

Statistical bulletin

Q3 2019

Published by

© Národná banka Slovenska

Contact

Národná banka Slovenska
Imricha Karvaša 1
813 25 Bratislava
info@nbs.sk

Electronic version

<https://www.nbs.sk/en/publications-issued-by-the-nbs/statistical-bulletin>



Reproduction for educational and non-commercial purposes is permitted provided that the source is acknowledged.

Unedited.

Contents

Foreword	5
1 Structure of the financial market in Slovakia	6
1.1 Overview of participants	6
1.2 Employees in the banking sector	7
1.3 Structure of share capital in the banking sector	8
2 Statistics of other monetary financial institutions	10
2.1 Balance sheet statistics of credit institutions: assets	10
2.2 Balance sheet statistics of credit institutions: liabilities	12
2.3 Selected asset and liabilities items by residency of counterparty	13
2.4 Selected asset and liability items by sector of counterparty	14
2.5 Assets and liabilities of credit institutions: year-on-year changes	17
2.6 Profit/loss analysis for credit institutions	20
2.6.1 Current period profit/ loss in the first quarter of 2019	20
2.6.2 Selected income/expense items as reflected in profits/losses	24
2.7 Lending to non-financial corporations and households	26
2.7.1 Loans to non-financial corporations by maturity	26
2.7.2 Loans to households by maturity	27
2.7.3 Loans to non-financial corporations by type of loan	28
2.7.4 Loans to households by type of loan	29
2.7.5 Loans to non-financial corporations by economic sector	30
2.7.6 Non-performing loans to non-financial corporations	31
2.7.7 Non-performing loans to households	34
2.8 Loans – interest rates, volumes and stocks	37
2.8.1 New loans to NFCs – interest rates and volumes	37
2.8.2 New loans to households – interest rates and volumes	43
2.8.3 Loans to NFCs – interest rates and stocks	46
2.8.4 Loans to households – interest rates and stocks	47
2.9 Deposits received from non-financial corporations and households	49
2.9.1 Deposits received from non-financial corporations	49
2.9.2 Deposits received from households	50
2.10 Deposits received – interest rates, volumes and stocks	51
2.10.1 Household deposits – interest rates and stocks	51
2.10.2 New household deposits – interest rates and volumes	52
2.10.3 NFC deposits – interest rates and stocks	53
2.10.4 New NFC deposits – interest rates and volumes	54

3	Investment funds	56
3.1	Current developments in the market	56
3.2	Asset structure of domestic investment funds	58
3.2.1	Bond funds	58
3.2.2	Equity funds	60
3.2.3	Mixed funds	63
3.2.4	Real estate funds	66
3.2.5	Other funds	68
4	Leasing, factoring and consumer credit companies	71
5	Securities	76
5.1	Debt securities	76
5.2	Listed shares	83
6	Selected macroeconomic indicators	87
6.1	Long-term interest rate	87
6.2	Key ECB interest rates	87
7	Methodological notes	89
7.1	Balance-sheet statistics of monetary financial institutions	89
7.2	Interest rate statistics of monetary financial institutions	91
7.3	Statistics of mutual funds	93
7.4	Statistics of other financial intermediaries	95
7.5	Securities statistics	97
7.5.1	Securities issuance statistics	97
7.5.2	Debt securities	98
7.5.3	Quoted shares	100
7.6	Long-term interest rates	100
	Abbreviations	103
	Glossary	104
	Sector classification	106
	List of additional links	107
	List of charts	110
	List of tables	114

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 September 2019. The publication is based on statistical data which are the main source for compilation of the European Central Bank's euro area statistics, of the International Monetary Fund's and Eurostat's statistics, and for monetary and financial stability analyses at the national level.

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

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

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

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

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

Editors of the Monetary
and Financial Statistics Section

1 Structure of the financial market in Slovakia

1.1 Overview of participants

The total number of monetary financial institutions (in sectors S.121, S.122 and S.123) remained unchanged in the third quarter of 2019, as in the previous quarter. Only a minor change was recorded in the number of entities in the 'investment funds' (S.124) sector.

The number of entities also remained unchanged quarter on quarter in the 'other financial intermediaries' (S.125), 'financial auxiliaries' (S.126) and 'insurance and pension funds' (S.128+S.129) sectors.

Table 1 Structure of the financial market in Slovakia					
	IX. 2018	XII. 2018	III. 2019	VI. 2019	IX. 2019
Monetary financial institutions (S.121 + S.122 + S.123)	28	28	28	28	28
Central bank (S.121)	1	1	1	1	1
Deposit taking corporations excl. central bank (S.122)	27	27	27	27	27
<i>Banks</i>	9	9	9	9	9
<i>Branches of foreign banks</i>	14	14	14	14	14
<i>Credit cooperatives</i>	1	1	1	1	1
<i>Building societies</i>	3	3	3	3	3
Money Market Funds (S.123)	0	0	0	0	0
Investment Funds (S.124)	90	86	91	90	91
<i>Equity funds</i>	12	12	12	12	13
<i>Bond funds</i>	22	20	20	20	20
<i>Mixed funds</i>	37	37	42	41	41
<i>Real estate funds</i>	7	7	7	7	7
<i>Other funds</i>	12	10	10	10	10
Other financial intermediaries (S.125)	243	243	170	169	169
Financial auxiliaries (S.126)	38	38	39	42	42
<i>Asset Management Companies</i>	8	8	9	10	10
<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 dealers¹⁾</i>	20	20	20	22	22
Insurance corporations and pension funds (S.128 + S.129)	50	50	51	50	50
<i>Insurance corporations</i>	15	15	15	14	14
<i>Pension funds</i>	35	35	36	36	36

Source: NBS.

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

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

	IX. 2018	XII. 2018	III. 2019	VI. 2019	IX. 2019
Monetary financial institutions (S.121 + S.122)	121,391	127,530	125,537	129,404	131,910
Central bank (S.121)	41,065	45,525	42,769	44,682	46,210
Deposit taking corporations excl. the central bank (S.122)	80,326	82,005	82,768	84,722	85,700
Money Market Funds (S.123)	0	0	0	0	0
Investment funds (S.124)	6,818	6,694	7,020	7,236	7,318
Other financial intermediaries (S.125)	6,797	6,915	6,838	6,827	6,834
Financial auxiliaries (S.126)	305	311	328	332	344
Insurance corporations and pension funds (S.128 + S.129)	17,046	17,173	17,954	18,433	18,895
Insurance corporations ¹⁾	6,844	6,823	7,202	7,359	7,456
Pension funds	10,202	10,087	10,752	11,074	11,439

Source: NBS

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

1.2 Employees in the banking sector

The total number of employees in Slovakia's banking sector grew in the third quarter of this year, to 20,695 at the end of September.

This represented an increase of 122 employees (0.59%) compared with the figure recorded a year earlier (20,573).

In quarter-on-quarter terms, the number of people employed in the banking sector rose by 114, representing an increase of 0.55%. This indicates that the period under review saw no significant organisational or personnel changes in the banking sector. The number of central bank employees increased by nine, quarter on quarter, to 1,114 at the end of the third quarter.

The long-term trend in banking sector employment has also been affected by other events, such as changes in the total number of banks and branches of foreign banks operating in Slovakia, which caused a decline in the number of bank employees in 2017, and organisational changes in some banks at the beginning of 2018, which led to an increase in the number of employees.

Table 3 Number of employees in the banking sector

	2017		2018				2019		
	30. 9.	31. 12.	31. 3.	30. 6.	30. 9.	31. 12.	31. 3.	30. 6.	30. 9.
Banking sector	19,993	19,972	20,709	20,638	20,573	20,649	20,615	20,581	20,695
Central bank	1,101	1,093	1,097	1,097	1,102	1,110	1,111	1,105	1,114
Banks and branches of foreign banks	18,892	18,879	19,612	19,541	19,471	19,539	19,504	19,476	19,581
of which: Banks	17,230	17,235	17,947	17,900	17,777	17,820	17,785	17,752	17,864
Branches of foreign banks	1,662	1,644	1,665	1,641	1,694	1,719	1,719	1,724	1,717

Source: NBS.

1.3 Structure of share capital in the banking sector

The ratio of domestic share capital to total subscribed capital in the banking sector fell somewhat, year on year, in the period under review, from 5.24% at 30 September 2018 to 5.06% at 30 September 2019.

Of 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.

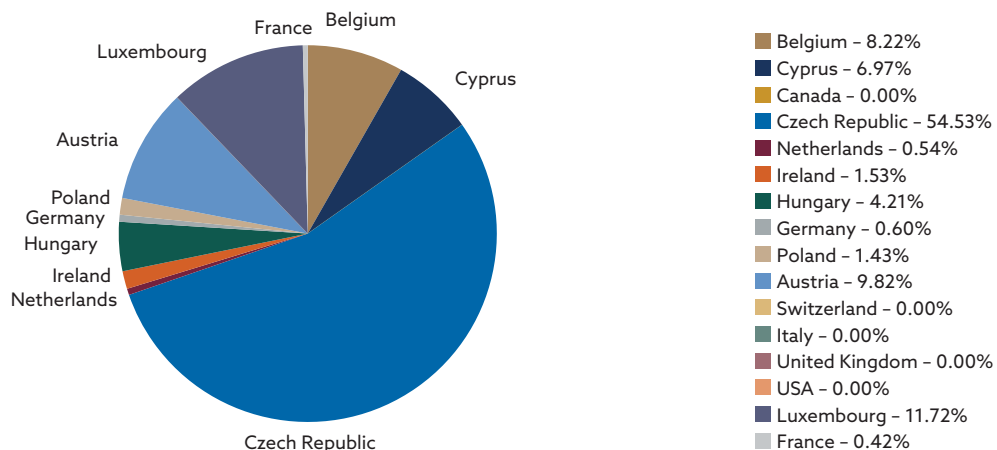
By contrast, the ratio of foreign share capital to total subscribed capital in domestic banks increased, year on year, from 94.76% at 30 September 2018 to 94.94% at 30 September 2019.

During the same period, the total volume of foreign share capital increased in absolute terms by €139.9 million (in relative terms by 4.06%).

This increase was accounted for largely by foreign capital from the Czech Republic and Hungary. The share of Czech capital in domestic banks increased from 53.25% of the total volume of foreign share capital at 30 September 2018 to 54.53% at 30 September 2019 (or by €120.6 million in absolute terms), and that of Hungarian capital increased in that period from 3.95% to 4.21% (or by €15 million). The increase in Czech-held capital took place mostly in foreign bank branches, while Hungarian-held capital was strengthened within a group of banks.

Chart 1

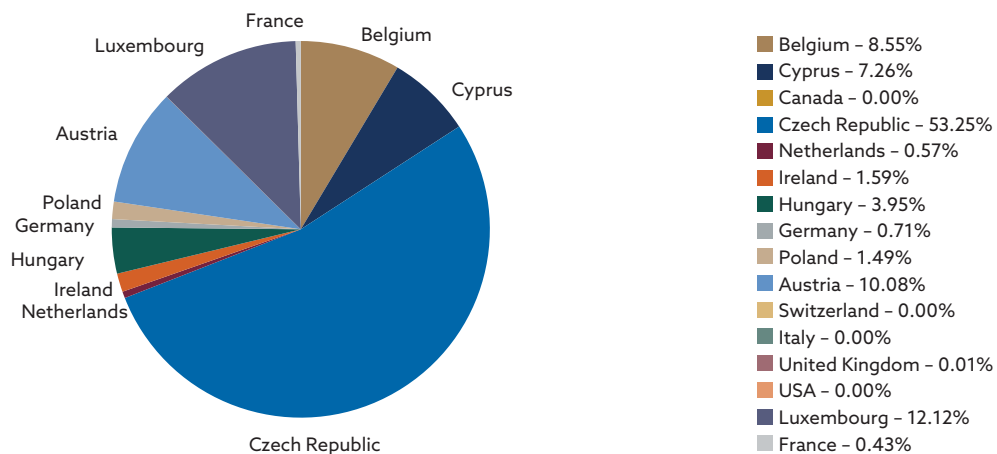
Foreign capital in the banks in the Slovak Republic as at 30.09.2019



Source: NBS.

Chart 2

Foreign capital in the banks in the Slovak Republic as at 30.09.2018



Source: NBS.

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 €85.7 billion at 30 September 2019. This was due to a year-on-year increase of 6.7% (€5.4 billion), stemming mostly from the growing stock of credit claims.

Credit institutions' credit claims constituted 81% of their total assets at 30 September 2019, which in year-on-year terms represented an increase of 0.04 percentage point and reflected an absolute increase of €4.7 billion (7.3%). This increase was caused mainly by long-term credit claims with a maturity of over five years, which rose by €3.8 billion year on year. Short-term credit claims with a maturity of up to one year increased, too, by €1 billion, while those with a maturity of over one year and up to five years decreased by €0.1 billion (1.7%), year on year.

Credit institutions' holdings of securities other than equities and investment fund shares/units accounted for 12.6% of their total assets at 30 September 2019, which in year-on-year terms represented a decline of 1.3 percentage points and reflected an absolute decrease of €0.3 billion (3%), caused mainly by a fall of €0.3 billion in the stock of securities with a maturity of over two years. Securities with a maturity of over one year and up to two years have not been held by banks since September 2018.

Credit institutions' holdings of shares and other equity participations still constituted 0.9% of their total assets at 30 September 2019, as a year earlier. The stock of these shares and other equity participations increased, year on year, by €0.1 billion (12%).

Credit institutions' other assets (including fixed assets) accounted for 4.5% of their total assets at 30 September 2019, which represented an increase of 0.8 percentage point year on year. The volume of other assets (including fixed assets) grew, year on year, by €0.9 billion in the third quarter of this year.

Credit institutions' cash holdings constituted only about 1% of their total assets at 30 September 2019.

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

	IX. 2018	XII. 2018	III. 2019	VI. 2019	IX. 2019
ASSETS	80,325,700	82,003,680	82,767,601	84,722,033	85,700,447
Cash	815,007	942,781	792,254	836,196	834,315
Loan claims	64,738,683	66,834,816	67,477,476	69,204,240	69,447,623
Securities other than shares and mutual funds shares/units	11,150,851	10,562,087	10,400,791	10,307,721	10,809,607
Shares and other equity (incl. MMF shares/units)	690,031	657,278	703,000	729,299	769,723
Other assets (incl. fixed assets)	2,931,128	3,006,718	3,394,080	3,644,577	3,839,179

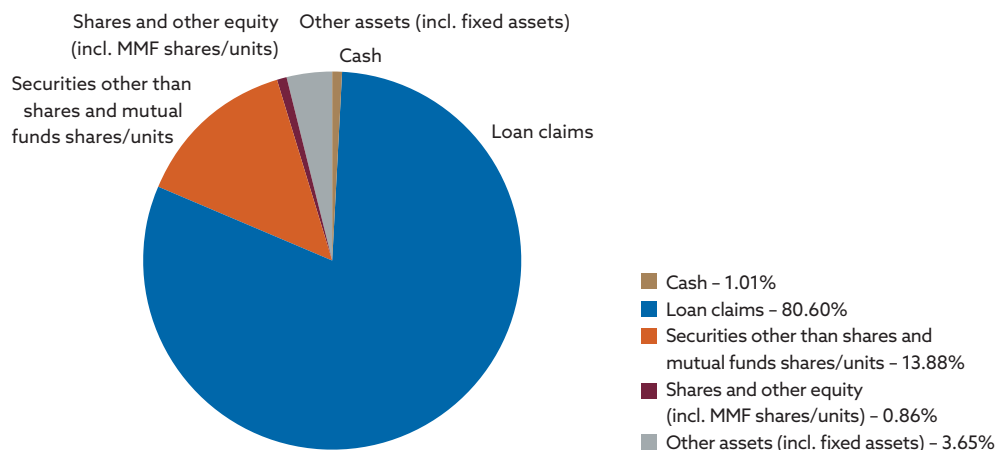
Source: NBS.

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

2) Assets excluding depreciation and including provisions.

Chart 3

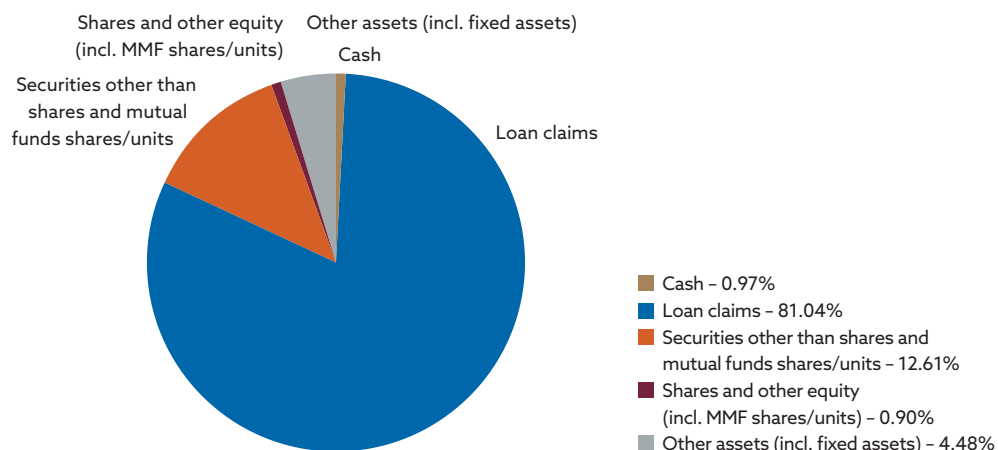
Structure of assets of credit institutions as at 30 September 2018



Source: NBS.

Chart 4

Structure of assets of credit institutions as at 30 September 2019



Source: NBS.

2.2 Balance sheet statistics of credit institutions: liabilities

The total liabilities of credit institutions as at 30 September 2019 amounted to €85.7 billion, which was higher, year on year, by €5.3 billion (6.7%), owing mainly to an increase in the stock of loans and deposits received.

Credit institutions' largest liability item – loans and deposits received – had decreased, year-on-year, by 1.5 percentage points as a share of their total liabilities by the end of September 2019. The stock of these loans and deposits increased, year on year, by €2.9 billion (4.7%), owing mainly to growth in the stock of loans and deposits received, with a maturity of up to one year. The stock of deposits with a maturity of over one year also increased somewhat, year on year.

Credit institutions' capital and provisions constituted 12.3% of their total liabilities at 30 September 2019, which was slightly less than a year earlier. The volume of capital and provisions at that date was higher by €0.2 billion (2.4%) than a year earlier.

Credit institutions' debt securities accounted for 7.8% of their total liabilities at 30 September 2019, which in year-on-year terms represented an increase. The stock of these securities amounted to €6.7 billion at that date, representing a year-on-year increase of €1.4 billion (almost 27%) that took place mostly in debt securities issued with a maturity of over two years.

Credit institutions' other liabilities constituted 3% of their total liabilities at 30 September 2019. The stock of other liabilities at that date was higher, year on year, by €0.8 billion (44%).

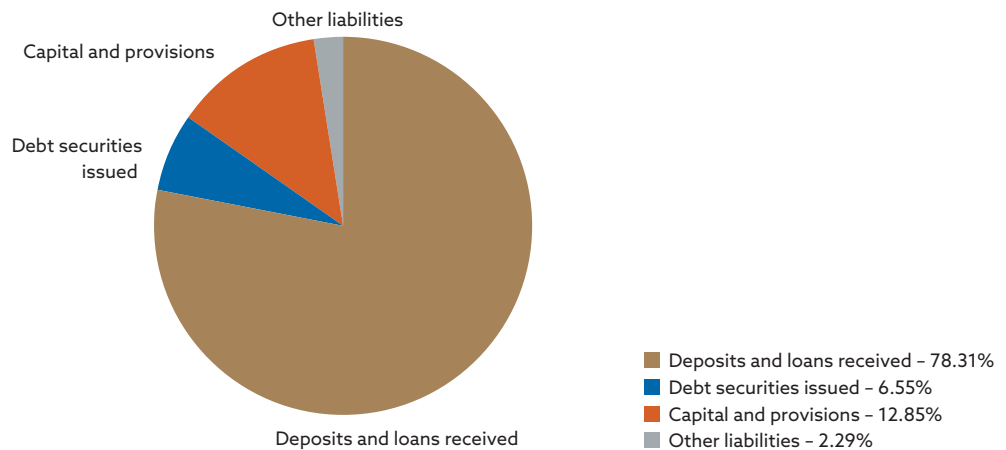
Table 5 Structure of liabilities of credit institutions in SR (EUR thousands)

	IX. 2018	XII. 2018	III. 2019	VI. 2019	IX. 2019
LIABILITIES	80,325,700	82,003,680	82,767,601	84,722,033	85,700,447
Deposits and loans received	62,902,575	64,679,777	64,392,374	65,411,279	65,837,530
Debt securities issued	5,261,267	5,369,194	5,783,116	6,495,993	6,656,315
Capital and provisions	10,325,227	10,461,190	10,491,725	10,427,979	10,571,673
Other liabilities	1,836,631	1,493,519	2,100,386	2,386,782	2,634,929

Source: NBS.

Chart 5

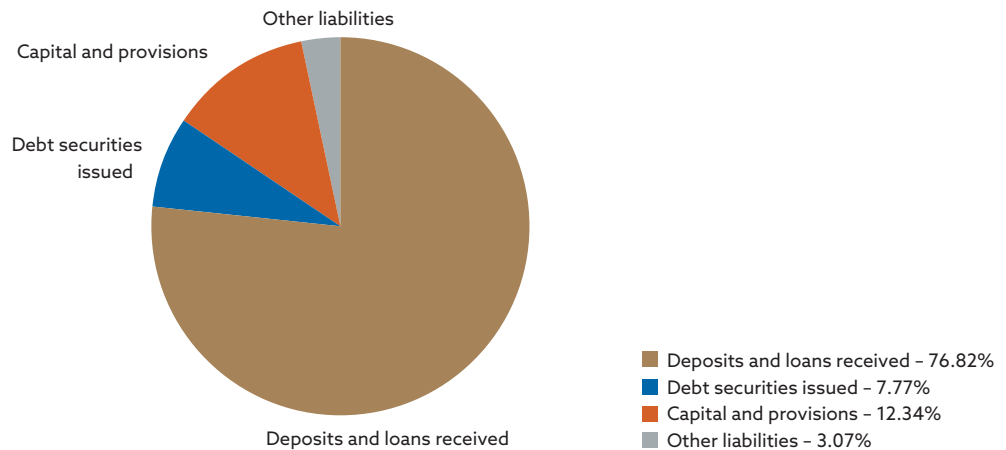
Structure of liabilities of credit institutions as at 30 September 2018



Source: NBS.

Chart 6

Structure of liabilities of credit institutions as at 30 September 2019



Source: NBS.

2.3 Selected asset and liabilities items by residency of counterparty

Credit institutions' total credit claims amounted to €69.4 billion at 30 September 2019, of which 90% (€62.5 billion) were claims on domestic entities. Credit claims on entities from other euro area countries and from the rest of the world accounted for 2.7% (€1.8 billion) and 7.4% (€5.1 billion) respectively.

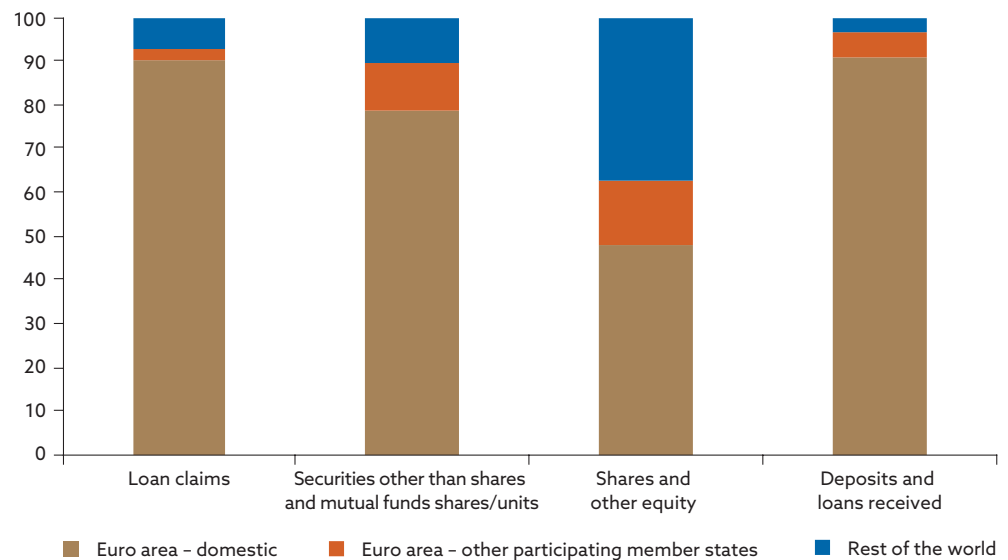
Credit institutions' total holdings of securities other than equities and investment fund shares/units amounted to €10.8 billion at 30 September 2019, of which 78.5% (€8.5 billion) were issued by domestic issuers, 10.8% (€1.2 billion) by issuers from other euro area countries, and 10.7% (€1.1 billion) by issuers from the rest of the world.

Credit institutions' total holdings of shares and other equity participations amounted to €0.8 billion, of which 48% (€0.4 billion) were domestic securities and participations, 14% were equity securities from other euro area countries, and 38% were equity securities from the rest of the world.

Loans and deposits received by credit institutions amounted to €65.8 billion at 30 September 2019, of which 91% (€59.9 billion) were received from domestic entities, 5.2% (€3.4 billion) from other euro area countries, and 3.7% (€2.4 billion) from the rest of the world.

Chart 7

Selected assets/liabilities: breakdown of counterparties by residency as at 30 September 2019 (%)



Source: NBS.

2.4 Selected asset and liability items by sector of counterparty

Credit institutions' total **domestic** credit claims amounted to €62.5 billion at 30 September 2019, of which 95% (€59.3 billion) were claims on sectors other than the general government sector and that of monetary financial institutions (MFIs), especially on households and non-profit institutions serving households and on non-financial corporations (NFCs).

Claims on domestic MFIs accounted for 3.5% (€2.2 billion) of the total stock of domestic credit claims at the end of the quarter under review, and those on the general government sector accounted for 1.5% (€1 billion).

Credit institutions' total holdings of domestic securities other than equities and investment fund shares/units amounted to €8.5 billion at 30 September 2019, of which 86% (€7.3 billion) were debt securities issued by the general government sector.

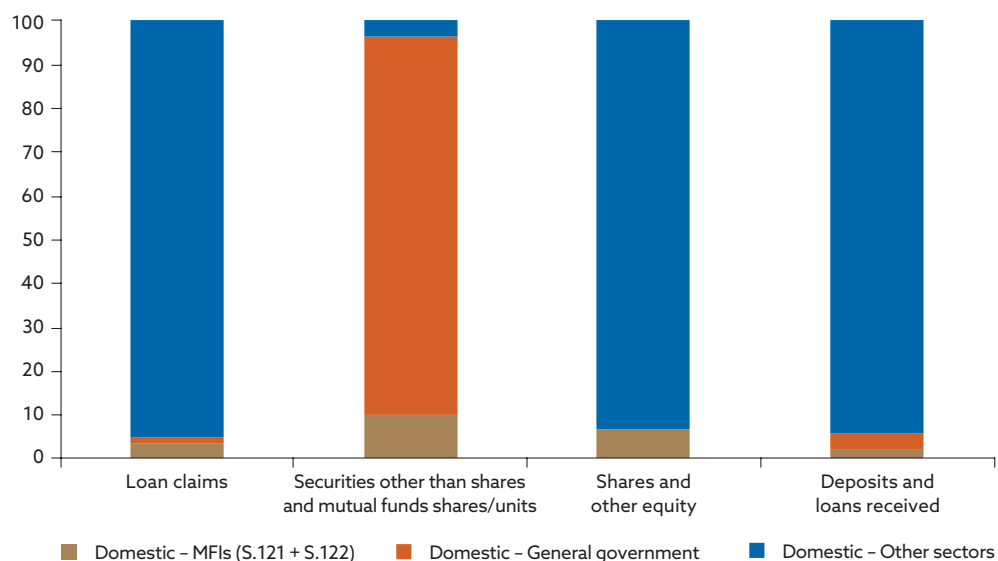
Securities other than equities and investment fund shares/units issued by domestic MFIs accounted for 10%, and those issued by entities from other domestic sectors for 4%.

Credit institutions' total holdings of domestic shares and other equity participations (including investment fund shares/units) amounted to roughly €0.4 billion, of which 93% were equity securities issued by entities from other sectors and 7% were equity securities issued by domestic MFIs.

The total volume of loans and deposits received from domestic entities amounted to €59.9 billion at the end of the period under review, of which 94% were deposits received from other sectors, mostly households, 4% were loans and deposits received from the general government sector, and 2% were loans and deposits received from domestic MFIs.

Chart 8

Selected assets/liabilities: sectoral breakdown of domestic counterparty as at 30 September 2019 (%)



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 claims on **residents of other euro area countries** amounted to €1.7 billion at 30 September 2019, of which 72% (€1.2 billion)

were claims on other sectors and 28% were claims on MFIs from other euro area countries.

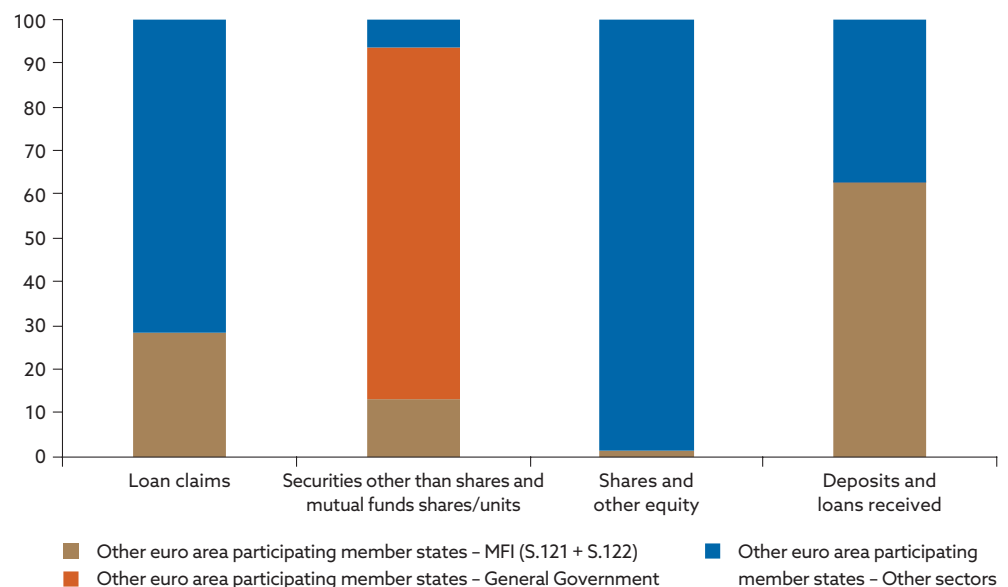
Credit institutions' total holdings of securities other than equities and investment fund shares/units, issued by issuers from other euro area countries, amounted to €1.1 billion at 30 September 2019, of which 80% (€0.9 billion) were issued by the general government sector, 13% (€0.2 billion) by MFIs, and 6% 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 €0.1 billion at 30 September 2019, of which 99% were equity securities issued by entities from other sectors and the remaining 1% were issued by MFIs.

Loans and deposits received from residents of other euro area countries amounted to €3.5 billion in total, of which 63% (€2.2 billion) were loans and deposits received from MFIs and 37% (€1.3 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 September 2019 (%)



Source: NBS.

Credit institutions' total claims on the **rest of the world** amounted to €5.1 billion at 30 September 2019, of which 62% (€3.2 billion) were claims on MFIs and 37% (€2 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 €1.2 billion at 30 September 2019, of which 53% (€0.6 billion)

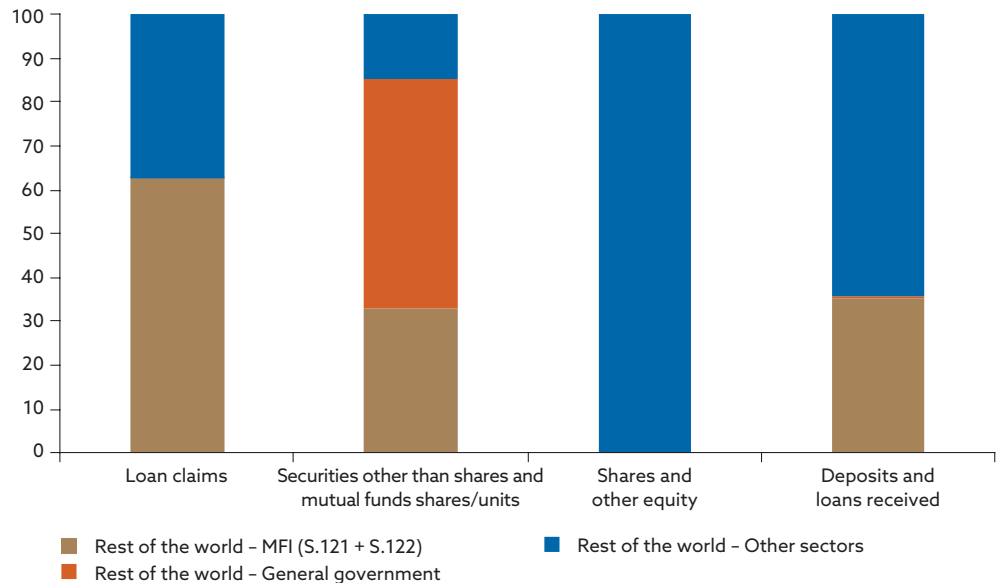
were issued by the general government sector, 33% by MFIs, and 14% by issuers from other sectors.

Credit institutions' holdings of shares and other equity participations issued by issuers from the rest of the world amounted to €0.3 billion at 30 September 2019, all of which were equity securities 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 €2.4 billion at 30 September 2019, of which 65% (€1.6 billion) were received from other sectors and 36% (€0.9 billion) from MFIs. The share of loans and deposits received from the general government sector was negligible.

Chart 10

Selected assets/liabilities: sectoral breakdown of counterparty from the rest of the world as at 30 September 2019 (%)



Source: NBS.

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 30 September 2018 to 30 September 2019, the largest being an increase of 6.7% (€5.4 billion) recorded at the end of the third quarter of 2019.

Credit institutions' total credit claims recorded their biggest year-on-year change in the third quarter of 2019, i.e. a year-on-year increase of €5.3 billion

(8.3%), of which claims with a maturity of over five years accounted for €4 billion and claims with a maturity of over one year up to five years for €0.2 billion. Credit claims with a maturity of up to one year increased, too, by €1 billion year on year.

Credit institutions' total holdings of securities other than equities and investment fund shares/units recorded the most significant annual change in their stock at the end of the third quarter of 2019, i.e. a year-on-year decrease of 6.8% (€0.7 billion).

Credit institutions' total holdings of shares and other equity participations (including investment fund shares/units) was relatively low at the end of each quarter in the period under review. Their highest amount (€0.8 billion) and biggest annual change (i.e. a year-on-year increase of 23% or €0.1 billion) were recorded at the end of September and June 2019 respectively.

Credit institutions' other assets (including fixed assets) recorded the biggest annual change in their stock at 30 September 2019, i.e. a year-on-year increase of 31% (€0.9 billion).

Credit institutions' total cash holdings recorded their biggest annual change in percentage terms (a year-on-year decrease of 3%) at the end of the last quarter of 2018. In absolute terms, the biggest annual change (a decrease of €0.04 billion) was also recorded in the last quarter of 2018.

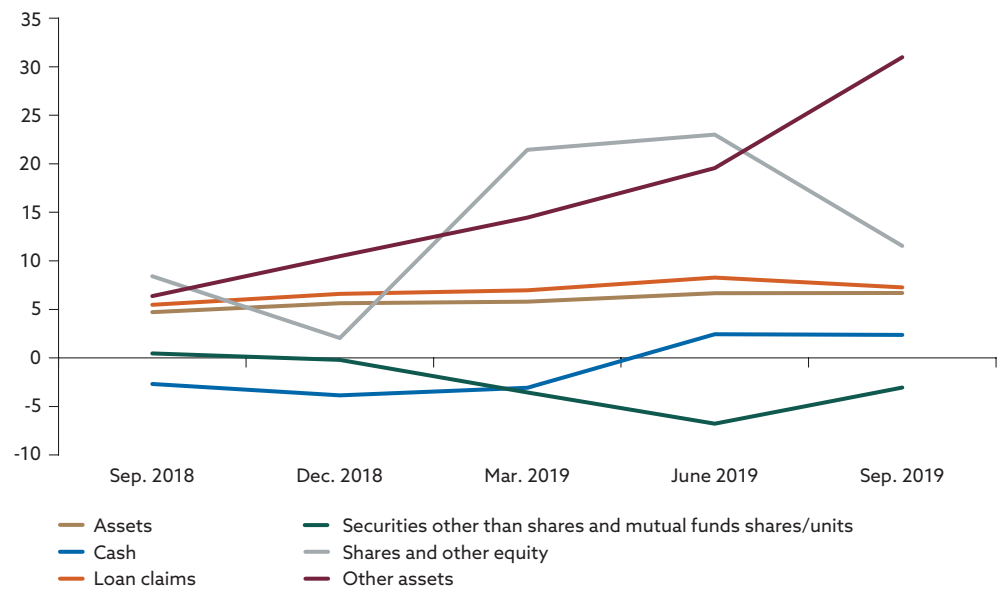
Table 6 Year-on-year changes in assets of credit institutions in the SR (in %)

	IX. 2018	XII. 2018	III. 2019	VI. 2019	IX. 2019
ASSETS	4.71	5.63	5.79	6.67	6.69
Cash	-2.69	-3.85	-3.08	2.43	2.37
Loan claims	5.47	6.59	6.96	8.28	7.27
Loan claims – up to 1 year	-10.62	-6.15	-1.38	7.56	8.05
Loan claims – over 1 and up to 5 years	1.99	1.92	0.05	4.04	-1.72
Loan claims – over 5 years	12.19	12.15	11.03	9.18	8.48
Securities other than shares and mutual funds shares/units	0.46	-0.21	-3.56	-6.77	-3.06
Securities other than shares and mutual funds shares/units up to 1 year	-45.31	586.67	550.91	209.88	-23.14
Securities other than shares and mutual funds shares/units over 1 and up to 2 years	-100.00	-100.00	-100.00	-100.00	
Securities other than shares and mutual funds shares/units over 2 years	2.85	-2.46	-6.29	-7.79	-2.65
Shares and other equity	8.41	2.05	21.44	23.02	11.55
Other assets	6.37	10.47	14.47	19.56	30.98

Source: NBS.

Chart 11

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



Source: NBS.

The total **liabilities of credit institutions** have increased, year on year, in the last few quarters. The steepest increase in the stock of these liabilities was recorded at the end of the third quarter of this year, i.e. a year-on-year increase of 6.7% (€5.4 billion).

Loans and deposits received by credit institutions grew most rapidly in the last quarter of 2018, i.e. by 7.22% (€4.3 billion) year on year. The total stock of loans and deposits received with a maturity of up to one year increased by €4.6 billion, while that of loans and deposits received with a maturity of over one year decreased by €0.3 billion.

The stock of debt securities issued in the period under review recorded its biggest annual change in the third quarter of 2019. This was a year-on-year increase of 27% (€1.4 billion) that stemmed mainly from an increase in the stock of securities with a maturity of over two years.

The most noticeable annual change in credit institutions' capital and provisions was recorded at the end of the third quarter of 2018, i.e. a year-on-year increase of 4.9% (€0.5 billion).

The most significant annual change in the stock of other liabilities was recorded at the end of the third quarter of 2019, i.e. a year-on-year increase of 43%.

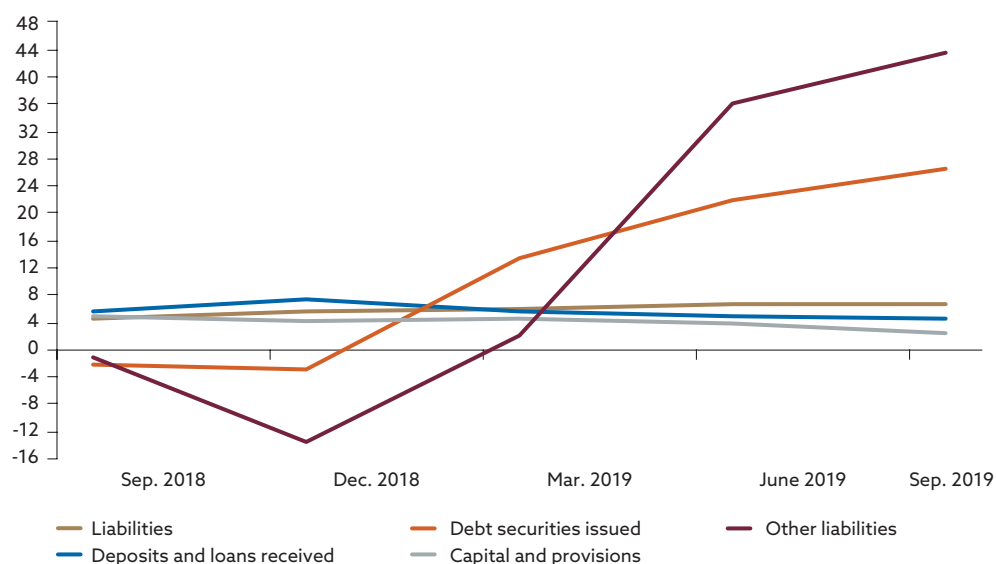
Table 7 Year-on-year changes in liabilities of credit institutions (in thousands EUR)

	IX. 2018	XII. 2018	III. 2019	VI. 2019	IX. 2019
LIABILITIES	4.71	5.63	5.79	6.67	6.69
Deposits and loans received	5.51	7.22	5.49	5.00	4.67
Deposits and loans received up to 1 year	8.02	9.31	6.63	5.71	5.39
Deposits and loans received over 1 year	-5.70	-2.68	-0.02	1.49	0.95
Debt securities issued	-2.36	-2.93	13.40	21.84	26.52
Debt securities issued up to 1 year	-59.46	-72.04	-91.22	-95.73	-89.60
Debt securities issued over 1 and up to 2 years	-36.49	-77.41	-63.89	-91.94	-98.41
Debt securities issued over 2 years	0.28	1.74	16.95	26.29	30.40
Capital and provisions	4.86	4.15	4.56	3.81	2.39
Other liabilities	-1.03	-13.57	2.03	36.02	43.47

Source: NBS.

Chart 12

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



Source: NBS.

2.6 Profit/loss analysis for credit institutions

2.6.1 Current period profit/ loss in the first quarter of 2019

According to the data available, the banking sector's cumulative profit for the first nine months of 2019 amounted to €497 million, representing the sector's fifth highest profit recorded since the beginning of monitoring

(2009). The cumulative profit as at 30 September 2019 was 4.3% lower than at the same date a year earlier.

As regards the structure of income and expense items, net interest income had a positive effect on net profit growth throughout 2018 (for the first time since March 2015). During the first nine months of 2019, however, net interest income declined steadily, year on year, and thus made a negative contribution to net profit growth.

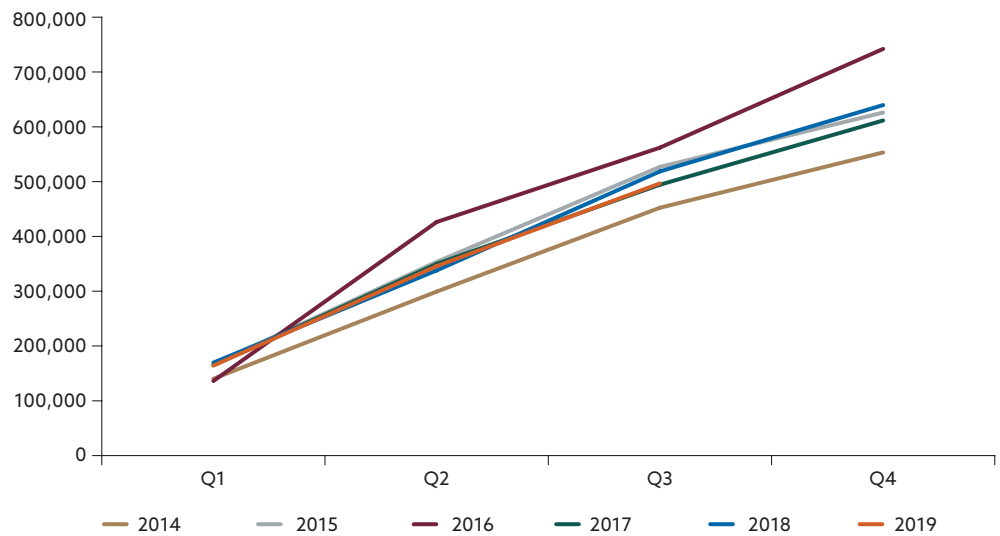
The decline in net interest income was caused mainly by a fall in interest income from securities, coupled with a decrease in other interest income. After rising during the period from March to the end of 2018, other interest expenses declined, year on year, throughout the first nine months of 2019.

Net non-interest income continued to decline, year on year, during the first nine months of 2019, following its downward trend that started in the second half of 2017. A positive contribution to net non-interest income was made in that period by income from fees and commissions, as well as by dividends received, which rose mainly in the second quarter of 2019.

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 paid to the resolution fund.

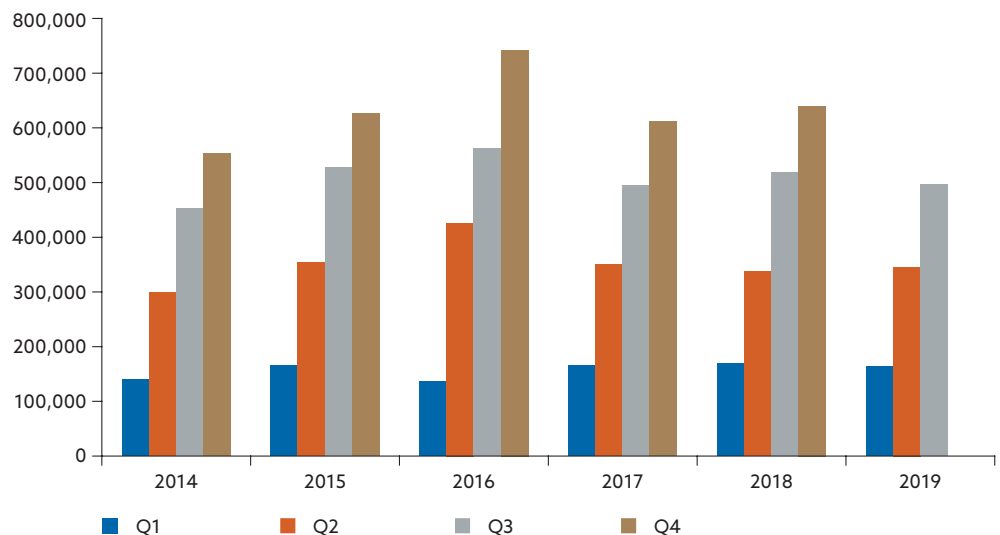
General operating expenses rose during 2018 and continued rising slowly over the first nine months of 2019, too. This situation had a negative impact on the banking sector's net profit growth (a contribution of -7.3 percentage points in 2018 and 2.3 percentage points during the first nine months of 2019). The net creation of reserves and provisions (i.e. income adjusted for expenses) resulted in a loss of €80 million, representing a year-on-year decrease of €13 million.

Chart 13
Current period profit/loss (EUR thousands)



Source: NBS.

Chart 14
Current period profit/loss (EUR thousands)



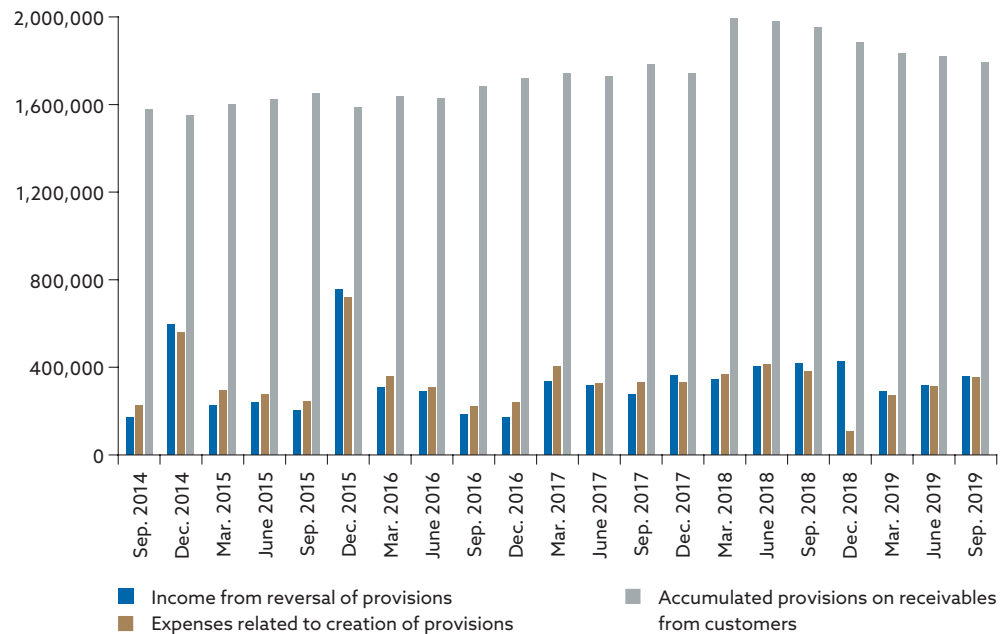
Source: NBS.

Total loan-loss provisions as at 30 September 2019 were 8% lower than a year earlier, whereas the stock of provisioned customer loans had increased, year on year, by 7.3%. Euro-denominated claims constituted at that date almost 99% of all credit claims, and euro-denominated claims on euro area residents made up around 95%.

Provisioning expenses as at 30 September 2019 (cumulative figure for the first nine months) were lower by 19% year on year, and income from the reversal of provisions had fallen by that date by 17%.

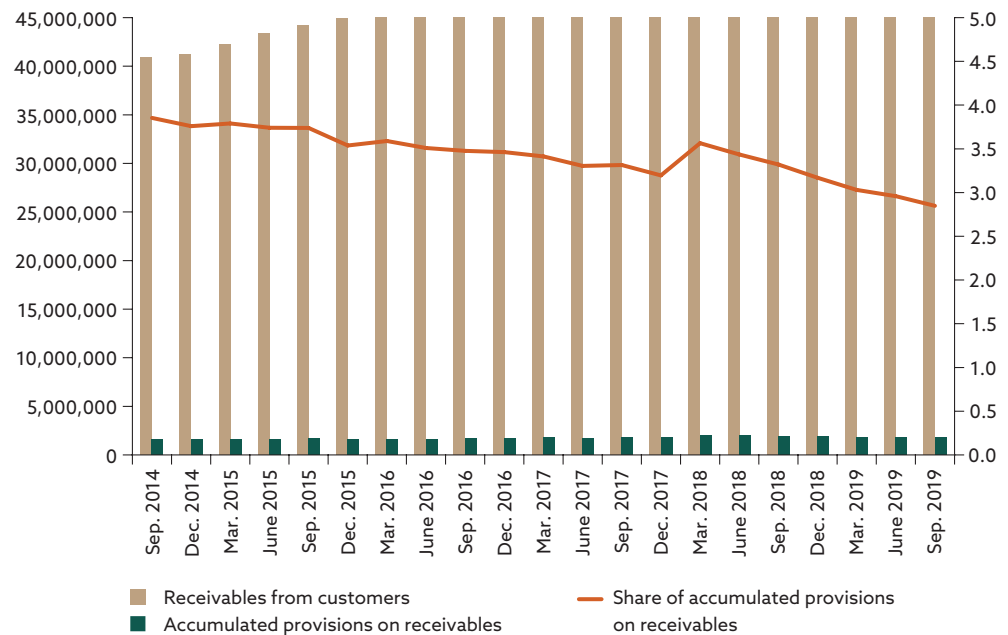
Expenses related to the assignment of claims on non-bank customers exceeded income from the same by €18 million (net loss) during the first nine months of 2019, and claim write-offs produced a net loss of almost €41 million.

Chart 15
Provisions (EUR thousands)



Source: NBS.

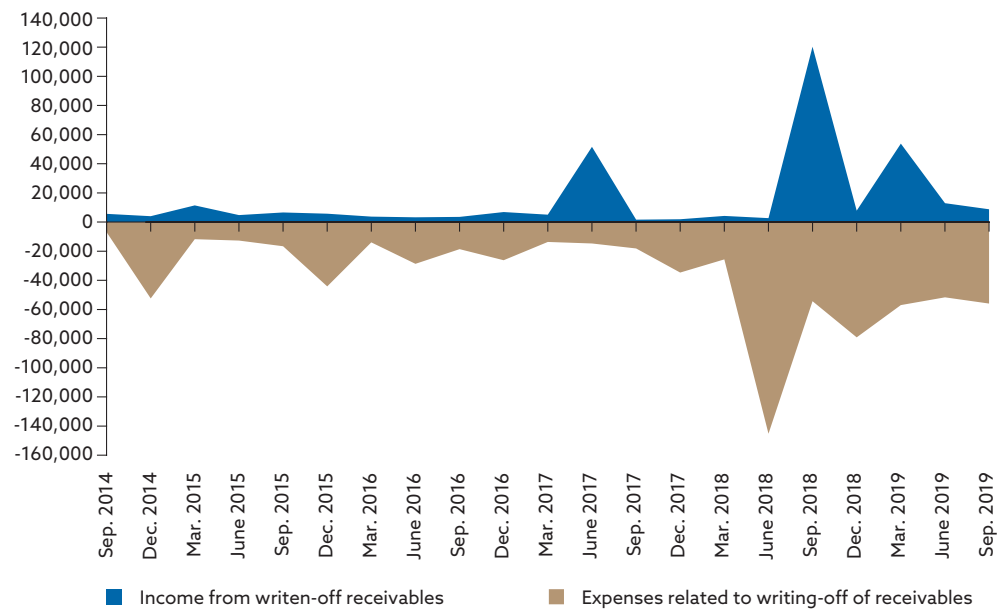
Chart 16
Receivables from non-bank customers (EUR thousands %)



Source: NBS.

Chart 17

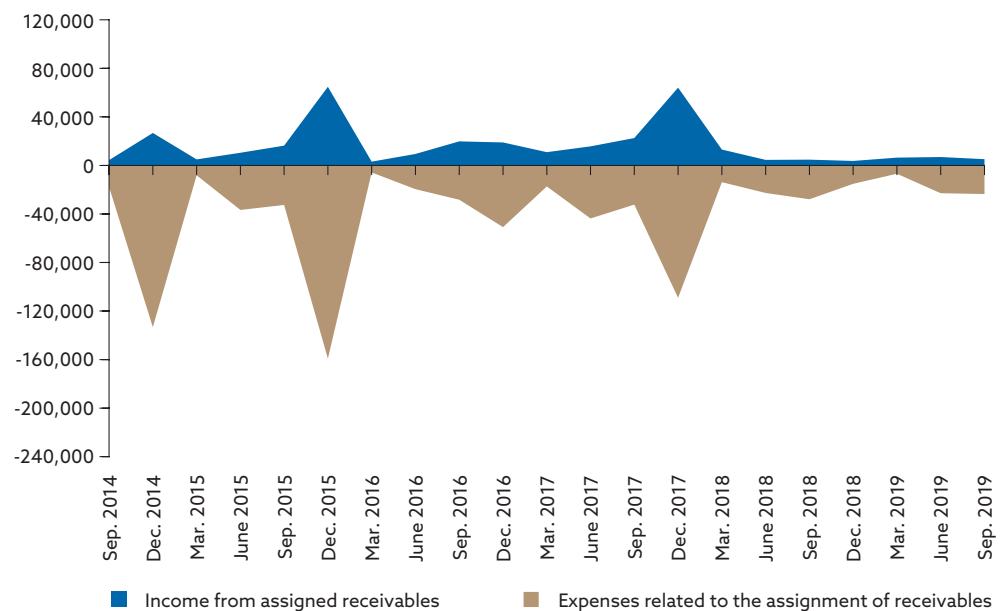
Written-off receivables from customers (EUR thousands)



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 third quarter of 2019, according to aggregated data, total interest income from securities continued to decline, year on year, by 15.2%, following

its downward trend from the previous quarters. In 2016, interest income from securities decreased, year on year, by 10.1%, in 2017 by 20.2%, and in 2018 by 10%.

Interest expenses on securities decreased, year on year, by 6% in the third quarter of 2019. They had previously dropped in both 2017 and 2018, by almost 15% and 16% respectively.

Other interest income fell in the third quarter of 2019, by 1.3% compared with the same period a year earlier. In 2018, an increase was recorded in this item, preceded by a period of steady decline since 2015.

Income from fees and commissions continued to grow in the third quarter of 2019, though at a slower pace than in the previous quarters (by 1.4% year on year).

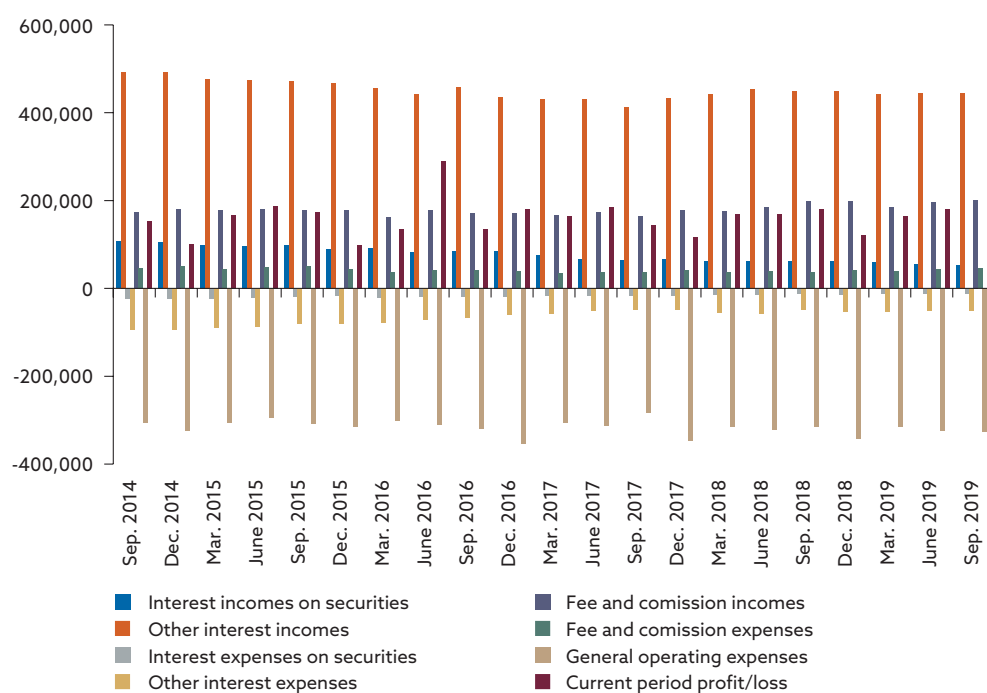
Dividends received grew relatively rapidly in the third quarter of this year (by 28%), but made only a minor contribution to profit growth owing to their small volume.

General operating expenses increased in the third quarter of this year by 3% year on year.

The banking sector's total net profit for the third quarter of 2019 was 16% lower than the figure for the same period of 2018 and amounted to €151 million.

Chart 19

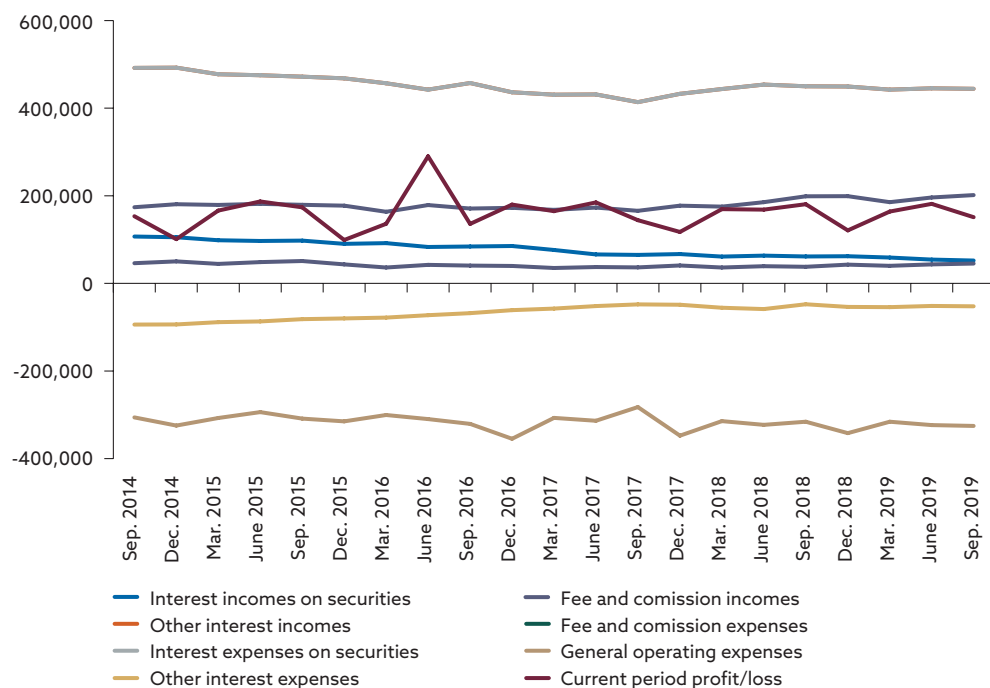
Selected incomes and expenses compared with current period profit/loss (EUR thousands)



Source: NBS.

Chart 20

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



Source: NBS.

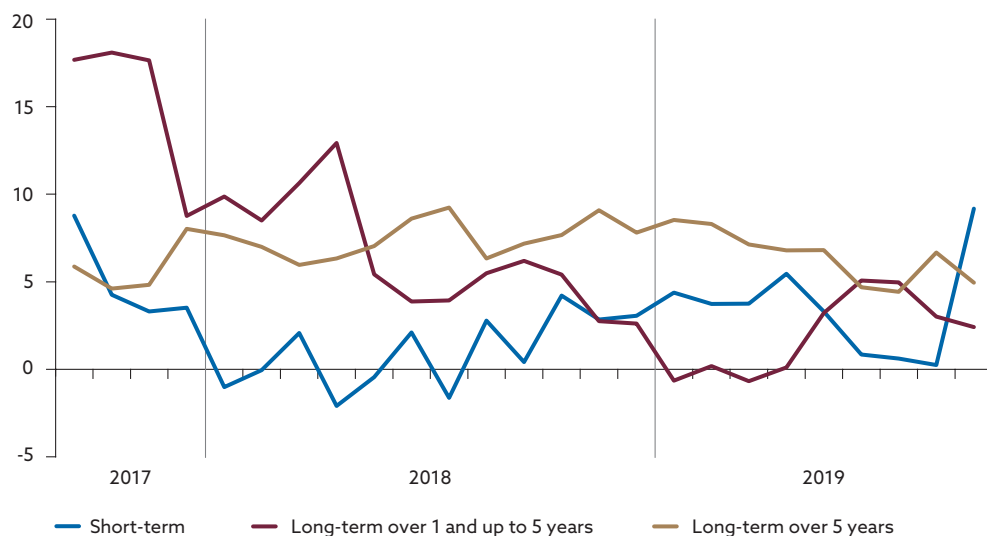
2.7 Lending to non-financial corporations and households

2.7.1 Loans to non-financial corporations by maturity

The total stock of loans provided to non-financial corporations (NFCs) continued to grow in the third quarter of 2019, thus maintaining its upward trend from the previous periods. The stock of short-term loans increased, year on year, by as much as 9.2%. Loans with a maturity of over one year and up to five years increased, year on year, by 2.4% in the third quarter of this year. Long-term loans with a maturity of over five years increased by 4.9% year-on-year.

Chart 21

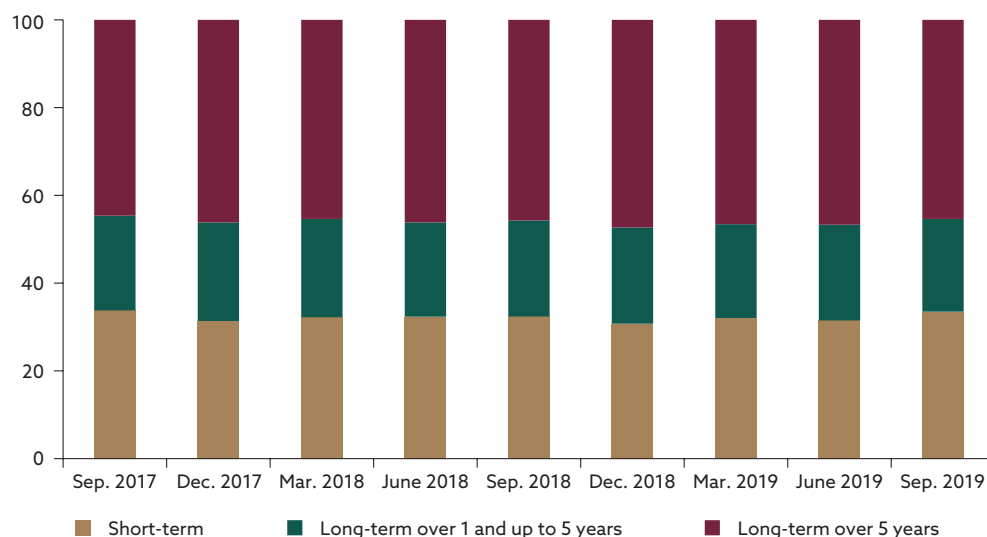
Loans to non-financial corporations by maturity (year-on-year changes in %)



Source: NBS.

Chart 22

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



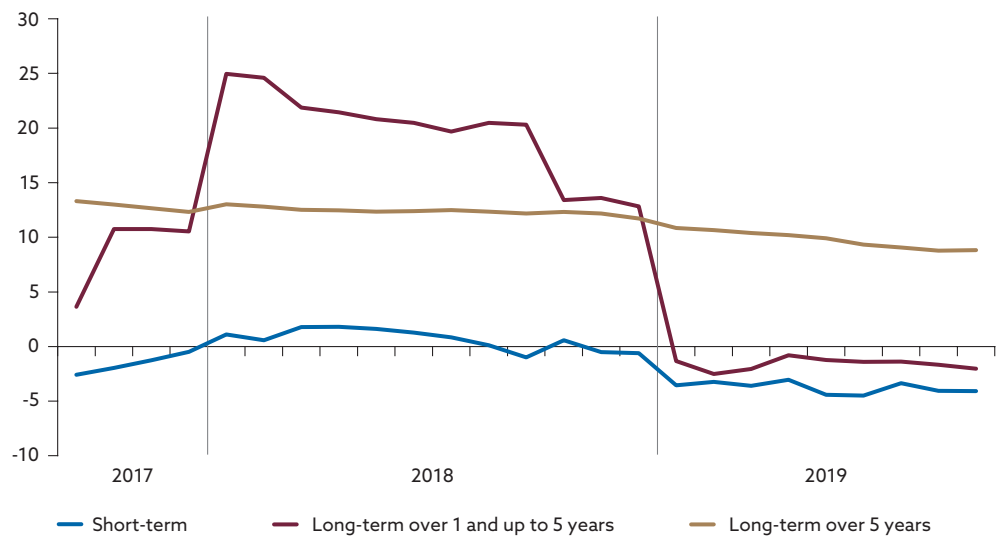
Source: NBS.

2.7.2 Loans to households by maturity

The total stock of loans provided to households increased in the third quarter of 2019, by 8.1% year on year. The steepest year-on-year increase, i.e. 8.8%, was recorded in long-term loans with a maturity of over five years. The stock of long-term loans with a maturity of over one year and up to five years declined by 2.0% and that of short-term loans provided to households decreased by 4.1%, year on year.

Chart 23

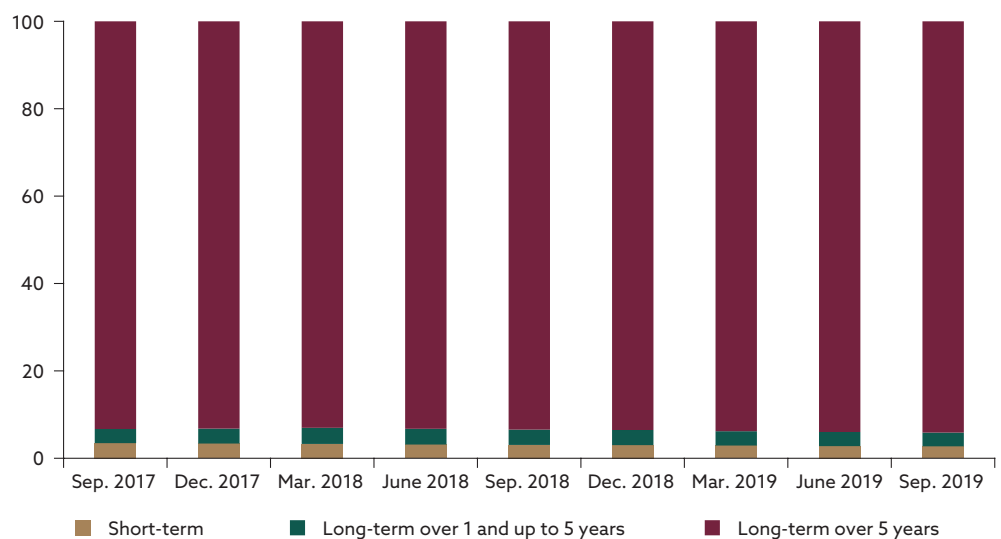
Loans to households by maturity (year-on-year percentage changes)



Source: NBS.

Chart 24

Household loans broken down by maturity (% share)



Source: NBS.

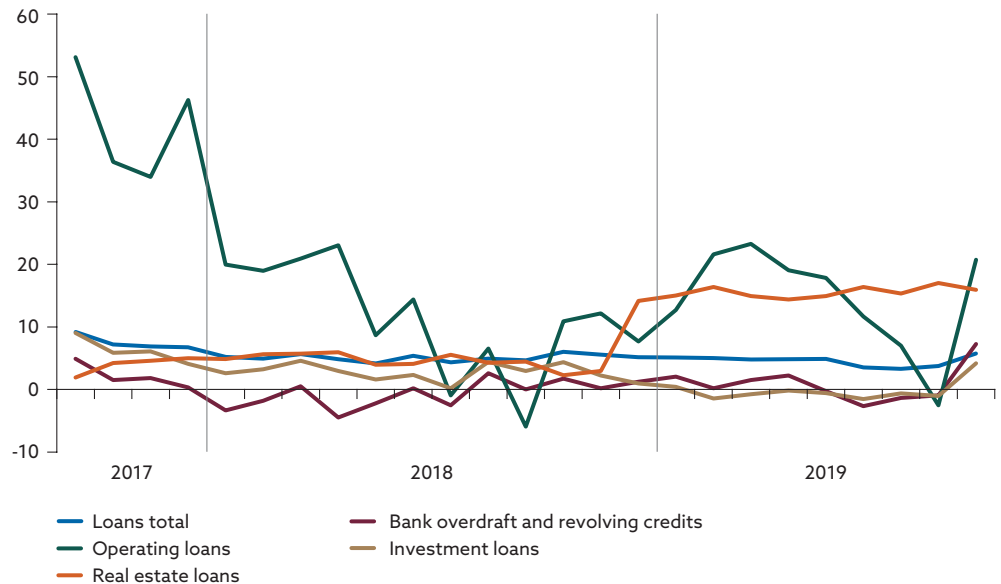
2.7.3 Loans to non-financial corporations by type of loan

The total stock of loans provided to NFCs continued to grow in the third quarter of 2019, by 5.8% year on year. In the category of operating loans, an annual growth rate of 20.7% was recorded, compared with 11.7% in the previous quarter. The stock of investment loans increased by 4.2% and that of current account overdrafts and revolving loans by 7.3%, year on year. The

stock of real estate loans for NFCs increased by as much as 15.9% compared with the same period a year earlier, when an annual growth rate of 4.5% was recorded.

Chart 25

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



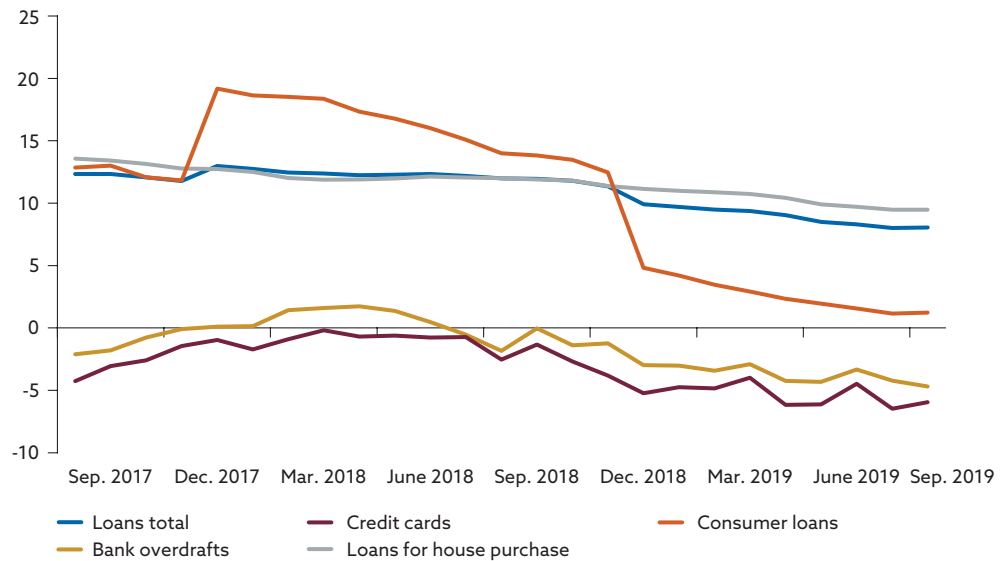
Source: NBS.

2.7.4 Loans to households by type of loan

Lending to households increased in the third quarter of 2019 by 8.1%, compared with the same period of 2018. The stock of credit card loans decreased by 6.0% in that period, continuing the downward trend that started in July 2017. The annual rate of decline in current account overdrafts accelerated to 4.7%. The stock of consumer loans and housing loans increased, year on-year, by 1.2% and 9.5% respectively.

Chart 26

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



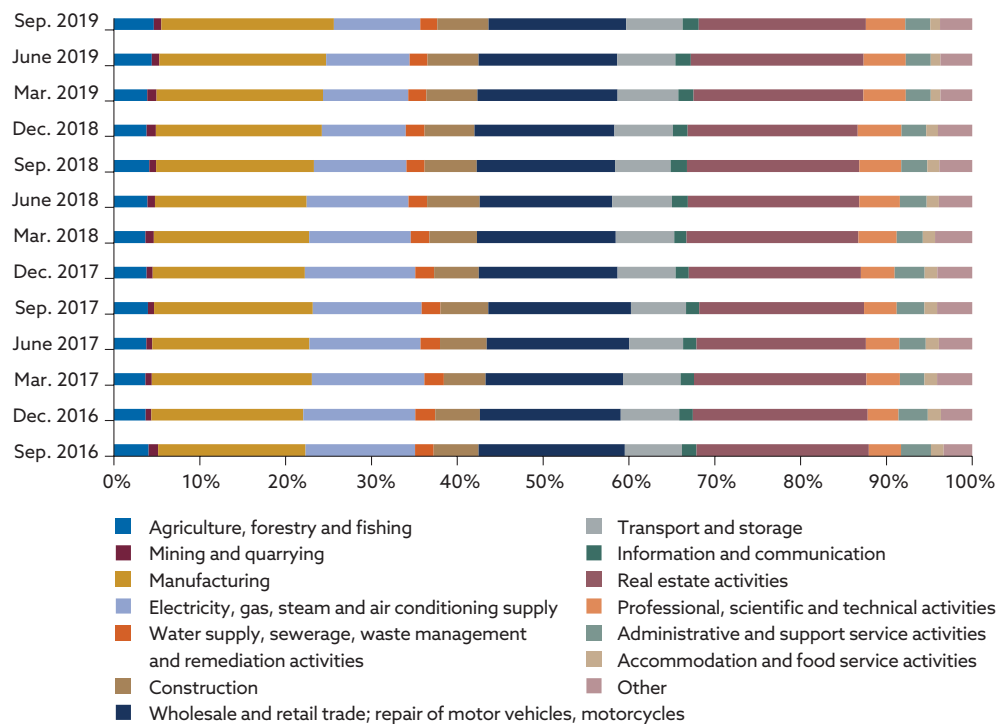
Source: NBS.

2.7.5 Loans to non-financial corporations by economic sector

A breakdown by economic sector of loans provided to NFCs shows that, at 30 September 2019, loans provided to the manufacturing sector accounted for 20.1%, loans to the real estate sector for 19.5%, and loans to the sector comprising wholesale trade, retail trade, and the repair of motor vehicles and motorcycles for 16.1% of the total stock of NFC loans.

Chart 27

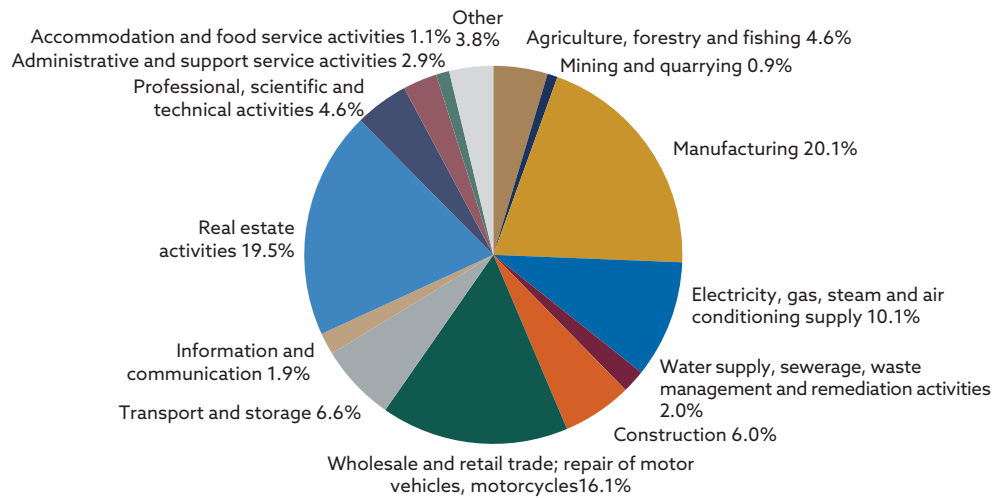
NFC loans broken down by economic activity



Source: NBS.

Chart 28

NFC loans broken down by economic activity as at 30 September 2019



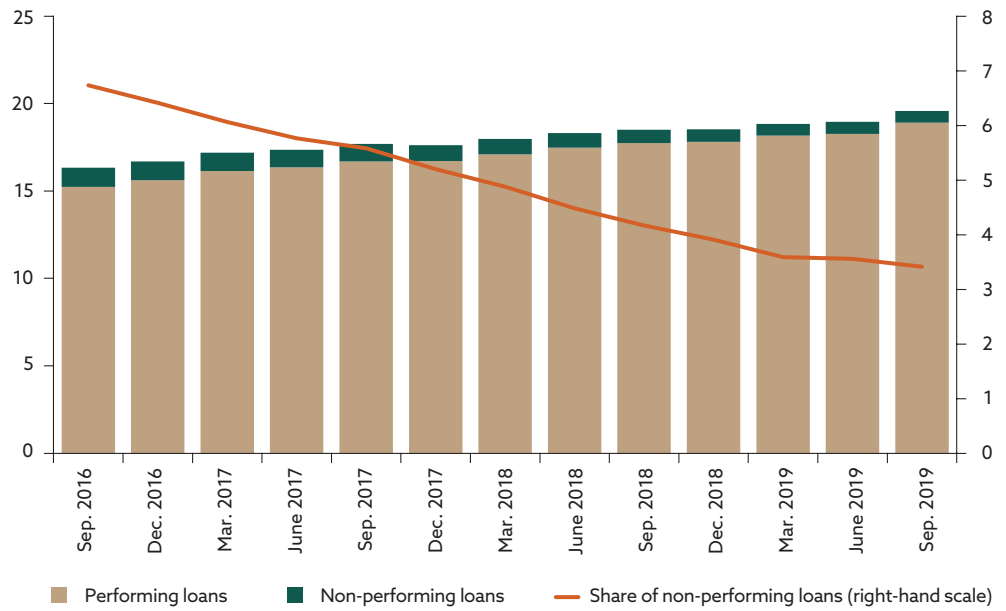
Source: NBS.

2.7.6 Non-performing loans to non-financial corporations

The ratio of non-performing loans (NPLs) to the total volume of loans provided to non-financial corporations (NFCs) fell, year on year, to 3.4% at 30 September 2019, and thus the decreasing trend in the share of non-performing loans from the previous months continued. The NPL ratio for current account overdrafts dropped to 2.7% at 30 September 2019, from 3.3% at 30 September 2018. The NPL ratio for operating loans declined, year on year, to 2.9%. In the category of investment loans, both the stock of loans and the NPL ratio decreased over the period under review, to 2.7% at 30 September 2019. The NPL ratio for real estate loans provided to NFCs fell, year on year, to 4.1%, and that for credit card loans dropped to 8.8%.

Chart 29

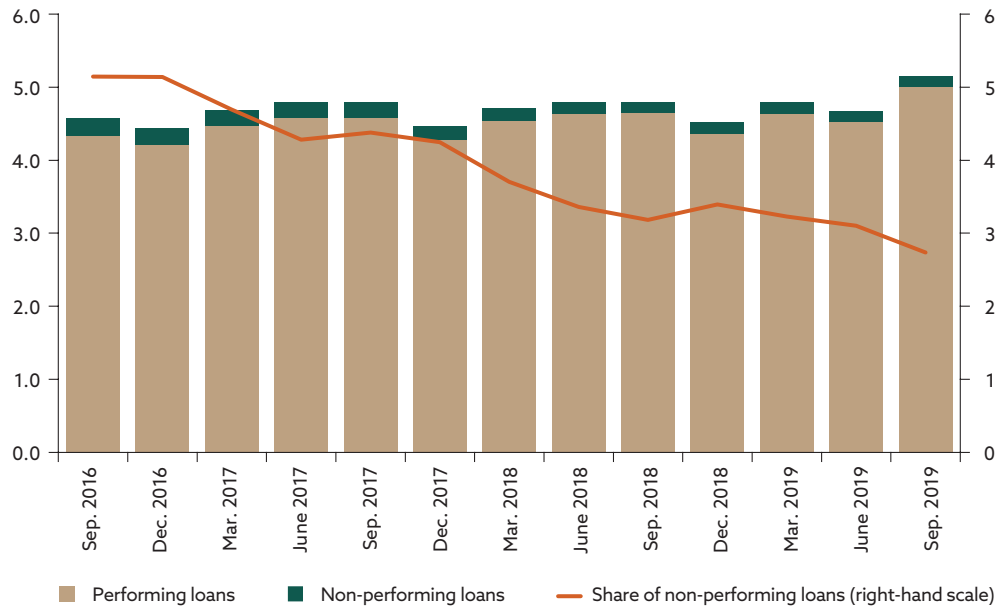
Share of non-performing loans in total NFC loans (EUR billions, %)



Source: NBS.

Chart 30

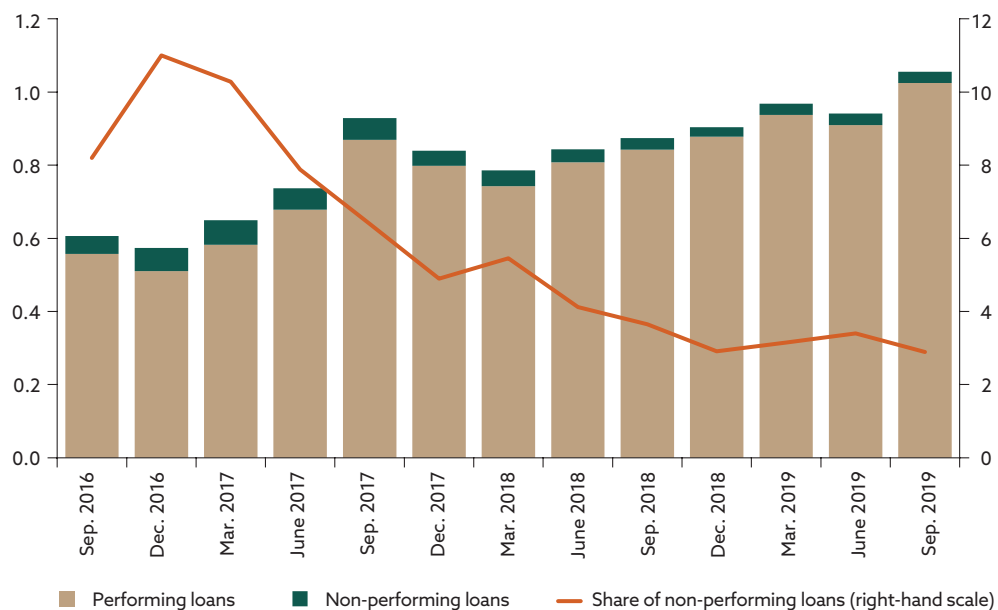
Share of non-performing loans in bank overdrafts and revolving credits to NFCs (EUR billions, %)



Source: NBS.

Chart 31

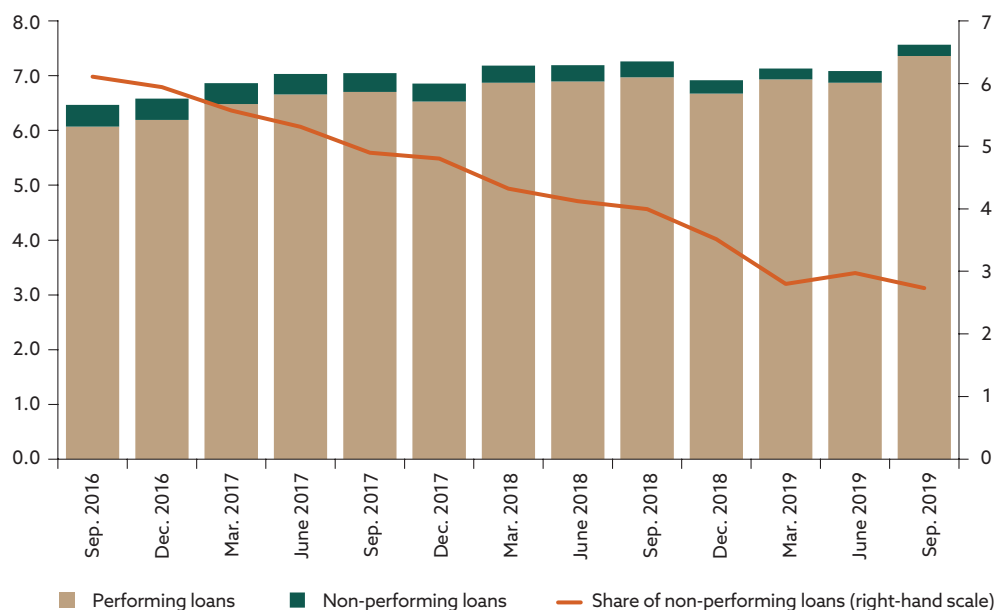
Share of non-performing loans in operating loans to NFCs (EUR billions, %)



Source: NBS.

Chart 32

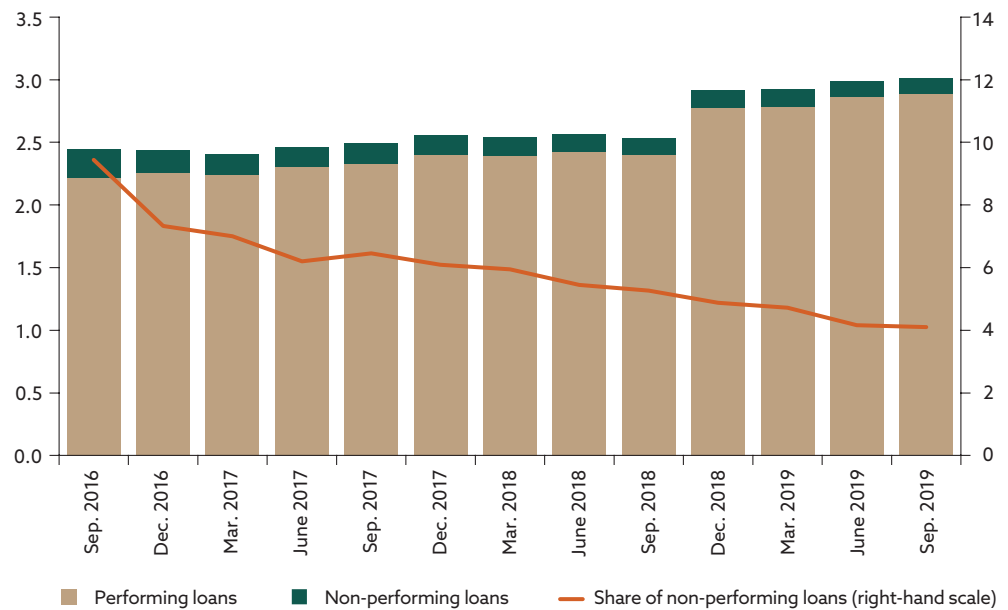
Share of non-performing loans in investment loans to NFCs (EUR billions, %)



Source: NBS.

Chart 33

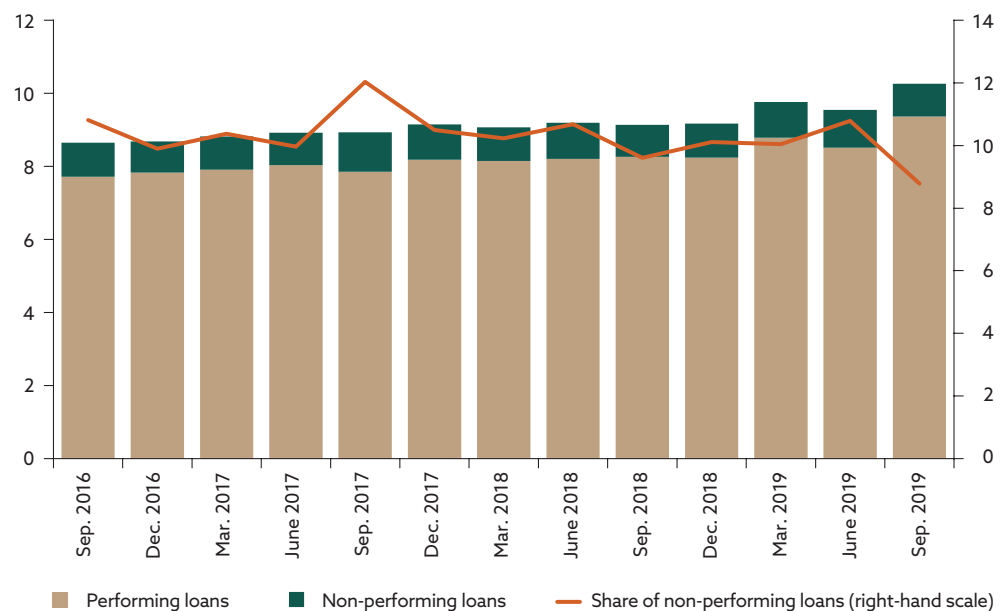
Share of non-performing loans in real estate loans to NFCs (EUR billions, %)



Source: NBS.

Chart 34

Share of non-performing loans in credit card loans to NFCs (EUR millions, %)



Source: NBS.

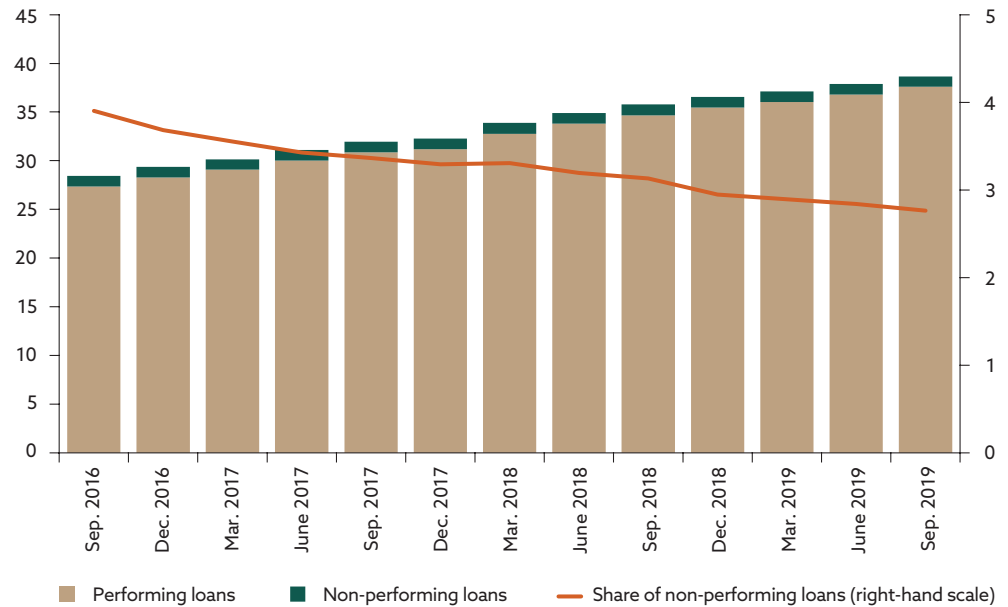
2.7.7 Non-performing loans to households

The ratio of NPLs to the total stock of loans provided to households fell slightly, year on year, to 2.8% at the end of the third quarter of 2019. The highest NPL ratio at that time was recorded in the category of credit card

loans (12.9%). The NPL ratio for current account overdrafts decreased steadily, year on year, to 5.5% at 30 September 2019. The NPL ratio for housing loans fell slightly, year on year, to 1.5% at 30 September 2019. The NPL ratio for consumer loans dropped by 0.8 percentage point, year on year, to 8.4% at 30 September 2019.

Chart 35

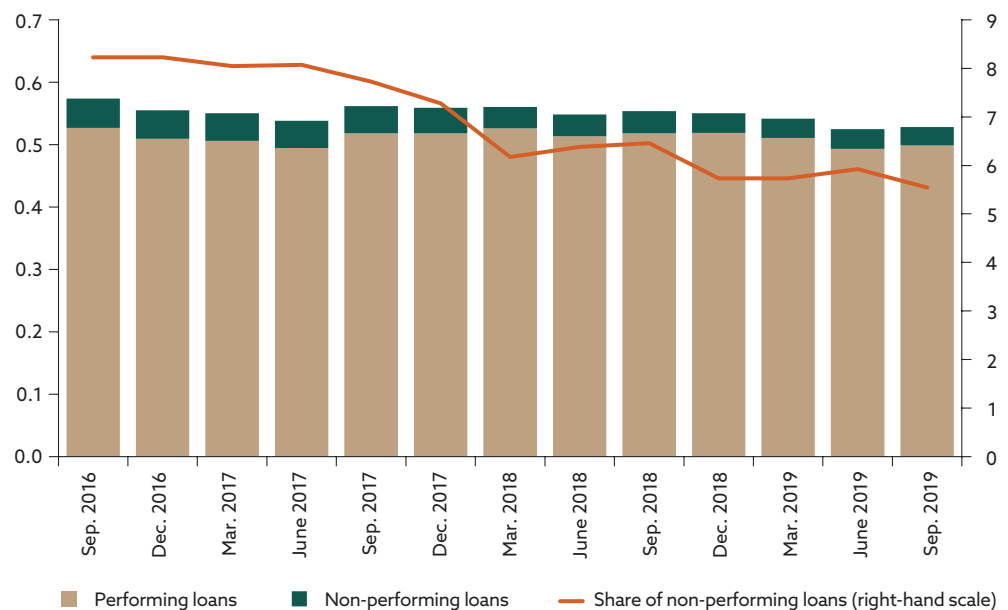
Share of non-performing loans in total loans to households (EUR billions, %)



Source: NBS.

Chart 36

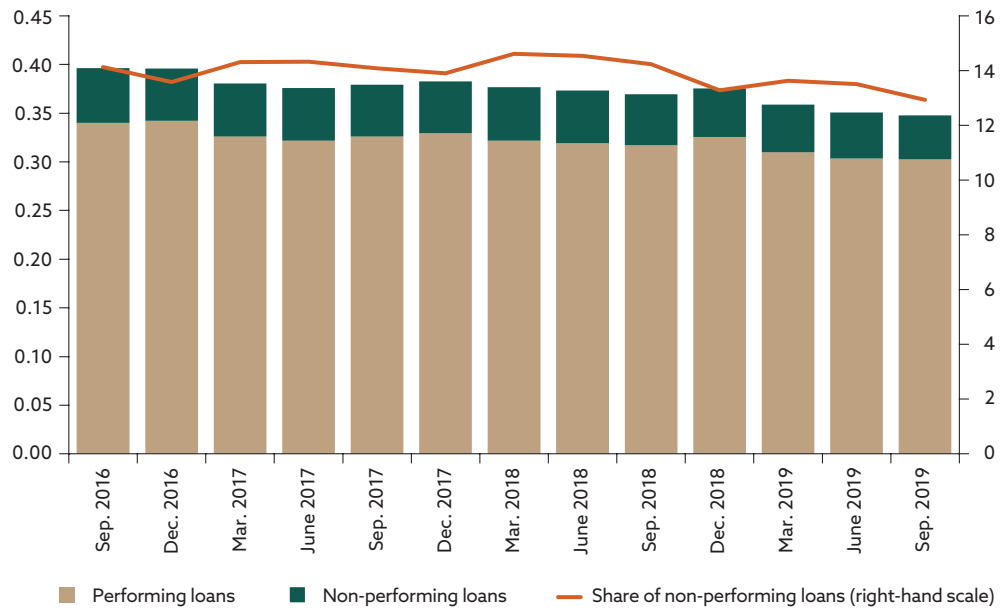
Share of non-performing loans in bank overdrafts to households (EUR billions, %)



Source: NBS.

Chart 37

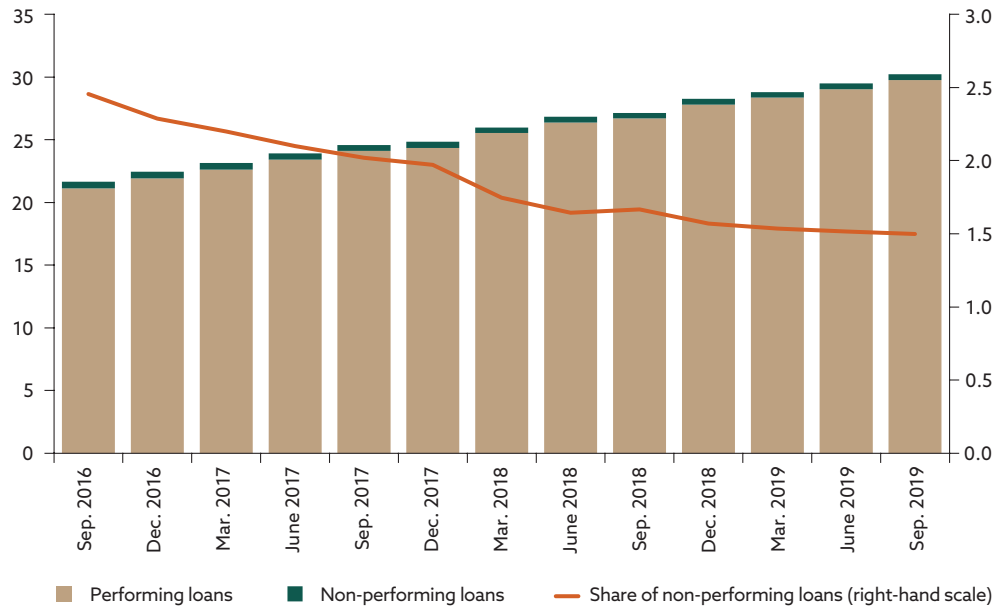
Share of non-performing loans in credit card loans to households (EUR billions, %)



Source: NBS.

Chart 38

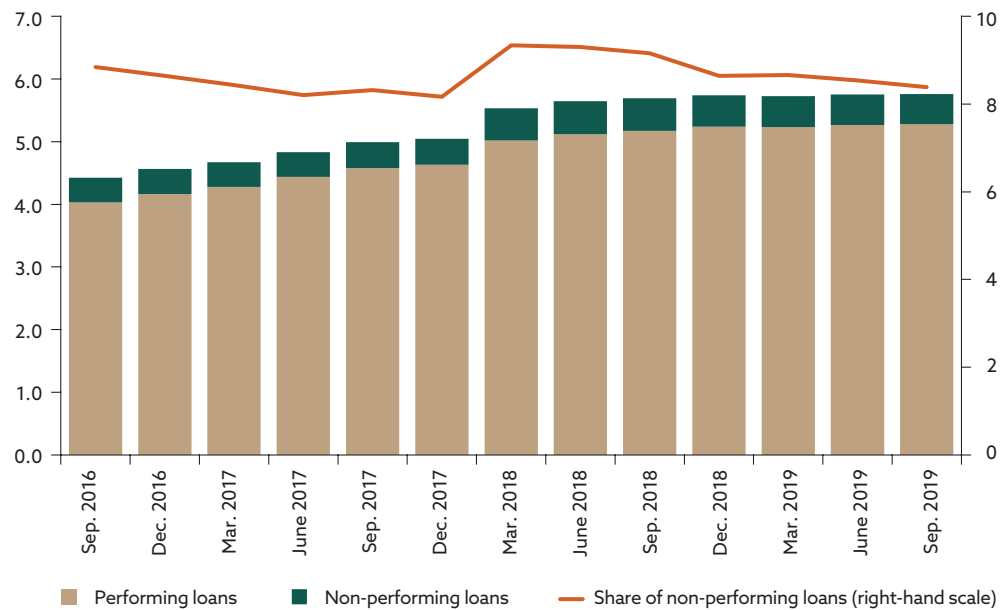
Share of non-performing loans in loans for house purchase to households (EUR billions, %)



Source: NBS.

Chart 39

Share of non-performing loans in consumer loans to households (EUR billions, %)



Source: NBS.

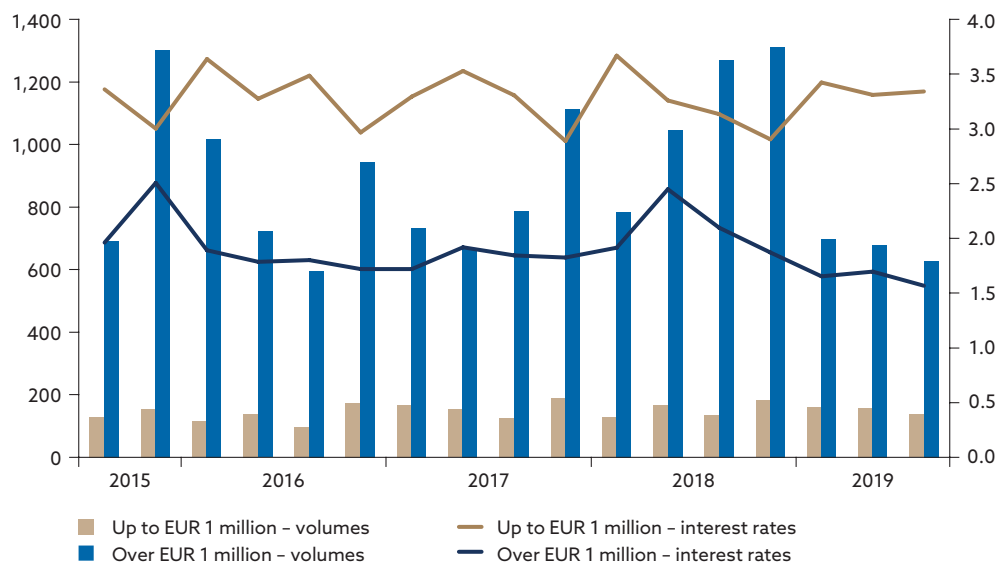
2.8 Loans – interest rates, volumes and stocks

2.8.1 New loans to NFCs – interest rates and volumes

The total volume of new loans provided to non-financial corporations (NFCs) decreased by 24.2% in the third quarter of 2019, compared with the same quarter of 2018. In the category of **'loans of up to €1 million'**, the volume of loans increased in the period under review, by 8.5% year on year. The share of these loans in the total volume of NFC loans provided in that period amounted to 18.3%. The average interest rate on these loans remained unchanged in the period under review, at 3.2% per annum. By contrast, the volume of loans in the **'loans of over €1 million'** category decreased in the third quarter of this year, by 29.0% year on year. New loans of this category accounted for 81.7% of the total volume of NFC loans provided in that period, and the average interest rate on these loans stood at 1.7% p.a., representing a fall of 0.4 percentage point year on year.

Chart 40

New loans to NFCs – interest rates and volumes (EUR millions, % p.a.)

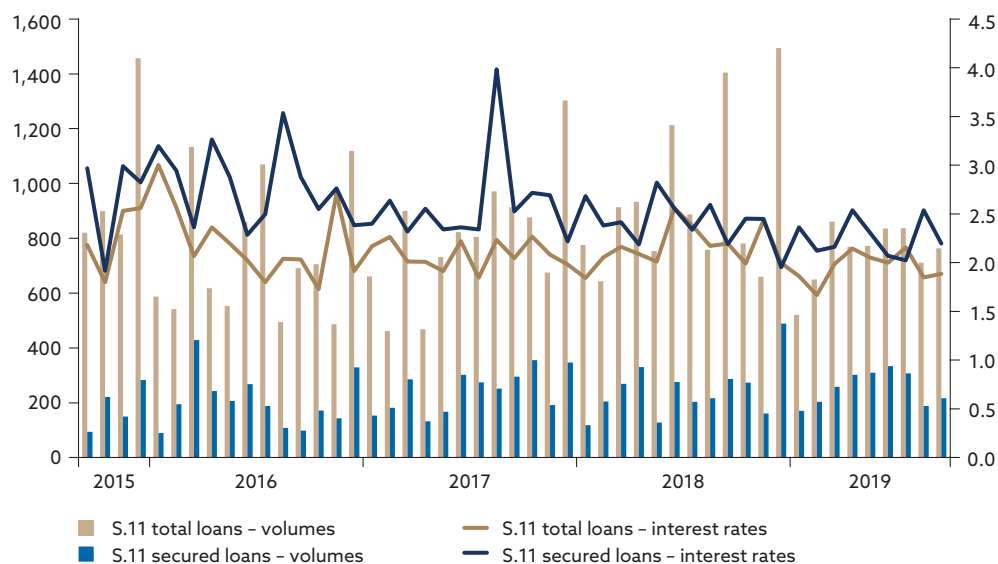


Source: NBS.

In the third quarter of 2019, the share of new secured loans in the **total volume of new loans** provided to non-financial corporations increased, year on year, from 23.2% to 30.8%. The average interest rate on secured loans fell to 2.2% p.a. in the third quarter of 2019, from 2.4% p.a. in the same quarter of 2018. The average rate for new loans provided to NFCs also fell in the period under review, by 0.3 percentage point, to 2.0% p.a. at 30 September 2019.

Chart 41

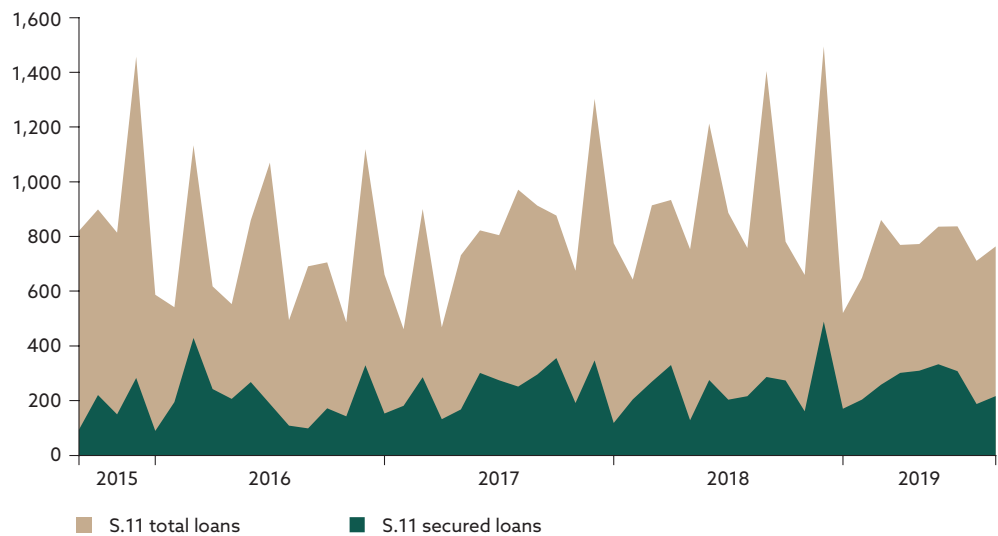
Secured and total new loans to NFCs – Interest rates and volumes (EUR millions, % p.a.)



Source: NBS.

Chart 42

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

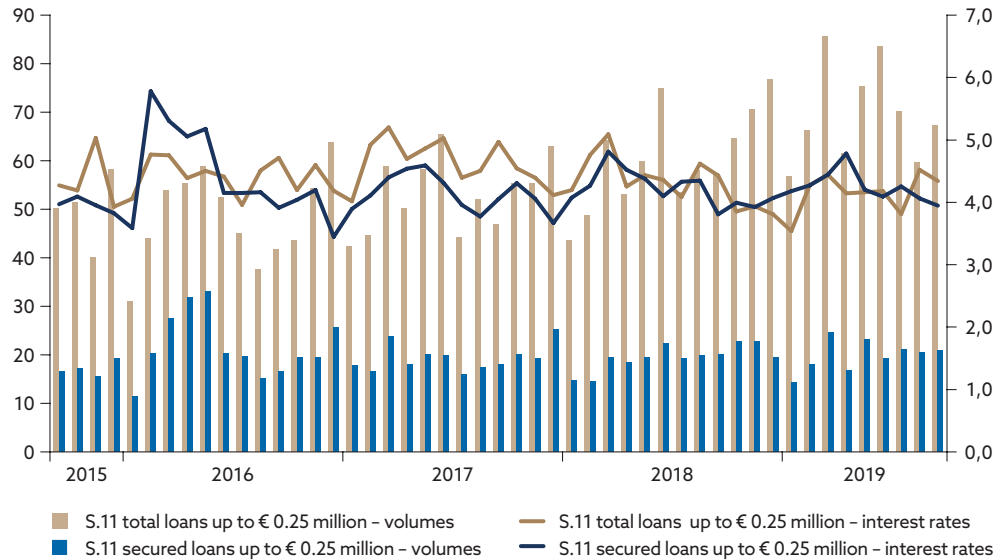


Source: NBS.

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 third quarter of 2019, by 3.3% year on year, to 31.7%. The average interest rate on secured loans of this category edged down by 0.1 percentage point in that period, to 4.1% p.a. The average interest rate on new 'loans of up to €0.25 million' provided to NFCs fell in the period under review, by 0.2 percentage point, to 4.2% p.a.

Chart 43

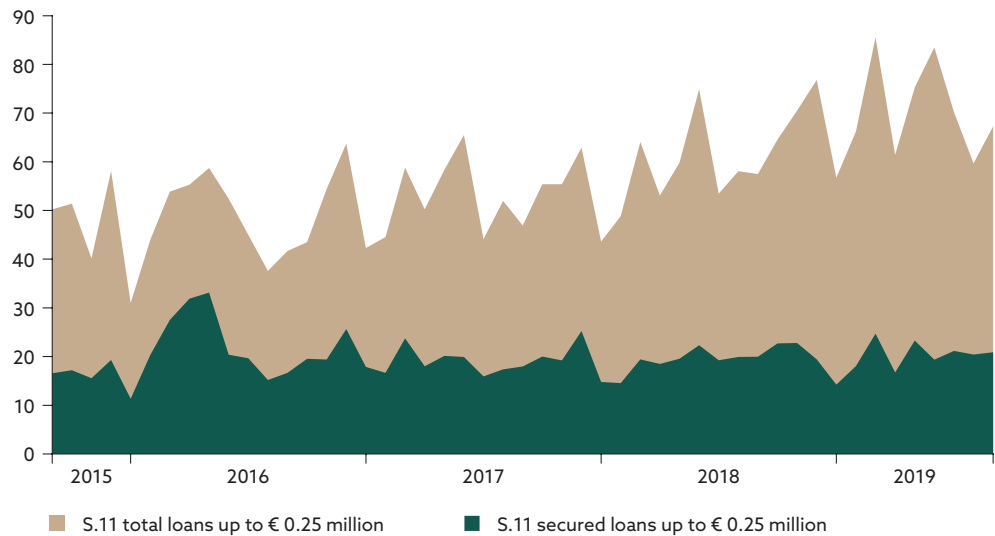
Secured and total new NFC loans up to € 0.25 million – interest rates and volumes (EUR millions, % p.a.)



Source: NBS.

Chart 44

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

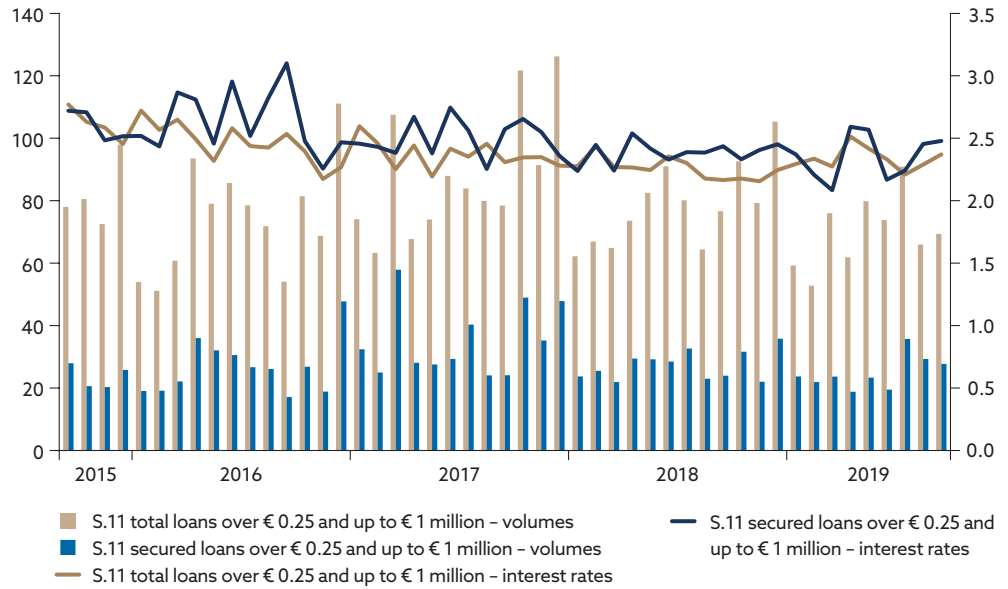


Source: NBS.

In the category of **‘loans of over €0.25 million and up to €1 million’**, the share of new secured loans in the total volume of new loans provided to NFCs increased in the third quarter of 2019, by 5.0% year on year, to 41.0%. The average interest rate on secured loans of this category remained unchanged in the period under review, at 2.4% p.a. The average interest rate on new ‘loans of over €0.25 million and up to €1 million’ provided to NFCs rose slightly in the period under review, by 0.1 percentage point, to 2.3% p.a.

Chart 45

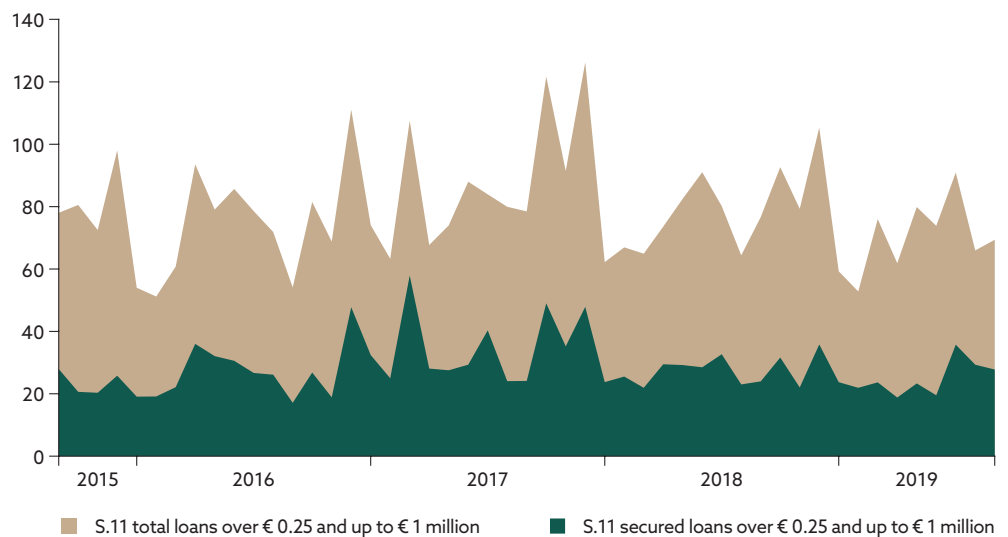
Secured and total new loans over € 0.25 million and up to € 1 million to NFCs – interest rates and volumes (EUR millions, % p.a.)



Source: NBS.

Chart 46

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



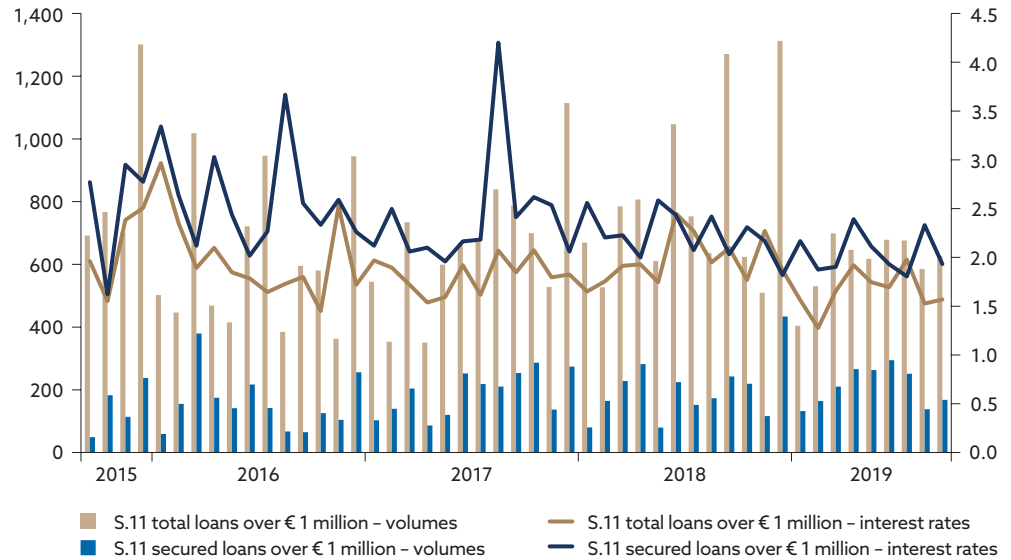
Source: NBS.

In the **'loans of over €1 million'** category, the share of new secured loans in the total volume of new loans provided to NFCs increased, year on year, by 8.1% in the third quarter of this year, to 29.5%. The average interest rate on secured loans of this category fell in that period to 2.0% p.a., from 2.2% p.a. in the same period a year earlier. The average interest rate on new 'loans of

over €1 million' provided to NFCs declined in the period under review by 0.4 percentage point, year on year, to 1.7% p.a.

Chart 47

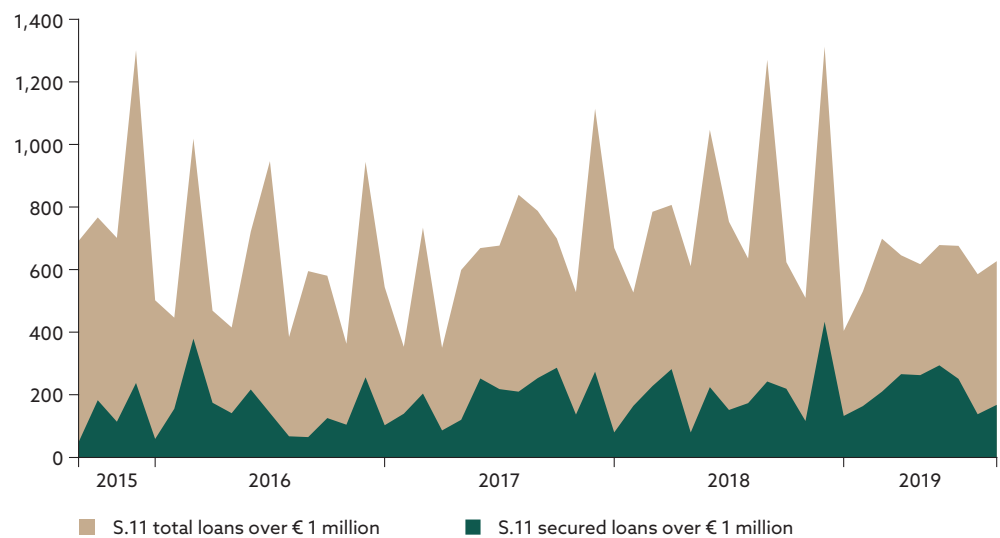
Secured and total new loans over € 1 million to NFCs – interest rates and volumes (EUR millions, % p.a.)



Source: NBS.

Chart 48

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



Source: NBS.

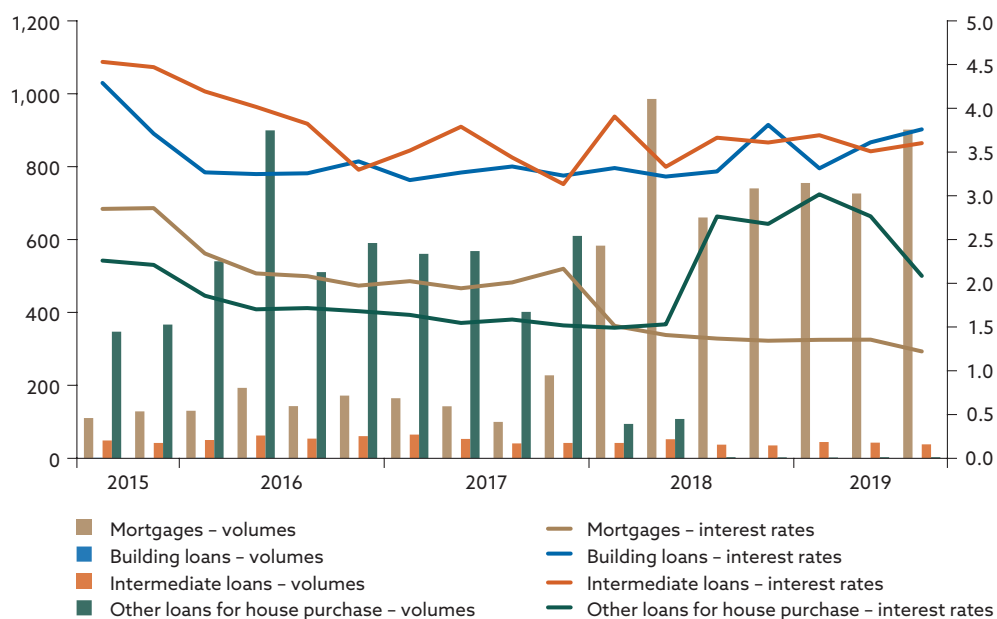
2.8.2 New loans to households – interest rates and volumes

2.8.2.1 Housing loans – interest rates and volumes

Households' demand for housing loans remained strong in the third quarter of 2019, far stronger than their demand for any other type of loan. The average interest rate on housing loans fell in that period by 0.2 percentage point year on year, to 1.4% 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 rose by 0.4 percentage point, to 3.8% p.a.; the rate on intermediate loans, which are also provided by home savings banks, remained unchanged, at 3.5% p.a.; and the rate on 'other loans for house purchase' rose by 0.5 percentage point, to 2.3% p.a. Interest rates fell in the period under review only for mortgage loans, by 0.1 percentage point, to an average of 1.3% p.a.

Chart 49

New loans for house purchase to households – interest rates and volumes (EUR millions, % p.a.)



Source: NBS.

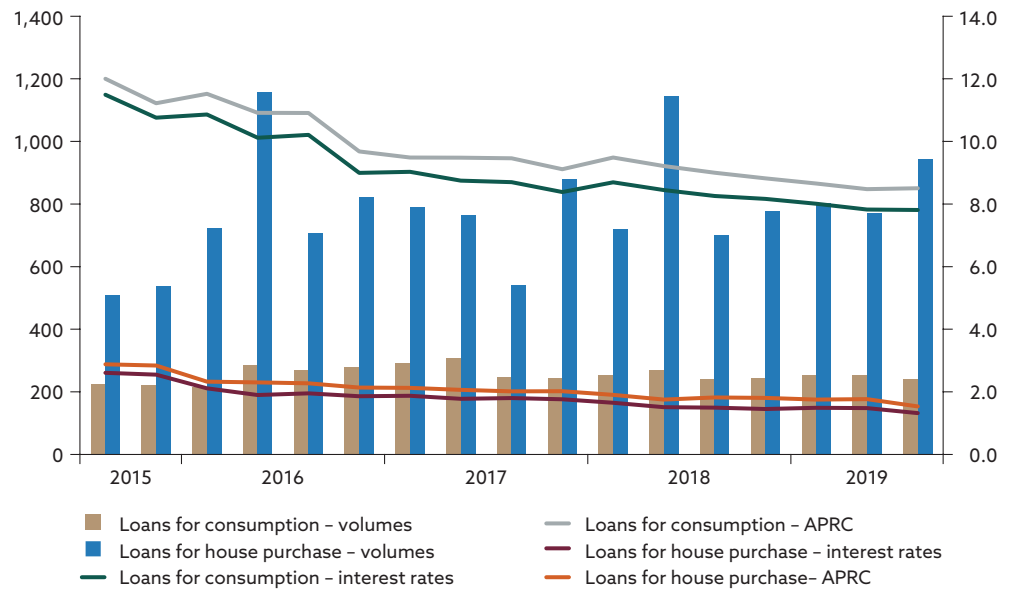
2.8.2.2 Housing loans and consumer loans – interest rates and the APRC

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 third quarter of 2019, by 0.3 percentage point year on year, to 1.6% p.a.

The APRC on consumer loans showed a similar trend in that period, with the average interest rate declining by 0.5 percentage point year on year, to 7.9% p.a., and the average APRC on consumer loans decreasing by 0.6 percentage point, to 8.5% p.a.

Chart 50

New loans for consumption and loans for house purchase - interest rates, APRC and volumes (EUR millions, % p.a.)



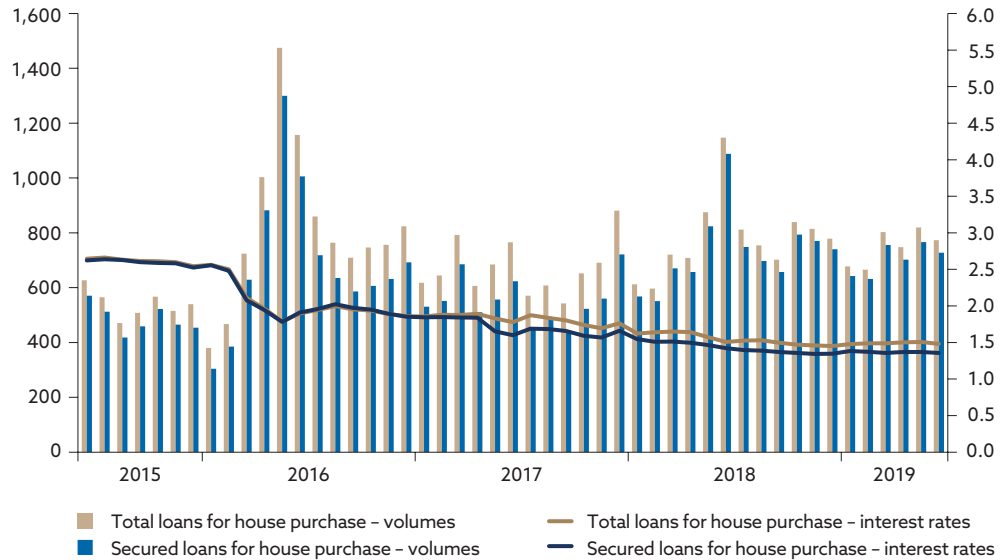
Source: NBS.

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 in the third quarter of 2019, by 2.0% year on year, to 94.7%. The average interest rate on these loans fell in the period under review by 0.1 percentage point, to 1.3% p.a.

Chart 51

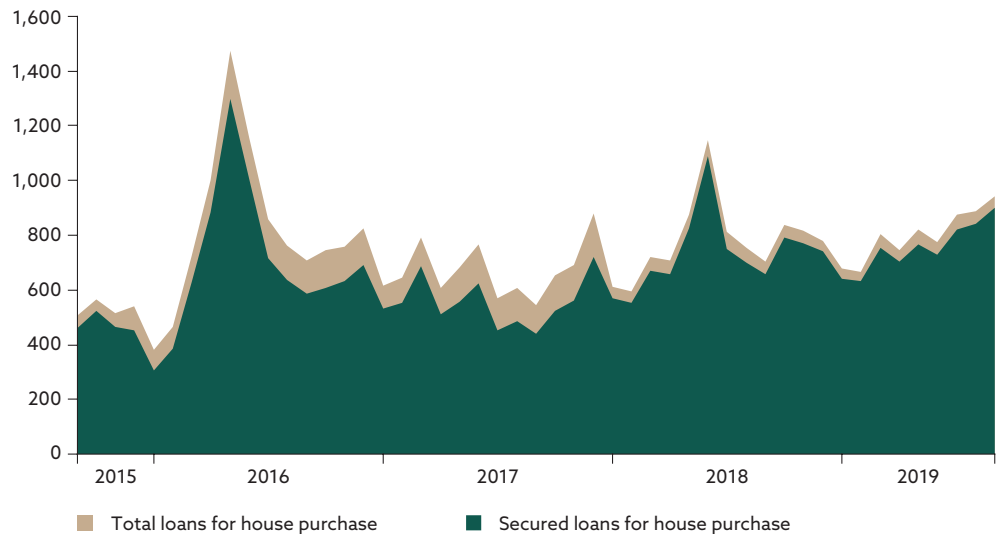
Secured and total new loans for house purchase to households – interest rates and volumes (EUR millions, % p.a.)



Source: NBS.

Chart 52

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



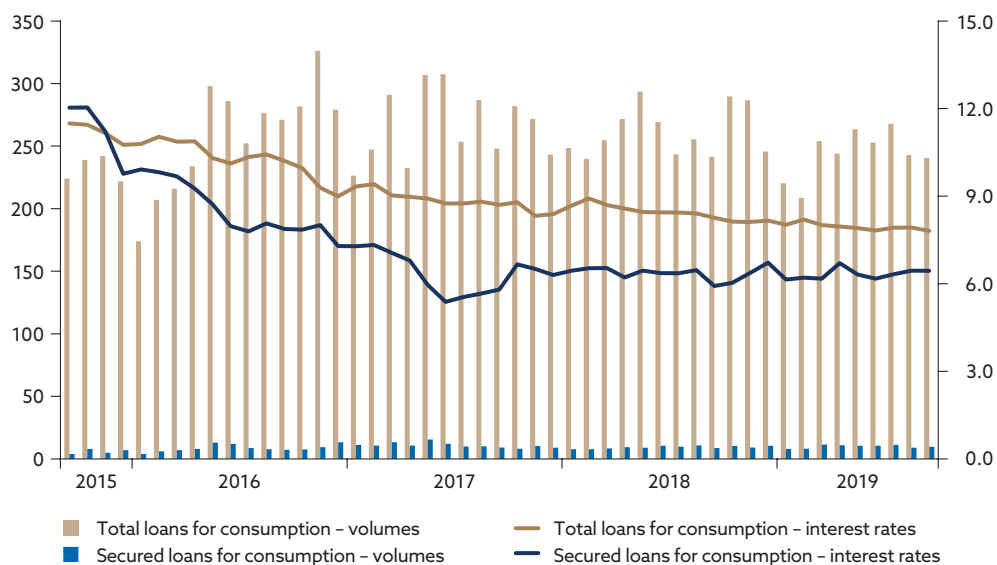
Source: NBS.

2.8.2.4 Secured consumer loans – interest rates and volumes

The share of secured consumer loans in the total volume of consumer loans was substantially lower than the share of secured housing loans in the total volume of housing loans. In year-on-year terms, the share of these loans remained unchanged in the third quarter of this year, at 4.0%. The average interest rate on secured consumer loans rose in the period under review, by 0.1 percentage point year on year, to 6.4% p.a.

Chart 53

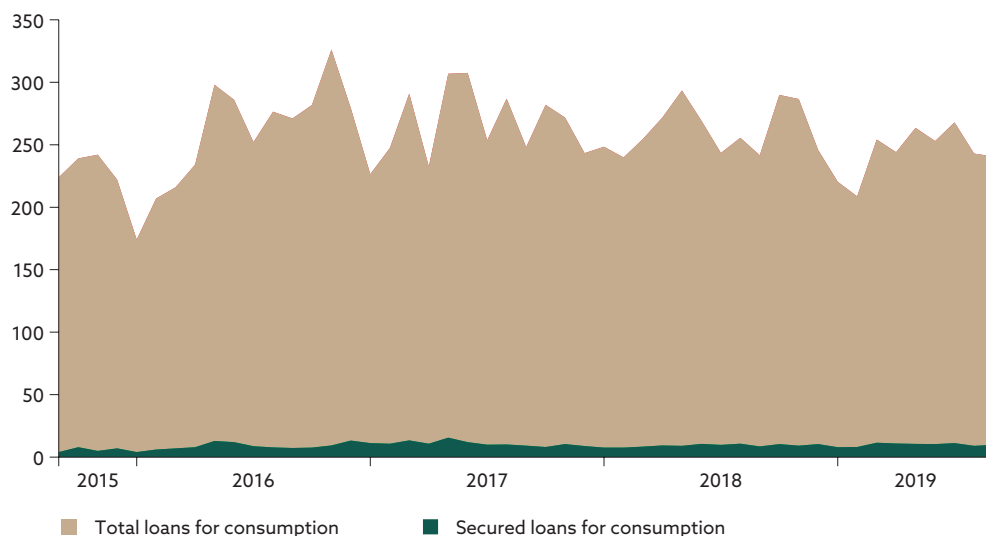
Secured and total new loans for consumption to households – interest rates and volumes (EUR millions, % p.a.)



Source: NBS.

Chart 54

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



Source: NBS.

2.8.3 Loans to NFCs – interest rates and stocks

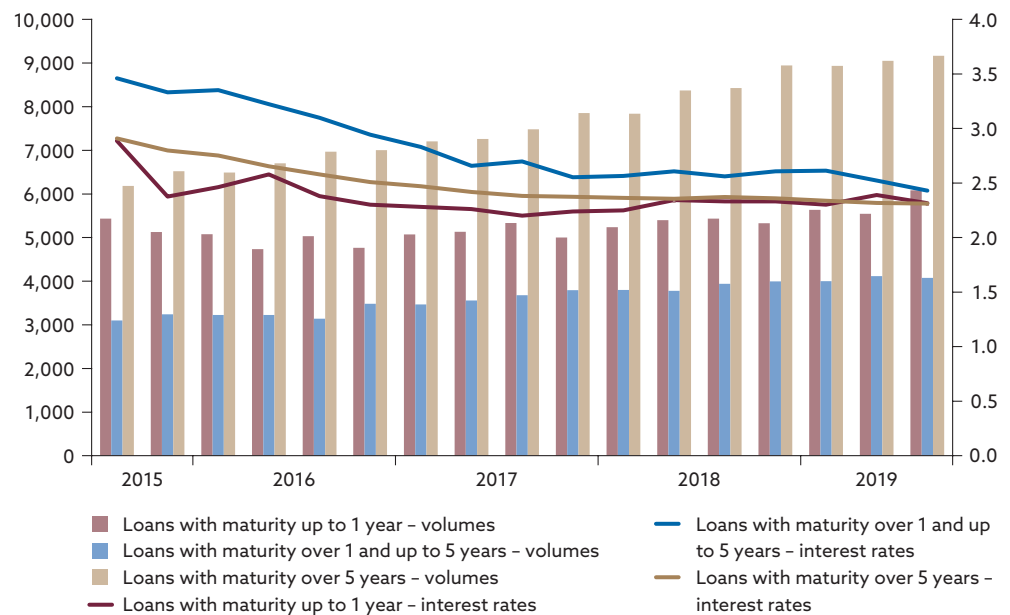
Interest rates on loans provided to non-financial corporations (NFCs) with a maturity of over one year and up to five years have long been higher than the rates on loans with other maturities, but these loans account for the smallest share of the total stock of NFC loans. Loans with a maturity of over five years still accounted for the largest share of the stock of NFC

loans in the third quarter of 2019, continuing a trend going back to the second half of 2009.

Average interest rates on NFC loans underwent the following year-on-year changes in the third quarter of 2019: the average rate for loans with a maturity of up to one year rose slightly, by 0.1 percentage point, to 2.4% p.a.; the average rate for loans with a maturity of over one year and up to five years fell slightly, by 0.1 percentage point, to 2.4% p.a.; as well as the average rate for loans with a maturity of over five years, which fell by 0.1 percentage point, to 2.3% p.a.

Chart 55

NFC loans by maturity – interest rates and volumes (EUR millions, % p.a.)



Source: NBS.

2.8.4 Loans to households – interest rates and stocks

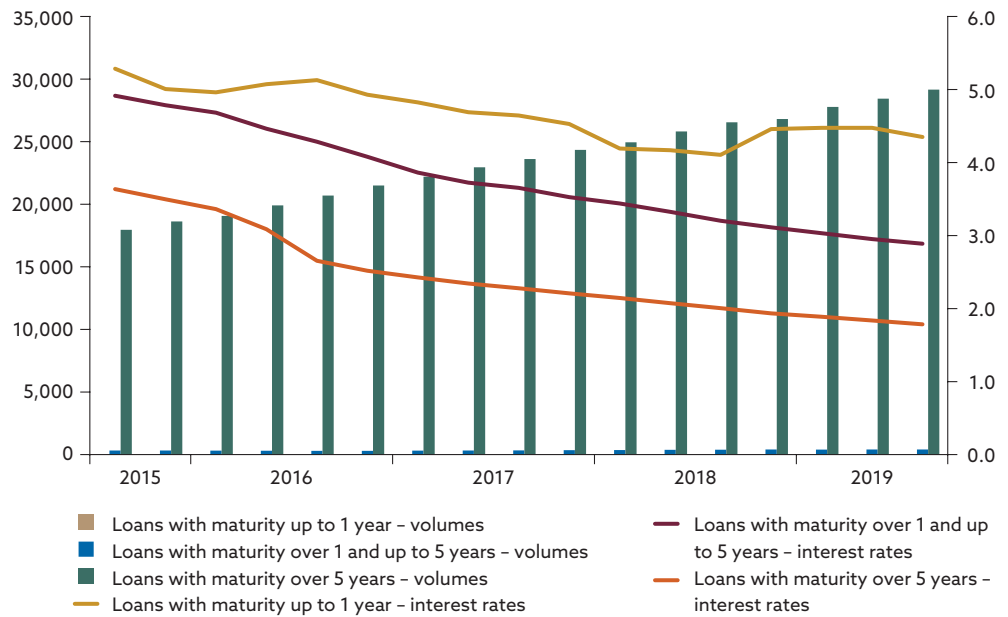
2.8.4.1 Housing loans – interest rates and stocks

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

Interest rates on house purchase loans provided to households changed in the period under review as follows: the average rate for loans with a maturity of over five years fell by 0.2 percentage point, to 1.8% p.a.; that for loans with a maturity of over one year and up to five years dropped, too, by 0.3 percentage point, to 2.9% p.a.; while the average rate for loans with a maturity of up to one year rose by 0.3 percentage point, to 4.4% p.a.

Chart 56

Households loans for house purchase by maturity – interest rates and volumes
(EUR millions, % p.a.)



Source: NBS.

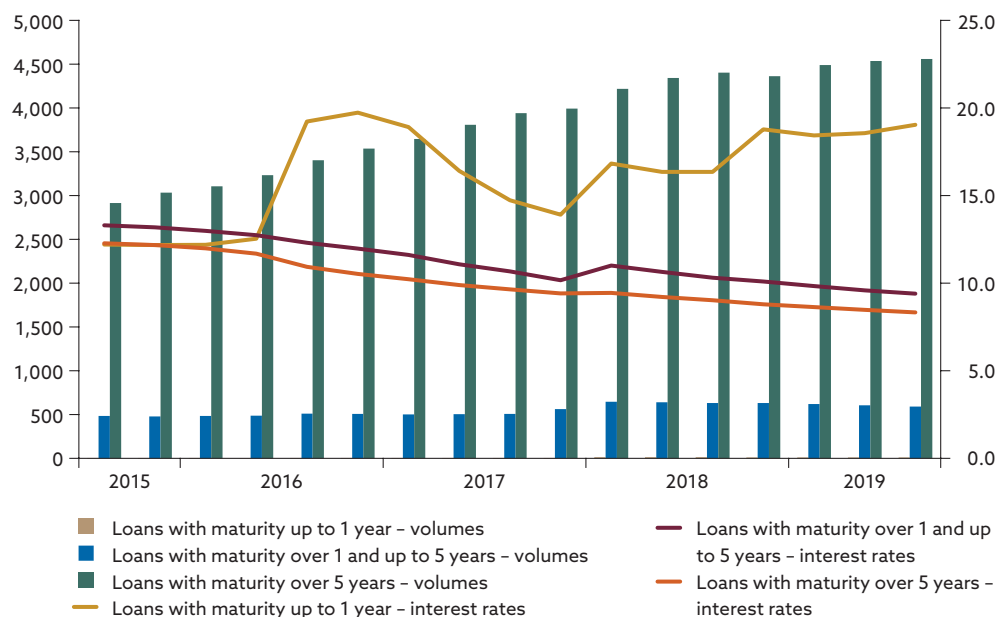
2.8.4.2 Consumer loans – interest rates and stocks

The stock of consumer loans with a maturity of up to one year remained negligible in the third quarter of this year, giving rise to 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 fell slightly in the period under review. Loans with a maturity of over five years still accounted for the largest share of the total stock of consumer loans.

Average interest rates on consumer loans provided to households changed in the period under review as follows: the average rate for consumer loans with a maturity of over one year and up to five years dropped, year on year, by 1.0 percentage point, to 9.5% p.a.; the average rate for consumer loans with a maturity of over five years fell, too, by 0.7 percentage point, to 8.4% p.a.; while the average rate for consumer loans with a maturity of up to one year rose by 2.5 percentage points, to 18.8% p.a.

Chart 57

Households loans for consumption by maturity – interest rates and volumes
(EUR millions, % p.a.)



Source: NBS.

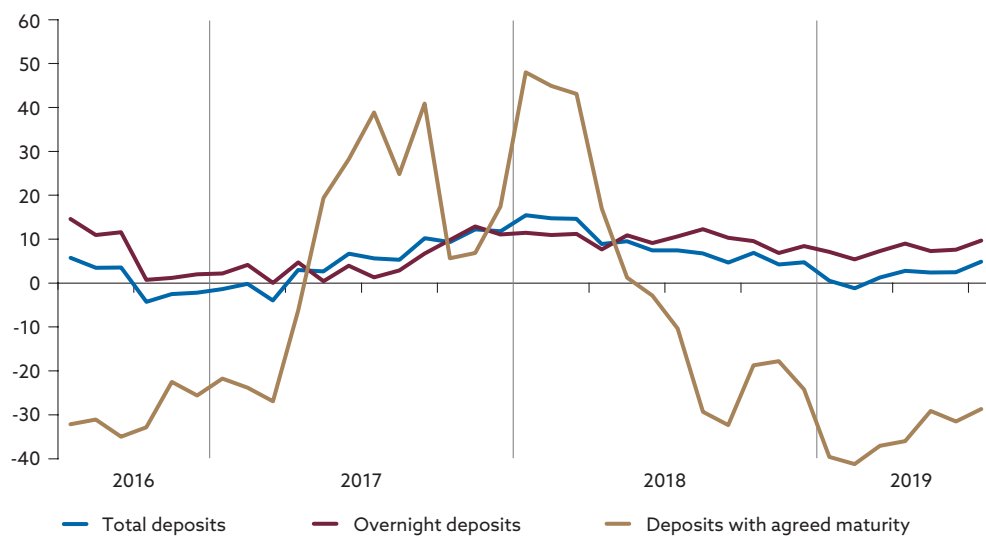
2.9 Deposits received from non-financial corporations and households

2.9.1 Deposits received from non-financial corporations

The stock of deposits received from NFCs was 4.9% higher at the end of the third quarter of 2019 than a year earlier. This increase was accounted for largely by sight deposits, which grew over the period under review by 9.7% year on year. Deposits with agreed maturity declined sharply during that period, by 28.7% year on year. Other deposits also fell in volume in that period, by 0.8% year on year, after declining in the same period a year earlier by 15.2%.

Chart 58

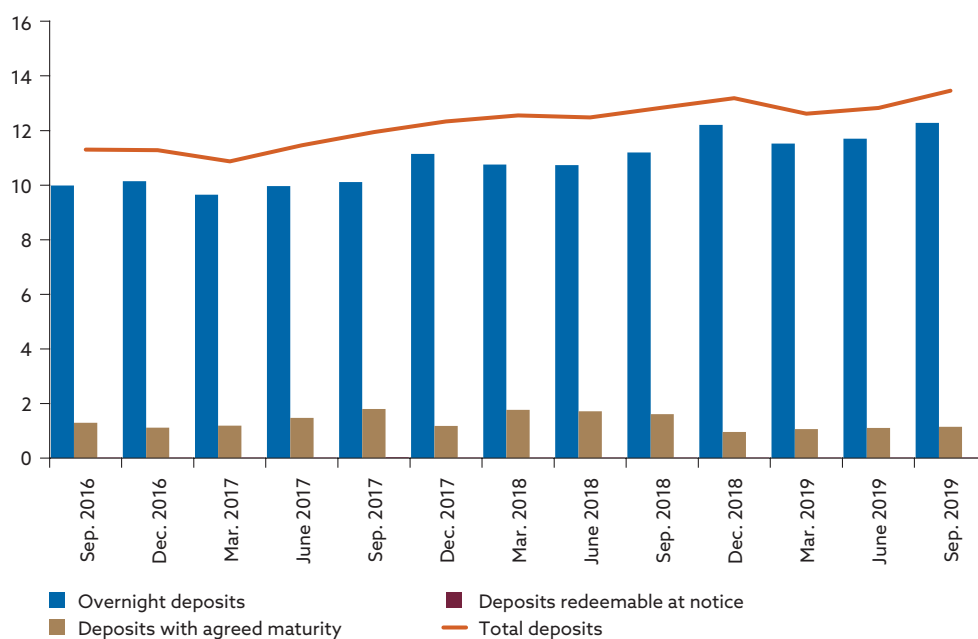
NFC deposits by type (year-on-year percentage changes)



Source: NBS.

Chart 59

NFC deposits (EUR billions)



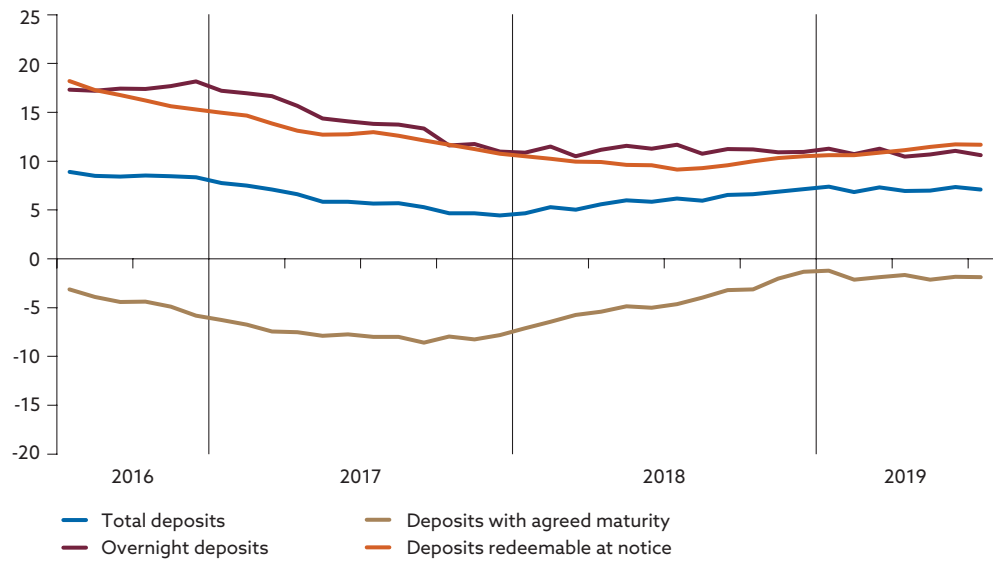
Source: NBS.

2.9.2 Deposits received from households

The total stock of deposits received from households was 7.1% higher at 30 September 2019 than a year earlier. Deposits with agreed maturity decreased, year on year, by 1.9%. The most significant increases were recorded in deposits redeemable at notice (11.7%) and sight deposits (10.6%).

Chart 60

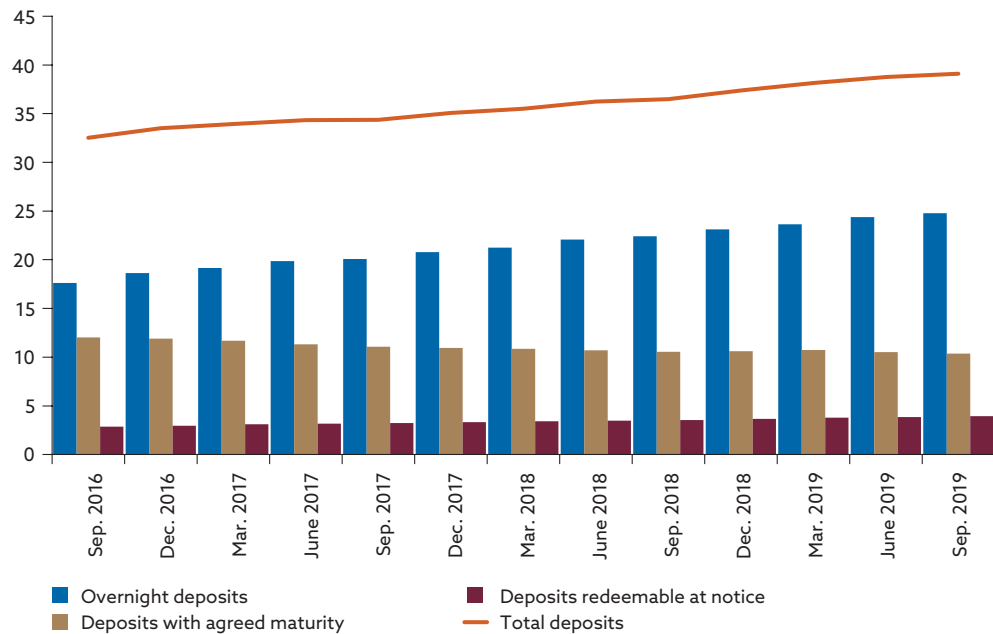
Households deposits by type (year-on-year percentages change)



Source: NBS.

Chart 61

Households deposits (EUR billions)



Source: NBS.

2.10 Deposits received – interest rates, volumes and stocks

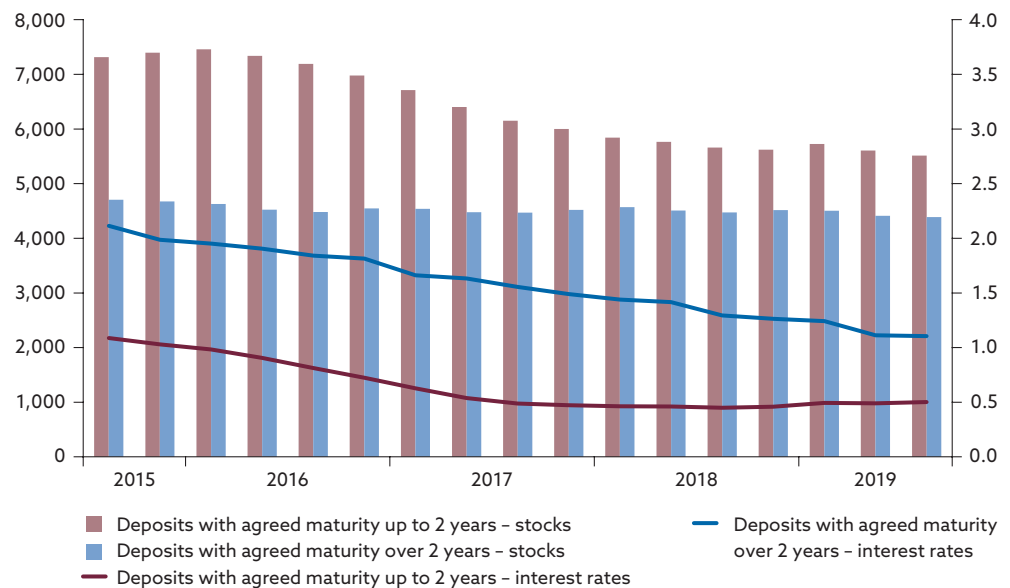
2.10.1 Household deposits – interest rates and stocks

The stock of household deposits with an agreed maturity of up to two years, expressed as a share of the total stock of deposits with agreed maturity, decreased by 0.2% in the third quarter of 2019 (to 55.8%), compared

with the same quarter of 2018. The average interest rate on these deposits rose slightly in the period under review, by 0.1 percentage point, to 0.5% p.a. The average rate on deposits with an agreed maturity of over two years fell in that period by 0.2 percentage point year on year, to 1.1% p.a. The total stock of household deposits with agreed maturity declined during the period under review, by 2.5% year on year.

Chart 62

Household deposits with an agreed maturity – interest rates and stocks
(EUR millions, % p.a.)



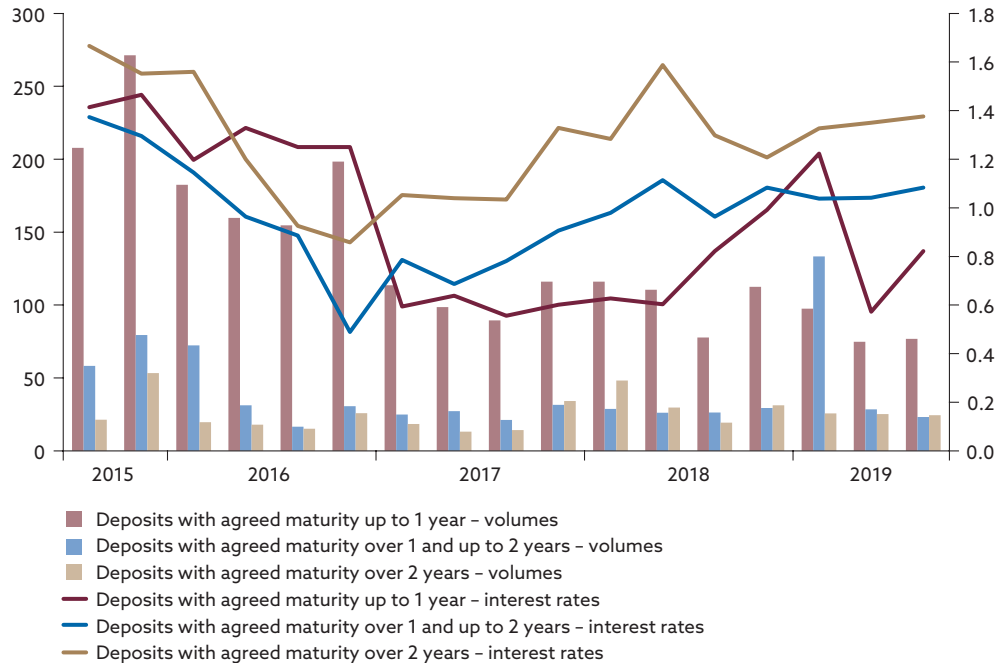
Source: NBS.

2.10.2 New household deposits – interest rates and volumes

Interest rates on new household deposits with 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 rose by 0.1 percentage point, to 0.8% p.a., while the share of these deposits in the total volume of new household deposits with agreed maturity decreased by 4.8%, to 60.4%. The average rate on new deposits with an agreed maturity of over one year and up to two years rose by 0.1 percentage point, to 1.1% p.a., and the share of these deposits in the total volume of new household deposits with agreed maturity increased by 0.5%, to 20.3%. The average rate on deposits with an agreed maturity of over two years also rose in the period under review, by 0.1 percentage point year on year, to 1.4% p.a., and the share of these deposits in the total volume of new household deposits with agreed maturity increased by 4.3%, to 19.3%.

Chart 63

New household deposits with an agreed maturity – interest rates and volumes
(EUR millions, % p.a.)



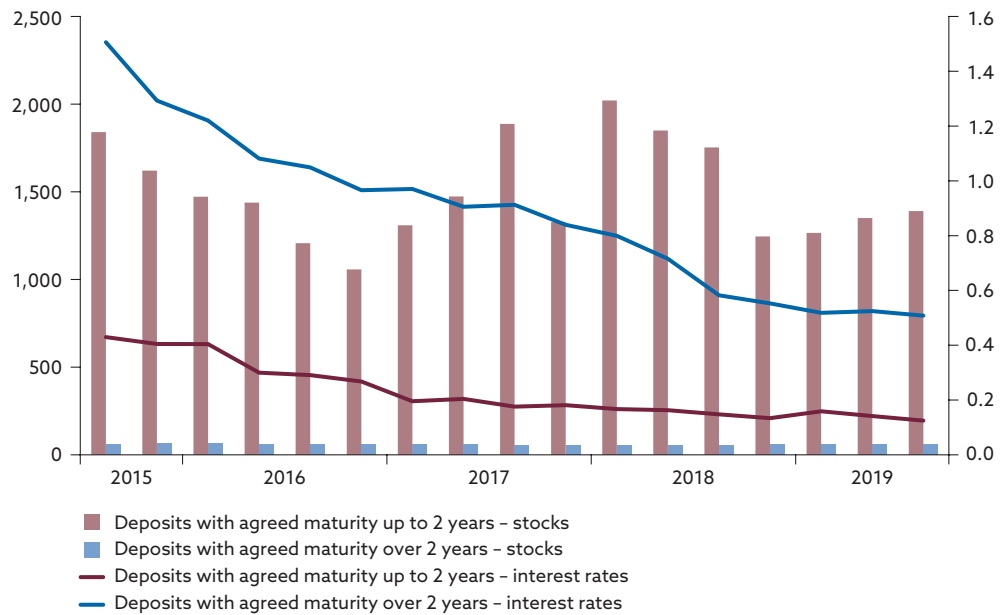
Source: NBS.

2.10.3 NFC deposits – interest rates and stocks

At 30 September 2019, deposits with an agreed maturity of over two years, received from non-financial corporations (NFCs), accounted for 4.0% of the total stock of NFC deposits with agreed maturity, which in year-on-year terms represented an increase of 1.1%. The average interest rate on these deposits was 0.1 percentage point lower at that date than a year earlier, at 0.5% p.a. The average rate for deposits with an agreed maturity of up to two years remained unchanged in the third quarter of this year, at 0.1% p.a., while the share of these deposits in the total stock of NFC deposits with agreed maturity decreased slightly, by 1.1% to 96.0%. The total stock of NFC deposits with agreed maturity declined over the period under review, by 24.9% year on year.

Chart 64

NFC deposits with an agreed maturity – interest rates and stocks
(EUR millions, % p.a.)



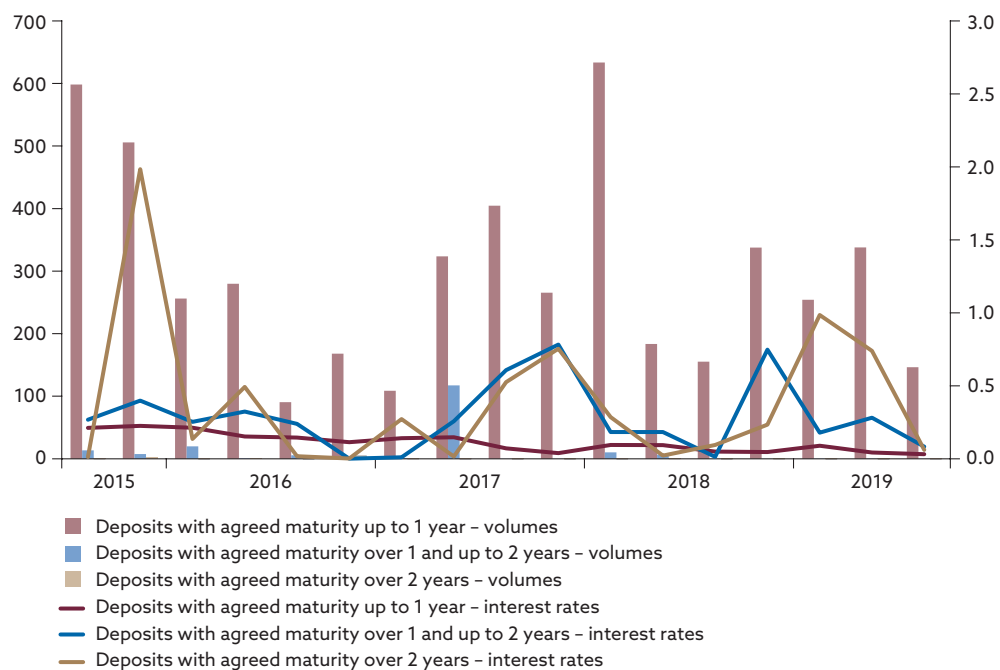
Source: NBS.

2.10.4 New NFC deposits – interest rates and volumes

Interest rates on new deposits with agreed maturity, received from non-financial corporations, changed in the third quarter of 2019, year on year, as described below. The average interest rate on new deposits with an agreed maturity of over two years declined by 0.2 percentage point year on year, to 0.1% p.a., while the share of these deposits in the total volume of NFC deposits with agreed maturity remained insignificant (0.1%). The average rate on new NFC deposits with an agreed maturity of over one year and up to two years edged down by 0.1 percentage point, to 0.1% p.a., and the share of these deposits in the total volume of NFC deposits with agreed maturity increased slightly, by 0.2% to 0.9% p.a.. The average interest rate on new deposits with an agreed maturity of up to one year remained unchanged, at 0.1% p.a., but these deposits represented the most significant category in volume terms: they accounted for 99.0% of the total volume of new NFC deposits with agreed maturity.

Chart 65

**New NFC deposits with an agreed maturity – interest rates and volumes
(EUR millions, % p.a.)**



Source: NBS.

3 Investment 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 91 domestic open-end funds as at 30 September 2019.

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.

Mixed funds accounted for the largest share, 47.51%, of the total assets of investment funds as at 30 September 2019. They were followed by bond funds with a share of 21.93% (down by 0.49 percentage point quarter on quarter), real estate funds with a share of 20.44%, and equity funds with a share of 8.42% at the end of September. As for other funds, including, for example, guaranteed funds, alternative investment funds, securities funds and professional investor funds, their share of total assets increased in the quarter under review, to 1.70% at 30 September 2019. Thus other funds are the fifth most significant group of funds in terms of their share of the total assets of investment funds.

At the end of the third quarter of this year, the total asset value of mixed funds was higher both year on year, by 10.40%, and quarter on quarter, by 0.66%. The total asset value of real estate funds was also higher at 30 September 2019, by 14.56% year on year and 1.83% quarter on quarter.

The total asset value of equity funds was also higher at that date, by 17.70% year on year and 4.88% quarter on quarter. Bond funds recorded a quarter-on-quarter fall of 1.07% in their asset value, which declined by 8.43% year on year. Other funds recorded a year-on-year drop of 43.61% at 30 September 2019.

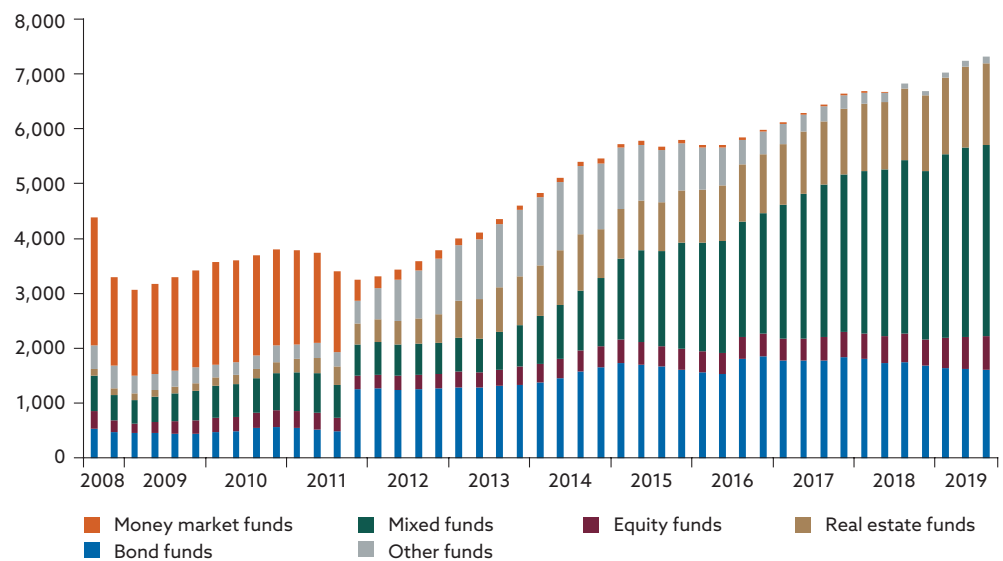
Table 8 Total assets of mutual funds broken down by type of fund

Total assets	Year-on-year percentage changes								
	IX. 2017	XII. 2017	III. 2018	VI. 2018	IX. 2018	XII. 2018	III. 2019	VI. 2019	IX. 2019
Bond funds	-1.38	-0.45	1.70	-2.37	-1.79	-8.84	-8.94	-6.71	-8.43
Equity funds	7.28	8.80	17.49	21.80	22.69	4.49	19.17	19.80	17.70
Mixed funds	32.27	30.50	21.55	15.12	13.50	7.44	12.35	14.18	10.40
Real estate funds	9.90	12.44	8.84	8.50	14.22	14.81	15.28	19.20	14.56
Other funds	-37.37	-41.62	-44.70	-45.84	-69.72	-64.20	-55.47	-38.80	43.61

Source: NBS.

Chart 66

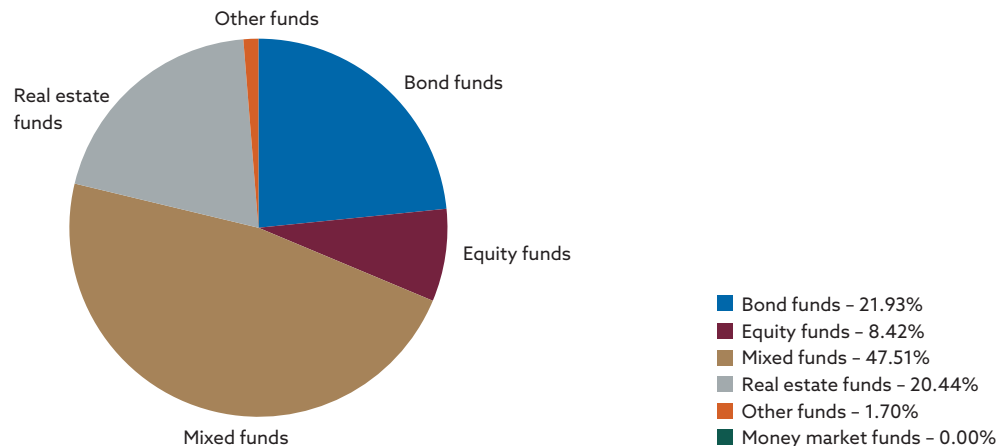
Mutual funds broken down by investment strategy (EUR millions)



Source: NBS.

Chart 67

Total assets of domestic mutual funds as at 30 September 2019 broken down by type of fund



Source: NBS.

3.2 Asset structure of domestic investment funds

3.2.1 Bond funds

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

In terms of asset type, bond funds' total assets as at 30 September 2019 broke down as follows: 39.04% were debt securities (up from 36.35% at the end of the previous quarter); 38.21% were bank time deposits and current account holdings (compared with 37.93% at 30 June 2019); 21.92% were investment fund shares/units (down from 25.59% at the end of the previous quarter); and the remaining 0.83% were other assets (including financial derivatives).

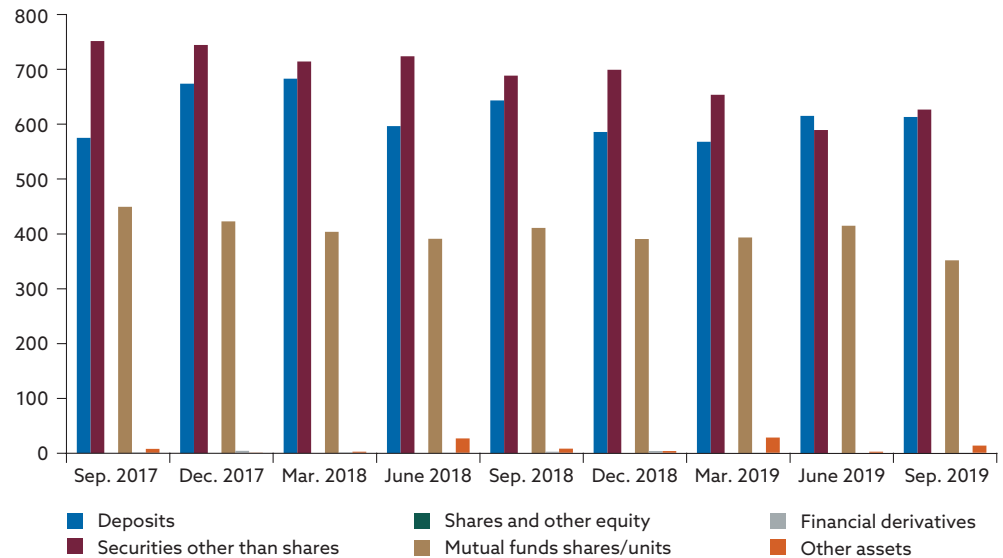
In terms of issuer residency, bond funds' holdings of debt securities as at 30 September 2019 broke down as follows: 52.77% were securities issued in the rest of the world (up by 1.50 percentage points quarter on quarter); 26.09% were securities issued by Slovak residents (down by 0.66 percentage point); and 21.14% were securities issued by residents of other euro area countries (down by 0.85 percentage point).

In terms of issuer sector, bond funds' holdings of debt securities as at 30 September 2019 broke down as follows: 43.85% were government bonds; 32.63% were debt securities issued by non-financial corporations and other financial institutions; and the remaining 23.52% were debt securities issued by banks.

In terms of residual maturity, bond funds' holdings of debt securities as at 30 September 2019 broke down as follows: 27.98% had a maturity of up to one year, 19.32% a maturity of over one year and up to two years, and 52.70% a maturity of over two years.

Chart 68

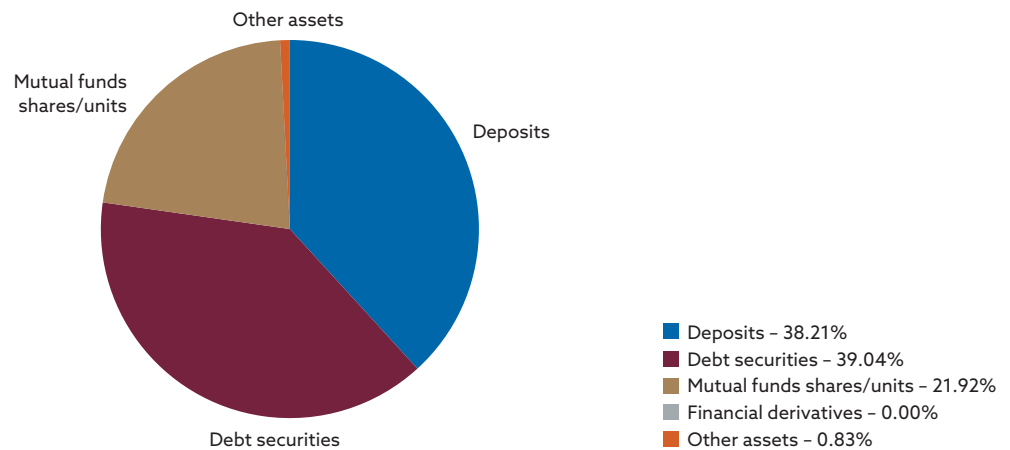
Bond funds: evolution of assets (EUR millions)



Source: NBS.

Chart 69

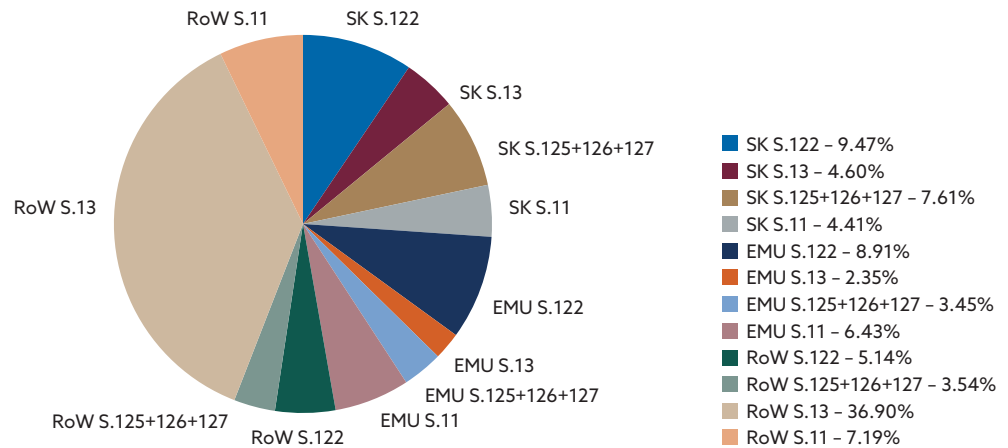
Bond funds: structure of assets as at 30 September 2019



Source: NBS.

Chart 70

Geographical and sectoral breakdown of debt securities in the portfolio of bond funds as at 30 September 2019

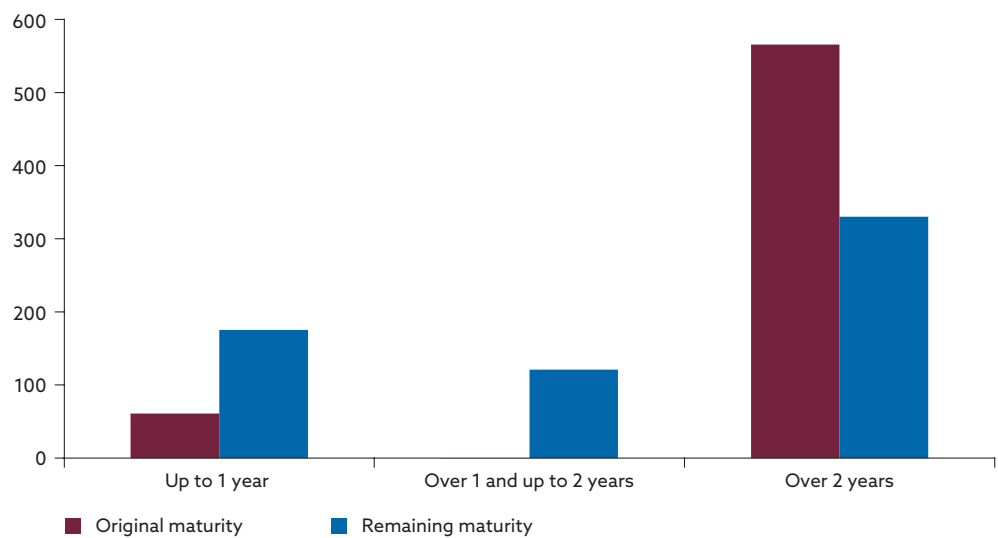


Source: NBS.

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

Chart 71

Maturity breakdown of debt securities in the portfolio of bond funds as at 30 September 2019 (EUR millions)



Source: NBS.

3.2.2 Equity funds

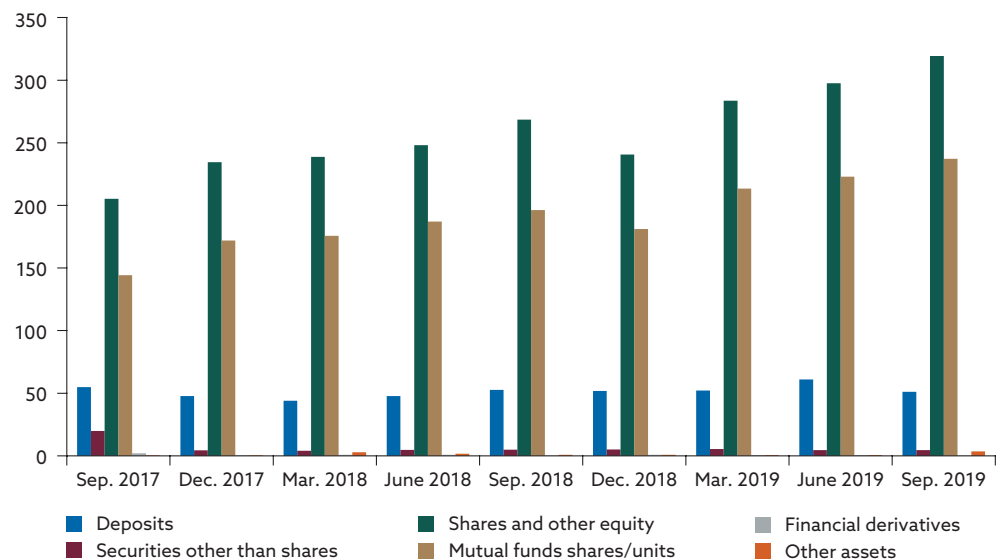
In terms of asset type, equity funds' total assets as at 30 September 2019 broke down as follows: 51.83% were shares and other equity participations; 38.51% were investment fund shares/units (up by 0.55 percentage point quarter on quarter); 8.30% were bank deposit account holdings (down by 2.08 percentage points); 0.75% were debt securities (slightly less than in the previous quarter); and 0.58% were other assets (including financial derivatives).

In terms of issuer residency, equity funds' holdings of investment fund shares/units as at 30 September 2019 broke down as follows: 15.07% were issued by funds resident in Slovakia; 77.58% were issued by funds resident in other euro area countries; and 7.35% were issued by funds resident in the rest of the world. In terms of sector, equity funds' holdings of shares/units as at the end of the period under review comprised exclusively investment fund shares/units.

In terms of issuer residency and sector, equity funds' holdings of shares as at 30 September 2019 broke down as follows: 68.03% were issued by non-financial corporations (NFCs) resident in the rest of the world; 12.94% were issued by NFCs resident in euro area countries; 7.97% were issued by credit institutions resident in non-euro area EU countries; and less than 7% were issued by issuers from other sectors.

Chart 72

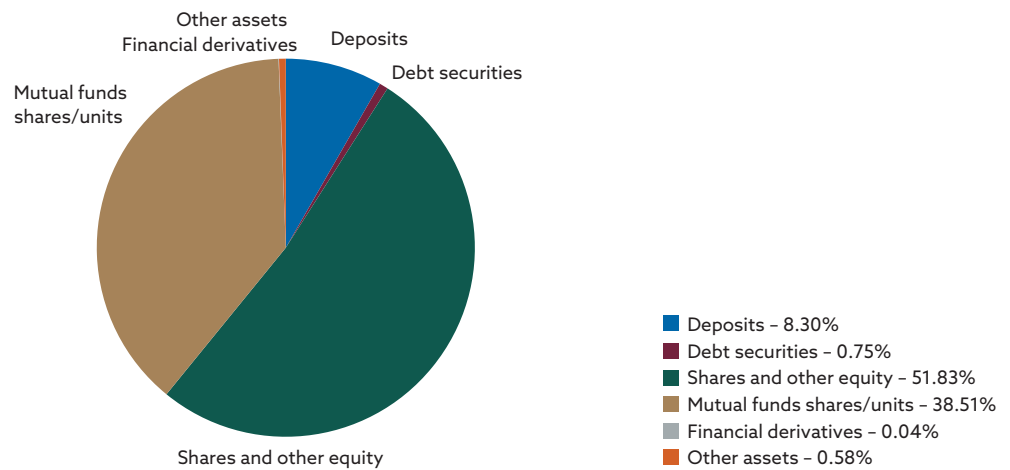
Equity funds: evolution of assets (EUR millions)



Source: NBS.

Chart 73

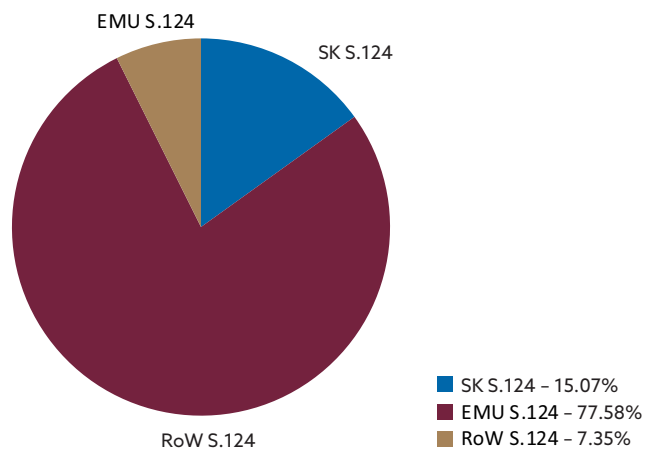
Equity funds: structure of assets as at 30 September 2019



Source: NBS.

Chart74

Geographical and sectoral breakdown of mutual funds shares/units in the portfolio of equity funds as at 30 September 2019

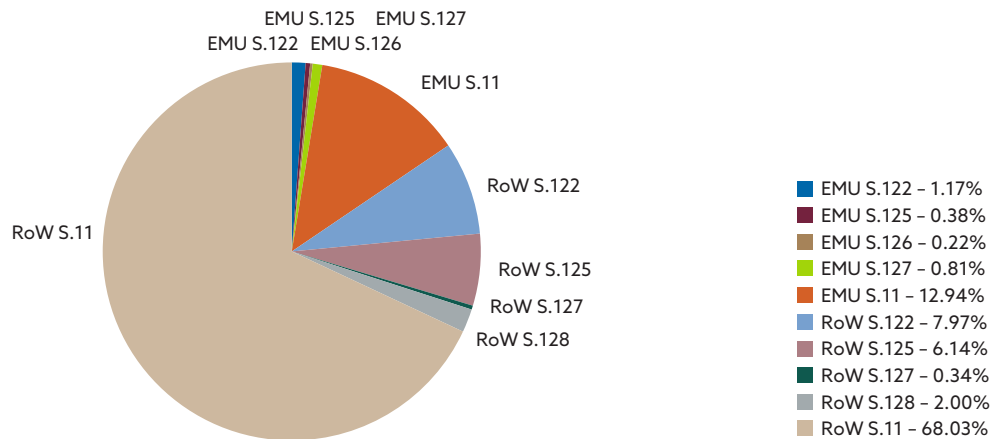


Source: NBS.

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

Chart 75

Geographical and sectoral breakdown of shares and other equity in the portfolio of equity funds as at 30 September 2019



Source: NBS.

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

3.2.3 Mixed funds

In terms of asset type, mixed funds' total assets as at 30 September 2019 broke down as follows: 63.89% were investment fund shares/units; 21.22% were bank deposit account holdings; 12.66% were debt securities; 1.24% were shares; and 0.99% were other assets (including financial derivatives).

In terms of issuer residency, mixed funds' holdings of investment fund shares/units remained broadly unchanged in the quarter under review and, at 30 September 2019, broke down as follows: 74.37% were issued by funds resident in euro area countries; 20.27% were issued by domestic funds; and 5.36% were issued by funds resident in the rest of the world.

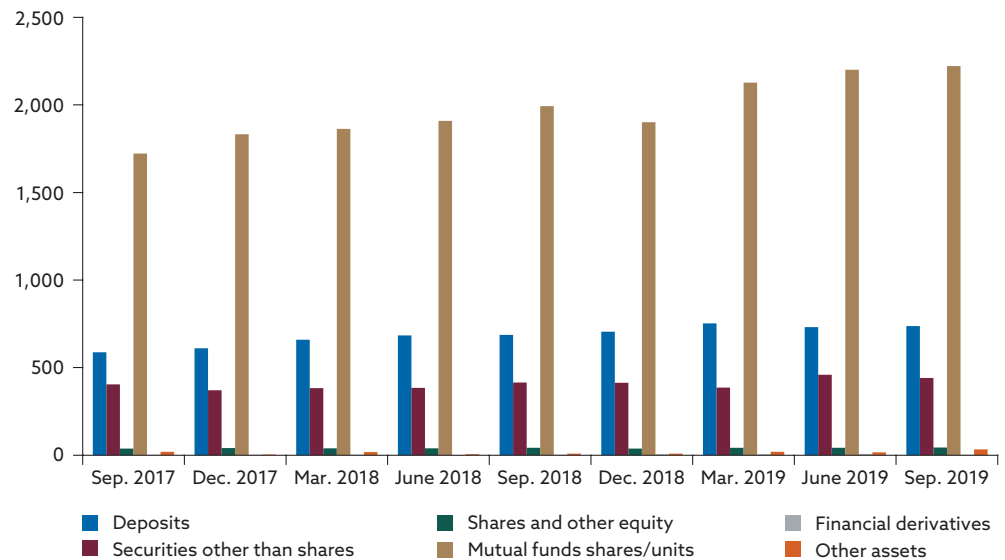
In terms of issuer residency, mixed funds' holdings of securities as at 30 September 2019 broke down as follows: 73.73% were bonds issued by domestic issuers, 18.47% were securities issued by entities from other euro-area countries, and 7.80% were securities issued by corporations from the rest of the world.

In terms of issuer sector, non-financial corporations (sector S.11) accounted for the largest share, 30.03%, of mixed funds' securities holdings as at 30 September 2019, followed by the general government sector (S.13) with a share of 9.97%, and the banking sector (S.122) with a share of 4.55%.

Broken down by residual maturity, mixed funds held 14.07% of their portfolio in securities with a maturity of up to one year, 11.54% in securities with a maturity of over one and up to two years, and 74.39% in securities with a maturity of over two years.

Chart 76

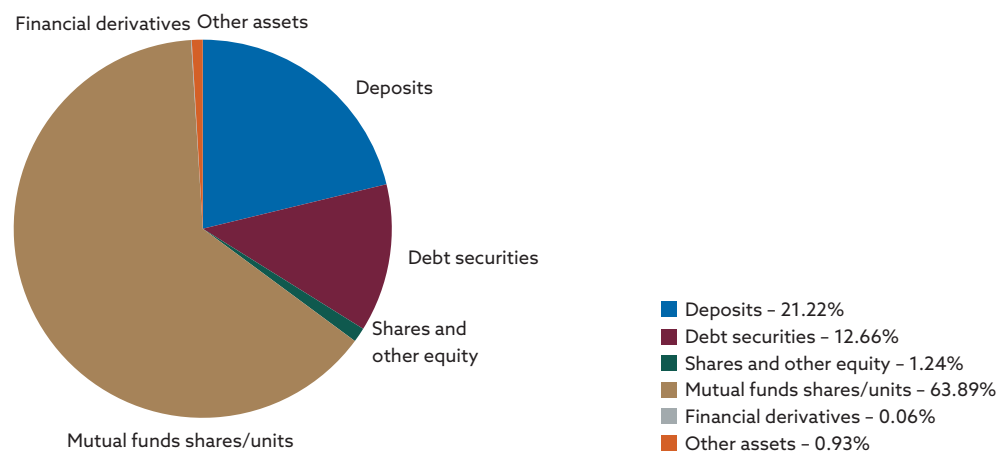
Mixed funds: evolution of assets (EUR millions)



Source: NBS.

Chart 77

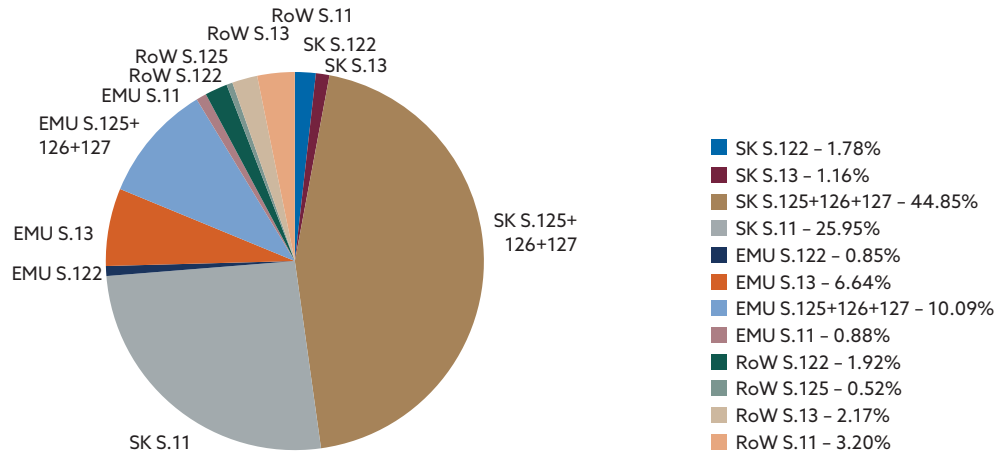
Mixed funds: structure of assets as at 30 September 2019



Source: NBS.

Chart 78

Geographical and sectoral breakdown of debt securities in the portfolio of mixed funds as at 30 September 2019

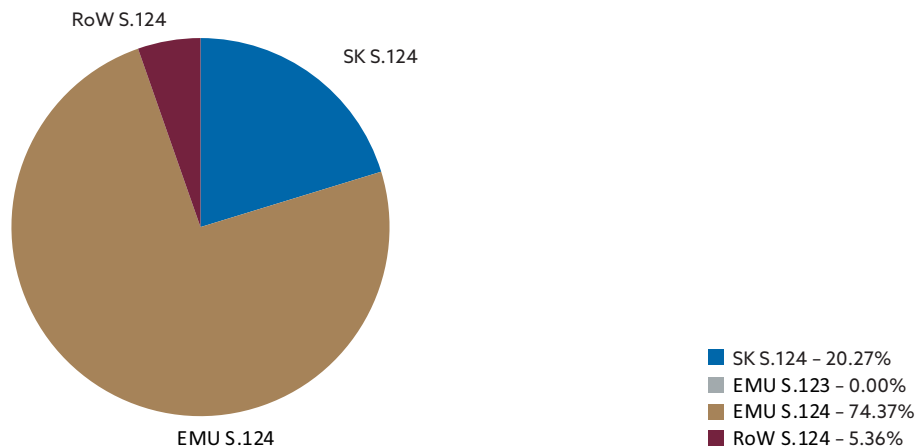


Source: NBS.

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

Chart 79

Geographical and sectoral breakdown of mutual funds shares/units in the portfolio of mixed funds as at 30 September 2019

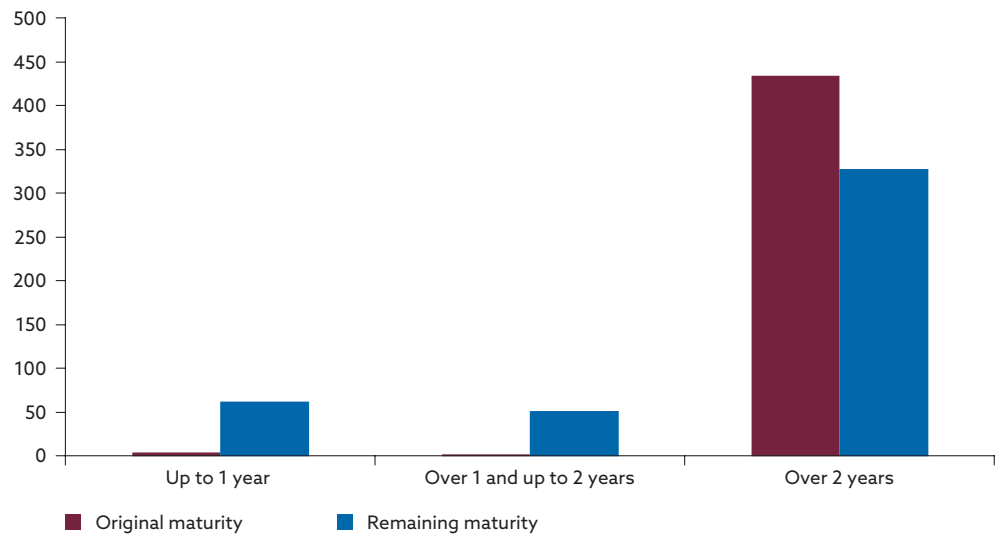


Source: NBS.

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

Chart 80

Maturity breakdown of debt securities in the portfolio of bond funds as at 30 September 2019 (EUR millions)



Source: NBS.

3.2.4 Real estate funds

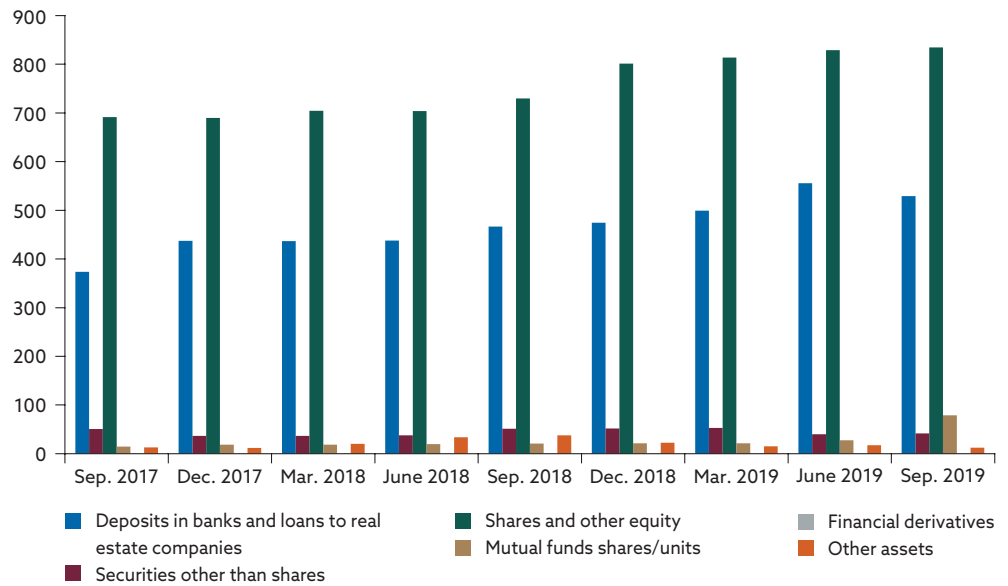
Real estate funds invest primarily in shares and equity participations in real estate companies, according to their investment strategy. They may use the funds obtained to provide loans to real estate companies in accordance with the applicable law.

In terms of asset type, real estate funds' total assets as at 30 September 2019 broke down as follows: 35.36% were bank deposits and loans provided to real estate companies (less than at 30 June 2019); 55.80% were shares and other equity participations (down by 0.62 percentage point quarter on quarter); 2.77% were debt securities; 5.25% were investment fund shares/units; and 0.82% were other assets.

In terms of residency and sector, the companies in which real estate funds held shares and other equity participations broke down as follows at 30 September 2019: 87.06% were domestic NFCs (sector S.11); 7.59% were NFCs from the rest of the world, 4.74% were OFIs (sector S.125) from other euro area countries, 0.38% were Investment Funds (sector S.124) from the rest of the world and 0.22% were NFCs from other euro area countries.

Chart 81

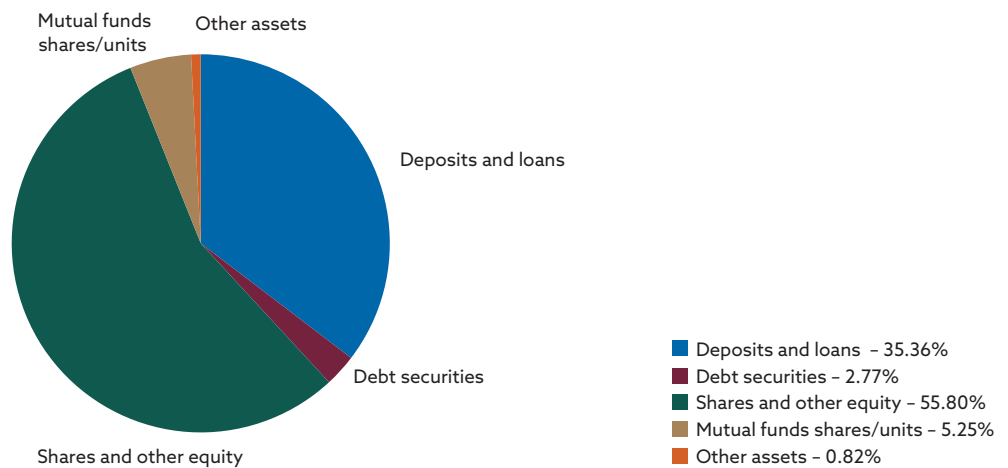
Real estate funds: evolution of assets (EUR millions)



Source: NBS.

Chart 82

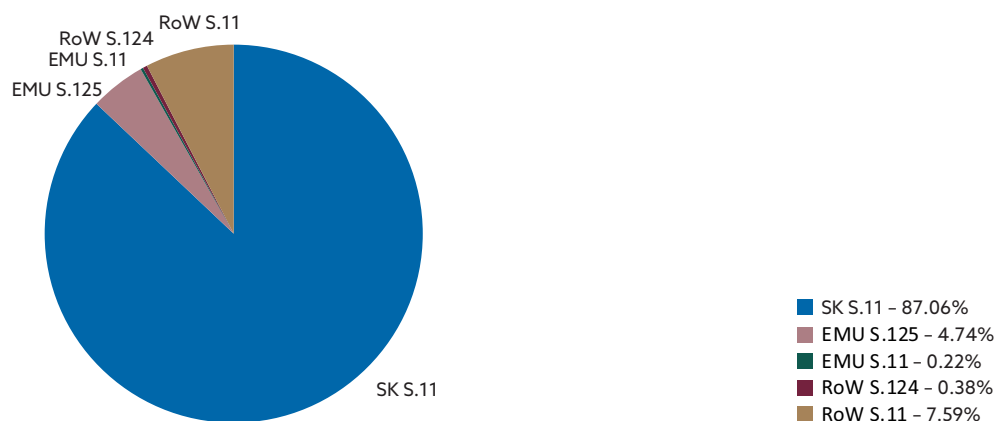
Real estate funds: structure of assets as at 30 September 2019



Source: NBS.

Chart 83

Geographical and sectoral breakdown of shares and other equity in the portfolio of real estate funds as at 30 September 2019



Source: NBS.

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

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 as at 30 September 2019 broke down as follows: 49.09% were debt securities (more than at the end of the previous quarter); 43.73% were investment fund shares/units, and 6.16% were bank deposit holdings.

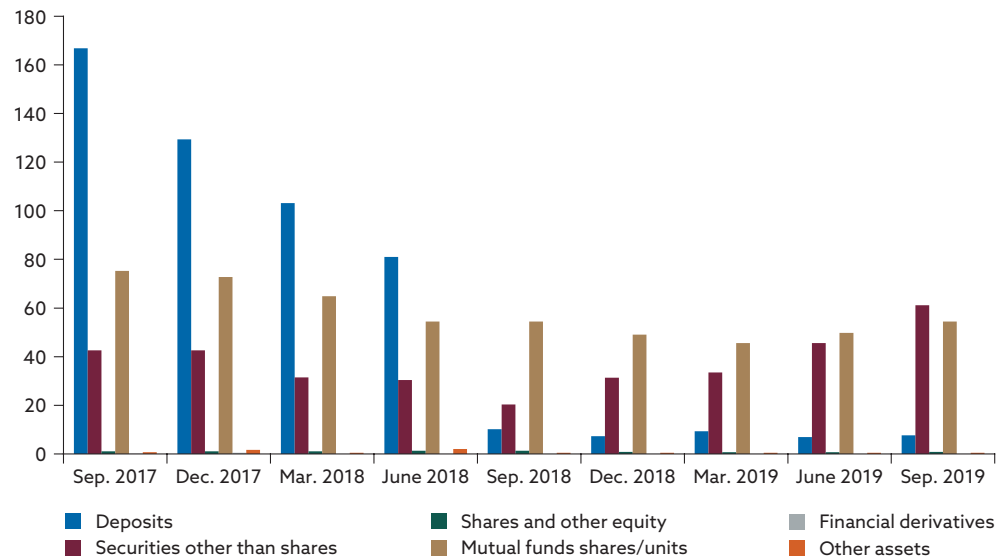
In terms of issuer residency, other funds' holdings of debt securities at 30 September 2019 remained broadly unchanged, quarter on quarter, as follows: 67.40% were domestic securities (up by 6.47 percentage points); 13.90% were securities issued in the rest of the world (down by 6.43 percentage points); and 18.70% were securities issued in other euro area countries (down by 0.04 percentage point).

In terms of issuer sector, securities issued by non-monetary financial institutions (from sectors S.125, S.126 and S.127) accounted for the largest share of other funds' holdings of debt securities at 30 September 2019, i.e. 60.47%. They were followed by securities issued by non-financial corporations (S.11) with a share of 19.51%, securities issued by the general govern-

ment sector (S.13) with a share of 12.54%, and securities issued by banks (S.122) with a share of 4.58%.

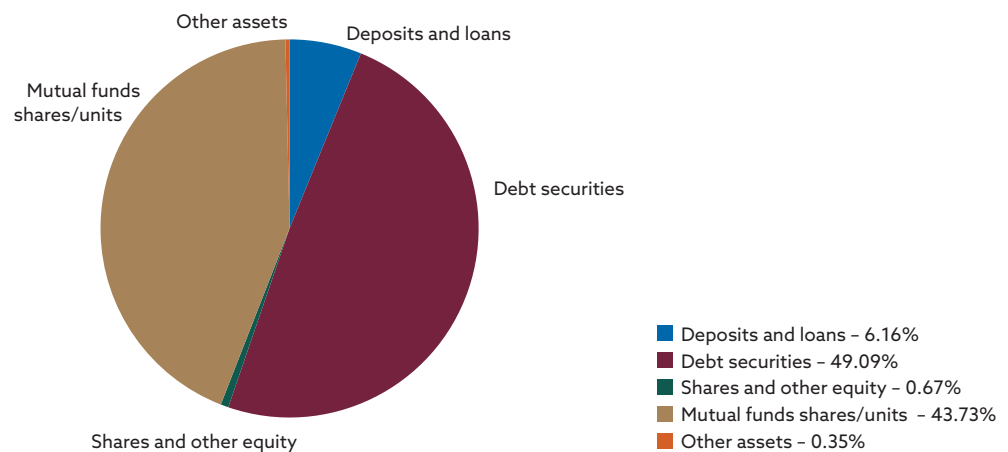
In terms of residual maturity, other funds' holdings of securities as at 30 September 2019 broke down as follows: 7.92% had a maturity of up to one year, 17.16% a maturity of over one year and up to two years, and 74.92% a maturity of over two years.

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



Source: NBS.

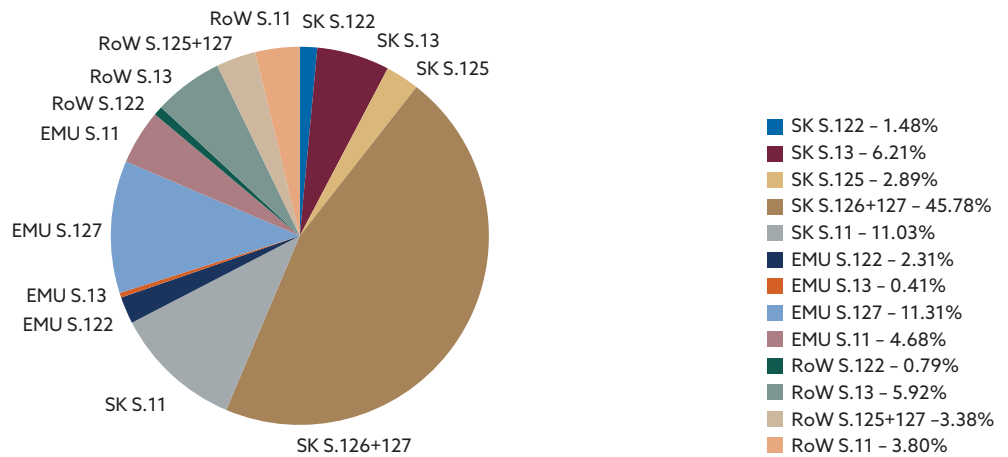
Chart 85
Other funds: structure of assets as at 30 September 2019



Source: NBS.

Chart 86

Geographical and sectoral breakdown of debt securities in the portfolio of other funds as at 30 September 2019

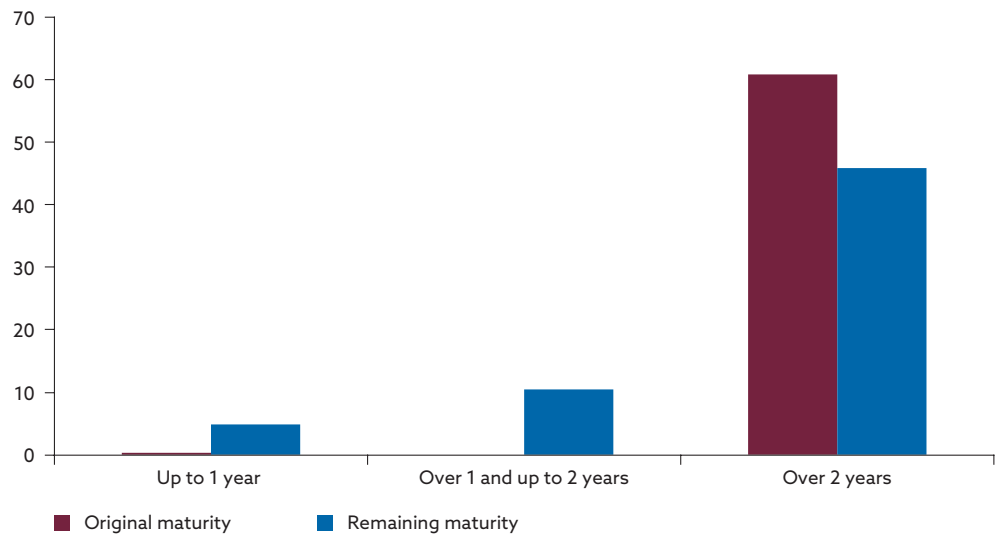


Source: NBS.

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

Chart 87

Maturity breakdown of debt securities in portfolio of other funds as at 30 September 2019 (EUR millions)



Source: NBS.

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*¹, as a subcategory referred to as *financial corporations engaged in lending*.

In terms of asset growth, the third quarter of 2019 was favourable for leasing companies. Consumer credit companies and factoring companies, by contrast, recorded a year-on-year decline in their assets in that period.

The total assets of leasing companies as at 30 September 2019 were higher, year on year, by 3.03%. As for consumer credit companies, their total assets were 10% lower at the end of September 2019 than a year earlier. The total assets of factoring companies were lower, year on year, by 45.13%.

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

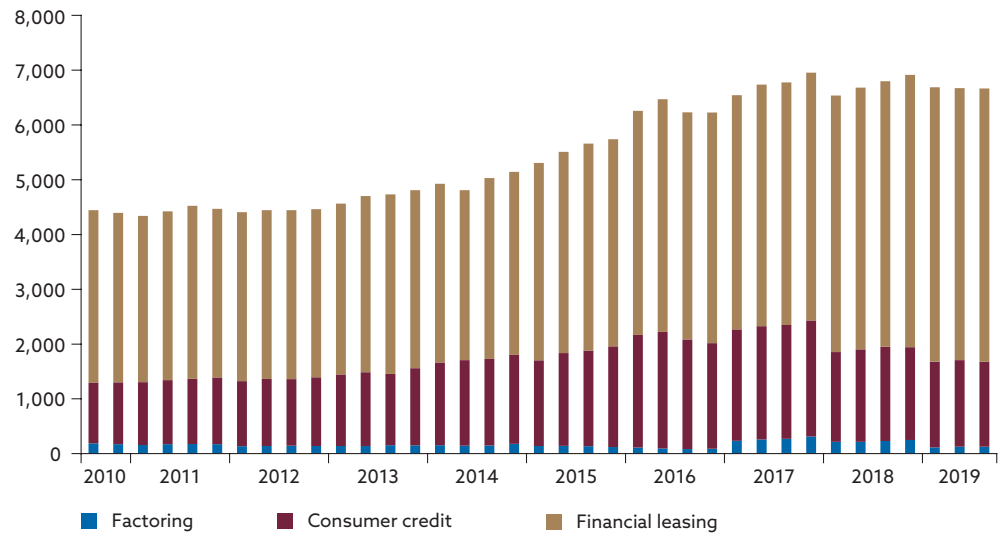
Total assets	Year-on-year change in %								
	IX. 2017	XII. 2017	III. 2018	VI. 2018	IX. 2018	XII. 2018	III. 2019	VI. 2019	IX. 2019
Financial leasing	6.88	7.42	9.54	8.30	9.39	9.99	6.89	4.01	3.03
Factoring	225.71	251.11	-7.64	-16.62	-13.88	-19.82	-46.62	-40.86	-45.13
Consumer Credit	3.79	9.87	-19.47	-18.37	-17.21	-20.20	-4.55	-6.50	-10.00

Source: NBS.

¹ The European System of National Accounts (ESA 2010) defines 'other financial intermediaries, except insurance corporations and pension funds' as financial corporations and quasi-corporations engaged mainly in financial intermediation through the acceptance of liabilities in forms other than cash, deposits and/or close substitutes for deposits from institutional units other than monetary financial institutions, or insurance technical reserves.

Chart 88

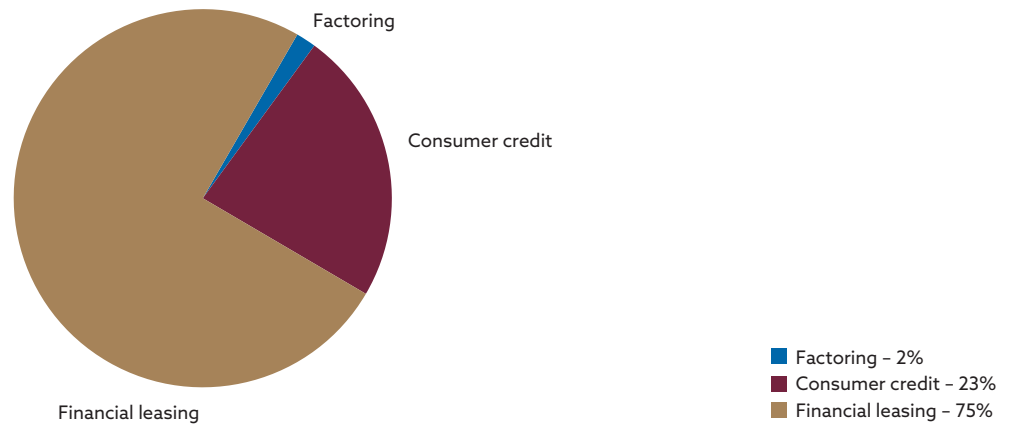
Evolution of total assets by type of business (EUR millions)



Source: NBS.

Chart 89

Total assets of financial corporations engaged in lending broken down by type of company as at 30 September 2019



Source: NBS.

Among companies engaged in non-bank lending, leasing companies have long held the leading position in this market. They accounted for 75% of the total assets in the third quarter of 2019. They were followed by consumer credit companies (22%) and factoring companies (2%).

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

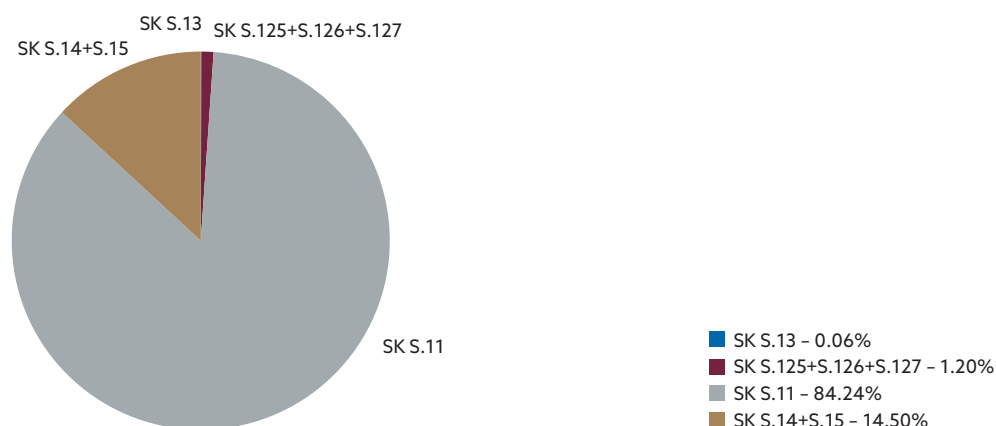
In financial leasing, the share of domestic customers was still 100% in the third quarter of this year, of which non-financial corporations accounted for 84.24%, households for 14.50%, and other sectors for 1.26%.

Domestic customers constituted 36.43% of consumer credit companies' total customers at 30 September 2019, while customers from the rest of the world accounted for 61.36% and those from other euroarea member states accounted for 2.21%. Since the purchase of goods through instalment credit is traditionally an important form of household financing in Slovakia, the household sector continued to account for the largest share of domestic customers, 84.14%, in the period under review; it was followed by the non-financial corporations sector with a share of 15.20% and by OFIs with a share of 0.66%.

At the end of the quarter under review, domestic customers constituted 97.89% of factoring companies' total customers, of which households accounted for 76.01%, non-financial corporations for 23.99%, and customers from the rest of the world for 2.11%.

Chart 90

Geographical and sectoral breakdown of lending by financial leasing companies as at 30 September 2019

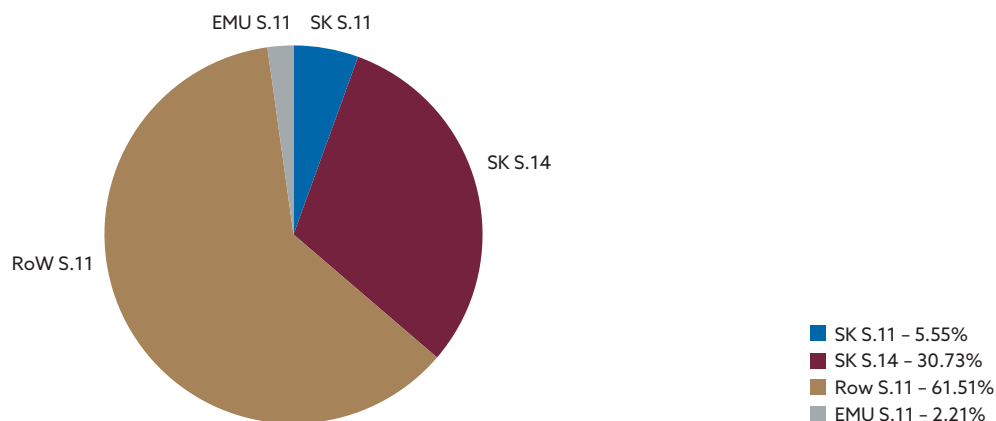


Source: NBS.

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

Chart 91

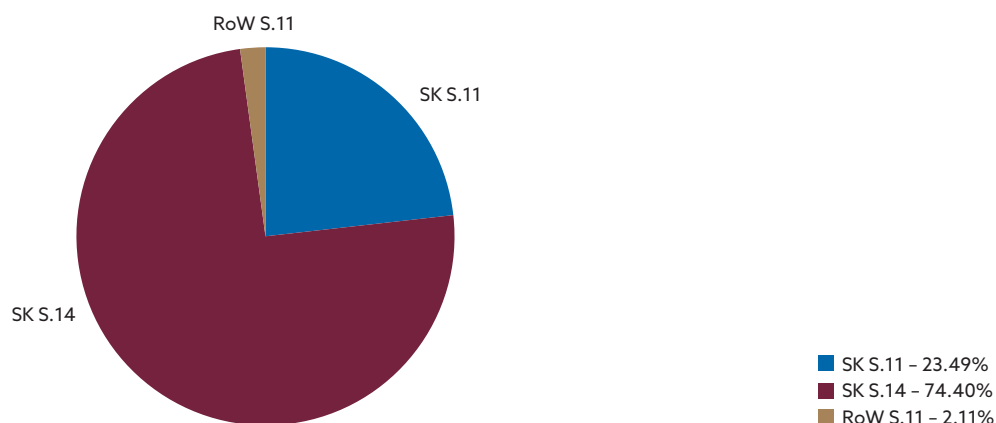
Geographical and sectoral breakdown of lending by consumer credit companies as at 30 September 2019



Source: NBS.

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

Chart 92 Geographical and sectoral breakdown of lending by factoring companies as at 30 September 2019



Source: NBS.

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

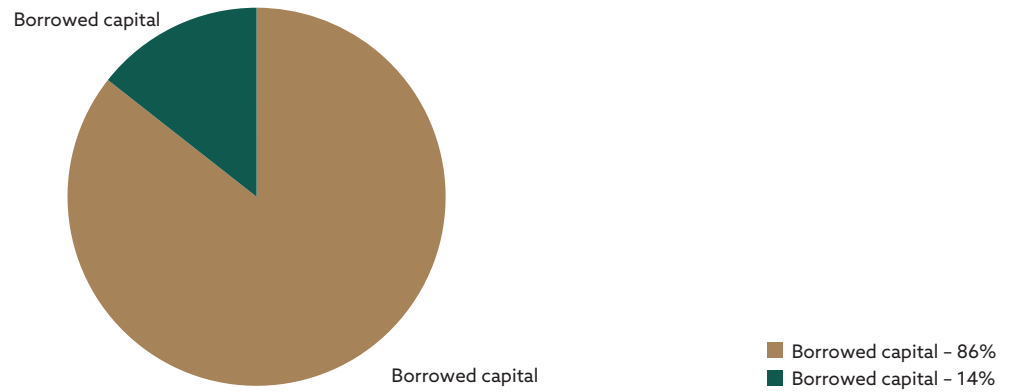
Regarding the flow of funds across the individual economic sectors, an interesting aspect is the allocation of financial resources to the types of companies under review, for the provision of credits and loans through non-bank lending channels.

The main source of financing was foreign (borrowed) capital representing 85.68% of the total financial resources. Foreign capital was obtained mostly in the form of bank loans, which accounted for 65.86% at 30 September 2019. The rest was obtained in the form of proceeds from issues of debt securities (24.39%) and credits or loans borrowed from companies belonging to the same group (9.75%).

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

Chart 93

Breakdown of source capital as at 30 September 2019



Source: NBS.

5 Securities

5.1 Debt securities

In terms of issuer sector, the total stock of debt securities issued in Slovakia broke down as follows at 30 September 2019: government bonds (€38,406 million); bonds issued by banks (€6,870 million); debt securities issued by non-financial corporations (€3,797 million); and those issued by other financial institutions (€3,744.4 million).

The net issuance of debt securities increased in the third quarter of 2019, by approximately €468.7 million quarter on quarter, i.e. the amount of newly issued securities was higher than the amount redeemed. This increase was caused mainly by net issues of bank bonds in the amount of €140.5 million, bonds issued by non-monetary financial institutions in the amount of €110.3 million, and government bonds in the amount of €215.6 million. Non-financial corporations also recorded an increase in their net issues, specifically €2.4 million.

Table 10 Debt securities (in thousands of EUR)

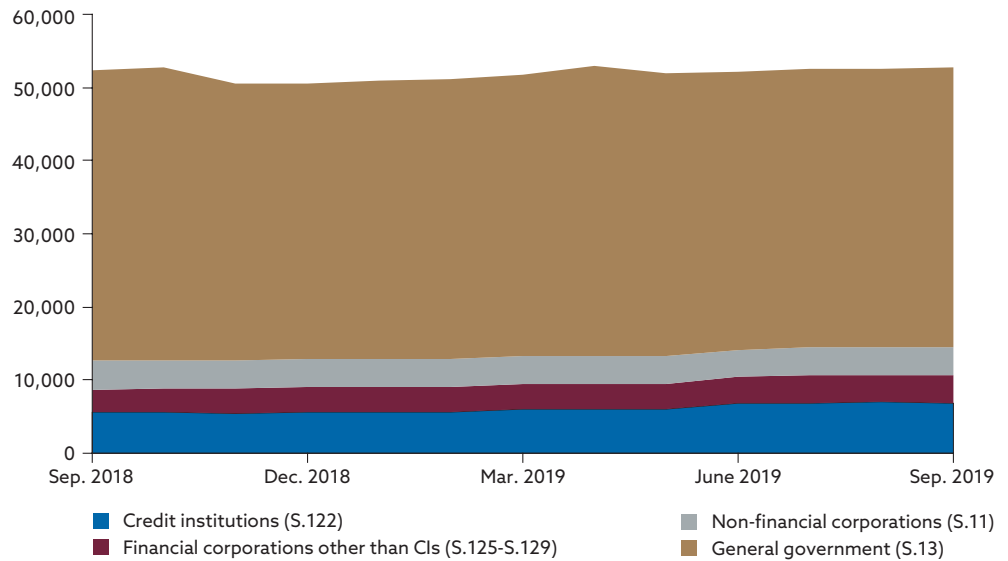
Month	Outstanding amounts					Net issues				
	Total	Monetary financial institutions	Non-monetary financial institutions	Nonfinancial corporations	General government	Total	Monetary financial institutions	Non-monetary financial institutions	Nonfinancial corporations	General government
2018 / 09	52,441,985	5,518,328	3,127,653	4,082,968	39,713,036	773,125	78,739	230,304	-32,194	496,276
2018 / 12	50,632,345	5,622,296	3,354,638	3,811,636	37,843,776	-1,819,137	103,152	222,337	-274,435	-1,870,191
2019 / 03	51,726,187	6,024,590	3,519,668	3,769,347	38,412,581	1,042,343	400,925	159,314	-44,882	526,986
2019 / 06	52,270,287	6,728,568	3,628,505	3,792,472	38,120,742	545,650	704,182	100,475	20,439	-279,446
2019 / 09	52,817,373	6,870,055	3,744,357	3,796,956	38,406,004	468,749	140,511	110,265	2,373	215,600

Source: NBS.

The total stock of debt securities increased over the third quarter of 2019 by 1.05%,

Chart 94

Debt securities by sector (outstanding amounts, EUR millions)

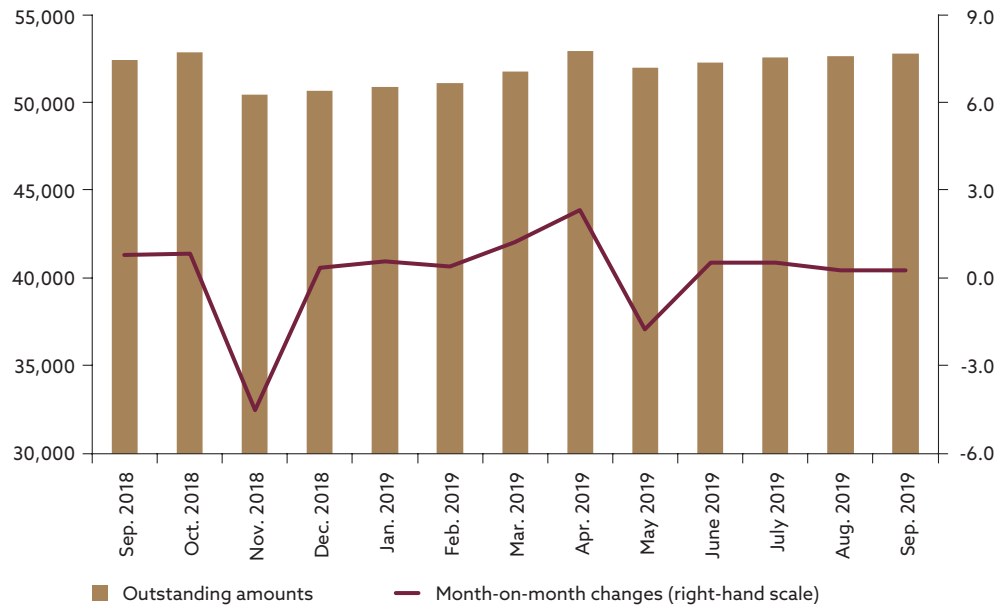


Source: NBS.

In the quarter under review, the following month-on-month increases were recorded in the total stock of debt securities: 0.54% in July, 0.23% in August, and 0.27% in September.

Chart 95

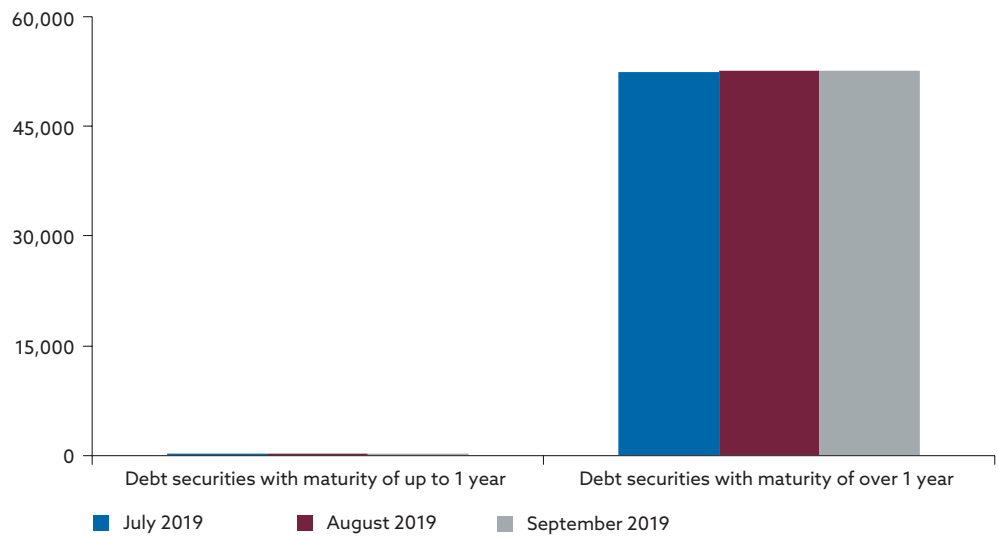
Debt securities (outstanding amounts, month-on-month changes)



Source: NBS.

Chart 96

Debt securities (outstanding amounts, EUR millions, Q3 2019)



Source: NBS.

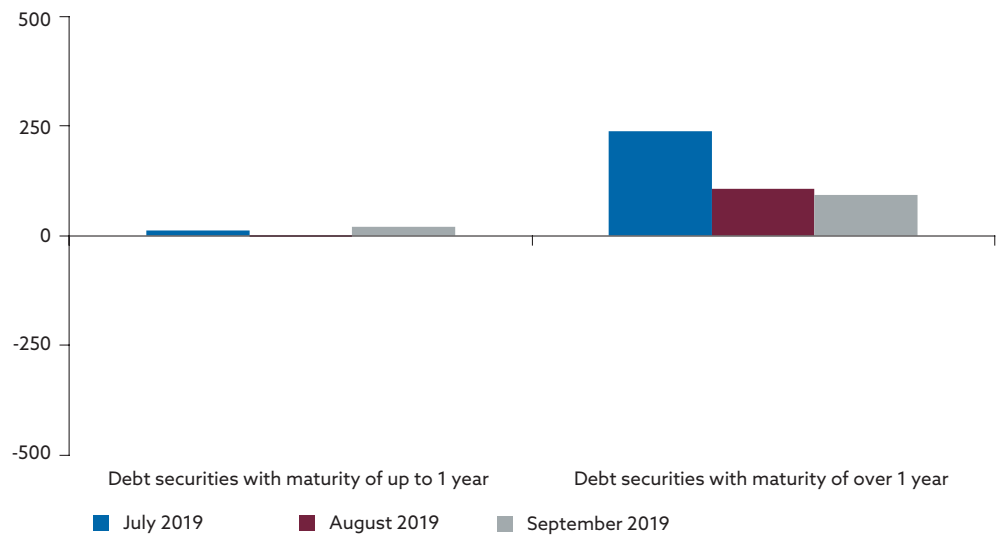
A total of 35 new issues were placed on the securities market in the third quarter of 2019, including 12 issued by non-financial corporations, 8 issued by banks, 2 issued by other financial intermediaries, and 13 issued by captive financial institutions.

The net issuance of short-term debt securities grew over the third quarter by approximately €29.8 million, mainly as a result of an increase of €16.5 million in the sector of captive financial institutions.

The net issuance of long-term debt securities increased in the period under review by roughly €438.9 million. This increase took place mostly in bank bonds (€138.9 million), bonds issued by captive financial institutions (€184.8 million) and long-term government bonds (€215.6 million).

Chart 97

Debt securities (net issues, EUR millions, Q3 2019)

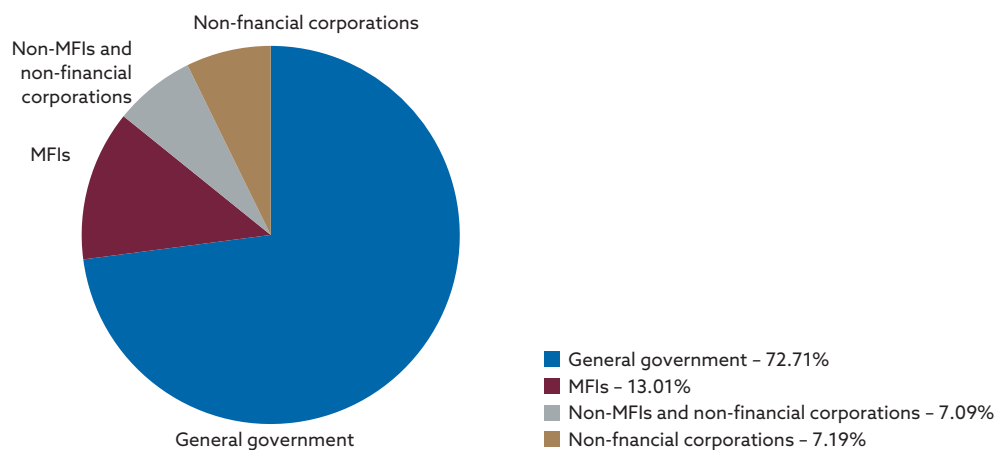


Source: NBS.

According to classification by sector, the largest share of the outstanding issue amount was accounted for by the general government sector (72.7%), while monetary financial institutions had a share of 13%, non-financial corporations a share of 7.2%, and non-monetary financial institutions a share of 7.1% at 30 September 2019. In terms of their coupon type, 91.8% of the securities were fixed-coupon securities, 4.8% were zero-coupon securities, and 3.4% were variable-coupon securities. As much as 95.2% of the issues were denominated in euro and the rest, 4.8%, in foreign currencies.

Chart 98

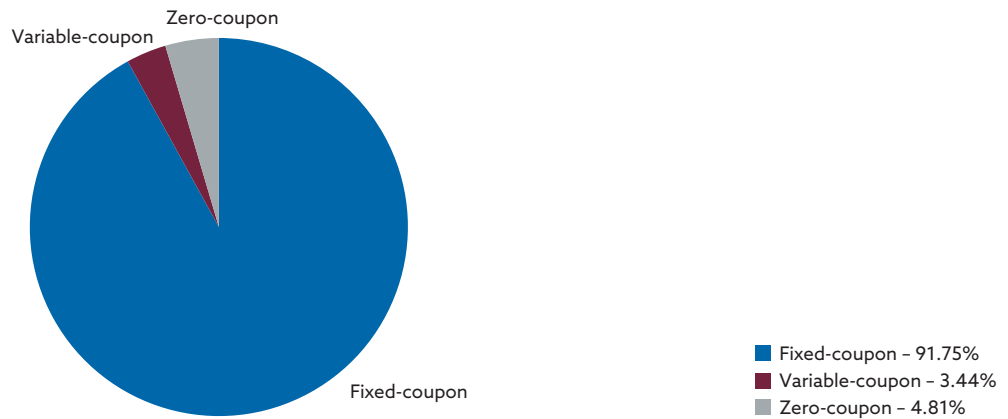
Debt securities by sector



Source: NBS.

Note: The individual items are classified according to the outstanding amounts of issues as at 30 September 2019.

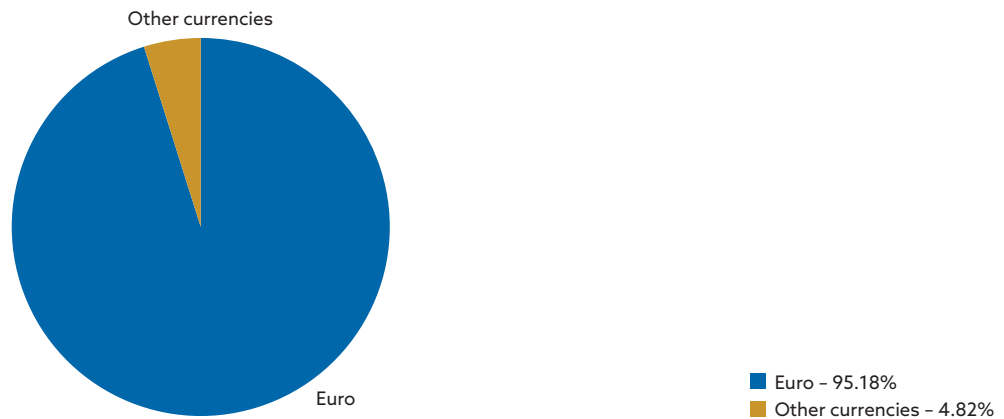
Chart 99
Debt securities by coupon type



Source: NBS.

Note: The individual items are classified according to the outstanding amounts of issues as at 30 September 2019.

Chart 100
Debt securities by currency



Source: NBS.

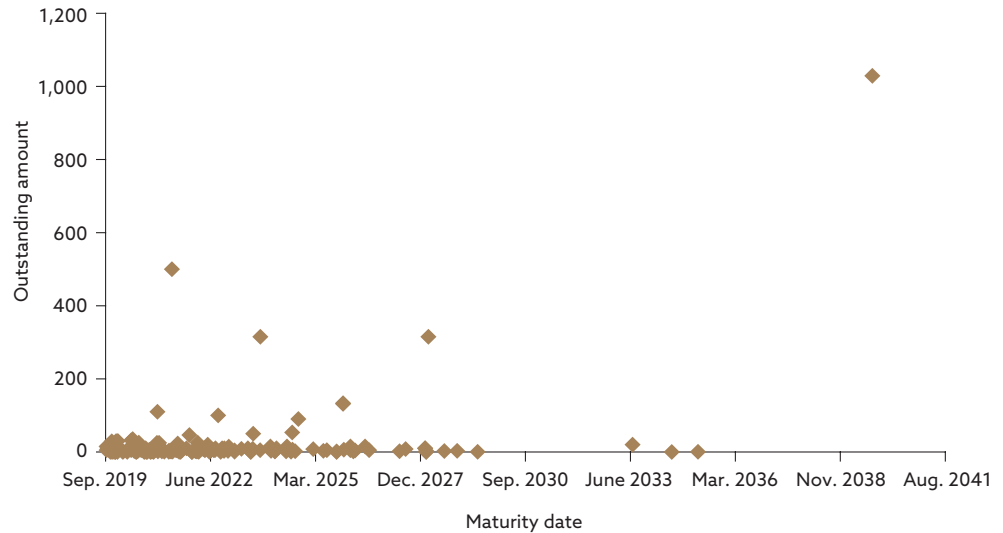
Note: The individual items are classified according to the outstanding amounts of issues as at 30 September 2019.

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 2023. The largest outstanding issue amount is more than €1.1 billion and the longest maturity period exceeds 20 years.

Chart 101

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

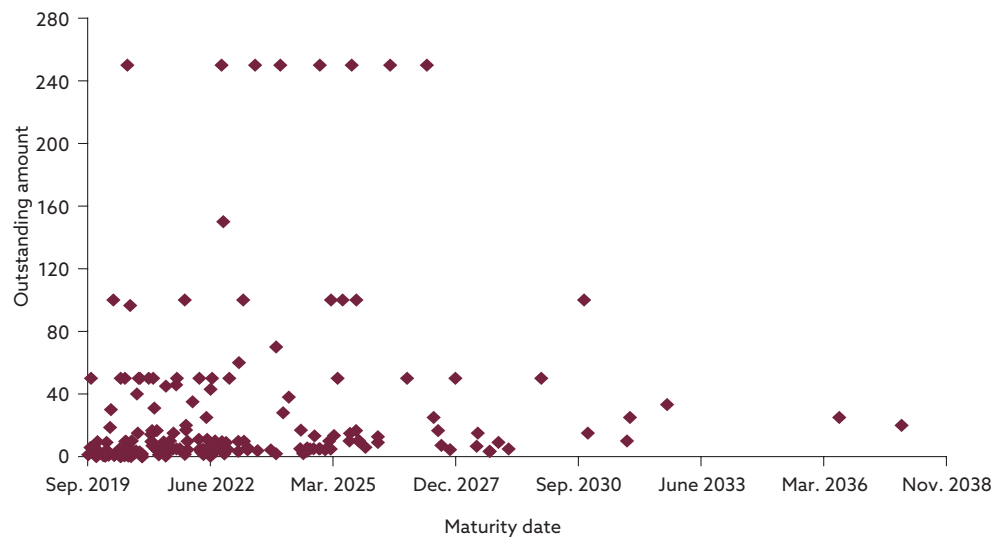


Source: NBS.

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 2037.

Chart 102

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



Source: NBS.

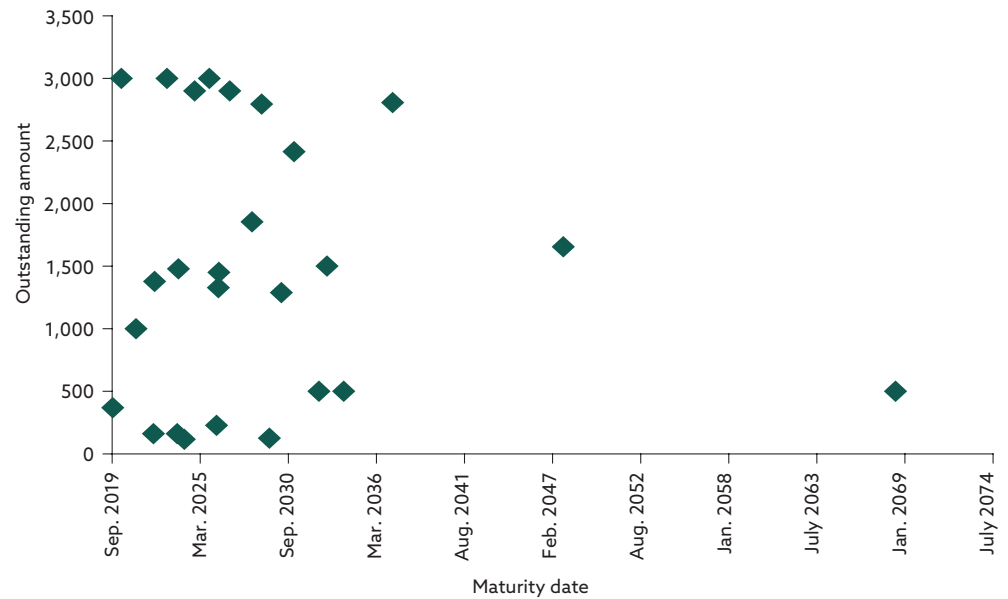
Note: Analysis does not take into consideration perpetual bonds, to avoid their effect as its maturity date can be extended until 2099.

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.

Chart 103

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

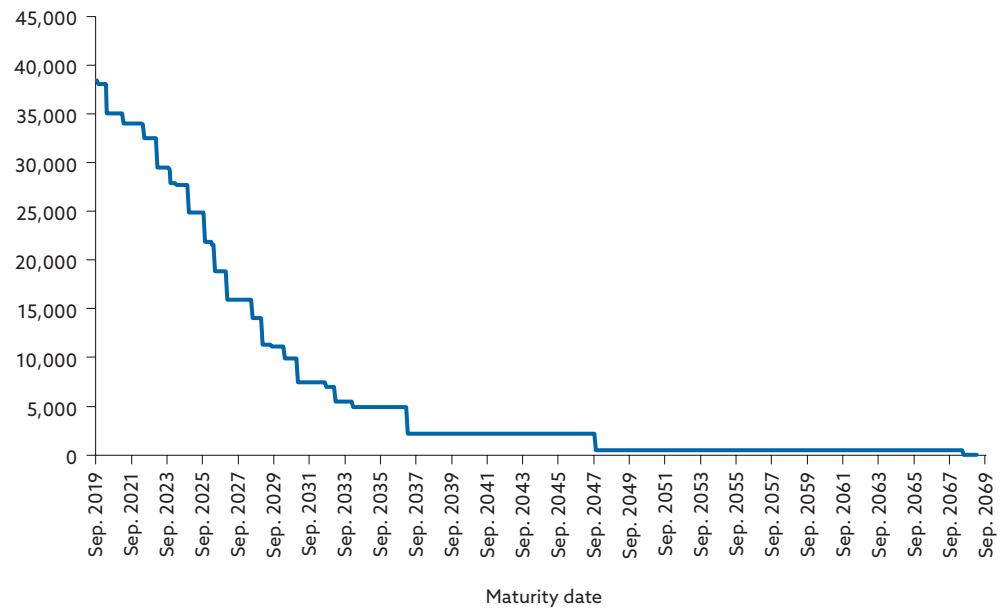


Source: NBS.

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 104

Government bonds: maturity profile (EUR millions)

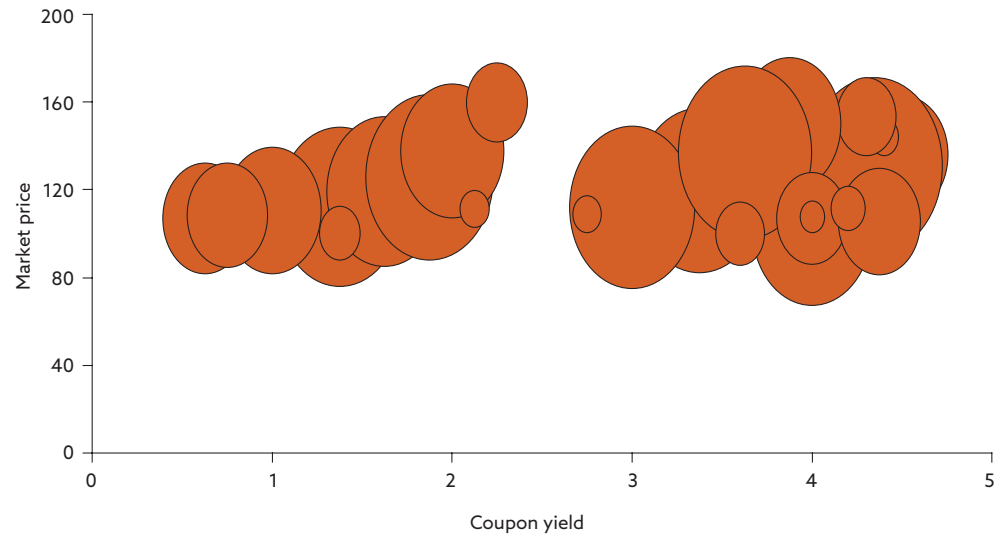


Source: NBS.

The following chart illustrates the outstanding amounts of coupon-paying government bonds as a function of their market price and coupon yield as at the end of the third quarter of 2019. The average market price² of these government bonds stood at 122.26% and the coupon yield was 2.86% at that time.

Chart 105

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).

5.2 Listed shares

At the end of September 2019, the total stock of listed shares issued in Slovakia was lower, quarter on quarter, by €491.2 million. This was caused by decreases in the stocks of listed shares issued by credit institutions (-€335 million) and NFCs (-€156.2 million). The stock of listed shares issued in the insurance sector remained unchanged quarter on quarter. Total market capitalisation amounted to €4,371.7 million at 30 September 2019.

² Arithmetical average weighted by the outstanding amount of issues.

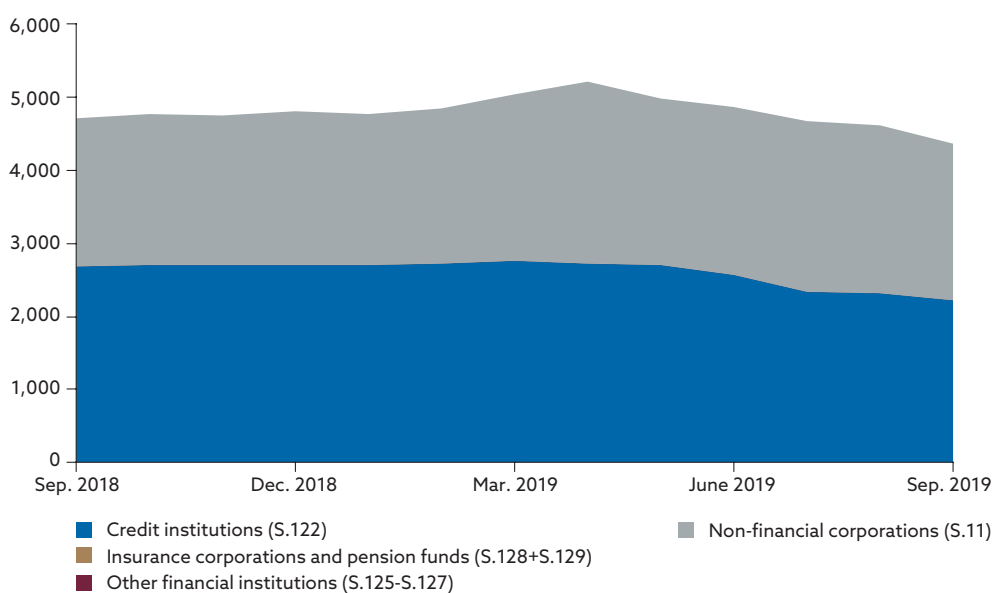
Table 11 Quoted shares (in thousands of EUR)

Outstanding amounts				
Month	Total	Credit institutions (S.122)	Insurance corporations (S.128)	Non-financial corporations (S.11)
2018 / 09	4,718,946	2,688,061	225	2,030,660
2018 / 12	4,799,489	2,713,512	225	2,085,752
2019 / 03	5,029,079	2,753,021	225	2,275,833
2019 / 06	4,862,925	2,563,689	225	2,299,011
2019 / 09	4,371,732	2,228,726	225	2,142,781

Source: NBS.

Chart 106

Quoted shares: market capitalization by sector (EUR millions)



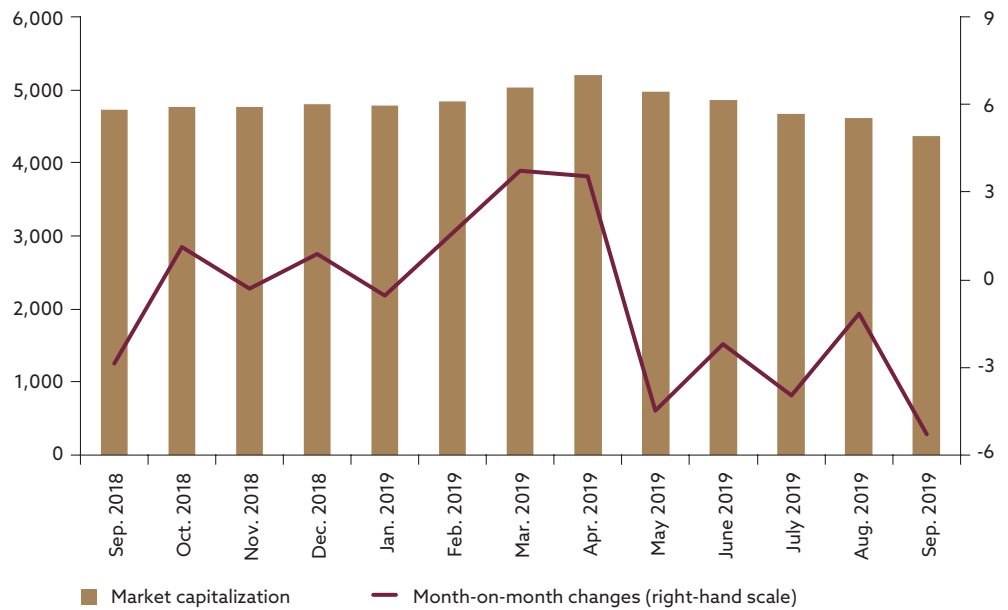
Source: NBS.

The total stock of listed share issues decreased by 10.1% compared with the previous quarter. The figure for credit institutions' shares was lower by 13.1%, and that for NFC shares was higher by 6.1%.

The third quarter of 2019 saw month-on-month decreases in the total stock of listed shares in July (4.0%), August (1.1%), and September (5.3%).

Chart 107

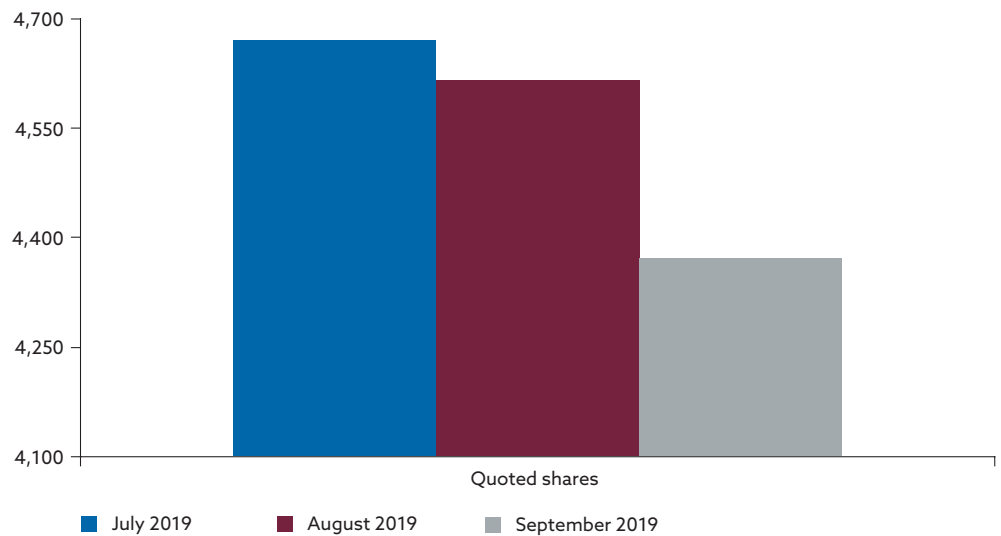
Quoted shares (market capitalization, month-on-month changes)
(EUR millions, %)



Source: NBS.

Chart 108

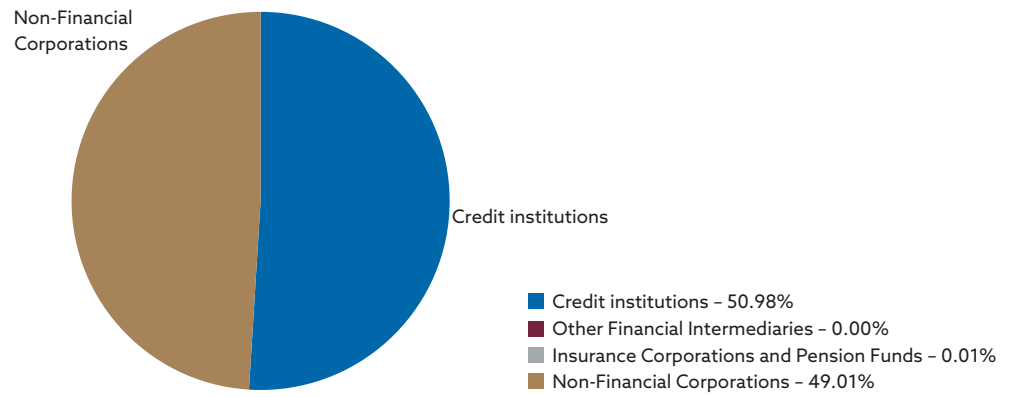
Quoted shares (market capitalization, EUR millions, Q3 2019)



Source: NBS.

The sectoral breakdown of market capitalisation shows that, at 30 September 2019, credit institutions accounted for approximately 51% and NFCs for 49% of the total market capitalisation. The share of other sectors was negligible.

Chart 109
Quoted shares by sector



Source: NBS.

Note: Market capitalization as at 30 September 2019.

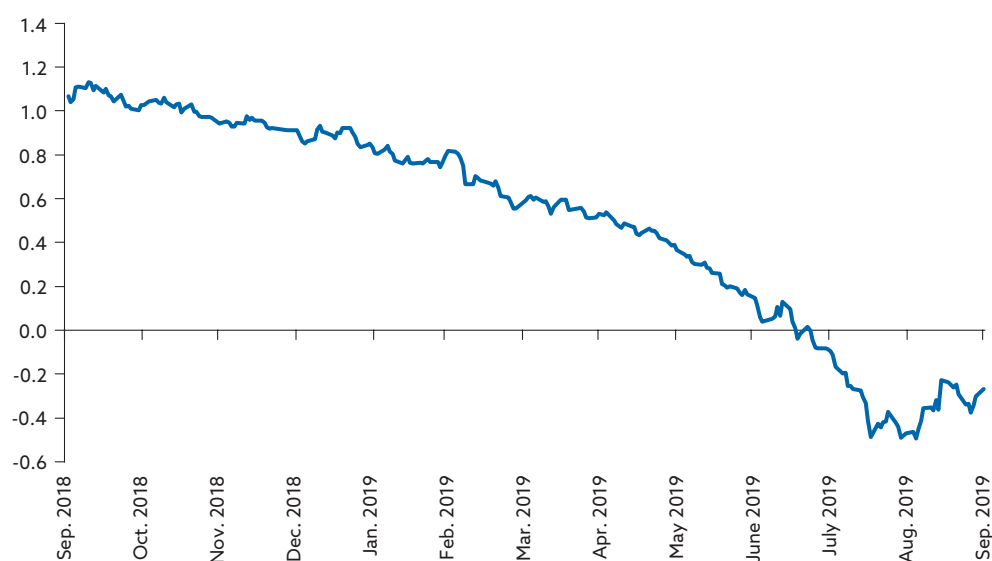
6 Selected macroeconomic indicators

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'³, 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 third quarter of 2019. During that period, the interest rate decreased by 0.43 percentage point, from 0.16% at 30 June 2019 to -0.27% at 30 September 2019.

Chart 110

Benchmark – yield to maturity (p.a.)



Source: BCPB.

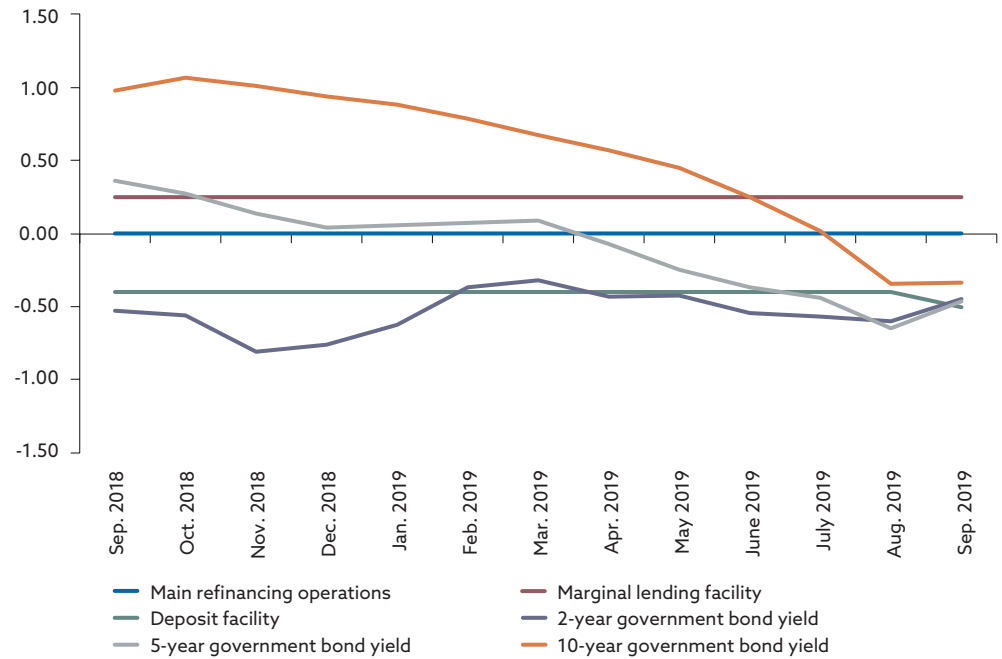
6.2 Key ECB interest rates

The European Central Bank's interest rate on main refinancing operations, and its interest rates on the marginal lending facility remained unchanged at 30 September 2019 from their levels at the end of the previous quarter, at

³ See the Methodological Notes, section 7.6. *Long-term interest rate*.

0.00%⁴, 0.25% respectively. The deposit facility decreased during last quarter by 0.1 percentage point to -0.50%. The interest rate on two-year government bond had the value of -0.45% at the end of the third quarter 2019. The five-year government bond yield was -0.46% and the ten-year government bond yield decreased from 0.25% to -0.34% as at the end of Q3 2019.

Chart 111
Interest rates (p.a.)



Source: ECB, BCPB.

⁴ The main refinancing rate has been at this level since 16 March 2016.

7 Methodological notes

7.1 Balance-sheet statistics of monetary financial institutions

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

Household sector – this sector includes:

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

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

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

Non-financial corporations (S.11): business entities that are registered in the Commercial Register, i.e. domestic or foreign corporate entities, do-

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

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

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

7.3 Statistics of mutual funds

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

According to the sectoral classification of economic entities, money market funds are treated as *monetary financial institutions* (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 Bank⁵.

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

- a) they pursue the investment objective of maintaining a fund's principal and providing a return in line with the interest rates of money market instruments;
- b) they invest in money market instruments which comply with the criteria for money market instruments set out in Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations, and administrative provisions relating to undertakings for collective investment in transferable securities, or deposits with credit institutions or, alternatively, ensure that the liquidity and valuation of the portfolio in which they invest is assessed on an equivalent basis;
- c) they ensure that the money market instruments they invest in are of high quality, as determined by the management company. The quality

⁵ Regulation (EU) no 1073/2013 of the ECB of 18 October 2013 concerning statistics on the assets and liabilities of investment funds (recast) (ECB/2013/38), OJ L 297, 7.11.2013, p. 73 (http://www.ecb.europa.eu/ecb/legal/pdf/en_02013r1073-20131127-en.pdf).

Regulation (EU) No 1071/2013 of the ECB of 24 September 2013 concerning the balance sheet of the monetary financial institutions sector (recast) (ECB/2013/33), OJ L 297, 7.11.2013, p. 1 (<http://www.ecb.europa.eu/ecb/legal/pdf/02013r1071-20131127-en.pdf>).

Guideline of the ECB of 4 April 2014 on monetary and financial statistics recast) (ECB/2014/15), OJ L 340, 26.11.2014, p. 1 (http://www.ecb.europa.eu/ecb/legal/pdf/oj_jol_2014_340_r_0001_en_txt.pdf).

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 redemption date of less than or equal to two years, provided that the time remaining until the next interest rate reset date is less than or equal to 397 days, whereby floating rate securities should be reset to a money market rate or index;
- g) they limit investment in other collective investment undertakings to those complying with the definition of MMFs;
- h) they do not take direct or indirect exposure to equity or commodities, including via derivatives, and only use derivatives in line with the money market investment strategy of the fund. Derivatives which give exposure to foreign exchange may only be used for hedging purposes. Investment in non-base currency securities is allowed provided the currency exposure is fully hedged;
- i) they have either a constant or fluctuating net asset value.

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

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

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

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

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

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

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

7.4 Statistics of other financial intermediaries

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

⁶ 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.

gaged 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.

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 decree⁷. The range of data reported complies in full with the current requirements⁸ of the European Central Bank regarding the statistics of other financial intermediaries.

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), OJ L 340, 26.11.2014, p. 1 (ANNEX III, PART 11) (http://www.ecb.europa.eu/ecb/legal/pdf/oj_jol_2014_340_r_0001_en_txt.pdf).

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 Bank⁹. These statistics provide information on all debt securities and quoted shares issued by domestic entities in any currency and in any country.

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

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

a) Gross issues

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

⁹ Guideline of the ECB of 4 April 2014 on monetary and financial statistics recast (ECB/2014/15), OJ L 340, 26.11.2014, p. 1 (ANNEX III, PART 12) (http://www.ecb.europa.eu/ecb/legal/pdf/oj_jol_2014_340_r_0001_en_txt.pdf).

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;

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		

- 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 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.

Abbreviations

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

Glossary

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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:

https://www.ecb.europa.eu/stats/money_credit_banking/mfi_balance_sheets/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>

MFIs Interest rates statistics for the euro area:

https://www.ecb.europa.eu/stats/financial_markets_and_interest_rates/bank_interest_rates/mfi_interest_rates/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

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>

List of charts

Chart 1	Foreign capital in the banks in the Slovak Republic as at 30.09.2019	9
Chart 2	Foreign capital in the banks in the Slovak Republic as at 30.09.2018	9
Chart 3	Structure of assets of credit institutions as at 30 September 2018	11
Chart 4	Structure of assets of credit institutions as at 30 September 2019	11
Chart 5	Structure of liabilities of credit institutions as at 30 September 2018	13
Chart 6	Structure of liabilities of credit institutions as at 30 September 2019	13
Chart 7	Selected assets/liabilities: breakdown of counterparties by residency as at 30 September 2019	14
Chart 8	Selected assets/liabilities: sectoral breakdown of domestic counterparty as at 30 September 2019	15
Chart 9	Selected assets/liabilities: sectoral breakdown of counterparty from other euro area member states as at 30 September 2019	16
Chart 10	Selected assets/liabilities: sectoral breakdown of counterparty from the rest of the world as at 30 September 2019	17
Chart 11	Year-on-year changes in assets of credit institutions	19
Chart 12	Year-on-year changes in liabilities of credit institutions	20
Chart 13	Current period profit/loss	22
Chart 14	Current period profit/loss	22
Chart 15	Provisions	23
Chart 16	Receivables from non-bank customers	23
Chart 17	Written-off receivables from customers	24
Chart 18	Assigned receivables from customers	24
Chart 19	Selected incomes and expenses compared with current period profit/loss	25
Chart 20	Selected incomes and expenses compared with current period profit/loss	26
Chart 21	Loans to non-financial corporations by maturity	27
Chart 22	Loans to non-financial corporations by maturity	27
Chart 23	Loans to households by maturity	28
Chart 24	Household loans broken down by maturity	28
Chart 25	Loans to non-financial by type of loan	29
Chart 26	Households loans broken down by type of loan	30
Chart 27	NFC loans broken down by economic activity	30

Chart 28	NFC loans broken down by economic activity as at 30 September 2019	31
Chart 29	Share of non-performing loans in total NFC loans	32
Chart 30	Share of non-performing loans in bank overdrafts and revolving credits to NFCs	32
Chart 31	Share of non-performing loans in operating loans to NFCs	33
Chart 32	Share of non-performing loans in investment loans to NFCs	33
Chart 33	Share of non-performing loans in real estate loans to NFCs	34
Chart 34	Share of non-performing loans in credit card loans to NFCs	34
Chart 35	Share of non-performing loans in total loans to households	35
Chart 36	Share of non-performing loans in bank overdrafts to households	35
Chart 37	Share of non-performing loans in credit card loans to households	36
Chart 38	Share of non-performing loans in loans for house purchase to households	36
Chart 39	Share of non-performing loans in consumer loans to households	37
Chart 40	New loans to NFCs – interest rates and volumes	38
Chart 41	Secured and total new loans to NFCs – Interest rates and volumes	38
Chart 42	Share of secured loans in total new loans to NFCs	39
Chart 43	Secured and total new NFC loans up to € 0.25 million – interest rates and volumes	40
Chart 44	Share of secured loans in total new loans up to € 0.25 million to NFCs	40
Chart 45	Secured and total new loans over € 0.25 million and up to € 1 million to NFCs – interest rates and volumes	41
Chart 46	Share of secured loans in total new loans over € 0.25 and up to € 1 million to NFCs	41
Chart 47	Secured and total new loans over € 1 million to NFCs – interest rates and volumes	42
Chart 48	Share of secured loans in total new loans over € 1 million to NFCs	42
Chart 49	New loans for house purchase to households – interest rates and volumes	43
Chart 50	New loans for consumption and loans for house purchase – interest rates, APRC and volumes	44
Chart 51	Secured and total new loans for house purchase to households – interest rates and volumes	45
Chart 52	Share of new secured loans for house purchase in total new loans for house purchase to households	45
Chart 53	Secured and total new loans for consumption to households – interest rates and volumes	46

Chart 54	Share of secured loans for consumption in total new loans for consumption to households	46
Chart 55	NFC loans by maturity – interest rates and volumes	47
Chart 56	Households loans for house purchase by maturity – interest rates and volumes	48
Chart 57	Households loans for consumption by maturity – interest rates and volumes	49
Chart 58	NFC deposits by type	50
Chart 59	NFC deposits	50
Chart 60	Households deposits by type	51
Chart 61	Households deposits	51
Chart 62	Household deposits with an agreed maturity – interest rates and stocks	52
Chart 63	New household deposits with an agreed maturity – interest rates and volumes	53
Chart 64	NFC deposits with an agreed maturity – interest rates and stocks	54
Chart 65	New NFC deposits with an agreed maturity – interest rates and volumes	55
Chart 66	Mutual funds broken down by investment strategy	57
Chart 67	Total assets of domestic mutual funds as at 30 September 2019 broken down by type of fund	58
Chart 68	Bond funds: evolution of assets	59
Chart 69	Bond funds: structure of assets as at 30 September 2019	59
Chart 70	Geographical and sectoral breakdown of debt securities in the portfolio of bond funds as at 30 September 2019	60
Chart 71	Maturity breakdown of debt securities in the portfolio of bond funds as at 30 September 2019	60
Chart 72	Equity funds: evolution of assets	61
Chart 73	Equity funds: structure of assets as at 30 September 2019	62
Chart 74	Geographical and sectoral breakdown of mutual funds shares/units in the portfolio of equity funds as at 30 September 2019	62
Chart 75	Geographical and sectoral breakdown of shares and other equity in the portfolio of equity funds as at 30 September 2019	63
Chart 76	Mixed funds: evolution of assets	64
Chart 77	Mixed funds: structure of assets as at 30 September 2019	64
Chart 78	Geographical and sectoral breakdown of debt securities in the portfolio of mixed funds as at 30 September 2019	65
Chart 79	Geographical and sectoral breakdown of mutual funds shares/units in the portfolio of mixed funds as at 30 September 2019	65
Chart 80	Maturity breakdown of debt securities in the portfolio of bond funds as at 30 September 2019	66

Chart 81	Real estate funds: evolution of assets	67
Chart 82	Real estate funds: structure of assets as at 30 September 2019	67
Chart 83	Geographical and sectoral breakdown of shares and other equity in the portfolio of real estate funds as at 30 September 2019	68
Chart 84	Other funds: evolution of assets	69
Chart 85	Other funds: structure of assets as at 30 September 2019	69
Chart 86	Geographical and sectoral breakdown of debt securities in the portfolio of other funds as at 30 September 2019	70
Chart 87	Maturity breakdown of debt securities in portfolio of other funds as at 30 September 2019	70
Chart 88	Evolution of total assets by type of business	72
Chart 89	Total assets of financial corporations engaged in lending broken down by type of company as at 30 September 2019	72
Chart 90	Geographical and sectoral breakdown of lending by financial leasing companies as at 30 September 2019	73
Chart 91	Geographical and sectoral breakdown of lending by consumer credit companies as at 30 September 2019	74
Chart 92	Geographical and sectoral breakdown of lending by factoring companies as at 30 September 2019	74
Chart 93	Breakdown of source capital as at 30 September 2019	75
Chart 94	Debt securities by sector	77
Chart 95	Debt securities	77
Chart 96	Debt securities	78
Chart 97	Debt securities	79
Chart 98	Debt securities by sector	79
Chart 99	Debt securities by coupon type	80
Chart 100	Debt securities by currency	80
Chart 101	Debt securities: outstanding amounts of domestic issues in S.11 sector	81
Chart 102	Debt securities: outstanding amounts of issues in S.122 Sector	81
Chart 103	Debt securities: outstanding amounts of issues in S.13 Sector	82
Chart 104	Government bonds: maturity profile	82
Chart 105	Government bonds: outstanding amounts	83
Chart 106	Quoted shares: market capitalization by sector	84
Chart 107	Quoted shares	85
Chart 108	Quoted shares	85
Chart 109	Quoted shares by sector	86
Chart 110	Benchmark – yield to maturity	87
Chart 111	Interest rates	88

List of tables

Table 1	Structure of the financial market in Slovakia	6
Table 2	Total assets of individual sectors of the financial market in Slovakia	7
Table 3	Number of employees in the banking sector	8
Table 4	Structure of assets of credit institutions in the SR	11
Table 5	Structure of liabilities of credit institutions in SR	12
Table 6	Year-on-year changes in assets of credit institutions in the SR	18
Table 7	Year-on-year changes in liabilities of credit institutions	20
Table 8	Total assets of mutual funds broken down by type of fund	57
Table 9	Total assets of financial corporations engaged in lending	71
Table 10	Debt securities	76
Table 11	Quoted shares	84