NÁRODNÁ BANKA SLOVENSKA
EUROSYSTÉM

QUARTERLY COMMENTARY ON MACROPRUDENTIAL POLICY

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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

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

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.

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 September 2015, 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 annual growth rate in loans provided by banks in Slovakia was 9% in the third quarter of 2015, as the trends observed in the first half of year continued. Credit growth has for some time been driven mainly by household loans, which in the first three quarters of 2015 increased by more than 12% year-on-year. This strong growth stems largely from the conjunction of historically low interest rates, favourable labour market developments, improving expectations among households, and a gradual pick-up in the property market. Although annual growth in loans to non-financial corporations remained relatively low (at 3.4%), the rate was in line with investment activity and favourable sentiment.

Owing to household credit growth, the indebtedness of households continued to increase in the third quarter of 2015. Although lower than the EU average, household debt in Slovakia is relatively high in comparison with other central and east European countries. By contrast, the indebtedness of the non-financial corporate sector fell in the third quarter of 2015, as the increase in credit from the domestic banking sector was outweighed by the decreases in credit from the public sector and, to a lesser extent, from non-residents.

These developments were reflected in the differing paths of two ratios: the domestic credit-to-GDP_{trend} gap and the standardised credit-to-GDP gap. The domestic credit-to-GDP_{trend} gap (Chart 2), used for evaluating trends in domestic banks' lending, was higher in the third quarter of 2015 (at 1.42%) than at any time since 2011. On the other hand, the standardised credit-to-GDP gap (Chart 1), covering the total debt of the domestic sector, became more negative in the third quarter, reaching -2.72%. The widening negative gap stems from developments in the corporate sector and in particular the volatility of loans from the public sector. Not only did these loans have a negative impact in the third quarter, so did loans from non-residents.

1.2 Excessive maturity mismatch and market illiquidity

The degree of liquidity risk remained largely unchanged in the third quarter of 2015. Although the maturity mismatch between assets and liabilities increased further owing to strong credit growth, the ratio between the liquidity gap over one year and total assets did not widen. The loan-to-deposit ratio is following a stable path, which confirms that the composition of credit growth funding is relatively sound.

Despite showing some changes in the third quarter, liquidity risk remains among the most important issues in regard to the maintenance of financial stability.

1.3 Concentration

The concentration of exposures did not change significantly in the third quarter of 2015, in comparison with the previous quarter. The ratio of exposures exceeding on an individual basis 10% of the bank's own funds to the total amount of own funds in the banking sector remained around the same in the third quarter as in the second quarter.

The domestic banking sector's exposure to specific, more stressed countries diminished in the third quarter. In the previous QCMPs, the overall exposures to Greece and Cyprus in particular were identified as a heightened risk, but during the third quarter the exposure to Greece fell from 1.1% of own funds, to 0.0%. The exposure to Cyprus also fell, moderately, from 16.9% to 15.2% of own funds and, more importantly still, the risk inherent in this exposure maintained a downward trend. The yield spread between 5-years Cypriot bonds and German bonds has been gradually falling for an extended period. During the first three quarters of 2015 this spread narrowed from 5.1 to 3.1 percentage points, and in the fourth quarter it continued to decrease, to 2.8 percentage point. There was also a slight drop in exposures to other EU countries that have, or are close to, a speculative-grade rating (Croatia, Romania and Italy).

As for corporate credit risk, it continued to fall in most sectors of the economy. One notably favourable trend was the further drop in the non-performing loan (NPL) ratio in the construction and commercial estate sector. By contrast, the NPL ratio increased in the portfolio of loans to the electricity, water and gas supply sector; nevertheless, banks' have a lower exposure to this sector than to other sectors.

1.4 Moral hazard

As in the previous period, no significant changes in moral hazard indicators occurred during the third quarter of 2015. The high concentration of liabilities in the financial system became slightly more pronounced, and the share of the five largest banks in these liabilities increased by 1.2 percentage point, to 88.6%. On the asset side, the same indicator rose sharply in the third quarter, by 5.3 percentage points (to 58.4%), after remaining flat in the previous three quarters. Nevertheless, the indicator remains below the levels recorded from 2006 to 2008 (averaging 70%).

1.5 Financial infrastructures and other risks

The special levy on financial institutions, paid into the government financial assets account, remained at 0.2% and it will stay at that level until the amount of funds in the account reaches €750 million. Following a law amendment in April 2015, the purposes for which these funds may be used were extended from resolution in the banking sector to the provision of support for wholly state-owned enterprises. In November 2015, however, a limit was set on the period during which such support may be provided to enterprises, i.e. until 1 July 2016.

The rate of contributions to the Deposit Protection Fund (DPF) in 2015 was set at 0.03% of the amount of eligible deposits. The coverage of eligible deposits by the DPF's funds has not changed significantly, remaining at 0.6% as at September 2015. Following the implementation of the EU's Deposit Guarantee Schemes Directive (DGSD) in September 2015, the deposit guarantee scheme in Slovakia is to change in several significant ways. From 2016 the contributions of institutions will be calculated on the basis of covered deposits, not eligible deposits. Covered deposits comprise eligible deposits up to a statutory ceiling, which at present stands at €100,000 per depositor per bank. Contributions will be collected once a year, by 15 June of the respective year. The rate of contributions will be set in such a way as to ensure that the DPF's funds as at 3 July 2024 are equivalent to 0.8% of covered deposits, while the amount contributed by financial institutions will also reflect their risk profile. Another change from the preceding regime is that eligible deposits include not only deposits of natural persons but deposits of all non-financial corporations, irrespective of the size of the company and with no requirement to report whether or not their financial statements have been audited by an external auditor.[3]

In December 2015 financial institutions began paying contributions to the new National Resolution Fund, and in total these amounted to €33.51 million. From 2016 the contributions will be set by the Single Resolution Board.

[3] Further information on changes to the deposit guarantee scheme in Slovakia are provided in the following article: 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

Having regard to developments in the principal indicators of excessive credit growth and leverage (Annex A) and in the Cyclogram (Chart 3), the Bank Board of Národná banka Slovenska decided to set the countercyclical capital buffer rate at 0%[4].

2.2 The current setting of instruments 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 (hereinafter 'the Recommendation'). 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[5].

Under an NBS Decision of 26 May 2015, an O-SII buffer of 1% of risk-weighted assets[6] will be applied as of 1 January 2016 to the five institutions in Slovakia classified as other systemically important institutions (O-SIIs).

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 retail loans

With regard to ongoing legislative amendments based on EU Directives, preparations are being made to integrate into primary or secondary Slovak law several parts of the Recommendation. The key benefit of such a change will be to extend the regulatory framework to entities other than banks. The legislation in this area will bring greater certainty to all banks and non-bank entities about the equality of business conditions in the retail lending market.

Under the proposed legislative amendments, NBS will be equipped with new tools allowing it to pre-empt the materialisation of financial stability risks related to excessive credit growth.

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

Should household and corporate credit continue growing in the quarters ahead, Národná banka Slovenska will consider increasing the countercyclical capital buffer (CCB) rate.

The next decision on the setting of the CCB rate is due to be taken in April 2016.

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

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

[6] http://www.nbs.sk/_img/Documents/_Legislativa/_FullWordingsOther/EN-Roz-5-2015.pdf

2.4 NBS decisions relating to macroprudential policy decisions in other countries

The Hong Kong Monetary Authority decided that the CCB rate for Hong Kong would be 0.625% with effect from 1 January 2016 (Table 2). The Slovak banking sector's exposures to Hong Kong are subject to the same rate, and Národná banka Slovenska does not see any need to increase this rate.

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

As at September 2015 the European Central Bank had not issued any decision in the area of macroprudential policy.

Table 1 Current setting of instruments applicable in Slovakia

Macroprudential instrument	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 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%	
O-SII buffer (Article 33d of the Banking Act)[7]					1%	Due to be implemented from 1 January 2017
Systemic risk buffer (Article 33e of the Banking Act)[8]						Due to be implemented from 1 January 2017
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.

[7] 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.

[8] 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	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 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)	0%	0%	0%	0%	1%	To be increased to 1.0% from 13 September 2015, and then to 1.5% from 27 June 2016
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)	0%	0%	0%	1%	1%	To be increased to 1.5% from 30 June 2016
Countercyclical capital buffer rate for **Hong Kong** (Article 33j of the Banking Act)	0%	0%	0%	0%	0,625%	Level 0,625% is valid from 1 January 2016 and is about to be increased to 1,25% since 1 January 2017
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%	
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%	

Source: ESRB.

Annexes

A) Selected indicators broken down by main risk categories

Excessive credit growth and leverage

	Total private debt					Domestic credit							Households sector					Corporate sector	
	Credit-to-GDP gap	Total 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	Domestic credit-to-disposable income: year-on-year increase	LTV on new housing loans[1]	Housing affordability index	Total credit-to-revenuetrend: gap	Domestic credit-to-revenuetrend: gap
9.15	0%	5%	84%	35%	49%	1,4%	9%	13%	3%	52%	33%	20%	1%	54%	10%	71%	197	-0,6%	-0,2%
6.15	1%	6%	85%	34%	51%	0,9%	9%	13%	3%	52%	32%	20%	0%	52%	10%	70%	196	0,2%	-0,2%
3.15	2%	10%	85%	33%	51%	0,1%	7%	13%	-1%	50%	31%	19%	0%	51%	10%	72%	194	0,6%	-0,5%
12.14	-1%	7%	81%	33%	49%	-0,4%	6%	12%	-2%	50%	30%	19%	0%	50%	9%	74%	195	-0,5%	-0,8%
9.14	0%	8%	82%	32%	50%	-0,2%	7%	11%	1%	50%	30%	20%	-1%	49%	8%	73%	186	0,3%	-0,6%
6.14	1%	13%	82%	31%	51%	-0,7%	6%	11%	0%	49%	29%	20%	-1%	48%	8%	73%	181	0,7%	-0,7%
3.14	-1%	9%	79%	30%	49%	-0,8%	6%	10%	0%	48%	28%	20%	-2%	47%	7%	74%	169	-0,1%	-0,7%
12.13	-2%	5%	78%	30%	48%	-1,1%	4%	9%	-3%	48%	28%	20%	-1%	46%	6%	72%	163	-0,4%	-0,8%
9.13	-2%	7%	78%	30%	48%	-1,0%	4%	9%	-2%	47%	27%	20%	-2%	45%	6%	72%	159	-0,1%	-0,8%
6.13	-5%	3%	74%	29%	45%	-1,1%	4%	9%	-3%	47%	27%	20%	-2%	44%	7%	72%	152	-1,3%	-0,8%
3.13	-4%	4%	74%	28%	46%	-1,0%	3%	9%	-4%	47%	26%	20%	-2%	44%	8%	71%	152	-1,1%	-0,8%
12.12	-3%	5%	76%	28%	47%	-0,6%	3%	9%	-3%	47%	26%	21%	-1%	43%	7%	71%	145	-0,5%	-0,7%
9.12	-3%	5%	75%	28%	47%	-0,3%	2%	9%	-5%	46%	25%	21%	-1%	43%	7%	71%	147	-0,5%	-0,6%
6.12	-4%	5%	74%	27%	46%	0,0%	3%	8%	-2%	46%	25%	21%	-2%	42%	7%	73%	141	-0,7%	-0,5%
3.12	-4%	5%	73%	27%	47%	0,4%	7%	9%	4%	46%	25%	22%	-2%	41%	8%	74%	143	-0,6%	-0,3%
12.11	-3%	8%	74%	27%	47%	1,0%	9%	10%	7%	47%	24%	22%	-1%	41%	9%	69%	137	-0,3%	-0,1%
9.11	-3%	6%	74%	26%	48%	1,8%	9%	11%	8%	47%	24%	23%	-1%	40%	8%	71%	137	-0,3%	0,2%
6.11	-4%	6%	73%	26%	47%	1,7%	10%	12%	8%	47%	24%	23%	-1%	39%	8%	69%	136	-0,6%	0,1%
3.11	-4%	5%	73%	26%	47%	0,9%	7%	12%	3%	45%	23%	22%	-2%	38%	7%	70%	134	-0,5%	-0,1%
12.10	-6%	3%	72%	25%	46%	0,8%	6%	12%	0%	45%	23%	22%	-1%	37%	7%	69%	137	-1,1%	-0,3%
9.10	-5%	1%	73%	25%	48%	1,1%	4%	11%	-1%	45%	23%	22%	-1%	37%	8%	68%	131	-0,6%	-0,2%
6.10	-6%	-1%	72%	25%	48%	0,9%	3%	10%	-3%	45%	23%	22%	-1%	36%	8%	67%	129	-1,1%	-0,4%
3.10	-5%	-1%	73%	24%	49%	1,5%	2%	10%	-4%	45%	22%	23%	-1%	35%	9%	66%	128	-1,0%	-0,4%
12.09	-5%	3%	73%	24%	49%	1,4%	3%	11%	-3%	45%	22%	23%	-1%	35%	9%	65%	125	-1,2%	-0,5%
9.09	-3%	7%	74%	23%	51%	2,3%	6%	13%	0%	44%	21%	23%	-1%	34%	9%	65%	119	-0,4%	-0,3%
6.09	-2%	12%	73%	22%	50%	2,8%	9%	17%	3%	43%	20%	23%	0%	33%	10%	65%	114	-0,3%	-0,3%
3.09	0%	19%	71%	21%	50%	3,8%	15%	22%	10%	42%	19%	23%	0%	32%	12%	65%	105	0,2%	0,0%
12.08	-1%	17%	67%	21%	46%	4,6%	18%	25%	13%	41%	19%	22%	0%	32%	14%	70%	95	-0,6%	0,1%
9.08	0%	19%	66%	20%	46%	5,4%	23%	28%	20%	40%	18%	22%	0%	31%	16%	84%	90	0,0%	0,4%
6.08	0%	19%	64%	19%	45%	5,5%	24%	28%	21%	39%	17%	22%	0%	30%	17%	90%	87	0,0%	0,5%
3.08	-1%	17%	62%	18%	44%	5,3%	26%	28%	24%	38%	16%	21%	0%	29%	15%	91%	84	-0,4%	0,5%
12.07	0%	27%	62%	18%	44%	5,5%	24%	28%	22%	37%	16%	21%	0%	28%	14%	91%	88	-0,2%	0,6%
9.07	0%	19%	61%	17%	44%	5,0%	25%	27%	24%	36%	16%	20%	0%	27%	15%	90%	94	0,0%	0,5%
6.07	1%	14%	60%	17%	44%	4,8%	23%	28%	19%	35%	15%	20%	0%	26%	16%	90%	103	0,0%	0,5%
3.07	1%	18%	59%	16%	43%	4,0%	23%	30%	18%	34%	14%	19%	0%	25%	19%	88%	113	0,2%	0,3%
12.06	-3%	21%	55%	16%	39%	4,5%	25%	32%	20%	34%	14%	19%	1%	25%	21%	87%	123	-1,4%	0,5%
9.06	1%	28%	58%	15%	43%	3,6%	23%	34%	15%	32%	14%	18%	1%	23%	22%	84%	133	0,1%	0,2%
6.06	4%	31%	60%	15%	45%	4,0%	26%	38%	20%	32%	13%	19%	1%	22%	25%	82%	136	1,5%	0,4%
3.06	4%	29%	57%	14%	43%	3,1%	27%	40%	19%	31%	12%	18%	0%	21%	28%	80%	144	1,4%	0,3%
12.05	-1%	13%	50%	14%	37%	2,9%	28%	41%	21%	30%	12%	18%	1%	20%	29%	78%	142	-0,5%	0,3%
9.05	0%	17%	50%	13%	38%	2,5%	21%	42%	11%	29%	11%	18%	1%	19%	31%	76%	135	-0,3%	0,2%
6.05	0%	17%	50%	12%	38%	1,7%	16%	41%	4%	28%	11%	17%	1%	18%	29%	75%	136	0,0%	0,1%
3.05	0%	19%	48%	11%	38%	0,7%	11%	39%	-1%	27%	10%	17%	0%	16%	27%	74%	129	-0,2%	-0,1%
12.04	0%	17%	49%	10%	38%	0,0%	10%	38%	-1%	26%	9%	16%	0%	16%	25%	71%		0,2%	-0,5%
9.04	0%		47%	10%	37%	0,7%	16%	42%	6%	26%	9%	18%	0%	15%	29%	70%		0,0%	-0,2%
6.04	0%		47%	9%	38%	1,1%	19%	44%	11%	27%	8%	18%	0%	14%	31%	69%		0,0%	0,0%
3.04	0%		44%	9%	36%	1,3%	17%	41%	10%	26%	8%	19%	0%	13%	30%	69%		0,0%	0,2%
12.03	0%		46%	8%	38%	0,8%	12%	37%	4%	26%	7%	18%	0%	13%	28%			0,0%	0,1%

Excessive maturity mismatch and market liquidity

	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 following 12 months	Net foreign position (excluding foreign capital[2])
9.15	-39%	-40%	-46%	-39%	15%	16%	4%
6.15	-39%	-41%	-47%	-41%	14%	17%	4%
3.15	-38%	-39%	-46%	-42%	14%	18%	5%
12.14	-37%	-37%	-46%	-41%	16%	19%	4%
9.14	-37%	-39%	-46%	-42%	12%	16%	4%
6.14	-38%	-40%	-45%	-41%	11%	20%	4%
3.14	-36%	-38%	-45%	-40%	11%	14%	3%
12.13	-36%	-38%	-43%	-40%	11%	14%	4%
9.13	-36%	-38%	-43%	-40%	13%	9%	3%
6.13	-34%	-36%	-41%	-38%	15%	11%	2%
3.13	-31%	-33%	-40%	-36%	16%	14%	4%
12.12	-32%	-33%	-37%	-33%	25%	15%	5%
9.12	-31%	-33%	-39%	-34%	22%	15%	3%
6.12	-30%	-32%	-36%	-32%	22%	14%	4%
3.12	-29%	-32%	-36%	-32%	24%	17%	2%
12.11	-33%	-35%	-40%	-35%	28%	12%	2%
9.11	-32%	-37%	-40%	-37%	17%	14%	0%
6.11	-35%	-38%	-39%	-37%	17%	14%	1%
3.11	-34%	-38%	-39%	-35%	17%	19%	2%
12.10	-36%	-39%	-38%	-34%	17%	14%	2%
9.10	-36%	-40%	-37%	-33%	15%	16%	0%
6.10	-36%	-39%	-37%	-33%	26%	22%	2%
3.10	-36%	-37%	-40%	-34%	26%	30%	3%
12.09	-32%	-34%	-39%	-31%	27%	28%	2%
9.09	-30%	-34%	-38%	-30%	24%	22%	5%
6.09	-31%	-35%	-36%	-30%	25%	16%	6%
3.09	-29%	-32%	-35%	-30%	15%	15%	5%
12.08	-23%	-23%	-28%	-24%	21%	12%	-14%
9.08	-30%	-30%	-28%	-24%	7%	22%	-13%
6.08	-27%	-30%	-28%	-23%	5%	22%	-13%
3.08	-29%	-30%	-30%	-25%	4%	20%	-12%
12.07	-33%	-32%	-29%	-24%		14%	-12%
9.07	-28%	-30%	-29%	-24%		7%	-11%
6.07	-28%	-31%	-28%	-23%		13%	-11%
3.07	-27%	-26%	-28%	-24%		13%	-12%
12.06	-28%	-31%	-31%	-25%		10%	-8%
9.06	-26%	-27%	-30%	-24%		5%	-7%
6.06	-23%	-26%	-27%	-22%		5%	-14%
3.06	-28%	-24%	-28%	-23%		4%	-16%
12.05							
9.05							
6.05							
3.05							
12.04							
9.04							
6.04							
3.04							
12.03							

Concentration

	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[3] (podiel na vlastných zdrojoch): Greece	Cyprus	Úvery poskytnuté odvetviam so zvýšeným alebo rastúcim podielom zlyhaných úverov[4] (podiel na bil. sume): Construction	Energy, water and gas supply	Wholesale and retail trade
9.15	114%	16%	5%	3%	1%	1%	28%	0%	15%	2%	4%	4%
6.15	112%	17%	5%	3%	1%	1%	29%	1%	17%	2%	3%	4%
3.15	107%	17%	5%	3%	1%	1%	30%	1%	17%	1%	3%	4%
12.14	101%	17%	6%	3%	1%	1%	29%	1%	16%	1%	3%	4%
9.14	111%	18%	5%	4%	2%	1%	31%	1%	16%	2%	4%	4%
6.14	124%	18%	5%	4%	1%	1%	33%	1%	15%	2%	4%	5%
3.14	105%	18%	4%	3%	2%	1%	31%	1%	14%	2%	3%	5%
12.13	99%	18%	5%	3%	2%	1%	31%	1%	15%	2%	4%	5%
9.13	94%	20%	5%	3%	2%	1%	34%	1%	14%	2%	3%	5%
6.13	106%	21%	5%	3%	2%	1%	35%	1%	13%	2%	3%	5%
3.13	109%	20%	5%	2%	2%	1%	34%	1%	14%	2%	3%	5%
12.12	108%	20%	6%	1%	2%	1%	31%	1%	12%	2%	4%	5%
9.12	100%	21%	6%	2%	4%	1%	34%	1%	12%	2%	3%	5%
6.12	95%	21%	6%	2%	3%	1%	36%	1%	11%	2%	3%	5%
3.12	90%	20%	5%	2%	4%	2%	37%	3%	10%	2%	3%	5%
12.11	117%	20%	4%	4%	3%	1%	37%	13%	10%	2%	4%	5%
9.11	139%	20%	5%	6%	4%	2%	38%	14%	7%	2%	4%	5%
6.11	135%	20%	6%	6%	4%	2%	41%	15%	7%	2%	3%	5%
3.11	110%	21%	6%	6%	4%	2%	39%	16%	10%	2%	3%	5%
12.10	110%	21%	5%	5%	4%	2%	37%	18%	8%	2%	3%	5%
9.10	99%	23%	5%	7%	5%	2%	38%	18%	4%	2%	3%	5%
6.10	101%	23%	4%	4%	5%	3%	40%	19%	4%	2%	2%	5%
3.10	111%	22%	3%	4%	5%	3%	40%	20%	4%	2%	2%	6%
12.09	110%	21%	4%	4%	5%	2%	42%	0%	5%	2%	2%	6%
9.09	111%	21%	6%	4%	5%	3%	43%	0%	6%	2%	2%	6%
6.09	121%	19%	5%	4%	5%	3%	46%	0%	4%	2%	2%	6%
3.09	146%	18%	3%	4%	5%	3%	48%	0%	3%	2%	2%	7%
12.08	164%	14%	2%	10%	10%	6%	69%			2%	2%	6%
9.08	155%	14%	1%	12%	9%	6%	112%			2%	2%	6%
6.08	168%	15%	1%	13%	10%	5%	108%			2%	2%	6%
3.08	179%	17%	1%	9%	12%	6%	111%			2%	2%	6%
12.07		18%	1%	10%	10%	6%	105%			2%	2%	6%
9.07		18%	1%	8%	11%	6%	107%			2%	2%	5%
6.07		18%	1%	8%	12%	7%	110%			2%	2%	5%
3.07		14%	1%	9%	10%	7%	114%			1%	2%	5%
12.06		19%	1%	5%	10%	6%	113%			2%	3%	5%
9.06		16%	1%	4%	5%	5%	126%			1%	2%	5%
6.06		16%	1%	7%	6%	7%	131%			1%	2%	4%
3.06		16%	0%	7%	4%	7%	110%			1%	3%	4%
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 total amount of domestic 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
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**

	Financial infrastructure: Coverage of guaranteed deposits[5]	Assets from the bank levy as share of total assets[6]	Change in TARGET2 balance of the Slovak Republic (EUR millions)	TARGET2 balance of the Slovak Republic as a ratio to NBS assets	Resilience of financial system: CET1 ratio	Own funds ratio	Liquid asset ratio[7]	Loan-to-deposit ratio
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%	0,9%	-1 973	2%	17%	16%	1,58	90%
12.14	0,6%	0,8%	-2 149	12%	17%	16%	1,60	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%	1,4239	89%
6.13	0,5%	0,4%	2 527	33%	15%	16%	1,4585	88%
3.13	0,5%	0,3%	3 923	23%	15%	16%	1,5007	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%	1,4657	90%
6.12	0,5%	0,1%	2 779	-27%	12%	16%	1,4709	89%
3.12	0,5%	0,0%	5 574	-39%	12%	15%	1,5107	89%
12.11	0,5%	0,0%	-2 617	-63%	12%	13%	1,356	90%
9.11	0,4%	0,0%	3 128	-55%	13%	13%	1,3579	88%
6.11	0,4%	0,0%	-2 350	-72%	13%	13%	1,3492	87%
3.11	0,3%	0,0%	1 529	-63%	12%	12%	1,3596	86%
12.10	0,3%	0,0%	1 140	-67%	12%	13%	1,3695	85%
9.10	0,2%	0,0%	587	-74%	12%	13%	1,3886	87%
6.10	0,2%	0,0%	-572	-71%	12%	13%	1,3507	83%
3.10	0,1%	0,0%	54	-73%	11%	12%	1,3859	86%
12.09					11%	12%	1,3097	85%
9.09					11%	12%	1,2974	84%
6.09					12%	12%	1,3206	83%
3.09					12%	11%	1,3954	83%
12.08					12%	11%	1,4575	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								
9.04								
6.04								
3.04								
12.03								

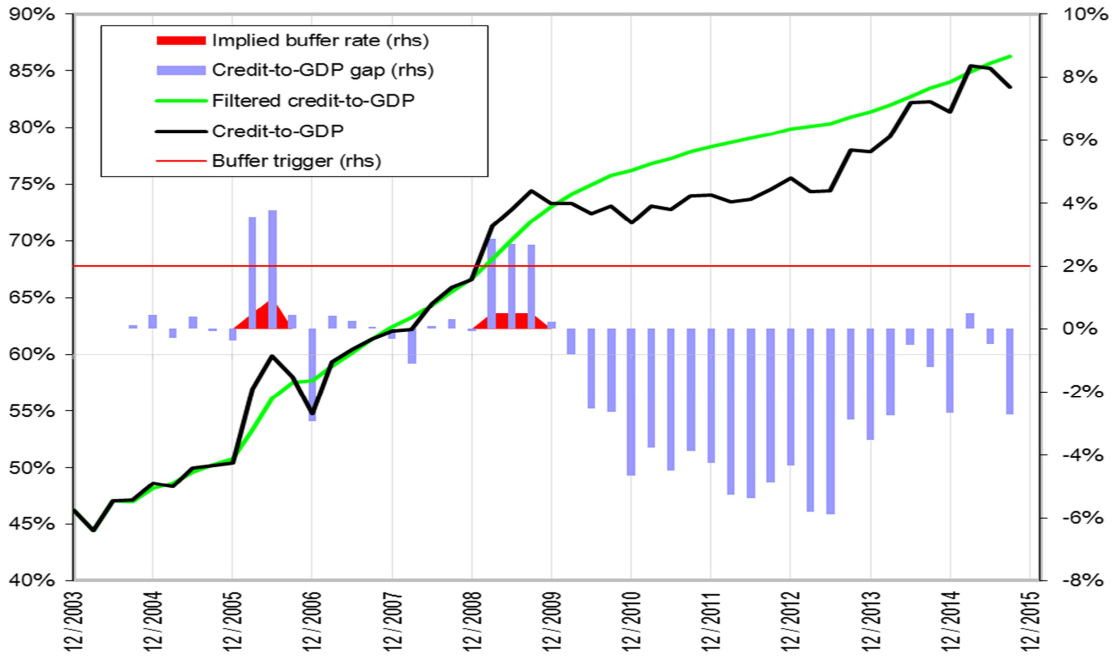
Note: The darker the colour, the greater the probability of imbalances with relevance for macroprudential policy. Gap: deviation of the respective indicator from its long-term trend. Credit-to-GDP gap: deviation of credit-to-GDP ratio from its long-term trend. C5: the overall share of the five institutions 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) Capital: Own funds of foreign banks' subsidiaries. 3) Annual increase of spread by more than 2 p.p. or spread exceeding 4 p.p. Spread is calculated as a differance between yields of goverment bonds of respective country and yields of German goverment bonds. 4) Annual increase of NPL ratio by more than 1 p.p. or level of NPL ratio exceeding 10% . 5) Funds accumulated in the Deposit Protection Fund as a ratio to the total amount of guaranteed deposits in the given quarter. 6) 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. 7) The methodology for calculating the ratio was changed from December 2014.

B) Countercyclical capital buffer

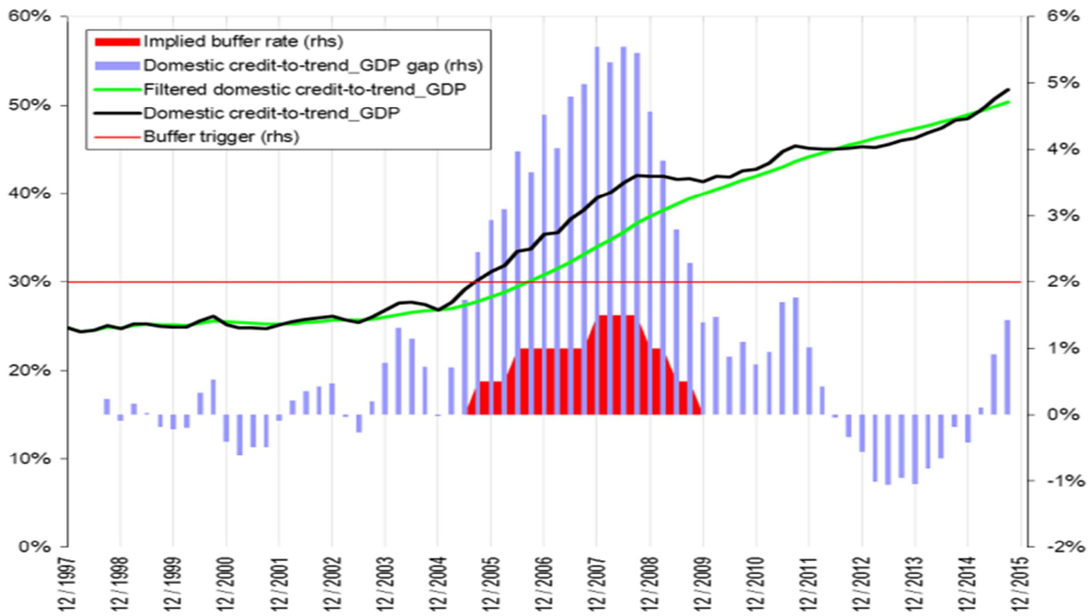
Deviation of the credit-to-GDP ratio from its long-term trend[9]

Chart 1 Credit-to-GDP gap



Countercyclical capital buffer trigger values and gap values are shown on the right-hand scale.
Source: NBS, SO SR.

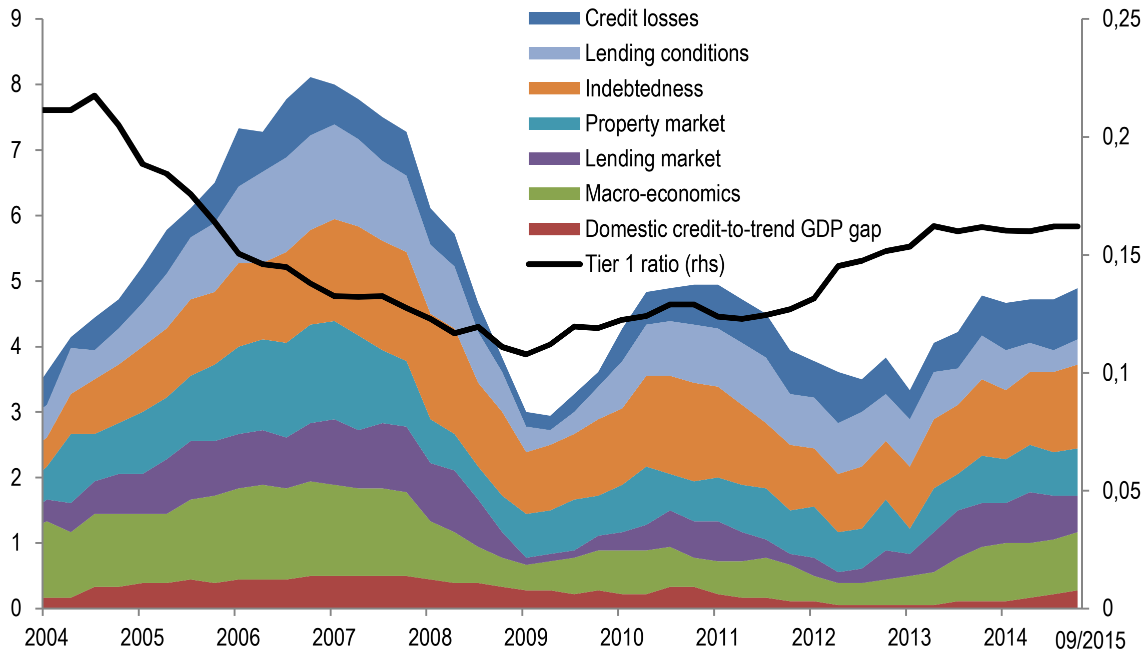
Chart 2 Domestic credit-to-GDP$_{trend}$ gap



Countercyclical capital buffer trigger values and gap values are shown on the right-hand scale.
Source: NBS, SO SR.

[9] Ratio pursuant to Article 33g(2)(a) of the Banking Act.

Chart 3 Cyclogram[10]



Source: NBS, SO SR and CMN.

Table 3 Buffer guide for the countercyclical capital buffer[11]

Buffer guide basis	Buffer guide as at 30 September 2015
Credit-to-GDP gap	0%
Domestic credit-to-GDP$_{trend}$ gap	0%

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

[11] 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.