NÁRODNÁ BANKA SLOVENSKA
EUROSYSTÉM

Statistical Bulletin

Monetary and Financial Statistics

March 2012

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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 (No. 4) is based on data as at March 2012. Compared to previous edition it does not contain comparison of national statistics with euro area statistics, which will be published regularly at the end of each calendar year. It contains a new chapter summarising the methodological notes to the individual areas of statistics under analysis.

The Bulletin 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.

Our main goal 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

CHAPTER 1

STRUCTURE OF THE FINANCIAL MARKET IN SLOVAKIA

1

1 Structure of the financial market in Slovakia

1.1 OVERVIEW OF PARTICIPANTS

The first quarter of 2012, as the previous quarter, witnessed a change in the number of money market funds (MMFs) and bond funds. The shift between these types of funds resulted from the implementation of the common definition of European MMFs, which was published by the Committee of European Securities Regulators (CESR) on 19 May 2010 and was subsequently transposed into the relevant legislation at both European[1] and national[2] level. The idea behind this initiative was to improve the protection of investors by setting uniform criteria to be met by every fund wishing to operate in the market as a money market fund. On the basis of these legislative changes, eleven money market funds were reclassified in the course of December 2011 and January 2012 as 'short-term bond funds' or 'funds of short-term investments', which belong to bond funds category according to the ECB's definition.

The number of credit institutions dropped by one in the quarter under review. UNIBON, a foreign savings and loan association's local branch, discontinued its operations in March 2012.

Following the sale of Groupama životná poisťovňa, a.s., and Groupama poisťovňa, a.s., the number of domestic insurance companies decreased by two as from 1 January 2012. Now these companies are operating under the name *Groupama Garancia poisťovňa, a.s.* (branch of an insurance company from another Member State). Among pension funds, one new supplementary pension fund has commenced operations under the name *Stabilita akciový príspevkový d.d.f., STABILITA, d.d.s., a.s.*

Table 1 Structure of the financial market in Slovakia

	III. 2011	VI. 2011	IX. 2011	XII. 2011	III. 2012
Monetary financial institutions (S.121 + S.122)	**44**	**45**	**45**	**40**	**33**
Central bank (S.121)	**1**	**1**	**1**	**1**	**1**
Credit institutions (S.122)	**30**	**31**	**31**	**31**	**30**
Banks	*11*	*11*	*11*	*11*	*11*
Branches of foreign banks	*15*	*15*	*15*	*15*	*15*
Credit cooperatives	*1*	*2*	*2*	*2*	*1*
Building societies	*3*	*3*	*3*	*3*	*3*
Money Market Funds (S.122)	**13**	**13**	**13**	**8**	**2**
Other financial intermediaries (S.123)	**223**	**222**	**222**	**228**	**234**
Investment funds	*65*	*66*	*66*	*71*	*79*
Equity funds	12	11	11	11	11
Bond funds	11	12	12	17	22
Mixed funds	28	27	27	28	27
Real estate funds	4	5	5	5	5
Other funds	10	11	11	10	14
Leasing companies (financial leasing)	*70*	*70*	*70*	*72*	*72*
Consumer credit companies	*63*	*62*	*62*	*61*	*61*
Factoring companies	*7*	*7*	*7*	*7*	*5*
Securities and derivatives dealers	*18*	*17*	*17*	*17*	*17*
Financial auxiliaries (S.124)	**19**	**19**	**19**	**18**	**18**
Asset Managment Companies	*8*	*8*	*8*	*7*	*7*
Pension Savings Companies	*6*	*6*	*6*	*6*	*6*
Supplementary Pension Asset Management Companies	*5*	*5*	*5*	*5*	*5*
Insurance corporations and pension funds (S.125)	**54**	**54**	**54**	**54**	**53**
Insurance corporations	*20*	*20*	*20*	*20*	*18*
Pension funds	*34*	*34*	*34*	*34*	*35*

Source: NBS.

1 *Regulation (EU) No. 883/2011 of the European Central bank of 25 August 2011 amending Regulation (EC) No. 25/2009 concerning the balance sheet of the monetary financial institutions sector (ECB/2008/32) (ECB/2011/12).*

2 *Decree of Národná banka Slovenska of 13 September 2011 specifying the criteria, limits and restrictions that are to be met by short-term money market funds and money market funds.*

Table 2 Total assets of individual sectors of the financial market in Slovakia (EUR millions)

	III. 2011	VI. 2011	IX. 2011	XII. 2011	III. 2012
Monetary financial institutions (S.121 + S.122)	**77,306**	**78,645**	**79,938**	**79,643**	**80,505**
Central bank (S.121)	18,847	19,575	19,865	21,619	20,785
Credit institutions (S.122)	56,738	57,427	58,600	57,641	59,490
Money Market Funds (S.122)	1,721	1,643	1,473	383	230
Other financial intermediaries (S.123)	**6,440**	**6,549**	**6,479**	**7,357**	**7,520**
Investment funds	2,073	2,102	1,932	2,863	3,090
Leasing companies (financial leasing)	3,034	3,082	3,155	3,077	3,084
Consumer credit companies	1,147	1,168	1,191	1,218	1,187
Factoring companies	159	172	176	174	136
Securities and derivatives dealers	27	25	24	25	23
Financial auxiliaries (S.124)	**264**	**259**	**263**	**265**	**271**
Insurance corporations and pension funds (S.125)	**11,737**	**11,904**	**12,054**	**12,226**	**12,895**
Insurance corporations	6,486	6,513	6,475	6,437	6,633
Pension funds	5,251	5,391	5,579	5,789	6,262

Source: NBS.

1.2 EMPLOYEES IN THE BANKING SECTOR

By the end of the first quarter of 2012, the number of employees in the banking sector had fallen by 0.17% quarter-on-quarter, while rising by 0.43% compared with the same period a year earlier.

Table 3 Number of employees in the banking sector

	2010				2011				2 012
	31.3.	30.6.	30.9.	31.12.	31.3.	30.6.	30.9.	31.12.	31.3.
Banking sector	19,634	19,380	19,429	19,313	19,411	19,410	19,531	19,527	19,494
Central bank	1,089	1,085	1,083	1,079	1,082	1,070	1,072	1,075	1,033
Banks and branches of foreign banks	18,545	18,295	18,346	18,234	18,329	18,340	18,459	18,452	18,461
of which: Banks	18,062	17,810	17,746	17,587	17,569	17,561	17,652	17,633	17,634
Branches of foreign banks	483	485	600	647	760	779	807	819	827

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 decreased by 0.16 percentage point, from 7.57% as at 31 December 2011 to 7.41% as at 31 March 2012.

Of 30 domestic credit institutions (as at the end of the first quarter of 2012), only ten entities had domestic share capital within the structure of their subscribed capital, with two banks (ČSOB stavebná sporiteľňa, a.s., and Slovenská záručná a rozvojová banka, a.s.) having a 100% share of domestic capital.

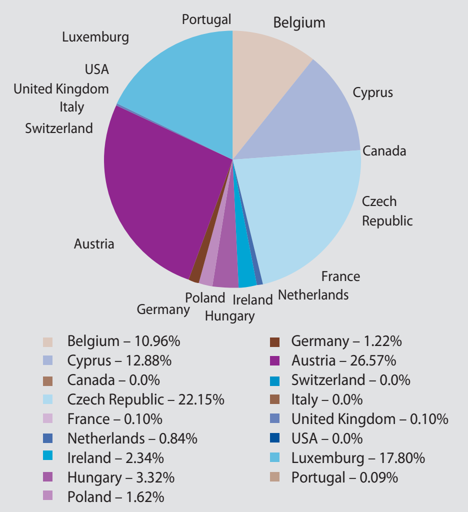
The ratio of domestic share capital to total subscribed capital in domestic banks rose by 2.08 percentage points year-on-year, from 90.51% as at 31 March 2011 to 92.59% as at 31 March 2012.

From 31 March 2011 to 31 March 2012, the volume of foreign share capital increased in absolute terms by €536.1 million (in relative terms by 29.68%).

This increase was generated largely by foreign capital from Belgium, Cyprus and the Czech Republic. The share of Belgian capital increased by 1.39 percentage points year-on-year, as a result of strong growth in investment (its volume increased by 150% in 2011). The volume of foreign capital from the Czech Republic doubled in March 2012, compared with the same period a year earlier, and its proportion to total foreign capital in the banking sector increased by 8 percentage points. Cyprus recorded an increase of 3.96 percentage points in its share in total foreign capital.

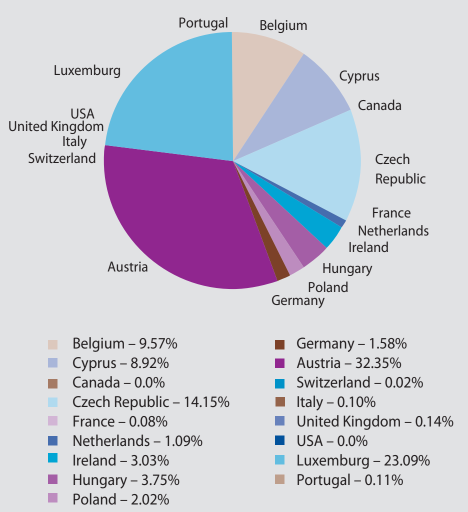
Broken down by credit institution, the structure of foreign share capital in the banking sector has changed as follows (status as at 31 March 2012): control over Dexia banka Slovensko, a.s., has been taken over by Cypriot capital, replacing the influence of shareholders from Luxembourg and Austria. The Czech Republic's share has increased as a result of additional funding provided to Komerční banka, a.s., the branch of a foreign bank. The share capital of Československá obchodní banka has been increased by the Belgian shareholder.

Chart 1 Foreign capital in the banks in the Slovak Republic as at 31 March 2012



Source: NBS.

Chart 2 Foreign capital in the banks in the Slovak Republic as at 31 March 2011



Source: NBS.

STATISTICS OF MONETARY FINANCIAL INSTITUTIONS

2

2 Statistics of Monetary Financial Institutions

2.1 BALANCE-SHEET STATISTICS OF CREDIT INSTITUTIONS: ASSETS

The total assets of banks and branches of foreign banks operating in Slovakia (hereinafter referred to as 'credit institutions') amounted to €59.5 billion at the end of the first quarter of 2012, and were by 4.85% higher than in the same period a year earlier.

The structure of total assets was dominated by loan claims, the share of which reached 70.23% as at 31 March 2012 (1.26 percentage points more than a year earlier). The outstanding amount of these claims grew by 6.76% year-on-year, owing mainly to long-term claims with a maturity of over five years.

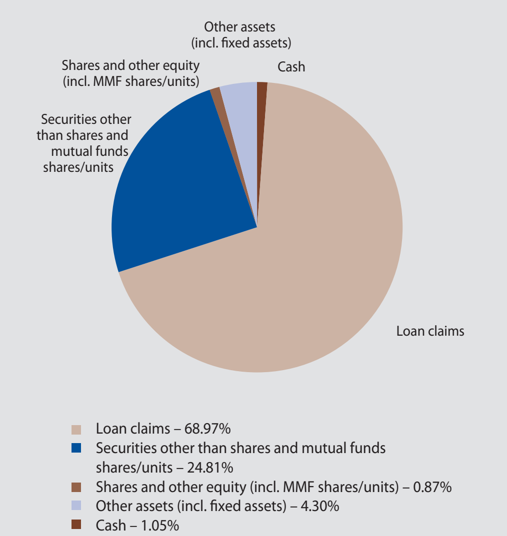
The proportion of securities other than shares and mutual fund shares/units followed a different trend: it decreased in year-on-year terms by 1.48 percentage points, to 23.33% as at the end of the first quarter. The outstanding amount of securities in the portfolios of credit institutions fell by 1.41%, mainly as a result of a decrease in the outstanding amounts of securities with a maturity of over one year.

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

	III.11	VI.11	IX.11	XII.11	III.12
ASSETS	**56,738,253**	**57,426,734**	**58,600,253**	**57,640,690**	**59,489,616**
Cash	594,086	577,508	607,151	718,446	611,572
Loan claims	39,132,647	40,178,348	40,889,514	40,007,361	41,779,766
Securities other than shares and mutual funds shares/units	14,076,084	13,806,756	13,850,430	13,394,378	13,876,995
Shares and other equity (incl. MMF shares/units	493,426	524,423	549,984	544,097	568,836
Other assets (incl. fixed assets)	2,442,010	2,339,699	2,703,174	2,976,408	2,652,447

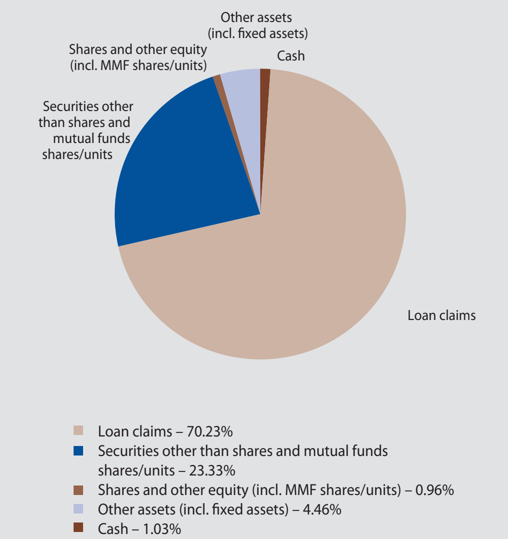
Source: NBS.
1) Loan claims – including deposits of banks with other entities and non-tradable securities.
2) Assets excluding depreciation and including provisions.

Chart 3 Structure of assets of credit institutions as at 31 March 2011



Source: NBS.

Chart 4 Structure of assets of credit institutions as at 31 March 2012



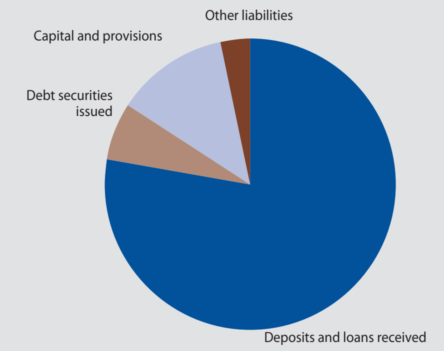
Source: NBS.

The proportion of shares and other equity participations to total assets increased by 0.09 percentage point (status as at 31 March 2012), compared with the same period of the previous year. The outstanding amount of shares and other equity participations in the portfolios of credit institutions grew by 15.28%.

The share of other assets in total assets increased by 0.15 percentage point in year-on-year terms. The outstanding amount of other assets was 8.62% higher than at the end of the first quarter of 2011. This was mainly due to an increase in the amount of fixed assets, derivatives with a positive fair value, and transit items.

By 31 March 2012, the cash holdings of credit institutions as a share of assets had decreased by 0.02 percentage point year-on-year, while their outstanding amount increased by 2.94% compared with the same period a year earlier.

Chart 5 Structure of liabilities of credit institutions as at 31 March 2011



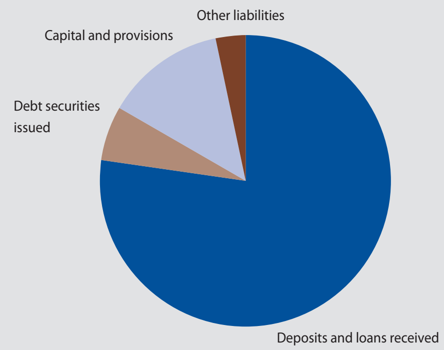
Source: NBS.

2.2 BALANCE-SHEET STATISTICS OF CREDIT INSTITUTIONS: LIABILITIES

The total liabilities of credit institutions reached €59.5 billion at the end of the first quarter of 2012. This represented a year-on-year increase of 4.85%, caused mainly by increases in the outstanding amounts of deposits and loans received, capital and provisions.

Total liabilities were dominated by *deposits and loans received*, the share of which decreased by 0.7 percentage points compared with the same period a year earlier, to 77.21% as at 31 March 2012. Their outstanding amount increased by 3.9% (+€1.7 billion), as a result of growth in deposits and loans received with a maturity of over one year (+€3.5 billion). Short-term deposits and loans with a maturity of up to one year fell in volume in year-on-year terms.

Chart 6 Structure of liabilities of credit institutions as at 31 March 2012



Source: NBS.

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

	III.11	VI.11	IX.11	XII.11	III.12
LIABILITIES	**56,738,253**	**57,426,734**	**58,600,253**	**57,640,690**	**59,489,616**
Deposits and loans received	44,205,079	44,823,948	45,390,377	44,405,943	45,929,420
Debt securities issued	3,576,609	3,528,325	3,572,389	3,528,990	3,611,482
Capital and provisions	7,037,595	7,244,810	7,537,265	7,862,636	7,892,854
Other liabilities	1,918,970	1,829,651	2,100,222	1,843,121	2,055,860

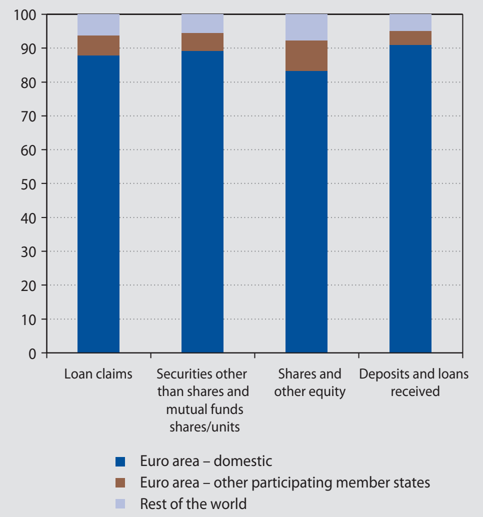
Source: NBS.
Deposits and loans received – including non-tradable debt securities.

A reverse change, i.e. an increase of 0.86 percentage point, was recorded in the share of capital and provisions in the liabilities of credit institutions. The outstanding amount of capital and provisions grew by 12.15% in year-on-year terms.

The proportion of issued marketable debt securities to the liabilities of credit institutions decreased by 0.23 percentage point in year-on-year terms. At the end of the first quarter, the outstanding amount of these securities stood at €3.6 billion. This represented a year-on-year increase of 0.98%, and was caused by growth in the outstanding amount of securities with a maturity of up to one year and over two years.

The share of other liabilities in the total liabilities of credit institutions increased by 0.07 percentage point year-on-year. The outstanding amount of other liabilities grew in year-on-year terms by 7.13%.

Chart 7 Selected assets/liabilities: breakdown of counterparties by residency as at 31 March 2012 (%)



Source: NBS.

2.3 SELECTED ASSET AND LIABILITY ITEMS BY RESIDENCY OF COUNTERPARTY

The total loan claims of credit institutions operating in Slovakia (€41.8 billion) were dominated by loan claims on domestic entities (87.91%). Their outstanding amount stood at €36.7 billion as at the end of the first quarter of 2012. Claims on other euro area member states and the rest of the world accounted for 5.78% (€2.4 billion) and 6.31% (€2.6 billion) respectively.

The portfolios of credit institutions contained purchased securities other than shares and mutual fund shares/units worth €13.9 billion. Securities purchased from domestic issuers (€12.4 billion) accounted for 89.20%. The proportions of securities issued by other euro area member states and the rest of the world were at roughly the same level (5.29% and 5.51% respectively).

The structure of shares and other equity participations in the portfolios of credit institutions in Slovakia (worth €0.6 billion) was dominated by domestic securities (83.36%). They were followed by equity securities issued by other euro area member states (8.87%) and by the rest of the world (7.77%).

Deposits and loans received amounted to €45.9 billion. Of this amount, 90.97% was made up of deposits and loans received from domestic entities (€41.8 billion). The creditors of credit institutions in Slovakia from other euro area member states and from the rest of the world accounted for 4.16% and 4.87% respectively.

2.4 SELECTED ASSET AND LIABILITY ITEMS BY SECTOR OF COUNTERPARTY

The largest share of **domestic** loan claims (92.37%) was accounted for by claims on sectors other than monetary financial institutions (MFIs) and the general government. They were dominated by claims on households and non-profit institutions serving households (€17.4 billion) and on non-financial corporations (€15.5 billion).

Claims on domestic monetary financial institutions accounted for 4.68% of the total outstanding amount of domestic loans claims; claims on the general government sector represented 2.95%.

The largest share of domestic securities other than shares and mutual fund shares/units, held in the portfolios of credit institutions in the amount of €12.4 billion as at the end of the period under review, was accounted for by government securities (95.80%).

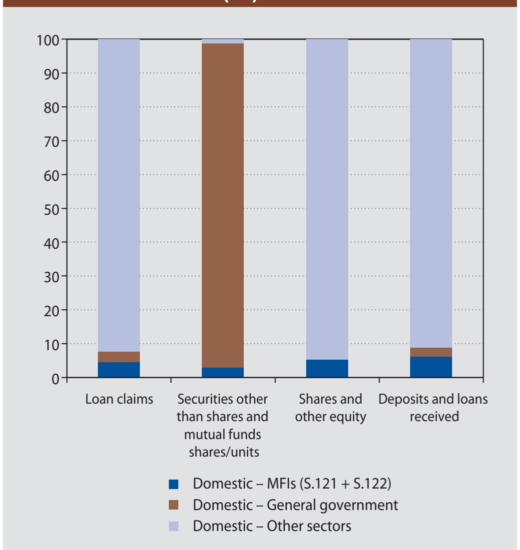
Securities other than shares and mutual fund shares/units issued by domestic MFIs accounted for 2.96%, and those issued by other domestic sectors for 1.24%.

The total value of domestic shares and other equity participations in the portfolios of credit institutions stood at roughly €0.5 billion. Of this figure, 94.73% was accounted for by other sectors. Equity securities issued by domestic MFIs and held by local credit institutions represented 5.27%.

At the end of the period under review, deposits and loans received from domestic entities amounted to €41.8 billion. They were dominated by deposits from other sectors, mostly from households (91.19%). Deposits and loans received from the general government sector represented 2.51%. Domestic MFIs accounted for 6.3% of the total volume of domestic deposits and loans received.

Loan claims on **other euro area member states** were dominated by claims on monetary financial institutions (69.48%). Claims on other sectors accounted for 30.52%.

Chart 8 Selected assets/liabilities: sectoral breakdown of domestic counterparty as at 31 March 2012 (%)



Source: NBS.
1) Monetary financial institutions – MFIs (S.121 + S.122).
2) Other sectors = Other financial intermediaries and Financial auxiliaries (S.123 and S.124) + Insurance corporations and Pension funds (S.125) + Non-financial corporations (S.11) + Households and Non-profit institutions serving households (S.14 and S.15).

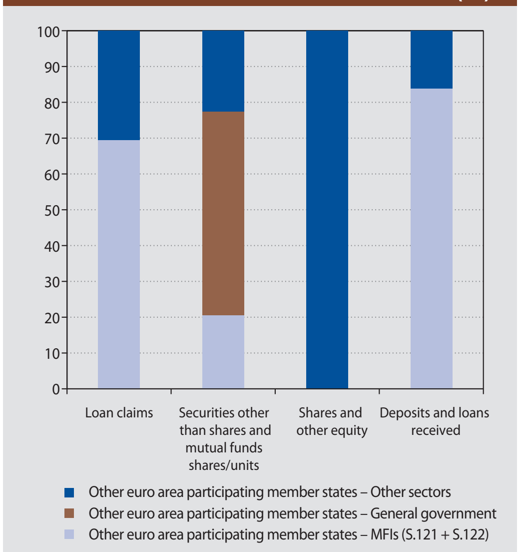
The total value of securities other than shares and mutual fund shares/units issued by issuers from other euro area countries, and held by credit institutions in Slovakia in their portfolio as at the end of the first quarter, stood at €0.7 billion. Of these securities, government securities accounted for 56.79%, securities issued by monetary financial institutions for 20.59%, and securities issued by other sectors for 22.62%.

Shares and other equity participations issued by other euro area countries held by credit institutions in Slovakia amounted to only €0.05 billion. Of these securities, equity securities issued by other sectors accounted for 99.94%, and those issued by monetary financial institutions for 0.06%.

Deposits and loans received from residents of other euro area member states amounted to €1.9 billion. They were dominated by deposits and loans received from monetary financial institutions (83.82%). Deposits from other sectors accounted for 16.13% and those from the general government sector represented 0.05%.

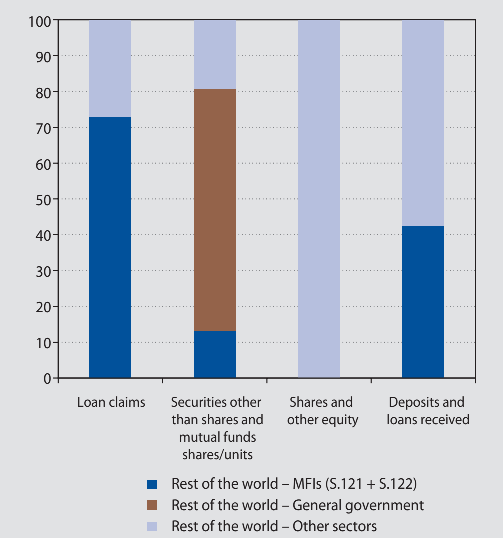
Loan claims on residents from **the rest of the world** stood at €2.6 billion as at the end of the first quarter of 2012. They were dominated by claims on monetary financial institutions (72.91%). Other sectors accounted for 26.94%, but the general government sector was responsible for only 0.15%.

Chart 9 Selected assets/liabilities: sectoral breakdown of counterparty from other euro area member states as at 31 March 2012 (%)



Source: NBS.

Chart 10 Selected assets/liabilities: sectoral breakdown of counterparty from the rest of the world as at 31 March 2012 (%)



Source: NBS.

Credit institutions in Slovakia held securities other than shares and mutual fund shares/units issued by *rest of the world* residents in the total amount of €0.8 billion. Of this amount, government securities accounted for 67.55%, securities issued in other sectors for 19.33%, and those issued by monetary financial institutions for 13.12%.

The value of shares and other equity securities issued by *rest of the world* residents and held in the portfolios of credit institutions in Slovakia was low (only €0.04 billion). They comprised equity securities issued by other sectors.

Deposits and loans received from *rest of the world* residents amounted to €2.2 billion as at the end of the first quarter. Other sectors accounted for 57.44% of this amount; 42.46% were placed by monetary financial institutions. General government deposits and loans received accounted for only 0.10%.

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

In year-on-year terms, the total assets of credit institutions in Slovakia increased in each quarter in the period from 31 March 2011 to 31 March 2012. The steepest year-on-year increase was recorded in the third quarter of 2011, when the outstanding amount of assets grew year-on-year by 5.58% (+€3.1 billion).

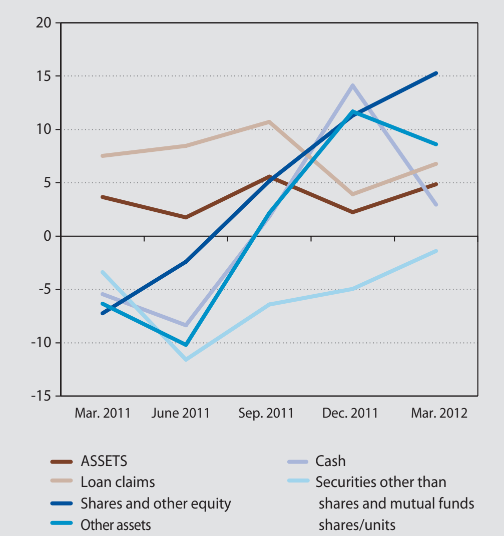
This change in the third quarter last year was influenced mostly by loan claims, which grew in amount by 10.71% year-on-year (by €4.0 billion), mainly as a result of increases in the amounts of claims with a maturity of over five years and short-term claims with a maturity of up to one year.

Securities other than shares and mutual fund shares/units in the portfolios of credit institutions recorded the most significant change in amount at the end of the second quarter of 2011, when their outstanding amount fell by 11.58% year-on-year (by €1.8 billion).

The outstanding amount of shares and other equity participations (including money market fund shares/units) was relatively low at the end of all quarters under review (below €0.57 billion). The most significant change occurred at the end of the first quarter of 2012: a year-on-year increase of 15.28% (+€0.08 billion).

Other assets changed most significantly in year-on-year terms at the end of the fourth quarter of 2011. They increased in amount by 11.67% (€0.3 billion), mainly as a result of growth in the outstanding amount of fixed assets and derivatives with a positive fair value.

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



Source: NBS.

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

	III.11	VI.11	IX.11	XII.11	III.12
ASSETS	**2,012,845**	**988,749**	**3,098,790**	**1,265,223**	**2,751,363**
Cash	**-34,283**	**-52,708**	**10,939**	**88,820**	**17,486**
Loan claims	**2,741,039**	**3,128,103**	**3,954,926**	**1,507,534**	**2,647,119**
Loan claims – up to 1 year	565,766	178,091	1,250,746	-810,281	581,699
Loan claims – over 1 and up to 5 years	-66,383	274,950	-32,872	-153,989	-99,500
Loan claims – over 5 years	2,241,656	2,675,062	2,737,052	2,471,804	2,164,920
Securities other than shares and mutual funds shares/units	**-490,530**	**-1,808,279**	**-951,244**	**-697,439**	**-199,089**
Securities other than shares and mutual funds shares/units up to 1 year	-951,483	-1,145,037	-758,350	-332,269	249,270
Securities other than shares and mutual funds shares/units over 1 and up to 2 years	33,911	-5,346	14,235	-277,081	-263,092
Securities other than shares and mutual funds shares/units over 2 years	427,042	-657,896	-207,129	-88,089	-185,267
Shares and other equity	**-38,455**	**-12,877**	**26,960**	**55,309**	**75,410**
Other assets	**-164,926**	**-265,490**	**57,209**	**310,999**	**210,437**

Source: NBS.

The cash holdings of credit institutions also recorded a marked change in amount at the end of the fourth quarter of 2011: a year-on-year increase of 14.11% (+€0.09 billion). This increase took place mostly in euro-denominated cash holdings.

The total liabilities of credit institutions in Slovakia increased in year-on-year terms in each quarter of the period under review, i.e. from 31 March 2011 to 31 March 2012. The most significant year-on-year change (a rise of 5.58%, i.e. €3.1 billion) was recorded at the end of the third quarter of 2011.

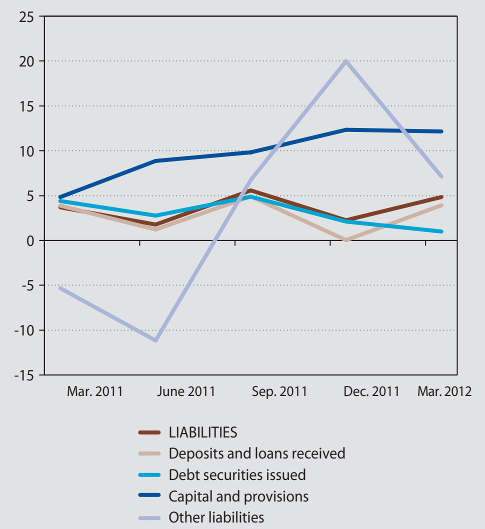
This change was caused mainly by deposits and loans received, which grew in volume by 4.91% (+€2.1 billion) year-on-year. Increases were mainly recorded in the outstanding amounts of deposits and loans received with a maturity of more than one year.

The outstanding amount of debt securities issued also changed most significantly at the end of the third quarter of 2011, when a year-on-year increase of 4.87% (€0.2 billion) was recorded, mainly in securities with a maturity of over two years. By contrast, the outstanding amount of debt securities with a maturity of over one and up to two years decreased in year-on-year terms.

Capital and provisions recorded a marked change at the end of the fourth quarter of 2011: a rise of 12.34% in value (+€0.9 billion) in year-on-year terms. The similar year-on-year change was recorded at the end of the first quarter of 2012 (by12.15%).

In the period under review, the outstanding amount of other liabilities changed most significantly in the fourth quarter of 2011, when it grew by 19.98% (+€0.3 billion). This change was also influenced by an increase in the amount of interest accrued on deposits and loans received, derivatives with a negative value, and transit items.

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



Source: NBS.

Table 7 Year-on-year changes in liabilities of credit institutions in SR (EUR thousands)

	III.11	VI.11	IX.11	XII.11	III.12
LIABILITIES	**2,012,845**	**988,749**	**3,098,790**	**1,265,223**	**2,751,363**
Deposits and loans received	**1,644,757**	**533,998**	**2,125,862**	**22,141**	**1,724,341**
Deposits and loans received up to 1 year	899,292	-73,421	380,443	-3,168,037	-1,794,139
Deposits and loans received over 1 year	745,465	607,419	1,745,419	3,190,178	3,518,480
Debt securities issued	**150,338**	**95,098**	**165,792**	**72,628**	**34,873**
Debt securities issued up to 1 year	0	0	0	60,000	60,000
Debt securities issued over 1 and up to 2 years	-385,277	-176,894	-68,347	-115,738	-114,326
Debt securities issued over 2 years	535,615	271,992	234,139	128,366	89,199
Capital and provisions	**325,472**	**589,842**	**674,179**	**863,478**	**855,259**
Other liabilities	**-107,722**	**-230,189**	**132,957**	**306,976**	**136,890**

Source: NBS.

2.6 PROFIT/LOSS ANALYSIS FOR CREDIT INSTITUTIONS

2.6.1 Current period profit/loss

Profit for the current period as reported by credit institutions was at an average level as at 31 March 2012, compared with the period under monitoring (since 2008).

After taking inventories, credit institutions create provisions for impaired and non-performing loans. As at 31 March 2012, claims on non-bank customers reached a record level in comparison with the previous quarters under review, but the amount of loan-loss provisions fell slightly. The ratio of provisions to claims dropped from 4.27% to 4.19%.

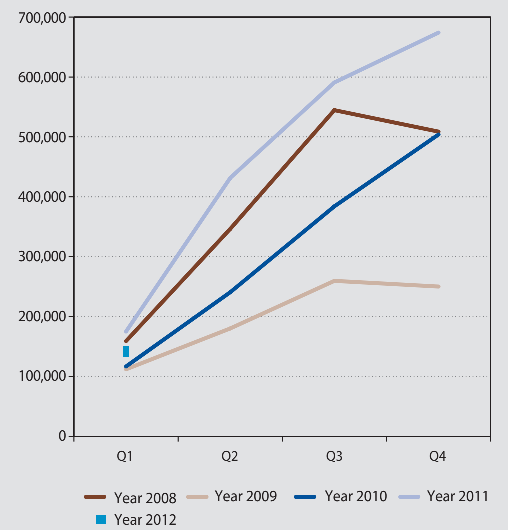
Loan-loss provisioning costs reported as at 31 March 2012 were higher than in the previous years, but the value of provisions for loans to customers fell slightly. Provisioning expenses and incomes from the cancellation of provisions are quantified in aggregate terms, for all three months of the respective quarter.

Non-performing loans covered by provisions up to 100% and impaired loans are written off by credit institutions as expenses, or are transferred/sold to a third party. The costs of written-off and assigned loan claims as at 31 March 2012 remained at their end-year level. As a result of inventory taking, the costs of written-off and assigned loan claims reached a record level in the fourth quarter.

In EU countries, loan assignment takes place in the form of securitisation.

Securitisation is a transaction through which bank loans are pooled and transferred to a special-purpose vehicle, which is separated from the originator. Securitisation is used to convert illiquid assets (loans) into liquid assets, i.e. securities, which are

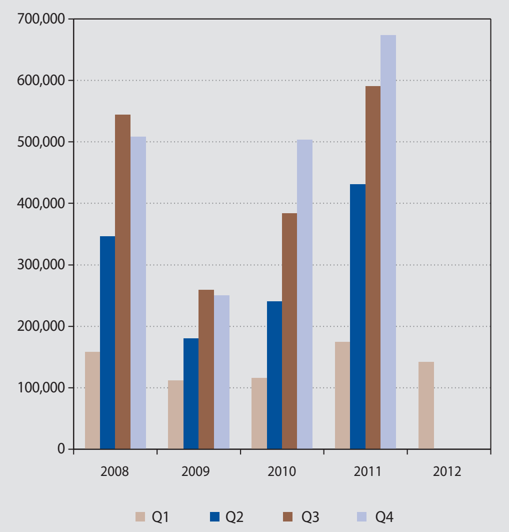
Chart 13 Current period profit/loss (EUR thousands)



Source: NBS.

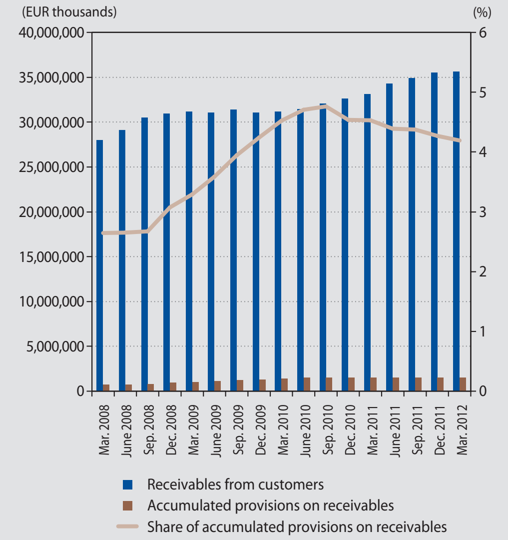
subsequently sold to investors. In this way, loans are converted into marketable securities. The credit risk involved in illiquid assets is shifted to a third party. The originator usually purchases no securities; the funds obtained from the sale of securities are transferred to its bank account.

Chart 14 Current period profit/loss (EUR thousands)



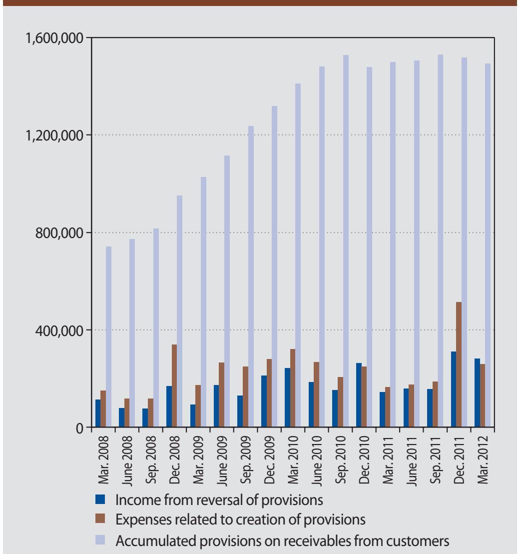
Source: NBS.

Chart 16 Receivables from non-bank customers (EUR thousands)



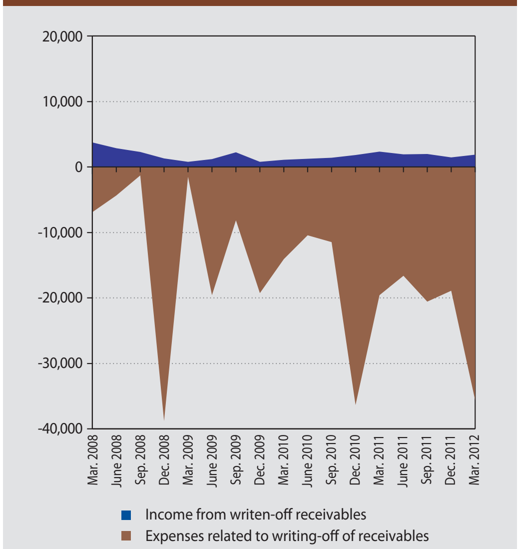
Source: NBS.

Chart 15 Provisions (EUR thousands)



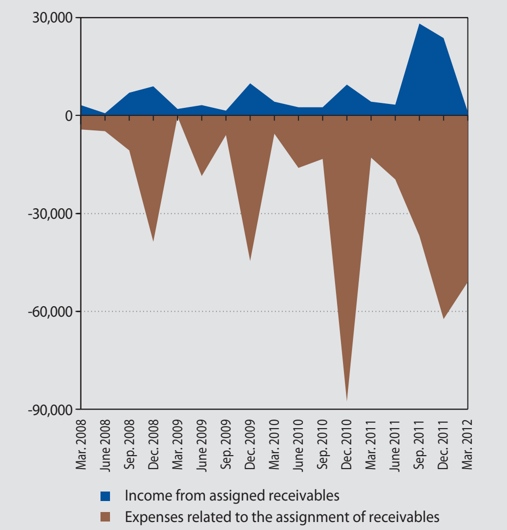
Source: NBS.

Chart 17 Writen-off receivables from customers (EUR thousands)



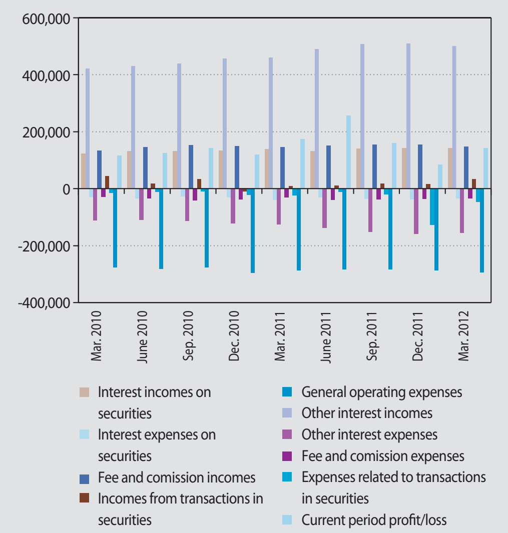
Source: NBS.

Chart 18 Assigned receivables from customers (EUR thousands)



Source: NBS.

Chart 19 Selected incomes and expenses compared with current period profit/loss (EUR thousands)



Source: NBS.

2.6.2 Selected revenue/expenditure items as reflected in profits/losses

Other interest income reached a near-record level as at 31 March 2012, the second highest in the period under review. Revenue from fees and commissions stood at an average level, but revenue from securities transactions reached its second highest level recorded in the period under review.

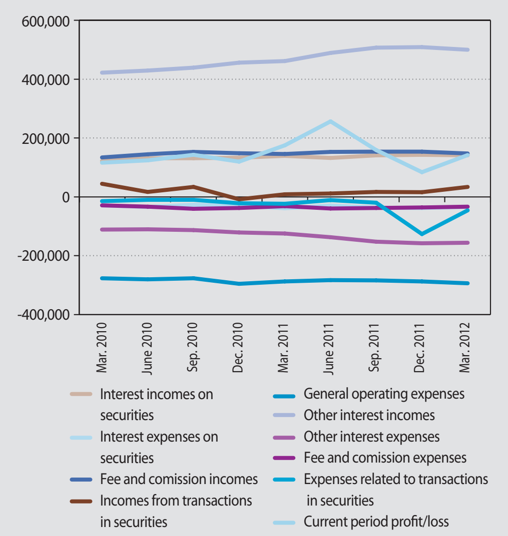
General operating expenses also reached their second highest level in the period under review.

Interest expenses on securities stood at an average level, as well as expenses on fees and provisions.

Expenses incurred in connection with securities transactions also reached their second highest level, owing to the revaluation of debt and equity securities to fair value.

The selected revenues and expenses relate to the main activities of credit institutions. The values for the individual quarters are given as an aggregate of three monthly values recorded in the respective quarter.

Chart 20 Selected incomes and expenses compared with current period profit/loss (EUR thousands)



Source: NBS.

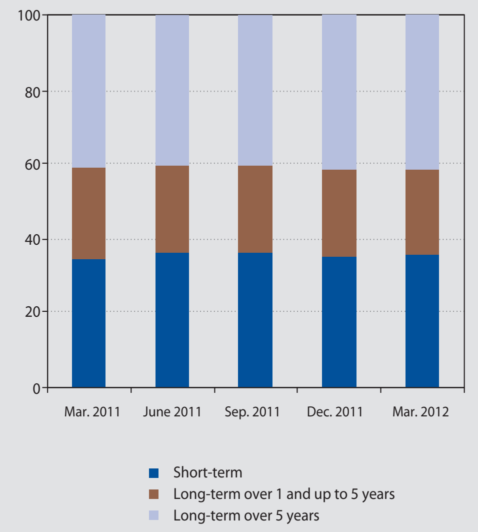
2.7 LENDING TO NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS

2.7.1 LOANS TO NON-FINANCIAL CORPORATIONS BY MATURITY

The first quarter of 2012 saw continued growth in both short-term loans with a maturity of up to one year and long-term loans with a maturity of over five years in year-on-year terms. Long-term loans with a maturity of over one and up to five years continued to decline in year-on-year terms.

The three-month average rate of year-on-year growth in long-term loans with a maturity of over five years slowed to 6.8% in the first quarter of 2012, from 11.3% in the fourth quarter of 2011, while the figure for short-term loans increased from 5.1% to 6.3%. The three-month average rate of year-on-year change in long-term loans with a maturity of over one and up to five years decreased to -3.3%, from -1.8%.

Chart 22 Loans to non-financial corporations by maturity (% share)



Source: NBS.

Loans to non-financial corporations recorded in March 2012 were dominated by long-term loans with a maturity of more than five years. Their share stood at 41.5%, representing a fall of 0.4 percentage point compared with December 2011. They were followed by short-term loans with a maturity of up to one year, with a share of 35.6% (0.3 percentage point more than in December). The smallest share was accounted for by loans with a maturity of over one and up to five years (22.9%, 0.1 percentage point more than in December 2011).

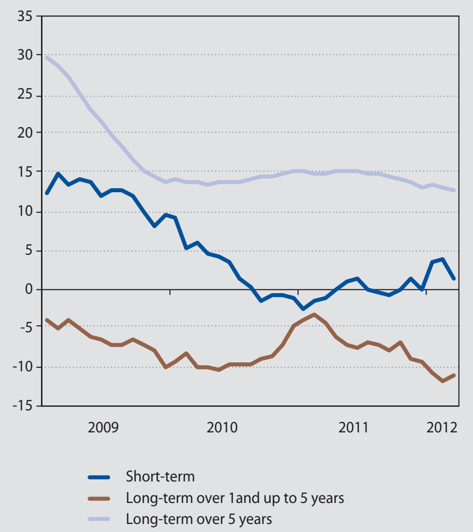
2.7.2 LOANS TO HOUSEHOLDS BY MATURITY

Long-term loans with a maturity of over five years granted to households continued to grow in year-on-year terms, but the three-month average rate of growth slowed by 0.5 percentage point (to 13%) in the first quarter

Chart 21 Loans to non-financial corporations by maturity (year-on-year changes in %)

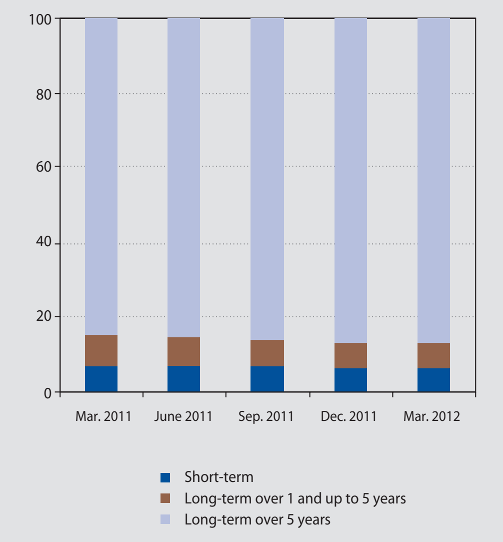
Source: NBS.
Note: The source data are in nominal value

Chart 23 Loans to households by maturity (year-on-year changes in %)



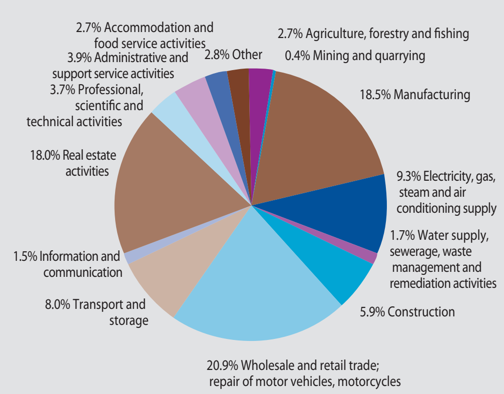
Source: NBS.
Note: The source data are in nominal value

Chart 24 Loans to households by maturity (% share)



Source: NBS.

Chart 25 Loans to non-financial corporations by economic activity as at 31 March 2012

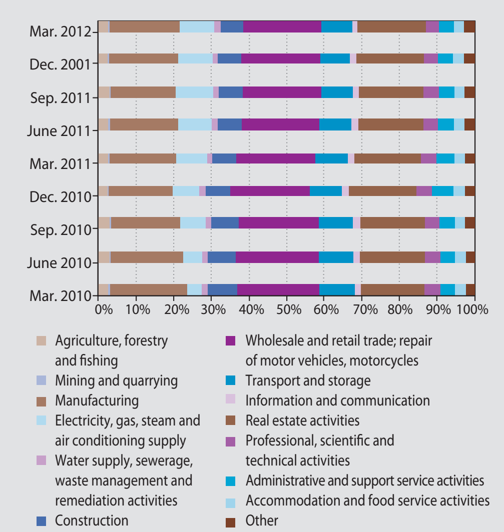


Source: NBS.

of 2012. After stagnating for a longer period, short-term loans also increased, with the three-month average growth rate accelerating from 0.5% to 3%. Long-term loans with a maturity of over one and up to five years continued to decline in year-on-year terms. The three-month average rate of annual change decreased from -8.4% to -11.3%.

The total amount of loans granted to households (as at 31 march 2012) was dominated by long-term loans with a maturity of over five years (87.1%), though their proportion decreased by 0.3 percentage point compared with December 2011. They were followed by short-term loans with a maturity of up to one year, the share of which remained at the level of December 2011 (6.5%). The share of long-term loans with a maturity of up to one and over five years increased by 0.3 percentage point, to 6.4%.

Chart 26 Evolution of loans to non-financial corporations by economic activity



Source: NBS.

2.7.3 Loans to non-financial corporations by economic activity

As at 31 March 2012, the structure of loans granted to non-financial corporations by economic activity was dominated by *wholesale and retail trade*, with a share of 20.9%. This sector was followed by *manufacturing* (18.6%) and *real estate activities* (18%). The smallest share was accounted for by *mining and quarrying* (0.4%)

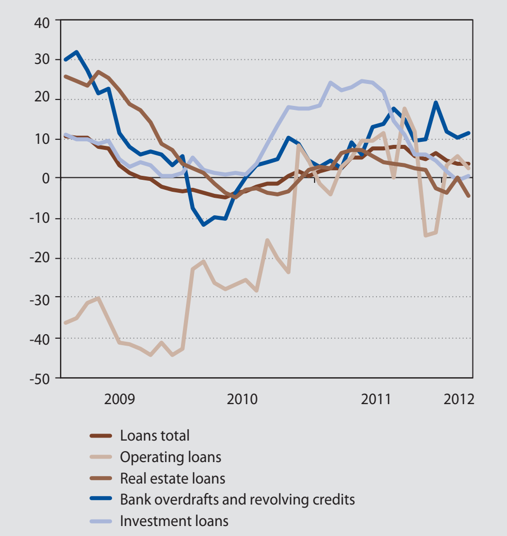
Over the past two years, no major change has been recorded in the structure of borrowers. The most significant change was an increase in the share of *electricity, gas, steam and air-conditioning supply*, from 3.8% in March 2010 to 9.3% in March 2012 (by 5.5 percentage points), accompanied by a decrease of 2 percentage points in the share of the *manufacturing* and *construction* sectors, to 18.5% and 5.9% respectively.

2.7.4 Loans to non-financial corporations by type of loan

In the first quarter of 2012, the following types of loans fell in volume in year-on-year terms: operating loans, current accounts overdrafts and revolving loans. Investment loans were mostly stagnant, while real estate loans decreased.

The three-month average rate of year-on-year growth in current account overdrafts and revolving loans fell to 11.3% in the first quarter of 2012, from 12.9% in the last quarter of 2011; the figure for operating loans rose by an average of 3.9% while they decreased in November and December 2011 by -14.5% and -13.7% and increased in October 2011 (+11.9%). In the first three months of 2012, investment loans grew in year-on-year terms at a rate of 1.8%, -0.6%, and 0.7% respectively, after expanding in the last quarter of 2011 by an average of 5.7%. In December 2011, January 2012, and March 2012, real estate loans declined in year-on-year terms by -2.6%, -3.7%, and -4.6% respectively. In October 2011, November 2011, and February 2012, real estate loans grew year-on-year at a rate of 2.9%, 2.1%, and 0.1% respectively.

Chart 27 Loans to non-financial corporations by type of loan (year-on-year change in %)

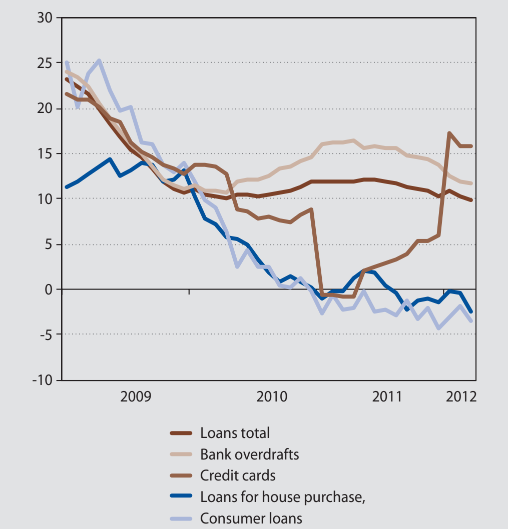


Source: NBS.

2.7.5 Loans to households by type of loan

The year-on-year rate of growth in consumer loans accelerated to a significant extent: the three-month average rate increased to 16.3% in the first quarter of 2012, from 5.5% in the last quarter of 2011. At the same time, the rate of growth in housing loans slowed slightly, from 14.1% to 12%. The moderate decline in current account overdrafts and credit card loans continued. The year-on-year rate of decline in current account overdrafts slowed to -1.1% (from -1.3%), and that in credit card loans to -2.9% (from -3.2%).

Chart 28 Loans to households by type of loan (year-on-year change in %)



Source: NBS.

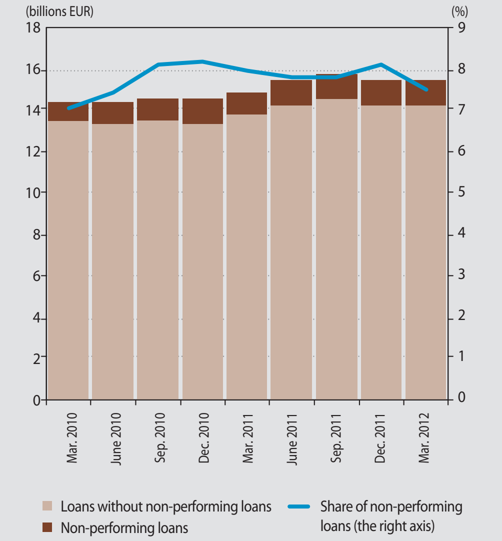
2.7.6 Non-performing loans

2.7.6.1 Non-performing loans in the non-financial corporations sector

The share of non-performing loans in the total volume of loans granted to non- financial corporations decreased by 0.6 percentage point (to 7.5%) in the first quarter of 2012, compared with the final quarter of 2011. The proportion of non-performing loans to operating loans in total dropped by 0.8 percentage point (to 7.6%), that of non-performing loans to real estate loans in total by 0.7 percentage point (to 9.6%), and that of non-performing loans to investment loans in total by 0.1 percentage point (to 7.1%).

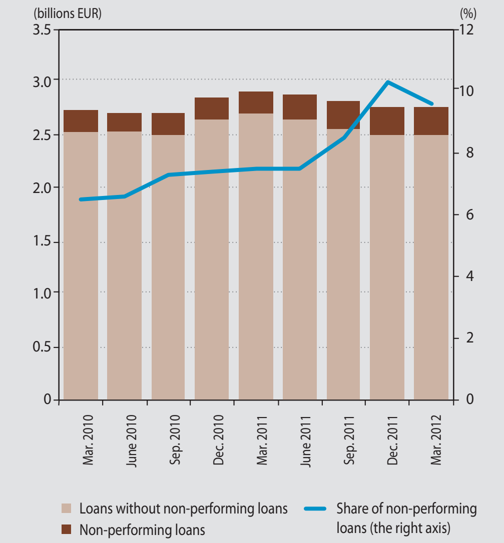
The share of non-performing current account overdrafts and revolving loans increased somewhat, to 5.5%. The share of non-performing credit card loans remained unchanged in comparison with the last quarter of 2011, at 18%.

Chart 29 Share of non-performing loans in total loans to non-financial corporations



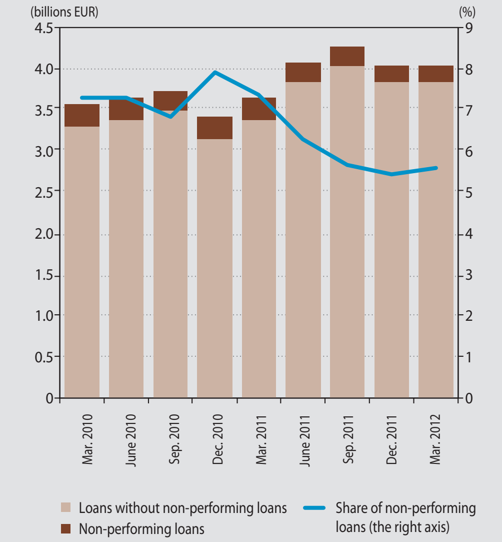
Source: NBS.

Chart 31 Share of non-performing loans in real estate loans to non-financial corporations



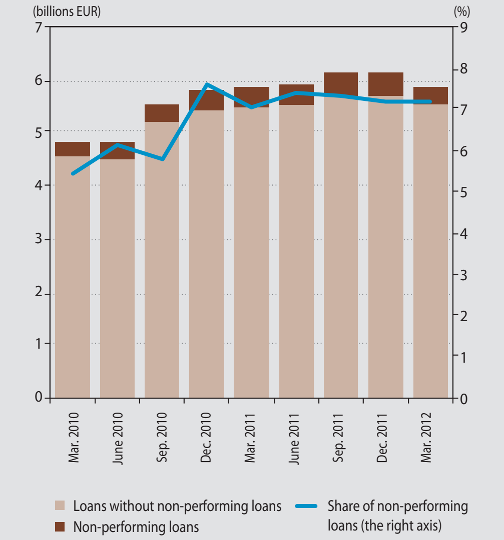
Source: NBS.

Chart 30 Share of non-performing loans in bank overdrafts and revolving credits to non-financial corporations



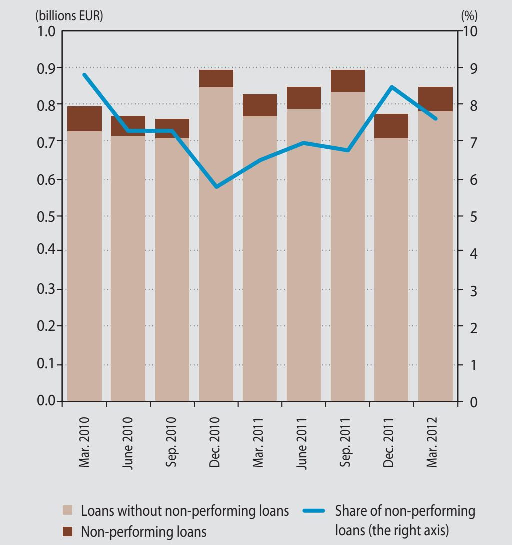
Source: NBS.

Chart 32 Share of non-performing loans in investment loans to non-financial corporations



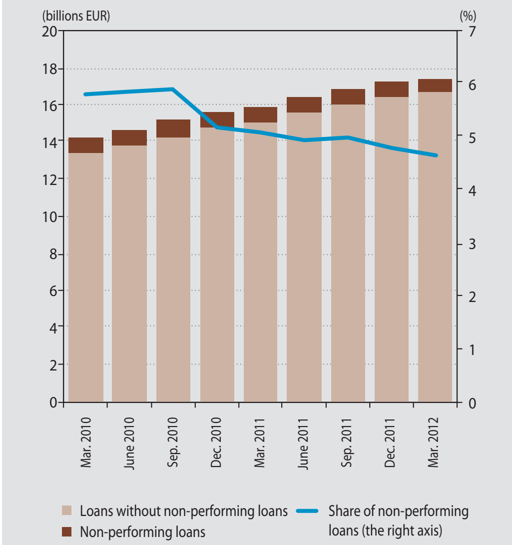
Source: NBS.

Chart 33 Share of non-performing loans in operating loans to non-financial corporations



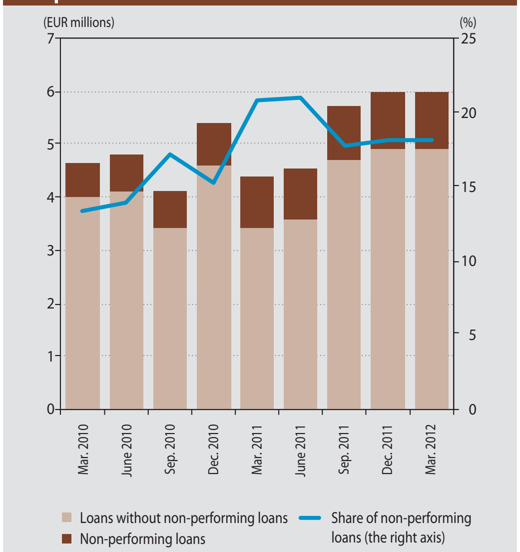
Source: NBS.

Chart 35 Share of non-performing loans in total loans to households



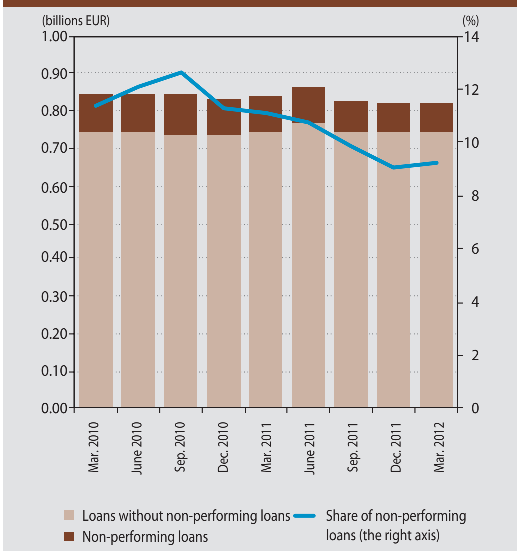
Source: NBS.

Chart 34 Share of non-performing loans in credit card loans to non-financial corporations



Source: NBS.

Chart 36 Share of non-performing loans in bank overdrafts to households

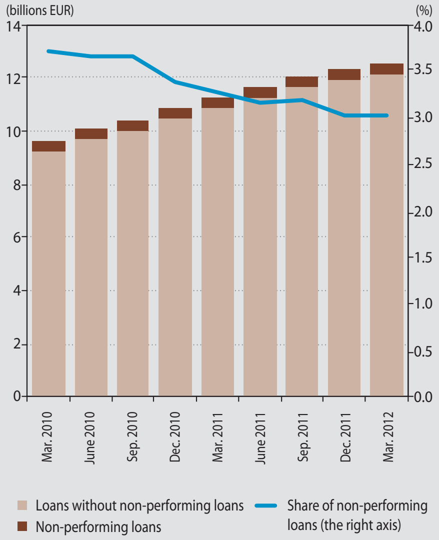


Source: NBS.

2.7.6.2 Non-performing loans in the household sector

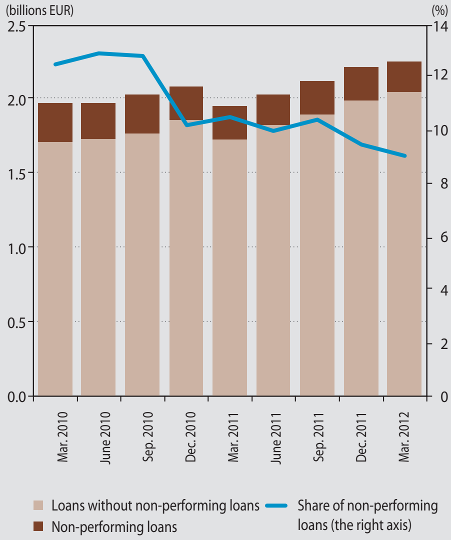
The share of non-performing loans in loans granted to households decreased in comparison with the last quarter of 2011 by 0.1 percentage point, to 4.7% in the first quarter of 2012. The share of non-performing loans decreased in the case of credit card loans (by 1.4 percentage points, to 14.1%) and consumer loans (by 0.5 percentage point, to 9%). The share of non-performing current account overdrafts increased by 0.2 percentage point, to 9.2%. The share of non-performing loans in the category loans for house purchase remained unchanged, at the level of 3% of the total volume of housing loans granted to households.

Chart 37 Share of non-performing loans in loans for house purchase to households



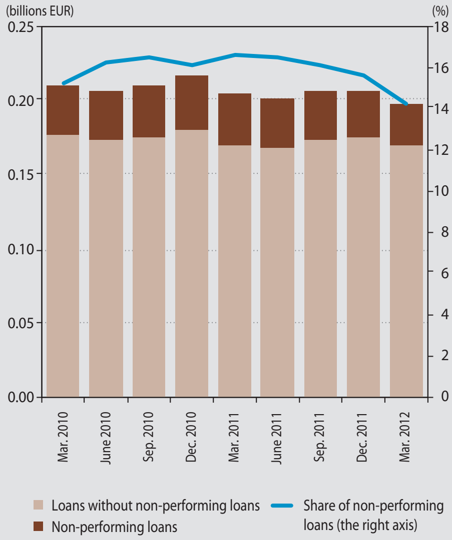
Source: NBS.

Chart 39 Share of non-performing loans in consumer loans to households



Source: NBS.

Chart 38 Share of non-performing loans in credit card loans to households



Source: NBS.

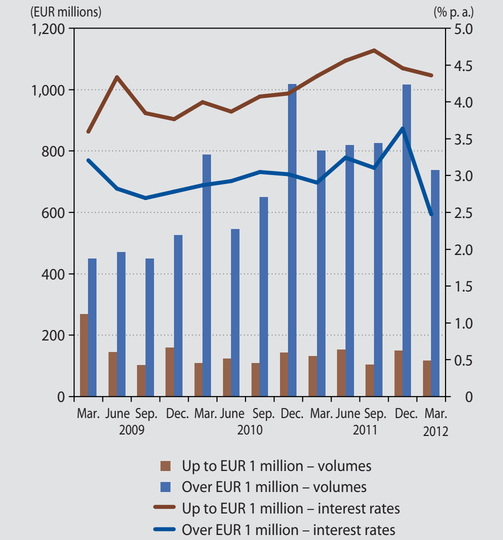
2.8 INTEREST RATES AND VOLUMES: LOANS GRANTED

2.8.1 Interest rates and volumes: loans to non-financial corporations (new business)

In year-on-year terms, the total volume of new loans granted to non-financial corporations fell by 8.9% in the first quarter of 2012. The volume of loans in the category *loans up to €1 million* decreased by 6.9% in the first quarter of 2012, compared with the first quarter of 2011. In year-on-year terms, the share of loans of this category in the total volume of loans granted increased slightly, from 11.7% to 12%. Interest rates on these loans rose from 4.17% p.a. to 4.32% p.a. The volume of loans in the category *loans over €1 million* fell by 9.1% in the first quarter of 2012, compared with the first quarter of 2011. The share of *new loans over €1 million* in the total volume of loans granted to non-financial corporations decreased somewhat in year-on-year terms (by 0.2%), while the rates of interest fell by 0.5% p.a. to 2.36% p.a.

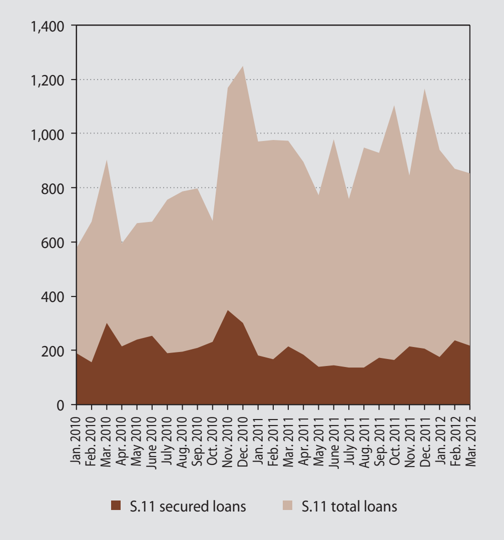
In the first quarter of 2012, the share of new secured loans in the total volume of new loans granted to non-financial corporations increased in year-on-year terms, from 19.3% to 23.6%. In-

Chart 40 Interest rates and volumes: loans to non-financial corporations (new business)



Source: NBS.

Chart 42 Share of secured loans in total loans to non-financial corporations (new business) (EUR millions)

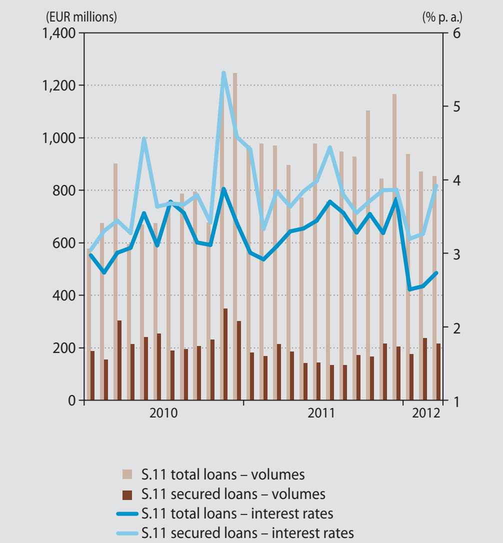


Source: NBS.

terest rates on secured loans fell to 3.5% p.a. in the first quarter of 2012, from 3.9% p.a. in the first quarter of 2011. The average interest rate on all new loans granted to non-financial corporations fell in year-on-year terms, from 3.0% p.a. to 2.6% p.a.

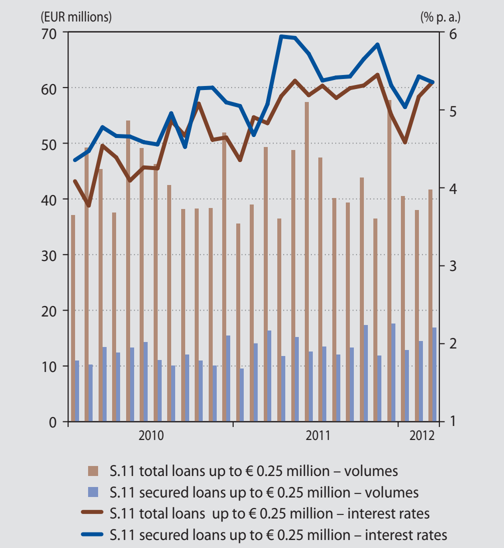
In the first quarter of 2012, the share of new secured loans in the volume of new loans granted to non-financial corporations in the *new loans up to €0.25 million* category increased in year-on-year terms, from 32.3% to 36.8%. Interest rates on secured loans in this category rose to 5.3%

Chart 41 Interest rates and volumes: secured and total loans to non-financial corporations (new business)



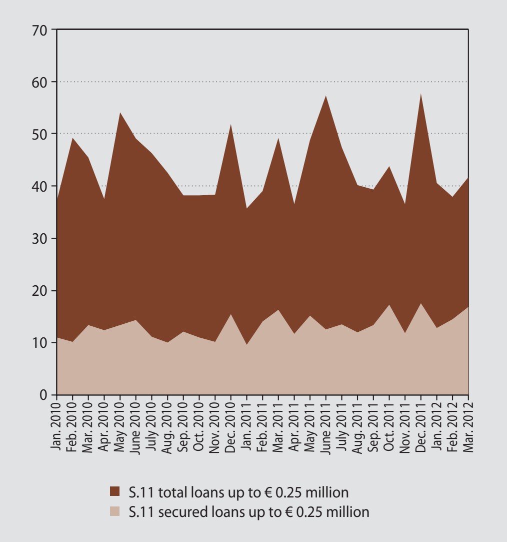
Source: NBS.

Chart 43 Interest rates and volumes: secured and total „loans up to € 0.25 million“ to non-financial corporations (new business)



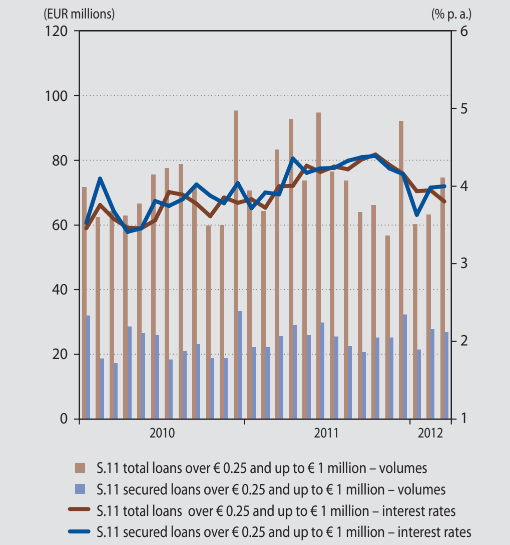
Source: NBS.

Chart 44 Share of secured loans in total „loans up to € 0.25 million“ to non-financial corporations (new business) (EUR millions)



Source: NBS.

Chart 45 Interest rates and volumes: secured and total „loans over € 0.25 and up to € 1 million“ to non-financial corporations (new business)

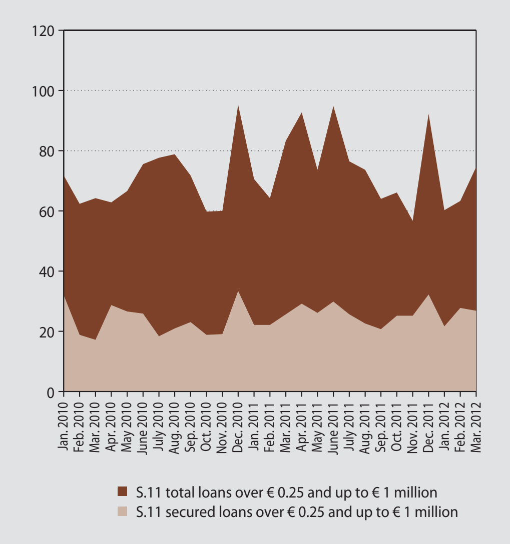


Source: NBS.

p.a. in the first quarter of 2012, from 4.9% p.a. in the first quarter of 2011. Interest rates on new loans of this category provided to non-financial corporations rose in year-on-year terms, from 4.7% p.a. to 5.0% p.a.

The share of new secured loans in the volume of new loans granted to non-financial corporations in the category *loans over €0.25 million and up to €1 million* increased in year-on-year terms, from 32.1% to 38.4%. Interest rates on secured loans in this category rose slightly, from 3.84% p.a. in the first quarter of 2011 to 3.89% p.a. in the first quarter of 2012. Interest rates on new loans of this category provided to non-financial corporations remained unchanged in year-on-year terms, at 3.9% p.a.

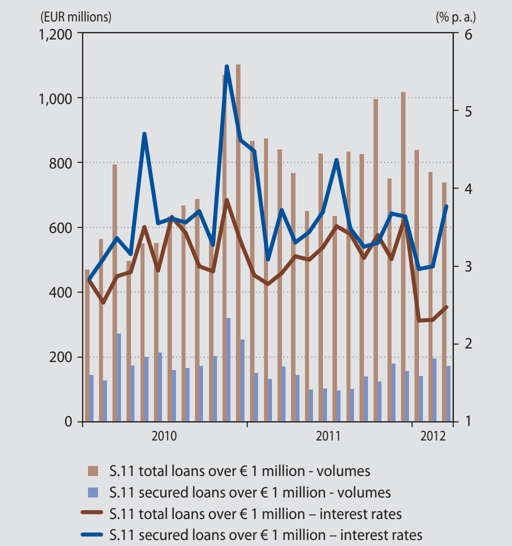
Chart 46 Share of secured loans in total „loans over € 0.25 and up to € 1 million“ to non-financial corporations (new business) (EUR millions)



Source: NBS.

The share of new secured loans in the volume of new loans granted to non-financial corporations in the *new loans over €1 million* category increased in year-on-year terms, from 17.6% in the first quarter of 2011 to 21.7% in the first quarter of 2012. Interest rates on secured loans of this category dropped to 3.3% p.a. in the first quarter of 2012, from 3.8% p.a. in the first quarter of 2011. Interest rates on new loans of this category provided to non-financial corporations fell in year-on-year terms, from 2.9% p.a. to 2.4% p.a.

Chart 47 Interest rates and volumes: secured and total „loans over € 1 million“ to non-financial corporations (new business)



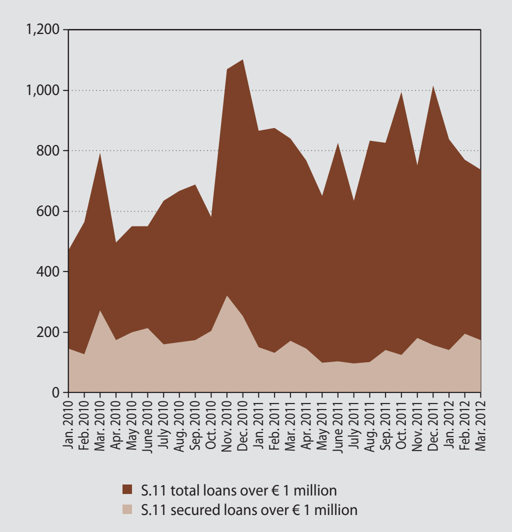
Source: NBS.

2.8.2 Interest rates and volumes: loans to households (new business)

Demand for loans in the household sector is dominated by demand for housing loans. Lending rates for *loans for house purchase* rose by 0.2% year-on-year, to 5.0% p.a. in the first quarter of 2012. Lending rates rose in year-on-year terms for all categories of housing loans, except for intermediate loans, which are offered by building savings banks. The average rate for these loans fell from 5.9% p.a. to 4.4% p.a. in the first quarter of 2012. Interest rates on building loans remained unchanged, at 4.7% p.a. Interest rates on mortgage loans rose by 0.3%, to 5.2% p.a. The most significant interest rate rise was recorded in the *other loans for house purchase* category (by 0.4%, to 5.0% p.a.).

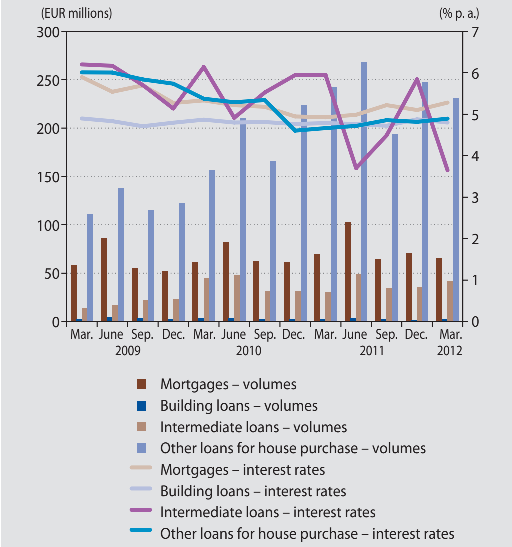
The annual percentage rate of charge (APRC) related to housing loans slightly exceeded the rate of interest paid on these loans. Along with the rise in interest on *loans for house purchase*, the APRC also rose in the first quarter of 2012, by 0.3% year-on-year (to 5.4% p.a.). The same trend was recorded in *loans for consumption*. Interest

Chart 48 Share of secured loans in total „loans over € 1 million“ to non-financial corporations (new business) (EUR millions)



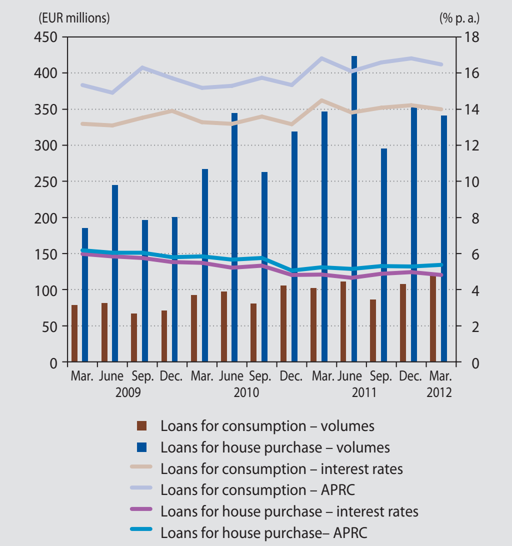
Source: NBS.

Chart 49 Interest rates and volumes: loans for house purchase to households (new business)



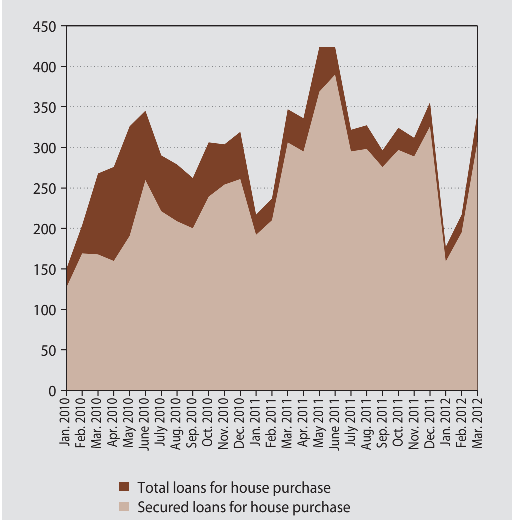
Source: NBS.

Chart 50 Interest rates, APRC and volumes: loans for consumption and loans for house purchase to households (new business)



Source: NBS.

Chart 52 Share of secured loans for house purchase in total loans for house purchase to households (new business) (EUR millions)



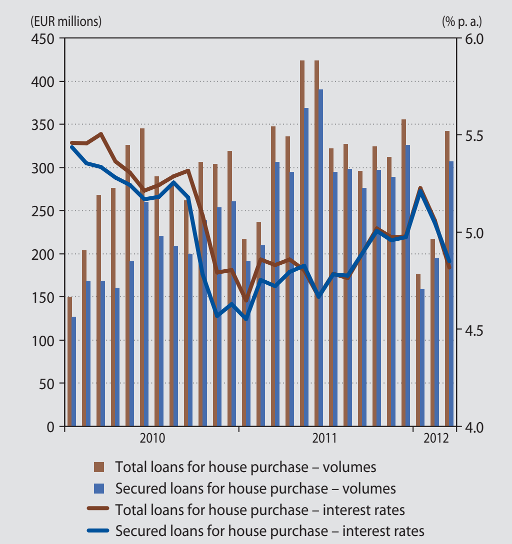
Source: NBS.

rates on consumer loans rose by 0.2% year-on-year in the first quarter, to 14.3% p.a. The annual percentage rate of charge for consumer loans rose by 0.4%, to 16.8% p.a.

The share of new secured *loans for house purchase* in the total volume of loans granted to households for house purchases increased in year-on-year terms, from 88.4% to 89.8% in the first quarter of 2012. The average weighted interest rate on secured loans rose in the period under review by 0.3%, to 5.0% p.a.

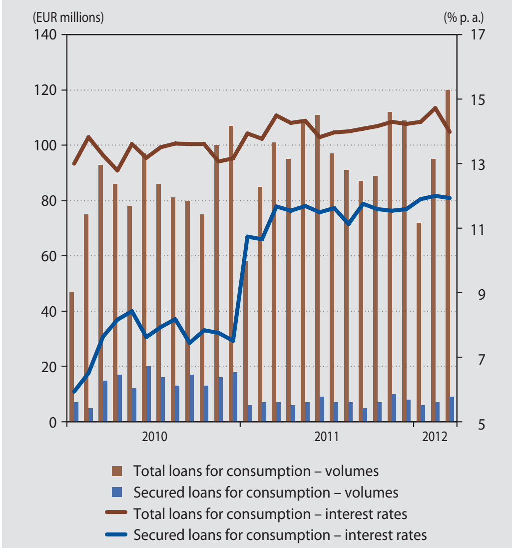
In the case of *loans for consumption*, the share of secured loans was substantially smaller than in the case of housing loans. The first quarter of

Chart 51 Interest rates and volumes: secured and total loans for house purchase to households (new business)



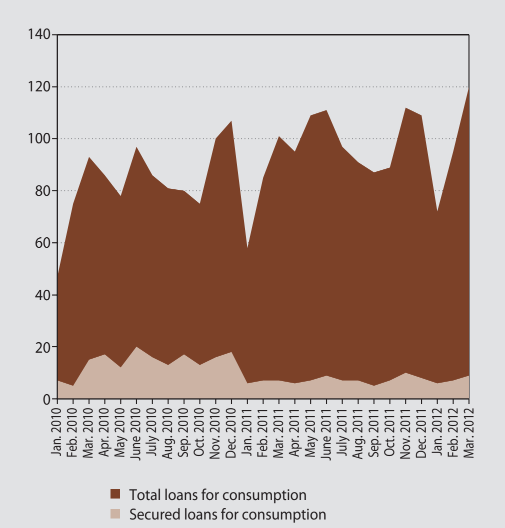
Source: NBS.

Chart 53 Interest rates and volumes: secured and total loans for consumption to households (new business)



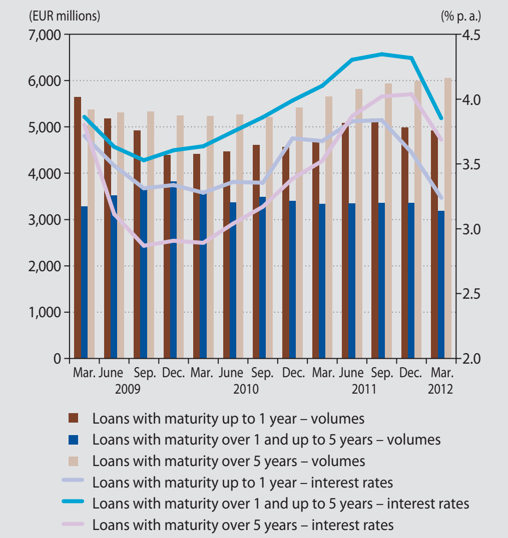
Source: NBS.

Chart 54 Share of secured loans for consumption in total loans for consumption to households (new business) (EUR millions)



Source: NBS.

Chart 55 Interest rates and volumes: loans to non-financial corporations by maturity (outstanding amounts)



Source: NBS.

2012 saw a year-on-year decrease in the share of secured loans, from 8.2% to 7.7%. Interest rates on secured consumer loans rose in year-on-year terms, from 11.0% p.a. to 11.9% p.a. in the first quarter of 2012.

2.8.3 Interest rates and volumes: loans to non-financial corporations (outstanding amounts)

Interest rates on loans with a maturity of over one and up to five years are higher than the rates for other loan categories (a long-term trend), but these loans are the smallest of all in terms of volume. The most significant loans in the Slovak market (in terms of volume) are loans with a maturity of over five years. This trend started in the second half of 2009 and continued throughout 2011 and the first quarter of 2012.

Interest rates on loans granted to non-financial corporations with a maturity of up to one year fell by 0.3% year-on-year, to 3.4% p.a. in the first quarter of 2012. A rise was recorded in rates for long-term loans with a maturity of over five years, i.e. from 3.5% p.a. to 3.8% p.a. in the first quarter of 2012. Compared with the first quarter of 2011, interest rates on loans with a maturity of over one and up to five years remained unchanged in the first quarter of 2012, at 4.0% p.a.

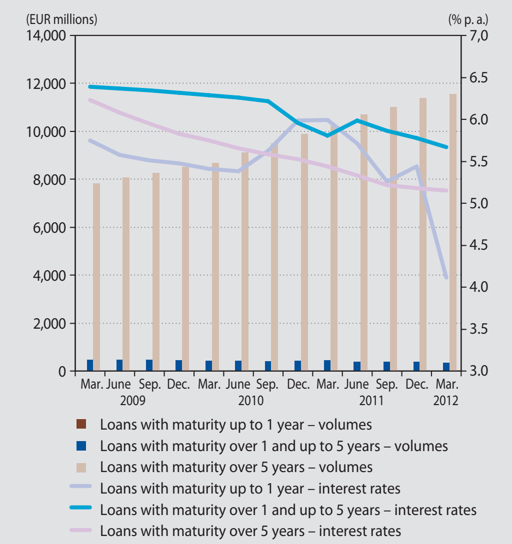
2.8.4 Interest rates and volumes: loans to households (outstanding amounts)

In terms of volume, loans granted to households *for consumption* and *house purchases* are dominated by loans with a maturity of over five years.

Overall, interest rates on *loans for house purchase* provided to households show a falling tendency. The sharpest interest rate fall in the first quarter of 2012, compared with the first quarter of 2011, was recorded in the case of house purchase loans with a maturity of up to one year (-1.1%, to 4.95% p.a.). Interest rates on housing loans with a maturity of over five years dropped by 0.3% year-on-year, to 5.2% p.a. The most moderate fall occurred in rates for house purchase loans with a maturity of over one and up to five years (-0.1%, to 5.7% p.a.).

The amounts of *loans for consumption* with a maturity of up to one year are negligible. This was reflected in the rates of interest, too. Interest rates on consumer loans with a maturity of over one and up to five years followed a stable course, though the volume of these loans was decreasing. In terms of volume, the most significant category was that of consumer loans with a maturity of over five years.

Chart 56 Interest rates and volumes: loans for house purchase to households by maturity (outstanding amounts)



Source: NBS.

In year-on-year terms, interest rates on consumer loans to households followed a rising trend in all maturities, except in the case of loans granted with a maturity of over five years, the price of which remained unchanged in year-on-year terms, at 13.5% p.a. The steepest year-on-year rise was recorded in rates for consumer loans with a maturity of up to one year (+1.4%, to 14.0% p.a.), but these loans were of little significance in terms of volume. Interest rates on consumer loans with a maturity of over one and up to five years rose slightly, from 14.56% p.a. to 14.63% p.a.

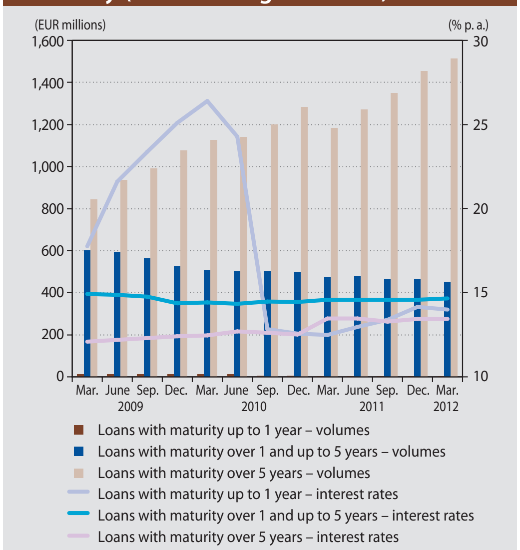
2.9 DEPOSITS RECEIVED FROM NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS

2.9.1 Deposits received from non-financial corporations

In year-on-year terms, overnight deposits received from non-financial institutions decreased in January and February 2012; in January 2012 by 3.2%, representing a slowdown of 4.3 percentage points in the rate of growth compared with December 2011. This was followed by year-on-year drop of 0.9% in February and an increase of 4.1% in March 2012, in year-on-year terms. In January, the year-on-year decline in deposits with agreed maturity moderated by 3.9 percentage points compared with December 2011, to -10.8%. February and March saw a modest year-on-year increase in these deposits (+2.6% and +1.2% respectively).

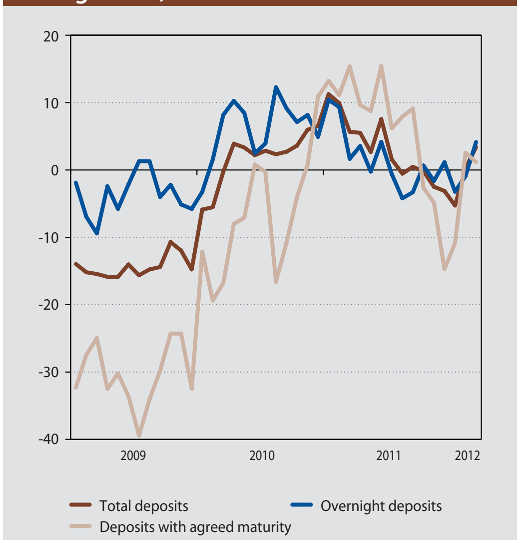
The changing volume of deposits was also reflected in the structure of deposits. By the end of March 2012, the share of deposits redeemable on demand had decreased by 6 percentage points (to 69%) compared with December 2011,

Chart 57 Interest rates and volumes: loans for consumption to households by maturity (outstanding amounts)



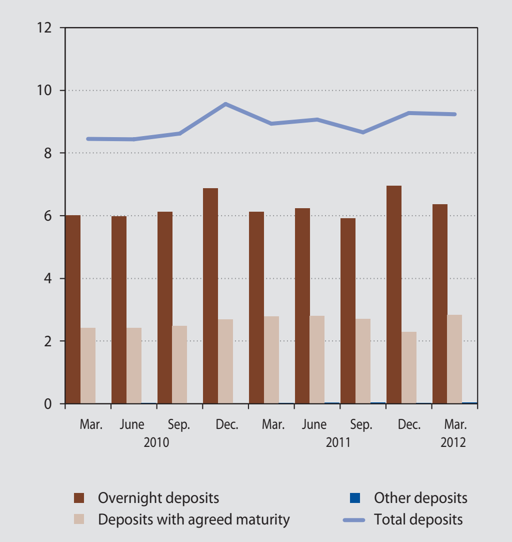
Source: NBS.

Chart 58 Deposits of non-financial corporations by maturity (year-on-year change in %)



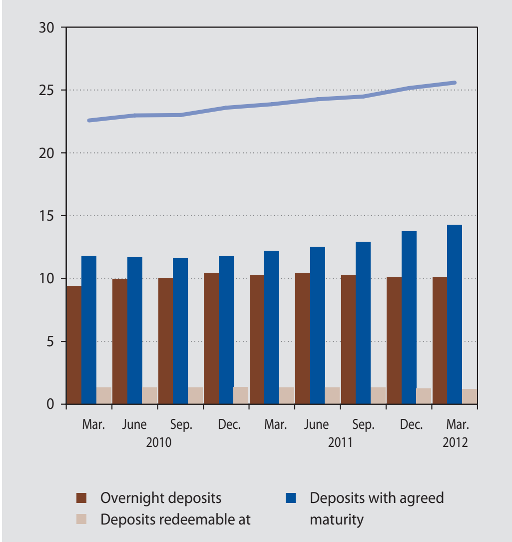
Source: NBS.

Chart 59 Deposits of non-financial corporations by type (EUR billions)



Source: NBS.

Chart 61 Deposits of households by type (year-on-year change in %) (EUR billions)



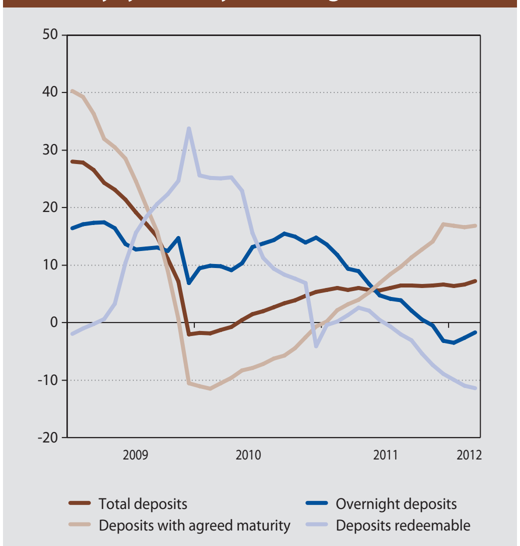
Source: NBS.
Note: The source data is in nominal value.

while that of deposits with agreed maturity had increased by 5.9 percentage points (to 30.6%). The share of other deposits had increased by only 0.1 percentage point, to 0.4%.

2.9.2 Deposits received from households

Overnight deposits declined in the first three months of 2012 in year-on-year terms. The average three-month rate of decline reached -2.6%. In the fourth quarter of 2011, unlike in the first quarter of 2012, deposits first increased in year-on-year terms (by 0.5% in October), then decreased to the same extent (by 0.5% in November). The decrease also continued in December (-3.1%).

Chart 60 Deposits of households by maturity (year-on-year change in %)



Source: NBS.

Deposits with agreed maturity grew for two consecutive quarters. The first quarter of 2012 saw a modest increase in the three-month average rate of growth (+2.1 percentage points, to 16.7%). Unlike deposits with agreed maturity, deposits redeemable at notice declined in both quarters on a year-on-year basis. In year-on-year terms, the three-month average rate of decline deepened by 3.6 percentage points to -10.8% in the first quarter of 2012.

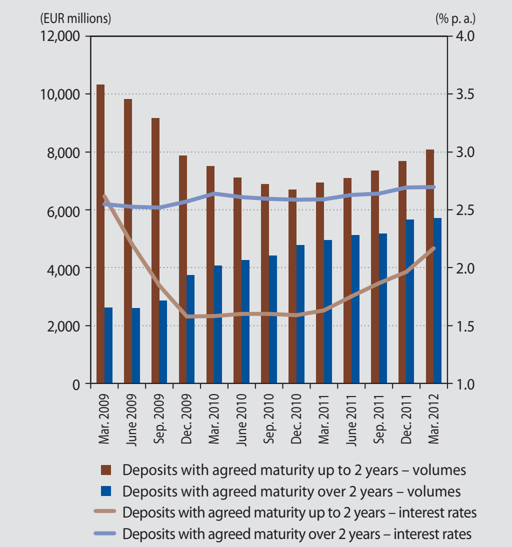
Compared with the previous quarter, the structure of household deposits remained virtually unchanged. Compared with December 2011, the share of overnight deposits decreased by 0.6 percentage point to 39.6% in March 2012, while that of deposits with agreed maturity increased by 0.9 percentage point (to 55.7%) and that of deposits redeemable at notice decreased by 0.3 percentage point (to 4.7%).

2.10 INTEREST RATES AND VOLUMES: DEPOSITS RECEIVED

2.10.1 INTEREST RATES AND VOLUMES: DEPOSITS RECEIVED FROM HOUSEHOLDS (OUTSTANDING AMOUNTS)

The outstanding amount of deposits with an agreed maturity of up to two years received from households as a percentage of total deposits with agreed maturity decreased slightly in year-on-year terms, to 58.4% in the first quarter of 2012 (by 0.2% compared with the first quarter of 2011). Interest rates on household deposits with an agreed maturity of up to two years rose by 0.5% year-on-year, to 2.1 % p.a. Interest rates on deposits with an agreed maturity of over two years also rose in year-on-year terms, but to a lesser (from 2.6% p.a. to 2.7% p.a.).

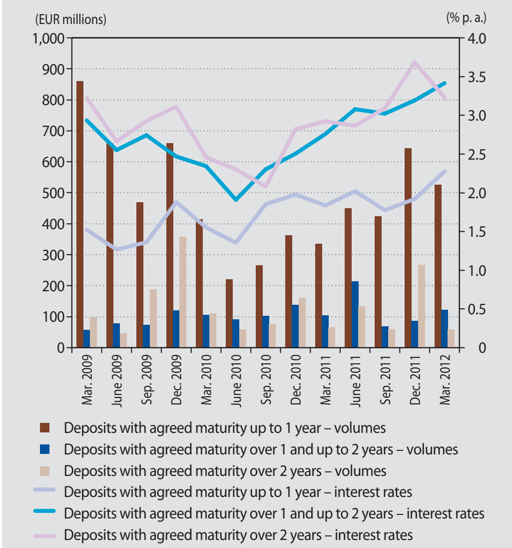
Chart 62 Interest rates and volumes: deposits with agreed maturity from households (outstanding amounts)



Source: NBS.

maturity decreased in year-on-year terms from 23% to 16%. These deposits paid interest at a rate of 3.45% p.a. in the first quarter of 2012. Interest rates on new deposits with an agreed maturity of over two years rose to 3.48% p.a. in the first quarter of 2012, while the share of these deposits in the total volume of new deposits with agreed maturity decreased by 2.5% year-on-year, to 8.9%. Interest rates on new deposits with an agreed maturity of up to one year rose only slightly in year-on-year terms, from 2.16% p.a. to 2.24% p.a. In terms of volume, these deposits remained the most significant deposit category in the first quarter of 2012. Their proportion increased by almost 10% year-on-year, to 75% of the total volume of new household deposits with agreed maturity.

Chart 63 Interest rates and volumes: deposits with agreed maturity from households (new business)



Source: NBS.

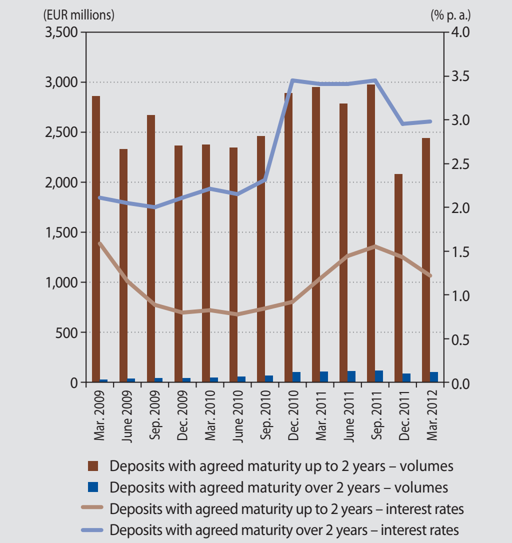
2.10.2 INTEREST RATES AND VOLUMES: DEPOSITS RECEIVED FROM HOUSEHOLDS (NEW BUSINESS)

Interest rates on new deposits with agreed maturity received from households showed a rising tendency in the period under review. In year-on-year terms, interest rates on deposits with an agreed maturity of over one and up to two years and over two years rose to the same extent (by 0.7%). The share of deposits with an agreed maturity of over one and up to two years in the total volume of new deposits with agreed

2.10.3 INTEREST RATES AND VOLUMES: DEPOSITS RECEIVED FROM NON-FINANCIAL CORPORATIONS (OUTSTANDING AMOUNTS)

The outstanding amount of deposits with a maturity of over two years as a share of the outstanding amount of deposits received from non-financial corporations in total increased by 0.6% in year-on-year terms. Thus, these deposits accounted for 4% of the total outstanding amount of deposits received from non-financial corporations in the first quarter of 2012. Interest rates of

Chart 64 Interest rates and volumes: deposits with agreed maturity from non-financial corporations (outstanding amounts)



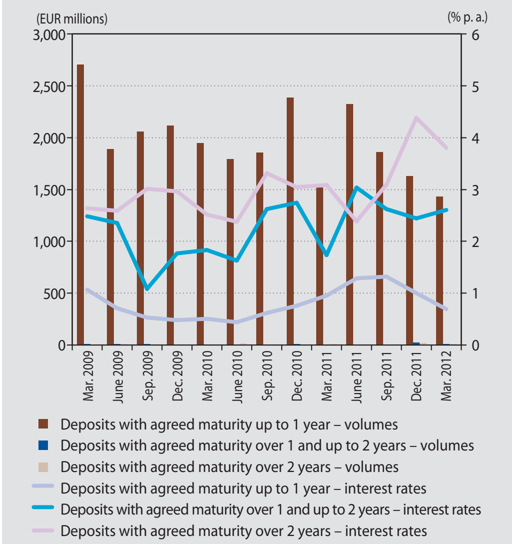
Source: NBS.

these deposits fell by 0.4%, to 3.0% p.a. Interest rates on deposits with an agreed maturity of up to two years rose by 0.2% in the period under review (to 1.3% p.a.), while the share of these deposits decreased slightly to 96% of the total volume of deposits with agreed maturity received from non-financial corporations.

2.10.4 Interest rates and volumes: deposits received from non-financial corporations (new business)

Interest rates on new *deposits with agreed maturity* received from non-financial corporations, except those on deposits with a maturity of over two years, showed a falling tendency in year-on-year terms throughout the first quarter of 2012. Interest rates on deposits with an agreed maturity of over two years rose by 0.7%, to 3.7%. However, the proportion of these deposits was insignificant, as well as the proportion of new deposits with an agreed maturity of over one and up to two years, the price of which fell by 0.7%, to 2.4% p.a. Interest rates on new deposits with an agreed maturity of up to one year fell by 0.1% year-on-year, to 0.84% p.a. In terms of volume, these deposits represented the most significant category of new deposits: they accounted for almost 100% of the volume of new deposits with agreed maturity received from non-financial corporations.

Chart 65 Interest rates and volumes: deposits with agreed maturity from non-financial corporations (new business)



Source: NBS.

NÁRODNÁ BANKA SLOVENSKA
EUROSYSTÉM

CHAPTER 3

COLLECTIVE INVESTMENT: MUTUAL FUNDS

3

3 Collective investment: mutual funds

In the financial market of Slovakia, collective investment was represented by seven domestic asset management companies, managing a total of 81 open-end mutual funds as at 31 March 2012.

These asset management companies are:
- Alico Funds Central Europe, správ. spol., a.s.
- Asset Management Slovenskej sporiteľne, správ. spol., a.s.
- ČSOB Asset Management, 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.

3.1 Current developments in the domestic mutual funds market

The changes in the mutual funds market arising from the new act on collective investment continued in the first quarter of 2012. The stricter criteria and limits set for the portfolios of money market funds led to the reclassification of eleven money market funds to short-term bond funds in the last two quarters (five in December 2011 and six in January 2012). At the end of the third quarter of 2011, the most significant category was that of money market funds, which accounted for 43% of the total assets of mutual funds. As at 31 March 2012, however, bonds funds constituted the largest category with a share of 38%. They were followed by mixed funds, the share of which remained unchanged in comparison with the previous quarter, at 18%. The share of other funds, including secured funds, specialised alternative investment funds, specialised securities funds, and specialised funds of professional investors, increased by 3 percentage points in the quarter under review, from 13% in December 2011 to 17% at the end of March 2012. They were followed by real estate funds, the share of which in total assets remained unchanged in the first quarter of 2012, at 12%. Equity funds accounted for 8% and money market funds for 7% as at 31 March 2012.

The current decrease in the assets of mutual funds, especially in money market funds, is due in large measure to rising interest rates on term deposits, and the resulting redemption of mutual funds shares/units and their conversion into bank deposits.

Since the reclassification of funds took place in December 2011 and January 2012, it would be inappropriate to evaluate the year-on-year changes in the assets of money market funds and bond funds.

The year-on-year rate of decline in assets managed by equity funds slowed somewhat in the first quarter of 2012, by 3.77 percentage points. In year-on-year terms, the value of assets fell by 17.27% (as at 31 March 2012). Assets managed by real estate funds continued to grow (a long-term trend). By the end of March 2012, their value had risen by 66.75%, compared with the same period a year earlier.

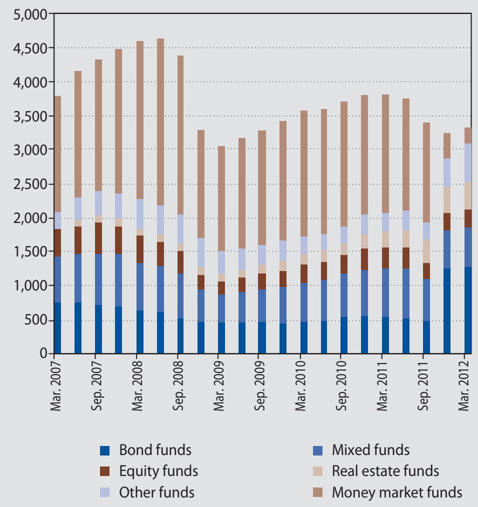
Other funds recorded a steep year-on-year increase in assets of almost 110% in March 2012, compared with March 2011, owing to the emergence of new specialised funds.

Table 8 Year-on-year changes in total assets of mutual funds by type

	Year-on-year change in %				
Total assets	III.11	VI.11	IX.11	XII.11	III.12
Bond funds	17.05	7.38	-9.14	124.57	131.97
Equity funds	18.57	15.12	-13.73	-21.04	-17.27
Mixed funds	19.91	21.76	-4.80	-15.51	-15.27
Real estate funds	63.12	56.69	104.01	78.60	66.75
Other funds	12.21	23.12	-0.66	39.71	109.58
Money market funds	-8.06	-11.23	-19.21	-78.16	-86.66

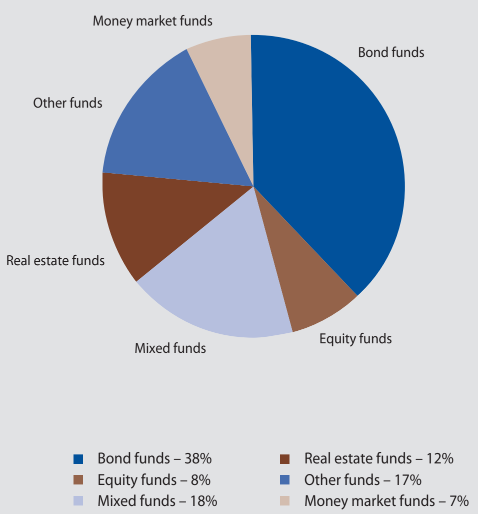
Source: NBS.

Chart 66 Mutual funds broken down by investment strategy (EUR millions)



Source: NBS.

Chart 67 Share of funds types on total assets as at 31 March 2012



Source: NBS.

3.2 ASSET STRUCTURE OF DOMESTIC MUTUAL FUNDS

3.2.1 Money market funds

Money market funds are considered to be the least risky funds. They invest predominantly in money market instruments and liquid securities. The reclassification of money market funds to bond funds also affected the asset structure of individual types of funds, mainly the composition of their securities portfolio.

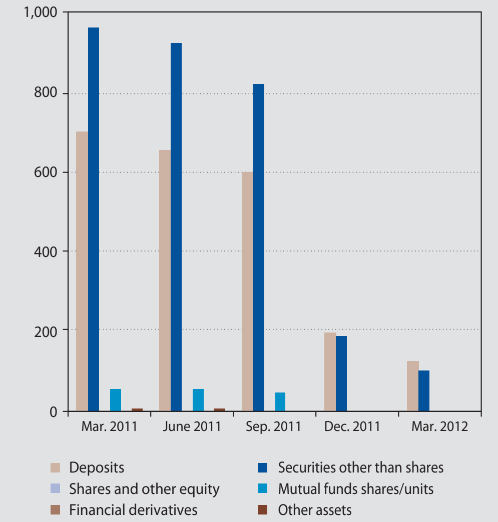
As at the end of the first quarter of 2012, money market funds had 55.3% of the assets under their management invested in bank deposits and 44.5% in debt securities. The remaining 0.2% was in other assets. Compared with the previous quarter, the share of bank deposits increased by 3.3 percentage points, while that of debt securities decreased by 3.5 percentage points.

The overall securities portfolio of money market funds was dominated by domestic securities, the share of which increased by 1.7 percentage points compared with the previous quarter, to 91.8% as at 31 March 2011. They were followed by securities issued in other euro area countries, with a share of 8.1%. Securities issued in the rest of the world, which accounted for 2.4% as at 31 December 2011, were sold or redeemed during the first quarter of 2012.

Broken down by sector, money market funds invested mostly in securities issued by banks (S.122), which accounted for 61.2% of the money market funds' portfolio, and in government bonds (S.13) accounting for 38.7% (as at 31 March 2012).

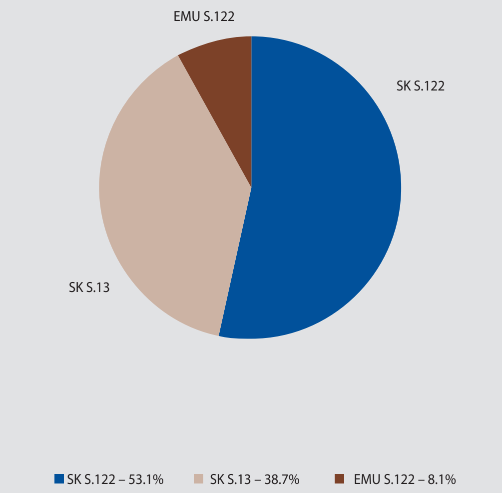
The liquidity of securities held in the portfolios of mutual funds is an important factor in risk assessment. An interesting aspect is the comparison of original and residual maturities of securities in the portfolios of money market funds: while securities with an agreed maturity of over two years accounted for 42% of the overall portfolio, their share stood at zero when the residual maturity was taken into account. This was 22 percentage points less than in the third quarter of 2011, when they accounted for 22% of all securities in portfolio. This difference was caused by the introduction of tightened criteria and investment limits for money market funds, and their subsequent reclassification to bond funds.

Chart 68 Money market funds: developments in assets (EUR millions)



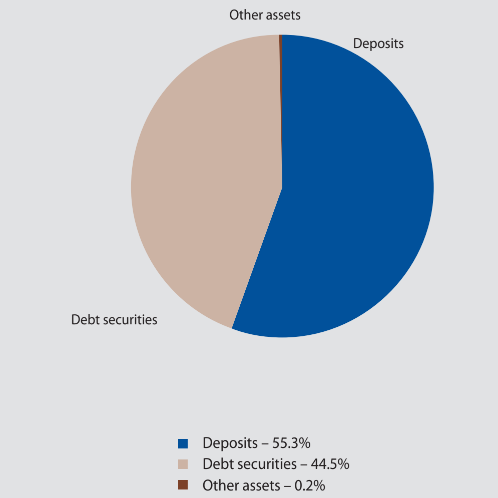
Source: NBS.

Chart 70 Geographical and sectoral breakdown of debt securities in portfolio of money market funds as at 31 March 2012



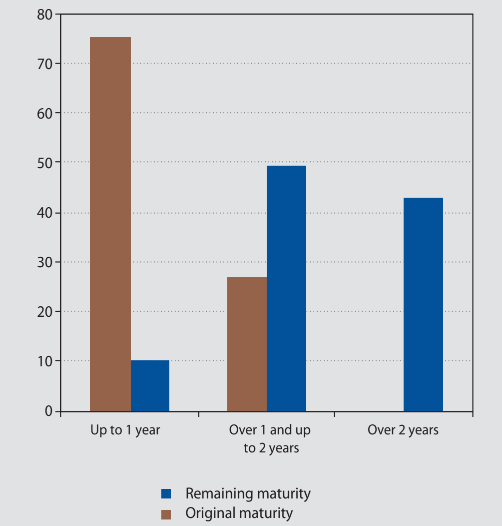
Source: NBS
Note: SK = domestic issuers; EMU = issuers from other euro area member states.

Chart 69 Money market funds: structure of assets as at 31 March 2012



Source: NBS.

Chart 71 Maturity breakdown of debt securities in portfolio of money market funds as at 31 March 2012 (EUR millions)



Source: NBS.

3.4.2 Bond funds

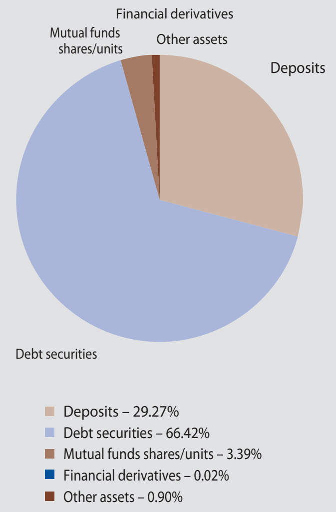
Bond funds invest primarily in government and bank debt securities, and in fixed-term bank deposits.

As at 31 March 2012, the assets managed by bond funds were dominated by debt securities (66.42%), followed by bank deposits (29.27%), mutual funds shares/units (3.39%), and other assets, including financial derivatives (0.92%). The proportions of individual types of assets remained virtually unchanged in comparison with the previous quarter, despite the emergence of reclassified short-term bond funds.

At the end of the first quarter of 2012, the overall securities portfolio of bond funds was dominated by domestic securities (with a share of 58%), followed by securities issued outside the euro area (23.8%) and securities issued in other euro area countries (18.2%).

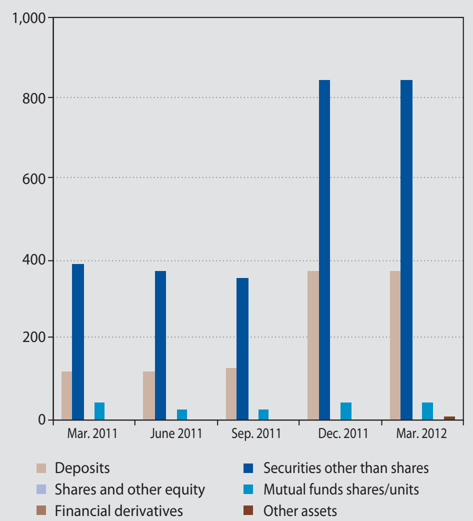
Broken down by sector, the structure of securities portfolios of bond funds has changed over the past two quarters, with the reclassification of former money market funds. The share of government bonds decreased to 50.1% as at 31 March 2012 (from 63% at the end of the third quarter of 2011), that of securities issued by banks increased by almost 17 percentage points (to 42.5%), that of bonds issued by non-financial corporations decreased by approximately 3 percentage points (to 4.1%), while securities issued in other sectors accounted for 3.3% as at the end of the first quarter of 2012.

Chart 73 Bond funds: structure of assets as at 31 March 2012



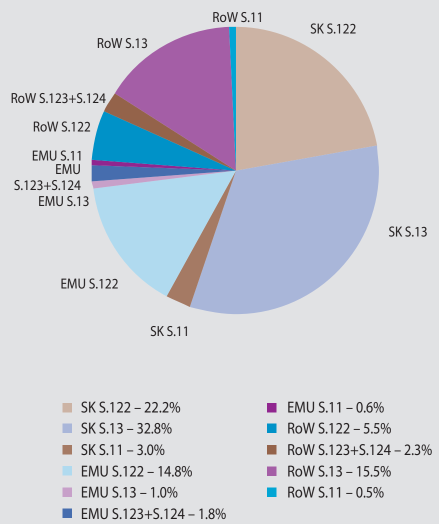
Source: NBS.

Chart 72 Bond funds: developments in assets (EUR millions)



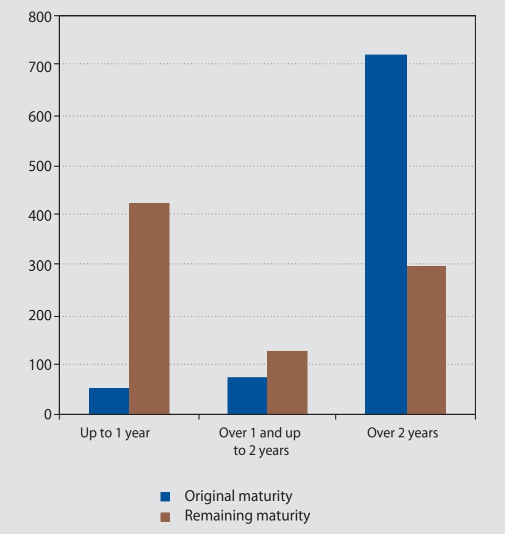
Source: NBS.

Chart 74 Geographical and sectoral breakdown of debt securities in portfolio of bond funds as at 31 March 2012



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

Chart 75 Maturity breakdown of debt securities in portfolio of bond funds as at 31 March 2012 (EUR millions)



Source: NBS.

Broken down by residual maturity, bond funds had 50% of their portfolio in securities with a maturity of up to one year, 14.8% in securities with a maturity of over one and up to two years, and 35.2% in securities with a maturity of over two years.

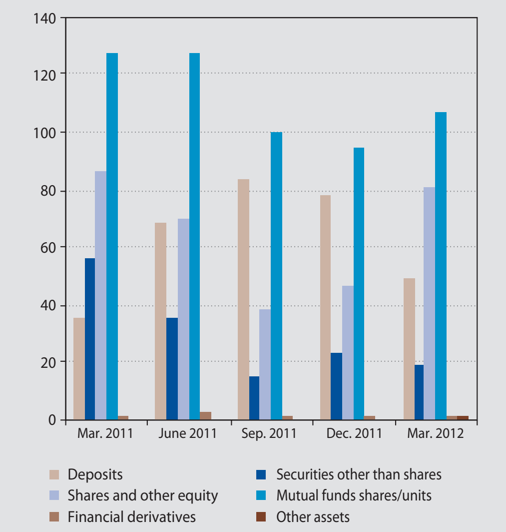
3.4.3 Equity funds

The first quarter of 2012 saw a marked change in the proportion of shares and other equity participations in the portfolios of equity funds. After decreasing in 2011 as a result of unfavourable equity market developments, their proportion to the funds' assets increased during the quarter under review by 12.3 percentage points, from 19% in December 2011 to 31.3% as at the end of March 2012. As a result of this change, shares have become the second most significant item in the balance sheets of equity funds. The most significant are mutual funds shares/units (41.7%). Term deposits have fallen to the third place (19.2%). They are followed by debt securities (7.1%) and other assets, including financial derivatives (0.7%).

The geographical breakdown of mutual funds shares/units remained virtually unchanged in the quarter under review. Mutual funds shares/units issued by domestic mutual funds accounted for approximately 46%, those issued by mutual funds from other euro area countries accounted for 34%, and shares/units issued by mutual funds from the rest of the world represented 20%.

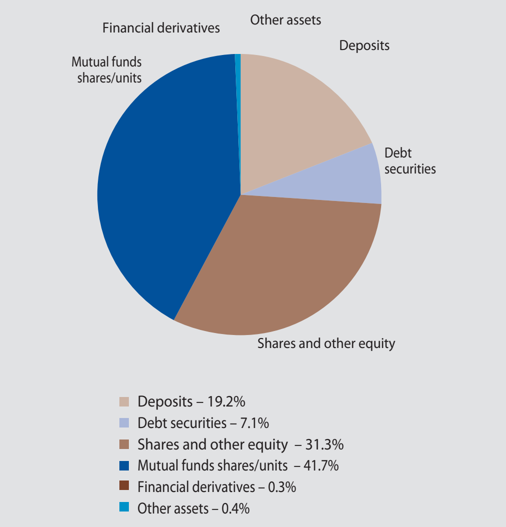
The sectoral structure of mutual funds shares/units in the portfolios of equity funds remained unchanged in the first quarter of 2012, compared with the end of 2011, with money market funds shares/units accounting for 6% and investment funds shares/units for 94%.

Chart 76 Equity funds: developments in assets (EUR millions)



Source: NBS.

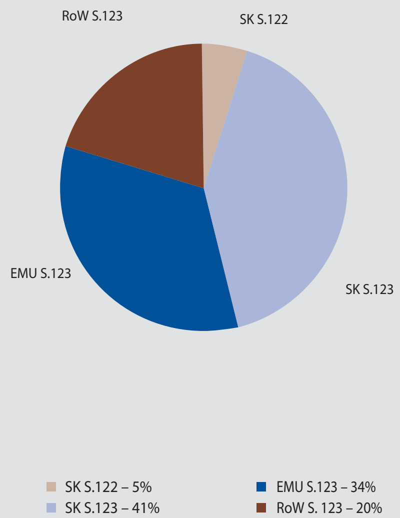
Chart 77 Equity funds: structure of assets as at 31 March 2012



Source: NBS.

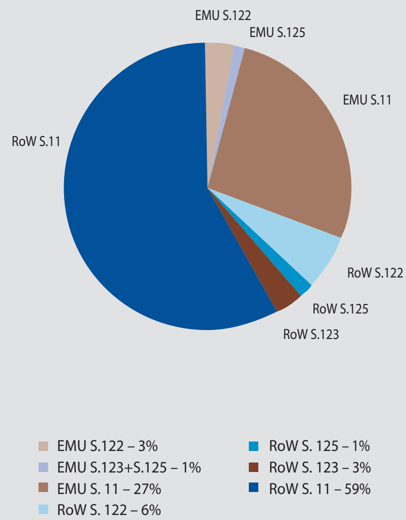
The structure of shares held in the portfolios of equity funds also remained virtually unchanged. The overall portfolio was dominated by the shares of non-financial corporations from the rest of the world (59%), followed by the shares of non-financial corporations from other euro area countries (27%).

Chart 78 Geographical and sectoral breakdown of mutual funds shares/units in portfolio of equity funds as at 31 March 2012



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

Chart 79 Geographical and sectoral breakdown of shares and other equity in portfolio of equity funds as at 31 March 2012



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

3.4.4 Mixed funds

The most significant asset items of mixed funds have historically been mutual funds shares/units and debt securities. The proportion of mutual funds shares/units increased in the period under review by approximately 7 percentage points, from 33% in December 2011 to 39.6% as at 31 March 2012. This increase was offset by a decrease in the proportion of bank deposits from 22% to 16.1%, by almost 6 percentage points. The other assets of mixed funds remained virtually unchanged in the first quarter of 2012. As at 31 March 2012, the proportion of long-term debt securities stood at 34.9%, and that of shares and other equity participations at 8.7%.

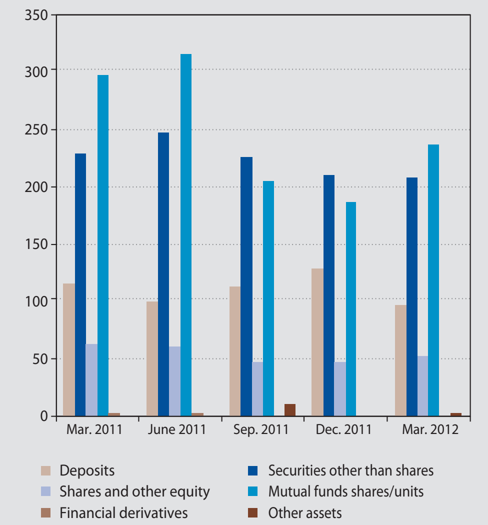
In geographical terms, the structure of mutual funds shares/units changed significantly in the first quarter of 2012, in favour of mutual funds shares/units issued in the rest of the world (other EU member states, United States, Japan, etc.). Their proportion increased by 17.7 percentage points in comparison with the previous quarter, from 12.2% in December 2011 to 29.9% in March 2012. On the other hand, the proportion of domestic mutual funds shares/units decreased from 57.8% to 48.7%, and that of mutual funds shares/units from other euro area countries from 30% to 21.4% as at 31 March 2012.

In geographical terms, the structure of securities in the portfolio of mixed funds was dominated by bonds issued by domestic companies, with a share of 46% (as at 31 March 2012). They were followed by securities from the rest of the world (33%) and securities from other euro area countries (22%).

Broken down by sector, the overall portfolio of mixed funds was dominated by the general government sector (S.13) with a share of 62% in the first quarter of 2012.

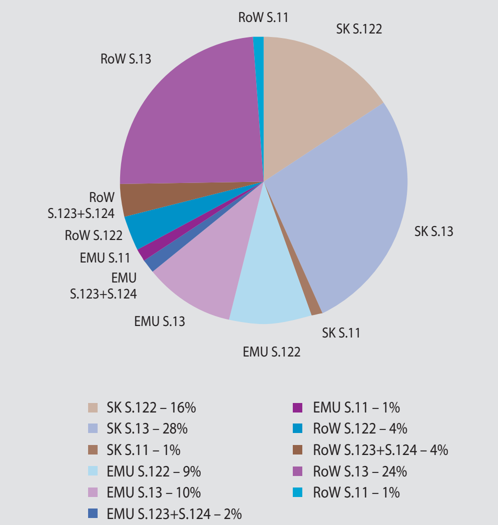
Broken down by residual maturity, mixed funds had 27% of their portfolio in securities with a maturity of up to one year, 17% in securities with a maturity of over one and up to two years, and 56% in securities with a maturity of over two years.

Chart 80 Mixed funds: developments in assets (EUR millions)



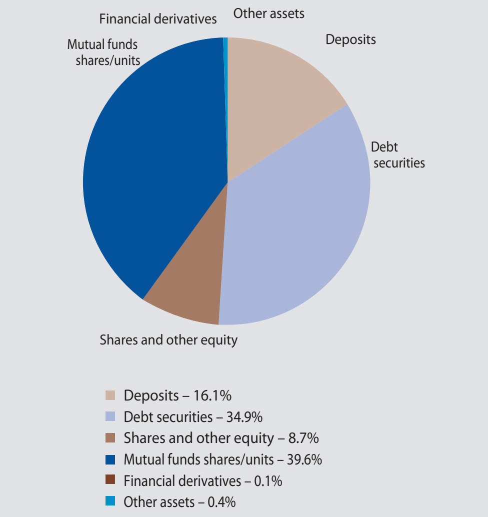
Source: NBS.

Chart 82 Geographical and sectoral breakdown of debt securities in portfolio of mixed funds as at 31 March 2012



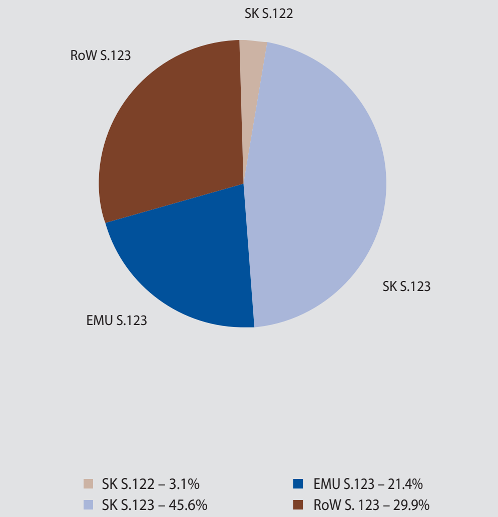
Source: NBS.
Note: SK = domestic issuers; EMU = issuers from other euro area member states; RoW = issuers from the rest of the world.

Chart 81 Mixed funds: structure of assets as at 31 March 2012



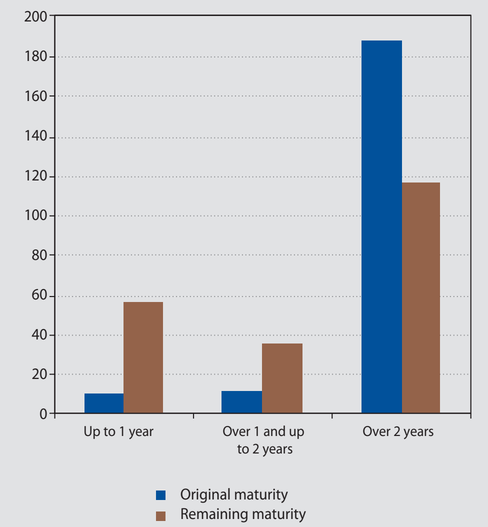
Source: NBS.

Chart 83 Geographical and sectoral breakdown of mutual funds shares/units in portfolio of mixed funds as at 31 March 2012



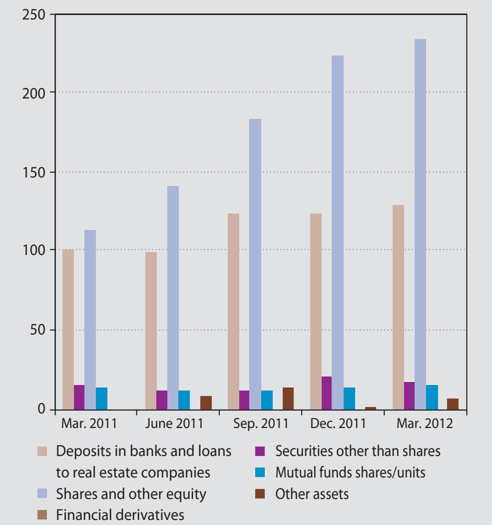
Source: NBS.
Note: SK = domestic issuers; EMU = issuers from other euro area member states; RoW = issuers from the rest of the world.

Chart 84 Maturity breakdown of debt securities in portfolio of bond funds as at 31 March 2012 (EUR millions)



Source: NBS.

Chart 85 Real estate funds: developments in assets (EUR millions)



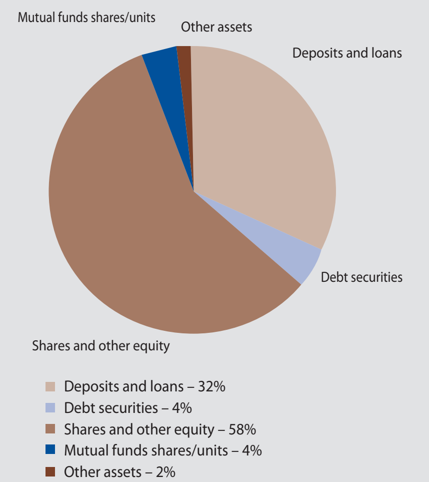
Source: NBS.

3.4.5 Real estate funds

Real estate funds invest primarily in shares and equity participations in real estate companies. In compliance with the law, they use the funds obtained to provide loans to real estate companies. The proportion of these two components to total assets changed in the quarter under review as follows: the proportion of both items decreased by 1 percentage point, i.e. that of deposits and loans provided to real estate companies to 32% and that of shares and equity participations in real estate companies to 58% as at 31 March 2012. In the quarter under review, real estate funds also invested, to a lesser extent, in long-term securities and mutual funds shares/units. Both items accounted for roughly 4% as at 31 March 2012.

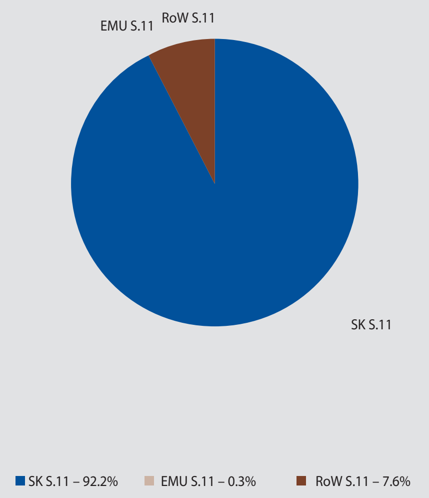
Their geographical and sectoral breakdown of the item "shares and other equity" shows that the largest share (92.15%) was accounted for by domestic non-financial corporations and the remaining 7.6% by non-financial corporations from other EU Member States and 0.25% by non-financial corporations from other euro area countries.

Chart 86 Real estate funds: structure of assets as at 31 March 2012



Source: NBS.

Chart 87 Geographical and sectoral breakdown of shares and other equity in portfolio of real estate funds as at 31 March 2012



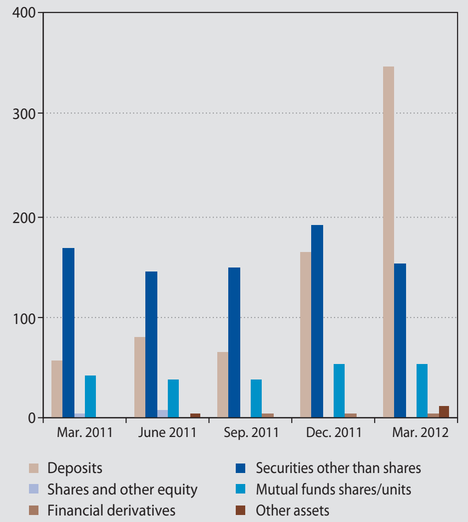
Source: NBS.
Note: SK = domestic issuers; EMU = issuers from other euro area member states; RoW = issuers from the rest of the world.

3.4.6 Other funds

Other mutual funds are defined as mutual funds not belonging to any of the previous categories (in terms of investment strategy). They comprise guaranteed funds, specialised alternative investment funds (e.g. commodity funds), specialised securities funds, and specialised funds of professional investors. The main components of other funds' assets are bank deposits and debt securities. They were greatly influenced in the first quarter of 2012 by the emergence of new funds in this category, whose assets comprised only bank deposits in the first few months of operation. Thus, bank deposits were the most significant item in the balance sheets of other funds (as at 31 March 2012). Their proportion to assets increased in comparison with the previous quarter by 20.7 percentage points, to 60.8%. The proportion of other asset items decreased in the quarter under review, that of securities by 19.1 percentage points (to 27.4%) and that of mutual funds shares/units by 3.4 percentage points (to 9.5%) as at 31 March 2012.

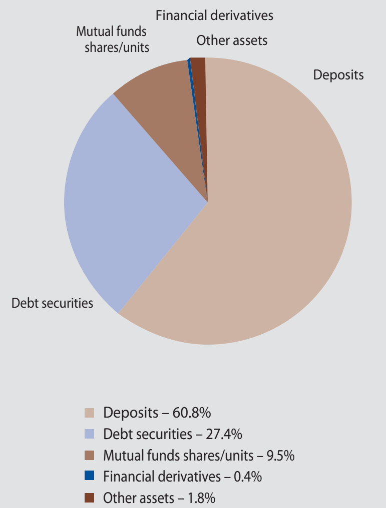
In geographical terms, debt securities held in the portfolios of other funds have a uniform structure in the long term. A dominant position in this structure as at 31 March 2012 was held by securities issued by domestic institutions (90%). They were followed by securities issued in other euro area countries (7%) and securities issued in the rest of the world (3%).

Chart 88 Other funds: developments in assets (EUR millions)



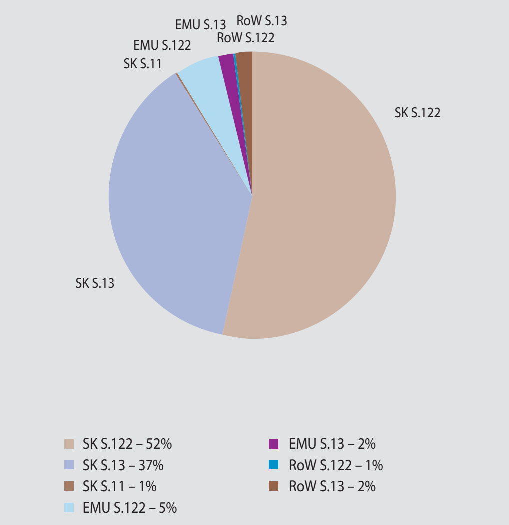
Source: NBS.

Chart 89 Other funds: structure of assets as at 31 March 2012



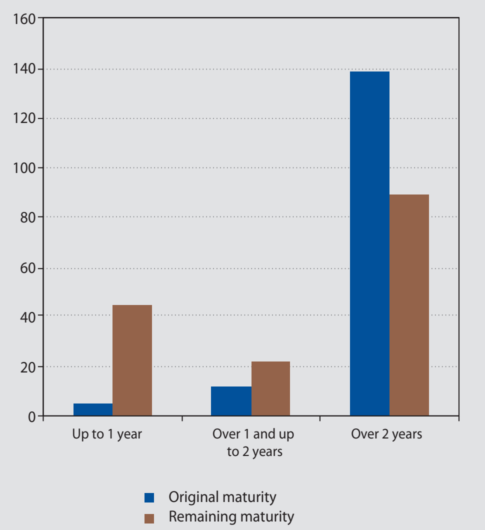
Source: NBS.

Chart 90 Geographical and sectoral breakdown of debt securities in portfolio of other funds as at 31 March 2012



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

Chart 91 Maturity breakdown of debt securities in portfolio of other funds as at 31 March 2012 (EUR millions)



Source: NBS.

As at the end of the first quarter of 2012, the sector breakdown of debt securities was dominated by securities issued by banks (S.122) with a share of 58%, followed by government bonds (S.13) with a share of 41%.

Broken down by residual maturity, the securities had the following composition: securities with a maturity of up to one year (29%), securities with a maturity of over one and up to two years (14%), and securities with a maturity of over two years (57%).

CHAPTER 4

LEASING COMPANIES, FACTORING COMPANIES, AND CONSUMER CREDIT COMPANIES

4

4 Leasing companies, factoring companies, and consumer credit companies

According to the sectoral classification of economic entities, the companies under analysis are included in the S.123 sector – *other financial intermediaries*[3], as a subcategory referred to as *financial corporations engaged in lending*.

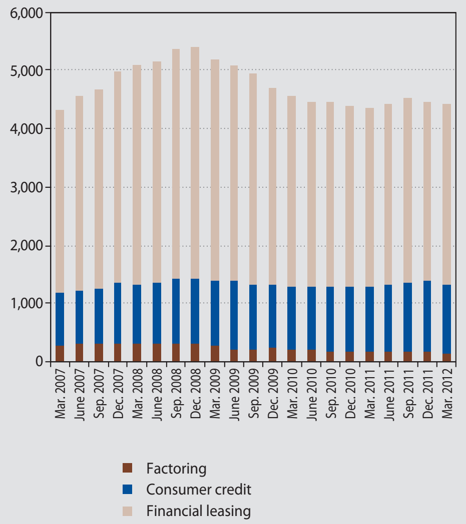
The favourable trend in the consumer credit market from the previous year continued in the first quarter of 2012. The total assets of consumer credit companies grew in year-on-year terms in the first quarter, but at a slower pace than in 2011. Total assets increased by 3.51% year-on-year in March 2012, after growing in the individual quarters in 2011 by an average of 6.34%.

The total assets of factoring companies fell in the period under review, owing to the dissolution of two companies. By the end of March 2012, total assets had fallen by 14.29% compared with the same period a year earlier.

The total assets of leasing companies increased by 1.65% year-on-year in the first quarter of 2012.

Among companies engaged in non-bank lending, the dominant position has historically been maintained by leasing companies, though they show a downward trend. At the end of the first quarter of 2012, their proportion stood at 70%.

Chart 92 Evolution of total assets by type of business (EUR millions)



Source: NBS.

The geographical breakdown of credits and loans provided by domestic companies engaged in non-bank lending indicates that such credits and loans are used predominantly by domestic customers. In the case of leasing companies, the proportion of domestic customers was nearly 100% at the end of the firth quarter of 2012. Borrowing from domestic consumer credit companies is used exclusively by domestic customers. In the case of factoring compa-

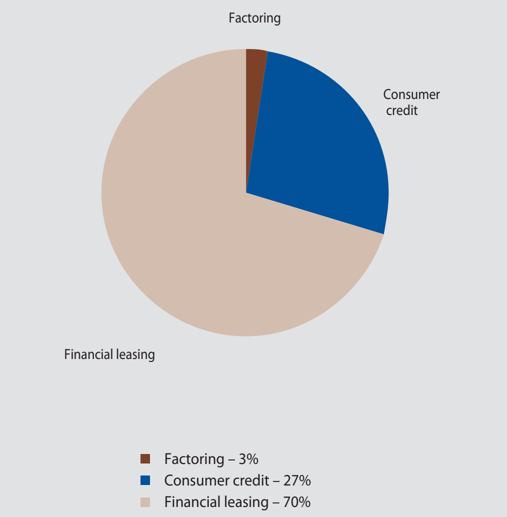
Table 9 Year-on-year changes in total assets of financial corporations engaged in lending

Total assets	Year-on-year change in %				
	III.11	VI.11	IX.11	XII.11	III.12
Financial leasing	-7.50	-2.54	0.40	-0.47	1.65
Factoring	-19.67	-9.07	-5.98	0.58	-14.29
Consumer credit	4.98	5.50	7.04	7.84	3.51

Source: NBS

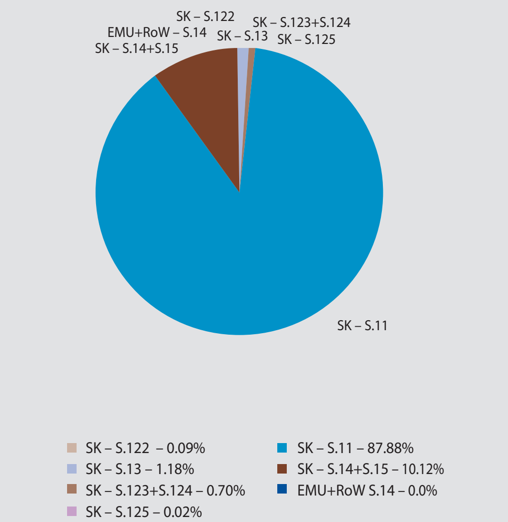
3 *The European System of National Accounts (ESA 95) defines other financial intermediaries, except insurance corporations and pension funds as financial corporations and quasi-corporations engaged mainly in financial intermediation through the acceptance of liabilities in forms other than cash, deposits and/or close substitutes for deposits from institutional units other than monetary financial institutions, or insurance technical reserves.*

Chart 93 Financial corporations engaged in lending: Assets share of included companies as at 31 March 2012



Source: NBS.

Chart 94 Geographical and sectoral breakdown of financial leasing companies lending as at 31 March 2012

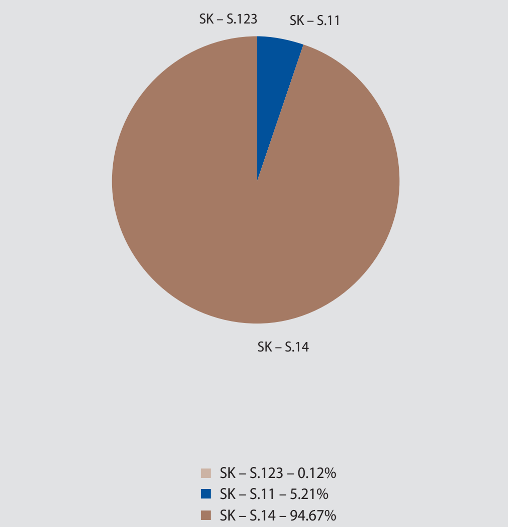


Source: NBS.
Note: SK = domestic borrowers; EMU = borrowers from other euro area member states; RoW = borrowers from the rest of the world.

nies, the share of domestic customers stood at 77.48%, which was 2.49 percentage points less than in the previous quarter, when they represented 79.97% of all customers. This fall was reflected in the increasing share of customers from the rest of the world, mainly from EU countries. This share reached 16.13% at the end of the first quarter of 2012, compared with 14.28% at the end of 2011. Customers from other euro area countries represented the smallest group, with a share of 6.38%.

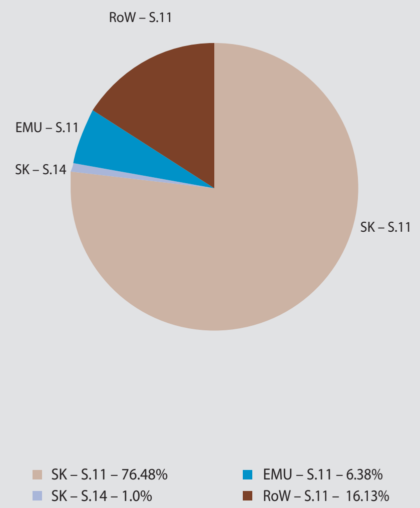
The domestic customers of factoring companies are predominantly non-financial corporations, owing to the nature of their activities. As at 31 March 2012, they accounted for almost 99%. Financial leasing services were also used mostly by non-financial corporations (87.88%), followed by households (10.12%) and other sectors (1.99%). The sale of consumer goods against payment by instalment is in long-term important form of household financing in Slo-

Chart 95 Geographical and sectoral breakdown of consumer credit companies lending as at 31 March 2012



Source: NBS.
Note: SK = domestic borrowers .

Chart 96 Geographical and sectoral breakdown of factoring companies lending as at 31 March 2012



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

vakia. As at 31 March 2012, the dominant sector among domestic customers was that of households (S.14) with a share of 94.67%, followed by non-financial corporations (5.21%) and other sectors (0.12%).

CHAPTER 5

SECURITIES

5

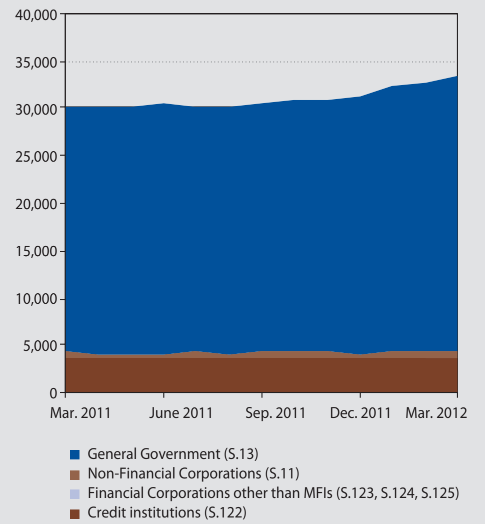
5 Securities

5.1 DEBT SECURITIES

The outstanding amount of all issues of debt securities is dominated in the long term by government bond issues. Their outstanding amount stood at €29,504.8 million as at 31 March 2012. Bonds and/or mortgage bonds issued by banks represented the second most significant component, with a volume of €3,612.95 million. The share of non-monetary financial institutions was negligible in comparison with the previous two sectors.

Compared with the previous month, the amount of issues in net terms increased most significantly in the general government sector (by €667.9 million). In case of monetary financial institutions and non-monetary financial institutions, the amount of issues in net terms was less significant (€17.4 million and €7.2 million respectively).

Chart 97 Debt securities by sector (outstanding amounts, EUR millions)



Source: NBS.

Table 10 Debt securities (EUR thousands)

Month	Outstanding amounts				Net issues			
	Total	Monetary Financial Institutions	Non-Monetary Financial Institutions	General Government	Total	Monetary Financial Institutions	Non-Monetary Financial Institutions	General Government
2008 / 12	20,876,803	3,563,131	700,079	16,613,592	-95,912	-605,269	-25,328	534,685
2009 / 03	21,049,147	3,378,972	660,627	17,009,549	324,377	-120,053	-13,170	457,600
2009 / 06	23,119,105	3,398,930	616,560	19,103,615	254,224	-95,743	-67,517	417,484
2009 / 09	24,451,656	3,579,006	601,642	20,271,008	453,324	4,379	2,090	446,856
2009 / 12	24,494,589	3,529,206	599,489	20,365,894	317,192	-1,492	-1,671	320,355
2010 / 03	24,930,854	3,424,545	576,692	20,929,618	962,302	-16,547	149	978,700
2010 / 06	27,143,833	3,431,300	603,346	23,109,187	608,614	1,232	-22,676	630,058
2010 / 09	26,959,713	3,405,045	612,221	22,942,447	473,296	113,662	3,634	356,000
2010 / 12	29,079,118	3,456,746	536,958	25,085,415	-44,069	100,379	-41,916	-102,532
2011 / 03	29,945,462	3,578,407	543,277	25,823,778	84,116	97,111	-6,726	-6,269
2011 / 06	30,417,674	3,529,410	530,354	26,357,910	290,325	-39,747	-4,328	334,400
2011 / 09	30,471,809	3,572,702	561,877	26,337,229	319,272	63,085	8,685	247,501
2011 / 12	31,136,310	3,530,656	576,303	27,029,351	323,589	-89,718	35,457	377,850
2012 / 03	33,706,048	3,612,950	588,280	29,504,818	692,600	17,434	7,249	667,917

Source: NBS.

The outstanding amount of issues grew by more than eight percent (8.25%), compared with the previous quarter. This growth was more than six percent faster than the growth recorded in the final quarter of 2011 (2.18%). The growth was caused mainly by an increase in the outstanding amount of issues in the general government sector (9.16%). In the *monetary and non-monetary financial institutions* sectors, the outstanding amounts of issues grew at approximately the same pace (2.33% and 2.08% respectively).

In the first quarter of 2012, the outstanding issue amount increased in month-on-month terms in each month (in January by 3.8%, in February by 2.1%, and in March by 2.1%).

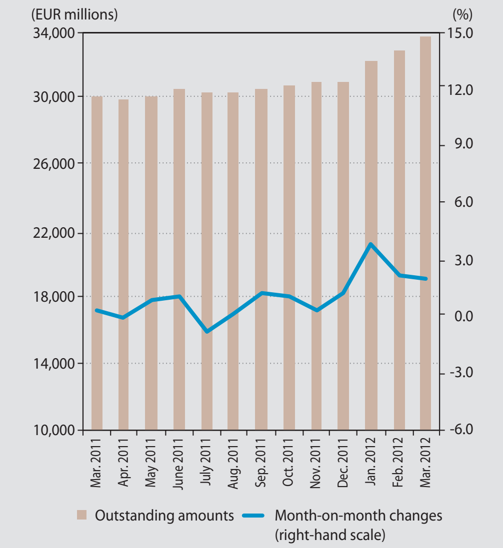
Over the first quarter of 2012, a total of 19 new issues were placed on the securities market. Nine of them were issued by banks, three by the government (one Treasury bill issue and two government bond issues), six by non-financial corporations, and one by entities from other sectors.

In net terms, the amount of short-term debt securities increased by €744.3 million in the first quarter. The increase took place exclusively in the government sector.

In the same period, long-term debt securities grew in amount by €1,821.0 million in net terms. The amount of government bonds[4] increased by €1,731.2 million, that of bonds issued by banks grew by €78.3 million.

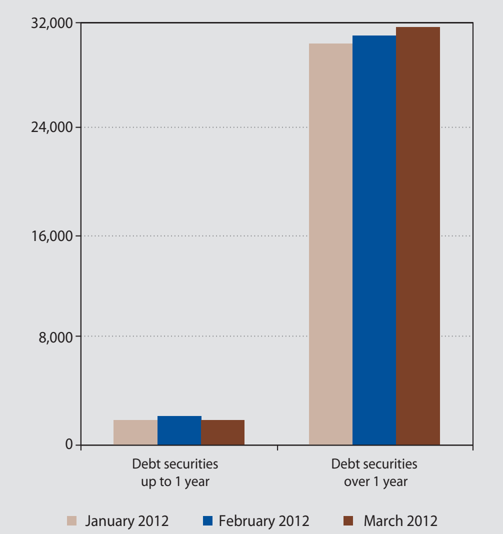
According to sectoral classification, the largest share of the outstanding issue amount was accounted for by the *general government* (more than 87%) and by *monetary financial institutions* (almost 11%). Non-financial corporations ac-

Chart 98 Debt securities (outstanding amounts, month-on-month changes)



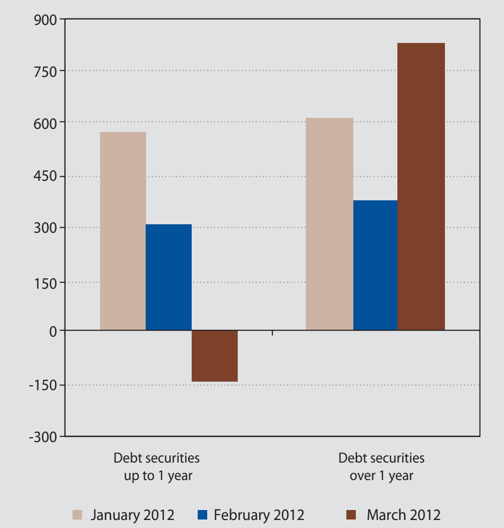
Source: NBS.

Chart 99 Debt securities (outstanding amounts, EUR millions, Q1 2012)



Source: NBS.

Chart 100 Debt securities (net issues, EUR millions, Q1 2012)

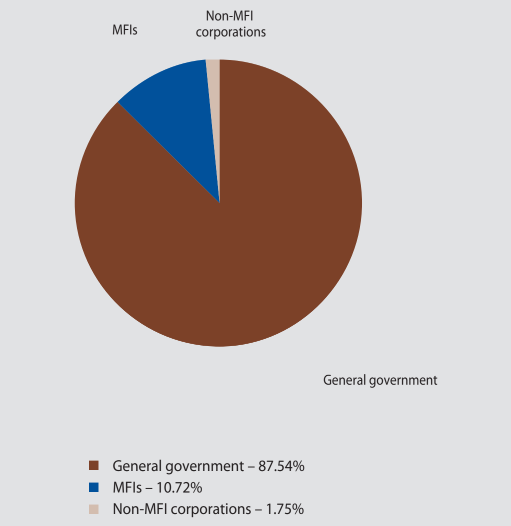


Source: NBS.

4 *In the case of government bonds, both new issues and new tranches of existing issues were placed on the market.*

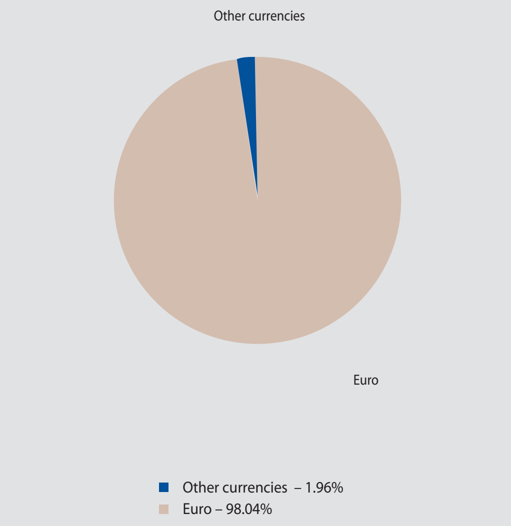
counted for less than two percent. According to the coupon type, most issues had a fixed coupon (almost 74%) or a variable coupon (more than 17%). Zero-coupon issues accounted for approximately 10% only. The vast majority of issues were denominated in euros; only less than 2% of the issues were in other currencies. As for maturity, less than 6% of the issues had an original maturity of up to one year, but more than 17% of them had a residual maturity of up to one year.

Chart 101 Debt securities by sector (outstanding amounts as at 31 March 2012)



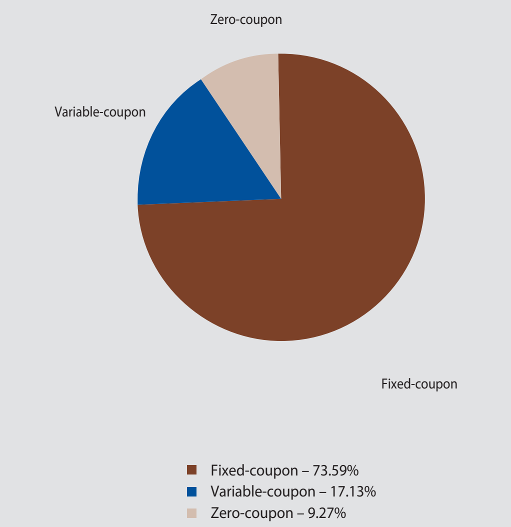
Source: NBS.
Note: The individual items are classified according to the outstanding amounts of issues as at 31 March 2012.

Chart 103 Debt securities by currency (outstanding amounts as at 31 March 2012)



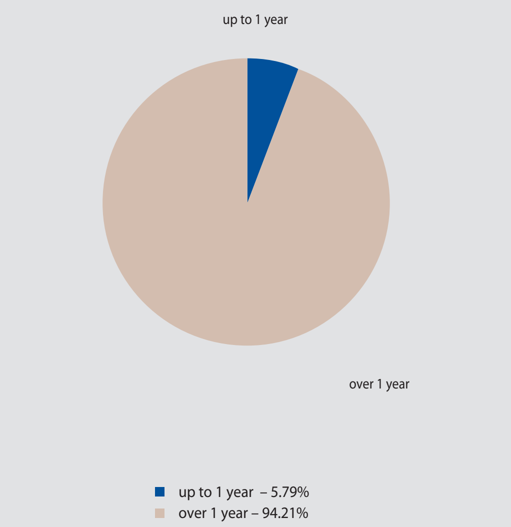
Source: NBS.
Note: The individual items are classified according to the outstanding amounts of issues as at 31 March 2012.

Chart 102 Debt securities by coupon type (outstanding amounts as at 31 March 2012)



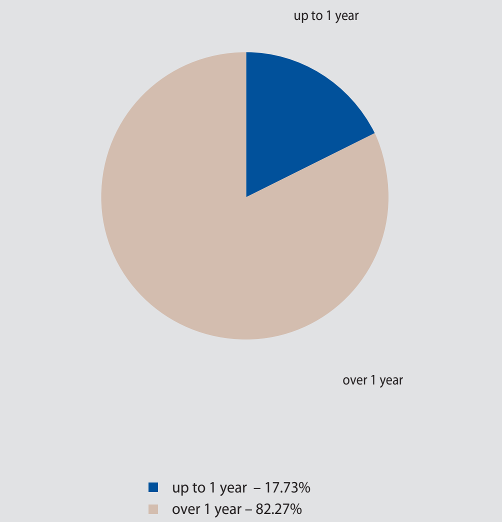
Source: NBS.
Note: The individual items are classified according to the outstanding amounts of issues as at 31 March 2012.

Chart 104 Debt securities by original maturity (outstanding amounts as at 31 March 2012)



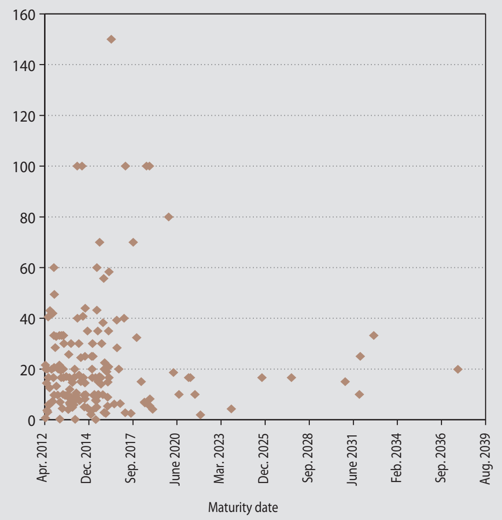
Source: NBS.
Note: The individual items are classified according to the outstanding amounts of issues as at 31 March 2012.

Chart 105 Debt securities by residual maturity (outstanding amounts as at 31 March 2012)



Source: NBS
Note: The individual items are classified according to the outstanding amounts of issues as at 31 March 2012.

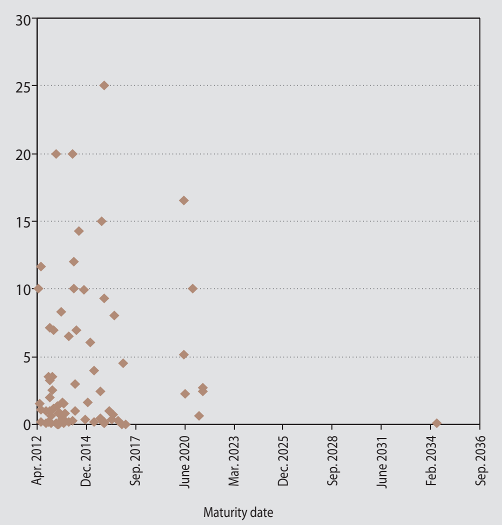
Chart 107 Debt securities: outstanding amounts of issues in sector S.122 (EUR millions)



Source: NBS.

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 maturity.

Chart 106 Debt securities: outstanding amounts of domestic issues in sector S.11 (EUR millions)



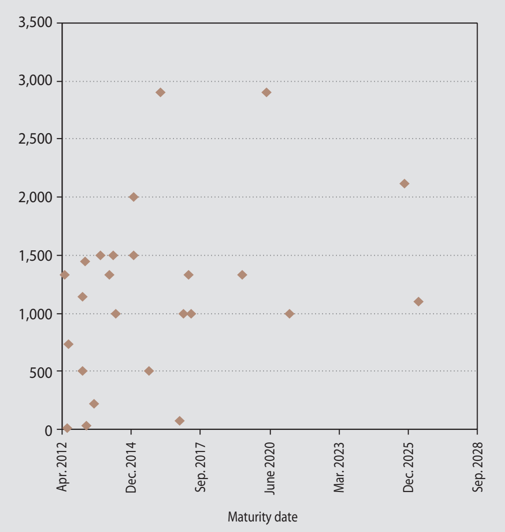
Source: NBS.
Note: For reasons of clarity, issues made abroad are not illustrated in the chart, because of their much higher outstanding amount.

The density of outstanding amounts of debt securities placed on the domestic market by non-financial corporations reached a maximum of €10 million, with maturity in 2017. The largest outstanding issue amounts ranged from €20 million to €25 million, and the longest maturity period exceeded 20 years.

The largest outstanding amount of debt securities issued by banks fluctuated around €40 million, with maturity in 2016. The outstanding issue amount reached a maximum of €150 million and the longest maturity was up to 2037.

The number of debt securities issues made by the government was lower than the number of issues in the other two sectors, but the outstanding amount was much higher. The issue with the highest outstanding amount was worth €2.9 billion. The most recent issue will be due in 2026.

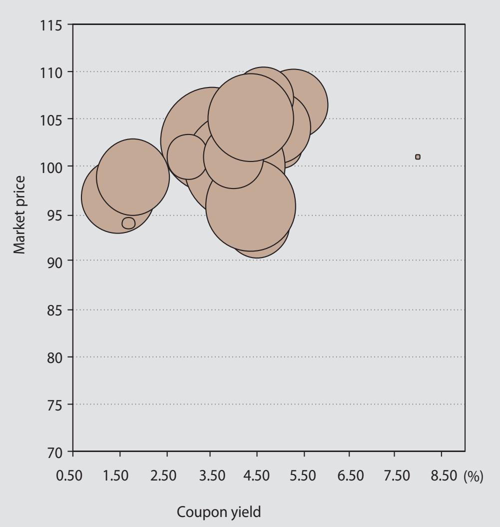
Chart 108 Debt securities: outstanding amounts of issues in sector S.13 (EUR millions)



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 first quarter of 2012. The average market price[5] of these government bonds stood at 101.66% and the coupon yield was 3.90%.

Chart 109 Government bonds: outstanding amounts (coupon bonds only, %)



Source: CSDB, issue conditions.
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).

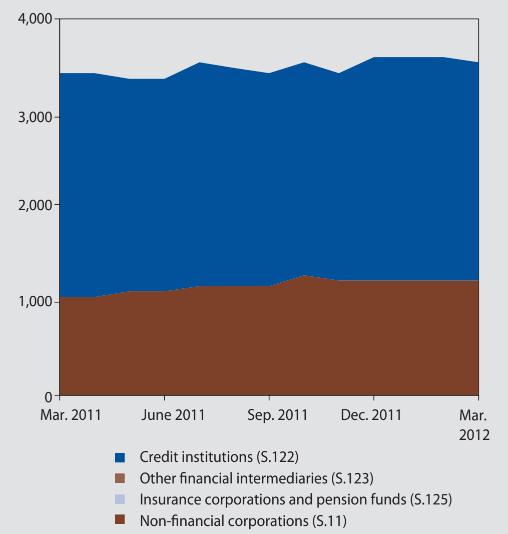
5.2 QUOTED SHARES

By the end of March 2012, the outstanding amount of quoted share issues had fallen by €82.0 million in comparison with the previous quarter. This fall took place mostly in the non-financial corporations sector (-€75.2 million). A modest decrease was also reported by credit institutions (-€6.8 million). Insurance corporations and pension funds reported a slight increase. Total market capitalisation stood at €3,518.9 million at the end of the first quarter of 2012.

In relative terms, the outstanding amount of quoted share issues decreased by 2.3% in comparison with the previous quarter. A marked fall (3.2%) was recorded in the non-financial institutions sector, while the quoted shares of credit institutions decreased by only 0.6% in quarter-on-quarter terms.

During the first quarter of 2012, the outstanding amount of quoted share issues increased in month-on-month terms only in February (by 0.2%), while January and March saw a decrease in the outstanding amount (by 0.1% and 2.4% respectively).

Chart 110 Quoted shares: market capitalization by sector (EUR millions)



Source: NBS.

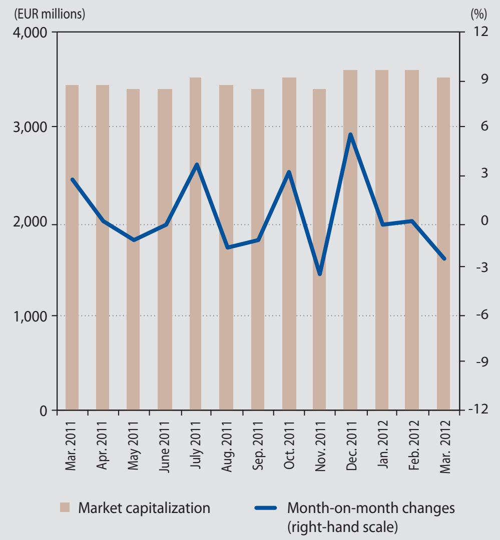
5 *Average weighted by the outstanding amounts of issues.*

Table 11 Quoted shares (EUR thousands)

	Outstanding amounts			
Month	**Total**	**Credit Institutions**	**Insurance Corp. and Pension Funds**	**Non-Financial Corporations**
2008 / 12	3,653,799	1,367,184	96	2,286,519
2009 / 03	3,077,569	1,169,010	96	1,908,463
2009 / 06	3,502,806	1,241,751	96	2,260,959
2009 / 09	3,379,961	1,153,863	96	2,226,003
2009 / 12	3,256,458	1,090,485	96	2,165,877
2010 / 03	3,459,396	1,058,459	96	2,400,841
2010 / 06	3,188,768	1,006,722	96	2,181,950
2010 / 09	3,155,122	1,074,859	96	2,080,167
2010 / 12	3,004,042	1,004,293	173	1,999,576
2011 / 03	3,432,758	1,056,805	173	2,375,780
2011 / 06	3,395,773	1,071,634	173	2,323,965
2011 / 09	3,422,187	1,127,773	173	2,294,240
2011 / 12	3,600,892	1,218,588	173	2,382,131
2012 / 03	3,518,891	1,211,784	225	2,306,882

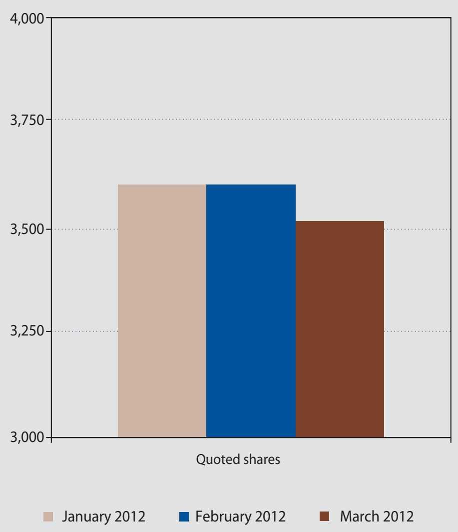
Source: NBS.

Chart 111 Quoted shares (market capitalization, month-on-month changes)



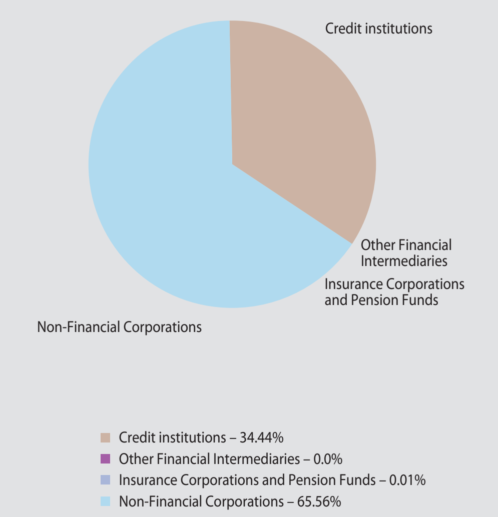
Source: NBS.

Chart 112 Quoted shares (market capitalization, EUR millions, Q1 2012)



Source: NBS.

Chart 113 Quoted shares by sector (market capitalization as at 31 March 2012)



Source: NBS.

Broken down by sector, the largest share in market capitalisation was accounted for by non-financial corporations (almost 66%). They were followed by credit institutions with a share of more than 34%. The other sectors were insignificant in this respect.

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CHAPTER 6

SELECTED MACROECONOMIC INDICATORS

6

6 Selected macroeconomic indicators

6.1 LONG-TERM INTEREST RATES

With effect from 1 February 2012, the *benchmark-oriented approach* has been replaced with an *approach based on a basket of bonds*[6]. The basket of bonds contains two government bond issues with the same weight (SK4120004318 and SK4120007543). As from 1 February 2012, interest rates followed a downward trend, and reached 4.81% as at 31 March 2012.

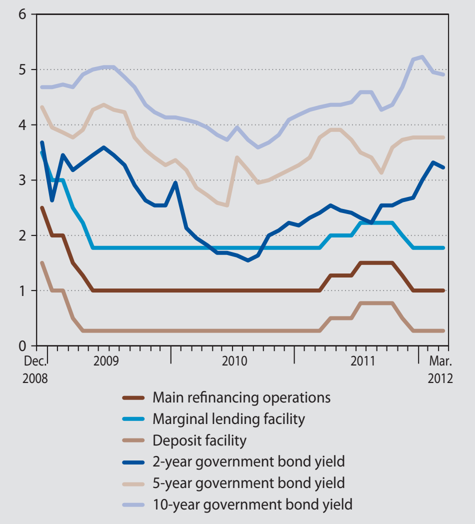
6.2 KEY ECB INTEREST RATES

The key ECB interest rate on the main refinancing operations remained unchanged in comparison with the final quarter of 2011, at 1% as at 31 March 2012. Two-year government bond yields rose by 0.56% quarter-on-quarter (from 2.68% to 3.24%), five-year government bond yields remained virtually unchanged (falling from 3.77% to 3.75%), while ten-year government bond yields dropped by 0.30% (from 5.21% to 4.91%).

Chart 114 Benchmark – yield to maturity (p.a.)

Source: NBS.

Chart 115 Key interest rates (p.a.)



Source: NBS.

6 *See the Methodological notes in chapter Long-term interest rates.*

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METHODOLOGICAL NOTES

7

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 economic 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 reporting (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* (S.122) and other categories of mutual funds, referred to as investment funds, are treated as *other financial intermediaries* (S.123).

The statistics of mutual funds assets and liabilities are defined by the relevant regulations and guidelines of the European Central Bank[7].

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;

7 *Regulation (EC) No. 958/2007 of the European Central Bank of 27 July 2007 concerning statistics on the assets and liabilities of investment funds (ECB/2007/8). (http://www.ecb.int/ecb/legal/pdf/l_21120070811en00080029.pdf)*
Regulation (EC) No. 25/2009 of the European Central bank of 19 December 2008 concerning the balance sheet of the monetary financial institutions sector (ECB/2008/32) (http://www.ecb.int/ecb/legal/pdf/l_01520090120en00140062.pdf), as amended by ECB Regulation No. ECB/2011/12.
Guideline of the European Central Bank of 1 August 2007 on monetary, financial institutions and markets statistics (ECB/2007/9) (http://www.ecb.int/ecb/legal/pdf/02007o0009-20100701-en.pdf), as amended by the Guidelines ECB/2008/31, ECB/2009/23 and ECB/2011/13.

f) they limit investment in securities to those with a residual maturity until the legal redemption 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 collective 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

The European System of National Accounts (ESA 95) defines *other financial intermediaries, except insurance corporations and pension funds – sector S.123* (hereinafter 'OFI') 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.123 sector comprises the following types of companies:

1. **Investment funds** – mutual funds other than money market funds;
2. **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.
3. **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.**
4. **Financial holding companies**
5. **Special-purpose vehicles** – 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.123 sector from that of S.122 (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 decree[8]. The range of data reported complies in full with the current requirements[9] 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 2012, quarterly balance-sheet data are collected from eighteen (out of ca 70) companies providing financial leasing services as the main or substantial part of their business activity, from eight (out of ca 60) consumer credit companies, and from all five 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 issues statistics

The compilation of securities issues statistics is governed by the relevant guideline of the European Central Bank[10]. 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

8 *Decrees of Národná banka Slovenska No. 6/2006, No. 14/2007 and No. 22/2008 on reporting by factoring, leasing and consumer credit companies for statistical purposes.*

9 *Guideline of the European Central Bank No. 9/2007 on monetary, financial institutions and markets statistics, as amended by Guidelines Nos. 31/2008, 23/2009 and 13/2011. (Annex III, Part 11), (http://www.ecb.int/ecb/legal/pdf/02007o0009-20100701-en.pdf).*

10 *Guideline of the European Central Bank No. 9/2007 on monetary, financial institutions and markets statistics, as amended by Guidelines Nos. 31/2008, 23/2009 and 13/2011. (Annex III, Part 12), (http://www.ecb.int/ecb/legal/pdf/02007o0009-20100701-en.pdf).*

possible the timing of payment of the underlying issue.

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;
- nogetiable 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) convert-

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		

ible into shares, whether the shares of the issuing corporation or shares of another company, as long as they have not been converted. Where 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 includes two government bond issues that fully comply with the criteria:

SK4120004318 and SK4120007543 Benchmark for the period 02/2012 to date.

GLOSSARY AND ABBREVIATIONS

Abbreviations

APRC	Annual percentage rate of charge
ECB	European Central Bank
ESA95	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.

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.

Sector classification

Classification of institutional sectors and sub-sectors according to the European System of National and Regional Accounts (ESA 95):

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	Other financial intermediaries, except insurance corporations and pension funds
	S.124	Financial auxiliaries
	S.125	Insurance corporations and 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://www.nbs.sk/_img/Documents/STATIST/MET/sekt_man.pdf

Revision policy:
http://www.nbs.sk/_img/Documents/STATIST/MET/revpol.pdf

Structure of the financial market
List of monetary financial institutions:
http://www.nbs.sk/sk/statisticke-udaje/menova-a-bankova-statistika/menova-statistika-penaznych-financnych-institucii#ZOZPFI

List of investment funds:
http://www.nbs.sk/sk/statisticke-udaje/menova-a-bankova-statistika/statistika-investicnych-fondov

List of other financial intermediaries:
http://www.nbs.sk/sk/statisticke-udaje/menova-a-bankova-statistika/statistika-lizingovych-spolocnosti-faktoringovych-spolocnosti-a-spolocnosti-splatkoveho-financova

Overview of developments in the monetary sector:
http://www.nbs.sk/sk/statisticke-udaje/prehlad-o-rozvoji-penazneho-sektora

Statistics of credit institutions and monetary statistics
Statistics of monetary financial institutions:
http://www.nbs.sk/sk/statisticke-udaje/menova-a-bankova-statistika/menova-statistika-penaznych-financnych-institucii

Monetary aggregates in the euro area:
http://www.ecb.int/stats/money/aggregates/aggr/html/index.en.html

Balance sheets of monetary financial institutions based in the euro area:
http://www.ecb.int/stats/money/aggregates/bsheets/html/index.en.html

Interest rate statistics:
http://www.nbs.sk/sk/statisticke-udaje/menova-a-bankova-statistika/urokova-statistika

Interest rate statistics – bank loans:
http://www.nbs.sk/sk/statisticke-udaje/menova-a-bankova-statistika/urokova-statistika/bankova-urokova-statistika-uvery

Interest rate statistics – bank deposits:
http://www.nbs.sk/sk/statisticke-udaje/menova-a-bankova-statistika/urokova-statistika/bankova-urokova-statistika-vklady

Interest statistics for the euro area:
http://www.ecb.europa.eu/stats/money/interest/interest/html/index.en.html

Long-term interest rate statistics:
http://www.nbs.sk/_img/Documents/STATIST/US/zasady.pdf
http://www.nbs.sk/_img/Documents/STATIST/US/VDSVD_CR.xls

Non-performing loans:
http://www.nbs.sk/_img/Documents/STATIST/MET/Zle_uvery.pdf

Sources of statistical data – reports:
http://www.nbs.sk/sk/statisticke-udaje/menova-a-bankova-statistika/zdrojove-statisticke-udaje-penaznych-financnych-institucii/uvery

Statistics of investment funds:
http://www.nbs.sk/sk/statisticke-udaje/menova-a-bankova-statistika/statistika-investicnych-fondov

Statistics of leasing and factoring companies:
http://www.nbs.sk/sk/statisticke-udaje/menova-a-bankova-statistika/statistika-lizingovych-spolocnosti-faktoringovych-spolocnosti-a-spolocnosti-splatkoveho-financova

Sources of statistical data on other financial intermediaries:
http://www.nbs.sk/sk/statisticke-udaje/menova-a-bankova-statistika/zdrojove-statisticke-udaje-ostatnych-financnych-sprostredkovatelov

Statistics on securities issues:
http://www.nbs.sk/sk/statisticke-udaje/menova-a-bankova-statistika/statistika-vydanych-cennych-papierov

Categories of SDDS data:
http://www.nbs.sk/sk/statisticke-udaje/udajove-kategorie-sdds

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