

**11**  
**DECREE**  
**of Národná banka Slovenska**  
**of 27 May 2014**

**amending Decree No 18/2008 of Národná banka Slovenska on the liquidity of banks and branches of foreign banks and the liquidity risk management process of banks and branches of foreign banks and on the amendment of Decree No 11/2007 of Národná banka Slovenska on the submission of statements, reports and other disclosures by banks, branches of foreign banks, investment firms, and branches of foreign investment firms for supervision and statistical purposes, as amended**

Národná banka Slovenska, under Article 27(14)(b) and (d) of Act No 483/2001 Coll. on banks and on amendments to certain laws, as amended, stipulates as follows:

**Section I**

Decree No 18/2008 of Národná banka Slovenska of 28 October 2008 on the liquidity of banks and branches of foreign banks and the liquidity risk management process of banks and branches of foreign banks and on the amendment of Decree No 11/2007 of Národná banka Slovenska on the submission of statements, reports and other disclosures by banks, branches of foreign banks, investment firms, and branches of foreign investment firms for supervision and statistical purposes (Notification No 423/2008 Coll.), as amended by Decree No 5/2009 (Notification No 519/2009 Coll.) and Decree No 14/2010 (Notification No 368/2010 Coll.), is amended as follows:

1. In Article 2, the following letters (j) to (s) are added:
  - "(j) 'retail deposit' means a deposit made by:
    1. a natural person;
    2. a sole proprietor; or
    3. a small-sized legal person or medium-sized legal person, provided that the requirements for inclusion in the retail claims class under the standardised approach to credit risk or internal ratings-based approach are fulfilled and that the sum of deposits made by legal persons constituting a group of economically related entities does not exceed €1 million; for this purpose, a small-sized legal person or medium-sized legal person means a legal person with an annual turnover of up to €50 million;
  - (k) 'transaction account' means a current account in which at least 30 movements have been recorded within the preceding six completed calendar months, not including debit card transactions;
  - (l) 'retail deposit with an established relationship' means a retail deposit based on which the depositor:
    1. has a loan relationship with the bank under a loan agreement with a contractual maturity of at least five years, or
    2. uses at least three banking products or services of the bank provided within banking transactions;
  - (m) 'operational deposit' means a deposit that a legal person makes with a bank in order to be provided with payment services and settlement services, with safe custody and management of financial instruments, or with other similar services, while at the same time the legal person demonstrably cannot withdraw a part of the deposit payable within 30 calendar days without jeopardising the operation of its enterprise;
  - (n) 'irrevocable credit facility' means a contractual transaction in which a bank makes a certain amount of financial resources available for the customer to borrow and may not rescind this

commitment so long as the customer's creditworthiness does not deteriorate and the contractual terms and conditions are fulfilled;

(o) 'financial resource' means a loan, security or financial asset;

(p) 'development bank' means a bank that is the International Bank for Reconstruction and Development, the International Finance Corporation, the Council of Europe Development Bank, the European Bank for Reconstruction and Development, the European Investment Bank, or the European Investment Fund;

(q) 'dedicated organisation' means an organisation that is the European Union, the International Monetary Fund, or the Bank for International Settlements;

(r) 'deposit guarantee scheme' means a scheme ensuring the protection of deposits in banks and repayment for unavailable deposits,<sup>2a</sup> or the equivalent of such scheme in another Member State of the European Union or in another Member State of the European Economic Area;

(s) 'repo transaction and reverse repo transaction' means either:

1. a security purchase agreement under a separate law,<sup>2b)</sup> where the seller undertakes to repurchase a security at a predetermined price on a predetermined date or at the request of the counterparty; for the seller it is a repo transaction and for the buyer a reverse repo transaction; or

2. a loan agreement under a separate law<sup>2c</sup> involving the transfer of securities as collateral under a separate law;<sup>2d</sup> for the recipient of a loan with a transfer of securities as collateral, the transaction is a repo transaction, and for the provider it is a reverse repo transaction."

Footnotes 2a to 2d read as follows:

"2a Article 1 of Act No 118/1996 Coll. on deposit protection and on amendments to certain laws, as amended by Act No 492/2009 Coll.

2b Article 30 of Act No 566/2001 Coll. on securities and investment services (the Securities Act) and on amendments to certain laws, as amended by Act No 552/2008 Coll.

2c For example Article 497 to Article 507 of the Commercial Code, as amended.

2d Article 53 of Act No 566/2001 Coll. as amended."

2. Article 13 and 13a including titles read as follows:

#### "Article 13 Liquidity ratios

The following liquidity ratios shall be laid down:

- (a) fixed and illiquid assets ratio;
- (b) liquidity coverage ratio.

#### Article 13a Fixed and illiquid assets ratio

(1) 'Fixed and illiquid assets ratio' means the ratio of the sum of fixed assets and illiquid assets to selected items of liabilities.

(2) 'Fixed assets' means:

- (a) shares and ownership interests in commercial companies with a controlling influence;
- (b) shares and ownership interests in commercial companies with a significant influence;
- (c) tangible assets;
- (d) intangible assets;
- (e) tangible and intangible assets held in acquisition accounts.

(3) 'Illiquid assets' means:

- (a) claims past due by more than 30 calendar days;
- (b) shares, interim certificates and investment fund shares/units which are not fixed assets and are not listed on a regulated market;
- (c) shares in cooperatives which are not fixed assets.

(4) 'Selected items of liabilities' means the sum of addible items under (5) less the sum of deductible items under (6).

(5) Addible items comprise the following:

- (a) paid up shared capital;
- (b) share premium;
- (c) reserves<sup>3</sup> and other funds created from the distribution of profit after tax, except for those funds having the nature of a liability;
- (d) other equity, not including differences arising from the conversion of share and ownership interests denominated in a foreign currency;
- (e) retained earnings from previous years;
- (f) subordinated debt constituting the bank's own funds under a separate law.<sup>4)</sup>

(6) Deductible items comprise the following:

- (a) accumulated losses from previous years;
- (b) the financial result to be approved, if a loss;
- (c) the loss from the current accounting period;
- (d) own shares of the bank acquired by the bank, at their book value;
- (e) that part of the expected loss on the bank's assets for which no value adjustment was made and that part of the expected loss on the bank's off-balance sheet items for which no reserves were created.

(7) In the calculation of the fixed and illiquid assets ratio, fixed assets and illiquid assets shall be included at their net book value.

(8) The value of the fixed and illiquid assets ratio shall not exceed 1.

(9) Paragraphs (1) to (8) and Article 13 (a) shall not apply to branches of foreign banks."

Footnotes 3 and 4 read as follows:

"3) Article 67 of the Commercial Code as amended.

4) Articles 5 to 7 of Decree No 4/2007 of Národná banka Slovenska on banks' own funds and banks' capital requirements and on investment firms' own funds and investment firms' capital requirements (Notification No 121/2007 Coll.), as amended."

3. After Article 13a the following Article 13b and Article 13c are added:

"Article 13b  
Liquidity coverage ratio

(1) 'Liquidity coverage ratio' means the ratio of the sum of liquid assets and net outflows.

(2) 'Net outflow' means the difference between outflows and adjusted inflows.

(3) 'Adjusted inflows' means that part of the inflows not exceeding 85% of the total amount of outflows.

(4) 'Liquid assets' means the assets listed in Table 1.

(5) Securities shall be included in the calculation of liquid asset values at fair value (including accrued interest income) and at the haircut-adjusted value according to Table 1.

(6) For the purposes of (4) and (5), Table 1 is laid down as follows:

Table 1: Liquid assets

Type of liquid asset	Characteristic	Credit quality step	Haircut (%)
Treasury assets		-	0
Deposits with central banks and banks, available on request, including minimum reserves		-	0
Zero-coupon or fixed-coupon debt securities	Residual maturity of up to 1 year inclusive	1-2	1
		3	6
	Residual maturity of more than 1 year and up to 5 years inclusive	1-2	3
		3	8
	Residual maturity of more than 5 years and up to 7 years inclusive	1-2	5
	3	10	
Fixed-coupon debt securities	Residual maturity of more than 10 years	1-2	8
		3	13
Zero-coupon debt securities	Residual maturity of more than 10 years	1-2	10
		3	15
Variable-coupon debt securities	Residual period of coupon fixation of up to 1 year inclusive	1-2	1
		3	6
	Residual period of coupon fixation of more than 1 year and up to 5 years inclusive	1-2	3
		3	8
	Residual period of coupon fixation of more than 5 years and up to 7 years inclusive	1-2	5
		3	10
Residual period of coupon fixation of more than 7 years and up to 10 years inclusive	1-2	6	
	3	11	
Residual period of coupon fixation of more than 10 years	1-2	8	
	3	13	

(7) The haircut assigned to a security shall be determined using the issue's credit rating provided by a recognised credit rating agency,<sup>5</sup> on which basis the credit quality step is assigned. If an issue has not been given a credit rating, then the credit rating of an issue shall be deemed to be the credit rating of the issuer. The credit rating of an issue may be replaced with the credit rating of a guarantor, if that is better and if at least 100% of the amount of principal and coupon payments is guaranteed.

(8) 'Credit quality step' means a long-term rating as published on the website of Národná banka Slovenska in the table 'Recognition Process' under 'Supervisory Disclosure Framework – ECAI credit rating'.<sup>6</sup>

(9) If two credit ratings exist for one security and each corresponds to a different credit quality step, then the worse one shall be taken into account when assigning a haircut.

(10) If more than two credit ratings exist for one security, then the haircut assignment shall be based on the two ratings which constitute the best credit quality step. If these two best credit quality steps differ from each other, then the worse one shall be taken into account when assigning a haircut. If these two best credit quality steps are identical, this credit quality step shall be taken into account.

(11) Securities shall be deemed to constitute liquid assets, if:

(a) they are not issued by a bank, a bank's subsidiary or a company in which a bank has a participation, a member of a consolidated group that includes a bank, or another subsidiary belonging to a consolidated group headed by a mixed-activity holding company or belonging to a financial conglomerate headed by a mixed financial holding company; this shall not apply to mortgage bonds,<sup>7</sup> covered bonds issued under the law of the relevant state, and securities<sup>8</sup> issued by a dedicated organisation or development bank;

(b) they are not issued by an investment firm, foreign investment firm, insurance company, foreign insurance company, financial holding company or mixed-activity holding company;

(c) they are registered or listed on a regulated market or within a multilateral trading system, except for mortgage bonds issued before the entry into force of this decree;

(d) they are on the list of eligible assets for monetary policy operations conducted by the European Central Bank and by Eurosystem national central banks; this condition shall not apply to mortgage bonds;

(e) their price is the result of agreement between financial market participants and is similar to prices in the financial market, or their price may be determined using a mathematical formula based on publically available input data, excluding data corresponding to factors that affect the price of structured and exotic products;

(f) they are not provided as pledged collateral or as a title transferred as collateral;

(g) they are not accepted as pledged collateral or a title transferred as collateral, except for the securities accepted within reverse repo transactions.

(12) Liquid assets fulfilling the conditions of (11)(f) shall also be deemed securities available within collateral pools for contractually binding, but as yet unused, credit facilities which were provided to the bank under monetary policy operations conducted with the European Central Bank or with a Eurosystem national central bank.

(14) An asset that does not meet a condition under (11)(c) to (e) may be deemed liquid within the next 30 calendar days as from the date on which it ceases to meet that condition.

(14) If a bank or branch of a foreign bank has both a claim on and liability towards members of the consolidated group of which it is a part, and if this liability has a residual maturity of more than 30 calendar days, then for the purposes of calculating the liquidity coverage ratio, the value of the claims or liabilities of the bank or branch shall be reduced by the value of the liability towards or claim on these members of the consolidated group, whichever is lower.

(15) 'Outflow' means the sum of liabilities broken down according to (a) to (d) and multiplied by the coefficient for the corresponding subgroup of liabilities 'A' to 'D' as stated in Table 2, namely:

(a) the outstanding amount of retail deposits that customers may, by agreement, withdraw within the next 30 calendar days;

(b) the outstanding amount of deposits with a residual maturity of more than 30 days received from investment funds managed by a collective investment undertaking which is a subsidiary of a bank,

or a company in which a bank has a participation, or a company which is a member of a consolidated group that includes a bank;

(c) the outstanding amount of other liabilities which are payable on demand and the payout of which is expected within the next 30 calendar days, not including those liabilities that are covered by assets fulfilling the conditions under (4), (5) and (11) (a) to (e) and (g) and (12);

(d) the maximum amount that may be borrowed through irrevocable credit facilities within the next 30 calendar days.

(16) For the purposes of (15), Table 2 is laid down as follows:

Table 2: Outflows

Subgroup of liabilities	Type of liability – outflows	Coefficient
A	Retail deposits that both are covered by a deposit guarantee scheme and fulfil the conditions laid down for transaction accounts or for retail deposits with an established relationship	0.15
	Retail deposits that both are protected by a deposit guarantee scheme and have a residual maturity of more than 30 calendar days, where the contractual penalty for early withdrawal within 30 calendar days is equal to or higher than the annual equivalent of the amount which the customer would have received if the deposit had been left for the duration of its agreed maturity.	0.05
	Other retail deposits	0.25
B	Deposits from investment funds	0.05
C	Repo transactions where the creditor is a central bank	0
	Operational deposits from non-financial corporations <sup>9</sup>	0.30
	Liabilities towards non-financial corporations which are not retail deposits and are covered by a deposit guarantee scheme	0.20
	Liabilities towards non-financial corporations, public administration authorities, development banks and dedicated organisations	0.40
	Liabilities towards banks, foreign banks and financial institutions	1.00
	Liabilities towards the Ministry of Finance of the Slovak Republic or towards the State Treasury resulting from financial market operations conducted on their behalf by the Debt and Liquidity Management Agency	1.00
	Short-term securities issued	0.40
	Mortgage bonds issued	0.50
	Other debt securities issued	1.00
	Other liabilities	1.00
	Letters of credit liabilities	1.00
	Guarantees provided	0.05
D	Irrevocable credit facilities included in the exposure class with retail claims and contingent retail claims	0.05
	Irrevocable credit lines constituting claims or contingent claims on non-financial corporations and public administration authorities	0.10
	Irrevocable credit lines constituting claims or contingent claims on banks, foreign banks and financial institutions	0.50

(17) 'Inflow' means the sum of the amounts of:

(a) contractually stipulated principal and interest payments on claims and coupon or principal payments on debt securities, payable within 30 calendar days, except for:

1. non-performing assets,
2. past due payments,
3. inflows from liquid assets and those taken into account under (5);

(b) the unused credit facilities provided by a development bank or dedicated organisation which may be drawn within 30 calendar days, arising from agreements from which the development bank or dedicated organisation may not withdraw for at least 30 calendar days;

(c) claims on other banks with residual maturity of up to 30 calendar days, not including sight deposits.

(18) The calculation of the inflow under (17) shall include the total amount of claims other than claims on customers. Claims on customers shall be included in the calculation of the inflow after multiplying the amount by the coefficient of 0.8.

(19) The calculation of the inflow under (17) shall include claims without a contractually agreed final maturity after multiplying the amount by the coefficient of 0.2, provided that the agreement allows the bank to terminate the contractual relationship and request settlement of the liability within 30 days.

(20) The calculation of the inflow under (17) shall include only the amounts of the liquid assets under (4), (5) and (11) which are not recorded at fair value.

(21) The calculation of the inflow under (17) shall not include the claims within reverse repo transactions that are covered by assets fulfilling the conditions under (11) (a) to (g).

(22) The value of the liquidity coverage ratio shall not fall below the value of 1.

#### Article 13c

This decree transposes the legally binding acts of the European Union listed in the Annex."

Footnotes 5 to 9 read as follows:

"5 Article 32(9) of Act No 483/2001 Coll. on banks and on amendments to certain laws, as amended by Act No 644/2006 Coll.

6 Article 6(20)(e) of Act No 483/2001 Coll., as amended.

7 Articles 14 to 17 of Act No 530/1990 Coll. on bonds, as amended.

Articles 67 to 72 of Act No 483/2001 Coll. as amended.

8 Article 29 of Decree No 4/2007 of Národná banka Slovenska of 13 March 2007 on banks' own funds and banks' capital requirements and on investment firms' own funds and investment firms' capital requirements (Notification No 121/2007 Coll.), as amended.

9 Council Regulation (EC) No 2223/96 of 25 June 1996 on the European system of national and regional accounts in the Community (OJ L 310, 30. 11. 1996)."

4. The Annex including title reads as follows:

"Annex to Decree No 18/2008

#### LIST OF TRANSPOSED LEGALLY BINDING ACTS OF THE EUROPEAN UNION

Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (OJ L 176, 27. 6. 2013)."

## Section II

This Decree shall enter into force on 1 December 2014.

**Jozef Makúch**  
**Governor**

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