NÁRODNÁ BANKA SLOVENSKA
EUROSYSTÉM

QUARTERLY COMMENTARY ON MACROPRUDENTIAL POLICY

JANUARY 2019

SUMMARY OF THE NBS BANK BOARD'S DECISION
ON THE SETTING OF THE COUNTERCYCLICAL CAPITAL BUFFER RATE

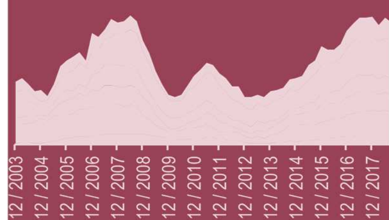
No change to the buffer rate

- Annual credit growth is slowing in relative terms while remaining stable in absolute terms
- Credit and financial market indicators have fallen slightly.
- The previous frontloading of lending to households ahead of regulatory tightening is having a fading impact; household credit growth is expected to ease going forward

Current and future buffer rates

- The buffer rate until 31 July 2019: **1.25%**
- The buffer rate from 1 August 2019: **1.50%**

The financial cycle



- The cycle is in a strong expansionary phase
- The cycle is close to its historical high
- The third quarter of 2018 saw upward pressure on the financial market from macroeconomic developments and housing market trends, and downward pressure from developments in the corporate credit market and in non-performing loans, and from a weakening of economic sentiment

Outlook for next quarter's buffer rate decision

- Next quarter's decision is not expected to increase the buffer rate
- Key factors in subsequent buffer rate decisions will be developments in credit growth cycle risks and in macroeconomic imbalances

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Introduction

A sound financial system is a prerequisite for a well-functioning economy and sustainable economic growth. The financial sector fulfils certain basic and vital functions in the economy (providing financing, enabling saving and investment, operating payment systems, etc.). A financial system cannot be sound unless it is stable**,** the **financial stability** is a prerequisite for the sound financial system, i.e. the financial sector is sufficiently resilient to potential shocks and risks that could in certain circumstances disrupt the sector's functioning and thus have adverse repercussions on the economy. The purpose of macroprudential policy is to deploy various tools to support financial stability, mainly by increasing the financial system's resilience and by mitigating the build-up of systemic risks. To that end, macroprudential policy aims to identify, monitor, assess and reduce systemic risks to the financial system.

The purpose of the Quarterly Commentary on Macroprudential Policy is to monitor current developments in the financial market – focusing mainly on the credit market – **and to evaluate systemic risk trends** related to these developments. The Commentary provides an analytical assessment of the situation and developments in the financial market. The assessment is structured according to the 'intermediate objectives' set out in Recommendation ESRB/2013/1 of the European Systemic Risk Board. This quantitative and qualitative assessment takes into account the information available for the second quarter of 2018. The Commentary is referred to by the Bank Board of Národná banka Slovenska (NBS) when taking its quarterly decision on the setting of the countercyclical capital buffer (CCyB) rate. The Commentary's analytical assessment may also be referred to for decisions on activating or changing other macroprudential policy instruments. The document is divided into three parts: i) a brief analysis and evaluation of the most significant systemic risk-related developments which occurred during the quarter under review; ii) the current setting of, and any changes to, macroprudential policy instruments, including the latest decision on the setting of the CCyB rate; iii) a table showing the macroprudential policy objectives under review.

1 Assessment of developments in the third quarter of 2018

Financial market developments in the third quarter of 2018 occurred in the context of the financial cycle's expansionary phase. Total credit to the private non-financial sector[1] recorded slightly lower year-on-year growth in the third quarter (8.7%) than in the second quarter (9.1%); in absolute terms, it increased by €4.3 billion, a figure similar to that for the previous quarter. This result stemmed mainly from household credit, whose total amount continued to increase by double digits in the third quarter (by 11%, after an increase of 11.2% in the second quarter); in absolute terms, annual household credit growth in the individual months of 2018 was around €3.5 billion. Although the growth in loans to households has moderated in comparison with the previous year, it remains higher than that in any other EU country. As for total loans to non-financial corporations (NFCs), its rate of growth during 2018 was lower than in summer of 2017 and gradually stabilised at 4.7% in the third quarter. In terms of growth in credit to the private non-financial sector, Slovakia continues to rank second among EU countries; the growth rate in the third quarter was higher than the averages for the EU (2.1%), euro area (1.9%), and central and eastern European countries (6.2%).

Favourable macroeconomic trends, in particular the labour market situation**, continue to be the main driver of credit growth; these trends, together with low interest rates and credit market competition** are contributing greatly to the continuance of strong credit demand. The Slovak economy is now operating above potential and is expected to continue overheating in the next period. Macroeconomic developments are thus supporting a build-up of risks within the financial cycle. Housing loan growth in the third quarter of 2018 still reflected the fading impact of a temporary surge in demand for these loans, which had been stoked by media reports in the run up to the introduction of tighter regulatory lending standards from 1 July 2018.[2] Credit demand is being dampened to some extent by the saturation of lending to certain market segments (resulting from the refinancing or consolidation of bank and non-bank loans) as well as by the gradual tightening of macroprudential policy. Nevertheless, the restrictive character of the measures taken is being lessened by favourable macroeconomic developments, since several limits are linked to indicators affected by the macroeconomic cycle.[3]

Private sector debt remains on an upward path. In the third quarter, the ratio to GDP of the Slovak non-financial sector's total domestic and external debt **exceeded 100% for the first time**. Both the household and NFC sectors are experiencing debt growth, and although the rate of increase in the private sector-to-GDP ratio is gradually moderating, it now stands above the average for central and eastern European countries (90%).[4] While CEE countries whose private sector debt is higher than

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[1] Loans provided by domestic banks to the household sector (S.14 and S.15) and the non-financial corporations sector (S.11) in Slovakia (source: banks' statements - V (NBS) 33 - 12).

[2] In particular, the introduction of a new limit on borrowers' debt-to-income (DTI) ratio (i.e. the ratio of total debt to net annual income) and the tightening of limits on loan-to-value (LTV) ratios. Ahead of the entry into force of the stricter limits, some households took out loans earlier than they otherwise would have done; however, these decisions may also have had an impact on the data for the third quarter, since a proportion of such loans only started to be drawn in that period.

[3] For example, the LTV ratio limit is derived from the value of immovable property collateral, and the DSTI and DTI ratio limits are set according to the level of the borrower's income.

[4] Bulgaria, Czech Republic, Estonia, Croatia, Poland, Romania, Lithuania, and Latvia. The data for Hungary were not available.

Slovakia's have been reducing that debt in recent years,[5] the rate of increase in Slovakia's private sector debt has been the highest in the EU during that period.

The financial cycle is in an expansionary phase, as attested to by the reviewed indicators of the credit and financial cycle. As regards the cyclical risk indicators under review, their movement in the third quarter was affected mainly by credit market developments, in particular the moderation of credit growth rates. After rebounding in the second quarter of 2018, both the domestic credit-to-GDP_{trend} gap and the Cyclogram (a composite financial cycle indicator) fell in the third quarter back to the levels they recorded earlier in the year. The domestic credit-to-GDP_{trend} gap[6] now stands at 5.14%,[7] so, in regard to the CCyB rate, the benchmark buffer rate based on that indicator is 1.5%. The Cyclogram-based buffer rate is currently at 2.25%. The third-quarter decline in the Cyclogram stemmed from developments in the corporate credit market and in non-performing loans, as well as weaker economic sentiment figures. There were strong upward contributions from favourable macroeconomic trends and from the property market situation.

The banking sector's profit for the first nine months of 2018 was similar to that for the same period of the previous year. In order to maintain profit levels, banks are seeking to offset interest margin compression by expanding their loan books. Thus, the banking sector's sensitivity to cyclical risks is increasing; this may have greater significance in the event of future turns in the economic and financial cycle. Furthermore, the currently low level of non-performing loans may result in banks' underestimating credit risk.

Systemic liquidity risk in the banking sector continued to rise moderately in the third quarter. The maturity mismatch between assets and liabilities in banks' balances sheet maintained its upward trend, and the liquid assets earmarked for covering that gap declined slightly. Long-term liquidity remains a significant risk, particularly in the context of the relative decline in the stable long-term funding of lending activities. This risk is most apparent in the upward path of the sector's loan-to-deposit (LTD) ratio, which in the third quarter exceeded 100% for the first time ever.

External risks remain present in the financial market. Across global equity and bond markets there is the ongoing **risk related to asset overvaluation.** Although equity index levels corrected slightly at the turn of the year, they remain relatively elevated. The current low level of risk premia in certain markets suggests investors are underestimating risks. If financial markets become more turbulent in the future, risk premia may rise suddenly. As for the **United Kingdom's approaching withdrawal from the European Union (Brexit, scheduled for 29 March 2019), there is mounting uncertainty surrounding the withdrawal agreement**. Thus, the risk of a disorderly (or 'hard') Brexit, or of Brexit being postponed, is increasing. Market reaction to a hard Brexit could be highly unfavourable. Another

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[5] Since 2015.

[6] The indicator is based on the amount of loans provided by domestic banks to NFCs and households.

[7] In November 2018 the Slovak Statistical Office (SO SR) conducted a periodical review of the national accounts time series. Consequently, compared with the October 2018 Quarterly Commentary on Macroprudential Policy (QCMP), there was a change in the quarterly GDP data used in estimating the domestic credit-to-GDP_{trend} gap (as well as certain other indicators, including the Cyclogram and the standardised domestic credit-to-GDP gap). Thus, there was also a slight adjustment of the time series values for the domestic credit-to-GDP_{trend} gap, with its second quarter level of 5.32% being revised up to 5.35%.

continuing risk is that **protectionist policies in international trade will be applied more broadly** and that a chain reaction of protectionist measures will be triggered.

2 Macroprudential policy decisions

2.1 Latest NBS decision taken with respect to developments in the quarter under review

On 29 January 2018 the NBS Bank Board decided that the CCyB rate, which is due to be raised to 1.5% on 1 August 2019, will remain at that level beyond 1 February 2020. In taking its decision on the CCyB rate, the NBS Bank Board gave due consideration to the views of the European Central Bank (ECB) in accordance with Article 5 of the SSM Regulation.[8]

The following points were taken into account when deciding to leave the CCyB rate unchanged:

- **Credit developments in the third quarter of 2018** included an easing of the annual growth rates for both household credit and NFC credit. In absolute terms, the year-on-year increase in total loans to household remained the same from one month to the next in 2018; in the third quarter, however, household credit growth may have continued to be affected by the previous frontloading of lending to households ahead of the tightening of regulatory lending standards from July 2018.
- **Going forward,** credit growth is expected to **slow somewhat** due to the tightening of macroprudential policy and to market saturation.
- **The credit and financial market indicators under review** (the domestic credit-to-GDP_{trend} gap and the Cyclogram) were slightly lower in the third quarter than in the second quarter.
- It will be crucial to **monitor further developments with focus on the credit market, property price movements, and risks arising from economic overheating.** From this perspective, it will also be important to take into account **the outcomes of the forthcoming[9] stress testing** of the Slovak banking sector.

2.2 Current instrument settings

Countercyclical capital buffer

Under NBS Decision No 8/2017 of 10 July 2017, the CCyB rate was set at 1.25% with effect from 1 August 2018.[10]

[8] Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions.

[9] March–April 2019.

[10] https://www.nbs.sk/_img/Documents/_Dohlad/Makropolitika/8_2017_EN.pdf

Table 1 CCyB rates for Slovak exposures

Period of application	Rate
1 August 2017 – 31 July 2018	0.50%
1 August 2018 – 31 July 2019	1.25%
1 August 2019 –	1.50%

Source: NBS.

An overview of current and future CCyB rate settings in other countries is given in

Table 5 in the Annex.

Buffers for significant banks

Under NBS Decision Nos 5/2017 and 6/2017 of 30 May 2017, banks in Slovakia identified as 'other systemically important institutions' (O-SIIs) have been required since 1 January 2018 to maintain a total additional capital buffer (comprising an O-SII buffer and in some cases also a systemic risk buffer) of between 1% and 2% of risk-weighted exposures. Under NBS Decision Nos 4/2018 and 5/2018 of 29 May 2018, the total additional capital buffer requirements will remain unchanged from 1 January 2019.[11]

Table 2 Overview of rates for O-SII buffers and systemic risk buffers (SRBs) applied to selected banks in Slovakia

	O-SII buffers effective from 1 January 2018	SRBs effective from 1 January 2018
Československá obchodná banka, a.s.	1.00%	-
Poštová banka, a.s.	1.00%	-
Slovenská sporiteľňa, a.s.	1.00%	1.00%
Tatra banka, a.s.	0.50%	1.00%
Všeobecná úverová banka, a.s.	1.00%	1.00%

Source: NBS.

Regulatory conditions for retail lending

On 29 May 2018 the NBS Bank Board approved a Decree amending the NBS Consumer Loan Decree and a Decree amending the NBS Housing Loan Decree. The new decrees tighten regulatory loan-to-value (LTV) ratio limits. Thus, the provision of loans with an LTV ratio greater than 90% is prohibited, and the percentage of new loans that may have an LTV ratio of between 80% and 90% is reduced. In addition, the Decrees introduce a new debt-to-income (DTI) ratio limit, set at 8. There is a general exemption from this limit that will be gradually tightened. The Decrees entered into force on 1 July 2018. As of 1 January 2018, in accordance with these amendments, the maximum share of new housing loans with an LTV ratio of more than 80% was reduced to 25% and the maximum share of new loans

[11] https://www.nbs.sk/_img/Documents/_Dohlad/Makropolitika/4-2018.pdf
https://www.nbs.sk/_img/Documents/_Dohlad/Makropolitika/5-2018.pdf

with a DTI ratio greater than 8 was reduced to 10%. **The tightening of regulatory requirements for retail lending is being phased in on schedule.**

Under an amendment to the Consumer Credit Act, **the exemption of 'pre-approved' consumer loans from regulatory limits** on debt service-to-income (DSTI) and DTI ratios **was repealed** as from 1 January 2019. The purpose of the amendment is to prevent lenders from using pre-approved loans to circumvent the new regulatory requirements.

Table 3 Regulatory limits on credit standards

Indicator	Calculation	Parameter	Limit
Debt service-to-income (DSTI) ratio	$\frac{\text{total debt service obligtions}^{1)}}{\text{net income} - \text{minimum subsistence amount}}$	Maximum DSTI ratio	80%[2)]
Loan-to-value (LTV) ratio [3)]	$\frac{\text{amount of loan}}{\text{value of collateral}}$	Maximum LTV ratio	90%
		Maximum share of new loans with an LTV ratio > 80%	H1 2019: 25% From July 2019: 20%
Debt-to-income (DTI) ratio	$\frac{\text{total debt}}{\text{annual net income}}$	Maximum share of new loans with a DTI ratio > 8	H1 2018: 10% From 1 July 2019: 5% + 5%[4)]
Maximum term of loan		Loan with immovable property collateral or provided by a home savings bank	30 years[5)]
		Other loan	8 years

Source: NBS.

Notes: Compliance with the limits is checked only when granting a new loan, or when significantly increasing the total amount of an existing loan. The measures do not apply to loans that are to be used to refinance one or more existing loans, nor to loans that are to be topped up, provided that the amount of the loan applied for does not exceed €2000 or 5% of the outstanding amounts, whichever is lower.

1) The amount of loan instalments takes into account interest rate increases.

2) DSTI ratios may exceed 100% in the following cases:

- consumer loans where the sum of the loan applied for and the borrower's existing debt does not exceed the borrower's annual net income;
- leasing contracts that include a down payment of at least 20% and where the sum of the lease and the borrower's existing debt is not greater than 1.5 times the borrower's annual income.

3) The limit applies only to housing loans.

4) For the first 5%, no additional conditions apply. For the second 5%, the loans provided must be housing loans, the borrower must not be older than 35 years, the borrower's income must not exceed 1.3 times the average wage, and the debt-to-income ratio may not be greater than 9.

5) Up to 10% of new loans secured by immovable property may exceed this limit.

Other currently applicable macroprudential policy instruments, covering mainly the area of capital requirements, are listed in Table 4 to

Table 6 in the Annex.

2.3 Potential application of macroprudential policy instruments over the medium term

Retail lending

Národná banka Slovenska has adopted several measures in regard to retail lending (outlined above), the purpose of which is to contain the build-up of risks related to credit market overheating. The limits introduced by these measures are now being gradually tightened. At this stage, it is necessary to monitor the credit market following the commencement of the measures. If the build-up of risks does not moderate, Národná banka Slovenska will consider further options.

Expectations for the CCyB rate in the next quarter

The benchmark buffer rates based on the domestic credit-to-GDP_{trend} gap and the Cyclogram are now, respectively, at the level of and higher than the approved setting of the CCyB rate (1.5% from 1 August 2019). The credit market is currently in an advanced expansionary phase, where relative credit growth is gradually losing momentum and the private sector debt-to-GDP ratio is rising at a slower pace. Credit market developments in the third quarter were affected by the phasing-in of tighter regulatory lending standards and by the fading impact of the surge in credit demand that occurred in the second quarter ahead of the start of the regulatory tightening. Although the measures adopted have mitigated the increase in cyclical risks, these risks have continued to build up. In other words, since the most recent decision to increase the CCyB rate, the level of cyclical risks has continued to increase, albeit at a more moderate pace. The expected continuation of overheating in the economy, including in the housing market, is expected to put upward pressure on the financial cycle in the period ahead, and therefore to increase the vulnerability of banks and their customers to any change in the cycle.

The CCyB rate is not expected to be increased in the next quarter. Key factors affecting its future level will include developments in credit growth cycle risks, in property prices, and in macroeconomic imbalances. From this perspective, it will also be important to take into account the outcomes of the forthcoming[12] stress testing of the Slovak banking sector.

2.4 Recent ECB decisions concerning the Slovak banking sector

As of 22 January 2019 the European Central Bank had not issued any macroprudential policy decision concerning the Slovak banking sector.

[12] March – April 2019.

3 Macroprudential policy objectives

Objectives	Risks	NBS response
To mitigate and prevent excessive credit growth	Household and NFC debt growth; lending to the NFC sector, including commercial real estate lending; risks related to macroeconomic developments at home and abroad and to financial market trends	· Activated countercyclical capital buffer (set at 1.25% until 31 July 2019 and at 1.5% from 1 August 2019) · Decrees concerning the prudential provision of housing loans and consumer loans (introduction of lending limits and tightening of LTV ratios)
To mitigate and prevent excessive maturity mismatch in banks' balance sheets and market illiquidity	Increasing maturity mismatch between assets and liabilities; increase in long-term assets as a result of credit growth; rising loan-to-deposit ratios	· A new legislative framework for the issuance of covered bonds, with a potential positive impact on the stability of banks' long-term funding
To limit direct and indirect exposure concentrations	Relatively high concentration in (part of) the portfolio, or higher intra-group exposure, in certain institutions or funds	· Additional capital buffers applied to the five largest banks on grounds of their systemic importance – comprising O-SII buffers and in some cases also a SRB
To limit the systemic impact of misaligned incentives with a view to reducing moral hazard	Existence of banks that are too large from the view of the global/domestic economy; increasing linkages between financial entities and financial brokers; under the EU's banking union, the potential relaxing of EU regulatory rules for banks that are subsidiaries of foreign banks, particularly in the areas of liquidity, capital, and large exposures; risks in non-bank sectors	· Application of O-SII buffers, and in some cases also an SRB, to the five largest banks · The Housing Loan Act and Consumer Credit Act require financial institutions to take a prudential approach when cooperating with financial brokers · Supervision of non-bank lenders · Since 2015, significant strengthening of NBS's competences and supervisory powers in regard to financial consumer protection
To strengthen the resilience of the financial system	Business model sustainability; macroeconomic developments at home and abroad	· Capital conservation buffer implemented at a rate of 2.5% · Activated countercyclical capital buffer (set at 1.25% until 31 July 2019 and at 1.5% from 1 August 2019) · Application of O-SII buffers, and in some cases also an SRB, to the five largest banks · Decrees concerning the prudential provision of housing loans and consumer loans (introduction of lending limits and tightening of LTV ratios)
To strengthen the resilience of financial infrastructures	Functioning of payment systems; level of deposit coverage; impact on financial stability of digital innovation in financial services	

Note: Legend for the importance of the objectives: High Medium Low.

Annex

Table 4 Capital buffer rates currently applied in Slovakia

Macroprudential instrument	Value	Note
Capital conservation buffer (Article 33b of the Banking Act)	2.5%	
Countercyclical capital buffer rate (Article 33g of the Banking Act)	1.25%	To be increased to 1.5% as from 1 August 2019
O-SII buffer (Article 33d of the Banking Act)[1]	0.5% to 1%	
Systemic risk buffer (Article 33e of the Banking Act)[2]	1%	

Source: NBS.

[1] An O-SII buffer is applied to Československá obchodná banka, a.s., Poštová banka, a.s., Slovenská sporiteľňa, a.s., Tatra banka, a.s. and Všeobecná úverová banka, a.s.

[2] A systemic risk buffer is applied to Slovenská sporiteľňa, a.s., Tatra banka, a.s. and Všeobecná úverová banka, a.s.

Table 5 Countercyclical capital buffer (CCyB) rates currently applied to external exposures (Articles 33i and 33j of the Banking Act) and changes scheduled for these rates in coming quarters

	Country	31 Mar. 2018	30 Jun. 2018	30 Sep. 2018	31 Dec. 2018	31 Mar. 2019	30 Jun. 2019	30 Sep. 2019	31 Dec. 2019	30 Mar. 2020	Note
EEA countries	Czech Republic	0.5	0.5	1	1	1.25	1.25	1.5	1.5	1.75	↑ to 1.25% from 1 January 2019, ↑ to 1.5% from 1 July 2019, ↑ to 1.75% from 1 January 2020
	Bulgaria	0	0	0	0	0	0	0	0.5	0.5	↑ to 0.5% from 1 October 2019
	Denmark	0	0	0	0	0.5	0.5	1	1	1	↑ to 0.5% from 31 March 2019 ↑ to 1% from 30 September 2019
	France	0	0	0	0	0	0	0.25	0.25	0.25	↑ to 0.25% from 1 July 2019
	Ireland	0	0	0	0	0	0	1	1	1	↑ to 1% from 5 July 2019
	Lithuania	0	0	0	0.5	0.5	1	1	1	1	↑ to 0.5% from 31 December 2018 ↑ to 1% from 30 June 2019
	Luxemburg	0	0	0	0	0	0	0	0	0.25	↑ to 0.25% from 1 January 2020
	United Kingdom	0	0.5	0.5	1	1	1	1	1	1	↑ to 1% from 28 November 2018
	Sweden	2	2	2	2	2	2	2.5	2.5	2.5	↑ to 2.5% from 19 September 2019
Non-EEA	Iceland	1.25	1.25	1.25	1.25	1.25	1.75	1.75	1,75	1.75	↑ to 1.75% from 15 May 2019
	Hong Kong	1.875	1.875	1.875	1.875	2.5	2.5	2.5	2.5	2.5	↑ to 2.5% from 1 January 2019
	Norway	2	2	2	2	2	2	2	2.5	2.5	↑ to 2.5% from 31 December 2019

Sources: ESRB and BIS.

The table shows only countries where a non-zero CCyB rate has been set.

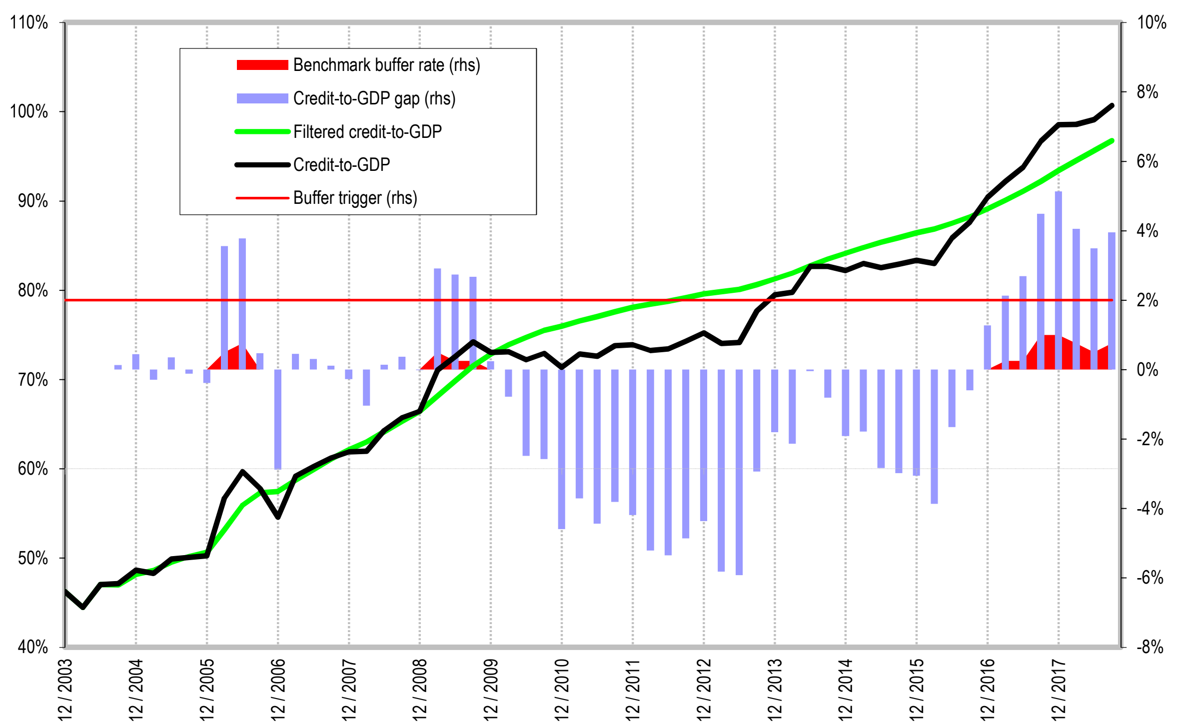
The scheduled rates are based on decisions currently in force; they may, however, be changed by subsequent decisions.

Table 6 Buffers and parameters which are currently applied to exposures to foreign countries and are also applied to Slovak banks

Country	Macroprudential instrument	Value
Estonia	Systemic risk buffer (Article 33f of the Banking Act)	1%
Sweden, Romania	Risk weight for exposures fully secured by mortgages on commercial immovable property (Article 124 of the EU's 2013 Capital Requirements Regulation/CRR)	100%
Norway	Minimum value of the exposure weighted average loss given default (LGD) for all retail exposures secured by residential property and not benefiting from guarantees from central governments (Article 164 of the CRR)	20%

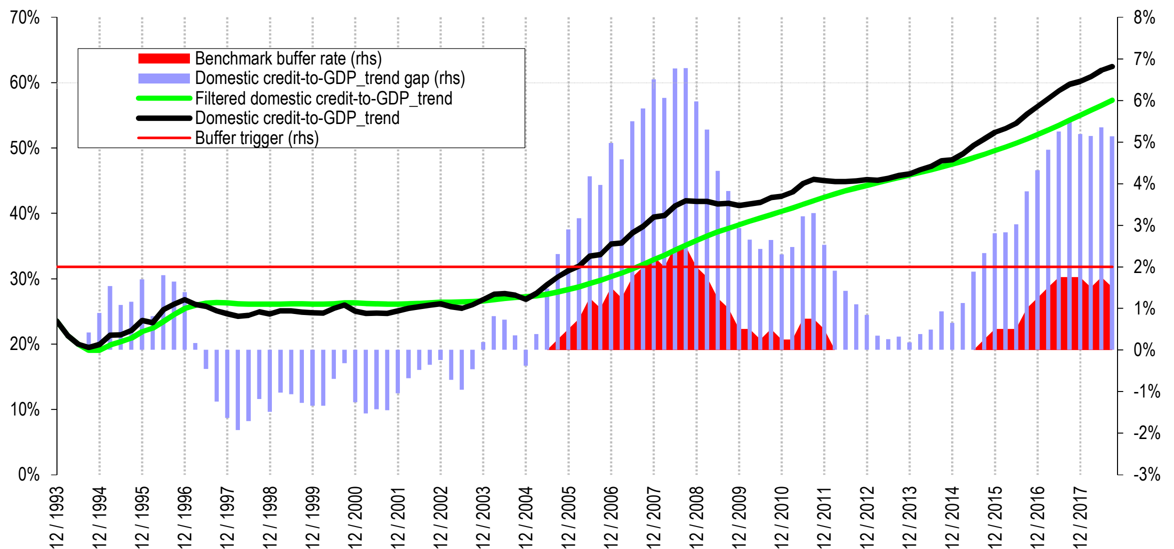
Sources: NBS and ESRB.

Chart 1 Standardised credit-to-GDP gap



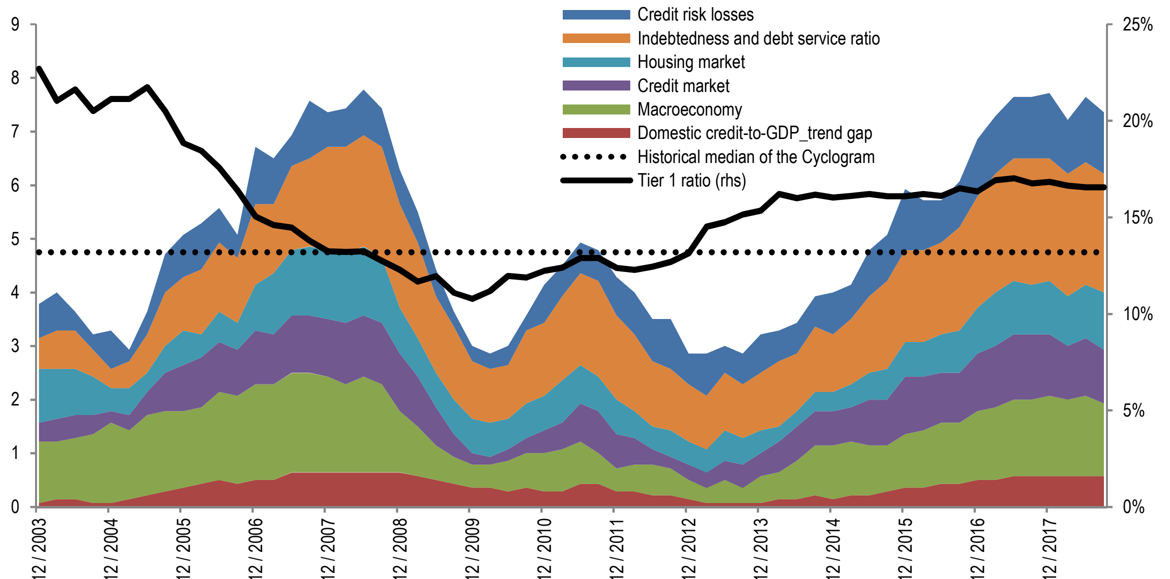
Sources: NBS and Statistical Office of the Slovak Republic (SO SR).
Notes:
In the standardised credit-to-GDP gap, credit refers to the total outstanding amount of debt of NFCs and households.
The benchmark buffer rate is calibrated in accordance with Part 2 of the Annex to Recommendation No ESRB/2014/1.
The trigger value for a non-zero CCyB and the values of the 'gap' are shown on the right-hand scale.
In November 2018 the Slovak Statistical Office (SO SR) conducted a periodical review of the national accounts time series. Consequently, compared with the October 2018 Quarterly Commentary on Macroprudential Policy (QCMP), there was a change in the quarterly GDP data used in estimating the domestic credit-to-GDP gap.

Chart 2 Domestic credit-to-GDP$_{trend}$ gap



Sources: NBS and SO SR.
Notes:
In the domestic credit-to-GDP$_{trend}$ gap, domestic credit refers to total outstanding amount of credit provided by the domestic banking sector to NFCs and households.
The domestic credit-to-GDP$_{trend}$ gap is calculated in accordance with Article 33g(2a) of the Banking Act and with Recommendation B 2, of Recommendation No ESRB/2014/1.
The trigger value for a non-zero CCyB and the values of the 'gap' are shown on the right-hand scale.
In November 2018 the Slovak Statistical Office (SO SR) conducted a periodical review of the national accounts time series. Consequently, compared with the October 2018 Quarterly Commentary on Macroprudential Policy, there was a change in the quarterly GDP data used in estimating the domestic credit-to-GDP$_{trend}$ gap.

Chart 3 Cyclogram



Sources: NBS, SO SR and CMN.
Note: The indicator is calculated in accordance with Article 33g(1c) of the Banking Act and with Recommendations C and D of Recommendation ESRB/2014/1.

Table 7 Headline indicators for the countercyclical capital buffer as at 30 September 2018

Indicator	Benchmark buffer rate	Credit-to-GDP ratio	Deviation of the credit-to-GDP ratio from its long-term trend
Standardised credit-to-GDP gap (Chart 1)	0.75%	100.7%	3.95%
Domestic credit-to-GDP_{trend} gap (Chart 2)	1.50%	60.6%	5.14%
Cyclogram (Chart 3)	2.25%		

Source: NBS.

Notes: The table is compiled on the basis of requirements arising from Article 33g(2) of the Banking Act and in accordance with Part II of the Annex to Recommendation ESRB/2014/1.

Owing to its short time series, the standardised credit-to-GDP gap does not yet provide a meaningful value for the countercyclical capital buffer.