



NÁRODNÁ BANKA SLOVENSKA  
EUROSYSTEM



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NÁRODNÁ BANKA SLOVENSKA  
EUROSYSTEM



# 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 data as at September 2017. The publication is based on statistical data which are the main source for compilation of the European Central Bank's euro area statistics, of the International Monetary Fund's and Eurostat's statistics, and for monetary and financial stability analyses at the national level.

The last chapter is summarising the methodological notes to the individual areas of statistics under analysis.

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

detailed national data presented in the form of tables, charts and commentaries.

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

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

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

Editors of the Monetary  
and Financial Statistics Section



# 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 a few changes in the third quarter of 2017. After having being stable for a longer period, the number of entities in subsector S.122 decreased in the quarter under review: Sberbank Slovensko, a.s., was, as from 30 September 2017, removed from the register of banks (it had been taken over by Prima banka Slovensko, a.s.) and ZUNO BANK AG from the register of foreign bank branches (it had ended its operations). In sub-

sector S.124, the number of investment funds remained unchanged quarter on quarter, but their composition changed in the third quarter of this year. Two new funds were registered at the end of September: Asset Management Slovenskej sporiteľne, správ.spol., a.s., Erste Private Banking Conservative, o.p.f., and VÚB AM Edícia SVET, an open-end investment fund of VÚB Asset Management, správ.spol., a.s. At the same time, two other funds were dissolved: Kapital o.p.f., IAD Investments, správ.spol., a.s., and Optimal o.p.f., IAD Investments, správ.spol., a.s.

**Table 1 Structure of the financial market in Slovakia**

	IX. 2016	XII. 2016	III. 2017	VI. 2017	IX. 2017
<b>Monetary financial institutions (S.121 + S.122 + S.123)</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>28</b>
<b>Central bank (S.121)</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>Deposit taking corporations excl. central bank (S.122)</b>	<b>28</b>	<b>28</b>	<b>28</b>	<b>28</b>	<b>26</b>
<i>Banks</i>	10	10	10	10	9
<i>Branches of foreign banks</i>	14	14	14	14	13
<i>Credit cooperatives</i>	1	1	1	1	1
<i>Building societies</i>	3	3	3	3	3
<b>Money Market Funds (S.123)</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>Investment Funds (S.124)</b>	<b>88</b>	<b>86</b>	<b>85</b>	<b>87</b>	<b>87</b>
<i>Equity funds</i>	11	11	11	11	11
<i>Bond funds</i>	22	22	21	21	21
<i>Mixed funds</i>	36	36	36	37	37
<i>Real estate funds</i>	5	4	5	6	6
<i>Other funds</i>	14	13	12	12	12
<b>Other financial intermediaries (S.125)</b>	<b>238</b>	<b>238</b>	<b>247</b>	<b>247</b>	<b>247</b>
<i>Leasing companies (financial leasing)</i>	73	73	73	73	73
<i>Consumer credit companies</i>	152	152	157	157	157
<i>Factoring companies</i>	13	13	17	17	17
<b>Financial auxiliaries (S.126)</b>	<b>32</b>	<b>32</b>	<b>32</b>	<b>32</b>	<b>32</b>
<i>Asset Management Companies</i>	6	7	7	7	7
<i>Pension Savings Companies</i>	6	6	6	6	6
<i>Supplementary Pension Asset Management Companies</i>	4	4	4	4	4
<i>Securities and derivatives dealers<sup>1)</sup></i>	16	15	15	15	15
<b>Insurance corporations and pension funds (S.128 + S.129)</b>	<b>53</b>	<b>52</b>	<b>52</b>	<b>52</b>	<b>50</b>
<i>Insurance corporations</i>	16	16	16	16	16
<i>Pension funds</i>	37	36	36	36	34

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)**

	IX. 2016	XII. 2016	III. 2017	VI. 2017	IX. 2017
<b>Monetary financial institutions (S.121 + S.122)</b>	<b>93,945</b>	<b>96,183</b>	<b>98,686</b>	<b>100,735</b>	<b>102,290</b>
Central bank (S.121)	21,962	23,076	24,173	25,323	25,579
Deposit taking corporations excl. the central bank (S.122)	71,983	73,107	74,513	75,412	76,711
<b>Money Market Funds (S.123)</b>	<b>38</b>	<b>35</b>	<b>34</b>	<b>33</b>	<b>31</b>
<b>Investment funds (S.124)</b>	<b>5,802</b>	<b>5,954</b>	<b>6,091</b>	<b>6,259</b>	<b>6,415</b>
<b>Other financial intermediaries (S.125)</b>	<b>6,229</b>	<b>6,227</b>	<b>6,544</b>	<b>6,737</b>	<b>6,776</b>
Leasing companies (financial leasing)	4,143	4,209	4,277	4,410	4,428
Consumer credit companies	2,003	1,929	2,035	2,068	2,079
Factoring companies	83	89	232	259	269
<b>Financial auxiliaries (S.126)</b>	<b>268</b>	<b>270</b>	<b>281</b>	<b>275</b>	<b>275</b>
<b>Insurance corporations and pension funds (S.128 + S.129)</b>	<b>15,209</b>	<b>15,426</b>	<b>15,725</b>	<b>15,887</b>	<b>16,265</b>
Insurance corporations <sup>1)</sup>	6,673	6,726	6,791	6,772	6,931
Pension funds	8,536	8,700	8,934	9,115	9,334

Source: NBS.

1) Slovak Insurers' bureau (SIB) has been established by virtue of the Act No. 381/2001 on Compulsory MTPL Insurance and on changes in, and amendments to, some laws.

In subsector S.129, two pension funds were dissolved in the quarter under review: Doplnková dôchodková spoločnosť Tatra banky, a.s., Zaisťovací príspevkový d.d.f., and Doplnková dôchodková spoločnosť Tatra banky, a.s., Standard life príspevkový d.d.f.

## 1.2 EMPLOYEES IN THE BANKING SECTOR

The decreasing trend in the total number of employees in the banking sector observed since the beginning of the year continued in the third quarter of 2017. Compared with the figure recorded at 30 June 2017 (20,264), the number of bank employees at 30 September 2017 was

lower by 271 (1.3%), and totalled 19,993. The quarter-on-quarter decrease was attributable largely to the dissolution of two entities in the banking sector.

In year-on-year terms (compared with the third quarter of 2016), the registered number of bank employees decreased by 798 or 3.8%, from 20,791 to 19,993.

The long-term trend in banking sector employment has also been affected by other events, the most significant being the entry of a new foreign bank branch into the market on 1 July 2016, which contributed to employment growth in this sector. It should also be noted that em-

**Table 3 Number of employees in the banking sector**

	2015		2016				2017		
	30.9.	31.12.	31.3.	30.6.	30.9.	31.12.	31.3.	30.6.	30.9.
<b>Banking sector</b>	<b>19,931</b>	<b>19,953</b>	<b>20,039</b>	<b>20,532</b>	<b>20,791</b>	<b>20,863</b>	<b>20,389</b>	<b>20,264</b>	<b>19,993</b>
Central bank	1,056	1,053	1,055	1,063	1,072	1,075	1,094	1,102	1,101
<b>Banks and branches of foreign banks</b>	<b>18,875</b>	<b>18,900</b>	<b>18,984</b>	<b>19,469</b>	<b>19,719</b>	<b>19,788</b>	<b>19,295</b>	<b>19,162</b>	<b>18,892</b>
of which: Banks	16,960	16,973	17,011	17,470	17,470	17,538	17,474	17,359	17,230
Branches of foreign banks	1,915	1,927	1,973	1,999	2,249	2,250	1,821	1,803	1,662

Source: NBS.

ployment at the central bank, Národná banka Slovenska (NBS), has undergone an unusually prolonged increase 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).

sko, a.s. Further Belgian capital was injected into Československá obchodná banka, a.s., in that period.

### 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 somewhat, year on year, in the quarter under review, from 5.95% at 30 September 2016 to 5.40% at 30 September 2017.

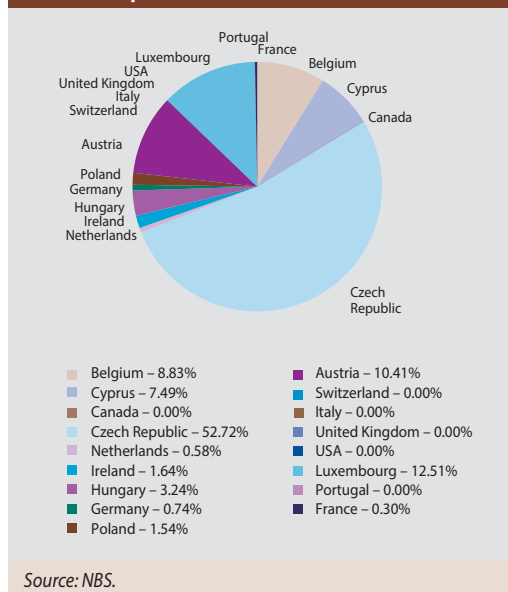
Of the 26 credit institutions operating in Slovakia, domestic share capital was part of the subscribed capital of eight domestic credit institutions, with two banks (ČSOB stavebná sporiteľňa, a.s., and Slovenská záručná a rozvojová banka, a.s.) having a 100% share of domestic capital.

By contrast, the ratio of foreign share capital to total subscribed capital in domestic banks increased, year on year, from 94.05% at 30 September 2016 to 94.60% at 30 September 2017.

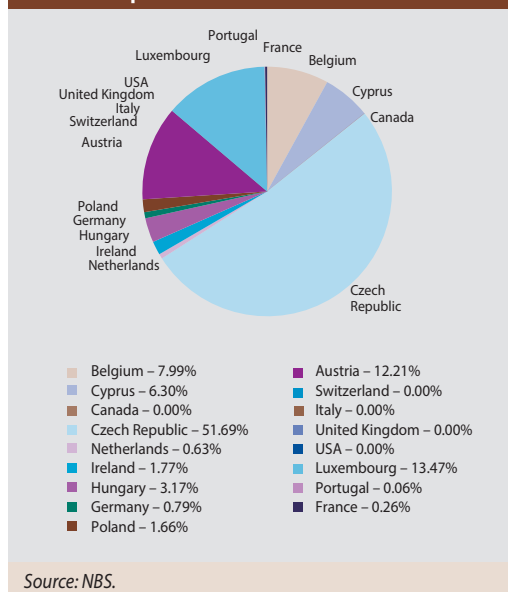
During the same period, the total volume of foreign share capital increased in absolute terms by €239.3 million (in relative terms by 7.71%).

This increase was accounted for largely by foreign capital from the Czech Republic, Cyprus and Belgium. Czech-held capital in Slovak banks increased from 51.69% of the total at 30 September 2016 to 52.72% at 30 September 2017 (or by €158.1 million in absolute terms), Cypriot-held capital increased from 6.30% to 7.49% (or by €54.9 million) and Belgian-held capital from 7.99% to 8.83% (or by €47 million). The growth in Czech and Cypriot holdings in domestic banks reflected capital injections into, respectively, Komerční banka, a.s., and Prima banka Sloven-

**Chart 1 Foreign capital in the banks in the Slovak Republic as at 30.09.2017**



**Chart 2 Foreign capital in the banks in the Slovak Republic as at 30.09.2016**



The background image is a composite of several elements: a globe on the left with the word 'BIATEC' written across it; a modern building facade in the center; and silhouettes of three people sitting around a table in a meeting on the right. The entire image is overlaid with a grid of thin, light-colored lines.

# STATISTICS OF OTHER MONETARY FINANCIAL INSTITUTIONS

## 2 STATISTICS OF OTHER MONETARY FINANCIAL INSTITUTIONS

### 2.1 BALANCE SHEET STATISTICS OF CREDIT INSTITUTIONS: ASSETS

The total assets of banks and foreign bank branches operating in Slovakia, excluding NBS (hereinafter 'credit institutions') amounted to €76.7 billion at 30 September 2017, which in year-on-year terms represented an increase of 6.6% (€4.7 billion) that stemmed mainly from an increase in the outstanding amount of credit claims.

Credit institutions' credit claims constituted 80% of their total assets at 30 September 2017, which in year-on-year terms represented an increase of four percentage points and reflected an absolute increase of €6.7 billion (12.2%). The largest contribution to that rise was from credit claims with a maturity of over five years, which increased by €4.1 billion. Credit claims with a maturity of up to one year increased by €1.7 billion and those with a maturity of over one year and up to five years rose by €0.9 billion.

Credit institutions' holdings of securities other than equity and investment fund shares/units constituted 14.5% of their total assets at 30 September 2017, which in year-on-year terms represented a decline of 3.9 percentage points and reflected an absolute decrease of €2.1 billion (15.9%), accounted for largely by a fall of €2.4 billion in the stock of securities with a maturity of over two years.

Credit institution's holdings of shares and other equity constituted 0.8% of their total assets at 30 September 2017, which in year-on-year terms represented a slight decline and reflected an absolute decrease of €0.02 billion (3.6%).

Credit institutions' other assets (including fixed assets) constituted 3.6% of their total assets at 30 September 2017, which represented a modest year-on-year increase of €0.1 billion (3.8%).

Chart 3 Structure of assets of credit institutions as at 30 September 2016

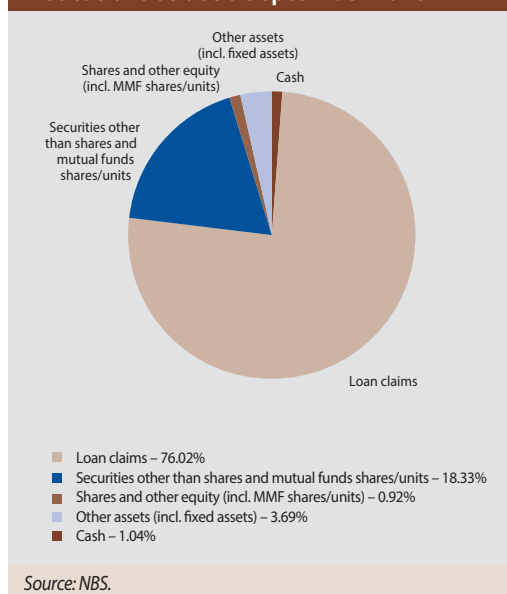


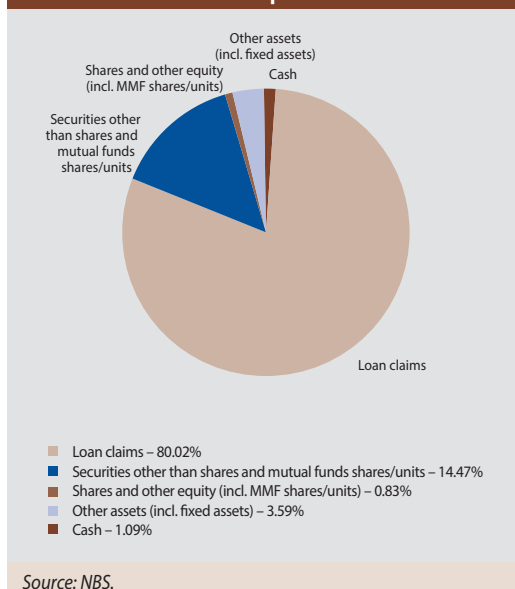
Table 4 Structure of assets of credit institutions in the SR (EUR thousands)

	IX. 2016	XII. 2016	III. 2017	VI. 2017	IX. 2017
<b>ASSETS</b>	<b>71,983,677</b>	<b>73,109,939</b>	<b>74,512,971</b>	<b>75,411,548</b>	<b>76,711,272</b>
Cash	751,241	856,111	734,365	764,969	837,522
Loan claims	54,724,212	56,429,602	58,570,148	60,002,151	61,381,961
Securities other than shares and mutual funds shares/units	13,192,276	12,611,036	11,838,586	11,263,531	11,099,718
Shares and other equity (incl. MMF shares/units)	659,908	621,580	625,014	617,011	636,497
Other assets (incl. fixed assets)	2,656,040	2,591,610	2,744,858	2,763,886	2,755,574

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 30 September 2017**


in the third quarter of 2017, by 0.3 percentage point as a share of their total liabilities. The stock of these loans and deposits increased, year on year, by 6.2% (or €3.5 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 12.8% of their total liabilities at 30 September 2017, which reflected a modest year-on-year increase of €0.5 billion.

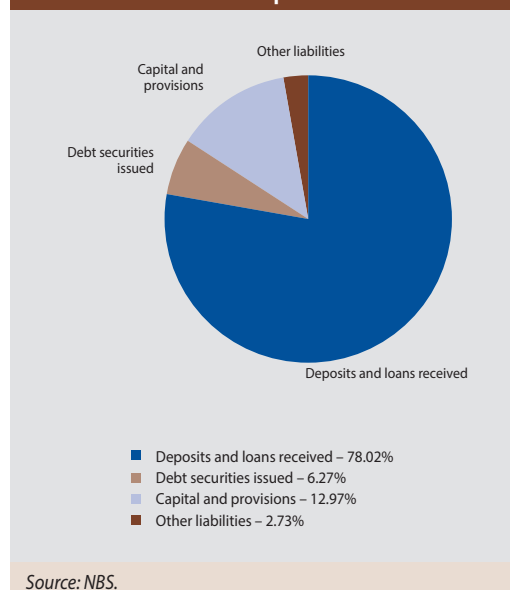
Credit institutions' debt securities constituted 7% of their total liabilities at 30 September 2017, which in year-on-year terms represented an increase of 0.7 percentage point. The stock of these securities amounted to €5.4 billion at 30 September 2017, representing a year-on-year

Credit institutions' cash holdings constituted 1% of their total assets at 30 September 2017, which represented a year-on-year increase of €0.1 billion (11.5%).

## 2.2 BALANCE SHEET STATISTICS OF CREDIT INSTITUTIONS: LIABILITIES

The total liabilities of credit institutions operating in Slovakia amounted to €76.7 billion at 30 September 2017, which in year-on-year terms was higher by 6.6% (or €4.7 billion) owing mainly to an increase in the stock of loans and deposits received.

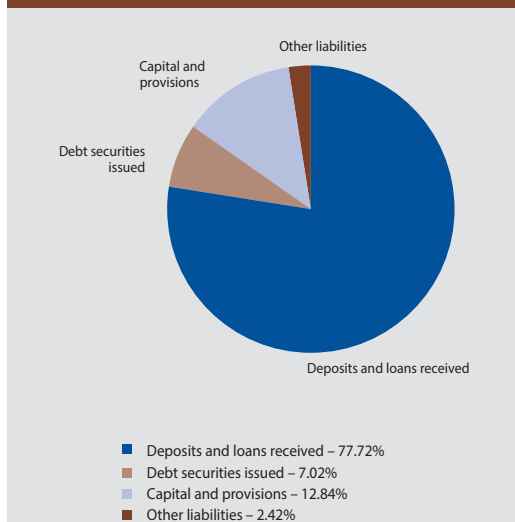
Credit institutions' largest liability item – loans and deposits received – decreased year on year

**Chart 5 Structure of liabilities of credit institutions as at 30 September 2017**

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

	IX. 2016	XII. 2016	III. 2017	VI. 2017	IX. 2017
<b>LIABILITIES</b>	<b>71,983,677</b>	<b>73,109,939</b>	<b>74,512,971</b>	<b>75,411,548</b>	<b>76,711,272</b>
Deposits and loans received	56,162,680	57,096,555	57,997,978	58,812,730	59,620,394
Debt securities issued	4,515,004	4,606,968	4,851,572	5,129,707	5,388,234
Capital and provisions	9,339,650	9,659,582	9,779,369	9,610,782	9,846,901
Other liabilities	1,966,343	1,746,834	1,884,052	1,858,329	1,855,743

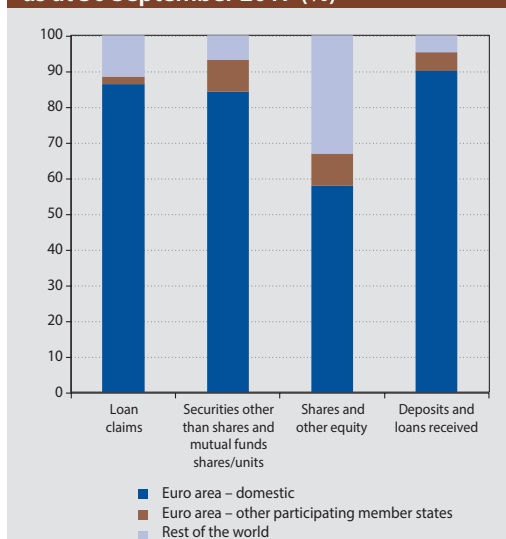
Source: NBS.

**Chart 6 Structure of liabilities of credit institutions as at 30 September 2017**



Source: NBS.

**Chart 7 Selected assets/liabilities: breakdown of counterparties by residency as at 30 September 2017 (%)**



Source: NBS.

increase of 19.3% (or €0.9 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 30 September 2017, which in year-on-year terms represented a decrease of 5.6% (€0.1 billion).

### 2.3 SELECTED ASSET AND LIABILITIES ITEMS BY RESIDENCY OF COUNTERPARTY

Credit institutions' total credit claims amounted to €61.4 billion at 30 September 2017, of which 86.5% (€53.1 billion) were claims on domestic entities. Credit claims on entities in other euro area countries and in the rest of the world accounted for 1.9% (€1.2 billion) and 11.6% (€7.1 billion) respectively.

Credit institutions' total holdings of securities other than equity and investment fund shares/units amounted to €11.1 billion at 30 September 2017, of which 84.4% (€9.4 billion) were issued by domestic issuers, 9.1% (€1 billion) by issuers from other euro area countries, and 6.6% (€0.7 billion) by issuers from the rest of the world.

Credit institutions' total holdings of shares and other equity participations amounted to €0.64 billion, of which (58% or €0.4 billion) were domestic securities and participations, 9.2% were equity securities from other euro area countries and 32.9% were equity securities from the rest of the world.

Loans and deposits received by credit institutions operating in Slovakia amounted to €59.6 billion at 30 September 2017, of which 90% (€53.5 billion) were received from domestic entities and 5.4% (€3.2 billion) from other euro area countries.

### 2.4 ELECTED ASSET AND LIABILITY ITEMS BY SECTOR OF COUNTERPARTY

Credit institutions' total **domestic** credit claims amounted to €53.1 billion at 30 September 2017, of which 95.5% or €50.8 billion were claims on sectors other than the general government sector and that of monetary financial institutions (MFIs), mainly on households, non-profit institutions serving households, and non-financial corporations.

Claims on domestic MFIs accounted for 2.9% (€1.5 billion) and claims on the general government sector for 1.6% (€0.8 billion).

Credit institutions' total holdings of domestic securities other than equity and investment fund shares/units amounted to €9.4 billion at 30 September 2017, of which 88% (€8.2 billion) were issued by the general government sector, 8.4% by domestic MFIs, and 3.6% by entities from other domestic sectors.

Credit institutions' total holdings of domestic shares and other equity participations (including investment fund shares/units) amounted to approximately €0.4 billion at 30 September 2017, of which 6.8% were equity securities issued by domestic MFIs and more than 93% were securities issued by entities from other sectors.

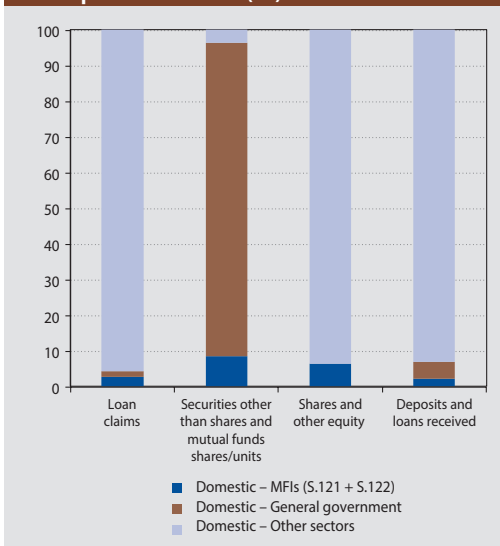
The total stock of loans and deposits received from domestic entities amounted to €53.5 billion at 30 September 2017, of which 4.7% were received from the general government sector, 2.6% from domestic MFIs, and the vast majority, 92.3%, from other sectors, mostly households.

Credit institutions' total claims on residents of **other euro area countries** amounted to €1.2 billion at 30 September 2017, of which 24.3% were claims on MFIs from other euro area countries and more than 75% (€0.9 billion) were claims on other sectors.

Credit institutions' total holdings of securities issued by issuers from other euro area countries, excluding equity and investment fund shares/units, amounted to €1 billion at 30 September 2017, of which, 83.3% (€0.84 billion) were issued by the general government sector, 8% (€0.08 billion) by MFIs, and 8.7% by issuers from other sectors.

Credit institutions' total holdings of shares and other equity issued by issuers from other euro area countries amounted to €0.06 billion at

**Chart 8 Selected assets/liabilities: sectoral breakdown of domestic counterparty as at 30 September 2017 (%)**



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).

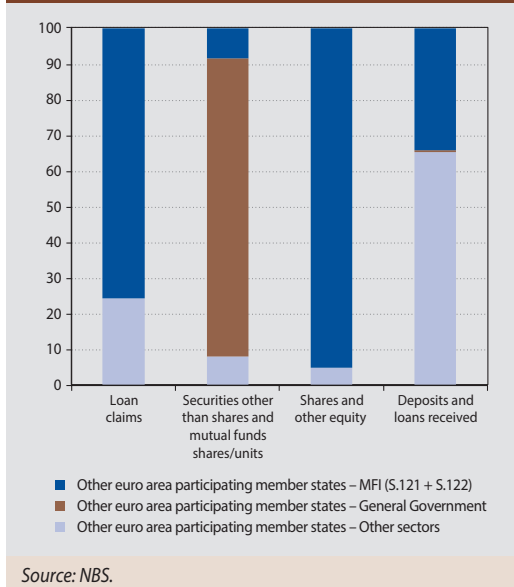
30 September 2017, of which 94.9% were equity securities issued by sectors other than the MFI sector and 5.1% were equity securities issued by MFIs.

Loans and deposits received by credit institutions from residents of other euro area countries amounted to €3.2 billion at 30 September 2017, of which 65.6% (€2.1 billion) were loans and deposits received from MFIs and 34.4% (€1.1 billion) were deposits received from other sectors.

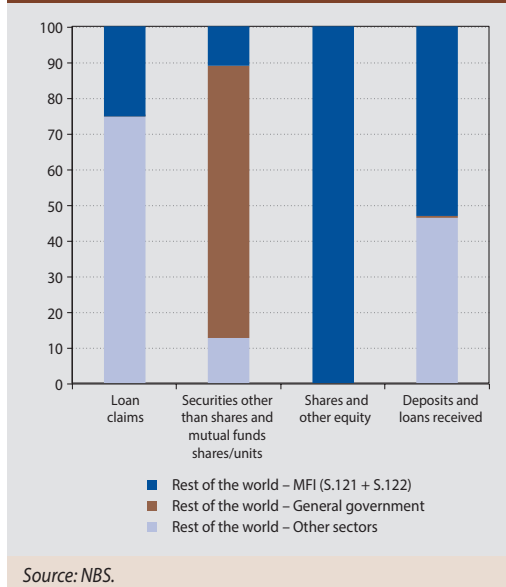
Credit institutions' total claims on **the rest of the world** amounted to €7.1 billion at 30 September 2017, of which 74.9% (€5.3 billion) were claims on MFIs and 25.1% (€1.8 billion) were claims on other sectors.



**Chart 9 Selected assets/liabilities: sectoral breakdown of counterparty from other euro area member states as at 30 September 2017 (%)**



**Chart 10 Selected assets/liabilities: sectoral breakdown of counterparty from the rest of the world as at 30 September 2017 (%)**



Credit institutions' holdings of securities issued by residents of the rest of the world, excluding equity and investment fund shares/units, amounted to €0.7 billion at 30 September 2017, of which 76.2% (€0.6 billion) were issued by the general government sector, 13% by MFIs, and 10.8% by issuers from other sectors.

Credit institutions' holdings of shares and other equity issued by residents of the rest of the world amounted to €0.2 billion at 30 September 2017, all of which were issued by issuers from sectors other than the MFI and general government sectors.

The stock of loans and deposits received by credit institutions from residents of the rest of the world amounted to €2.9 billion at 30 September 2017, of which, 46.7% (€1.4 billion) were received from MFIs and 53.2% (€1.5 billion) from other sectors. The amount received from the general government sector was negligible.

## 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 from 30 September 2016 to 30 September 2017, the largest being an increase of 6.6% (€4.7 billion) recorded at the end of June 2017.

Credit institutions' total credit claims recorded their largest year-on-year change at the end of September 2017. This was an increase of 12.3% (€6.7 billion), of which claims with a maturity of over five years accounted for €4.1 billion and claims with shorter maturities for €2.6 billion.

Credit institutions' total holdings of securities other than equity and investment fund shares/units recorded their most pronounced year-on-year change at 30 September 2017, falling by 15.9% or €2 billion compared with their level a year earlier.

Credit institutions' total holdings of shares and other equity (including investment fund shares/units) were relatively low at the end of each quarter under review. Their highest level (€0.66 billion) was recorded at 30 September 2016 and their largest year-on-year change (a decrease of 13.8% or €0.1 billion) at 31 March 2017.



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

	IX. 2016	XII. 2016	III. 2017	VI. 2017	IX. 2017
<b>ASSETS</b>	<b>6.82</b>	<b>5.89</b>	<b>6.05</b>	<b>6.63</b>	<b>6.57</b>
<b>Cash</b>	<b>-4.29</b>	<b>-6.18</b>	<b>-10.84</b>	<b>0.35</b>	<b>11.49</b>
<b>Loan claims</b>	<b>9.96</b>	<b>9.56</b>	<b>9.72</b>	<b>11.96</b>	<b>12.17</b>
Loan claims – up to 1 year	3.08	1.48	1.28	9.70	12.95
Loan claims – over 1 and up to 5 years	10.93	16.23	14.77	18.38	14.54
Loan claims – over 5 years	12.60	11.74	12.52	11.80	11.47
<b>Securities other than shares and mutual funds shares/units</b>	<b>-2.74</b>	<b>-5.48</b>	<b>-7.21</b>	<b>-14.14</b>	<b>-15.86</b>
Securities other than shares and mutual funds shares/units up to 1 year	-9.91	65.50	110.10	247.08	242.72
Securities other than shares and mutual funds shares/units over 1 and up to 2 years	-57.32	4.78	-6.55	835.20	645.03
Securities other than shares and mutual funds shares/units over 2 years	-2.58	-6.05	-9.06	-17.01	-18.68
<b>Shares and other equity</b>	<b>6.57</b>	<b>-13.11</b>	<b>-13.84</b>	<b>-7.84</b>	<b>-3.55</b>
<b>Other assets</b>	<b>0.14</b>	<b>0.88</b>	<b>6.70</b>	<b>7.02</b>	<b>3.75</b>

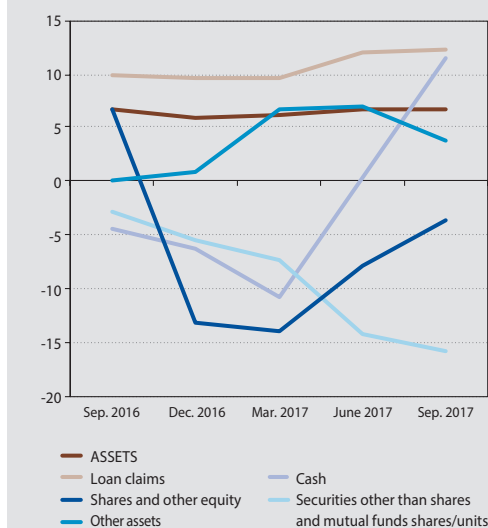
Source: NBS.

Credit institutions' other assets (including fixed assets) also recorded their largest year-on-year change at the end of June 2017, increasing by 7% (€0.18 billion).

Credit institutions' total cash holdings recorded their largest year-on-year change in percentage terms at 30 September 2017, increasing by 11.5%. In absolute terms, the largest year-on-year change was recorded at 31 March 2017 (a decrease of €0.09 billion).

The total **liabilities of credit institutions** showed a year-on-year increase at the end of each quarter from 30 September 2016 to 30 September 2017, the largest being an increase of 6.6% (€4.7 billion) recorded at the end of June 2017.

That increase reflected mainly a year-on-year increase of 8% (€4.2 billion) recorded at 30 September 2017 in the stock of loans and deposits received by credit institutions, including an increase of €4.1 billion in loans and deposits with a maturity of up to one year and an increase of €0.1 billion in those with a maturity of over one year.

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

Source: NBS.

The stock of debt securities issued during the period under review also recorded its largest year-on-year change at 30 September 2017. This was an increase of 19.3% (€0.9 billion) that stemmed

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

	IX. 2016	XII. 2016	III. 2017	VI. 2017	IX. 2017
<b>LIABILITIES</b>	<b>6.82</b>	<b>5.89</b>	<b>6.05</b>	<b>6.63</b>	<b>6.57</b>
<b>Deposits and loans received</b>	<b>8.06</b>	<b>5.94</b>	<b>6.87</b>	<b>7.06</b>	<b>6.16</b>
Deposits and loans received up to 1 year	9.73	7.12	7.63	7.37	6.55
Deposits and loans received over 1 year	1.31	0.99	3.68	5.74	4.45
<b>Debt securities issued</b>	<b>8.78</b>	<b>7.84</b>	<b>8.97</b>	<b>11.54</b>	<b>19.34</b>
Debt securities issued up to 1 year	521.96	-3.41	-8.40	-23.68	7.89
Debt securities issued over 1 and up to 2 years	53.49	47.29	-14.45	89.32	122.83
Debt securities issued over 2 years	5.75	7.57	9.89	11.00	17.83
<b>Capital and provisions</b>	<b>1.27</b>	<b>4.58</b>	<b>5.80</b>	<b>6.41</b>	<b>5.43</b>
<b>Other liabilities</b>	<b>-3.62</b>	<b>6.28</b>	<b>-17.82</b>	<b>-13.93</b>	<b>-5.62</b>

Source: NBS.

mainly from an increase in the amount of securities with a maturity of over two years.

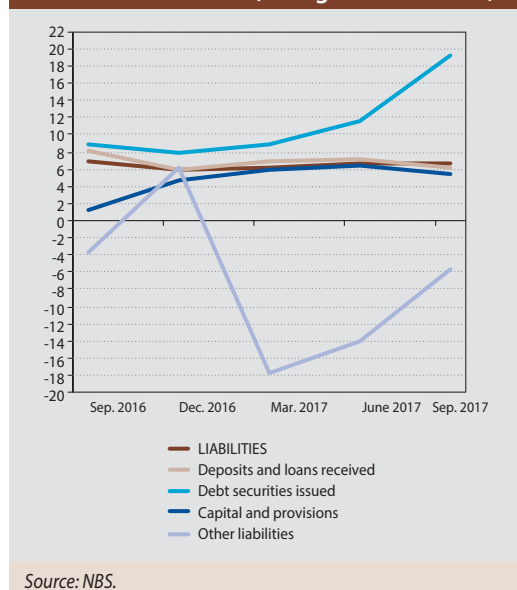
Credit institutions' capital and provisions in total recorded its most pronounced year-on-year change at 30 June 2017, increasing by 6.41% (€0.58 billion).

Credit institution's other liabilities recorded their largest year-on-year change at 31 March 2017, decreasing by €0.4 billion.

## 2.6 PROFIT/LOSS ANALYSIS FOR CREDIT INSTITUTIONS

### 2.6.1 CURRENT PERIOD PROFIT/ LOSS IN THE SECOND QUARTER OF 2017

According to the currently available data, the banking sector's profit for the first three quarters of 2017 amounted to almost €494 million, representing a year-on-year decline of 12% and the sector's fourth highest nine-month profit since 2009.

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

Source: NBS.

All income items other than gains on foreign exchange transactions contributed to the year-on-year decline in the sector's nine-month profit in 2017. Net interest income, as well as net non-interest income, had a negative impact on profits in that period (10.8 and 15.1 percentage points respectively). Income from other transactions made a slightly negative contribution.

The year-on-year decline in net cumulative interest income over the first three quarters of 2017 continued a 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.



General operating expenses decreased over the first three quarters of 2017 and thus made a positive contribution of almost five percentage points to the banking sector's net profit growth. The year-on-year difference in the net creation of reserves and provisions (i.e. income adjusted

for expenses) was around 33% less negative than a year earlier, and its negative impact on the sector's net profit growth amounted to 8.9 percentage points.

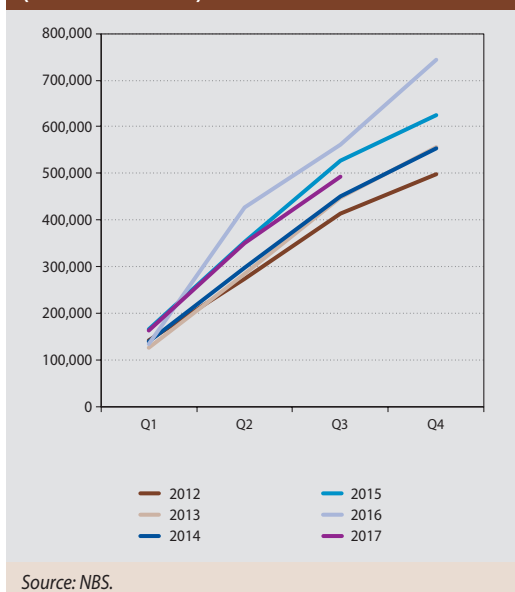
Total loan-loss provisions at 30 September 2017 were 5.9% higher, year on year, while the stock of provisioned customer loans had increased by 11.1%. Euro-denominated claims constituted more than 98% of all credit claims, and euro-denominated claims on euro area residents made up slightly less than 95%.

The overall loan-loss provision ratio in the banking sector was 3.3% at 30 September 2017, maintaining the moderate downward trend it had followed since its historical high in 2010.

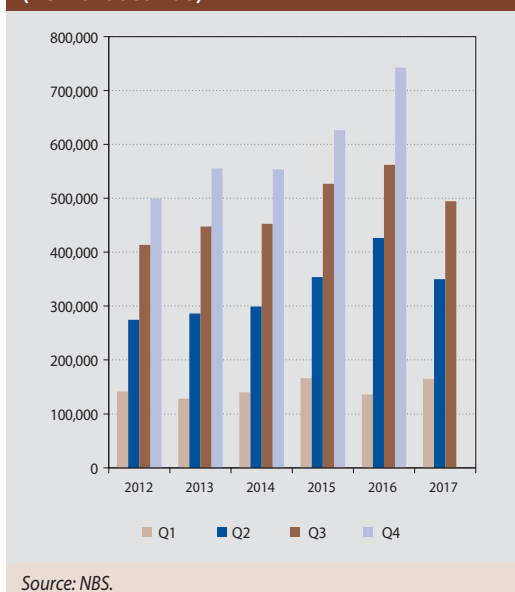
Provisioning expenses at 30 September 2017 were higher, year on year, by 20%, and income from the reversal of provisions had increased by 18.6%.

Expenses related to the assignment of claims on non-bank customers exceeded income from the same by almost €10 million over the first nine months of 2017, and claim write-offs produced a net loss of €16.3 million.

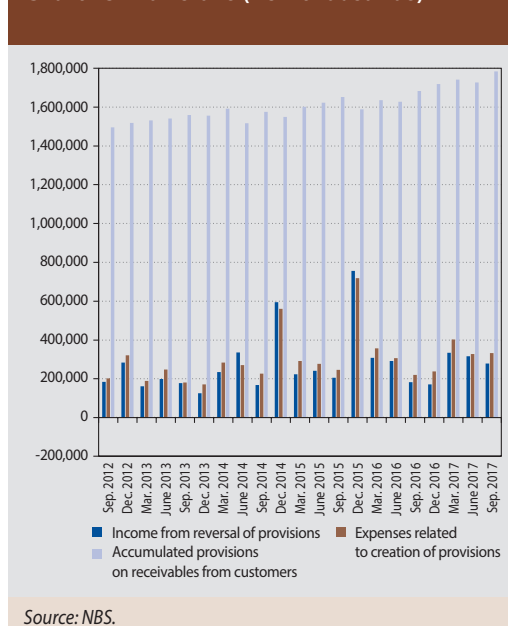
**Chart 13 Current period profit/loss (EUR thousands)**



**Chart 14 Current period profit/loss (EUR thousands)**

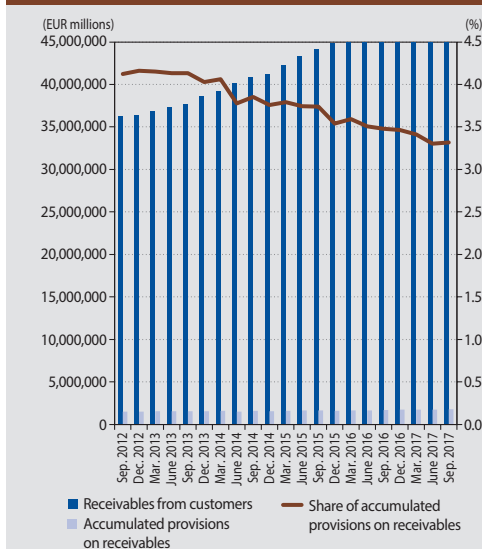


**Chart 15 Provisions (EUR thousands)**



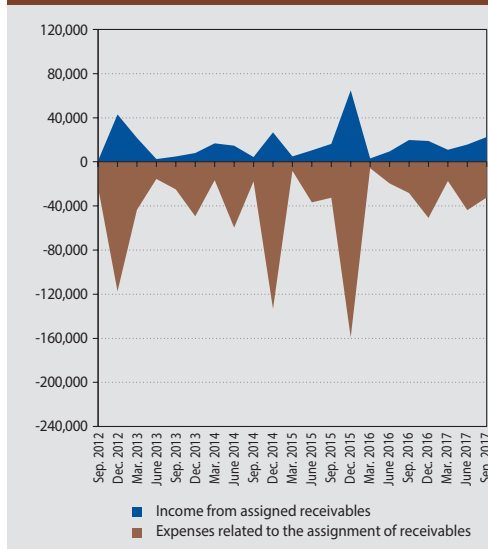


**Chart 16 Receivables from non-bank customers (EUR millions)**



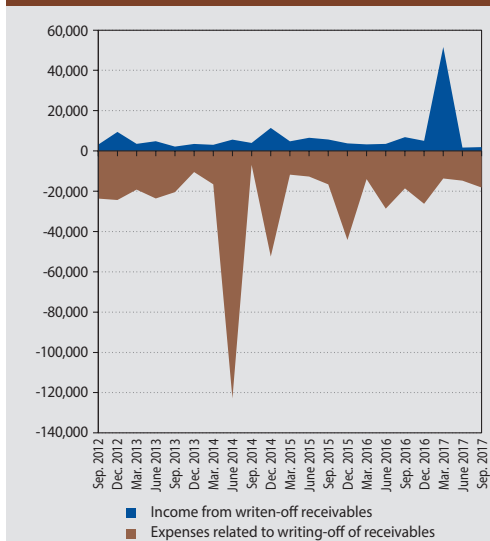
Source: NBS.

**Chart 18 Assigned receivables from customers (EUR thousands)**



Source: NBS.

**Chart 17 Written-off receivables from customers (EUR thousands)**



Source: NBS.

## 2.6.2 SELECTED INCOME/EXPENSE ITEMS AS REFLECTED IN PROFITS/LOSSES

In this section, selected income and expense items related to the main activities of credit institutions are compared with the profit or loss made.

In the third quarter of 2017, according to aggregated data, total interest income from securities continued to decline year on year, by 22.8%. For the whole of 2016, this income fell by 10.1% year on year. Interest expenses on securities decreased, year on year, by 17.5% in the quarter under review. They had previously declined also in 2016 and 2015, by 1.2% and 21%, respectively.

Other interest income decreased in the third quarter of 2017, by 9.5% year on year, thus continuing a negative trend that began in the first quarter of 2015. For comparison, other interest income showed a year-on-year increase at the end of each quarter of 2014.

One of the main contributors to the banking sector's net profit growth in the third quarter



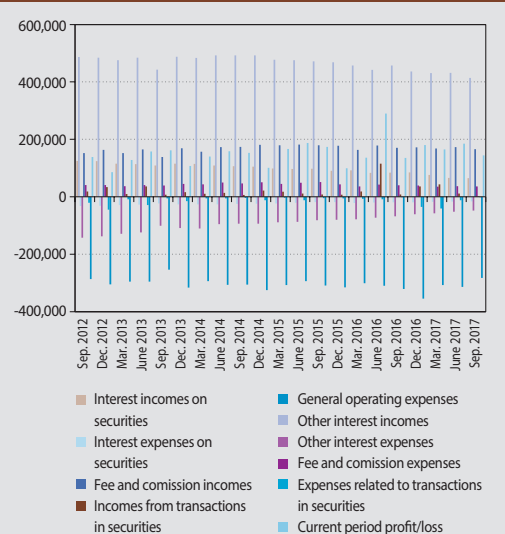
of 2017 was gains on foreign exchange transactions, which increased by 151% year on year and contributed 20 percentage points to net profit growth.

After rising year on year in the first quarter of 2017, income from fees and commissions declined again in the following two quarters.

General operating expenses fell in the third quarter of 2017, by almost 12% year on year, and thus contributed to net profit growth in that period.

The banking sector's total net profit for the third quarter of 2017 was 6.4% higher than the figure for the same period of 2016, and amounted to €144.4 million.

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



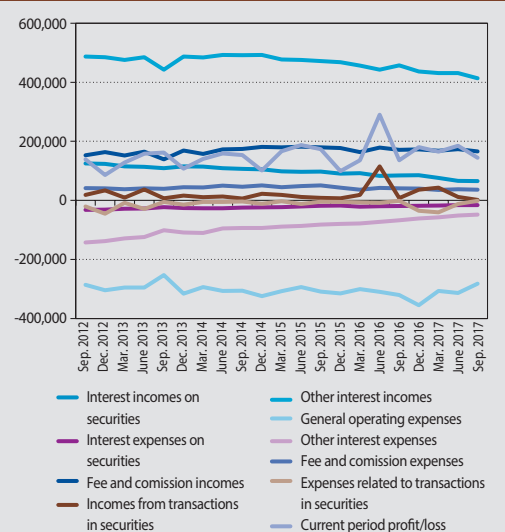
Source: NBS.

## 2.7 LENDING TO NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS

### 2.7.1 LOANS TO NON-FINANCIAL CORPORATIONS BY MATURITY

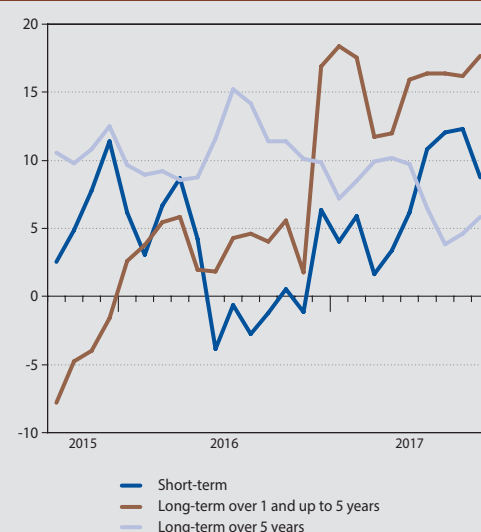
The stock of loans provided to non-financial corporations (NFCs) increased in the third quarter of 2017, thus maintaining its upward trend from the previous periods. The stock of short-term loans had been increasing, year on year, since the end of 2016 and its growth rate in the period under review was 8.8%. The annual rate of change in the stock of loans with a maturity of over one year and up to five years accelerated to 17.7% in the third quarter of 2017, while the rate for long-term loans was 5.9%, in line with a moderate downward trend.

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



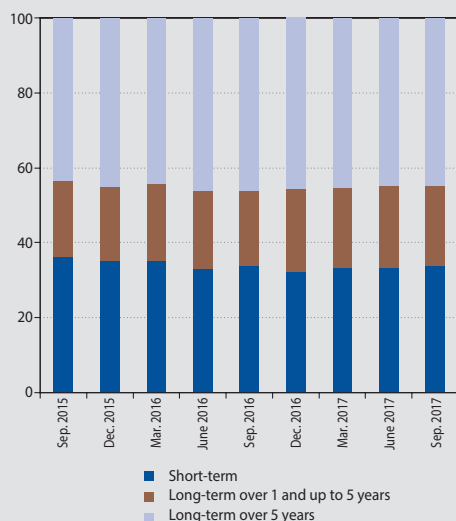
Source: NBS.

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



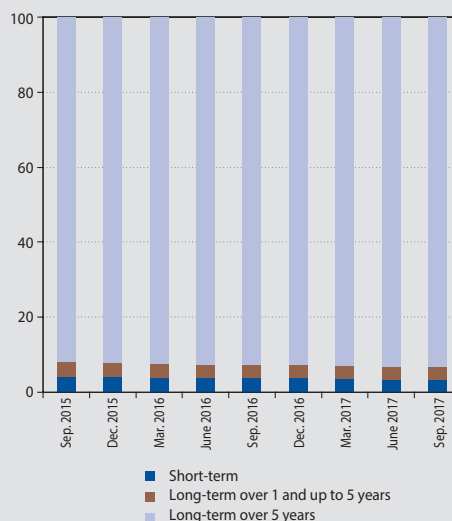
Source: NBS.

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



Source: NBS.

**Chart 24 Household loans broken down by maturity (% share)**



Source: NBS.

### 2.7.2 LOANS TO HOUSEHOLDS BY MATURITY

The stock of loans provided to households increased in the third quarter of 2017 by 12.3% year on year. Long-term loans with a maturity of over five years increased the most, by 13.3% year on year, while loans with a maturity of over one year and up to five years grew by only 3.6% and short-term loans decreased by 2.6% year on year (decreases were also recorded in July and

August). The stock of short-term loans provided to households declined, year on year, for the first time since April 2016.

### 2.7.3 LOANS TO NON-FINANCIAL CORPORATIONS BY TYPE OF LOAN

The stock of loans provided to NFCs had been growing continuously, year on year, since April 2015; its growth rate in the third quarter of 2017

**Chart 23 Loans to households by maturity (year-on-year percentage changes)**



Source: NBS.

**Chart 25 Loans to non-financial by type of loan (year-on-year percentage changes)**



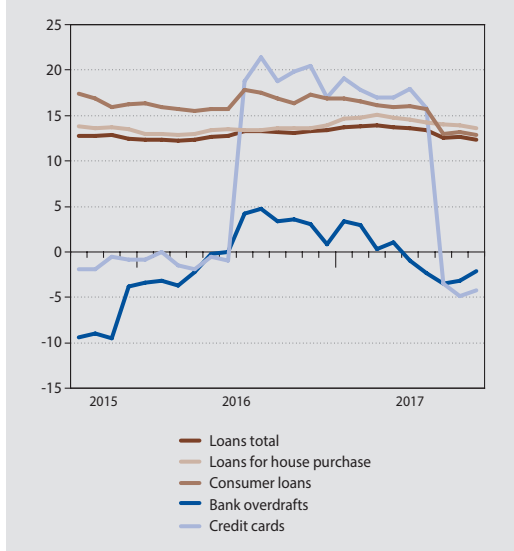
Source: NBS.

fluctuated around 9.2%. The stock of operating loans increased, year on year, by 53% in September 2017, representing an acceleration of almost 12.5 percentage points quarter on quarter. The annual rate of growth in investment loans was 9.1%, representing a moderate slowdown in comparison with June 2017. The stock of bank overdrafts and revolving loans increased by 4.9% year on year. The stock of real estate loans for NFCs increased, year on year, by 1.9% in the quarter under review, compared with 5.2% in the previous quarter.

#### 2.7.4 LOANS TO HOUSEHOLDS BY TYPE OF LOAN

A breakdown by purpose of loans provided to households shows that both housing loans and consumer loans grew at a relatively fast pace during the period under review. The stock of housing loans increased, year on year, by 13.6% and that of consumer loans by 12.9%. The stock of current account overdrafts recorded a year-on-year decline at the end of May 2017, and this declining trend continued up to September 2017. The rapid growth in credit card loans observed from July 2016 to June 2017 slowed down in July and turned gradually into decline in year-on-year terms (-4.3% in September 2017) after the impact of change in the structure of reporting entities had faded away.

**Chart 26 Households loans broken down by type of loan (year-on-year percentage changes)**

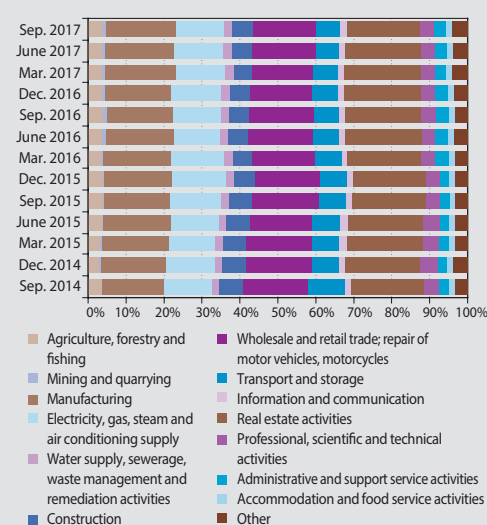


Source: NBS.

#### 2.7.5 LOANS TO NON-FINANCIAL CORPORATIONS BY ECONOMIC SECTOR

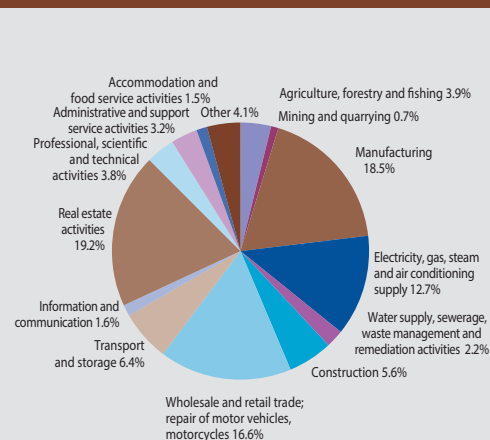
A breakdown by economic sector of loans provided to non-financial corporations (NFCs) shows that, at 30 September 2017, loans to the real estate sector accounted for 19.2%, loans to the manufacturing sector for 18.5%, and loans

**Chart 27 NFC loans broken down by economic activity**



Source: NBS.

**Chart 28 NFC loans broken down by economic activity as at 31 September 2017**



Source: NBS.



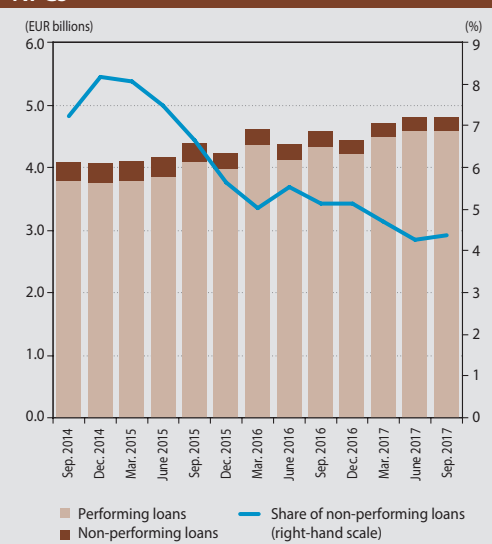
to the sector comprising wholesale trade, retail trade, and the repair of motor vehicles and motorcycles for 16.6%.

### 2.7.6 NON-PERFORMING LOANS TO NON-FINANCIAL CORPORATIONS

The share of non-performing loans (NPLs) in total NFC loans continued to fall, year on year, in the quarter under review, down to 5.6% at 30 September 2017. The NPL ratio for real estate loans to NFCs fell to 6.5%, which compared with its level at 30 September 2016 was lower by 3 percentage points. In quarter-on-quarter terms, however, the NPL ratio rose somewhat in the third quarter of 2017.

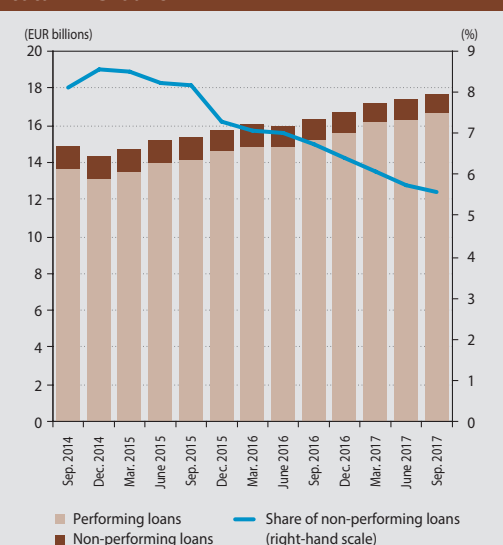
The NPL ratio for overdrafts and revolving loans was 4.4% at 30 September 2017. The NPL ratio also fell for operating loans, to 6.4%, and for investment loans, to 4.9% at 30 September 2017. The NPL ratio for credit card loans rose to 12% in the quarter under review.

### Chart 30 Share of non-performing loans in bank overdrafts and revolving credits to NFCs



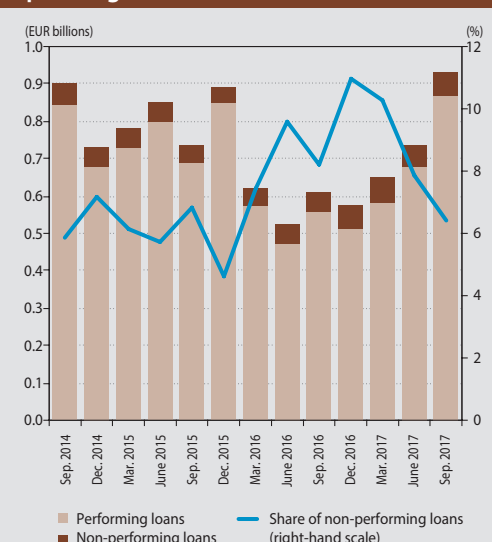
Source: NBS.

### Chart 29 Share of non-performing loans in total NFC loans



Source: NBS.

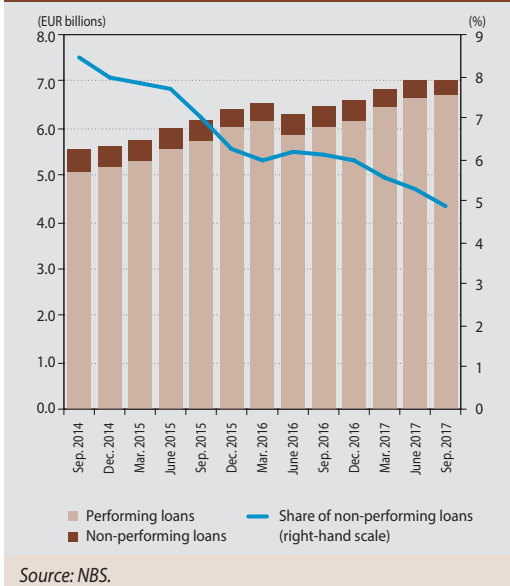
### Chart 31 Share of non-performing loans in operating loans to NFCs



Source: NBS.

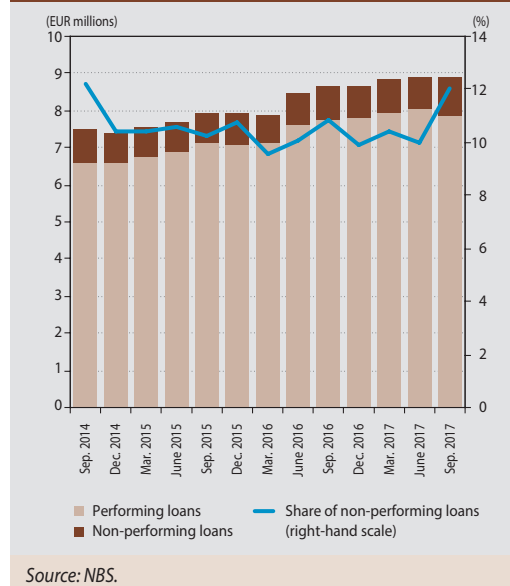


**Chart 32 Share of non-performing loans in investment loans to NFCs**



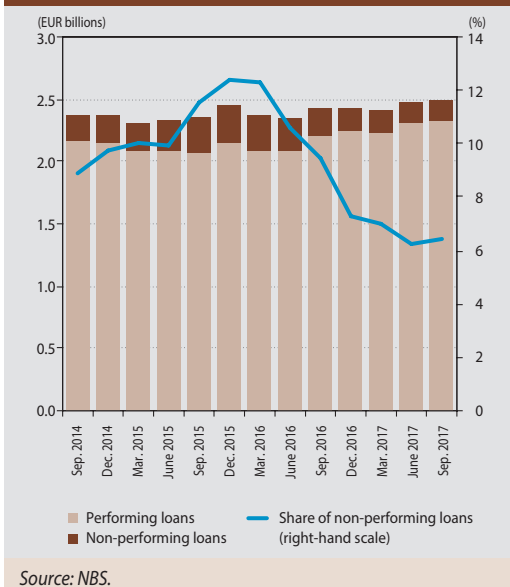
Source: NBS.

**Chart 34 Share of non-performing loans in credit card loans to NFCs**



Source: NBS.

**Chart 33 Share of non-performing loans in real estate loans to NFCs**



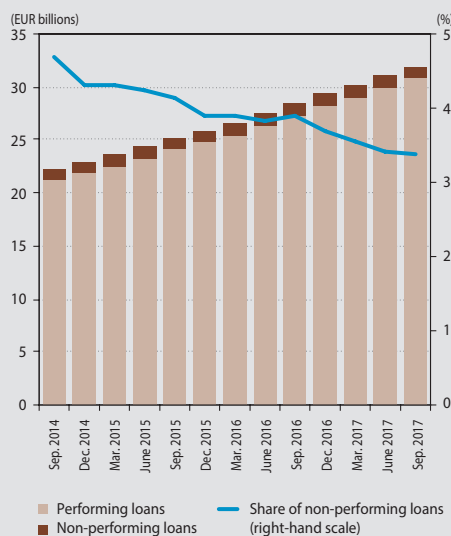
Source: NBS.

### 2.7.7 NON-PERFORMING LOANS TO HOUSEHOLDS

The share of NPLs in total household loans continued to fall in the third quarter of 2017 in relative terms. The NPL ratio for total household loans was 3.4% at 30 September 2017, 0.5 percentage point lower than the corresponding figure a year earlier. The NPL ratios for overdrafts and housing loans both fell in year-on-year terms, to 7.7% and 2.0% respectively. The NPL ratio also fell somewhat for credit card loans, to 14.1%, while that for consumer loans rose slightly, to 8.3%.

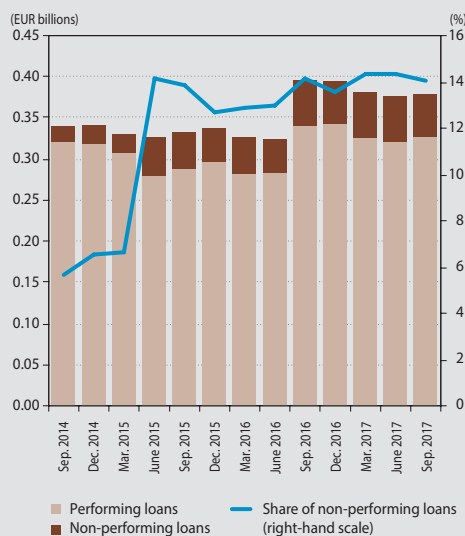


**Chart 35 Share of non-performing loans in total loans to households**



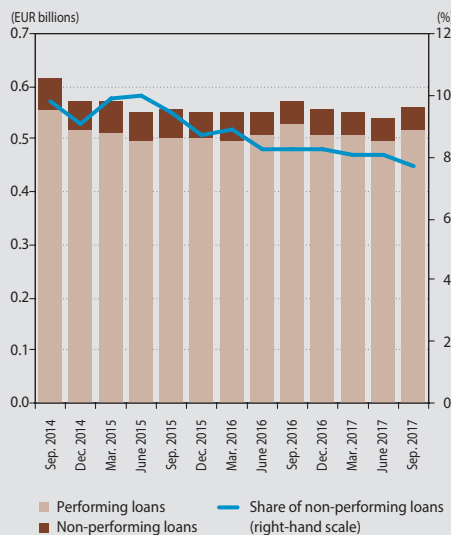
Source: NBS.

**Chart 37 Share of non-performing loans in credit card loans to households**



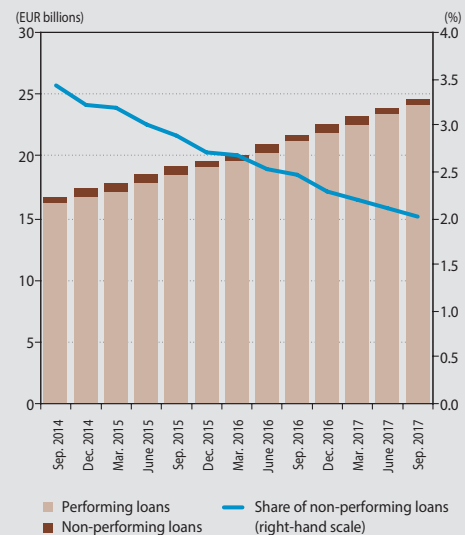
Source: NBS.

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



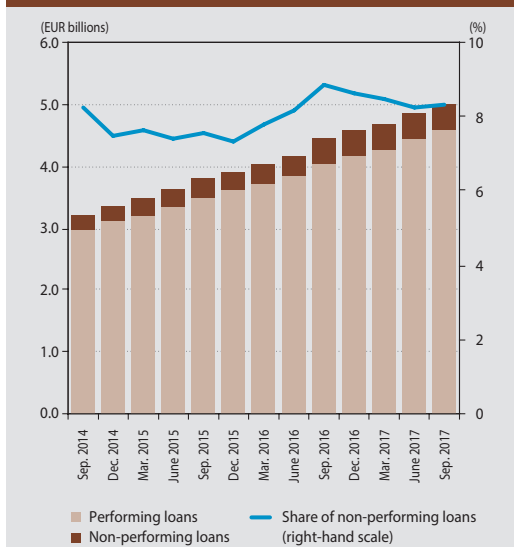
Source: NBS.

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



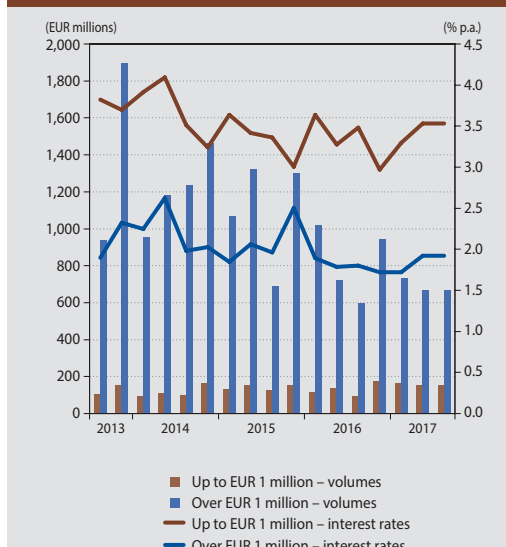
Source: NBS.

**Chart 39 Share of non-performing loans in consumer loans to households**



Source: NBS.

**Chart 40 New loans to NFCs – interest rates and volumes**



Source: NBS.

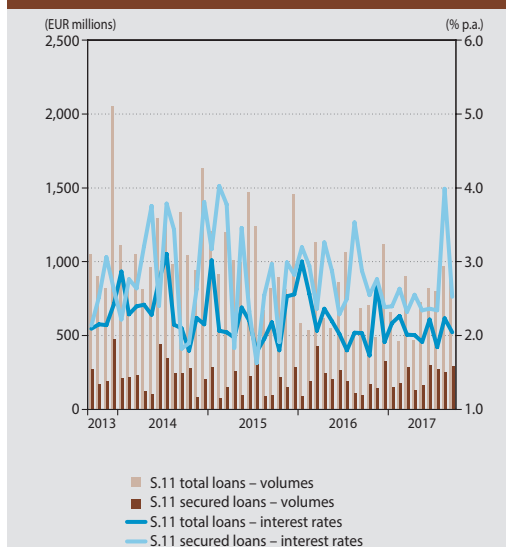
## 2.8 LOANS – INTEREST RATES, VOLUMES AND STOCKS

### 2.8.1 NEW LOANS TO NFCs – INTEREST RATES AND VOLUMES

The total volume of new loans provided to non-financial corporations (NFCs) was 19.2% higher in the third quarter of 2017 than in the third quarter of 2016. In the category of **loans of up to €1 million**, the volume of new loans increased in the quarter under review, by 17.2% year on year. Their share of the total volume of NFC loans provided during that period was 14.3%. The average interest rate on these loans in the quarter under review was 3.2% per annum, which in year-on-year terms was higher by 0.02 percentage point. In the category of **loans of over €1 million**, the volume of loans provided in the third quarter of 2017 increased by 19.6% year on year. Their share of the total volume of NFC loans provided during that period was 85.7%, and the average interest rate on these loans rose by 0.15 percentage point, to 1.9% p.a.

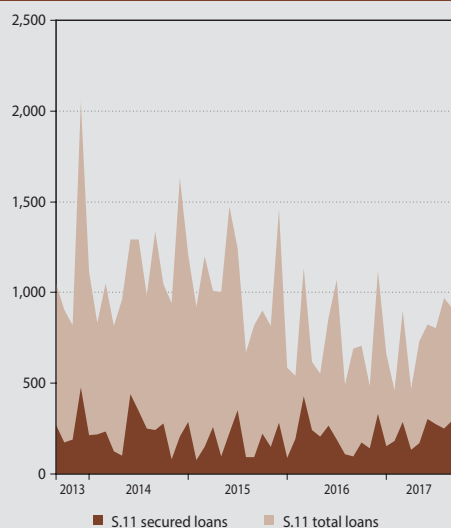
The share of new secured loans in the **total** volume of new loans provided to NFCs in the third quarter of 2017 was 30.6%, up from 17.5% in the same quarter of the previous year. The average

**Chart 41 Secured and total new loans to NFCs – Interest rates and volumes**



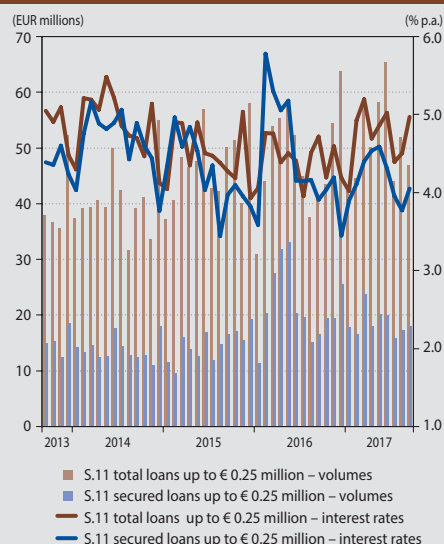
Source: NBS.

**Chart 42 Share of secured loans in total new loans to NFCs (EUR millions)**



Source: NBS.

**Chart 43 Secured and total new NFC loans up to € 0.25 million – interest rates and volumes**

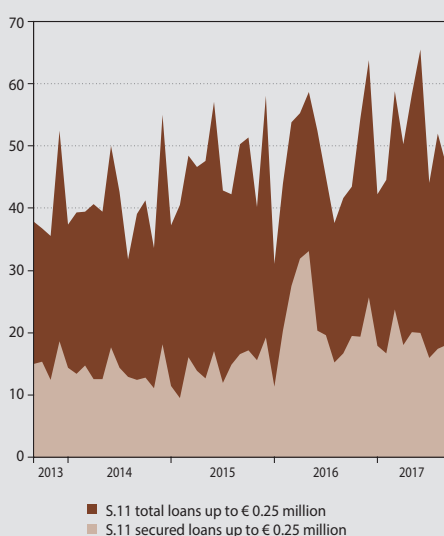


Source: NBS.

interest rate on secured loans rose to 2.91% p.a. in the third quarter of 2017, from to 2.88% p.a. in the same quarter of 2016. Similarly, the average interest rate on new loans to NFCs rose in the quarter under review by 0.13 percentage point year on year, to 2.1% p.a.

In the category of **loans of up to €0.25 million**, the share of new secured loans in the total volume of new loans provided to NFCs in the third quarter of 2017 was 35.9%, representing a year-on-year decrease of 5.6%. The average interest rate on these secured loans fell in the quarter under review by 0.15 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 to NFCs rose in that period by 0.3 percentage point, to 4.6% p.a.

**Chart 44 Share of secured loans in total new loans up to € 0.25 million to NFCs (EUR millions)**

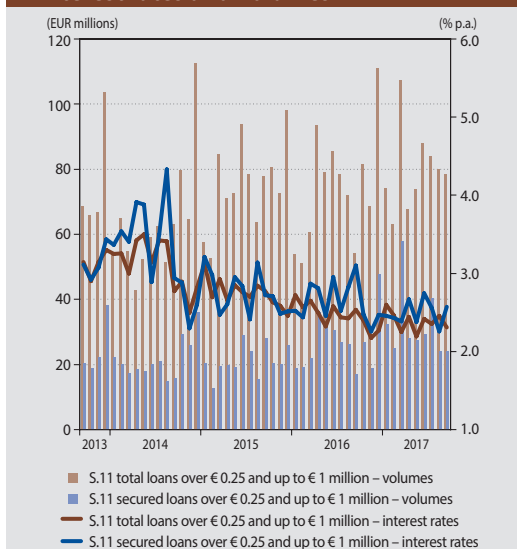


Source: NBS.

In the category of **loans of over €0.25 million and up to €1 million**, the share of new secured loans in the total volume of new loans provided to NFCs in the third quarter of 2017 was

36.5%, representing a year-on-year increase of 2.3%. The average interest rate on these secured loans fell somewhat in the quarter under review, by 0.3 percentage point year on year, to 2.5% p.a. In the **loans of over €0.25 million and up to €1 million** category, the average interest rate on new NFC loans also fell in that period, by 0.1 percentage point year on year, to 2.4% p.a.

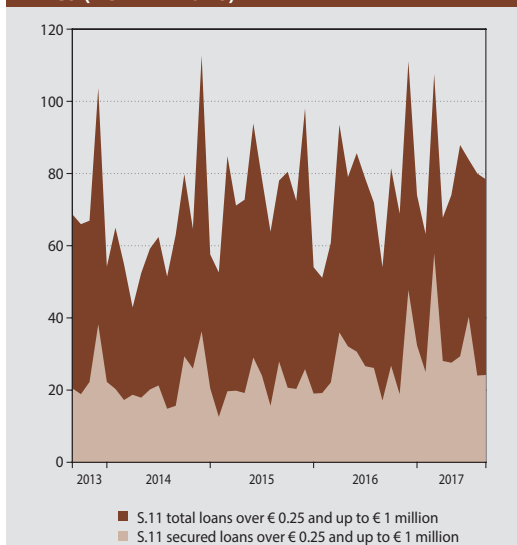
**Chart 45 Secured and total new loans over € 0.25 million and up to € 1 million to NFCs – interest rates and volumes**



Source: NBS.

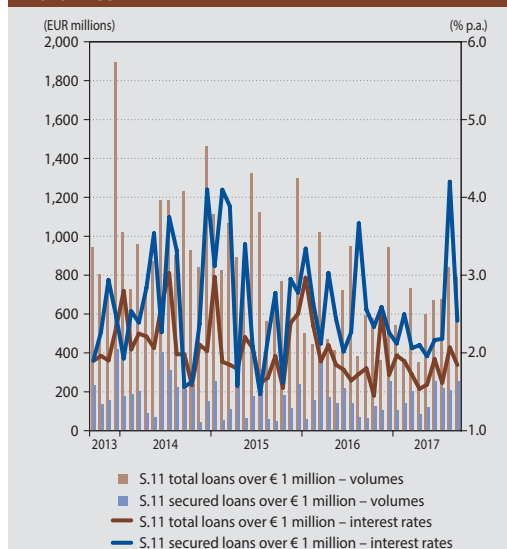
In the category of **loans of over €1 million**, the share of new secured loans in the total volume of new loans provided to NFCs in the third quarter of 2017 was 29.6%, representing a year-on-year increase of 15.4%. The average interest rate on these secured loans rose to 2.9% p.a. in the quarter under review, from 2.7% p.a. in the same period of 2016. In the **loans of over €1 million** category, the average interest rate on new NFC loans increased in that period by 0.2 percentage point year on year, to 1.9% p.a.

**Chart 46 Share of secured loans in total new loans over € 0.25 and up to € 1 million to NFCs (EUR millions)**

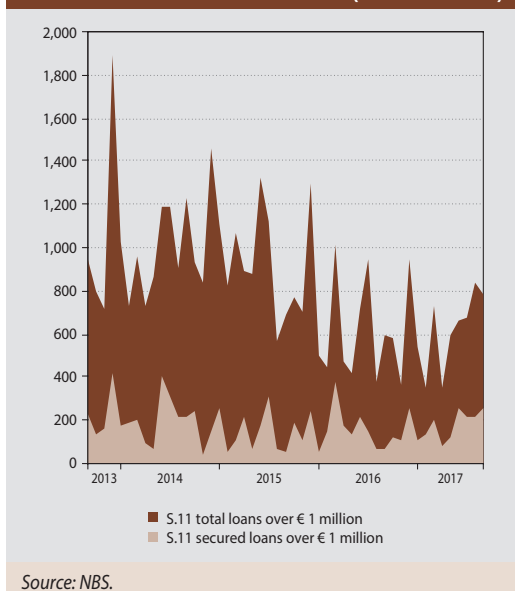
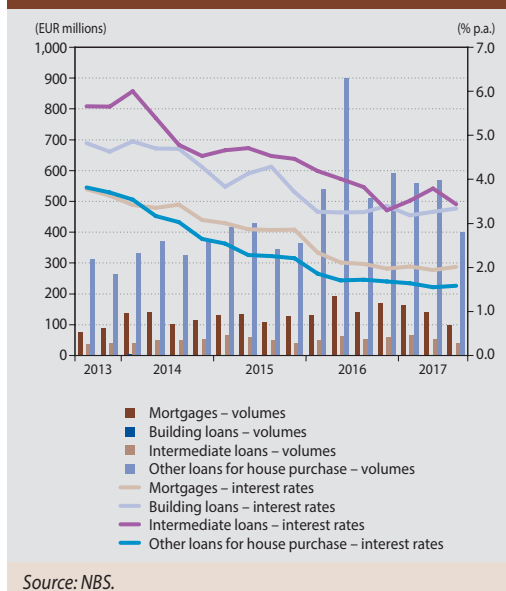


Source: NBS.

**Chart 47 Secured and total new loans over € 1 million to NFCs – interest rates and volumes**



Source: NBS.

**Chart 48 Share of secured loans in total new loans over € 1 million to NFCs (EUR millions)**

**Chart 49 New loans for house purchase to households – interest rates and volumes**


## 2.8.2 NEW LOANS TO HOUSEHOLDS – INTEREST RATES AND VOLUMES

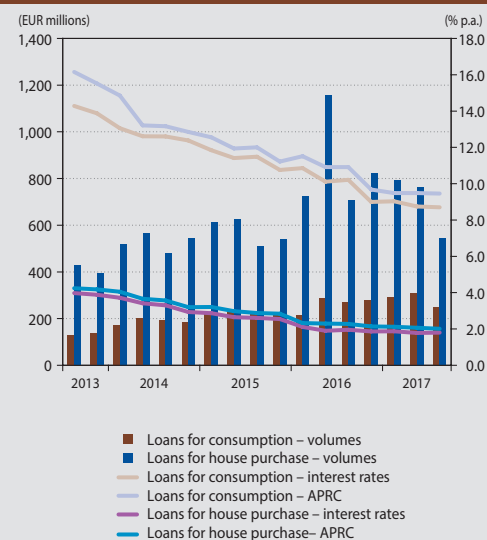
### 2.8.2.1 Housing loans – interest rates and volumes

Households' demand for housing loans remained strong in the third quarter of 2017, stronger than their demand for any other type of loan. The average interest rate on housing loans fell in the period under review by 0.1 percentage point year on year, to 1.8% p.a. The annual rates of change in the average interest rate on each type of housing loan were as follows: the rate on **intermediate loans** provided by home savings banks dropped by 0.3 percentage point, to 3.5% p.a.; the rate on **building loans** fell by 0.1 percentage point, to 3.3% p.a.; the rate on **mortgage loans** fell by 0.1 percentage point, to 2.0% p.a.; and the rate on **other loans for house purchase** fell by 0.1 percentage point, to 1.6% p.a. in the period under review.

### 2.8.2.2 Housing loans and consumer loans – interest rates and the APRC

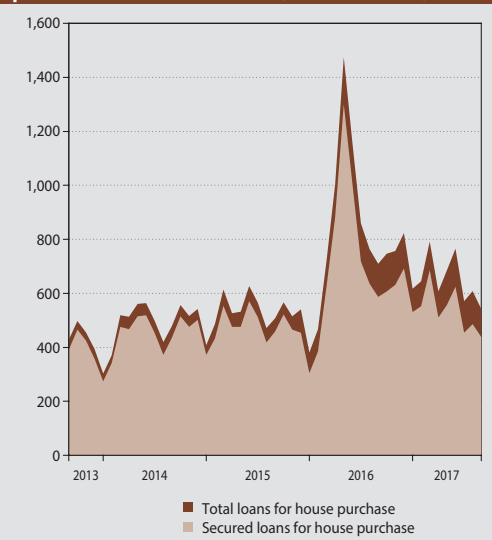
The **annual percentage rate of charge (APRC)** on loans to households usually exceeds the rate of interest charged on these loans. Like the average interest rate on housing loans, the APRC on these loans decreased, year on year, in the third quarter of 2017, by 0.3 percentage point, to 2.0% p.a. Consumer loans showed a similar trend in the period under review, with the average interest rate declining by 1.5 percentage points, year on year, to 8.8% p.a. and the average APRC for consumer loans falling by 1.6 percentage points, to 9.5% p.a.

**Chart 50 New loans for consumption and loans for house purchase – interest rates, APRC and volumes**



Source: NBS.

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



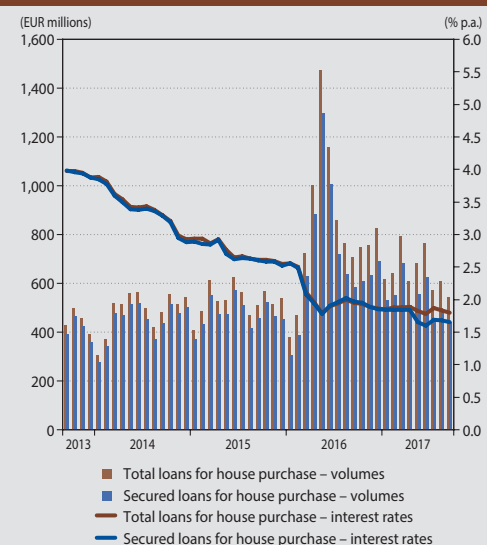
Source: NBS.

### 2.8.2.3 Secured housing loans – interest rates and volumes

The share of **new secured housing loans** in the total volume of housing loans provided to households in the third quarter of 2017 was

80.1%, down by 3.1% from its level in the third quarter of 2016. The average interest rate on these loans in the period under review fell by 0.3 percentage point, to 1.7% p.a.

**Chart 51 Secured and total new loans for house purchase to households – interest rates and volumes**

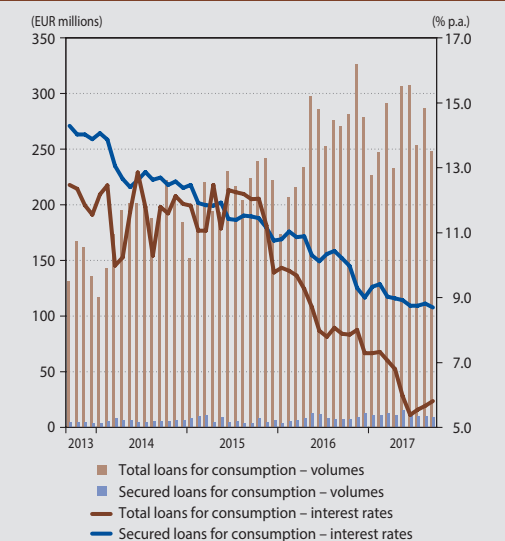


Source: NBS.

### 2.8.2.4 Secured consumer loans – interest rates and volumes

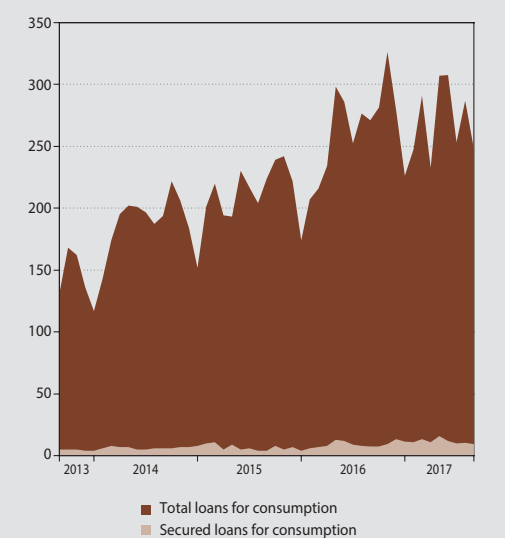
The share of **secured loans** in the total volume of **consumer loans** is far lower than the share of such loans in the total volume of housing loans. In year-on-year terms, the share of secured consumer loans increased slightly in the third quarter of 2017, to 3.7% (from 3.0% a year earlier). The average interest rate on secured consumer loans in the period under review fell by 2.2 percentage points, to 5.7% p.a.

**Chart 53 Secured and total new loans for consumption to households – interest rates and volumes**



Source: NBS.

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



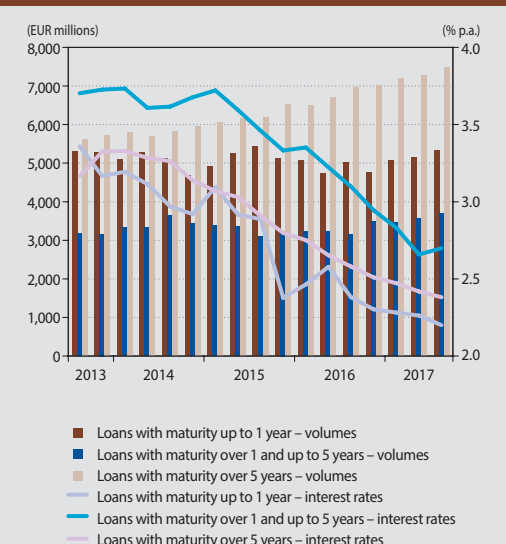
Source: NBS.

### 2.8.3 LOANS TO NFCs – INTEREST RATES AND STOCKS

The breakdown by maturity of loans provided to non-financial corporations (NFCs) shows that 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, but these loans account for the smallest share of the total stock of NFC loans. Loans with a maturity of over five years accounted for the largest share of the stock of NFC loans in the third quarter of 2017, continuing a trend going back to the second half of 2009.

For all maturities of **NFC loans**, average interest rates in the quarter under review were lower, year on year, as follows: for loans with a maturity of up to one year, by 0.3 percentage point, at 2.2% p.a.; for loans with a maturity of over five years, by 0.2 percentage point, at 2.4% p.a.; and for loans with a maturity of over one year and up to five years, by 0.5 percentage point, at 2.7% p.a.

**Chart 55 NFC loans by maturity – interest rates and volumes**



Source: NBS.





## 2.8.4 LOANS TO HOUSEHOLDS – INTEREST RATES AND STOCKS

### 2.8.4.1 Housing loans – interest rates and stocks

In terms of the stock of loans, a clear majority of loans provided to households (both housing loans and consumer loans) have a maturity of over five years.

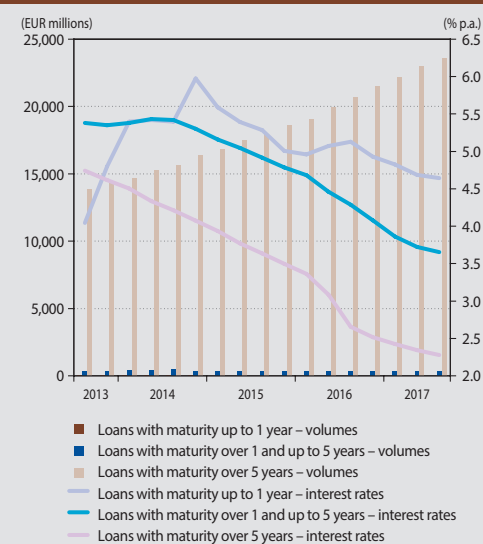
The average interest rate on **housing loans** in the third quarter of 2017 was lower, year on year, for all maturities, as follows: for loans with a maturity of over five years, by 0.4 percentage point, at 2.3% p.a.; for loans with a maturity of over one year and up to five years, by 0.7 percentage point, at 3.7% p.a.; and for loans with a maturity of up to one year, by 0.5 percentage point, at 4.7% p.a.

### 2.8.4.2 Consumer loans – interest rates and stocks

The stock of consumer loans with a maturity of up to one year remained negligible in the third quarter of this year, resulting in marked volatility in the average interest rate on these loans. The stock of consumer loans with a maturity of over one year and up to five years was stagnant in the period under review. Loans with a maturity of over five years accounted for the largest share of consumer loans.

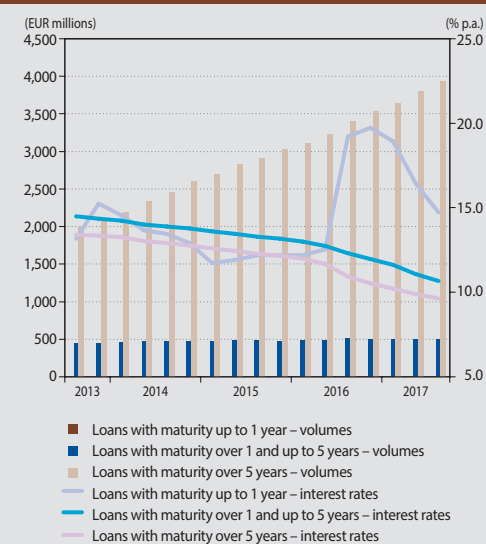
In the quarter under review, the average interest rate on **consumer loans** with a maturity of over one year and up to five years fell, year on year, by 1.6 percentage points, to 10.8% p.a., and the average rate on consumer loans with a maturity of over five years fell by 1.3 percentage points, to 9.7% p.a. The average rate on consumer loans with a maturity of up to one year fell by a substantial 3.9 percentage points, to 15.2% p.a.

Chart 56 Households loans for house purchase by maturity – interest rates and volumes



Source: NBS.

Chart 57 Households loans for consumption by maturity – interest rates and volumes



Source: NBS.



## 2.9 DEPOSITS RECEIVED FROM NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS

### 2.9.1 DEPOSITS RECEIVED FROM NON-FINANCIAL CORPORATIONS

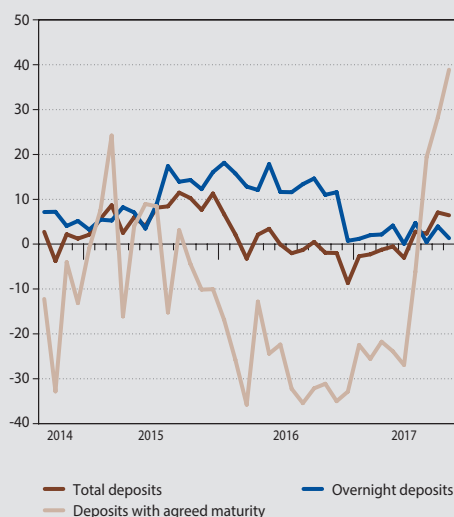
The stock of deposits received from NFCs was 6.4% higher at 30 September 2017 than at 30 September 2016. Deposits with an agreed maturity increased the most, by 38.9% year on

year, while other deposits grew by 8.7% (after declining for a longer period). The stock of overnight deposits increased by 1.3% year on year.

### 2.9.2 DEPOSITS RECEIVED FROM HOUSEHOLDS

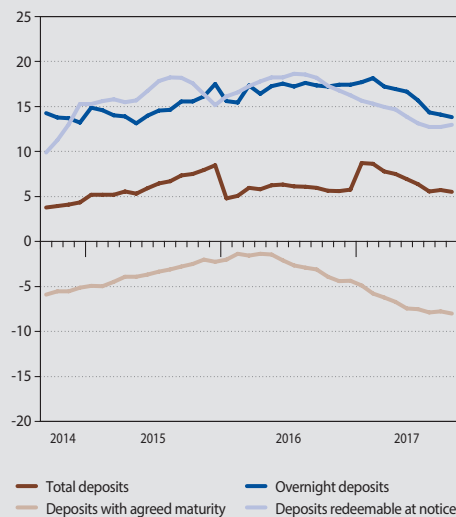
The stock of deposits received from households was 5.5% higher at 30 September 2017 than at 30 September 2016. The growth in household deposits was caused by increases in overnight deposits (13.8%) and in deposits redeemable at

Chart 58 NFC deposits by type (year-on-year percentage changes)



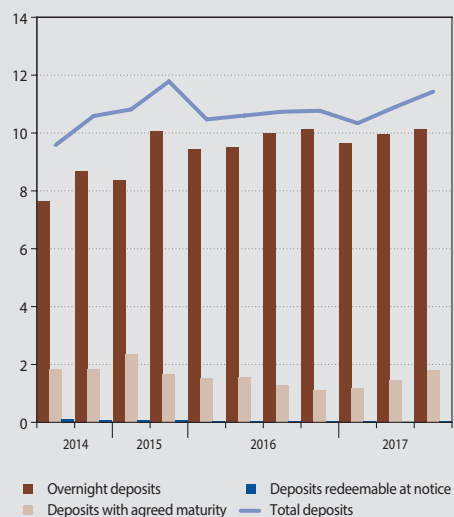
Source: NBS.

Chart 60 Households deposits by type (year-on-year percentages change)



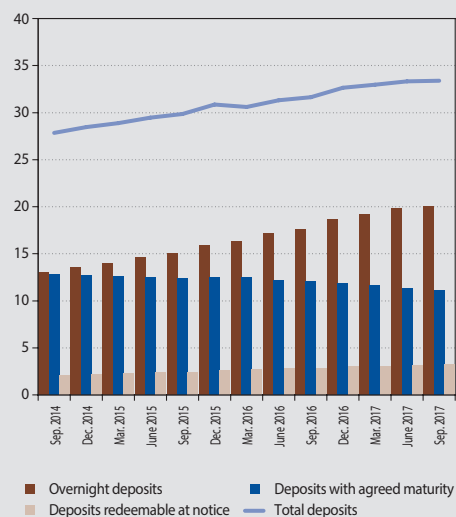
Source: NBS.

Chart 59 NFC deposits (EUR billions)



Source: NBS.

Chart 61 Households deposits (EUR billions)



Source: NBS.



notice (13%). The growing trend was negatively affected by deposits with an agreed maturity, which fell by 8% year on year.

## 2.10 DEPOSITS RECEIVED – INTEREST RATES, VOLUMES AND STOCKS

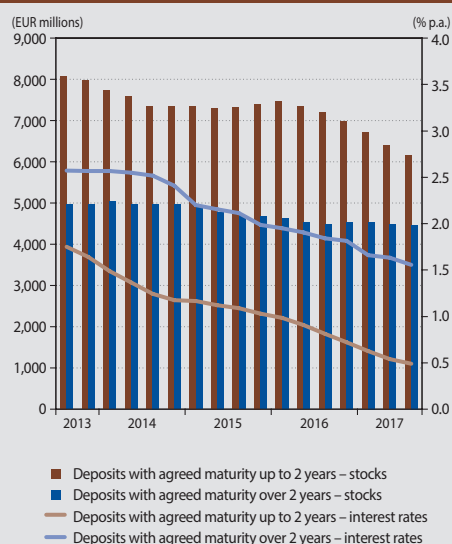
### 2.10.1 HOUSEHOLD DEPOSITS – INTEREST RATES AND STOCKS

In the third quarter 2017 household **deposits with an agreed maturity of up to two years** accounted for 58.3% of the total stock of household deposits with an agreed maturity, which in year-on-year terms represented a decrease of 13.9%. The average interest rate on household deposits with an agreed maturity of up to two years was 0.4 percentage point lower in the third quarter of 2017 than in the same period a year earlier, at 0.5% 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 0.3 percentage point, at 1.6% p.a. The total stock of household deposits with an agreed maturity was lower in year-on-year terms, by 8.8%.

### 2.10.2 NEW HOUSEHOLD DEPOSITS – INTEREST RATES AND VOLUMES

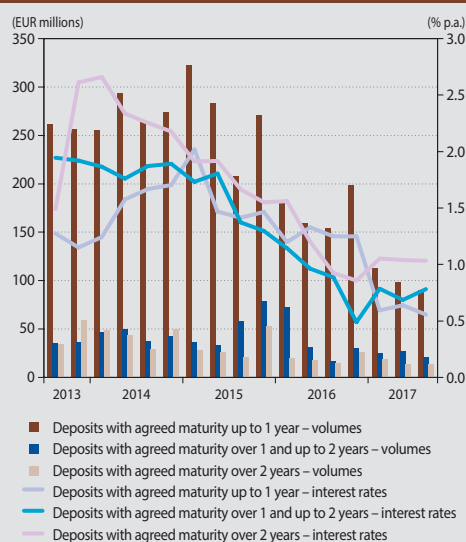
The average interest rate on **new household deposits with an agreed maturity of up to one year** was 0.5 percentage point lower in the third quarter of 2017 than in the same period of 2016, at 0.6% p.a., and the share of these deposits in the total volume of new household deposits with an agreed maturity received during the period under review was down by 17.6%, at 70.6%. The average interest rate on **new deposits with an agreed maturity of over one year and up to two years** was 0.2 percentage point lower, year on year, at 0.7% p.a., and their share of the total was up by 11.6%, at 18.3%. The average interest rate on **new deposits with an agreed maturity of over two years** remained unchanged in the period under review, at 1.1% p.a., and their share of the total was up by 6.0%, at 11.2%.

Chart 62 Household deposits with an agreed maturity – interest rates and stocks



Source: NBS.

Chart 63 New household deposits with an agreed maturity – interest rates and volumes



Source: NBS.



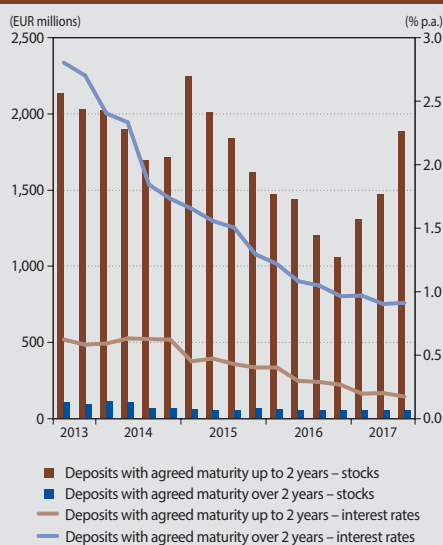
### 2.10.3 NFC DEPOSITS – INTEREST RATES AND STOCKS

In the third quarter of 2017, **deposits with an agreed maturity of over two years** received from non-financial corporations (NFCs) accounted for 3.1% of the total stock of NFC deposits with an agreed maturity, which in year-on-year terms represented a decrease of 3.5%. The average interest rate on these deposits was 0.2 percentage point lower in the third quarter of 2017 than in the same period a year earlier, at 0.9% p.a. As for **NFC deposits with an agreed maturity of up to two years**, their share of the total stock of NFC deposits with an agreed maturity was 96.9%, up by 1.4%, while the average interest rate on these deposits was lower in the period under review by 0.1 percentage point, at 0.2% p.a. The total stock of NFC deposits with an agreed maturity was higher in year-on-year terms, by 39.5%.

### 2.10.4 NEW NFC DEPOSITS – INTEREST RATES AND VOLUMES

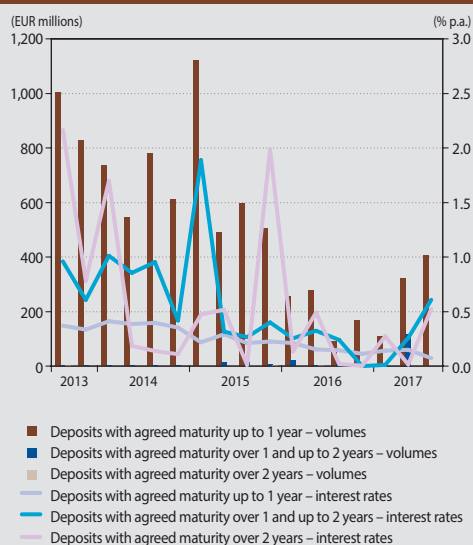
The average interest rate on **new NFC deposits with an agreed maturity of over two years** was 0.3 percentage point higher in the third quarter of 2017 than in the same period a year earlier, at 0.3% p.a., while the share of these deposits in the total stock of NFC deposits with an agreed maturity was insignificant (0.04%). The average rate on new NFC **deposits with an agreed maturity of over one year and up to two years** remained unchanged in year-on-year terms, at 0.2% p.a., and the share of these deposits in the total stock of NFC deposits with an agreed maturity decreased by 1.4%, to 0.51%. The average rate on new **deposits with an agreed maturity of up to one year** fell somewhat in the period under review, by 0.04 percentage point, to 0.1% p.a., and their share of the total was by far the largest, at 99.45%.

Chart 64 NFC deposits with an agreed maturity – interest rates and stocks



Source: NBS.

Chart 65 New NFC deposits with an agreed maturity – interest rates and volumes



Source: NBS.



# INVESTMENT FUNDS AND MONEY MARKET FUNDS



## 3 INVESTMENT FUNDS AND MONEY MARKET FUNDS

In Slovakia's financial market, the mutual fund market comprises six domestic asset management companies and one foreign asset management company, managing a total of 88 domestic open-end funds as at 30 September 2017.

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, a.s., investiční společnost

### 3.1 CURRENT DEVELOPMENTS IN THE MARKET

For the purposes of monetary and financial statistics compiled by the European Central Bank, mutual funds are broken-down to investment funds (ESA 2010 sector S.124) and money market funds (sector S.123). The investment funds are further more divided according to their investment strategy into the following categories: bond funds, equity funds,

mixed funds, real estate funds, hedge funds and other funds.

Money market funds' share in the total assets of investment funds continued to decrease in the period under review, to 0.49% at 30 September 2017.

Mixed funds accounted for the largest share, 43.04%, of investment funds' total assets at 30 September 2017. They were followed by bond funds with a share of 27.68% at 30 September 2017 (down by 0.62 percentage points quarter on quarter), real estate funds (17.73%) and equity funds (6.62%). As for other funds, including, for example, guaranteed funds, alternative investment funds, securities funds and professional investor funds, their share of total assets decreased to 4.44% at 30 September 2017, displacing equity funds from the fifth position.

At 30 September 2017, the total asset value of mixed funds was higher both year on year, by 32.27%, and quarter on quarter, by 5.59%, as was that of real estate funds, by 9.90% and 0.65% respectively. The total asset value of equity funds also increased in the third quarter of 2017, by 7.28% year on year and 5.97% quarter on quarter. Bond funds recorded a quarter-on-quarter rise of 0.20% in their asset value, which declined year on year by 1.38%. Other funds recorded a year-on-year drop of 37.37% at 30 September 2017. Investor interest in money market funds

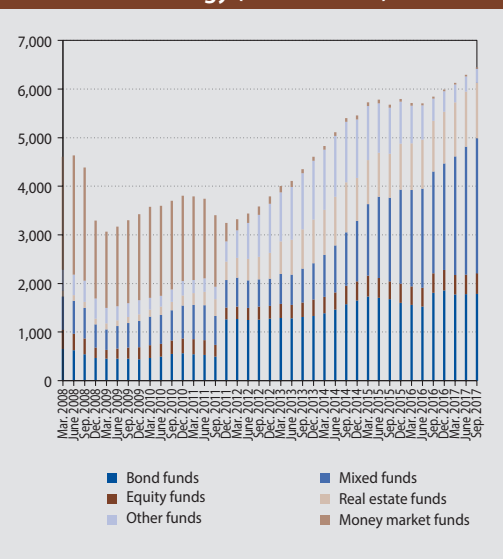
Table 8 Total assets of mutual funds broken down by type of fund (year-on-year percentage changes)

Total assets	IX. 2015	XII. 2015	III. 2016	VI. 2016	IX. 2016	XII. 2016	III. 2017	VI. 2017	IX. 2017
<b>Bond funds</b>	6.21	-2.82	-10.14	-10.53	8.10	15.71	13.94	16.66	-1.38
<b>Equity funds</b>	-3.70	-1.23	-10.24	-4.94	8.65	8.51	3.29	11.07	7.28
<b>Mixed funds</b>	57.89	55.89	34.54	22.01	21.56	13.07	22.96	36.12	32.27
<b>Real estate funds</b>	-12.65	7.17	6.21	11.20	15.50	12.31	16.26	12.85	9.90
<b>Other funds</b>	-23.67	-28.49	-30.76	-31.18	-51.75	-50.78	-52.83	-58.98	-37.37
<b>Money market funds</b>	-21.33	-26.29	-26.57	-37.99	-36.27	-40.44	-38.06	-31.28	-17.95

Source: NBS.

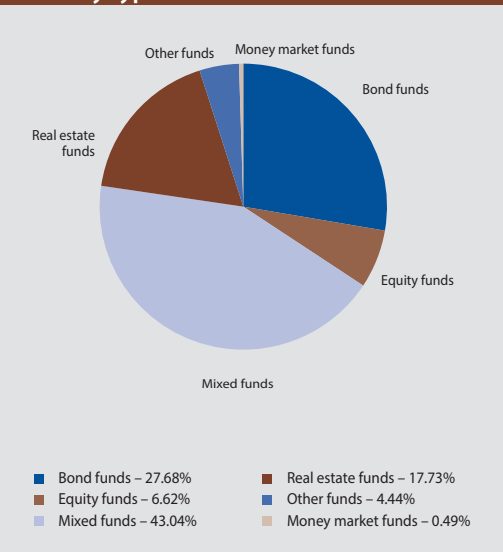
remained subdued in the period under review, and so their total asset value fell by 17.95% year on year.

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



Source: NBS.

**Chart 67 Total assets of domestic mutual funds as at 30 September 2017 broken down by type of fund**



Source: NBS.

## 3.2 ASSET STRUCTURE OF DOMESTIC INVESTMENT FUNDS

### 3.2.1 BOND FUNDS

Bond funds invest primarily in government and bank debt securities and in bank time deposits.

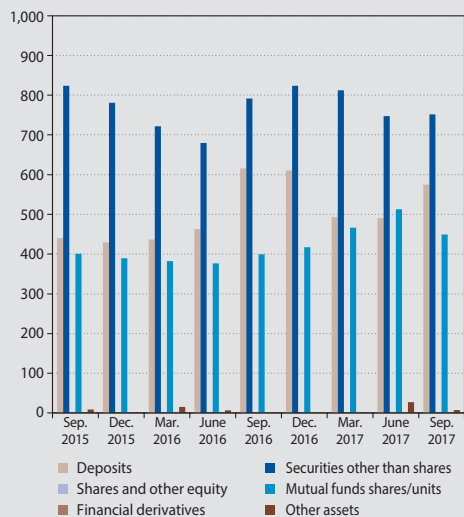
In terms of asset type, bond funds' total assets at 30 September 2017 broke down as follows: 42.11% were debt securities (up from 41.98% at the end of the previous quarter); 32.23% were bank time deposits and current account holdings; 25.18% were investment fund shares/units (down by 3.63 percentage points from 30 June 2017); and 0.47% were other assets (including financial derivatives).

In terms of issuer residency, bond funds' holdings of debt securities at 30 September 2017 broke down as follows: 47.97% were securities issued by residents of the rest of the world; 36.77% were securities issued by Slovak residents (up by 0.52 percentage point from the end of the previous quarter); and 15.29% were securities issued by residents of other euro area countries (down by 6.84 percentage points).

In terms of issuer sector, bond funds' holdings of debt securities at 30 September 2017 broke down as follows: 43.19% were government bonds; 38.52% were debt securities issued by banks; and 18.29% were debt securities issued by non-financial corporations or other financial institutions.

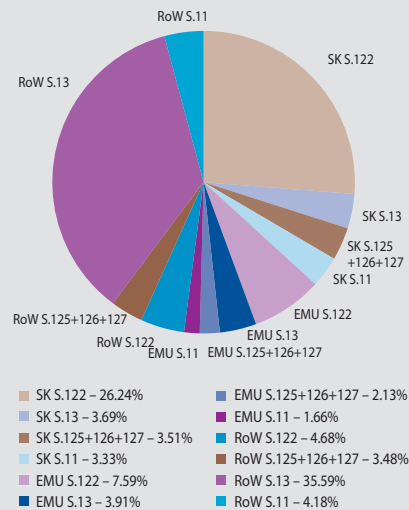
In terms of residual maturity, bond funds' holdings of debt securities at 30 September 2017 broke down as follows: 35.33% had a maturity of up to one year, 9.25% a maturity of over one year and up to two years, and 55.42% a maturity of over two years.

**Chart 68 Bond funds: evolution of assets (EUR millions)**



Source: NBS.

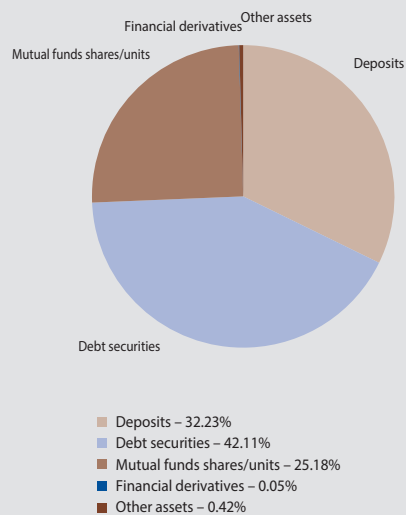
**Chart 70 Geographical and sectoral breakdown of debt securities in the portfolio of bond funds as at 30 September 2017**



Source: NBS

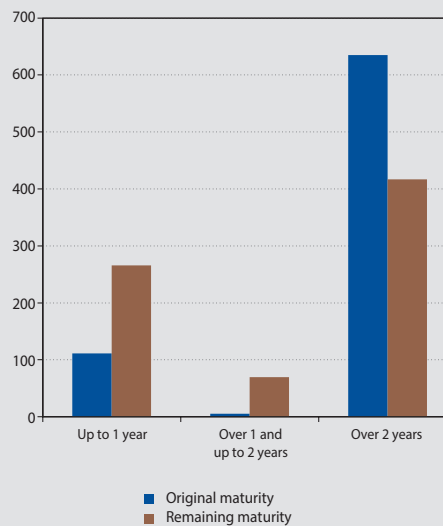
Note: SK = domestic issuers; EMU = issuers from other euro area member states; RoW = issuers from the rest of the world.

**Chart 69 Bond funds: structure of assets as at 30 September 2017**



Source: NBS.

**Chart 71 Maturity breakdown of debt securities in the portfolio of bond funds as at 30 September 2017 (EUR millions)**



Source: NBS.



### 3.2.2 EQUITY FUNDS

In terms of asset type, equity funds' total assets at 30 September 2017 broke down as follows: 48.13% were shares and other equity; 33.82% were investment fund shares/units (down by 0.12 percentage points); 12.85% were bank deposit account holdings (up by 0.54 percentage points); 4.64% were debt securities; and 0.57% were other assets (including financial derivatives).

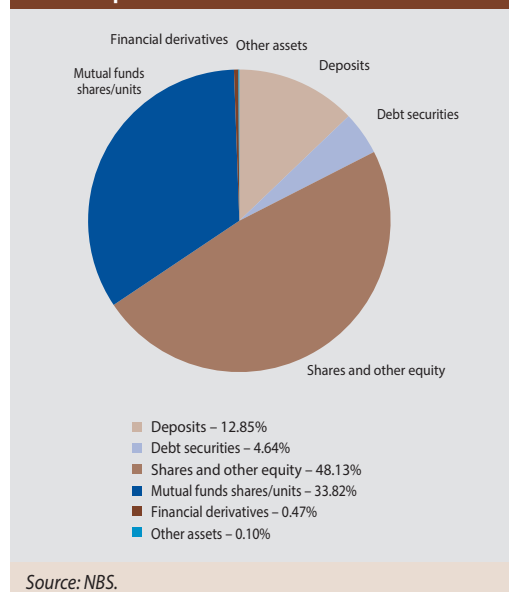
In terms of issuer residency, equity funds' holdings of investment fund shares/units at 30 September 2017 broke down as follows: 18.19% were issued by funds resident in Slovakia; 72.13% were issued by funds resident in other euro area countries; and 9.68% were issued by funds resident in the rest of the world.

The share of non-MMF investment fund shares/units in equity funds' total holdings of investment fund shares/units was 98.05% at 30 September 2017, largely unchanged from its level at the end of the previous quarter.

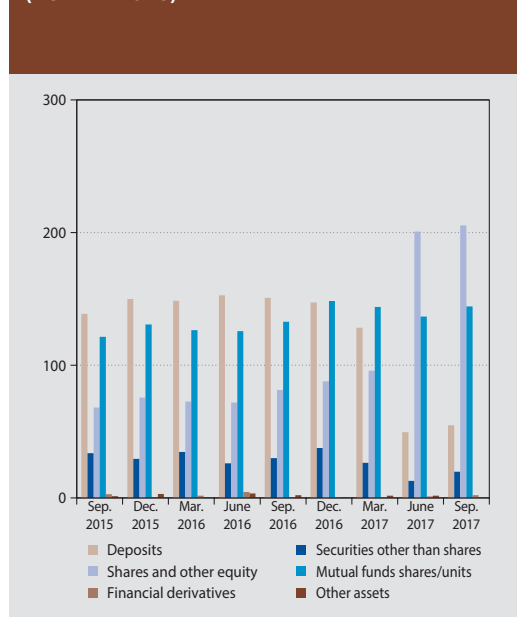
In terms of issuer residency and sector, equity funds' holdings of shares at 30 September 2017 broke down as follows: 57.69% were is-

sued by NFCs resident in the rest of the world; 18.95% were issued by NFCs resident in euro area countries; 13.45% were issued by credit institutions resident in non-euro area countries; and 4% were issued by issuers from other sectors.

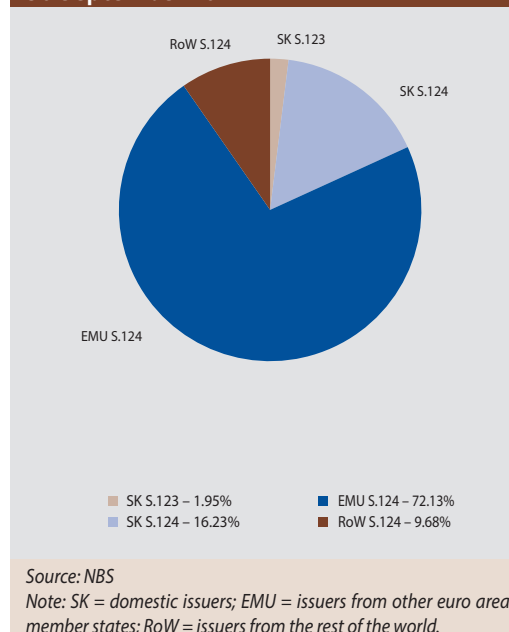
**Chart 73 Equity funds: structure of assets as at 30 September 2017**



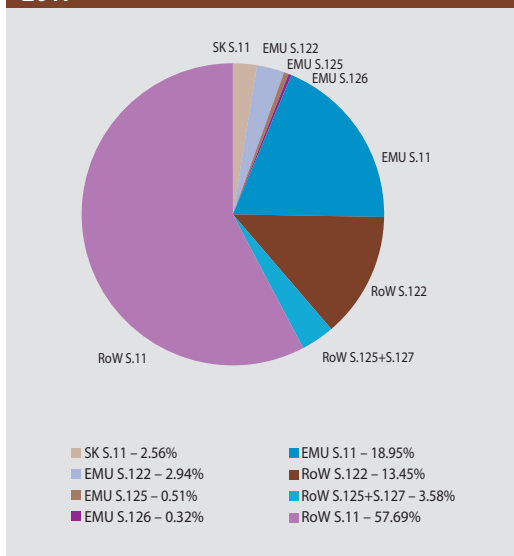
**Chart 72 Equity funds: evolution of assets (EUR millions)**



**Chart 74 Geographical and sectoral breakdown of mutual funds shares/units in the portfolio of equity funds as at 30 September 2017**



**Chart 75 Geographical and sectoral breakdown of shares and other equity in the portfolio of equity funds as at 30 September 2017**



Source: NBS

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

### 3.2.3 MIXED FUNDS

In terms of asset type, mixed funds' total assets at 30 September 2017 broke down as follows: 62.08% were investment fund shares/units (up by 3.90 percentage points from the end of the previous quarter and maintaining a long-term leading trend); 21.20% were bank deposit account holdings; 14.59% were debt securities; 1.36% were shares; and 0.77% were other assets (including financial derivatives).

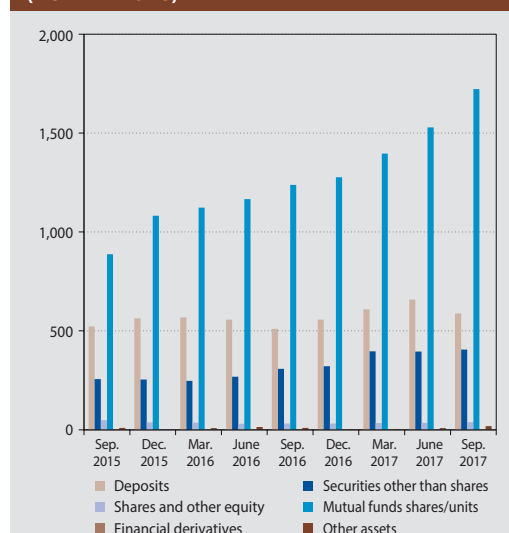
In terms of issuer residency, mixed funds' holdings of investment fund shares/units at 30 September 2017 broke down as follows: 72.98% were issued by funds resident in other euro area countries; 17.69% were issued by funds resident in Slovakia; and 9.32% were issued by funds resident in the rest of the world.

In terms of issuer residency, mixed funds' holdings of securities at 30 September 2017 broke down as follows: 63.84% were bonds issued by domestic issuers, 24.26% were securities issued by issuers from other euro area countries, and 11.90% were securities issued by issuers from the rest of the world.

In terms of issuer sector, the general government sector (S.13) accounted for the largest share, 25.38%, of mixed funds' holdings of securities at 30 September 2017.

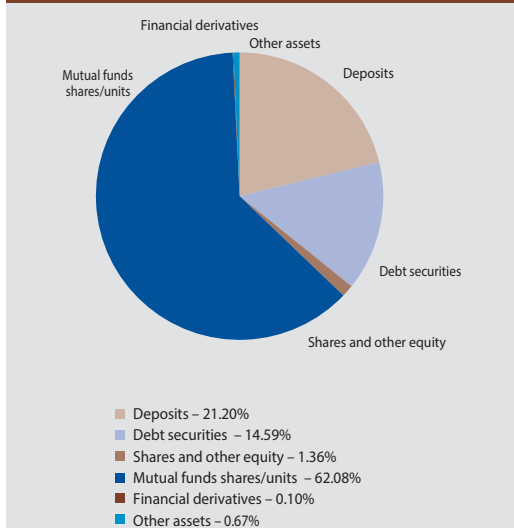
In terms of residual maturity, mixed funds' holdings of securities at 30 September 2017 broke down as follows: 16.31% had a maturity of up to one year; 18.24% a maturity of over one year and up to two years, and 65.45% a maturity of over two years.

**Chart 76 Mixed funds: evolution of assets (EUR millions)**



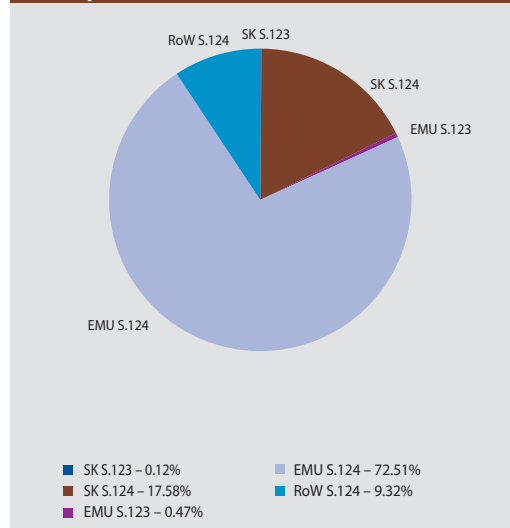
Source: NBS.

**Chart 77 Mixed funds: structure of assets as at 30 September 2017**



Source: NBS.

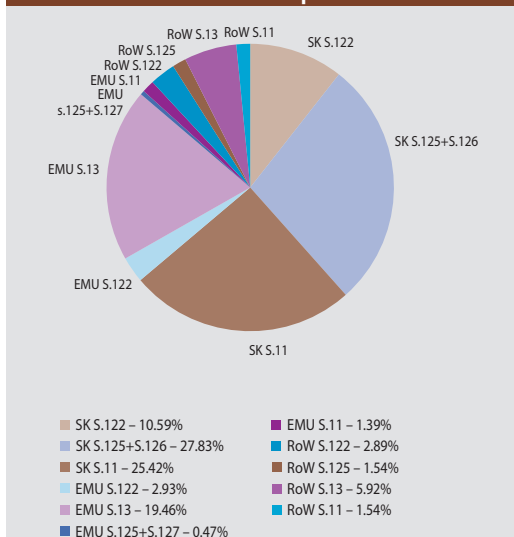
**Chart 79 Geographical and sectoral breakdown of mutual funds shares/units in the portfolio of mixed funds as at 30 September 2017**



Source: NBS

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

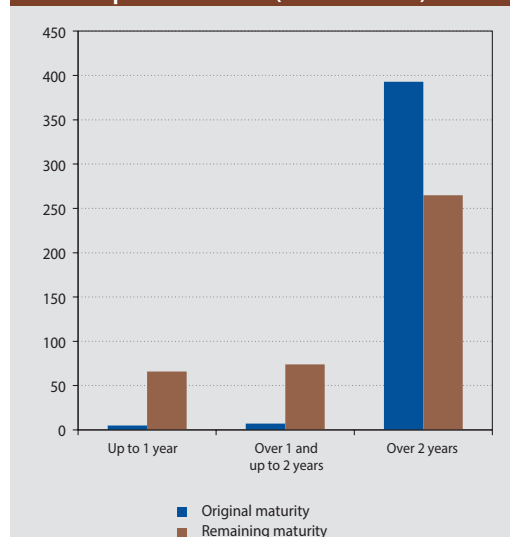
**Chart 78 Geographical and sectoral breakdown of debt securities in the portfolio of mixed funds as at 30 September 2017**



Source: NBS

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

**Chart 80 Maturity breakdown of debt securities in the portfolio of bond funds as at 30 September 2017 (EUR millions)**



Source: NBS.

### 3.2.4 REAL ESTATE FUNDS

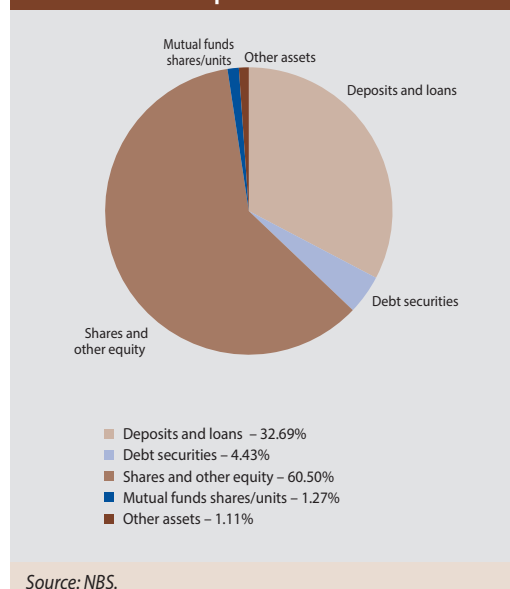
Real estate funds invest primarily in shares and equity participations in real estate companies. They may use the funds obtained to provide loans to real estate companies in accordance with the applicable law.

In terms of asset type, real estate funds' total assets at 30 September 2017 broke down as follows: 32.69% were bank deposits and loans provided to real estate companies (up from its level at 30 June 2017); 60.50% were shares and other equity (down by 3.26 percentage points, from 63.76% at 30 June 2017); 4.43% were debt securities; 1.27% were investment fund shares/units; and 1.11% were other assets.

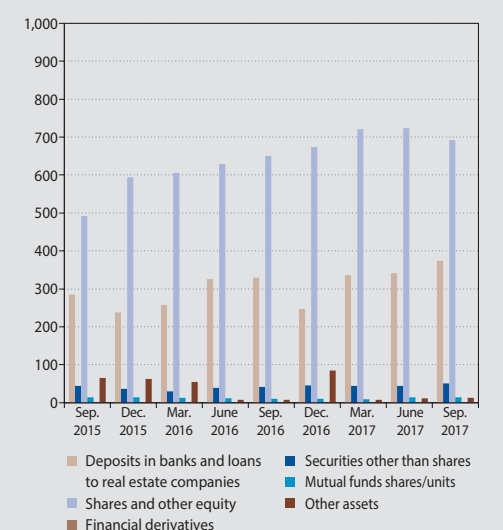
In terms of residency and sector, the companies in which real estate funds' held shares and other equity at 30 September 2017 broke down as follows: 85.25% were domestic NFCs (sector S.11); 5.33% were NFCs from other EU Member States (up by 0.32 percentage point); and 9.16% were

NFCs from the rest of the world (down from 14.54% at 30 June 2017).

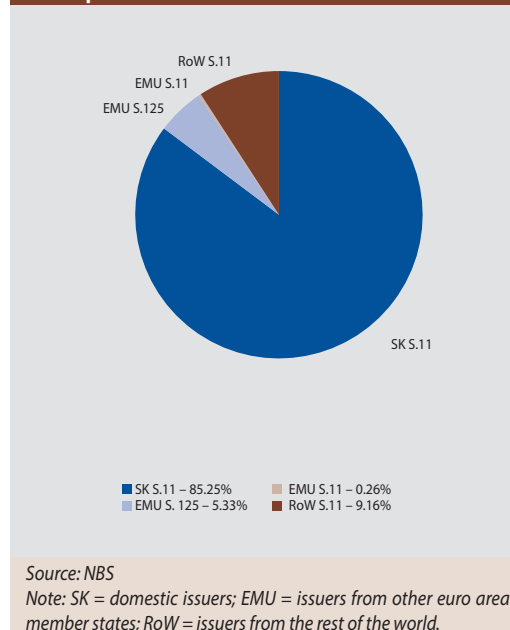
**Chart 82 Real estate funds: structure of assets as at 30 September 2017**



**Chart 81 Real estate funds: evolution of assets (EUR millions)**



**Chart 83 Geographical and sectoral breakdown of shares and other equity in the portfolio of real estate funds as at 30 September 2017**



### 3.2.5 OTHER FUNDS

Other investment funds comprise investment funds whose investment strategy does not allow them to be clearly placed in any of the above-mentioned categories. They include guaranteed funds, alternative investment funds (e.g. commodity funds), securities funds, professional investor funds, and other specialised funds. The assets of other funds managed by domestic asset management companies comprise mainly bank deposits, debt securities, and investment fund shares/units.

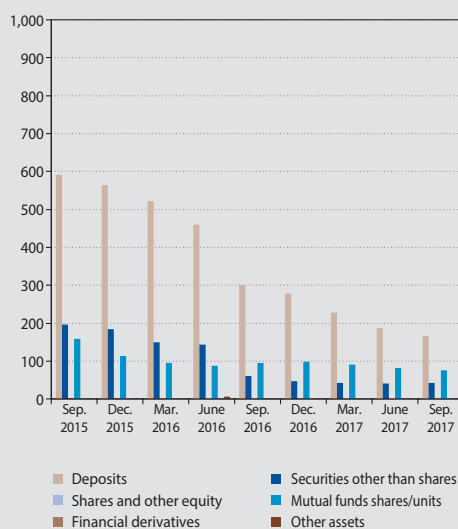
In terms of asset type, other funds' total assets at 30 September 2017 broke down as follows; 58.26% were bank deposit holdings; 14.87% were debt securities (up by 1.66 percentage points, from 13.21% at 30 June 2017); and 26.26% were investment fund shares/units (up by 0.18 percentage point, from 26.08% at 30 June 2017).

In terms of issuer residency, other funds' holdings of debt securities at 30 September 2017 remained broadly unchanged, as follows: 45.05% were securities issued by the countries from the rest of the world (up by 0.54 percentage point from the end of the previous quarter); 28.32% were securities issued in other euro area countries (up by 0.42 percentage points quarter on quarter); and 26.63% were domestic securities (down by 0.96 percentage points quarter on quarter).

In terms of issuer sector, bank bonds issued by institutions in subsector S.122 continued to account for the largest share of other funds' holdings of debt securities, at 33.08%, followed by government bonds (sector S.13) with a share of 24.84% at 30 September 2017.

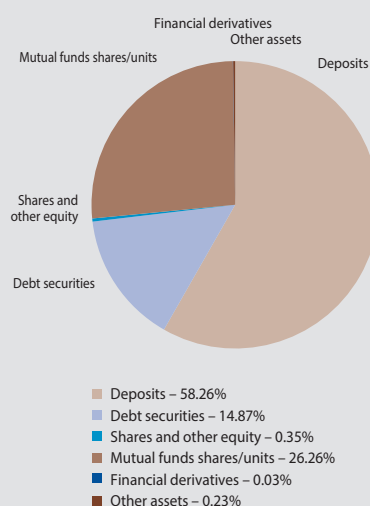
In terms of residual maturity, other funds' holdings of debt securities at 30 September 2017 broke down as follows: 24.11% had a maturity of up to one year, 13.01% a maturity of over one year and up to two years, and 62.88% a maturity of over two years.

**Chart 84 Other funds: evolution of assets (EUR millions)**



Source: NBS.

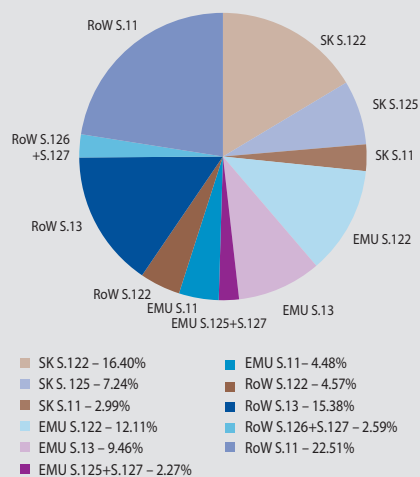
**Chart 85 Other funds: structure of assets as at 30 September 2017**



Source: NBS.



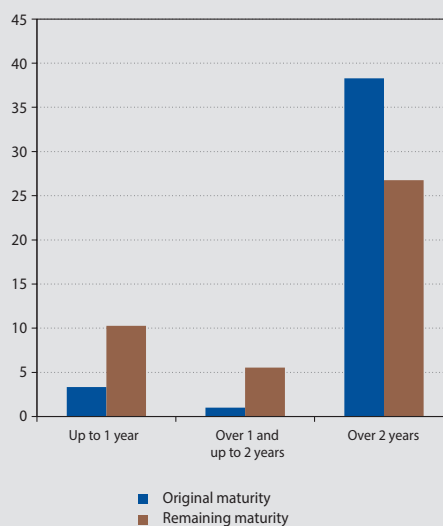
**Chart 86 Geographical and sectoral breakdown of debt securities in the portfolio of other funds as at 30 September 2017**



Source: NBS

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

**Chart 87 Maturity breakdown of debt securities in portfolio of other funds as at 30 September 2017 (EUR millions)**



Source: NBS.



# LEASING, FACTORING AND CONSUMER CREDIT COMPANIES

## 4 LEASING, FACTORING AND CONSUMER CREDIT COMPANIES

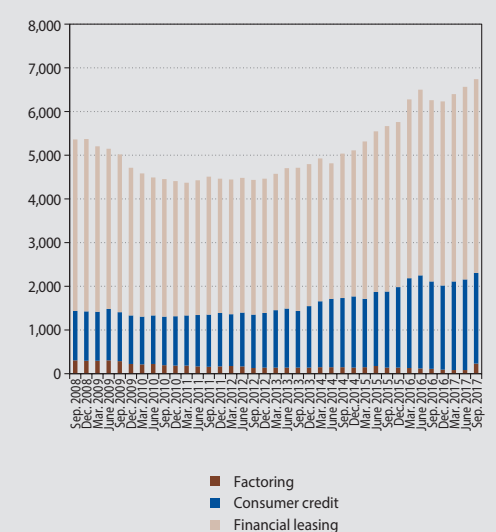
According to the sectoral classification of economic entities (ESA 2010), the companies under analysis are included in the S.125 sector – *other financial intermediaries*<sup>1</sup>, as a subcategory referred to as *financial corporations engaged in lending*.

For the statistics on factoring, leasing and consumer credit, the sample of reporting agents to Národná banka Slovenska has been broadened in 2017. Five consumer credit companies and four factoring companies have been added to the sample. Hence, some of the figures related to it are significantly different from those for 2016. This is reflected mainly in the increased share of households in the portfolio of credits and loans provided to factoring companies to the detriment of non-financial corporations.

In terms of asset growth, the third quarter of 2017 was particularly favourable for factoring companies, but consumer credit companies and leasing companies also reported asset growth in the period under review.

The total assets of leasing companies at 30 September 2017 were higher, year on year, by 6.88%. As for consumer credit companies, their total as-

**Chart 88 Evolution of total assets by type of business (EUR millions)**



Source: NBS.

sets were 3.79% higher at 30 September 2017 than at the end of September 2016. The total assets of factoring companies at 30 September 2017 were higher, year on year, by 225.71%, and that increase was 4.24 percentage points higher

**Table 9 Total assets of financial corporations engaged in lending (year-on-year percentage changes)**

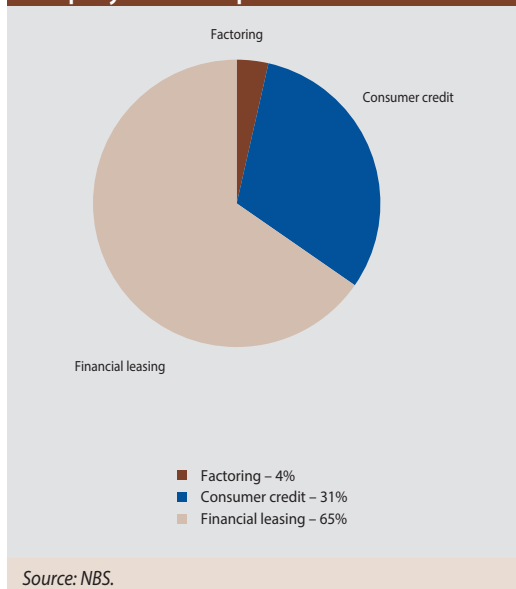
Total assets	Year-on-year change in %								
	IX. 2015	XII. 2015	III.16	VI.16	IX.16	XII.16	III.17	VI.17	IX.17
<b>Financial leasing</b>	14.45	13.17	13.47	15.67	9.66	11.35	4.59	3.81	6.88
<b>Factoring</b>	-8.11	-33.65	-19.09	-32.66	-38.65	-25.40	106.58	172.65	225.71
<b>Consumer credit</b>	10.39	13.34	31.36	25.54	14.65	4.89	-1.01	-2.80	3.79

Source: NBS.

<sup>1</sup> 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 89 Total assets of financial corporations engaged in lending broken down by type of company as at 30 September 2017**



form of household financing in Slovakia, the household sector (S.14) continued to account for the largest share of domestic customers, 91.03% at 30 September 2017; it was followed by the non-financial corporate sector (S.11) with a share of 8.97%.

Domestic customers constituted 85.19% of factoring companies' total customers at 30 September 2017, while customers from non-euro area countries (mostly EU Member States) made up 10.09% and customers from other euro area countries 4.71%. Given the scope of their activities, NFCs continued to account for the largest share of factoring companies' customers, 73.92% at 30 September 2017; the share of households stood at 26.08%.

In financial leasing, the share of domestic clients was 100%, of which NFCs accounted for 85.31%, households for 14.02%, and other sectors for 0.66%.

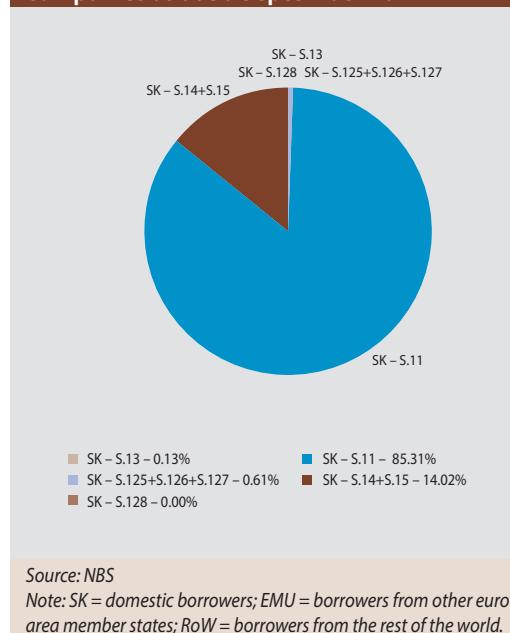
than the corresponding figure at the end of June 2017.

Among companies engaged in non-bank lending, leasing companies have long held the leading market position. At the end of the quarter under review, leasing companies had a market share of 65%, consumer credit companies 31% and factoring companies 4%.

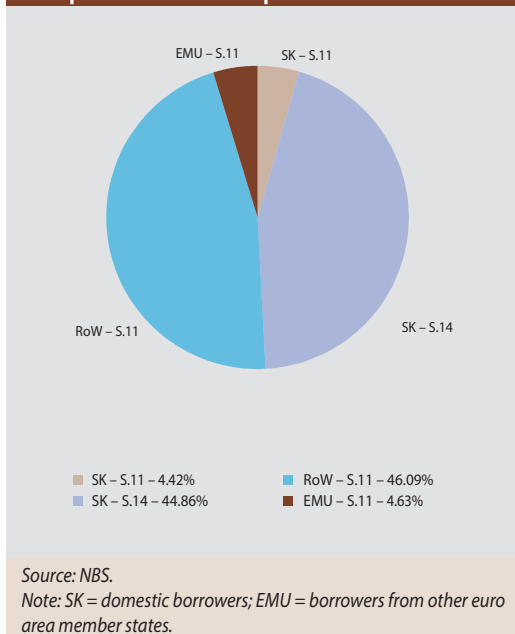
The geographical breakdown of credits and loans provided by domestic companies engaged in non-bank lending shows that such credits and loans are used predominantly by domestic customers.

Domestic customers constituted 49.28% of consumer credit companies' total customers at 30 September 2017, while customers from non-euro area countries made up 46.09% and customers from other euro area countries 4.63%. Since the purchase of goods through instalment credit is traditionally an important

**Chart 90 Geographical and sectoral breakdown of lending by financial leasing companies as at 30 September 2017**



**Chart 91 Geographical and sectoral breakdown of lending by consumer credit companies as at 30 September 2017**

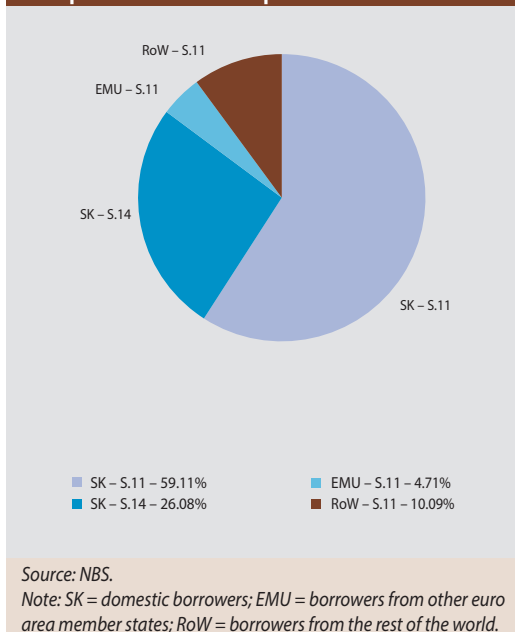


Regarding the flow of funds across the economic sectors, the allocation of financial resources for activities of the types of companies under review is interesting. These funds are subsequently used to provide loans and credits through non-bank channels.

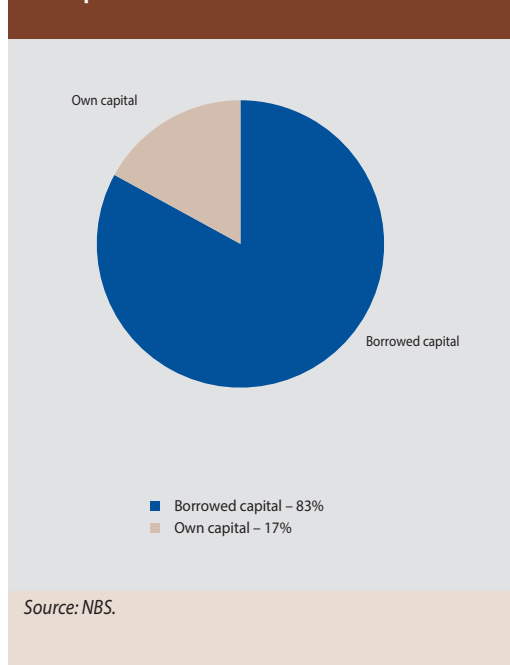
At 30 September 2017, external financing accounted for the largest share (82.91%) of companies' total financial resources, of which bank loans accounted for 67.64%, proceeds from the issuance of debt securities for 19.52%, and loans and credits received from the company's group or customers for 12.83%.

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

**Chart 92 Geographical and sectoral breakdown of lending by factoring companies as at 30 September 2017**



**Chart 93 Breakdown of source capital as at 30 September 2017**





# SECURITIES

## 5 SECURITIES

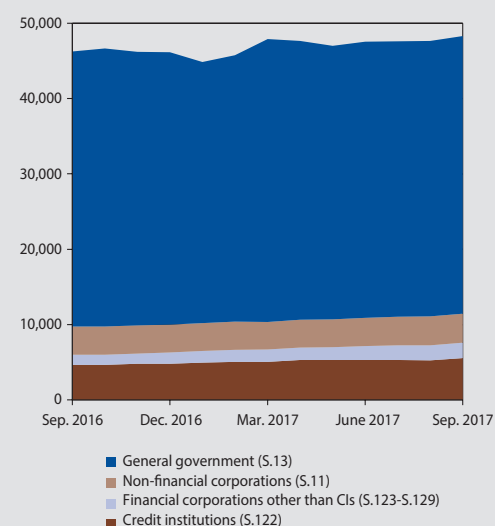
### 5.1 DEBT SECURITIES

In terms of issuer sector, the stock of debt securities issued in Slovakia broke down as follows at 30 September 2017: government bonds – €36,870.4 million; bonds issued by monetary financial institutions – €5,539.2 million, debt securities issued by non-financial corporations – €3,837.5 million; and issues of non-monetary financial institutions – €2,047.8 million.

The net issuance of debt securities increased in the third quarter of 2017 by €825.5 million quarter on quarter, i.e. the amount of newly issued securities was higher than the amount redeemed. The net issuance of debt securities in the general government sector increased in the quarter under review, by €310.9 million. Debt securities issued by monetary and non-monetary financial institutions also increased, in net terms, by €229.4 million and €227.2 million respectively, and those issued by non-financial corporations increased by €57.9 million.

The outstanding amount of debt securities grew in the third quarter of 2017 by 1.56%, after falling in the previous quarter by 0.77%. The growth was caused by an increase of 12.56% in the outstanding amount of securities issued by non-monetary financial institutions, coupled with an increase of 4.3% in the outstanding amount of

Chart 94 Debt securities by sector (outstanding amounts, EUR millions)



Source: NBS.

securities issued by monetary financial institutions.

In month-on-month terms, the outstanding amount of domestic debt securities increased in each month of the quarter under review, i.e. by 0.10% in July, 0.08% in August, and 1.37% in September.

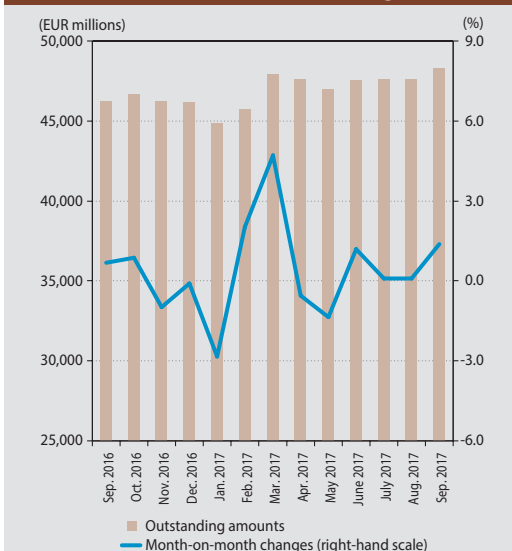
Table 10 Debt securities (EUR thousand)

Month	Outstanding amounts					Net issues				
	Total	Monetary financial institutions	Non-monetary financial institutions	Nonfinancial corporations	General government	Total	Monetary financial institutions	Non-monetary financial institutions	Nonfinancial corporations	General government
2016/06	45,856,286	4,740,326	1,243,491	3,585,782	36,286,686	1,618,470	334,196	118,125	-2,930	1,169,078
2016/09	46,262,661	4,658,014	1,324,133	3,745,103	36,535,411	397,778	-83,160	80,053	158,069	242,816
2016/12	46,161,787	4,784,963	1,484,793	3,702,234	36,189,797	-192,264	122,490	160,031	-44,177	-430,608
2017/03	47,920,428	5,031,235	1,638,250	3,688,721	37,562,222	1,774,738	246,768	152,794	-14,867	1,390,043
2017/06	47,553,748	5,311,025	1,819,330	3,780,530	36,642,863	-241,456	281,907	179,619	89,320	-792,303
2017/09	48,295,069	5,539,230	2,047,836	3,837,623	36,870,381	825,507	229,441	227,238	57,929	310,900

Source: NBS.



**Chart 95 Debt securities (outstanding amounts, month-on-month changes)**

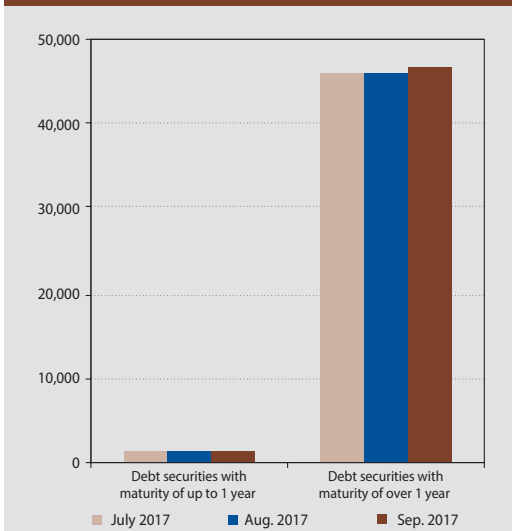


Source: NBS.

The net issuance of short-term debt securities increased by €14.7 million in the third quarter of 2017. Securities issued by banks increased by €7.5 million and those issued by NFCs increased by €7.1 million.

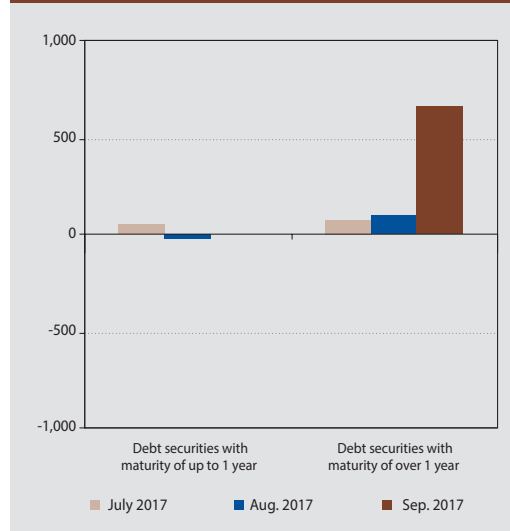
The net issuance of long-term debt securities increased in the period under review by €806.9 million, with the largest increase recorded in government bonds (€590 million). Banks increased their net issuance by €227 million, captive financial institutions by €104.1 million, NFCs by €50.3 million, and other financial intermediaries by €40.7 million.

**Chart 96 Debt securities (outstanding amounts, EUR millions, Q3 2017)**



Source: NBS.

**Chart 97 Debt securities (net issues, EUR millions, Q3 2017)**



Source: NBS.

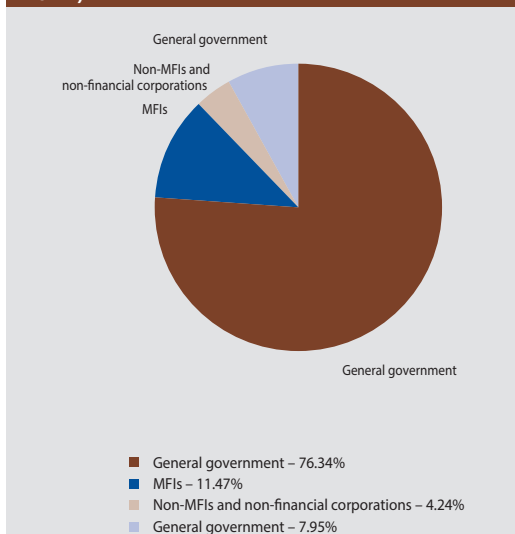
A total of 33 new issues were placed on the securities market in the third quarter of 2017, including nine issued by NFCs, twelve issued by banks, four issued by other financial intermediaries, and eight issued by captive financial institutions.

The sectoral breakdown of the outstanding amount of domestic securities shows that the general government sector accounted for 76.3% of the total, while MFIs and non-MFIs including NFCs had a share of around 11%. In terms of their coupon type, 92.35% of the securities were fixed-coupon securities, 4.24% were variable-

coupon securities, and 3.41% were zero-coupon securities. As much as 94.24% of the issues were denominated in euro, and the rest, 5.76%, in foreign currencies. Only 2.97% of the outstanding

amount of domestic securities had an original maturity of up to one year, while around nine per cent had a residual maturity of up to one year.

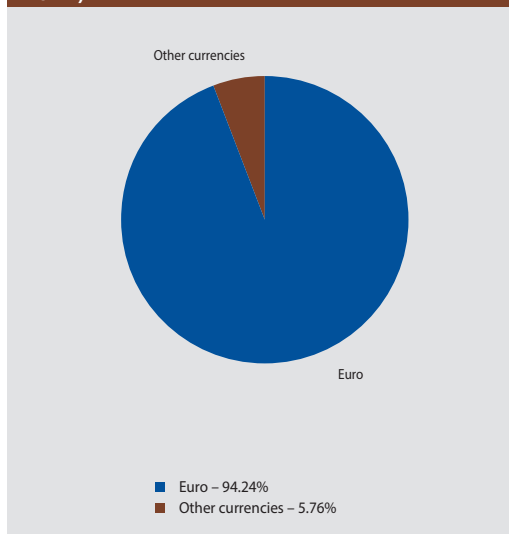
**Chart 98 Debt securities by sector (outstanding amounts as at 30 September 2017)**



Source: NBS

Note: The individual items are classified according to the outstanding amounts of issues as at 30 September 2017.

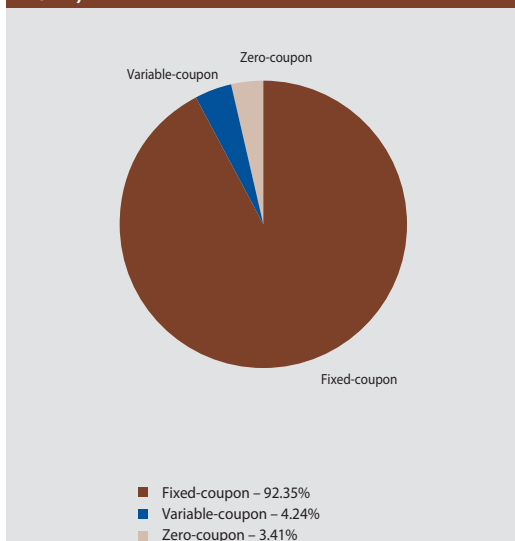
**Chart 100 Debt securities by currency (outstanding amounts as at 30 September 2017)**



Source: NBS

Note: The individual items are classified according to the outstanding amounts of issues as at 30 September 2017.

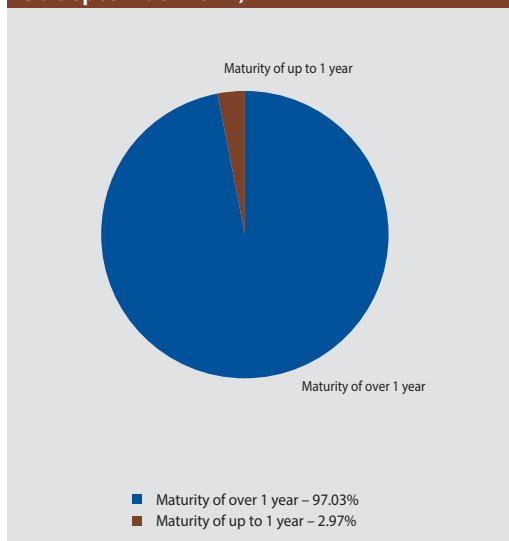
**Chart 99 Debt securities by coupon type (outstanding amounts as at 30 September 2017)**



Source: NBS

Note: The individual items are classified according to the outstanding amounts of issues as at 30 September 2017.

**Chart 101 Debt securities by original maturity (outstanding amounts as at 30 September 2017)**



Source: NBS

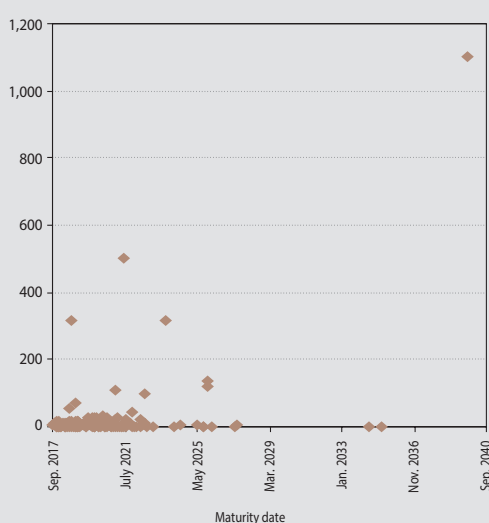
Note: The individual items are classified according to the outstanding amounts of issues as at 30 September 2017.



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 until 2021. The largest outstanding issue amount is more than €1.1 billion and the longest maturity period exceeds 22 years.

**Chart 102 Debt securities: outstanding amounts of domestic issues in S.11 sector (EUR millions)**



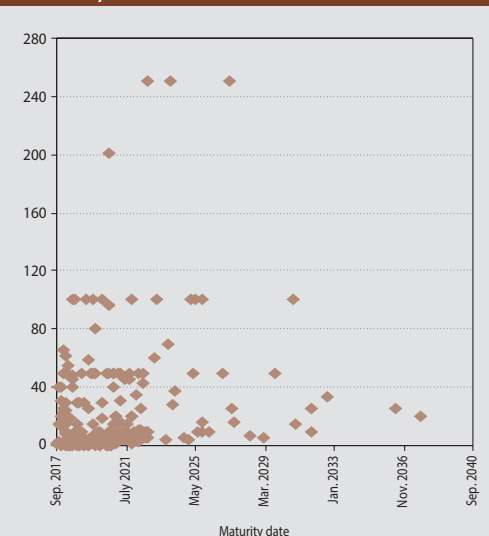
Source: NBS.

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 in the government sector is lower than the number of securities issued in the aforementioned 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.

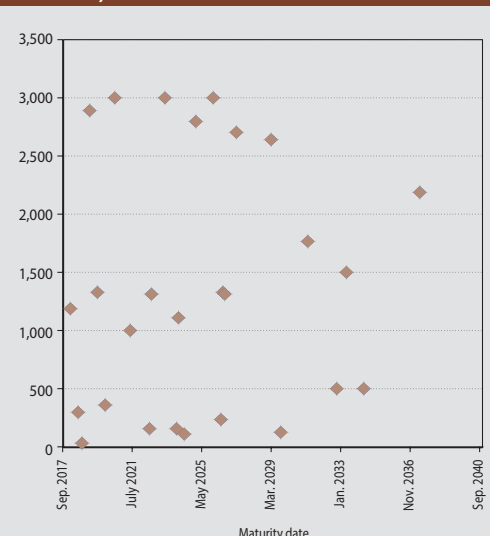
The maturity profile illustrates the course of government debt repayment based on the assumption that no new government bonds will be issued and all the existing issues will be repaid in due time.

**Chart 103 Debt securities: outstanding amounts of issues in S.122 Sector (EUR millions)**



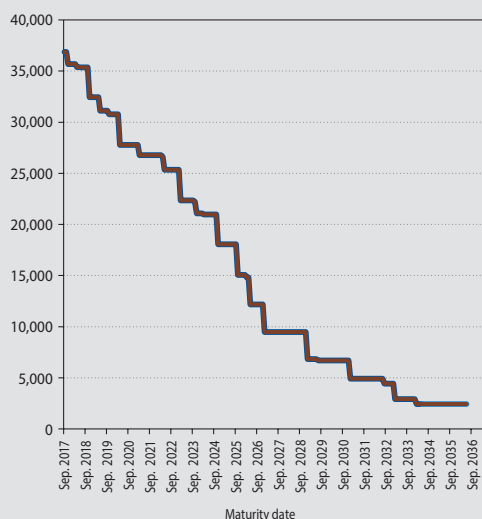
Source: NBS.

**Chart 104 Debt securities: outstanding amounts of issues in S.13 Sector (EUR millions)**



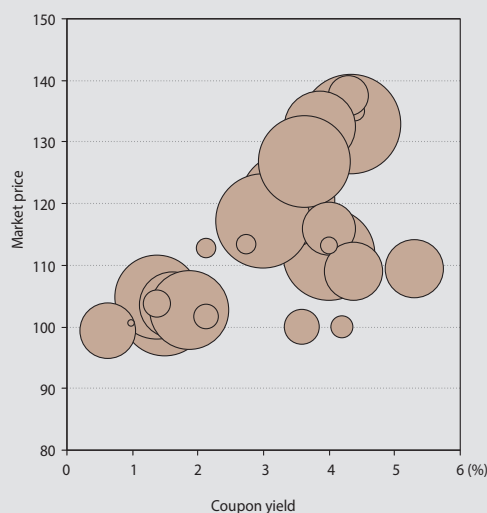
Source: NBS.

**Chart 105 Government bonds: maturity profile (EUR millions)**



Source: NBS.

**Chart 106 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).

The following chart illustrates the outstanding amounts of coupon-paying government bonds as a function of their market price and coupon yield as at the end of the third quarter of 2017. The average market price<sup>2</sup> of these government bonds stood at 115.92% and the coupon yield was 3.16% at that time.

## 5.2 LISTED SHARES

At the end of September 2017, the outstanding amount of listed shares issued in Slovakia was higher, quarter on quarter, by €11.4 million. The amount issued by credit institutions increased by €21.7 million, while that issued by NFCs de-

**Table 11 Quoted shares (EUR thousand)**

Month	Outstanding amounts			
	Total	Credit institutions (S.122)	Insurance corporations (S.128)	Non-financial corporations (S.11)
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
2017 / 03	4,325,777	2,427,376	225	1,898,176
2017 / 06	4,472,354	2,437,954	225	2,034,174
2017 / 09	4,483,741	2,459,659	225	2,023,857

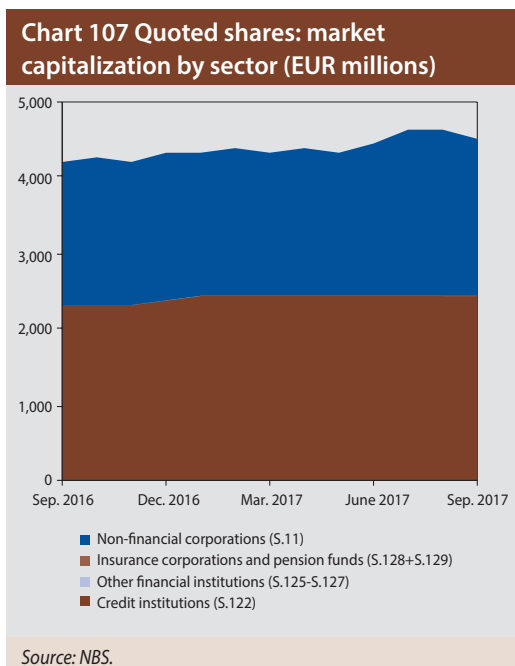
Source: NBS.

<sup>2</sup> Arithmetical average weighted by the outstanding amount of issues.





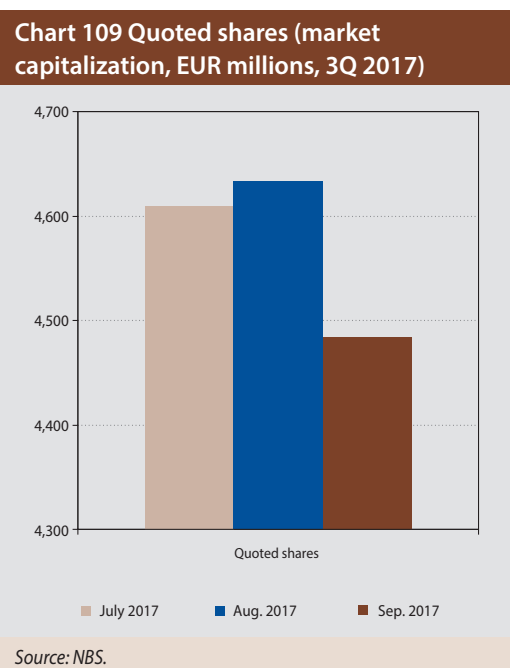
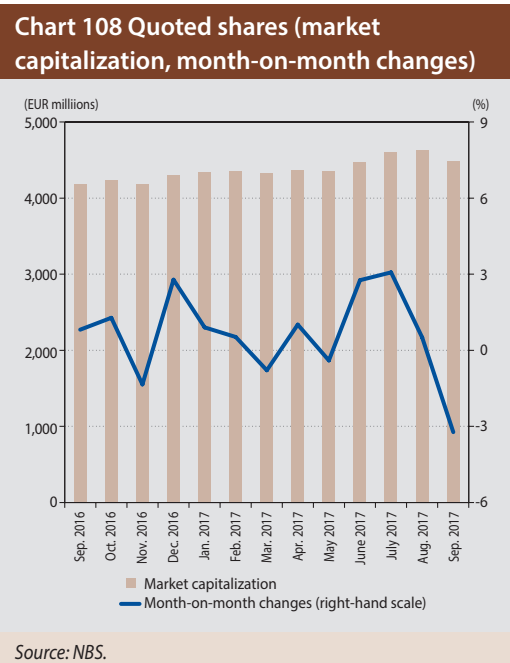
creased by €10.3 million. The amount issued by insurance undertakings remained unchanged quarter on quarter. The total market capitalisation amounted to €4,483.7 million at 30 September 2017.



The outstanding amount of listed shares increased by 0.25% quarter on quarter. The figure for credit institutions' shares was higher by 0.89%, while that for NFC shares was lower by 0.51%.

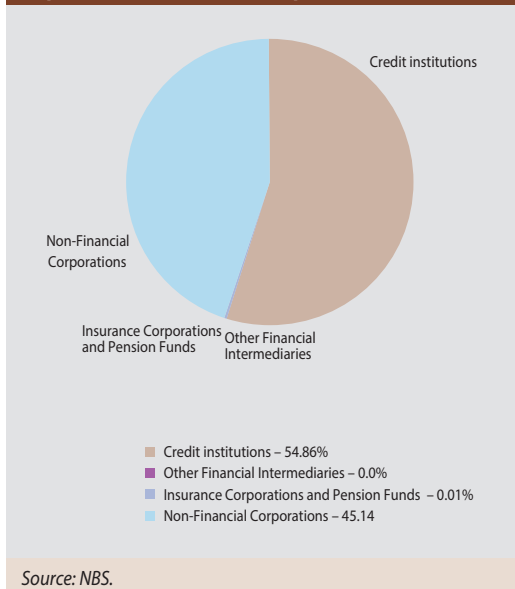
In month-on-month terms, the outstanding amount of listed shares increased in both July (by 3.1%) and August (by 0.5%), but then decreased in September (by 3.2%).

As for the sectoral breakdown of market capitalisation in Slovakia at 30 September 2017, credit institutions accounted for 54.86% of the total amount and NFCs for 45.14%. The shares of other sectors were negligible.





**Chart 110 Quoted shares by sector (market capitalization as at 30 September 2017)**



The background of the top half of the page features a composite image. On the left is a globe with the word 'BIATEC' written across it. On the right, there are silhouettes of several people sitting around a table, appearing to be in a meeting or discussion. The entire image is overlaid with a grid of thin, light-colored lines.

# SELECTED MACROECONOMIC INDICATORS



## 6 SELECTED MACROECONOMIC INDICATORS

### 6.1 LONG-TERM INTEREST RATE

With effect from 1 July 2013, the approach based on a 'basket of bonds' has been replaced with a 'benchmark-oriented approach'<sup>3</sup>, using the government bond SK4120009044 as a benchmark. Since then the benchmark has been replaced by government bond SK4120008871 (with effect from 1 May 2014), by government bond SK4120007543 (with effect from 1 June 2015), and by government bond SK4120010430 (with effect from 1 June 2016). This approach was also applied during the third quarter of 2017. During that period, the interest rate fell by 0.13 percentage point, from 0.92% at 30 June 2017 to 0.79% at 30 September 2017.

### 6.2 KEY ECB INTEREST RATES

The European Central Bank's interest rate on main refinancing operations, and its interest rates on the marginal lending facility and the deposit facility, remained unchanged at 30 September 2017 from their levels at the end of the previous quarter, at 0.00%<sup>4</sup>, 0.25% and -0.40% respectively. The two-year government bond yield decreased during the quarter under review by 1.36 percentage points, to -5.99%. The five-year government bond yield decreased in that period from -0.53% to -0.94%, and the ten-year government bond yield fell from 0.92% to 0.79%.

Chart 111 Benchmark – yield to maturity (p.a.)

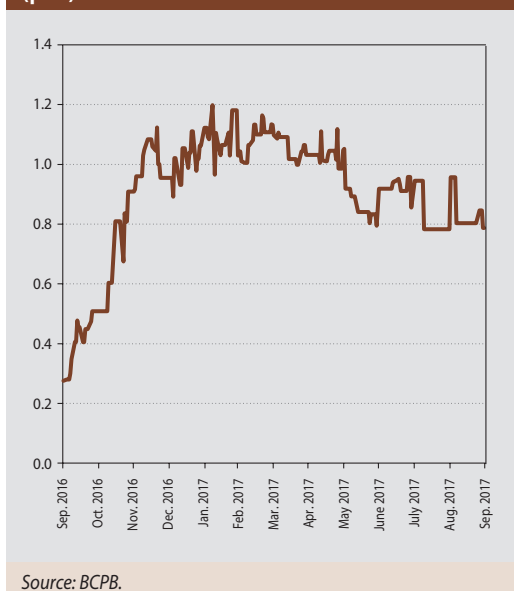
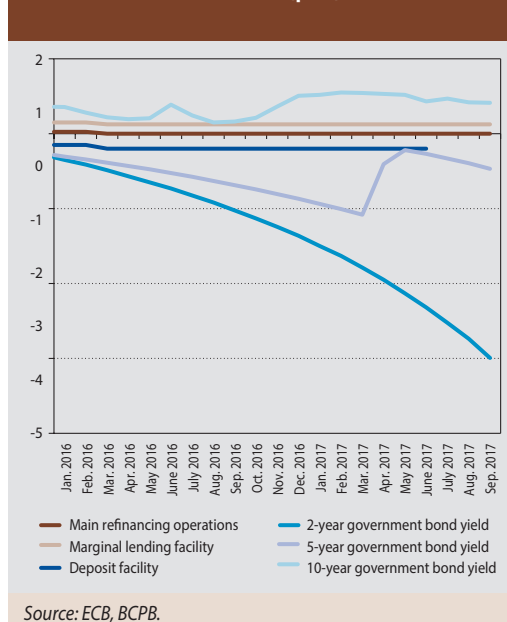


Chart 112 Interest rates (p.a.)



<sup>3</sup> See the Methodological Notes, section 7.6. Long-term interest rate.  
<sup>4</sup> The main refinancing rate has been at this level since 16 March 2016.



# 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-

nomical 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* (having specific sector – S.123) and other categories of mutual funds, referred to as investment funds (sector S.124).

The statistics of mutual funds assets and liabilities are defined by the relevant regulations and guidelines of the European Central Bank<sup>5</sup>.

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-

<sup>5</sup> 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), OJ L 297, 7.11.2013, p. 73 ([http://www.ecb.europa.eu/ecb/legal/pdf/en\\_02013r1073-20131127-en.pdf](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), OJ L 297, 7.11.2013, p. 1 (<http://www.ecb.europa.eu/ecb/legal/pdf/02013r1071-20131127-en.pdf>).  
Guideline of the ECB of 4 April 2014 on monetary and financial statistics recast) (ECB/2014/15), OJ L 340, 26.11.2014, p. 1 ([http://www.ecb.europa.eu/ecb/legal/pdf/oj\\_jol\\_2014\\_340\\_r\\_0001\\_en\\_txt.pdf](http://www.ecb.europa.eu/ecb/legal/pdf/oj_jol_2014_340_r_0001_en_txt.pdf)).





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

According to the sectoral classification of economic entities (ESA 2010), the companies under analysis are included in the S.125 sector – *other financial intermediaries*<sup>6</sup>, as a subcategory referred to as *financial corporations engaged in lending* 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.

<sup>6</sup> 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.



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 vehicle corporations** – 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 decree<sup>7</sup>. The range of data reported complies in full with the current requirements<sup>8</sup> 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 2017, quarterly balance-sheet data are collected from eighteen (out of 73) companies providing financial leasing services as the main or substantial part of their business activity, from 16 (out of 157) consumer credit companies, and from seven (out of 17) factoring companies. The missing data are supplemented with estimated figures, in order that the given types of entities are covered up to 100%.

## 7.5 SECURITIES STATISTICS

### 7.5.1 SECURITIES ISSUANCE STATISTICS

The compilation of securities issues statistics is governed by the relevant guideline of the European Central Bank<sup>9</sup>. 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.

<sup>7</sup> Decree of Národná banka Slovenska No. 19/2014 on reporting by factoring, leasing and consumer credit companies for statistical purposes.

<sup>8</sup> Guideline of the ECB of 4 April 2014 on monetary and financial statistics recast) (ECB/2014/15), OJ L 340, 26.11.2014, p. 1 (ANNEX III, PART 11) ([http://www.ecb.europa.eu/ecb/legal/pdf/oj\\_jol\\_2014\\_340\\_r\\_0001\\_en\\_txt.pdf](http://www.ecb.europa.eu/ecb/legal/pdf/oj_jol_2014_340_r_0001_en_txt.pdf)).

<sup>9</sup> Guideline of the ECB of 4 April 2014 on monetary and financial statistics recast) (ECB/2014/15), OJ L 340, 26.11.2014, p. 1 (ANNEX III, PART 12) ([http://www.ecb.europa.eu/ecb/legal/pdf/oj\\_jol\\_2014\\_340\\_r\\_0001\\_en\\_txt.pdf](http://www.ecb.europa.eu/ecb/legal/pdf/oj_jol_2014_340_r_0001_en_txt.pdf)).



b) Redemptions

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

c) Net issues

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

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

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

**7.5.2 DEBT SECURITIES**

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

Securities issues statistics cover the following instruments:

**i) Short-term debt securities**

- Treasury bills and other short-term paper issued by the general government;
- 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.



NÁRODNÁ BANKA SLOVENSKA  
EUROSYSTEM



# 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.





## GLOSSARY AND ABBREVIATIONS

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

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

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

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

**Renegotiated loans** are a part of new loans and are covering all changes to former contract with the active participation of the client, resulting in the change in contract conditions with effect on the interest rate. These loans do not bring new contracts to the market.

**Pure new loans** are loans which are a part of new loans and are calculated as the difference between the total amount of new loans and renegotiated loans, the so called new money in economy.



## SECTOR CLASSIFICATION

Classification of institutional sectors and sub-sectors according to the European System of National and Regional Accounts (ESA2010):

- 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 corporations 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://ec.europa.eu/eurostat/en/web/products-manuals-and-guidelines/-/KS-02-13-269>

### **Revision policy:**

[http://www.nbs.sk/\\_img/Documents/STATIST/MET/revpola.pdf](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>

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.nbs.sk/en/statistics/financial-institutions/banks/statistical-and-analytical-overview/monetary-statistics-of-monetary-financial-institutions#M3-PFI>

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>



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](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 other financial intermediaries (OFIs):**

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

**Securities issues statistics:**

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

**Securities custody statistics:**

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

**Data categories within SDDS standard:**

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



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