



NÁRODNÁ BANKA SLOVENSKA  
EUROSYSTEM



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# CONTENTS

<b>FOREWORD</b>	<b>5</b>	2.8.2 New loans to households – interest rates and volumes	30
<b>1 STRUCTURE OF THE FINANCIAL MARKET IN SLOVAKIA</b>	<b>7</b>	2.8.3 Loans to NFCs – interest rates and stocks	32
1.1 Overview of participants	8	2.8.4 Loans to households – interest rates and stocks	32
1.2 Employees in the banking sector	9	2.9 Deposits received from non-financial corporations and households	33
1.3 Structure of share capital in the banking sector	10	2.9.1 Deposits received from non-financial corporations	33
<b>2 STATISTICS OF OTHER MONETARY FINANCIAL INSTITUTIONS</b>	<b>11</b>	2.9.2 Deposits received from households	34
2.1 Balance sheet statistics of credit institutions: assets	12	2.10 Deposits received – interest rates, volumes and stocks	34
2.2 Balance sheet statistics of credit institutions: liabilities	13	2.10.1 Household deposits – interest rates and stocks	34
2.3 Selected asset and liabilities items by residency of counterparty	14	2.10.2 New household deposits – interest rates and volumes	35
2.4 Selected asset and liability items by sector of counterparty	15	2.10.3 NFC deposits – interest rates and stocks	35
2.5 Assets and liabilities of credit institutions: year-on-year changes	16	2.10.4 New NFC deposits – interest rates and volumes	36
2.6 Profit/loss analysis for credit institutions	18	<b>3 INVESTMENT FUNDS AND MONEY MARKET FUNDS</b>	<b>37</b>
2.6.1 Current period profit/ loss in the second quarter of 2018	18	3.1 Current developments in the market	38
2.6.2 Selected income/expense items as reflected in profits/losses	20	3.2 Asset structure of domestic investment funds	39
2.7 Lending to non-financial corporations and households	21	3.2.1 Bond funds	39
2.7.1 Loans to non-financial corporations by maturity	21	3.2.2 Equity funds	41
2.7.2 Loans to households by maturity	22	3.2.3 Mixed funds	42
2.7.3 Loans to non-financial corporations by type of loan	23	3.2.4 Real estate funds	44
2.7.4 Loans to households by type of loan	23	3.2.5 Other funds	45
2.7.5 Loans to non-financial corporations by economic sector	23	<b>4 LEASING, FACTORING AND CONSUMER CREDIT COMPANIES</b>	<b>47</b>
2.7.6 Non-performing loans to non-financial corporations	24	<b>5 SECURITIES</b>	<b>51</b>
2.7.7 Non-performing loans to households	26	5.1 Debt securities	52
2.8 Loans – interest rates, volumes and stocks	27	5.2 Listed shares	56
2.8.1 New loans to NFCs – interest rates and volumes	27	<b>6 SELECTED MACROECONOMIC INDICATORS</b>	<b>59</b>
		6.1 Long-term interest rate	60
		6.2 Key ECB interest rates	60



<b>7</b>	<b>METHODOLOGICAL NOTES</b>	<b>61</b>		
7.1	Balance-sheet statistics of monetary financial institutions	62	7.5.1	Securities issuance statistics 66
7.2	Interest rate statistics of monetary financial institutions	63	7.5.2	Debt securities 67
7.3	Statistics of mutual funds	64	7.5.3	Quoted shares 68
7.4	Statistics of other financial intermediaries	65	7.6	Long-term interest rates 68
7.5	Securities statistics	66		
			<b>GLOSSARY AND ABBREVIATIONS</b>	<b>70</b>
			<b>LIST OF CHARTS AND TABLES</b>	<b>77</b>



NÁRODNÁ BANKA SLOVENSKA  
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# FOREWORD



## FOREWORD

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

The present issue is based on data as at the end of June 2018. 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 number of monetary financial institutions (economic sectors S.121, S.122 and S.123) increased by one as at the end of second quarter 2018. This was due to Raiffeisen Centrobank AG Slovak Branch, a.s., branch of foreign bank, which started to operate in Slovakia.

In subsector S.124, the total number of investment funds also increased by one, as new investment fund – VUB AM Edícia 2018, o.p.f.

was opened by VÚB Asset Management, správ. spol. a.s.

Number of entities covered by subsectors S.125 (Other financial intermediaries) and S.126 (financial auxiliaries) remained unchanged.

Subsector S.128 represented by insurance corporations decreased by one due to merger of Kooperativa poisťovňa, a.s., Vienna Insurance group and Poisťovňa Slovenskej sporiteľne, a.s., Vienna Insurance Group.

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

	VI. 2017	IX. 2017	XII. 2017	III. 2018	VI. 2018
<b>Monetary financial institutions (S.121 + S.122 + S.123)</b>	<b>30</b>	<b>28</b>	<b>28</b>	<b>28</b>	<b>29</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>26</b>	<b>26</b>	<b>26</b>	<b>27</b>
<i>Banks</i>	10	9	9	9	9
<i>Branches of foreign banks</i>	14	13	13	13	14
<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>87</b>	<b>87</b>	<b>86</b>	<b>86</b>	<b>87</b>
<i>Equity funds</i>	11	11	12	12	12
<i>Bond funds</i>	21	21	21	21	21
<i>Mixed funds</i>	37	37	34	34	35
<i>Real estate funds</i>	6	6	7	7	7
<i>Other funds</i>	12	12	12	12	12
<b>Other financial intermediaries (S.125)</b>	<b>247</b>	<b>247</b>	<b>247</b>	<b>245</b>	<b>245</b>
<i>Leasing companies (financial leasing)</i>	73	73	73	74	74
<i>Consumer credit companies</i>	157	157	157	155	155
<i>Factoring companies</i>	17	17	17	16	16
<b>Financial auxiliaries (S.126)</b>	<b>32</b>	<b>32</b>	<b>33</b>	<b>35</b>	<b>35</b>
<i>Asset Management Companies</i>	7	7	7	8	8
<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>	15	15	16	17	17
<b>Insurance corporations and pension funds (S.128 + S.129)</b>	<b>52</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>49</b>
<i>Insurance corporations</i>	16	16	16	16	15
<i>Pension funds</i>	36	34	34	34	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)**

	VI. 2017	IX. 2017	XII. 2017	III. 2018	VI. 2018
<b>Monetary financial institutions (S.121 + S.122)</b>	<b>100,735</b>	<b>102,290</b>	<b>115,383</b>	<b>116,860</b>	<b>119,664</b>
Central bank (S.121)	25,323	25,579	37,771	38,626	40,236
Deposit taking corporations excl. the central bank (S.122)	75,412	76,711	77,612	78,234	79,428
<b>Money Market Funds (S.123)</b>	<b>33</b>	<b>31</b>	<b>30</b>	<b>29</b>	<b>18</b>
<b>Investment funds (S.124)</b>	<b>6,259</b>	<b>6,415</b>	<b>6,606</b>	<b>6,652</b>	<b>6,655</b>
<b>Other financial intermediaries (S.125)</b>	<b>6,737</b>	<b>6,776</b>	<b>6,954</b>	<b>6,538</b>	<b>6,680</b>
Leasing companies (financial leasing)	4,410	4,428	4,522	4,685	4,775
Consumer credit companies	2,068	2,079	2,119	1,638	1,689
Factoring companies	259	269	313	215	216
<b>Financial auxiliaries (S.126)</b>	<b>275</b>	<b>275</b>	<b>291</b>	<b>305</b>	<b>297</b>
<b>Insurance corporations and pension funds (S.128 + S.129)</b>	<b>15,887</b>	<b>16,265</b>	<b>16,408</b>	<b>16,587</b>	<b>16,796</b>
Insurance corporations <sup>1)</sup>	6,772	6,931	6,858	6,884	6,871
Pension funds	9,115	9,334	9,550	9,703	9,925

Source: NBS.

<sup>1)</sup> 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.

## 1.2 EMPLOYEES IN THE BANKING SECTOR

The number of employees in banking sector slightly decreased during the second quarter of 2018 from 20 709 as at the end of March 2018 to 20 638. This was less by 71 employees or 0.3%. The number of employees in central bank remained unchanged.

In year-on-year terms, the registered number of bank employees increased by 374 or 1.8%, from 20,264 to 20,638. This year-on-year growth was caused mainly by organisational changes taking place in certain institutions. The change in staff numbers was also influenced by the dissolution

of a foreign bank branch and by the merger of two banks in the middle of 2017.

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 has contributed to employment growth in this sector. It should also be noted that employment at the central bank, Národná banka Slovenska (NBS), has undergone a 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

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

	2016			2017			2018		
	30.6.	30.9.	31.12.	31.3.	30.6.	30.9.	31.12.	31.3.	30.6.
<b>Banking sector</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>	<b>19,972</b>	<b>20,709</b>	<b>20,638</b>
Central bank	1,063	1,072	1,075	1,094	1,102	1,101	1,093	1,097	1,097
<b>Banks and branches of foreign banks</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>	<b>18,879</b>	<b>19,612</b>	<b>19,541</b>
of which: Banks	17,470	17,470	17,538	17,474	17,359	17,230	17,235	17,947	17,900
Branches of foreign banks	1,999	2,249	2,250	1,821	1,803	1,662	1,644	1,665	1,641

Source: NBS.

things, required the establishment of a single contact point for customers of all financial institutions).

### 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 5.61% at 30 June 2017 to 5.28% at 30 June 2018.

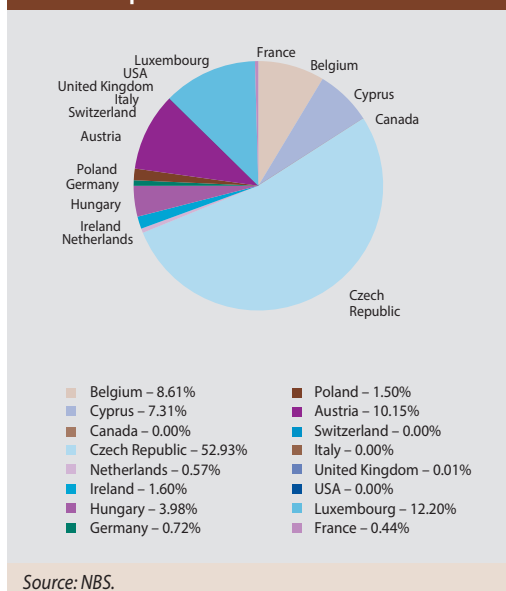
Of the 27 credit institutions operating in Slovakia, domestic share capital was part of the subscribed capital of eight domestic credit institutions, with two banks (ČSOB stavebná sporiteľňa, a.s., and Slovenská záručná a rozvojová banka, a.s.) having a 100% share of domestic capital.

By contrast, the ratio of foreign share capital to total subscribed capital in domestic banks increased, year on year, from 94.39% at 30 June 2017 to 94.72% at 30 June 2018.

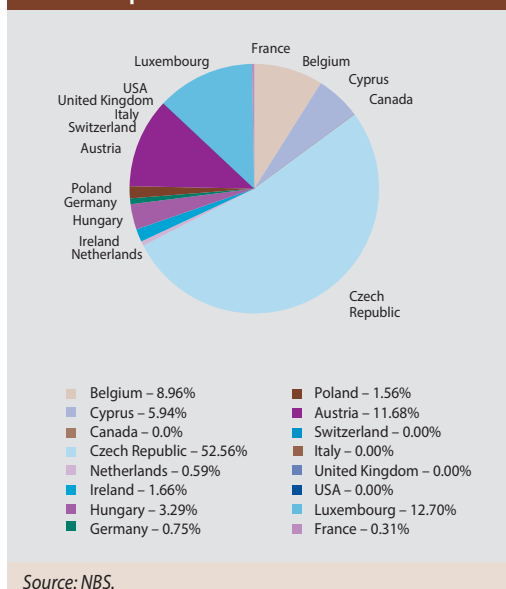
During the same period, the total volume of foreign share capital increased in absolute terms by €133.87 million (in relative terms by 4.07%).


This increase was accounted for largely by foreign capital from Cyprus, Czech Republic, and Hungary. Cypriot-held capital in Slovak banks increased from 5.94% of the total volume of foreign share capital at 30 June 2017 to 7.31% at 30 June 2018 (by €54.8 million in absolute terms), while Czech-held capital increased from 52.56% to 52.93% (by €83.1 million), and Hungarian-held capital increased from 3.29% to 3.98% (by €28 million). The growth in Cypriot and Czech holdings in domestic banks reflected capital injections into, respectively, Prima banka Slovensko, a.s., and UniCredit Bank Czech Republic and Slovakia, a.s., pobočka zahraničnej banky, while Hungarian capital was injected mostly into OTP Banka Slovensko, a.s.

**Chart 1 Foreign capital in the banks in the Slovak Republic as at 30.06.2018**



**Chart 2 Foreign capital in the banks in the Slovak Republic as at 30.06.2017**





# 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 €79.4 billion at the end of the first half of 2018, which in year-on-year terms represented an increase of 5.3% (€4 billion) that stemmed mainly from an increase in the stock of credit claims.

Credit institutions' credit claims constituted 80.5% of their total assets at 30 June 2018, which in year-on-year terms represented a rise of 0.9 percentage point and reflected an absolute increase of 6.5% (€3.9 billion). This increase was caused mainly by long-term credit claims with a maturity of over five years, which grew by €4.7 billion. Credit claims with a maturity of over one and up to five years rose by €0.1 billion, while those with a maturity of up to one year fell by almost €1 billion.

Credit institutions' holdings of securities other than equities and investment fund shares/units accounted for 13.9% of their total assets at 30 June 2018, which in year-on-year terms represented a decline of one percentage point and reflected an absolute decrease of €0.2 billion (1.8%), caused mainly by a fall of €0.4 billion in the stock of securities with a maturity of up to two years.

Credit institutions' holdings of shares and other equity participations constituted 0.8% of their total assets at 30 June 2018, which in year-on-year terms represented a slight decline and reflected an absolute decrease of €0.02 billion (3.9%).

Credit institutions' other assets (including fixed assets) constituted 3.8% of their total assets at

Chart 3 Structure of assets of credit institutions as at 30st June 2017

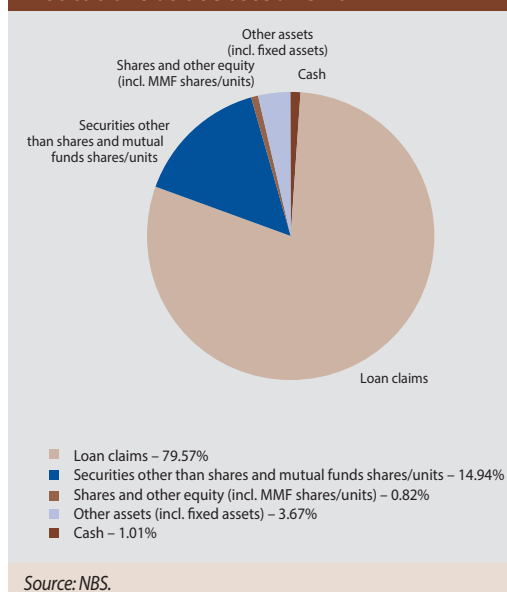


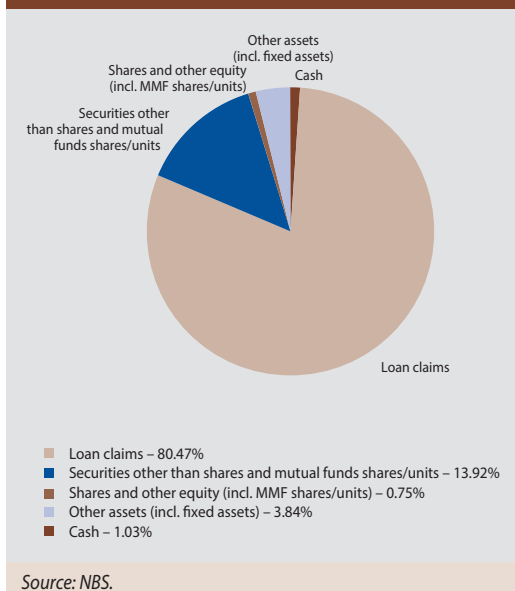
Table 4 Structure of assets of credit institutions in the SR (EUR thousands)

	VI. 2017	IX. 2017	XII. 2017	III. 2018	VI. 2018
<b>ASSETS</b>	<b>75,411,548</b>	<b>76,711,272</b>	<b>77,630,267</b>	<b>78,234,012</b>	<b>79,428,023</b>
<b>Cash</b>	764,969	837,522	980,519	817,458	816,336
<b>Loan claims</b>	60,002,151	61,381,961	62,699,980	63,087,437	63,913,846
<b>Securities other than shares and mutual funds shares/units</b>	11,263,531	11,099,718	10,584,091	10,785,119	11,056,666
<b>Shares and other equity (incl. MMF shares/units)</b>	617,011	636,497	644,047	578,870	592,837
<b>Other assets (incl. fixed assets)</b>	2,763,886	2,755,574	2,721,630	2,965,128	3,048,338

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 30st June 2018**


30 June 2018, which represented a year-on-year increase of €0.3 billion (10.3%).

Credit institutions' cash holdings constituted only about 1% of their total assets at 30 June 2018, which represented a year-on-year increase of €0.05 billion (6.7%).

## 2.2 BALANCE SHEET STATISTICS OF CREDIT INSTITUTIONS: LIABILITIES

The total liabilities of credit institutions amounted to €79.4 billion at 30 June 2018, which in year-

on-year terms was higher by 5.3% (€4 billion) owing mainly to an increase in the stock of loans and deposits received.

Credit institutions' largest liability item – loans and deposits received – increased, year on year, in the second quarter of 2018, by 0.4 percentage point as a share of their total liabilities. The stock of these loans and deposits grew, year on year, by 5.9% (€3.5 billion) owing mainly to an increase in the stock of loans and deposits received, with a maturity of up to one year. By contrast, the stock of deposits with a maturity of over one year declined year on year.

Credit institutions' capital and provisions constituted 12.7% of their total liabilities at 30 June 2018, which reflected a slight fall in year-on-year terms. Despite this fall, the stock of capital and provisions at the end of the quarter under review was higher by €0.4 billion than a year earlier.

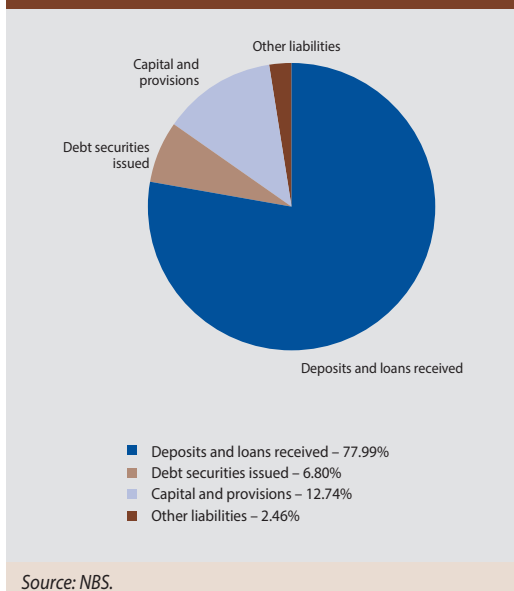
Credit institutions' debt securities accounted for 6.7% of their total liabilities at 30 June 2018, which in year-on-year terms represented a slight decline. The stock of these securities amounted to €5.3 billion at 30 June 2018, representing a year-on-year increase of €0.2 billion (4%) that took place mostly in debt securities with a maturity of over two years. The stock of debt securities issued with a maturity of up to two years decreased, year on year, in both sub-categories.

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

	VI. 2017	IX. 2017	XII. 2017	III. 2018	VI. 2018
<b>LIABILITIES</b>	<b>75,411,548</b>	<b>76,711,272</b>	<b>77,630,267</b>	<b>78,234,012</b>	<b>79,428,023</b>
<b>Deposits and loans received</b>	58,812,730	59,620,394	60,326,954	61,041,737	62,296,082
<b>Debt securities issued</b>	5,129,707	5,388,234	5,531,256	5,099,658	5,331,739
<b>Capital and provisions</b>	9,610,782	9,846,901	10,043,959	10,033,862	10,045,490
<b>Other liabilities</b>	1,858,329	1,855,743	1,728,098	2,058,755	1,754,712

Source: NBS.

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

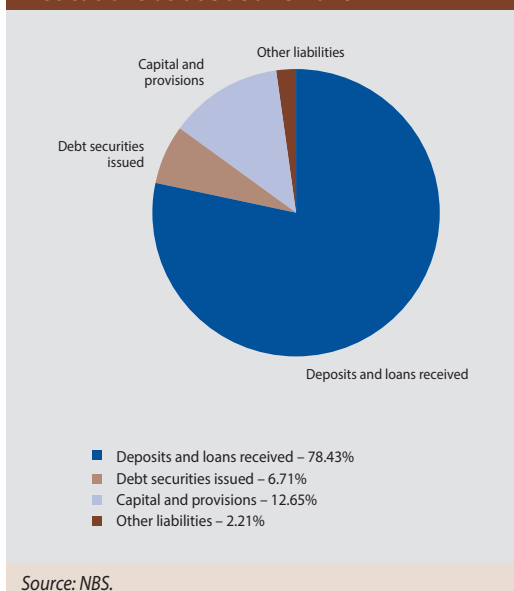


Credit claims on entities from other euro area countries and from the rest of the world accounted for 2.2% (€1.4 billion) and 8.8% (€5.6 billion) respectively.

Credit institutions' total holdings of securities other than equities and investment fund shares/units amounted to €11 billion at 30 June 2018, of which 83.3% (€9.2 billion) were issued by domestic issuers, 9% (€1 billion) by issuers from other euro area countries, and 7.6% (€0.8 billion) by issuers from the rest of the world.

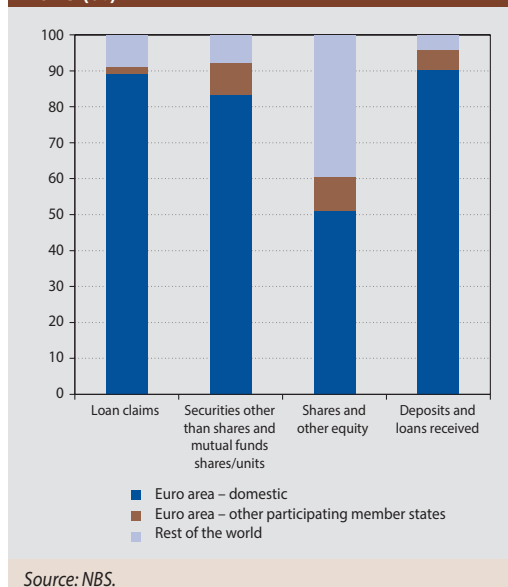
Credit institutions' total holdings of shares and other equity participations amounted to €0.6 billion, of which 51% (€0.3 billion) were domestic securities and participations, 9.5% were equity securities from other euro area countries and 39.4% were equity securities from the rest of the world.

**Chart 6 Structure of liabilities of credit institutions as at 30 June 2018**



Loans and deposits received by credit institutions operating in Slovakia amounted to €62.3 billion at 30 June 2018, of which 90.3% (€56.2 billion) were received from domestic entities, 5.7% (€3.5 billion) from other euro area countries, and 4% (€2.5 billion) from the rest of the world.

**Chart 7 Selected assets/liabilities: breakdown of counterparties by residency as at 30 June 2018 (%)**



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

Credit institutions' total credit claims amounted to €63.9 billion at 30 June 2018, of which 89% (€56.9 billion) were claims on domestic entities.

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

Credit institutions' total **domestic** credit claims amounted to €56.9 billion at 30 June 2018, of which 95.7% (€54.4 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 (NFCs).

Claims on domestic MFIs accounted for 2.8% (€1.6 billion) of the total stock of domestic credit claims and claims on the general government sector for 1.5% (€0.9 billion).

Credit institutions' total holdings of domestic securities other than equities and investment fund shares/units amounted to €9.2 billion at 30 June 2018, of which 86.2% (€7.9 billion) were debt securities issued by the general government sector.

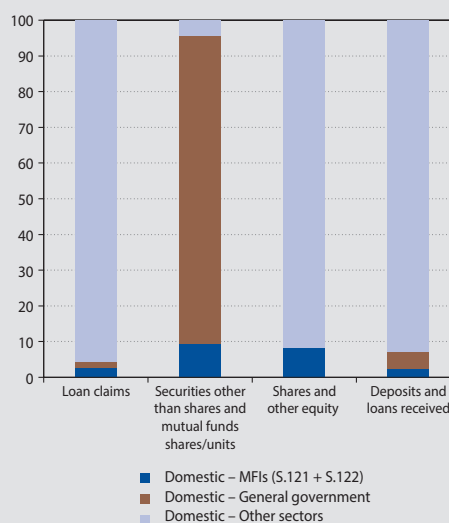
Securities other than equities and investment fund shares/units issued by domestic MFIs accounted for 9.4% and those issued by entities from other domestic sectors for 4.4%.

Credit institutions' total holdings of domestic shares and other equity participations (including investment fund shares/units) amounted to roughly €0.3 billion at 30 June 2018, of which 91.8% were equity securities issued by entities from other sectors and 8.2% were securities issued by domestic MFIs.

The total volume of loans and deposits received from domestic entities amounted to €56.2 billion at the end of the period under review, of which 92.8% were deposits received from other sectors, mostly households, 5% were loans and deposits received from the domestic general government sector, and 2.2% were from loans and deposits received from domestic MFIs.

Credit institutions' total claims on residents of **other euro area countries** amounted to €1.4 billion at 30 June 2018, of which 69.8% (€1 billion) were claims on other sectors and 30.2% were claims on MFIs from other euro area countries.

**Chart 8 Selected assets/liabilities: sectoral breakdown of domestic counterparty as at 30 June 2018 (%)**



Source: NBS.

1) Monetary financial institutions – MFIs (S.121 + S.122 + S.123).

2) General government (S.13)

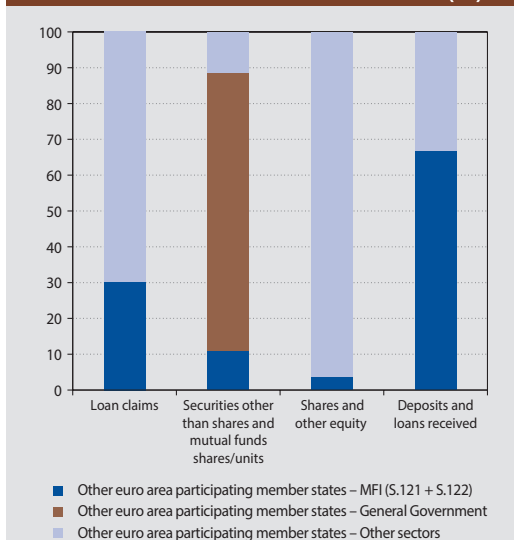
3) Other sectors = Investment funds other than money markets funds (S.124) + Other financial corporations (S.125 + S.126 + S.127) + Insurance corporations (S.128) + Pension funds (S.129) + Non-financial corporations (S.11) + Households and Non-profit institutions serving households (S.14 and S.15).

Credit institutions' total holdings of securities other than equities and mutual fund shares/units, issued by issuers from other euro area countries, amounted to almost €1 billion at 30 June 2018, of which 77.6% (€0.8 billion) were issued by the general government sector, 11% (€0.1 billion) by MFIs, and 11.4% by issuers from other sectors.

Credit institutions' total holdings of shares and other equity participations, issued by issuers from other euro area countries, amounted to €0.06 billion at 30 June 2018, of which 96.2% were equity securities issued by entities from other sectors and the remaining 3.8% were issued by MFIs.

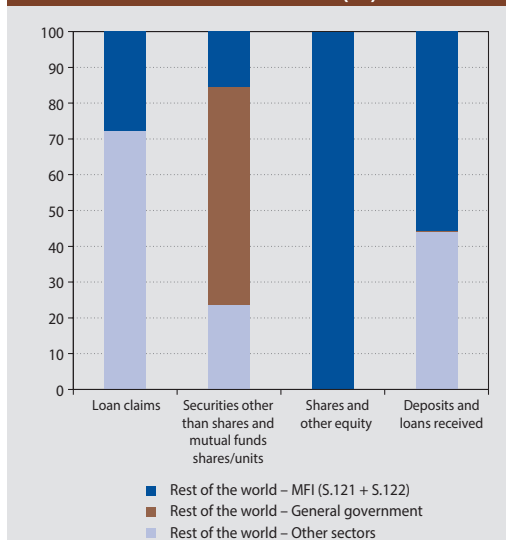
Loans and deposits received by credit institutions from residents of other euro area countries amounted to €3.5 billion at 30 June 2018, of which 66.8% (€2.4 billion) were loans and deposits received from MFIs and 33.2% (€1.2 billion) were deposits received from other sectors.

**Chart 9 Selected assets/liabilities: sectoral breakdown of counterparty from other euro area member states as at 30 June 2018 (%)**



Source: NBS.

**Chart 10 Selected assets/liabilities: sectoral breakdown of counterparty from the rest of the world as at 30 June 2018 (%)**



Source: NBS.

Credit institutions' total claims on **the rest of the world** amounted to €5.6 billion at 30 June 2018, of which 72% (€4 billion) were claims on MFIs and 28% (€1.6 billion) were claims on other sectors.

Credit institutions' holdings of securities other than equities and investment fund shares/units, issued by issuers from the rest of the world, amounted to €0.8 billion at 30 June 2018, of which 60.6% (€0.5 billion) were securities issued by the general government sector, 23.7% by MFIs, and 15.6% by issuers from other sectors.

Credit institutions' holdings of shares and other equity participations issued by issuers from the rest of the world amounted to €0.2 billion at 30 June 2018, all of which were issued by issuers from other sectors (i.e. sectors other than the MFI and general government sectors).

The volume of loans and deposits received from residents of the rest of the world amounted to €2.5 billion at 30 June 2018, of which 55.7% (€1.4 billion) were received from other sectors and 44.2% (€1.1 billion) from MFIs. The share of loans and deposits 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 in the period from the second quarter of 2017 to the second quarter of 2018, the largest being an increase of 6.6% (€4.7 billion) recorded at the end of the second quarter of 2017.

Credit institutions' total credit claims recorded their most significant annual change at the end of the third quarter of 2017, i.e. a year-on-year increase of 12.3% (€6.7 billion), of which credit claims with a maturity of over five years accounted for €4.1 billion and those with shorter maturities for €2.6 billion.

Credit institutions' total holdings of securities other than equities and investment fund shares/units recorded their most noticeable annual change at the end of the last quarter of 2017, i.e. a year-on-year decrease of 16% (€2 billion).

Credit institutions' total holdings of shares and other equity participations (including invest-



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

	VI. 2017	IX. 2017	XII. 2017	III. 2018	VI. 2018
<b>ASSETS</b>	<b>6.63</b>	<b>6.57</b>	<b>6.18</b>	<b>4.99</b>	<b>5.33</b>
<b>Cash</b>	<b>0.35</b>	<b>11.49</b>	<b>14.53</b>	<b>11.31</b>	<b>6.71</b>
<b>Loan claims</b>	<b>11.96</b>	<b>12.17</b>	<b>11.11</b>	<b>7.71</b>	<b>6.52</b>
Loan claims – up to 1 year	9.70	12.95	11.98	-0.21	-6.18
Loan claims – over 1 and up to 5 years	18.38	14.54	6.55	3.54	1.38
Loan claims – over 5 years	11.80	11.47	11.60	11.57	12.35
<b>Securities other than shares and mutual funds shares/units</b>	<b>-14.14</b>	<b>-15.86</b>	<b>-16.07</b>	<b>-8.90</b>	<b>-1.84</b>
Securities other than shares and mutual funds shares/units up to 1 year	247.08	242.72	-74.00	-86.91	-86.58
Securities other than shares and mutual funds shares/units over 1 and up to 2 years	835.20	645.03	77.31	-23.91	-84.09
Securities other than shares and mutual funds shares/units over 2 years	-17.01	-18.68	-15.38	-6.03	1.94
<b>Shares and other equity</b>	<b>-7.84</b>	<b>-3.55</b>	<b>3.61</b>	<b>-7.38</b>	<b>-3.92</b>
<b>Other assets</b>	<b>7.02</b>	<b>3.75</b>	<b>5.02</b>	<b>8.02</b>	<b>10.29</b>

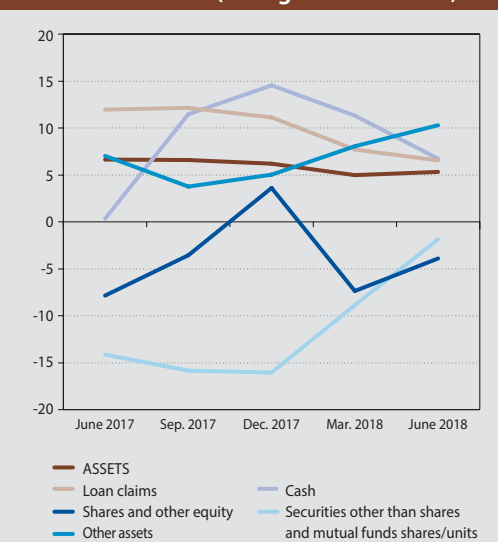
Source: NBS.

ment fund shares/units) were relatively low at the end of each quarter under review. Their highest amount (€0.64 billion) was recorded at 31 December 2017 and their biggest annual change (a year-on-year decline of 7.8% or €0.05 billion) at 30 June 2017.

Credit institutions' other assets (including fixed assets) recorded their biggest annual change in the second quarter of 2018, when their stock increased, year on year, by 10.3% (€0.2 billion).

Credit institutions' total cash holdings recorded their biggest annual change in percentage terms, i.e. a year-on-year increase of 14.5%, at the end of the last quarter of 2017. In absolute terms, a significant year-on-year change was also recorded at the end of 2017 (an increase of €0.12 billion).

The total **liabilities of credit institutions** showed a year-on-year increase at the end of each quarter in the period under review, the largest being an increase of 6.6% (€4.7 billion) recorded at the end of the second quarter of 2017.

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

Source: NBS.

That increase was accounted for largely by a year-on-year increase of 7% (€3.8 billion) recorded, at 30 June 2017, in the volume of loans and deposits received by credit institutions, including an increase of €3.3 billion in the stock



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

	VI. 2017	IX. 2017	XII. 2017	III. 2018	VI. 2018
<b>LIABILITIES</b>	<b>6.63</b>	<b>6.57</b>	<b>6.18</b>	<b>4.99</b>	<b>5.33</b>
<b>Deposits and loans received</b>	<b>7.06</b>	<b>6.16</b>	<b>5.66</b>	<b>5.25</b>	<b>5.92</b>
Deposits and loans received up to 1 year	7.37	6.55	6.70	7.14	8.62
Deposits and loans received over 1 year	5.74	4.45	1.01	-3.00	-5.75
<b>Debt securities issued</b>	<b>11.54</b>	<b>19.34</b>	<b>20.06</b>	<b>5.11</b>	<b>3.94</b>
Debt securities issued up to 1 year	-23.68	7.89	115.90	-11.14	-5.72
Debt securities issued over 1 and up to 2 years	89.32	122.83	127.03	44.42	-33.86
Debt securities issued over 2 years	11.00	17.83	16.59	4.83	5.40
<b>Capital and provisions</b>	<b>6.41</b>	<b>5.43</b>	<b>3.98</b>	<b>2.60</b>	<b>4.52</b>
<b>Other liabilities</b>	<b>-13.93</b>	<b>-5.62</b>	<b>-1.07</b>	<b>9.27</b>	<b>-5.58</b>

Source: NBS.

or loans and deposits received, with a maturity of up to one year, and an increase of €0.6 billion in the stock of loans and deposits received, with a maturity of over one year.

The stock of debt securities issued in the period under review also recorded its biggest annual change in the last quarter of 2017. This was a year-on-year increase of 20% (€0.9 billion) that stemmed mainly from an increase in the stock of securities with a maturity of over two years.

Credit institutions' capital and provisions in total recorded their most noticeable annual change at 30 June 2017, i.e. a year-on-year increase of 6.41% (€0.58 billion).

Credit institution's other liabilities also recorded their most significant annual change at the end of the second quarter of 2017, i.e. a year-on-year decrease of 13.9%.

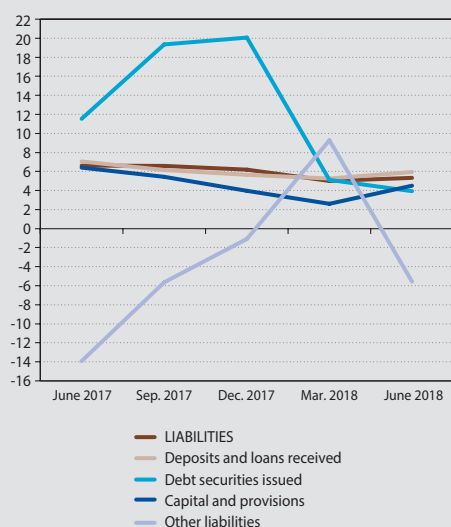
## 2.6 PROFIT/LOSS ANALYSIS FOR CREDIT INSTITUTIONS

### 2.6.1 CURRENT PERIOD PROFIT/ LOSS IN THE SECOND QUARTER OF 2018

With effect from the beginning of 2018, banks have adjusted their bookkeeping system to the new accounting standards (IFRS 9). The IFRS 9 standards have introduced new criteria for the classification of financial assets, an improved method of accounting for depreciated financial assets, and new requirements for hedge accounting.

According to the currently available data, the banking sector's cumulative profit for the first half of 2018 amounted to almost €339 million. This figure is not one of the highest profits recorded since 2009; it broadly corresponds to the average figure. The profit for the first six months of 2018 was 3.4% lower than the figure for the same period a year earlier.

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



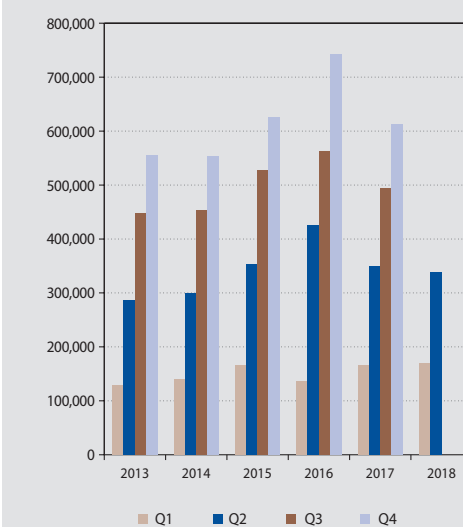
Source: NBS.

As regards the structure of income and expense items, net interest income had, for the first time since March 2015, a positive effect on profit growth. The rise in net interest income was caused mainly by an increase in other interest income, coupled with a decrease in interest expenses on securities. Interest income from securities continued to decline over the first half of 2018, by almost 12.5% year on year, to €124 million.

Net non-interest income declined, year on year, by almost 25% over the first half-year period. A positive contribution to net non-interest income was made in that period by income from fees, commissions and dividends received. By contrast, losses were recorded in hedging operations and foreign exchange transactions. The decline in net non-interest income was largely attributable to other operating losses that stemmed mainly from the payment of a special levy by selected institutions and from contributions to the resolution fund.

General operating expenses rose in the first half of 2018 and thus made a negative contribution of -4.8 percentage points to the banking sector's net profit growth. The net creation of reserves

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



Source: NBS.

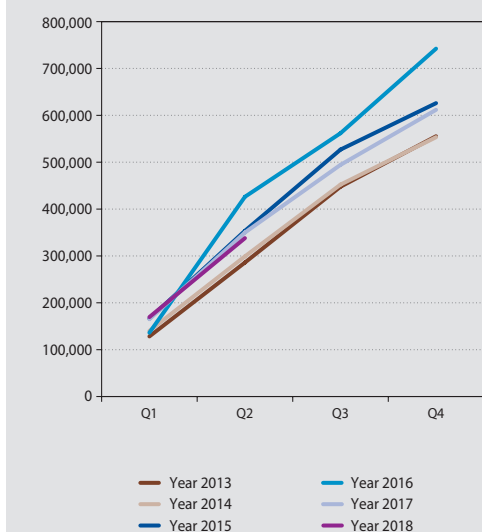
and provisions (i.e. income adjusted for expenses) resulted in a loss of €78 million, representing a year-on-year increase of €50 million.

Total loan-loss provisions at 30 June 2018 were almost 15% higher than a year earlier, and the stock of provisioned customer loans had increased, year on year, by 10%. 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 fluctuated around 3.4% in the first half of 2018, reflecting a modest rise in comparison with the same period a year earlier. This can be attributed to the adoption of the IFRS 9 standards and a new model for financial asset depreciation, which assumes that a loss from financial assets may occur at any time (hence the need for provisioning as a preventive measure).

Provisioning expenses at 30 June 2018 were higher by 1.7% year on year, while income from the reversal of provisions had increased by 27%.

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

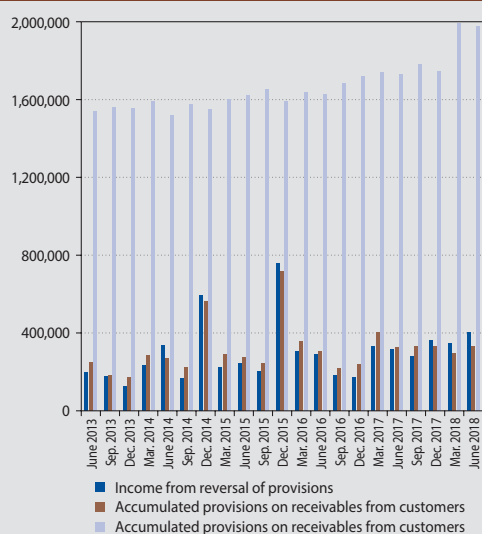


Source: NBS.



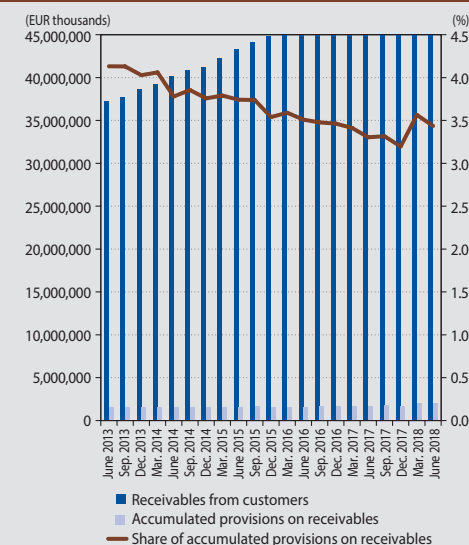
Expenses related to the assignment of claims on non-bank customers exceeded income from the same by €18 million at 30 June 2018, and claim write-offs produced a net loss of €22.3 million.

Chart 15 Provisions (EUR thousands)



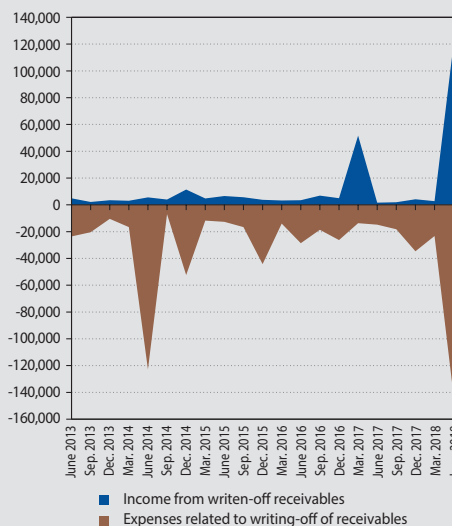
Source: NBS.

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



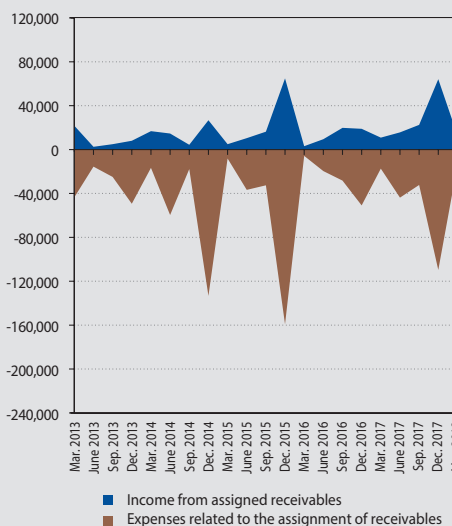
Source: NBS.

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



Source: NBS.

Chart 18 Assigned 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 second quarter of 2018, according to aggregated data, total interest income from securities continued to decline, year on year, though at a slower pace (4.3%). After falling year on year by 10.1% in 2016, this income dropped by 20.2% in 2017. Interest expenses on securities decreased, year on year, by 3.3% in the quarter under review. In the previous quarter, they dropped year on year by almost 20%. They had previously declined in both 2017 and 2016, by almost 15% and 1.2% respectively.

Other interest income increased in the second quarter of 2018, by 5.3% year on year, for the first time since the first half of 2015.

The second quarter of 2018 also saw a year-on-year increase in income from fees and commissions.

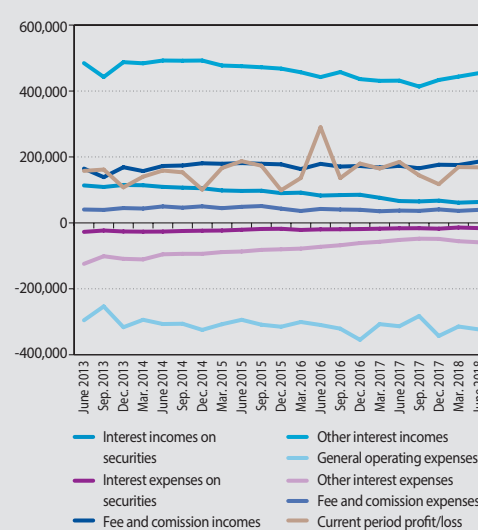
General operating expenses rose in the second quarter of 2018, by 3% year on year, and thus contributed negatively to net profit growth in that period.

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



Source: NBS.

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



Source: NBS.

The banking sector's total net profit for the second quarter of 2018 was 8.9% lower than the figure for the same period a year earlier, and amounted to €169 million.

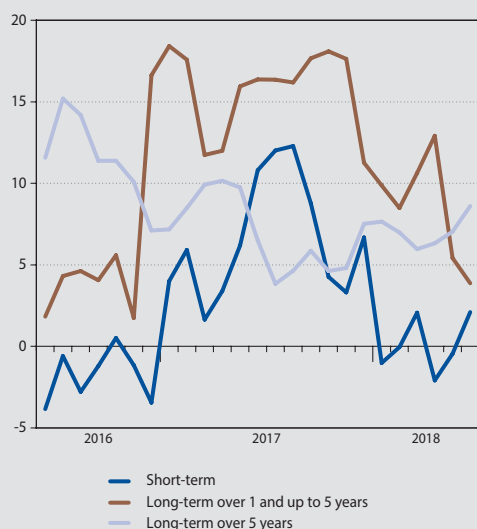
## 2.7 LENDING TO NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS

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

The second quarter of 2018 saw significant changes in the stock of loans provided to non-financial corporations (NFCs). The annual rate of growth in short-term loans decelerated gradually over that period, to 2.1%. The growth rate of long-term loans with a maturity of over one year and up to five years slowed, year on year, by 12.5 percentage points, from 16.4% in June 2017 to 3.9% in June 2018. The annual growth rate long-term loans with a maturity of over five years accelerated in the quarter under review, to 8.6%.



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



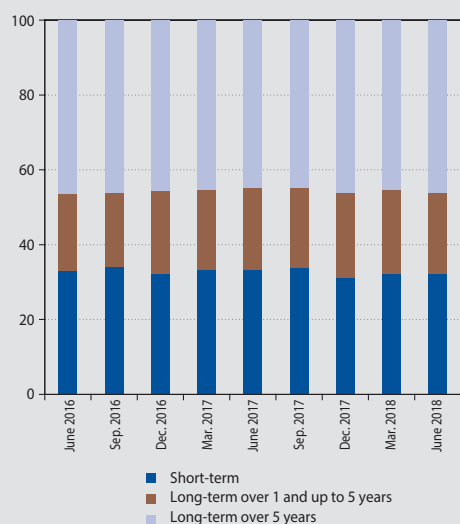
Source: NBS.

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



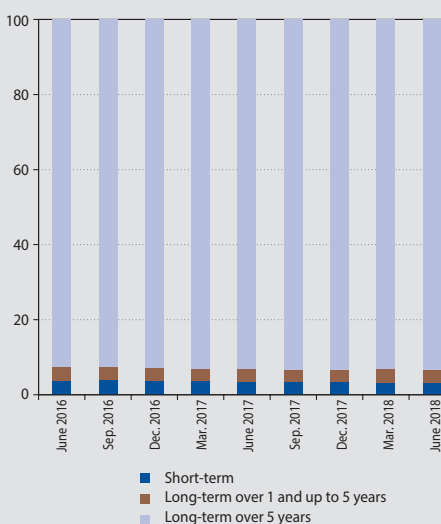
Source: NBS.

**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 total stock of loans provided to households increased, year on year, by 12.3% in the second quarter of 2018. The stock of loans with a maturity of over one year and up to five years increased by 20.5% year on year, continuing

a steadily growing trend going back to October 2016. The stock of short-term loans provided to households grew by 1.3% year on year and that of long-term loans with a maturity of over five years increased by 12.4% in the quarter under review.

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

The stock of loans provided to NFCs declined continuously, year on year, throughout the second quarter of 2018, at a pace fluctuating around 5.4%. In the category of operating loans, the annual growth rate slowed down considerably, from 40.7% in June 2017 to 14.4% in June 2018. The annual rate of growth in investment loans accelerated by 2.3%, compared with 12.1% a year earlier. The growth rate of current account overdrafts and revolving loans reached 0.2% in June 2018, compared with 9.8% a year earlier. The stock of real estate loans increased, year on year, by 4.1% in the period under review.

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



Source: NBS.

### 2.7.4 LOANS TO HOUSEHOLDS BY TYPE OF LOAN

A breakdown by type of loans provided to households shows that, in the quarter under review, the most rapid growth (16.8% year on year) took place in consumer loans. Credit card loans recorded a negative annual growth rate (-0.6%) at 30 June 2018. In the categories of current account overdrafts and housing loans, at 30 June 2018, the same growth rates were recorded as at 31 March 2018: 1.4% for current account overdrafts and 12.0% for housing loans. The stock of consumer loans increased by 16.8%.

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

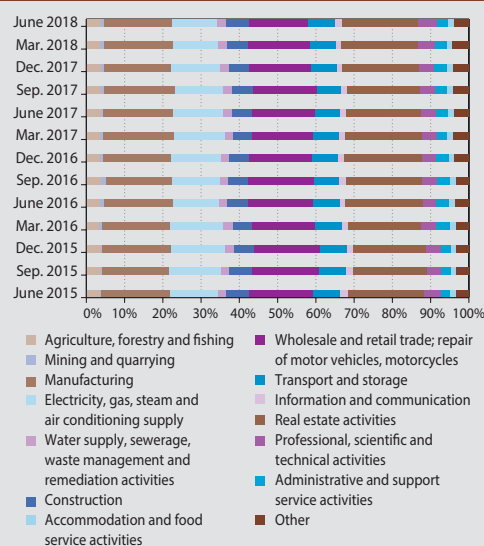


Source: NBS.

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

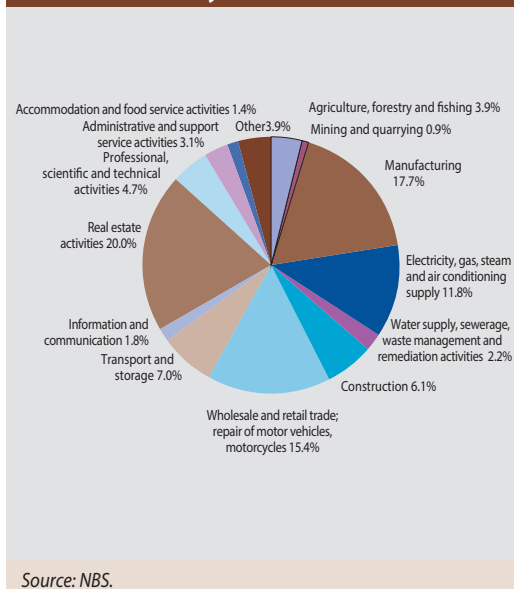
A breakdown by economic sector of loans provided to non-financial corporations (NFCs) shows that, at 30 June 2018, loans to the real estate sector accounted for the largest share (20%) of the total stock of NFC loans, while loans to the manufacturing sector accounted for 17.7% and loans to the sector comprising wholesale trade, retail trade, and the repair of motor vehicles and motorcycles for 15.4%.

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

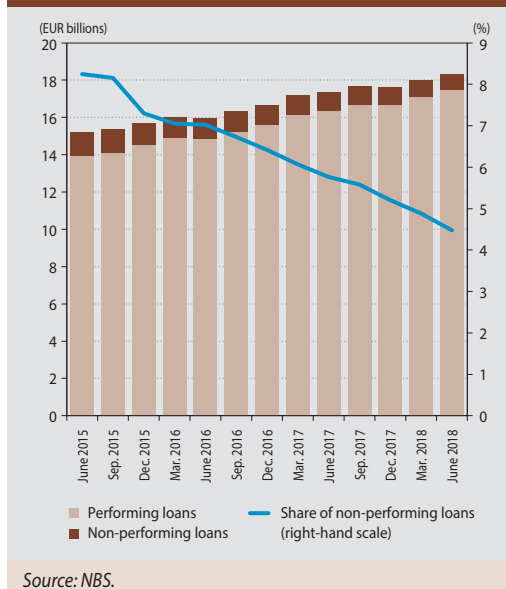


Source: NBS.

**Chart 28 NFC loans broken down by economic activity as at 30 June 2018**



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

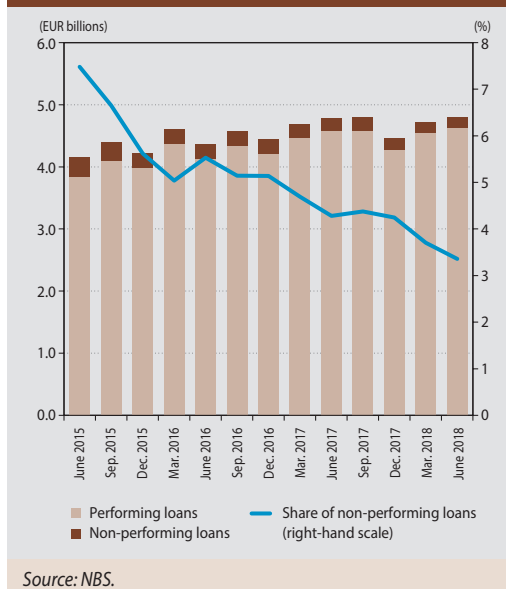


### 2.7.6 NON-PERFORMING LOANS TO NON-FINANCIAL CORPORATIONS

The share of non-performing loans (NPLs) in the total stock of NFC loans decreased in the first quarter of 2018, to 4.5%. The NPL ratio for current account overdrafts fell somewhat, to 3.4% at 30 June 2018. The NPL ratio for real estate loans provided to NFCs fell, year on year, to 5.4% in that period.

The NPL ratio for operating loans declined continuously, down to 4.1%, while that for credit card loans rose, year on year, to 10.7% at 30 June 2018. The NPL ratio for investment loans continued falling in the second quarter of 2018, to 4.1%.

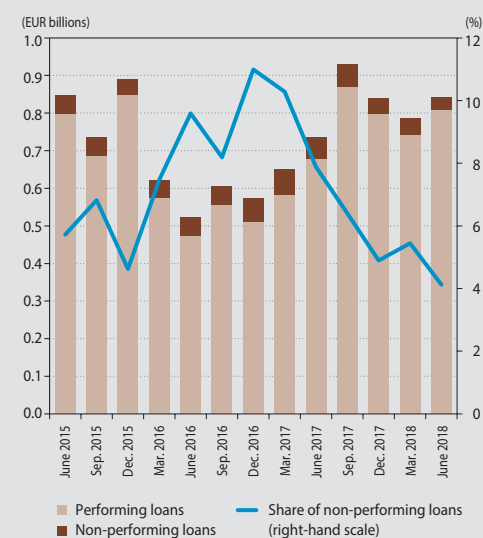
**Chart 30 Share of non-performing loans in bank overdrafts and revolving credits to NFCs**





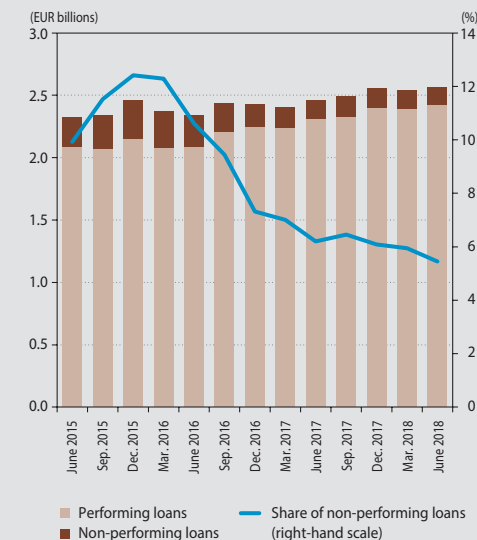


**Chart 31 Share of non-performing loans in operating loans to NFCs**



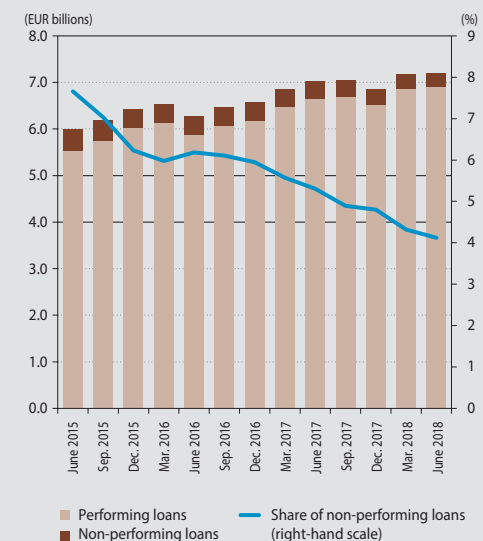
Source: NBS.

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



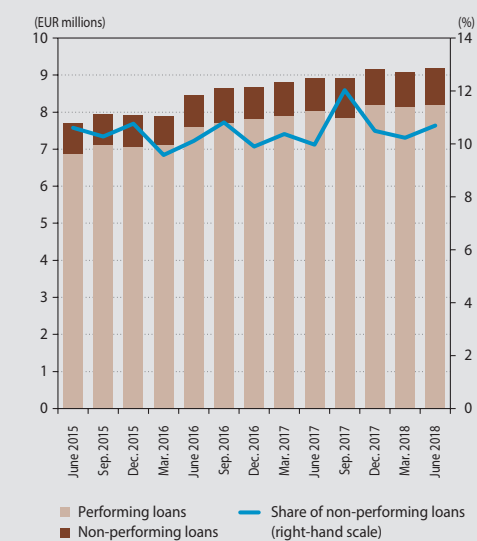
Source: NBS.

**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.

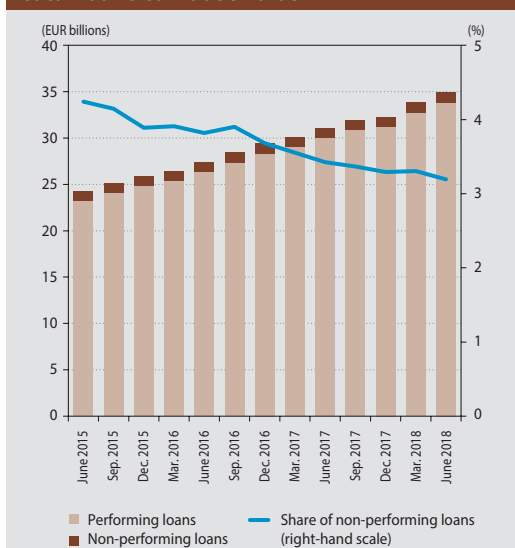


### 2.7.7 NON-PERFORMING LOANS TO HOUSEHOLDS

The share of NPLs in the stock of loans provided to households continued to fall, year on year, in the second quarter of 2018. The NPL ratio for total household loans stood at 3.2% at 30 June 2018, representing a year-on-year fall of 0.2 percentage point. The highest NPL ratio in the quarter under review was record-

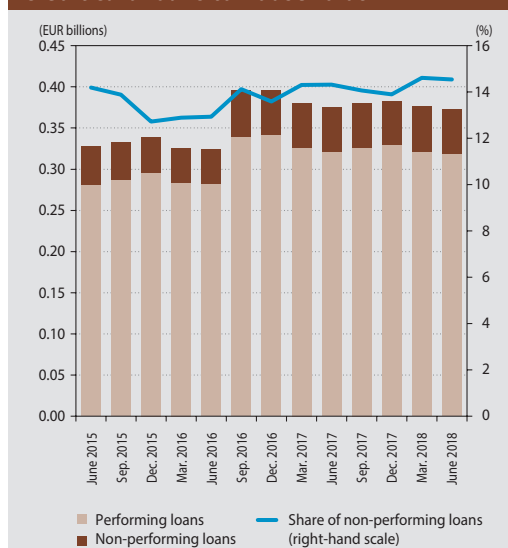
ed for credit card loans (14.5%). The NPL ratio for current account overdrafts dropped by 1.6 percentage points year on year, to 6.4% at 30 June 2018. The NPL ratio for housing loans fell slightly, both quarter on quarter and year on year, to 1.6% at 30 June 2018. The NPL ratio for consumer loans rose, year on year, to 9.3% at 30 June 2018.

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



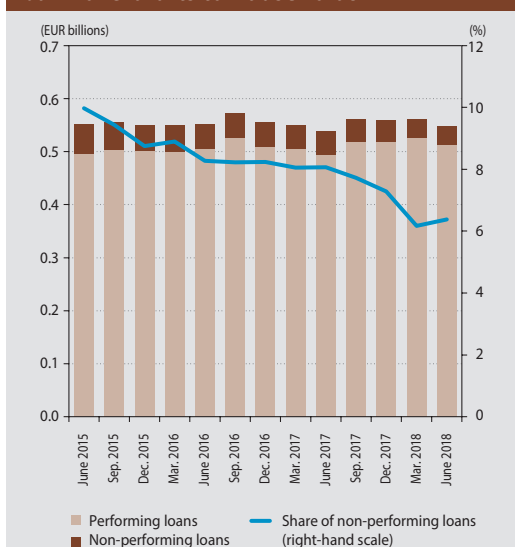
Source: NBS.

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



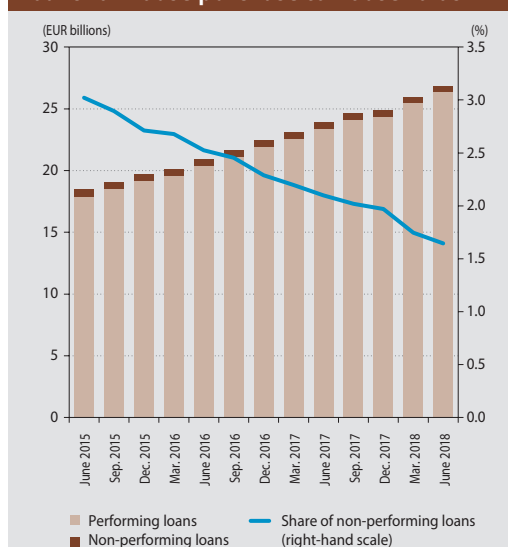
Source: NBS.

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



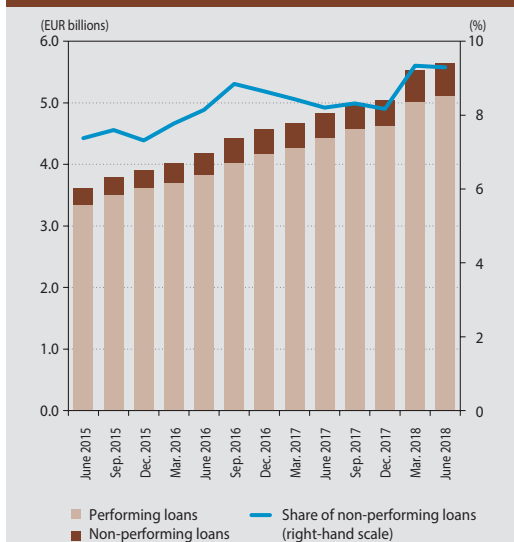
Source: NBS.

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



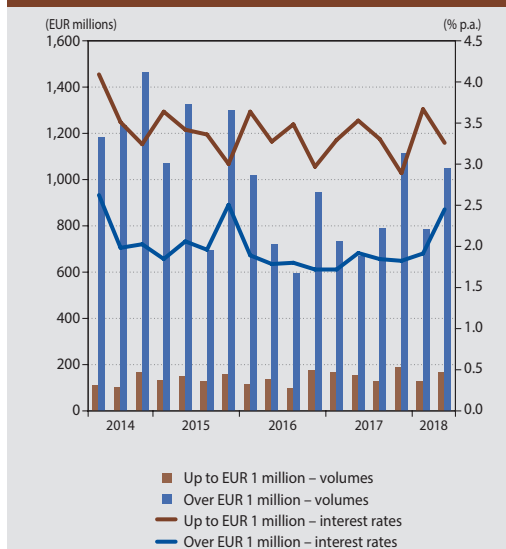
Source: NBS.

**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.

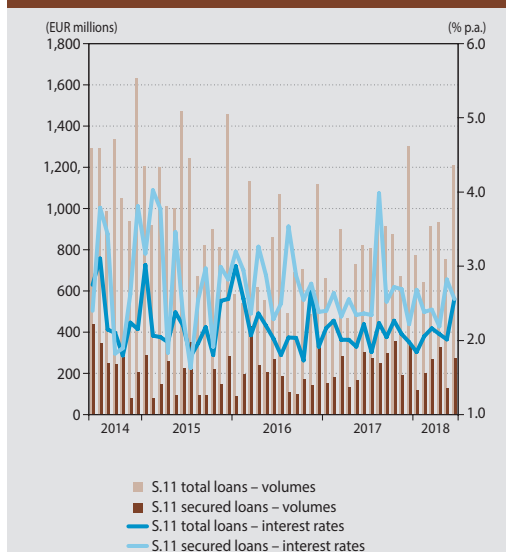
## 2.8 LOANS – INTEREST RATES, VOLUMES AND STOCKS

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

The total volume of new loans provided to non-financial corporations (NFCs) increased by 43.4% in the second quarter of 2018, compared with the same quarter of 2017. In the category of **loans of up to €1 million**, the volume of loans increased in the period under review, by 7.8% year on year. Their share of the total volume of NFC loans provided was 15.0%. The average interest rate on these loans in the period under review was 3.2% per annum, which in year-on-year terms was lower by 0.3 percentage point. In the category of **loans of over €1 million**, the volume of loans provided to NFCs increased in the second quarter of 2018, by 52.3% year on year. Their share of the total volume of NFC loans provided in that period was 85.0% and the average interest rate on these loans stood at 2.1% p.a., representing a rise of 0.4 percentage point year on year.

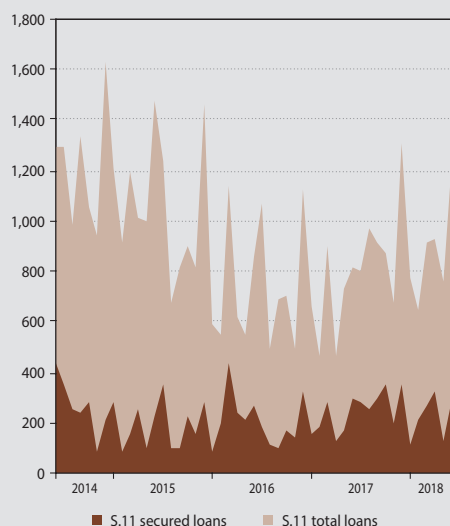
In the second quarter of 2018, the share of new secured loans in the **total** volume of new loans provided to NFCs decreased, year on year, from 29.7% to 25.3%. The average interest rate on

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



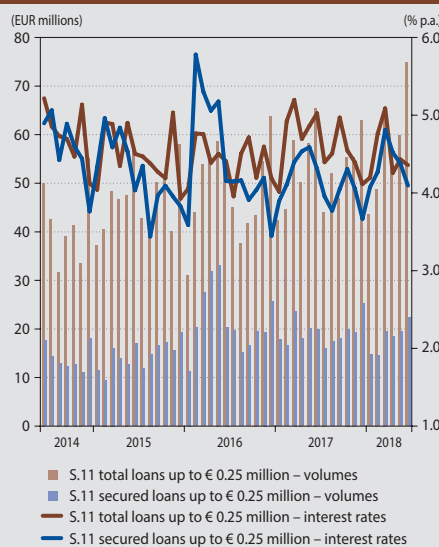
Source: NBS.

**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**

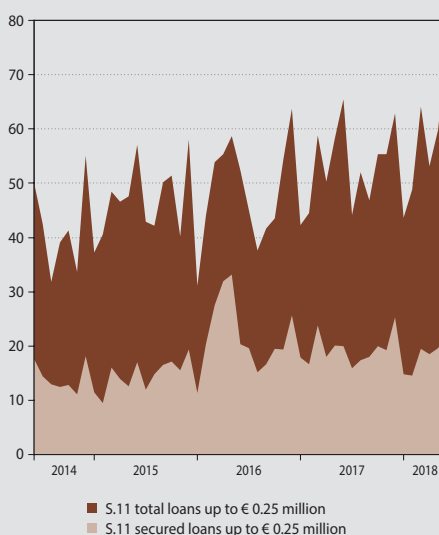


Source: NBS.

secured loans rose slightly, from 2.40% p.a. in the second quarter of 2017 to 2.44% p.a. in the same period of 2018. The average interest rate on new loans provided to NFCs in total rose somewhat, too, by 0.2 percentage point year on year, to 2.3% p.a. at the end of the quarter under review.

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 decreased in the second quarter of this year, by 1.2% year on year, to 32.1%. The average interest rate on such secured loans of this category fell in the period under review by 0.2 percentage point year on year, to 4.3% p.a. The average interest rate on new NFC loans of up to €0.25 million fell more significantly in that period, by 0.5 percentage point, to 4.4% p.a.

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

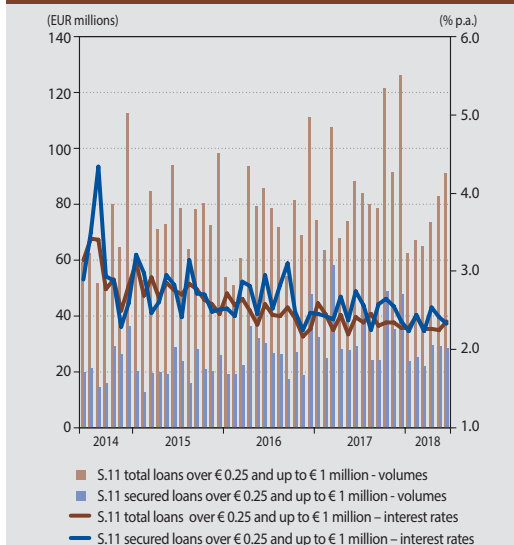


Source: NBS.

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 provid-

ed to NFCs decreased in the second quarter of 2018, by 1.7% year on year, to 35.3%. The average interest rate on secured loans of this category fell by 0.2 percentage point in the period under review, to 2.4% p.a. The average interest rate on new NFC loans of this category also fell in that period, by 0.1 percentage point year on year, to 2.3% p.a.

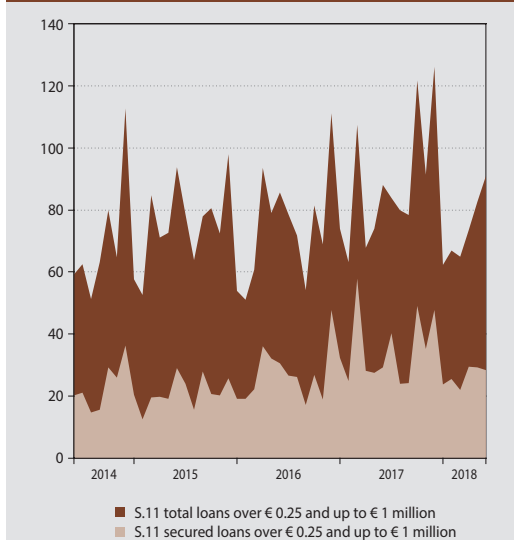
**Chart 45 Secured and total new loans over € 0.25 million and up to € 1 million to NFCs – interest rates and volumes**



Source: NBS.

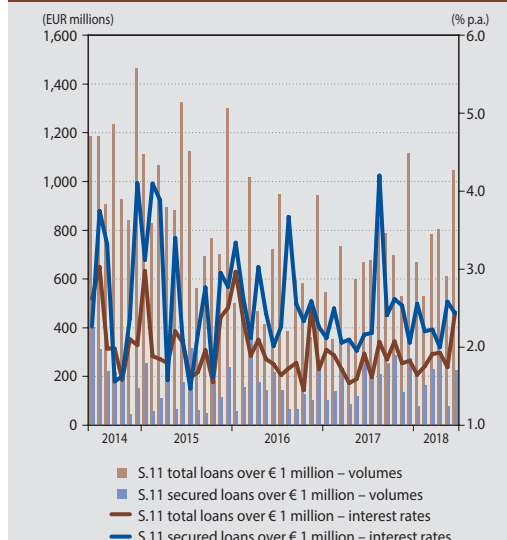
In the category of **loans of over €1 million**, the share of new secured loans in the total volume of new loans provided to NFCs decreased in the second quarter of 2018, by 4.5% year on year, to 23.8%. The average interest rate on secured loans of this category rose to 2.2% p.a. in the second quarter of 2018, from 2.1% p.a. in the same period of 2017. The average rate on new NFC loans of over €1 million also rose in the period under review, by 0.4 percentage point year on year, to 2.1% p.a.

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



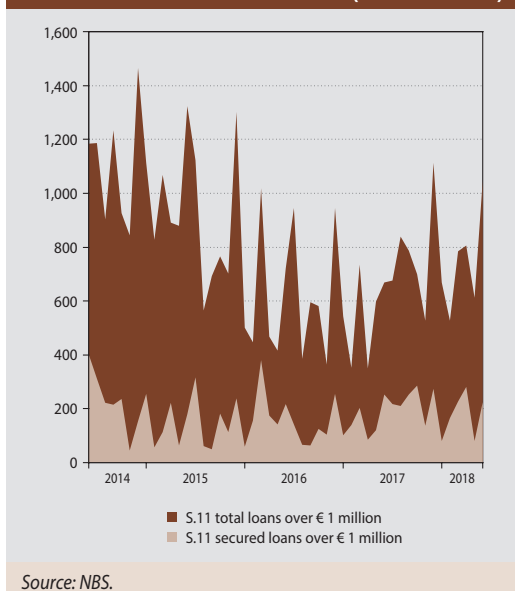
Source: NBS.

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

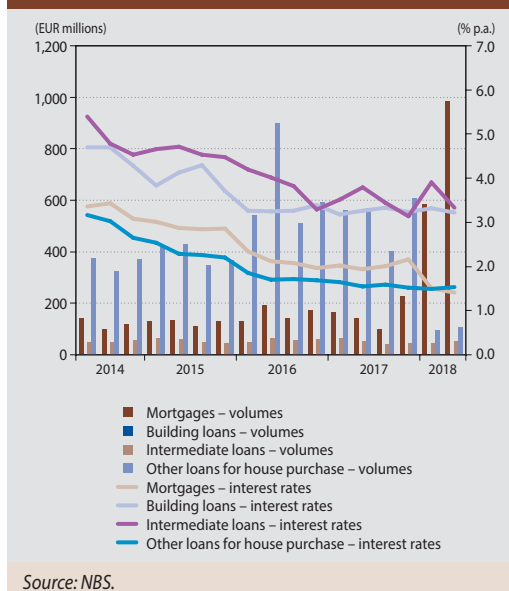


Source: NBS.

**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

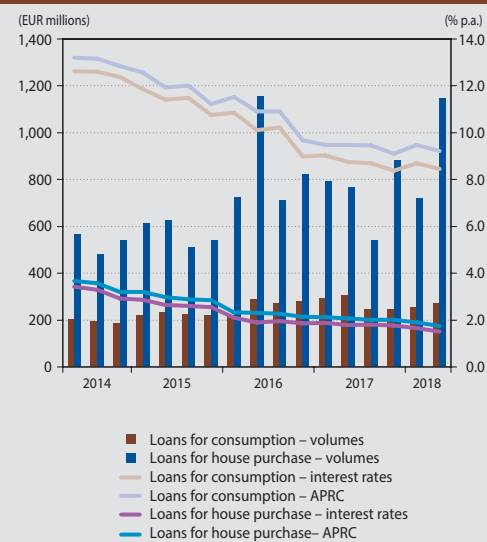
Households' demand for housing loans remained strong in the second quarter of 2018, far stronger than their demand for any other type of loan. The average interest rate on housing loans fell in that period by 0.3 percentage point year on year, to 1.6% p.a. The annual rates of change in average interest rates on the individual types of housing loans were in the period under review as follows: the rate on **building loans** provided by home savings banks remained unchanged, at 3.5% p.a.; the rate on **intermediate loans**, which are also provided by home savings banks, fell by 0.3 percentage point, to 3.5% p.a.; the rate on **mortgage loans**

dropped by 0.5 percentage point, to 1.4% p.a.; and the rate on **other loans for house purchase** fell, too, by 0.1 percentage point, to 1.5% p.a.

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

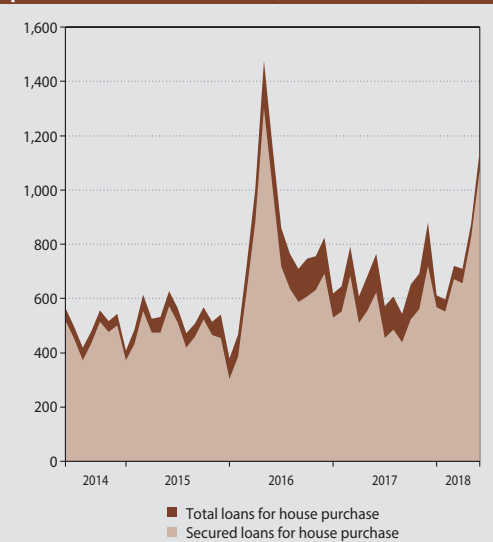
The **annual percentage rate of charge (APRC)** on loans provided to households usually exceeds the rate of interest charged on these loans. Like the average interest rate on housing loans, the APRC on these loans decreased in the second quarter of 2018, by 0.3 percentage point year on year, to 1.8% p.a. Consumer loans showed a similar trend in the period under review, with the average interest rate declining, year on year, by 0.4 percentage point, to 8.5% p.a., and the average APRC for consumer loans decreasing by 0.3 percentage point, to 9.3% 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

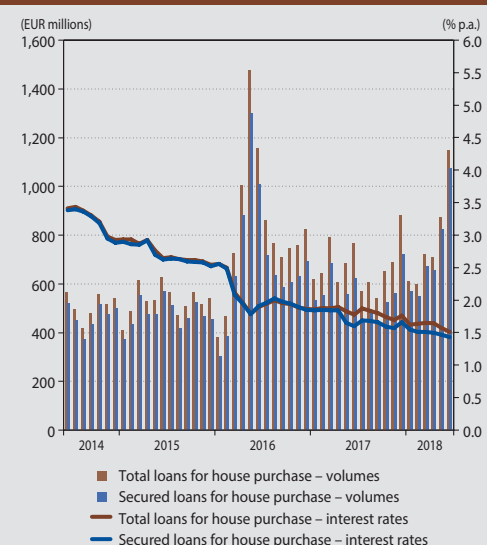
The share of **new secured housing loans** in the total volume of new housing loans provided to households increased, year on year, by 12.7% in the second quarter of 2018, to 93.5%. The average interest rate on these loans fell in the pe-

riod under review by 0.2 percentage point, to 1.5% p.a.

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

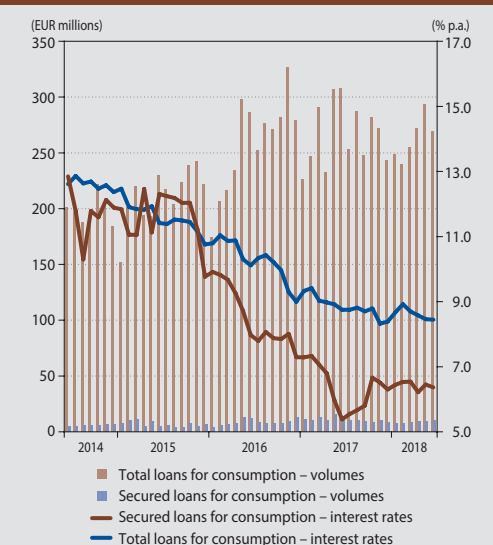
The share of **secured consumer loans** in the total volume of consumer loans was substantially

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



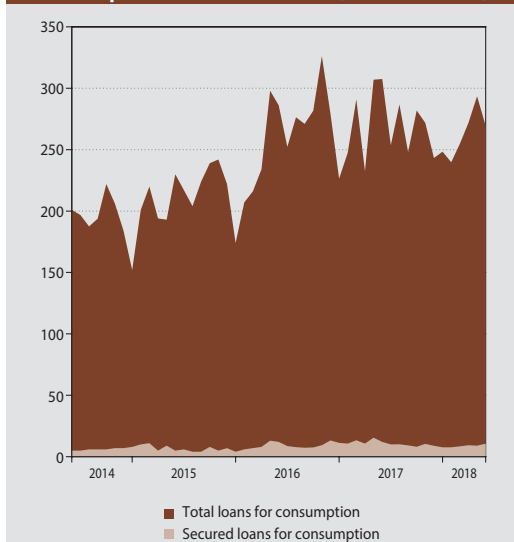
Source: NBS.

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



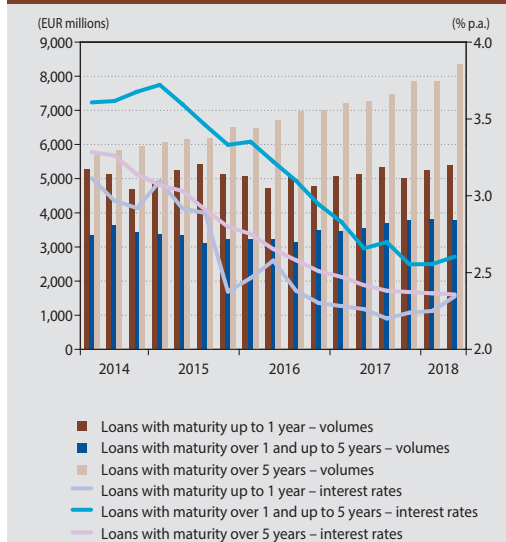
Source: NBS.

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



Source: NBS.

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



Source: NBS.

lower than the share of secured housing loans in the total volume of housing loans. The share of these loans decreased somewhat in the second quarter of 2018, to 3.5%, from 4.5% in the same quarter of 2017. The average interest rate on secured consumer loans rose in the period under review, by 0.3 percentage point year on year, to 6.3% p.a.

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

Interest rates on loans provided to non-financial corporations (NFCs) 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 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 second quarter of 2018, continuing a trend going back to the second half of 2009.

In year-on-year terms, average interest rates on **NFC loans** in the quarter under review were lower for all maturities, except for loans with a maturity of up to one year, as follows: for loans with a maturity of over one year and up to five

years, by 0.2 percentage point, at 2.6% p.a.; and for loans with a maturity of over five years, by 0.1 percentage point, at 2.3% p.a. The average interest rate on loans with a maturity of up to one year rose somewhat, by 0.1 percentage point, to 2.3% p.a.

### 2.8.4 LOANS TO HOUSEHOLDS – INTEREST RATES AND STOCKS

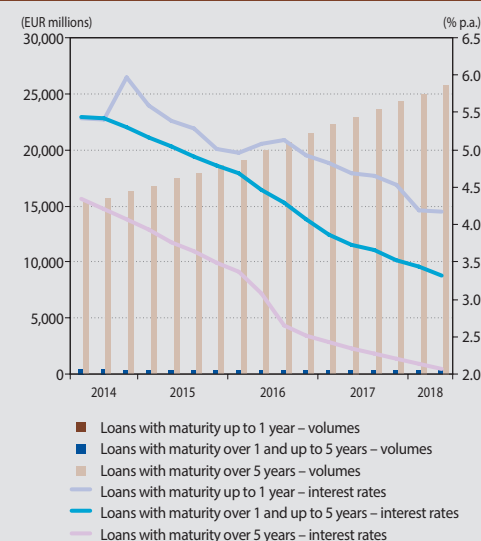
#### 2.8.4.1 Housing loans – interest rates and stocks

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.

In year-on-year terms, average interest rates on **housing loans** were, in the period under review, lower for all maturities as follows: for loans with a maturity of over five years, by 0.3 percentage point, at 2.1% p.a.; for loans with a maturity of over one year and up to five years, by 0.4 percentage point, at 3.4%; and for loans with a maturity of up to one year, by 0.6 percentage point, at 4.1% p.a.

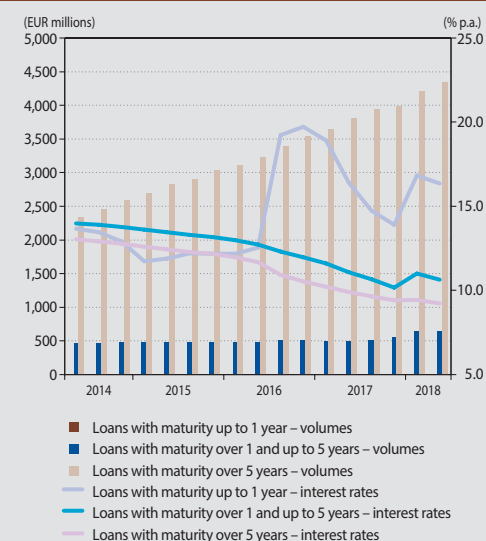


**Chart 56 Households loans for house purchase by maturity – interest rates and volumes**



Source: NBS.

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



Source: NBS.

#### 2.8.4.2 Consumer loans – interest rates and stocks

The stock of consumer loans with a maturity of up to one year remained negligible in the second quarter of 2018, 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 increased somewhat in the period under review. Loans with a maturity of over five years accounted for the largest share of consumer loans.

Average interest rates on **consumer loans** provided to households changed in the period under review as follows: the average rate on consumer loans with a maturity of over one year and up to five years fell, year on year, by 0.5 percentage point, to 10.8% p.a.; the average rate on consumer loans with a maturity of over five years fell by 0.7 percentage point, to 9.3% p.a.; and the average rate on consumer loans with a maturity of up to one year dropped by 0.9 percentage point, to 16.5% p.a.

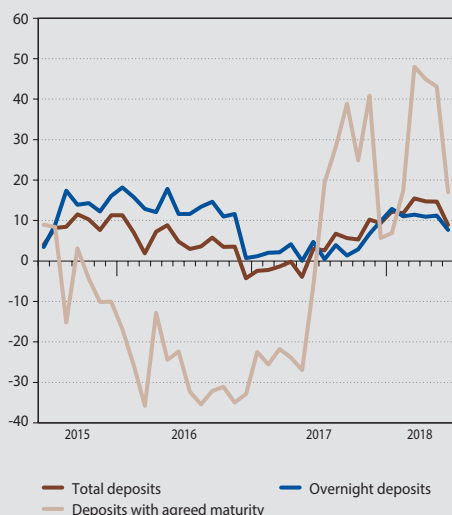
## 2.9 DEPOSITS RECEIVED FROM NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS

### 2.9.1 DEPOSITS RECEIVED FROM NON-FINANCIAL CORPORATIONS

The stock of deposits received from NFCs was 8.9% higher at the end of the second quarter of 2018 than a year earlier. Sight deposits grew in the quarter under review by 7.7% year on year, deposits with an agreed maturity increased by 17.0%, and other deposits grew in that period by 37.0% year on year, after falling in the same period a year earlier by 52.0%.

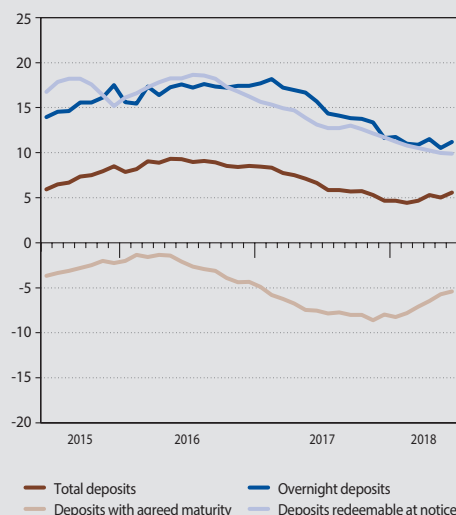


Chart 58 NFC deposits by type (year-on-year percentage changes)



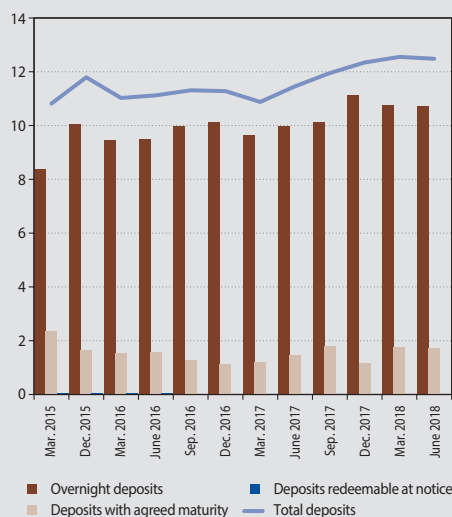
Source: NBS.

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



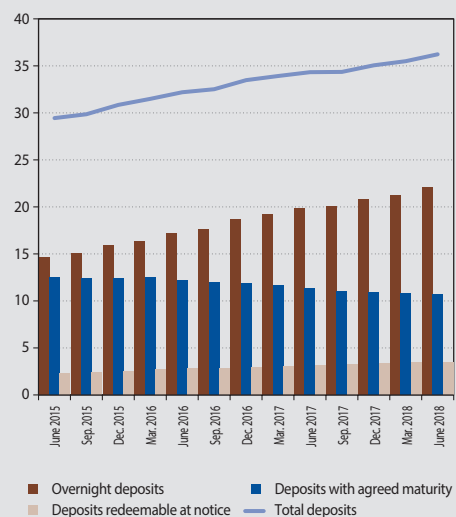
Source: NBS.

Chart 59 NFC deposits (EUR billions)



Source: NBS.

Chart 61 Households deposits (EUR billions)



Source: NBS.

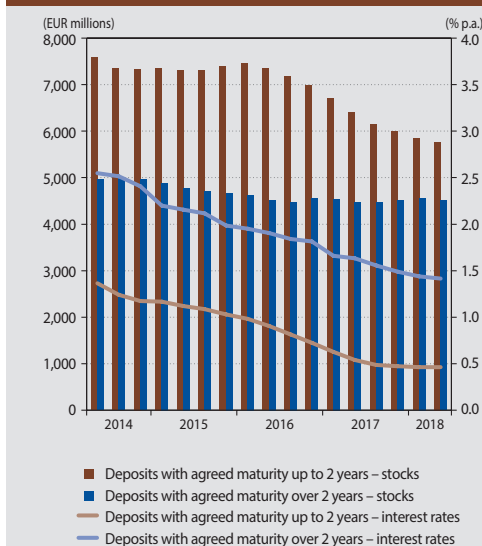
### 2.9.2 DEPOSITS RECEIVED FROM HOUSEHOLDS

The stock of deposits received from households was 5.6% higher at the end of June 2018 than a year earlier. Deposits with an agreed maturity declined, year on year, by 5.4%. The most significant increases were recorded in sight deposits (11.2%) and deposits redeemable at notice (9.9%).

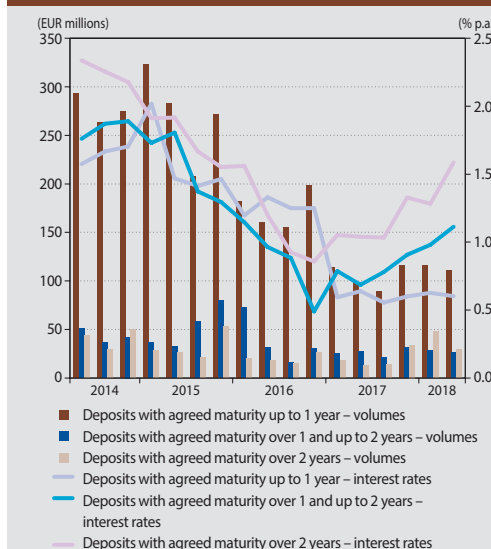
## 2.10 DEPOSITS RECEIVED – INTEREST RATES, VOLUMES AND STOCKS

### 2.10.1 HOUSEHOLD DEPOSITS – INTEREST RATES AND STOCKS

In the second quarter of 2018, household deposits **with an agreed maturity of up to two years** accounted for 56.1% of the total stock

**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.

of household deposits with an agreed maturity, which in year-on-year terms represented a decrease of 3.1%. The average interest rate on these deposits was 0.1 percentage point lower in the second quarter 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 in the period under review, by 0.2 percentage point year on year, at 1.4% p.a. The total stock of household deposits with an agreed maturity was lower in year-on-year terms, by 6.2%.

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

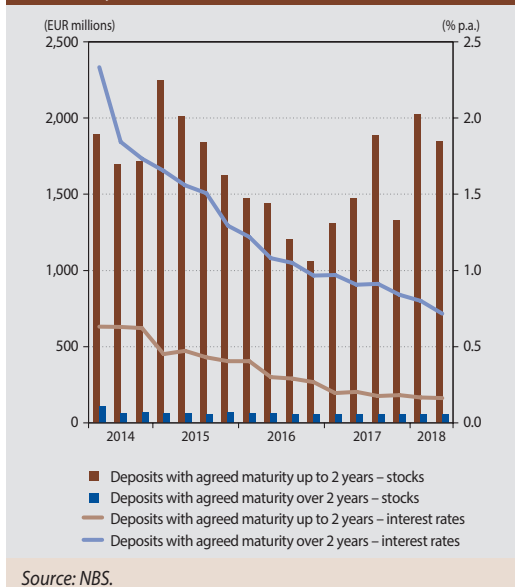
Interest rates on **new household deposits** with an agreed maturity changed in the period under review as described below. The average interest rate on new household deposits **with an agreed maturity of up to one year** fell slightly, by 0.1 percentage point, to 0.6% p.a., and the share of these deposits in the total volume of new household deposits with an agreed maturity decreased by 6.8%, to 65.1%. The average rate on new deposits **with an agreed maturity of over one year and up to two years** was 0.2 percent-

age point higher, year on year, at 1.1% p.a., and the share of these deposits in the total volume of new household deposits with an agreed maturity was up by 0.9%, at 17.0%. The average rate on new deposits **with an agreed maturity of over two years** was 0.5 percentage point higher, year on year, at 1.6% p.a., and their share of the total was up by 7.7%, at 17.9%.

### 2.10.3 NFC DEPOSITS – INTEREST RATES AND STOCKS

Deposits **with an agreed maturity of over two years**, received from NFCs in the second quarter of 2018, accounted for 2.8% of the total stock of NFC deposits with an agreed maturity, which in year-on-year terms represented a decrease of 1.1%, while the average interest rate on these deposits fell by 0.2 percentage point, to 0.8% p.a. The average interest rate on NFC deposits **with an agreed maturity of up to two years** fell slightly in the period under review by 0.03 percentage point, to 0.16% p.a., while the share of these deposits increased by 1.1%, to 97.2% of the total stock of NFC deposits with an agreed maturity. The total stock of NFC deposits with an agreed maturity increased in that period, by 36.8% year on year.

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

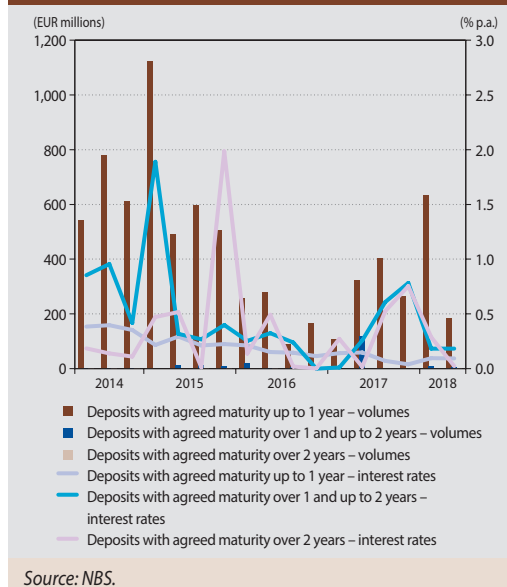


#### 2.10.4 NEW NFC DEPOSITS – INTEREST RATES AND VOLUMES

Interest rates on **new deposits** with an agreed maturity, received from NFCs, changed in the second quarter of 2018, year on year, as described below. The average interest rate on new deposits **with a maturity of over two years** was 0.02 percentage point higher, year on year, at 0.05% p.a., while the share of these deposits in the total volume of NFC deposits with an agreed maturity was insignificant

(0.5%). The average rate on new NFC deposits **with an agreed maturity of over one year and up to two years** fell slightly, by 0.05 percentage point, to 0.2% p.a., and the share of these deposits in the total volume of NFC deposits with an agreed maturity decreased by 10.2%, to 2.0%. The average rate on new deposits **with an agreed maturity of up to one year** fell somewhat, too, by 0.02 percentage point, at 0.13% p.a., but their share of the total was by far the largest (97.5%).

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





# INVESTMENT FUNDS AND MONEY MARKET FUNDS



## 3 INVESTMENT FUNDS AND MONEY MARKET FUNDS

In Slovakia's financial market, the mutual fund market comprises five domestic asset management companies and one foreign asset management company, managing a total of 88 domestic open-end funds as at 30 June 2018.

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.
- 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 0.25% at 30 June 2018.

Mixed funds accounted for the largest share, 45.34%, of the total assets of investment funds at 30 June 2018. They were followed by bond funds with a share of 26.06% (down by 0.94 percentage point quarter on quarter) and real estate funds with a share of 18.47% at 30 June 2018. The share of equity funds increased to 7.35% at the end of June. 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 2.53% at 30 June 2018.

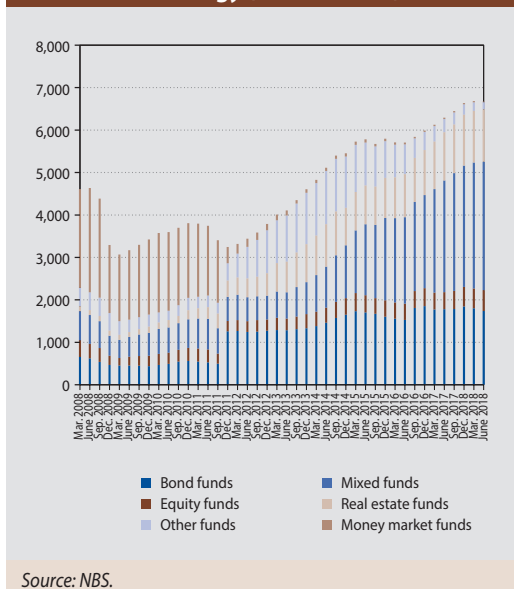
At the end of the second quarter, the total asset value of mixed funds was higher both year on year, by 15.12%, and quarter on quarter, by 2.04%, as was that of real estate funds, by 8.50% and 1.32% respectively. The total asset value of equity funds also increased in the period under review, by 21.80% year on year and 5.12% quarter on quarter. Bond funds recorded a quarter-on-quarter fall of 3.62% in their asset value, which declined year on year by 2.37%. Other funds recorded a year-on-year drop of 45.84% at 30 June 2018. Investor interest in money market funds remained subdued in the period under review, and so their total asset value fell by as much as 49.43% year on year.

Table 8 Total assets of mutual funds broken down by type of fund

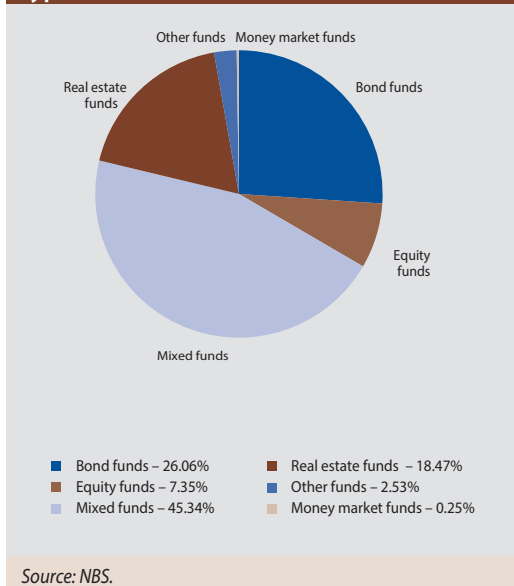
Total assets	Year-on-year percentage changes								
	VI. 2016	IX. 2016	XII. 2016	III. 2017	VI. 2017	IX. 2017	XII. 2017	III. 2018	VI. 2018
<b>Bond funds</b>	-10.53	8.10	15.71	13.94	16.66	-1.38	-0.45	1.70	-2.37
<b>Equity funds</b>	-4.94	8.65	8.51	3.29	11.07	7.28	8.80	17.49	21.80
<b>Mixed funds</b>	22.01	21.56	13.07	22.96	36.12	32.27	30.50	21.55	15.12
<b>Real estate funds</b>	11.20	15.50	12.31	16.26	12.85	9.90	12.44	8.84	8.50
<b>Other funds</b>	-31.18	-51.75	-50.78	-52.83	-58.98	-37.37	-41.62	-44.70	-45.84
<b>Money market funds</b>	-37.99	-36.27	-40.44	-38.06	-31.28	-17.95	-14.44	-15.24	-49.43

Source: NBS.

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



**Chart 67 Total assets of domestic mutual funds as at 30 June 2018 broken down by type of fund**



## 3.2 ASSET STRUCTURE OF DOMESTIC INVESTMENT FUNDS

### 3.2.1 BOND FUNDS

In terms of asset type, bond funds' total assets at 30 June 2018 broke down as follows: 41.63% were debt securities (up from 39.60% at the end of the previous quarter); 34.31% were bank time deposits and current account holdings; 22.49% were investment fund shares/units (up by 0.11 percentage point); and the remaining 1.57% were other assets (including financial derivatives).

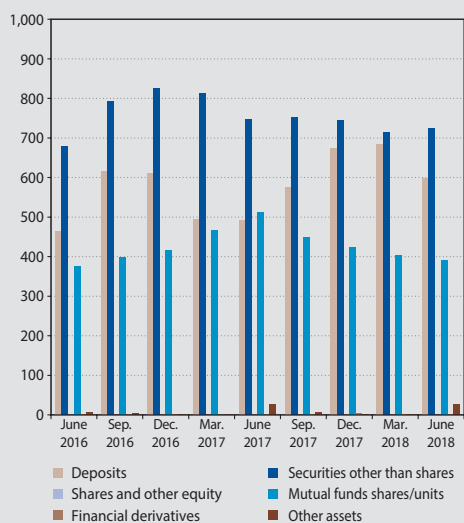
In terms of issuer residency, bond funds' holdings of debt securities at 30 June 2018 broke down as follows: 52.71% were securities issued in the rest of the world (down by 3.66 percentage points); 26.90% were domestic securities (down by 1.61 percentage points); and 20.39% were securities issued in other euro area countries (up by 5.28 percentage points).

In terms of issuer sector, bond funds' holdings of debt securities at 30 June 2018 broke down as follows: 47.58% were government bonds; 28.43% were debt securities issued by banks; and the remaining 23.99% were debt securities issued by non-financial corporations and other financial institutions.

In terms of residual maturity, bond funds' holdings of debt securities at 30 June 2018 broke down as follows: 21.34% had a maturity of up to

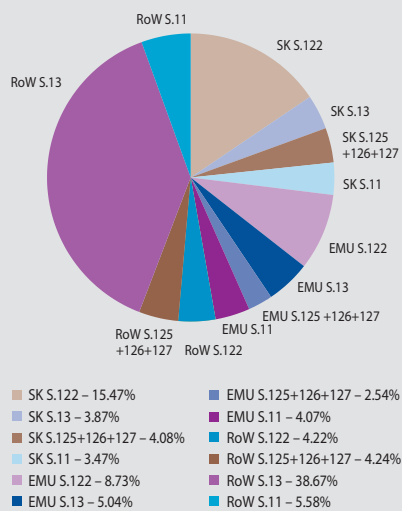
one year, 13.46% a maturity of over one year and up to two years, and 65.20% a maturity of over two years.

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



Source: NBS.

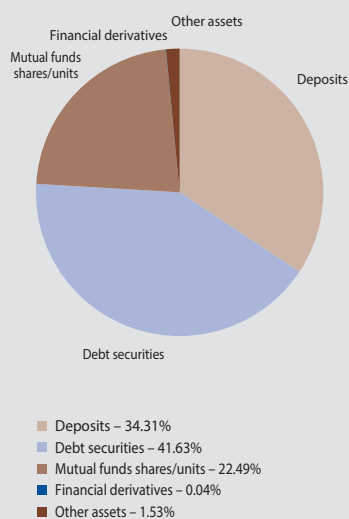
**Chart 70 Geographical and sectoral breakdown of debt securities in the portfolio of bond funds as at 30 June 2018**



Source: NBS.

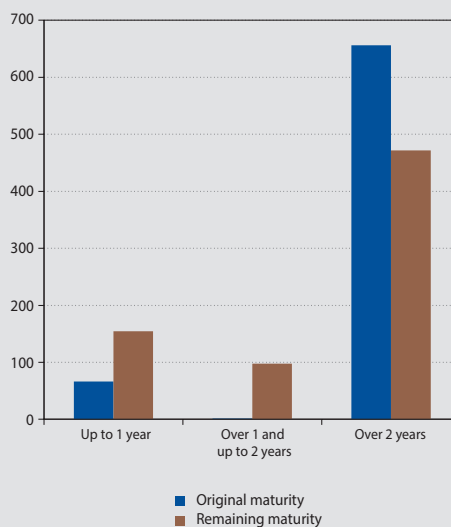
Note: SK = domestic issuers; EMU = issuers from other euro area member states; RoW = issuers from the rest of the world.

**Chart 69 Bond funds: structure of assets as at 30 June 2018**



Source: NBS.

**Chart 71 Maturity breakdown of debt securities in the portfolio of bond funds as at 30 June 2018 (EUR millions)**



Source: NBS.



### 3.2.2 EQUITY FUNDS

In terms of asset type, equity funds' total assets at 30 June 2018 broke down as follows: 50.60% were shares and other equity participations; 38.17% were investment fund shares/units (up by 0.49 percentage point); 9.74% were bank deposit account holdings (up by 0.30 percentage point); 0.98% were debt securities; and 0.51% were other assets (including financial derivatives).

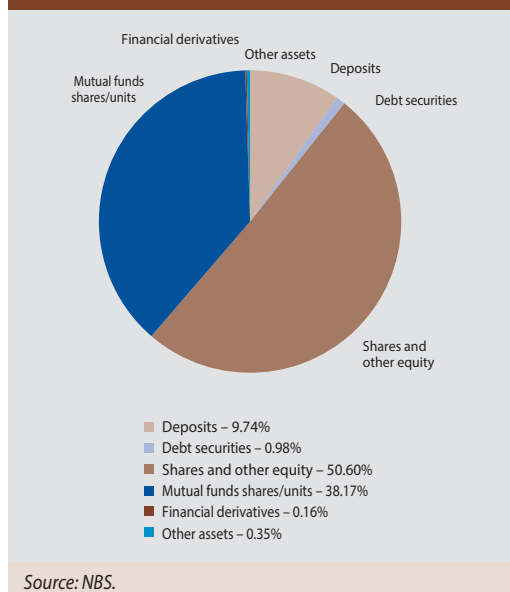
In terms of issuer residency, equity funds' holdings of investment fund shares/units at 30 June 2018 broke down as follows: 14.38% were issued by funds resident in Slovakia; 77.16% were issued by funds resident in other euro area countries; and 8.46% were issued by funds resident in the rest of the world.

The share of money market fund shares/units and investment fund shares/units in equity funds' total holdings of mutual fund shares/units remained broadly unchanged in the quarter under review. The share of investment fund shares/units stood at 98.80% at 30 June 2018.

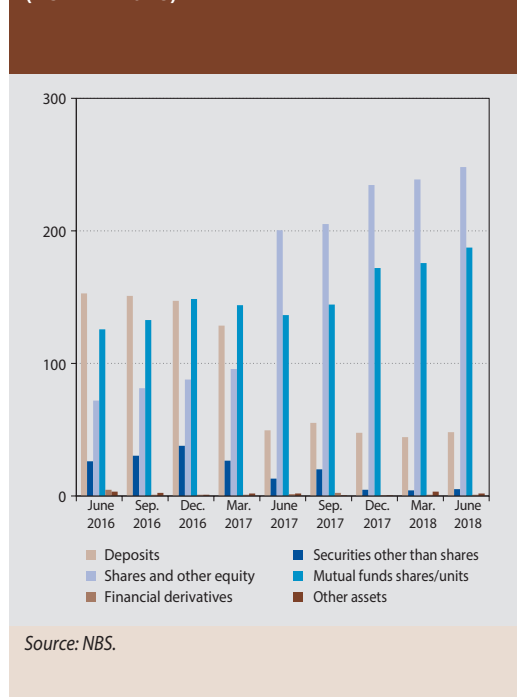
In terms of issuer residency and sector, equity funds' holdings of shares at 30 June 2018 broke

down as follows: 66.22% were issued by NFCs resident in the rest of the world; 14.34% were issued by NFCs resident in euro area countries; 8.45% were issued by credit institutions resident in non-euro area EU countries; and less than 6% were issued by issuers from other sectors.

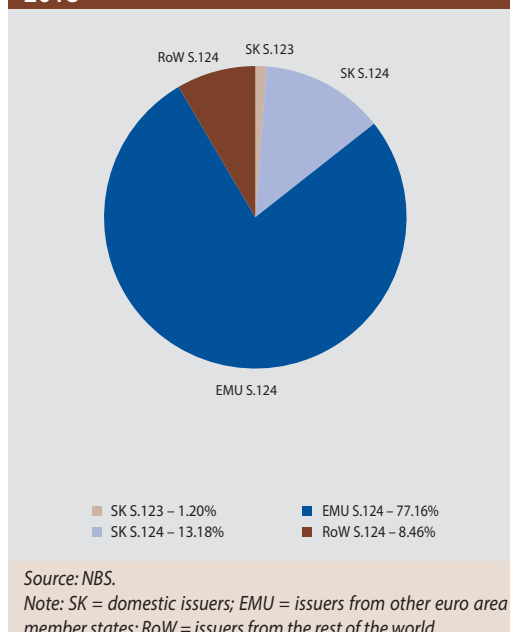
**Chart 73 Equity funds: structure of assets as at 30 June 2018**



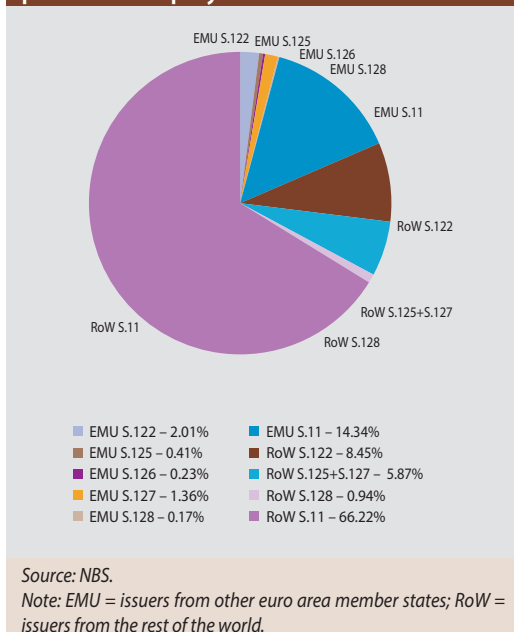
**Chart 72 Equity funds: evolution of assets (EUR millions)**



**Chart 74 Geographical and sectoral breakdown of mutual funds shares/units in the portfolio of equity funds as at 30 June 2018**



**Chart 75 Geographical and sectoral breakdown of shares and other equity in the portfolio of equity funds as at 30 June 2018**



### 3.2.3 MIXED FUNDS

In terms of asset type, mixed funds' total assets at 30 June 2018 broke down as follows: 63.11% were investment fund shares/units (up by 0.28 percentage point from the end of the previous quarter); 22.63% were bank deposit account holdings; 12.69% were debt securities; 1.32% were shares; and 0.26% were other assets (including financial derivatives).

In terms of issuer residency, mixed funds' holdings of investment fund shares/units remained broadly unchanged in the period under review and, at 30 June 2018, broke down as follows: 73.70% were issued by funds resident in euro area countries; 17.82% were issued by domestic funds; and 8.48% were issued by funds resident in the rest of the world.

In terms of issuer residency, mixed funds' holdings of securities at 30 June 2018 broke down as follows: 59.15% were bonds issued by domestic issuers, 24.91% were securities issued by entities from other euro area countries, and 15.94% were securities issued by corporations from the rest of the world.

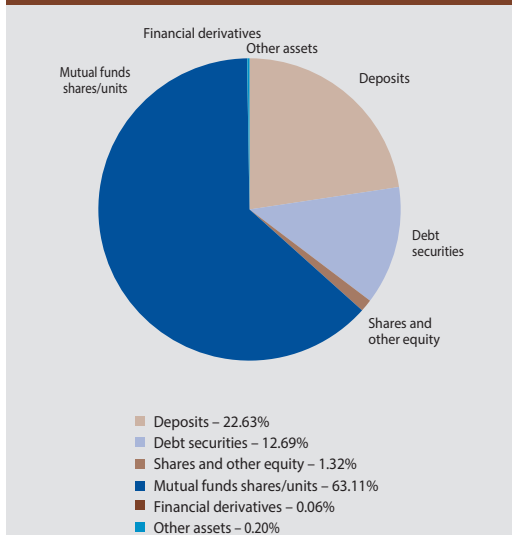
In terms of issuer sector, non-financial corporations (sector S.11) accounted for the largest share, 31.33%, of mixed funds' holdings of securities at 30 June 2018, followed by the general government sector (S.13) with a share of 26.34%.

In terms of residual maturity, mixed funds' holdings of securities at 30 June 2018 broke down as follows: 13.38% had a maturity of up to one year, 10.71% a maturity of over one year and up to two years, and 75.91% a maturity of over two years.

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

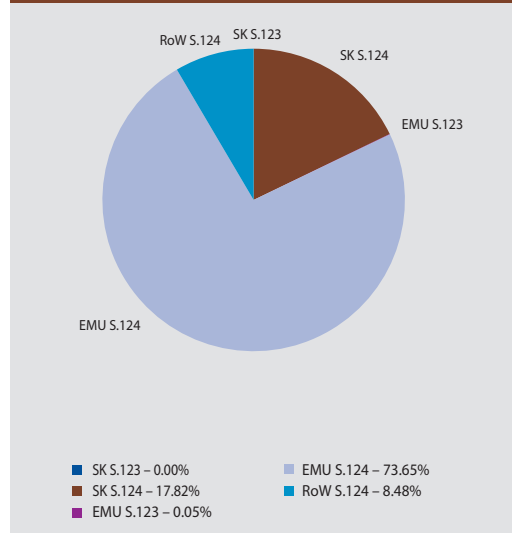


**Chart 77 Mixed funds: structure of assets as at 30 June 2018**



Source: NBS.

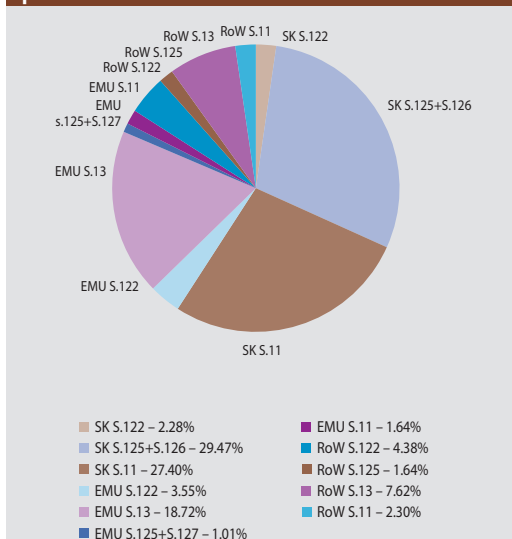
**Chart 79 Geographical and sectoral breakdown of mutual funds shares/units in the portfolio of mixed funds as at 30 June 2018**



Source: NBS.

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

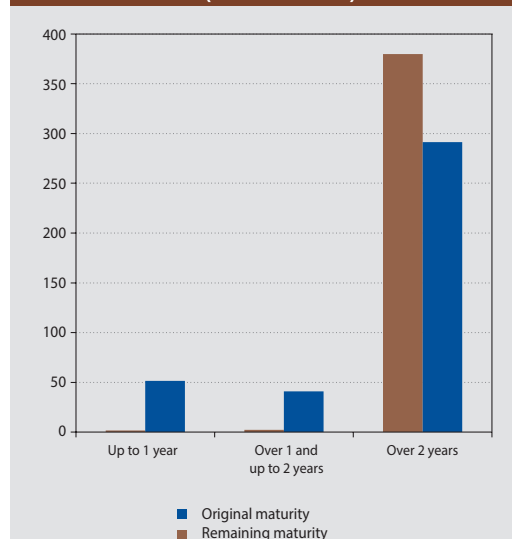
**Chart 78 Geographical and sectoral breakdown of debt securities in the portfolio of mixed funds as at 30 June 2018**



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 June 2018 (EUR millions)**



Source: NBS.



### 3.2.4 REAL ESTATE FUNDS

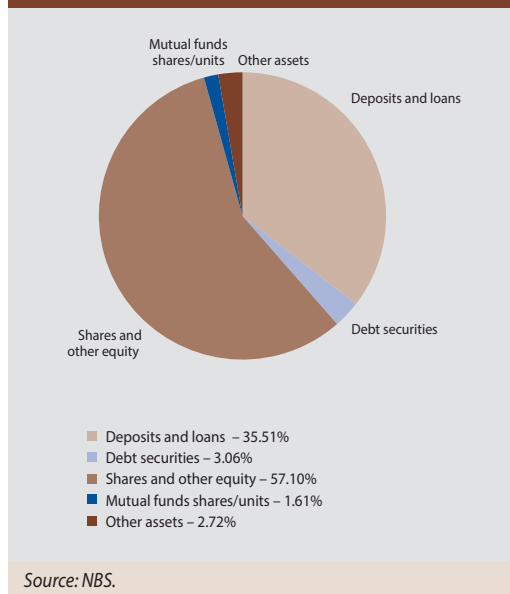
Real estate funds invest primarily in shares and equity participations in real estate companies, according to their investment strategy. They may use the funds obtained to provide loans to real estate companies in accordance with the applicable law.

In terms of asset type, real estate funds' total assets at 30 June 2018 broke down as follows: 35.51% were bank deposits and loans provided to real estate companies (slightly less than at 31 March 2018); 57.10% were shares and other equity participations (down by 0.83 percentage point, from 57.93% at 31 March 2018); 3.06% were debt securities; 1.61% were investment fund shares/units; and 2.72% were other assets.

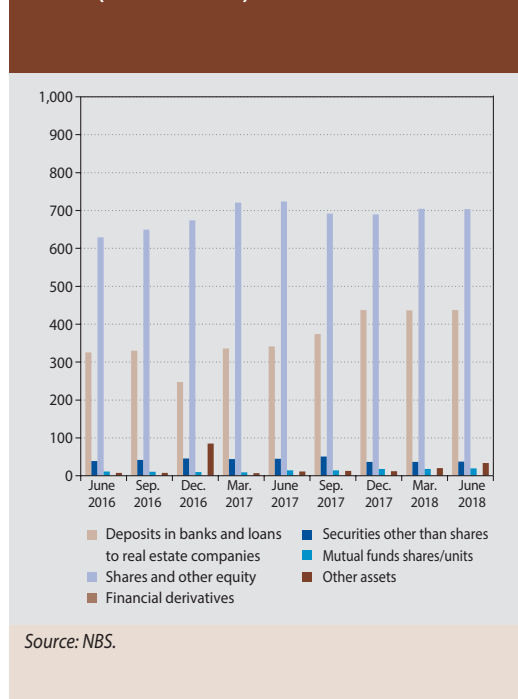
In terms of residency and sector, the companies in which real estate funds held shares and other equity participations at 30 June 2018 broke down as follows: 85.21% were domestic NFCs (sector S.11); 5.32% were NFCs from other EU Member States (slightly more than at

31 March 2018); and 9.21% were NFCs from the rest of the world (up from 7.95% at 31 March 2018).

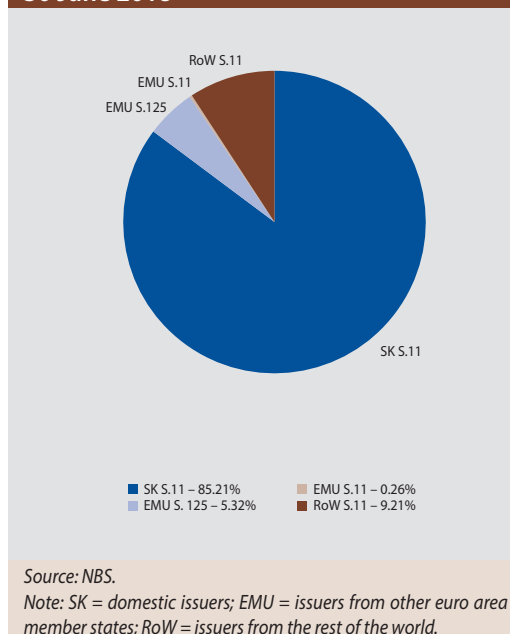
**Chart 82 Real estate funds: structure of assets as at 30 June 2018**



**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 June 2018**



### 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.

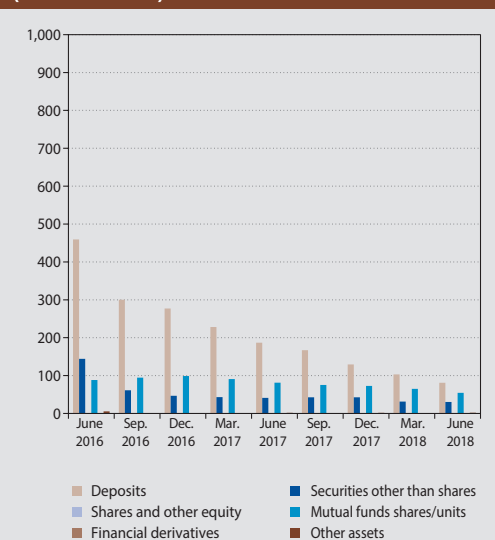
In terms of asset type, other funds' total assets at 30 June 2018 broke down as follows: 47.95% were bank deposit holdings; 17.96% were debt securities (up by 2.29 percentage points, from 15.67% at 31 March 2018); and 32.2% were investment fund shares/units.

In terms of issuer residency, other funds' holdings of debt securities at 30 June 2018 remained broadly unchanged, quarter on quarter, as follows: 54.02% were securities issued in the rest of the world (up by 6.81 percentage points from their share at 31 March 2018); 27.84% were securities issued in other euro area countries (down by 0.19 percentage point quarter on quarter); and 18.14% were domestic securities (down by 6.62 percentage points quarter on quarter).

In terms of issuer sector, securities issued by NFCs (sector S.11) accounted for the largest share of other funds' holdings of debt securities, 45.10%, followed by securities issued by banks (sector S.122) with a share of 38.31% at 30 June 2018.

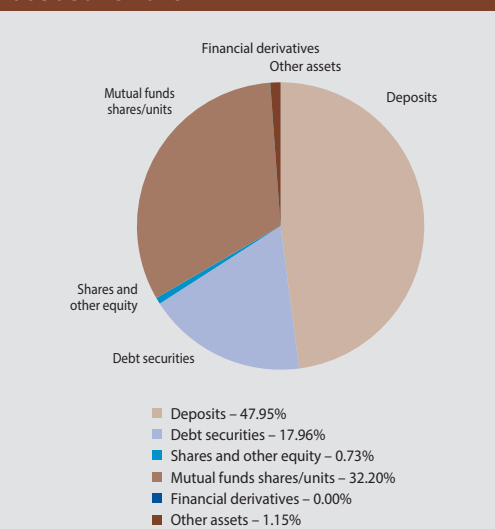
In terms of residual maturity, other funds' holdings of securities at 30 June 2018 broke down as follows: 12.54% had a maturity of up to one year, 6.74% a maturity of over one year and up to two years, and 80.72% a maturity of over two years.

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



Source: NBS.

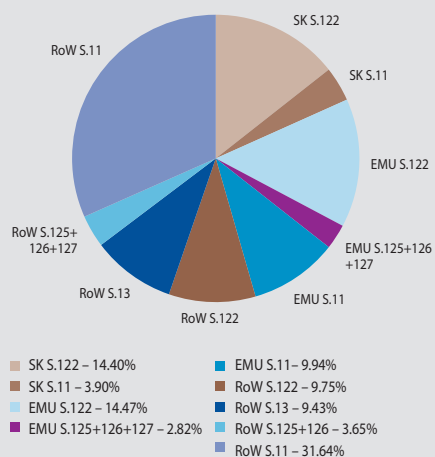
**Chart 85 Other funds: structure of assets as at 30 June 2018**



Source: NBS.



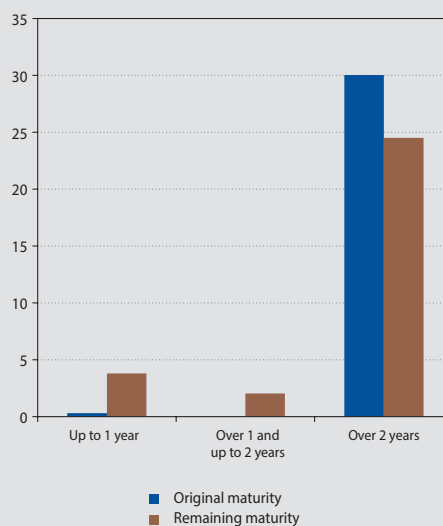
**Chart 86 Geographical and sectoral breakdown of debt securities in the portfolio of other funds as at 30 June 2018**



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 June 2018 (EUR millions)**



Source: NBS.



# LEASING, FACTORING AND CONSUMER CREDIT COMPANIES

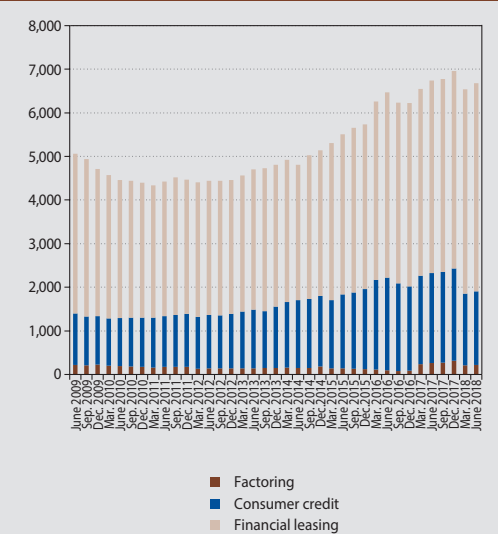
## 4 LEASING, FACTORING AND CONSUMER CREDIT COMPANIES

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.

The total assets of leasing companies at 30 June 2018 were higher, year on year, by 8.30%. As for consumer credit companies, their total assets were 18.37% lower at 30 June 2018

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



Source: NBS.

than a year earlier. The total assets of factoring companies were also lower, year on year, by 16.62%.

**Table 9 Total assets of financial corporations engaged in lending**

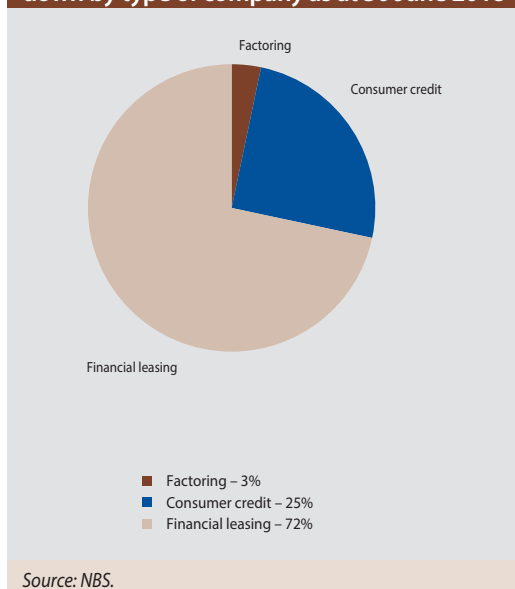
Total assets	Year-on-year change in %								
	VI. 2016	IX. 2016	XII. 2016	III. 2017	VI. 2017	IX. 2017	XII. 2017	III. 2018	VI. 2018
<b>Financial leasing</b>	15.67	9.66	11.35	4.59	3.81	6.88	7.42	9.54	8.30
<b>Factoring</b>	-32.66	-38.65	-25.40	106.58	172.65	225.71	251.11	-7.64	-16.62
<b>Consumer Credit</b>	25.54	14.65	4.89	-1.01	-2.80	3.79	9.87	-19.47	-18.37

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 June 2018**



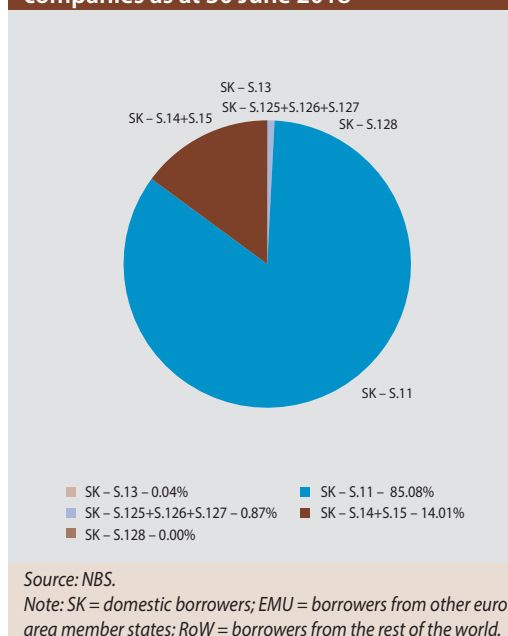
Among companies engaged in non-bank lending, leasing companies have long held the leading market position. At the end of the quarter under review, leasing companies had a market share of 72%, consumer credit companies 25%, and factoring companies 3%.

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.

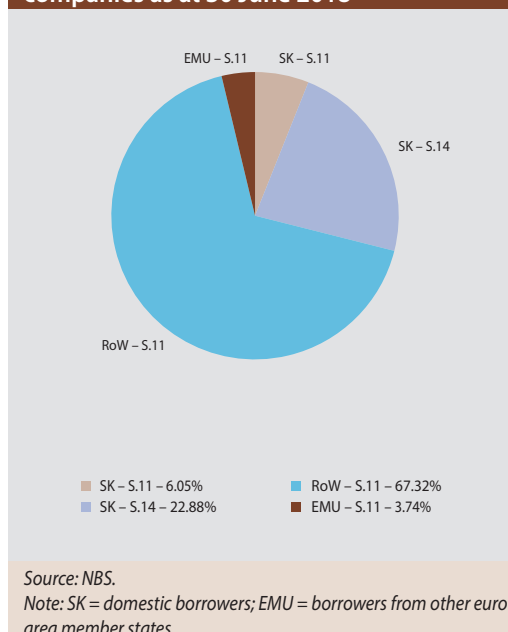
In financial leasing, the share of domestic customers was 100%, of which NFCs accounted for 85.08%, households for 14.01%, and other sectors for 0.91%. Domestic customers constituted 28.94% of consumer credit companies' total customers at 30 June 2018, while customers from the rest of the world made up 67.32% and customers from other euro area countries 3.74%. Since the purchase of goods through instalment credit is traditionally an important form of household financing in Slovakia, the household sector (S.14) continued to account for the largest share of domestic customers, 79.08%, at 30 June 2018; it was followed by the non-financial corporate sector (S.11) with a share of 20.92%.

At the end of the quarter under review, domestic customers constituted 100% of factoring companies' total customers, of which households

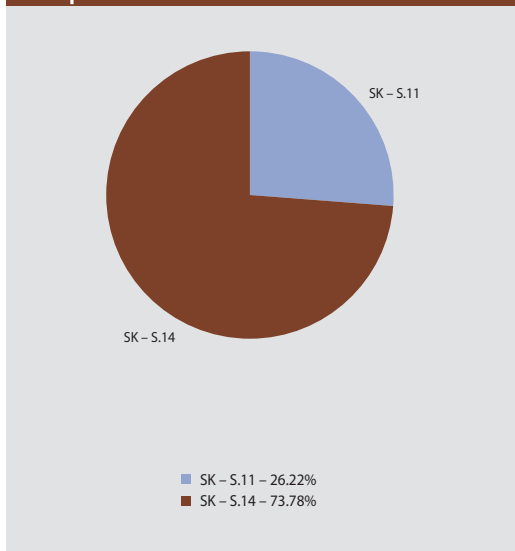
**Chart 90 Geographical and sectoral breakdown of lending by financial leasing companies as at 30 June 2018**



**Chart 91 Geographical and sectoral breakdown of lending by consumer credit companies as at 30 June 2018**



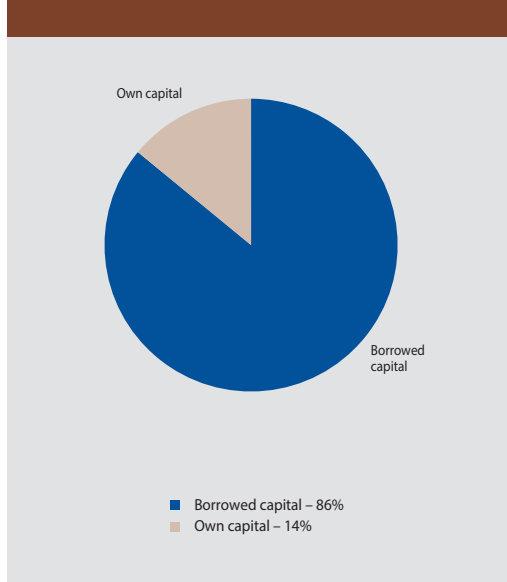
**Chart 92 Geographical and sectoral breakdown of lending by factoring companies as at 30 June 2018**



Source: NBS.

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

**Chart 93 Breakdown of source capital as at 30 June 2018**



Source: NBS.

accounted for 73.78% and non-financial corporations for 26.22%.

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

The main source of financing was foreign (borrowed) capital representing 85.93% of the total

financial resources. Foreign capital was obtained mostly in the form of bank loans, which accounted for 63.27% at 30 June 2018. The rest was obtained in the form of proceeds from issues of debt securities (22.28%) and credits or loans borrowed from companies belonging to the same group (14.45%).

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



# SECURITIES

## 5 SECURITIES

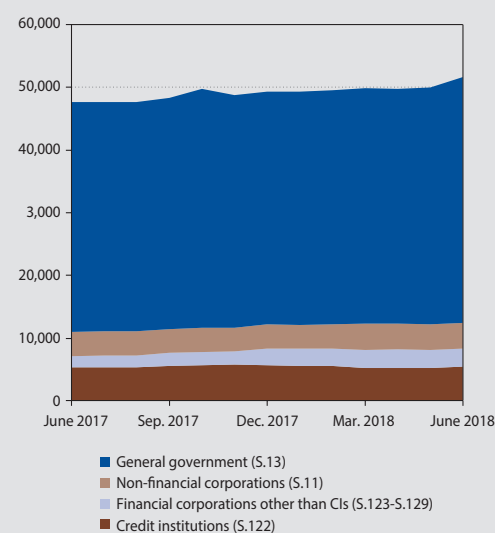
### 5.1 DEBT SECURITIES

In terms of issuer sector, the stock of debt securities issued in Slovakia broke down as follows at 30 June 2018: government bonds (€39,190.6 million); bonds issued by monetary financial institutions (€5,438.7 million); debt securities issued by non-financial corporations (€4,111.4 million); and issues of non-monetary financial institutions (€2,893.2 million).

The net issuance of debt securities increased in the second quarter of 2018, by €1,764.4 million quarter on quarter, i.e. the amount of newly issued securities was higher than the amount redeemed. This increase was accounted for largely by an issue of government bonds from the beginning of June 2018, which caused an increase of €1,573.5 million in the sector concerned. Increases were also recorded in other sectors, except in the MFI sector. Debt securities issued by MFIs and non-MFIs increased, in net terms, by €179.1 million and €13.9 million respectively, while those issued by NFCs decreased by €2 million.

The outstanding amount of debt securities grew in the second quarter of 2018 by 3.75%, after increasing in the previous quarter by 1.1%.

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



Source: NBS.

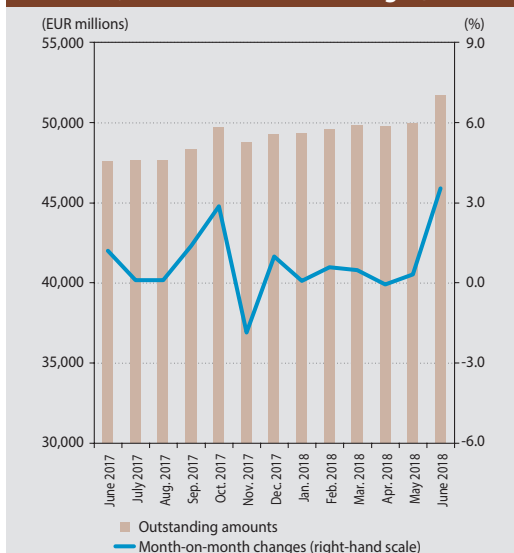
During the quarter under review, the outstanding amount decreased, month on month, by 0.08% in April, then increased, month on month, by 0.31% in May and 3.51% in June.

**Table 10 Debt securities (in thousands of EUR)**

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
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
2017/12	49,226,736	5,683,264	2,658,952	3,812,543	37,071,977	982,077	143,678	610,749	-28,904	256,554
2018/03	49,769,741	5,256,133	2,870,935	4,111,291	37,531,382	576,264	-426,118	215,567	295,546	491,269
2018/06	51,634,001	5,438,685	2,893,245	4,111,435	39,190,636	1,764,448	179,103	13,869	-2,023	1,573,499

Source: NBS.

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

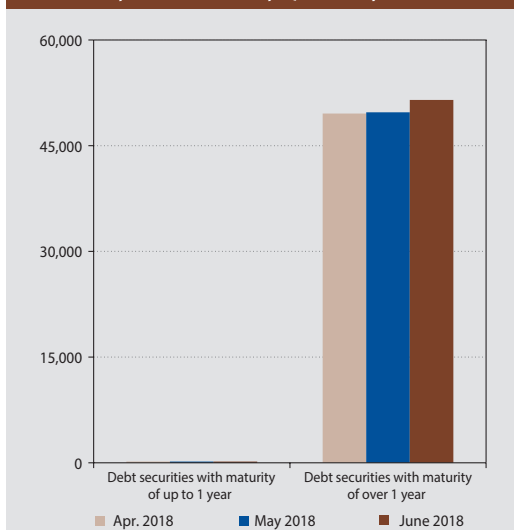


Source: NBS.

The net issuance of short-term debt securities fell by approximately €20.7 million in the second quarter of 2018, mainly as a result of a decline of about €32.5 million in the NFC sector.

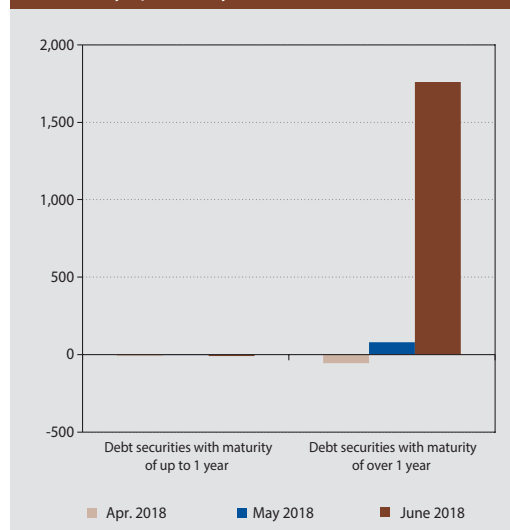
The net issuance of long-term debt securities increased in the period under review by roughly €1,785 million, with the largest increase recorded in government bonds (€1,573.5 million). Marked increases were also recorded in debt securities issued by banks (€178 million) and by captive financial institutions (€105.8 million). By contrast, the net issuance of long-term debt securities issued by other financial intermediaries declined by €97.2 million.

**Chart 96 Debt securities (outstanding amounts, EUR millions, Q2 2018)**



Source: NBS.

**Chart 97 Debt securities (net issues, EUR millions, Q2 2018)**



Source: NBS.

A total of 48 new issues were placed on the securities market in the second quarter of 2018, including three issued in the government sector, eleven issued by NFCs, thirteen issued by banks, ten issued by other financial intermediaries, ten issued by captive financial institutions, and one issued by a financial auxiliary.

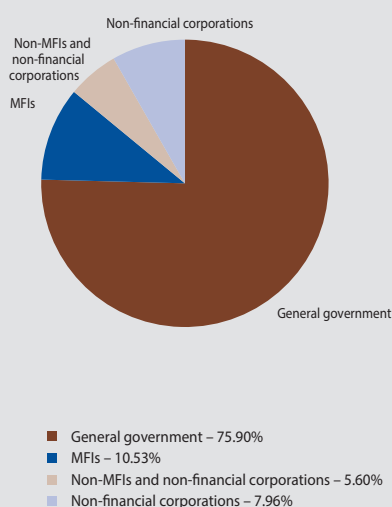
The sectoral breakdown of the stock of domestic securities shows that, at 30 June 2018, the general government sector accounted for 75.9% of the total, while monetary financial institutions had a share of 10.5%, non-financial corporations a share of 8%, and non-monetary financial institutions a share of 5.6%. In terms of their coupon

type, 92.3% of the securities were fixed-coupon securities, 4.1% were zero-coupon securities, and 3.6% were variable-coupon securities. As much as 95.1% of the issues were denominated in euro, and the rest, 4.9%, in foreign currencies.

speaking about a *residual maturity* of up to one year, the share was around 11%.

Only 0.2% of the stock of domestic securities had an *original maturity* of up to one year, but when

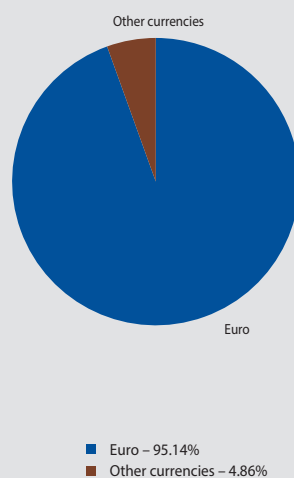
**Chart 98 Debt securities by sector (outstanding amounts as at 30 June 2018)**



Source: NBS.

Note: The individual items are classified according to the outstanding amounts of issues as at 30 June 2018.

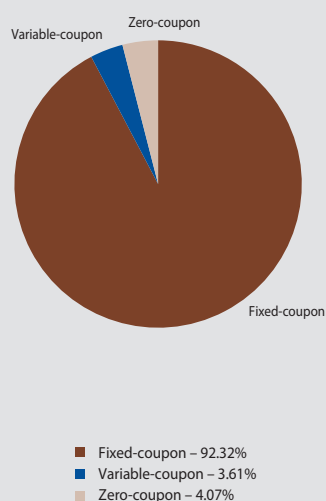
**Chart 100 Debt securities by currency (outstanding amounts as at 30 June 2018)**



Source: NBS.

Note: The individual items are classified according to the outstanding amounts of issues as at 30 June 2018.

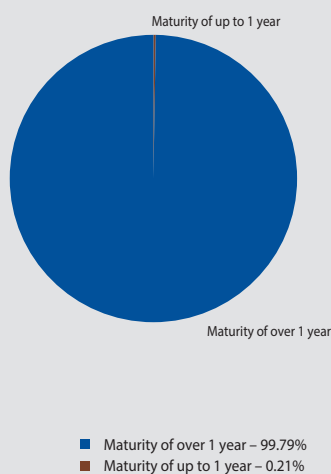
**Chart 99 Debt securities by coupon type (outstanding amounts as at 30 June 2018)**



Source: NBS.

Note: The individual items are classified according to the outstanding amounts of issues as at 30 June 2018.

**Chart 101 Debt securities by original maturity (outstanding amounts as at 30 June 2018)**



Source: NBS.

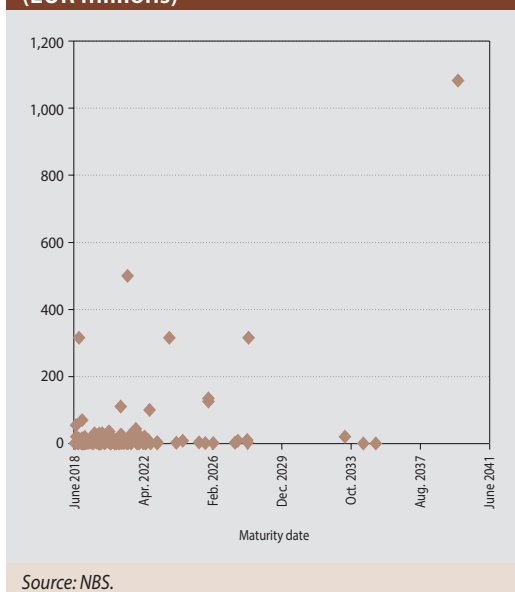
Note: The individual items are classified according to the outstanding amounts of issues as at 30 June 2018.



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 2022. 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)**



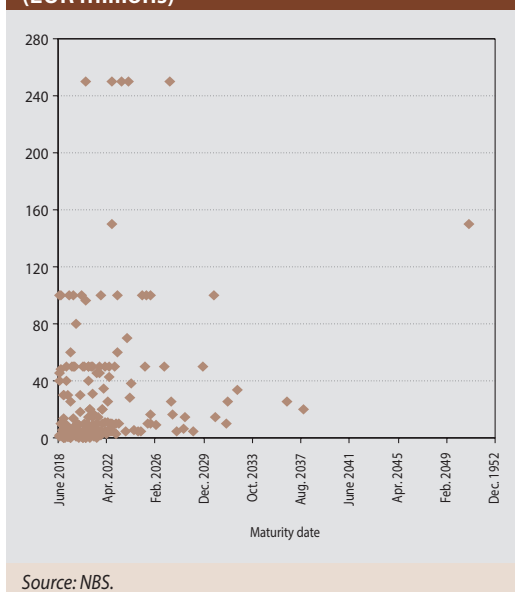
Source: NBS.

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 €250 million and the longest maturity period is until 2050.

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 2068.

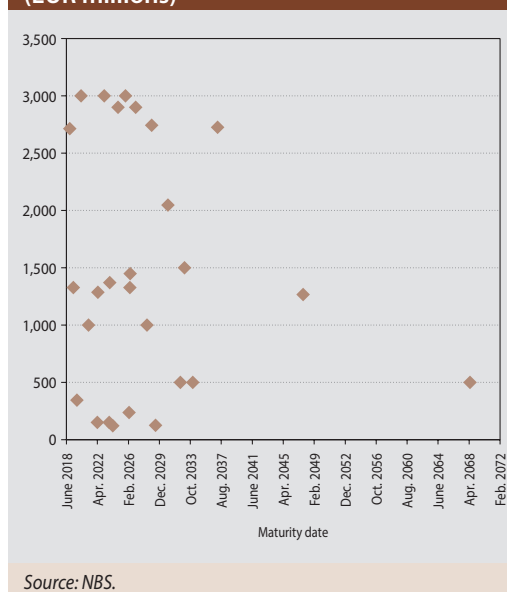
The maturity profile illustrates the course of government debt repayment based on the assumption that no new government bonds will be issued and all the existing issues will be repaid in due time.

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



Source: NBS.

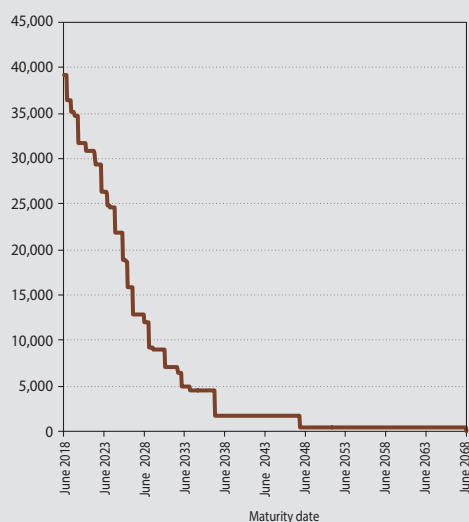
**Chart 104 Debt securities: outstanding amounts of issues in S.13 Sector (EUR millions)**



Source: NBS.

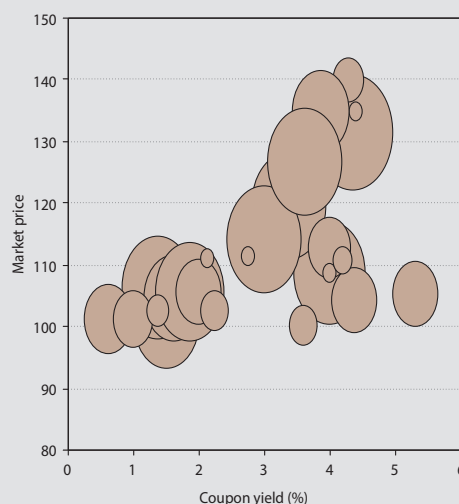


**Chart 105 Government bonds: maturity profile (EUR millions)**



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 second quarter of 2018. The average market price<sup>2</sup> of these government bonds stood at 114.3% and the coupon yield was 3% at that time.

## 5.2 LISTED SHARES

At the end of June 2018, the stock of listed shares issued in Slovakia was lower, quarter on quarter, by €46.3 million. This was caused by decreases in the outstanding amounts of such shares issued by credit institutions (-€25.3 million) and NFCs

**Table 11 Quoted shares (in thousands of EUR)**

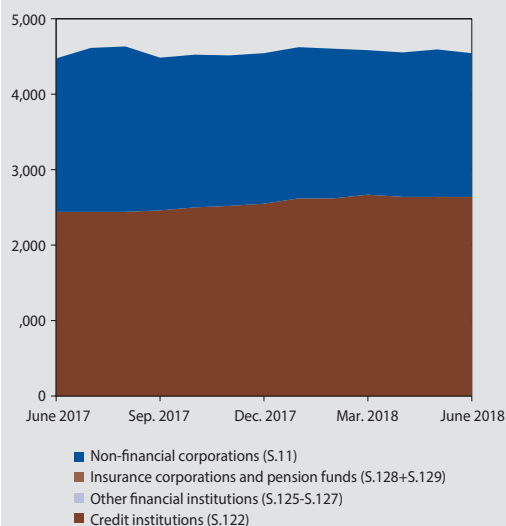
Outstanding amounts				
Month	Total	Credit institutions (S.122)	Insurance corporations (S.128)	Non-financial corporations (S.11)
2017 / 06	4,472,354	2,437,954	225	2,034,174
2017 / 09	4,483,741	2,459,659	225	2,023,857
2017 / 12	4,540,452	2,545,112	225	1,995,115
2018 / 03	4,587,424	2,666,432	225	1,920,767
2018 / 06	4,541,083	2,641,073	225	1,899,785

Source: NBS.

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

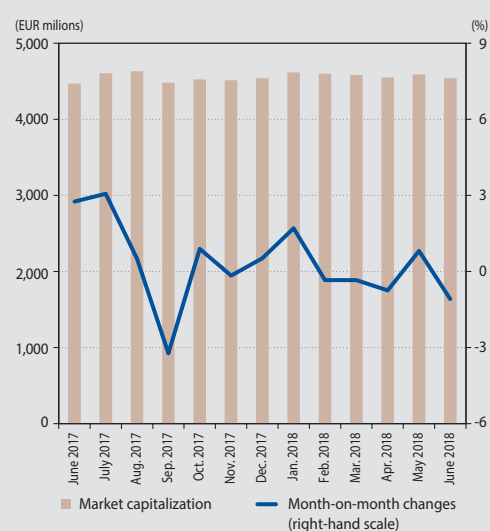


**Chart 107 Quoted shares: market capitalization by sector (EUR millions)**



Source: NBS.

**Chart 108 Quoted shares (market capitalization, month-on-month changes)**



Source: NBS.

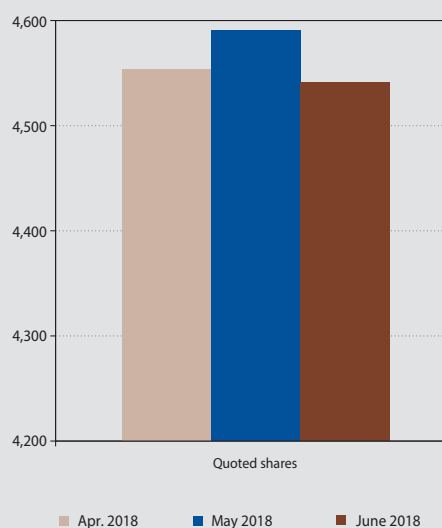
(-€21 million). The stock of listed shares issued in the insurance sector remained unchanged quarter on quarter. Total market capitalisation amounted to €4,541.1 million at 30 June 2018.

The stock of listed shares decreased, quarter on quarter, by 1.01%. The figure for credit institutions' shares was lower by 0.95%, and that for NFC shares by 1.09%.

The second quarter of 2018 saw an increase in the stock of listed shares in May (0.8%), followed by a decrease in both April (0.7%) and June (1.1%).

As regards the sectoral breakdown of market capitalisation at 30 June 2018, credit institutions accounted for 58.16% of the total amount and NFCs for 41.84%. The share of other sectors was negligible.

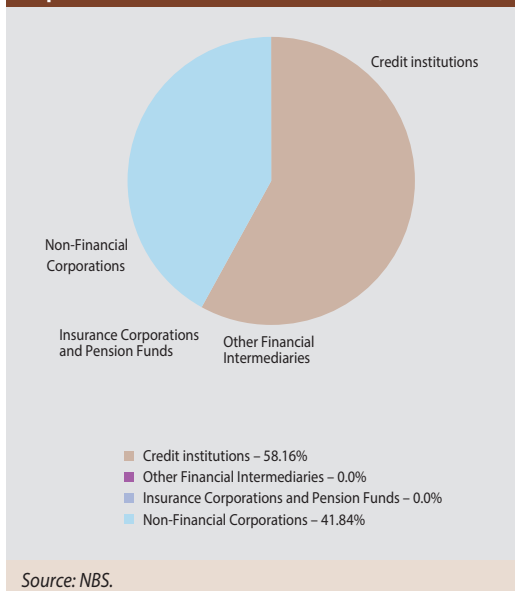
**Chart 109 Quoted shares (market capitalization, EUR millions, Q2 2018)**



Source: NBS.



**Chart 110 Quoted shares by sector (market capitalization as at 30 June 2018)**



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.

# SELECTED MACROECONOMIC INDICATORS



## 6 SELECTED MACROECONOMIC INDICATORS

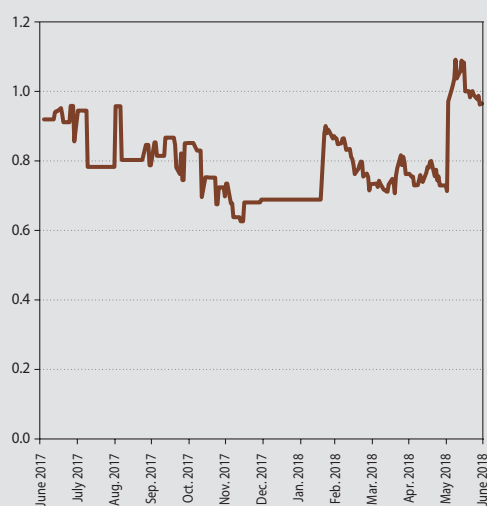
### 6.1 LONG-TERM INTEREST RATE

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), by government bond SK4120010430 (with effect from 1 June 2016) and by government bond SK4120009762 (with effect from 1 June 2018). This approach was also applied during the second quarter of 2018. During that period, the interest rate increased by 0.23 percentage point, from 0.73% at 31 March 2018 to 0.96% at 30 June 2018.

### 6.2 KEY ECB INTEREST RATES

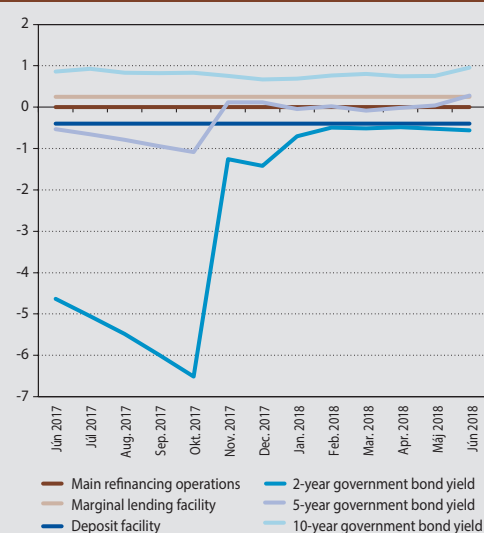
The European Central Bank's interest rate on main refinancing operations, and its interest rates on the marginal lending facility and the deposit facility, remained unchanged at 30 June 2018 from their levels at the end of the previous quarter, at 0.00%<sup>4</sup>, 0.25% and -0.40% respectively. The interest rate on two-year government bond has the value of -0,56% at the end of the second quarter 2018. The five-year government bond yield was 0.28% and the ten-year government bond yield increased from 0.73% to 0.96% as at the end of Q2 2018.

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



Source: BCPB.

Chart 112 Interest rates (p.a.)



Source: ECB, BCBP

<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\\_l\\_2014\\_340\\_r\\_0001\\_en\\_txt.pdf](http://www.ecb.europa.eu/ecb/legal/pdf/oj_l_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.

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

8 Guideline of the ECB of 4 April 2014 on monetary and financial statistics recast) (ECB/2014/15), OJL 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)).

9 Guideline of the ECB of 4 April 2014 on monetary and financial statistics recast) (ECB/2014/15), OJL 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  
06/2015 – 05/2018,

SK4120009762 Benchmark for the period  
06/2018 – to date.



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# GLOSSARY AND ABBREVIATIONS



## ABBREVIATIONS

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



## GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

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





## 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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# LIST OF CHARTS AND TABLES



## LIST OF CHARTS

Chart 1	Foreign capital in the banks in the Slovak Republic as at 30.06.2018	10	Chart 22	Loans to non-financial corporations by maturity	22
Chart 2	Foreign capital in the banks in the Slovak Republic as at 30.06.2017	10	Chart 23	Loans to households by maturity	22
Chart 3	Structure of assets of credit institutions as at 30st June 2017	12	Chart 24	Household loans broken down by maturity	22
Chart 4	Structure of assets of credit institutions as at 30st June 2018	13	Chart 25	Loans to non-financial by type of loan	23
Chart 5	Structure of liabilities of credit institutions as at 30 June 2017	14	Chart 26	Households loans broken down by type of loan	23
Chart 6	Structure of liabilities of credit institutions as at 30 June 2018	14	Chart 27	NFC loans broken down by economic activity	23
Chart 7	Selected assets/liabilities: breakdown of counterparties by residency as at 30 June 2018	14	Chart 28	NFC loans broken down by economic activity as at 30 June 2018	24
Chart 8	Selected assets/liabilities: sectoral breakdown of domestic counterparty as at 30 June 2018	15	Chart 29	Share of non-performing loans in total NFC loans	24
Chart 9	Selected assets/liabilities: sectoral breakdown of counterparty from other euro area member states as at 30 June 2018	16	Chart 30	Share of non-performing loans in bank overdrafts and revolving credits to NFCs	24
Chart 10	Selected assets/liabilities: sectoral breakdown of counterparty from the rest of the world as at 30 June 2018	16	Chart 31	Share of non-performing loans in operating loans to NFCs	25
Chart 11	Year-on-year changes in assets of credit institutions	17	Chart 32	Share of non-performing loans in investment loans to NFCs	25
Chart 12	Year-on-year changes in liabilities of credit institutions	18	Chart 33	Share of non-performing loans in real estate loans to NFCs	25
Chart 13	Current period profit/loss	19	Chart 34	Share of non-performing loans in credit card loans to NFCs	25
Chart 14	Current period profit/loss	19	Chart 35	Share of non-performing loans in total loans to households	26
Chart 15	Provisions	20	Chart 36	Share of non-performing loans in bank overdrafts to households	26
Chart 16	Receivables from non-bank customers	20	Chart 37	Share of non-performing loans in credit card loans to households	26
Chart 17	Written-off receivables from customers	20	Chart 38	Share of non-performing loans in loans for house purchase to households	26
Chart 18	Assigned receivables from customers	20	Chart 39	Share of non-performing loans in consumer loans to households	27
Chart 19	Selected incomes and expenses compared with current period profit/loss	21	Chart 40	New loans to NFCs – interest rates and volumes	27
Chart 20	Selected incomes and expenses compared with current period profit/loss	21	Chart 41	Secured and total new loans to NFCs – Interest rates and volumes	27
Chart 21	Loans to non-financial corporations by maturity	22	Chart 42	Share of secured loans in total new loans to NFCs	28
			Chart 43	Secured and total new NFC loans up to € 0.25 million – interest rates and volumes	28



## LIST OF CHARTS AND TABLES

Chart 44	Share of secured loans in total new loans up to € 0.25 million to NFCs	28	Chart 65	New NFC deposits with an agreed maturity – interest rates and volumes	36
Chart 45	Secured and total new loans over € 0.25 million and up to € 1 million to NFCs – interest rates and volumes	29	Chart 66	Mutual funds broken down by investment strategy	39
Chart 46	Share of secured loans in total new loans over € 0.25 and up to € 1 million to NFCs	29	Chart 67	Total assets of domestic mutual funds as at 30 June 2018 broken down by type of fund	39
Chart 47	Secured and total new loans over € 1 million to NFCs – interest rates and volumes	29	Chart 68	Bond funds: evolution of assets	40
Chart 48	Share of secured loans in total new loans over € 1 million to NFCs	30	Chart 69	Bond funds: structure of assets as at 30 June 2018	40
Chart 49	New loans for house purchase to households – interest rates and volumes	30	Chart 70	Geographical and sectoral breakdown of debt securities in the portfolio of bond funds as at 30 June 2018	40
Chart 50	New loans for consumption and loans for house purchase – interest rates, APRC and volumes	31	Chart 71	Maturity breakdown of debt securities in the portfolio of bond funds as at 30 June 2018	40
Chart 51	Secured and total new loans for house purchase to households – interest rates and volumes	31	Chart 72	Equity funds: evolution of assets	41
Chart 52	Share of new secured loans for house purchase in total new loans for house purchase to households	31	Chart 73	Equity funds: structure of assets as at 30 June 2018	41
Chart 53	Secured and total new loans for consumption to households – interest rates and volumes	31	Chart 74	Geographical and sectoral breakdown of mutual funds shares/units in the portfolio of equity funds as at 30 June 2018	41
Chart 54	Share of secured loans for consumption in total new loans for consumption to households	32	Chart 75	Geographical and sectoral breakdown of shares and other equity in the portfolio of equity funds as at 30 June 2018	42
Chart 55	NFC loans by maturity – interest rates and volumes	32	Chart 76	Mixed funds: evolution of assets	42
Chart 56	Households loans for house purchase by maturity – interest rates and volumes	33	Chart 77	Mixed funds: structure of assets as at 30 June 2018	43
Chart 57	Households loans for consumption by maturity – interest rates and volumes	33	Chart 78	Geographical and sectoral breakdown of debt securities in the portfolio of mixed funds as at 30 June 2018	43
Chart 58	NFC deposits by type	34	Chart 79	Geographical and sectoral breakdown of mutual funds shares/units in the portfolio of mixed funds as at 30 June 2018	43
Chart 59	NFC deposits	34	Chart 80	Maturity breakdown of debt securities in the portfolio of bond funds as at 30 June 2018	43
Chart 60	Households deposits by type	34	Chart 81	Real estate funds: evolution of assets	44
Chart 61	Households deposits	34	Chart 82	Real estate funds: structure of assets as at 30 June 2018	44
Chart 62	Household deposits with an agreed maturity – interest rates and stocks	35	Chart 83	Geographical and sectoral breakdown of shares and other equity in the portfolio of real estate funds as at 30 June 2018	44
Chart 63	New household deposits with an agreed maturity – interest rates and volumes	35	Chart 84	Other funds: evolution of assets	45
Chart 64	NFC deposits with an agreed maturity – interest rates and stocks	36	Chart 85	Other funds: structure of assets as at 30 June 2018	45



LIST OF CHARTS AND TABLES

Chart 86	Geographical and sectoral breakdown of debt securities in the portfolio of other funds as at 30 June 2018	46	Chart 95	Debt securities	53
			Chart 96	Debt securities	53
Chart 87	Maturity breakdown of debt securities in portfolio of other funds as at 30 June 2018	46	Chart 97	Debt securities	53
Chart 88	Evolution of total assets by type of business	48	Chart 98	Debt securities by sector	54
Chart 89	Total assets of financial corporations engaged in lending broken down by type of company as at 30 June 2018	49	Chart 99	Debt securities by coupon type	54
Chart 90	Geographical and sectoral breakdown of lending by financial leasing companies as at 30 June 2018	49	Chart 100	Debt securities by currency	54
Chart 91	Geographical and sectoral breakdown of lending by consumer credit companies as at 30 June 2018	49	Chart 101	Debt securities by original maturity	54
Chart 92	Geographical and sectoral breakdown of lending by factoring companies as at 30 June 2018	50	Chart 102	Debt securities: outstanding amounts of domestic issues in S.11 sector	55
Chart 93	Breakdown of source capital as at 30 June 2018	50	Chart 103	Debt securities: outstanding amounts of issues in S.122 Sector	55
Chart 94	Debt securities by sector	52	Chart 104	Debt securities: outstanding amounts of issues in S.13 Sector	55
			Chart 105	Government bonds: maturity profile	56
			Chart 106	Government bonds: outstanding amounts	56
			Chart 107	Quoted shares: market capitalization by sector	57
			Chart 108	Quoted shares	57
			Chart 109	Quoted shares	57
			Chart 110	Quoted shares by sector	58
			Chart 111	Benchmark – yield to maturity	60
			Chart 112	Interest rates	60





## LIST OF TABLES

Table 1	Structure of the financial market in Slovakia	8	Table 6	Year-on-year changes in assets of credit institutions in the SR	17
Table 2	Total assets of individual sectors of the financial market in Slovakia	9	Table 7	Year-on-year changes in liabilities of credit institutions	18
Table 3	Number of employees in the banking sector	9	Table 8	Total assets of mutual funds broken down by type of fund	38
Table 4	Structure of assets of credit institutions in the SR	12	Table 9	Total assets of financial corporations engaged in lending	48
Table 5	Structure of liabilities of credit institutions in SR	13	Table 10	Debt securities	52
			Table 11	Quoted shares	56