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EUROSYSTEM



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FOREWORD



FOREWORD

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

The present issue is based on preliminary data as at December 2018. The publication is based on statistical data which are the main source for compilation of the European Central Bank's euro area statistics, of the International Monetary Fund's and Eurostat's statistics, and for monetary and financial stability analyses at the national level. The last chapter is summarising the methodological notes to the individual areas of statistics under analysis.

The publication is supplemented with a comparison of national statistics with euro area statistics on selected categories of assets and liabilities from the banking sector and mutual funds, interest rates on selected categories of deposits and loans and securities statistics. In addition, on the beginning of the publication, you can find thematic chapter analysing lending rates for small and medium-sized enterprises.

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



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THEMATIC CHAPTER



LENDING RATES FOR SMALL AND MEDIUM-SIZED ENTERPRISES II

This thematic chapter is based on the data published in the Statistical Bulletin of NBS for Q2/2015,¹ in respect of the period from January 2012 to June 2015 (42 months). It contains an analysis of bank lending to small and medium-sized enterprises and to other non-financial corporations (constituting together the S.11 sector) in the period from September 2015 to December 2018.

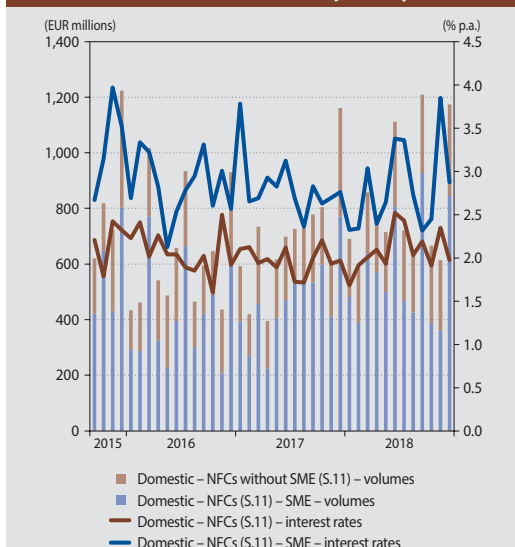
The criteria used to define small and medium-sized enterprises (SMEs)² have been kept unchanged since 2015. Under Article 5(ac) of the Banking Act, a small and medium-sized legal person is a legal person whose annual turnover does not exceed €50,000,000. Under Article 2(1) of Annex II to Commission Recommendation No 2003/361/EC, the category of micro, small and medium-sized enterprises (SMEs) is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding €50 million, and/or an annual balance-sheet total not exceeding €43 million.

DEVELOPMENT OF AMOUNT OUTSTANDING AND INTEREST RATE ON NEW LOANS (AAR) BROKEN DOWN BY THE FIXATION TYPE.

Chart I shows the volumes of loans provided to SMEs and to other non-financial corporations (NFCs) with a floating rate and an initial rate fixation period of up to one year, and the rates of interest on these loans. Interest rates on loans to SMEs were, on average, 0.83 percentage point higher than those on loans to other NFCs (the average rates for SMEs and other NFCs were, in the period under review, 2.88% p.a. and 2.05% p.a. respectively).

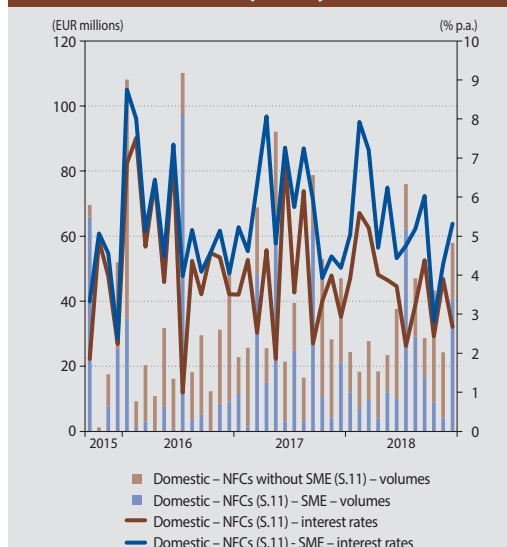
Chart II shows that, in the category of loans with an initial rate fixation period of over one year and up to five years, the rates of interest for SMEs and for other NFCs followed similar trends in the period under review. Compared with other fixation periods, the biggest interest rate difference was recorded in this category, i.e. 1.28 percentage points (the average agreed rate for SMEs was 5.25% p.a. and that for other NFCs was 3.97% p.a.). This difference was caused by the smaller volume of new loans provided in this category, compared with the volume of loans with an initial rate fixation period of up to one year.

Chart I Loans with floating interest rate and initial interest rate fixation up to 1 year



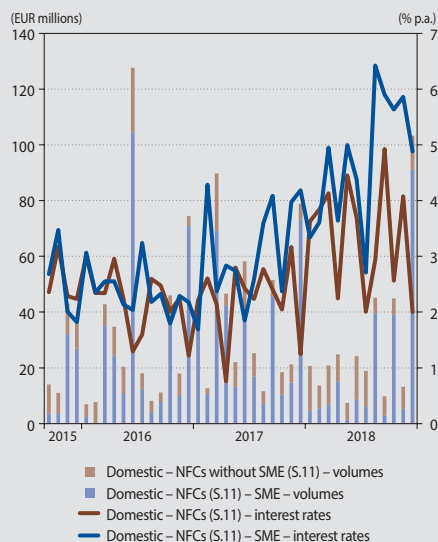
Source: NBS.

Chart II Loans with initial interest rate fixation over 1 and up to 5 years

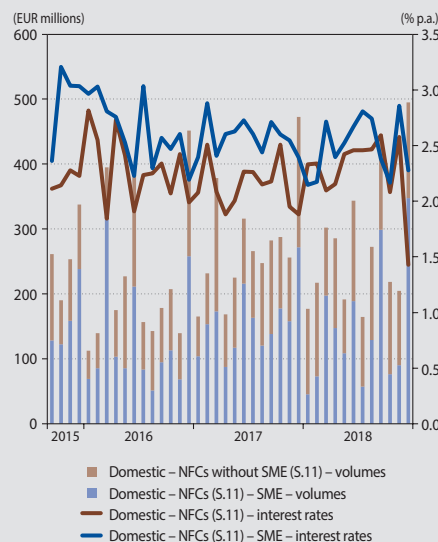


Source: NBS.

- 1 Statistical Bulletin Q2/2015, Monetary and financial statistics of NBS, Lending rates for small and medium-sized enterprises, page 8, paragraph 2, available in Slovak at: https://www.nbs.sk/_img/Documents/_Publikacie/Bulletin-MFS/2015/BulletinMFS_062015.pdf
- 2 Small and medium-sized enterprises (SMEs) are included in the non-financial corporations sector (S.11) but are reported separately for statistical purposes.

Chart III Loans with initial interest rate fixation over 5 and up to 10 years


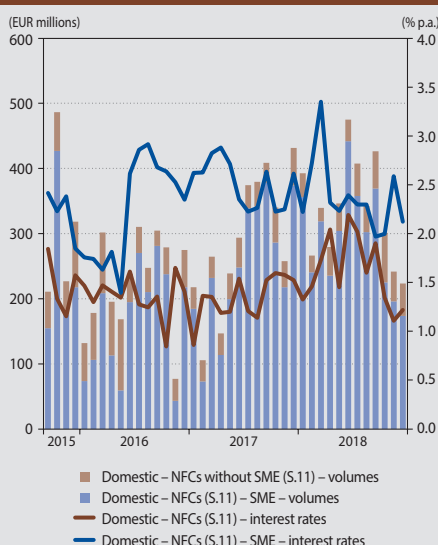
Source: NBS.

Chart V Total investment loans


Source: NBS.

Loans with an initial rate fixation period of over five and up to ten years are illustrated in Chart III. This category was marked by historically low average interest rates (the average agreed rate for SMEs reached 3.26% p.a. and that for other NFCs amounted to 2.59% p.a.). The average interest rate difference was 0.67 percentage point in the period under review. The volume of new loans of this category was comparable with the

volume of loans provided with an initial rate fixation period of over one year and up to five years. The smaller difference in average interest rates with such fixation was due to the low volume of loans provided to SMEs (worth several tens of thousands of EUR only), i.e. the number of loans provided was smaller than in the case of other fixation periods.

Chart IV Total operating loans


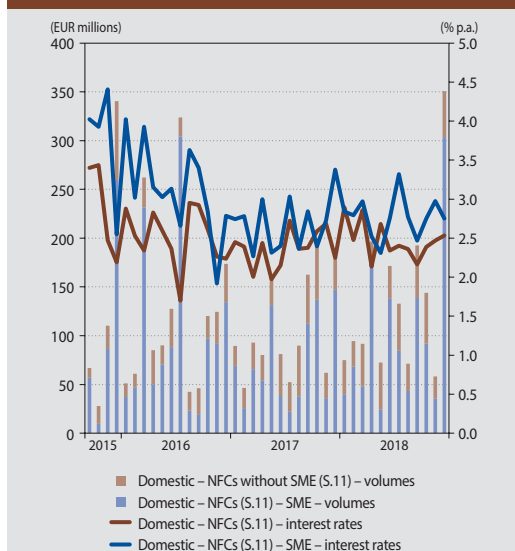
Source: NBS.

NEW LOANS TO SMEs AND OTHER NFCs BY PURPOSE – INTEREST RATES AND VOLUMES

Operating loans provided to other NFCs (Sector S.11, excluding SMEs) were, in volume terms, the most significant loans in the period under review (see Chart IV). The average interest rate on operating loans to other NFCs reached 1.43% p.a., compared with 2.36% p.a. recorded in the case of operating loans provided to SMEs. Interest levels (weighted arithmetic average) were reflected in the volume of loans provided.

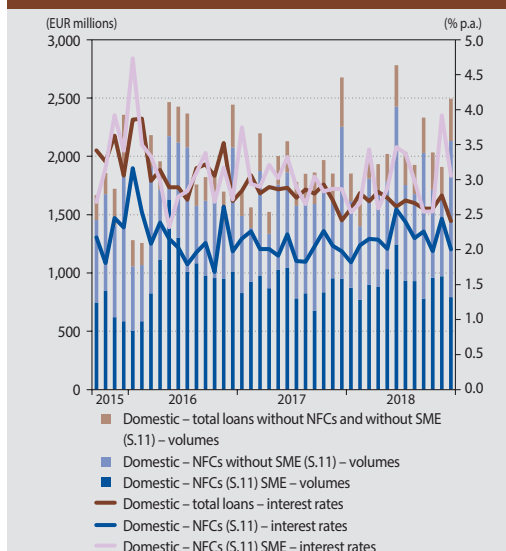
Interest rates on investment loans and real estate loans provided to SMEs and other NFCs showed a smaller spread between the values of average agreed rates, with lower rates for SMEs in several cases. The absolute difference between average interest rates on investment loans was only 0.36 percentage point, representing the lowest figure among the loan categories under comparison (the average agreed rate was 2.6% p.a. for SMEs and 2.24% p.a. for other NFCs). The rela-

Chart VI Total loans for house purchases



Source: NBS.

Chart VII Total loans



Source: NBS.

tively largest difference (1.51 percentage points) between the average rates was recorded in the 'other loans' category.

COMPARISON OF LOANS PROVIDED TO SMEs, OTHER NFCs AND TO DOMESTIC ENTITIES IN TOTAL

Chart VII illustrates separately the changes in volume of new loans provided to domestic entities in total (households, self-employed persons, other financial intermediaries, insurance companies, pension funds, and the public sector), to SMEs and to other NFCs. It shows that the lowest average lending rate was recorded in the case of loans provided to other NFCs, specifically 2.13% p.a. in the period under review. The average interest rate on loans provided to SMEs reached 3.06% p.a. in that period. The

average difference between lending rates for SMEs and for other NFCs was 0.93 percentage point, to the detriment of small and medium-sized enterprises.

In the previous period under analysis, i.e. from January 2012 to June 2015, the said difference amounted to 1.5 percentage points.

In conclusion, this analysis shows that lending rates for small and medium-sized enterprises and other non-financial corporations tend to converge. Compared with the overall average lending rate for domestic entities, the average lending rate for SMEs remained higher in the period under review (the average agreed rate reached 2.94% p.a.).



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CHAPTER 1

STRUCTURE OF THE FINANCIAL MARKET IN SLOVAKIA



1 STRUCTURE OF THE FINANCIAL MARKET IN SLOVAKIA

1.1 OVERVIEW OF PARTICIPANTS

The total number of monetary financial institutions (sectors S.121, S.122 and S.123) as at the end of the last quarter of 2018 remained unchanged in comparison with the end of the previous quarter. The structure of investment funds

(sector S.124), however, underwent numerous changes over the period under review. Two bond funds were dissolved through merger with other entities, and two funds were dissolved in the 'other funds' category. In the remaining sectors under review, the number of entities remained unchanged in that period.

Table 1 Structure of the financial market in Slovakia

	XII. 2017	III. 2018	VI. 2018	IX. 2018	XII. 2018
Monetary financial institutions (S.121 + S.122 + S.123)	28	28	29	28	28
Central bank (S.121)	1	1	1	1	1
Deposit taking corporations excl. central bank (S.122)	26	26	27	27	27
<i>Banks</i>	9	9	9	9	9
<i>Branches of foreign banks</i>	13	13	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)	1	1	1	0	0
Investment Funds (S.124)	86	86	87	90	86
<i>Equity funds</i>	12	12	12	12	12
<i>Bond funds</i>	21	21	21	22	20
<i>Mixed funds</i>	34	34	35	37	37
<i>Real estate funds</i>	7	7	7	7	7
<i>Other funds</i>	12	12	12	12	10
Other financial intermediaries (S.125)	247	245	245	243	243
<i>Leasing companies (financial leasing)</i>	73	74	74	74	74
<i>Consumer credit companies</i>	157	155	155	153	153
<i>Factoring companies</i>	17	16	16	16	16
Financial auxiliaries (S.126)	33	35	35	38	38
<i>Asset Management Companies</i>	7	8	8	8	8
<i>Pension Savings Companies</i>	6	6	6	6	6
<i>Supplementary Pension Asset Management Companies</i>	4	4	4	4	4
<i>Securities and derivatives dealers¹⁾</i>	16	17	17	20	20
Insurance corporations and pension funds (S.128 + S.129)	50	50	49	50	50
<i>Insurance corporations</i>	16	16	15	15	15
<i>Pension funds</i>	34	34	34	35	35

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)

	XII. 2017	III. 2018	VI. 2018	IX. 2018	XII. 2018
Monetary financial institutions (S.121 + S.122)	115,383	116,860	119,664	121,391	127,530
Central bank (S.121)	37,771	38,626	40,236	41,065	45,525
Deposit taking corporations excl. the central bank (S.122)	77,612	78,234	79,428	80,326	82,005
Money Market Funds (S.123)	30	29	18	0	0
Investment funds (S.124)	6,606	6,652	6,655	6,818	6,694
Other financial intermediaries (S.125)	6,954	6,538	6,680	6,797	6,915
Leasing companies (financial leasing)	4,522	4,685	4,775	4,844	4,973
Consumer credit companies	2,119	1,638	1,689	1,721	1,691
Factoring companies	313	215	216	232	251
Financial auxiliaries (S.126)	291	305	297	305	311
Insurance corporations and pension funds (S.128 + S.129)	16,408	16,587	16,796	17,046	17,173
Insurance corporations ¹⁾	6,858	6,884	6,871	6,844	6,823
Pension funds	9,550	9,703	9,925	10,202	10,350

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 stood at 20,649 at the end of 2018. This represented an increase of 677 employees (3.4%) compared with the end of 2017, when 19,972 employees were recorded. The year-on-year increase was caused mainly by organisational changes taking place in certain institutions.

In quarter-on-quarter terms, the number of people employed in the banking sector rose by 76, representing a slight increase of 0.4%. The last quarter of 2018 saw no significant organisational or personnel changes in the banking sector. The number of central bank employees increased still further, up to 1,110 at the end of 2018.

The long-term trend in banking sector employment has also been affected by other events, the most significant being the entry of a new foreign bank branch into the market on 1 July 2016, which has contributed to employment growth in this sector. It should also be noted in this regard that employment at the central bank, Národná banka Slovenska (NBS), had undergone a prolonged increase before the middle of 2017, owing mainly to recruitment at the Financial Consumer Protection Department (following the Slovak Government's approval of a Financial Consumer Protection Plan that, among other things, required the establishment of a single contact point for customers of all financial institutions).

Table 3 Number of employees in the banking sector

	2016	2017				2018			
	31.12.	31.3.	30.6.	30.9.	31.12.	31.3.	30.6.	30.9.	31.12.
Banking sector	20,863	20,389	20,264	19,993	19,972	20,709	20,638	20,573	20,649
Central bank	1,075	1,094	1,102	1,101	1,093	1,097	1,097	1,102	1,110
Banks and branches of foreign banks	19,788	19,295	19,162	18,892	18,879	19,612	19,541	19,471	19,539
of which: Banks	17,538	17,474	17,359	17,230	17,235	17,947	17,900	17,777	17,820
Branches of foreign banks	2,250	1,821	1,803	1,662	1,644	1,665	1,641	1,694	1,719

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 slightly, year on year, in the quarter under review, from 5.25% at 31 December 2017 to 5.11% at 31 December 2018.

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 94.75% at 31 December 2017 to 94.89% at 31 December 2018.

During the same period, the total volume of foreign share capital increased in absolute terms by €100.9 million (in relative terms by 2.93%).

This increase was accounted for largely by foreign capital from the Czech Republic and Hungary. Czech-held capital in Slovak banks increased from 53.14% of the total volume of foreign share capital at 31 December 2017 to 53.91% at 31 December 2018 (or by €81 million in absolute terms), while Hungarian-held capital increased from 4.10% to 4.27% (or by €10 million). The increases in Czech and Hungarian holdings in domestic banks reflected capital injections into UniCredit Bank Czech Republic and Slovakia, a.s., and Komerční banka, a.s. (branches of Czech banks), and into OTP Banka Slovensko, a.s. (a branch of OTP Bank, Hungary).

Chart 1 Foreign capital in the banks in the Slovak Republic as at 31.12.2018

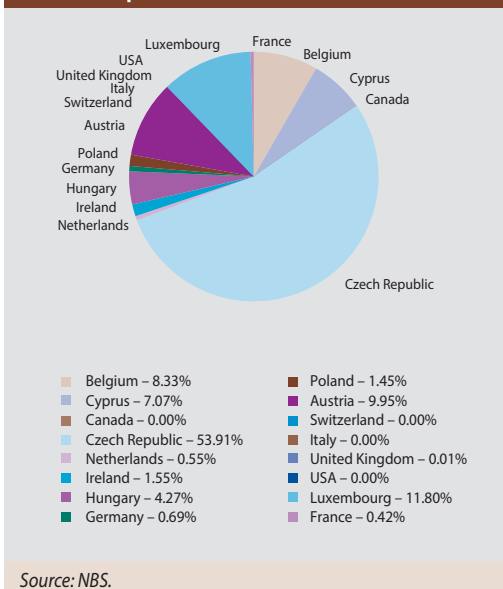
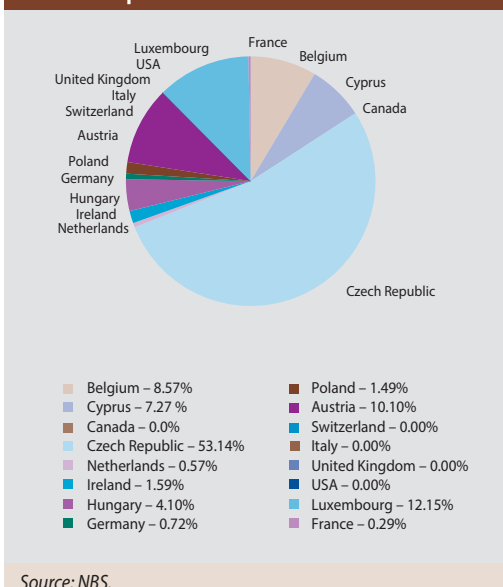


Chart 2 Foreign capital in the banks in the Slovak Republic as at 31.12.2017





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CHAPTER 2

STATISTICS OF OTHER MONETARY FINANCIAL INSTITUTIONS

2 STATISTICS OF OTHER MONETARY FINANCIAL INSTITUTIONS

2.1 BALANCE SHEET STATISTICS OF CREDIT INSTITUTIONS: ASSETS

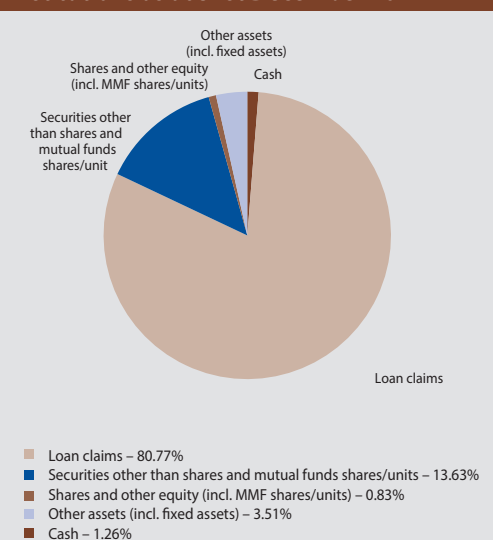
The total assets of banks and foreign bank branches operating in Slovakia, excluding NBS (hereinafter 'credit institutions') amounted to €82 billion at the end of 2018. This was due to a year-on-year increase of 5.6% (€4.4 billion), stemming mostly from the growing stock of credit claims.

Credit institutions' credit claims constituted 81.5% of their total assets at 31 December 2018, which in year-on-year terms represented an increase of 0.7 percentage point and reflected an absolute increase of €4.1 billion (6.6%) in their stock. This increase was caused mainly by long-term credit claims with a maturity of over five years, which grew by €4.9 billion. Credit claims with a maturity of over one year and up to five years rose, too, by €0.1 billion, while those with a maturity of up to one year fell by almost €1 billion.

Credit institutions' holdings of securities other than equities and investment fund shares/units accounted for 12.9% of their total assets at 31 December 2018, which in year-on-year terms represented a decline of 0.75 percentage point and reflected an absolute decrease of €0.02 billion (0.2%), caused mainly by a fall in the stock of securities with a maturity of over one year.

Credit institutions' holdings of shares and other equity participations constituted 0.8% of their total assets at 31 December 2018, as a year earlier. The stock of these shares and other equity participations increased, year on year, by €0.01 billion (2%). Credit institutions' other assets (including fixed assets) accounted for 3.7% of their total assets at 31 December 2018, which

Chart 3 Structure of assets of credit institutions as at 31st December 2017



Source: NBS.

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

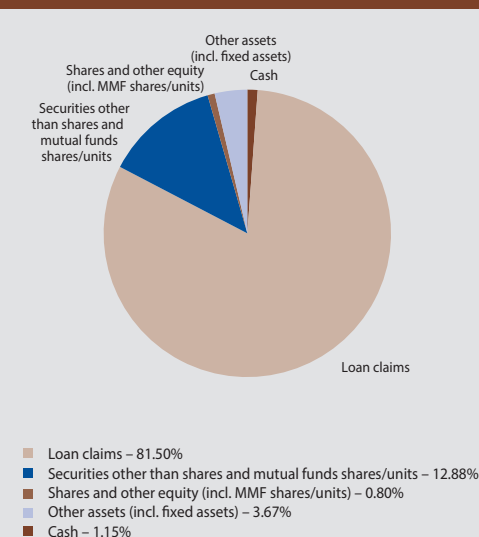
	XII. 2017	III. 2018	VI. 2018	IX. 2018	XII. 2018
	77,630,467	78,234,011	79,428,023	80,325,700	82,005,008
Cash	980,519	817,458	816,336	815,007	942,781
Loan claims	62,700,180	63,087,435	63,913,846	64,738,683	66,836,555
Securities other than shares and mutual funds shares/units	10,584,091	10,785,119	11,056,666	11,150,851	10,562,088
Shares and other equity (incl. MMF shares/units)	644,047	578,870	592,837	690,031	657,278
Other assets (incl. fixed assets)	2,721,630	2,965,129	3,048,338	2,931,128	3,006,306

Source: NBS.

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

2) Assets excluding depreciation and including provisions.

Chart 4 Structure of assets of credit institutions as at 31st December 2018



Source: NBS.

represented a slight increase of 0.2 percentage point, year on year. The volume of other assets (including fixed assets) grew, year on year, by €0.3 billion (10.5%).

Credit institutions' cash holdings constituted only about 1% of their total assets at 31 December 2018, which represented a slight decrease, year on year.

2.2 BALANCE SHEET STATISTICS OF CREDIT INSTITUTIONS: LIABILITIES

The total liabilities of credit institutions amounted to €82 billion at the end of 2018, which in

year-on-year terms was higher by €4.3 billion (5.6%), owing mainly to an increase in the stock of loans and deposits received.

Credit institutions' largest liability item – loans and deposits received – increased, year-on-year, by 1.2 percentage points as a share of their total liabilities. The stock of these loans and deposits grew, year on year, by €4.4 billion (7.2%), owing mainly to an increase in the stock of loans and deposits received, with a maturity of up to one year. By contrast, the stock of deposits with a maturity of over one year declined, year on year.

Credit institutions' capital and provisions constituted 12.8% of their total liabilities at 31 December 2018, as a year earlier. The volume of capital and provisions at the end of 2018 was higher by €0.4 billion (4.2%) than a year earlier.

Credit institutions' debt securities accounted for 6.5% of their total liabilities at 31 December 2018, which in year-on-year terms represented a slight decrease. The stock of these securities amounted to €5.4 billion at that date, representing a year-on-year decline of €0.2 billion (2.9%) that took place mostly in debt securities issued with a maturity of up to two years, in both sub-categories.

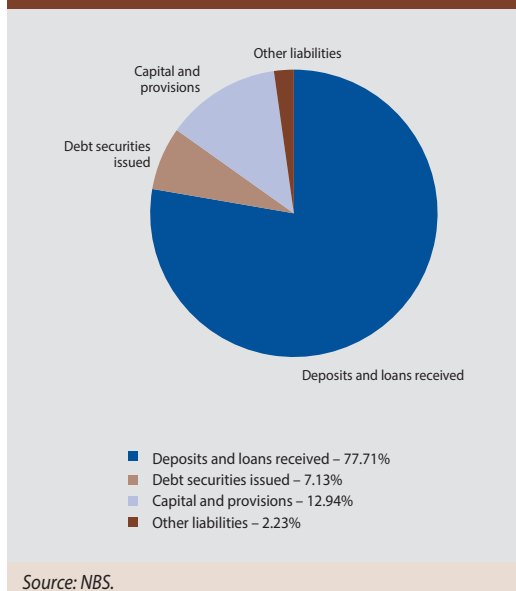
Credit institutions' other liabilities constituted 1.8% of their total liabilities at 31 December 2018. The stock of other liabilities at that date was lower, year on year, by €0.2 billion (13.8%).

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

	XII. 2017	III. 2018	VI. 2018	IX. 2018	XII. 2018
LIABILITIES	77,630,467	78,234,011	79,428,023	80,325,700	82,005,008
Deposits and loans received	60,326,954	61,041,737	62,296,082	62,902,575	64,679,879
Debt securities issued	5,531,256	5,099,658	5,331,739	5,261,267	5,369,194
Capital and provisions	10,044,159	10,033,957	10,045,490	10,325,227	10,465,746
Other liabilities	1,728,098	2,058,659	1,754,712	1,836,631	1,490,189

Source: NBS.

Chart 5 Structure of liabilities of credit institutions as at 31 December 2017

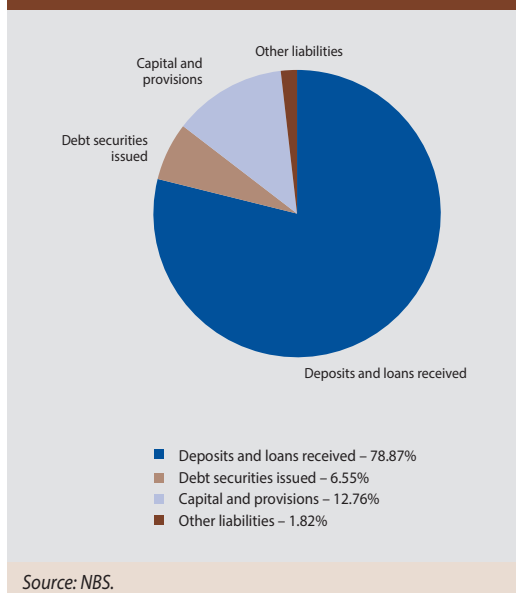


euro area countries and from the rest of the world accounted for 2.5% (€1.6 billion) and 9% (€5.9 billion) respectively.

Credit institutions' total holdings of securities other than equities and investment fund shares/units amounted to €10.6 billion at 31 December 2018, of which 81.9% (€8.7 billion) were issued by domestic issuers, 9.2% (€1 billion) by issuers from other euro area countries, and 8.8% (€0.9 billion) by issuers from the rest of the world.

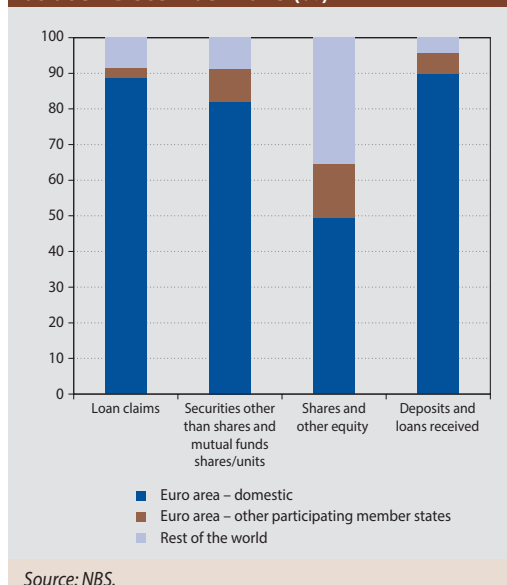
Credit institutions' total holdings of shares and other equity participations amounted to €0.7 billion, of which 50% (€0.3 billion) were domestic securities and participations, 15% were equity securities from other euro area countries and 35% were equity securities from the rest of the world.

Chart 6 Structure of liabilities of credit institutions as at 31st December 2018



Loans and deposits received by credit institutions amounted to €64.7 billion at the end of 2018, of which 90% (€58 billion) were received from domestic entities, 5.9% (€3.8 billion) from other euro area countries, and 4.1% (€2.7 billion) from the rest of the world.

Chart 7 Selected assets/liabilities: breakdown of counterparties by residency as at 31 December 2018 (%)



2.3 SELECTED ASSET AND LIABILITY ITEMS BY RESIDENCY OF COUNTERPARTY

Credit institutions' total credit claims amounted to €66.8 billion at the end of 2018, of which 88.9% (€59.4 billion) were claims on domestic entities. Credit claims on entities from other

2.4 SELECTED ASSET AND LIABILITY ITEMS BY SECTOR OF COUNTERPARTY

Credit institutions' total **domestic** credit claims amounted to €59.4 billion at 31 December 2018, of which 94% (€56 billion) were claims on sectors other than the general government sector and that of monetary financial institutions (MFIs), mainly on households and non-profit institutions serving households, and on non-financial corporations (NFCs).

Claims on domestic MFIs accounted for 4.1% (€2.5 billion) of the total stock of domestic credit claims and those on the general government sector accounted for 1.7% (€1 billion).

Credit institutions' total holdings of domestic securities other than equities and investment fund shares/units amounted to €8.7 billion at 31 December 2018, of which 87% (€7.5 billion) were debt securities issued by the general government sector.

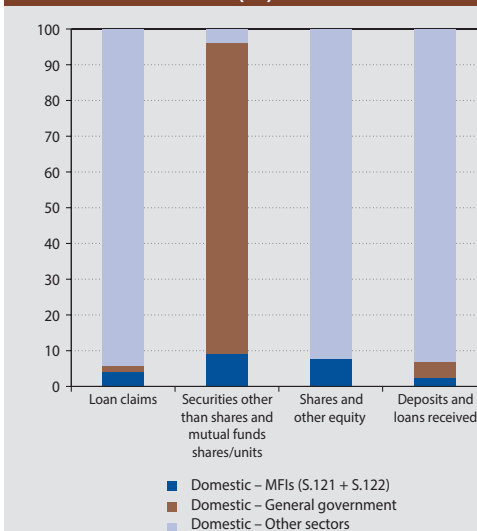
Securities other than equities and investment fund shares/units issued by domestic MFIs accounted for 9% and those issued by entities from other domestic sectors for 4%.

Credit institutions' total holdings of domestic shares and other equity participations (including investment fund shares/units) amounted to roughly €0.3 billion, of which 92% were equity securities issued by entities from other sectors and 8% were securities issued by domestic MFIs.

The total volume of loans and deposits received from domestic entities amounted to €58.1 billion at the end of the period under review, of which 93% were deposits received from other sectors, mostly households, 4.7% were loans and deposits received from the general government sector, and 2.3% were loans and deposits received from domestic MFIs.

Credit institutions' total claims on residents of **other euro area countries** amounted to €1.7 billion at 31 December 2018, of which 70% (€1.2 billion) were claims on other sectors and

Chart 8 Selected assets/liabilities: sectoral breakdown of domestic counterparty as at 31 December 2018 (%)



Source: NBS.

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

2) General government (S.13)

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

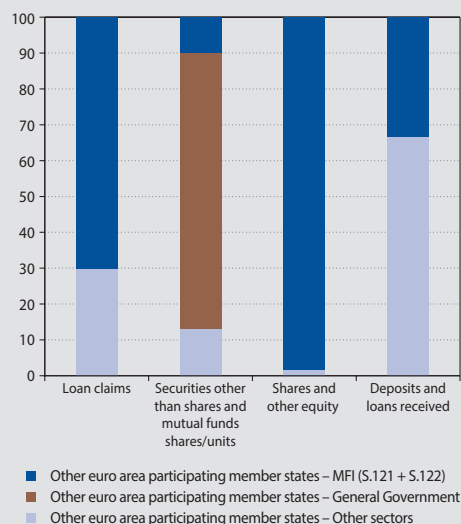
30% were claims on MFIs from other euro area countries.

Credit institutions' total holdings of securities other than equities and investment fund shares/units, issued by issuers from other euro area countries, amounted to almost €1 billion at 31 December 2018, of which 77% (€0.8 billion) were issued by the general government sector, 13% (€0.1 billion) by MFIs, and 10% 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 31 December 2018, of which 98% were equity securities issued by entities from other sectors and the remaining 2% were issued by MFIs.

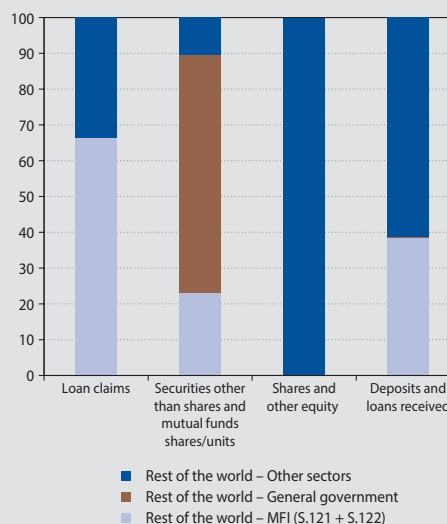
Loans and deposits received by credit institutions from residents of other euro area countries

Chart 9 Selected assets/liabilities: sectoral breakdown of counterparty from other euro area member states as at 31 December 2018 (%)



Source: NBS.

Chart 10 Selected assets/liabilities: sectoral breakdown of counterparty from the rest of the world as at 31 December 2018 (%)



Source: NBS.

amounted to €3.8 billion, of which 67% (€2.5 billion) were loans and deposits received from MFIs and 33% (€1.3 billion) were deposits received from other sectors.

Credit institutions' total claims on **the rest of the world** amounted to €5.7 billion at 31 December 2018, of which 66% (€3.8 billion) were claims on MFIs and 34% (€1.9 billion) were claims on other sectors.

Credit institutions' holdings of securities other than equities and investment fund shares/units, issued by issuers from the rest of the world, amounted to €0.9 billion at 31 December 2018, of which 66% (€0.6 billion) were issued by the general government sector, 23% by MFIs, and 10% by issuers from other sectors.

Credit institutions' holdings of shares and other equity participations issued by issuers from the rest of the world amounted to €0.2 billion at 31 December 2018, all of which were issued by issuers from other sectors (i.e. sectors other than the MFI and general government sectors).

The volume of loans and deposits received from residents of the rest of the world amounted to

€2.7 billion at 31 December 2018, of which 61% (€1.6 billion) were received from other sectors and 39% (€1.3 billion) from MFIs. The share of loans and deposits received from the general government sector was negligible.

2.5 ASSETS AND LIABILITIES OF CREDIT INSTITUTIONS: YEAR-ON-YEAR CHANGES

The total **assets of credit institutions** showed a year-on-year increase at the end of each quarter in the period since the end of 2017, the largest being an increase of 6.2% (€4.5 billion) recorded at the end of the last quarter of 2017. Credit institutions' total credit claims recorded their most significant annual change at the end of the last quarter of 2017, i.e. a year-on-year increase of €6.3 billion (11.1%), of which credit claims with a maturity of over five years accounted for €4.2 billion and those with shorter maturities for €1.6 billion.

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

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

	XII. 2017	III. 2018	VI. 2018	IX. 2018	XII. 2018
ASSETS	6.18	4.99	5.33	4.71	5.64
Cash	14.53	11.31	6.71	-2.69	-3.85
Loan claims	11.11	7.71	6.52	5.47	6.60
Loan claims – up to 1 year	11.98	-0.21	-6.18	-10.62	-6.15
Loan claims – over 1 and up to 5 years	6.55	3.54	1.38	1.99	1.95
Loan claims – over 5 years	11.60	11.57	12.35	12.19	12.15
Securities other than shares and mutual funds shares/units	-16.07	-8.90	-1.84	0.46	-0.21
Securities other than shares and mutual funds shares/units up to 1 year	-74.00	-86.91	-86.58	-45.31	586.67
Securities other than shares and mutual funds shares/units over 1 and up to 2 years	77.31	-23.91	-84.09	-100.00	-100.00
Securities other than shares and mutual funds shares/units over 2 years	-15.38	-6.03	1.94	2.85	-2.46
Shares and other equity	3.61	-7.38	-3.92	8.41	2.05
Other assets	5.02	8.02	10.29	6.37	10.46

Source: NBS.

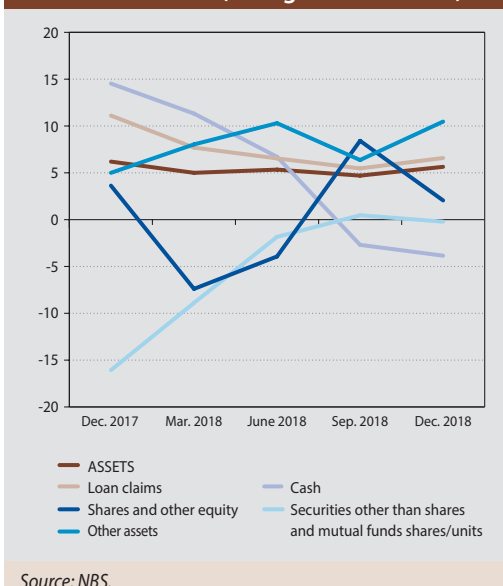
Credit institutions' total holdings of shares and other equity participations (including investment fund shares/units) were relatively low at the end of each quarter under review. Their highest amount (€0.69 billion) and biggest annual change (i.e. a year-on-year increase of 8.4% or €0.05 billion) were recorded at the end of September 2018.

Credit institutions' other assets (including fixed assets) recorded their biggest annual change at the end of the fourth quarter of 2018, when their stock increased, year on year, by 10.5% (€0.2 billion).

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

The total **liabilities of credit institutions** showed a year-on-year increase at the end of each quarter in the year under review, the largest being an increase of 6.2% (€4.5 billion) recorded at the end of the fourth quarter of 2017.

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



Source: NBS.

This trend was driven largely by a year-on-year increase of 7.2% (€4.3 billion) recorded, at end-December 2018, in the volume of loans and deposits received by credit institutions. The stock of deposits and loans with a maturity of up to one year increased by €4.6 billion, while that of de-

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

	XII. 2017	III. 2018	VI. 2018	IX. 2018	XII. 2018
LIABILITIES	6.18	4.99	5.33	4.71	5.64
Deposits and loans received	5.66	5.25	5.92	5.51	7.22
Deposits and loans received up to 1 year	6.70	7.14	8.62	8.02	9.33
Deposits and loans received over 1 year	1.01	-3.00	-5.75	-5.70	-2.74
Debt securities issued	20.06	5.11	3.94	-2.36	-2.93
Debt securities issued up to 1 year	115.90	-11.14	-5.72	-59.46	-72.04
Debt securities issued over 1 and up to 2 years	127.03	44.42	-33.86	-36.49	-77.41
Debt securities issued over 2 years	16.59	4.83	5.40	0.28	1.74
Capital and provisions	3.98	2.60	4.52	4.86	4.20
Other liabilities	-1.07	9.27	-5.58	-1.03	-13.77

Source: NBS.

posits and loans with a maturity of over one year decreased by €0.3 billion.

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

Credit institutions' capital and provisions in total recorded their most noticeable annual change at

30 September 2018, i.e. a year-on-year increase of 4.9% (€0.5 billion).

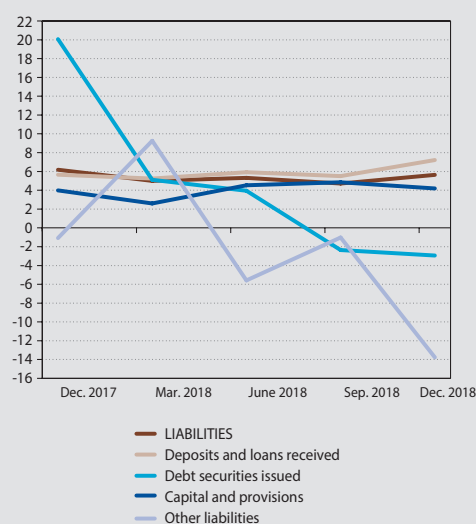
Credit institution's other liabilities recorded their most significant annual change at the end of 2018, i.e. a year-on-year decrease of 13.8%.

2.6 AGGREGATED BALANCE SHEET OF OTHER MONETARY FINANCIAL INSTITUTIONS

The aggregated balance sheet of **other monetary financial institutions** (other MFIs) aggregates the individual balance sheets of all other MFIs (i.e. monetary institutions, except central banks) and forms, along with the balance sheets of monetary financial institutions (MFIs) belonging to the S.121 subsector, an integral part of the aggregated balance sheet of MFIs.

At the end of 2018, the aggregated balance sheet of MFIs operating in Slovakia (excluding NBS), i.e. commercial banks, branches of foreign banks, and money market funds that are resident in Slovakia, constituted 0.3% of the aggregated balance sheet of euro area MFIs (excluding the Eurosystem).

In 2018, the aggregated balance sheet of **other euro area MFIs** (i.e. euro area MFIs, excluding the Eurosystem) showed end-of-quarter **aggregate assets** ranging from €30,611 billion to €30,906 billion. By the end of 2018, these as-

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


Source: NBS.



sets had increased, year on year, by €496 billion (1.63%).

Other euro area MFIs' **claims on euro area residents** constituted as much as 61% of their aggregate assets at the end of 2018, which in year-on-year terms represented an increase of 0.6 percentage point. The stock of these claims grew, year on year, by 2.7% (€487 billion). This growth stemmed mainly from a 3.2% increase in claims on MFIs.

Euro area MFIs' holdings of **securities issued by euro area residents, other than equities and investment fund shares/units**, constituted 11.4% of their aggregate assets at the end of 2018, which in year-on-year terms represented a decline of 0.3 percentage point. The stock of these securities decreased, year on year, by 1% (€35 billion). This decrease stemmed from declines in the holdings of securities issued by resident sectors, i.e. MFIs (a decline of €23 billion) and the general government sector (a decline of €31 billion). The stock of securities issued by other sectors increased, year on year, by €18 billion.

Other euro area MFIs' holdings of **money market fund shares/units** constituted a relatively negligible 0.13% of their aggregate assets at the end of 2018, which in year-on-year terms represented a decrease of 0.04 percentage point and reflected an absolute decrease of €11 billion.

Other euro area MFIs' holdings of **shares and other equity participations issued by euro area residents** constituted 3.7% of their aggregate assets at the end of 2018, which in year-on-year terms represented a slight decrease of 0.2 percentage point and reflected an absolute decrease of 4%.

The share of **foreign assets** in total assets at 31 December 2018 (15%) was 1.1 percentage points higher than a year earlier. The stock of these assets was higher, year on year, by almost 10%.

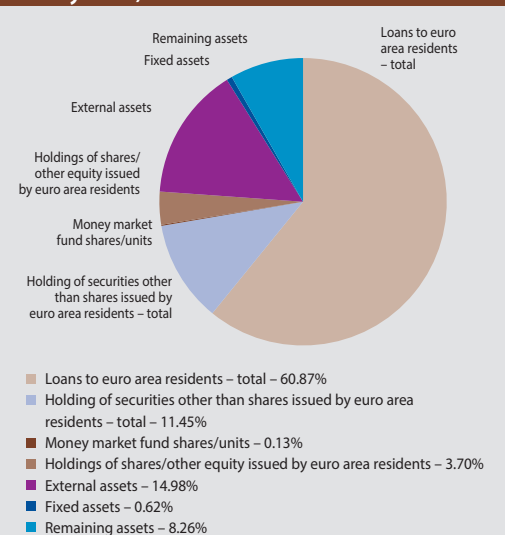
Other euro area MFIs' **fixed assets** constituted only 0.6% of their aggregate assets at 31 December 2018, which in year-on-year terms was unchanged and reflected an absolute decrease of 0.3%.

Table 8 Structure of assets of aggregated balance sheet of euro area MFIs (without Eurosystem, in EUR billions)

	XII. 2017	III. 2018	VI. 2018	IX. 2018	XII. 2018
ASSETS	30,380	30,611	30,906	30,889	30,876
Loans to euro area residents	18,305	18,708	18,785	18,851	18,793
General government	1,017	1,011	1,005	989	992
Other euro area residents	10,941	11,031	11,192	11,247	11,295
Monetary financial institutions	6,348	6,666	6,588	6,615	6,506
Holdings of securities other than shares issued by euro area residents	3,570	3,623	3,608	3,591	3,534
General government	1,488	1,511	1,510	1,494	1,457
Other euro area residents	1,129	1,148	1,166	1,162	1,146
Monetary financial institutions	953	964	932	935	931
Money market fund shares/units	51	53	51	53	39
Holdings of shares/other equity issued by euro area residents	1,189	1,164	1,178	1,161	1,142
External assets	4,207	4,397	4,569	4,588	4,625
Fixed assets	194	191	191	190	193
Remaining assets	2,864	2,474	2,523	2,455	2,551

Source: ECB.

Chart 13 Structure of assets of aggregated balance sheet of euro area MFIs (excluding Eurosystem) as at 31.12.2018



Source: ECB.

Other euro area MFIs' **other assets** constituted 8.3% of their aggregate assets at 31 December 2018, which in year-on-year terms represented a decrease of 1.2 percentage points and an absolute decrease of €312 billion.

The aggregated balance sheet of **other euro area MFIs** (i.e. euro area MFIs, excluding the Eurosystem) showed **total liabilities** of €30,876 billion at 31 December 2018, representing a year-on-year increase of €496 billion (1.6%).

Other euro area MFIs' **loans and deposits received from euro area residents** constituted 58.6% of their aggregate liabilities at 31 December 2018, which in year-on-year terms represented an increase of 0.8 percentage point and an absolute increase of €537 billion (3%). The stock of loans and deposits received from the general government and other euro area residents increased by €435 billion and that of loans and deposits from MFIs increased by €116 billion. At the same time, the stock of loans and deposits received from the central government sector decreased.

Other euro area MFIs' holdings of **money market fund shares/units** constituted only 1.8% of their aggregate liabilities at the end of 2018. The

stock of MMF shares/units was 0.1% lower than at the end of 2017.

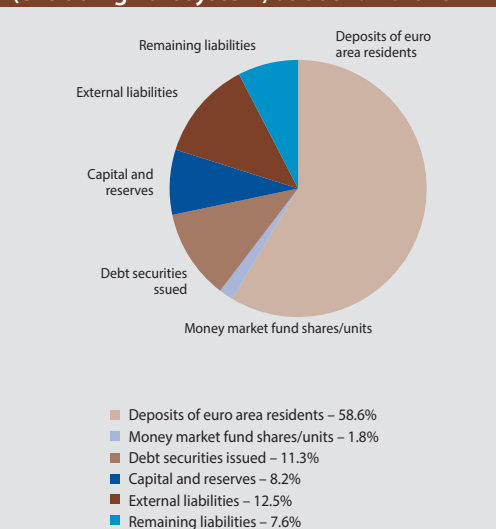
Debt securities issued by other euro area MFIs constituted 11.3% of their aggregate liabilities at the end of 2018, which in year-on-year terms represented an increase of 0.8 percentage point and reflected an absolute increase of €94 billion (2.8%).

Other euro area MFIs' **capital and provisions** constituted 8.2% of their aggregate liabilities at 31 December 2018, which in year-on-year terms represented a decrease of 0.3 percentage point and reflected an absolute decrease of €41 billion (1.6%).

Other euro area MFIs' **foreign liabilities** constituted 12.5% of their aggregate liabilities at the end of 2018, which in year-on-year terms represented an increase of 0.7 percentage point and reflected an absolute increase of €283 billion (7.9%).

Other euro area MFIs' **other liabilities** constituted 7.6% of their aggregate liabilities at 31 December 2018, which in year-on-year terms represented a decline of 1.4 percentage points and reflected an absolute decrease of €377 billion (13.9%).

Chart 14 Structure of liabilities of aggregated balance sheet of euro area MFIs (excluding Eurosystem) as at 31.12.2018



Source: ECB.

**Table 9 Structure of liabilities of aggregated balance sheet of euro area MFIs (excluding Eurosystem, in EUR billions) as at 31.12.2018**

	XII. 2017	III. 2018	VI. 2018	IX. 2018	XII. 2018
LIABILITIES	30,380	30,611	30,906	30,889	30,876
Currency in circulation	0	0	0	0	0
Deposits of euro area residents	17,550	17,844	18,019	18,002	18,087
Central government	132	124	131	142	118
Other general government and other euro area residents	12,092	12,126	12,372	12,374	12,528
Monetary financial institutions	5,326	5,595	5,515	5,486	5,442
Money market fund shares/units	552	562	549	540	552
Debt securities issued	3,406	3,432	3,426	3,452	3,501
Capital and reserves	2,566	2,553	2,519	2,521	2,524
External liabilities	3,582	3,846	4,038	4,095	3,865
Remaining liabilities	2,724	2,374	2,355	2,279	2,347

Source: ECB.

The **aggregated balance sheet of domestic MFIs, excluding NBS** (other domestic MFIs) differed in its composition, i.e. in the proportion of asset and liability items to total assets and liabilities, from the aggregate balance sheet of euro area MFIs (excluding the Eurosystem).

The **aggregated balance sheet of other domestic MFIs**, i.e. commercial banks, foreign bank branches and money market funds, showed total assets of €82 billion at the end of 2018, exceeding the level of €80 billion for the first time. This represented a year-on-year increase of €4.35 billion (5.6%).

Other domestic MFIs' largest asset item – **claims on euro area residents** – constituted 74.6% of their aggregate assets at the end of 2018, which in year-on-year terms represented an increase of 2.3 percentage points and reflected an absolute increase of €5 billion (8.9%), mostly in claims on sectors other than the general government and MFI sectors.

Other domestic MFIs' holdings of **securities issued by euro area residents, excluding equity and investment fund shares/units**, constituted 11.7% of their aggregate assets, which in year-on-year terms represented a decline of one percentage point and reflected an absolute de-

crease of 2.4% in their stock, mostly in securities issued by the general government sector and by other euro area residents.

Other domestic MFIs' aggregate assets at the end of 2018 did not include any holdings of money market fund shares/units issued by euro area residents.

Other domestic MFIs' holdings of shares and other equity participations issued by euro area residents decreased slightly, year on year, and accounted for only 0.5% of their aggregate assets.

Other domestic MFIs' **foreign assets** constituted 8.4% of their aggregate assets at the end of 2018, which in year-on-year terms represented a decrease of 1.3 percentage points and reflected an absolute decrease of €0.7 billion in the stock of these assets.

The share of **fixed assets** in other domestic MFI's aggregate assets as at 31 December 2018 remained unchanged in year-on-year terms.

Other domestic MFIs' **other assets** constituted 3.9% of their aggregate assets at the end of 2018, representing a year-on-year increase of 0.1 percentage point.

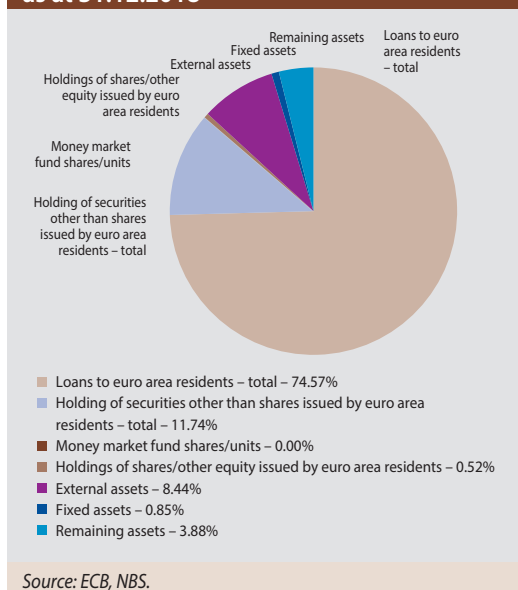


Table 10 Structure of assets of aggregated balance sheet of MFIs in Slovakia (without NBS, in EUR billions)

	XII. 2017	III. 2018	VI. 2018	IX. 2018	XII. 2018
ASSETS	77.7	78.3	79.4	80.3	82.0
Loans to euro area residents	56.1	57.5	58.3	58.9	61.2
General government	0.8	0.9	0.9	1.0	1.0
Other euro area residents	52.4	53.7	55.4	56.6	57.2
Monetary financial institutions	2.9	2.9	2.0	1.3	3.0
Holdings of securities other than shares issued by euro area residents	9.9	9.9	10.2	10.3	9.6
General government	8.5	8.6	8.7	8.9	8.3
Other euro area residents	0.5	0.5	0.5	0.5	0.4
Monetary financial institutions	0.9	0.8	1.0	1.0	0.9
Money market fund shares/units	0.0	0.0	0.0	0.0	0.0
Holdings of shares/other equity issued by euro area residents	0.4	0.4	0.4	0.4	0.4
External assets	7.6	6.8	6.8	7.0	6.9
Fixed assets	0.7	0.7	0.7	0.7	0.7
Remaining assets	3.0	3.0	3.1	3.0	3.2

Source: ECB, NBS.

Chart 15 Structure of assets of aggregated balance sheet of MFIs in SK (excluding NBS) as at 31.12.2018



Source: ECB, NBS.

The aggregated balance sheet of **other domestic MFIs** (excluding NBS) showed **total liabilities** of €82 billion at the end of 2018, which in year-on-year terms represented an increase of €4.4 billion (5.6%).

Other domestic MFIs' **loans and deposits received from euro area residents** constituted 75.5% of their total liabilities at 31 December 2018, which in year-on-year terms represented an increase of 1.41 percentage points and reflected an absolute increase of €4.4 billion (7.6%), mostly in loans and deposits received from other general government, other residents and from MFIs.

Since no money market fund was registered in Slovakia at the end of 2018, the ratio of **money market fund shares/units** to other domestic MFI's aggregate liabilities stood at zero.

Table 11 Structure of liabilities of aggregated balance sheet of MFIs in Slovakia (excluding NBS, in EUR billions)

	XII. 2017	III. 2018	VI. 2018	IX. 2018	XII. 2018
LIABILITIES	77.7	78.3	79.4	80.3	82.0
Currency in circulation	0.0	0.0	0.0	0.0	0.0
Deposits of euro area residents	57.6	58.4	59.8	60.1	61.9
Central government	1.0	1.0	1.6	1.7	1.8
Other general government and other euro area residents	53.1	54.1	54.5	55.0	56.3
Monetary financial institutions	3.5	3.3	3.6	3.4	3.9
Money market fund shares/units	0.0	0.0	0.0	0.0	0.0
Debt securities issued	5.5	5.1	5.3	5.3	5.4
Capital and reserves	10.0	10.0	10.0	10.3	10.5
External liabilities	2.7	2.6	2.5	2.8	2.7
Remaining liabilities	1.7	2.1	1.8	1.8	1.5

Source: ECB, NBS.

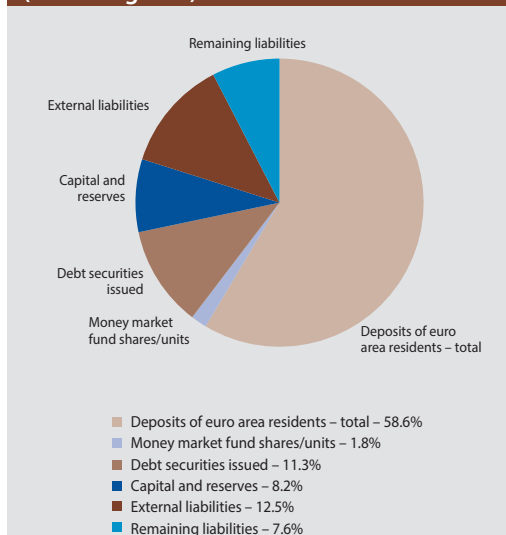
Other domestic MFIs' **debt securities** constituted 6.6% of their total liabilities at the end of 2018, which in year-on-year terms represented a decrease of 0.6 percentage point and reflected an absolute decrease of €0.2 billion (2.9%).

Other domestic MFIs' **capital and provisions** constituted 12.8% of their total liabilities at the end of 2018, which in year-on-year terms represented a decrease of 0.2 percentage point and reflected an absolute increase of €0.4 billion, to €10.5 billion.

The proportion of **foreign liabilities** to total liabilities (3.4%) decreased, year on year, by 0.2 percentage point.

Other domestic MFIs' **other liabilities** constituted 1.8% of their total liabilities at the end of 2018, which in year-on-year terms represented a decrease of 0.4 percentage point. The stock of these liabilities amounted to €1.5 billion.

Chart 16 Structure of liabilities of aggregated balance sheet of MFIs (excluding NBS) in Slovakia as at 31.12.2018



Source: NBS.

2.7 PROFIT/LOSS ANALYSIS FOR CREDIT INSTITUTIONS

2.7.1 CURRENT PERIOD PROFIT/ LOSS IN THE 4TH QUARTER OF 2018

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

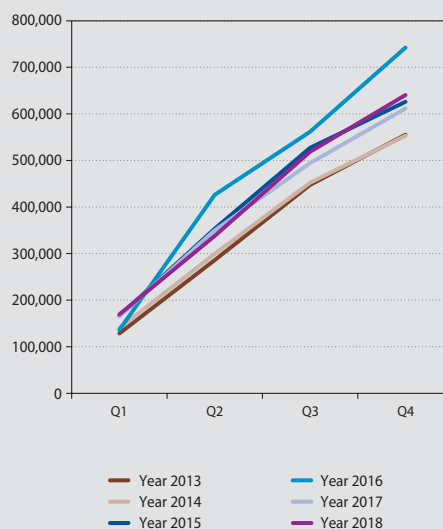
According to the data available, the banking sector's cumulative profit in 2018 amounted to €640 million. This amount is the third highest figure for the period since 2009. The profit at the end of 2018 was 4,7% higher than the figure for the same period a year earlier.

As regards the structure of income and expense items, net interest income had, for the first time since March 2015, a positive effect on net profit growth. The rise in net interest income was caused mainly by an increase in other interest income, coupled with a decrease in interest expenses on securities. Since March 2018 we observed an increase in other interest expenses. Interest income from securities continued to decline, by 9,6% year on year, to €248 million at 31 December 2018.

Net non-interest income continued to decline, year on year, by about 30% over the year 2018. A positive contribution to net non-interest income was made in that period by income from fees, commissions and dividends received. The decline in net non-interest income was largely attributable to other operating losses that stemmed mainly from the payment of a special levy by selected institutions and from contributions to the resolution fund.

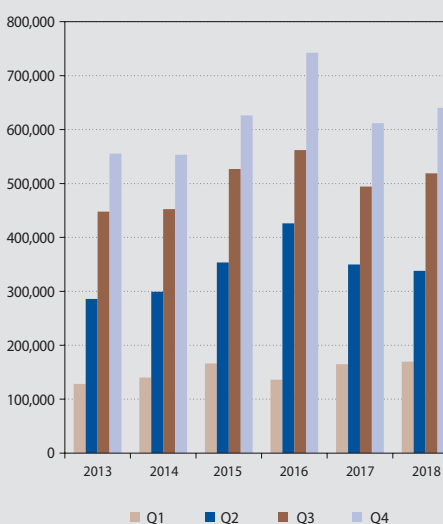
General operating expenses rose during the year 2018 and thus made a negative contribution of -6,8 percentage points to the banking sector's net profit growth. The net creation of reserves and provisions (i.e. income adjusted for expenses) resulted in a loss of €132 million, representing a year-on-year increase of €25 million.

Chart 17 Current period profit/loss (EUR thousands)



Source: NBS.

Chart 18 Current period profit/loss (EUR thousands)



Source: NBS.

Total loan-loss provisions at 31 December 2018 were more than 8% higher than a year earlier, and the stock of provisioned credit claims had increased, year on year, by 9%. Euro-denominated claims constituted more than 98% of all credit claims, and euro-denominated claims on euro area residents made up around 95%.

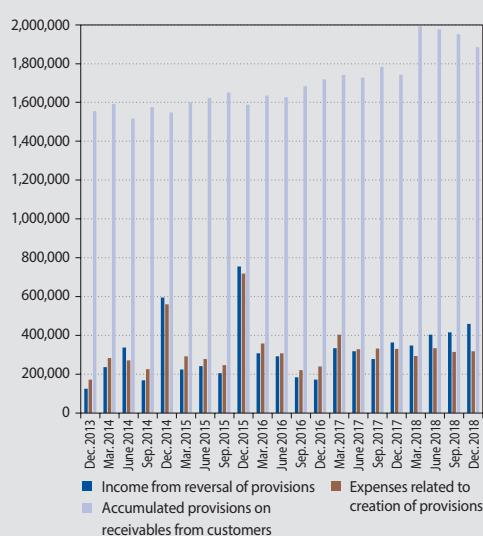


Provisioning expenses at 31 December 2018 (cumulative figure for the first nine month) were lower by 9,5% year on year, while income from the reversal of provisions had increased by 26%.

Expenses related to the assignment of claims on non-bank customers exceeded income from

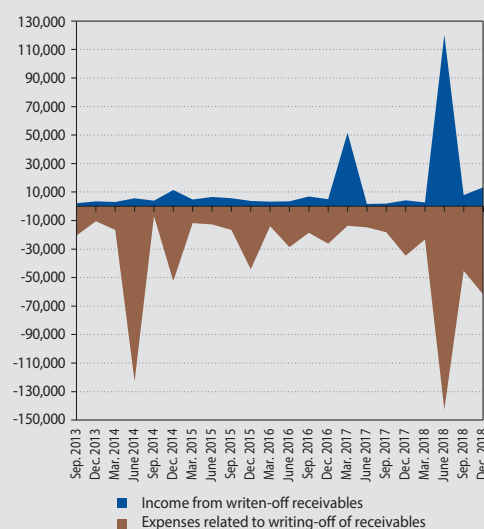
the same by €37 million in the last quarter of 2018, and claim write-offs produced a net loss of €48 million.

Chart 19 Provisions (EUR thousands)



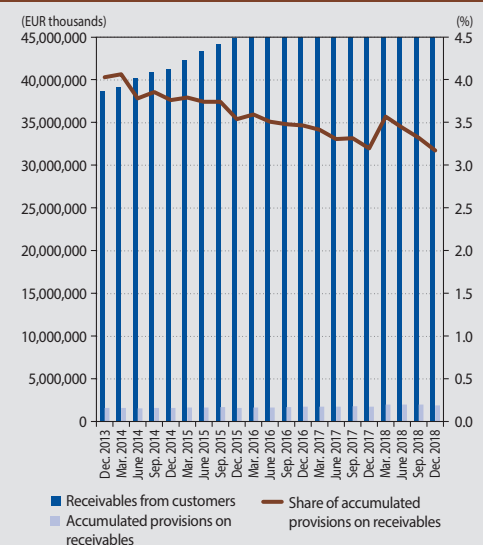
Source: NBS.

Chart 21 Written-off receivables from customers (EUR thousands)



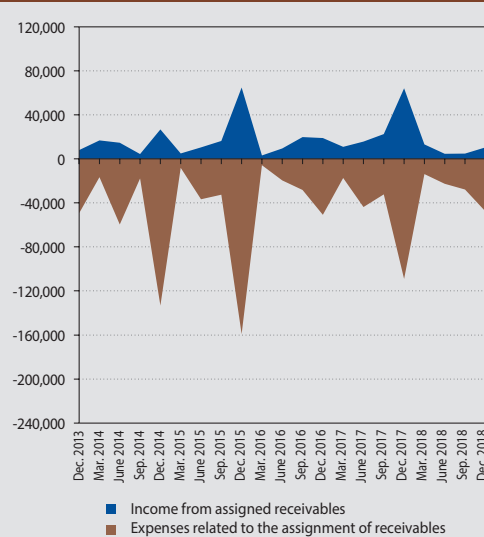
Source: NBS.

Chart 20 Receivables from non-bank customers (EUR thousands)



Source: NBS.

Chart 22 Assigned receivables from customers (EUR thousands)



Source: NBS.



2.7.2 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 last quarter of 2018, according to aggregated data, total interest income from securities continued to decline, year on year, by 7.3%, following its downward trend from the previous quarters. Interest expenses on securities decreased, year on year, by 22% in the quarter under review.

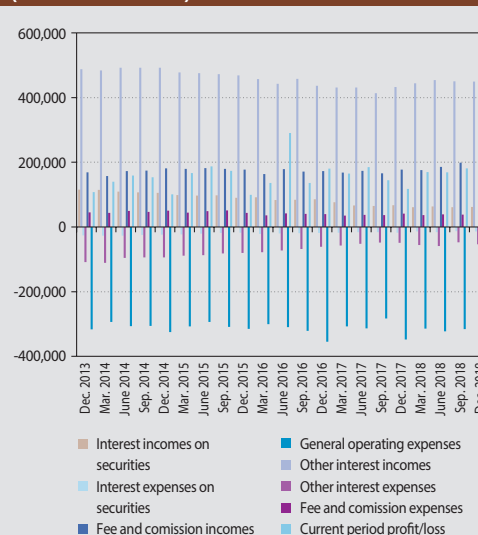
Other interest income increased in the fourth quarter of this year, by 3.8% year on year. This item increased in each quarter since the beginning of 2018 for the first time since 2015.

Income from fees and commissions also increased in the last quarter of 2018, by 9.6% year on year.

General operating expenses declined in the last quarter of 2018, by 2.5% year on year.

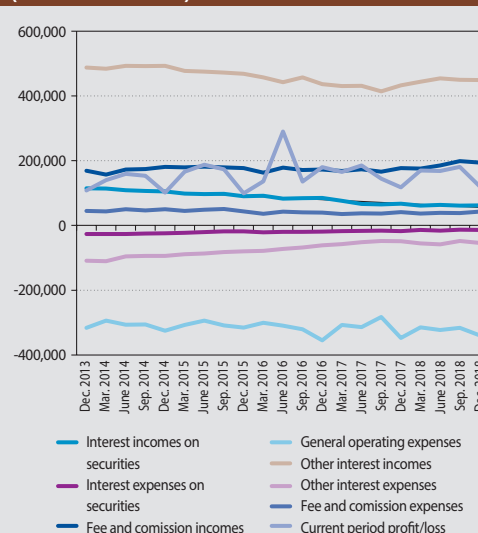
The banking sector's total net profit for the 4th quarter of 2018 was higher by 3.6% than the figure for the same period of 2017 and amounted to €121 million.

Chart 23 Selected incomes and expenses compared with current period profit/loss (EUR thousands)



Source: NBS.

Chart 24 Selected incomes and expenses compared with current period profit/loss (EUR thousands)



Source: NBS.

2.8 LENDING TO NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS

2.8.1 LOANS TO NON-FINANCIAL CORPORATIONS BY MATURITY

The total stock of loans provided to non-financial corporations (NFCs) continued to grow in

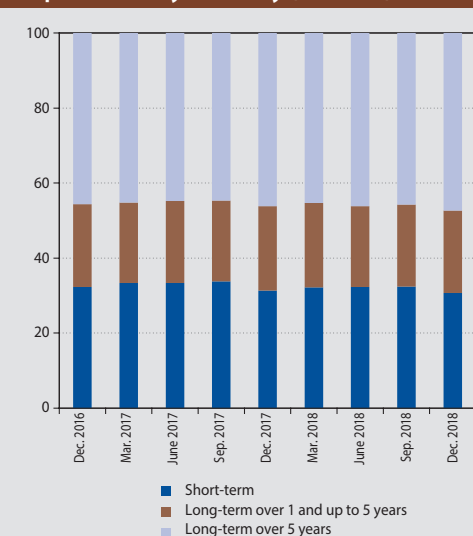
the last quarter of 2018, by 5.1%. The most rapid growth (7.8% year on year) was recorded in long-term loans with a maturity of over five years. The stock of short-term loans increased, year on year, by 3.1% in that period. The annual growth rate of long-term loans with a maturity of over one year and up to five years slowed considerably, to 2.6% at end-December 2018.

Chart 25 Loans to non-financial corporations by maturity (year-on-year changes in %)



Source: NBS.

Chart 26 Loans to non-financial corporations by maturity (% share)



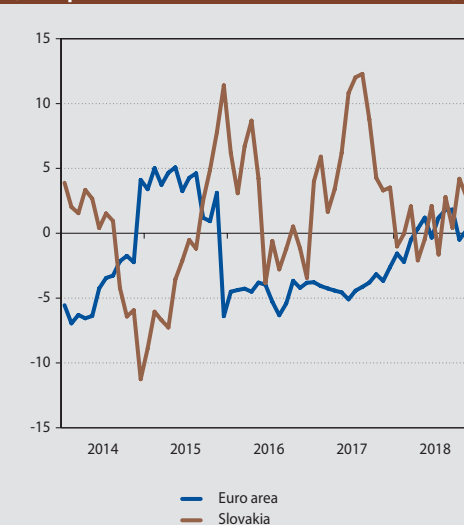
Source: NBS.

2.8.2 LOANS TO NON-FINANCIAL CORPORATIONS (EURO AREA COMPARISON)

In December 2018, the stock of loans provided to non-financial corporations (NFCs) in the euro area was 1.9% higher than a year earlier, while the stock of these loans in Slovakia was higher, year on year, by 5.1%.

In the euro area, the stock of short-term loans provided to NFCs declined steadily, year on year, from December 2015 to March 2018. From April onwards, these loans grew year on year at a moderate pace, reaching 0.8% at end-December 2018. By that date, the stock of short-term loans provided to NFCs in Slovakia had increased by 3.1% year on year.

Chart 27 Short-term Loans to non-financial corporations (year-on-year changes in %) (compared with data from the euro area)

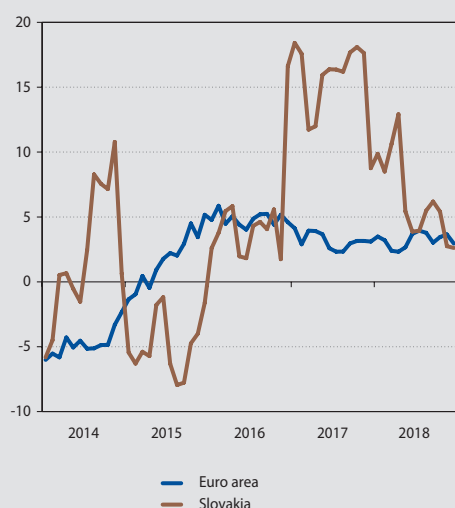


Source: NBS.

In Slovakia, the stock of long-term loans with a maturity of over one year and up to five years grew, year on year, at a relatively fast pace practically throughout 2018. In December, however, the annual growth rate slowed gradually to 2.6%. The most rapid growth was observed in April 2018 (12.9%).

In the euro area, the stock of long-term loans with a maturity of over one year and up to five years grew over the period under review, too. This growth was more stable than in Slovakia, without any noteworthy fluctuation in the growth rate. The stock of these loans had been growing continuously, year on year, since May 2015; the annual growth rate reached 2.6% in December 2018.

Chart 28 Long-term over 1 and up to 5 years to non-financial corporations (year-on-year changes in %) (compared with data from the euro area)

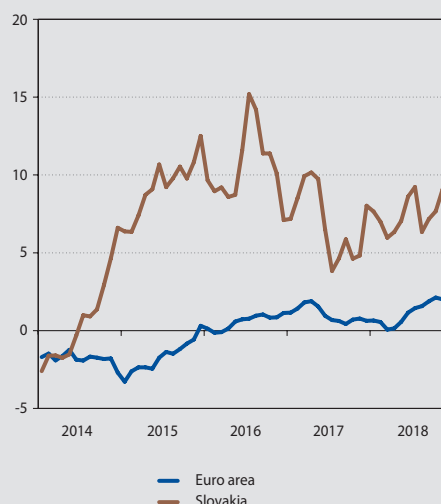


Source: NBS.

The stock of long-term loans with a maturity of over five years, provided to NFCs in the euro area, increased by an average of 1.2% in 2018, at a slowly accelerating pace during the year. The annual growth rate of NFC loans with a maturity of over five years reached 2% in December 2018.

In Slovakia, the stock of long-term loans provided to NFCs with a maturity of over five years increased during 2018 at a relatively fast pace. The strongest growth in this loan category was recorded in July 2018. The annual growth rate of long-term loans provided to NFCs reached 7.8% in December 2018.

Chart 29 Long-term over 5 years to non-financial corporations (year-on-year changes in %) (compared with data from the euro area)



Source: NBS.

2.8.3 LOANS TO HOUSEHOLDS BY MATURITY

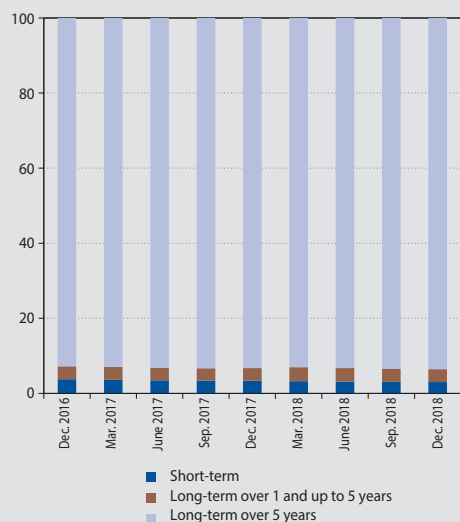
The total stock of loans provided to households grew continuously over the period under review, at a pace hovering around 11.3% in De-

Chart 30 Loans to households by maturity (year-on-year percentage changes)



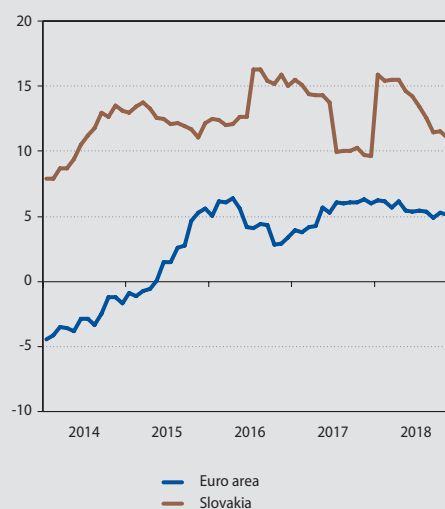
Source: NBS.

Chart 31 Household loans broken down by maturity (% share)



Source: NBS.

Chart 32 Consumer Loans to households (year-on-year changes in %) (compared with data from the euro area)



Source: NBS.

cember 2018. Long-term loans with a maturity of over one year and up to five years increased the most, by 12.8% year on year, while long-term loans with a maturity of over five years grew by 11.7% year on year. The stock of short-term loans provided to households declined by 0.6%, compared with the same period a year earlier.

2.8.4 LOANS TO HOUSEHOLDS BY PURPOSE (EURO AREA COMPARISON)

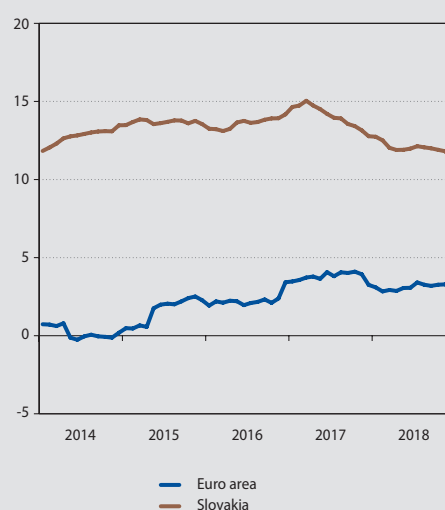
The stock of consumer loans provided to households continued to grow in 2018, in both the euro area and Slovakia.

In Slovakia, the stock of consumer loans provided to households grew in 2018 more rapidly than in the euro area, but the rate of this growth slowed gradually during the year, from 16% in January 2018 to 10.3% in December 2018.

In the euro area, the growth rate of consumer loans also slowed somewhat during 2018, from 6.2% in January to 4.8% in December.

Loans to households for house purchase continued to grow in Slovakia at a much faster pace than in the euro area. In Slovakia, the average growth rate of these loans in 2018 amounted to 12% (it slowed slightly in December, to 11.4%).

Chart 33 Real estate Loans to households (year-on-year changes in %) (compared with data from the euro area)



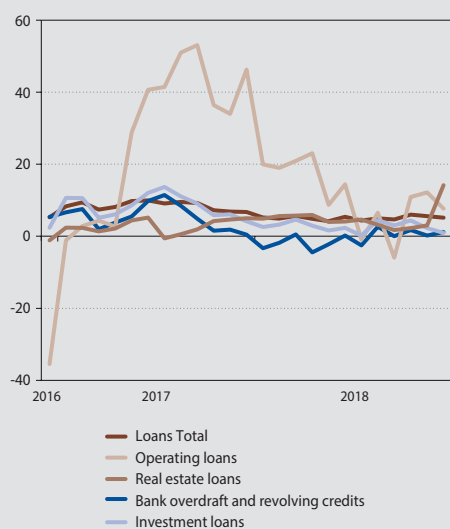
Source: NBS.

In the euro area, the growth rate of house purchase loans hovered around 3% during 2018, without larger fluctuations. The annual growth rate of these loans reached 3.2% in December 2018.

2.8.5 LOANS TO NON-FINANCIAL CORPORATIONS BY TYPE OF LOAN

The total stock of loans provided to NFCs continued to grow in the fourth quarter of 2018, at a slightly decelerating pace fluctuating around 5.1%. In the category of operating loans, an annual growth rate of 7.7% was recorded. The stock of real estate loans increased, year on year, by 14.2%. The slowest growth rate was recorded in investment loans provided to NFCs; it dropped from 4.1% in December 2017 to 1.0% in December 2018. In the category of current account overdrafts and revolving loans, the rate of growth increased to 1.2%, after the stock of these loans decreased year on year, mainly in the first half-year period.

Chart 34 Loans to non-financial by type of loan (year-on-year percentage changes)

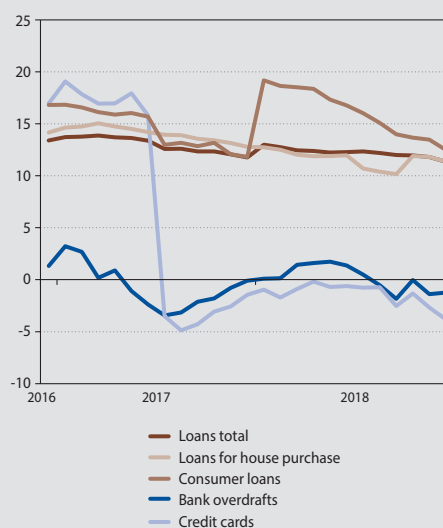


Source: NBS.

2.8.6 LOANS TO HOUSEHOLDS BY TYPE OF LOAN

Loans provided to households recorded a year-on-year increase of 11.3% in their stock at the end of the fourth quarter of 2018, compared with the end of 2017. The stock of credit card loans decreased, year on year, by 3.8% in December 2018. The annual rate of decline in current account overdrafts accelerated to 1.2%. The stock of consumer loans and housing loans increased, year on-year, by 12.5% and 11.4% respectively.

Chart 35 Households loans broken down by type of loan (year-on-year percentage changes)

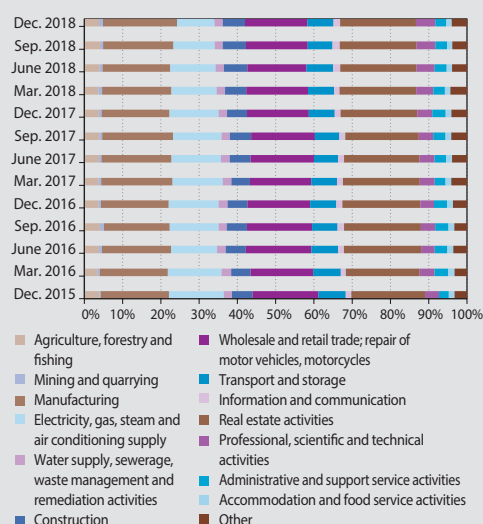


Source: NBS.

2.8.7 LOANS TO NON-FINANCIAL CORPORATIONS BY SECTOR OF ECONOMIC ACTIVITY

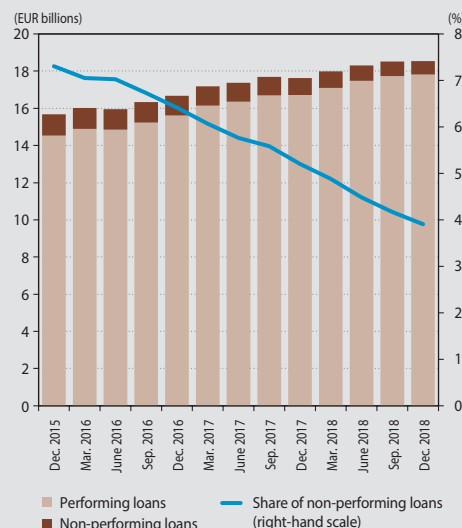
A breakdown by sector of economic activity of loans provided to NFCs shows that, at 31 December 2018, loans to the real estate sector accounted for 19.8%, loans to the manufacturing sector for 19.3%, and loans to the sector comprising wholesale trade, retail trade, and the repair of motor vehicles and motorcycles for 16.3%.

Chart 36 NFC loans broken down by economic activity



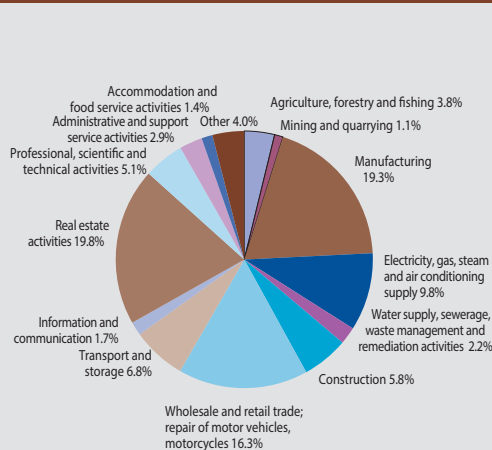
Source: NBS.

Chart 38 Share of non-performing loans in total NFC loans



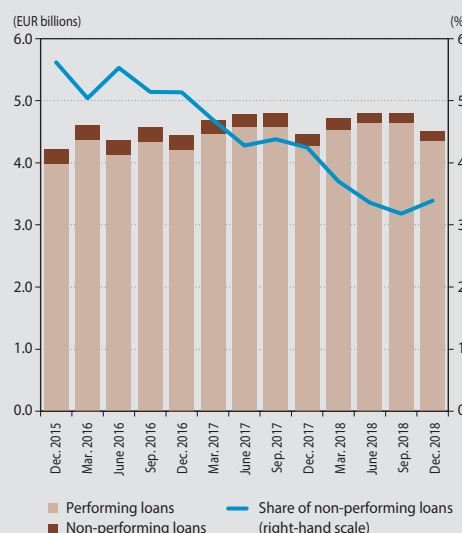
Source: NBS.

Chart 37 NFC loans broken down by economic activity as at 31 December 2018



Source: NBS.

Chart 39 Share of non-performing loans in bank overdrafts and revolving credits to NFCs



Source: NBS.

2.8.8 NON-PERFORMING LOANS IN THE NON-FINANCIAL CORPORATIONS SECTOR

The ratio of non-performing loans (NPLs) to total loans provided to non-financial corporations (NFCs) decreased, year on year, by 1.3 percent-

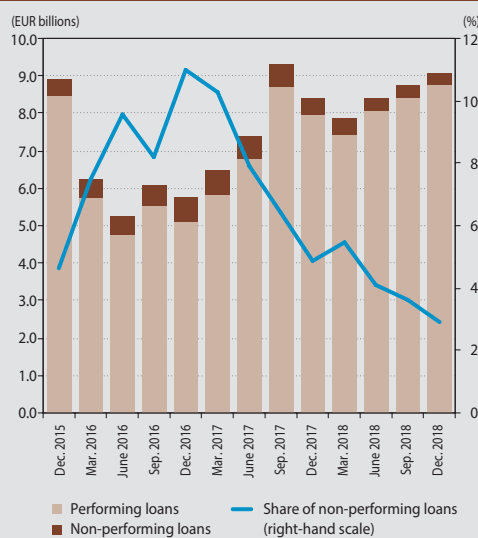
age points, to 3.9% at 31 December 2018. The NPL ratio for operating loans declined continuously throughout 2018, down to 2.9% at 31 December 2018. The NPL ratio for investment loans fell, too, from 4.8% at 31 December 2017 to 3.5%



at 31 December 2018. In the category of real estate loans, both the stock of loans and the NPL ratio decreased during 2018, to 4.9%. The NPL ratio for overdrafts and revolving loans amounted

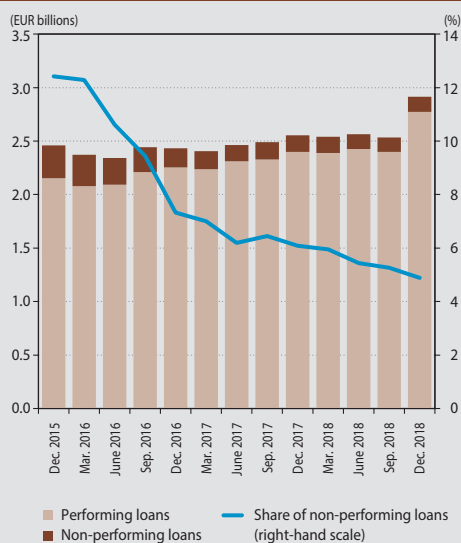
to 3.4% at 31 December 2018. The NPL ratio for credit card loans fell to 10.1% in the last quarter of 2018.

Chart 40 Share of non-performing loans in operating loans to NFCs



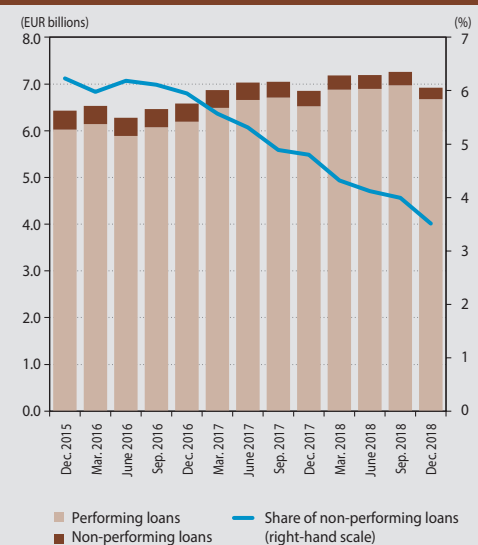
Source: NBS.

Chart 42 Share of non-performing loans in real estate loans to NFCs



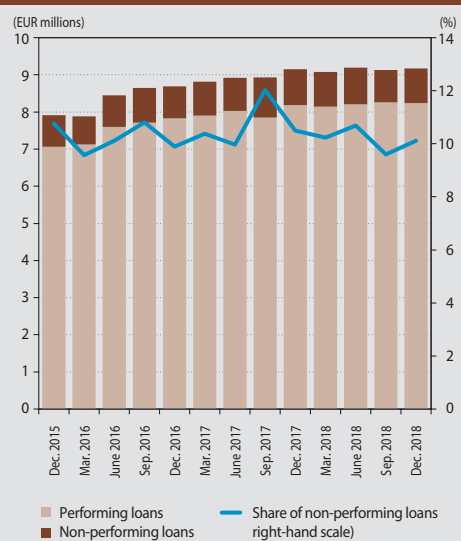
Source: NBS.

Chart 41 Share of non-performing loans in investment loans to NFCs



Source: NBS.

Chart 43 Share of non-performing loans in credit card loans to NFCs



Source: NBS.

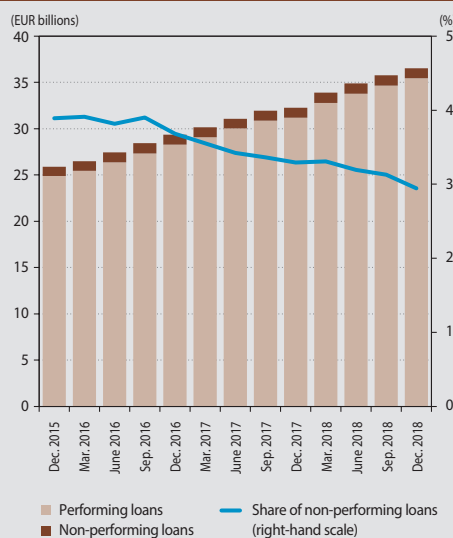


2.8.9 NON-PERFORMING LOANS IN THE HOUSEHOLD SECTOR

The stock of NPLs in the household sector increased slightly at the end of 2018 and the NPL ratio for total household loans fell, year on year, to 2.9%. In the category of consumer loans, both

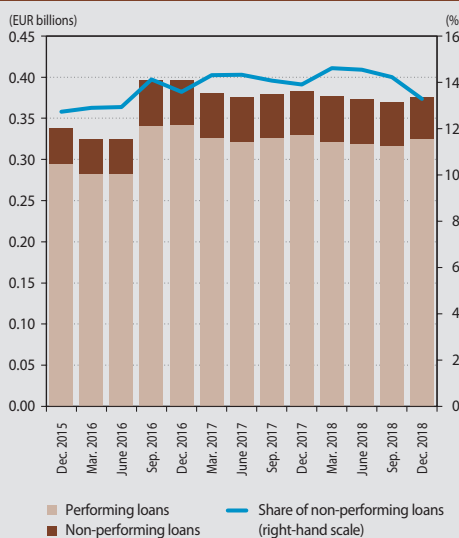
the stock of loans and the NPL ratio increased during 2018, to 8.6%. The highest NPL ratio at 31 December 2018 was recorded for credit card loans (13.3%). The NPL ratios for current account overdrafts and housing loans decreased, year on year, to 5.7% and 1.6% respectively.

Chart 44 Share of non-performing loans in total loans to households



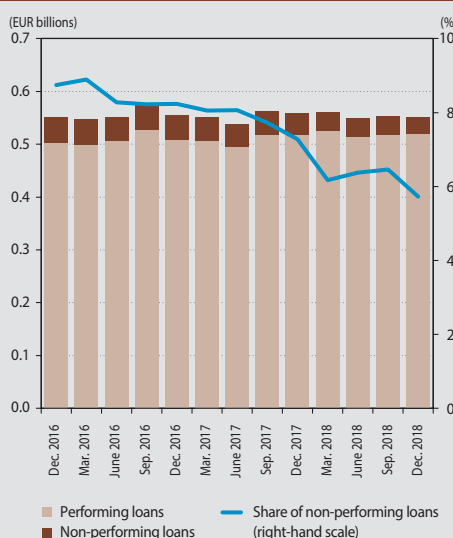
Source: NBS.

Chart 46 Share of non-performing loans in credit card loans to households



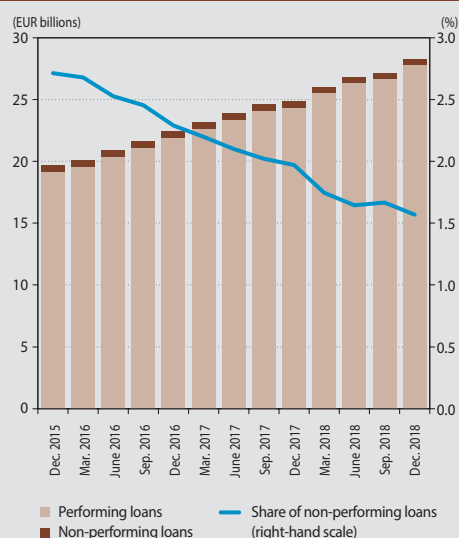
Source: NBS.

Chart 45 Share of non-performing loans in bank overdrafts to households



Source: NBS.

Chart 47 Share of non-performing loans in loans for house purchase to households



Source: NBS.

Chart 48 Share of non-performing loans in consumer loans to households

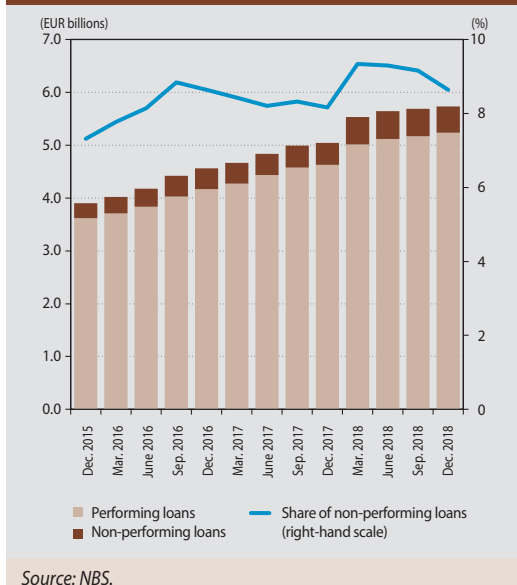
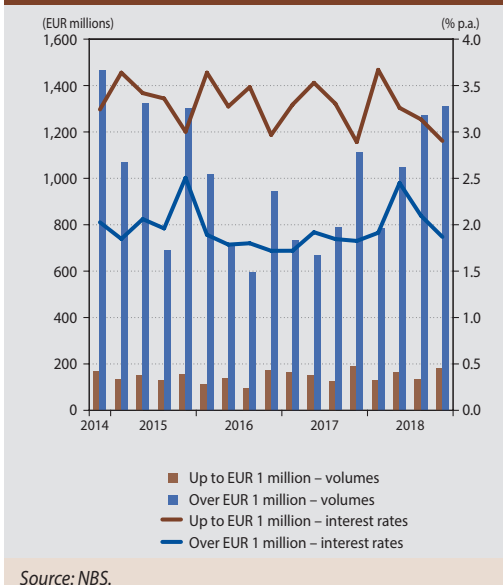


Chart 49 New loans to NFCs – interest rates and volumes



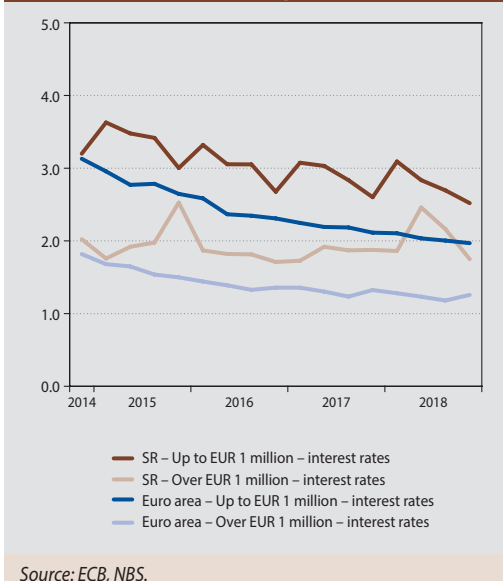
2.9 LOANS – INTEREST RATES, VOLUMES AND STOCKS

2.9.1 NEW LOANS TO NON-FINANCIAL CORPORATIONS – INTEREST RATES AND VOLUMES

The total volume of new loans provided to non-financial corporations (NFCs) in the fourth quarter of 2018 increased by 2.8%, compared with the same quarter of 2017. In the category of **loans of up to €1 million**, the volume of loans decreased in the period under review, by 4.7% year on year. Their share of the total volume of NFC loans provided in that period amounted to 16.7%. The average interest rate on these loans in the period under review was 2.9% per annum, which in year-on-year terms was lower by 0.1 percentage point. In the category of **loans of over €1 million**, the volume of loans provided in the fourth quarter of 2018 increased, by 4.5% year on year. Their share of the total volume of NFC loans reached 83.3% in the period under review, while the average interest rate remained unchanged, at 1.9% p.a.

The total volume of new loans provided to NFCs in that period was dominated by loans with an initial rate fixation period of up to one year.

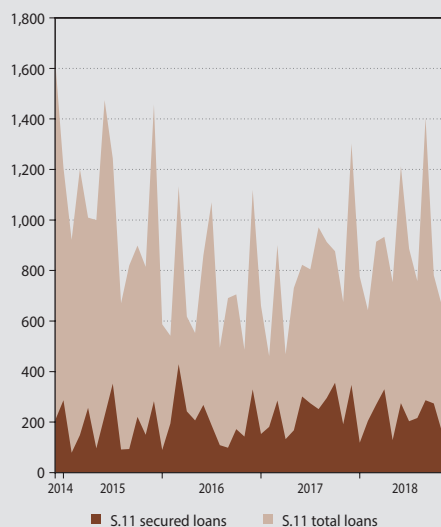
Chart 50 Interest rates on loans to non-financial corporations in SR and euro area (new business) (% p.a.)



A comparison of interest rates on such loans in Slovakia and in the euro area indicates that, at the end of 2018, the average rate on **loans of up to €1 million** in Slovakia (2.5% p.a.) was higher than the corresponding rate in the euro area (2.0% p.a.). The average interest rate on **loans of over €1 million** in Slovakia (1.8% p.a.) was also higher than the corresponding rate in the euro area (1.3%).

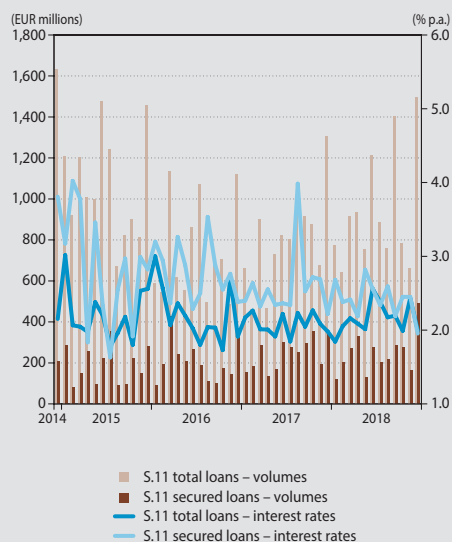
The share of new **secured** loans in the **total** volume of new loans provided to NFCs in the fourth quarter of 2018 increased somewhat, year on year, from 31.3% to 31.5%. The average interest rate on secured loans fell, year on year, by 0.3 percentage point, to 2.2% p.a. in the period under review. The average interest rate on new loans provided to NFCs in total remained unchanged in the period under review, at 2.1% p.a.

Chart 52 Share of secured loans in total new loans to NFCs (EUR millions)



Source: NBS.

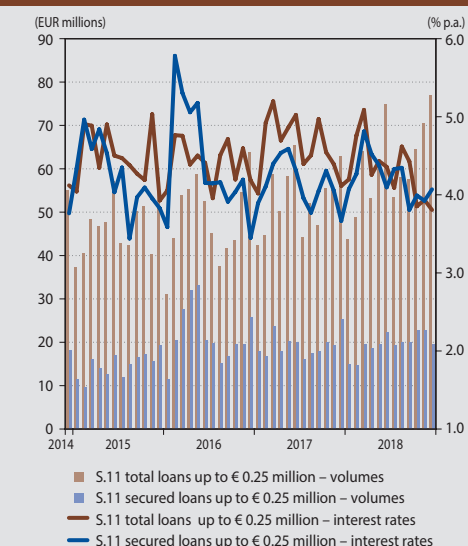
Chart 51 Secured and total new loans to NFCs – Interest rates and volumes



Source: NBS.

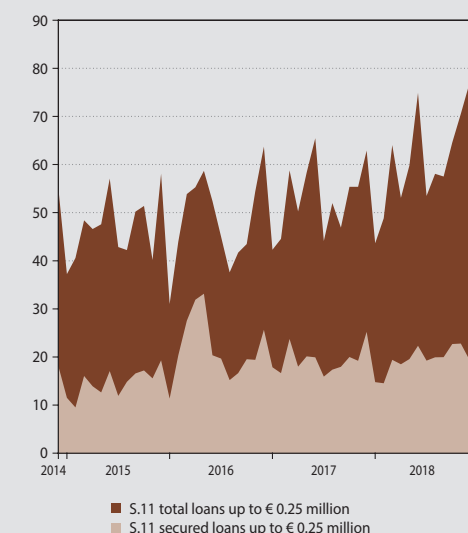
In the category of **loans of up to €0.25 million**, the share of new secured loans in the total volume of new loans provided to NFCs in the last quarter of 2018 was 30.6%, representing a year-on-year decrease of 6.5%. The average interest rate on secured loans of this category remained unchanged, at 4.0% p.a. in the period under review. The average interest rate on new loans of up to €0.25 million provided to NFCs fell in that period, by 0.5 percentage point, to 3.9% p.a.

Chart 53 Secured and total new NFC loans up to € 0.25 million – interest rates and volumes



Source: NBS.

Chart 54 Share of secured loans in total new loans up to € 0.25 million to NFCs (EUR millions)

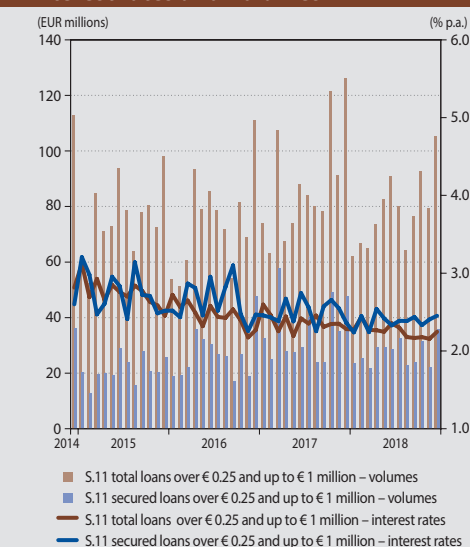


Source: NBS.

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 NFC loans decreased in the fourth quarter of 2018, by 6.7% year on year, to 32.3%. The average interest

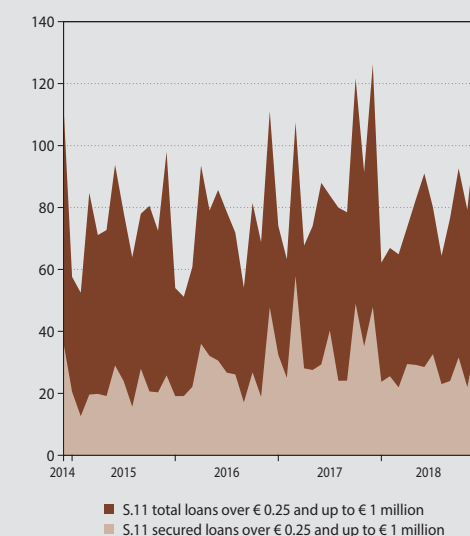
rate on secured loans of this category edged down by 0.1 percentage point in that period, to 2.4% p.a. The average interest rate on new NFC loans of over €0.25 million and up to €1 million also fell in the period under review by 0.1 percentage point, to 2.2% p.a.

Chart 55 Secured and total new loans over € 0.25 million and up to € 1 million to NFCs – interest rates and volumes



Source: NBS.

Chart 56 Share of secured loans in total new loans over € 0.25 and up to € 1 million to NFCs (EUR millions)

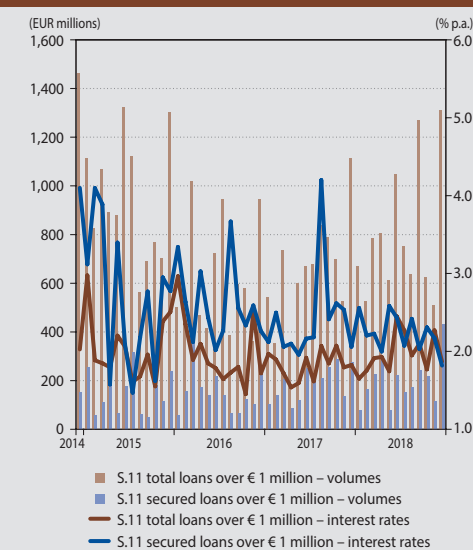


Source: NBS.

In the category of **loans of over €1 million**, the share of new secured loans in the total volume of new loans provided to NFCs increased in the fourth quarter of 2018, by 1.7% year on year, to 31.5%. The average interest rate on secured loans

of this category fell in that period by 0.4 percentage point, to 2.0% p.a. The average interest rate on new loans of over €1 million provided to NFCs remained unchanged in the period under review, at 1.9% p.a.

Chart 57 Secured and total new loans over € 1 million to NFCs – interest rates and volumes

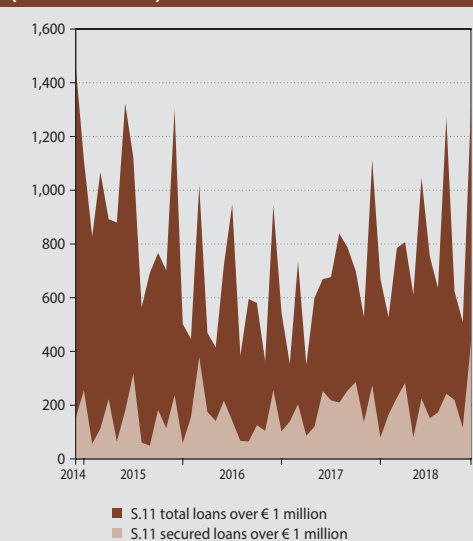


Source: NBS.

2.9.2 NEW LOANS TO HOUSEHOLDS – INTEREST RATES AND VOLUMES

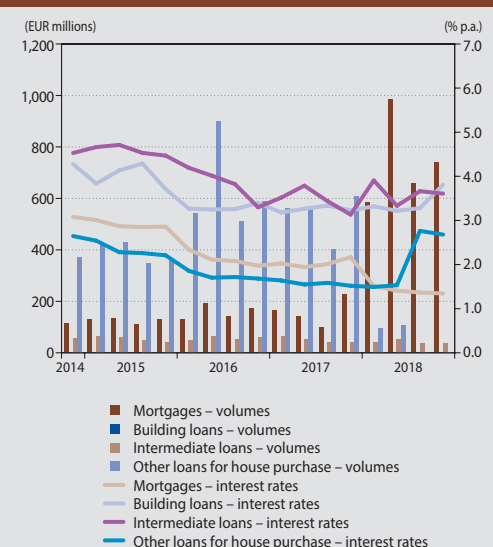
Households' demand for **housing loans** remained strong in the last quarter of 2018, far stronger than their demand for any other type of loan. The average interest rate on housing loans fell in that period by 0.3 percentage point year on year, to 1.5% p.a. The annual rates of change in average interest rates on the individual types of housing loans were in the period under review as follows: the rate on **intermediate loans** provided by home savings banks rose by 0.3 percentage point, to 3.7% p.a.; the rate on **building loans**, which are also provided by home savings banks, increased, too, by 0.3 percentage point, to 3.6% p.a.; the rate on **mortgage loans** dropped in that period by 0.7 percentage point, to 1.3% p.a.; while the rate on **other loans for house purchase** rose during the fourth quarter by 1.6 percentage points, to 3.1% p.a.

Chart 58 Share of secured loans in total new loans over € 1 million to NFCs (EUR millions)



Source: NBS.

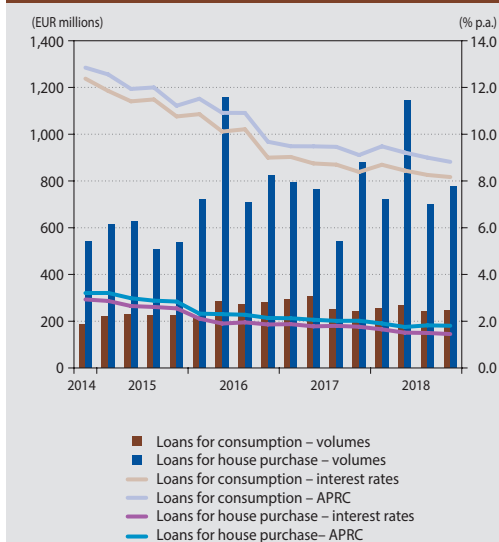
Chart 59 New loans for house purchase to households – interest rates and volumes



Source: NBS.

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 last quarter of 2018, by 0.2 percentage point year on year, to 1.8% p.a. The APRC on consumer loans showed a similar trend in that period, with the average interest rate falling, year on year, by 0.4 percentage point to 8.1% p.a. and the average APRC for consumer loans decreasing by 0.5 percentage point, to 8.8% p.a.

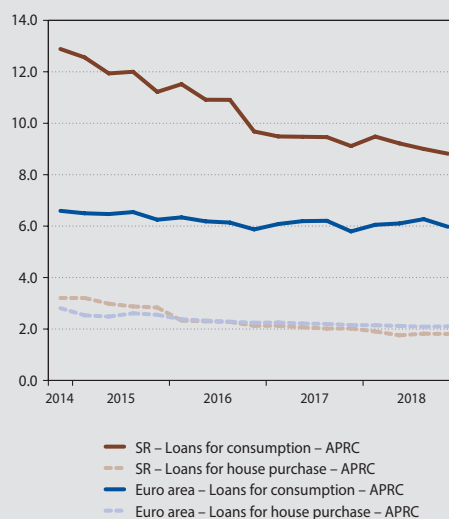
Chart 60 New loans for consumption and loans for house purchase – interest rates, APRC and volumes



Source: NBS.

A comparison of the APRC related to housing loans in Slovakia with the same indicator of the euro area as at the end of 2018 points to the same trend. In year-on-year terms, the APRC related to housing loans fell in both Slovakia and the euro area by, respectively, 0.2 percentage point (to 1.8% p.a.) and 0.1 percentage point (to 2.1% p.a.). In consumer loans, the trend was different. The APRC for consumer loans in Slovakia decreased, year on year, by 0.3 percentage point,

Chart 61 APRC on loans for consumption and loans for house purchases to households in SR and euro area (new business) (% p.a.)



Source: ECB, NBS.

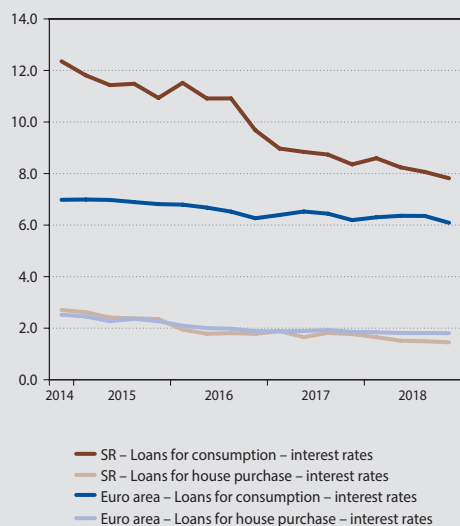
to 8.8% p.a. at the end of 2018, while that for the same loan category in the euro area increased by 0.2 percentage point, to 6.0% p.a.

In the category of new housing loans, the most representative indicator for Slovakia is the cost of a **housing loan with an initial rate fixation period of over one year and up to five years**. Lending rates in this category declined, year on year, by 0.3 percentage point, to 1.5% p.a. at the end of 2018. The rate for a comparable type of housing loans in the euro area fell in the period under review, by 0.1 percentage point, to 1.8% p.a.

In the category of new consumer loans, the most representative indicator for Slovakia is the cost of a **consumer loan with an initial rate fixation period of over five years**. Lending rates in this category fell, year on year, by 0.5 percentage point, to 7.8% p.a. at the end of 2018. The rate for a comparable type of consumer loans in the euro area edged down over the period under review by 0.1 percentage point, to 6.1% p.a.

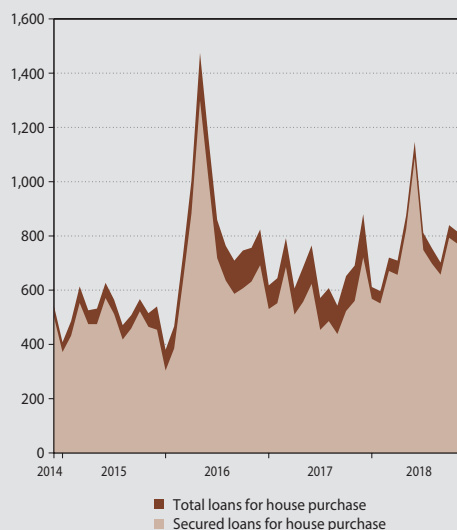


Chart 62 Interest rates on loans for consumption and loans for house purchases to households in SR and euro area (new business) (% p.a.)



Source: ECB, NBS.

Chart 64 Share of new secured loans for house purchase in total new loans for house purchase to households (EUR millions)



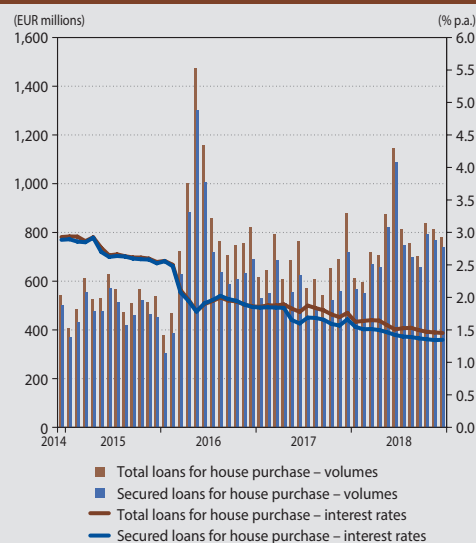
Source: NBS.

The share of **new secured housing loans** in the total volume of loans provided to households for housing purposes increased, year on year, by 13.5% in the fourth quarter of 2018, to 94.7%. The average interest rate on these loans fell in

the period under review by 0.3 percentage point, to 1.4% p.a.

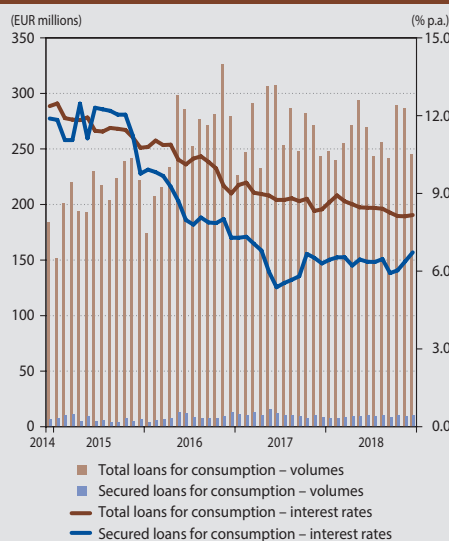
The share of **secured consumer loans** in the total volume of consumer loans was substantially

Chart 63 Secured and total new loans for house purchase to households – interest rates and volumes



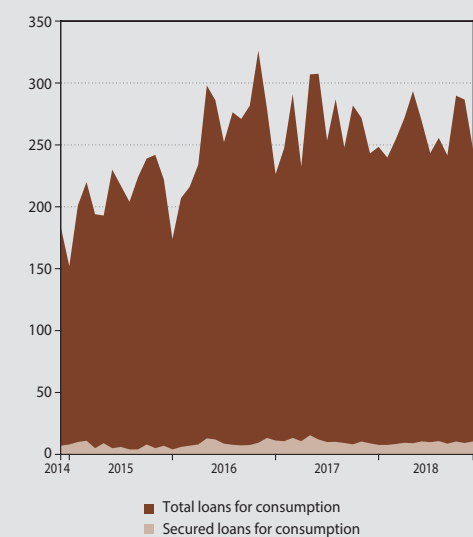
Source: NBS.

Chart 65 Secured and total new loans for consumption to households – interest rates and volumes



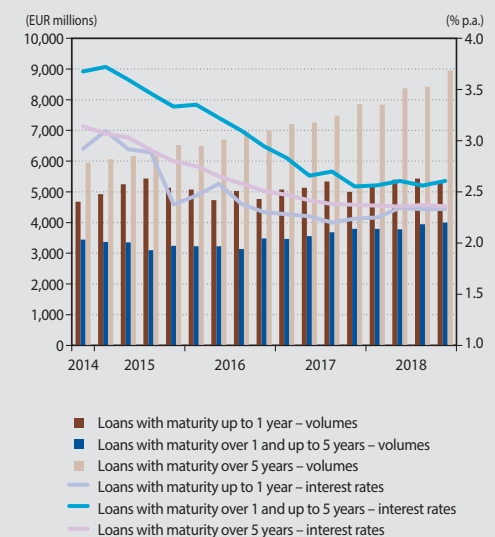
Source: NBS.

Chart 66 Share of secured loans for consumption in total new loans for consumption to households (EUR millions)



Source: NBS.

Chart 67 NFC loans by maturity – interest rates and volumes



Source: NBS.

lower than the share of secured housing loans in the total volume of housing loans. The share of these loans increased slightly in the fourth quarter of 2018, to 3.7%, from 3.4% in the same quarter a year earlier. The average interest rate on secured consumer loans fell in the period under review, by 0.1 percentage point year on year, to 6.4% p.a.

2.9.3 LOANS TO NON-FINANCIAL CORPORATIONS – INTEREST RATES AND STOCKS

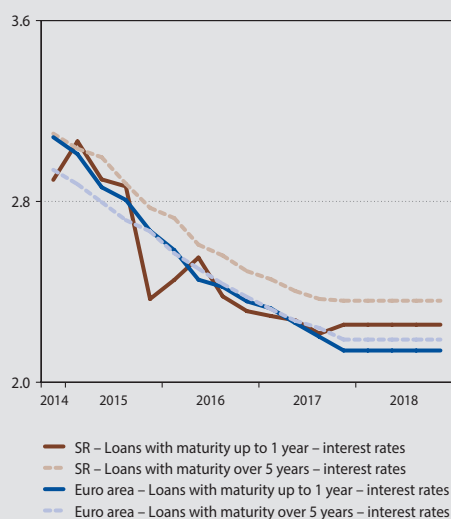
Interest rates on loans provided to non-financial corporations (NFCs) with a maturity of over one year and up to five years have long been higher than the rates on loans with other maturities, but these loans account for the smallest share of the stock of NFC loans. Loans with a maturity of over five years still accounted for the largest share of the stock of NFC loans in the fourth quarter of 2018, continuing a trend going back to the second half of 2009.

Average interest rates on **NFC loans** underwent the following changes in the fourth quarter of

2018: the average rate for loans **with a maturity of up to one year** rose slightly, by 0.1 percentage point, to 2.3% p.a.; the average rate for loans **with a maturity of over one year and up to five years** fell by 0.1 percentage point, to 2.6% p.a.; and the average interest rate on loans **with a maturity of over five years** remained unchanged, at 2.4% p.a.

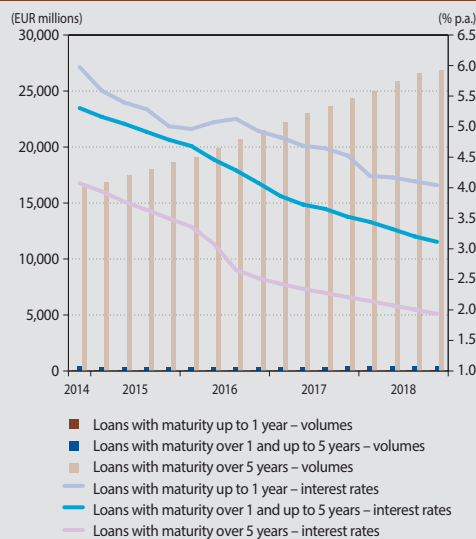
A year-on-year comparison of interest rates on the most significant categories of loans provided to **NFCs** in Slovakia and in the euro area shows that the rate for loans **with a maturity of up to one year** in Slovakia rose, year on year, by 0.1 percentage point, to 2.4% p.a. at the end of 2018. The rate for the same category of loans in the euro area fell by 0.2 percentage point year on year, to 2.0% p.a. In Slovakia, interest rates on loans **with a maturity of over five years** remained unchanged, year on year, at 2.4% p.a. at the end of 2018. The rate for the same category of loans in the euro area fell by 0.1 percentage point year on year, to 2.1% p.a.

Chart 68 Interest rates of loans by maturity to non-financial corporations in SR and euro area (outstanding amounts) (% p.a.)



Source: ECB, NBS.

Chart 69 Households loans for house purchase by maturity – interest rates and volumes



Source: NBS.

2.9.4 LOANS TO HOUSEHOLDS – INTEREST RATES AND STOCKS

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

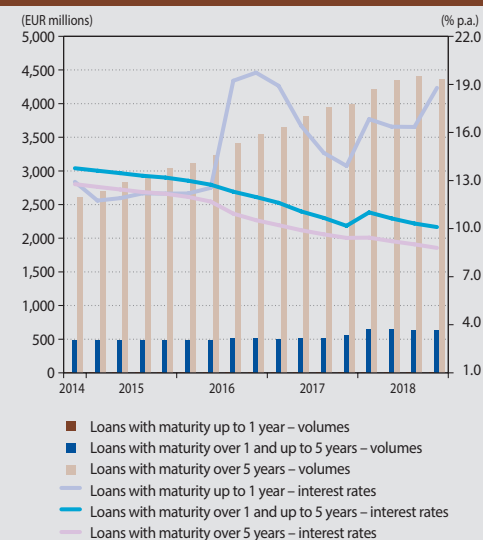
In year-on-year terms, average interest rates on housing loans were, in the period under review, lower for all maturities as follows: for loans **with a maturity of over five years**, by 0.3 percentage point, at 2.0% p.a.; for loans **with a maturity of over one year and up to five years**, by 0.4 percentage point, at 3.2% p.a., and for loans **with a maturity of up to one year**, by 0.5 percentage point, at 4.1% p.a.

The stock of consumer loans with a maturity of up to one year increased slightly, but remained still negligible in the period under review, result-

ing in marked volatility in the average interest rate on these loans. The stock of consumer loans with a maturity of over one year and up to five years followed a moderately growing trend over the period under review. Loans with a maturity of over five years still accounted for the largest share of the stock of consumer loans.

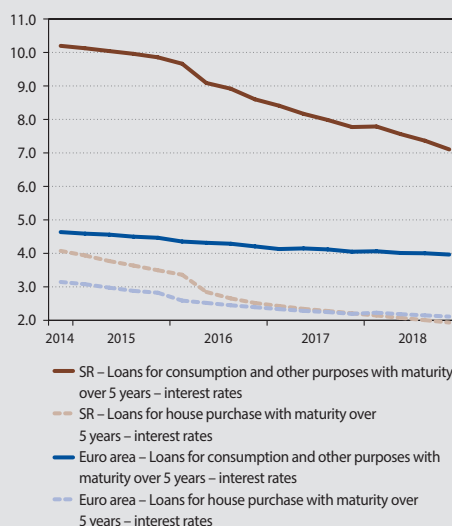
Average interest rates on **consumer loans** provided to households changed in the period under review as follows: the average rate on consumer loans **with a maturity of over one year and up to five years** edged down, year on year, by 0.1 percentage point, to 10.2% p.a.; the average rate on consumer loans **with a maturity of over five years** fell by 0.6 percentage point, to 8.9% p.a., and the average rate on consumer loans **with a maturity of up to one year** dropped by 1.1 percentage points, to 17.8% p.a.

Chart 70 Households loans for consumption by maturity – interest rates and volumes



Source: NBS.

Chart 71 Interest rates of loans by maturity to households in SR and euro area (outstanding amounts) (% p.a.)



Source: ECB, NBS.

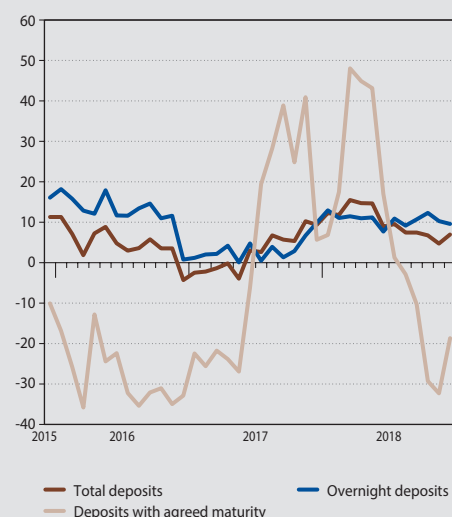
For a comparison of interest rates on loans provided to households in Slovakia and in the euro area, we selected the most significant categories of loans (in terms of volume), i.e. housing loans with a maturity of over five years, and consumer loans and other loans with a maturity of over five years. In Slovakia, the average interest rate on **consumer loans and other loans with a maturity of over five years** declined, year on year, by 0.7 percentage point, to 7.1% p.a. at the end of 2018. The rate for the same category of loans in the euro area edged down by 0.1 percentage point year on year, to 4.0% p.a. Interest rates on **housing loans with a maturity of over five years** showed the same tendency in both Slovakia and the euro area. In year-on-year terms, the rate for this category of loans in Slovakia fell by 0.3 percentage point, to 1.9% p.a., and the same rate in the euro area edged down by 0.2 percentage point, to 2.1% p.a. at the end of 2018.

2.10 DEPOSITS RECEIVED FROM NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS

2.10.1 DEPOSITS RECEIVED FROM NON-FINANCIAL CORPORATIONS

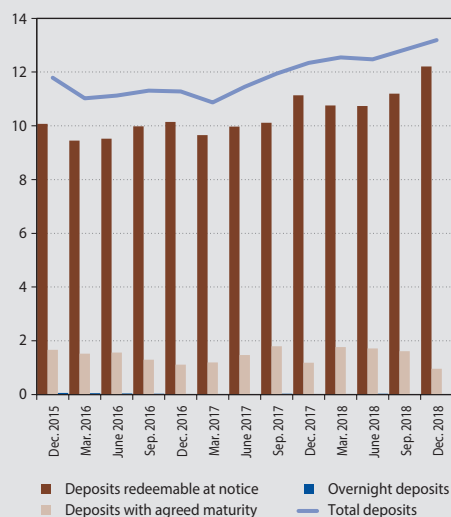
The stock of deposits received from NFCs was 6.9% higher at the end of the fourth quarter

Chart 72 NFC deposits by type (year-on-year percentage changes)



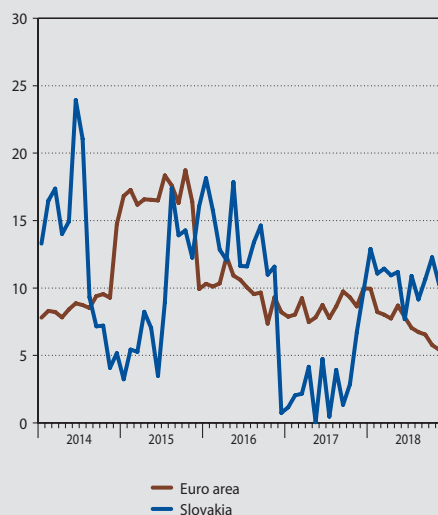
Source: NBS.

Chart 73 NFC deposits (EUR billions)



Source: NBS.

Chart 74 Overnight Deposits received from non-financial corporations (compared with data from the euro area) (year-on-year change in %)



Source: NBS.

of 2018 than a year earlier. This increase took place in sight deposits (9.6%) and other deposits (40.8%). Deposits with agreed maturity, by contrast, declined in the period under review by 18.7% year on year.

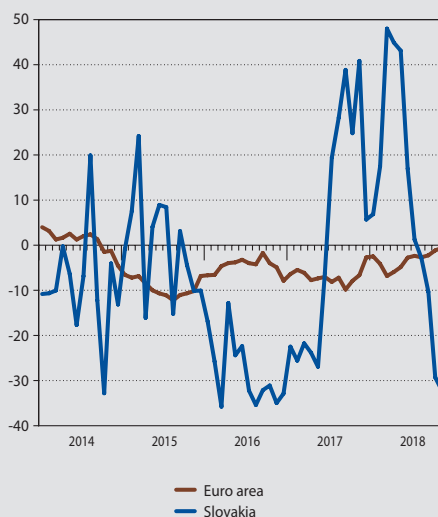
2.10.2 DEPOSITS RECEIVED FROM NON-FINANCIAL CORPORATIONS (EURO AREA COMPARISON)

Sight deposits received from NFCs in the euro area recorded a year-on-year increase of 5.3% at end-December 2018.

In Slovakia, the stock of deposits with agreed maturity decreased relatively sharply over the last five months of 2018, after increasing steeply over the first few months.

In the euro area, the stock of deposits with agreed maturity declined slowly throughout 2018, continuing a trend going back to the end of 2014.

Chart 75 Deposits with agreed maturity received from non-financial corporations (compared with data from the euro area) (year-on-year change in %)



Source: NBS.

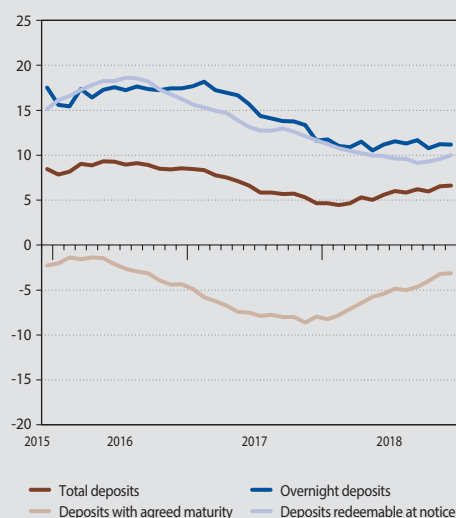


2.10.3 DEPOSITS RECEIVED FROM HOUSEHOLDS

The total stock of deposits received from households was 6.6% higher at the end of the fourth quarter of 2018 than a year earlier. This increase

was caused by growth in sight deposits (11.2%) and deposits redeemable at notice (10.0%). At the same time, the growing trend in household deposits was negatively affected by deposits with agreed maturity, which declined by 3.1% year on year.

**Chart 76 Households deposits by type
(year-on-year percentages change)**



Source: NBS.

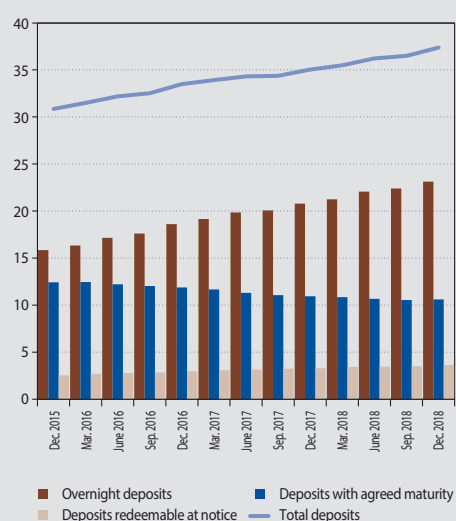
2.10.4 DEPOSITS RECEIVED FROM HOUSEHOLDS (EURO AREA COMPARISON)

Sight deposits in Slovakia and in the euro area followed very similar trends during 2018. The annual growth in these deposits slowed in both cases, though the slowdown in Slovakia was more significant.

By contrast, the stock of deposits with agreed maturity declined, year on year, in both Slovakia and the euro area.

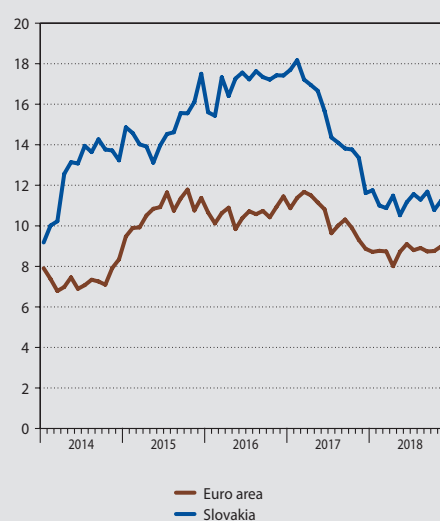
Household deposits redeemable at notice in Slovakia grew, year on year, at a much faster pace than in the euro area. In December 2018, the annual growth rate in Slovakia was 10.7%,

Chart 77 Households deposits (EUR billions)



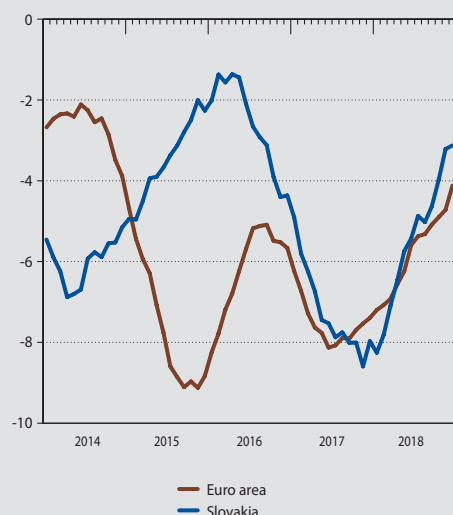
Source: NBS.

Chart 78 Overnight deposits received from households (compared with data from the euro area) (year-on-year change in %)



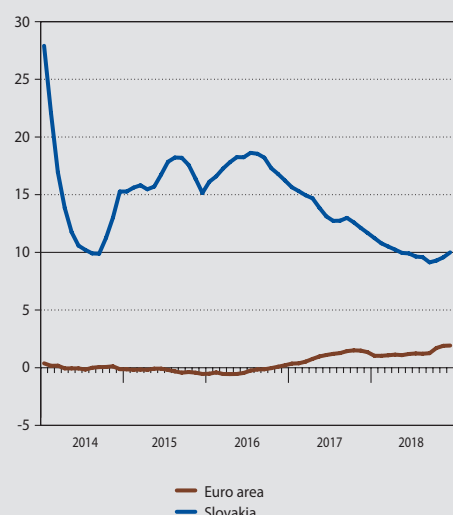
Source: NBS.

Chart 79 Deposits with agreed maturity received from households (compared with data from the euro area) (year-on-year change in %)



Source: NBS.

Chart 80 Deposits redeemable at notice received from households (compared with data from the euro area) (year-on-year change in %)



Source: NBS.

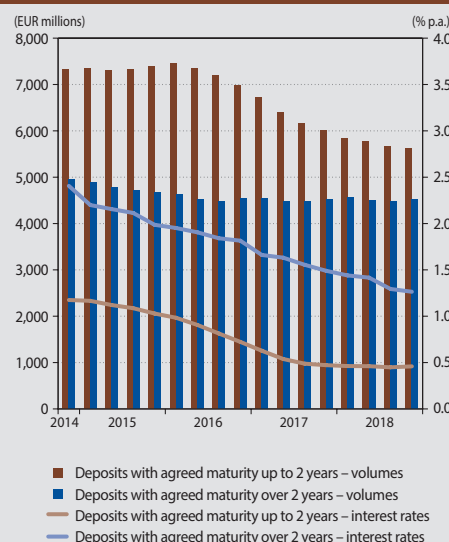
2.11 DEPOSITS RECEIVED – INTEREST RATES, VOLUMES AND STOCKS

2.11.1 HOUSEHOLD DEPOSITS – INTEREST RATES AND STOCKS

In the fourth quarter of 2018, household deposits **with an agreed maturity of up to two**

years accounted for 55.6% of the total stock of household deposits with agreed maturity, which in year-on-year terms represented a decrease of 1.8%. The average interest rate on household deposits with an agreed maturity of up to two years remained unchanged, at 0.5% p.a. The average rate on deposits **with an agreed maturity of over two years** fell during the period under review, by 0.2 percentage point year on year, to 1.3% p.a. The total stock of household deposits with agreed maturity declined during that period by 4.0% year on year.

Chart 81 Household deposits with an agreed maturity – interest rates and stocks

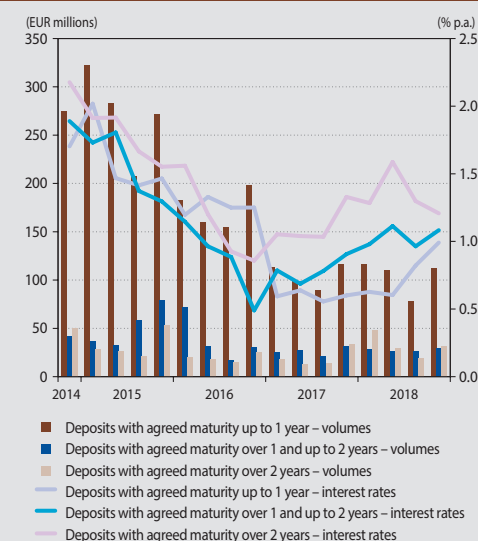


Source: NBS.

2.11.2 NEW HOUSEHOLD DEPOSITS – INTEREST RATES AND VOLUMES

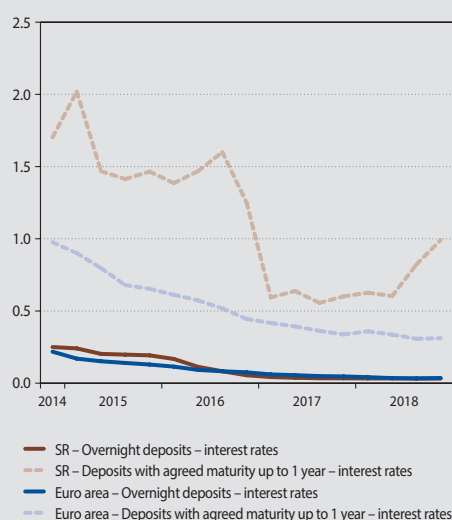
Interest rates on new household deposits with agreed maturity changed in the period under review as described below. The average interest rate on new household deposits **with an agreed maturity of up to one year** rose by 0.3 percentage point year on year, to 0.9% p.a., while the share of these deposits in the total volume of new household deposits with agreed maturity decreased by 4.5%, to 63.6%. The average rate on new deposits **with an agreed maturity of over one year and up to two years** edged up by 0.1 percentage point year on year, to 1.0% p.a., and the share of these deposits in the total volume of new household deposits with agreed maturity increased by 2.2%, to 18.8%. The average

Chart 82 New household deposits with an agreed maturity – interest rates and volumes



Source: NBS.

Chart 83 Interest rates on deposits from households in SR and euro area (new business) (% p.a.)



Source: ECB, NBS.

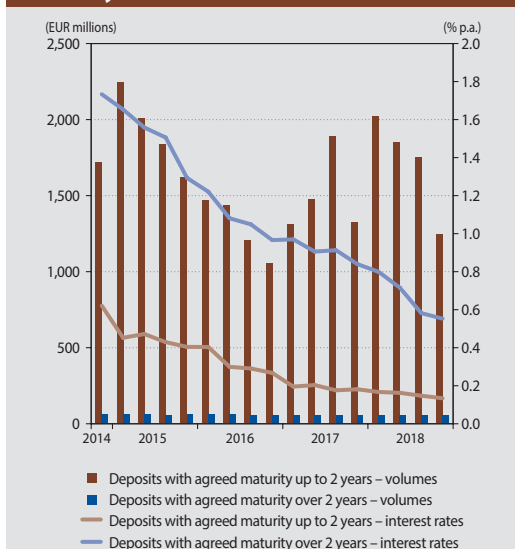
interest rate on new deposits **with an agreed maturity of over two years** remained unchanged in the period under review, at 1.2% p.a., while the share of these deposits in the total volume of new household deposits with agreed maturity increased by 2.3%, to 17.6%.

For a comparison of interest rates on new deposits received from **households** in Slovakia and those on the same types of deposits in the euro area, we selected the most significant deposit categories (in terms of volume), i.e. sight deposits and deposits with an agreed maturity of up to one year. In Slovakia, interest rates on **sight deposits** remained unchanged in year-on-year terms, at 0.03% p.a. In the euro area, deposit rates in the same category also remained unchanged, at 0.04% p.a. Interest rates on **new deposits with an agreed maturity of up to one year** in Slovakia and in the euro area recorded the following year-on-year changes in the period under review: the average rate for such deposits in Slovakia rose by 0.39 percentage point, to 0.99% p.a. at the end of 2018, while that for the same deposit category in the euro area edged down by 0.04 percentage point, to 0.31% p.a.

2.11.3 NFC DEPOSITS – INTEREST RATES AND STOCKS

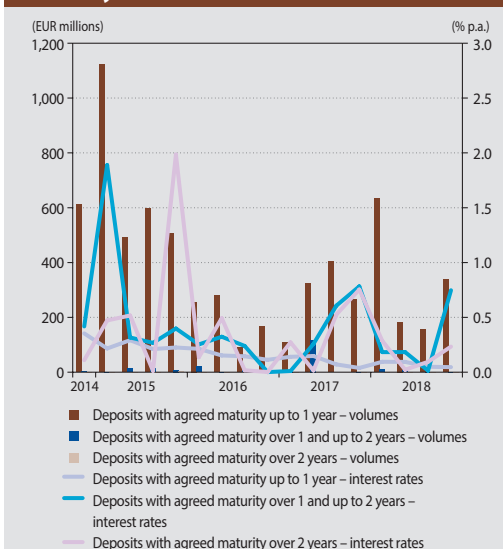
Deposits **with an agreed maturity of over two years**, received from **non-financial corporations** (NFCs) in the fourth quarter of 2018, accounted for 4.1% of the total stock of NFC deposits with agreed maturity, which in year-on-year terms represented an increase of 0.9%, while the average interest rate on these deposits fell by 0.3 percentage point, to 0.6% p.a. The average interest rate on NFC deposits **with an agreed maturity of up to two years** also fell slightly in the period under review, by 0.1 percentage point, to 0.1% p.a., while the share of these deposits decreased by 0.9% to 95.9% of the total stock of NFC deposits with agreed maturity. The total stock of NFC deposits with agreed maturity declined over the period under review, by 15.9% year on year.

Chart 84 NFC deposits with an agreed maturity – interest rates and stocks



Source: NBS.

Chart 85 New NFC deposits with an agreed maturity – interest rates and volumes



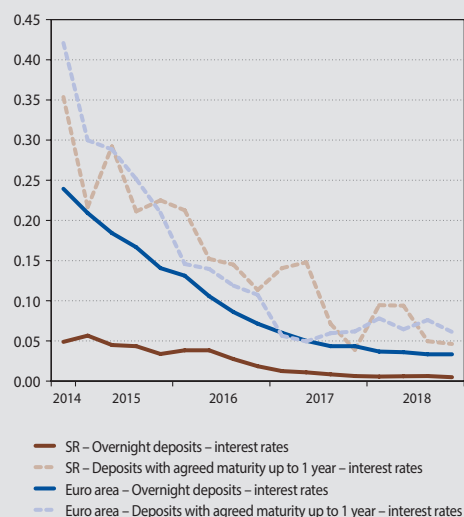
Source: NBS.

2.11.4 NEW NFC DEPOSITS – INTEREST RATES AND VOLUMES

Interest rates on new deposits with agreed maturity, received from **non-financial corporations** (NFCs), changed in the final quarter of 2018, year on year, as described below. The average interest rate on new deposits **with an agreed maturity of over two years** declined by 0.6 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 (0.2%). The average rate on new deposits **with an agreed maturity of over one year and up to two years** rose by 0.3 percentage point year on year, to 0.5% p.a., but the share of these deposits in the total volume of NFC deposits with agreed maturity was also insignificant (0.1%). 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 accounted for the largest share (99.7%) of the total volume of NFC deposits with agreed maturity.

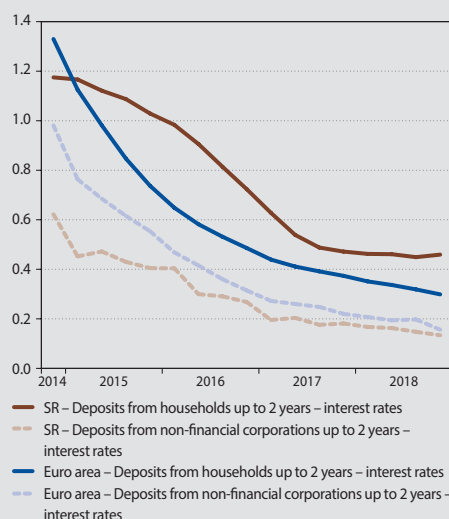
For a comparison of interest rates on **new NFC deposits** in Slovakia and those on the same type of deposits in the euro area, we selected the most significant types of deposits (in terms of volume), i.e. sight deposits and deposits with an agreed maturity of up to one year. In Slovakia, the average interest rate on **sight deposits** received from NFCs declined by 0.01 percentage point year on year, to 0.00% p.a. at the end of 2018. The average rate for such deposits in the euro area also edged down by 0.01 percentage point year on year, to 0.03% p.a. In Slovakia, the average interest rate on deposits **with an agreed maturity of up to one year** edged up by 0.01 percentage point year on year, to 0.05% p.a. at the end of 2018. The average rate for these deposits in the euro area remained unchanged, at 0.06% p.a.

Chart 86 Interest rates on deposits from non-financial corporations in SR and euro area (new business) (% p.a.)



Source: ECB, NBS.

Chart 87 Interest rates on deposits with agreed maturity in SR and euro area (outstanding amounts) (% p.a.)



Source: ECB, NBS.

For a comparison of interest rates on new deposits with agreed maturity, received from NFCs and households in Slovakia, and those on the same type of deposits in the euro area, we selected the most significant deposit category (in terms of volume), i.e. deposits with an agreed maturity of up to two years. In Slovakia, the average interest rate on **NFC deposits with an agreed maturity of up to two years** declined by 0.05 percentage point year

on year, to 0.13% p.a. at the end of 2018. In the euro area, the average rate for the same category of deposits fell, year on year, from 0.22% p.a. to 0.16% p.a. The average interest rate on **household deposits with an agreed maturity of up to two years** edged down in Slovakia by 0.01 percentage point year on year, to 0.46% p.a. The same rate in the euro area dropped to 0.30% p.a. at the end of 2018, from 0.38% p.a. at the end of 2017.



NÁRODNÁ BANKA SLOVENSKA
EUROSYSTEM

CHAPTER 3

INVESTMENT FUNDS AND MONEY MARKET FUNDS



3 INVESTMENT FUNDS AND MONEY MARKET FUNDS

In Slovakia's financial market, the mutual fund market comprises five domestic asset management companies and one foreign asset management company, managing a total of 86 domestic open-end funds as at 31 December 2018.

Domestic asset management companies:

- Asset Management Slovenskej sporiteľne, správ. spol., a.s.
- IAD Investments, správ. spol., a.s.
- Prvá Penzijná správcovská spoločnosť Poštovej banky, správ. spol., a.s.
- Tatra Asset Management, správ. spol., a.s.
- VÚB Asset Management, správ. spol., a.s.

Foreign asset management company:

- ČSOB Asset Management, a.s., investiční společnost

Mixed funds accounted for the largest share, 45.89%, of the total assets of investment funds as at 31 December 2018. They were followed by bond funds with a share of 25.14% (down by 0.57 percentage point quarter on quarter), real estate funds with a share of 20.47%, and equity funds with a share of 7.17% at 31 December 2018. 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 1.33% at 31 December 2018.

At the end of 2018, the total asset value of mixed funds was higher year on year, by 7.44%, but lower quarter on quarter, by 2.45%. The total asset value of real estate funds was higher both year on year and quarter on quarter, by 14.81% and 4.96% respectively. The total asset value of equity funds was also higher year on year, by 4.49% at 31 December 2018, but in quarter-on-quarter terms it was lower by 8.26%. Bond funds recorded a quarter-on-quarter fall of 3.98% in their asset value, which declined year on year by 8.84%. Other funds recorded a year-on-year drop of 64.20% at 31 December 2018.

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.

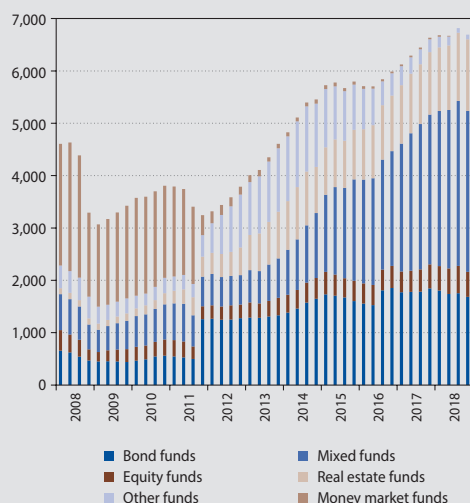
Table 12 Total assets of investment funds broken down by type

Total assets	Year-on-year change in %								
	XII. 2016	III. 2017	VI. 2017	IX. 2017	XII. 2017	III. 2018	VI. 2018	IX. 2018	XII. 2018
Bond funds	15.71	13.94	16.66	-1.38	-0.45	1.70	-2.37	-1.79	-8.84
Equity funds	8.51	3.29	11.07	7.28	8.80	17.49	21.80	22.69	4.49
Mixed funds	13.07	22.96	36.12	32.27	30.50	21.55	15.12	13.50	7.44
Real estate funds	12.31	16.26	12.85	9.90	12.44	8.84	8.50	14.22	14.81
Other funds	-50.78	-52.83	-58.98	-37.37	-41.62	-44.70	-45.84	-69.72	-64.20

Source: NBS.

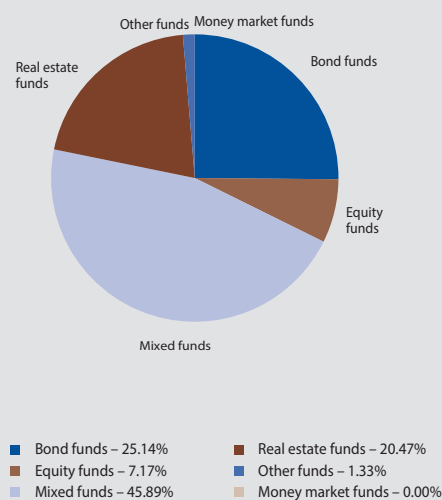


Chart 88 Investment funds broken down by investment strategy (EUR millions)



Source: NBS.

Chart 89 Total assets of domestic mutual funds as at 31 December 2018 broken down by type of fund



Source: NBS.

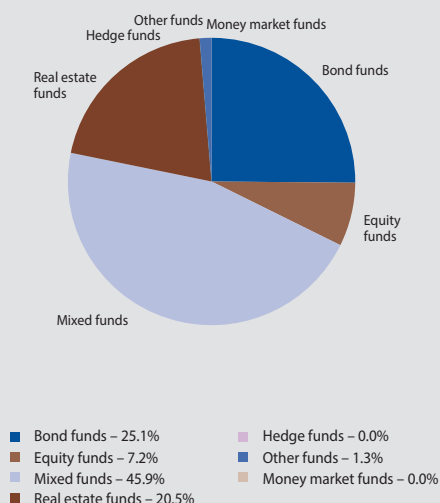
3.2 ASSET STRUCTURE OF INVESTMENT FUNDS IN SLOVAKIA AND IN THE EURO AREA

The asset structures of investment funds in Slovakia and in the euro area differ considerably, according to the funds' investment priorities. In the euro area, the dominant funds are bond funds with a share of 25.71% of the total, which represent the second largest group in Slovakia with a share of 25.14%. The dominant funds in Slovakia are mixed funds with a share of 45.89%, which are the third most significant funds in the euro area with a share of 23.18%. Real estate funds invest primarily in shares and equity participations in real estate companies. The share of these funds in Slovakia differ substantially from that in the euro area. In Slovakia, real estate funds represent the third largest category of funds with a share of 20.47%. In the euro area, however, they account for only 5.99% of the total assets of investment funds. Besides real estate funds, equity funds also differ markedly in weight in the economic territories under comparison. Equity funds are the second most significant group of funds in the euro area, with a share of 23.88%. These funds in Slovakia are ranked fourth according to their share of total assets (7.17%). The smallest category of investment funds in the domestic market is represented by other funds (in terms of their share of total assets). They account for 1.33% of the total assets in Slovakia, compared with 8.50% in the euro area.

The third quarter of 2018 saw the dissolution of the country's last money market fund. In the euro area, however, money market funds as at end-December 2018 still represented the fourth largest category of funds with a share of 8.83%.

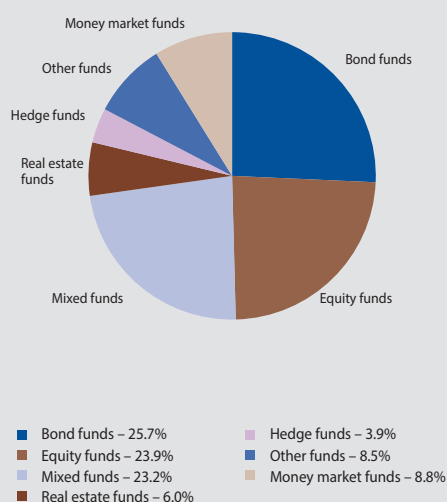
Hedge funds in the euro area had a share of 3.91% at the end of 2018. These investment funds are particularly risky and may produce a high yield or a serious loss. They attempt to earn an absolute yield which is not dependent on the general economic situation, nor on capital market developments. Investment funds of this category are not yet registered in Slovakia.

Chart 90 Share of funds types on total assets of domestic mutual funds as at 31 December 2018



Source: NBS.

Chart 91 Share of funds types on total assets of mutual funds in Euro area as at 31 December 2018



Source: ECB, NBS.

3.3 ASSET STRUCTURE OF DOMESTIC INVESTMENT FUNDS

3.3.1 BOND FUNDS

In terms of asset type, bond funds' total assets as at 31 December 2018 broke down as follows: 41.55% were debt securities (up from 39.28% at the end of the previous quarter); 34.82% were bank time deposits and current account holdings; 23.22% were investment fund shares/units; and the remaining 0.42% were other assets (including financial derivatives).

In terms of issuer residency, bond funds' holdings of debt securities as at 31 December 2018 broke down as follows: 52.25% were securities issued in the rest of the world (up by 0.53 percentage point); 26.00% were domestic securities (down by 1.05 percentage points); and 21.76% were securities issued in other euro area countries (up by 0.52 percentage point).

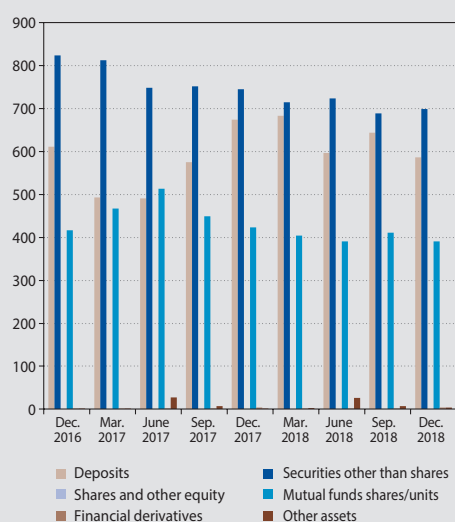
In terms of issuer sector, bond funds' holdings of debt securities as at 31 December 2018 broke down as follows: 44.51% were government bonds; 28.68% were debt securities issued by banks; and the remaining 26.81% were debt securities issued by non-financial corporations and other financial institutions.



In terms of residual maturity, bond funds' holdings of debt securities as at 31 December 2018 broke down as follows: 22.65% had a maturity

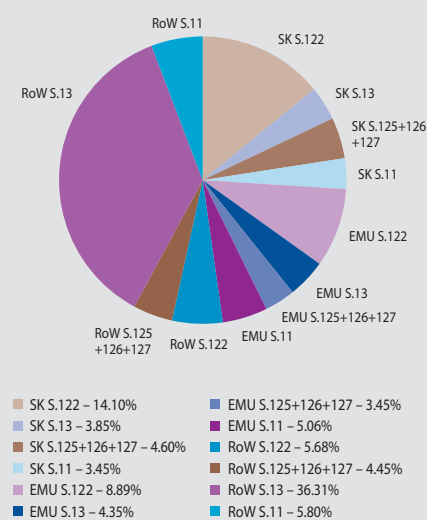
of up to one year, 12.94% a maturity of over one year and up to two years, and 64.41% a maturity of over two years.

Chart 92 Bond funds: evolution of assets (EUR millions)



Source: NBS.

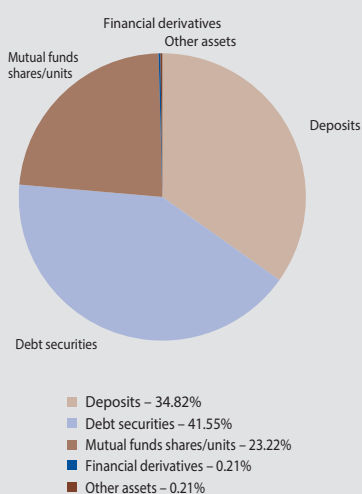
Chart 94 Geographical and sectoral breakdown of debt securities in the portfolio of bond funds as at 31 December 2018



Source: NBS.

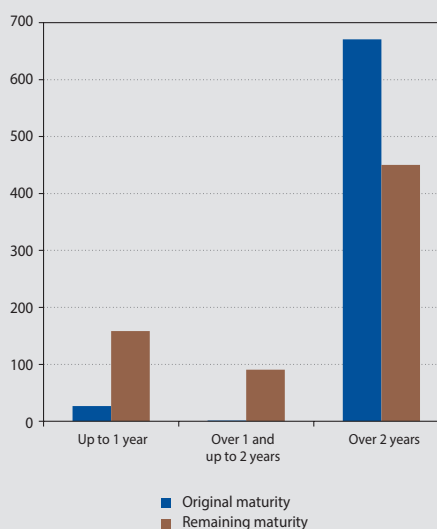
Note: SK = domestic issuers; EMU = issuers from other euro area member states; RoW = issuers from the rest of the world.

Chart 93 Bond funds: structure of assets as at 31 December 2018



Source: NBS.

Chart 95 Maturity breakdown of debt securities in the portfolio of bond funds as at 31 December 2018 (EUR millions)



Source: NBS.

3.3.2 EQUITY FUNDS

In terms of asset type, equity funds' total assets as at 31 December 2018 broke down as follows: 50.10% were shares and other equity participations; 37.71% were investment fund shares/units (up by 0.22 percentage point); 10.78% were bank deposit account holdings (up by 0.73 percentage point); 1.05% were debt securities; and 0.35% were other assets (including financial derivatives).

In terms of issuer residency, equity funds' holdings of investment fund shares/units as at 31 December 2018 broke down as follows: 15.72% were issued by funds resident in Slovakia; 77.44% were issued by funds resident in other euro area countries; and 6.84% 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 fourth quarter comprised exclusively investment fund shares/units.

In terms of issuer residency and sector, equity funds' holdings of shares as at 31 December 2018 broke down as follows: 66.67% were issued by NFCs resident in the rest of the world; 13.82% were issued by NFCs resident in euro area coun-

tries; 8.11% were issued by credit institutions resident in non-euro area EU countries; and less than 6% were issued by issuers from other sectors.

Chart 97 Equity funds: structure of assets as at 31 December 2018

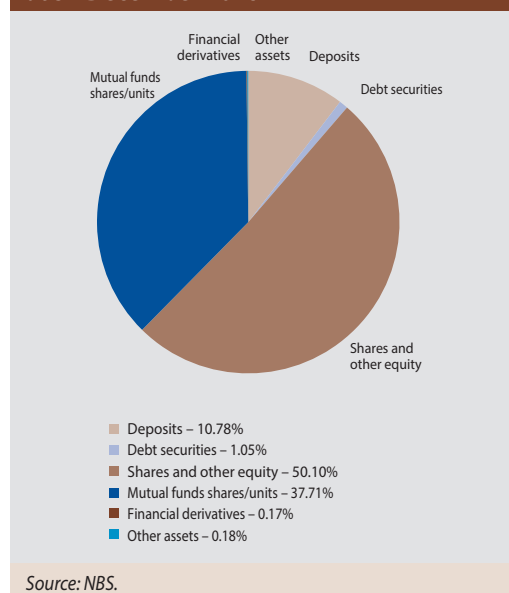


Chart 96 Equity funds: evolution of assets (EUR millions)

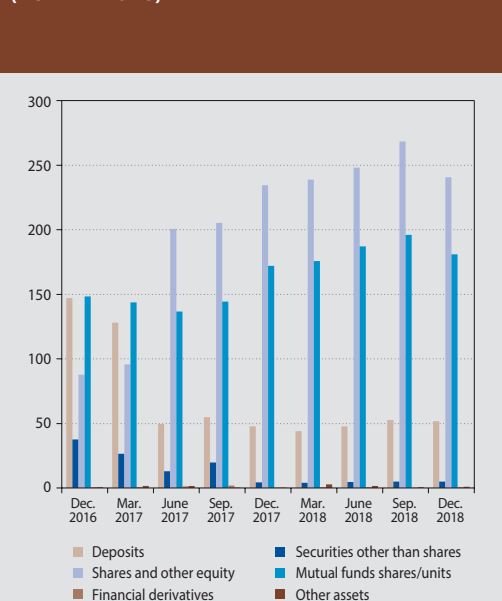


Chart 98 Geographical and sectoral breakdown of mutual funds shares/units in the portfolio of equity funds as at 31 December 2018

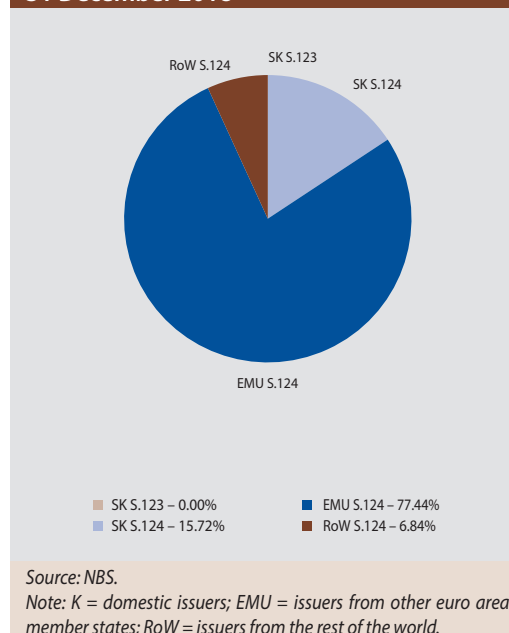
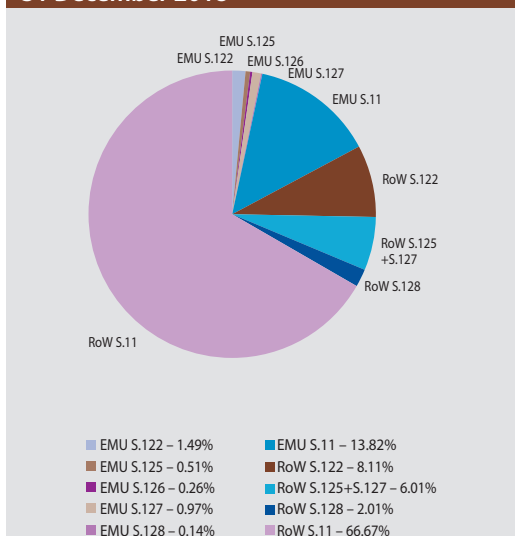


Chart 99 Geographical and sectoral breakdown of shares and other equity in the portfolio of equity funds as at 31 December 2018



Source: NBS.

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

In terms of issuer residency, mixed funds' holdings of securities as at 31 December 2018 broke down as follows: 58.29% were bonds issued by domestic issuers, 27.24% were securities issued by issuers from other euro area countries, and 14.47% were securities issued by issuers from the rest of the world.

In terms of issuer sector, non-financial corporations (sector S.11) accounted for the largest share, 29.68%, of mixed funds' securities holdings as at 31 December 2018, followed by the general government sector (S.13) with a share of 22.44%.

In terms of residual maturity, mixed funds' holdings of securities as at 31 December 2018 broke down as follows: 8.18% had a maturity of up to one year; 5.90% a maturity of over one year and up to two years; and 85.92% a maturity of over two years.

3.3.3 MIXED FUNDS

In terms of asset type, mixed funds' total assets as at 31 December 2018 broke down as follows: 61.90% were investment fund shares/units (down by 1.38 percentage points from the end of the previous quarter); 22.94% were bank deposit account holdings; 13.47% were debt securities; 1.23% were shares; and 0.45% were other assets (including financial derivatives).

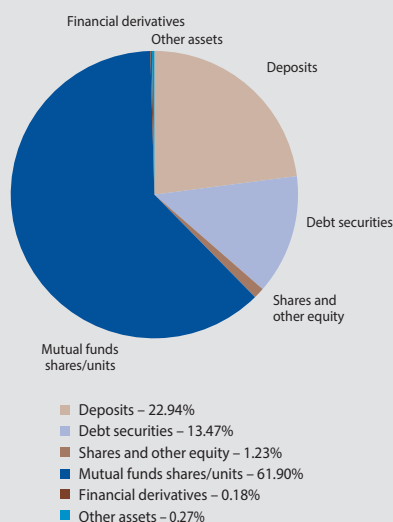
In terms of issuer residency, mixed funds' holdings of investment fund shares/units remained broadly unchanged in the quarter under review and, at 31 December 2018, broke down as follows: 74.98% were issued by funds resident in euro area countries; 19.41% were issued by domestic funds; and 5.61% were issued by funds resident in the rest of the world.

Chart 100 Mixed funds: evolution of assets (EUR millions)



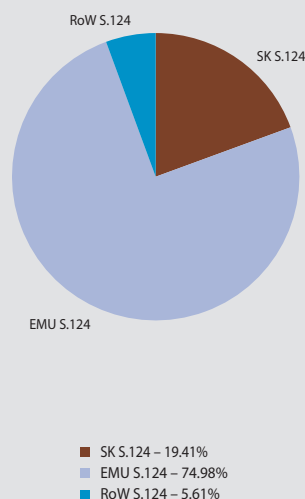
Source: NBS.

Chart 101 Mixed funds: structure of assets as at 31 December 2018



Source: NBS.

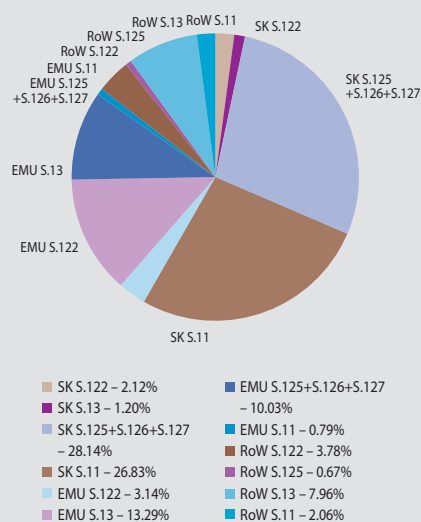
Chart 103 Geographical and sectoral breakdown of mutual funds shares/units in the portfolio of mixed funds as at 31 December 2018



Source: NBS.

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

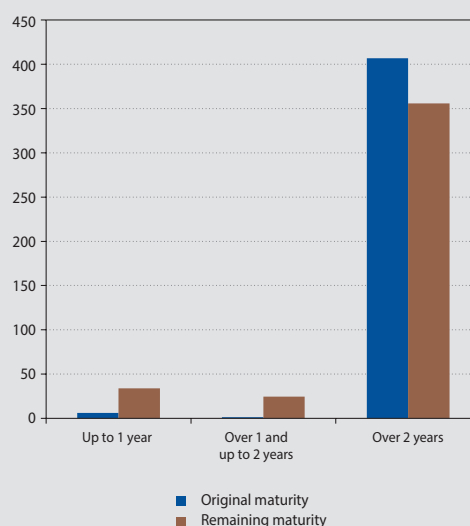
Chart 102 Geographical and sectoral breakdown of debt securities in the portfolio of mixed funds as at 31 December 2018



Source: NBS.

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

Chart 104 Maturity breakdown of debt securities in the portfolio of bond funds as at 31 December 2018 (EUR millions)



Source: NBS.



3.3.4 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 31 December 2018 broke down as follows: 34.60% were bank deposits and loans provided to real estate companies 58.45% were shares and other equity participations (up by 2.56 percentage points, from 55.89% at 30 September 2018); 3.77% were debt securities; 1.55% were investment fund shares/units; and 1.63% were other assets.

In terms of residency and sector, the companies in which real estate funds held shares and other equity participations at 31 December 2018 broke down as follows: 86.61% were domestic NFCs (sector S.11); 4.98% were NFCs from other EU Member States (slightly less than at the end

of the previous quarter); and 8.19% were NFCs from the rest of the world (down from 9.04% at 30 September 2018).

Chart 106 Real estate funds: structure of assets as at 31 December 2018

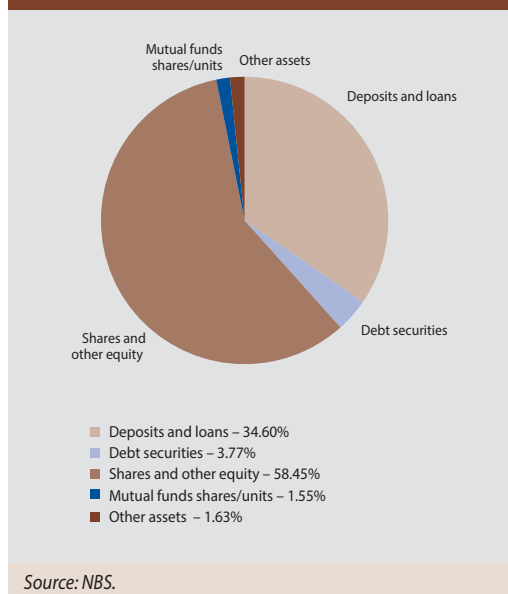


Chart 105 Real estate funds: evolution of assets (EUR millions)

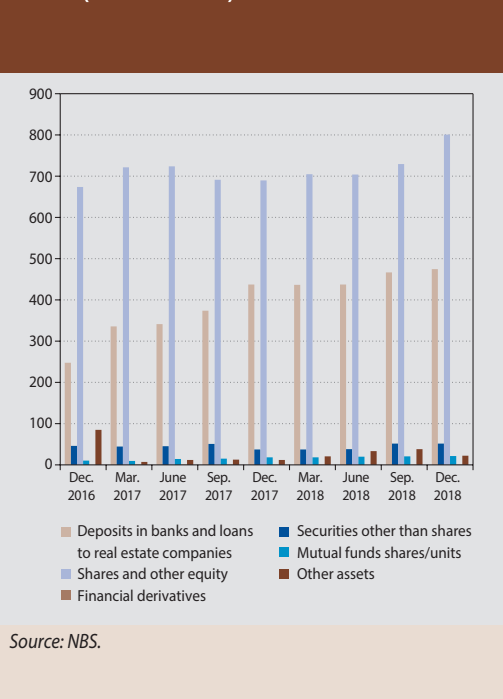
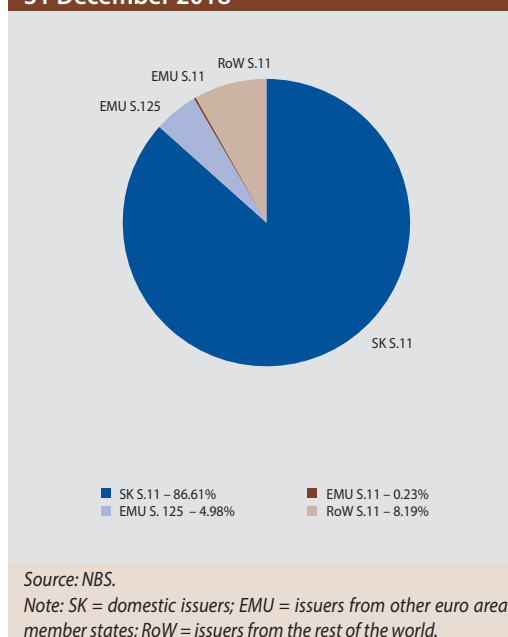


Chart 107 Geographical and sectoral breakdown of shares and other equity in the portfolio of real estate funds as at 31 December 2018



3.3.5 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.

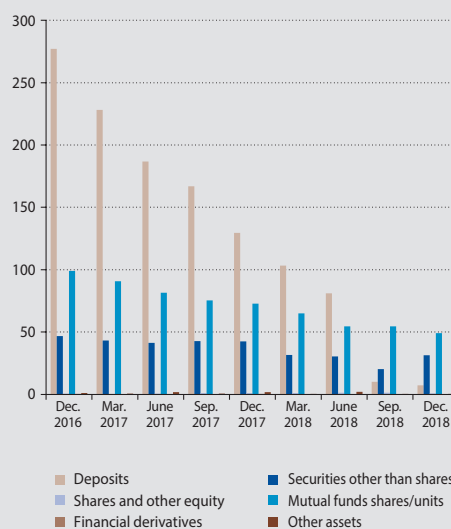
In terms of asset type, other funds' total assets as at 31 December 2018 broke down as follows: 55.20% were investment fund shares/units; 35.26% were debt securities (up by 11.79 percentage points quarter on quarter); and 8.20% were bank deposit holdings.

In terms of issuer residency, other funds' holdings of debt securities as at 31 December 2018 broke down as follows: 46.86% were domestic securities (up by 19.07 percentage points); 27.17% were securities issued in the rest of the world (down by 14.05 percentage points quarter on quarter); 25.97% were securities issued in other euro area countries (down by 5.02 percentage points quarter on quarter).

In terms of issuer sector, securities issued by NFCs (sector S.11) accounted for the largest share of other funds' holdings of debt securities at 31 December 2018, 32.52%, followed by securities issued by banks (sector S.122) with a share of 11.18%, and securities issued by the general government sector (sector S.13) with a share of 10.80%.

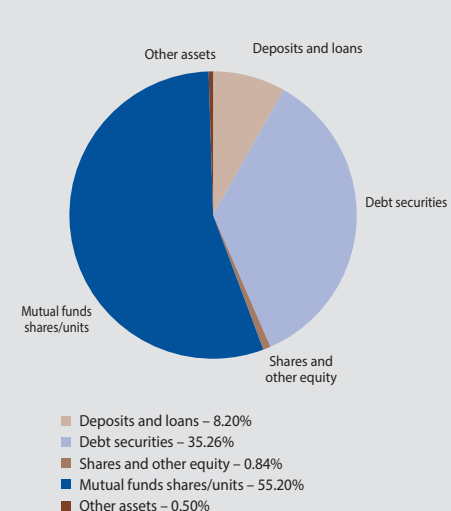
In terms of residual maturity, other funds' holdings of securities as at 31 December 2018 broke down as follows: 8.77% had a maturity of up to one year, 9.41% a maturity of over one year and up to two years, and 81.82% a maturity of over two years.

Chart 108 Other funds: evolution of assets (EUR millions)



Source: NBS.

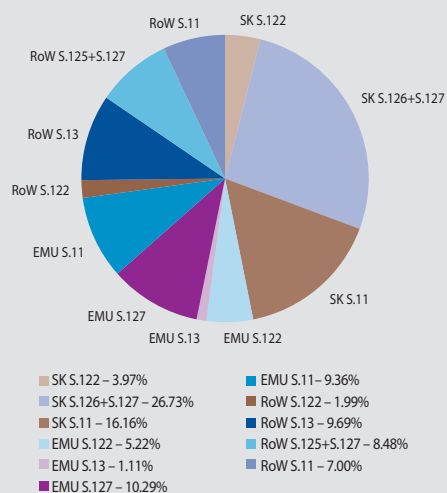
Chart 109 Other funds: structure of assets as at 31 December 2018



Source: NBS.



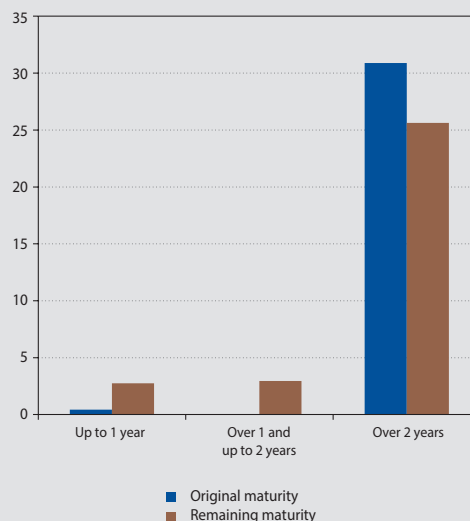
Chart 110 Geographical and sectoral breakdown of debt securities in the portfolio of other funds as at 31 December 2018



Source: NBS.

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

Chart 111 Maturity breakdown of debt securities in portfolio of other funds as at 31 December 2018 (EUR millions)



Source: NBS.



NÁRODNÁ BANKA SLOVENSKA
EUROSYSTEM

CHAPTER 4

LEASING, FACTORING AND CONSUMER CREDIT COMPANIES

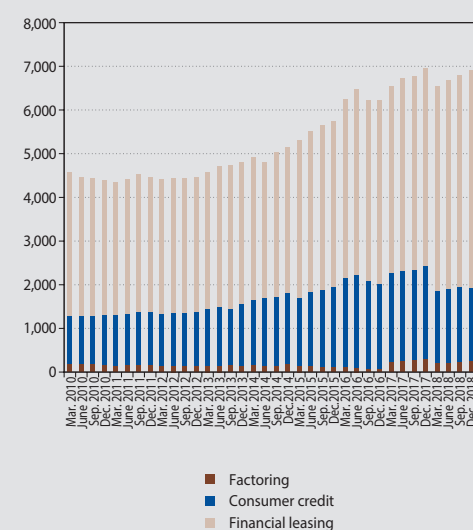
4 LEASING, FACTORING AND CONSUMER CREDIT COMPANIES

According to the sectoral classification of economic entities (ESA 2010), the companies under analysis are included in the S.125 sector – *other financial intermediaries*³, as a subcategory referred to as *financial corporations engaged in lending*.

In terms of asset growth, the final quarter of 2018 was particularly favourable for leasing companies. Consumer credit companies and factoring companies, by contrast, recorded a year-on-year decline in the value of their assets in that quarter.

The total assets of leasing companies at 31 December 2018 were higher, year on year, by 9.99%. As for consumer credit companies, their total assets were 20.20% lower at the end of the last quarter of 2018 than a year earlier. The total assets of factoring companies were lower, year on year, by 19.82%.

Chart 112 Evolution of total assets by type of business (EUR millions)



Source: NBS.

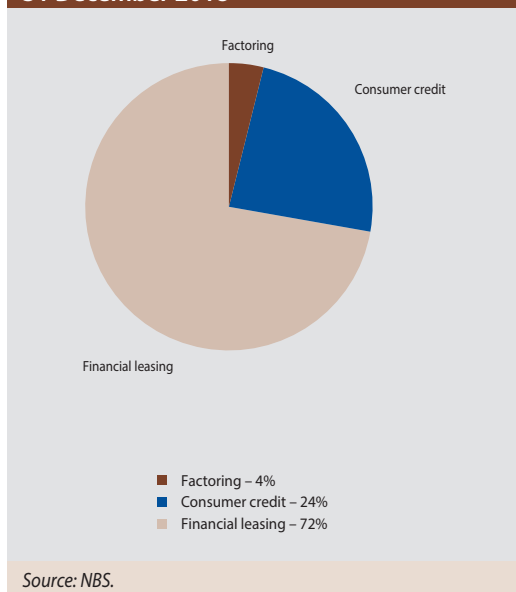
Table 13 Total assets of financial corporations engaged in lending (year-on-year percentage changes)

Total assets	Year-on-year change in %								
	XII. 2016	III. 2017	VI. 2017	IX. 2017	XII. 2017	III. 2018	VI. 2018	IX. 2018	XII. 2018
Financial leasing	11.35	4.59	3.81	6.88	7.42	9.54	8.30	9.39	9.99
Factoring	-25.40	106.58	172.65	225.71	251.11	-7.64	-16.62	-13.88	-19.82
Consumer Credit	4.89	-1.01	-2.80	3.79	9.87	-19.47	-18.37	-17.21	-20.20

Source: NBS.

³ 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 113 Total assets of financial corporations engaged in lending broken down by type of company as at 31 December 2018



Among companies engaged in non-bank lending, leasing companies have long held the leading position in this market. At the end of the quarter under review, leasing companies had a market share of 72%, consumer credit companies 24% and factoring companies 4%.

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

In financial leasing, the share of domestic customers was 100%, of which non-financial corporations accounted for 85.75%, households for 13.18%, and other sectors for 1.08%.

Domestic customers constituted 28.94% of consumer credit companies' total customers at 31 December 2018, while customers from the rest of the world made up 65.91% and customers from other euro area countries 5.15%. 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, 86.44%, in the quarter under review; it was followed by the non-financial corporations sector with a share of 13.56%.

At the end of the last quarter of 2018, domestic customers constituted 100% of factoring companies' total customers, of which households accounted for 68.51% and non-financial corporations for 31.49%.

Chart 114 Geographical and sectoral breakdown of lending by financial leasing companies as at 31 December 2018

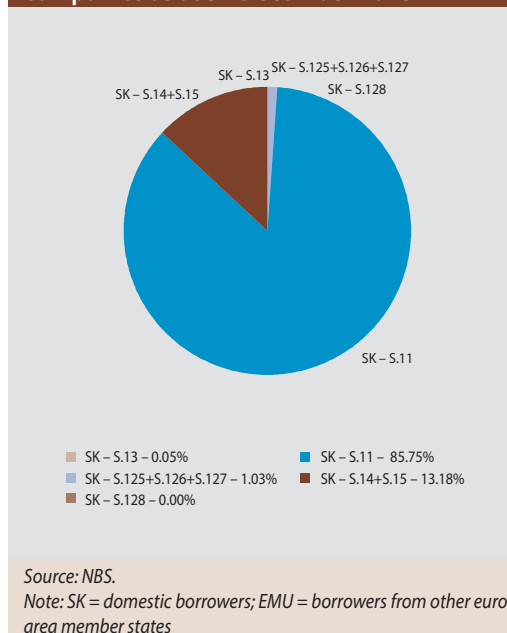


Chart 115 Geographical and sectoral breakdown of lending by consumer credit companies as at 31 December 2018

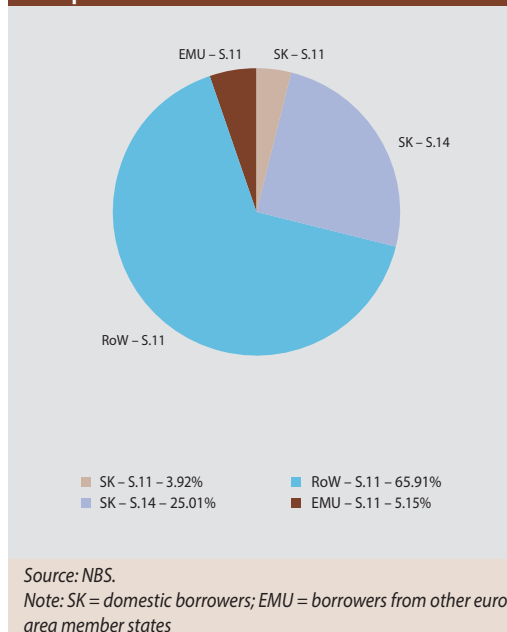
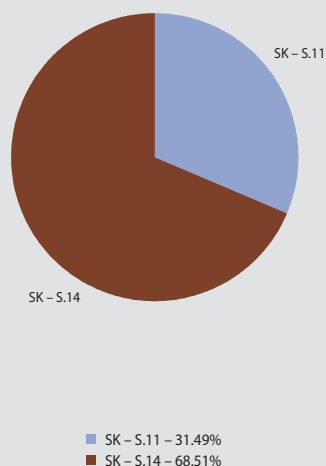


Chart 116 Geographical and sectoral breakdown of lending by factoring companies as at 31 December 2018



Source: NBS.

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

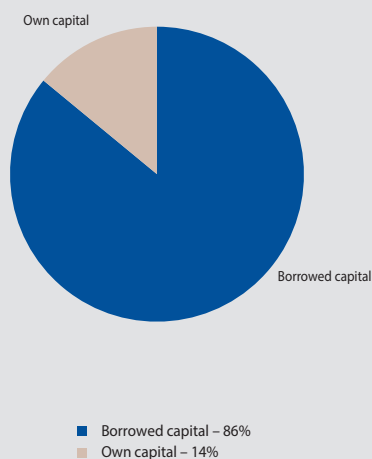
Regarding the flow of funds across the individual economic sectors, an interesting aspect is the allocation of financial resources to the types of companies under review, for the provision of credits and loans through non-bank lending channels.

The main source of financing was foreign (borrowed) capital representing 85.95% of the over-

all financial resources. Foreign capital was obtained mostly in the form of bank loans, which accounted for 60.57% at 31 December 2018. The rest was obtained in the form of proceeds from issues of debt securities (25.38%) and credits or loans borrowed from companies belonging to the same group (14.05%).

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

Chart 117 Breakdown of source capital as at 31 December 2018



Source: NBS.



NÁRODNÁ BANKA SLOVENSKA
EUROSYSTEM

CHAPTER 5

SECURITIES

5 SECURITIES

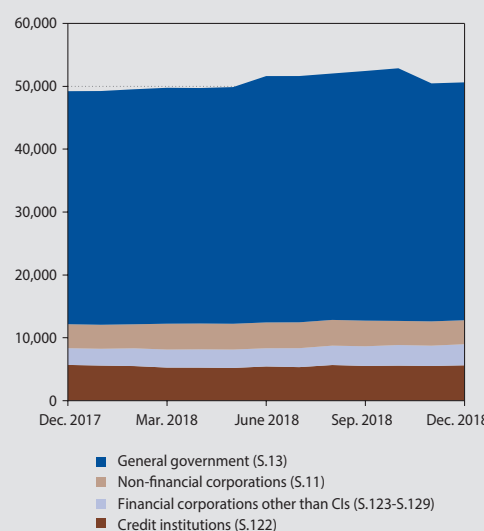
5.1 DEBT SECURITIES

In terms of issuer sector, the total stock of debt securities issued in Slovakia broke down as follows at 31 December 2018: government bonds (€37,843.8 million); bonds issued by monetary financial institutions (€5,622.3 million); debt securities issued by non-financial corporations (€3,811.6 million); and issues of non-monetary financial institutions (€3,354.6 million).

The net issuance of debt securities declined in the fourth quarter of 2018, by €1,819.1 million quarter on quarter, i.e. the amount of newly issued securities was lower than the amount redeemed. The amount of debt securities issued in the general government sector decreased considerably in the quarter under review, by €1,870.2 million. Increases were recorded in all the other sectors, except in the NFC sector. Debt securities issued by MFIs and non-MFIs increased, in net terms, by €103.2 million and €222.3 million respectively, while those issued by NFCs decreased by €274.4 million.

The outstanding amount of debt securities fell by 3.45% in the fourth quarter of 2018, after increasing in the previous quarter by 1.56%. This fall was caused mainly by decreases in the outstanding amounts of debt securities issued

Chart 118 Debt securities by sector (outstanding amounts, EUR millions)



Source: NBS.

by NFCs (6.65%) and by public sector entities (4.71%).

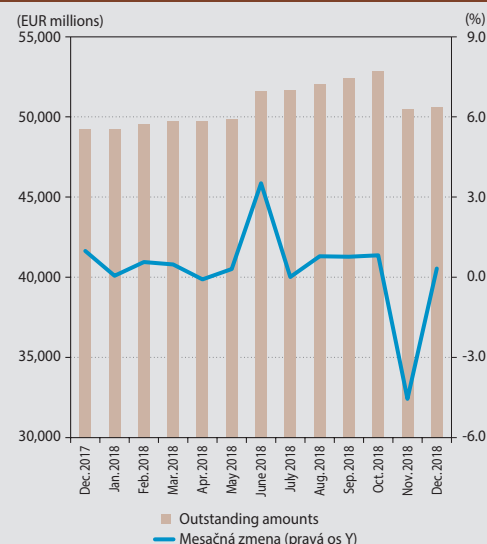
During the quarter under review, the outstanding amount of debt securities increased, month on month, by 0.82% in October and by 0.33% in December. November, by contrast, saw a decrease of 4.55%.

Table 14 Debt securities (in thousands of EUR)

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

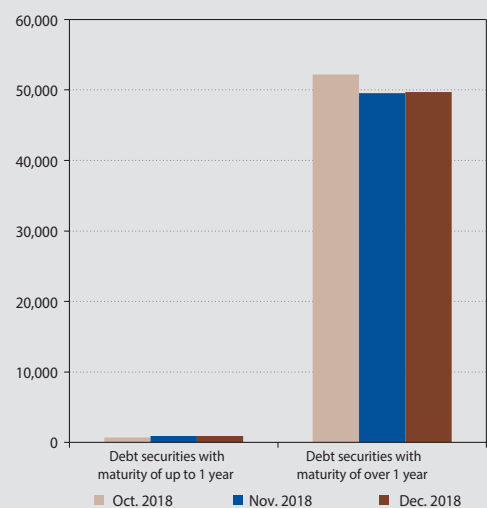
Source: NBS.

Chart 119 Debt securities (outstanding amounts, month-on-month changes)



Source: NBS.

Chart 120 Debt securities (outstanding amounts, EUR millions, Q4 2018)



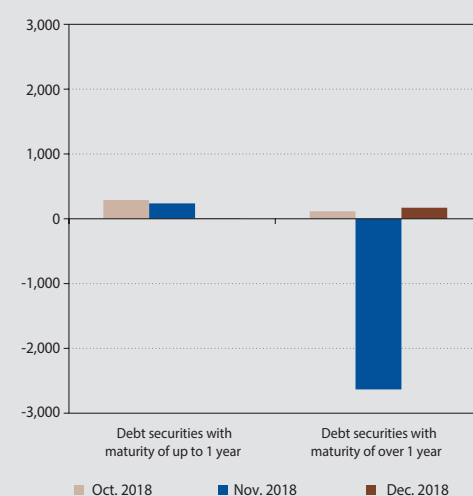
Source: NBS.

A total of 29 new issues were placed on the securities market in the last quarter of 2018, including ten issued by NFCs, seven issued by banks, two issued by other financial intermediaries, eight issued by captive financial institutions, and two issued by financial auxiliaries.

The net issuance of short-term debt securities grew over the fourth quarter by approximately €530.1 million, owing mainly to two tranches of short-term government bonds issued in October and November, in the total amount of €505 million.

The net issuance of long-term debt securities declined over the period under review by approximately €2.35 billion. This decline took place in government bonds (€2.38 billion), while the net issuance of debt securities issued by captive financial institutions and banks increased, respectively, by €241.4 million and €109.9 million.

Chart 121 Debt securities (net issues, EUR millions, Q4 2018)



Source: NBS.

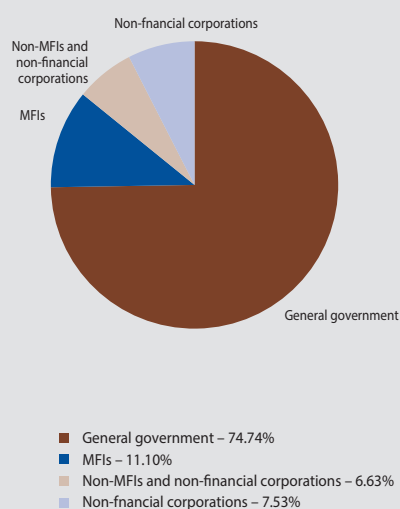
The sectoral breakdown of the stock of domestic securities shows that, at 31 December 2018, the general government sector accounted for 74.74% of the total, while monetary financial institutions had a share of 11.1%, non-financial corporations a share of 7.53%, and non-monetary financial institutions a share of 6.63%. In terms of their coupon type, 91.5% of the securities were fixed-coupon securities, 4.7% were zero-coupon

securities, and 3.8% were variable-coupon securities. As much as 94.4% of the issues were denominated in euro, and the rest, 5.6%, in foreign currencies.

Only 1.82% of the stock of domestic securities had an *original maturity* of up to one year, but

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

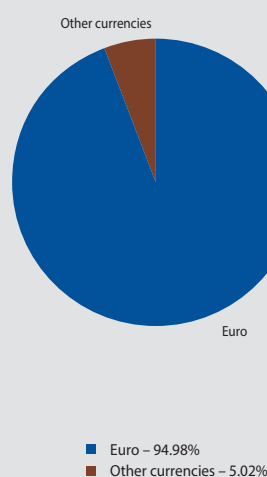
Chart 122 Debt securities by sector
(outstanding amounts as at 31 December 2018)



Source: NBS.

Note: The individual items are classified according to the outstanding amounts of issues as at 31 December 2018.

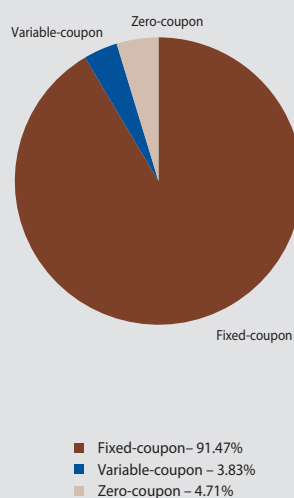
Chart 124 Debt securities by currency
(outstanding amounts as at 31 December 2018)



Source: NBS.

Note: The individual items are classified according to the outstanding amounts of issues as at 31 December 2018.

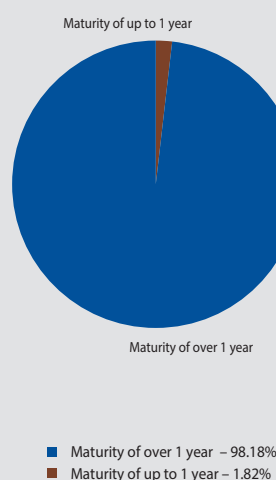
Chart 123 Debt securities by coupon type
(outstanding amounts as at 31 December 2018)



Source: NBS.

Note: The individual items are classified according to the outstanding amounts of issues as at 31 December 2018.

Chart 125 Debt securities by original maturity
(outstanding amounts as at 31 December 2018)



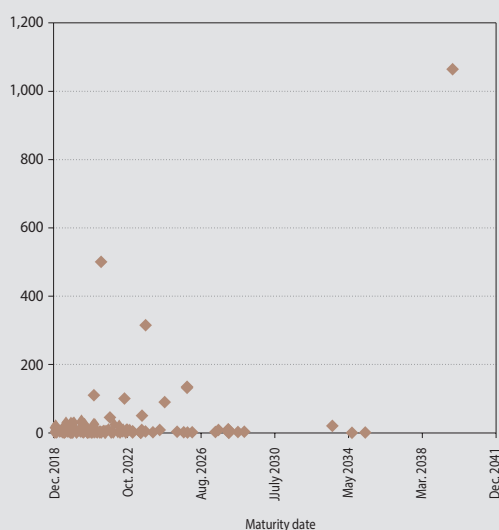
Source: NBS.

Note: The individual items are classified according to the outstanding amounts of issues as at 31 December 2018.

The following charts illustrate the outstanding amounts of issues in the three key sectors (the government sector, the banking sector, and the non-financial corporations sector) as a function of the issue amount and maturity.

The most numerous debt securities placed on the domestic market by non-financial corporations are those with an outstanding amount of up to €10 million and maturity until 2022. The largest outstanding issue amount is more than €1.1 billion and the longest maturity period exceeds 22 years.

Chart 126 Debt securities: outstanding amounts of domestic issues in S.11 sector (EUR millions)



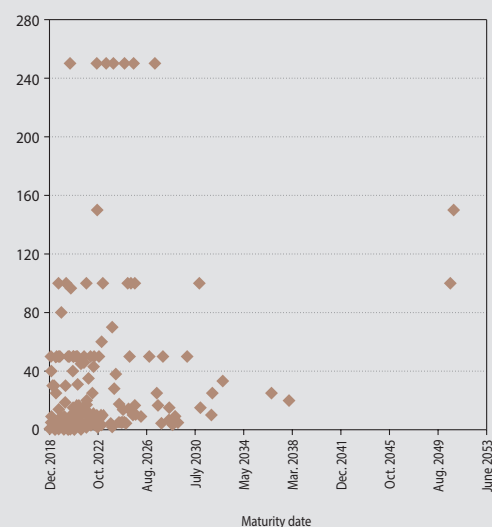
Source: NBS.

The largest concentration of outstanding amounts of debt securities issued by banks is up to €50 million and with maturity period until 2022. The largest outstanding amount fluctuates around €250 million and the longest maturity period is until 2050.

The number of debt securities issued in the government sector is lower than the number of securities issued in the aforementioned two sectors, but the outstanding amount is much higher in the former case. The issue with the highest outstanding amount is worth €3.0 billion. The most recent issue will mature in 2068.

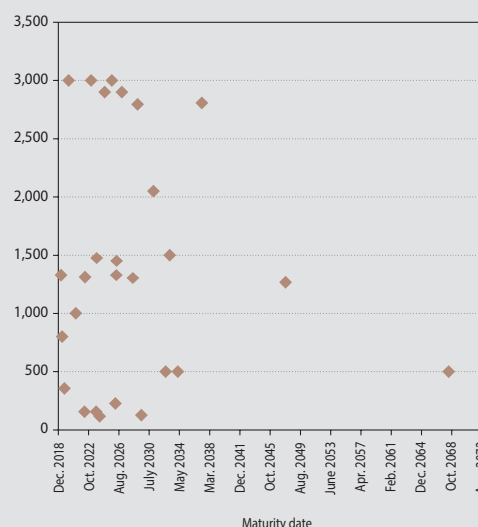
The maturity profile illustrates the course of government debt repayment based on the assumption that no new government bonds will be issued and all the existing issues will be repaid in due time.

Chart 127 Debt securities: outstanding amounts issued bank bonds (EUR millions)



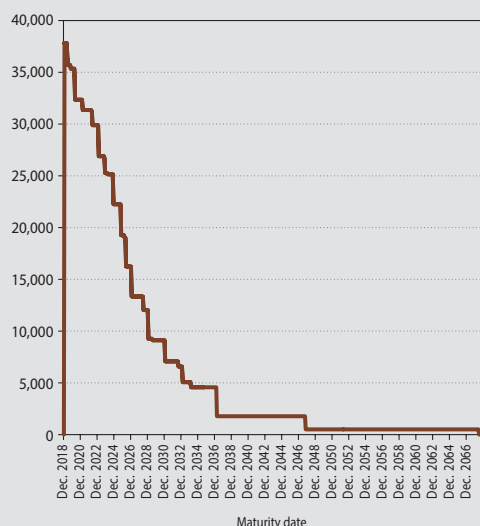
Source: NBS.

Chart 128 Debt securities: outstanding amounts of government bonds (EUR millions)



Source: NBS.

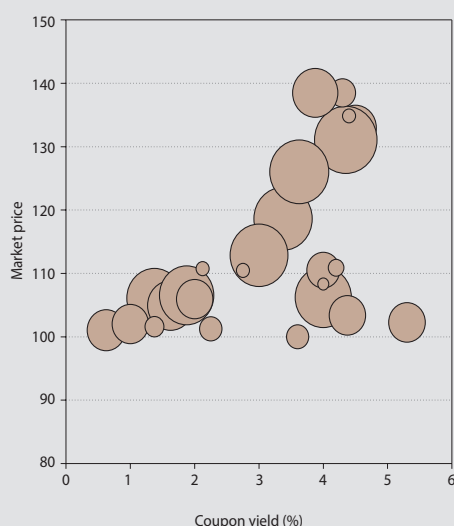
Chart 129 Government bonds: maturity profile (EUR millions)



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 fourth quarter of 2018.

Chart 130 Government bonds: outstanding amounts (coupon bonds only)



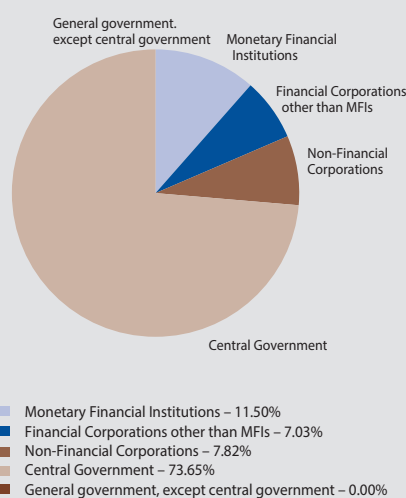
Source: NBS, CSDB, issue prospectus. Note: The bubble in this chart is directly proportional in size to the outstanding amounts of the individual issues, while the centre of the bubble is given by the intersection of the market price (Source: ECB Centralised Securities Database) and the coupon yield (Source: Issue conditions).

The average market price⁴ of these government bonds stood at 114.87% and the coupon yield was 3.11% at that time.

5.2 COMPARISON OF DEBT SECURITIES: SLOVAKIA VS EURO AREA

The structures of debt securities issued in Slovakia and in the euro area differ considerably according to the sector of the issuer. Their structure in Slovakia is dominated by the central government sector (73.7%), followed by monetary financial institutions (11.5%), non-financial corporations (7.8%), and other financial institutions (7%). In the euro area, the leading issuer of debt securities is the central government, too, though its share (50.5%) is much smaller than in Slovakia. The second most significant sector is that of monetary financial institutions with a share of 21.6%. Compared with Slovakia, another important issuer of debt securities in the euro area is the sector of financial institutions other than monetary financial institutions, with a share of 16.4%. Non-financial institutions and the government sector (excluding the central government) account for 7.4% and 4.1% respectively.

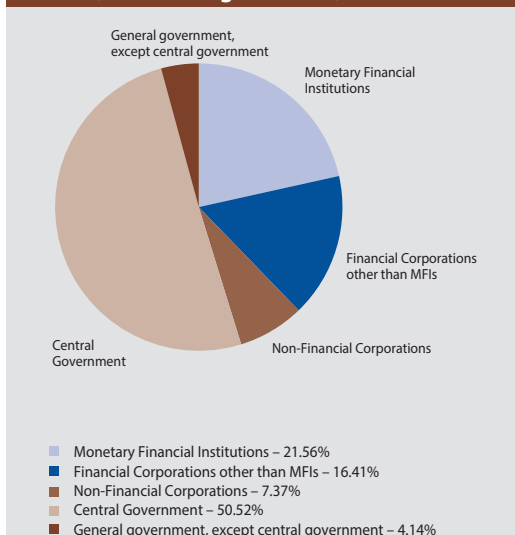
Chart 131 Debt securities – Slovakia: by sector (outstanding amounts)



Source: NBS, ECB.

⁴ Arithmetical average weighted by the outstanding amount of issues.

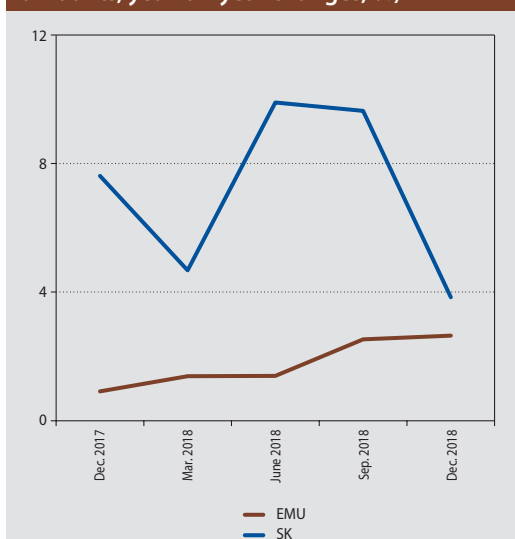
Chart 132 Debt securities – Euro area: by sector (outstanding amounts)



Source: NBS, ECB.

During 2018, the stock of debt securities issued by Slovak residents increased, year on year, in each quarter under review. In the second and third quarters, it increased by roughly 10% on average, compared with 4.26% in the first and

Chart 133 Debt securities – (outstanding amounts, year-on-year changes, %)

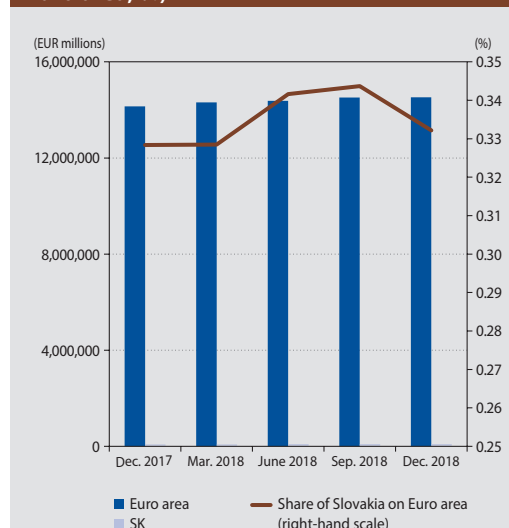


Source: NBS, ECB.

fourth quarters. In the euro area, the stock of these securities grew, year on year, at an accelerating pace, which was, however, much slower than the rate of growth in Slovakia. The growth rate in the individual quarters ranged from 1.4% to 2.6%.

The share of Slovakia in the total stock of debt securities issued in the euro area was almost negligible in 2018. Since no significant change occurred in this share during the year, it remained at the level of 0.33%, recorded at the end of 2017.

Chart 134 Debt securities – (outstanding amounts, Eur millions, share of Slovakia on Euro area, %)



Source: NBS, ECB.

5.3 LISTED SHARES

At 31 December 2018, the stock of listed shares issued in Slovakia was higher, quarter on quarter, by €80.5 million. This was caused by increases in the stocks of such shares issued by NFCs (€55.5 million) and by banks (€25.4 million). The stock of listed shares issued in the insurance sector remained unchanged quarter on quarter. The total market capitalisation amounted to €4,799.5 million at 31 December 2018.

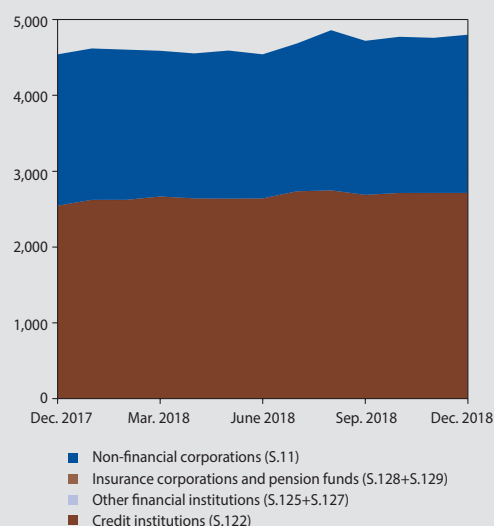


Table 15 Quoted shares (in thousands of EUR)

Outstanding amounts				
Month	Total	Credit institutions (S.122)	Insurance corporations (S.128)	Non-financial corporations (S.11)
2017 / 12	4,540,452	2,545,112	225	1,995,115
2018 / 03	4,587,424	2,666,432	225	1,920,767
2018 / 06	4,541,083	2,641,073	225	1,899,785
2018 / 09	4,718,946	2,688,061	225	2,030,660
2018 / 12	4,799,489	2,713,512	225	2,085,752

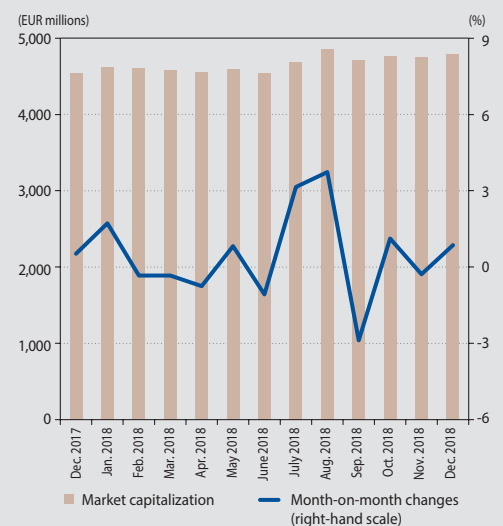
Source: NBS.

Chart 135 Quoted shares: market capitalization by sector (EUR millions)



Source: NBS.

Chart 136 Quoted shares (market capitalization, month-on-month changes)

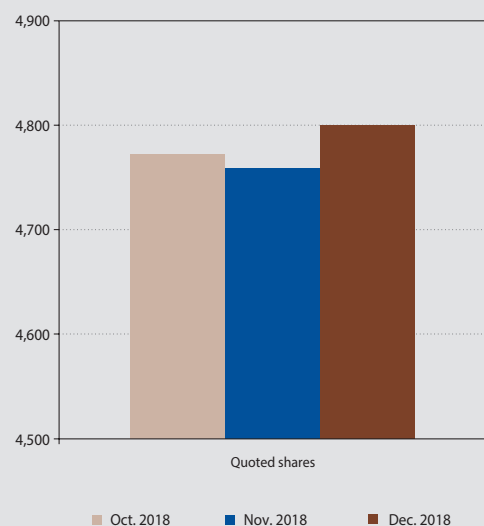


Source: NBS.

The stock of listed shares increased in the quarter under review, by 1.71% quarter on quarter. The figure for credit institutions' shares was higher by 0.95%, and that for NFC shares by 2.71%.

The fourth quarter of 2018 saw increases in the stock of listed shares in October (1.1%) and December (0.9%), and a decrease of 0.3% in November.

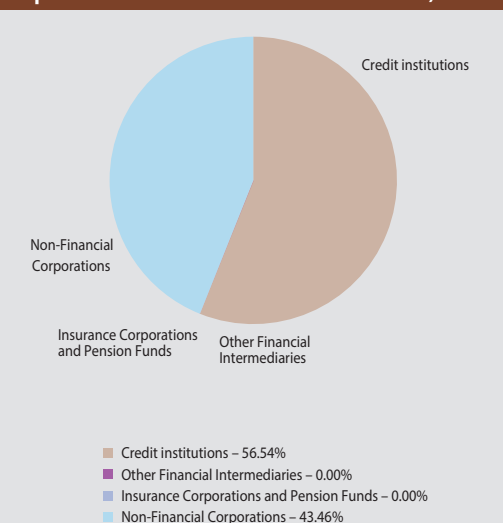
Chart 137 Quoted shares (market capitalization, EUR millions, 4Q 2018)



Source: NBS.

The sectoral breakdown of market capitalisation shows that, at 31 December 2018, credit institutions accounted for 56.54% of the total amount and NFCs for 43.46%. The share of other sectors was negligible.

Chart 138 Quoted shares by sector (market capitalization as at 31 December 2018)

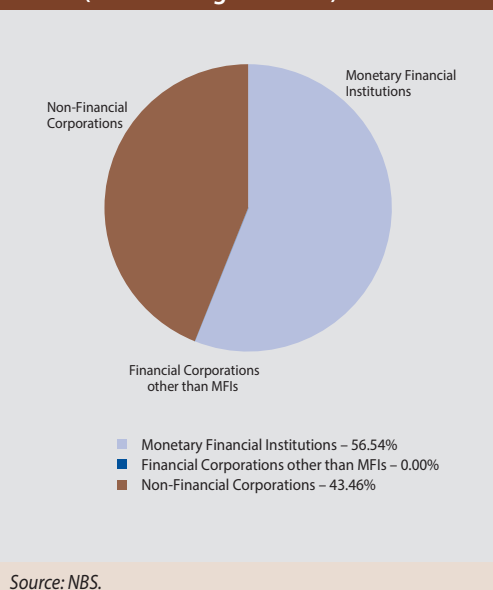


Source: NBS.

5.4 COMPARISON OF LISTED SHARES: SLOVAKIA VS EURO AREA

The stocks of listed shares issued in Slovakia and in the euro area differ substantially in structure according to the sector of the issuer. The structure in Slovakia is dominated by monetary financial institutions (56.5%), followed by non-financial corporations with a share of 43.5%. The share of other sectors is negligible. The most significant sector in the euro area is that of NFCs (77.3%), which is followed by the sector of other financial institutions (15.7%). Monetary financial institutions account for only 7% of the stock of listed shares issued in the euro area.

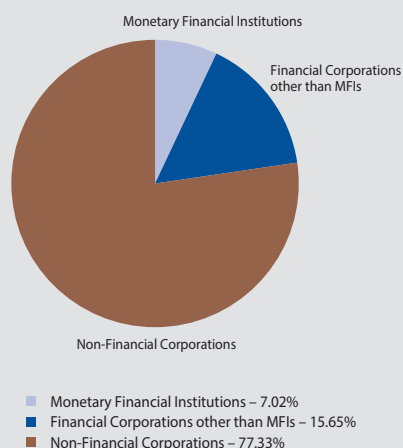
Chart 139 Quoted shares – Slovakia: by sector (outstanding amounts)



Source: NBS.



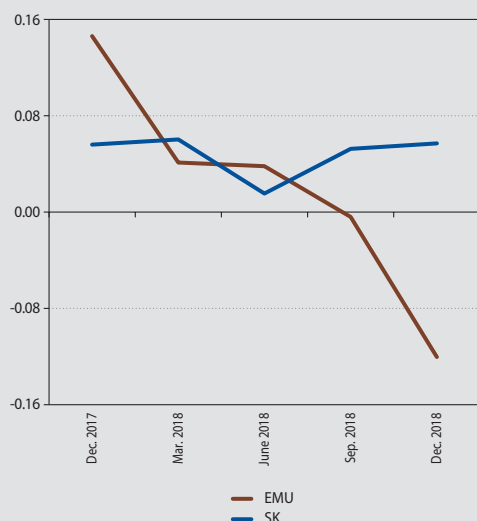
Chart 140 Quoted shares – Euro area: by sector (outstanding amounts)



Source: NBS.

The stocks of listed shares issued in Slovakia and in the euro area followed different trends over the course of 2018. The amount issued in Slovakia increased, year on year, throughout the

Chart 141 Quoted shares – (outstanding amounts, year-on-year changes, %)

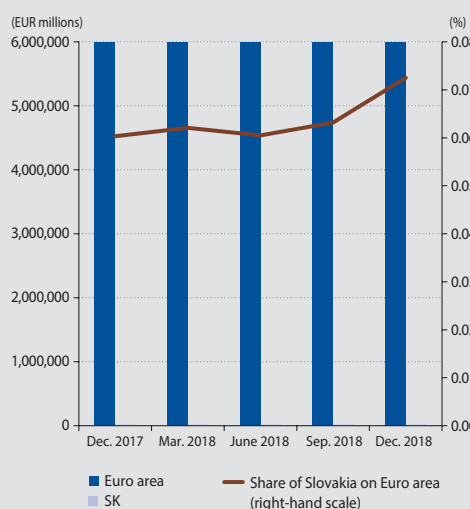


Source: NBS, ECB.

year, while that issued in the euro area recorded a year-on-year decline in the second half-year period. The largest difference was recorded at 31 December 2018, when the amount issued in Slovakia was higher, year on year, by 5.7%, while that issued in the euro area was lower, year on year, by 12%.

The share of Slovakia in the total stock of listed shares issued in the euro area remained negligible in 2018. No significant change was recorded in this share during the year, only a marginal increase of 0.01 percentage point, to 0.07% at the end of 2018.

Chart 142 Quoted shares – (outstanding amounts, Eur millions, share of Slovakia on Euro area, %)



Source: NBS, ECB.



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CHAPTER 6

SELECTED MACROECONOMIC INDICATORS



6 SELECTED MACROECONOMIC INDICATORS

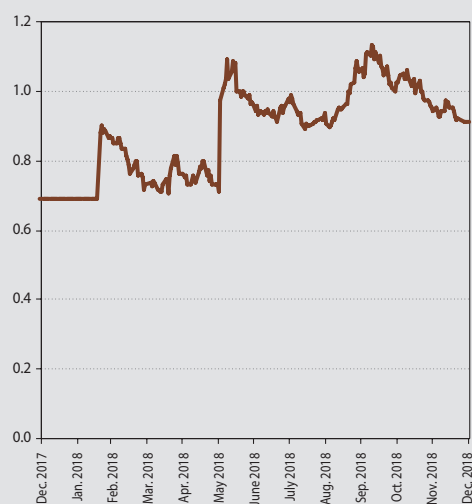
6.1 LONG-TERM INTEREST RATE

With effect from 1 July 2013, the approach based on a 'basket of bonds' has been replaced with a 'benchmark-oriented approach'⁵, 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 fourth quarter of 2018. During that period, the interest rate decreased by 0.07 percentage point, from 0.98% at 30 September 2018 to 0.91% at 31 December 2018.

6.2 KEY ECB INTEREST RATES

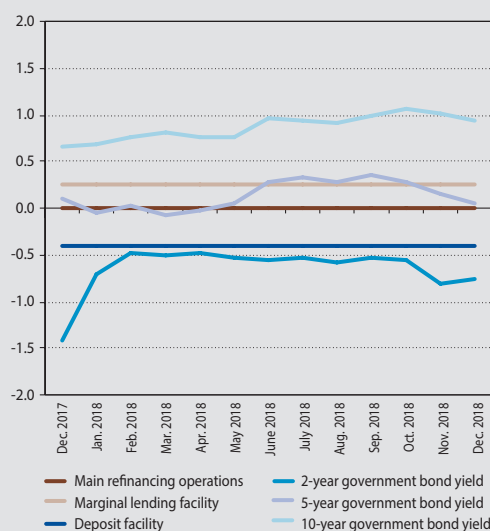
The European Central Bank's interest rate on main refinancing operations, and its interest rates on the marginal lending facility and the deposit facility, remained unchanged at 31 December 2018 from their levels at the end of the previous quarter, at 0.00%⁶, 0.25% and -0.40% respectively. The interest rate on two-year government bond has the value of -0.76% at the end of the last quarter of 2018. The five-year government bond yield was 0.04% and the average ten-year government bond yield decreased from 0.98% to 0.94% as at the end of Q4 2018.

Chart 143 Benchmark – yield to maturity (p.a.)



Source: BCPB.

Chart 144 Interest rates (p.a.)



Source: ECB, BCPB.

⁵ See the Methodological Notes, section 7.6. Long-term interest rate.

⁶ The main refinancing rate has been at this level since 16 March 2016.



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CHAPTER 7

METHODOLOGICAL NOTES



7 METHODOLOGICAL NOTES

7.1 BALANCE-SHEET STATISTICS OF MONETARY FINANCIAL INSTITUTIONS

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

Household sector – this sector includes:

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

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

Monetary financial institutions (MFI): financial institutions which together form the money-issuing/creating sector of the euro area. These include resident central banks, credit institutions and other resident financial institutions whose business is to receive deposits and/or other redeemable instruments from entities other than MFIs and, for their own account (at least in eco-

nomic terms), to grant credit and/or invest in securities. The latter group consists predominantly of money market funds, i.e. funds investing in short-term and low-risk instruments, which usually have a maturity of up to and including one year.

Non-financial corporations (S.11): business entities that are registered in the Commercial Register, i.e. domestic or foreign corporate entities, domestic natural persons registered in the Commercial Register and engaged in profit-oriented activities in any area of business, except in financial intermediation and insurance. The non-financial sector also includes subsidised organisations, public institutions and non-profit institutions whose expenses are covered with sales by 50 percent or more.

Non-performing loans: defaulted loans that are subject to the provisions of Section 73 of NBS Decree No. 4/2007 of 13 March 2007 (as amended) on banks' own funds and own funds requirements and on investment firms' own funds and own funds requirements.

A specific borrower is considered to be in default if

a) the bank assesses that the borrower will probably fail to meet its commitments to the bank, its subsidiary or parent company, without the security being realised;

or

b) the borrower is more than 90 days in arrears with a significant commitment to the bank, its subsidiary or parent company.

Principle of residency: the principle that a counterparty's country of residence is the country in which the counterparty has a centre of economic interest. This means that an economic agent is considered to be resident in the country where the agent operates for one or more years, or intends to operate on a permanent basis, or where the agent has already been registered.

Remaining assets: a residual item on the asset side of the balance sheet. In addition to fixed assets and financial derivatives with a positive fair value, this item includes, for example, accrued

revenues, including accrued interest received; profit share to be received; prepaid expenses; prepaid insurance premiums; outstanding insurance claims; claims of credit institutions not related to their main business; other cash items and cash in transit, transit items, suspense items, collection claims, advance payments and other asset items not elsewhere classified.

Remaining liabilities: a residual item on the liability side of the balance sheet. This item includes, for example, financial derivatives with a negative fair value; accrued expenses, including accrued interest payable on deposits and loans received, and on securities; profit share to be paid; deferred revenues; liabilities of credit institutions not related to their main business; provisions representing liabilities towards third parties; transit items; suspense items; funds waiting for settlement; subsidies; net equity of households in pension fund reserves, liabilities arising from collection, prepayments received and other liability items not elsewhere classified.

7.2 INTEREST RATE STATISTICS OF MONETARY FINANCIAL INSTITUTIONS

Harmonised MFI interest rate statistics are compiled from data obtained from credit institutions on deposits received from, and loans provided to, non-financial corporations and households, which are both Slovak and euro area residents. The term *households* refers to the population, including households, sole proprietors and non-profit institutions serving households. The term *new loans* or *new deposits* covers all new deposits received or loans granted during the respective reference month.

The term *outstanding amount* of loans or deposits means balances at the end of the respective reference period. Interest rates applied by credit institutions on loans or deposits are calculated as weighted arithmetic averages of the rates agreed on an annual basis.

In the case of loans provided to households for *house purchase* and *loans for consumption*, the *annual percentage rate of charge* is also reported to express the borrower's total credit-related costs. The borrower's total costs comprise the element of interest rate and the element of other

credit-related costs. The collection of the annual percentage rates of charge for statistical purposes allows developments in credit-related charges to be monitored over time.

Secured loans represent a new category, which is required for the compilation of interest rate statistics as from 2010. These are the loans secured by any type of collateral or a personal guarantee, the value of which is higher than, or equal to, the new loan's total volume. A partially secured loan is to be classified as unsecured.

The category of *loans of up to €1 million* for non-financial corporations is designed specifically for small and medium-sized enterprises. The *loans of over €1 million* category is intended for large corporations. Interest rates reflect the borrower's economic power to negotiate appropriate credit terms and conditions. Interest rate developments indicate that loans of *up to €1 million* are provided at higher rates than loans of *over €1 million*.

Agreed average annual interest rate: average interest rate individually agreed between a bank and its customer for a loan, expressed in annualised terms (percentage per annum). An agreed average annual rate is to be determined on the basis of all interest rates on loans.

An agreed interest rate is converted into an average annual interest rate according to the formula:

$$x = \left(1 + \frac{r_{ag}}{n} \right)^n - 1,$$

where

- x is the agreed average annual interest rate;
- r_{ag} is the annual interest rate agreed between the bank and its customer (borrower). The dates of loan interest capitalisation are set for the year at regular intervals;
- n is the number of periods of loan interest capitalisation per year, i.e. 1 for annual payments; 2 for semi-annual payments, 4 for quarterly payments, and 12 for monthly payments.

Interest rate statistics (outstanding amounts): these cover the outstanding amounts of bank loans of all types provided to customers and not yet repaid, and the outstanding amounts of all deposits received from customers and not yet redeemed, in all periods up to the date of report-



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

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

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

7.3 STATISTICS OF MUTUAL FUNDS

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

According to the sectoral classification of economic entities, money market funds are treated as *monetary financial institutions* (having specific sector – S.123) and other categories of mutual funds, referred to as investment funds (sector S.124).

The statistics of mutual funds assets and liabilities are defined by the relevant regulations and guidelines of the European Central Bank⁷.

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

- a) they pursue the investment objective of maintaining a fund's principal and providing a return in line with the interest rates of money market instruments;
- b) they invest in money market instruments which comply with the criteria for money market instruments set out in Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations, and administrative provisions relating to undertakings for collective investment in transferable securities, or deposits with credit institutions or, alternatively, ensure that the liquidity and valuation of the portfolio in which they invest is assessed on an equivalent basis;
- c) they ensure that the money market instruments they invest in are of high quality, as determined by the management company. The quality of a money market instrument shall be considered, inter alia, on the basis of these factors:
 - the credit quality of the money market instrument;
 - the nature of the asset class represented by the money market instrument;
 - for structured financial instruments, the operational and counterparty risk inherent within the structured financial transaction;
 - the liquidity profile;
- d) they ensure that their portfolio has a weighted average maturity of no more than six months and a weighted average life of no more than twelve months;
- e) they provide daily net asset value and a price calculation of their shares/units, and daily subscription and redemption of shares/units;
- f) they limit investment in securities to those with a residual maturity until the legal re-

⁷ 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).



demption date of less than or equal to two years, provided that the time remaining until the next interest rate reset date is less than or equal to 397 days, whereby floating rate securities should be reset to a money market rate or index;

- g) they limit investment in other collective investment undertakings to those complying with the definition of MMFs;
- h) they do not take direct or indirect exposure to equity or commodities, including via derivatives, and only use derivatives in line with the money market investment strategy of the fund. Derivatives which give exposure to foreign exchange may only be used for hedging purposes. Investment in non-base currency securities is allowed provided the currency exposure is fully hedged;
- i) they have either a constant or fluctuating net asset value.

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

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

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

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

Undertakings for collective investment: undertakings the sole object of which is the collec-

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

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

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

7.4 STATISTICS OF OTHER FINANCIAL INTERMEDIARIES

According to the sectoral classification of economic entities (ESA 2010), the companies under analysis are included in the S.125 sector – *other financial intermediaries*⁸, as a subcategory referred to as *financial corporations engaged in lending* through the acceptance of liabilities in forms other than cash, deposits, and/or close substitutes for deposits from institutional units other than monetary financial institutions, or insurance technical reserves.

⁸ The European System of National Accounts (ESA 2010) defines 'other financial intermediaries, except insurance corporations and pension funds' as financial corporations and quasi-corporations engaged mainly in financial intermediation through the acceptance of liabilities in forms other than cash, deposits and/or close substitutes for deposits from institutional units other than monetary financial institutions, or insurance technical reserves.



The S.125 sector comprises the following types of companies:

1. Financial companies engaged in lending

– companies granting credits and loans to non-financial corporations and households. They include financial leasing companies, factoring companies, and consumer credit companies.

2. Securities and derivatives dealers – private individuals or firms specialising in securities market transactions; 1) they provide assistance to companies issuing new securities, provide guarantee for new securities and their placement on the market; 2) they trade in existing or new securities **for their own account**.

3. Financial vehicle corporations – financial companies created to be holders of securitised assets or liabilities that have been removed from the balance sheets of corporations within the scope of their restructuring.

Other financial intermediaries are engaged primarily in long-term financing, which distinguishes the S.125 sector from that of S.122+S.123 (monetary financial institutions).

Data on OFIs need to be collected for the purpose of monitoring their activities in financial intermediation outside the *monetary financial institutions* sector (MFIs – banks, branches of foreign banks, and money market funds). The activities performed by OFIs are similar to those pursued by MFIs. The two types of institutions complement each other. Since the balance sheets of MFIs reported to the European Central Bank for statistical purposes contain no data on OFIs (though OFIs are owned fully or partly by MFIs), statistical data on OFIs need to be collected for the sake of a more detailed statistical overview.

The NBS Statistics Department has been monitoring these institutions since 2007, when their obligation to report data to NBS was imposed by an NBS decree⁹. The range of data reported complies in full with the current requirements¹⁰ of the European Central Bank regarding the statistics of other financial intermediaries.

In order to minimise the costs related to the reporting of data to NBS, the so-called stratified cut-off tail sampling technique is applied, with

data collected only from entities forming a representative sample within the given group, i.e. from entities representing at least 95% of the group's total assets. In 2017, quarterly balance-sheet data are collected from eighteen (out of 73) companies providing financial leasing services as the main or substantial part of their business activity, from 16 (out of 157) consumer credit companies, and from seven (out of 17) factoring companies. The missing data are supplemented with estimated figures, in order that the given types of entities are covered up to 100%.

7.5 SECURITIES STATISTICS

7.5.1 SECURITIES ISSUANCE STATISTICS

The compilation of securities issues statistics is governed by the relevant guideline of the European Central Bank¹¹. 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 Decree of Národná banka Slovenska No. 19/2014 on reporting by factoring, leasing and consumer credit companies for statistical purposes.

¹⁰ 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 (AN-NEX III, PART 11) (http://www.ecb.europa.eu/ecb/legal/pdf/oj_jol_2014_340_r_0001_en_txt.pdf).

¹¹ 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 (AN-NEX 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;
- negotiable short-term securities issued by financial and non-financial corporations; a variety of terms are used for such paper including, for example commercial papers, commercial bills, promissory notes, bills of trade, bills of exchange and certificates of deposit;
- short-term securities issued under long-term underwritten note issuance facilities;
- bankers' acceptances.

ii) **Long-term debt securities**

- bearer bonds;
- subordinated bonds;
- bonds with optional maturity dates, the latest of which is more than one year away;
- undated or perpetual bonds;
- variable rate notes;
- convertible bonds;
- covered bonds;
- index-linked securities where the value of the principal is linked to a price index, the price of a commodity or to an exchange rate index;
- deep-discounted bonds;
- zero coupon bonds;
- euro bonds;
- global bonds;
- privately issued bonds;
- securities resulting from the conversion of loans;
- loans that have become negotiable de facto;
- special types of bonds (debentures) and borrowed securities (loan stock) convertible into shares, whether the shares of the issuing corporation or shares of another company, as long as they have not been converted. Where

Scheme 1

a)	outstanding issues at the end of the reporting period	≈	outstanding issues at the end of the previous reporting period	+	Gross issues during the reporting period	-	Redemptions during the reporting period
b)	outstanding issues at the end of the reporting period	≈	outstanding issues at the end of the previous reporting period	+	Net issues during the reporting period		



separable from the underlying bond, the conversion option, considered to be a financial derivative, is excluded;

- shares or stocks that pay a fixed income but do not provide for participation in the distribution of the residual value of the corporation on dissolution, including non-participating preference shares;
- financial assets issued as part of the securitisation of loans, mortgages, credit card debt, accounts receivable, and other assets.

The following instruments are excluded:

- transactions in securities as part of repurchase agreements;
- issues of non-negotiable securities;
- non-negotiable loans.

7.5.3 QUOTED SHARES

Quoted shares are defined in this case as shares that have been admitted to trading on a quoted market, i.e. the main or parallel market, as well as shares admitted to trading on a regulated free market, but only if they have a fair market value. Their values are reported as market capitalisation for the individual sectors.

Quoted shares include:

- capital shares issued by limited liability companies;
- redeemed shares in limited liability companies;
- dividend shares issued by limited liability companies;
- preferred or preference stocks or shares which provide for participation in the distribution of the residual value on dissolution of a corporation; these may be quoted or unquoted on a recognised stock exchange;
- private placements where possible.

If a company is privatised and the government keeps part of the shares and the other part is quoted on a regulated market, the whole value of the company's capital is recorded within the outstanding amount of quoted shares, since all shares could potentially be traded at any time at market value. The same applies if part of the shares is sold to large investors and only the remaining part, i.e. free float, is traded on the stock exchange.

Quoted shares exclude:

- shares offered for sale but not taken up on issue;
- debentures and loan stock convertible into shares; these are included once they are converted into shares;
- the equity of partners with unlimited liability in incorporated partnerships;
- government investments in the capital of international organisations which are legally constituted as corporations with share capital;
- issues of bonus shares at the time of issue only and split share issues; bonus shares and split shares are, however, included indistinguishably in the total stock of quoted shares.

7.6 LONG-TERM INTEREST RATES

Long-term interest rate stability is one of the convergence criteria laid down in the Maastricht Treaty. This criterion expresses the requirement for sustainable convergence, which is to be achieved by each Member State. The average nominal long-term interest rate in a Member State must not exceed, by more than 2%, the average nominal long-term interest rate in the three Member States with the lowest inflation rates in the year following the last assessment. The interest rates are measured on the basis of *long-term government bond rates* or the rates for comparable securities.

The statistical principles of long-term interest rate reporting are defined in the following key terms.

The term *bond issuer* refers to the *central government*. The *maturity of government bonds* is a residual maturity period of around ten years. The residual maturity period is recommended to be between 9.5 and 10.5 years. The type of bonds used should be sufficiently *liquid*. This requirement affects the choice between a *benchmark-oriented approach* and an *approach based on a basket of bonds*, depending on the national conditions. The benchmark-oriented approach treats bonds as a key indicator of the market conditions. The bond issue with the highest liquidity and turnover is often the most recent issue of sizeable volume. The approach based on



a basket of bonds offers a choice of bonds from various types of bonds with various ISIN codes. The bonds available have the same weight.

In view of the situation in the local market for securities, the *benchmark-oriented approach* had been used until the end of January 2012. From the entry of Slovakia into the euro area to January 2012, daily yields to maturity were reported to the ECB for the following government bond issues:

SK4120004318 Benchmark for the period
01/2009 – 06/2010

SK4120007204 Benchmark for the period
07/2010 – 01/2012.

With effect from 1 February 2012, the benchmark-oriented approach has been replaced with an approach based on a basket of bonds. This basket included two government bond issues that fully complied with the criteria:

SK4120004318 and SK4120007543 Benchmark for the period 02/2012 – 06/2013.

With effect from 1 July 2013, the *approach based on a basket of bonds* has been replaced with a *benchmark-oriented approach*.

SK4120004318 Benchmark for the period
07/2013 – 04/2014,

SK4120008871 Benchmark for the period
05/2014 – 05/2015,

SK4120007543 Benchmark for the period
06/2015 – 05/2016,

SK4120010430 Benchmark for the period
06/2015 – 05/2018,

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



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GLOSSARY AND ABBREVIATIONS



ABBREVIATIONS

APRC	Annual percentage rate of charge
ECB	European Central Bank
ESA2010	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.



GLOSSARY AND ABBREVIATIONS

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:

https://www.ecb.europa.eu/stats/money_credit_banking/monetary_aggregates/html/index.en.html

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>

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



GLOSSARY AND ABBREVIATIONS

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>



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