

Assets and Valuation Haircuts Structure

Levels of valuation haircuts applied to assets underlying National Bank of Slovakia monetary policy operations

	Eligible assets			Valuation	Valuation haircuts
	Central government debt instruments	NBS instruments	Commercial banks instruments		
Liquidity category I ¹⁾	Treasury Bills (SPP); Government Bonds (SD);	NBS Bills (PP NBS)		Market price (alternative theoretical price defined by NBS)	Valid since May 1, 2004 Valid since March 31, 2006 Valid since November 3, 2008
Liquidity category II ²⁾					
Liquidity category III ³⁾			Covered bonds	Market price (alternative theoretical price defined by NBS)	Valid since November 3, 2008
Liquidity category IV ²⁾					

Annotation:

1. The Bank Board of NBS (meeting on 04.28.2004) set up the validity of valuation haircuts.
2. The Bank Board of NBS makes decision on eligibility of assets and valuation haircuts on individual basis.
3. The Bank Board of the NBS (meeting on 10. 28. 2008) approved acceptance of covered bonds as eligible assets in the implementation of monetary policy operations since 11.03. 2008.
- 4.

Validity since 05.01.2004

Residual maturity of assets (in years)	Valuation haircuts in %		
	Assets with fixed rate coupon	Assets with zero rate coupon	Assets with variable rate coupon
0 - 1	2,0	2,0	2,0
1 - 3	3,0	3,0	2,0
3 - 5	4,0	4,5	2,0
5 - 7	4,5	5,0	2,0
7 - 10	5,5	6,0	2,0
over 10	6,5	10,0	2,0

Validity since 03.31.2006

Residual maturity of assets (in years)	Valuation haircuts in %		
	Assets with fixed rate coupon	Assets with zero rate coupon	Assets with variable rate coupon
0 - 1	1,5	1,5	1,5
1 - 3	2,5	2,5	1,5
3 - 5	3,5	4,0	1,5
5 - 7	4,0	4,5	1,5
7 - 10	5,0	5,5	1,5
over 10	6,5	9,5	1,5

Validity since 11.03.2008

in %

Residual maturity of assets (in years)	Government securities and NBS bills			Covered bond		
	Assets with fixed interest rate coupon	Assets with zero coupon	Assets with variable interest rate coupon	Assets with fixed interest rate coupon	Assets with zero coupon	Assets with variable interest rate coupon
0 - 1	1,5	1,5	1,5	3	3	3
1 - 3	2,5	2,5	1,5	4,5	4,5	3
3 - 5	3,5	4	1,5	6	6,5	3
5 - 7	4	4,5	1,5	7	7,5	3
7 - 10	5	5,5	1,5	8	9,5	3
over 10	6,5	9,5	1,5	10,5	16,5	3

- Residual maturity = (maturity date - actual date)/365
- Valuation haircuts in the above table for covered bonds are for those, who meet high credit standards, which is the rating agencies assessment at a minimum long-term rating of "A" by Moody's, Fitch a S&P.
- Valuation haircuts for covered bonds are to be increased by 5 % when long-term ratings of Moody's, Fitch and S&P are assigned to levels "Baa", "BBB" and "BBB" respectively.