the O-SII buffer and the SRB for each bank. The change was made in response to the activation of O-SII buffers for parent institutions of certain O-SIIs[9]. Other currently applicable macroprudential policy instruments, covering mainly the area of capital requirements, are listed in Table 1.

On 27 September 2016 the NBS Bank Board decided to recognise the SRB rate applied to the domestic exposures of all credit institutions authorised in Estonia. The decision followed a Recommendation of the European Systemic Risk Board (ESRB) of 24 June 2016 amending Recommendation ESRB/2015/2 on the assessment of cross-border effects of and voluntary reciprocity for macroprudential policy measures, under which the ESRB recommends that all EU Member States recognise the SRB rate applied in Estonia. The effect of this Decision is that banks established in Slovakia that have exposures to borrowers established in Estonia (whether the exposure originates through the bank's branch situated in Estonia or through a cross-border transaction) must maintain a systemic risk buffer of Common Equity Tier 1 capital equivalent to 1% of the risk exposure amount – calculated in accordance with Article 92(3) of the EU's Capital Requirements Regulation – in respect of exposures to borrowers established in Estonia.

[7] http://www.nbs.sk/en/financial-market-supervision1/macroprudential-policy/macroprudential-policy-decisions

[8] http://www.nbs.sk/en/financial-market-supervision1/macroprudential-policy/current-status-of-macroprudential-instruments/current-setting-of-other-instruments-applicable-in-slovakia

[9] Further information on the change in composition and on the reasons for the change are provided in the commentary on NBS Decision No 18/2016 and 19/2016, available at:

http://www.nbs.sk/en/financial-market-supervision1/macroprudential-policy/macroprudential-policy-decisions

2.3 Potential application of macroprudential policy instruments over the medium-term horizon

Planned legislative amendments in the area of retail loans

Preparations are now being made to enact particular recommendations of Recommendation No 1/2014 in primary or secondary Slovak legislation, and at the same time to recalibrate some of the recommendations. A key benefit of this enactment will be to extend the regulatory framework to cover non-bank entities. The new legislation will bring greater certainty to all banks and non-bank entities regarding the equality of business conditions in the retail lending market.

The regulatory framework for the provision of housing loans is established by Act No 90/2016 Coll. on housing loans, which entered into force on 21 March 2016. The provisions and limits laid down in this law will be further elaborated in an NBS Decree. The procedure allowing institutions to comment on the draft of this decree was concluded on 12 October 2016, and the Decree is expected to enter into force on 1 January 2017.

As for the area of consumer loans, the regulatory framework is the subject of a draft amendment to Act No 129/2010 Coll. on consumer credits and on other credits and loans for consumers. The draft law is now in the legislative process and the date proposed for its entry into force is 1 January 2017. This law enables NBS to issue a decree setting the terms and parameters of certain provisions, and NBS plans to issue such decree in 2017.

Expected developments in the countercyclical capital buffer rate in the next quarter

Based on current indicator trends, the countercyclical capital buffer rate is not expected to be increased again within the near term.

2.4 ECB decisions concerning the Slovak banking sector taken in the quarter under review

As at June 2016 the European Central Bank had not issued any macroprudential policy decision concerning the Slovak banking sector.

Table 1 Current setting of instruments applicable in Slovakia

Macroprudential instruments	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Note
Macroprudential instruments applicable in Slovakia						
Capital conservation buffer (Article 33b of the Banking Act)	2.5%	2.5%	2.5%	2.5%	2.5%	
Countercyclical capital buffer rate (Article 33g of the Banking Act)	0%	0%	0%	0%	0%	To be increased to 0.5% since 1 August 2017.
O-SII buffer (Article 33d of the Banking Act)[10]		1%	1%	1%	1%	To be set at the level of 1% and 2% for selected banks from 1 January 2017.
Systemic risk buffer (Article 33e of the Banking Act)[11]		0%	0%	0%	0%	Activated since 1 January 2016, to be increased to 1% for selected banks since 1 January 2017 and to 1% - 2% since 1 January 2018.
Risk-weight for exposures fully secured by mortgages for residential property (Article 124 of the EU's Regulation on prudential requirements for credit institutions and investment firms –hereinafter "the CRR")	35%	35%	35%	35%	35%	
Risk-weight for exposures fully secured by mortgages on commercial immovable property (Article 124 of the CRR)	50%	50%	50%	50%	50%	Scheduled increase
Minimum exposure-weighted average LGD for all retail exposures secured by residential property and not benefiting from guarantees from central governments (Article 164 of the CRR)	10%	10%	10%	10%	10%	
Minimum exposure-weighted average LGD for all retail exposures secured by commercial immovable property and not benefiting from guarantees from central governments (Article 164 of the CRR)	15%	15%	15%	15%	15%	
Risk-weight for exposures fully secured by mortgages on commercial immovable property - other EU Member States (Article 124 of the CRR)	50%	50%	50%	50%	50%	
Minimum exposure-weighted average LGD for all retail exposures secured by residential property and not benefiting from guarantees from central governments - other EU Member States (Article 164 of the CRR)	10%	10%	10%	10%	10%	
Minimum exposure-weighted average LGD for all retail exposures secured by commercial immovable property and not benefiting from guarantees from central governments - other EU Member States (Article 164 of the CRR)	15%	15%	15%	15%	15%	

Source: NBS.

[10] O-SII buffer is set for Československá obchodná banka, a.s., Poštová banka, a.s., Slovenská sporiteľňa, a.s., Tatra banka, a.s. and Všeobecná úverová banka, a.s.

[11] Systemic risk buffer is set for Slovenská sporiteľňa, a.s., Tatra banka, a.s. and Všeobecná úverová banka, a.s.

Table 2 Current setting of instruments applicable to foreign exposures

Macroprudential instrument	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Note
Macroprudential instruments applicable abroad						
Countercyclical capital buffer rate for **Czech Republic** (Article 33j of the Banking Act)	0%	0%	0%	0%	0%	To be increased to 0.5 % from 1 January 2017
Countercyclical capital buffer rate for **Sweden** (Article 33j of the Banking Act)	1%	1%	1%	1.5%	1.5%	Buffer rate will be increased to 2.0 % from 19 March 2017.
Countercyclical capital buffer rate for other EU Member States (Article 33j of the Banking Act)	0%	0%	0%	0%	0%	
Countercyclical capital buffer rate for **Norway** (Article 33j of the Banking Act)	1%	1%	1%	1.5%	1.5%	
Countercyclical capital buffer rate for **Iceland** (Article 33j of the Banking Act)	0%	0%	0%	0%	0%	To be increased to 1 % from 1 March 2017
Countercyclical capital buffer rate for **Hong Kong** (Article 33i and Article 33j of the Banking Act)	0%	0.625%	0.625%	0.625%	0.625%	To be increased to 1.25 % since 1 January 2017 and to 1.875% since 1 January 2018.
Countercyclical capital buffer rate for countries other than EU Member States (Article 33i and Article 33j of the Banking Act)	0%	0%	0%	0%	0%	
Systemic risk buffer for other EU Member States (Article 33f of the Banking Act)	0%	0%	0%	0%	0%	
Systemic risk buffer for **Estonia** (Article 33f of the Banking Act)	0%	0%	0%	0%	1%	
Risk-weight for exposures fully secured by mortgages on residential property - other EU Member States (Article 124 of the CRR)	35%	35%	35%	35%	35%	**Ireland, Croatia, Malta:** conditions to be tightened for application of the 35% risk weight
Risk-weight for exposures fully secured by mortgages on commercial immovable property – **Sweden** and **Romania** (Article 124 of the CRR)	100%	100%	100%	100%	100%	**Romania:** conditions to be tightened for application of the 50% risk weight
Risk-weight for exposures fully secured by mortgages on commercial immovable property - other EU Member States (Article 124 of the CRR)	50%	50%	50%	50%	50%	**United Kingdom:** conditions to be tightened for application of the 50% risk weight
Minimum exposure-weighted average LGD for all retail exposures secured by residential property and not benefiting from guarantees from central governments - other EU Member States (Article 164 of the CRR)	10%	10%	10%	10%	10%	
Minimum exposure-weighted average LGD for all retail exposures secured by residential property and not benefiting from guarantees from central governments – **Norway** (Article 164 of the CRR)	20%	20%	20%	20%	20%	
Minimum exposure-weighted average LGD for all retail exposures secured by commercial immovable property and not benefiting from guarantees from central governments - other EU Member States (Article 164 of the CRR)	15%	15%	15%	15%	15%	

Souce: ESRB.

Annexes

A) Selected indicators broken down by main risk categories

Excessive credit growth and leverage

Quarter	Standardised credit-to-GDP gap	Total credit: year-on-year increase	Total households credit: year-on-year increase	Total corporate credit: year-on-year increase	Total credit-to-GDP level	Total households credit-to-GDP level	Total corporate credit-to-GDP level	Credit-to-trend GDP gap	Domestic credit: year-on-year increase	- Households	- Enterprises	Domestic credit-to-GDP level	- Households	- Enterprises	Domestic credit-to-disposable income gap	Domestic credit-to-disposable income level	LTV on new housing loans 1)	Housing affordability index (interest rate effect excluded)	Debt-to-trend revenues gap	Domestic credit-to-trend revenues gap	Cyclogram 2)
	Total private debt							Domestic credit 9)							Households sector				Corporate sector		
6.16	-1,20%	8%	12%	5%	87%	37%	50%	2,28%	9%	13%	4%	55%	35%	20%	1%	57%	73%	97	-0,2%	-0,1%	6,6
3.16	-3,40%	4%	11%	-1%	84%	36%	48%	2,04%	10%	12%	8%	54%	34%	20%	1%	56%	73%	99	-0,9%	0,0%	6,7
12.15	-2,51%	5%	11%	2%	85%	35%	49%	1,97%	11%	12%	9%	53%	33%	20%	1%	55%	72%	99	-0,6%	0,0%	6,6
9.15	-2,54%	4%	12%	-1%	84%	35%	49%	1,42%	9%	13%	3%	52%	33%	20%	1%	54%	71%	101	-0,6%	-0,2%	5,9
6.15	-2,46%	3%	12%	-2%	83%	34%	49%	0,92%	9%	13%	3%	52%	32%	20%	0%	52%	70%	101	-0,5%	-0,2%	5,7
3.15	-1,50%	7%	12%	4%	84%	33%	50%	0,11%	7%	13%	-1%	50%	31%	19%	0%	51%	72%	103	-0,1%	-0,5%	4,9
12.14	-1,74%	6%	12%	3%	83%	33%	50%	-0,42%	6%	12%	-2%	50%	30%	19%	0%	50%	74%	104	-0,2%	-0,8%	4,5
9.14	-0,66%	9%	10%	8%	83%	32%	51%	-0,18%	7%	11%	1%	50%	30%	20%	-1%	49%	73%	103	0,5%	-0,6%	4,2
6.14	0,08%	14%	9%	17%	83%	31%	52%	-0,66%	6%	11%	0%	49%	29%	20%	-1%	48%	73%	102	0,9%	-0,7%	3,9
3.14	-2,06%	10%	9%	10%	80%	30%	50%	-0,81%	6%	10%	0%	48%	28%	20%	-2%	47%	74%	101	0,1%	-0,7%	3,8
12.13	-1,76%	8%	9%	7%	80%	30%	50%	-1,05%	4%	9%	-3%	48%	28%	20%	-1%	46%	72%	100	0,4%	-0,8%	3,6
9.13	-2,88%	7%	9%	5%	78%	30%	48%	-0,95%	4%	9%	-2%	47%	27%	20%	-2%	45%	72%	99	-0,1%	-0,8%	3,6
6.13	-5,89%	3%	9%	0%	74%	29%	45%	-1,06%	4%	9%	-3%	47%	27%	20%	-2%	44%	72%	98	-1,3%	-0,8%	3,2
3.13	-5,79%	4%	9%	1%	74%	28%	46%	-1,01%	3%	9%	-4%	47%	26%	20%	-2%	44%	71%	98	-1,1%	-0,8%	3,3
12.12	-4,34%	5%	9%	3%	76%	28%	47%	-0,55%	3%	9%	-3%	47%	26%	21%	-1%	43%	71%	97	-0,5%	-0,7%	3,2
9.12	-4,87%	5%	8%	3%	75%	28%	47%	-0,34%	2%	9%	-5%	46%	25%	21%	-1%	43%	71%	96	-0,5%	-0,6%	3,7
6.12	-5,38%	5%	8%	3%	74%	27%	46%	-0,04%	3%	8%	-2%	46%	25%	21%	-2%	42%	73%	95	-0,7%	-0,5%	3,9
3.12	-5,26%	5%	9%	3%	73%	27%	47%	0,42%	7%	9%	4%	46%	25%	22%	-2%	41%	74%	94	-0,6%	-0,3%	4,3
12.11	-4,25%	8%	10%	7%	74%	27%	47%	1,02%	9%	10%	7%	47%	24%	22%	-1%	41%	69%	93	-0,3%	-0,1%	4,5
9.11	-3,87%	6%	11%	3%	74%	26%	48%	1,77%	9%	11%	8%	47%	24%	23%	-1%	40%	71%	92	-0,3%	0,2%	5,1
6.11	-4,50%	6%	11%	3%	73%	26%	47%	1,69%	10%	12%	8%	47%	24%	23%	-1%	39%	69%	90	-0,6%	0,1%	5,4
3.11	-3,77%	5%	12%	2%	73%	26%	47%	0,95%	7%	12%	3%	45%	23%	22%	-2%	38%	70%	89	-0,5%	-0,1%	4,9
12.10	-4,65%	3%	11%	-1%	72%	25%	46%	0,77%	6%	12%	0%	45%	23%	22%	-1%	37%	69%	92	-1,1%	-0,3%	4,4
9.10	-2,62%	1%	10%	-3%	73%	25%	48%	1,10%	4%	11%	-1%	45%	23%	22%	-1%	37%	68%	90	-0,6%	-0,2%	3,6
6.10	-2,53%	-1%	9%	-6%	72%	25%	48%	0,87%	3%	10%	-3%	45%	23%	22%	-1%	36%	67%	90	-1,1%	-0,4%	3,2
3.10	-0,80%	-1%	10%	-6%	73%	24%	49%	1,47%	2%	10%	-4%	45%	22%	23%	-1%	35%	66%	88	-1,0%	-0,4%	3,1
12.09	0,23%	3%	9%	0%	73%	24%	49%	1,39%	3%	11%	-3%	45%	22%	23%	-1%	35%	65%	88	-1,2%	-0,5%	3,1
9.09	2,66%	7%	12%	6%	74%	23%	51%	2,29%	6%	13%	0%	44%	21%	23%	-1%	34%	65%	86	-0,4%	-0,3%	3,9
6.09	2,71%	12%	16%	10%	73%	22%	50%	2,79%	9%	17%	3%	43%	20%	23%	0%	33%	65%	83	-0,3%	-0,3%	4,7
3.09	2,88%	19%	20%	18%	71%	21%	50%	3,83%	15%	22%	10%	42%	19%	23%	0%	32%	65%	77	0,2%	0,0%	5,9
12.08	-0,07%	17%	24%	14%	67%	21%	46%	4,57%	18%	25%	13%	41%	19%	22%	0%	32%	70%	72	-0,6%	0,1%	6,6
9.08	0,31%	19%	27%	16%	66%	20%	46%	5,45%	23%	28%	20%	40%	18%	22%	0%	31%	84%	67	0,0%	0,4%	7,7
6.08	0,08%	19%	28%	16%	64%	19%	45%	5,55%	24%	28%	21%	39%	17%	22%	0%	30%	90%	64	0,0%	0,5%	8,0
3.08	-1,10%	17%	28%	13%	62%	18%	44%	5,31%	26%	28%	24%	38%	16%	21%	0%	29%	91%	62	-0,4%	0,5%	7,8
12.07	-0,33%	27%	29%	26%	62%	18%	44%	5,55%	24%	28%	22%	37%	16%	21%	0%	28%	91%	66	-0,2%	0,6%	7,6
9.07	0,06%	19%	29%	16%	61%	17%	44%	4,98%	25%	27%	24%	36%	16%	20%	0%	27%	90%	72	0,0%	0,5%	8,0
6.07	0,26%	14%	30%	8%	60%	17%	44%	4,80%	23%	28%	19%	35%	15%	20%	0%	26%	90%	79	0,0%	0,5%	7,1
3.07	0,41%	18%	32%	13%	59%	16%	43%	4,01%	23%	30%	18%	34%	14%	19%	0%	25%	88%	90	0,2%	0,3%	7,0
12.06	-2,93%	21%	30%	18%	55%	16%	39%	4,52%	25%	32%	20%	34%	14%	19%	1%	25%	87%	99	-1,4%	0,5%	7,0
9.06	0,45%	28%	33%	26%	58%	15%	43%	3,65%	23%	34%	15%	32%	14%	18%	1%	23%	84%	106	0,1%	0,2%	5,5
6.06	3,77%	31%	37%	30%	60%	15%	45%	3,97%	26%	38%	20%	32%	13%	19%	1%	22%	82%	106	1,5%	0,4%	6,1
3.06	3,57%	29%	40%	26%	57%	14%	43%	3,09%	27%	40%	19%	31%	12%	18%	0%	21%	80%	109	1,4%	0,3%	5,5
12.05	-0,36%	13%	43%	5%	50%	14%	37%	2,93%	28%	41%	21%	30%	12%	18%	1%	20%	78%	106	-0,5%	0,3%	5,4
9.05	-0,08%	17%	43%	10%	50%	13%	38%	2,45%	21%	42%	11%	29%	11%	18%	1%	19%	76%	105	-0,3%	0,2%	5,1
6.05	0,38%	17%	41%	12%	50%	12%	38%	1,72%	16%	41%	4%	28%	11%	17%	1%	18%	75%	107	0,0%	0,1%	4,2
3.05	-0,28%	19%	39%	15%	48%	11%	38%	0,71%	11%	39%	-1%	27%	10%	17%	0%	16%	74%	105	-0,2%	-0,1%	3,3
12.04	0,44%	17%	38%	13%	49%	10%	38%	-0,02%	10%	38%	-1%	26%	9%	16%	0%	16%	71%		0,2%	-0,5%	3,5
9.04	0,13%				47%	10%	37%	0,72%	16%	42%	6%	26%	9%	18%	0%	15%	70%		0,0%	-0,2%	3,6
6.04	0,00%				47%	9%	38%	1,15%	19%	44%	11%	27%	8%	18%	0%	14%	69%		0,0%	0,0%	4,1
3.04	0,00%				44%	9%	36%	1,31%	17%	41%	10%	26%	8%	19%	0%	13%	69%		0,0%	0,2%	4,4
12.03	0,00%				46%	8%	38%	0,78%	12%	37%	4%	26%	7%	18%	0%	13%			0,0%	0,1%	3,9

Excessive maturity mismatch and market liquidity / **Concentration**

Quarter	Cummulative liquidity gap of up to 7 days	Cummulative liquidity gap of up to 30 days	Cummulative liquidity gap of up to 1 year	Cummulative liquidity gap of up to 2 years	Pledged securities / Total securities	Bonds maturing in next 12 months / Total bonds issued	Net foreign position (excluding foreign capital 3))	Large exposures (total) as a share of own funds	Exposures to the Slovak Republic as a share of total assets	Assets from own financial group as a share of total assets	Liabilities to own financial group as a share of total assets	Assets fair-valued through profit and loss	Liabilities fair-valued through profit and loss	Nominal value of derivatives as a share of total assets	Exposures to countries with high or increasing spreads, as a share of own funds 4): Greece	Cyprus	Loans to corporate segments with high or increasing NPL as a share of total assets 5): Construction
6.16	-41%	-42%	-46%	-43%	15%	12%	5%	102%	14%	6%	3%	1%	1%	32%	0%	7%	1%
3.16	-39%	-39%	-46%	-42%	14%	9%	4%	119%	14%	6%	4%	1%	1%	32%	0%	8%	1%
12.15	-40%	-40%	-46%	-40%	16%	14%	4%	102%	15%	6%	4%	1%	1%	29%	0%	9%	1%
9.15	-39%	-40%	-46%	-39%	15%	16%	5%	114%	16%	5%	3%	1%	1%	28%	0%	15%	2%
6.15	-39%	-41%	-47%	-41%	14%	17%	4%	112%	17%	5%	3%	1%	1%	29%	1%	17%	2%
3.15	-38%	-39%	-46%	-42%	14%	18%	5%	107%	17%	5%	3%	1%	1%	30%	1%	17%	1%
12.14	-37%	-37%	-46%	-41%	16%	19%	4%	101%	17%	6%	3%	1%	1%	29%	1%	16%	1%
9.14	-37%	-39%	-46%	-42%	12%	16%	4%	111%	18%	5%	4%	2%	1%	31%	1%	16%	2%
6.14	-38%	-40%	-45%	-41%	11%	20%	4%	124%	18%	5%	4%	1%	1%	33%	1%	15%	2%
3.14	-36%	-38%	-45%	-40%	11%	14%	3%	105%	18%	4%	3%	2%	1%	31%	1%	14%	2%
12.13	-36%	-38%	-43%	-40%	11%	14%	4%	99%	18%	5%	3%	2%	1%	31%	1%	15%	2%
9.13	-36%	-38%	-43%	-40%	13%	9%	3%	94%	20%	5%	3%	2%	1%	34%	1%	14%	2%
6.13	-34%	-36%	-41%	-38%	15%	11%	2%	106%	21%	5%	3%	2%	1%	35%	1%	13%	2%
3.13	-31%	-33%	-40%	-36%	16%	14%	4%	109%	20%	5%	2%	2%	1%	34%	1%	14%	2%
12.12	-32%	-33%	-37%	-33%	25%	15%	5%	108%	20%	6%	1%	2%	1%	31%	1%	12%	2%
9.12	-31%	-33%	-39%	-34%	22%	15%	3%	100%	21%	6%	2%	4%	1%	34%	1%	12%	2%
6.12	-30%	-32%	-36%	-32%	22%	14%	4%	95%	21%	6%	2%	3%	1%	36%	1%	11%	2%
3.12	-29%	-32%	-36%	-32%	24%	17%	2%	90%	20%	5%	2%	4%	2%	37%	3%	10%	2%
12.11	-33%	-35%	-40%	-35%	28%	12%	2%	117%	20%	4%	4%	3%	1%	37%	13%	10%	2%
9.11	-32%	-37%	-40%	-37%	17%	14%	0%	139%	20%	5%	6%	4%	2%	38%	14%	7%	2%
6.11	-35%	-38%	-39%	-37%	17%	14%	1%	135%	20%	6%	6%	4%	2%	41%	15%	7%	2%
3.11	-34%	-38%	-39%	-35%	17%	19%	2%	110%	21%	6%	6%	4%	2%	39%	16%	10%	2%
12.10	-36%	-39%	-38%	-34%	17%	14%	2%	110%	21%	5%	5%	4%	2%	37%	18%	8%	2%
9.10	-36%	-40%	-37%	-33%	15%	16%	0%	99%	23%	5%	7%	5%	2%	38%	18%	4%	2%
6.10	-36%	-39%	-37%	-33%	26%	22%	2%	101%	23%	4%	4%	5%	3%	40%	19%	4%	2%
3.10	-36%	-37%	-40%	-34%	26%	30%	3%	111%	22%	3%	4%	5%	3%	40%	20%	4%	2%
12.09	-32%	-34%	-39%	-31%	27%	28%	2%	110%	21%	4%	4%	5%	2%	42%	0%	5%	2%
9.09	-30%	-34%	-38%	-30%	24%	22%	5%	111%	21%	6%	4%	5%	3%	43%	0%	6%	2%
6.09	-31%	-35%	-36%	-30%	25%	16%	6%	121%	19%	5%	4%	5%	3%	46%	0%	4%	2%
3.09	-29%	-32%	-35%	-30%	15%	15%	5%	146%	18%	3%	4%	5%	3%	48%	0%	3%	2%
12.08	-23%	-23%	-28%	-24%	21%	12%	-14%	164%	14%	2%	10%	10%	6%	69%			2%
9.08	-30%	-30%	-28%	-24%	7%	22%	-13%	155%	14%	1%	12%	9%	6%	112%			2%
6.08	-27%	-30%	-28%	-23%	5%	22%	-13%	168%	15%	1%	13%	10%	5%	108%			2%
3.08	-29%	-30%	-30%	-25%	4%	20%	-12%	179%	17%	1%	9%	12%	6%	111%			2%
12.07	-33%	-32%	-29%	-24%		14%	-12%		18%	1%	10%	10%	6%	105%			2%
9.07	-28%	-30%	-29%	-24%		7%	-11%		18%	1%	8%	11%	6%	107%			2%
6.07	-28%	-31%	-28%	-23%		13%	-11%		18%	1%	8%	12%	7%	110%			2%
3.07	-27%	-26%	-28%	-24%		13%	-12%		14%	1%	9%	10%	7%	114%			1%
12.06	-28%	-31%	-31%	-25%		10%	-8%		19%	1%	5%	10%	6%	113%			2%
9.06	-26%	-27%	-30%	-24%		5%	-7%		16%	1%	4%	5%	5%	126%			1%
6.06	-23%	-26%	-27%	-22%		5%	-14%		16%	1%	7%	6%	7%	131%			1%
3.06	-28%	-24%	-28%	-23%		4%	-16%		16%	0%	7%	4%	7%	110%			1%
12.05																	
9.05																	
6.05																	
3.05																	
12.04																	
9.04																	
6.04																	
3.04																	
12.03																	

Moral hazard / **Financial infrastructure** / **Resilience of financial system**

Quarter	Total net assets C5	Total net assets HHI	Guaranteed deposits C5	Guaranteed deposits HHI	Investments in domestic government bonds as a share of the total amount of government bonds issued C5	HHI	Loans to retail sector (outstanding amount) C5	HHI	Total assets within financial system C5	HHI	Total liabilities within financial system C5	HHI	Coverage of covered deposits 6)	Assets from the bank levy as a share of total assets 7)	Change in TARGET2 balance of the Slovak Republic (EUR millions)	TARGET2 balance of the Slovak Republic as a ratio to NBS assets	CET1 ratio	Own funds ratio	Liquid asset ratio 8)	Loan-to-deposit ratio
6.16	73%	1 263	75%	1 412	22%	1 843	79%	1 591	62%	963	86%	1 581	0,6%	0,9%	-2 029	-13%	17%	16%	1,60	90%
3.16	73%	1 248	75%	1 410	22%	1 857	79%	1 587	61%	898	86%	1 553	0,6%	0,9%	-1 079	-3%	17%	16%	1,69	90%
12.15	72%	1 250	75%	1 416	24%	1 739	79%	1 583	61%	1 008	87%	1 572	0,7%	0,9%	988	3%	18%	17%	1,64	90%
9.15	72%	1 237	69%	1 273	24%	1 772	79%	1 580	58%	845	89%	1 641	0,6%	0,9%	-1 602	-3%	17%	16%	1,53	91%
6.15	71%	1 231	70%	1 283	24%	1 757	79%	1 580	53%	791	87%	1 615	0,6%	0,9%	807	7%	18%	16%	1,49	91%
3.15	71%	1 230	70%	1 283	25%	1 759	79%	1 571	53%	867	86%	1 550	0,6%	0,8%	-1 973	2%	17%	16%	1,58	90%
12.14	71%	1 221	70%	1 279	25%	1 772	79%	1 564	53%	878	86%	1 587	0,6%	0,8%	-2 149	12%	17%	16%	1,6	91%
9.14	71%	1 226	70%	1 276	26%	1 817	80%	1 571	50%	807	84%	1 538	0,6%	0,8%	1 602	22%	16%	17%	1,36	91%
6.14	70%	1 218	70%	1 278	26%	1 832	80%	1 568	55%	961	83%	1 534	0,6%	0,8%	-3 699	16%	16%	17%	1,36	90%
3.14	70%	1 205	70%	1 276	26%	1 764	80%	1 558	53%	1 038	82%	1 508	0,6%	0,7%	3 800	30%	16%	17%	1,44	89%
12.13	70%	1 214	70%	1 284	27%	1 788	80%	1 559	55%	987	84%	1 605	0,5%	0,6%	-4 256	16%	15%	17%	1,42	89%
9.13	71%	1 223	73%	1 354	27%	1 771	81%	1 577	52%	980	84%	1 596	0,5%	0,5%	-395	32%	15%	17%	1,42	89%
6.13	71%	1 213	73%	1 360	27%	1 689	82%	1 610	49%	857	86%	1 627	0,5%	0,4%	2 527	33%	15%	16%	1,46	88%
3.13	71%	1 220	73%	1 361	28%	1 824	83%	1 641	48%	783	87%	1 654	0,5%	0,3%	3 923	23%	15%	16%	1,5	87%
12.12	71%	1 221	73%	1 371	30%	1 797	83%	1 644	49%	750	86%	1 656	0,5%	0,3%	2 439	5%	13%	16%	1,51	88%
9.12	72%	1 254	73%	1 386	32%	1 848	83%	1 643	55%	882	86%	1 688	0,5%	0,2%	3 718	-8%	13%	16%	1,47	90%
6.12	72%	1 250	73%	1 383	31%	1 827	83%	1 659	56%	905	84%	1 644	0,5%	0,1%	2 779	-27%	12%	16%	1,47	89%
3.12	71%	1 222	73%	1 359	33%	1 734	84%	1 672	55%	853	82%	1 550	0,5%	0,0%	5 574	-39%	12%	15%	1,51	89%
12.11	72%	1 254	73%	1 389	34%	1 777	84%	1 672	57%	914	81%	1 537	0,5%	0,0%	-2 617	-63%	12%	13%	1,36	90%
9.11	71%	1 220	75%	1 458	37%	1 766	84%	1 661	59%	882	79%	1 409	0,4%	0,0%	3 128	-55%	13%	13%	1,36	88%
6.11	71%	1 221	75%	1 454	36%	1 746	84%	1 659	57%	905	78%	1 395	0,4%	0,0%	-2 350	-72%	13%	13%	1,35	87%
3.11	71%	1 220	75%	1 458	38%	1 789	84%	1 665	62%	1 027	78%	1 448	0,3%	0,0%	1 529	-63%	12%	12%	1,36	86%
12.10	72%	1 237	75%	1 478	40%	1 839	84%	1 682	62%	1 077	74%	1 375	0,3%	0,0%	1 140	-67%	12%	13%	1,37	85%
9.10	72%	1 252	75%	1 508	45%	1 844	85%	1 694	59%	942	74%	1 373	0,2%	0,0%	587	-74%	12%	13%	1,39	87%
6.10	73%	1 275	76%	1 513	47%	1 808	85%	1 698	60%	1 034	75%	1 266	0,2%	0,0%	-572	-71%	12%	13%	1,35	83%
3.10	72%	1 265	76%	1 517	47%	1 805	85%	1 698	63%	1 168	77%	1 331	0,1%	0,0%	54	-73%	11%	12%	1,39	86%
12.09	72%	1 273	77%	1 536	47%	1 909	85%	1 683	62%	1 135	74%	1 316					11%	12%	1,31	85%
9.09	72%	1 266	78%	1 590	47%	1 924	85%	1 678	62%	1 050	74%	1 259					11%	12%	1,30	84%
6.09	70%	1 214	76%	1 571	45%	1 891	83%	1 638	61%	1 032	66%	1 075					12%	12%	1,32	83%
3.09	69%	1 187	76%	1 575	46%	1 920	82%	1 618	62%	945	65%	1 053					12%	11%	1,40	83%
12.08	72%	1 197	76%	1 605	38%	1 701	82%	1 611	61%	910	71%	1 149					12%	11%	1,46	78%
9.08	68%	1 090	74%	1 512	34%	1 913	82%	1 619	62%	960	69%	1 097					13%	11%		85%
6.08	67%	1 083	74%	1 571	33%	2 026	82%	1 613	69%	1 095	66%	1 060					13%	12%		84%
3.08	67%	1 086	74%	1 576	37%	2 071	82%	1 606	62%	982	67%	1 090					13%	11%		83%
12.07	68%	1 085	75%	1 573	40%	2 306	82%	1 587	68%	1 076	65%	1 056					13%	12%		77%
9.07	68%	1 075	75%	1 582	40%	2 404	82%	1 595	65%	1 005	66%	1 124					14%	13%		74%
6.07	68%	1 086	75%	1 579	39%	2 366	81%	1 599	67%	1 091	70%	1 188					14%	13%		71%
3.07	66%	1 065	76%	1 597	40%	2 309	81%	1 593	62%	984	64%	1 049					15%	13%		73%
12.06	67%	1 127	76%	1 594	44%	2 175	81%	1 584	65%	1 035	61%	965					15%	13%		72%
9.06	65%	1 096	76%	1 612	47%	2 193	81%	1 589	67%	1 063	63%	996					16%	14%		68%
6.06	67%	1 110	76%	1 614	47%	2 195	81%	1 601	70%	1 204	69%	1 137					18%	14%		68%
3.06	66%	1 037	76%	1 622	45%	2 050	81%	1 605	62%	954	67%	1 125					18%	14%		66%
12.05	68%	1 071	75%	1 593	52%	2 377	81%	1 606	66%	1 060	67%	1 194					19%	15%		66%
9.05	67%	1 094	75%	1 625	52%	2 368	81%	1 622	63%	1 022	67%	1 113					21%	16%		63%
6.05	67%	1 121	75%	1 644	51%	2 052	81%	1 621	61%	1 008	68%	1 176					22%	17%		58%
3.05	67%	1 104	75%	1 658	50%	1 936	81%	1 625	63%	1 048	66%	1 107					21%	18%		56%
12.04	66%	1 147	75%	1 671	61%	2 065	81%	1 640	64%	1 009	63%	1 025						19%		57%
9.04	66%	1 136	75%	1 684	62%	2 043	81%	1 664	64%	1 196	62%	986						21%		54%
6.04	66%	1 178	76%	1 710	61%	2 038	81%	1 676	67%	1 125	67%	1 046						22%		55%
3.04	65%	1 164	77%	1 803	66%	2 088	81%	1 720	67%	1 128	62%	999						22%		56%
12.03																				55%

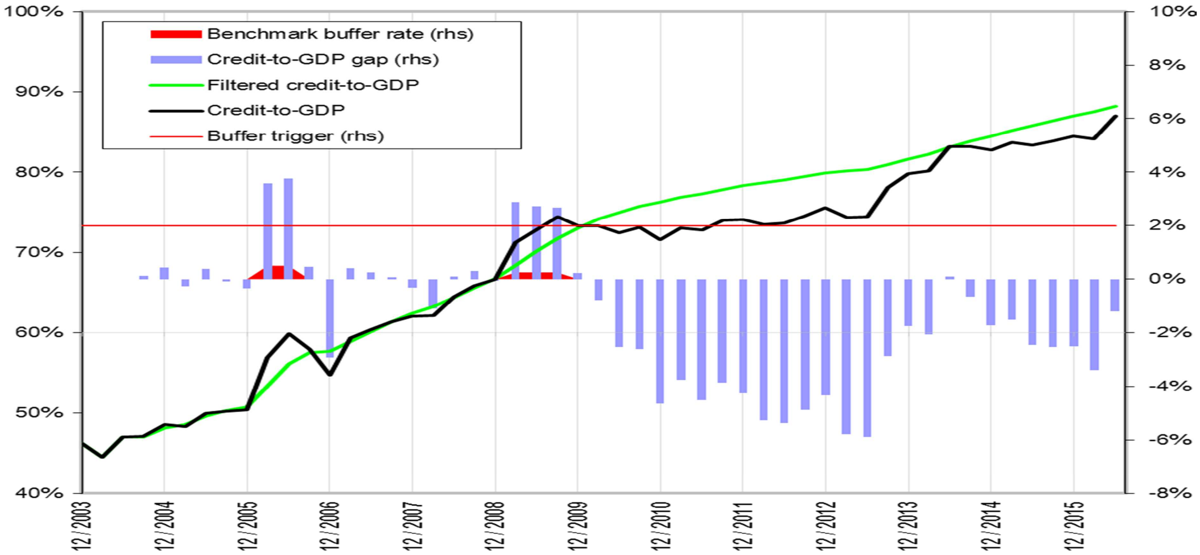
Note: The darker the colour, the greater the probability of imbalances with relevance for macroprudential policy. Gap: deviation of the respective indicator from its long-term trend. Credit-to-GDP gap: deviation of credit-to-GDP ratio from its long-term trend. C5: the overall share of the five institutions that have the highest share in the banking sector's total volume of that item for the respective quarter. HHI: Herfindahl-Hirschman index.

1) The data on LTV ratios for new loans for the period 2004–2008 are based on an expert estimation. 2) Cyclogram time series are recalculated with every extension of time series for the new period, due to this fact the values of the entire time series change between respective vintages. 3) Capital: Own funds of foreign banks´ subsidiaries. 4) Annual increase of spread by more than 2 p.p. or spread exceeding 4 p.p. Spread is calculated as an average differance between yields of goverment bonds of respective country and yields of German goverment bonds for the respective quarter. 5) Annual increase of NPL ratio by more than 1 p.p. or level of NPL ratio exceeding 10% . 6) Funds accumulated in the Deposit Protection Fund as a ratio to the total amount of covered deposits in the given quarter. The increase of the coverage ratio in december 2015 is caused by methodology change given by implementation of Act No 239/2015 Coll. Following the implementation, the contributions of institutions are calculated on the basis of covered deposits, not eligible deposits. 7) Funds accumulated from the special levy on financial institutions, pursuant to Act No 384/2011 Coll. as a ratio to the banking sector's total net assets in the given quarter. 8) The methodology for calculating the ratio was changed from December 2014. 9) Credit provided by domestic banks to households´sector (S.14 and S.15) and nonfinancial corporation sector (S.11) operating at the domestic market, source: V(NBS) 33-12.

B) Countercyclical capital buffer

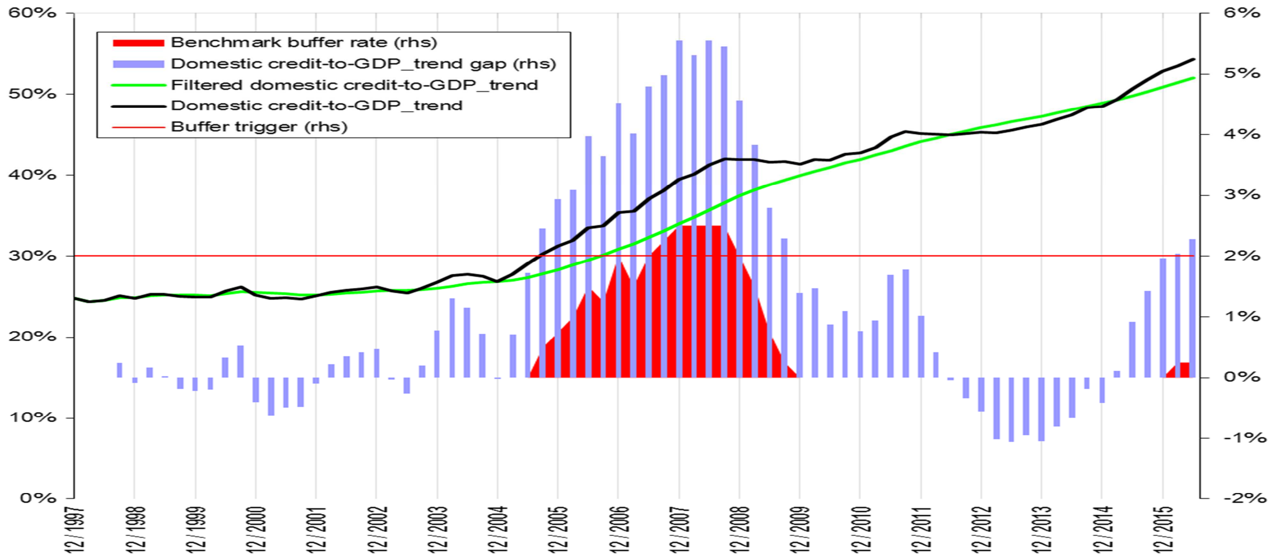
Deviation of the credit-to-GDP ratio from its long-term trend[12]

Chart 1 Credit-to-GDP gap



Source: NBS, SO SR.
Credit-to-GDP gap is estimated on outstanding amount of debt of NFCs and households.
Countercyclical capital buffer trigger values and gap values are shown on the right-hand scale.

Chart 2 Domestic credit-to-GDP$_{trend}$ gap



Source: NBS, SO SR.
Countercyclical capital buffer trigger values and gap values are shown on the right-hand scale.
Domestic credit-to-GDP gap is estimated on credit provided by domestic banking sector to NFCs and households.

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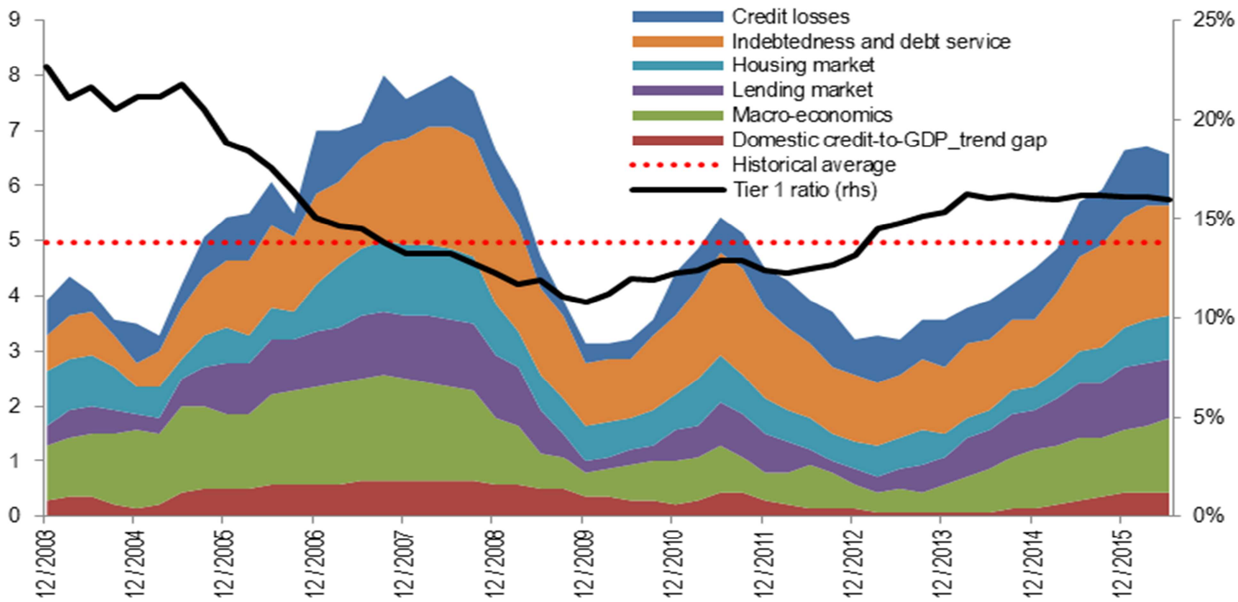
12 Ratio pursuant to Article 33g(2)(a) of the Banking Act.

Chart 3 Cyclogram[13]



Source: NBS, SO SR and CMN.

Table 3 Buffer guide for the countercyclical capital buffer[14]

Buffer guide basis	Buffer guide as at 30 June 2016
Credit-to-GDP gap	0%
Domestic credit-to-GDP_{trend} gap	0.25%

Source: NBS.

[13] Pursuant to Article 33g(1c) of the Banking Act.

[14] Obligation laid down in Article 33g(2) of the Banking Act; calculation made in accordance with ESRB Recommendation No ESRB/2014/1 of 18 June 2014 on guidance for setting countercyclical buffer rates.