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EUROSYSTEM



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NÁRODNÁ BANKA SLOVENSKA
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FOREWORD



FOREWORD

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

The present issue is based on preliminary data as at December 2016. The publication covers the areas of statistics that are the basis for statistics compiled by the European Central Bank (for the euro area), the International Monetary Fund and Eurostat, and for monetary and financial stability analyses at the national level. The last chapter summarises the methodological notes to the individual areas of statistics under analysis.

The Bulletin includes a comparison of national statistics with euro area statistics on selected categories of assets and liabilities from the banking, money market fund and investment fund sectors, on deposit rates and lending rates in selected categories, and on securities statistics.

The 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 comprehen-

sive 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 PDF format on the NBS website (www.nbs.sk).

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

Editors of the Monetary
and Financial Statistics Section



NÁRODNÁ BANKA SLOVENSKA
EUROSYSTEM

CHAPTER 1

STRUCTURE OF THE FINANCIAL MARKET IN SLOVAKIA



1 STRUCTURE OF THE FINANCIAL MARKET IN SLOVAKIA

1.1 OVERVIEW OF PARTICIPANTS

The composition of financial market participants underwent only minor changes in the fourth quarter of 2016. In subsector S.124, the number of investment funds fell by two,

both managed by Prvá Penzijná SprávcoVská Spoločnosť Poštovej banky, správ. spol., a. s. In subsector S.122, a foreign bank branch called BNP Paribas Personal Finance started operating on 1 July 2016.

Table 1 Structure of the financial market in Slovakia

	XII. 2015	III. 2016	VI. 2016	IX. 2016	XII. 2016
Monetary financial institutions (S.121 + S.122 + S.123)	29	29	29	30	30
Central bank (S.121)	1	1	1	1	1
Deposit taking corporations excl. central bank (S.122)	27	27	27	28	28
<i>Banks</i>	10	10	10	10	10
<i>Branches of foreign banks</i>	13	13	13	14	14
<i>Credit cooperatives</i>	1	1	1	1	1
<i>Building societies</i>	3	3	3	3	3
Money market funds (S.123)	1	1	1	1	1
Investment funds (S.124)	87	87	88	88	86
<i>Equity funds</i>	11	11	11	11	11
<i>Bond funds</i>	23	22	22	22	22
<i>Mixed funds</i>	32	33	34	36	36
<i>Real estate funds</i>	5	5	5	5	4
<i>Other funds</i>	16	16	16	14	13
Other financial intermediaries (S.125)	86	240	241	238	238
<i>Leasing companies (financial leasing)</i>	45	73	74	73	73
<i>Consumer credit companies</i>	37	153	153	152	152
<i>Factoring companies</i>	4	14	14	13	13
Financial auxiliaries (S.126)	33	32	31	32	32
<i>Asset management companies</i>	6	6	6	6	7
<i>Pension fund management companies</i>	6	6	6	6	6
<i>Supplementary pension asset management companies</i>	4	4	4	4	4
<i>Securities and derivatives dealers¹⁾</i>	17	16	15	16	15
Insurance corporations and pension funds (S.128 + S.129)	53	53	53	53	52
<i>Insurance corporations</i>	16	16	16	16	16
<i>Pension funds</i>	37	37	37	37	36

Source: NBS.

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



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

	XII. 2015	III. 2016	VI. 2016	IX. 2016	XII. 2016
Monetary financial institutions (S.121 + S.122)	87,252	88,929	91,160	93,945	96,183
Central bank (S.121)	18,241	18,671	20,436	21,962	23,076
Deposit taking corporations excl. the central bank (S.122)	69,011	70,258	70,724	71,983	73,107
Money market funds (S.123)	58	54	46	38	35
Investment funds (S.124)	5,738	5,657	5,660	5,802	5,954
Other financial intermediaries (S.125)	5,739	6,257	6,471	6,229	6,227
Leasing companies (financial leasing)	3,780	4,089	4,248	4,143	4,209
Consumer credit companies	1,839	2,055	2,128	2,003	1,929
Factoring companies	120	113	95	83	89
Financial auxiliaries (S.126)	295	304	257	268	270
Insurance corporations and pension funds (S.128 + S.129)	14,411	14,797	15,251	15,209	15,426
Insurance corporations ¹⁾	6,533	6,686	6,954	6,673	6,726
Pension funds	7,878	8,111	8,297	8,536	8,700

Source: NBS.

1) The Slovak Insurer's Bureau was established under Act No. 381/2001 on compulsory motor third party liability insurance (and amending certain laws).

1.2 EMPLOYEES IN THE BANKING SECTOR

The number of employees in the banking sector increased in the fourth quarter of 2016, thus maintaining an upward trend that began in summer 2014. The number of employees at 31 December 2016 was higher by 824 compared to the number at 31 March (the first to exceed 20,000) and by 72 (or 0.34%) higher compared to 31 September. The entry of a new foreign bank branch into the market from 1 July 2016 contributed to the employment growth in the banking sector. In year-on-year terms, however, the number of people employed in the banking sector increased by 910 or 4.5%, with most of that growth accounted

for by recruitment at the three largest banks in the market. It should also be noted that employment at the central bank, Národná banka Slovenska (NBS), was unusually extended, owing mainly to recruitment at the Financial Consumer Protection Department (following the Slovak Government's approval of a Financial Consumer Protection Plan that among other things required the establishment of a single contact point for customers of all financial institutions). Given that the number of employees in the banking section in the third quarter was unchanged from the second quarter, it may be expected that the employment in the sector in 2017 will grow only marginally or may even decline.

Table 3 Number of employees in the banking sector

	2014	2015				2016			
	31.12.	31.3.	30.6.	30.9.	31.12.	31.3.	30.6.	30.9.	31.12.
Banking sector	19,683	19,752	19,805	19,931	19,953	20,039	20,532	20,791	20,863
Central bank	1,027	1,034	1,049	1,056	1,053	1,055	1,063	1,072	1,075
Banks and branches of foreign banks	18,656	18,718	18,756	18,875	18,900	18,984	19,469	19,719	19,788
<i>of which: Banks</i>	1,6870	16,907	16,894	16,960	16,973	17,011	17,470	17,470	17,538
<i>Branches of foreign banks</i>	1,786	1,811	1,862	1,915	1,927	1,973	1,999	2,249	2,250

Source: NBS.



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 only slightly in year-on-year terms, from 5.93% at 31 December 2015 to 5.7% at 31 December 2016.

Of the 28 credit institutions operating in Slovakia, domestic share capital was part of the subscribed capital of nine domestic credit institutions, with two banks (*ČSOB stavebná sporiteľňa, a.s.*, and *Slovenská záručná a rozvojová banka, a.s.*) having a 100% share of domestic capital.

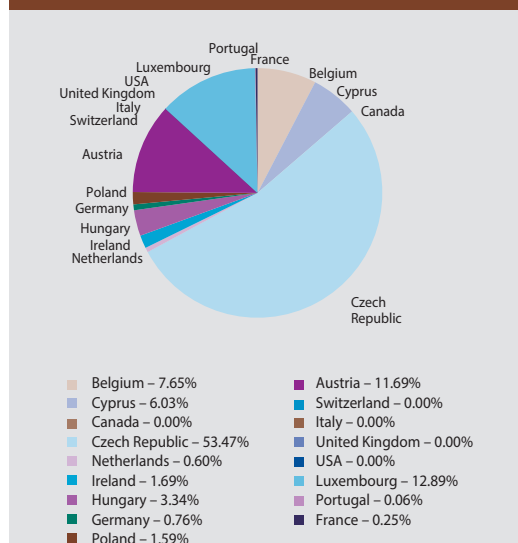
The ratio of foreign share capital to total subscribed capital in domestic banks rose only marginally, in year-on-year terms, from 94.07% as at

31 December 2015 to 94.3% as at 31 December 2016.

During the same period, the volume of foreign share capital increased in absolute terms by €201.98 million (in relative terms by 6.64%).

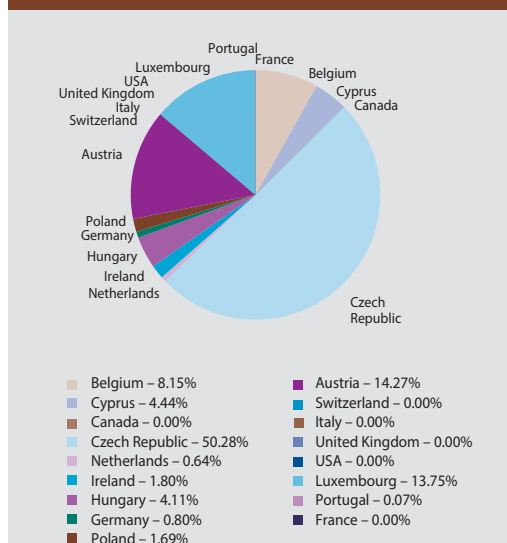
This growth was accounted for largely by foreign capital from Czech Republic and Cyprus. Czech-held capital of Slovak banks increased from 50.28% of the total at the end of 2015 to 53.47% at the end of 2016 (or by €204.8 million in absolute terms), while Cypriot-held capital increased from 4.44% to 6.03% (or by €60.5 million). The growth in Czech and Cypriot holdings in domestic banks reflected capital injections into, respectively, Komerční banka, a. s., and Sberbank Slovensko, a. s.

Chart 1 Foreign capital in the banks operating in Slovakia as at 31 December 2016



Source: NBS.

Chart 2 Foreign capital in the banks operating in Slovakia as at 31 December 2015



Source: NBS.



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CHAPTER 2

STATISTICS OF OTHER MONETARY FINANCIAL INSTITUTIONS

2 STATISTICS OF OTHER MONETARY FINANCIAL INSTITUTIONS

2.1 BALANCE-SHEET STATISTICS OF CREDIT INSTITUTIONS: ASSETS

The aggregate assets of banks and foreign bank branches operating in Slovakia, excluding NBS (hereinafter 'credit institutions'), amounted to €73.1 billion at the end of 2016, which in year-on-year terms represented an increase of 5.9% (€3.2 billion) that stemmed mainly from an increase in the outstanding amount of credit claims.

Credit institutions' credit claims constituted 77.2% of their aggregate assets at the end of 2016, which in year-on-year terms represented an increase of 2.6 percentage points and reflected an absolute increase of 9.6% (€4.9 billion). The outstanding amount of credit claims with a maturity of over five years increased the most, by €3.8 billion, followed by those with a maturity of up to one year (by almost €0.2 billion) and those with a maturity of between one and five years (by €0.9 billion).

Credit institutions' holdings of securities other than equity and investment fund shares/units constituted 17.3% of their total assets at the end of 2016, which in year-on-year terms represented a decline of 2 percentage points and reflected an absolute decrease of 5.5% (€0.7 billion). That drop stemmed mainly from a decline of €0.9 billion in the stock of securities with a maturity of over two years.

Credit institutions' holdings of shares and other equity constituted 0.9% of their total assets at the end of 2016, which in year-on-year terms represented a slight decline and reflected absolute decrease of 13.1% (€0.09 billion).

Credit institutions' other assets (including fixed assets) constituted 3.5% of their total assets at the end of 2016, which in year-on-year terms represented a decline of 0.18 percentage point and a marginal absolute increase of 0.7% (€0.02 billion).

Chart 3 Structure of assets of credit institutions as at 31 December 2015

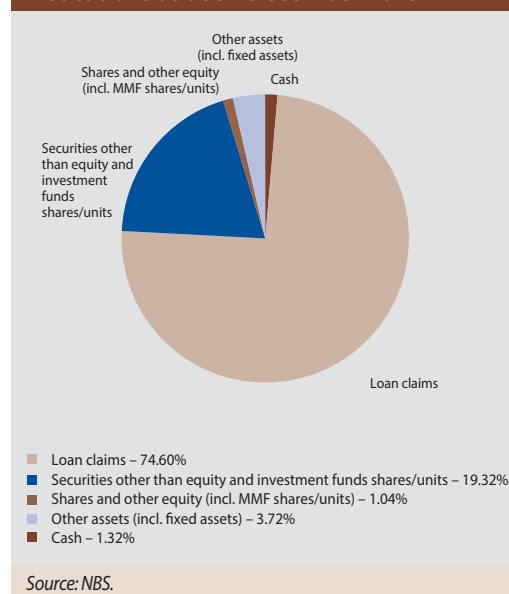


Table 4 Structure of assets of credit institutions in Slovakia (EUR thousands)

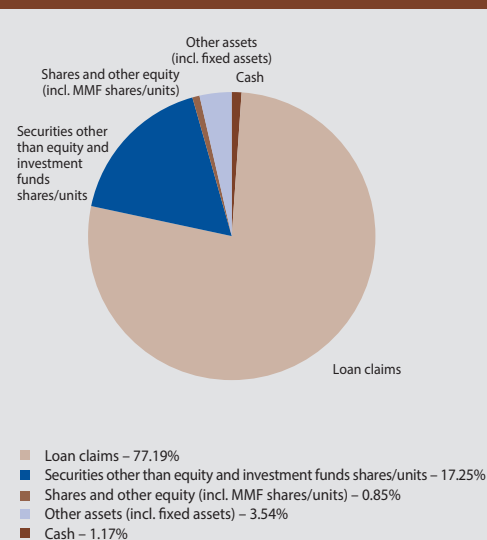
	XII. 2015	III. 2016	VI. 2016	IX. 2016	XII. 2016
ASSETS	69,045,007	70,258,818	70,724,018	71,983,677	73,107,942
Cash	912,476	823,610	762,301	751,241	856,112
Loan claims	51,506,069	53,379,051	53,590,742	54,724,212	56,433,046
Securities other than equity and investment funds shares/units	13,342,176	12,758,249	13,118,790	13,192,276	12,610,845
Shares and other equity (incl. MMF shares/units)	715,403	725,376	669,492	659,908	621,640
Other assets (incl. fixed assets)	2,568,883	2,572,532	2,582,693	2,656,040	2,586,299

Source: NBS.

1) Loan claims – including bank's deposits with other entities and non-tradable securities.

2) Assets excluding depreciation and including provisions.

Chart 4 Structure of assets of credit institutions as at 31 December 2016



Source: NBS.

Credit institutions' cash holdings constituted 1.2% of their aggregate assets at the end of 2016, which in year-on-year terms represented a slight increase and reflected an absolute decrease of 6.2% (or €0.6 billion).

2.2 BALANCE-SHEET STATISTICS OF CREDIT INSTITUTIONS: LIABILITIES

Credit institutions' total liabilities amounted to €73.1 billion at the end of 2016, which in year-on-year terms was higher by 5.9% (or €4.1 billion) owing mainly to an increase in the stock of deposits and loans received.

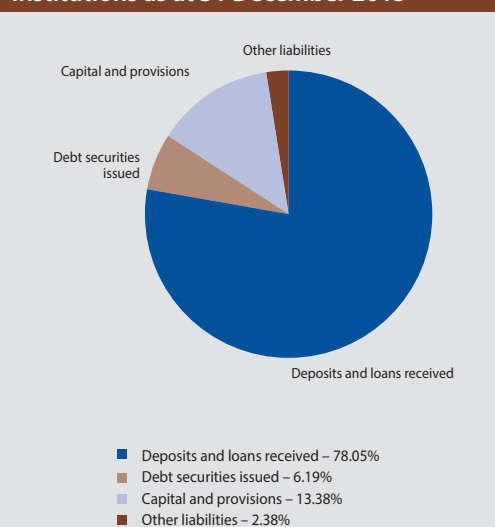
Credit institutions' largest liability item – loans and deposits received – accounted for the same share of their total liabilities at the end of 2016 as

at the end of 2015. Their stock increased, year on year, by 5.9% (or €3.2 billion) owing mainly to an increase in the stock of loans and deposits with a maturity of up to one year.

Credit institutions' capital and provisions constituted 13.2% of their total liabilities at the end of 2016, which in year-on-year terms represented a decline of 0.2 percentage point and reflected a moderate absolute increase of €0.4 billion.

Credit institutions' debt securities constituted 6.3% of their total liabilities at the end of 2016, which in year-on-year terms represented an increase of 0.11 percentage point (the same as that recorded at the end of November). The stock of these securities amounted to €4.6 billion, representing a year-on-year increase of

Chart 5 Structure of liabilities of credit institutions as at 31 December 2015



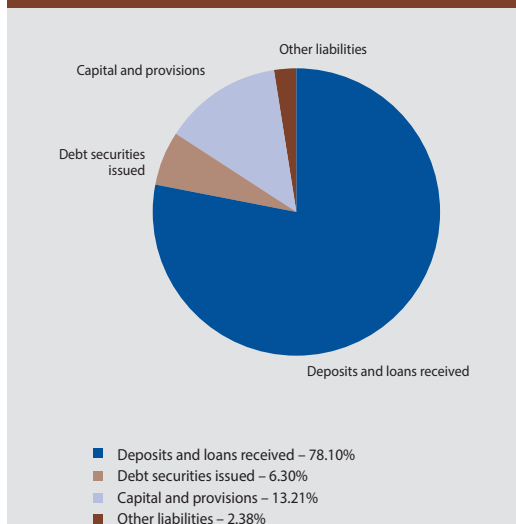
Source: NBS.

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

	XII. 2015	III. 2016	VI. 2016	IX. 2016	XII. 2016
LIABILITIES	69,045,007	70,258,818	70,724,018	71,983,677	73,107,942
Deposits and loans received	53,892,775	54,270,483	54,933,896	56,162,680	57,096,592
Debt securities issued	4,271,844	4,452,049	4,599,044	4,515,004	4,607,066
Capital and provisions	9,236,758	9,243,671	9,032,034	9,339,650	9,661,184
Other liabilities	1,643,630	2,292,615	2,159,044	1,966,343	1,743,100

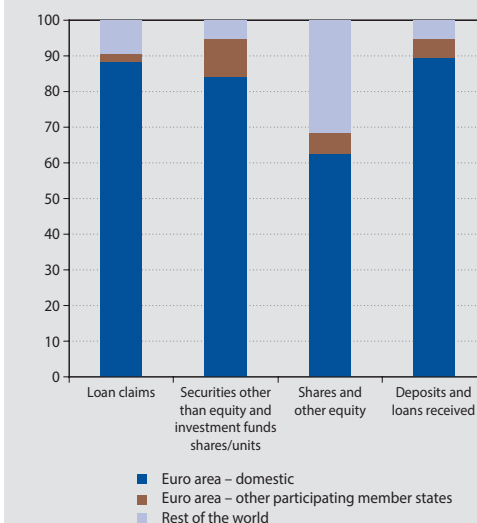
Source: NBS.

Chart 6 Structure of liabilities of credit institutions as at 31 December 2016



Source: NBS.

Chart 7 Selected assets/liabilities: breakdown of counterparties by residency as at 31 December 2016 (%)



Source: NBS.

7.9% (or €0.3 billion) that stemmed mainly from an increase in debt securities with a maturity of over two years.

Credit institutions' other liabilities constituted 2.4% of their total liabilities at the end of 2016, which in year-on-year terms represented no change and reflected an absolute increase of 6% (€0.1 billion).

2.3 SELECTED ASSET AND LIABILITY ITEMS BY RESIDENCY OF COUNTERPARTY

Credit institutions' total credit claims amounted to €56.4 billion at the end of 2016, of which 88.4% (€49.9 billion) were claims on domestic entities, 2.4% (€1.3 billion) on entities in other euro area countries and 9.2% (€5.2 billion) on entities in the rest of the world.

Credit institutions' total holdings of securities other than equity and investment fund shares/units amounted to €12.6 billion at 31 December 2016, of which 84.3% (€10.6 billion) were issued by domestic issuers, 10.4% (€1.3 billion)

by issuers from other euro area countries, and 5.4% (€0.6 billion) by issuers from the rest of the world.

Credit institutions' total holdings of shares and other equity amounted to €0.62 billion, of which (62.8% or €0.4 billion) were domestic securities and participations, 5.2% were equity securities issued by issuers from other euro area countries and 31% were equity securities from the rest of the world.

Loans and deposits received by credit institutions amounted to €57.1 billion at 31 December 2016, of which 89.4% (51.1 billion) were received from domestic entities, 5.5% (€3.1 billion) from entities in other euro area countries and 5.1% (€2.9 billion) from the rest of the world.

2.4 SELECTED ASSET AND LIABILITY ITEMS BY SECTOR OF COUNTERPARTY

Credit institutions' aggregate **domestic credit claims** amounted to €49.9 billion at the end of 2016, of which 94% (€46.9 billion) were claims on other sectors i.e. sectors other than MFIs and

general government (mainly non-profit institutions serving households and non-financial corporations). Claims on domestic monetary financial institutions accounted for 4.3% (€2.2 billion) and claims on general government sector represented 1.7% (€0.9 billion).

Credit institutions' total holdings of domestic securities other than equity and investment fund shares/units amounted to €10.6 billion at the end of 2016, of which 89% (€9.5 billion) were issued by general government, 8% by domestic MFIs, and 2.1% by other domestic sectors.

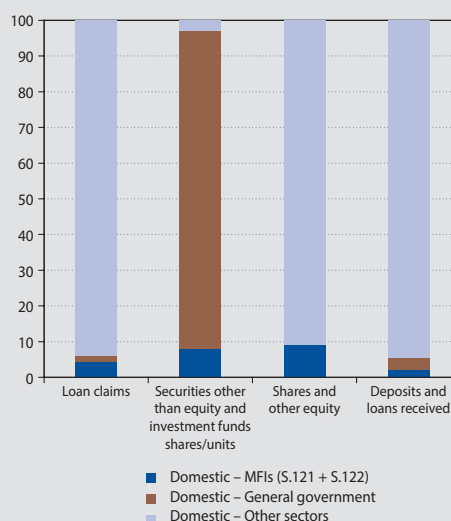
Credit institutions' total holdings of domestic equity and investment fund shares/units amounted to €0.4 billion at the end of 2016, of which 9.2% were equity securities issued by domestic MFIs and 90.8% were securities issued by other sectors.

The total stock of loans and deposits received by credit institution amounted to €51 billion at the end of 2016, of which 3.4% were received from domestic general government, 2.2% from domestic MFIs, and the vast majority, 94.4% (€51 billion), from other sectors, mostly households.

Credit institutions' total claims on residents of **other euro area countries** amounted to €1.3 billion at the end of 2016, of which 66.7% (€0.9 billion) were claims on sectors other than the general government and MFI sectors and 33.3% were on the MFI sector.

Credit institutions' total holdings of securities issued by issuers from other euro area countries, excluding equity and investment fund shares/units, amounted to €1.3 billion at the end of 2016, of which 81.4% (€1.1 billion) was issued by general government, 11.6% (€0.2 billion) by MFIs and 7% by other sectors.

Chart 8 Selected assets/liabilities: sectoral breakdown of domestic counterparty as at 31 December 2016 (%)



Source: NBS.

1) Monetary financial institutions – MFIs (S.121 + S.122).

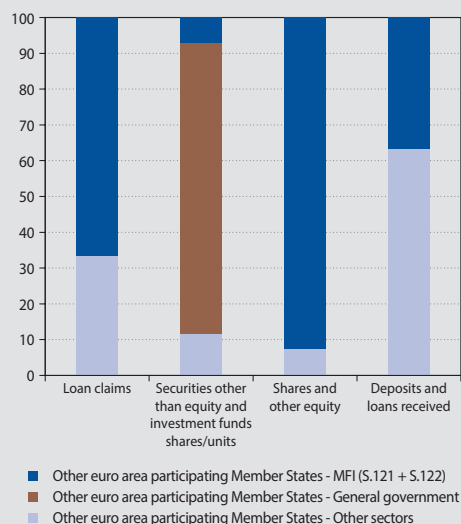
2) Other sectors = Other financial intermediaries and Financial auxiliaries (S.123 and S.124) + Insurance corporations and Pension funds (S.125) + Non-financial corporations (S.11) + Households and Non-profit institutions serving households (S.14 and S.15).

Credit institutions' total holdings of shares and other equity issued by issuers from other euro area countries amounted to €0.04 billion at the end of 2016, of which 92.7% were equity securities issued by sectors other than the general government and MFI sectors and 7.3% were equity securities issued by MFIs.

Loans and deposits received by credit institutions from residents of other euro area countries amounted to €3.1 billion at the end of 2016, of which 63.1% (€2 billion) were loans and deposits received from MFIs and 36.9% (€1.2 billion) were deposits received from other sectors.

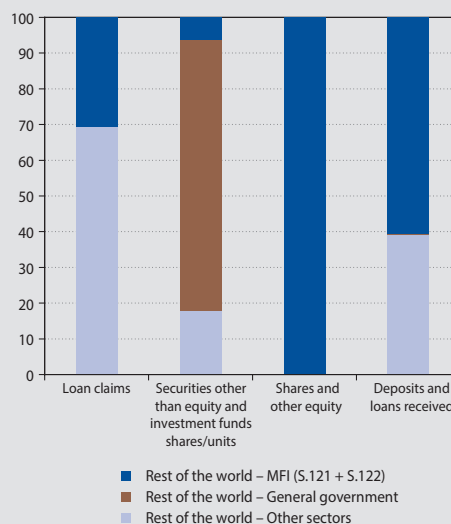
Credit institutions' total claims on the **rest of the world** amounted to €5.2 billion at the end

Chart 9 Selected assets/liabilities: sectoral breakdown of counterparty from other euro area member states as at 31 December 2016 (%)



Source: NBS.

Chart 10 Selected assets/liabilities: sectoral breakdown of counterparty from the rest of the world as at 31 December 2016 (%)



Source: NBS.

of 2016, of which 69.3% (€3.6 billion) were on MFIs and 30.6% (€1.6 billion) were on other sectors.

Credit institutions' holdings of securities issued by the rest of the world, excluding equity and investment fund shares/units, amounted to €0.7 billion at the end of 2016, of which 75.8% (€0.5 billion) were issued by general government, 17.8% by MFIs and 6.4% by other sectors.

Credit institutions' holdings of shares and other equity issued by the rest of the world amounted to €0.2 billion at the end of 2016, of which €0.2 billion were issued by sectors other than the MFI and general government sectors.

Loans and deposits received by credit institutions amounted to €2.9 billion at the end of 2016, of which 60.8% (€1.8 billion) were received from sectors other than the MFI and general government sectors, 39% (€0.9 billion) from MFIs, and only a negligible amount from general government.

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

The total **assets of credit institutions** showed a year-on-year increase at the end of each quarter of 2016, the largest being an increase of 8.1% (€5.3 billion) at the end of the first quarter.

Credit institutions' total credit claims also recorded their most pronounced year-on-year change of 2016 at the end of the first quarter, with an increase of 12.5% or €5.9 billion. Of that growth, claims with a maturity of over five years accounted for €3.4 billion and claims with shorter maturities for €2.4 billion.

Credit institutions' total holdings of securities other than equity and investment fund shares/units recorded their most pronounced year-on-year change of 2016 at the end of the fourth quarter, with a decline of 5.5% or €0.7 billion.

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

	XII. 2015	III. 2016	VI. 2016	IX. 2016	XII. 2016
ASSETS	7.61	8.12	7.56	6.82	5.88
Cash	8.11	8.44	-3.72	-4.29	-6.18
Loan claims	9.32	12.51	11.48	9.96	9.57
Loan claims – up to 1 year	7.95	19.57	16.10	3.08	1.48
Loan claims – over 1 and up to 5 years	-2.38	3.08	-1.25	10.93	16.23
Loan claims – over 5 years	12.20	11.42	12.11	12.60	11.74
Securities other than shares and mutual funds shares/units	3.62	-4.08	-4.26	-2.74	-5.48
Securities other than shares and mutual funds shares/units up to 1 year	0.97	41.59	-13.85	-9.91	155.19
Securities other than shares and mutual funds shares/units over 1 and up to 2 years	-62.98	-53.60	-74.64	-57.32	4.78
Securities other than shares and mutual funds shares/units over 2 years	3.83	-4.45	-4.01	-2.58	-6.75
Shares and other equity	18.01	18.10	8.67	6.57	-13.11
Other assets	-5.52	-10.21	0.34	0.14	0.68

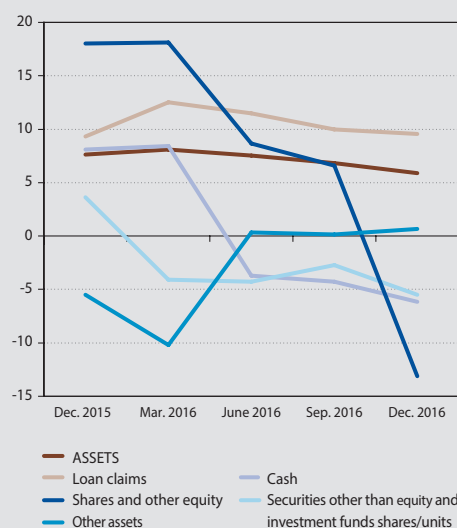
Source: NBS.

Credit institutions' total holdings of equity and investment fund shares/units were relatively low at the end of each quarter of 2016, recording their highest level (€0.725 billion) and largest year-on-year change (an increase of 18.1% or €0.11 billion) at the end of the first quarter.

Credit institutions' other assets (including fixed assets) recorded their largest year-on-year change of 2016 at the end of the first quarter, with a decline of 10.2% (€0.29 billion).

Credit institutions total cash holdings recorded their largest year-on-year percentage change of 2016 at the end of the first quarter (an increase of 8.44%), and largest absolute change at the end of the fourth quarter of 2015 (an increase of €0.068 billion).

The total **liabilities of credit institutions** showed a year-on-year increase at the end of each quarter of 2016, the largest being an increase of 8.1% (€5.3 billion) at the end of the first quarter.

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


Source: NBS.

That change reflected mainly an increase of 9.7% (€4.8 billion) in the stock of loans and deposits received by credit institutions, including an increase of €4.4 billion in loans and deposits with a maturity of up to one year and an increase of

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

	XII. 2015	III. 2016	IV. 2016	IX. 2016	XII. 2016
LIABILITIES	7.61	8.12	7.56	6.82	5.88
Deposits and loans received	9.23	9.73	8.75	8.06	5.94
Deposits and loans received up to 1 year	12.02	11.14	9.96	9.73	7.12
Deposits and loans received over 1 year	-1.13	4.20	3.89	1.31	0.99
Debt securities issued	8.27	13.03	11.66	8.78	7.85
Debt securities issued up to 1 year	1,505.33	650.54	611.75	521.96	-3.41
Debt securities issued over 1 and up to 2 years	-45.07	104.07	65.18	53.49	47.48
Debt securities issued over 2 years	7.62	9.69	8.38	5.75	7.57
Capital and provisions	1.38	0.03	0.39	1.27	4.59
Other liabilities	-6.83	-2.36	1.41	-3.62	6.05

Source: NBS.

€0.4 billion in those with a maturity of over one year.

Credit institutions' total debt securities also recorded their largest year-on-year change of 2016 at the end of the first quarter, with an increase of 13% (€0.5 billion) that stemmed mainly from an increase in securities with a maturity of over two years.

Credit institutions' total of capital and provisions recorded its most pronounced year-on-year change of 2016 at the end of the fourth quarter, with an increase of 4.6% (€0.4 billion).

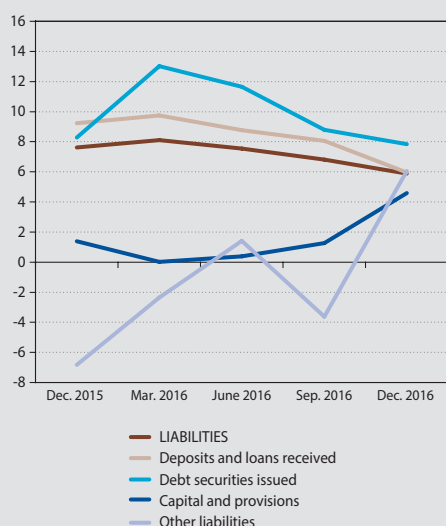
Credit institution's other liabilities recorded their largest year-on-year change of 2016 at the end of the fourth quarter, with a decline of 6.8% (€0.1 billion).

2.6 AGGREGATED BALANCE SHEET OF OTHER MONETARY FINANCIAL INSTITUTIONS

The aggregated balance sheet of other monetary financial institutions (other MFIs) aggregates individual balance sheets of all other credit institutions and money market funds, excluding the central bank (subsector S.121). Along with the balance sheets of monetary financial institutions belonging to the S.121 sector, it forms an integral part of the aggregated balance sheet of monetary financial institutions (MFIs).

The aggregated balance sheet of other MFIs in Slovakia excluding NBS, i.e. commercial banks, foreign bank branches and money market funds incorporated or resident in Slovakia constituted 0.2% of the euro area MFI balance sheet (excluding the Eurosystem) at the end of 2016.

In 2016 the aggregated balance sheet of **euro area MFIs excluding the Eurosystem** (hereinafter 'euro area MFIs') showed end-of-quarter **aggregate assets** ranging from €30,969 billion to €32,494. At the year-end they had increased, year on year, by €236 billion (0.77%).

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


Source: NBS.



Euro area MFIs' **claims on euro area residents** constituted 57% of their aggregate assets at the end of 2016, which in year-on-year terms represented a decline of 0.9 percentage point and reflected an absolute increase of 2.4% (€412 billion). That growth stemmed mainly from a 5.4% increase in claims on MFIs.

Euro area MFIs' holdings of **securities issued by euro area residents, other than equity and investment fund shares/units**, constituted 13.1% of their aggregate assets at the end of 2016, which in year-on-year terms represented a decline of 0.7 percentage point and represented an absolute decrease of 4.5% (€193 billion). That drop stemmed mainly from a decline of €111 billion in holdings of securities issued by resident general government.

Euro area MFIs' holdings of **money market fund (MMF) shares/units** constituted a relatively negligible 0.18% of their aggregate assets at the end of 2016, which in year-on-year terms represented an increase of 0.03 percent-

age point and reflected an absolute increase of €10 billion.

Euro area MFIs' holdings of **shares and other equity issued by euro area residents** constituted 3.8% of their total assets at the end of 2016, which in year-on-year terms represented was unchanged and reflected an absolute decrease of 0.1%.

The share of foreign assets in total assets as at 31 December 2016 (14.1%) was by 0.2 percentage points higher than a year earlier.

Euro area MFIs' **fixed assets** constituted only 0.6% of their aggregate assets at the end of 2016, which in year-on-year terms was unchanged and reflected an absolute decrease of 4.8%.

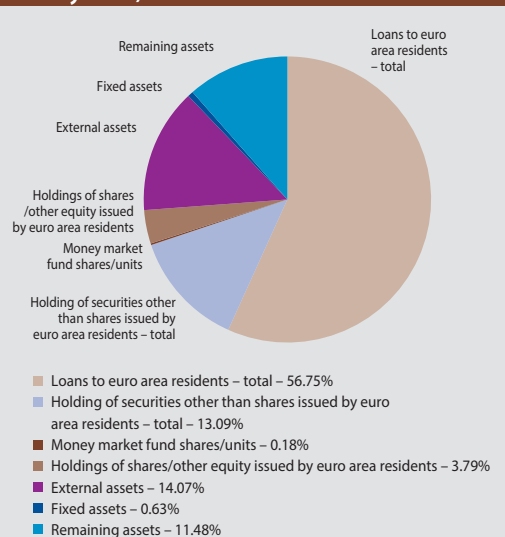
Euro area MFIs' **other assets** constituted 11.5% of their aggregate assets at the end of 2016, which in year-on-year terms represented a decline of 0.4 percentage point and an absolute decrease of €83 billion.

Table 8 Asset structure of the aggregated balance sheet of euro area MFIs (excluding the Eurosystem, in EUR billions)

	XII. 2015	III. 2016	VI. 2016	IX. 2016	XII. 2016
ASSETS	30,732	31,168	31,670	31,340	30,969
Loans to euro area residents	17,163	17,345	17,489	17,456	17,576
General government	1,098	1,104	1,097	1,085	1,066
Other euro area residents	10,626	10,709	10,731	10,756	10,775
Monetary financial institutions	5,439	5,533	5,661	5,615	5,735
Holdings of securities other than shares issued by euro area residents	4,247	4,288	4,272	4,169	4,054
General government	1,781	1,850	1,833	1,740	1,669
Other euro area residents	1,223	1,227	1,239	1,220	1,201
Monetary financial institutions	1,243	1,210	1,200	1,208	1,184
Money market fund shares/units	46	49	45	53	57
Holdings of shares/other equity issued by euro area residents	1,173	1,148	1,145	1,168	1,175
External assets	4,260	4,224	4,403	4,373	4,357
Fixed assets	204	201	202	202	195
Remaining assets	3,639	3,912	4,114	3,920	3,556

Source: ECB.

Chart 13 Assets structure of the aggregated balance sheet of euro area MFIs (excluding Eurosystem) as at 31 December 2016



Source: ECB.

The aggregated balance sheet of **euro area MFIs** showed **total liabilities** of €30,969 billion at the end of 2016, representing a year-on-year increase of €236 billion (0.77%).

Euro area MFIs' **loans and deposits received from euro area residents** constituted 54.9% of their aggregate liabilities, which in year-on-year terms represented a decline of 0.17 percentage point and represented an absolute increase of 0.5% (€77 billion). The stocks of loans and deposits received from central governments and MFIs both decreased and those from general government and other residents increased by a total of €350 billion.

Euro area MFIs' holdings of **MMF shares/units** constituted a relatively low 1.8% of their aggregate liabilities, which in year-on-year terms represented an increase of 0.15 percentage point and reflected an absolute increase of 10%.

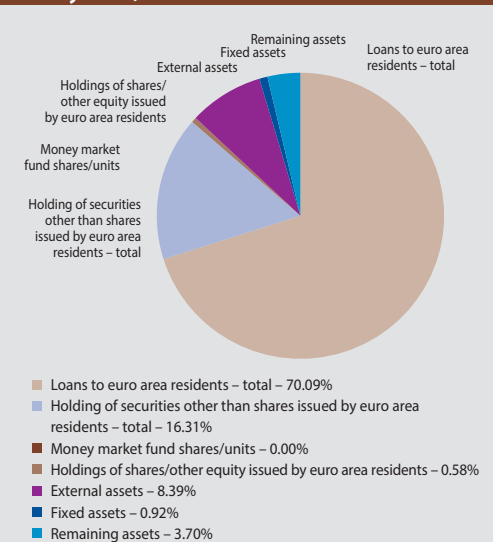
Debt securities issued by euro area MFIs constituted 12% of their aggregate liabilities at the end of 2016, which in year-on-year terms represented a decline of 0.36 percentage point and reflected an absolute decrease of 2.2% (€82.1 billion).

Euro area MFIs' **capital and provisions** constituted 8% of their aggregate liabilities at the end of 2016, which in year-on-year terms represented an increase of 0.1 percentage point and reflected an absolute increase of 1.9% (€45.3 billion).

Euro area MFIs' **foreign liabilities** constituted 11.9% of their aggregate liabilities at the end of 2016, which in year-on-year terms represented an increase of 0.7 percentage point and reflected an absolute increase of 7.1% (€244.6 billion).

Euro area MFIs' **other liabilities** constituted 11.2% of their aggregate liabilities at the end of 2016, which in year-on-year terms represented a decline of 0.4 percentage point and reflected an absolute decrease of 2.7% (€96.2 billion).

Chart 14 Liability structure of the aggregated balance sheet of euro area MFIs (excluding Eurosystem) as at 31 December 2016



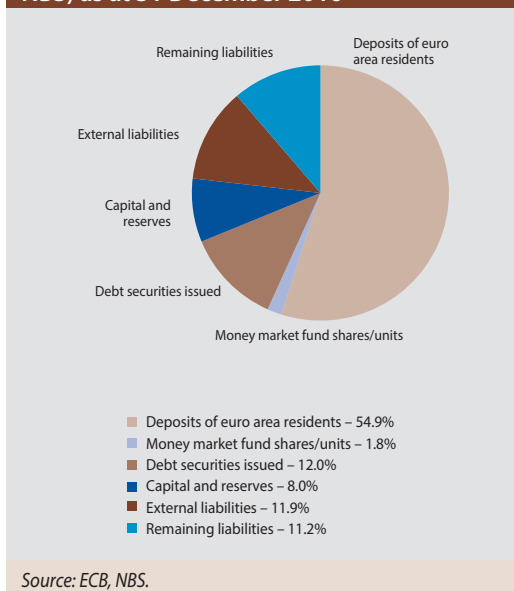
Source: ECB.

Table 9 Liability structure of the aggregated balance sheet of euro area MFIs (excluding Eurosystem, in EUR billions) as at 31 December 2016

	XII. 2015	III. 2016	VI. 2016	IX. 2016	XII. 2016
LIABILITIES	30,732	31,168	31,670	31,340	30,969
Currency in circulation	0	0	0	0	0
Deposits of euro area residents	16,933	17,067	17,153	16,894	17,009
Central government	163	194	196	140	136
Other general government and other euro area residents	11,462	11,606	11,676	11,684	11,812
Monetary financial institutions	5,308	5,267	5,281	5,070	5,061
Money market fund shares/units	512	512	516	540	563
Debt securities issued	3,812	3,750	3,773	3,738	3,730
Capital and reserves	2,446	2,440	2,458	2,484	2,489
External liabilities	3,452	3,531	3,729	3,823	3,697
Remaining liabilities	3,578	3,868	4,041	3,860	3,481

Source: ECB.

Chart 15 Asset structure of the aggregated balance sheet of Slovak MFIs (excluding NBS) as at 31 December 2016



Source: ECB, NBS.

The **aggregated balance sheet of Slovak MFIs** differed in its composition, i.e. in the shares of asset and liability items in total assets and liabilities, from the aggregate balance of euro area MFIs.

The **aggregated balance sheet of Slovak MFIs (excluding NBS)** – i.e. commercial banks, foreign bank branches and money market funds – showed total assets of €73.1 billion at the end of 2016, which in year-on-year terms represented an increase of 5.8% (€4 billion).

Slovak MFIs' largest asset item – **claims on euro area residents** – constituted 70% of their aggregate assets at the end of 2016, which in year-on-year terms represented an increase of 2.2 percentage point and reflected an absolute increase of 9.2% (€4.3 billion), mostly in claims on sectors other than the general government and MFI sectors.

Slovak MFIs' holdings of **securities issued by euro area residents, excluding equity and investment fund shares/units**, constituted 16.3% of their aggregate assets at the end of 2016, which in year-on-year terms represented a decline of 2.1 percentage point and an absolute decrease of 6.4%, mostly in securities issued by the general government sector and other residents sector.

Slovak MFIs' aggregate assets at the end of 2016 did not include any holdings of MMF shares/units issued by euro area residents.



Slovak MFIs' holdings of shares and other equity issued by euro area residents constituted only 0.6% of their aggregate assets at the end of 2016, representing a year-on-year decline of 0.1 percentage point.

Slovak MFIs' **foreign assets** constituted 8.4% of their aggregate assets at the end of 2016, which in year-on-year terms represented an increase of 8.4% and reflected an absolute increase of €0.6 billion.

Slovak MFIs' **fixed assets** constituted 0.9% of their aggregate assets at the end of 2016, which in year-on-year terms represented a decline of 0.1 percentage point and reflected a marginal absolute decrease.

Slovak MFIs' **other assets** constituted 3.7% of their aggregate assets at the end of 2016, representing a year-on-year decline of 0.2 percentage point.

The aggregated balance sheet of **Slovak MFIs** (excluding NBS) showed **total liabilities** of €73.1 billion at the end of **2016**, which in year-on-year terms represented an increase of 5.8% (€4 billion).

Slovak MFIs' **loans and deposits received from euro area residents** constituted 74.1% of their aggregate liabilities at the end of 2016, which in year-on-year terms represented an increase of 0.28 percentage point and reflected an absolute increase of 6.2% (€3.2 billion), mostly in loans and deposits received from other residents and from MFIs.

MMF shares/units issued by Slovak MFIs constituted only 0.05% of their aggregate liabilities at the end of 2016, which represented a year-on-year decline.

Slovak MFIs' **debt securities** constituted 6.3% of their aggregate liabilities at the end of 2016, which in year-on-year terms represented a slight increase and reflected an absolute increase of 7.8% (€0.3 billion).

Table 10 Asset structure of the aggregated balance sheet of Slovak MFIs (excluding NBS, in EUR billions)

	XII. 2015	III. 2016	VI. 2016	IX. 2016	XII. 2016
ASSETS	69.1	70.3	70.8	72.0	73.1
Loans to euro area residents	47.0	48.3	48.1	49.3	51.3
General government	1.0	1.0	1.0	0.9	0.9
Other euro area residents	43.5	43.9	44.8	46.4	47.8
Monetary financial institutions	2.4	3.3	2.4	2.0	2.7
Holdings of securities other than shares issued by euro area residents	12.7	12.3	12.5	12.5	11.9
General government	11.4	10.8	11.1	11.1	10.5
Other euro area residents	0.5	0.5	0.4	0.4	0.4
Monetary financial institutions	0.8	1.0	1.0	1.0	1.0
Money market fund shares/units	0.0	0.0	0.0	0.0	0.0
Holdings of shares/other equity issued by euro area residents	0.5	0.5	0.5	0.5	0.4
External assets	5.5	6.0	6.4	6.3	6.1
Fixed assets	0.7	0.7	0.7	0.7	0.7
Remaining assets	2.7	2.6	2.6	2.7	2.7

Source: ECB, NBS.



Table 11 Liability structure of the aggregated balance sheet of Slovak MFIs (excluding NBS, in EUR billions)

	XII. 2015	III. 2016	VI. 2016	IX. 2016	XII. 2016
LIABILITIES	69.1	70.3	70.8	72.0	73.1
Currency in circulation	0.0	0.0	0.0	0.0	0.0
Deposits of euro area residents	51.0	51.0	51.5	53.1	54.2
Central government	1.0	0.8	0.8	1.0	0.9
Other general government and other euro area residents	47.5	47.8	48.7	49.3	50.2
Monetary financial institutions	2.4	2.3	2.0	2.8	3.1
Money market fund shares/units	0.1	0.1	0.0	0.0	0.0
Debt securities issued	4.3	4.5	4.6	4.5	4.6
Capital and reserves	9.2	9.2	9.0	9.3	9.7
External liabilities	2.9	3.3	3.4	3.1	2.9
Remaining liabilities	1.6	2.3	2.2	2.0	1.7

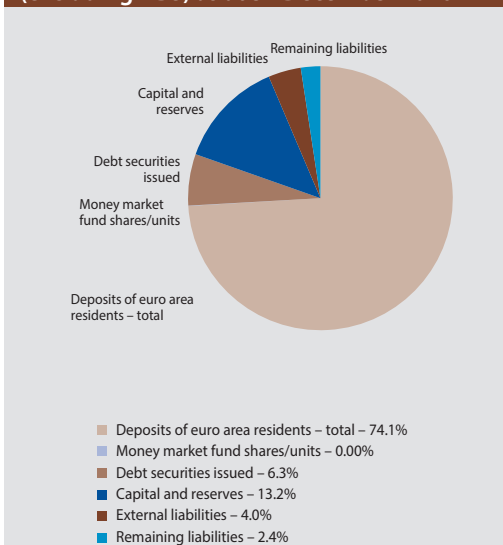
Source: ECB, NBS.

Slovak MFIs' **capital and provisions** constituted 13.2% of their aggregate liabilities at the end of 2016, which in year-on-year terms represented a decline of 0.2 percentage point and reflected an absolute increase of €0.42 billion, to €9.7 billion.

Slovak MFIs' **foreign liabilities** constituted 4% of their aggregate liabilities at the end of 2016, which in year-on-year terms represented an increase of 0.2 percentage point and an absolute increase of €0.8 billion.

Slovak MFIs' **other liabilities** constituted 2.4% of their aggregate liabilities at the end of 2016, which was unchanged in year-on-year terms and amounted to €1.7 billion.

Chart 16 Liability structure of the aggregated balance sheet of Slovak MFIs (excluding NBS) as at 31 December 2016



Source: NBS.

2.7 PROFIT/LOSS ANALYSIS FOR CREDIT INSTITUTIONS

2.7.1 CURRENT PERIOD PROFIT/LOSS IN THE FOURTH QUARTER OF 2016

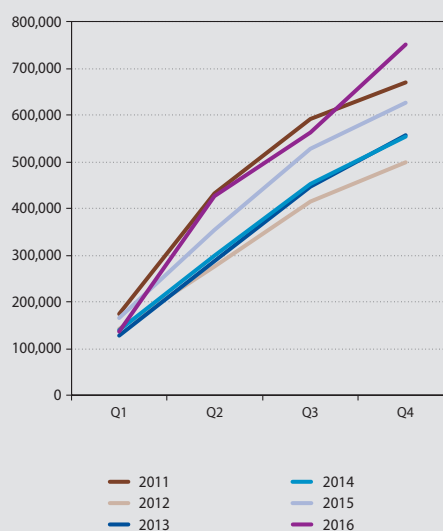
According to preliminary data, the banking sector's cumulative yearly profit as at 31 December 2016 amounted to slightly more than €750 million, representing a year-on-year increase of 20% and the highest profit since 2009.

Almost the only income items that contributed positively to the net profit growth in 2016 were dividend income, which increased significantly, and income from securities transactions. The contributions of income from derivatives transactions and income from other transactions were each less than 0.5 percentage point. Net interest income made a negative contribution of 12.2 percentage point.

The year-on-year decline in net interest income in the fourth quarter of 2016 was more moderate compared with the previous quarter, but still maintained a negative trend going back to the second quarter of 2015. That trend was caused mainly by decreases in interest income from securities and in other interest income. The continuing downward trends in interest expenses on securities and in other interest expenses were not sufficient to offset the declines in the corresponding income items.

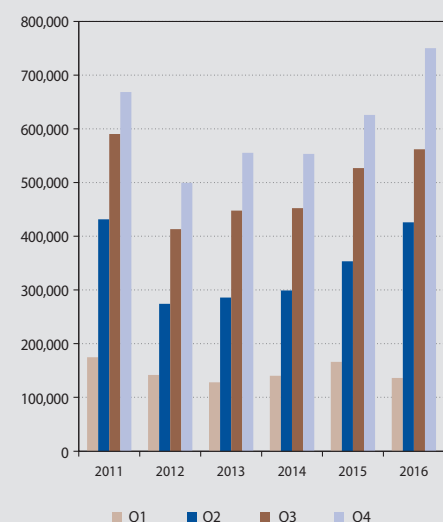
Among expense items, general operating expenses had the largest negative impact on the banking sector's net profit growth in 2016 (amounting to 9.3 percentage points). The year-on-year difference in the net creation of reserves and provisions was more negative at the end of 2016 (–€233 million) compared with a year earlier, and its negative impact on the sector's net profit for 2016 amounted to 10.2% percentage point.

Chart 17 Cumulative current period profit/loss (EUR thousands)



Source: NBS.

Chart 18 Cumulative current period profit/loss (EUR thousands)



Source: NBS.

Aggregate loan-loss provisions at the end of 2016 were 7.9% higher, year on year, while the stock of provisioned customer loans had increased by 10.6%. Euro-denominated claims constituted more than 98% of all credit claims, and euro-denominated claims on euro area residents made up around 95%.

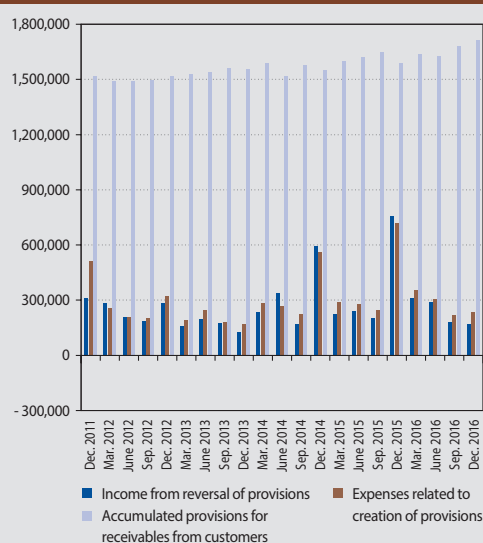


The aggregate loan-loss provision ratio in the banking sector was 3.5% at the end of 2016, maintaining the moderate upward trend it had followed since its historical high in 2010.

Provisioning expenses at the end of 2016 were lower, year on year, by 27%, while income from the reversal of provisions had fallen by 33%.

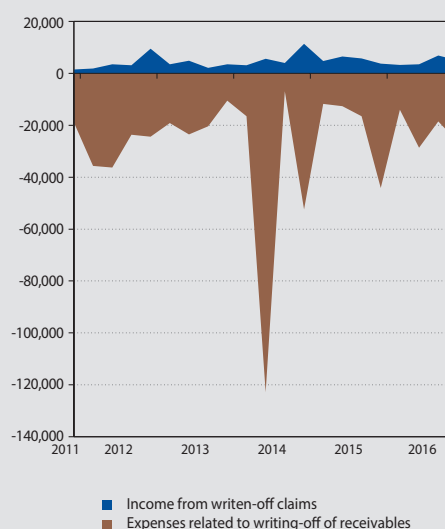
Expenses related to assignments of claims on non-bank customers exceeded income from such assignments by €34.1 million. The net loss on the write-off of claims on customers amounted to €21.2 million.

Chart 19 Provisions (EUR thousands)



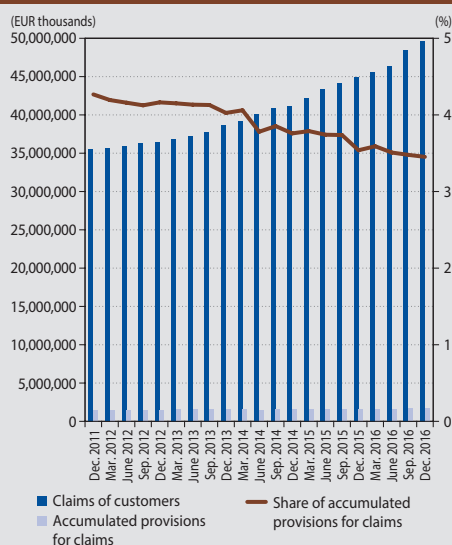
Source: NBS.

Chart 21 Written-off claims: income and expenses (EUR thousands)



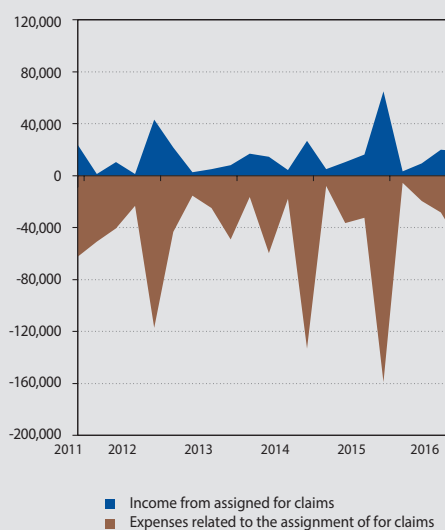
Source: NBS.

Chart 20 Claims on non-bank customers (EUR thousands)



Source: NBS.

Chart 22 Assigned claims: incomes and expenses (EUR thousands)



Source: NBS.

2.7.2 SELECTED INCOME/EXPENSE ITEMS AS REFLECTED IN PROFITS/LOSSES

Selected income and expense items related to the main activities of credit institutions are compared in this chapter with the profit or loss made.

In the fourth quarter of 2016, according to available data, aggregate interest income from securities fell by 4.3%, year on year, and for the year as a whole it fell by 9.8%. This followed a decline of 12% in 2015. Interest expenses on securities increased, year on year, by 4.7% in the fourth quarter of 2016, while declining by 1.2% for the year as a whole. They had previously declined also in 2015 and 2014, by 21% and almost 3%, respectively.

Other interest income declined in the fourth quarter, by 6.2% year on year, thus continuing a negative trend that began in the first quarter of 2015. In each quarter of 2014 other interest had increased, year on year. Other interest expenses decreased in the fourth quarter of 2016, as in the previous quarters, and represented one of the main contributors to net profit growth.

An almost fourfold year-on-year increase in income from transactions in securities was among the main contributors to the banking sector's net profit growth in the fourth quarter of 2016. According to available data, the principal source of that growth was dividend income.

Income from fees and commission fell, year on year, in each quarter of 2016.

General operating expenses increased in the fourth quarter of 2016, by 12% year on year.

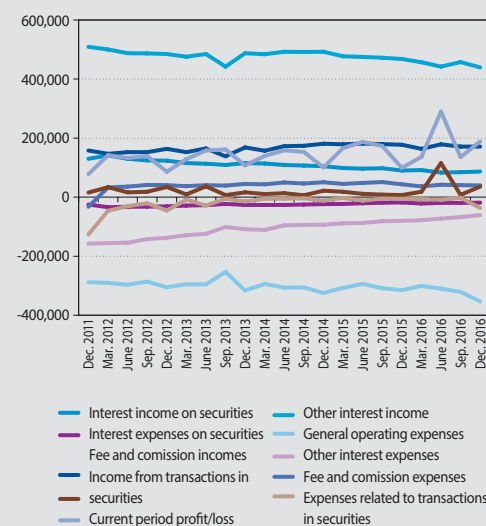
The banking sector's aggregate net profit for the fourth quarter of 2016 was 90% higher compared with the same period in 2015, at almost €190 million. The stronger results for the second and fourth quarters ensured that the profit for 2016 was the highest since 2009.

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



Source: NBS.

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



Source: NBS.

2.8 LENDING TO NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS

2.8.1 LOANS TO NON-FINANCIAL CORPORATIONS BY MATURITY

At the end of the fourth quarter of 2016 the stock of long-term loans from 1 to 5 years to



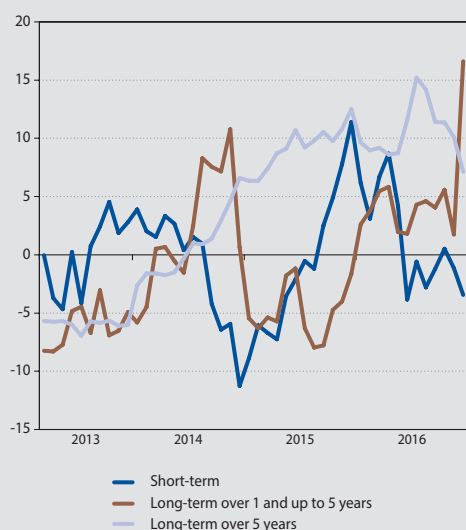
non-financial corporations recorded an increase of 16.6%, due to significant growth in this category in three banks. Short-term loans decreased by 3.5% as at December 31, 2016 based on an ongoing decline in one reporting agent. For comparison, at the end of December 2015 the stock of loans in this category increased by 11.4% year-on-year. Long-term loans over 5 years showed year-on-year growth

throughout the year, but with the pace of growth slowing from 15.2% at 31 July to 7.1% as at the end of December.

2.8.2 LOANS TO NON-FINANCIAL CORPORATIONS (EURO AREA COMPARISON)

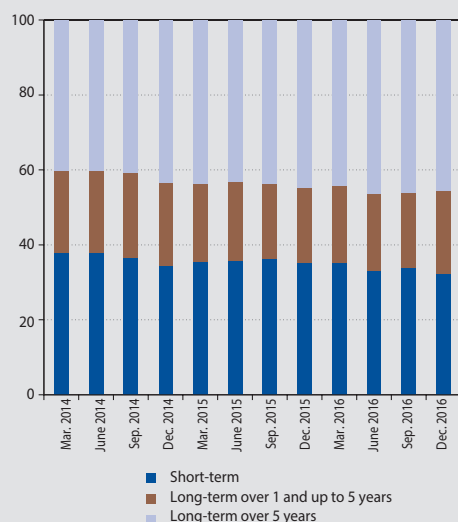
The development in the stock of short-term loans to non-financial corporations was different in Slovakia and in the euro area. While in Slovakia the amount increased in the first half of 2016 year on year and only started declining in the second half, in the euro area it declined year on year for the whole period of 2016 by an average of 5%. At the end of 2016, the value of short-term loans decreased year on year approximately by the same rate in both analysed areas, in Slovakia by 3.5% and in the euro area by 3.9% as at December 2015.

Chart 25 NFC loans broken down by maturity (year-on-year percentage changes)



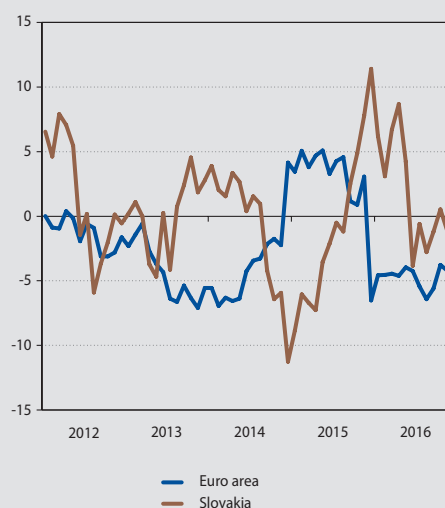
Source: NBS.

Chart 26 NFC loans broken down by maturity (percentage share)



Source: NBS.

Chart 27 Short-term NFC loans (year-on-year percentage changes)

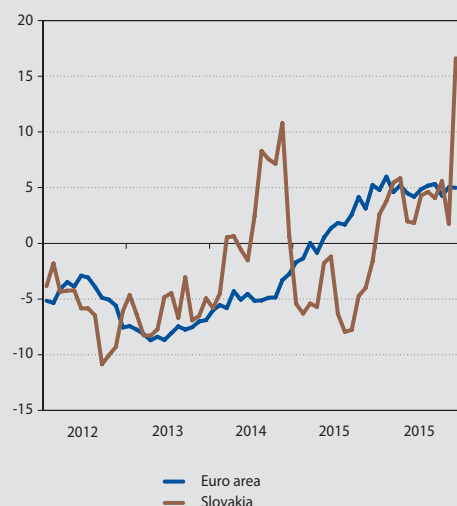


Source: NBS.

In Slovakia, the annual growth in the stock of long-term loans with a maturity of over 1 year and up to 5 years was almost 13 percentage points higher at the end of December 2016 (16.6%) compared with the end of September (4%). In the euro area, the value of loans in that category grew throughout 2016 with an almost constant growth rate of around 5%.



Chart 28 Long-term NFC loans with maturity of over 1 year and up to 5 years (year-on-year percentage changes)



In the second half of 2016 long-term loans over five years to non-financial corporations grew year on year in Slovakia and the euro area. The pace of growth was however in Slovakia significantly faster on average by 12 percentage points. To 31.12.2016 their value year on year increased by 7.1% in Slovakia and by 1.2% in the euro area.

2.8.3 LOANS TO HOUSEHOLDS BY MATURITY

As regards aggregate loans to households, the year-on-year change in their stock as at 31 December 2016 was 13.4%. The outstanding amount of loans with a maturity of over five years increased the most, by 14.3%.

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

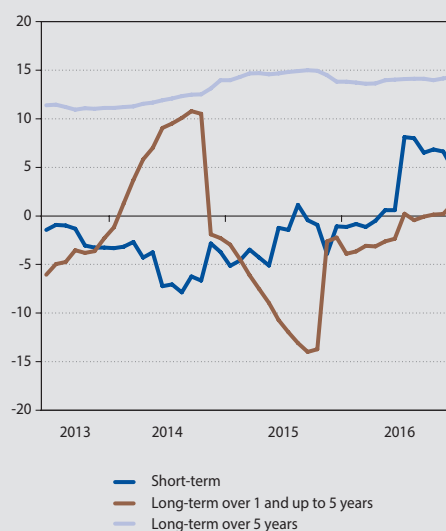


Chart 29 Long-term NFC loans with maturity of over 5 years (year-on-year percentage changes)

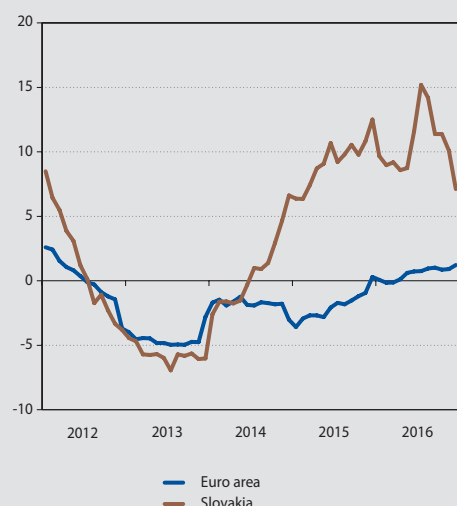
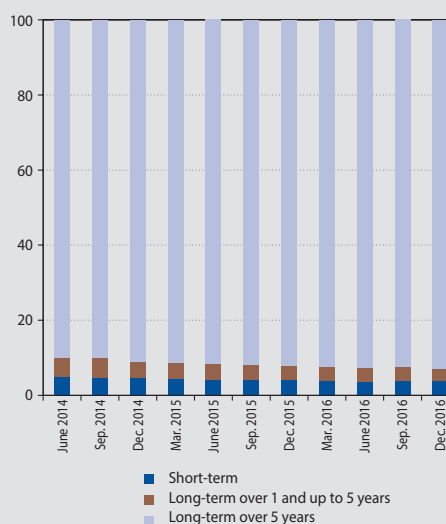


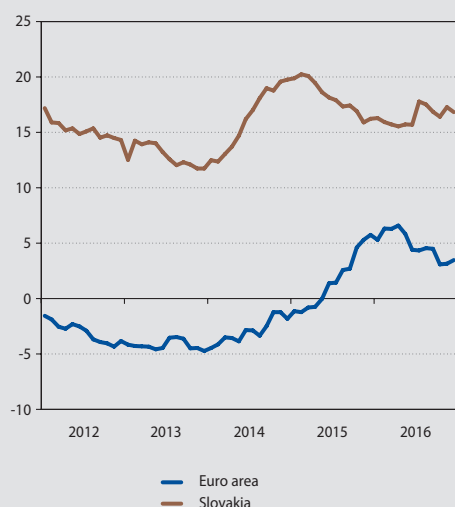
Chart 31 Household loans broken down by maturity (% share)



2.8.4 LOANS TO HOUSEHOLDS BY PURPOSE (EURO AREA COMPARISON)

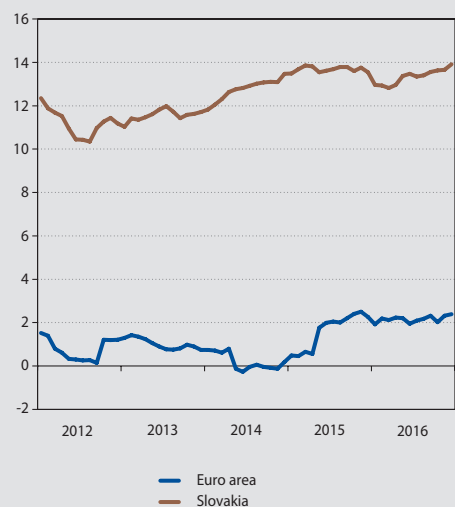
For consumer loans provided in Slovakia, the year-on-year growth in their stock as at 31 December 2016 was 16.8%, while across the euro area as a whole the figure was 3.5%.

Chart 32 Consumer credit to households (year-on-year percentage changes)



Source: NBS.

Chart 33 Loans for house purchase to households (year-on-year percentage changes)



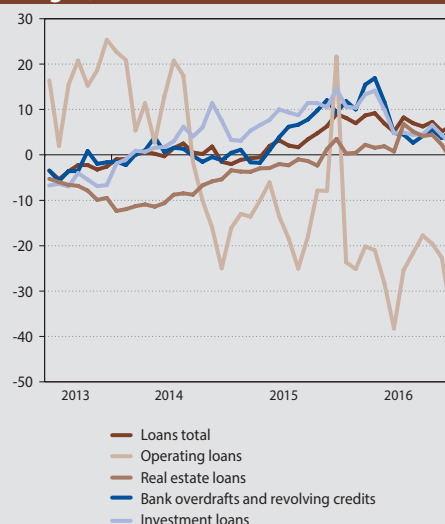
Source: NBS.

For housing loans, the year-on-year change at the end of 2016 was 3.9% in Slovakia and 2.4% in the euro area.

2.8.5 LOANS TO NON-FINANCIAL CORPORATIONS BY TYPE OF LOAN

For operating loans in Slovakia, the year-on-year change in their stock at the end of 2016 was -35.5%, while for investment loans, it was 2.4%, down sharply from 14.5% in 2015. For real estate loans to NFCs, the annual growth rate at the end of 2016 was 1.1%, down from 3.5% a year earlier. Nevertheless, the rate did reach 6.8% in July 2016.

Chart 34 Loans to non-financial corporations by type of loan (year-on-year percentage changes)

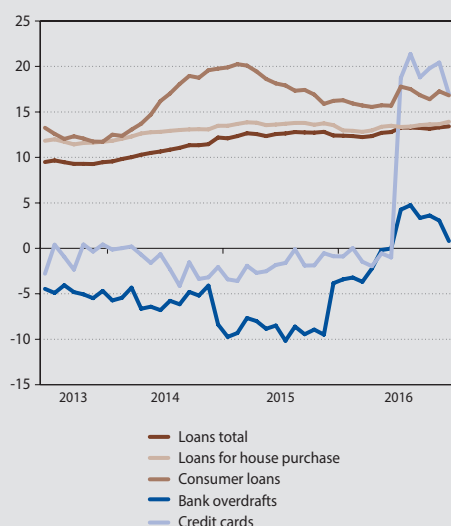


Source: NBS.

2.8.6 LOANS TO HOUSEHOLDS BY TYPE OF LOAN

For overdrafts on household current accounts, the year-on-year change in their stock at the end of 2016 was 0.8%, while for credit card loans to households, it was 17%, for consumer loans 16.8%, and for housing loans 13.8%.

Chart 35 Household loans broken down by type of loan (year-on-year percentage changes)



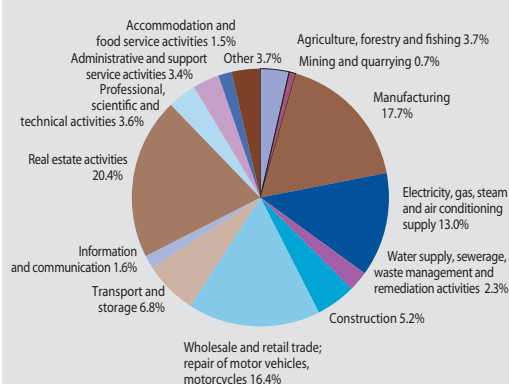
Source: NBS.

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

In the breakdown of NFC loans by sector, the year-on-year increase in the stock of loans as at 31 December 2016 was 20.4% for the real estate

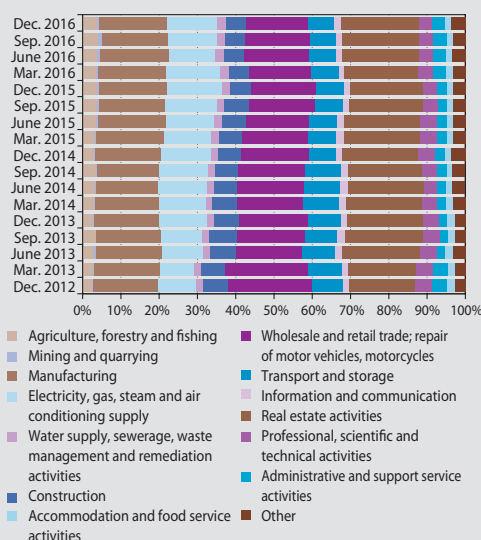
sector, 17.7% for the manufacturing sector, and 16.4% for the sector comprising wholesale trade, retail trade, and the repair of motor vehicles and motorcycles.

Chart 37 NFC loans broken down by economic activity as at 31 December 2016



Source: NBS.

Chart 36 NFC loans broken down by economic activity



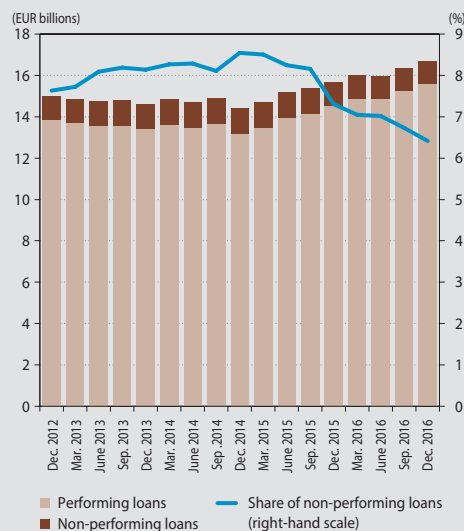
Source: NBS.

2.8.8 NON-PERFORMING LOANS IN THE NON-FINANCIAL CORPORATIONS SECTOR

The share of non-performing loans (NPLs) in total NFC loans was 6.4% at the end of 2016, which compared with its level at the end of 2015 was lower by almost one percentage point. The NPL ratio for overdrafts on NFC current accounts fell, year on year, to 5.1% at the end of 2016. The ratio increased for operating loans, to 11%, while it decreased for investment loans, to 5.9%, for real estate loans, to 7.3%, and for credit card loans, to 9.9%.

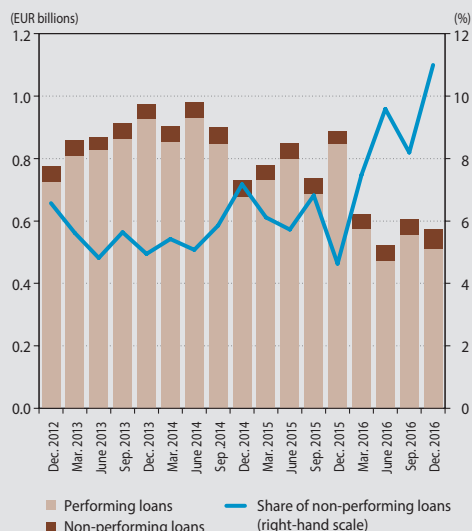


Chart 38 Share of non-performing loans in total NFC loans



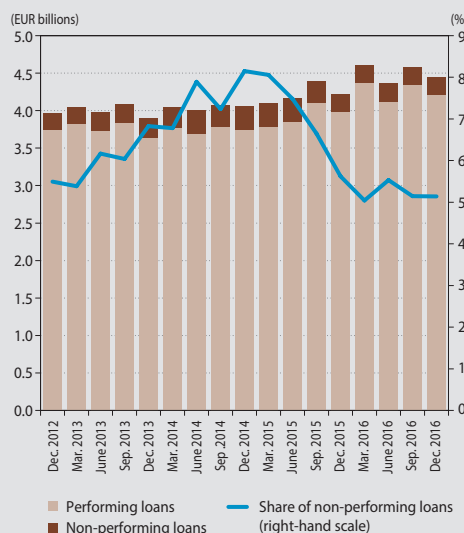
Source: NBS.

Chart 40 Share of non-performing loans in operating loans to NFCs



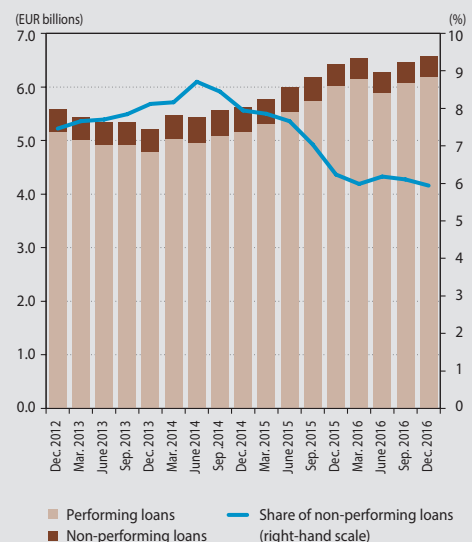
Source: NBS.

Chart 39 Share of non-performing loans in bank overdrafts and revolving credits to NFCs



Source: NBS.

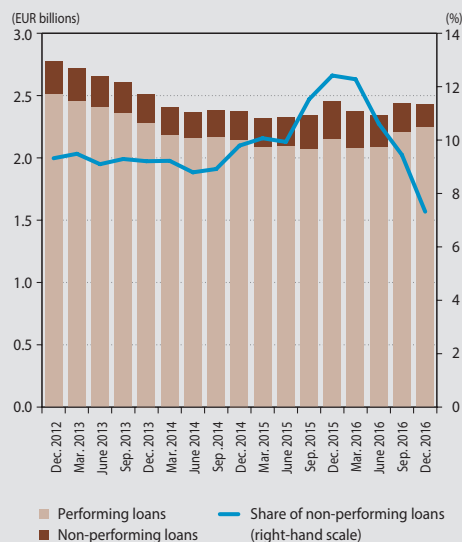
Chart 41 Share of non-performing loans in real estate loans to NFCs



Source: NBS.

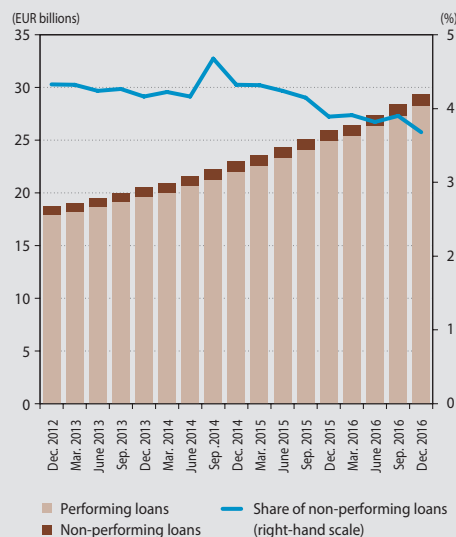


Chart 42 Share of non-performing loans in investment loans to NFCs



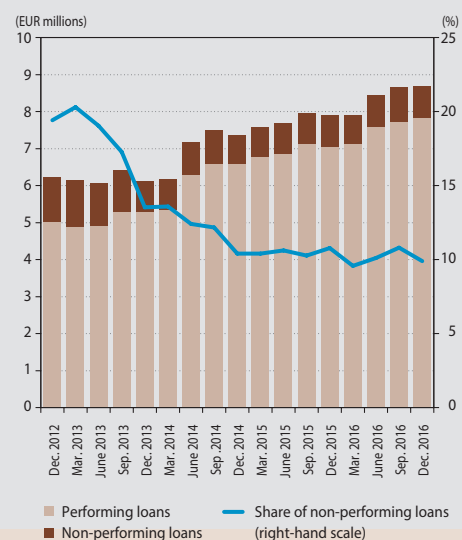
Source: NBS.

Chart 44 Share of non-performing loans in total loans to households



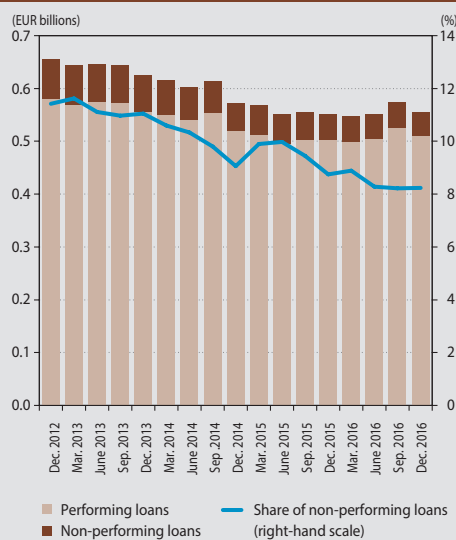
Source: NBS.

Chart 43 Share of non-performing loans in credit card loans to NFCs



Source: NBS.

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



Source: NBS.

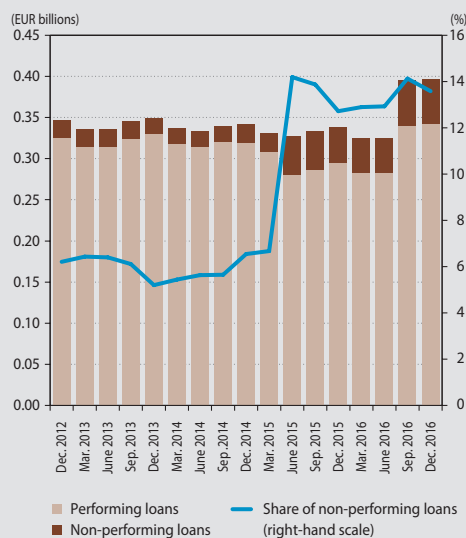
2.8.9 NON-PERFORMING LOANS IN THE HOUSEHOLD SECTOR

The share of NPLs in total household loans was 3.68% at the end of 2016, representing a slight drop in year-on-year terms. The NPL ratio de-

creased for current account overdrafts, to 8.2%, increased slightly for credit card loans, to 13.6%, decreased for housing loans, to 2.3%, and decreased for consumer loans, to 8.6%.

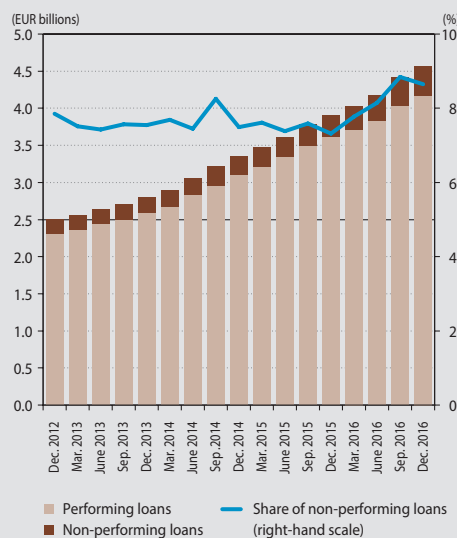


Chart 46 Share of non-performing loans in credit card loans to households



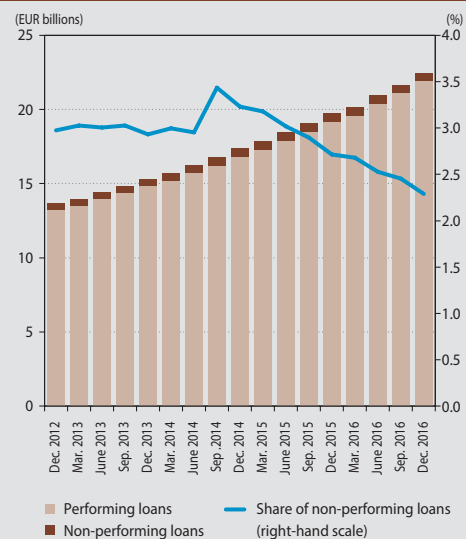
Source: NBS.

Chart 48 Share of non-performing loans in consumer loans to households



Source: NBS.

Chart 47 Share of non-performing loans in loans for house purchase to households



Source: NBS.

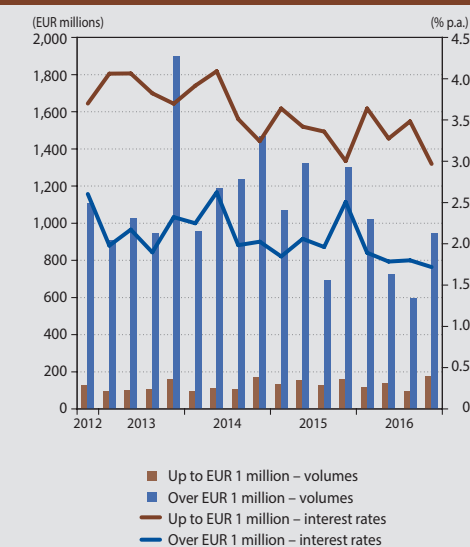
2.9 LOANS – INTEREST RATES AND VOLUMES

2.9.1 NEW LOANS TO NFCs – INTEREST RATES AND VOLUMES

The total amount of new loans provided to non-financial corporations (NFCs) was 27.1% lower in the fourth quarter of 2016 than in the fourth quarter of 2015. In the category of **loans of up to €1 million**, the amount of loans increased slightly in the fourth quarter, by 5.6% year on year. Their share of the total amount of NFC loans provided during the fourth quarter was 18.3%. The average interest rate on these loans in the fourth quarter was 3.1% per annum, which in year-on-year terms was lower by 0.1 percentage point. In the category of **loans of over €1 million**, the amount of loans provided in the fourth quarter declined by 31.8% year on year. Their share of the total amount of NFC loans provided during that period was 81.7%, and the average interest rate on these loans fell by 0.4 percentage point, to 1.8% per annum.



Chart 49 New loans to NFCs – interest rates and volumes



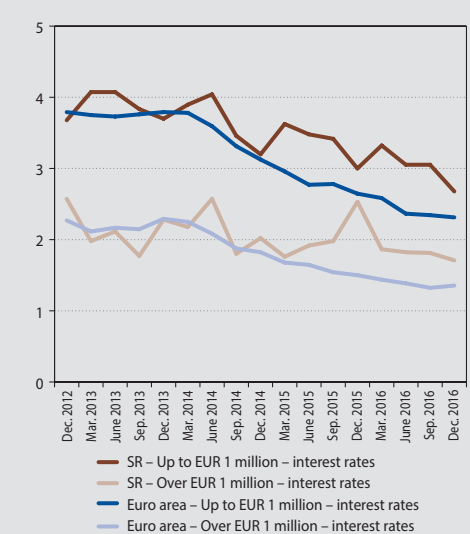
Source: NBS.

Interest rates on such loans of up to €1 million and over €1 million are here compared with the corresponding figures in the euro area as a whole. In Slovakia, the average interest rate on new NFC **loans of up to €1 million** was 2.7% p.a. at the end of 2016, slightly higher than the rate in the euro area (2.3% p.a.), and likewise the rate on **loans of over €1 million** was higher in Slovakia (1.7% p.a.) than in the euro area (1.4% p.a.).

The share of secured loans in the **total** amount of new loans provided to NFCs in the fourth quarter of 2016 was 27.9%, up from 20.6% in the same quarter of the previous year. The average interest rate on secured loans fell to 2.5% p.a. in the fourth quarter of 2016, from 2.6% p.a. in the fourth quarter of 2015. Similarly, the average interest rate on new loans to NFCs declined in the fourth quarter by 0.3 percentage point year on year, to 2.0% p.a.

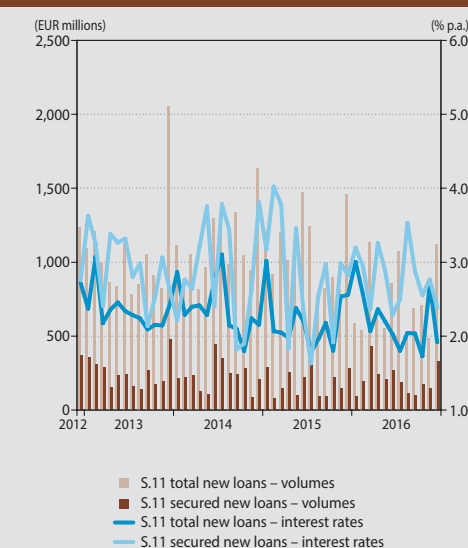
Since loans with an initial rate fixation period of up to one year account for the largest share of new NFC loans in Slovakia, the average in-

Chart 50 Interest rates on new loans to NFCs in Slovakia and the euro area (% p.a.)



Source: ECB, NBS.

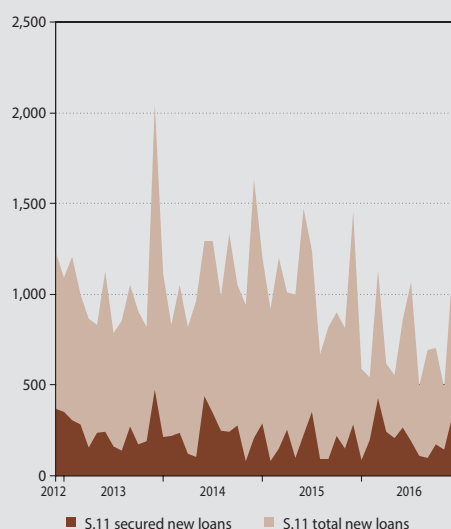
Chart 51 Secret and total new loans to NFCs – Interest rates and volumes



Source: NBS.

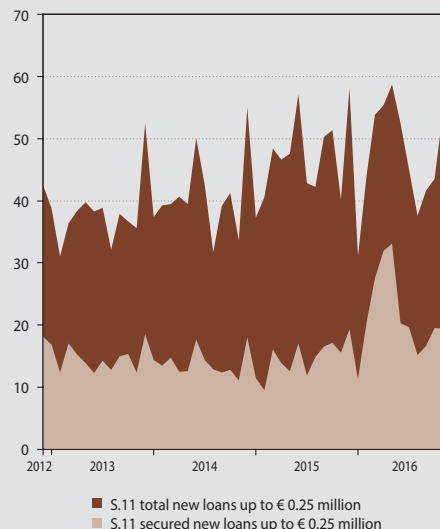


Chart 52 Share of secured loans in total loans to new NFCs (EUR millions)



Source: NBS.

Chart 54 Share of secured loans in total new loans up to € 0.25 million to NFCs

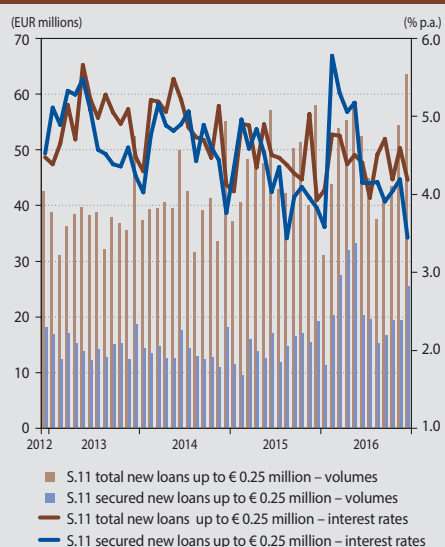


Source: NBS.

In the category of **loans of up to €0.25 million**, the share of secured loans in the total amount of new loans provided to NFCs in the fourth quarter was 39.9%, representing a year-on-year increase

of 5.1%. The average interest rate on such secured loans fell in the fourth quarter of 2016 by 0.1 percentage point year on year, to 3.9% p.a. In the loans of up to €0.25 million category, the average interest rate on new loans in the fourth quarter remained unchanged in year on year terms, at 4.3% p.a.

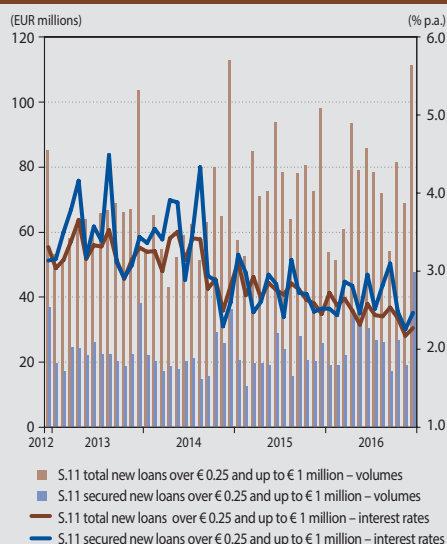
Chart 53 Secured and total new NTC loans up to € 0.25 million – interest rates and volumes



Source: NBS.

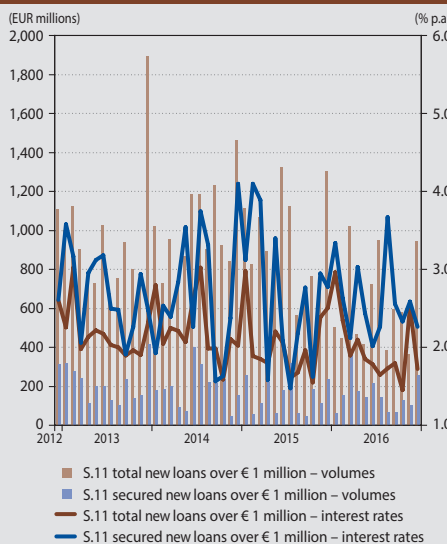
In the category of **loans of over €0.25 million and up to €1 million**, the share of secured loans in the total amount of new loans provided to NFCs in the fourth quarter of 2016 was 35.8%, representing a year-on-year increase of 9.2%. The average interest rate on such secured loans fell in the fourth quarter of 2016 by 0.1 percentage point year on year, to 2.4%. In the **loans of over €0.25 million and up to €1 million** category, the average interest rate on new NFC loans decreased in the fourth quarter by 0.3 percentage point year on year, to 2.3% p.a.

Chart 55 Secured and total new loans over € 0.25 million and up to € 1 million to Nfcs – interest rates and volumes



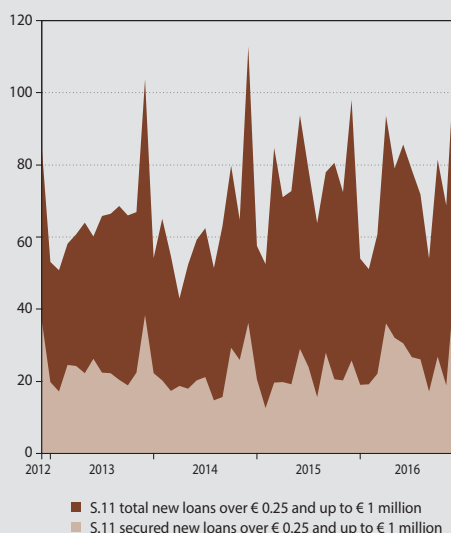
Source: NBS.

Chart 57 Secured and total new loans over € 1 million to Nfcs – interest rates and volumes



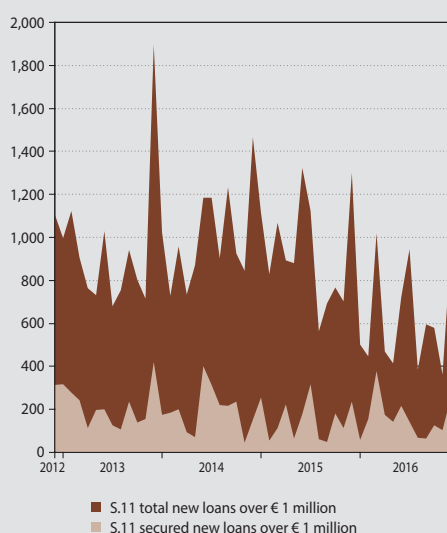
Source: NBS.

Chart 56 Share of secured loans in total new loans over € 0.25 and up to € 1 million to NFCs (EUR millions)



Source: NBS.

Chart 58 Share of secured loans in total new loans over € 1 million to NFSs (EUR millions)



Source: NBS.

In the category of **loans of over €1 million**, the share of secured loans in the total amount of new loans provided to NFCs in the fourth quarter of 2016 was 25.7%, representing a year-on-year increase of 6.4%. The average interest rate on such secured loans fell to 2.3% p.a. in

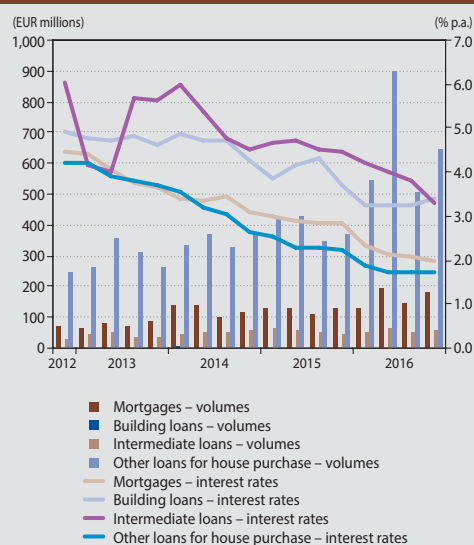
the fourth quarter, from 2.4% p.a. in the same period of 2015. In the **loans of over €1 million** category, the average interest rate on new NFC loans decreased in the fourth quarter by 0.4 percentage point year on year, to 1.8% p.a.



2.9.2 NEW LOANS TO HOUSEHOLDS – INTEREST RATES AND VOLUMES

Households' demand for housing loans is stronger than their demand for any other type of loan. The average interest rate on housing loans in the fourth quarter of 2016 fell by 0.7 percentage point year on year, to 1.9% p.a. The average rate on each type of housing loan also declined, as follows: for **intermediate loans** provided by home savings banks, by 1.0 percentage point, to 3.6% p.a.; for **building loans**, by 0.4 percentage point, to 3.3% p.a.; for **mortgage loans**, by 0.9 percentage point, to 2.0% p.a.; and for **other loans for house purchase**, by 0.5 percentage point, to 1.7%.

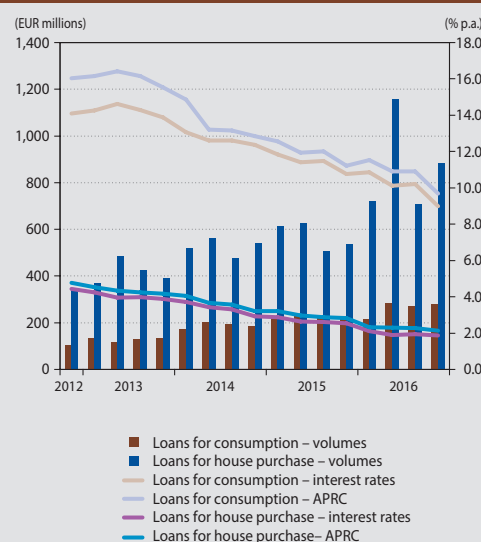
Chart 59 New loans for house purchase to households – interest rates and volumes



Source: NBS.

The **annual percentage rate of charge (APRC)** on loans to households usually exceeds the rate of interest charged on these loans. Like the average interest rate on housing loans, the APRC on these loans in the fourth quarter of 2016 was lower, year on year, by 0.7%, at 2.2% p.a. Consumer loans showed a similar trend, with the average interest rate in the fourth quarter declining by 1.7 percentage point, year on year, to 9.4% p.a. and the average APRC for consumer loans falling by 1.5 percentage point, to 10.1% p.a.

Chart 60 New loans for consumption and loans for house purchase – interest rates, APRC and volumes

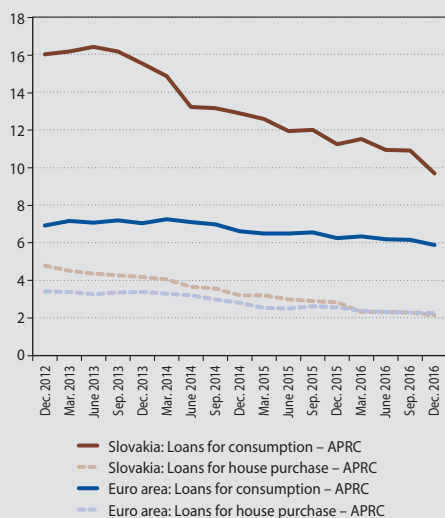


Source: NBS.

In both Slovakia and the euro area as a whole, the APRC on housing loans was lower at the end of 2016 compared with a year earlier. In Slovakia, it fell by 0.7 percentage point, to 2.1%, and in the euro area it fell more moderately, by 0.3 percent-

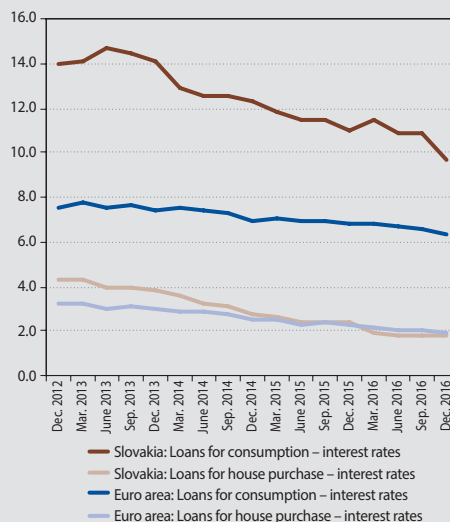


Chart 61 APRC on new loans for consumption and new loans for house purchases to households in Slovakia and euro area (percentages per annum)



Source: ECB, NBS.

Chart 62 Interest rates on new loans for consumption and new loans for house purchases to households in Slovakia and euro area



Source: ECB, NBS.

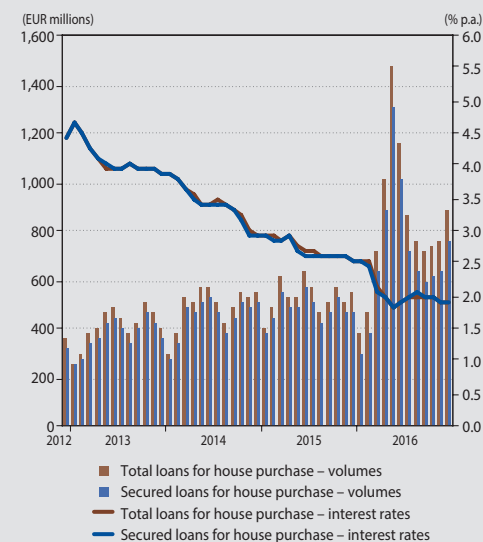
age point to 2.3% p.a. The same trend was recorded in consumer loans. Similarly, for consumer loans, the APRC in Slovakia fell by 1.5 percentage point, to 9.7% p.a., and the APRC in the euro area fell by 0.4 percentage point, to 5.9% p.a.

In the category of **new housing loans** to households, the indicator most representative of Slovakia is housing loans with an initial rate fixation period of over one year and up to five years. In Slovakia, the average interest rate on such loans at the end of 2016 was 1.8%, 0.6 percentage point lower than a year earlier, and in the euro area it had decreased by 0.4 percentage point, to 1.9% p.a.

In the category of **new consumer loans** to households, the indicator most representative of Slovakia is consumer loans with an initial rate fixation period of over five years. In Slovakia, the average interest rate on such loans at the end of 2016 was 8.8%, 2.1 percentage point lower than a year earlier, and in the euro area it had decreased by 0.5 percentage point, to 6.3% p.a.

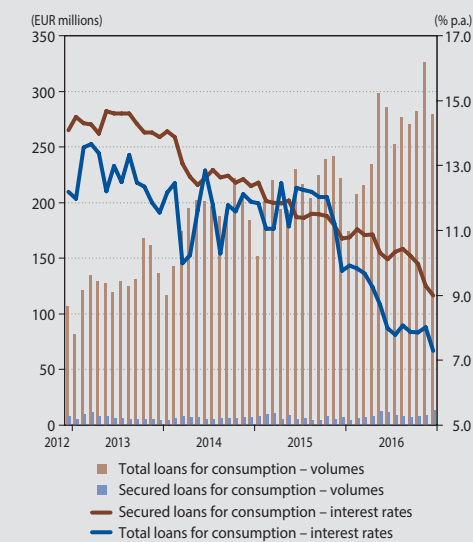
The share of new secured housing loans in the total amount of loans provided to households in the fourth quarter of 2016 fell by 5.3% year on year, to 83.5%. The average interest rate on such loans in that period fell by 0.7 percentage point, to 1.9% p.a.

Chart 63 Secured and total new loans for house purchase to households – interest rates and volumes



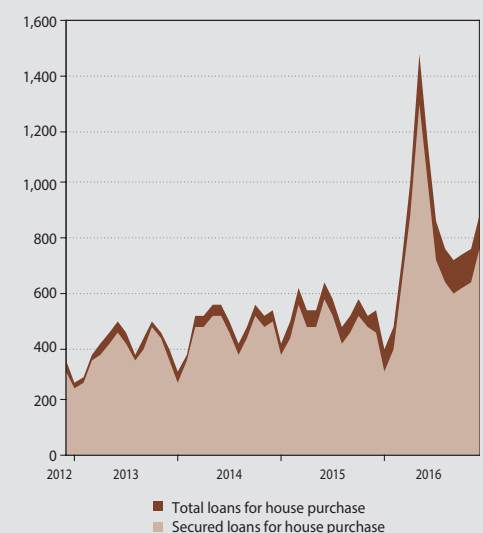
Source: NBS.

Chart 65 Secured and total new loans for house consumption to households – interest rates and volumes



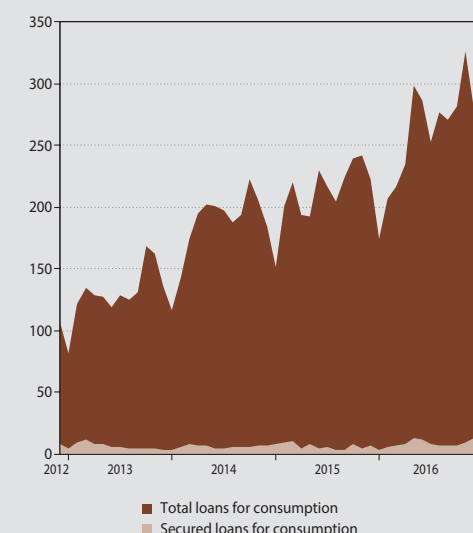
Source: NBS.

Chart 64 Share of new secured loans for house purchase in total new loans for house purchase to households (EUR millions)



Source: NBS.

Chart 66 Share of secured loans for consumption in total new loans for consumption to households (EUR millions)



Source: NBS.

The share of **secured loans** in **consumer loans** is far lower than the share in housing loans and in year-on-year terms it increased slightly in the fourth quarter, to 3.4% (from 2.8% a year ago).

The average interest rate on secured consumer loans in the fourth quarter fell by 3.6 percentage point, to 7.7% p.a.

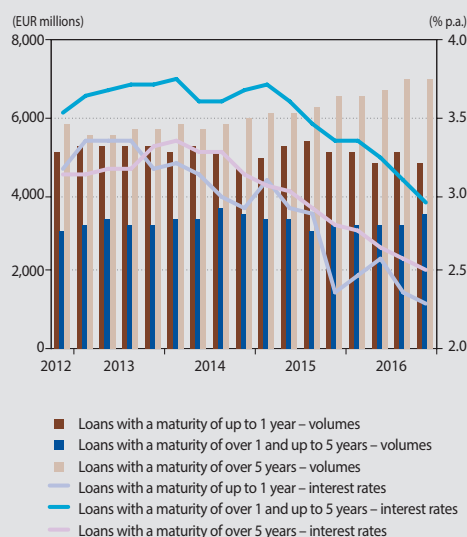


2.9.3 LOANS TO NFCs – INTEREST RATES AND VOLUMES (OUTSTANDING AMOUNTS)

Looking at NFC loans broken down by maturity, interest rates on loans with a maturity of over one year and up to five years have long been higher than the rates on loans with other maturities. Loans with a maturity of over five years have accounted for the largest share of the total amount of NFC loans since the second half of 2009 and continued to do so in the fourth quarter of 2016.

For all maturities of **NFC loans**, average interest rates in the fourth quarter of 2016 were slightly lower, year on year, as follows: for loans with a maturity of up to one year, by 0.3 percentage point, at 2.3% p.a.; for loans with a maturity of over five years, by 0.3 percentage point, at 2.5% p.a., and for loans with a maturity of over one year and up to five years, by 0.4 percentage point, at 3.0% p.a.

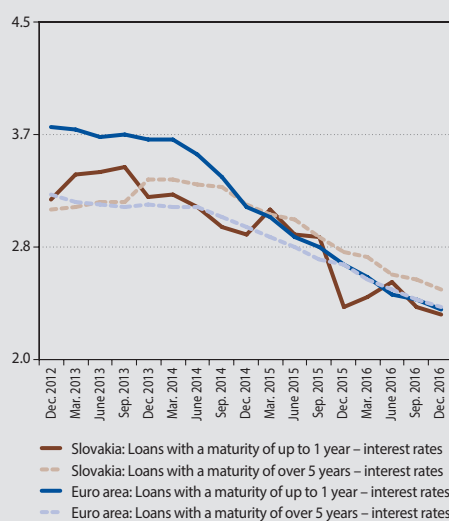
Chart 67 NFC loans by maturity – interest rates and volumes



Source: NBS.

Since loans **with a maturity of up to one year** and loans **with a maturity of over five years** account for the largest shares in total stock of NFC loans in Slovakia, the average interest rates on these loans at the end of 2016 are here compared with the corresponding figures in the euro area as a whole. In the euro area, the average interest rate on NFC loans **with a maturity of up to one year** was 2.4% at the end of 2016, 0.3 percentage point lower year on year, and in Slovakia it was down by 0.1 percentage point, at 2.3% p.a. As for loans **with a maturity of over five years**, the average rate in the euro area was lower, year on year, by 0.3 percentage point, at 2.4%, and in Slovakia it was also down by 0.3 percentage point, at 2.5%.

Chart 68 Interest rates on NFC loans by maturity in Slovakia and the euro area (percentages per annum)



Source: ECB, NBS.

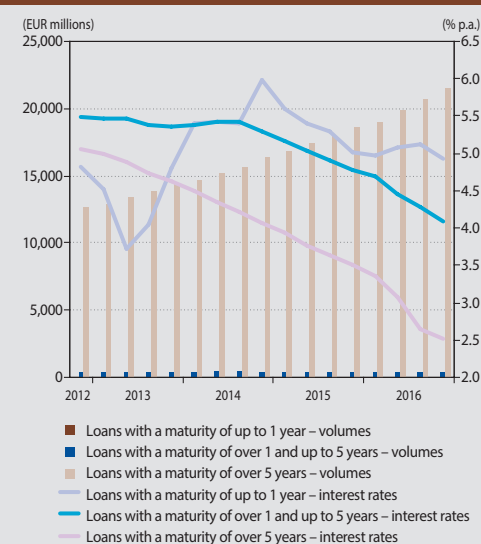
2.9.4 LOANS TO HOUSEHOLDS – INTEREST RATES AND VOLUMES

In terms of their amount, a clear majority of loans to households have a maturity of over five years.

The average interest rate on **housing loans** in the fourth quarter of 2016 was lower, year on year, for all maturities, as follows: for loans with a maturity of up to one year, by 0.1 percentage point, at 5.0% p.a.; for loans with a maturity of over one year and up to five years, by 0.7 percentage point, at 4.2%; and for loans with a maturity of over five years, by 1.0 percentage point, at 2.6% p.a.

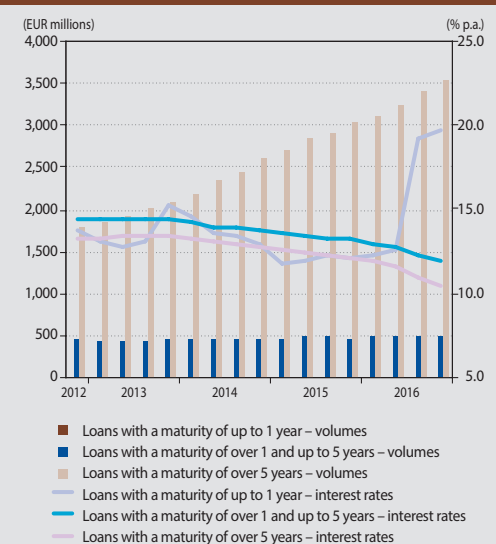
For **consumer loans** with a maturity of over one year and up to five years, the average interest rate in the fourth quarter was lower, year on year, by 1.1 percentage point, at 12.1% p.a., and for consumer loans with a maturity of over five years, it was lower by 1.5% to 10.7% p.a. For consumer loans with a maturity of up to one year, the average interest rate had increased significantly, by 7.3%, to 19.5% p.a.

Chart 69 Households loans for house purchase by maturity – interest rates and volumes



Source: NBS.

Chart 70 Households loans for consumption purchase by maturity – interest rates and volumes



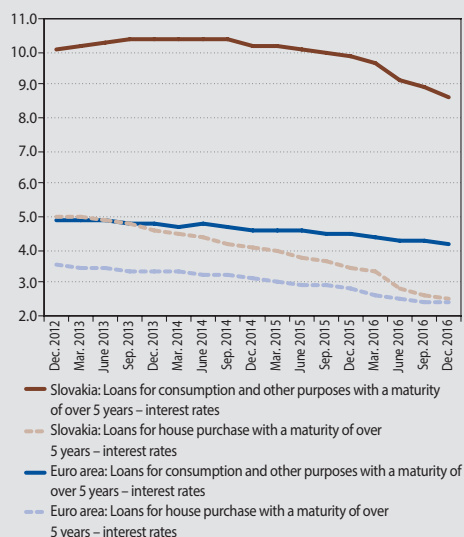
Source: NBS.

The stock of consumer loans with a maturity of up to one year remained negligible, causing volatility in the interest rates on such loans. Consumer loans with a maturity of over one and up to five years had a moderately upward trend in the period under review. Loans with a maturity of over five years account for the largest share of consumer loans.

Since **consumer and other loans with a maturity of over five years** and **housing loans with a maturity of over five years** account for the largest shares in the stock of loans to households in Slovakia, the average interest rates on these loans at the end of 2016 are here compared with the corresponding figures in euro area as a whole. In the euro area, the

average interest rate on consumer and other loans with a maturity of over five years was lower, year on year, by 0.3 percentage point, at 4.2% p.a., and in Slovakia it was down by 1.3 percentage point, at 8.6% p.a. As for housing loans with a maturity of over five years, the average interest rate in the euro area was lower, year on year, by 0.3 percentage point, at 2.4% p.a., and in Slovakia it was down by 1.0 percentage point, at 2.5% p.a.

Chart 71 Interest rates on households loans by maturity in Slovakia and euro area (percentages per annum)



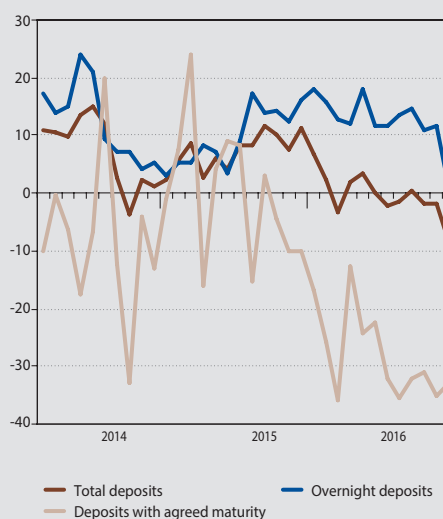
Source: ECB, NBS.

2.10 DEPOSITS RECEIVED FROM NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS

2.10.1 DEPOSITS RECEIVED FROM NON-FINANCIAL CORPORATIONS

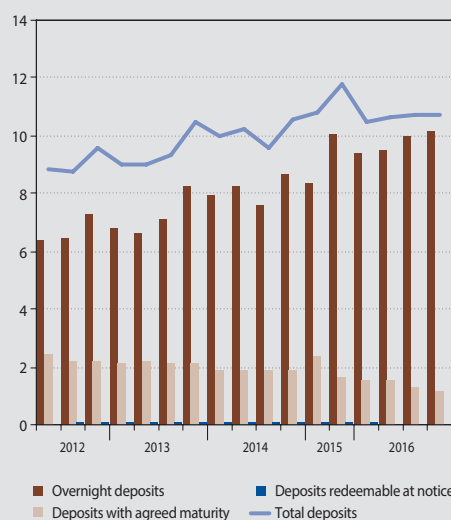
The stock of deposits from NFCs recorded an annual decrease of 8.7% at the end of 2016, due to a significant slowdown in the pace of annual growth in overnight deposits (from 14.6% in September 2016 to 0.7% as at the end of December 2016). The stock of deposits with an agreed maturity ended in 2016 around 33% lower in year-on-year terms.

Chart 72 NFC deposits by type (year-on-year percentage changes)



Source: NBS.

Chart 73 NFC deposits (EUR billions)



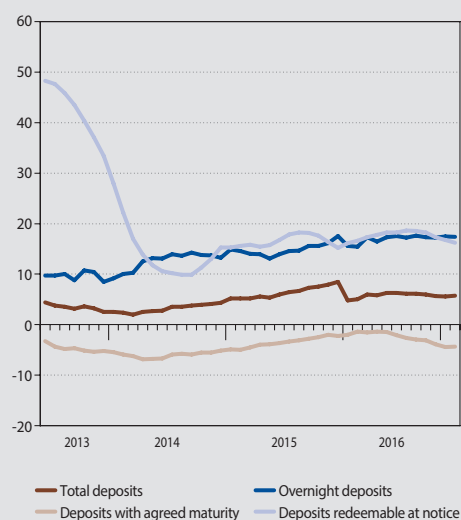
Source: NBS.

2.10.2 DEPOSITS RECEIVED FROM HOUSEHOLDS

The stock of deposits received from households stood 5.8% higher, year on year, at the end of the fourth quarter. The growth was caused by the increase in household deposits payable on demand (by 17.4%) and in deposits redeemable at notice (by 16.2%). Deposits with an agreed maturity were the only category that declined, by 4.4%.

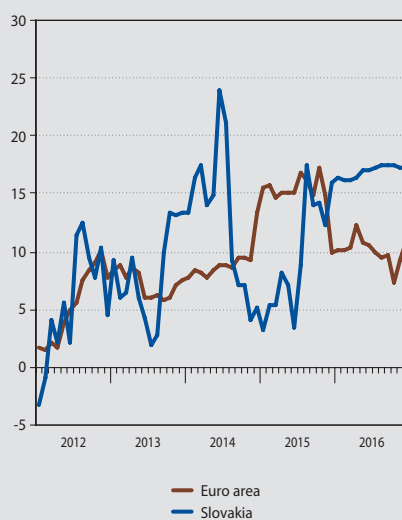


**Chart 74 Households deposits by type
(year-on-year percentages changes)**



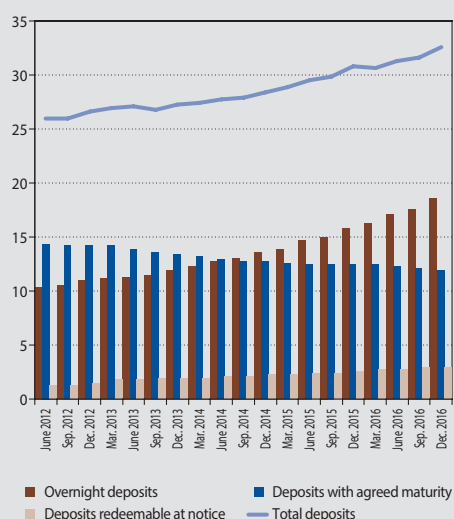
Source: NBS.

**Chart 76 NFC overnight deposits in Slovakia
and the euro area (year-on-year percentage
changes)**



Source: NBS.

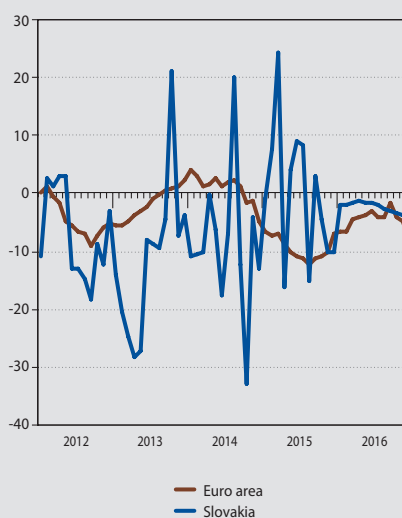
Chart 75 Households deposits (EUR billions)



Source: NBS.

As for NFC deposits with an agreed maturity, their stock at the end of 2016 had fallen notably more, year on year, in Slovakia (by 32.9%) than in the euro area (7.9%).

**Chart 77 NFC deposits with agreed maturity
in Slovakia and the euro area (year-on-year
percentage changes)**



Source: NBS.

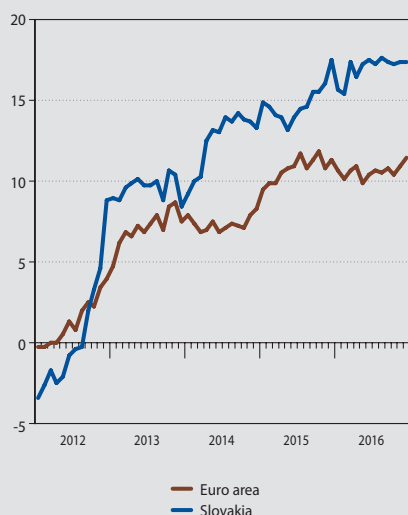
2.10.3 DEPOSITS RECEIVED FROM NON-FINANCIAL CORPORATIONS (EURO AREA COMPARISON)

The stock of NFC deposits in the euro area grew steadily during 2016 and ended the year 10.9% higher year on year. In Slovakia, the corresponding growth rate was only 0.7%.

2.10.4 DEPOSITS RECEIVED FROM HOUSEHOLDS (EURO AREA COMPARISON)

The stock of overnight household deposits grew by 17.4% in Slovakia and by 11.5% in the euro area, year on year, as at the end of 2016. The pace of growth increased slightly throughout the year 2016.

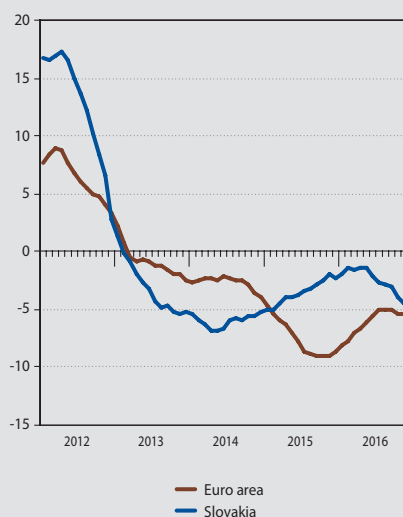
Chart 78 Household overnight deposits in Slovakia and the euro area (year-on-year percentage changes)



Source: NBS.

The stock of household deposits with the agreed maturity decreased by 4.4% in Slovakia and by 5.7% in the euro area, year on year.

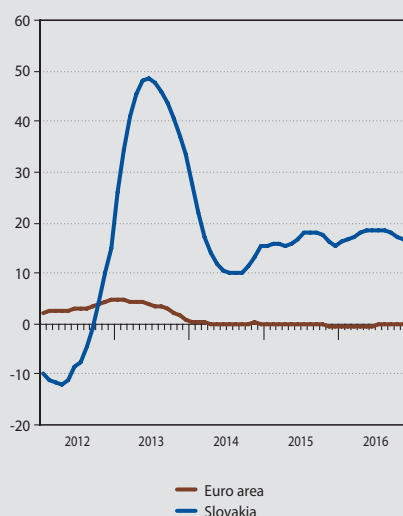
Chart 79 Household deposits with agreed maturity in Slovakia and the euro area (year-on-year percentage changes)



Source: NBS.

The stock of household deposits redeemable at notice in the euro area is approximately constant over time, growing only by 0.1% year-on-year as at the end of 2016. In Slovakia, on the other hand, the stock has a constantly growing trend, by 16.2% at the end of December 2016.

Chart 80 Households deposits redeemable at notice in Slovakia and the euro area (year-on-year percentage changes)



Source: NBS.



2.11 DEPOSITS RECEIVED – INTEREST RATES AND VOLUMES

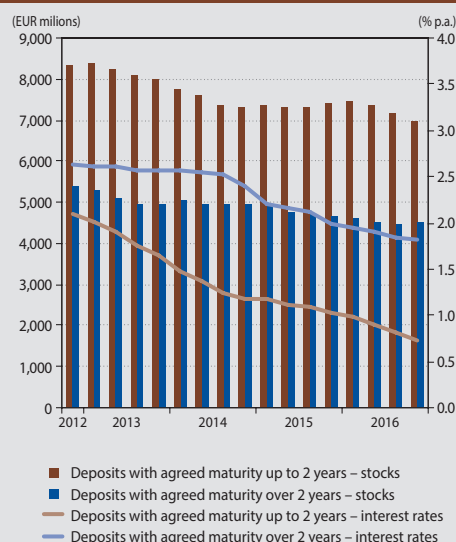
2.11.1 HOUSEHOLDS DEPOSITS – INTEREST RATES AND STOCKS

At the end of 2016 household **deposits with an agreed maturity of up to two years** accounted for 61.0% of the total stock of household deposits with an agreed maturity, which in year-on-year terms represented a drop of 0.2%. The average interest rate on household deposits with an agreed maturity of up to two years was 0.3 percentage point lower in the fourth quarter of 2016 than in the same period a year earlier, at 0.8% p.a. The average rate on **deposits with an agreed maturity of over two years** was also lower, year on year, in the period under review, by 0.2 percentage point, at 1.8% p.a. At the end of 2016 the total stock of household deposits with an agreed maturity had fallen by 4.2% year on year.

2.11.2 NEW HOUSEHOLDS DEPOSITS – INTEREST RATES AND VOLUMES

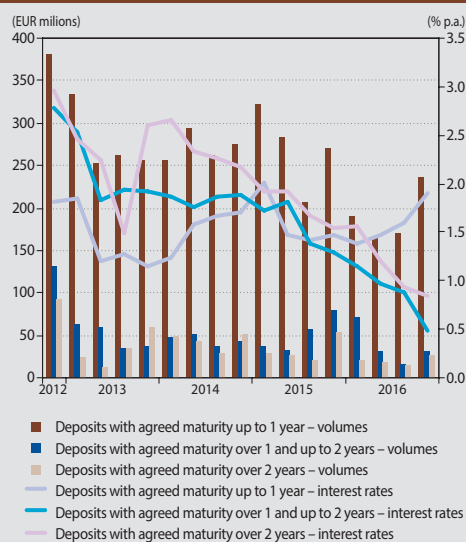
The average interest rate on **new household deposits with an agreed maturity of up to one year** was 0.2 percentage point lower in the fourth quarter of 2016 than a year earlier, at 1.7% p.a., and the share of these deposits in the total amount of deposits with an agreed maturity received during the period under review was up by 10.3% year on year, at 81.4%. The interest rate on new **deposits with an agreed maturity of over one year and up to two years** was 0.7 percentage point lower, year on year, at 0.7% p.a., and their share of the total was down by 8.4%, at 10.0%. The interest rate on new **deposits with an agreed maturity of over two years** was 0.7 percentage point lower, at 0.9% p.a., and their share of the total was down by 1.9%, at 8.6%.

Chart 81 Household deposits with an agreed maturity – interest rates and stock



Source: NBS.

Chart 82 New households with an agreed maturity – interest rates and volumes



Source: NBS.

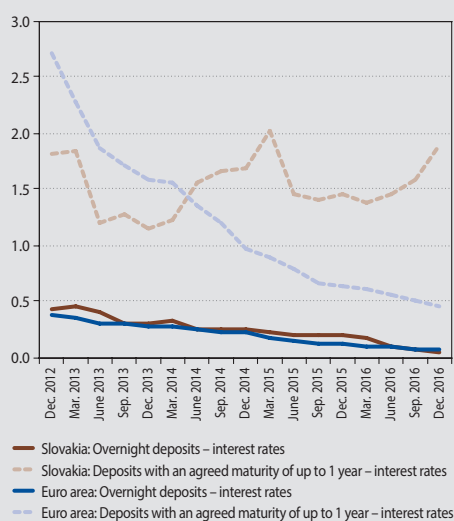


Since **overnight deposits** and **deposits with an agreed maturity of up to one year** account for the largest shares in new household deposits in Slovakia, the average interest rates on these deposits at the end of 2016 are here compared with the corresponding figures in the euro area as a whole. In the euro area, the average interest rate on **overnight deposits** was lower, year on year, by 0.05 percentage point, at 0.08% p.a., and in Slovakia it was down by 0.14 percentage point, at 0.05% p.a. As for **deposits with an agreed maturity of up to one year**, the average interest rate in the euro area was lower, year on year, by 0.2 percentage point, at 0.5% p.a., while in Slovakia it was higher by 0.4 percentage point, at 1.9% p.a.

2.11.3 NFC DEPOSITS – INTEREST RATES AND STOCKS

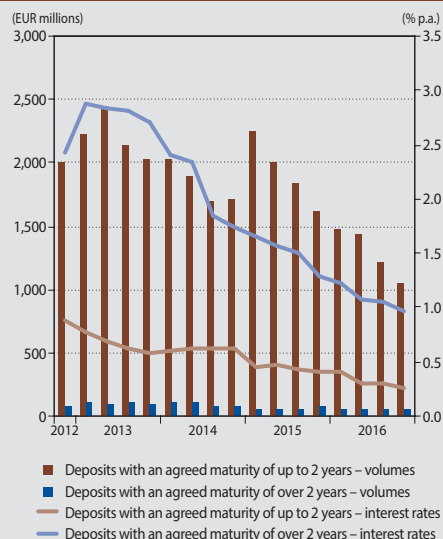
At the end of 2016 **NFC deposits with an agreed maturity of over two years** accounted for 5.1% of the total amount of NFC deposits with an agreed maturity, which in year-on-year terms represented an increase of 1.5%. The average interest rate on NFC deposits with an agreed maturity of over two years was 0.4 percentage point lower in the fourth quarter of 2016 than in the same period a year earlier, at 1.0% p.a. As for **NFC deposits with an agreed maturity of up to two years**, their share of the total amount of NFC deposits with an agreed maturity was 94.9%, down by 1.5 percentage point, while the average interest rate on these deposits was lower by 0.1 percentage point, at 0.3% p.a. At the end of 2016 the total stock of NFC deposits with an agreed maturity had fallen by 35.3% year on year.

Chart 83 Interest rates on new household deposits in Slovakia and the euro area (percentages per annum)



Source: ECB, NBS.

Chart 84 NFC deposits with an agreed maturity – interest rates and stock



Source: NBS.

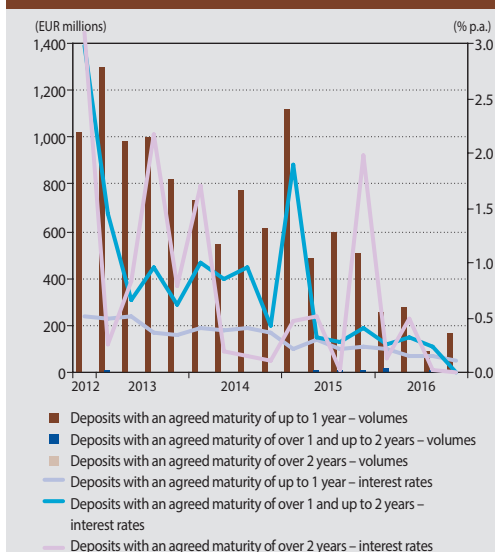


2.11.4 NEW NFC DEPOSITS – INTEREST RATES AND VOLUMES

The average interest rate on **new NFC deposits with an agreed maturity of over two years** was 0.86 percentage point lower in the fourth quarter than a year earlier, at 0.004% p.a., and the share of these deposits in the total amount of NFC deposits with an agreed maturity was a mere 0.9%. The interest rate on **new NFC deposits with an agreed maturity of over one year and up to two years** was 0.3 percentage point lower, year on year, at 0.1% p.a., and their share of the total was also very low, at 3.1%. The interest rate on **new deposits with an agreed maturity of up to one year** was lower, year on year, by 0.1 percentage point, at 0.1% p.a., and their share of the total was by far the largest, at 96.0%.

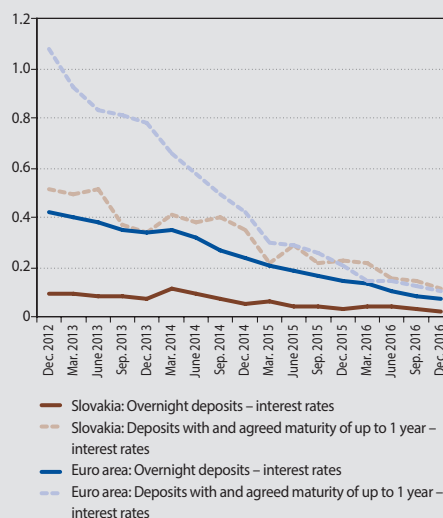
Since **overnight deposits** and **deposits with an agreed maturity of up to one year** account for the largest shares in new NFC deposits in Slovakia, the average interest rates on these deposits at the end of 2016 are here compared with the corresponding figures in the euro area as a whole. In the euro area, the average interest rate on **overnight deposits** was lower, year on year, by 0.07 percentage point, at 0.07% p.a., and in Slovakia it was down by 0.01 percentage point, at 0.02% p.a. As for **deposits with an agreed maturity of up to one year**, the average interest rate in the euro area was lower, year on year, by 0.1 percentage point, at 0.11% p.a., and in Slovakia it was also down by 0.1 percentage point, at 0.11% p.a.

Chart 85 New NFC deposits with an agreed maturity – interest rates and volumes



Source: NBS.

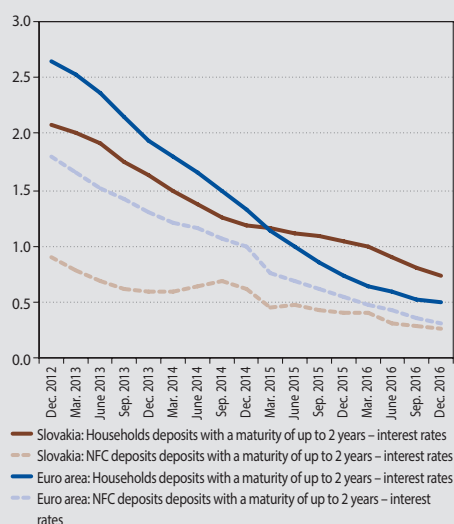
Chart 86 Interest rates on new NFC deposits in Slovakia and the euro area (percentages per annum)



Source: ECB, NBS.



Chart 87 Interest rates on deposits with agreed maturity in SR and euro area (outstanding amounts) (% p.a.)



Source: ECB, NBS.

Since **NFC and household deposits with an agreed maturity of up to two years** account for the largest shares in the total stock of deposits in Slovakia, the average interest rates on these deposits at the end of 2016 are here compared with the corresponding figures in the euro area as a whole. In the euro area, the average interest rate on **NFC deposits with an agreed maturity of up to two years** was lower, year on year, by 0.3 percentage point, at 0.3% p.a., and in Slovakia it was down by 0.1 percentage point, at 0.3% p.a. As for **household deposits with an agreed maturity of up to two years**, the average interest rate in the euro area was lower, year on year, by 0.2 percentage point, at 0.5% p.a., and in Slovakia it was also down by 0.3 percentage point, at 0.7% p.a.



NÁRODNÁ BANKA SLOVENSKA
EUROSYSTEM

CHAPTER 3

COLLECTIVE INVESTMENT



3 COLLECTIVE INVESTMENT

In the financial market of Slovakia, collective investment is represented by six domestic asset management companies and by one foreign asset management company, managing a total of 87 open-end funds as at 31 December 2016.

Domestic asset management companies:

- Asset Management Slovenskej sporiteľne, správ. spol., a.s.
- IAD Investments, správ. spol., a.s.
- Prvá Penzijná správcovská spoločnosť Poštovej banky, správ. spol., a.s.
- Sandberg Capital, správ. spol., a. s.
- Tatra Asset Management, správ. spol., a.s.
- VÚB Asset Management, správ. spol., a.s.

Foreign asset management company:

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

3.1 CURRENT DEVELOPMENTS IN THE DOMESTIC MUTUAL FUNDS MARKET

Money market funds' share in the total assets of mutual funds decreased throughout 2015, and

this trend has continued into 2016. As at 31 December 2016, the share of money market funds had stabilised at of 0.58%.

Mixed funds accounted for the largest share, 36.59%, of the total assets of non-MMF investment funds in Slovakia at 31 December 2016. Bond funds had a share of 30.96% (almost unchanged from the previous quarter), real estate funds 17.73%, other funds (such as hedge funds, alternative investment funds, professional investor funds) 7.09%, and equity funds 7.05%. As in the previous quarter, equity funds had the smallest share.

At the end of 2016 the total assets of equity funds had increased, year on year, by 8.51%, which compared with the rate at the end of 2015 was higher by 9.74 percentage points. The corresponding figures for the other types of investment fund were as follows: for real estate funds, an increase of 12.31% (5.14 percentage points higher); for other funds, a decrease of 50.78%; for bond funds, an increase of 15.71% (18.53 percentage point higher); for mixed funds, an increase of 13.07%; and for money market funds, a decrease of 40.44% year-on-year.

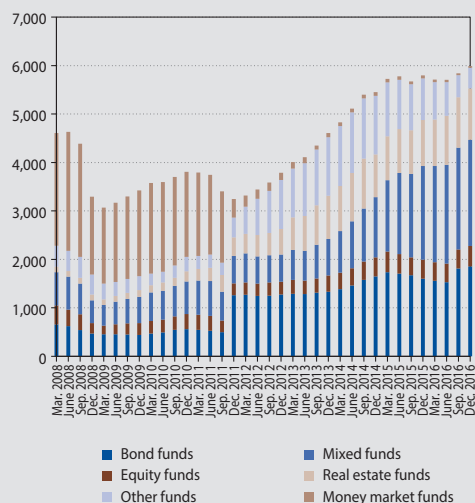
Table 12 Total assets of mutual funds broken down by type of fund (year-on-year percentage changes)

Total assets	XII. 2014	III. 2015	VI. 2015	IX. 2015	XII. 2015	III. 2016	VI. 2016	IX. 2016	XII. 2016
Bond funds	23.74	25.26	16.69	6.21	-2.82	-10.14	-10.53	8.10	15.71
Equity funds	18.02	25.60	14.12	-3.70	-1.23	-10.24	-4.94	8.65	8.51
Mixed funds	65.28	71.22	72.78	57.89	55.89	34.54	22.01	21.56	13.07
Real estate funds	-1.26	-2.54	-8.72	-12.65	7.17	6.21	11.20	15.50	12.31
Other funds	-0.43	-10.15	-19.19	-23.67	-28.49	-30.76	-31.18	-51.75	-50.78
Money market funds	-3.66	-1.00	-1.83	-21.33	-26.29	-26.57	-37.99	-36.27	-40.44

Source: NBS.

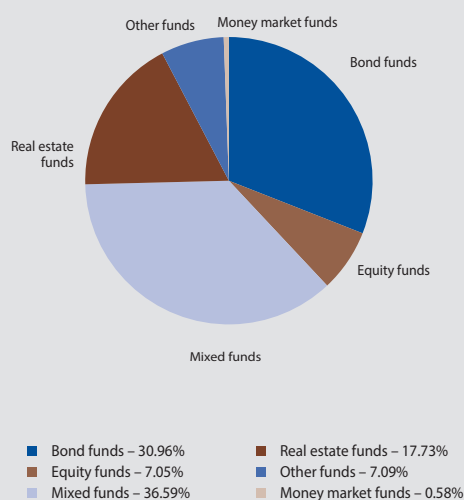


Chart 88 Mutual funds broken down by investment strategy (EUR millions)



Source: NBS.

Chart 89 Total assets of domestic mutual funds as at 31 December 2016 broken down by type of fund



Source: NBS.

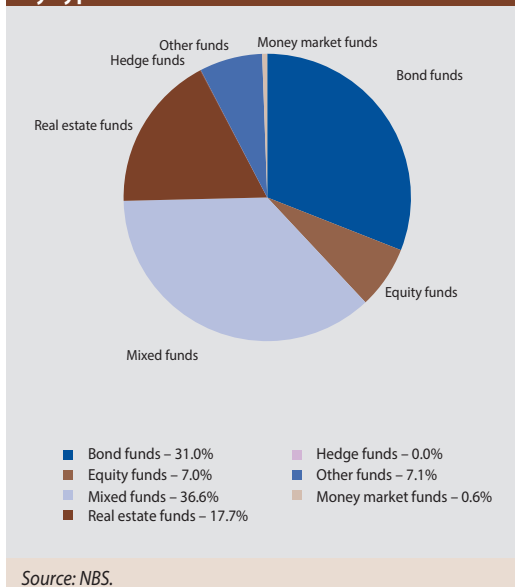
3.2 STRUCTURE OF MUTUAL FUNDS IN SLOVAKIA AND IN THE EURO AREA

For the purposes of monetary and financial statistics compiled by the European Central Bank, mutual funds are divided according to the investment strategy employed into the following categories: money market funds, short-term money market funds and investment funds (bond funds, equity funds, mixed funds, real estate funds, hedge funds and other funds).

In the breakdown of investment funds' total assets at the end of 2016 in terms of the types of funds in which they are held, the situations in Slovakia and the euro area as a whole were notably different. In the euro area, bond funds accounted for the largest share of funds' total assets (27.23%), while in Slovakia they had the second largest share (30.97%). Mixed funds constituted the largest share in Slovakia (36.60%), but the third largest share in the euro area (23.96%). As for real estate funds, whose assets comprise equity participations in real estate firms, their share was far lower in the euro area (5.19%) than in Slovakia (17.72%), where they ranked third. Other funds had the fourth largest share in Slovakia (7.08%) and the fifth largest in the euro area (8.06%). Equity funds were the second-placed category in the euro area (with a share of 24.04%) while in Slovakia their share was only 7.05%. Money market funds accounted for the lowest share of funds' total assets in Slovakia (0.57%), while in the euro area they have the fourth highest share (9.53%).

In the euro area, hedge funds accounted for 2.00% of funds' total assets at the end of 2016. Offering high returns with a significant loss risk, these funds are intended to achieve an absolute return not dependent on developments in the economy and capital markets. No such funds have yet been registered in Slovakia.

Chart 90 Total assets of domestic mutual funds as at 31 December 2016 broken down by type of fund



3.3 ASSET STRUCTURE OF DOMESTIC INVESTMENT FUNDS

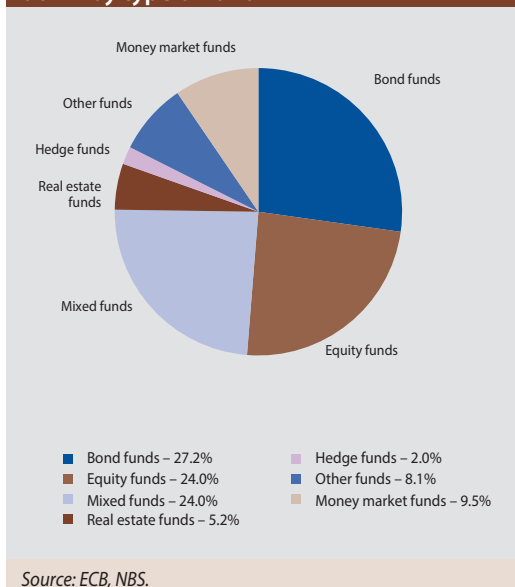
3.3.1 BOND FUNDS

Of investment funds' aggregate assets at the end of 2016, 44.43% were debt securities 32.93% were assets held with banks in deposit accounts or current accounts, 22.49% were investment fund shares/units, and the rest (remaining unchanged at 0.15%) comprised financial derivatives and other assets.

Of investment funds' aggregate holdings of debt securities at the end of 2016, 41.37% were domestic securities (their share was 2.48 percentage point lower quarter-on-quarter), 34.15% were debt securities issued by non-euro area countries, and 24.49% were debt securities issued by other euro area member states.

Of bond funds' aggregate assets at the end of 2016, 47.30% were debt securities issued by banks, 40.90% were government bonds, and 11.80% were debt securities issued by non-financial corporations or other financial institutions.

Chart 91 Total assets of mutual funds in euro area as at 31 December 2016 broken down by type of fund

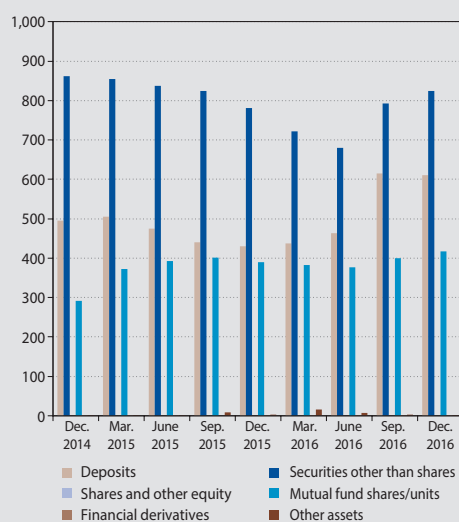




Of bond funds' aggregate assets at the end of 2016, 26.14% had a maturity of up to one year, 16.94% a maturity of over one year and up to

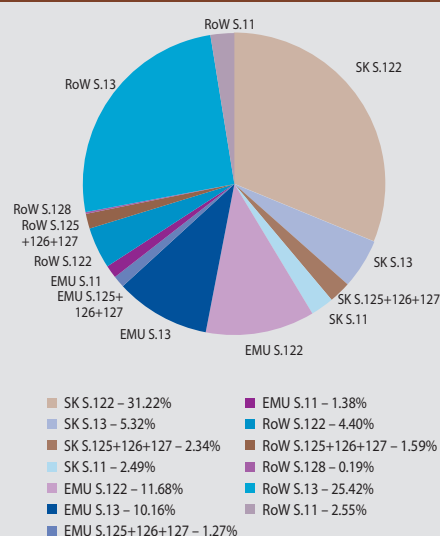
two years, and 56.92% a maturity of over two years.

Chart 92 Bond funds: evolution of assets (EUR millions)



Source: NBS.

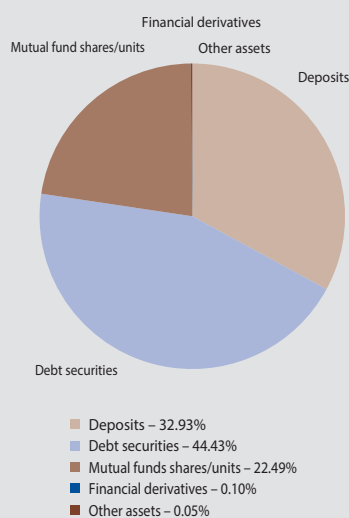
Chart 94 Geographical and sectoral breakdown of debt securities in the portfolio of bond funds as at 31 December 2016



Source: NBS.

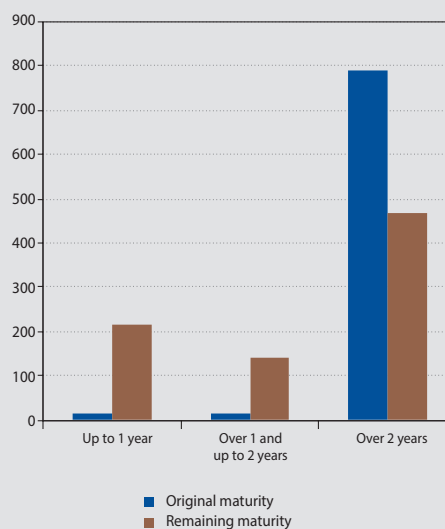
Note: SK = domestic issuers; EMU = issuers from other euro area member states; RoW = issuers from the rest of the world.

Chart 93 Bond funds: structure of assets as at 31 December 2016



Source: NBS.

Chart 95 Maturity breakdown of debt securities in the portfolio of bond funds as at 31 December 2016 (EUR millions)



Source: NBS.

3.3.2 EQUITY FUNDS

Of equity funds' aggregate assets at the end of 2016, 35.1% were investment fund shares/units (their share was 1.7 percentage point higher quarter on quarter), 34.9% were bank deposits, 20.8% were shares and other equity (0.3 percentage point higher), 8.9% were debt securities, and 0.3% were financial derivatives and other assets.

Looking at the geographical breakdown of investment funds' aggregate holdings of investment fund shares/units, no significant changes occurred in the fourth quarter of 2016. Of their total at the end of the year, 24.25% were shares/units of domestic investment funds, 65.85% were share/units of investment funds based in other euro area countries, and 9.9% were shares/units of investment funds from the rest of the world.

The share of non-MMF investment fund share/units in investment funds' aggregate holdings of investment fund shares/units was 97.33% at the end of 2016, largely unchanged from the end of the third quarter.

Of investment funds' aggregate holdings of equity securities at the end of 2016, 60.1% of the securities were issued by NFCs resident in non-euro area countries, 11.7% were issued by NFCs resident in euro area countries, and 12.9% were issued by credit institutions resident in non-euro area countries.

Chart 97 Equity funds: structure of assets as at 31 December 2016

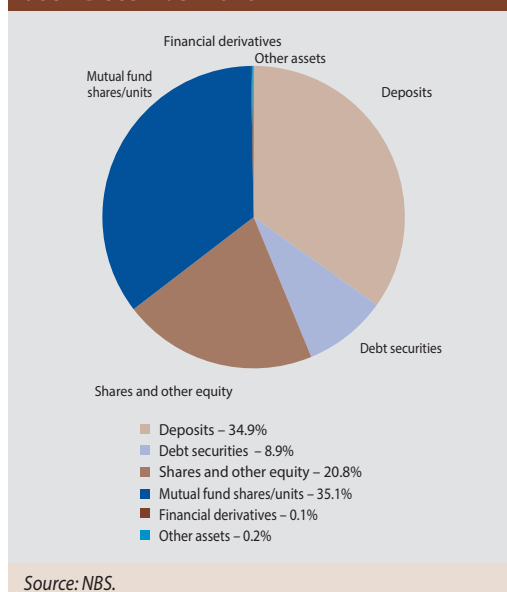


Chart 96 Equity funds: evolution of assets (EUR millions)

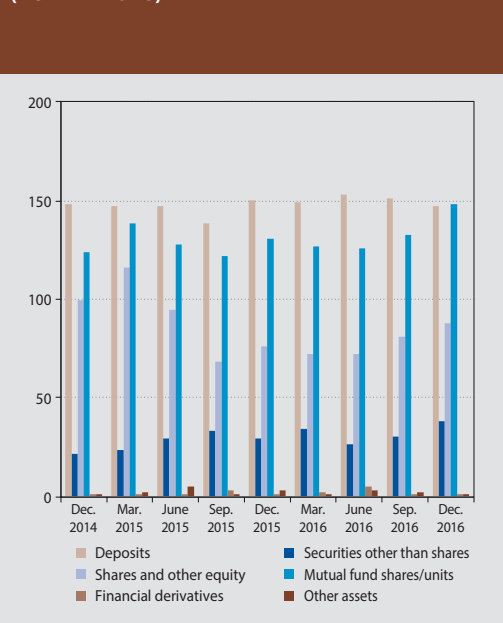


Chart 98 Geographical and sectoral breakdown of mutual funds shares/units in the portfolio of equity funds as at 31 December 2016

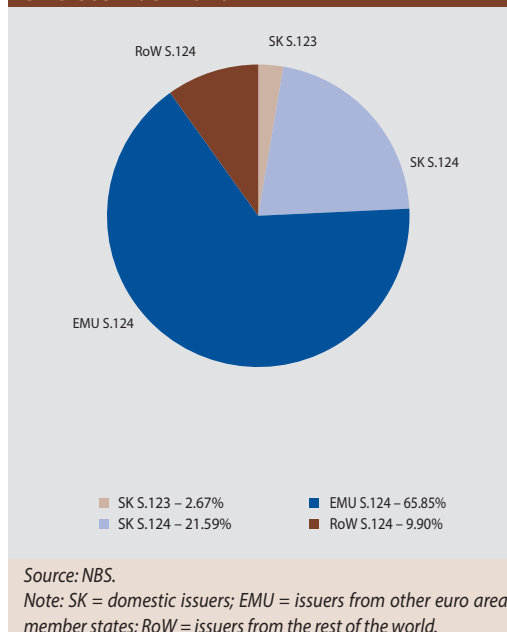
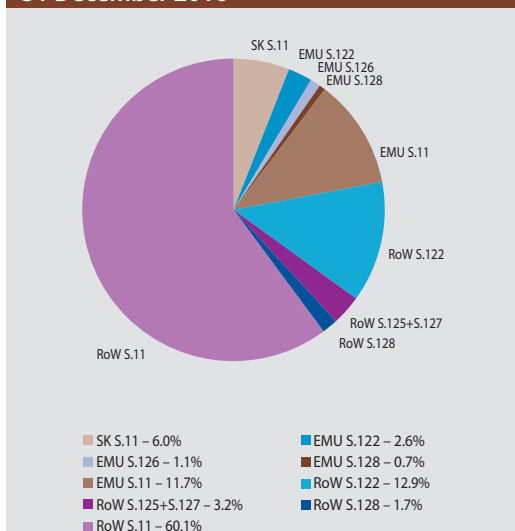


Chart 99 Geographical and sectoral breakdown of shares and other equity in the portfolio of equity funds as at 31 December 2016



Source: NBS.

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

area countries, 23.52% were shares/units of domestic investment funds, and 7.67% were shares/units of investment funds from the rest of the world.

Of mixed funds' aggregate holdings of securities at the end of 2016, 62.74% were debt securities issued in Slovakia, 25.64% were issued by issuers from other euro area countries, and 11.62% were issued by corporations from the rest of the world.

In the sectoral breakdown of mixed funds' aggregate assets at the end of 2016, the general government sector (S.13) had the largest share of 27.62%.

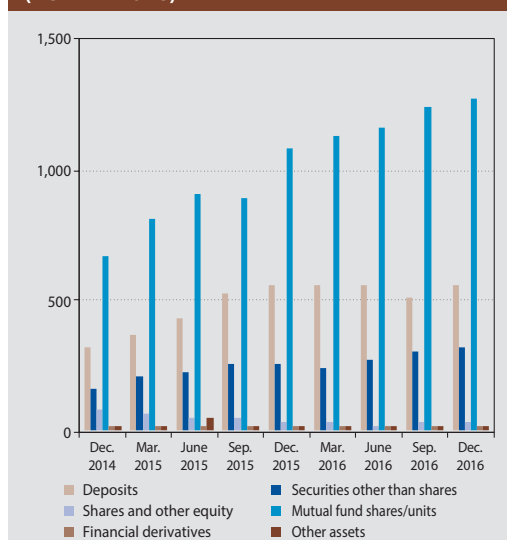
Of mixed funds' aggregate assets at the end of 2016, 13.53% had a maturity of up to one year, 29.26% a maturity of over one year and up to two years, and 57.21% a maturity of over two years.

3.3.3 MIXED FUNDS

Of mixed funds' aggregate assets at the end of 2016, 58.3% were investment fund shares/units (their share, which has long been the largest, was 0.7 percentage point lower compared with the end of the third quarter), 25.4% were bank deposits, 14.7% were debt securities, 1.4% were equity securities, and 0.2% were financial derivatives and other assets (down by 0.2 percentage point from the end of the third quarter).

Looking at the geographical breakdown of mixed funds' aggregate holdings of investment fund shares/units, no significant changes occurred in the fourth quarter of 2016. Of their total at the end of the year, 68.81% were share/units of investment funds based in other euro

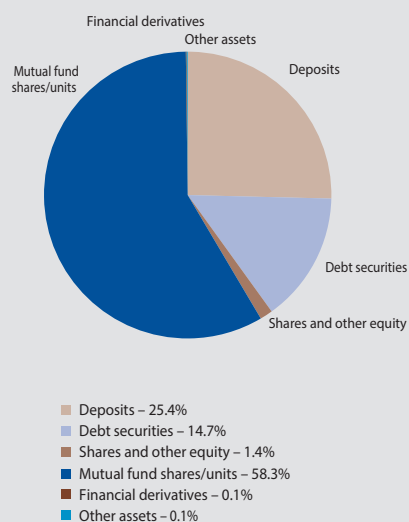
Chart 100 Mixed funds: evolution of assets (EUR millions)



Source: NBS.

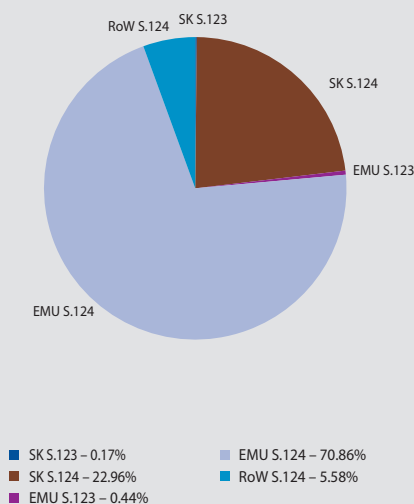


Chart 101 Mixed funds: structure of assets as at 31 December 2016



Source: NBS.

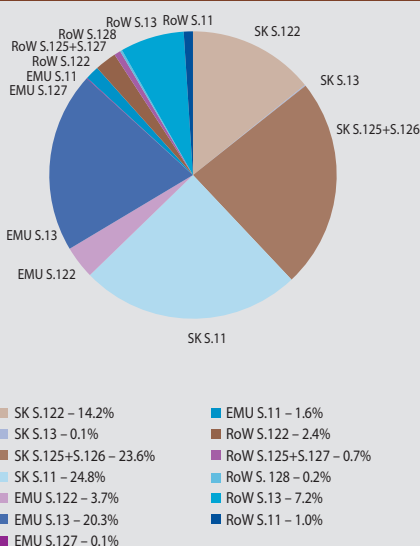
Chart 103 Geographical and sectoral breakdown of mutual funds shares/units in the portfolio of mixed funds as at 31 December 2016



Source: NBS.

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

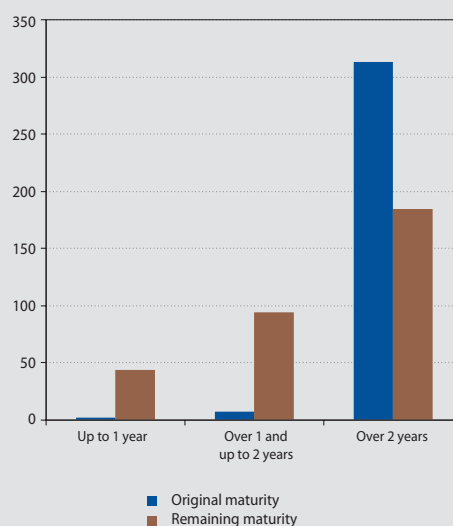
Chart 102 Geographical and sectoral breakdown of debt securities in the portfolio of mixed funds as at 31 December 2016



Source: NBS.

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

Chart 104 Maturity breakdown of debt securities in the portfolio of bond funds as at 31 December 2016 (EUR millions)



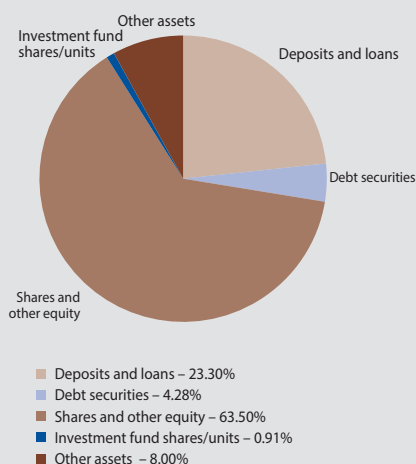
Source: NBS.

3.3.4 REAL ESTATE FUNDS

Of real estate funds' aggregate assets at the end of 2016, 63.50% were equity participations in real estate corporations (up from 62.46% at the end of the third quarter), 23.30% were bank deposits or loans to real estate corporations, 4.28% were debt securities, 0.91% were investment fund shares/units and 8% were financial derivatives and other assets.

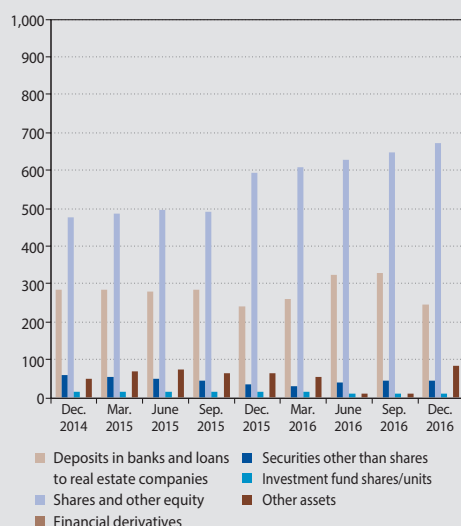
As regards the geographical and sectoral breakdown of real estate funds' equity participations, 77.07% of them were participations in domestic non-financial corporations (S.11), 5.31% were participations in NFCs resident in other euro area countries (0.26 percentage point lower than the share at the end of the third quarter), and 17.62% were participations in NFCs resident in non-euro area countries (down from 18.17% at the end of the third quarter).

Chart 106 Real estate funds: structure of assets as at 30 September 2016



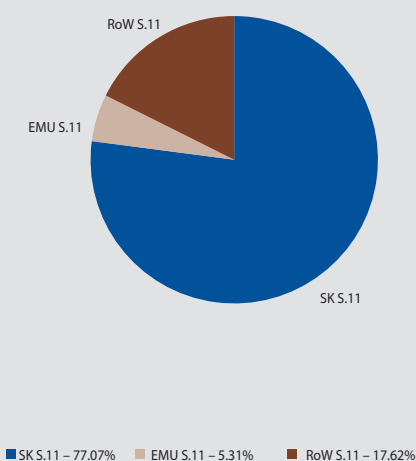
Source: NBS.

Chart 105 Real estate funds: evolution of assets (EUR millions)



Source: NBS.

Chart 107 Geographical and sectoral breakdown of shares and other equity in portfolio of real estate funds as at 31 December 2016



Source: NBS.

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

3.3.5 OTHER FUNDS

Other investment funds are defined as investment funds that do not actually belong to any of the categories mentioned above (in terms of their investment strategy). They comprise guaranteed funds, alternative investment funds (e.g. commodity funds), securities funds, professional investor funds, and other specialised funds. The main asset items of other funds managed by domestic asset management companies are bank deposits, debt securities, and mutual fund shares/units.

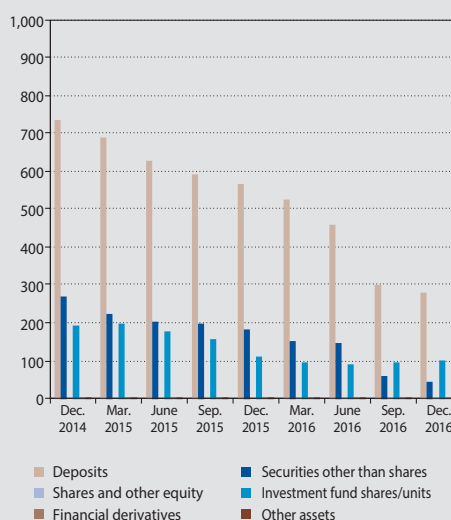
Of other funds' aggregate assets at the end of 2016, 65.34% were bank deposits, 11.02% were debt securities (2.38 percentage points lower than the share at the end of the third quarter), and 23.32% were investment fund shares/units (2.61 percentage points higher).

As regards the geographical breakdown of other funds' holdings of debt securities, 39.08% were debt securities issued by domestic institutions (down from 44.70% at the end of the third quarter), 32.48% were securities issued by issuers in non-euro area countries (2.72 percentage points lower) and 28.44% were securities issued by issuers in other euro area countries (8.34 percentage points higher).

Looking at the sectoral breakdown of other funds' aggregate holdings of debt securities at the end of 2016, securities issued by banks (S.122) accounted for the largest share, 42.16%, and government bonds (S.13) for the second largest share, 19.25%.

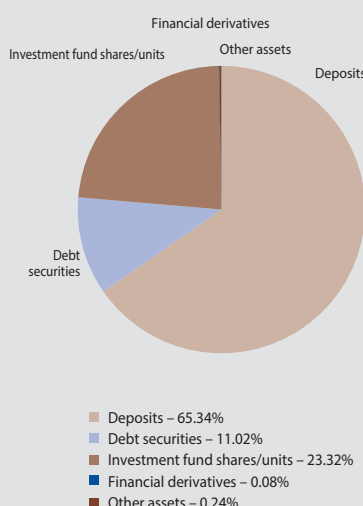
Of other funds' aggregate assets at the end of 2016, 34.24% had a maturity of up to one year, 11.94% a maturity of over one year and up to two years, and 53.81% a maturity of over two years.

Chart 108 Other funds: evolution of assets (EUR millions)



Source: NBS.

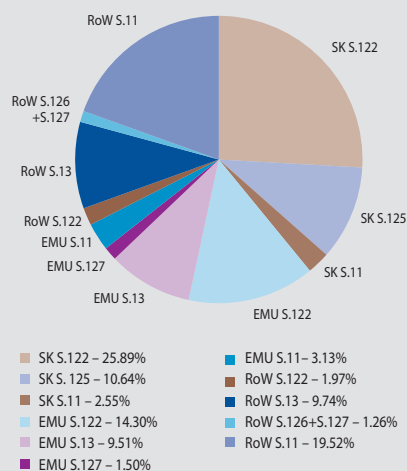
Chart 109 Other funds: structure of assets as at 31 December 2016



Source: NBS.



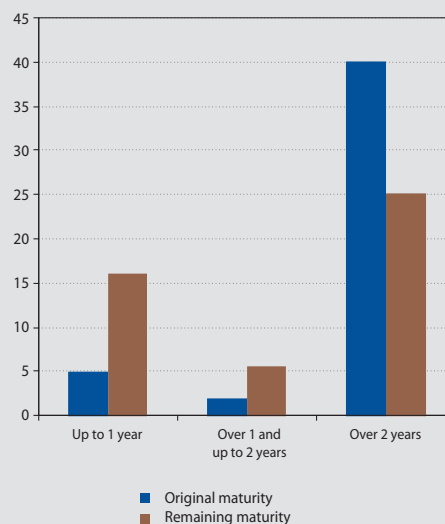
Chart 110 Geographical and sectoral breakdown of debt securities in the portfolio of other funds as at 31 December 2016



Source: NBS.

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

Chart 111 Maturity breakdown of debt securities in the portfolio of other funds as at 31 December 2016 (EUR millions)



Source: NBS.



NÁRODNÁ BANKA SLOVENSKA
EUROSYSTEM

CHAPTER 4

LEASING COMPANIES, FACTORING COMPANIES, AND CONSUMER CREDIT COMPANIES

4 LEASING COMPANIES, FACTORING COMPANIES, AND CONSUMER CREDIT COMPANIES

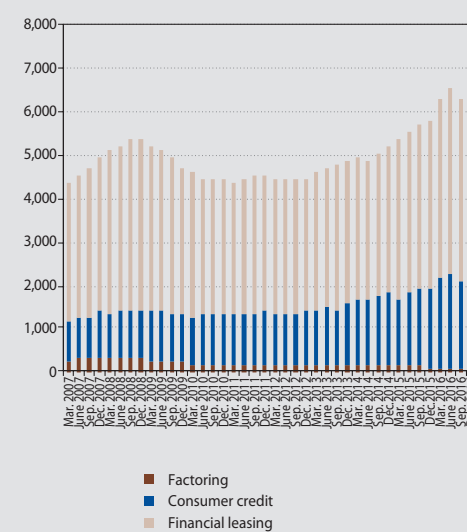
According to the sectoral classification of economic entities, the companies under analysis are included in the S.125 sector – *other financial intermediaries*¹, as a subcategory referred to as *financial corporations engaged in lending*.

For the statistics on factoring, leasing and consumer credit, a new sample of reporting agents to Národná banka Slovenska was established in 2016. Some of the companies were included in the previous sample, while others are subject to a reporting obligation for the first time. Because the sample was broadened in 2016, some of the figures related to it are significantly different from those for 2015.

The fourth quarter 2016 was favorable in terms of asset development for leasing companies. Consumer credit companies also experienced in this quarter year on year growth. The factoring companies persist this quarter decline in assets.

The total value of assets for leasing companies to 31.12.2016 are increased by 11.35% over the same period the previous year. Compared to the previous quarter is an increase 1.60 percentage points. In the fourth quarter of 2016 the value

Chart 112 Evolution of total assets by type of business (EUR millions)



Source: NBS.

of total assets of consumer credit increased by 4.89% compared to the value of the end of December 2015.

Total assets of factoring companies are continuously showing a downward trend. To 31.12.2016,

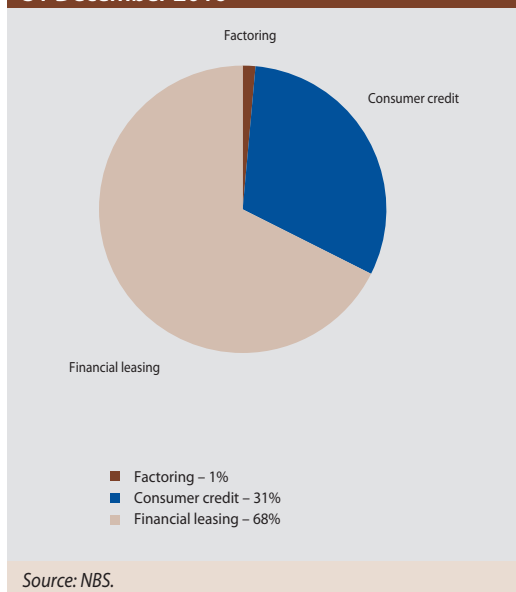
Table 13 Total assets of financial corporations engaged in lending (year-on-year percentage changes)

Total assets	XII. 2014	III. 2015	VI. 2015	IX. 2015	XII. 2015	III. 2016	IV. 2016	IX. 2016	XII. 2016
Financial leasing	2.80	10.47	18.32	14.45	13.17	13.47	15.67	9.66	11.35
Factoring	18.18	-10.02	-3.43	-8.11	-33.65	-19.09	-32.66	-38.65	-25.40
Consumer credit	15.20	3.75	8.67	10.39	13.34	31.36	25.54	14.65	4.89

Source: NBS.

¹ The European System of National Accounts (ESA 2010) 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 113 Total assets of financial corporations engaged in lending broken down by type of company as at 31 December 2016



households, the dominant sector among domestic clients is S.14 sector – households, with a share of 91.85% as at 31.12.2016. Followed by non-financial corporations (S.11) with a share of 8.15%.

As at the end of the last quarter of 2016, the share of domestic clients of factoring companies was 74.01%. Followed by clients from the rest of the world, especially from European Union Member States, whose share was at the end of December 2016 at 20.16%. The remaining proportion accounted for clients from other euro area member states with a share of 5.84%. Among the clients of factoring companies, the majority is long dominated by non-financial corporations as indicated by the scope of their activities. Their share had at 31.12.2016 value of 99.63%.

In financing through financial leasing are domestic clients represented by 100%. The most important sectors are non-financial corporations (85,91%), followed by the household sector (12.12%) and other sectors (1.97%).

the value of the assets of factoring companies over the same period of the previous year decreased by 25.40%.

Among companies engaged in non-bank lending, the dominant position has historically been maintained by leasing companies. As in the previous quarter, leasing companies had a market share of 68% as at end-December 2016, followed by consumer credit companies (31%) and factoring companies (1%).

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

The share of domestic clients of consumer credit companies had to 31.12.2016 the value of 53,36%. The share of clients from the rest of the world 41.75% and from other euro area member states a value of 4.89%. Since the purchase of consumer goods in installments in Slovakia is an important long-term form of financing of

Chart 114 Geographical and sectoral breakdown of lending by financial leasing companies as at 31 December 2016

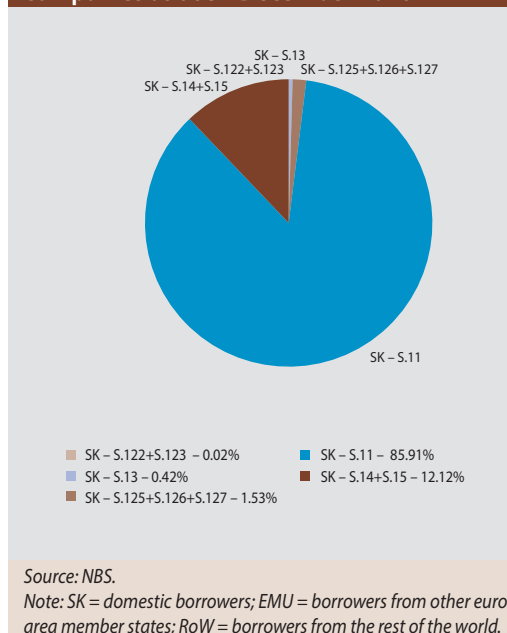
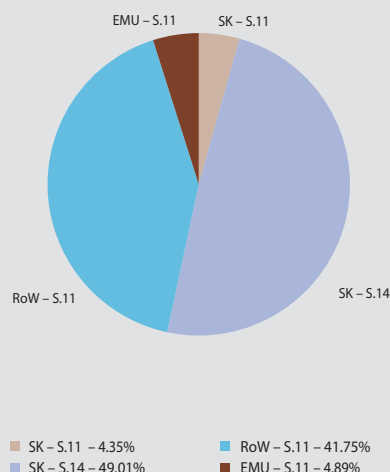




Chart 115 Geographical and sectoral breakdown of lending by consumer credit companies as at 31 December 2016



Source: NBS.

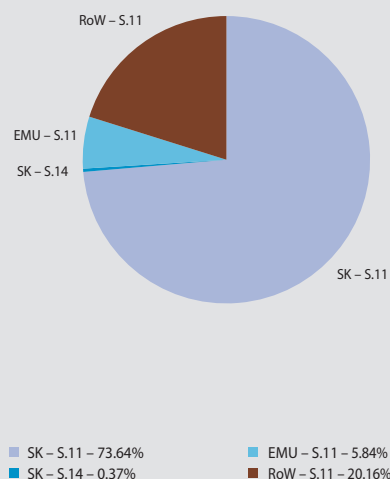
Note: SK = domestic borrowers; EMU = borrowers from other euro area member states.

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

The main source of financing was foreign (borrowed) capital representing 83.26% of the total financial resources. Foreign capital was obtained mostly in the form of bank loans, which accounted for 69.5% as at 31 December 2016. The rest was obtained in the form of proceeds from issues of debt securities (16.74%) and credits or loans borrowed from companies belonging to the same group or clients (13.76%).

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

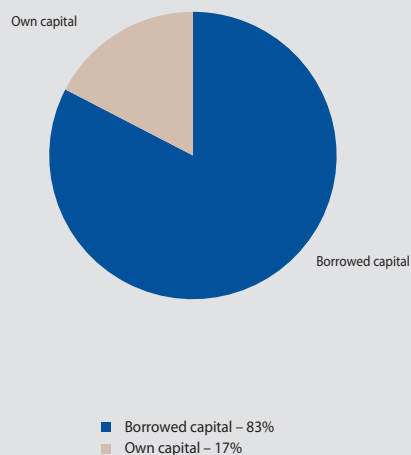
Chart 116 Geographical and sectoral breakdown of lending by factoring companies as at 31 December 2016



Source: NBS.

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

Chart 117 Breakdown of source capital as at 31 December 2016



Source: NBS.



NÁRODNÁ BANKA SLOVENSKA
EUROSYSTEM

CHAPTER 5

SECURITIES

5 SECURITIES

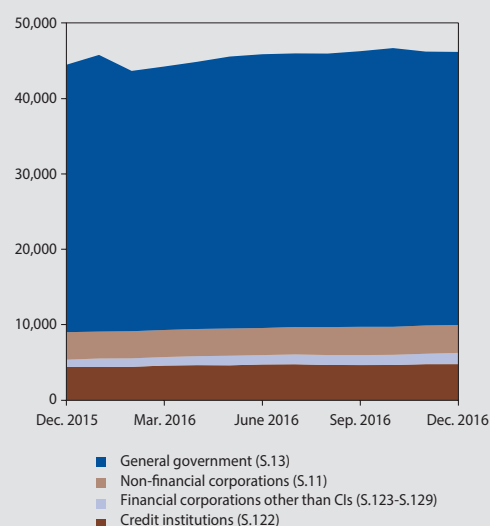
5.1 DEBT SECURITIES

Looking at the outstanding amount of debt securities issued in Slovakia as at the end of December 2016, government bonds amounted to €36.190 billion, far ahead of bonds issued by NFCs (€5.187 billion) and debt securities issued by banks (€4.785 billion – mostly in the form of mortgage bonds).

The net issuance of debt securities fell by €192.3 million in the fourth quarter of 2016 from their level at the end of the third quarter, i.e. the amount of newly issued securities was less than the amount redeemed. The net issuance of debt securities issued by general government slumped by €430.6 million, while the net issuance of those issued by non-financial institutions and banks increased by, respectively, €115.9 million and €122.5 million.

The outstanding amount of domestic debt securities fell by 0.22% during the fourth quarter of 2016 after increasing by 0.89% in the previous quarter. The slight drop reflected a decline of 0.95% in the outstanding amount of debt securities issued by general government.

Chart 118 Debt securities by sector (outstanding amounts, EUR millions)



Source: NBS.

In month-on-month terms, the outstanding amount of domestic debt securities increased in October 2016, by 0.88%, and declined in both November (by 0.99%) and December (by 0.1%).

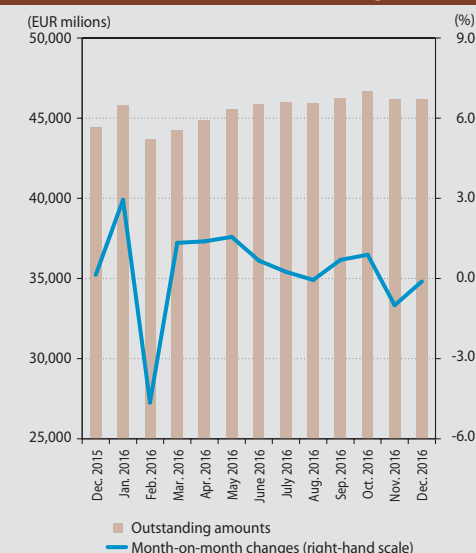
Table 14 Debt securities (EUR thousand)

Month	Outstanding amounts				Net issues			
	Total	Monetary financial institutions	Non-monetary financial institutions	General government	Total	Monetary financial institutions	Non-monetary financial institutions	General government
2015 / 12	44,462,235	4,412,510	4,605,536	35,444,188	222,736	270,503	312,423	-360,189
2016 / 03	44,233,617	4,592,417	4,714,078	34,927,122	-125,835	178,728	156,285	-460,848
2016 / 06	45,856,286	4,740,326	4,829,273	36,286,686	1,514,412	334,196	11,138	1,169,078
2016 / 09	46,262,661	4,658,014	5,069,237	36,535,411	397,779	-83,160	238,123	242,816
2016 / 12	46,161,787	4,784,963	5,187,027	36,189,797	-192,265	122,490	115,853	-430,608

Source: NBS.



Chart 119 Debt securities (outstanding amounts, month-on-month changes)

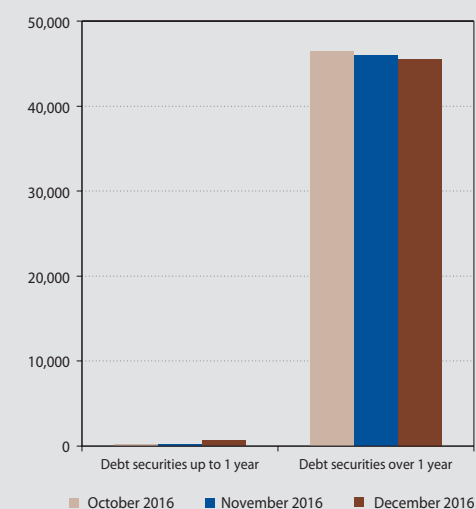


Source: NBS.

The net issuance of short-term debt securities increased by €386.1 million in the fourth quarter of 2016. This figure included an increase of €400 in the net issuance of short-term government securities, a drop of €14.9 million in securities issued by banks, an increase of €15 million in securities issued by other financial intermediaries, and a drop of €14 million in securities issued by NFCs.

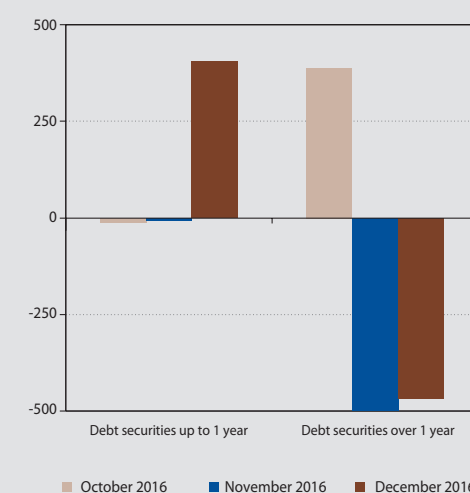
The net issuance of long-term debt securities fell by €578.3 million in the fourth quarter of 2016. This figure included decreases of €830.6 million in long-term government bonds and €30.2 million in NFC bonds, as well as increases of €137.4 million in bank bonds, €79.6 million in bonds of captive financial institutions, €60.4 million in bonds of other financial intermediaries, and €5 million in bonds of financial auxiliaries.

Chart 120 Debt securities (outstanding amounts, EUR millions, Q4 2014)



Source: NBS.

Chart 121 Debt securities (net issues, EUR millions, Q4 2016)



Source: NBS.

A total 39 new issues were placed on the domestic securities market in 2016, including 19 issued by NFCs, ten issued by banks, five issued by other financial intermediaries, two issued by the government, two issued by captive financial institutions, and one issued by a financial auxiliary.

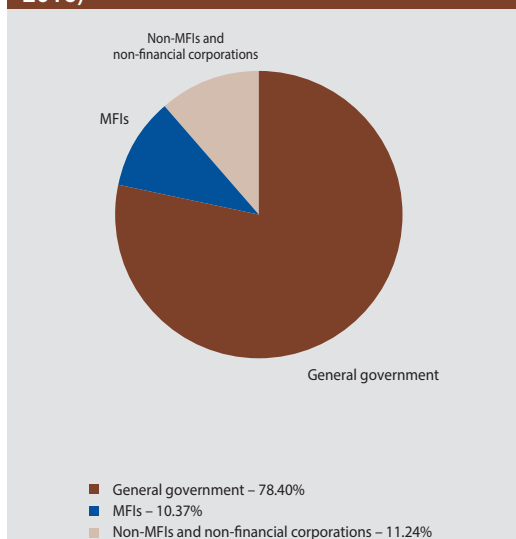
As regards the sectoral breakdown of the outstanding amount of domestic securities, general government accounted for 78.4% of the total, while MFIs and non-MFIs including NFCs had a share of around 11%. In the breakdown by coupon type, fixed coupon securities accounted for 93.12% of the total, variable coupon securities



for 4.13% and zero-coupon securities for 2.75%. Around 93.5% of the outstanding amount was denominated in euro, and 6.5% in foreign currencies. As for the maturities of the securities,

those with an original maturity of up to one year had a small share of 1.42%, and those with a residual maturity of up to one year constituted around 11% of the outstanding amount.

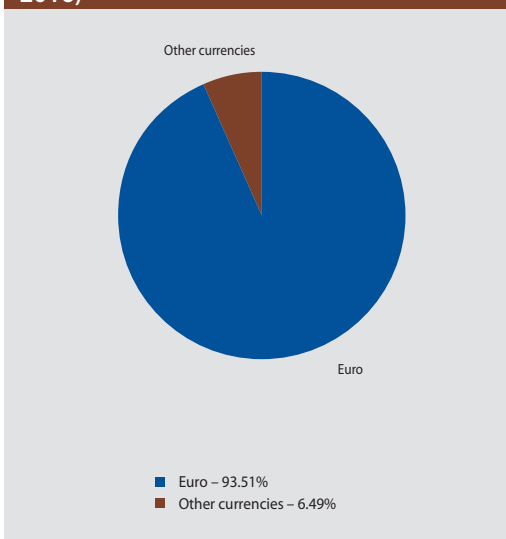
Chart 122 Debt securities by sector
(outstanding amounts as at 31 December 2016)



Source: NBS.

Note: The individual items are classified according to the outstanding amounts of issues as at 31 December 2016.

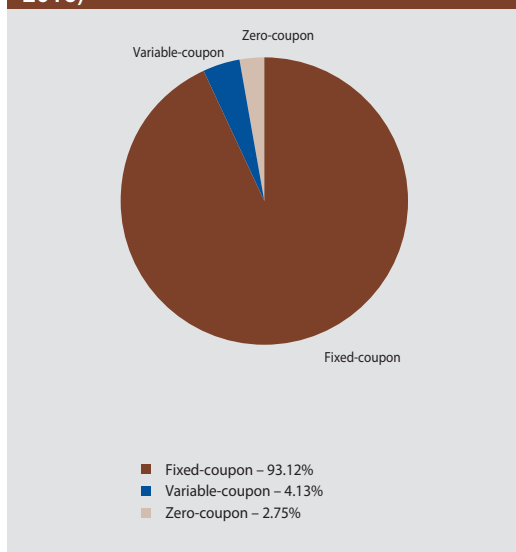
Chart 124 Debt securities by currency
(outstanding amounts as at 31 December 2016)



Source: NBS.

Note: The individual items are classified according to the outstanding amounts of issues as at 31 December 2016.

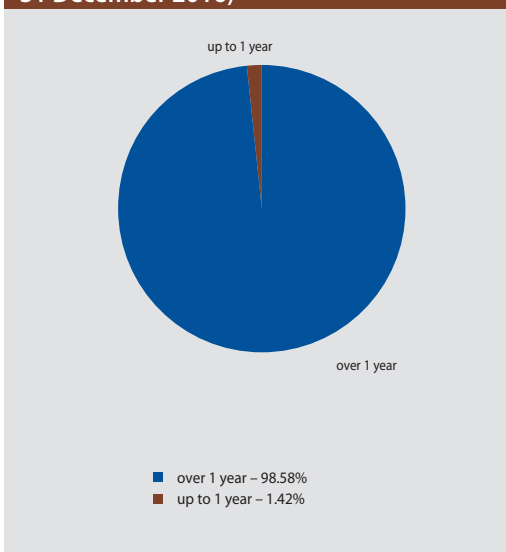
Chart 123 Debt securities by coupon type
(outstanding amounts as at 31 December 2016)



Source: NBS.

Note: The individual items are classified according to the outstanding amounts of issues as at 31 December 2016.

Chart 125 Debt securities by original maturity
(outstanding amounts as at 31 December 2016)



Source: NBS.

Note: The individual items are classified according to the outstanding amounts of issues as at 31 December 2016.

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

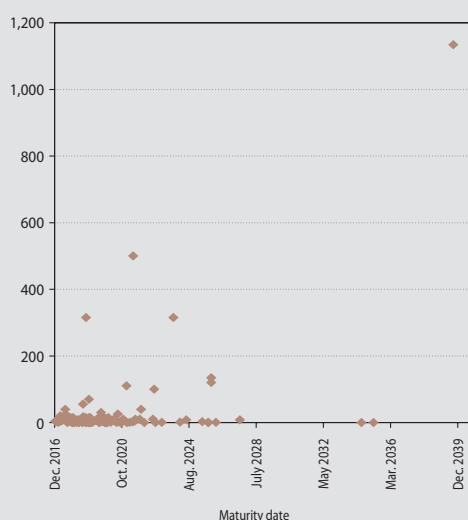
The most numerous debt securities placed on the domestic market by non-financial corporations are those with an outstanding amount of up to €10 million and maturity in 2021. The largest outstanding issue amount is more than €1.1 billion and the longest maturity period exceeds 22 years.

The largest concentration of outstanding amounts of debt securities issued by banks is up to €50 million and with maturity period until 2022. The largest outstanding amount fluctuates around €100 million and the longest maturity period is until 2037.

The number of debt securities issued by the government sector is lower than the number of securities issued by the two sectors, but the outstanding amount is much higher in the former case. The issue with the highest outstanding amount is worth €3.0 billion. The most recent issue will mature in 2034.

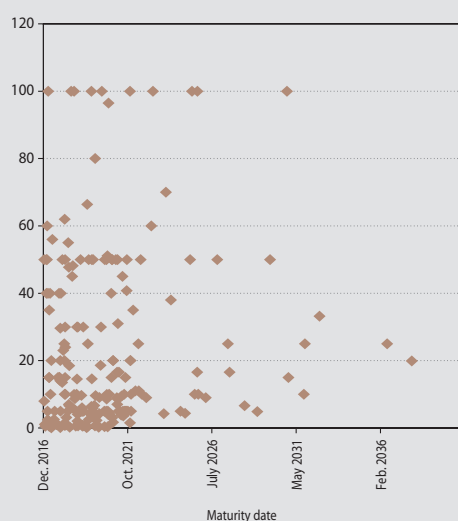
The maturity profile illustrates the course of government debt repayment based on the assumption that no new government bonds will be issued and all the existing issues will be repaid in due time.

Chart 126 Debt securities: outstanding amounts of domestic issues in S.11 sector (EUR millions)



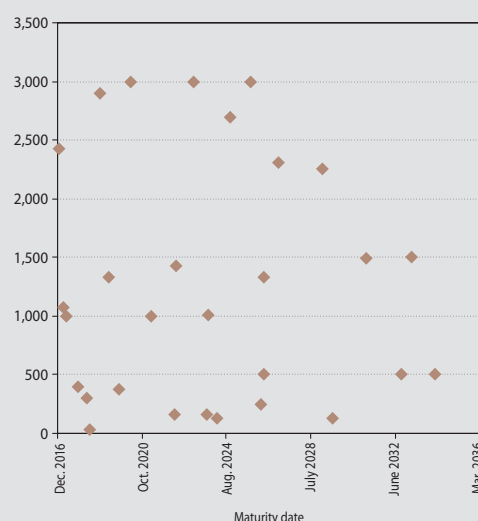
Source: NBS.

Chart 127 Debt securities: outstanding amounts of issues in S.122 Sector (EUR millions)



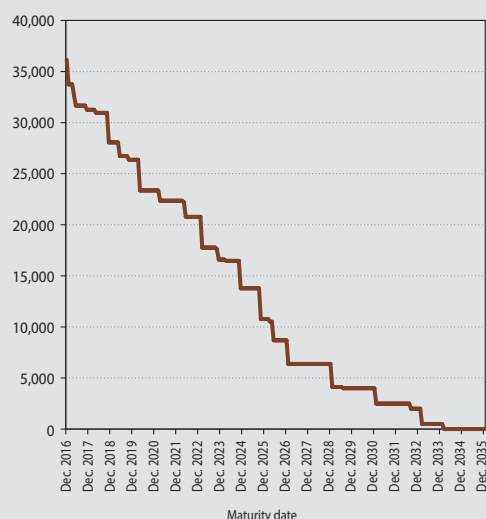
Source: NBS.

Chart 128 Debt securities: outstanding amounts of issues in S.13 Sector (EUR millions)



Source: NBS.

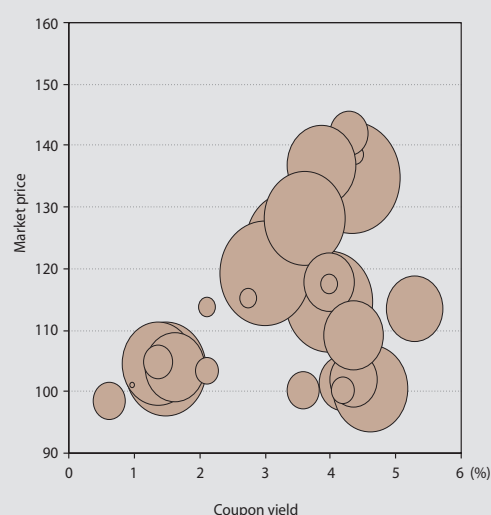
Chart 129 Government bonds: maturity profile (EUR millions)



Source: NBS.

The following chart illustrates the outstanding amounts of coupon-paying government bonds as a function of their market price and coupon

Chart 130 Government bonds: outstanding amounts (coupon bonds only)



Source: NBS, CSDB, issue prospectus.

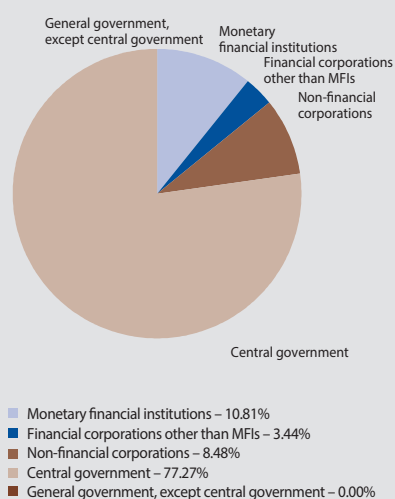
Note: The bubble in this chart is directly proportional in size to the outstanding amounts of the individual issues, while the centre of the bubble is given by the intersection of the market price (Source: ECB Centralised Securities Database) and the coupon yield (Source: Issue conditions).

yield as at the end of the fourth quarter of 2016. The average market price² of these government bonds stood at 117.15% and the coupon yield was 3.47% at that time.

5.2 COMPARISON OF DEBT SECURITIES: SLOVAKIA VS EURO AREA

The outstanding amounts of debt securities issued in Slovakia and in the euro area have different sectoral compositions. In Slovakia, central government accounts for the largest share by far (77.3%), ahead of MFIs (10.8%), NFCs (8.5%) and other financial institutions (3.4%). In the euro area as a whole, central government also accounts for the largest share (49.7%), but that is much smaller compared with Slovakia. MFIs have the second largest share (22.1%), while the share of non-MFI financial institutions is greater in the euro area (17%) than in Slovakia. Non-financial institutions account for 6.9% and general government other than central government for 4.3%.

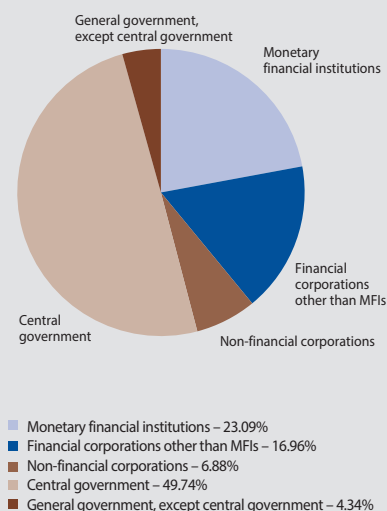
Chart 131 Debt securities in Slovakia broken by sector



Source: NBS, ECB.

² Arithmetic average weighted by the outstanding amount of issues.

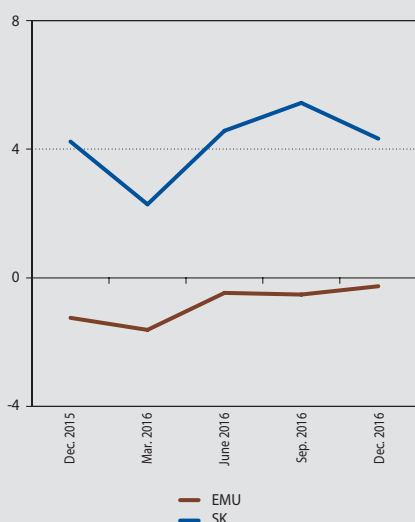
Chart 132 Debt securities in the euro area broken down by sector



Source: NBS, ECB.

The outstanding amount of debt securities issued by Slovak residents increased, year on year, in each quarter of 2016: by around 2.3% in the first quarter and by between 4.3% and 5.4% in the next three quarters. By contrast, the

Chart 133 Debt securities (outstanding amounts, year-on-year percentage changes)

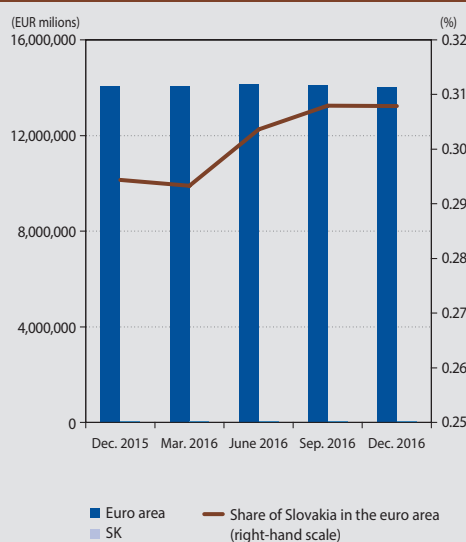


Source: NBS, ECB.

outstanding amount of debt securities issued by euro area residents fell in each quarter: by around 1.6% in the first quarter and more moderately in the other quarters (by between 0.26% and 0.52%).

The share of domestic securities in the outstanding amount of debt securities issued in the euro area as a whole is negligible and remained largely unchanged during 2016. By the year end their share had edged up to 0.31%, from 0.29% at the end of 2015.

Chart 134 Debt securities (outstanding amounts, EUR millions, percentage share of Slovakia in the euro area)



Source: NBS, ECB.

5.3 LISTED SHARES

The outstanding amount of listed shares in Slovakia was €113 million higher at the end of the fourth quarter of 2016 than at the end of the third quarter, mainly because the amounts issued by credit institutions and by non-financial institutions had increased by, respectively, €63.5 million and €49.5 million. The figure for insurance undertakings remained unchanged from the previous quarter. The total market capitalisation at the end of 2016 amounted to €4,298.8 billion.

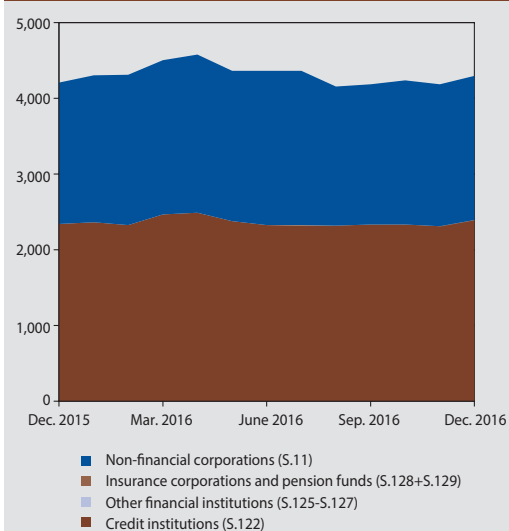


Table 15 Listed shares (EUR thousands)

Outstanding amounts				
Month	Total	Credit institutions (S.122)	Insurance corp. and pension funds (S.128)	Non-financial corporations (S.11)
2015 / 12	4,207,793	2,340,101	225	1,867,466
2016 / 03	4,506,882	2,468,491	225	2,038,165
2016 / 06	4,363,321	2,326,348	225	2,036,748
2016 / 09	4,185,824	2,330,650	225	1,854,948
2016 / 12	4,298,841	2,394,139	225	1,904,477

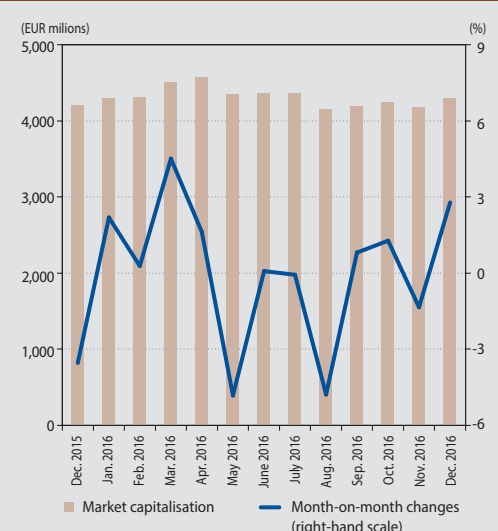
Source: NBS.

Chart 135 Listed shares: market capitalization by sector (EUR millions)



Source: NBS.

Chart 136 Listed shares (market capitalization, month-on-month changes)

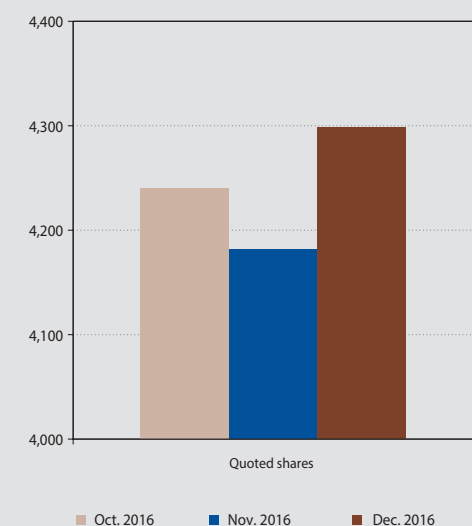


Source: NBS.

The outstanding amount of listed shares in Slovakia was 2.7% lower at the end of 2016 compared with their amount at the end of the third quarter. The figures for listed shares of credit institutions and for NFCs were higher by, respectively 2.72% and 2.67%.

In month-on-month terms, the outstanding amount of listed shares increased in October (by 1.3%) and December (by 2.8%), but fell in November (by 1.3%).

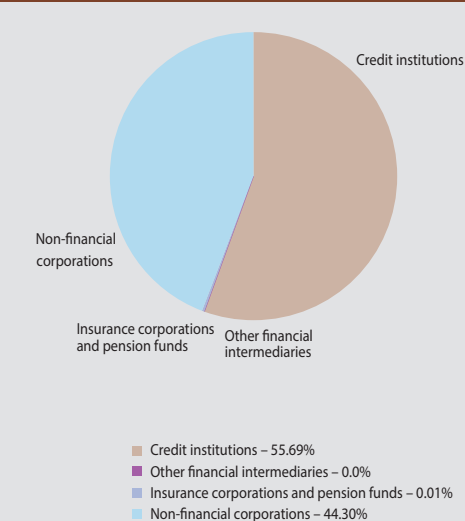
Chart 137 Listed shares (market capitalisation, EUR millions, Q4 2016)



Source: NBS.

As for the sectoral breakdown of the market capitalisation in Slovakia, credit institutions accounted for 55.7% of the total and NFCs for 44.3%. The shares of other sectors were negligible.

Chart 138 Listed shares by sector (market capitalisation as at 31 December 2016)

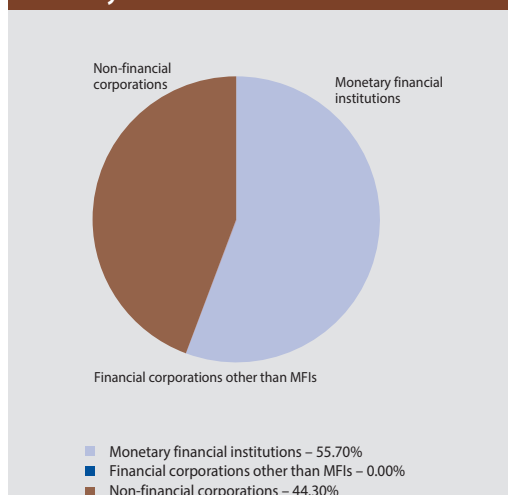


Source: NBS.

5.4 COMPARISON OF LISTED SHARES: SLOVAKIA VS EURO AREA

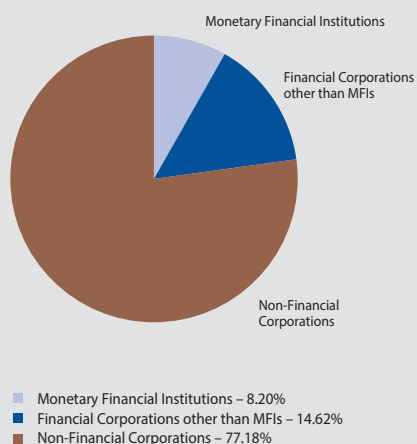
The outstanding amounts of listed shares in Slovakia and in the euro area have different sectoral compositions. In Slovakia, MFIs account for the largest share (55.7%), NFCs for the second largest (44.3%), and other sectors are negligible. In the euro area as a whole, NFCs account for the largest share (77.2%), other financial institutions for the second largest (14.6%), and MFIs for the lowest share (8.2%).

Chart 139 Listed shares in Slovakia broken down by sector



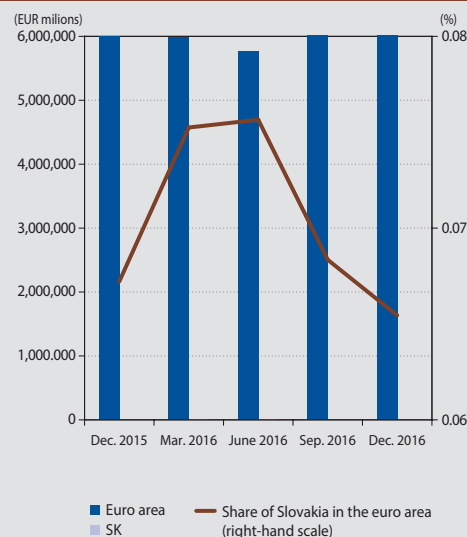
Source: NBS.

Chart 140 Listed shares in the euro area broken down by sector



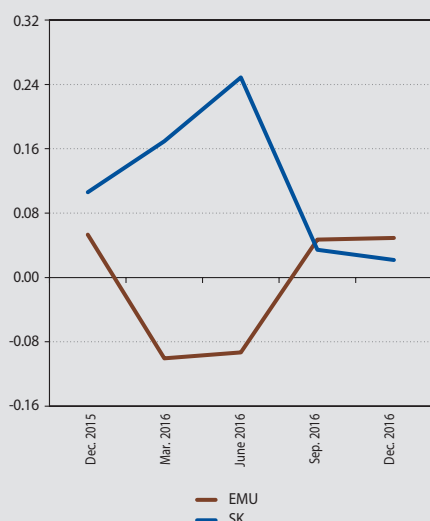
Source: NBS.

Chart 142 Quoted shares (outstanding amounts, EUR millions, percentage share of Slovakia in the euro area)



Source: NBS, ECB.

Chart 141 Listed shares (outstanding amounts, year-on-year percentage changes)



Source: NBS, ECB.

the first two quarters of 2016 and then largely mirrored that in the euro area in the last two quarters. Whereas in Slovakia the outstanding amount increased by 17% in the first quarter and 24.9% in the second quarter, in the euro area it fell by 10.1% in the first quarter and 9.3% in the second quarter. At the end of the third and fourth quarters, the euro area recorded year-on-year increases of 4.7% and 4.9%, respectively, and Slovakia registered increases of 3.4% and 2.2%.

The share of domestic listed securities in the outstanding amount of securities listed in the euro area is negligible and remained largely unchanged during 2016. By the year end their share had edged up to 0.07%, from 0.06% at the end of 2015.

In terms of their year-on-year change, the outstanding amount of listed shares in Slovakia differed markedly from the euro area trend in



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CHAPTER 6

SELECTED MACROECONOMIC INDICATORS



6 SELECTED MACROECONOMIC INDICATORS

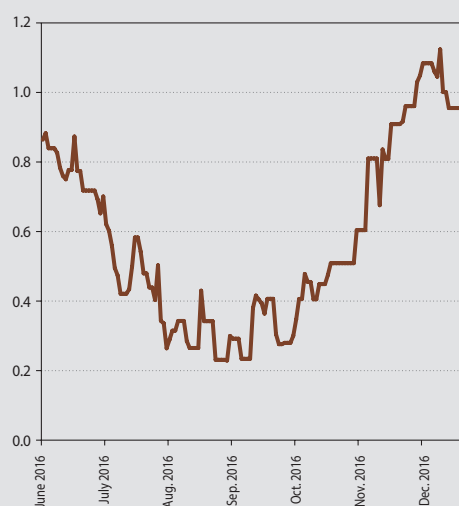
6.1 LONG-TERM INTEREST RATES

With effect from 1 July 2013, the approach based on a 'basket of bonds' has been replaced with a 'benchmark-oriented approach', using the government bond SK4120009044 as a benchmark. This approach was also applied during the second quarter of 2014. The benchmark, however, was replaced³ by government bond SK4120008871 (with effect from 1 May 2014), later by bond SK4120007543 (with effect from 1 June 2015) and by bond SK4120010430 since 1 June 2016. During the quarter under review, the interest level raised from 0.28% as at 30 September 2016 to 0.96% as at 31 December 2016.

6.2 KEY ECB INTEREST RATES

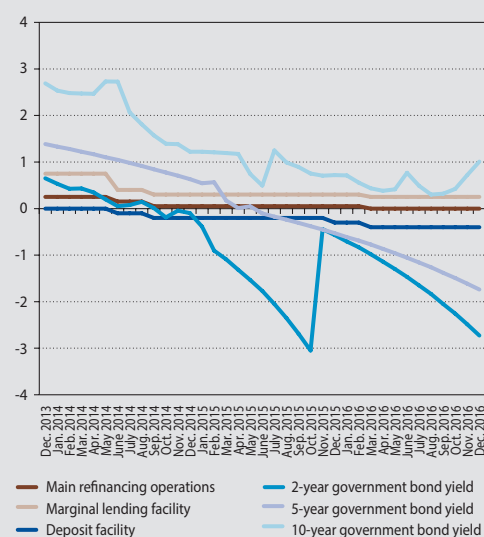
The ECB interest rate for main refinancing operations remained unchanged in comparison with the third quarter of 2016, at 0.00%.⁴ The key rate for marginal lending facility also remained unchanged, at 0.25%. The deposit facility rate maintained its negative value, i.e. -0.40% as at 31 December 2016. Two-year government bond yields decreased by 0,68 percentage points to -2.73% as at 31 December 2016. The five-year government bond yield fell from -1.38% to -1.74% and ten-year government bond yield increased from 0.28% to 0.96%.

Chart 143 Benchmark – yield to maturity (p.a.)



Source: BCPB.

Chart 144 Interest rates (p.a.)



Source: ECB, BCPB.

³ See the Methodological Notes in Chapter 7.6 Long-term interest rates.

⁴ ECB key rate, effective from 16 March 2016.



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CHAPTER 7

METHODOLOGICAL NOTES



7 METHODOLOGICAL NOTES

7.1 BALANCE-SHEET STATISTICS OF MONETARY FINANCIAL INSTITUTIONS

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

Household sector – this sector includes:

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

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

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

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

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

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

A specific borrower is considered to be in default if

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

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



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

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

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

7.3 STATISTICS OF MUTUAL FUNDS

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

According to the sectoral classification of economic entities, money market funds are treated as *monetary financial institutions* but having a separate sector from banks (S.123) and other categories of mutual funds, referred to as investment funds, are classified under sector S.124.

The statistics of mutual funds assets and liabilities are defined by the relevant regulations and guidelines of the European Central Bank⁵.

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-

⁵ Regulation (EU) no 1073/2013 of the ECB of 18 October 2013 concerning statistics on the assets and liabilities of investment funds (recast) (ECB/2013/38). (http://www.ecb.europa.eu/ecb/legal/pdf/en_02013r1073-20131127-en.pdf)

Regulation (EU) No 1071/2013 of the ECB of 24 September 2013 concerning the balance sheet of the monetary financial institutions sector (recast) (ECB/2013/33) (<http://www.ecb.europa.eu/ecb/legal/pdf/02013r1071-20131127-en.pdf>), as amended.

Guideline of the ECB of 4 April 2014 on monetary and financial statistics (recast) (ECB/2014/15) (http://www.ecb.europa.eu/ecb/legal/pdf/oj_jol_2014_340_r_0001_en_txt.pdf), as amended.



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

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

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

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

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

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

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

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

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

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

7.4 STATISTICS OF OTHER FINANCIAL INTERMEDIARIES

The European System of National Accounts (ESA 2010) defines *other financial intermediaries, except insurance corporations and pension funds – sector S.125* (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.125 sector comprises the following types of companies:

- 1. 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.
- 2. 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**.
- 3. Financial holding companies**
- 4. 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.125 sector from that of S.122+S.123 (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 decree⁶. The range of data reported complies in full with the current requirements⁷ 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 2016, quarterly balance-sheet data are collected from 20 out of 73 companies providing financial leasing services as the main or substantial part of their business activity, from 11 out of 152 consumer credit companies, and from 3 out of 13 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 Bank⁸. 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.

6 Decrees of Národná banka Slovenska No. 6/2006, No. 14/2007, No. 22/2008 and No. 19/2014 on reporting by factoring, leasing and consumer credit companies for statistical purposes.

7 Guideline of the ECB of 4 April 2014 on monetary and financial statistics (recast) (ECB/2014/15) (http://www.ecb.europa.eu/ecb/legal/pdf/oj_jol_2014_340_r_0001_en_txt.pdf), as amended.

8 Guideline of the ECB of 4 April 2014 on monetary and financial statistics (recast) (ECB/2014/15) (http://www.ecb.europa.eu/ecb/legal/pdf/oj_jol_2014_340_r_0001_en_txt.pdf), as amended.

b) Redemptions

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

c) Net issues

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

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

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

7.5.2 DEBT SECURITIES

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

Securities issues statistics cover the following instruments:

i) Short-term debt securities

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

ii) Long-term debt securities

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

Scheme 1

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

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

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

The following instruments are excluded:

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

7.5.3 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 included two government bond issues that fully complied with the criteria:

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

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

SK4120004318 Benchmark for the period 07/2013 – 04/2014

SK4120008871 Benchmark for the period 05/2014 – 05/2015

SK4120007543 Benchmark for the period 06/2015 – 05/2016

SK4120010430 Benchmark for the period 06/2016 – to date.

Since 1.1.2015 the methodology for calculation of yield to maturity for 10-years government bonds has been changed. The calculation started to use yields gained from direct trades in the evidence of Bratislava Stock Exchange.



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GLOSSARY AND ABBREVIATIONS



ABBREVIATIONS

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



GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

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

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



GLOSSARY AND ABBREVIATIONS

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

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

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



SECTOR CLASSIFICATION

Classification of institutional sectors and sub-sectors according to the European System of National and Regional Accounts (ESA 2010):

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 Money market funds
- S.124 Investment funds
- S.125 Other financial intermediaries
- S.126 Financial auxiliaries
- S.127 Captive financial institutions and money lenders
- S.128 Insurance corporations
- S.129 Pension funds

S.13 General government

- S.1311 Central government
- S.1312 Regional government
- S.1313 Local government
- S.1314 Social security funds

S.14 Households

- S.141 Employers
- S.142 Own-account workers
- S.143 Employees
- S.144 Recipients of property incomes, pensions and other transfer incomes
- S.145 Others

S.15 Non-profit institutions serving households

S.2 Rest of the world (all countries, except Slovakia and the euro area)



LIST OF ADDITIONAL LINKS

Sector breakdown:

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

Revision policy:

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

Structure of the financial market

List of monetary financial institutions:

<http://www.nbs.sk/en/statistics/financial-institutions/banks/statistical-and-analytical-overview/monetary-statistics-of-monetary-financial-institutions#ZOZPFI>

List of investment funds:

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

List of other financial intermediaries:

<http://www.nbs.sk/en/statistics/financial-institutions/factoring-leasing-and-consumer-credit-companies/statistics-on-financial-corporations-engaged-in-lending>

Overview of developments in the monetary sector:

<http://www.nbs.sk/en/statistics/financial-institutions/banks/statistical-and-analytical-overview/a-survey-of-financial-sector-development>

Statistics of credit institutions and monetary statistics

Statistics of monetary financial institutions:

<http://www.nbs.sk/en/statistics/financial-institutions/banks/statistical-and-analytical-overview/monetary-statistics-of-monetary-financial-institutions>

Monetary aggregates in the euro area:

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

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

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

Interest rate statistics:

<http://www.nbs.sk/en/statistics/financial-institutions/banks/statistical-and-analytical-overview/interest-rate-statistics>

Interest rate statistics – bank loans:

<http://www.nbs.sk/en/statistics/financial-institutions/banks/statistical-and-analytical-overview/interest-rate-statistics/banking-interest-rates-statistics-loans>

Interest rate statistics – bank deposits:

<http://www.nbs.sk/en/statistics/financial-institutions/banks/statistical-and-analytical-overview/interest-rate-statistics/banking-interest-rates-statistics-deposits>

Interest rates statistics for the euro area:

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



GLOSSARY AND ABBREVIATIONS

Long-term interest rate statistics:

<http://www.nbs.sk/en/statistics/financial-markets/interest-rates/long-term-interest-rates-statistics>

Non-performing loans:

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

Source data of monetary financial institutions:

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

Statistics of investment funds:

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

Statistics of financial corporations engaged in lending (FCLs):

<http://www.nbs.sk/en/statistics/financial-institutions/factoring-leasing-and-consumer-credit-companies/statistics-on-financial-corporations-engaged-in-lending>

Source data of FCLs:

<http://www.nbs.sk/en/statistics/financial-institutions/factoring-leasing-and-consumer-credit-companies/statistical-data>

Statistics on securities issues:

<http://www.nbs.sk/en/statistics/financial-markets/securities/securities-issues-statistics>

Data categories within SDDS:

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



NÁRODNÁ BANKA SLOVENSKA
EUROSYSTEM



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