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FOREWORD

Foreword

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

The present 5th issue is based on data as at June 2012. The publication is based on statistical data which are the main source for compilation of the European Central Bank's euro area statistics, of the International Monetary Fund's and Eurostat's statistics, and for monetary and financial stability analyses at the national level. The last chapter is summarising the methodological notes to the individual areas of statistics under analysis.

Main goal of the Bulletin is to improve the presentation of monthly and quarterly data published on the website of Národná banka Slovenska and to provide users with more comprehensive data on monetary and financial statistics. The Bulletin presents the available aggregated data compiled according to the ECB's methodology and detailed national data presented in the form of tables, charts and commentaries.

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

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

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

Editors of the Monetary
and Financial Statistics Section

CHAPTER 1

STRUCTURE OF THE FINANCIAL MARKET IN SLOVAKIA

1

1 Structure of the financial market in Slovakia

1.1 OVERVIEW OF PARTICIPANTS

Broken down by sector, the number of financial market entities in Slovakia remained unchanged in the second quarter of 2012.

A change, however, occurred in the structure of *other financial intermediaries*, where in overall count, one new investment fund was set up and one investment fund was dissolved in that period.

The number of mixed funds decreased after the merger of two mutual funds managed by *Prvá Penzijná správcovská spoločnosť Poštovej banky, a.s. P 3 R o.p.f. roku 1997* mutual fund merged with the *Konzervatívne portfólio o.p.f.* mutual fund and *P 3 R o.p.f. roku 1998* mutual fund merged with the *Vyvážené portfólio o.p.f.* mutual fund. Both merged and successor funds are mixed funds, so this change had no effect on other categories of funds.

In the *other funds* category, two new specialised professional investor funds were set up by Asset Management Slovenskej sporiteľne, a.s., namely *Privátny fond pravidelných výnosov 2, o.p.f.*, and *Privátny P11, o.p.f.*, and one specialised alternative investment fund was set up by Tatra Asset Management, a.s., i.e. *Komoditný fond*.

Notable shifts appeared in the categories of monetary financial institutions and other financial intermediaries at the turn of 2011/2012, resulting from the implementation of the common definition of European money market funds (MMFs), which was released by the Committee of European Securities Regulators (CESR) on 19 May 2010

Table 1 Structure of the financial market in Slovakia

	VI. 2011	IX. 2011	XII. 2011	III. 2012	VI. 2012
Monetary financial institutions (S.121 + S.122)	**45**	**45**	**40**	**33**	**33**
Central bank (S.121)	**1**	**1**	**1**	**1**	**1**
Credit institutions (S.122)	**31**	**31**	**31**	**30**	**30**
Banks	*11*	*11*	*11*	*11*	*11*
Branches of foreign banks	*15*	*15*	*15*	*15*	*15*
Credit cooperatives	*2*	*2*	*2*	*1*	*1*
Building societies	*3*	*3*	*3*	*3*	*3*
Money Market Funds (S.122)	**13**	**13**	**8**	**2**	**2**
Other financial intermediaries (S.123)	**222**	**222**	**228**	**234**	**234**
Investment funds	*66*	*66*	*71*	*79*	*80*
Equity funds	11	11	11	11	11
Bond funds	12	12	17	22	22
Mixed funds	27	27	28	27	25
Real estate funds	5	5	5	5	5
Other funds	11	11	10	14	17
Leasing companies (financial leasing)	*70*	*70*	*72*	*72*	*72*
Consumer credit companies	*62*	*62*	*61*	*61*	*61*
Factoring companies	*7*	*7*	*7*	*5*	*5*
Securities and derivatives dealers	*17*	*17*	*17*	*17*	*16*
Financial auxiliaries (S.124)	**19**	**19**	**18**	**18**	**18**
Asset Managment Companies	*8*	*8*	*7*	*7*	*7*
Pension Savings Companies	*6*	*6*	*6*	*6*	*6*
Supplementary Pension Asset Management Companies	*5*	*5*	*5*	*5*	*5*
Insurance corporations and pension funds (S.125)	**54**	**54**	**54**	**53**	**53**
Insurance corporations	*20*	*20*	*20*	*18*	*18*
Pension funds	*34*	*34*	*34*	*35*	*35*

Source: NBS

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

	VI. 2011	IX. 2011	XII. 2011	III. 2012	VI. 2012
Monetary financial institutions (S.121 + S.122)	**78,645**	**79,938**	**79,643**	**80,505**	**78,888**
Central bank (S.121)	19,575	19,865	21,619	20,785	19,798
Credit institutions (S.122)	57,427	58,600	57,641	59,490	58,898
Money Market Funds (S.122)	1,643	1,473	383	230	192
Other financial intermediaries (S.123)	**6,549**	**6,479**	**7,357**	**7,520**	**7,713**
Investment funds	2,102	1,932	2,863	3,090	3,248
Leasing companies (financial leasing)	3,082	3,155	3,077	3,084	3,080
Consumer credit companies	1,168	1,191	1,218	1,187	1,225
Factoring companies	172	176	174	136	139
Securities and derivatives dealers	25	24	25	23	23
Financial auxiliaries (S.124)	**259**	**263**	**265**	**271**	**266**
Insurance corporations and pension funds (S.125)	**11,904**	**12,054**	**12,226**	**12,895**	**13,014**
Insurance corporations	6,513	6,475	6,437	6,633	6,636
Pension funds	5,391	5,579	5,789	6,262	6,378

Source: NBS.

and was subsequently transposed into the relevant legislation at both European[1] and national[2] level. On the basis of these legislative changes, eleven money market funds were reclassified in the course of December 2011 and January 2012 as 'short-term bond funds' or 'short-term investment funds', which also belong to bond funds according to the ECB's definition.

1.2 EMPLOYEES IN THE BANKING SECTOR

By the end of the second quarter of 2012, the number of employees in the banking sector had increased by 48 (0.25%) quarter-on-quarter, compared to an increase of 132 (0.68%) in the same period a year earlier.

Table 3 Number of employees in the banking sector

	2010			2011				2012	
	30.6.	30.9.	31.12.	31.3.	30.6.	30.9.	31.12.	31.3.	30.6.
Banking sector	19,380	19,429	19,313	19,411	19,410	19,531	19,527	19,494	19,542
Central bank	1,085	1,083	1,079	1,082	1,070	1,072	1,075	1,033	1,020
Banks and branches of foreign banks	18,295	18,346	18,234	18,329	18,340	18,459	18,452	18,461	18,522
of which: Banks	17,810	17,746	17,587	17,569	17,561	17,652	17,633	17,634	17,679
Branches of foreign banks	485	600	647	760	779	807	819	827	843

Source: NBS.

1 *Regulation (EU) No. 883/2011 of the European Central Bank of 25 August 2011 amending Regulation (EC) No. 25/2009 concerning the balance sheet of the monetary financial institutions sector (ECB/2008/32) (ECB/2011/12).*
2 *Decree of Národná banka Slovenska of 13 September 2011 specifying the criteria, limits and restrictions that are to be met by short-term money market funds and money market funds.*

1.3 STRUCTURE OF SHARE CAPITAL IN THE BANKING SECTOR

The ratio of domestic share capital to total subscribed capital in the banking sector fell in the quarter under review by 1.46 percentage points year-on-year, from 8.59% as at 30 June 2011 to 7.13% as at 30 June 2012.

As at the end of the second quarter of 2012, domestic share capital was a part of the subscribed capital of ten credit institutions out of the total of 30, with two banks (*ČSOB stavebná sporiteľňa, a.s.*, and *Slovenská záručná a rozvojová banka, a.s.*) having a 100% share of domestic capital.

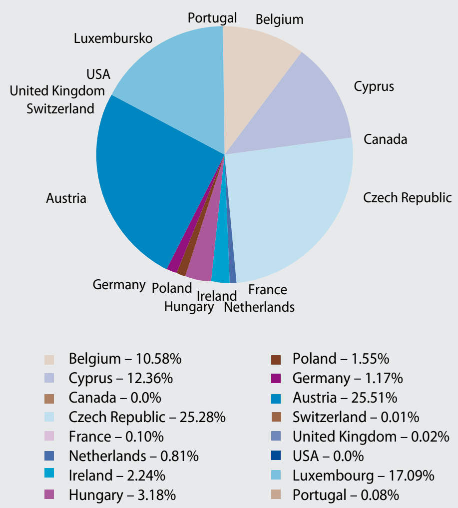
The ratio of foreign share capital to total subscribed capital in domestic banks rose by 1.46 percentage points year-on-year, from 91.41% as at 30 June 2011 to 92.87% as at 30 June 2012.

From 30 June 2011 to 30 June 2012, the volume of foreign share capital increased by €452.1 million (22.74%).

This increase was generated largely by foreign capital from Belgium, Cyprus and the Czech Republic. The share of Belgian capital increased by 1.96 percentage points year-on-year, as a result of strong growth in investment (by 150%) in the second half of 2011, when the Belgian shareholder increased its share capital in *Československá obchodná banka, a.s.* (ČSOB). By 30 June 2012, foreign capital from the Czech Republic had grown in volume by 144% compared with the same period a year earlier, and its proportion to the total foreign capital in the banking sector had increased by 3.72 percentage points. Cyprus reported an increase of 4.09 percentage points in its share in total foreign capital, to 12.36% as at end-June 2012.

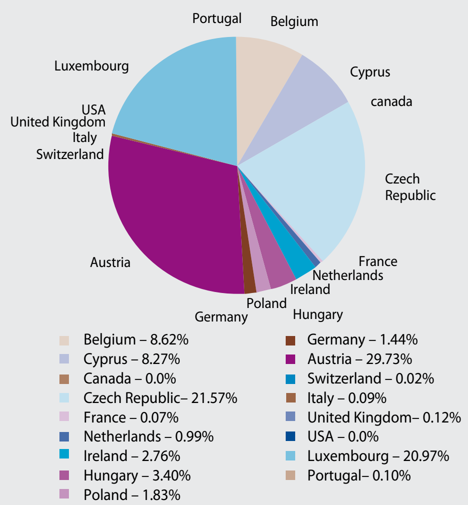
Broken down by credit institution, the structure of foreign share capital in the banking sector (as at 30 June 2012) changed in year-on-year terms as follows: control over *Dexia banka Slovensko, a.s.*, was taken over by Cypriot capital, replacing the influence of shareholders from Luxembourg and Austria. As a result of this change, the share of these countries in total foreign capital decreased by 3.89% (Luxembourg) and 4.22 percentage points (Austria). The Czech Republic's share increased as a result of additional funding provided to *Komerční banka, a.s., pobočka zahraničnej banky*.

Chart 1 Foreign capital in the banks in the Slovak Republic as at 30 June 2012



Source: NBS.

Chart 2 Foreign capital in the banks in the Slovak Republic as at 30 June 2011



Source: NBS.

CHAPTER 2

STATISTICS OF MONETARY FINANCIAL INSTITUTIONS

2

2 STATISTICS OF MONETARY FINANCIAL INSTITUTIONS

2.1 BALANCE-SHEET STATISTICS OF CREDIT INSTITUTIONS: ASSETS

The total assets of banks and branches of foreign banks operating in Slovakia (hereinafter referred to as 'credit institutions') reached €58.9 billion as at the end of the second quarter of 2012, and were by 2.56% higher than a year earlier. This increase took place mostly in the outstanding amounts of loan claims and other assets.

The structure of total assets was dominated by loan claims, with a share of 69.78% as at 30 June 2012 (by 0.18 percentage point less than a year earlier). The outstanding amount of such claims grew by €0.9 billion (by 2.30%) year-on-year, owing mainly to long-term claims with a maturity of over five years. The outstanding amount of claims with shorter maturity decreased in year-on-year terms.

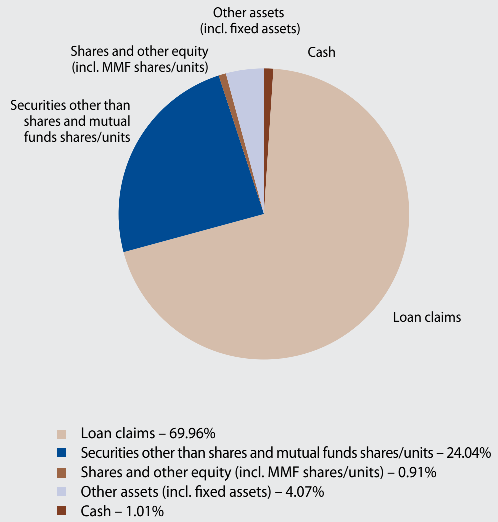
The proportion of securities other than shares and mutual fund shares/units decreased by 0.33 percentage point in year-on-year terms to 23.71% as at the end of the second quarter. The outstanding amount of such securities in the portfolios of credit institutions grew by 1.13%, as a result of an increase in the outstanding amount of securities with a maturity of up to one year.

Compared with the same period of the previous year, the proportion of shares and other equity participations to total assets increased year-on-year by 0.03 percentage point as at 30 June 2012. The outstanding amount of shares and other equity participations in the portfolios of credit institutions grew by 5.68%.

The share of other assets in total assets increased year-on-year by 0.46 percentage point. The outstanding amount of other assets was by 14.13% higher than at the end of the second quarter of 2011. This was mainly due to an increase in the amount of derivatives with a positive fair value, fixed assets, and transit items.

The share of cash holdings of credit institutions in total assets increased year-on-year by 0.03 percentage point as at 30 June 2012. Their outstanding amount grew by 5.36% compared with the same period a year earlier.

Chart 3 Structure of assets of credit institutions as at 30 June 2011



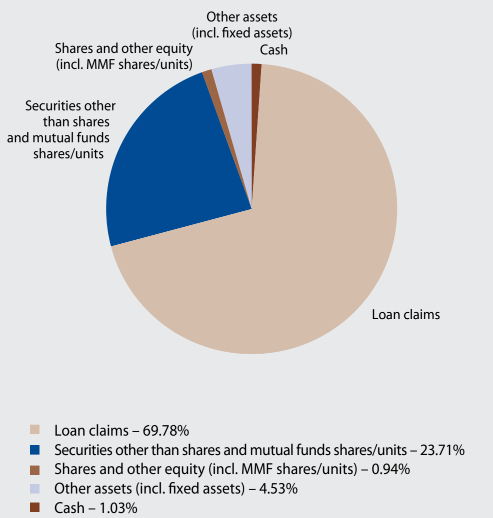
Source: NBS.

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

	VI. 11	IX. 11	XII. 11	III. 12	VI. 12
ASSETS	**57,426,734**	**58,600,253**	**57,640,690**	**59,489,616**	**58,897,854**
Cash	577,508	607,151	718,446	611,572	608,455
Loan claims	40,178,348	40,889,514	40,007,361	41,779,766	41,101,757
Securities other than shares and mutual funds shares/units	13,806,756	13,850,430	13,394,378	13,876,995	13,963,163
Shares and other equity (incl. MMF shares/units	524,423	549,984	544,097	568,836	554,228
Other assets (incl. fixed assets)	2,339,699	2,703,174	2,976,408	2,652,447	2,670,251

Source: NBS.
1) Loan claims – including deposits of banks with other entities and non-tradable securities.
2) Assets excluding depreciation and including provisions.

Chart 4 Structure of assets of credit institutions as at 30 June 2012



Source: NBS.

An opposite change, i.e. an increase of 0.85 percentage point, was recorded in the share of capital and provisions in the liabilities of credit institutions. The outstanding amount of capital and provisions grew by 9.45% in year-on-year terms.

The proportion of marketable debt securities issued to the liabilities of credit institutions increased by 0.14 percentage point year-on-year. At the end of the second quarter of 2012, the outstanding amount of these securities stood at €3.7 billion. This represented a year-on-year increase of 4.87%, and was caused by growth in the outstanding amount of securities with a maturity of up to one year and over two years.

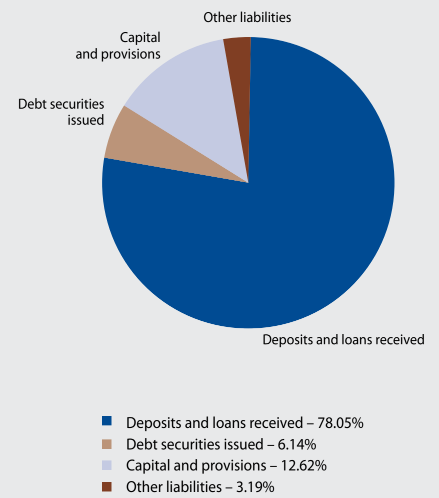
The share of other liabilities in total liabilities of credit institutions increased by 0.22 percentage point year-on-year. The outstanding amount of other liabilities grew in year-on-year terms by 9.53%.

2.2 BALANCE-SHEET STATISTICS OF CREDIT INSTITUTIONS: LIABILITIES

The liabilities of credit institutions operating in Slovakia reached €58.9 billion at the end of the second quarter of 2012. This represented a year-on-year increase of 2.56%, caused mainly by growth in the outstanding amounts of capital and provisions, deposits and loans received.

Total liabilities were dominated by deposits and loans received, the share of which decreased by 1.20 percentage points compared with the same period a year earlier, to 76.85% as at 30 June 2012. Their outstanding amount, however, increased by 0.98% (+€0.4 billion), as a result of growth in deposits and loans received with a maturity of over one year (+€3.2 billion). Short-term deposits and loans with a maturity of up to one year fell in volume in year-on-year terms.

Chart 5 Structure of liabilities of credit institutions as at 30 June 2011



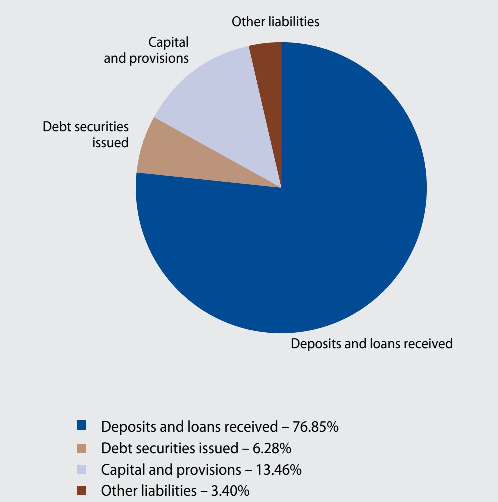
Source: NBS.

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

	VI. 11	IX. 11	XII. 11	III. 12	VI. 12
LIABILITIES	**57,426,734**	**58,600,253**	**57,640,690**	**59,489,616**	**58,897,854**
Deposits and loans received	44,823,948	45,390,377	44,405,943	45,929,420	45,263,785
Debt securities issued	3,528,325	3,572,389	3,528,990	3,611,482	3,700,304
Capital and provisions	7,244,810	7,537,265	7,862,636	7,892,854	7,929,764
Other liabilities	1,829,651	2,100,222	1,843,121	2,055,860	2,004,001

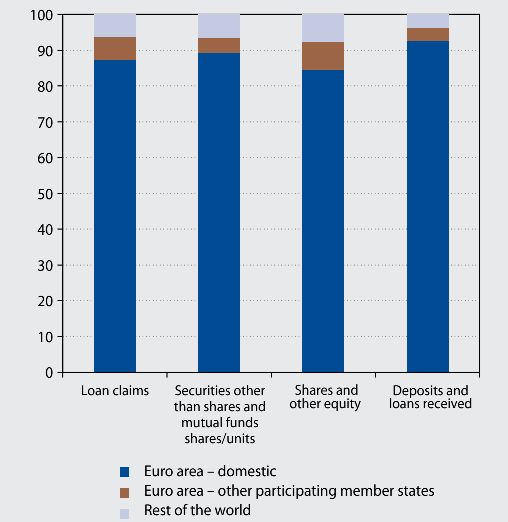
Source: NBS.
Deposits and loans received – including non-tradable debt securities.

Chart 6 Structure of liabilities of credit institutions as at 30 June 2012



Source: NBS.

Chart 7 Selected assets/liabilities: breakdown of counterparties by residency as at 30 June 2012 (%)



Source: NBS.

2.3 SELECTED ASSET AND LIABILITY ITEMS BY RESIDENCY OF COUNTERPARTY

The overall loan claims of credit institutions operating in Slovakia (€41.1 billion) were dominated by loan claims on domestic entities (87.29%). The outstanding amount of these claims as at the end of the second quarter 2012 reached €35.9 billion. Claims on entities from other euro area countries and from the rest of the world accounted for 6.45% (€2.7 billion) and 6.26% (€2.6 billion) respectively.

The portfolios of credit institutions contained purchased securities other than shares and mutual fund shares/units worth €14.0 billion. Securities issued by domestic issuers accounted for 89.28% (€12.5 billion). Securities issued by resident of other euro area member states and of the rest of the world accounted for 4.01% and 6.71% respectively.

The structure of shares and other equity participations held in the portfolios of credit institutions (worth €0.6 billion) was dominated by domestic securities (84.51%). They were followed by equity securities issued in other euro area member states (7.73%) and in the rest of the world (7.76%).

Deposits and loans received amounted to €45.3billion. Of this amount, 92.54% was accounted for by deposits and loans received from domestic entities (€41.9 billion). The creditors of credit institutions in Slovakia from the other euro area member states and the rest of the world accounted for 3.55% and 3.91% respectively.

2.4 SELECTED ASSET AND LIABILITY ITEMS BY SECTOR OF COUNTERPARTY

As at the end of the second quarter of 2012, **domestic** loan claims (€35.9 billion) were dominated by claims on sectors other than the monetary financial institutions and general government (94.89%). They comprised mostly claims on households and non-profit institutions serving households (€17.8 billion) and claims on non-financial corporations (€15.3 billion).
Claims on domestic monetary financial institutions (MFIs) accounted for 2.15% of the total outstanding amount of domestic loan claims; claims on the general government sector represented 2.95%.

The domestic securities other than shares and mutual fund shares/units held in the portfolios of credit institutions as at the end of the period under review (worth €12.5 billion) were dominated by government securities with a share of 95.75%. Securities other than shares and mutual fund shares/units issued by domestic MFIs accounted for 3.10%, and those issued by other domestic sectors represented 1.16%.

The total value of domestic shares and other equity participations held in the portfolios of credit institutions stood at approximately €0.5 billion. Of this amount, the largest proportion represented equity securities issued by domestic other sectors (94,66%). The proportion of equity securities issued by domestic MFIs accounted for 5.34%.

At the end of the period under review, deposits and loans received from domestic entities amounted to €41.9 billion. They were dominated by deposits from other sectors (91,14%), mostly from households. Deposits and loans received from the general government sector represented 3.34%. Domestic MFIs accounted for 5.53% of the total volume of domestic deposits and loans received.

The loan claims of domestic credit institutions on residents of **other euro area member states**, which reached €2.7 billion at the end of the second quarter of 2012, were dominated by claims on monetary financial institutions (69.68%). Claims on other sectors accounted for 30.32%.

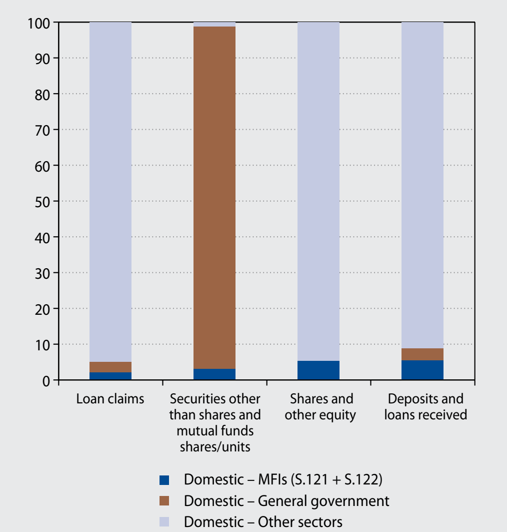
The total value of securities other than shares and mutual fund shares/units issued by issuers of other euro area member states, and held in the portfolios of credit institutions in Slovakia, stood at €0.6 billion as at the end of the second quarter. Of this amount, government securities accounted for 62.84%, securities issued by monetary financial institutions for 22.38%, and securities issued by other sectors for 14.78%.

Shares and other equity participations (issued by residents of other euro area countries) held by credit institutions in Slovakia amounted to only €0.04 billion. Of this amount, equity securities issued by other sectors accounted for 99.35% and those issued by monetary financial institutions for 0.65% only.

Deposits and loans received from residents of other euro area countries amounted to €1.6 billion. They were dominated by deposits and loans received from monetary financial institutions (82.33%). Deposits from other sectors accounted for 17.59% and those from the general government sector represented only 0.08%.

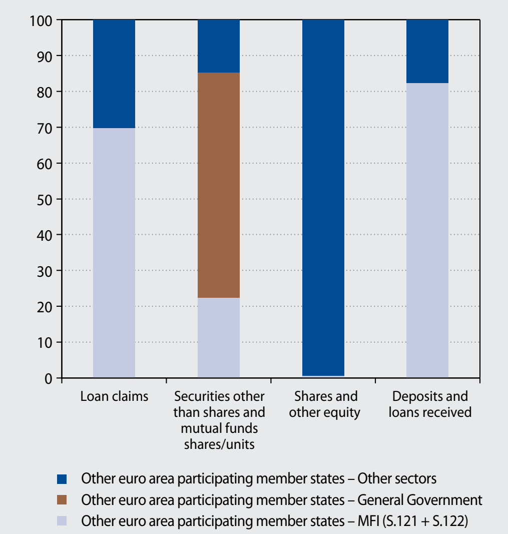
Loan claims on residents of **the rest of the world** stood at €2.6 billion as at the end of the second quarter of 2012. They were dominated by claims on monetary financial institutions (70.19%). Other sectors accounted for 29.67%, but the general government sector for only 0.14%.

Chart 8 Selected assets/liabilities: sectoral breakdown of domestic counterparty as at 30 June 2012 (%)



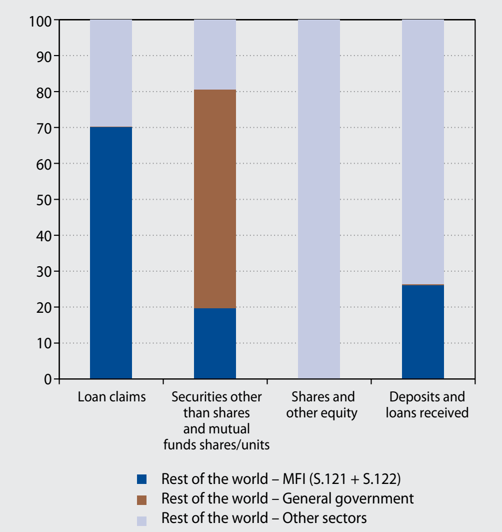
Source: NBS.
1) Monetary financial institutions – MFIs (S.121 + S.122).
2) Other sectors = Other financial intermediaries and Financial auxiliaries (S.123 and S.124) + Insurance corporations and Pension funds (S.125) + Non-financial corporations (S.11) + Households and Non-profit institutions serving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

Chart 9 Selected assets/liabilities: sectoral breakdown of counterparty from other euro area member states as at 30 June 2012 (%)



Source: NBS.

Chart 10 Selected assets/liabilities: sectoral breakdown of counterparty from the rest of the world as at 30 June 2012 (%)



Source: NBS.

Domestic credit institutions held securities other than shares and mutual fund shares/units issued by the rest of the world residents in the total amount of €0.9 billion. Of this amount, government securities accounted for 60.79%, securities issued by other sectors for 19.44%, and those issued by monetary financial institutions for 19.77%.

The value of shares and other equity issued by the rest of the world residents and held in the portfolios of domestic credit institutions was very low (only €0.04 billion). They comprised equity securities issued by entities issued by other sectors.

Deposits and loans received from the rest of the world residents amounted to €1.8 billion as at the end of the second quarter of 2012. Other sectors accounted for 73.61% of this amount, the 26.06% represented the deposits and loans received from monetary financial institutions. General government deposits and loans received accounted for only 0.33%.

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

The total **assets of credit institution**s recorded a year-on-year increase at the end of each quarter in the period from 30 June 2011 to 30 June 2012. The highest year-on-year increase was observed in the third quarter of 2011, when the outstanding amount of assets increased by 5.58% (by €3.1 billion) year-on-year.

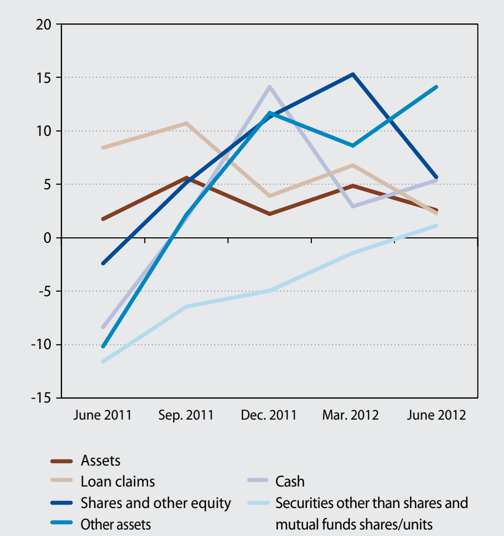
This change in last year's third quarter was caused largely by loan claims, the outstanding amount of which grew by 10.71% (by €4.0 billion) year-on-year, mainly as a result of increases in claims with a maturity of over five years and short-term claims with a maturity of up to one year.

As at the end of the second quarter of 2011, securities other than shares and mutual fund shares/units in the portfolios of credit institutions recorded the most significant change, when their outstanding amount decreased by 11.58% (by €1.8 billion) year-on-year.

The outstanding amount of shares and other equity participations (including money market fund shares/units), which was relatively low at the end of all quarters under review (below €0.57 billion), saw the most significant change at the end of the first quarter of 2012: a year-on-year increase of 15.28% (by €0.08 billion).

As at the end of the second quarter of 2012, other assets recorded the most significant change in year-on-year terms. Their outstanding amount

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



Source: NBS.

Table 6 Year-on-year changes in assets of credit institutions in the SR (EUR thousands)					
	VI. 11	IX. 11	XII. 11	III. 12	VI. 12
ASSETS	**988,749**	**3,098,790**	**1,265,223**	**2,751,363**	**1,471,120**
Cash	**-52,708**	**10,939**	**88,820**	**17,486**	**30,947**
Loan claims	**3,128,103**	**3,954,926**	**1,507,534**	**2,647,119**	**923,409**
Loan claims – up to 1 year	178,091	1,250,746	-810,281	581,699	-453,946
Loan claims – over 1 and up to 5 years	274,950	-32,872	-153,989	-99,500	-133,074
Loan claims – over 5 years	2,675,062	2,737,052	2,471,804	2,164,920	1,510,429
Securities other than shares and mutual funds shares/units	**-1,808,279**	**-951,244**	**-697,439**	**-199,089**	**156,407**
Securities other than shares and mutual funds shares/units up to 1 year	-1,145,037	-758,350	-332,269	249,270	551,865
Securities other than shares and mutual funds shares/units over 1 and up to 2 years	-5,346	14,235	-277,081	-263,092	-262,622
Securities other than shares and mutual funds shares/units over 2 years	-657,896	-207,129	-88,089	-185,267	-132,836
Shares and other equity	**-12,877**	**26,960**	**55,309**	**75,410**	**29,805**
Other assets	**-265,490**	**57,209**	**310,999**	**210,437**	**330,552**

Source: NBS.

increased by 14.13% (by €0.3 billion), mainly as a result of growth in the amounts of fixed assets and derivatives with a positive fair value.

The cash holdings of credit institutions also recorded a marked change in amount as at the end of the fourth quarter of 2011: a year-on-year increase by 14.11% (by €0.09 billion). This increase took place mostly in euro-denominated cash holdings.

The total **liabilities of credit institutions** increased in year-on-year terms in each quarter of the period under review, i.e. from 30 June 2011 to 30 June 2012. The most significant year-on-year change (an increase by 5.58%, i.e. by €3.1 billion) was recorded at the end of the third quarter of 2011.

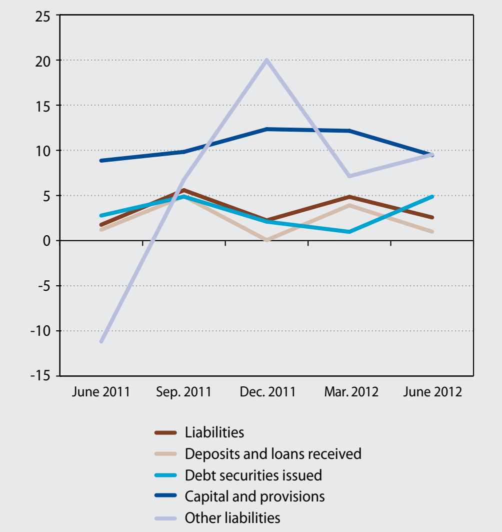
This change was mainly influenced by deposits and loans received, which grew in volume by 4.91% (by €2.1 billion) year-on-year. The highest increase took place in the outstanding amount of deposits and loans received with a maturity of more than one year.

The outstanding amount of debt securities issued in the period under review changed most

Table 7 Year-on-year changes in liabilities of credit institutions (in EUR thousands)					
	VI. 11	IX. 11	XII. 11	III. 12	VI. 12
LIABILITIES	**988,749**	**3,098,790**	**1,265,223**	**2,751,363**	**1,471,120**
Deposits and loans received	**533,998**	**2,125,862**	**22,141**	**1,724,341**	**439,837**
Deposits and loans received up to 1 year	-73,421	380,443	-3,168,037	-1,794,139	-2,720,208
Deposits and loans received over 1 year	607,419	1,745,419	3,190,178	3,518,480	3,160,045
Debt securities issued	**95,098**	**165,792**	**72,628**	**34,873**	**171,979**
Debt securities issued up to 1 year	0	0	60,000	60,000	60,000
Debt securities issued over 1 and up to 2 years	-176,894	-68,347	-115,738	-114,326	-148,931
Debt securities issued over 2 years	271,992	234,139	128,366	89,199	260,910
Capital and provisions	**589,842**	**674,179**	**863,478**	**855,259**	**684,954**
Other liabilities	**-230,189**	**132,957**	**306,976**	**136,890**	**174,350**

Source: NBS.

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



Source: NBS.

significantly in the second quarter of 2012, when a year-on-year increase by 4.87% (by €0.2 billion) was observed, mainly in securities with a maturity of up to one and over two years. By contrast, the outstanding amount of debt securities with a maturity of over one and up to two years decreased in year-on-year terms.

As at the end of the fourth quarter of 2011, a significant change in capital and provisions was observed: a rise in value by 12.34% (by €0.9 billion) in year-on-year terms. A similar year-on-year change (12.15%) was also registered at the end of the first quarter of 2012.

In the period under review, the outstanding amount of other liabilities changed most significantly in the fourth quarter of 2011, when it increased by 19.98% (by €0.3 billion). This change was, inter alia, influenced by an increase in the amount of interest accrued on deposits and loans received, derivatives with a negative value, and transit items.

2.6 PROFIT / LOSS ANALYSIS FOR CREDIT INSTITUTIONS

2.6.1 Current period profit / loss

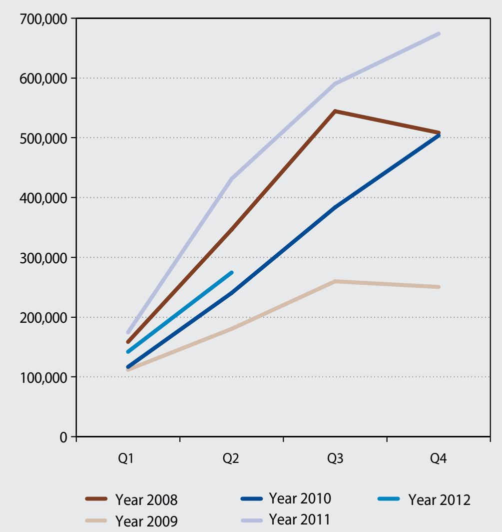
Profit for the current period as reported by credit institutions (as at 30 June 2012) was 36% lower than in the same period a year earlier. The fall in current period profit was caused by three factors: other interest expenses paid on customer deposits, lower dividends received, and increased losses from assigned receivables.

After inventory taking, credit institutions create provisions for impaired and non-performing loans. Despite steady growth in the outstanding amount receivables granted to non-bank customers, provisions on receivables fell slightly (as at 30 June 2012). The ratio of provisions to receivables dropped during the second quarter, from 4.19% as at end-March 2012 to 4.16% as at end-June 2012.

Expenses related to creation of provisions as at 30 June 2012 were somewhat lower than in the previous quarters, but the value of provisions created for receivables to customers also fell slightly.

Non-performing loans covered by provisions up to 100% and impaired loans are written off by credit institutions as expenses, or are assigned / sold to a third party. As at 30 June 2012, Expenses related to writing-off of receivables the remained at their end-2011 level.

Chart 13 Current period profit/loss (EUR thousands)

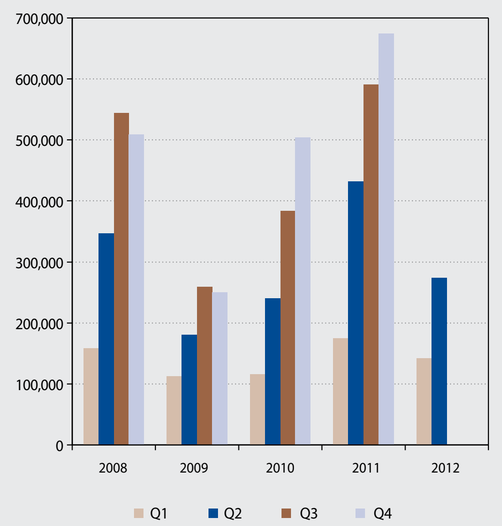


Source: NBS.

Expenses related to the assigned receivables in the last two quarters were almost as high as at the end of 2011; losses from assigned receivables are high, because revenues from transferred claims are low.

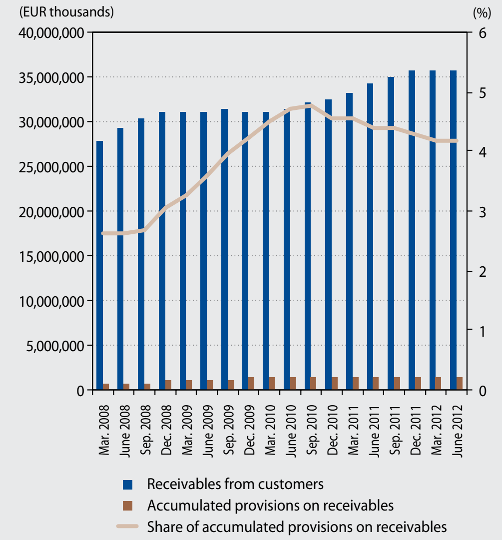
Provisioning expenses and revenues refer to aggregate amounts for all three months of the respective quarter. Loans granted to non-bank customers and provisions created for such loans are reported in cumulative terms.

Chart 14 Current period profit/loss (EUR thousands)



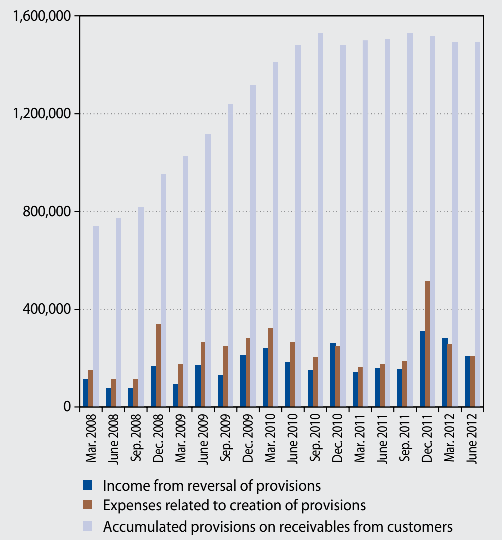
Source: NBS.

Chart 16 Receivables from non-bank customers (EUR thousands)



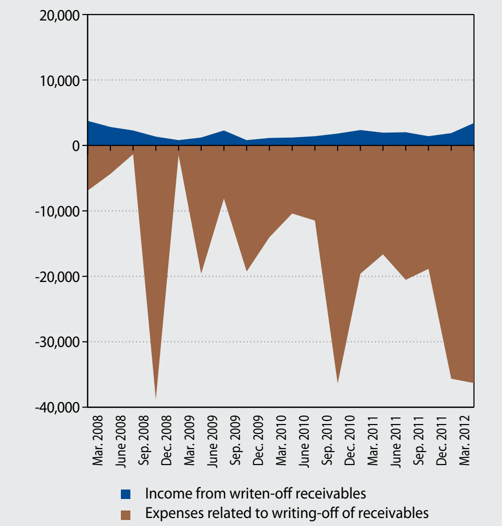
Source: NBS.

Chart 15 Provisions (EUR thousands)



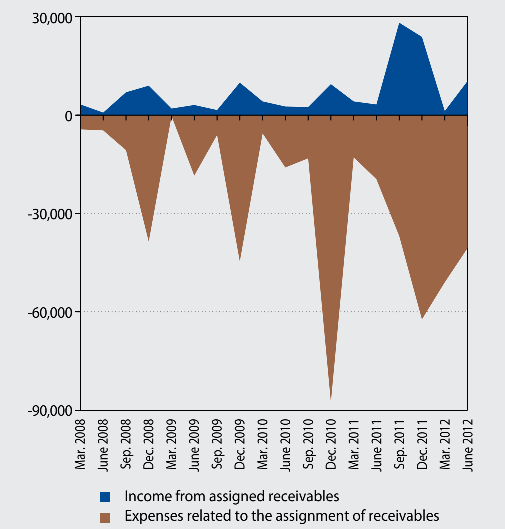
Source: NBS.

Chart 17 Writen-off receivables from customers (EUR thousands)



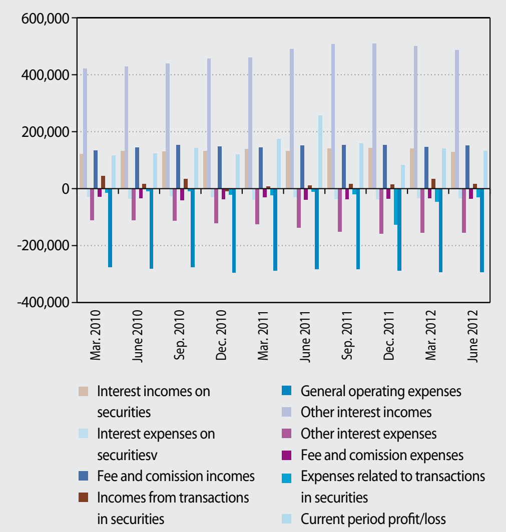
Source: NBS.

Chart 18 Assigned receivables from customers (EUR thousands)



Source: NBS.

Chart 19 Selected incomes and expenses compared with current period profit/loss (EUR thousands)



Source: NBS.

2.6.2 Selected revenue / expenditure items as reflected in profits / losses

As at 30 June 2012, interest income from loans provided and income from fees and commissions were as high as in the previous quarters; they reached the highest figures in the period under review.

Interest expenses on customer deposits (status as at 30 June 2012) hovered around the level of the previous quarter and were 18% higher than in the same period a year earlier.

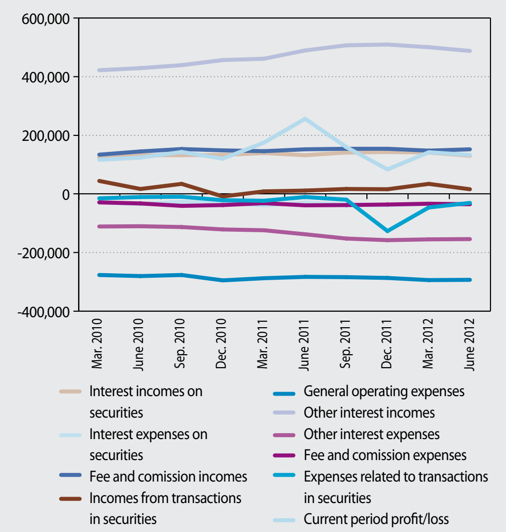
Interest income on securities as at 30 June 2012 was higher than at 31 December 2011. Interest expenses on securities remained at their average level, as well as expenses on fees and commission.

General operating expenses reached a level that was third highest in the period under review.

Profit for the second quarter remained below the average level. This was mainly the result of lower non-interest revenues (dividends received fell by 72%) and higher operating expenses (increased losses from assigned receivables).

The selected revenues and expenses relate to the main activities of credit institutions. The values of revenues / expenses are given as an aggregate of three monthly values recorded in the respective quarter.

Chart 20 Selected incomes and expenses compared with current period profit/loss (EUR thousands)



Source: NBS.

2.7 LENDING TO NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS

2.7.1 Loans to non-financial corporations by maturity

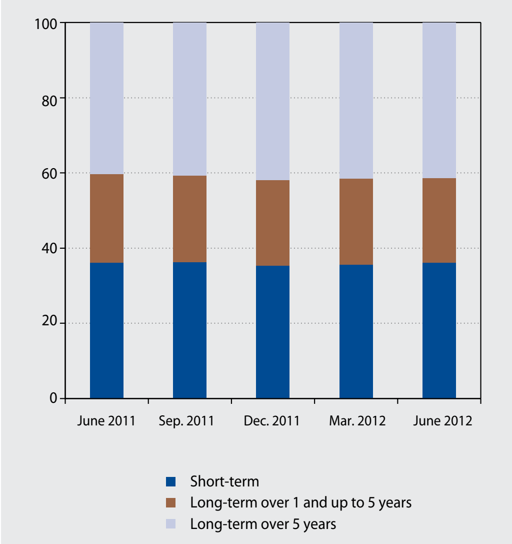
The second quarter of 2012 saw year-on-year growth only in long-term loans granted to non-financial corporations with a maturity of over five years, but the pace of growth was slackening. In April, compared with March, the year-on-year rate of growth in loans with a maturity of over five years slowed by 1.6 percentage points, to 3.9%. In May and June, the growth rate continued to slow in month-on-month terms, by 0.8 percentage point (to 3.1%) and 1.9 percentage points (to 1.2%) respectively. Short-term loans continued to grow in volume in year-on-year terms, but the rate of growth slowed in month-on-month terms by 0.8 percentage point in April (to 7.1%) and by 1.6 percentage points in May (to 5.5%). In June 2012, short-term loans fell in volume by 1.4% year-on-year, representing a slowdown of 6.9 percentage points in their growth rate as compared with May. Long-term loans with a maturity of over one and up to five years declined in volume in year-on-year terms, throughout the second quarter of 2012. The rate of decline in long-term loans (1 to 5 years) slowed by 0.1 percentage point in April (to 4.2%) compared with March, remained unchanged in May, and then accelerated by 1.6 percentage points in June (to 5.9%).

The maturity structure of loans granted to non-financial corporations remained virtually unchanged in June 2012, compared with the previous periods. At the end of June 2012, short-term loans accounted for 36.1%, long-term loans with a maturity of over one and up to five years for 22.6%, and long-term loans with a maturity of over five years for 41.3% of the total volume of loans.

Chart 21 Loans to non-financial corporations by maturity (year-on-year changes in %)

Source: NBS.
Note: The source data are in nominal value.

Chart 22 Loans to non-financial corporations by maturity (% share)



Source: NBS.

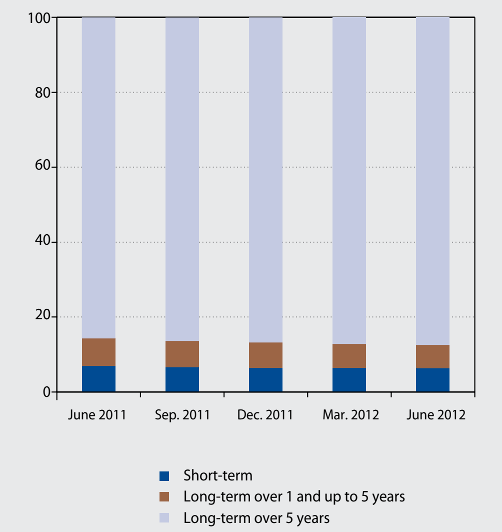
2.7.2 Loans to households by maturity

Long-term loans granted to households with a maturity of over five years grew in year-on-year terms in all three months of the second quarter of 2012, but the rate of growth moderated in each month, namely. by 0.6 percentage point in April (to 12%), by 0.6 percentage point in May (to 11.3%), and by 0.5 percentage point in June (to 10.8%). Short-term loans to households grew

Chart 23 Loans to households by maturity (year-on-year changes in %)

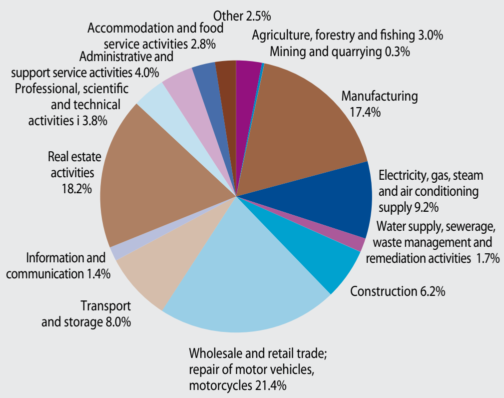
Source: NBS.
Note: The source data are in nominal value.

Chart 24 Loans to households by maturity (% share)



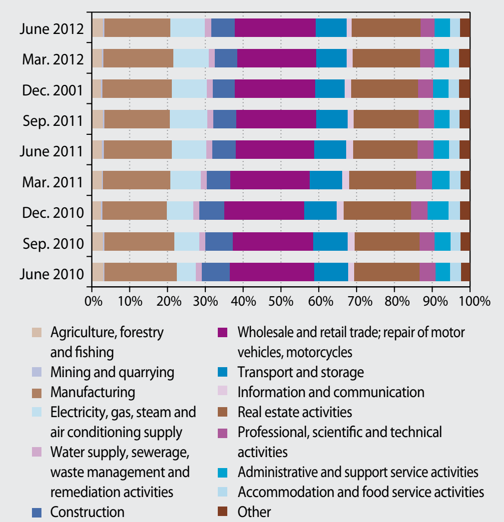
Source: NBS.

Chart 25 Loans to non-financial corporations by economic activity as at 30 June 2012



Source: NBS.

Chart 26 Loans to non-financial corporations by economic activity



Source: NBS.

in year-on-year terms at a decelerating pace. In April, compared with March, the rate of growth slowed by 0.5 percentage point (to 1%). This was followed by a month-on-month slowdown of 0.3 percentage point in May (to 0.8%) and 0.9 percentage point in June (to 0.1%). Long-term loans with a maturity of over one and up to five years declined in year-on-year terms throughout the second quarter of 2012. The year-on-year rate of decline slowed by 1.8 percentage points in April (to 9.4%) compared with March, by 1.6 percentage points in May (to 7.8%) compared with April, and by 0.5 percentage point in June (to 8.3%) compared with May.

In percentage terms, the structure of loans to households by maturity remained virtually unchanged. In June 2012, short-term loans accounted for 6.4%, long-term loans with a maturity of over one and up to five years for 6.2%, and long-term loans with a maturity of over five years for 87.4% of the total volume of loans granted to households.

2.7.3 Loans to non-financial corporations by sector of economic activity

The structure of loans granted to non-financial corporations by sector of economic activity remained virtually unchanged over the past year. In June 2012, loans were provided mostly to the following sectors: *wholesale and retail trade, repair of motor vehicles and motorcycles* (21.4% of total loans, i.e. 0.7 percentage point more than in June 2011); *real estate activities* (18.2%, i.e. 1 percentage point more than in June 2011); *manufacturing production* (17.4%, i.e. 0.6 percentage point less than in 2011); *electricity, gas, steam, and air-conditioning supply* (9.2%, i.e. 0.1 percentage point more than in June 2011); and *transport and storage* (8%, i.e. 0.4 percentage point less than in June 2011). These five sectors accounted for 74.2% of the total volume of loans in June 2012, which was 0.7 percentage point less than in June 2011.

2.7.4 Loans to non-financial corporations by type of loan

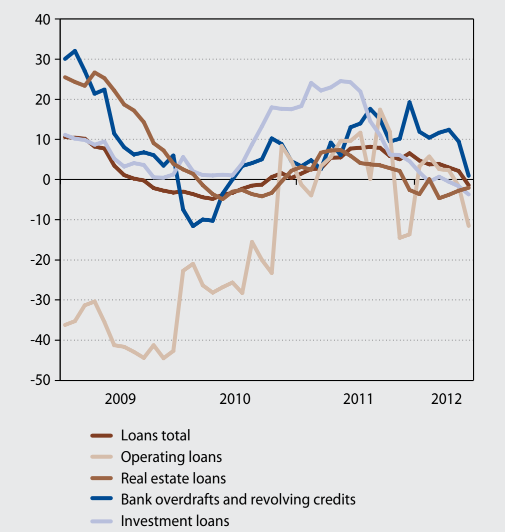
In the second quarter of 2012, almost all types of loans fell in volume in year-on-year terms, except for *current account overdrafts and revolving loans*. However, the rate of growth in this category slowed significantly in the last two months, when a month-on-month acceleration of 0.7 percentage point in April (to 12.4%) was followed by a slowdown of 2.9 percentage points in May (to 9.5%) and 8.5 percentage points in June (to 0.9%). The year-on-year rate of decline in *real estate loans* slowed in month-on-month terms, i.e. by 0.8 percentage point in April (to 3.8%), by 1 percentage point in May (to 2.8%), and by 0.8 percentage point in June (to 2%). The year-on-year decline in *investment loans* deepened over the second quarter of 2012 as follows: the rate of decline first accelerated by 1.2 percentage points in April (to 0.5%) compared with March, then by 1.1 percentage points in May (to 1.6%) compared with April and by 2.1 percentage points in June (3.7%) compared with May. In year-on-year terms, *operating loans* started to grow in April, but the rate of growth slowed by 0.3 percentage point (to 2.3%) compared with March. In May and June, however, loans of this category fell in volume in year-on-year terms. In May, the rate of growth slowed by 3.9 percentage points, to 1.7% (year-on-year decline). The rate of decline then accelerated by 9.8 percentage points in June (to 11.5%), compared with May.

2.7.5 Loans to households by type of loan

In the second quarter of 2012, housing loans and consumer loans grew in volume in year-on-year terms, while credit card loans and current account overdrafts declined.

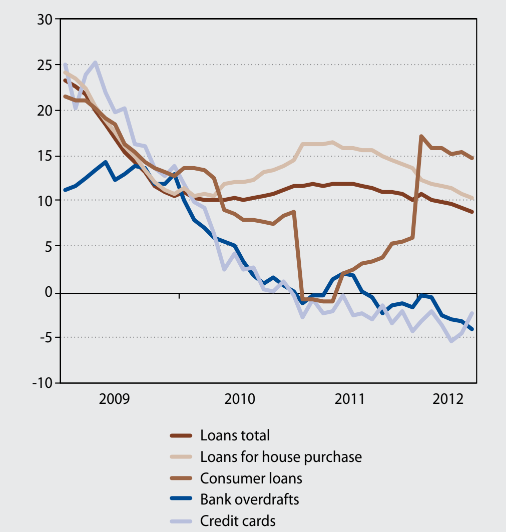
The year-on-year rate of decline in *current account overdrafts* accelerated by 0.4% in April 2012 (to 2.9%) compared with March. This was followed by a month-on-month acceleration of 0.3% in May (to 3.2%) and 0.8% in June (to 4%). In the case of *credit card loans*, the year-on-year decline first deepened by 1.8 percentage points in April (to 5.4%) compared with March, then moderated in month-on-month terms by 1 percentage point in May (to 4.4%) and by 2.1 percentage points in June (to 2.3%). The year-on-year growth in *housing loans* moderated over the quarter under review as follows: by 0.2 percentage point in April (to 11.5%) compared with March, by 0.6 percentage point in May (to 10.9%) compared with April, and by 0.5 percentage point in June (to 10.5%) compared with May. *Consumer loans* recorded a certain slowdown in their year-on-year growth in April (by 0.7 percentage point, to 15.2%), followed by a slight acceleration in May (by 0.2 percentage point, to 15.4%) and another slowdown in June (by 0.5 percentage point, to 14.8%).

Chart 27 Loans to non-financial corporations by type of loan (year-on-year change in %)



Source: NBS.

Chart 28 Loans to households by type of loan (year-on-year change in %)



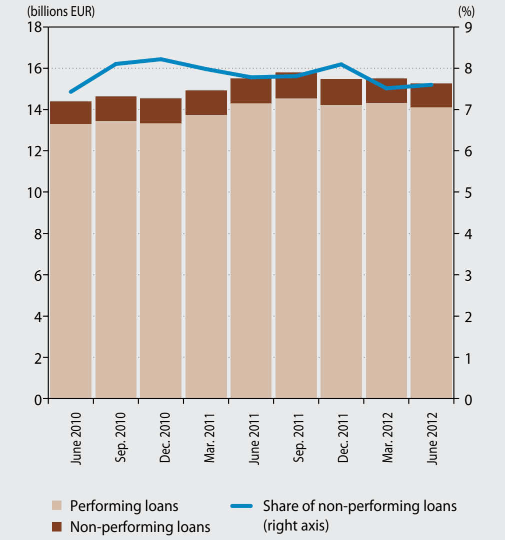
Source: NBS.

2.7.6 Non-performing loans

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

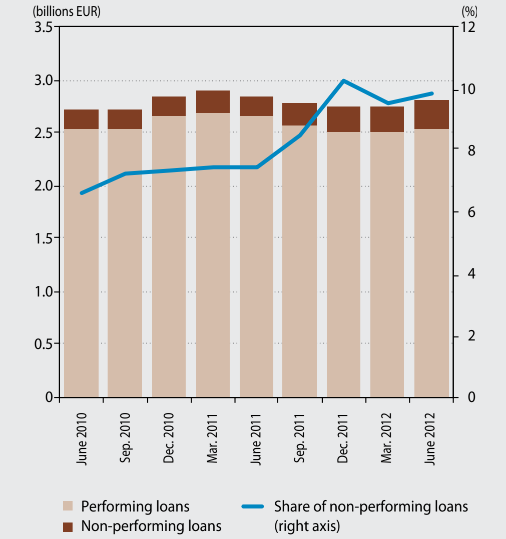
By end-June 2012, the share of non-performing loans in the total volume of loans granted to non-financial corporations had increased by only 0.1 percentage point (to 7.6%) compared with end-March 2012. Specifically, the share of non-performing loan increased in the case of *operating loans* (by 0.6 percentage point, to 8.1%), *investment loans* (by 0.2%, to 7.3%), *real estate loans* (by 0.3 percentage point, to 9.9%), and *credit card loans* (by 0.1 percentage point, to 18%). By contrast, the share of non-performing loans in the *overdrafts and revolving loans* category decreased somewhat.

Chart 29 Share of non-performing loans on total loans to non-financial corporations



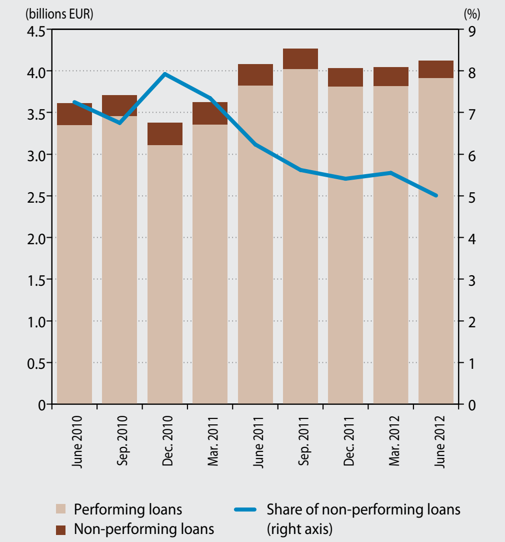
Source: NBS.

Chart 31 Share of non-performing loans on real estate loans to non-financial corporations



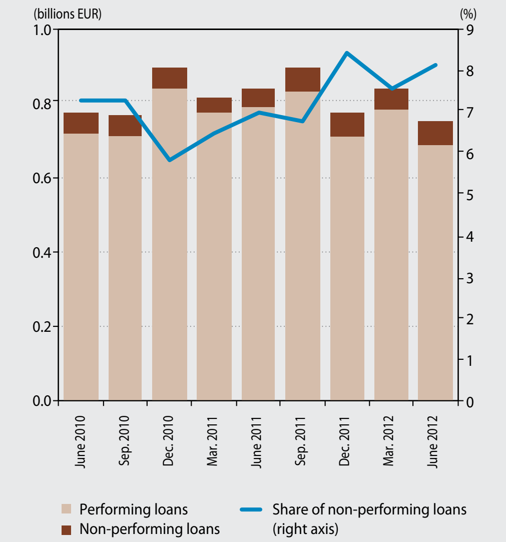
Source: NBS.

Chart 30 Share of non-performing loans on bank overdrafts and revolving credits to non-financial corporations



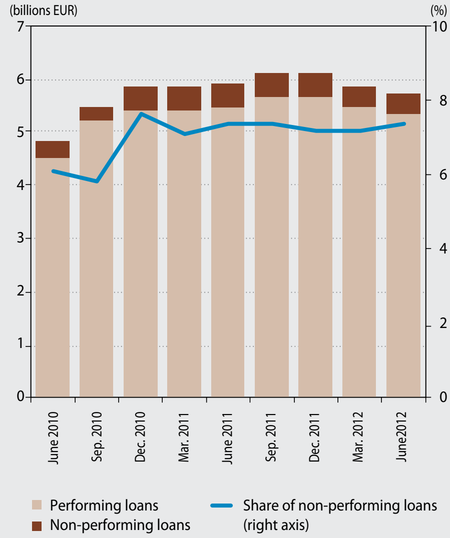
Source: NBS.

Chart 32 Share of non-performing loans on operating loans to non-financial corporations



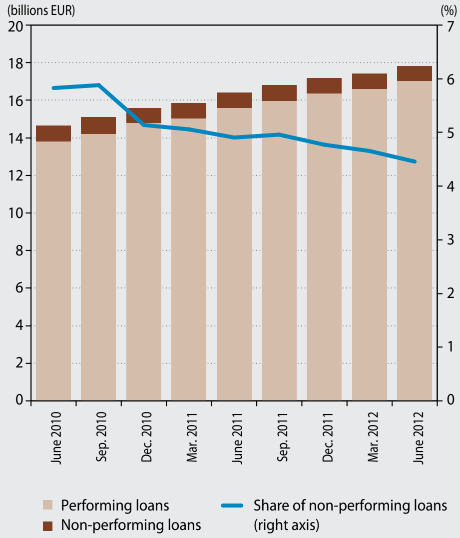
Source: NBS.

Chart 33 Share of non-performing loans on investment loans to non-financial corporations



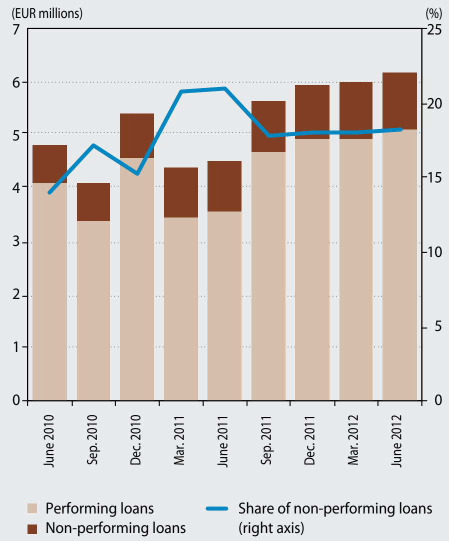
Source: NBS.

Chart 35 Share of non-performing loans on total loans to households



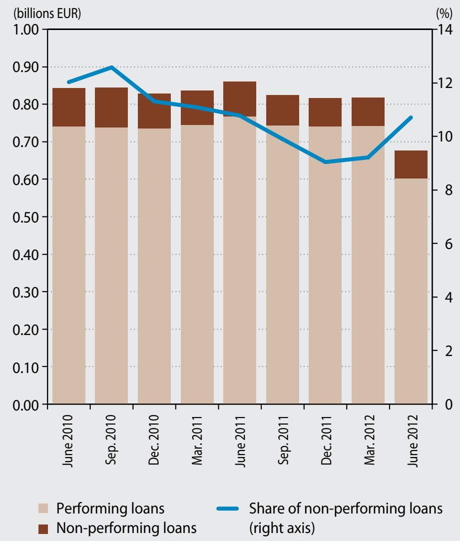
Source: NBS.

Chart 34 Share of non-performing loans on credit card loans to non-financial corporations



Source: NBS.

Chart 36 Share of non-performing loans on bank overdrafts to households

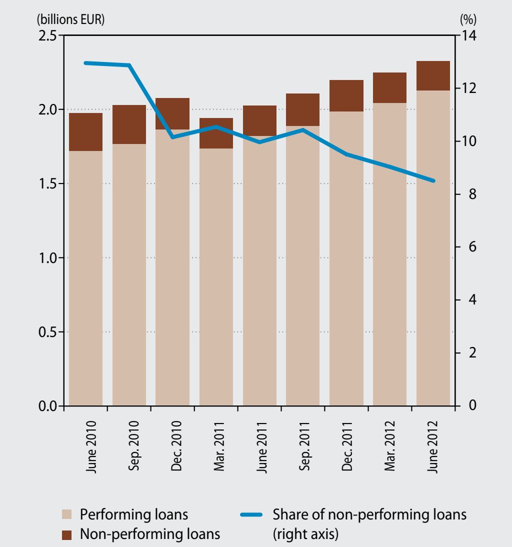


Source: NBS.

2.7.6.2 Non-performing loans in the household sector

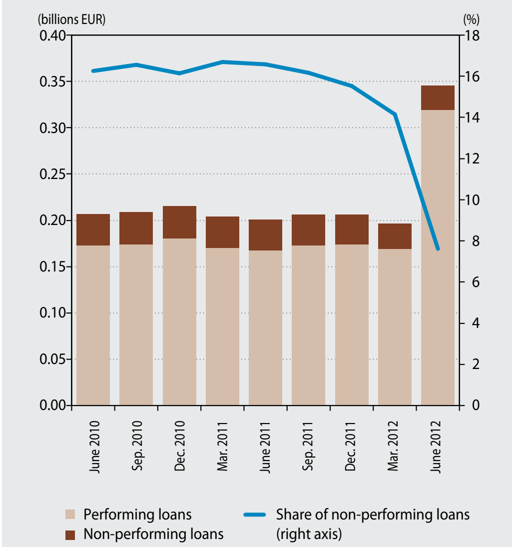
The share of non-performing loans in the total volume of loans granted to households decreased slightly in June, by 0.2 percentage point (to 4.5%) compared with March 2012. Specifically, the share of non-performing *housing loans* dropped by 0.1 percentage point (to 2.9%) and that of non-performing *consumer loans* by 0.5 percentage point (to 8.5%). The share of non-performing *credit card loans* decreased by 6.5 percentage points (to 7.6%), while that of non-performing *current account overdrafts* increased by 1.5% in June (to 10.7%), mainly as a result of the new classification of loans and their subsequent decrease in the *current account overdrafts* category.

Chart 37 Share of non-performing loans on consumer loans to households



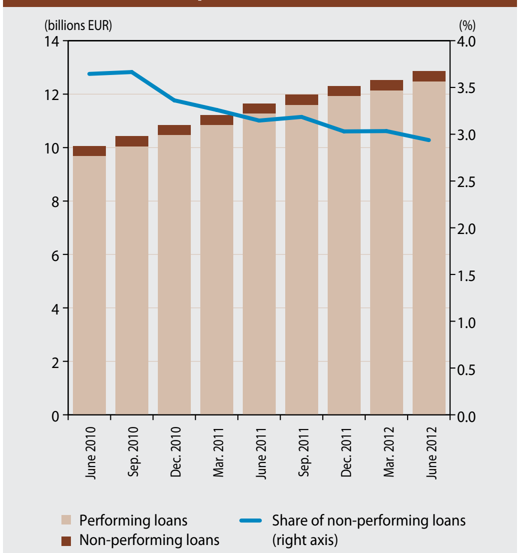
Source: NBS.

Chart 39 Share of non-performing loans on credit card loans to households



Source: NBS.

Chart 38 Share of non-performing loans on loans for house purchase to households



Source: NBS.

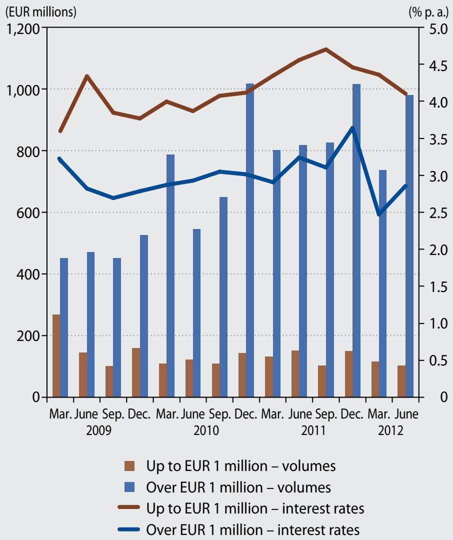
2.8 INTEREST RATES AND VOLUMES: LOANS PROVIDED

2.8.1 Interest rates and volumes: loans to non-financial corporations (new business)

In year-on-year terms, the total volume of new loans granted to non-financial corporations increased by 4.6% in the second quarter of 2012. The volume of loans in the *loans of up to €1 million* category decreased by 26.4% in the second quarter of 2012, compared with the second quarter of 2011. In year-on-year terms, the share of loans of this category in total loans also decreased significantly, from 15.3% to 10.7%. Interest rates on such loans fell from 4.5% p.a. to 4.3% p.a. The volume of loans in the *loans of over €1 million* category increased by 10.2% in the second quarter of 2012, compared with the second quarter of 2011. The share of *new loans of over €1 million* in the total volume of loans granted to non-financial corporations increased by 4.6% year-on-year (to 89.3%), while the average rate of interest fell by 0.1% p.a. (to 3.1% p.a.).

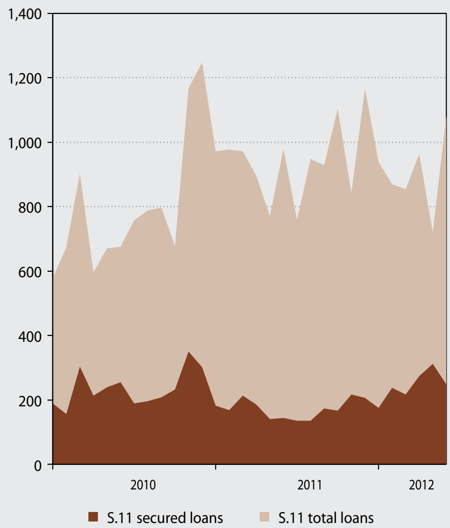
In the second quarter of 2012, the share of new secured loans in the total volume of new loans granted to non-financial corporations increased

Chart 40 Interest rates and volumes on loans to non-financial corporations (new business)



Source: NBS.

Chart 42 Share of secured loans on total loans to non-financial corporations (new business) (EUR millions)

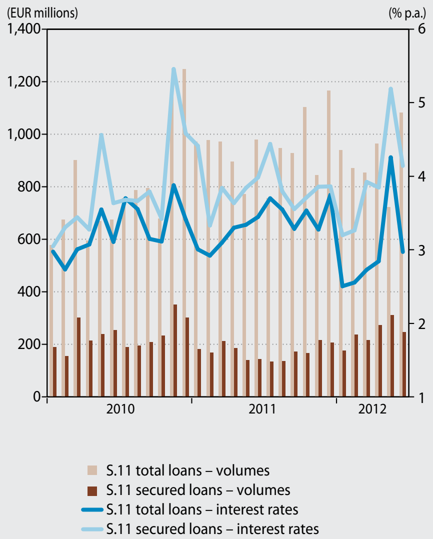


Source: NBS.

in year-on-year terms, from 17.8% to 30.1%. The average interest rate on secured loans rose from 3.8% p.a. in the second quarter of 2011 to 4.4% p.a. in the second quarter of 2012. The average interest rate on all new loans granted to non-financial corporations fell in year-on-year terms, from 3.4% p.a. to 3.3% p.a.

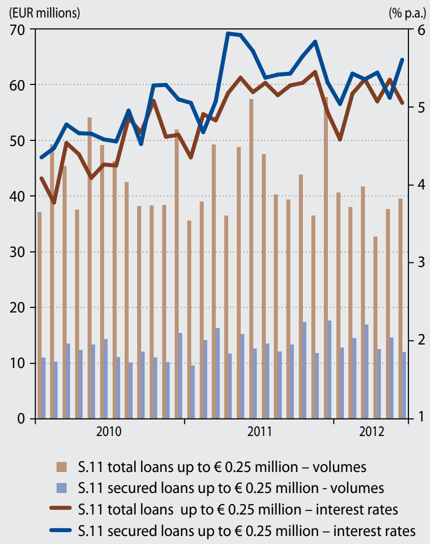
In the ***loans of up to €0.25 million*** category, the share of new secured loans in the total volume of new loans granted to non-financial corporations increased in year-on-year terms, from 27.7% to 35.6% in the second quarter of 2012. The average interest rates on secured loans in this category fell to 5.4% p.a. in the second quarter of 2012,

Chart 41 Interest rates and volumes on secured and total loans to non-financial corporations (new business)



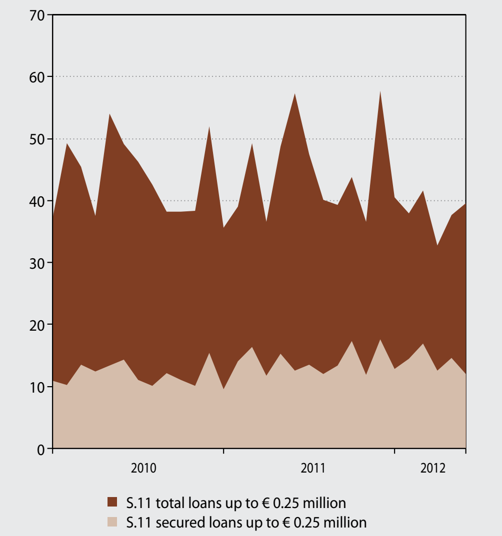
Source: NBS.

Chart 43 Interest rates and volumes on secured and total "loans up to € 0.25 million" to non-financial corporations (new business)



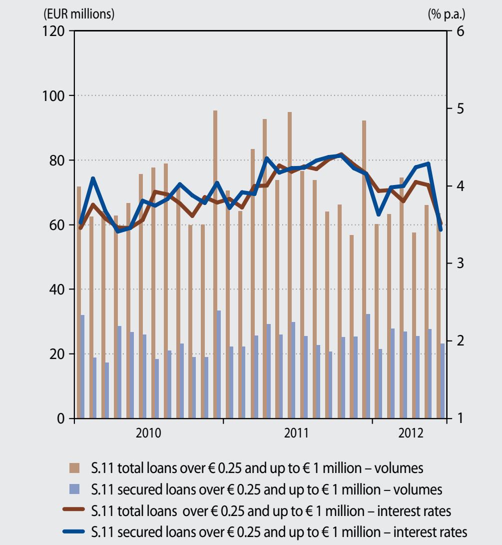
Source: NBS.

Chart 44 Share of secured loans on total "loans up to € 0.25 million" to non-financial corporations (new business) (EUR millions)



Source: NBS.

Chart 45 Interest rates and volumes on secured and total "loans over € 0.25 and up to € 1 million" to non-financial corporations (new business)

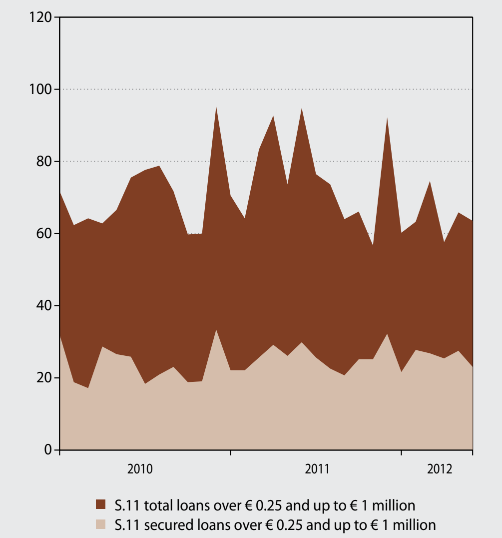


Source: NBS.

from 5.9% p.a. in the second quarter of 2011. The average interest rate on *new loans of up to €0.25 million* granted to non-financial corporations remained unchanged in year-on-year terms, at 5.2% p.a.

In the ***loans of over €0.25 million and up to €1 million*** category, the share of new secured loans in the total volume of new loans granted to non-financial corporations increased in year-on-year terms, from 32.5% to 40.7% in the second quarter of 2012. Interest rates on secured loans of this category fell from 4.3% p.a. in the second quarter of 2011 to 4.0% p.a. in the second quarter of 2012. In the *loans of over €0.25 million and up to €1 million* category, the average interest rate on new loans granted to non-financial corporations fell by 0.3% year-on-year, to 3.9% p.a.

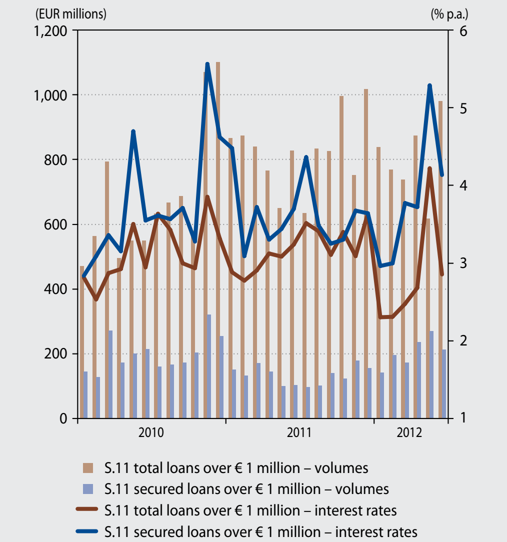
Chart 46 Share of secured loans on total "loans over € 0.25 and up to € 1 million" to non-financial corporations (new business) (EUR millions)



Source: NBS.

In the ***loans of over €1 million*** category, the share of new secured loans in the total volume of new loans granted to non-financial corporations increased in year-on-year terms, from 15.4% in the second quarter of 2011 to 29.0% in the second quarter of 2012. The average interest rate on secured loans of this category also rose considerably, from 3.5% p.a. to 4.4% p.a. (in the second quarter of 2012). The average interest rate on new loans granted to non-financial corporations in the *loans of over €1 million* category dropped by 0.1% year-on-year, to 3.1% p.a.

Chart 47 Interest rates and volumes on secured and total "loans over € 1 million" to non-financial corporations (new business)



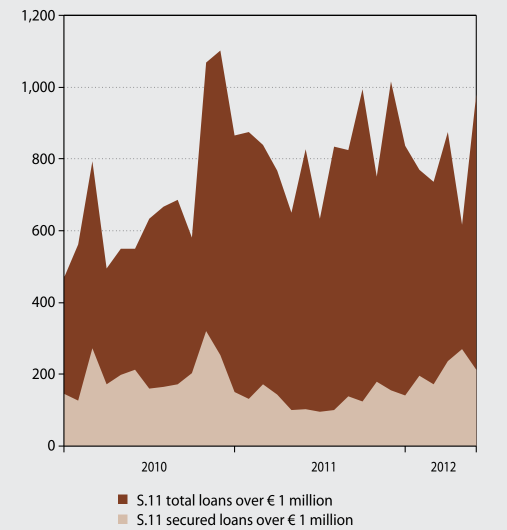
Source: NBS.

2.8.2 Interest rates and volumes: loans to households (new business)

Demand for loans in the household sector is dominated by demand for house purchase loans. The average interest rate on loans for house purchases fell by 0.1% year-on-year, to 4.7% p.a. in the second quarter of 2012. Lending rates for the individual types of house purchase loans changed in year-on-year terms as follows: the average rate for *intermediate loans*, which are offered by building savings banks, dropped by 0.7% in the second quarter (to 3.5% p.a.); the average rate for *building loans* remained unchanged (at 4.8% p.a.); the average rate for *other loans for house purchase* remained at the same level (4.8% p.a.); the average rate for *mortgage loans* rose by 0.1% (to 5.1% p.a.).

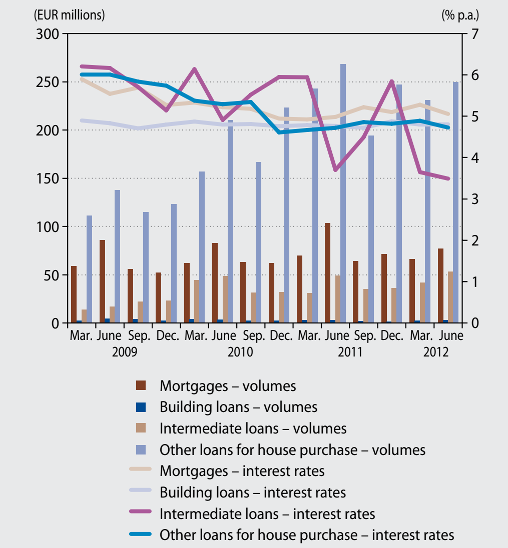
The annual percentage rate of charge (APRC) related to loans granted to households is higher than the rate of interest charged for these loans. Despite a slight fall in interest rates on house purchase loans, the average APRC rose by 0.2% year-on-year (to 5.4% p.a.) in the second quarter of 2012. The APRC value related to consumer

Chart 48 Share of secured loans on total "loans over € 1 million" to non-financial corporations (new business) (EUR millions)



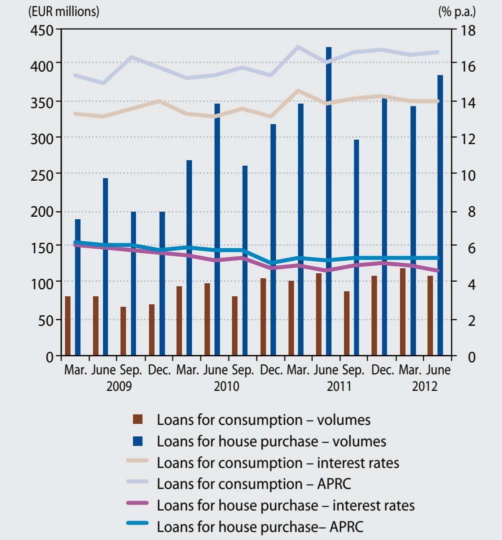
Source: NBS.

Chart 49 Interest rates and volumes on loans for house purchase to households (new business)



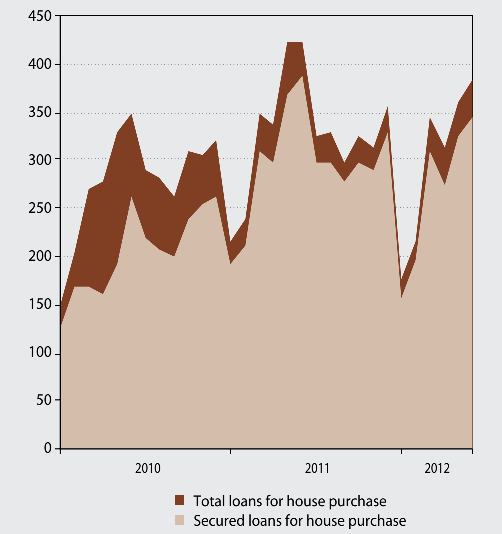
Source: NBS.

Chart 50 Interest rates, APRC and volumes on loans for consumption and loans for house purchases to households (new business)



Source: NBS.

Chart 52 Share of secured loans for house purchase on total loans for house purchase to households (new business) (EUR millions)



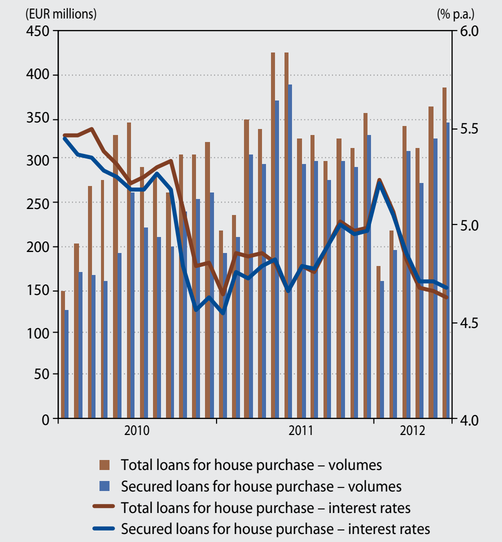
Source: NBS.

loans followed a different trend. The average interest rate on consumer loans fell in the quarter under review by 0.2% year-on-year, to 14.0% p.a. The average APRC for consumer loans remained unchanged, at 16.4% p.a.

The share of new secured house purchase loans in the total volume of loans granted to households for house purchases decreased slightly in the second quarter of 2012, by 0.2% year-on-year (to 88.8%). The average weighted interest rate on secured loans fell in that period by 0.1%, to 4.7% p.a.

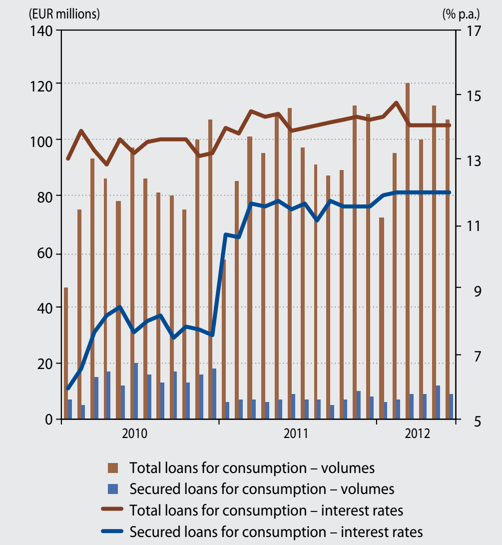
In the case of loans for consumption, the share of secured loans was substantially smaller than in the case of house purchase loans. In year-on-

Chart 51 Interest rates and volumes on secured and total loans for house purchase to households (new business)



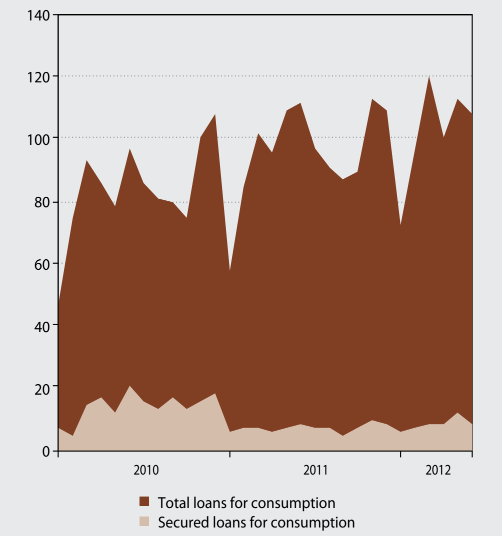
Source: NBS.

Chart 53 Interest rates and volumes on secured and total loans for consumption to households (new business)



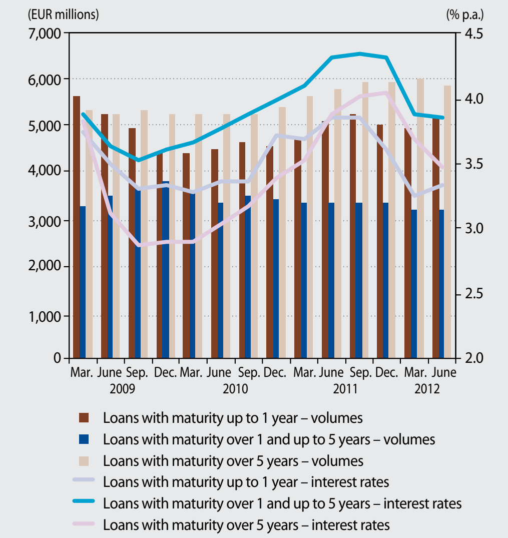
Source: NBS.

Chart 54 Share of secured loans for consumption on total loans for consumption to households (new business) (EUR millions)



Source: NBS.

Chart 55 Interest rates and volumes of loans by maturity to non-financial corporations (outstanding amounts)



Source: NBS.

year terms, their share increased from 7.0% to 9.4% in the second quarter of 2012. The average interest rate on secured consumer loans rose by 0.3% year-on-year, to 11.9% p.a. in the second quarter of 2012.

2.8.3 Interest rates and volumes: loans to non-financial corporations (outstanding amounts)

Interest rates on loans with a maturity of over one and up to five years have historically exceeded the rates for other loan categories, but these loans are the smallest of all in terms of volume. The most significant loans in the Slovak market (in terms of volume) are loans with a maturity of over five years. This trend started in the second half of 2009 and continued in the second quarter of 2012, too.

The average interest rate on loans granted to non-financial corporations (all maturities) fell in the second quarter of 2012, compared with the second quarter of 2011. The sharpest fall was recorded in the average rate for loans with a maturity of up to one year (by 0.6%, to 3.3% p.a.). The average rate for loans with a maturity of over one and up to five years dropped in the quarter under review by 0.4%, to 3.9% p.a. In the same period, the average interest rate on loans with a maturity of over five years fell by 0.1% compared with the second quarter of 2011, to 3.6% p.a.

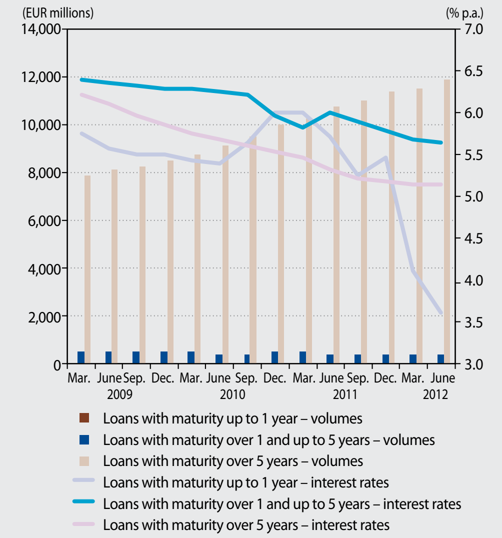
2.8.4 Interest rates and volumes: loans to households (outstanding amounts)

In terms of volume, loans granted to households for consumption and house purchases are dominated by loans with a maturity of over five years.

Overall, interest rates on house purchase loans granted to households show a falling tendency. The sharpest fall in the second quarter of 2012, compared with the second quarter of 2011, was recorded in the price of loans granted for house purchases with a maturity of up to one year (by 2.1%, to 3.7% p.a.). Interest rates on house purchase loans with a maturity of over one and up to five years dropped by 0.4% year-on-year, to 5.6% p.a. The most moderate fall occurred in rates for house purchase loans with a maturity of over five years (by 0.2%, to 5.1% p.a.).

Consumer loans with a maturity of up to one year are granted for consumption in very small amounts. This is reflected in the rates of interest, too. Interest rates on consumer loans with a maturity of over one and up to five years were stable in the quarter under review, though the volume of these loans decreased somewhat. In terms of volume, the most significant category was that of consumer loans with a maturity of over five years.

Chart 56 Interest rates and volumes on loans for house purchase by maturity to households (outstanding amounts)



Source: NBS.

In year-on-year terms, the average interest rate on loans granted to households for consumption followed a falling trend over the second quarter in all maturities, except in the case of loans granted with a maturity of up to one year, the price of which rose by 0.9% year-on-year to 13.8% p.a. However, these loans were still insignificant in terms of volume. Interest rates on long-term consumer loans also fell in year-on-year terms, by 0.2%. Specifically, the rate for consumer loans with a maturity of over one and up to five years fell to 14.4% p.a. and that for consumer loans with a maturity of over five years to 13.3% p.a.

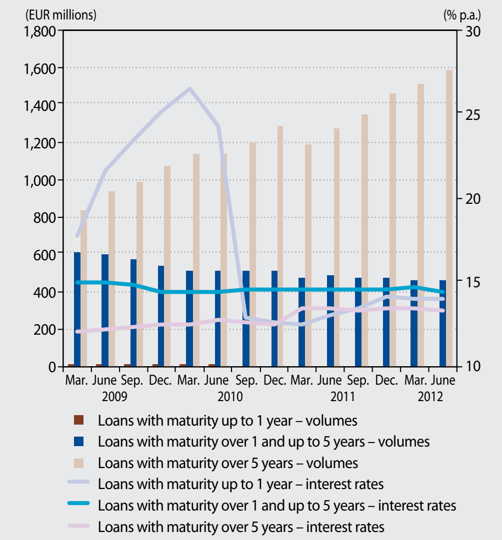
2.9 DEPOSITS RECEIVED FROM NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS

2.9.1 Deposits received from non-financial corporations

In year-on-year terms, deposits with agreed maturity received from non-financial corporations grew in volume in the first two months, then decreased in the third month of the quarter under review. In April 2012, the year-on-year rate of growth accelerated in comparison with March by 1.7 percentage points, to 2.9%. This was followed by a month-on-month acceleration of 0.1 percentage point in May (to 2.8%) and a slowdown of 15.7 percentage points in June (to 12.9%).

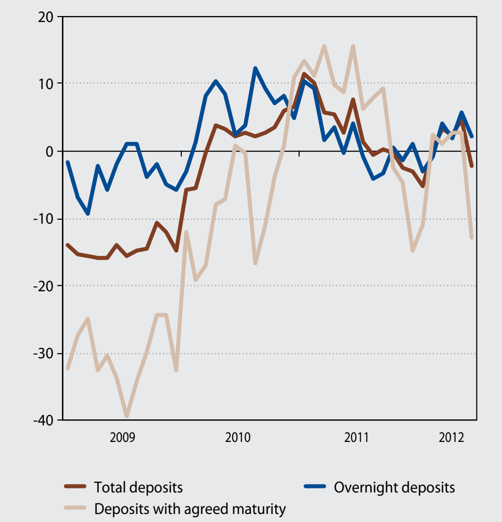
The volume of deposits redeemable on demand increased in all three months of the quarter under review. In April 2012, the rate of growth slowed in comparison with March by 2.1 percentage points, to 2.1%. This was followed by a month-on-month acceleration of 3.6 percentage points in May (to 5.6%) and a slowdown of 3.4 percentage points again in June (to 2.2%).

Chart 57 Interest rates and volumes on loans for consumption by maturity to households (outstanding amounts)



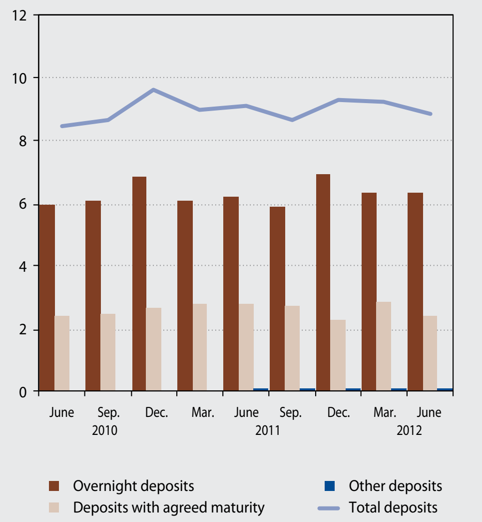
Source: NBS.

Chart 58 Deposits of non-financial corporations by maturity (year-on-year change in %)



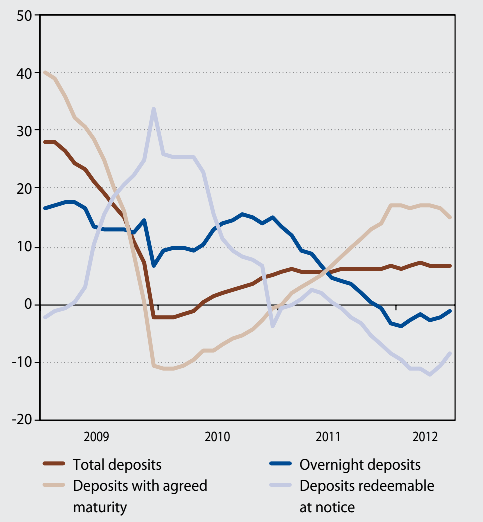
Source: NBS.

Chart 59 Deposits of non-financial corporations by type (billions EUR)



Source: NBS.

Chart 60 Deposits of households by maturity (year-on-year change in %)



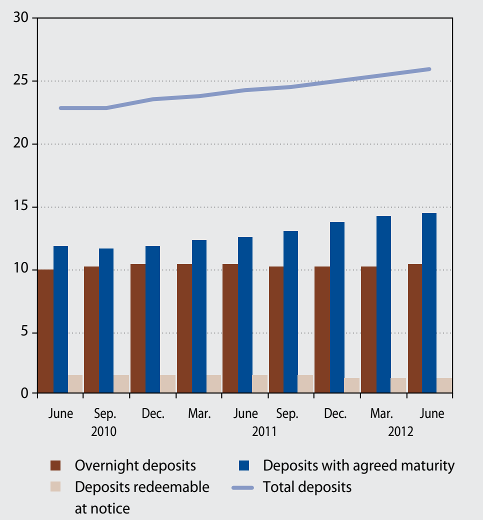
Source: NBS.

The structure of deposits received from non-financial corporations changed slightly in June, compared with March 2012. The share of deposits redeemable on demand increased by 3 percentage points (to 72%) in June, compared with March 2012. The share of deposits with agreed maturity decreased by 3 percentage points (to 27.6%) and that of other deposits remained unchanged (at 0.4%).

2.9.1 Deposits received from households

In the second quarter of 2012, household deposits with agreed maturity grew in volume in year-on-year terms (Chart 61). In April 2012, the rate of growth accelerated slightly in comparison with March 2012, by 0.4 percentage point (to 17.2%). This was followed by a month-on-month slowdown of 0.8 percentage point in May (to 16.5%) and 1.6 percentage points in June (to 14.8%). In year-on-year terms, demand deposits and deposits redeemable at notice fell in volume in all three months of the quarter under review. In April 2012, the pace of decline in deposits redeemable at notice accelerated slightly in comparison with March 2012, by 0.7 percentage point (to -12.1%). This was followed by a month-on-month slowdown of 1.2 percentage points in May (to -10.9%) and 2.3 percentage points in June (to -8.7%). The pace of decline in deposits redeemable on demand accelerated in April by 0.8 percentage point month-on-month, to -2.5%. This was followed by a month-on-month slowdown of 0.3 percentage point in May (to -2.2%) and 1.4 percentage points in June (to -0.8%).

Chart 61 Deposits of households by type (billions EUR)



Source: NBS.

The structure of deposits received from households remained unchanged in June, compared with March 2012. Deposits redeemable on demand accounted for 40%, deposits with agreed maturity for 55%, and deposits redeemable at notice for 5% of the total volume of household deposits.

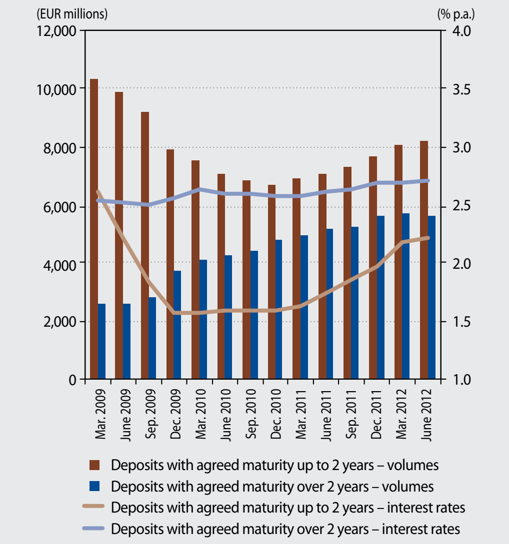
2.10 INTEREST RATES AND VOLUMES: DEPOSITS RECEIVED

2.10.1 Interest rates and volumes: deposits received from households (outstanding amounts)

The outstanding amount of deposits with an agreed maturity of up to two years received from households as a percentage of total deposits with agreed maturity increased slightly in year-on-year terms, to 58.9% in the second quarter of 2012 (by 0.7% compared with the second quarter of 2011). The average interest rate on household deposits with an agreed maturity of up to two years rose by 0.5% year-on-year, to 2.2% p.a. The average rate for deposits with an agreed maturity of over two years also rose in year-on-year terms, but to a lesser extent (from 2.6% p.a. to 2.7% p.a.).

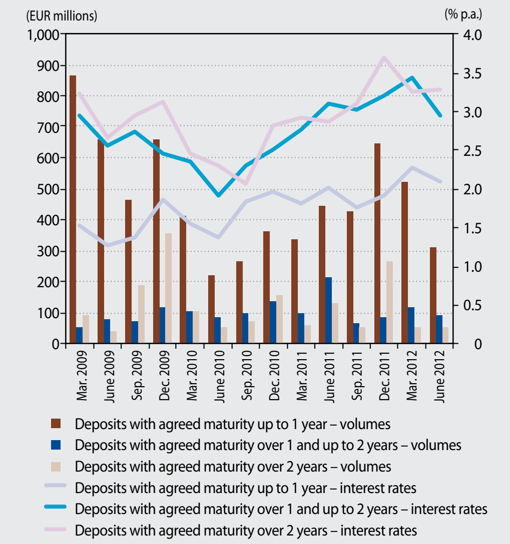
years (+0.5%, to 3.4% p.a.), while the share of these deposits in the total volume of new deposits with agreed maturity decreased in year-on-year terms (from 17.7% to 13.1%). The average interest rate on new deposits with an agreed maturity of over one and up to two years rose to 3.2% p.a. in the second quarter of 2012, while the share of these deposits in the total volume of new deposits with agreed maturity decreased by 1% year-on-year (to 16.8%). The average rate for new deposits with an agreed maturity of up to one year rose slightly in year-on-year terms, from 2.05% p.a. to 2.14% p.a. In terms of volume, these deposits remained the most significant deposit category in the second quarter of 2012. Their proportion increased by 5.6% year-on-year, to 70.1% of the total volume of new household deposits with agreed maturity.

Chart 62 Interest rates and volumes of deposits with agreed maturity from households (outstanding amounts)



Source: NBS.

Chart 63 Interest rates and volumes on deposits with agreed maturity from households (new business)



Source: NBS.

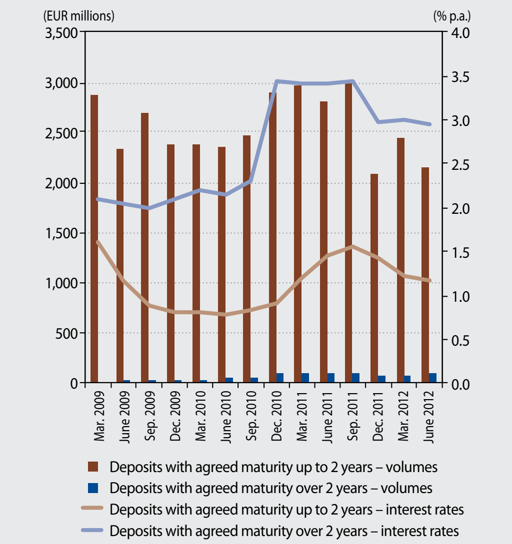
2.10.2 Interest rates and volumes: deposits received from households (new business)

Interest rates on new deposits with agreed maturity received from households showed a rising tendency in the period under review. The steepest rise was recorded in the price of deposits with an agreed maturity of over two

2.10.3 Interest rates and volumes: deposits received from non-financial corporations (outstanding amounts)

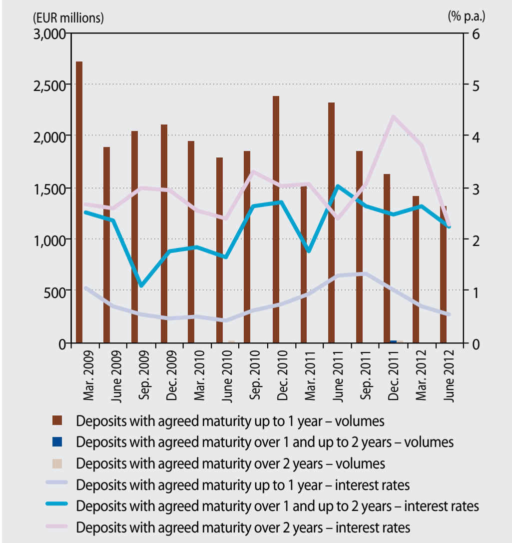
In year-on-year terms, the share of deposits with a maturity of over two years in the outstanding amount of total deposits received from non-financial corporations remained unchanged in

Chart 64 Interest rates and volumes on deposits with agreed maturity from non-financial corporations (outstanding amounts)



Source: NBS.

Chart 65 Interest rates and volumes on deposits with agreed maturity from non-financial corporations (new business)



Source: NBS.

the second quarter of 2012, at 3.7%. The average interest rate on these deposits fell by 0.5% year-on-year, to 2.9% p.a. The average rate for deposits with an agreed maturity of up to two years fell slightly in the period under review (by 0.3%, to 1.1% p.a.), while the share of these deposits in the total volume of deposits with agreed maturity received from non-financial corporations remained unchanged (at 96.3%).

2.10.4 Interest rates and volumes: deposits received from non-financial corporations (new business)

Interest rates on new deposits with agreed maturity received from non-financial corporations, except those on deposits with a maturity of over two years, followed a downward trend in year-on-year terms throughout the second quarter of 2012. The average price of deposits with a maturity of over two years rose by 0.3%, to 3.2% p.a. However, the share of these deposits was insignificant, as well as the share of new deposits with an agreed maturity of over one and up to two years, the average price of which fell by 0.6% (to 2.2% p.a.). The average interest rate on new deposits with an agreed maturity of up to one year dropped by 0.7% year-on-year, to 0.6% p.a. In terms of volume, these deposits represented the most significant category of new deposits: they accounted for almost 100% of the volume of new deposits received from non-financial corporations.

CHAPTER 3

COLLECTIVE INVESTMENT: MUTUAL FUNDS

3

3 Collective investment: mutual funds

In the financial market of Slovakia, collective investment was represented by seven domestic asset management companies, managing a total of 82 open-end mutual funds as at 30 June 2012.

These asset management companies are:

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

3.1 Current developments in the domestic mutual funds market

The changes in the mutual funds market arising from the new Collective Investment Act continued in the second quarter of 2012. Owing to the stricter criteria and limits set for the portfolios of money market funds, asset management companies were no longer motivated to offer this investment solution to investors. The share of money market funds in the total assets of mutual funds decreased in comparison with the previous quarter by 1 percentage point, to 6%. The share of other funds, including secured funds, specialised alternative investment funds, specialised securities funds, and specialised professional investors funds, increased by 5 percentage points in the quarter under review, from 17% in March 2012 to 22% at end-June 2012, owing mainly to the emergence of new funds in these categories. Thus *other funds* became the second most significant category of mutual funds in the second quarter of 2012. Bond funds maintained their dominant position in the mutual funds market, with a share of 36% of total assets. Other funds were followed by mixed funds (16%) and real estate funds, whose share of total assets increased slightly in the second quarter (from 12% in March 2012 to 13% at end-June 2012). As in the previous quarter, the smallest category among investment funds (mutual funds other than money market funds) was that of equity funds with a share of 7 percent.

Since the reclassification of funds took place in December 2011 and January 2012, it would be inappropriate to evaluate the year-on-year changes reported by money market funds and bond funds. The reclassification of these types of funds could have a negative influence on investors, mainly in the case of money market funds. Owing to the redemption of mutual funds shares/units, the value of assets managed by bond funds and money market funds fell by 1.65% and 16.2% respectively (as at 30 June 2012), compared with the figures reported as at 31 March 2012.

In the second quarter of 2012, the value of assets managed by equity funds continued to fall, at approximately the same pace as in the previous quarter. By 30 June 2012, the assets of these funds had fallen by 17.29% year-on-year.

The long-term rising trend in the value of assets managed by real estate funds continued in the period under review, but at a decelerating pace. By the end of June 2012, the value of assets had risen by 61.95% compared with the same period a year earlier.

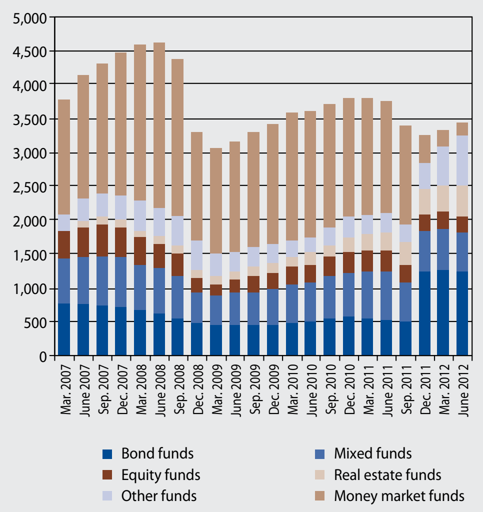
Table 8 Year-on-year changes in total assets of mutual funds by type

Total assets	Year-on-year change in %				
	VI. 11	IX. 11	XII. 11	III. 12	VI. 12
Bond funds	7.38	-9.14	124.57	131.97	136.17
Equity funds	15.12	-13.73	-21.04	-17.27	-17.29
Mixed funds	21.76	-4.80	-15.51	-15.27	-21.91
Real estate funds	56.69	104.01	78.60	66.75	61.95
Other funds	23.12	-0.66	39.71	109.58	170.62
Money market funds	-11.23	-19.21	-78.16	-86.66	-88.29

Source: NBS.

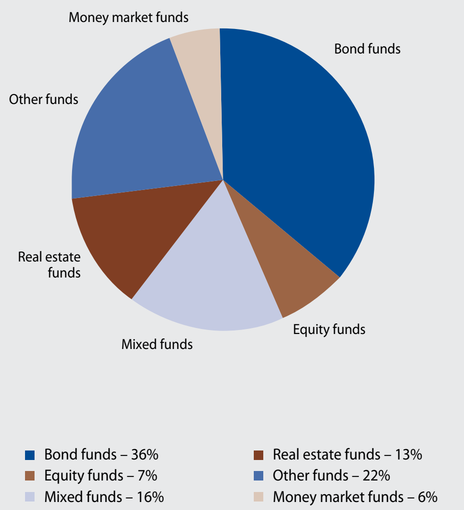
Owing to the emergence of new specialised funds, the *other funds* category recorded a marked year-on-year increase in assets for the second consecutive quarter. The value of assets managed by other funds rose by almost 110% year-on-year (as at 31 March 2012). Subsequently, this rise increased still further, to roughly 170% as at 30 June 2012.

Chart 66 Mutual funds broken down by investment strategy (EUR millions)



Source: NBS.

Chart 67 Share of funds types on total assets as at 30 June 2012



Source: NBS.

3.2 ASSET STRUCTURE OF DOMESTIC MUTUAL FUNDS

3.2.1 Money market funds

Money market funds are considered to be the least risky type of funds. They invest predominantly in money market instruments and liquid securities. The structure of assets stabilised at the turn of 2011/2012, after the reclassification of mutual funds had been completed.

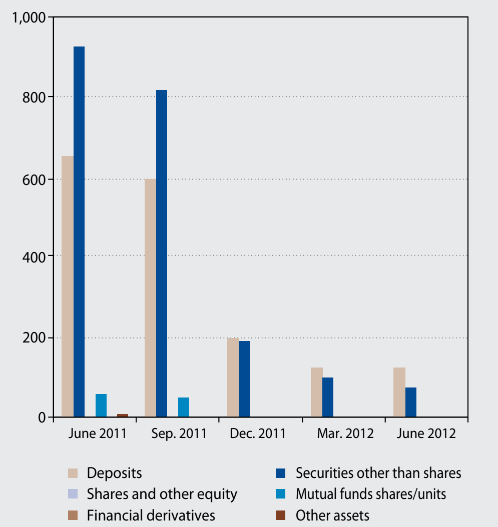
As at the end of the second quarter of 2012, money market funds had 63.25% of their assets invested in bank deposits and 36.49% in debt securities. The remaining 0.26% was in financial derivatives and other assets. Financial derivatives appeared in the balance sheets of money market funds for the first time. Compared with the previous quarter, the share of bank deposits increased by almost 8 percentage points, while that of debt securities decreased by 8 percentage points.

The overall securities portfolio of money market funds was dominated by domestic securities, the share of which increased by 0.2 percentage point compared with the previous quarter, to 92% as at 30 June 2012. They were followed by securities issued in other euro area countries, with a share of 8%.

Broken down by sector, money market funds invested mostly in securities issued by banks (S.122), which accounted for 60.8% of the money market funds' portfolio, and in government bonds (S.13) accounting for 39.2% as at end-June 2012.

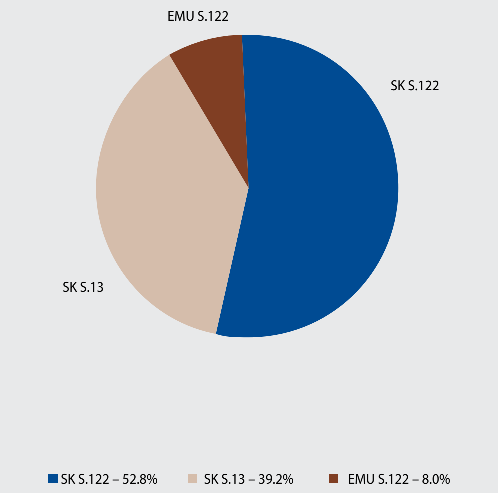
The liquidity of securities held in the portfolios of mutual funds is an important factor in risk assessment. An interesting aspect is the comparison of original and residual maturities of securities in the portfolios of money market funds: while securities with an agreed maturity of over two years accounted for 33% of the overall portfolio, their share stood at zero when the residual maturity was taken into account. This was 22 percentage points less than in the third quarter of 2011, when they accounted for 22% of all securities in portfolio. This difference was caused by the introduction of tightened criteria and investment limits for money market funds, and their subsequent reclassification to bond funds.

Chart 68 Money market funds: evolution of assets (EUR millions)



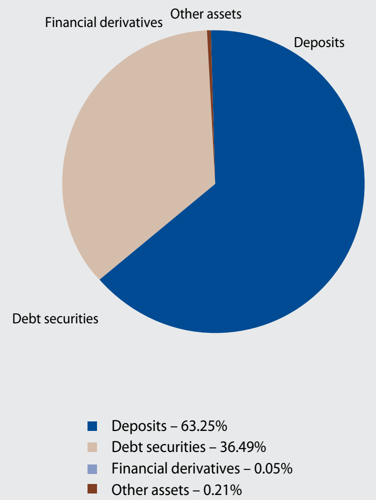
Source: NBS.

Chart 70 Geographical and sectoral breakdown of debt securities in portfolio of money market funds as at 30 June 2012



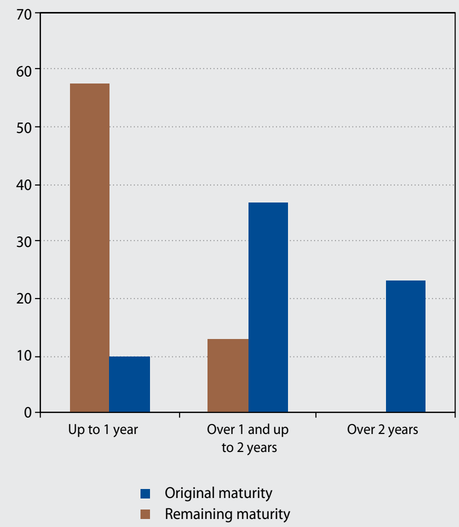
Source: NBS.
Note: SK = domestic issuers; EMU = issuers from other euro area member states.

Chart 69 Money market funds: structure of assets as at 30 June 2012



Source: NBS.

Chart 71 Maturity breakdown of debt securities in portfolio of money market funds as at 30 June 2012 (EUR millions)



Source: NBS.

3.2.2 Bond funds

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

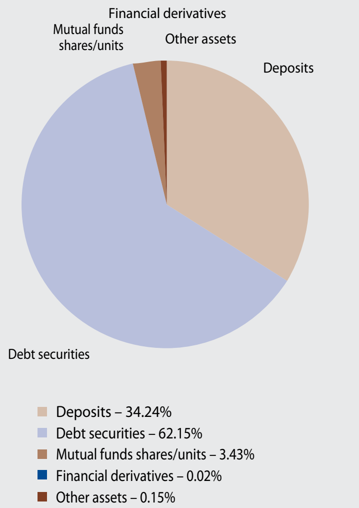
As at 30 June 2012, the assets under their management were dominated by debt securities, though their share decreased in comparison with the previous quarter by 4.27 percentage points (to 62.15%) after numerous securities had fallen due in that period. The funds obtained from the sale of securities were invested in fixed-term bank deposits, the share of which in total assets increased by 4.97 percentage points, to 34.24%. They were followed by mutual fund shares/units (3.43%) and other assets, including financial derivatives (0.18%).

At the end of the second quarter of 2012, the overall securities portfolio of bond funds was dominated by domestic securities (with a share of 52.8%), followed by securities issued outside the euro area (28.4%) and securities issued in other euro area countries (18.8%).

Broken down by sector, the structure of securities portfolios of bond funds was dominated by government bonds with a share of 53.6% and debt securities issued by banks with a share of 40.1% as at 30 June 2012. The remaining 4 percent was made up by debt securities issued by non-financial corporations and other financial intermediaries.

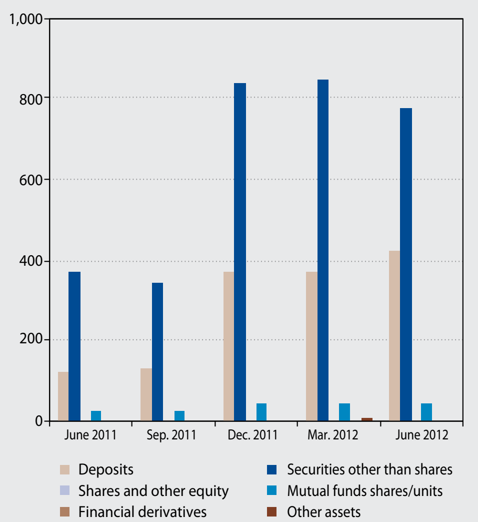
Broken down by residual maturity, bond funds had 44.5% of their portfolio in securities with a maturity of up to one year, 23.9% in securities

Chart 73 Bond funds: structure of assets as at 30 June 2012



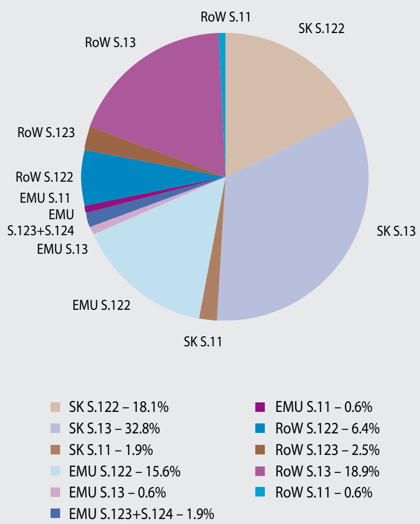
Source: NBS.

Chart 72 Bond funds: evolution of assets (EUR millions)



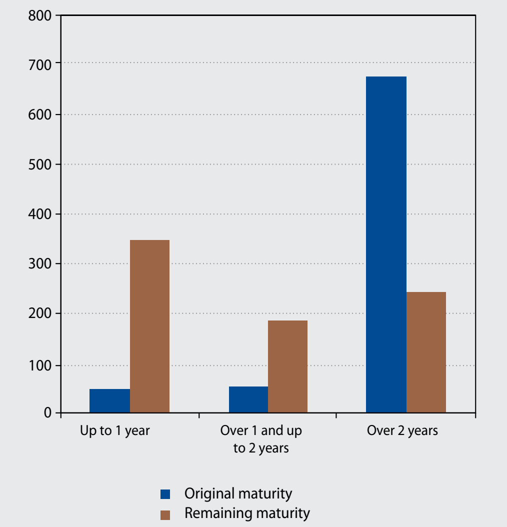
Source: NBS.

Chart 74 Geographical and sectoral breakdown of debt securities in portfolio of bond funds as at 30 June 2012



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

Chart 75 Maturity breakdown of debt securities in portfolio of bond funds as at 30 June 2012 (EUR millions)



Source: NBS.

with a maturity of over one and up to two years, and 31.6% in securities with a maturity of over two years.

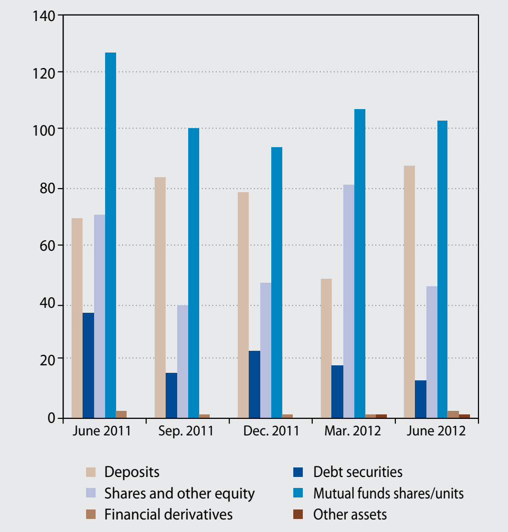
3.2.3 Equity funds

The second quarter of 2012 saw a marked change in the proportion of shares and other equity participations in the portfolios of equity funds, compared with the previous quarter. Owing to the sale of shares, particularly those of non-financial corporations from other euro area countries and from the rest of the world, their proportion in the portfolios of equity funds decreased by 13.2 percentage points, to 18.1%. The most significant asset item of equity funds have historically been the shares/units of mutual funds, with a proportion of 40.5% (as at 30 June 2012). The funds obtained from the sale of shares were invested in fixed-term bank deposits, the proportion of which to total assets increased by 15.5 percentage points, to 34.7%. The assets of equity funds still comprised debt securities (5%) and other assets, including financial derivatives (1.7%).

The geographical breakdown of mutual fund shares/units remained virtually unchanged in the quarter under review. Mutual fund shares/units issued by domestic mutual funds accounted for 45% at the end of the second quarter, those issued by mutual funds from other euro area countries accounted for 35%, and shares/units issued by mutual funds from the rest of the world represented 20%.

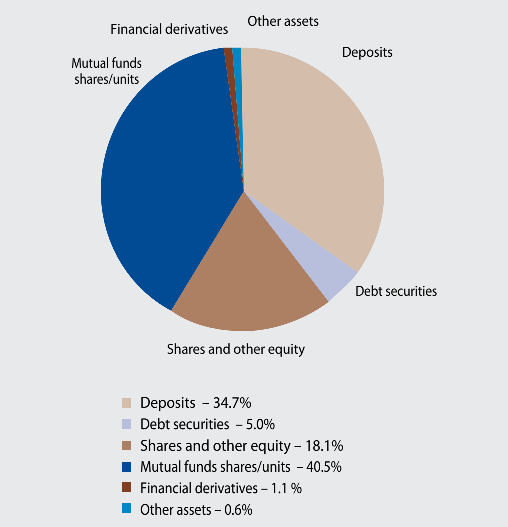
The proportion of money market fund shares/units to investment funds shares/units changed by only one percentage point in favour of investment funds, which accounted for 95% of all mutual fund shares/units in portfolio as at end-June 2012.

Chart 76 Equity funds: evolution of assets (EUR millions)



Source: NBS.

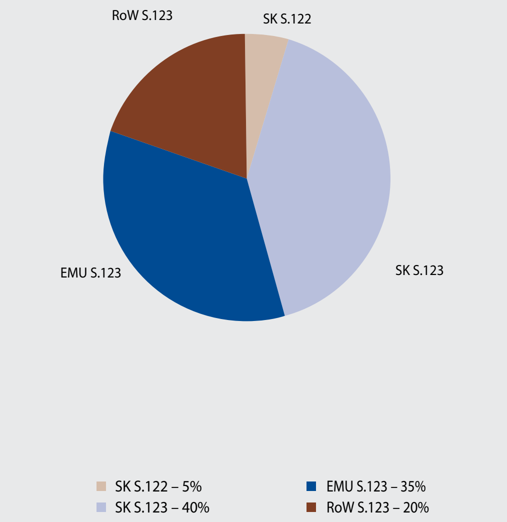
Chart 77 Equity funds: structure of assets as at 30 June 2012



Source: NBS.

The overall portfolio of equity funds was dominated by shares of non-financial corporations from the rest of the world (68%), followed by shares of non-financial corporations from other euro area countries (20%).

Chart 78 Geographical and sectoral breakdown of mutual funds shares/units in portfolio of equity funds as at 30 June 2012



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

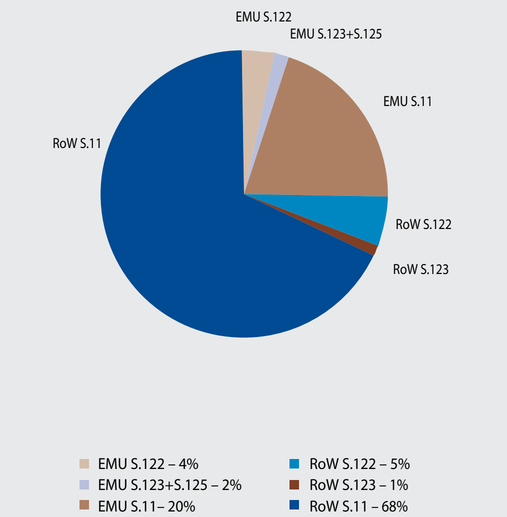
3.2.4 Mixed funds

The most significant asset items of mixed funds have historically been mutual fund shares/units and debt securities. The proportion of mutual fund shares/units decreased in the quarter under review by 3.1 percentage points, from 39.6% in March 2012 to 36.5% at end-June 2012. The proportion of bank deposits to assets increased by 6 percentage points, from 16.1% to 22.1%. The other assets of mixed funds remained virtually unchanged in the second quarter of 2012. As at 30 June 2012, debt securities accounted for 33.3%, shares and other equity participations for 7.3%, and other assets, including financial derivatives, for 0.8%.

In geographical terms, the structure of mutual fund shares/units changed in the second quarter of 2012 in favour of mutual fund shares/units issued by domestic asset management companies. Their proportion increased in comparison with the previous quarter by 9.9 percentage points, from 48.7% in March 2012 to 58.5% in June 2012. They were followed by mutual fund shares/units issued in other euro area countries (24.6%) and mutual fund shares/units issued in the rest of the world (16.9%).

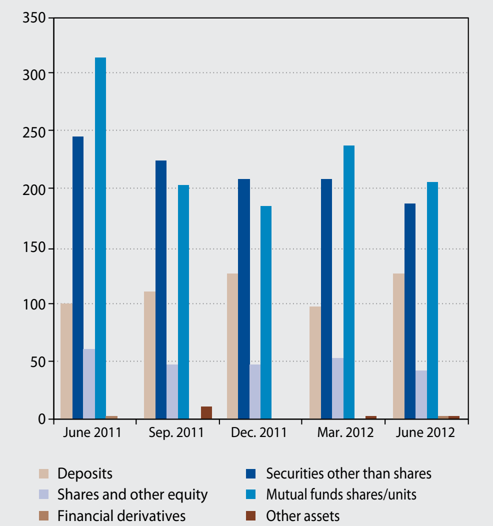
In geographical terms, the structure of securities in the portfolios of mixed funds was dominated by

Chart 79 Geographical and sectoral breakdown of shares and other equity in portfolio of equity funds as at 30 June 2012



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

Chart 80 Mixed funds: evolution of assets (EUR millions)

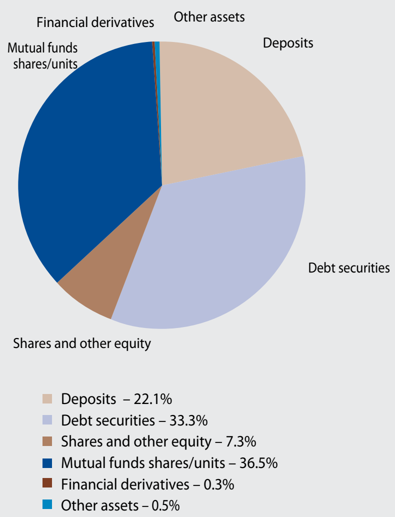


Source: NBS.

bonds issued by domestic companies, with a share of 43% (as at end-June 2012). They were followed by securities from the rest of the world (40%) and securities from other euro area countries (17%).

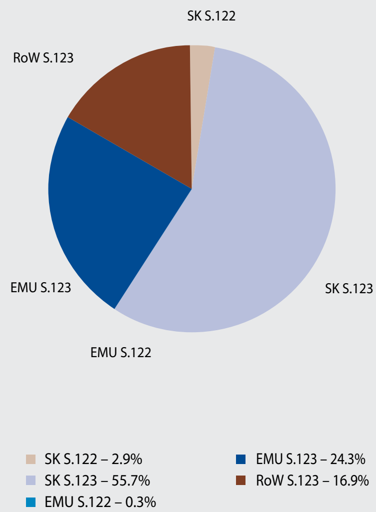
Broken down by sector, the overall portfolio of mixed fund was dominated by the general government sector (S.13) with a share of 62% as in the previous quarter.

Chart 81 Mixed funds: structure of assets as at 30 June 2012



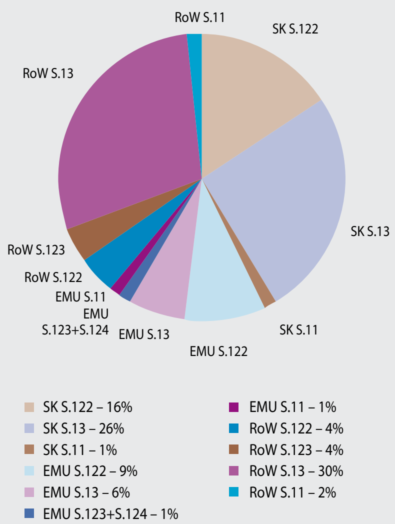
Source: NBS.

Chart 83 Geographical and sectoral breakdown of mutual funds shares/units in portfolio of mixed funds as at 30 June 2012



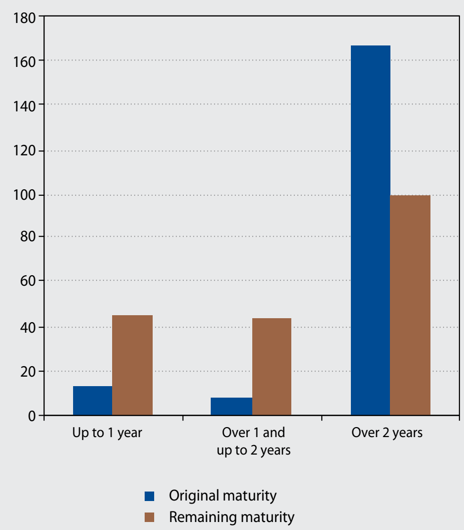
Source: NBS.
Note: SK = domestic issuers; EMU = issuers from other euro area member states; RoW = issuers from the rest of the world.

Chart 82 Geographical and sectoral breakdown of debt securities in portfolio of mixed funds as at 30 June 2012



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

Chart 84 Maturity breakdown of debt securities in portfolio of bond funds as at 30 June 2012 (EUR millions)



Source: NBS.

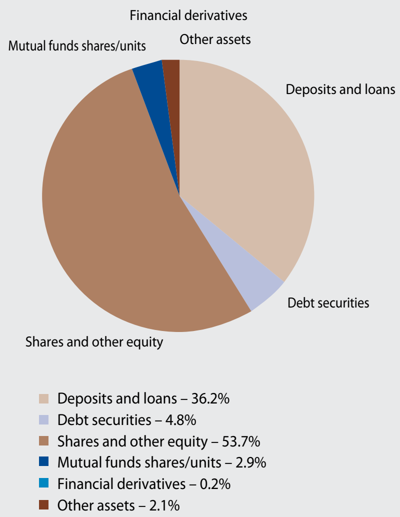
Broken down by residual maturity, mixed funds had 23.8% of their portfolio in securities with a maturity of up to one year, 23.1% in securities with a maturity of over one and up to two years, and 53.1% in securities with a maturity of over two years.

3.2.5 Real estate funds

Real estate funds invest primarily in shares and equity participations in real estate companies. In compliance with the law, they use the funds obtained to grant loans to real estate companies. The proportion of *banks deposits and loans granted to real estate companies* increased by 4 percentage points, to 36% as at the end of the second quarter of 2012, to the detriment of *shares and other equity participations*, the proportion of which decreased from 58% as at 31 March 2012 to 54% as at 30 June 2012. In the quarter under review, real estate funds also invested, though to a lesser extent, in long-term securities (5% of the portfolio), mutual fund shares/unit (3%), and other assets including financial derivatives (2%).

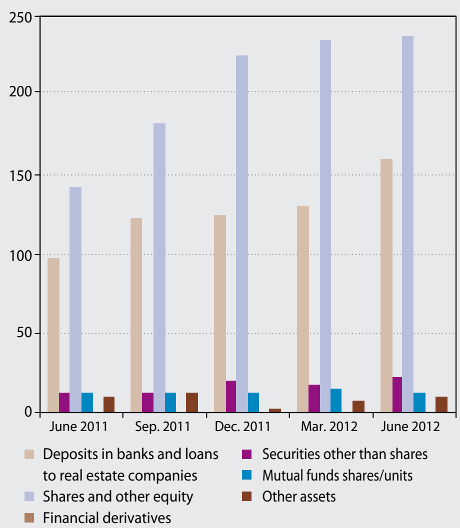
The geographical and sectoral breakdown of shares and equity participations held in portfolio by real estate funds shows that the largest portion (92.5%) was accounted for by domestic non-financial corporations (S.11) and the remaining 7.5% by non-financial corporations from other EU Member States (7.2%) and other euro area countries (0.3%).

Chart 86 Real estate funds: structure of assets as at 30 June 2012



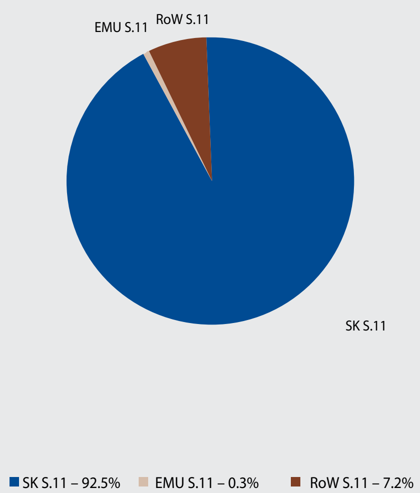
Source: NBS.

Chart 85 Real estate funds: evolution of assets (EUR millions)



Source: NBS.

Chart 87 Geographical and sectoral breakdown of shares and other equity in portfolio of real estate funds as at 30 June 2012



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

3.4.6 Other funds

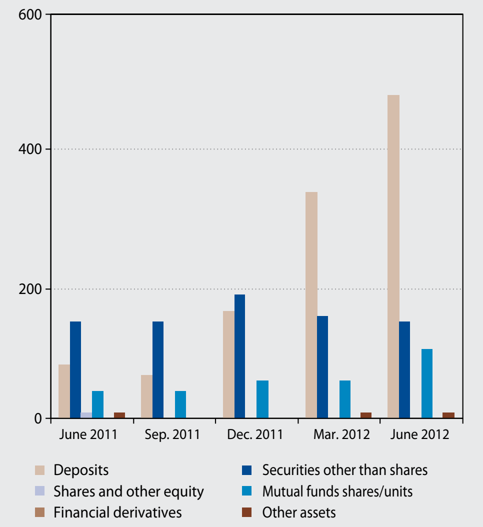
Other mutual funds are defined as mutual funds that do not belong to any of the categories mentioned above (in terms of investment strategy). They comprise guaranteed funds, specialised alternative investment funds (e.g. commodity funds), specialised securities funds, specialised professional investor funds, and other funds. The main asset items of *other funds* managed by domestic asset management companies are bank deposits, debt securities, and mutual fund shares/units. In the first half of 2012, these items were greatly influenced by the emergence of new funds in this category, with assets comprising only bank deposits in the first few months of operation. Thus, bank deposits were the most significant item in the balance sheets of other funds (as at 30 June 2012). Their proportion to total assets increased in comparison with December 2011 by 24.9 percentage points, to 65%. The proportion of debt securities decreased in comparison with the previous quarter by 7.2 percentage points (to 20.2%), while that of mutual fund shares/units increased by 4.4 percentage points (to 13.9%) as at 30 June 2012.

In geographical terms, debt securities held in the portfolios of other funds have historically had a uniform structure. A dominant position in this structure as at 30 June 2012 was held by securities issued by domestic institutions (87%). They were followed by securities issued in other euro area countries (9%) and bonds issued in the rest of the world (4%).

Broken down by sector, the structure of debt securities was dominated by securities issued by banks (S.122) with a share of 57% followed by government bonds (S.13) with a share of 42% as at the end of the second quarter of 2012.

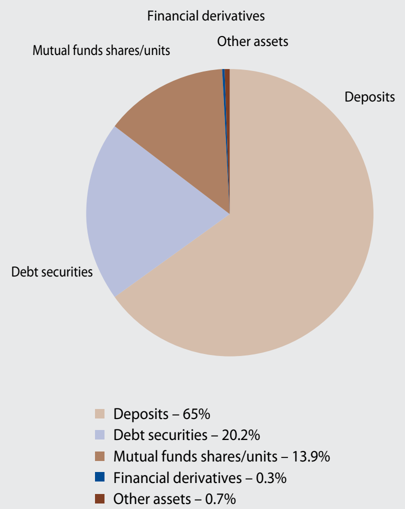
Broken down by residual maturity, the securities portfolio had the following composition: securities with a maturity of up to one year (22.8%), securities with a maturity of over one and up to two years (14.9%), and securities with a maturity of over two years (62.3%).

Chart 88 Other funds: evolution of assets (EUR millions)



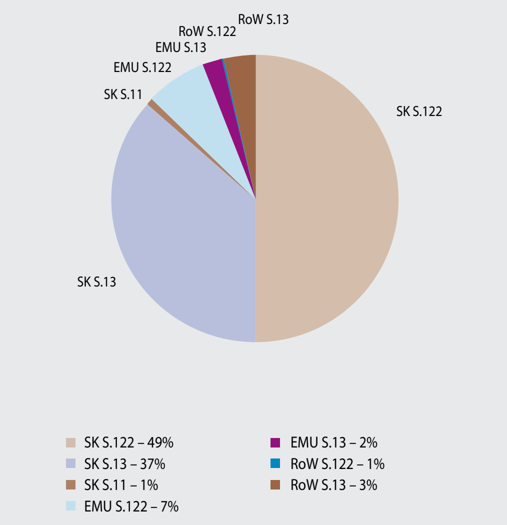
Source: NBS.

Chart 89 Other funds: structure of assets as at 30 June 2012



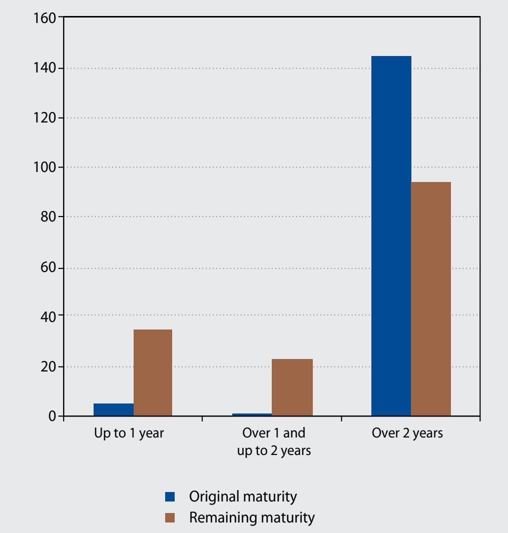
Source: NBS.

Chart 90 Geographical and sectoral breakdown of debt securities in portfolio of other funds as at 30 June 2012



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

Chart 91 Maturity breakdown of debt securities in portfolio of other funds as at 30 June 2012 (EUR millions)



Source: NBS.

CHAPTER 4

LEASING COMPANIES, FACTORING COMPANIES, AND CONSUMER CREDIT COMPANIES

4

4 Leasing companies, factoring companies, and consumer credit companies

According to the sectoral classification of economic entities, the companies under analysis are included in the S.123 sector – *other financial intermediaries*[3], as a subcategory referred to as *financial corporations engaged in lending*.

The favourable trend in the consumer credit market from the previous period starting in 2011 continued in the second quarter of 2012. The total assets of consumer credit companies grew in year-on-year terms in the second quarter, at a faster pace than in the previous quarter. By 30 June 2012, total assets had increased in year-on-year terms by 4.9%.

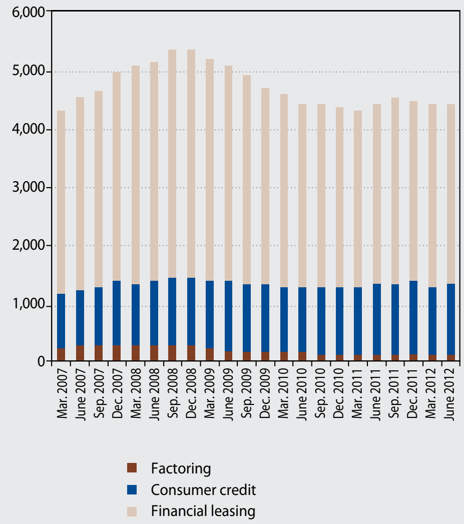
The assets of factoring companies recorded a sharp year-on-year fall (19.14%), owing to the dissolution of two factoring companies at the beginning of 2012.

The assets of leasing companies followed a stable, virtually constant trend among the individual segments of other financial intermediaries (as at 30 June 2012). Compared with the same period a year earlier, the value of assets fell by only 0.05%. Compared with the previous quarter, assets dropped by 0.12%.

Among companies engaged in non-bank lending, the dominant position has historically been maintained by leasing companies, though they have shown a slightly declining tendency. At the end of the second quarter of 2012, their proportion stood at 69%.

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

Chart 92 Evolution of total assets by type of business (EUR millions)



Source: NBS.

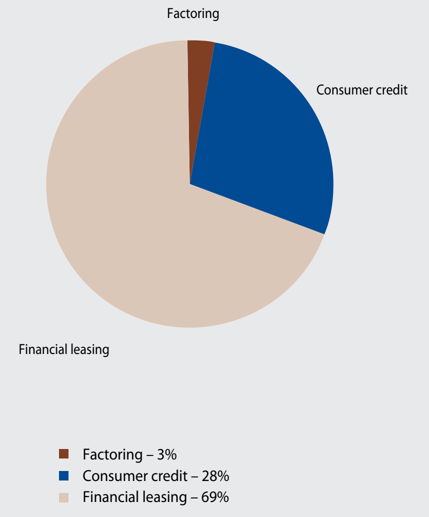
Table 9 Year-on-year changes in total assets of financial corporations engaged in lending

Total assets	Year-on-year change in %				
	VI. 11	IX. 11	XII. 11	III. 12	VI. 12
Financial leasing	-2.54	0.40	-0.47	1.65	-0.05
Factoring	-9.07	-5.98	0.58	-14.29	-19.14
Consumer credit	5.50	7.04	7.84	3.51	4.90

Source: NBS.

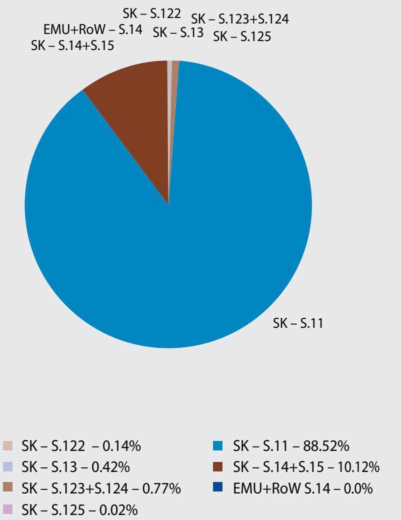
3 *The European System of National Accounts (ESA 95) defines other financial intermediaries, except insurance corporations and pension funds as financial corporations and quasi-corporations engaged mainly in financial intermediation through the acceptance of liabilities in forms other than cash, deposits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

Chart 93 Financial corporations engaged in lending: Assets share of included companies as at 30 June 2012



Source: NBS.

Chart 94 Geographical and sectoral breakdown of financial leasing companies lending as at 30 June 2012

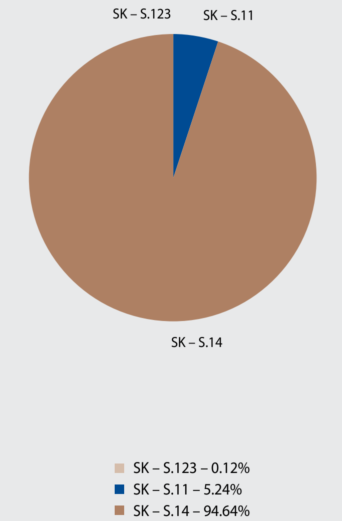


Source: NBS.
Note: SK = domestic borrowers; EMU = borrowers from other euro area member states; RoW = borrowers from the rest of the world.

In the case of leasing companies, domestic customers accounted for almost 100% as at the end of the second quarter of 2012. Borrowing from domestic consumer credit companies is used exclusively by domestic customers. In the case of factoring companies, domestic customers accounted for roughly 79%. They were followed by customers from the rest of the world, particularly from EU Member States, with a share of approximately 16% as at the end of the second quarter of 2012. The remaining 5% was made up by customers from other euro area countries.

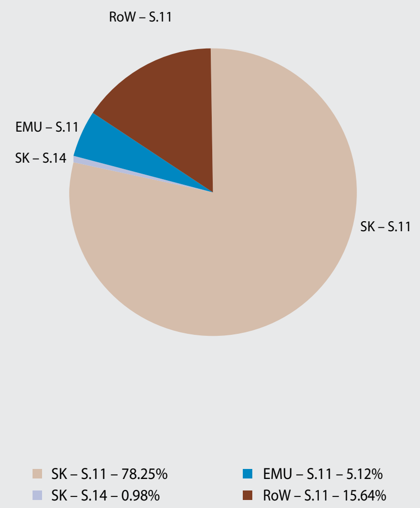
The domestic customers of factoring companies are predominantly non-financial corporations, owing to the nature of their activities. As at end-June 2012, they accounted for 99%. Financial leasing services were also used mostly by non-financial corporations (88.52%), followed by households (10.12%) and other sectors (1.35%). The sale of consumer goods against

Chart 95 Geographical and sectoral breakdown of consumer credit companies lending as at 30 June 2012



Source: NBS.
Note: SK = domestic borrowers.

Chart 96 Geographical and sectoral breakdown of factoring companies lending as at 30 June 2012



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

payment by instalment is another important form of household financing in Slovakia. As at 30 June 2012, the dominant sector among domestic customers was that of households (S.14) with a share of 94.64%, followed by non-financial corporations (5.24%) and other sectors (0.12%).

CHAPTER 5

SECURITIES

5

5 Securities

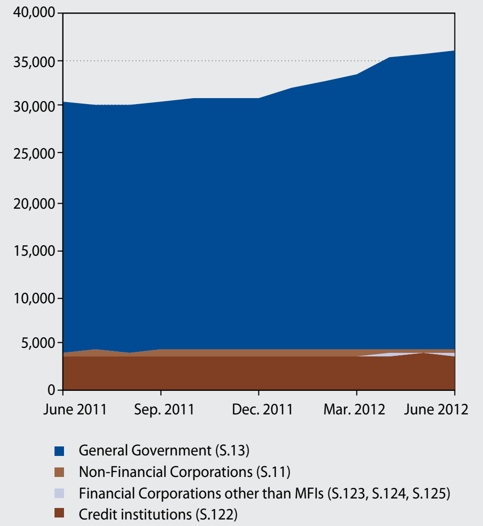
5.1 DEBT SECURITIES

The outstanding amount of all issues of debt securities has historically been dominated by government bond issues. Their outstanding amount as at 30 June 2012 stood at €31,872.5 million. Bonds and/or mortgage bonds issued by banks represented the second most significant component, with an outstanding amount of €3,7072.92 million. The share of non-monetary financial institutions was negligible (€583.97 million) in comparison with the previous two sectors.

Compared with the previous month, the amount of issues in net terms increased most significantly in the general government sector (by €331.0 million). In the case of monetary financial institutions, the issue amount in net terms was negative (-€22.4 million), i.e. more issues were redeemed than issued, and in the case of non-monetary financial institutions, the net issue amount reached €7.2 million.

The outstanding amount of issues grew by more than seven percent (7.29%), compared with the previous quarter. This growth was less than one percent slower than the growth recorded in the previous quarter (the issue amo-

Chart 97 Debt securities by sector (outstanding amounts, EUR millions)



Source: NBS.

Table 10 Debt securities (EUR thousands)

Month	Outstanding amounts				Net issues			
	Total	Monetary Financial Instituti-ons	Non-Mo-netary Financial Institutions	General Govern-ment	Total	Monetary Financial Instituti-ons	Non-Mo-netary Financial Institutions	General Govern-ment
2008 / 12	20,876,803	3,563,131	700,079	16,613,592	-95,912	-605,269	-25,328	534,685
2009 / 03	21,049,147	3,378,972	660,627	17,009,549	324,377	-120,053	-13,170	457,600
2009 / 06	23,119,105	3,398,930	616,560	19,103,615	254,224	-95,743	-67,517	417,484
2009 / 09	24,451,656	3,579,006	601,642	20,271,008	453,324	4,379	2,090	446,856
2009 / 12	24,494,589	3,529,206	599,489	20,365,894	317,192	-1,492	-1,671	320,355
2010 / 03	24,930,854	3,424,545	576,692	20,929,618	962,302	-16,547	149	978,700
2010 / 06	27,143,833	3,431,300	603,346	23,109,187	608,614	1,232	-22,676	630,058
2010 / 09	26,959,713	3,405,045	612,221	22,942,447	473,296	113,662	3,634	356,000
2010 / 12	29,079,118	3,456,746	536,958	25,085,415	-44,069	100,379	-41,916	-102,532
2011 / 03	29,945,462	3,578,407	543,277	25,823,778	84,116	97,111	-6,726	-6,269
2011 / 06	30,417,674	3,529,410	530,354	26,357,910	290,325	-39,747	-4,328	334,400
2011 / 09	30,471,809	3,572,702	561,877	26,337,229	319,272	63,085	8,685	247,501
2011 / 12	31,136,310	3,530,656	576,303	27,029,351	323,589	-89,718	35,457	377,850
2012 / 03	33,706,048	3,612,950	588,280	29,504,818	692,600	17,434	7,249	667,917
2012 / 06	36,164,383	3,707,922	583,968	31,872,493	312,512	-22,355	3,837	331,030

Source: NBS.

unt increased by 8.25% in the first quarter of 2012). The growth was caused mainly by an increase in the outstanding amount of issues in the *general government* sector (8.02%). In the *monetary financial institutions* sector, the outstanding amount of issues grew by 2.63%, while the *non-monetary financial institutions* sector recorded a fall of 0.73% in the issue amount.

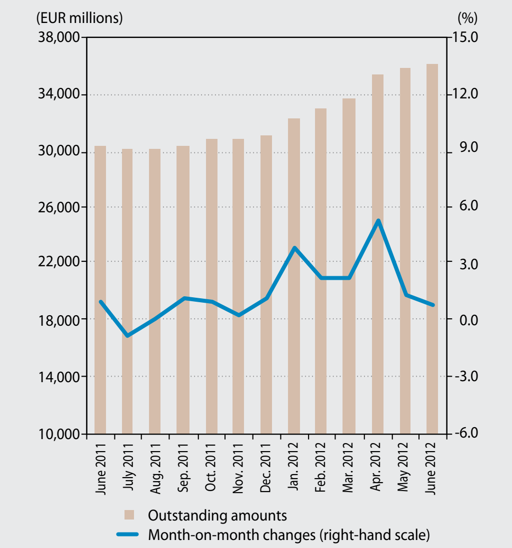
In the second quarter of 2012, the outstanding amount of issues grew in month-on-month terms in each month, while the rate of growth showed a tendency to slow month-on-month (by 5.1% in April, by 1.2% in May, and by 0.8% in June).

Over the second quarter of 2012, a total of 25 new issues were placed on the securities market. Fifteen of them were issued by banks, four by the government, i.e. three government bond issues (in foreign markets) and one Treasury bill issue, five by non-financial corporations, and one by entities from other sectors.

In net terms, the amount of short-term debt securities increased by €603.7 million in the second quarter. The increase took place almost exclusively in the government sector (€593.7 million).

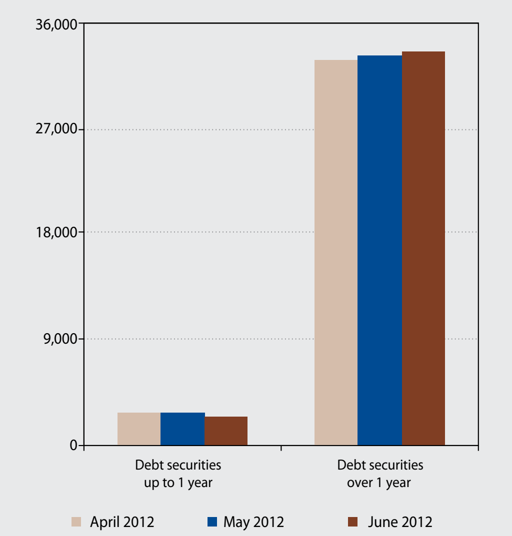
Net issues of long-term debt securities in total increased by €1,858.9 million in the period under review. Government bonds[4] grew in amount by €1,773.7 million, bonds issued by banks increased by €99.2 million, but the other categories recorded a decrease of €13.95 million.

Chart 98 Debt securities (outstanding amounts, month-on-month changes)



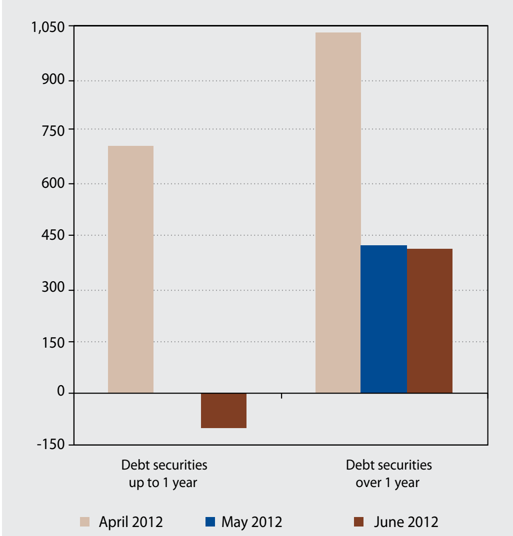
Source: NBS.

Chart 99 Debt securities (outstanding amounts, EUR millions, Q2 2012)



Source: NBS.

Chart 100 Debt securities (net issues, EUR millions, Q1 2012)

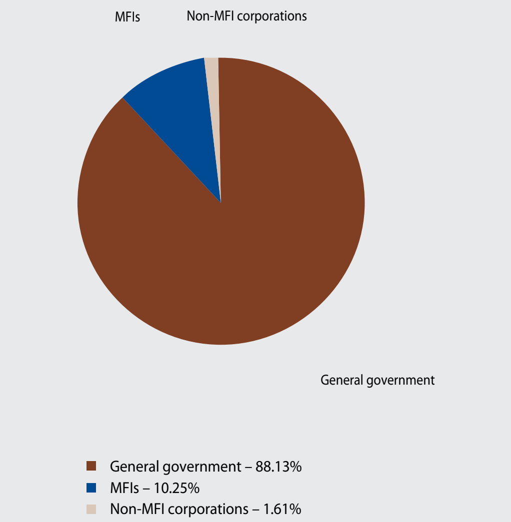


Source: NBS.

4 *In the case of government bonds, both new issues and new tranches of existing issues were placed on the market.*

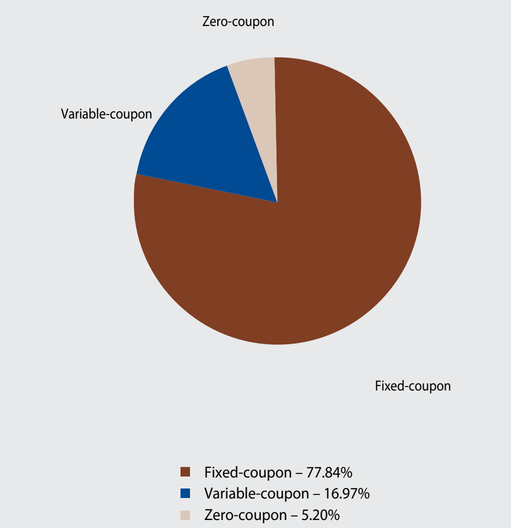
According to sectoral classification, the largest share of the total issue amount was accounted for by the *general government* sector (more than 88%), followed by *monetary financial institutions* (more than 10%). Non-financial corporations accounted for less than two percent. According to the coupon type, the majority of issues had a fixed coupon (almost 78%) or a variable coupon (more than 17%). Zero-coupon issues represented only approximately 5%. The issues were denominated mostly in euros (almost 94%); only about 6% of the issues were in other currencies. As for maturity, almost 8% of the issues had an original maturity of up to one year, but less than 16% of them had a residual maturity of up to one year.

Chart 101 Debt securities by sector (outstanding amounts as at 30 June 2012)



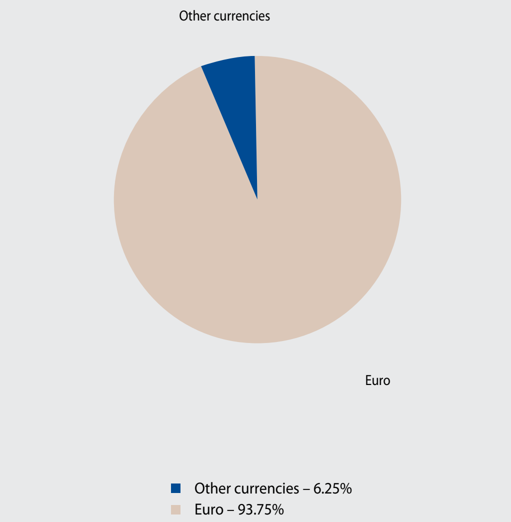
Source: NBS.
Note: The individual items are classified according to the outstanding amounts of issues as at 30 June 2012.

Chart 102 Debt securities by coupon type (outstanding amounts as at 30 June 2012)



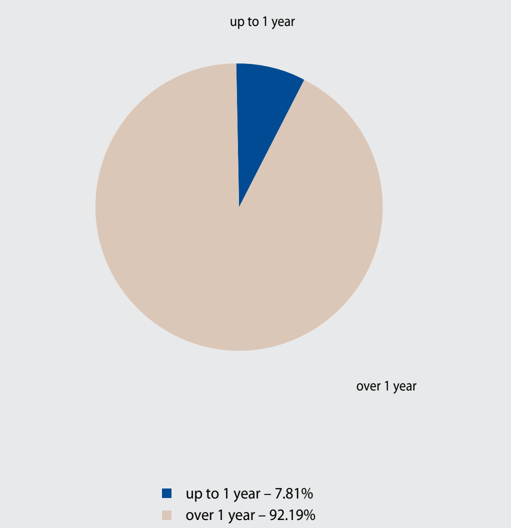
Source: NBS.
Note: The individual items are classified according to the outstanding amounts of issues as at 30 June 2012.

Chart 103 Debt securities by currency (outstanding amounts as at 30 June 2012)



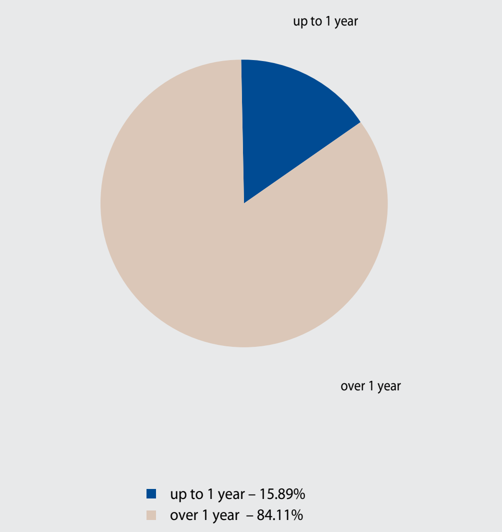
Source: NBS.
Note: The individual items are classified according to the outstanding amounts of issues as at 30 June 2012.

Chart 104 Debt securities by original maturity (outstanding amounts as at 30 June 2012)



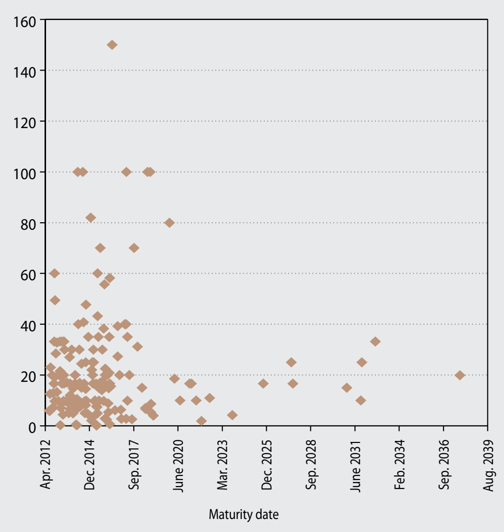
Source: NBS.
Note: The individual items are classified according to the outstanding amounts of issues as at 30 June 2012.

Chart 105 Debt securities by residual maturity (outstanding amounts as at 30 June 2012)



Source: NBS.
Note: The individual items are classified according to the outstanding amounts of issues as at 30 June 2012.

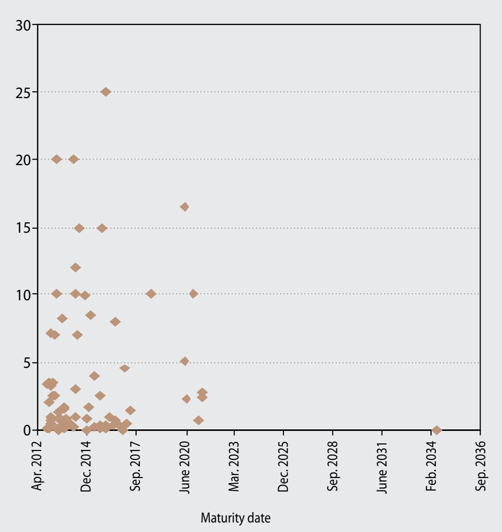
Chart 107 Debt securities: outstanding amounts of issues in S.122 Sector (EUR millions)



Source: NBS.

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

Chart 106 Debt securities: outstanding amounts of domestic issues in S.11 sector (EUR millions)



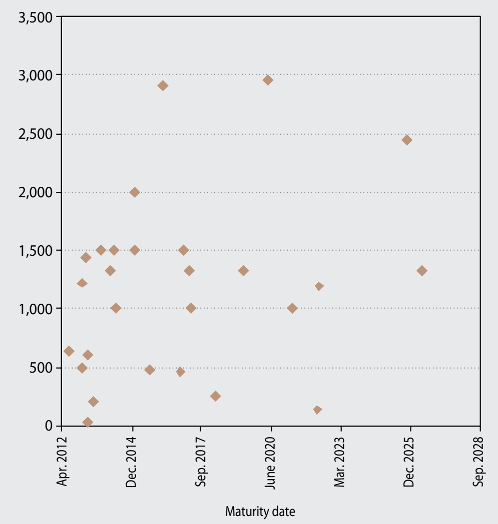
Source: NBS.
Note: For reasons of clarity, issues made abroad are not illustrated in the chart, because of their much higher outstanding amount.

The most numerous debt securities placed on the domestic market by non-financial corporations are those with an outstanding amount of up to €10 million and maturities up to 2017. The largest issue amounts ranged from €20 million to €25 million, and the longest maturity period exceeded 20 years.

The most numerous debt securities issued by banks are those with an outstanding amount of up to €40 million and maturities up to 2016. The largest outstanding amount of an issue is €150 million and the bank bond with the longest maturity expires in 2037.

The number of debt securities issues made by the government was lower than the number of issues made in the previous two sectors, but the outstanding amount was much higher. The issue with the highest outstanding amount was worth €2.95 billion. The most recent issue will be due in 2026.

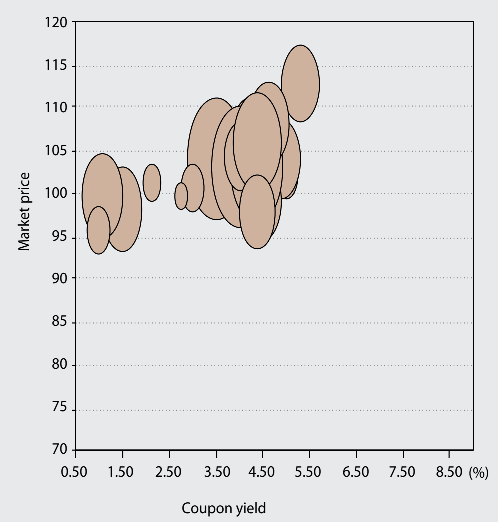
Chart 108 Debt securities: outstanding amounts of issues in S.13 Sector (EUR millions)



Source: NBS.

The following chart illustrates the outstanding amounts of coupon-paying government bonds as a function of their market price and coupon yield as at the end of the second quarter of 2012. The average market price[5] of these government bonds stood at 103.45% and the coupon yield was 3.84%.

Chart 109 Government bonds: outstanding amounts (coupon bonds only, %)



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

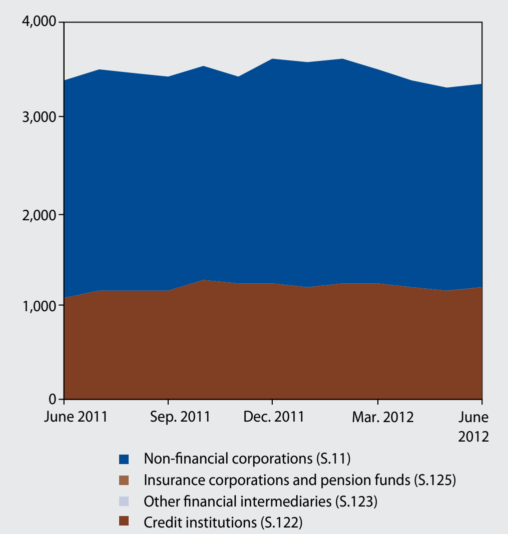
5.2 QUOTED SHARES

By the end of June 2012, the outstanding amount of quoted share issues had fallen by €152.1 million in comparison with the previous quarter. This fall took place mostly in the non-financial corporations sector (€110.3 million). A marked decrease was also reported by credit institutions (€41.8 million). In the *insurance institutions and pension funds* sector, the outstanding amount of quoted shares remained unchanged in comparison with the previous quarter. Total market capitalisation stood at €3,366.7 million as at the end of the second quarter of 2012.

The outstanding amount of quoted share issues decreased by 4.3% in comparison with the previous quarter. A similar decrease was recorded in the *non-financial institutions* sector (4.8%); a quarter-on-quarter decrease was also recorded in the quoted shares of credit institutions (3.5%).

During the second quarter of 2012, the outstanding amount of quoted share issues increased in month-on-month terms in June only (by 1.2%), while April and May saw a decrease in the outstanding amount (3.4% and 2.2% respectively).

Chart 110 Quoted shares: market capitalization by sector (EUR millions)



Source: NBS.

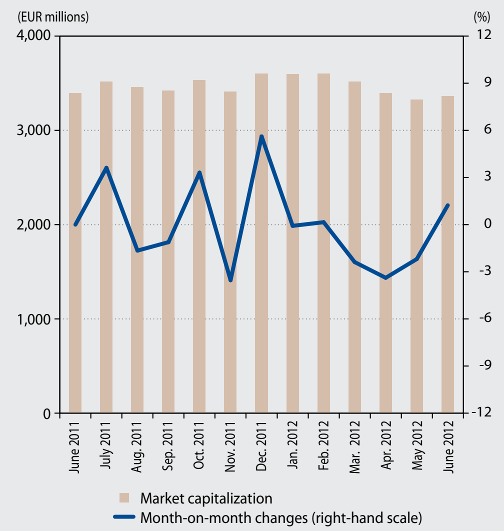
5 *Aritmetic average weighted by outstanding amounts of issues.*

Table 11 Quoted shares (EUR thousands)

Month	Total	Credit Institutions	Insurance Corp. and Pension Funds	Non-Financial Corporations
	Outstanding amounts			
2008 / 12	3,653,799	1,367,184	96	2,286,519
2009 / 03	3,077,569	1,169,010	96	1,908,463
2009 / 06	3,502,806	1,241,751	96	2,260,959
2009 / 09	3,379,961	1,153,863	96	2,226,003
2009 / 12	3,256,458	1,090,485	96	2,165,877
2010 / 03	3,459,396	1,058,459	96	2,400,841
2010 / 06	3,188,768	1,006,722	96	2,181,950
2010 / 09	3,155,122	1,074,859	96	2,080,167
2010 / 12	3,004,042	1,004,293	173	1,999,576
2011 / 03	3,432,758	1,056,805	173	2,375,780
2011 / 06	3,395,773	1,071,634	173	2,323,965
2011 / 09	3,422,187	1,127,773	173	2,294,240
2011 / 12	3,600,892	1,218,588	173	2,382,131
2012 / 03	3,518,891	1,211,784	225	2,306,882
2012 / 06	3,366,742	1,169,939	225	2,196,577

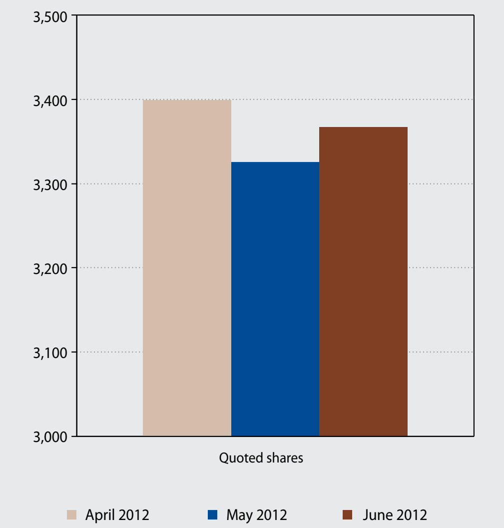
Source: NBS.

Chart 111 Quoted shares (market capitalization, month-on-month changes)



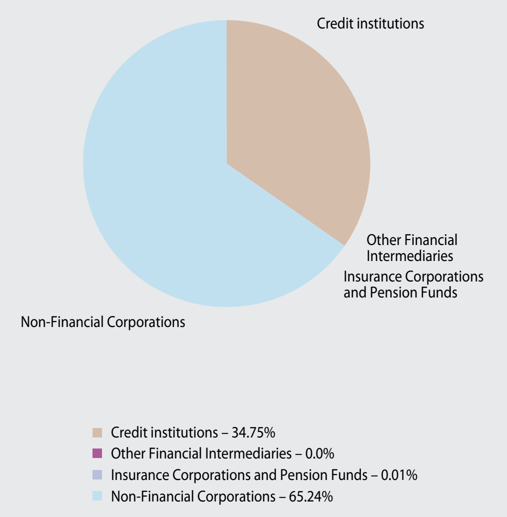
Source: NBS.

Chart 112 Quoted shares (market capitalization, EUR millions, Q2 2012)



Source: NBS.

Chart 113 Quoted shares by sector (market capitalization as at 30 June 2012)



Source: NBS.

Broken down by sector, the largest share in market capitalisation was accounted for by non-financial corporations (65.24%); they were followed by credit institutions (34.75%). The other sectors were insignificant in this respect.

CHAPTER 6

SELECTED MACROECONOMIC INDICATORS

6

6 Selected macroeconomic indicators

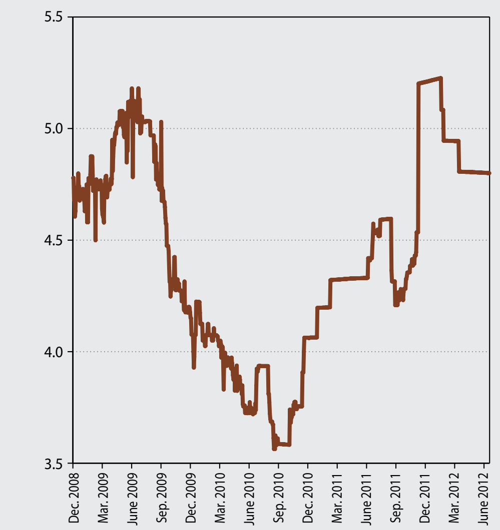
6.1 LONG-TERM INTEREST RATES

With effect from 1 February 2012, the *benchmark-oriented approach* has been replaced with an *approach based on a basket of bonds*[6]. This change remained in effect throughout the second quarter of 2012. The basket of bonds contained two government bond issues with the same weight (SK4120004318 and SK4120007543). From the date of this change to the end of the first quarter of 2012, interest levels followed a downward trend, then stabilised and remained virtually unchanged over the second quarter. The average interest rates stood at 4.80% as at end-June 2012.

6.2 KEY ECB INTEREST RATES

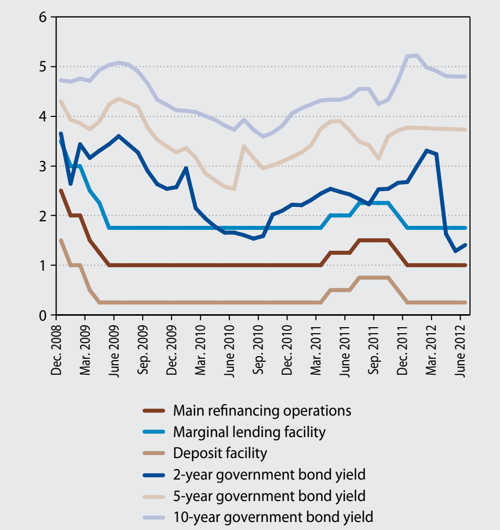
The key ECB interest rate on the main refinancing operations remained unchanged in comparison with the first quarter of 2012, at 1%[7] as at 30 June 2012. Two-year government bond yields fell by 1.83% quarter-on-quarter (from 3.24% to 1.41%), five-year government bond yields remained virtually unchanged (falling from 3.75% to 3.73%), while ten-year government bond yields rose by 0.11% (from 4.91% to 4.80%).

Chart 114 Benchmark – yield to maturity (p.a.)



Source: NBS.

Chart 115 Interest rates (p.a.)



Source: NBS.

6 *See the Methodological Notes in chapter Long-Term Interest Rates.*
7 *The current value of the key ECB interest rate has been valid since 14 December 2011.*

CHAPTER 7

METHODOLOGICAL NOTES

7

7 Methodological notes

7.1 BALANCE-SHEET STATISTICS OF MONETARY FINANCIAL INSTITUTIONS

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

Household sector – this sector includes:

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

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

Monetary financial institutions (MFI): financial institutions which together form the money-issuing/creating sector of the euro area. These include resident central banks, credit institutions and other resident financial institutions whose business is to receive deposits and/or other redeemable instruments from entities other than MFIs and, for their own account (at least in economic terms), to grant credit and/or invest in securities. The latter group consists predominantly of money market funds, i.e. funds investing in short-term and low-risk instruments, which usually have a maturity of up to and including one year.

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

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

A specific borrower is considered to be in default if

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

or

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

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

Remaining assets: a residual item on the asset side of the balance sheet. In addition to fixed assets and financial derivatives with a positive fair value, this item includes, for example, accrued revenues, including accrued interest received; profit share to be received; prepaid expenses;

prepaid insurance premiums; outstanding insurance claims; claims of credit institutions not related to their main business; other cash items and cash in transit, transit items, suspense items, collection claims, advance payments and other asset items not elsewhere classified.

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

7.2 INTEREST RATE STATISTICS OF MONETARY FINANCIAL INSTITUTIONS

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

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

In the case of loans provided to households *for house purchase* and *loans for consumption* , *the annual percentage rate of charge* is also reported to express the borrower's total credit-related costs.. The borrower's total costs comprise the element of interest rate and the element of other credit-related costs. The collection of the annual percentage rates of charge for statistical purposes allows developments in credit-related charges to be monitored over time.

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

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

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

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

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

where

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

Interest rate statistics (outstanding amounts): these cover the outstanding amounts of bank loans of all types provided to customers and not yet repaid, and the outstanding amounts of all deposits received from customers and not yet redeemed, in all periods up to the date of reporting (reference period). The average interest rates agreed are expressed in annualised terms (p.a.). The method of calculation depends on the periodicity of capitalisation. The criterion for outstanding amount classification is the maturity of loans or the term of deposits.

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

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

7.3 STATISTICS OF MUTUAL FUNDS

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

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

The statistics of mutual funds assets and liabilities are defined by the relevant regulations and guidelines of the European Central Bank[8].

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

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

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

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

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

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

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

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

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

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

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

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

7.4 STATISTICS OF OTHER FINANCIAL INTERMEDIARIES

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

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

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

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

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

The NBS Statistics Department has been monitoring these institutions since 2007, when their obligation to report data to NBS was imposed by an NBS decree[9]. The range of data reported complies in full with the current requirements[10] of the European Central Bank regarding the statistics of other financial intermediaries.

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

7.5 SECURITIES STATISTICS

7.5.1 Securities issuance statistics

The compilation of securities issues statistics is governed by the relevant guideline of the European Central Bank[11]. These statistics provide information on all debt securities and quoted shares issued by domestic entities in any currency and in any country.

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

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

a) Gross issues

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

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

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

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

b) Redemptions

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

c) Net issues

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

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

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

7.5.2 Debt securities

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

Securities issues statistics cover the following instruments:

i) Short-term debt securities

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

ii) Long-term debt securities

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

Scheme 1

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

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

The following instruments are excluded:

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

7.5.3 Quoted shares

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

Quoted shares include:

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

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

Quoted shares exclude:

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

7.6 LONG-TERM INTEREST RATES

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

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

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

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

SK4120004318	Benchmark for the period 01/2009 – 06/2010
SK4120007204	Benchmark for the period 07/2010 – 01/2012.

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

SK4120004318 and SK4120007543 Benchmark for the period 02/2012 to date.

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GLOSSARY AND ABBREVIATIONS

Abbreviations

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

Glossary

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sector classification

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

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

List of additional links

Sector breakdown:
http://www.nbs.sk/_img/Documents/STATIST/MET/sekt_man.pdf

Revision policy:
http://www.nbs.sk/_img/Documents/STATIST/MET/revpol.pdf

Structure of the financial market
List of monetary financial institutions:
http://www.nbs.sk/sk/statisticke-udaje/menova-a-bankova-statistika/menova-statistika-penaznych-financnych-institucii#ZOZPFI

List of investment funds:
http://www.nbs.sk/sk/statisticke-udaje/menova-a-bankova-statistika/statistika-investicnych-fondov

List of other financial intermediaries:
http://www.nbs.sk/sk/statisticke-udaje/menova-a-bankova-statistika/statistika-lizingovych-spolocnosti-faktoringovych-spolocnosti-a-spolocnosti-splatkoveho-financova

Overview of developments in the monetary sector:
http://www.nbs.sk/sk/statisticke-udaje/prehlad-o-rozvoji-penazneho-sektora

Statistics of credit institutions and monetary statistics
Statistics of monetary financial institutions:
http://www.nbs.sk/sk/statisticke-udaje/menova-a-bankova-statistika/menova-statistika-penaznych-financnych-institucii

Monetary aggregates in the euro area:
http://www.ecb.int/stats/money/aggregates/aggr/html/index.en.html

Balance sheets of monetary financial institutions based in the euro area:
http://www.ecb.int/stats/money/aggregates/bsheets/html/index.en.html

Interest rate statistics:
http://www.nbs.sk/sk/statisticke-udaje/menova-a-bankova-statistika/urokova-statistika

Interest rate statistics – bank loans:
http://www.nbs.sk/sk/statisticke-udaje/menova-a-bankova-statistika/urokova-statistika/bankova-urokova-statistika-uvery

Interest rate statistics – bank deposits:
http://www.nbs.sk/sk/statisticke-udaje/menova-a-bankova-statistika/urokova-statistika/bankova-urokova-statistika-vklady

Interest statistics for the euro area:
http://www.ecb.europa.eu/stats/money/interest/interest/html/index.en.html

Long-term interest rate statistics:
http://www.nbs.sk/_img/Documents/STATIST/US/zasady.pdf
http://www.nbs.sk/_img/Documents/STATIST/US/VDSVD_CR.xls

Non-performing loans:
http://www.nbs.sk/_img/Documents/STATIST/MET/Zle_uvery.pdf

Source data of monetary financial institutions:
http://www.nbs.sk/sk/statisticke-udaje/menova-a-bankova-statistika/zdrojove-statisticke-udaje-penaznych-financnych-institucii/uvery

Statistics of investment funds:
http://www.nbs.sk/sk/statisticke-udaje/menova-a-bankova-statistika/statistika-investicnych-fondov

Statistics of leasing, factoring and consumer credit companies:
http://www.nbs.sk/sk/statisticke-udaje/menova-a-bankova-statistika/statistika-lizingovych-spolocnosti-faktoringovych-spolocnosti-a-spolocnosti-splatkoveho-financova

Source data of other financial intermediaries:
http://www.nbs.sk/sk/statisticke-udaje/menova-a-bankova-statistika/zdrojove-statisticke-udaje-ostatnych-financnych-sprostredkovatelov

Statistics on securities issues:
http://www.nbs.sk/sk/statisticke-udaje/menova-a-bankova-statistika/statistika-vydanych-cennych-papierov

Data categories within SDDS:
http://www.nbs.sk/sk/statisticke-udaje/udajove-kategorie-sdds

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