Quarterly Commentary on Macroprudential Policy

October 2019

NÁRODNÁ BANKA SLOVENSKA
EUROSYSTÉM

www.nbs.sk

Published by

Address

Národná banka Slovenska
Imricha Karvaša 1,
813 25 Bratislava

Online version

https://www.nbs.sk/en/publications-issued-by-the-nbs/publications-of-financial-market-supervision/quarterly-commentary

ISSN 2644-5492 (ONLINE VERSION)

SUMMARY OF THE NBS BANK BOARD'S DECISION

ON THE SETTING OF THE COUNTERCYCLICAL CAPITAL BUFFER RATE

Buffer rate remains unchanged	• Loan growth is gradually decelerating • Loan demand remains stimulated by certain factors (labour market overheating, low interest rates, credit market competition) and dampened by others (tighter macroprudential policy and gradual saturation of the household loan market) • The financial cycle indicator is falling, but remains elevated • The build-up of credit market risks is gradually moderating
Approved buffer rates	• The buffer rate from 1 August 2019: 1.50% • The buffer rate from 1 August 2020: 2.00%

The financial cycle	• The financial market is in a late expansionary phase
	• The build-up of cyclical risk is seen mainly in the following:
	   o excessive credit growth
	   o labour market overheating
	   o property price developments
	   o low credit costs and low risk perception
	• A simulation for the period ahead indicates stable developments

Outlook for the next quarter	• A decision to increase the buffer rate is not expected to be taken in the next quarter • In the event of adverse financial market developments, in particular a build-up of credit losses in the banking sector, Národná banka Slovenska stands ready to immediately reduce the buffer rate to the extent necessary

CONTENTS

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, 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 (QCMP) 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. In this edition of the QCMP, the quantitative and qualitative assessment is based on the information available for the second quarter of 2019. The Bank Board of Národná banka Slovenska (NBS) regularly refers to the QCMP when taking its quarterly decision on the setting of the countercyclical capital buffer (CCyB) rate. The QCMP'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 trends in the second quarter of 2019

The second quarter of 2019 found the financial market in the late stage of the financial cycle, characterised by moderating expansionary trends, particularly in loan growth. But despite the moderating trends, financial market risks continued to mount, albeit to a lesser extent compared with previous quarters. The softening of global demand was gradually starting to have an impact on the Slovak economy. After peaking in 2018, GDP growth steadily decelerated in the first half of 2019, while nevertheless remaining above potential. The effects of economic overheating are most evident in the labour market, where the situation, in conjunction with persistent low interest rates, strong credit market competition, and property market trends, is supporting private sector demand for new loans.

The annual growth rate for loans to the private sector[1] eased in the second quarter of 2019, with slowdowns observed in both lending to households and lending to non-financial corporations (NFCs). Overall, private sector credit growth dropped to 6.8% in the second quarter (from 8% in the first quarter). Despite its easing trends, however, private sector credit growth in the second quarter remained above the averages for the EU (2.6%) and the euro area (2.3%). The slowdown in loan growth was caused mainly by household loans, whose growth eased to 8.6% year on year (from 9.6% in the first quarter). Household loan growth reflected in particular the impact of macroprudential policy measures and the gradual saturation of certain segments of the housing loan market. But despite decelerating, household loan growth in Slovakia was the second highest in the EU during the period under review[2]. The weakening of credit growth is having an impact on private sector indebtedness, which remained stable in the first half of 2019 at 94.1% of GDP.

Over a year ago, the annual growth rate for loans to NFCs was stabilising at around 5%, a level that did not match the fundamentals associated with this lending activity[3]. The second quarter of 2019 saw NFC loan growth decrease to 3.5% year on year, (from 4.9% in the first quarter). Firms' gradually deteriorating

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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' reporting – statement V (NBS) 33 - 12).

[2] Only Bulgaria reported a higher rate of household loan growth in the second quarter of 2019.

[3] Nominal GDP growth and corporate sales.

expectations about the future economic situation and the consequent drop in business sentiment fed through to their demand for new loans. Amid the moderate decline in loan growth since the summer of last year, corporate indebtedness has been falling, down to 51.5% of GDP in the second quarter of 2019.

Trends typical of a financial cycle's expansionary phase have also been observed in property market trends, with property price growth remaining in double digits. Prices of existing flats increased by 11.9%, year on year, in the second quarter of 2019. At the same time, the number of existing flats advertised for sale came to the end of a five-year downtrend during the period under review, when it increased by 2.8% year on year. Since property price growth remained higher than average nominal wage growth, the housing affordability index (HAI) continued to decline in the second quarter. In other words, on average, the time needed to earn enough to afford one square metre of real estate was longer in the second quarter than in previous quarters, even though interest rates on housing loans continued to decrease. The HAI is currently at levels seen also in mid-2007, during the previous expansionary phase.

As regards the banking sector's profitability, the trends of previous periods continued in the second quarter, with the sector maintaining relatively stable profit levels at the cost of its increasing sensitivity to cyclical risks. The sector's net profit after tax for the first six months of 2019 was 2% higher year on year. This increase stemmed from two significant factors: loan book expansion resulting from banks' efforts to step up their lending activity; and the very low level of credit risk costs resulting from the cyclical development. These trends, however, are increasing the banking sector's exposure to cyclical risk that may begin to materialise at the turn of the financial cycle. Despite the year-on-year increase in its net profit, the sector's profitability measured by return on equity (ROE) was slightly lower for the second quarter than for the same period in 2018[4]. This drop indicates that, despite their increasing lending activity, banks are being pressured by interest margin compression. On the positive side, the banking sector's solvency is improving slightly; its total capital ratio increased in the first half of 2019, from 18.2% to 18.4%. This increase was based on changes in dividend policy and on retained earnings for 2018, which are increasing banks' resilience to risks of a cyclical nature.

That the financial cycle is in a late expansionary phase marked by the gradual easing of expansionary trends in several areas is also signalled by the Cyclogram, a composite indicator of the domestic financial cycle. This indicator remained on a downward path in the second quarter of 2019, although most of its components continued at high levels. Risks associated with financial

[4] The sector's ROE fell from 9.9% for the first half of 2018 to 9.0% for the first half of 2019 (source: NBS).

cycle developments are therefore still accumulating, albeit at a more moderate pace. The easing of growth trends stems largely from the slowdown in NFC loan growth and from the ongoing decline in the confidence indicator. On the other hand, the financial market is coming under increasing pressure from property market trends. As regards the Cyclogram's relevance for the countercyclical capital buffer (CCyB) rate, the benchmark buffer rate based on this indicator was 1.75% at the end of the second quarter. A simulation of the situation in coming quarters points to a stable trend. At the same time, indicators significant for the buffer's release, in particular the level of credit losses, are not currently implying any need for release.

Most of the current risks to the financial market outlook are cyclical in nature and may materialise when the financial cycle turns. The most pronounced risks in the recent period have been that the global economy cools sooner and more markedly than projected, with adverse implications for the Slovak economy. This scenario would be supported by the continuing adoption of protectionist trade measures as well as by a disorderly Brexit. In such case, there would also be an increase in turbulence in global financial markets, which would then have a further adverse impact on the Slovak financial market.

2 Macroprudential policy decisions

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

On 21 October 2019 the NBS Bank Board decided not to change the current settings of the countercyclical capital buffer (CCyB) rate, which include its increase to 2.00% from 1 August 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[5]

2.2 NBS's current macroprudential policy instrument settings

Countercyclical capital buffer

The CCyB rate was set at 1.50% as from 1 August 2019 and at 2.00% as from 1 August 2020, under, respectively, NBS Decision No 6/2018 of 3 July 2018[6] and NBS Decision No 15/2019 of 23 July 2019.[7]

TABLE 1 COUNTERCYCLICAL CAPITAL BUFFER RATES FOR SLOVAK EXPOSURES

Period of application	Rate
1 August 2019 – 31 July 2020	1.50%
1 August 2020 –	2.00%

Source: NBS.

An overview of current and future CCyB rate settings in other countries is given in Table 6 in the Annex.

[5] 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.
[6] https://www.nbs.sk/_img/Documents/_Dohlad/Makropolitika/WEB_rozhodnutie_vankus__TRA-EN_July_2018.pdf
[7] https://www.nbs.sk/_img/Documents/_Legislativa/_Vestnik/WEB_rozhodnutie_vankus__TRA-EN_Jul_2019.pdf

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 (SRB)) of between 1% and 2% of risk-weighted exposures. Under NBS Decision Nos 3/2019 and 4/2019 of 28 May 2019, the total additional capital buffer requirements will remain unchanged from 1 January 2020.

TABLE 2 OVERVIEW OF RATES FOR O-SII BUFFERS AND SYSTEMIC RISK BUFFERS

	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 July 2019, in accordance with these amendments, the maximum share of new housing loans with an LTV ratio of more than 80% was reduced to 20%, and the maximum share of new loans with a DTI ratio greater than 8 was reduced from 10% to 5%. In the case of the DTI ratio, the exemption may still be extended up to 10% provided that each loan included in the additional exemption range is a housing loan provided to a borrower who is not older than 35 years and whose income does not exceed 1.3 times the average wage. For loans included in the additional range, the DTI ratio may not exceed 9.

TABLE 3 REGULATORY LENDING LIMITS			
Indicator	Calculation	Parameter	Limit
Debt-service-to-income (DSTI) ratio	$\frac{\text{total debt service obligations}^{1)}}{\text{net income – minimum subsistence amount}}$	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%	From 1 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	From 1 July 2019: 5% + 5%[4)]
Maximum term of loan		Loan secured by immovable property 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 DTI 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 Tables 5 to 7 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 excessive credit growth. The phased-in tightening of regulatory lending limits was completed with the measures implemented from 1 July 2019 in accordance with NBS Decree Nos 6/2018 and 7/2018.

Národná banka Slovenska is carefully analysing credit developments and is paying particular attention to the housing loan market, which saw a further decrease in lending rates in the third quarter of 2019. If risks continue to build up, NBS is ready to tighten the regulatory limits on selected credit standards.

Expectations for the CCyB rate in the next quarter

Although risk trends are becoming less intense, risks associated with the financial cycle remain present and are accumulating in the banking sector's loan book. Hence the application of capital buffers, including the countercyclical capital buffer, remains highly important. **In view of current trends, the present settings of the CCyB rate appear to be appropriate, and a decision to increase the CCyB rate is not expected to be taken in the next quarter. Nevertheless, in the event of adverse financial market developments, in particular a build-up of credit losses in the banking sector, NBS stands ready to immediately reduce the buffer rate to the extent necessary.**

2.4 Recent ECB decisions concerning the Slovak banking sector

As of 16 October 2019, the European Central Bank had not issued any macroprudential policy decision concerning the Slovak banking sector.

3 Macroprudential policy objectives

TABLE 4 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, at 1.5% from 1 August 2019 and at 2.00% from 1 August 2020) · 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 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, at 1.5% from 1 August 2019 and at 2.00% from 1 August 2020) · 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 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 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.

4 Annex

TABLE 5 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)	1.5%	To be increased to 2.00% from 1 August 2020
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.

Notes:

[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 6 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 Dec. 2018	31 Mar.2019	30 Jun. 2019	30 Sep. 2019	31 Dec. 2019	31 Mar.2020	30 Jun. 2020	30 Sep. 2020	31 Dec. 2020	Note
2020EEA countries	Belgium	0	0	0	0	0	0	0	0.5	0.5	↑ to 0.25% from 1 July 2020
	Bulgaria	0	0	0	0	0.5	0.5	1	1	1	↑ to 0.5% from 1 October 2019 and to 1% from 1 April 2020
	Czech Republic	1	1.25	1.25	1.5	1.5	1.75	1.75	2	2	↑ to 1.5% from 1 July 2019, to 1.75% from 1 January 2020 and to 2% from 1 July 2020
	Denmark	0	0.5	0.5	1	1	1	1.5	1.5	1.5	↑ to 1% from 30 September 2019 and to 1.5% from 30 June 2020
	France	0	0	0	0.25	0.25	0.25	0.5	0.5	0.5	↑ to 0.25% from 1 July 2019 and to 0.5% from 2 April 2020
	Ireland	0	0	0	1	1	1	1	1	1	↑ to 1% from 5 July 2019
	Lithuania	0.5	0.5	1	1	1	1	1	1	1	
	Luxemburg	0	0	0	0	0	0.25	0.25	0.25	0.25	↑ to 0.25% from 1 January 2020
	Germany	0	0	0	0	0	0	0	0.25	0.25	↑ to 0.25% from 1 July 2020
	United Kingdom	1	1	1	1	1	1	1	1	1	
	Sweden	2	2	2	2.5	2.5	2.5	2.5	2.5	2.5	↑ to 2.5% from 19 September 2019
Non-EEA	Iceland	1.25	1.25	1.75	1.75	1.75	2	2	2	2	↑ to 1.75% from 15 May 2019 and to 2% from 1 February 2020
	Hong Kong	1.88	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	↑ to 2.5% from 1 January 2019
	Norway	2	2	2	2	2.5	2.5	2.5	2.5	2.5	↑ to 2.5% from 31 December 2019

Sources: ESRB and BIS.

Notes: 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 7 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.

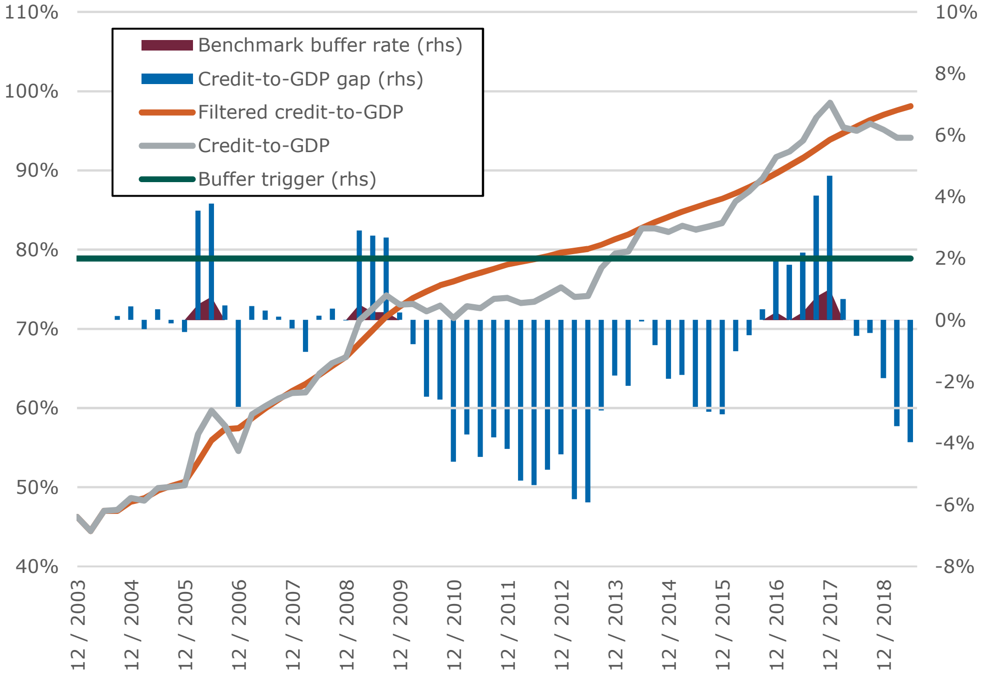
TABLE 8 MACROPRUDENTIAL MEASURES CURRENTLY IN FORCE IN OTHER EU COUNTRIES BUT NOT APPLIED TO SLOVAK BANKS ON GROUNDS OF LOW EXPOSURE

Country	Macroprudential instrument	Value
Belgium	A risk-weight add-on for retail exposures secured by residential immovable property located in Belgium, applied to banks using the internal ratings-based (IRB) approach (Article 458(2)(d)(vi) of the CRR)	5 p. p. + 33% of average risk weight
Finland	A floor for the average risk weight for exposures secured by residential immovable property located in Finland, applied to banks using the IRB approach (Article 458(2)(d)(vi) of the CRR)	15%
France	A tightening of the large exposure limit applicable to exposures to highly indebted large nonfinancial corporations having their registered office in France, applied to global systemically important institutions (G-SIIs) and other systemically important institutions (O-SIIs) (Article 458(2)(d)(ii) of the CRR) **In this regard, NBS warns that there are systemic risks associated with the increased leverage of large NFCs having their registered office in France[8]**	5% of eligible capital
Sweden	A floor for the average risk weight for the portfolio of retail exposures to obligors residing in Sweden secured by immovable property, applied to banks using the IRB approach (Article 458(2)(d)(vi) of the CRR)	25%

Sources: NBS and ESRB.

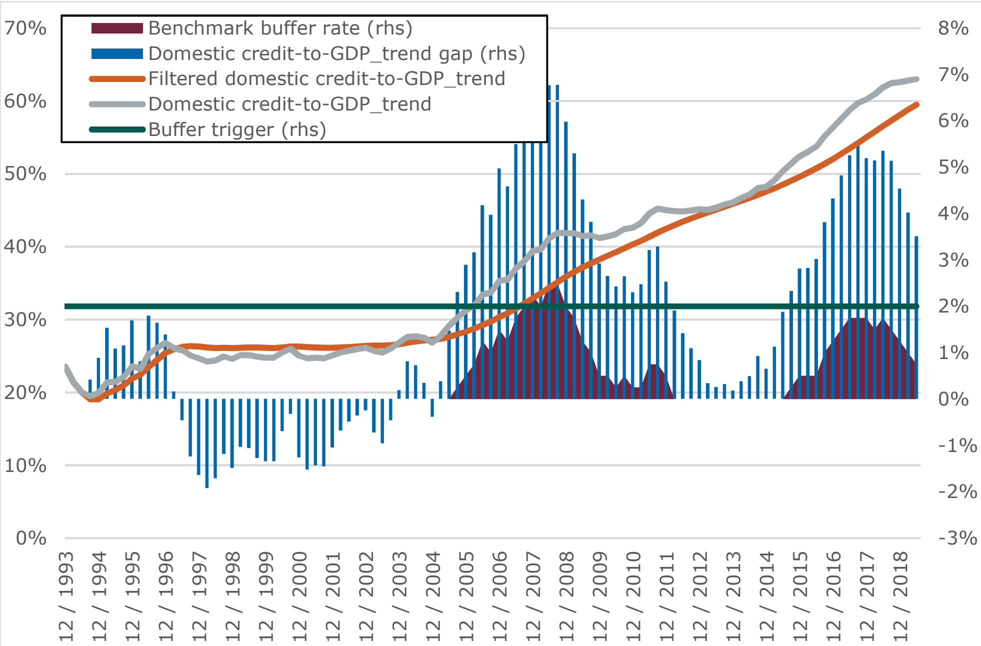
[8] Signalling in accordance with Recommendation ESRB/2015/2.

Chart 1
Standardised credit-to-GDP gap



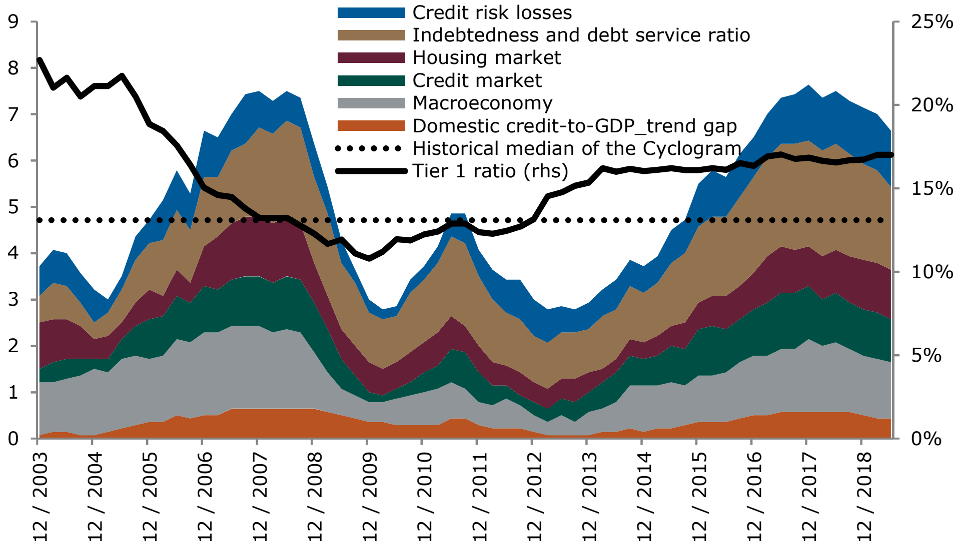
Sources: NBS and SO SR.
Notes: In the standardised credit-to-GDP gap, credit refers to the total outstanding amount of debt of NFCs and households.
The benchmark buffer rate is calibrated in accordance with Part 2 of the Annex to Recommendation No ESRB/2014/1.
The trigger value for a non-zero CCyB and the values of the 'gap' are shown on the right-hand scale.

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



Sources: NBS and SO SR.
Notes: 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.
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.

Chart 3
Cyclogram



Sources: NBS, SO SR and CMN.
Notes: 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 9 HEADLINE INDICATORS FOR THE COUNTERCYCLICAL CAPITAL BUFFER AS AT 30 JUNE 2019			
Indicator	Benchmark buffer rate	Credit-to-GDP ratio	Deviation of the creditto-GDP ratio from its long-term trend
Standardised credit-to-GDP gap (Chart 1)	0.00%	94.1%	-3.97%
Domestic credit-to-GDP$_{trend}$ gap (Chart 2)	0.75%	61.0%	3.51%
Cyclogram (Chart 3)	1.75%	-	-

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.