NÁRODNÁ BANKA SLOVENSKA
EUROSYSTÉM

QUARTERLY COMMENTARY ON MACROPRUDENTIAL POLICY

APRIL 2017

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 31 December 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 throughout 2016 became even more pronounced towards the year-end, as the annual growth rate in the stock of loans provided by banks increased to 10.3% in the fourth quarter of 2016 (from 10.2% in the third quarter)[3], its highest level for seven years. In absolute terms, the only similar increases occurred during the 2006-2009 credit boom, when private sector indebtedness was still relatively low compared with its current level. Lending to households and lending to non-financial corporations (NFCs) made similar contributions to the overall credit growth. The annual growth rate in the stock of household loans had already been in double digits for three years and it accelerated slightly further in the fourth quarter of 2016, to 13.4% (from 13.2% in the third quarter), driven by both housing loans and consumer loans. Household demand for credit is being stoked by favourable macroeconomic and sentiment trends in conjunction with the protracted low interest rate environment. The fourth quarter of 2016 was the fifth successive quarter when Slovakia reported the highest household credit growth in the European Union. The strong credit growth was also reflected in household indebtedness, which in the fourth quarter recorded its highest growth rate for seven years and reached 38.3% of GDP (up from 37.4% of GDP in the third quarter).

The stock of NFC loans also maintained a relatively strong growth rate in the fourth quarter, and although the pace (5.3%) was unchanged from the third quarter, it was still among the highest in the EU and still far above its post-crisis average (1.4%). NFC credit growth has for several years now been driven by long-term investment loans, which indicates that firms have favourable expectations for the future economic situation. Low interest rates are also continuing to support credit demand. Credit growth is present in all business sectors, including loans to small and medium-sized enterprises. The stock of operating loans has been falling for more than three years, implying that firms' performance has improved so far as to reduce their need for external financing. Throughout 2016 the corporate sector debt burden in Slovakia was one of the six fastest growing among EU countries. NFC debt in Slovakia relative to GDP had risen to 52.4% by the end of 2016, its highest level since mid-2014.

The continuing growth in bank lending to the non-financial private sector was reflected in a notably large increase in the domestic credit-to-GDP_{trend} gap, which in the fourth quarter of 2016 reached 4.48% (Chart 2), similar to its level at the end of 2006. Moreover, the indicator increased, year-on-year, by more than one percentage point for a seventh consecutive quarter. As a guide to decisions on setting the countercyclical capital buffer (CCYB) rate, the domestic credit-to-GDP_{trend} gap implied a CCyB rate of 1.25%. The rapid growth in private sector indebtedness was further reflected in the standardised credit-to-GDP gap[4], which in the fourth quarter of 2016 increased by its second highest ever margin, up to 1.34% (Chart 1), and turned positive for the first time since 2009. A third indicator extends the standardised indicator so as to better capture conditions prevailing in Slovakia (by extending the time series back to 1993 with imputed data and by using a less volatile denominator: GDP_{trend}). After accelerating in the last quarter of 2016, its level implied a CCyB rate of

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

[4] Calculated in accordance with the requirements laid down in Recommendation ESRB 2014/1.

1.75%. Another indicator identifying the current phase of the financial cycle – the Cyclogram – maintained its upward trend in the fourth quarter of 2016, attaining a level similar to that observed at the end of 2007 (Chart 3) and one that implied a CCyB rate of 2.00%. For a second successive quarter the Cyclogram's increase was broad-based across all of its component variables.

The majority of the indicators under review evince long-term strengthening pressures in the financial market. Developments in the credit market, in private sector indebtedness and in the macroeconomy, as well as property price movements and loan default rates, point to increasing momentum in the financial cycle's upswing. This trend is supported by factors on both the supply and demand sides. The continuation of these expansionary trends was an assumption inherent in the decision of July 2016 to apply a non-zero CCyB rate (effective from 1 August 2017), and this assumption proved to be fully accurate. Moreover, all of the principal indicators are now implying the need for a further increase in the CCyB rate. NBS is therefore closely following and assessing financial market developments.

1.2 Excessive maturity mismatch and market illiquidity

Liquidity risk in the Slovak banking sector in the fourth quarter of 2016 continued to reflect the impact of four interlinked trends. The first was the ongoing decline in banks' investment in Slovak government bonds, which as a share of the sector's total assets reached their lowest level since 2008. In consequence, the sector's liquid asset ratio also decreased.

The second trend was strong growth in long-term illiquid assets, mostly in the form of housing loans and, to a lesser extent, investment loans to non-financial corporations. The relevance of this trend to liquidity risk is that it increases the fragility of the Slovak banking sector.

The third trend was robust growth in retail deposits, which was related to the lending activity mentioned above. Since retail deposit growth was largely accounted for by current account balances, the short-term profile of the banking sector's liabilities became more pronounced. As at December 2016 household current account deposits accounted for more than one-quarter of the sector's liabilities.

The fourth trend, which began in mid-2016, was that of credit growth outpacing deposit growth, particularly in respect of NFC loans and deposits. The loan-to-deposit (LTD) ratio increased in the fourth quarter to an all-time high of 94.5% (excluding the positive impact of mortgage bonds), thereby reducing the domestic banking sector's self-sufficiency in terms of liquidity.

1.3 Concentration

The Slovak banking sector's exposure to concentration risk remained largely unchanged in the first quarter of 2017. With several indicators maintaining their previous trends, certain aspects of this risk appeared to be gradually moderating. The aggregate loan books for most business sectors showed a fall in the non-performing loan ratio. Furthermore, the share of domestic government bonds in banks' assets declined, as did the amount of exposure to Cyprus.

Several structural metrics of bank activity concentration nevertheless remain elevated, by both domestic and international standards. Most notable is the heavy focus on lending to the domestic economy and in particular on retail lending. Comparing the situation in Slovakia with that in other countries participating in the Single Supervisory Mechanism, the share of retail loans in the banking sector's total assets is one of the highest, as is the share of interest income in its total gross income. This concentration of business activity is, however, under increasing pressure from the effect of falling interest rates in a low interest rate environment.

1.4 Moral hazard

The moral hazard indicators did not change significantly in the fourth quarter of 2016 and maintained the trends observed in previous quarters. The concentration of total net assets continued to increase, moderately, to reach its highest ever level. Neither the share of domestic government bonds in banks' total assets, nor the concentration of these holdings across the banking sector changed appreciably. The concentration of liabilities in the financial system edged down again in the fourth quarter, but still remained close to its historical high. As regards the amount of total assets in the financial system, its concentration was somewhat heightened by an increase in interbank assets at one bank.

1.5 Financial infrastructures and other risks

Since banks in Slovakia paid their 2016 contributions to the domestic deposit guarantee scheme – the Deposit Protection Fund (DPF) – in the first half of 2016, the amount of funds accumulated in the DPF remained unchanged in the fourth quarter of the year. The DPF's funds as at the year-end were therefore at a level equivalent to 0.6% of total covered deposits.

The total amount of banks' funds transferred to the EU's Single Resolution Fund in 2016 was almost €22 million.

The proceeds of the special levy on selected financial institutions in Slovakia, held in the State Financial Assets Account, amounted to more than €715 million at the end of 2016. The rate of the special levy is set at 0.2% for each year until 2020.[5]

[5] Under an amendment to Act No 384/2011 Coll. on a special levy on selected financial institutions.

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), including changes in the indicators of excessive credit growth and leverage (table in Annex A), supported the reasons for applying a non-zero countercyclical capital buffer (CCyB) rate. Under a Decision adopted by the NBS Bank Board on 25 April 2017, the CCyB rate remains set at 0.5% with effect from 1 August 2017.[6]

2.2 Current instrument settings

On 26 July 2016 the NBS Bank Board adopted a Decision under which a non-zero CCyB rate of 0.50% will be applied from 1 August 2017.

On 13 December 2016 the NBS Bank Board approved a Decree laying down detailed provisions on the assessment of borrowers' ability to repay housing loans (NBS Decree No 10/2016). This Decree largely enacts housing loan-related recommendations set out in Macroprudential Policy Recommendation No 1/2014 of Národná banka Slovenska on risks related to market developments in retail lending ("the Recommendation"). There are certain changes from the Recommendation in regard to minimum financial resources requirements for borrowers and additional loan-to-value ratio limits.[7]

On 31 January 2017 the NBS Bank Board approved an amendment to the Recommendation which revokes those parts of the Recommendation that have been adopted into law by NBS Decree No 10/2016 and certain statutes.[8]

Under Decision No 18/2016 of Národná banka Slovenska of 24 May 2016, banks in Slovakia identified as other systemically important institutions (O-SIIs) are subject to an O-SII buffer of 1% or 2% of risk-weighted assets as from 1 January 2017. Furthermore, under Decision No 19/2016 of Národná banka Slovenska of 24 May 2016, the O-SIIs to which systemic risk buffers (SRBs) apply are subject to an SRB rate of 1% of domestic risk-weighted assets as from 1 January 2017. As a result, each O-SII established in Slovakia is subject either to an O-SII buffer of 2% or a combination of O-SII and systemic risk buffers amounting to the same 2% maximum level. Other currently applicable macroprudential policy instruments, covering mainly the area of capital requirements, are listed in Table 1.

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

Planned legislative amendments in the area of consumer loans

Preparations are now being made to enact in secondary legislation the recommendations set out in Macroprudential Policy Recommendation No 1/2014, as amended, and at the same time to recalibrate some of these recommendations. A key benefit of this enactment will be to extend the

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

[7] http://www.nbs.sk/_img/Documents/_Legislativa/_Vestnik/OPAT10-2016.pdf (in Slovak language only)

[8] http://www.nbs.sk/_img/Documents/_Legislativa/_BasicActs/A90-2016.pdf
http://www.nbs.sk/_img/Documents/_Legislativa/_BasicActs/A129-2010.pdf

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.

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

All the principal indicators that guide decisions on the setting of countercyclical capital buffer rate are implying that the rate should be raised further. If warranted by credit market developments, the NBS Bank Board will consider increasing the CCyB rate in the next quarter.

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

As at 25 April 2017 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	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	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)[9]	1%	1%	1%	1% - 2%	1% - 2%	
Systemic risk buffer (Article 33e of the Banking Act)[10]	0%	0%	0%	1%	1%	
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.

[9] 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.
[10] Systemic risk buffer is set for Československá obchodná banka, a.s., 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	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Note
Macroprudential instruments applicable abroad						
Countercyclical capital buffer rate for **Czech Republic** (Article 33j of the Banking Act)	0%	0%	0%	0.5%	0.5%	
Countercyclical capital buffer rate for **Sweden** (Article 33j of the Banking Act)	1%	1.5%	1.5%	1.5%	2%	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%	1.5%	1.5%	1.5%	1.5%	To be increased to 2 % from 31 December 2017.
Countercyclical capital buffer rate for **Iceland** (Article 33j of the Banking Act)	0%	0%	0%	0%	1%	To be increased to 1.25 % from 1 November 2017
Countercyclical capital buffer rate for **Hong Kong** (Article 33i and Article 33j of the Banking Act)	0.625%	0.625%	0.625%	1.25%	1.25%	To be increased to 1.875% since 1 January 2018 and to 2.5 % since 1 January 2019.
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 **Estonia** (Article 33f of the Banking Act)	0%	0%	1%	1%	1%	
Systemic risk buffer for other EU Member States (Article 33f of the Banking Act)	0%	0%	0%	0%	0%	
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, Slovenia:** 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

	Total private debt							Domestic credit 9)							Households sector				Corporate sector		
	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	Domestic credit-to-GDP trend 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)	Total debt-to-trend revenues gap	Domestic credit-to-trend revenues gap	Cyclogram 2)
12.16	1,34%	11%	12%	10%	91%	38%	52%	4,48%	10%	13%	5%	57%	36%	20%	2%	62%	73%	99	0,7%	0,2%	7,4
9.16	-0,45%	9%	12%	7%	88%	37%	51%	3,97%	10%	13%	5%	56%	35%	20%	2%	60%	74%	101	0,1%	0,1%	6,9
6.16	-1,39%	8%	12%	5%	86%	37%	50%	3,17%	9%	13%	4%	54%	34%	20%	1%	59%	73%	102	-0,2%	-0,1%	6,2
3.16	-3,57%	4%	11%	-1%	83%	36%	48%	2,95%	10%	12%	8%	53%	33%	20%	1%	57%	73%	104	-0,9%	0,0%	6,5
12.15	-2,72%	5%	11%	2%	84%	35%	49%	2,91%	11%	12%	9%	53%	33%	20%	1%	56%	71%	105	-0,6%	0,0%	6,4
9.15	-2,70%	4%	12%	-1%	83%	34%	49%	2,41%	9%	13%	3%	52%	32%	20%	1%	55%	70%	106	-0,6%	-0,2%	5,8
6.15	-2,59%	3%	12%	-2%	83%	34%	49%	1,94%	9%	13%	3%	51%	32%	20%	1%	54%	69%	107	-0,5%	-0,2%	5,5
3.15	-1,59%	7%	12%	4%	83%	33%	50%	1,16%	7%	13%	-1%	50%	31%	19%	0%	53%	71%	108	-0,1%	-0,5%	4,6
12.14	-1,79%	6%	12%	3%	82%	33%	50%	0,68%	6%	12%	-2%	49%	30%	19%	0%	52%	73%	109	-0,2%	-0,8%	4,5
9.14	-0,72%	9%	10%	8%	83%	32%	51%	0,94%	7%	11%	1%	49%	30%	20%	0%	50%	72%	108	0,5%	-0,6%	4,2
6.14	0,02%	14%	9%	17%	83%	31%	52%	0,50%	6%	11%	0%	48%	29%	20%	-1%	49%	72%	107	0,9%	-0,7%	3,9
3.14	-2,11%	10%	9%	10%	80%	30%	49%	0,39%	6%	10%	0%	48%	28%	20%	-1%	48%	73%	106	0,1%	-0,7%	3,6
12.13	-1,81%	8%	9%	7%	79%	30%	50%	0,18%	4%	9%	-3%	47%	28%	20%	-1%	47%	71%	105	0,4%	-0,8%	3,4
9.13	-2,94%	7%	9%	5%	78%	29%	48%	0,32%	4%	9%	-2%	47%	27%	20%	-1%	46%	71%	103	-0,1%	-0,8%	3,4
6.13	-5,92%	3%	9%	0%	74%	29%	45%	0,26%	4%	9%	-3%	47%	27%	20%	-1%	45%	70%	103	-1,3%	-0,8%	3,2
3.13	-5,82%	4%	9%	1%	74%	28%	46%	0,34%	3%	9%	-4%	46%	26%	20%	-2%	44%	70%	102	-1,1%	-0,8%	3,2
12.12	-4,36%	5%	9%	3%	75%	28%	47%	0,84%	3%	9%	-3%	46%	26%	21%	-1%	44%	70%	102	-0,5%	-0,7%	3,3
9.12	-4,87%	5%	8%	3%	74%	27%	47%	1,09%	2%	9%	-5%	46%	25%	21%	-1%	43%	70%	100	-0,5%	-0,6%	3,8
6.12	-5,36%	5%	8%	3%	73%	27%	46%	1,42%	3%	8%	-2%	46%	25%	21%	-2%	42%	71%	100	-0,7%	-0,5%	3,9
3.12	-5,21%	5%	9%	3%	73%	27%	47%	1,91%	7%	9%	4%	46%	24%	22%	-2%	41%	72%	99	-0,6%	-0,3%	4,3
12.11	-4,19%	8%	10%	7%	74%	27%	47%	2,53%	9%	10%	7%	46%	24%	22%	-1%	41%	70%	97	-0,3%	-0,1%	4,5
9.11	-3,82%	6%	11%	3%	74%	26%	47%	3,29%	9%	11%	8%	47%	24%	23%	-1%	41%	70%	96	-0,3%	0,2%	5,1
6.11	-4,45%	6%	11%	3%	73%	26%	47%	3,21%	10%	12%	8%	46%	24%	23%	-1%	40%	69%	94	-0,6%	0,1%	5,5
3.11	-3,71%	5%	12%	2%	73%	26%	47%	2,47%	7%	12%	3%	45%	23%	22%	-1%	39%	68%	93	-0,5%	-0,1%	4,9
12.10	-4,60%	3%	11%	-1%	71%	25%	46%	2,30%	6%	12%	0%	45%	23%	22%	-1%	38%	66%	95	-1,1%	-0,3%	4,5
9.10	-2,58%	1%	10%	-3%	73%	25%	48%	2,65%	4%	11%	-1%	45%	23%	22%	-1%	37%	68%	93	-0,5%	-0,2%	3,6
6.10	-2,49%	-1%	9%	-6%	72%	25%	48%	2,43%	3%	10%	-3%	45%	22%	22%	-1%	36%	67%	92	-1,1%	-0,4%	3,2
3.10	-0,78%	-1%	10%	-6%	73%	24%	49%	2,65%	2%	10%	-4%	45%	22%	23%	-1%	35%	67%	91	-1,0%	-0,4%	3,1
12.09	0,24%	3%	9%	0%	73%	24%	49%	2,92%	3%	11%	-3%	45%	22%	23%	-1%	35%	65%	91	-1,2%	-0,5%	3,2
9.09	2,67%	7%	12%	6%	74%	23%	51%	3,82%	6%	13%	0%	44%	21%	23%	-1%	34%	65%	89	-0,4%	-0,3%	3,8
6.09	2,73%	12%	16%	10%	73%	22%	50%	4,30%	9%	17%	3%	43%	20%	23%	0%	33%	65%	86	-0,3%	-0,3%	4,7
3.09	2,91%	19%	20%	18%	71%	21%	50%	5,30%	15%	22%	10%	42%	19%	23%	0%	32%	65%	80	0,2%	0,0%	5,7
12.08	-0,02%	17%	24%	14%	66%	21%	46%	5,98%	18%	25%	13%	40%	18%	22%	0%	32%	70%	75	-0,6%	0,1%	6,7
9.08	0,36%	19%	27%	16%	66%	20%	46%	6,77%	23%	28%	20%	40%	18%	22%	0%	31%	84%	70	0,0%	0,4%	7,7
6.08	0,14%	19%	28%	16%	64%	19%	45%	6,77%	24%	28%	21%	39%	17%	22%	0%	30%	90%	67	0,0%	0,5%	8,0
3.08	-1,04%	17%	28%	13%	62%	18%	44%	6,06%	26%	28%	24%	38%	16%	21%	0%	29%	91%	65	-0,4%	0,5%	7,5
12.07	-0,28%	27%	29%	26%	62%	18%	44%	6,50%	24%	28%	22%	37%	16%	21%	0%	28%	91%	69	-0,2%	0,6%	7,6
9.07	0,11%	19%	29%	16%	61%	17%	44%	5,81%	25%	27%	24%	36%	15%	20%	0%	27%	90%	75	0,0%	0,5%	7,9
6.07	0,31%	14%	30%	8%	60%	17%	43%	5,50%	23%	28%	19%	35%	15%	20%	0%	26%	90%	82	0,0%	0,5%	7,1
3.07	0,45%	18%	32%	13%	59%	16%	43%	4,58%	23%	30%	18%	33%	14%	19%	0%	25%	88%	93	0,2%	0,3%	7,0
12.06	-2,88%	21%	30%	18%	55%	16%	39%	4,97%	25%	32%	20%	33%	14%	19%	1%	25%	87%	103	-1,4%	0,5%	7,0
9.06	0,47%	28%	33%	26%	58%	15%	43%	3,97%	23%	34%	15%	32%	14%	18%	1%	23%	84%	111	0,1%	0,2%	5,4
6.06	3,77%	31%	37%	30%	60%	15%	45%	4,18%	26%	38%	20%	32%	13%	19%	1%	22%	82%	110	1,5%	0,4%	5,9
3.06	3,55%	29%	40%	26%	57%	14%	43%	3,16%	27%	40%	19%	31%	12%	18%	0%	21%	80%	113	1,4%	0,3%	5,4
12.05	-0,39%	13%	43%	5%	50%	13%	37%	2,89%	28%	41%	21%	30%	12%	18%	1%	20%	78%	110	-0,5%	0,3%	5,4
9.05	-0,12%	17%	43%	10%	50%	13%	38%	2,30%	21%	42%	11%	29%	11%	18%	1%	19%	76%	109	-0,3%	0,2%	4,8
6.05	0,35%	17%	41%	12%	50%	12%	38%	1,47%	16%	41%	4%	28%	11%	17%	1%	18%	75%	111	0,0%	0,1%	4,1
3.05	-0,30%	19%	39%	15%	48%	11%	37%	0,38%	11%	39%	-1%	27%	10%	17%	0%	16%	74%	108	-0,2%	-0,1%	3,1
12.04	0,44%	17%	38%	13%	49%	10%	38%	-0,39%	10%	38%	-1%	26%	9%	16%	0%	16%	71%	113	0,2%	-0,5%	3,4
9.04	0,13%				47%	10%	37%	0,35%	16%	42%	6%	26%	9%	18%	0%	15%	70%	104	0,0%	-0,2%	3,4
6.04	0,00%				47%	9%	38%	0,73%	19%	44%	11%	27%	8%	18%	0%	14%	69%	101	0,0%	0,0%	3,9
3.04	0,00%				44%	9%	36%	0,81%	17%	41%	10%	26%	8%	19%	0%	13%	69%	102	0,0%	0,2%	4,2
12.03	0,00%				46%	8%	38%	0,19%	12%	37%	4%	26%	7%	18%	0%	13%		100	0,0%	0,1%	3,7

Excessive maturity mismatch and market liquidity; Concentration

	Cumulative liquidity gap of up to 7 days	Cumulative liquidity gap of up to 30 days	Cumulative liquidity gap of up to 1 year	Cumulative 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 groups as a share of total assets	Liabilities to own financial groups 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) (podiel na vlastných zdrojoch): Greece	Cyprus	Loans to corporate segments with a high or increasing NPL ratio as a share of total assets 5): Construction	Commercial real estate
12.16	-41%	-42%	-47%	-42%	13%	14%	3%	105%	13%	5%	5%	1%	1%	28%	0%	5%	1%	6%
9.16	-42%	-43%	-47%	-44%	14%	14%	4%	106%	14%	5%	4%	1%	1%	33%	0%	6%	1%	6%
6.16	-41%	-42%	-46%	-43%	15%	12%	5%	102%	14%	6%	3%	1%	1%	32%	0%	7%	1%	5%
3.16	-39%	-39%	-46%	-42%	14%	9%	4%	119%	14%	6%	4%	1%	1%	32%	0%	8%	1%	5%
12.15	-40%	-40%	-46%	-40%	16%	14%	4%	102%	15%	6%	4%	1%	1%	29%	0%	9%	1%	5%
9.15	-39%	-40%	-46%	-39%	15%	16%	5%	114%	16%	5%	3%	1%	1%	28%	0%	15%	2%	5%
6.15	-39%	-41%	-47%	-41%	14%	17%	4%	112%	17%	5%	3%	1%	1%	29%	1%	17%	2%	5%
3.15	-38%	-39%	-46%	-42%	14%	18%	5%	107%	17%	5%	3%	1%	1%	30%	1%	17%	1%	5%
12.14	-37%	-37%	-46%	-41%	16%	19%	4%	101%	17%	6%	3%	1%	1%	29%	1%	16%	1%	5%
9.14	-37%	-39%	-46%	-42%	12%	16%	4%	111%	18%	5%	4%	2%	1%	31%	1%	16%	2%	5%
6.14	-38%	-40%	-45%	-41%	11%	20%	4%	124%	18%	5%	4%	1%	1%	33%	1%	15%	2%	5%
3.14	-36%	-38%	-45%	-40%	11%	14%	3%	105%	18%	4%	3%	2%	1%	31%	1%	14%	2%	5%
12.13	-36%	-38%	-43%	-40%	11%	14%	4%	99%	18%	5%	3%	2%	1%	31%	1%	15%	2%	5%
9.13	-36%	-38%	-43%	-40%	13%	9%	3%	94%	20%	5%	3%	2%	1%	34%	1%	14%	2%	6%
6.13	-34%	-36%	-41%	-38%	15%	11%	2%	106%	21%	5%	3%	2%	1%	35%	1%	13%	2%	6%
3.13	-31%	-33%	-40%	-36%	16%	14%	4%	109%	20%	5%	2%	2%	1%	34%	1%	14%	2%	6%
12.12	-32%	-33%	-37%	-33%	25%	15%	5%	108%	20%	6%	1%	2%	1%	31%	1%	12%	2%	6%
9.12	-31%	-33%	-39%	-34%	22%	15%	3%	100%	21%	6%	2%	4%	1%	34%	1%	12%	2%	5%
6.12	-30%	-32%	-36%	-32%	22%	14%	4%	95%	21%	6%	2%	3%	1%	36%	1%	11%	2%	6%
3.12	-29%	-32%	-36%	-32%	24%	17%	2%	90%	20%	5%	2%	4%	2%	37%	3%	10%	2%	6%
12.11	-33%	-35%	-40%	-35%	28%	12%	2%	117%	20%	4%	4%	3%	1%	37%	13%	10%	2%	6%
9.11	-32%	-37%	-40%	-37%	17%	14%	0%	130%	20%	5%	6%	4%	2%	38%	14%	7%	2%	6%
6.11	-35%	-38%	-39%	-37%	17%	14%	1%	135%	20%	6%	6%	4%	2%	41%	15%	7%	2%	6%
3.11	-34%	-38%	-39%	-35%	17%	19%	2%	110%	21%	6%	6%	4%	2%	39%	16%	10%	2%	6%
12.10	-36%	-39%	-38%	-34%	17%	14%	2%	110%	21%	5%	5%	4%	2%	37%	18%	8%	2%	6%
9.10	-36%	-40%	-37%	-33%	15%	16%	0%	99%	23%	5%	7%	5%	2%	38%	18%	4%	2%	6%
6.10	-36%	-39%	-37%	-33%	26%	22%	2%	101%	23%	4%	4%	5%	3%	40%	19%	4%	2%	6%
3.10	-36%	-37%	-40%	-34%	26%	30%	3%	111%	22%	3%	4%	5%	3%	40%	20%	4%	2%	6%
12.09	-32%	-34%	-39%	-31%	27%	28%	2%	110%	21%	4%	4%	5%	2%	42%	0%	5%	2%	6%
9.09	-30%	-34%	-38%	-30%	24%	22%	3%	111%	21%	6%	4%	5%	3%	43%	0%	6%	2%	6%
6.09	-31%	-35%	-36%	-30%	25%	16%	6%	121%	19%	5%	4%	5%	3%	46%	0%	4%	2%	6%
3.09	-29%	-32%	-35%	-30%	15%	15%	5%	146%	18%	3%	4%	5%	3%	48%	0%	3%	2%	6%
12.08	-23%	-23%	-28%	-24%	21%	12%	-14%	164%	14%	2%	10%	10%	6%	69%			2%	5%
9.08	-30%	-30%	-28%	-24%	7%	22%	-13%	155%	14%	1%	12%	9%	6%	112%			2%	4%
6.08	-27%	-30%	-28%	-23%	5%	22%	-13%	168%	15%	1%	13%	10%	5%	108%			2%	4%
3.08	-29%	-30%	-30%	-25%	4%	20%	-12%	179%	17%	1%	9%	12%	6%	111%			2%	4%
12.07	-33%	-32%	-29%	-24%		14%	-12%		18%	1%	10%	11%	6%	105%			2%	4%
9.07	-28%	-30%	-29%	-24%		7%	-11%		18%	1%	8%	11%	6%	107%			2%	4%
6.07	-28%	-31%	-28%	-23%		13%	-11%		18%	1%	8%	12%	7%	110%			2%	4%
3.07	-27%	-26%	-28%	-24%		13%	-12%		18%	1%	9%	10%	7%	114%			1%	3%
12.06	-28%	-31%	-28%	-25%		10%	-8%		19%	1%	5%	10%	6%	113%			2%	3%
9.06	-26%	-27%	-30%	-24%		5%	-7%		16%	1%	4%	5%	5%	126%			1%	3%
6.06	-23%	-26%	-27%	-22%		5%	-14%		16%	1%	7%	6%	7%	131%			1%	2%
3.06	-28%	-24%	-28%	-23%		4%	-16%		16%	0%	7%	4%	7%	110%			1%	2%
12.05																		
9.05																		
6.05																		
3.05																		
12.04																		
9.04																		
6.04																		
3.04																		
12.03																		

Moral hazard

	Total net assets		Guaranteed deposits		Investments in domestic government bonds as a share of the total amount of government bonds issued		Loans to retail sector (outstanding amount)		Total assets within financial system		Total liabilities within financial system	
	C5	HHI	C5	HHI	C5	HHI	C5	HHI	C5	HHI	C5	HHI
12.16	73%	1 270	75%	1 433	21%	1 862	80%	1 609	61%	1 175	84%	1 566
9.16	73%	1 269	75%	1 427	22%	1 867	79%	1 590	58%	949	85%	1 609
6.16	73%	1 263	75%	1 412	22%	1 843	79%	1 591	62%	963	86%	1 581
3.16	73%	1 248	75%	1 410	22%	1 857	79%	1 587	61%	898	86%	1 553
12.15	72%	1 250	75%	1 416	24%	1 739	79%	1 583	61%	1 008	87%	1 572
9.15	72%	1 237	69%	1 273	24%	1 772	79%	1 580	58%	845	89%	1 641
6.15	71%	1 231	70%	1 283	24%	1 757	79%	1 580	53%	791	87%	1 615
3.15	71%	1 230	70%	1 283	25%	1 759	79%	1 571	53%	867	86%	1 550
12.14	71%	1 221	70%	1 279	25%	1 772	79%	1 564	53%	878	86%	1 587
9.14	71%	1 226	70%	1 276	26%	1 817	80%	1 571	50%	807	84%	1 538
6.14	70%	1 218	70%	1 278	26%	1 832	80%	1 568	55%	961	83%	1 534
3.14	70%	1 205	70%	1 276	26%	1 764	80%	1 558	53%	1 038	82%	1 508
12.13	70%	1 214	70%	1 284	27%	1 788	80%	1 559	55%	987	84%	1 605
9.13	71%	1 223	73%	1 354	27%	1 771	81%	1 577	52%	980	84%	1 596
6.13	71%	1 213	73%	1 360	27%	1 689	82%	1 610	49%	857	86%	1 627
3.13	71%	1 220	73%	1 361	28%	1 824	83%	1 641	48%	783	87%	1 654
12.12	71%	1 221	73%	1 371	30%	1 797	83%	1 644	49%	750	86%	1 656
9.12	72%	1 254	73%	1 386	32%	1 848	83%	1 643	55%	882	86%	1 688
6.12	72%	1 250	73%	1 383	31%	1 827	83%	1 659	56%	905	84%	1 644
3.12	71%	1 222	73%	1 359	33%	1 734	84%	1 672	55%	853	82%	1 550
12.11	72%	1 254	73%	1 389	34%	1 777	84%	1 672	57%	914	81%	1 537
9.11	71%	1 220	75%	1 458	37%	1 766	84%	1 661	59%	882	79%	1 409
6.11	71%	1 221	75%	1 454	36%	1 746	84%	1 659	57%	905	78%	1 395
3.11	71%	1 220	75%	1 458	38%	1 789	84%	1 665	62%	1 027	78%	1 448
12.10	72%	1 237	75%	1 478	40%	1 839	84%	1 682	62%	1 077	74%	1 375
9.10	72%	1 252	75%	1 508	45%	1 844	85%	1 694	59%	942	74%	1 373
6.10	73%	1 275	76%	1 513	47%	1 808	85%	1 698	60%	1 034	75%	1 266
3.10	72%	1 265	76%	1 517	47%	1 805	85%	1 698	63%	1 168	77%	1 331
12.09	72%	1 273	77%	1 536	47%	1 909	85%	1 683	62%	1 135	74%	1 316
9.09	72%	1 266	78%	1 590	47%	1 924	85%	1 678	62%	1 050	74%	1 259
6.09	70%	1 214	76%	1 571	45%	1 891	83%	1 638	61%	1 032	66%	1 075
3.09	69%	1 187	76%	1 575	46%	1 920	82%	1 618	62%	945	65%	1 053
12.08	72%	1 197	76%	1 605	38%	1 701	82%	1 611	61%	910	71%	1 149
9.08	68%	1 090	74%	1 512	34%	1 913	82%	1 619	62%	960	69%	1 097
6.08	67%	1 083	74%	1 571	33%	2 026	82%	1 613	69%	1 095	66%	1 060
3.08	67%	1 086	74%	1 576	37%	2 071	82%	1 606	62%	982	67%	1 090
12.07	68%	1 085	75%	1 573	40%	2 306	82%	1 587	68%	1 076	65%	1 056
9.07	68%	1 075	75%	1 582	40%	2 404	82%	1 595	65%	1 005	66%	1 124
6.07	68%	1 086	75%	1 579	39%	2 366	81%	1 599	67%	1 091	70%	1 188
3.07	66%	1 065	76%	1 597	40%	2 309	81%	1 593	62%	984	64%	1 049
12.06	67%	1 127	76%	1 594	44%	2 175	81%	1 584	65%	1 035	61%	965
9.06	65%	1 096	76%	1 612	47%	2 193	81%	1 589	67%	1 063	63%	996
6.06	67%	1 110	76%	1 614	47%	2 195	81%	1 601	70%	1 204	69%	1 137
3.06	66%	1 037	76%	1 622	45%	2 050	81%	1 605	62%	954	67%	1 125
12.05	68%	1 071	75%	1 593	52%	2 377	81%	1 606	66%	1 060	67%	1 194
9.05	67%	1 094	75%	1 625	52%	2 368	81%	1 622	63%	1 022	67%	1 113
6.05	67%	1 121	75%	1 644	51%	2 052	81%	1 621	61%	1 008	68%	1 176
3.05	67%	1 104	75%	1 658	50%	1 936	81%	1 625	63%	1 048	66%	1 107
12.04	66%	1 147	75%	1 671	61%	2 065	81%	1 640	64%	1 009	63%	1 025
9.04	66%	1 136	75%	1 684	62%	2 043	81%	1 664	64%	1 196	62%	986
6.04	66%	1 178	76%	1 710	61%	2 038	81%	1 676	67%	1 125	67%	1 046
3.04	65%	1 164	77%	1 803	66%	2 088	81%	1 720	67%	1 128	62%	999
12.03												

Financial infrastructure; Resilience of financial system

	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
12.16	0,6%	1,0%	-554	-22%	18%	16%	1,49	95%
9.16	0,6%	1,0%	-1 918	-21%	18%	17%	1,47	93%
6.16	0,6%	0,9%	-2 029	-13%	17%	16%	1,60	90%
3.16	0,6%	0,9%	-1 079	-3%	17%	16%	1,69	90%
12.15	0,7%	0,9%	988	3%	18%	17%	1,64	90%
9.15	0,6%	0,9%	-1 602	-3%	17%	16%	1,53	91%
6.15	0,6%	0,9%	807	7%	18%	16%	1,49	91%
3.15	0,6%	0,8%	-1 973	2%	17%	16%	1,58	90%
12.14	0,6%	0,8%	-2 149	12%	17%	16%	1,6	91%
9.14	0,6%	0,8%	1 602	22%	16%	17%	1,36	91%
6.14	0,6%	0,8%	-3 699	16%	16%	17%	1,36	90%
3.14	0,6%	0,7%	3 800	30%	16%	17%	1,44	89%
12.13	0,5%	0,6%	-4 256	16%	15%	17%	1,42	89%
9.13	0,5%	0,5%	-395	32%	15%	17%	1,42	89%
6.13	0,5%	0,4%	2 527	33%	15%	16%	1,46	88%
3.13	0,5%	0,3%	3 923	23%	15%	16%	1,5	87%
12.12	0,5%	0,3%	2 439	5%	13%	16%	1,51	88%
9.12	0,5%	0,2%	3 718	-8%	13%	16%	1,47	90%
6.12	0,5%	0,1%	2 779	-27%	12%	16%	1,47	89%
3.12	0,5%	0,0%	5 574	-39%	12%	15%	1,51	89%
12.11	0,5%	0,0%	-2 617	-63%	12%	13%	1,36	90%
9.11	0,4%	0,0%	3 128	-55%	13%	13%	1,36	88%
6.11	0,4%	0,0%	-2 350	-72%	13%	13%	1,35	87%
3.11	0,3%	0,0%	1 529	-63%	12%	12%	1,36	86%
12.10	0,3%	0,0%	1 140	-67%	12%	13%	1,37	85%
9.10	0,2%	0,0%	587	-74%	12%	13%	1,39	87%
6.10	0,2%	0,0%	-572	-71%	12%	13%	1,35	83%
3.10	0,1%	0,0%	54	-73%	11%	12%	1,39	86%
12.09					11%	12%	1,31	85%
9.09					11%	12%	1,30	84%
6.09					12%	12%	1,32	83%
3.09					12%	11%	1,40	83%
12.08					12%	11%	1,46	78%
9.08					13%	11%		85%
6.08					13%	12%		84%
3.08					13%	11%		83%
12.07					13%	12%		77%
9.07					14%	13%		74%
6.07					14%	13%		71%
3.07					15%	13%		73%
12.06					15%	13%		72%
9.06					16%	14%		68%
6.06					18%	14%		68%
3.06					18%	14%		66%
12.05					19%	15%		66%
9.05					21%	16%		63%
6.05					22%	17%		58%
3.05					21%	18%		56%
12.04						19%		57%
9.04						21%		54%
6.04						22%		55%
3.04						22%		56%
12.03								55%

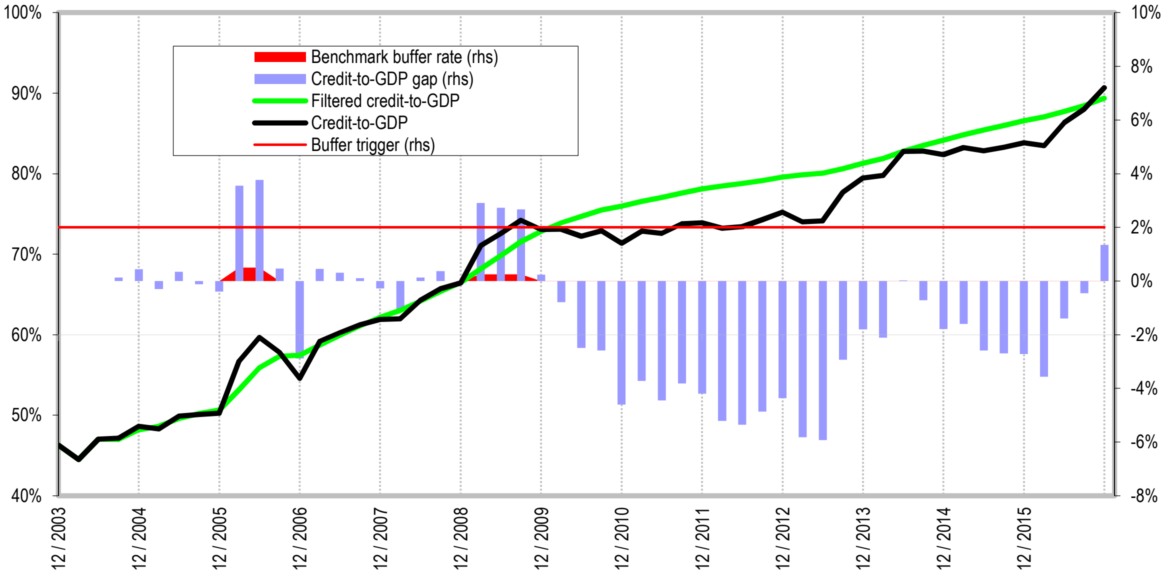
Note: The darker the colour, the greater the probability of imbalances with relevance for macroprudential policy. Gap: deviation of the respective indicator from its long-term trend. Credit-to-GDP gap: deviation of credit-to-GDP ratio from its long-term trend. C5: the overall share of the five institutions 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 the level of NPL ratio exceeding 10% in last 12 months. 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

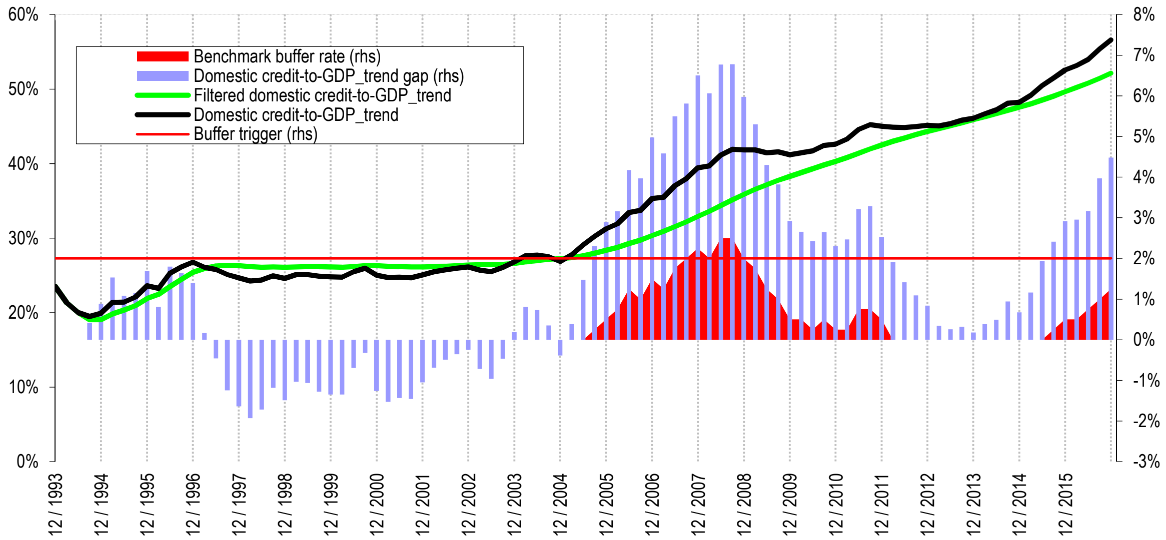
Deviation of the credit-to-GDP ratio from its long-term trend[11]

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.

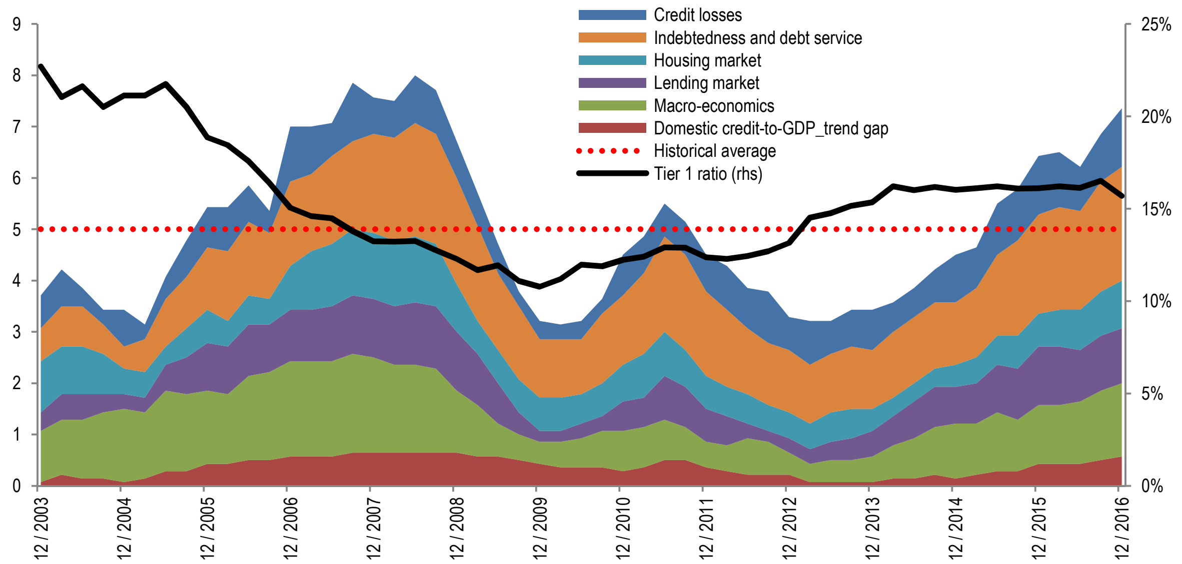
Chart 2 Domestic credit-to-GDP$_{trend}$ gap



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

[11] Ratio pursuant to Article 33g(2)(a) 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, part B2.

Chart 3 Cyclogram[12]



Source: NBS, SO SR and CMN.

Table 3 Buffer guide for the countercyclical capital buffer[13]

Buffer guide basis	Buffer guide as at 31 December 2016
Credit-to-GDP gap	0%
Domestic credit-to-GDP$_{trend}$ gap	1.25%
Credit-to-GDP$_{trend}$ gap	1.75%
Cyclogram	2.00%

Source: NBS.

[12] Pursuant to Article 33g(1c) 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, parts C and D.

[13] 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, Annex, part II.