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EUROSYSTÉM

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MONETARY AND FINANCIAL STATISTICS

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Foreword

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

The present issue is based on data as at June 2013. The publication is based on statistical data which are the main source for compilation of the European Central Bank's euro area statistics, of the International Monetary Fund's and Eurostat's statistics, and for monetary and financial stability analyses at the national level. The last chapter is summarising the methodological notes to the individual areas of statistics under analysis.

Main goal of the Bulletin is to improve the presentation of monthly and quarterly data published on the website of Národná banka Slovenska and to provide users with more comprehensive data on monetary and financial statistics. The Bulletin presents the available aggregated data compiled according to the ECB's methodology and detailed national data presented in the form of tables, charts and commentaries.

The information published in the Bulletin comprises data that are processed and reported by domestic financial institutions, specifically by banks and branches of foreign banks, collective investment undertakings, securities and derivatives dealers, leasing companies, factoring companies, and consumer credit companies.

The Bulletin is available in electronic form on the NBS website (www.nbs.sk), in PDF format.

We hope that by processing the data in this way, and with the help of feedback from our readers and data users, we will succeed in providing an overview that is quick and easy to use. Any remarks or suggestions regarding the quality of this publication and how it may be improved can be sent to mbs@nbs.sk.

Editors of the Monetary
and Financial Statistics Section

CHAPTER 1

STRUCTURE OF THE FINANCIAL MARKET IN SLOVAKIA

1

1 Structure of the financial market in Slovakia

1.1 OVERVIEW OF PARTICIPANTS

The period under review, i.e. the second quarter of 2013, saw no change in the *monetary financial institutions* sector.

A change was recorded in the number of investment funds, owing to the establishment of three specialised funds by *Tatra Asset Management, správ. spol., a.s.*, and one specialised fund by *IAD Investments, správ. spol., a.s.* These new funds also generated an increase in the number of mutual funds in the *other funds* category.

A marked change in the number of entities falling into the category of *other financial intermediaries* occurred at the turn of 2012 and 2013. This was confirmed by a survey conducted among factor-

Table 1 Structure of the financial market in Slovakia

	VI. 2012	IX. 2012	XII. 2012	III. 2013	VI. 2013
Monetary financial institutions (S.121 + S.122)	**33**	**32**	**31**	**31**	**31**
Central bank (S.121)	**1**	**1**	**1**	**1**	**1**
Credit institutions (S.122)	**30**	**29**	**28**	**28**	**28**
Banks	*11*	*11*	*11*	*11*	*11*
Branches of foreign banks	*15*	*14*	*13*	*13*	*13*
Credit cooperatives	*1*	*1*	*1*	*1*	*1*
Building societies	*3*	*3*	*3*	*3*	*3*
Money Market Funds (S.122)	**2**	**2**	**2**	**2**	**2**
Other financial intermediaries (S.123)	**224**	**223**	**221**	**174**	**178**
Investment funds	*80*	*80*	*78*	*79*	*83*
Equity funds	11	13	12	12	12
Bond funds	22	22	20	20	20
Mixed funds	25	25	25	26	26
Real estate funds	5	5	5	6	6
Other funds	17	15	16	15	19
Leasing companies (financial leasing)	*72*	*72*	*72*	*47*	*47*
Consumer credit companies	*61*	*61*	*61*	*39*	*39*
Factoring companies	*5*	*4*	*4*	*5*	*5*
Securities and derivatives dealers1	*6*	*6*	*6*	*4*	*4*
Financial auxiliaries (S.124)	**18**	**18**	**18**	**17**	**17**
Asset Managment Companies	*7*	*7*	*7*	*6*	*6*
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)	**53**	**53**	**53**	**53**	**53**
Insurance corporations	*18*	*18*	*18*	*18*	*18*
Pension funds	*34*	*35*	*35*	*35*	*35*

Source: NBS.
1) Securities and derivatives dealers that hold a licence under Act No 566/2001 Coll., except for banks, branches of foreign banks, asset management companies, and branches of foreign asset management companies; and that according to its licence make business on their own account.

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

	VI. 2012	IX. 2012	XII. 2012	III. 2013	VI. 2013
Monetary financial institutions (S.121 + S.122)	**78,888**	**78,237**	**78,743**	**80,835**	**82,352**
Central bank (S.121)	19,798	18,535	19,026	20,876	22,401
Credit institutions (S.122)	58,898	59,529	59,565	59,826	59,830
Money Market Funds (S.122)	192	173	152	133	121
Other financial intermediaries (S.123)	**7,713**	**7,859**	**8,121**	**8,447**	**8,697**
Investment funds	3,248	3,414	3,638	3,875	3,986
Leasing companies (financial leasing)	3,080	3,085	3,069	3,117	3,215
Consumer credit companies	1,225	1,216	1,253	1,309	1,349
Factoring companies	139	144	140	138	139
Securities and derivatives dealers[1)]	23	22	21	8	8
Financial auxiliaries (S.124)	**266**	**263**	**265**	**267**	**267**
Insurance corporations and pension funds (S.125)	**13,014**	**13,391**	**13,644**	**13,642**	**13,710**
Insurance corporations (without SIB)[2)]	6,636	6,696	6,848	6,891	6,844
Pension funds	6,378	6,695	6,796	6,751	6,866

Source: NBS.
1) Securities and derivatives dealers that hold a licence under Act No 566/2001 Coll., except for banks, branches of foreign banks, asset management companies, and branches of foreign asset management companies; and that according to its licence make business on their own account.
2) Slovak Insurers' bureau (SIB) has been established by virtue of the Act No. 381/2001 on Compulsory MTPL Insurance and on changes in, and amendments to, some laws.

ing companies, financial leasing companies, and consumer credit companies. The number of active entities operating in the domestic financial market was revised in the first quarter of 2013 on the basis of data as of end-2012 from the register of organisations maintained by the Statistical Office of the Slovak Republic.

Financial market entities belonging to other categories reported no changes in the period under review.

1.2 EMPLOYEES IN THE BANKING SECTOR

The falling trend in the number of employees in the banking sector from the beginning of the year continued in the second quarter of 2013. From 31 March 2013 to 30 June 2013, the number of employees fell by 0.26%, representing 52 employees in absolute terms. Despite this fall, the number of employees in the current quarter was 0.17% higher (i.e. by 34 employees) than in the same period a year earlier.

Table 3 Number of employees in the banking sector

	2011			2012				2013	
	30.6.	30.9.	31.12.	31.3.	30.6.	30.9.	31.12.	31.3.	30.6.
Banking sector	19,410	19,531	19,527	19,494	19,542	19,656	19,662	19,628	19,576
Central bank	1,070	1,072	1,075	1,033	1,020	1,021	1,007	1,003	1,001
Banks and branches of foreign banks	18,340	18,459	18,452	18,461	18,522	18,635	18,655	18,625	18,575
of which: Banks	17,561	17,652	17,633	17,634	17,679	17,802	17,769	17,779	17,719
Branches of foreign banks	779	807	819	827	843	833	886	846	856

Source: NBS.

1.3 STRUCTURE OF SHARE CAPITAL IN THE BANKING SECTOR

The ratio of domestic share capital to total subscribed capital in the banking sector fell in the quarter under review by 0.12 percentage point year-on-year, from 7.13% as at 30 June 2012 to 7.01% as at 30 June 2013.

At the end of the second quarter of 2013, domestic share capital was part of the subscribed capital of ten domestic credit institutions (out of the total of 28), with two banks (*ČSOB stavebná sporiteľňa, a.s.*, and *Slovenská záručná a rozvojová banka, a.s.*) having a 100% share of domestic capital.

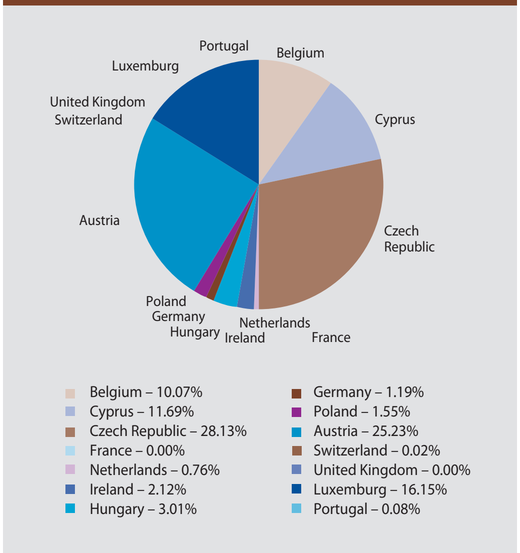
The ratio of domestic share capital to total subscribed capital in domestic banks rose by 0.12 percentage point year-on-year, from 92.87% as at 30 June 2012 to 92.99% as at 30 June 2013.

From 30 June 2012 to 30 June 2013, the volume of foreign share capital increased in absolute terms by €142.6 million (in relative terms by 5.84%).

This increase was generated largely by foreign capital from the Czech Republic, which had increased by roughly 1.2-fold year-on-year by 30 June 2013, and its proportion to total foreign capital in the banking sector had grown by 2.85 percentage points.

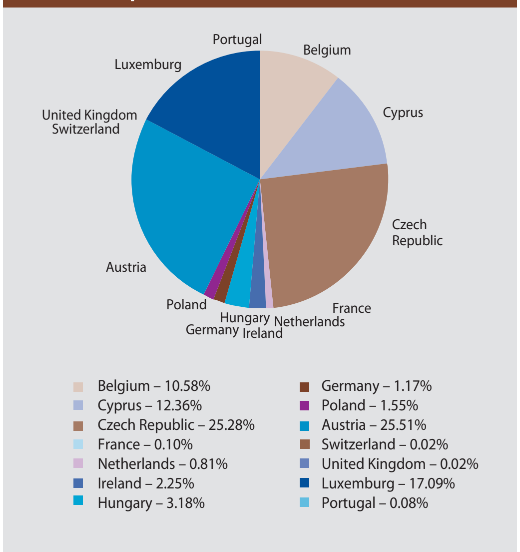
Broken down by credit institution, the structure of foreign share capital in the banking sector as at 30 June 2013 showed the following changes compared with the same period a year earlier: control over *Dexia banka Slovensko, a.s.*, had been taken over by Cypriot capital, replacing the stakes of shareholders from Luxembourg and Austria. The share of these countries in total foreign capital consequently decreased by 0.93 percentage point (Luxembourg) and 0.28 percentage point (Austria). The Czech Republic's share increased as a result of additional funding provided to the local branches of *Komerční banka, a.s.*, and *J&T banka, a.s.*, and to the Košice branch of *AKCENTA, spořitelní a úvěrní družstvo*. Since the local branches of *Crédit Agricole Corporate and Investment Bank S.A.* ended their operations in Slovakia at end-September 2012, the proportion of foreign capital from France dropped to zero. Foreign capital from Great Britain decreased at the beginning of October 2012, when the local branch of HSBC Bank plc ended its operations in Slovakia.

Chart 1 Foreign capital in the banks in the Slovak Republic as at 30 June 2013



Source: NBS.

Chart 2 Foreign capital in the banks in the Slovak Republic as at 30 June 2012



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, excluding NBS (hereinafter referred to as 'credit institutions') reached €59.8 billion at the end of the second quarter of 2013, and were by 1.58% higher than a year earlier. This increase took place mostly in the outstanding amount of loan claims.

The structure of total assets was dominated by loan claims, with a share of 70.19% as at 30 June 2013 (by 0.40 percentage point more than a year earlier). The outstanding amount of such claims increased year-on-year by €0.9 billion (by 2.17%), owing mainly to long-term claims with a maturity of over five years. The outstanding amounts of claims with a maturity of up to one year and those with a maturity of over one and up to five years decreased in year-on-year terms.

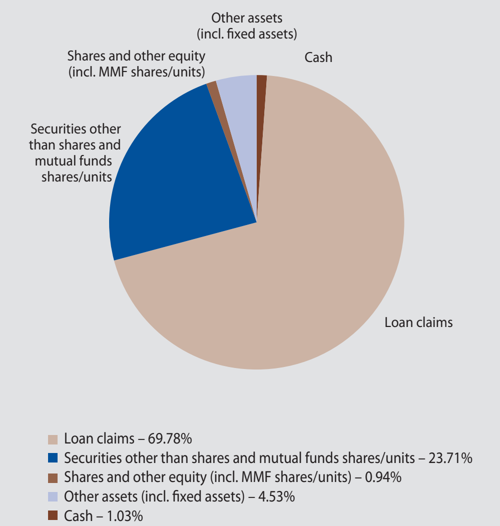
The proportion of securities other than shares and mutual fund shares/units to total assets decreased by 0.36 percentage point year-on-year and reached 23.35% at the end of the second quarter of 2013. The outstanding amount of such securities in the portfolio of credit institutions remained virtually unchanged, it increased by only 0.04% as a result of growth in the outstanding amount of securities with longer maturities. The outstanding amount of securities with a maturity of up to one year decreased year-on-year by €0.9 billion.

Shares and other equity participations accounted for 1.01% of total assets (as at 30 June 2013). This was by 0.07 percentage point more than in the same period a year earlier. The outstanding amount of shares and other equity participations in the portfolio of credit institutions increased by 8.68%.

The proportion of other assets (including fixed assets) to total assets decreased year-on-year by 0.13 percentage point, to 4.40% as at 30 June 2013. The outstanding amount of other assets (including fixed assets) decreased by €0.04 billion (by 1.43%) year-on-year.

The share of cash holdings of credit institutions in total assets increased by 0.03 percentage point year-on-year, to 1.06% as at the end of the second quarter of 2013. The outstanding amount of cash increased by €0.03 billion (by 4.12%) compared with the same period a year earlier.

Chart 3 Structure of assets of credit institutions as at 30 June 2012



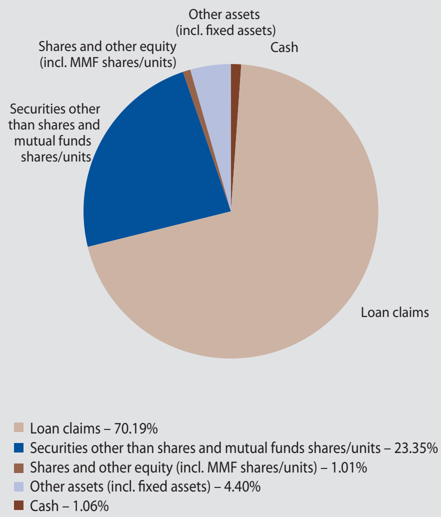
Source: NBS.

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

	VI. 12	IX. 12	XII. 12	III. 13	IV. 13
ASSETS	**58,897,854**	**59,528,524**	**59,564,517**	**59,828,939**	**59,830,067**
Cash	608,455	623,939	737,757	637,144	633,513
Loan claims	41,101,757	41,296,135	41,706,955	42,230,921	41,993,745
Securities other than shares and mutual funds shares/units	13,963,163	14,221,118	13,642,875	13,469,036	13,968,438
Shares and other equity (incl. MMF shares/units	554,228	587,721	563,565	602,016	602,308
Other assets (incl. fixed assets)	2,670,251	2,799,611	2,913,365	2,889,822	2,632,063

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

Chart 4 Structure of assets of credit institutions as at 30 June 2013



Source: NBS.

The share of capital and provisions in the liabilities of credit institutions grew by 0.48 percentage point year-on-year, to 13.94% as at 30 June 2013. The total amount of capital and provisions increased year-on-year by €0.4 billion (by 5.18%).

The share of issued debt securities in the liabilities of credit institutions decreased year-on-year by 0.29 percentage point, to 6.00%. At the end of the second quarter of 2013, the outstanding amount of these securities stood at €3.6 billion, representing a fall by 3.03% (by €0.1 billion) compared with the same period a year earlier.

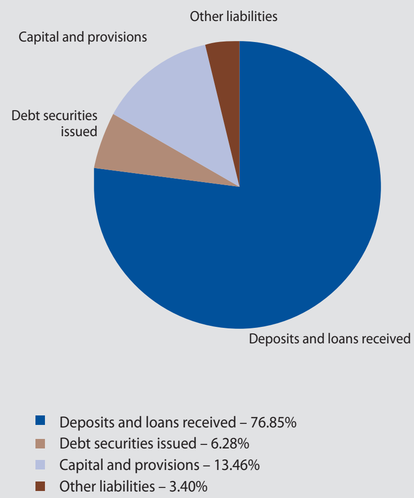
The share of other liabilities in the total liabilities of credit institutions decreased year-on-year by 0.29 percentage point, to 3.11%. The outstanding amount of other liabilities fell by 7.07% (by €0.1 billion) year-on-year.

2.2 BALANCE-SHEET STATISTICS OF CREDIT INSTITUTIONS: LIABILITIES

The total liabilities of credit institutions operating in Slovakia reached €58.9 billion at the end of the second quarter of 2013. This represented a year-on-year increase by 1.58%, and took place mostly in deposits and loans received, capital and provisions.

Total liabilities continued to be dominated by deposits and loans received, the share of which in total liabilities increased by 0.10 percentage point compared with the same period a year earlier, to 76.95% as at 30 June 2013. Their outstanding amount increased year-on-year by 1.71% (by €0.8 billion), as a result of growth in deposits and loans received with a maturity of up to one year. Deposits with a maturity of over one year recorded a decrease.

Chart 5 Structure of liabilities of credit institutions as at 30 June 2012



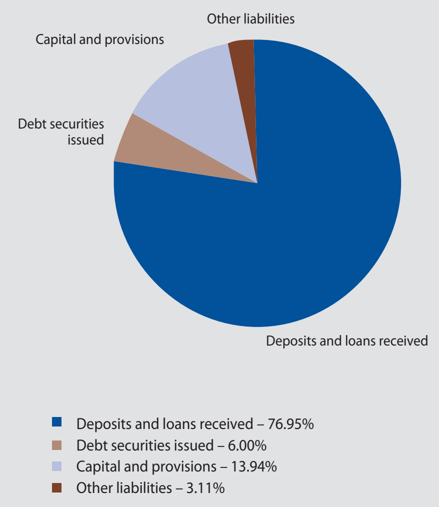
Source: NBS.

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

	VI. 12	IX. 12	XII. 12	III. 13	VI. 13
LIABILITIES	**58,897,854**	**59,528,524**	**59,564,517**	**59,828,939**	**59,830,067**
Deposits and loans received	45,263,785	45,493,437	45,987,700	45,645,090	46,039,428
Debt securities issued	3,700,304	3,890,432	3,504,313	3,669,634	3,588,109
Capital and provisions	7,929,764	8,127,185	8,399,709	8,571,181	8,340,130
Other liabilities	2,004,001	2,017,470	1,672,795	1,943,034	1,862,400

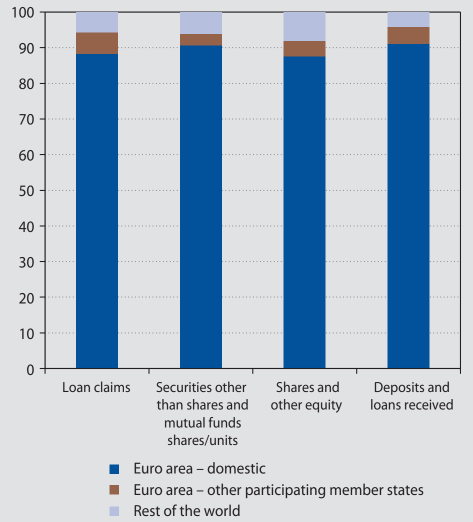
Source: NBS.
Deposits and loans received – including non-tradable debt securities.

Chart 6 Structure of liabilities of credit institutions as at 30 June 2013



Source: NBS.

Chart 7 Selected assets/liabilities: breakdown of counterparties by residency as at 30 June 2013 (%)



Source: NBS.

2.3 SELECTED ASSET AND LIABILITY ITEMS BY RESIDENCY OF COUNTERPARTY

The overall loan claims of credit institutions operating in Slovakia (€42.0 billion) were dominated by claims on domestic entities (88.27%). The outstanding amount of these claims as at 30 June 2013 stood at €37.1 billion. Loan claims on entities from other euro area countries and from the rest of the world accounted for 6.08% (€2.6 billion) and 5.66% (€2.4 billion) respectively.

The aggregated portfolio of credit institutions contained purchased securities other than shares and mutual fund shares/units worth €14.0 billion. Securities issued by domestic issuers accounted for 90.67% (€12.7 billion). Securities issued by issuers from other euro area countries and in the rest of the world accounted for 3.28% (€0.5 billion) and 6.06% (€0.8 billion) respectively.

The structure of shares and other equity participations held in the portfolio of credit institutions (worth €0.6 billion) was dominated by domestic securities (87.56%). Equity securities issued in other euro area countries accounted for 4.38% and those issued by rest of the world resident for 8.06%.

Deposits and loans received amounted to €46.0 billion (as at 30 June 2013). Of this amount, 91.10% was accounted for by deposits and loans received from domestic entities (€41.9 billion). The creditors of credit institutions operating in Slovakia from other euro area countries and from the rest of the world accounted for 4.73% (€2.2 billion) and 4.17% (€1.9 billion) respectively.

2.4 SELECTED ASSET AND LIABILITY ITEMS BY SECTOR OF COUNTERPARTY

Domestic loan claims as at 30 June 2013 (€37.1 billion) were dominated by claims on sectors other than monetary financial institutions and general government (94.74%). These claims amounted to €35.1 billion and comprised mostly claims on households and non-profit institutions serving households (€19.5 billion) and claims on non-financial corporations (€14.8 billion).
Claims on domestic monetary financial institutions (MFIs) accounted for 2.67% of the total outstanding amount of domestic loan claims; claims on the domestic general government sector represented 2.60%.

Domestic securities other than shares and mutual fund shares/units held in portfolios by credit institutions as at 30 June 2013 (worth €12.7 billion) were dominated by government securities (96.02%).

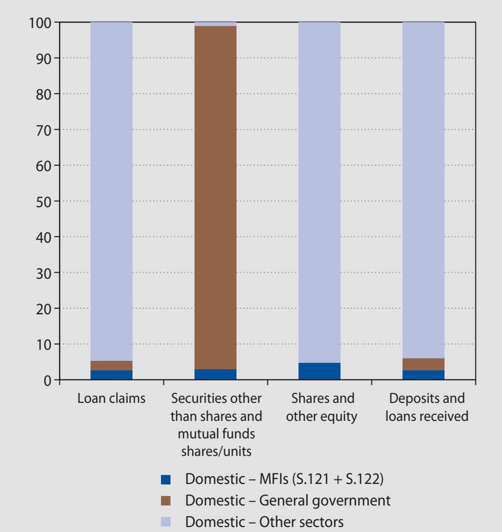
Securities other than shares and mutual fund shares/units issued by domestic MFIs accounted for 2.94%, and those issued by other domestic sectors represented 1.04%.

The total value of domestic shares and other equity participations held in portfolios by credit institutions stood at approximately €0.5 billion. Of this amount, securities issued by entities from other sectors accounted for 95.26%. Equity securities issued by domestic MFIs and held by domestic credit institutions accounted for 4.74%.

At the end of the period under review, deposits and loans received from domestic entities amounted to €41.9 billion. They were dominated by deposits from other sectors (94.02%), mostly from households. Deposits and loans received from the general government sector represented 3.32%. Domestic MFIs accounted for 2.66% of the total volume of domestic deposits and loans received.

The loan claims of credit institutions operating in Slovakia on residents of **other euro area Member States** totalled €2.6 billion as at 30 June 2013 and were dominated by claims on monetary financial institutions (54.66%). Claims on other euro area sectors accounted for 45.34%.

Chart 8 Selected assets/liabilities: sectoral breakdown of domestic counterparty as at 30 June 2013 (%)



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).

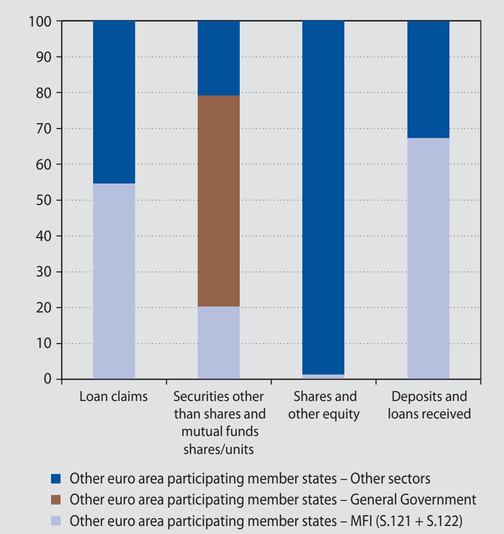
The total value of securities other than shares and mutual fund shares/units issued by issuers from other euro area countries, and held in portfolio by credit institutions in Slovakia, stood at €0.5 billion as at end-June 2013. Of this amount, government securities accounted for 58.96%, securities issued by monetary financial institutions for 20.27%, and securities issued by other sectors for 20.77%.

Shares and other equity participations (issued by residents of other euro area countries) held by credit institutions operating in Slovakia amounted to only €0.03 billion. Of this amount, equity securities issued by entities from other sectors accounted for 98.64% and those issued by monetary financial institutions for 1.36%.

Deposits and loans received from residents of other euro area countries amounted to €2.2 billion. They were dominated by deposits and loans received from monetary financial institutions (67.28%) in the total amount of €1.5 billion. Deposits from other sectors accounted for 32.68%, while deposits from the general government sector represented only 0.04%.

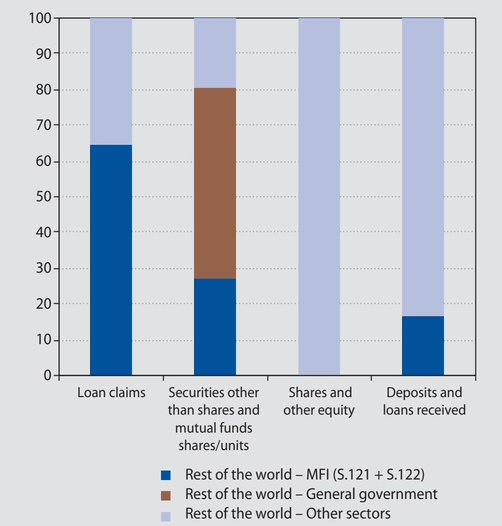
Loan claims on residents from **the rest of the world** stood at €2.4 billion as at the end of the second quarter of 2013. They were dominated by claims on monetary financial institutions (64.30%), followed by claims on other sectors (35.58%). Claims on the general government sector accounted for only 0.12%.

Chart 9 Selected assets/liabilities: sectoral breakdown of counterparty from other euro area member states as at 30 June 2013 (%)



Source: NBS.

Chart 10 Selected assets/liabilities: sectoral breakdown of counterparty from the rest of the world as at 30 June 2013 (%)



Source: NBS.

Credit institutions operating 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 53.92%, securities issued by monetary financial institutions for 26.90%, and those issued by other sectors for 19.18%.

The value of shares and other equity securities issued by rest of the world residents and held in portfolio by credit institutions in Slovakia amounted to only €0.05 billion. These comprised equity securities issued by other sectors (i.e. other than MFIs and general government sector).

Deposits and loans received from rest of the world residents amounted to €1.9 billion as at the end of June 2013. Of this amount, other sectors accounted for 83.06% (€1.6 billion), monetary financial institutions for 16.57%, and the general government sector for 0.38%.

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

The total **assets of credit institutions** recorded a year-on-year increase at the end of each quarter in the period from 30 June 2012 to 30 June 2013. The most significant increase was observed at the end of the fourth quarter of 2012, when the outstanding amount of assets was by 3.34% higher (by €1.9 billion) than a year earlier.

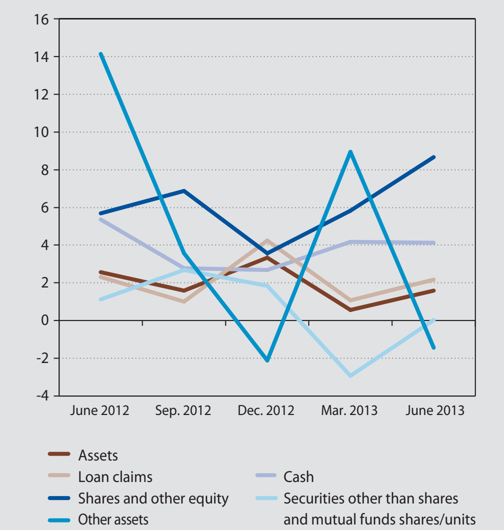
This change in the forth quarter of 2012 in assets was caused largely by loan claims, the outstanding amount of which grew by 4.25% (by €1.7 billion) year-on-year, mainly as a result of increases in the amounts of claims with a maturity of over five years (by €1.3 billion) and short-term claims with a maturity of up to one year.

The most significant change in securities other than shares and mutual fund shares/units held in portfolio by credit institutions was observed at the end of the first quarter of 2013, when their outstanding amount was by 2.94% lower (by €0.4 billion) than a year earlier.

The outstanding amount of shares and other equity participations (including money market fund shares/units) was relatively low at the end of each quarter in the period under review (below €0.61 billion). The most significant change was recorded at the end of the second quarter of 2013: a year-on-year increase by 8.68% (by €0.05 billion).

In other assets (including fixed assets), the strongest year-on-year change was recorded at the end of the second quarter of 2012. Their outstanding amount increased by 14.13% (by €0.3 billion),

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



Source: NBS.

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

	VI. 12	IX. 12	XII. 12	III. 13	VI. 13
ASSETS	**1,471,120**	**928,271**	**1,924,698**	**339,323**	**932,213**
Cash	**30,947**	**16,788**	**19,311**	**25,572**	**25,058**
Loan claims	**923,409**	**406,621**	**1,700,294**	**451,155**	**891,988**
Loan claims – up to 1 year	-453,946	-838,850	943,444	-278,922	-192,321
Loan claims – over 1 and up to 5 years	-133,074	-219,007	-528,281	-443,013	-259,257
Loan claims – over 5 years	1,510,429	1,464,478	1,285,131	1,173,090	1,343,566
Securities other than shares and mutual funds shares/units	**156,407**	**370,688**	**248,497**	**-407,959**	**5,275**
Securities other than shares and mutual funds shares/units up to 1 year	551,865	719,947	52,086	-166,832	-937,685
Securities other than shares and mutual funds shares/units over 1 and up to 2 years	-262,622	-276,282	-3,394	7,127	264,806
Securities other than shares and mutual funds shares/units over 2 years	-132,836	-72,977	199,805	-248,254	678,154
Shares and other equity	**29,805**	**37,737**	**19,468**	**33,180**	**48,080**
Other assets	**330,552**	**96,437**	**-62,872**	**237,375**	**-38,188**

Source: NBS.

mainly as a result of growth in derivatives with a positive fair value and in fixed assets.

The most significant change in the cash holdings of credit institutions was recorded at the end of the second quarter of 2012: a year-on-year increase by 5.36% (by €0.03 billion). This increase took place in euro-denominated cash holdings.

The total **liabilities of credit institutions** showed a year-on-year increase at the end of each quarter in the period from 30 June 2012 to 30 June 2013. The most significant year-on-year change (an increase by 4.85%, i.e. by €1.9 billion) was recorded at the end of the fourth quarter of 2012.

This change was caused mainly by deposits and loans received, which grew in volume by 3.56% (by €1.6 billion) year-on-year. The increase took place in the outstanding amount of deposits and loans received with a maturity of up to one and over one year.

In the period under review, the outstanding amount of debt securities changed most significantly in the third quarter of 2012, when a year-on-year increase by 8.90% (by €0.3 billion) was recorded, mainly in securities with a maturity of over two years and up to one year.

Capital and provisions recorded the most significant change at the end of the second quarter of 2012: a year-on-year increase by 9.45% (by €0.7 billion).

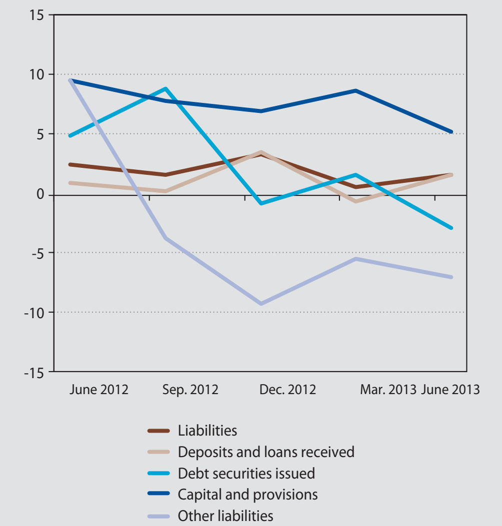
In the period under review, the outstanding amount of other liabilities changed most significantly in the second quarter of 2012, when a year-on-year increase by 9.53% (by €0.2 billion)

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

	VI. 12	IX. 12	XII. 12	III. 13	VI. 13
LIABILITIES	**1,471,120**	**928,271**	**1,924,698**	**339,323**	**932,213**
Deposits and loans received	**439,837**	**103,060**	**1,581,755**	**-284,330**	**775,643**
Deposits and loans received up to 1 year	-2,720,208	-2,352,150	1,057,858	1,435,567	2,647,928
Deposits and loans received over 1 year	3,160,045	2,455,210	523,897	-1,719,897	-1,872,285
Debt securities issued	**171,979**	**318,043**	**-24,677**	**58,152**	**-112,195**
Debt securities issued up to 1 year	60,000	153,030	37,641	47,192	48,771
Debt securities issued over 1 and up to 2 years	-148,931	-55,989	-40,248	-53,112	21,177
Debt securities issued over 2 years	260,910	221,002	-22,070	64,072	-182,143
Capital and provisions	**684,954**	**589,920**	**540,048**	**678,327**	**410,366**
Other liabilities	**174,350**	**-82,752**	**-172,428**	**-112,826**	**-141,601**

Source: NBS.

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



Source: NBS.

was recorded. This change was, inter alia, influenced by an increase in the amount of interest accrued on deposits and loans received, and derivatives with a negative value.

2.6 PROFIT / LOSS ANALYSIS FOR CREDIT INSTITUTIONS

2.6.1 PROFIT / LOSS FOR THE CURRENT PERIOD

Looking at the banking sector's cumulative profits as at the end of June in the last five years, we can see that the highest cumulative profit was achieved by banks in 2011. The second highest profit was recorded in the current year (2013), followed by profits in 2012, 2010, and 2009.

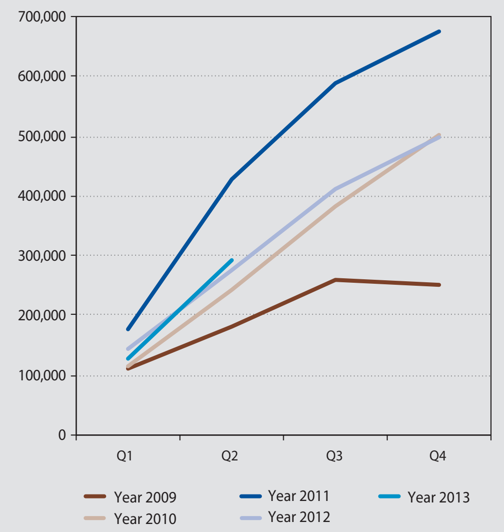
The cumulative profit as at end-June 2013 increased year-on-year by 5.8%, which was 42.2 percentage points more than in the same period a year earlier, when the cumulative profit was 36.4% lower than the profit recorded as at 30 June 2011.

As regards the structure of income and expense items as reflected in the cumulative profit in the second quarter of 2013, the most significant positive influence was made by net interest income generated in particular by other interest income, though its amount was 2.8% smaller than a year earlier.

The second most significant contribution was made by fee and commission income, the amount of which increased in the second quarter of 2013 by 5.7% year-on-year. Another income item contributing to bank profits was interest income from securities, though its amount was 15.6% smaller than a year earlier (as at 39 June 2013).

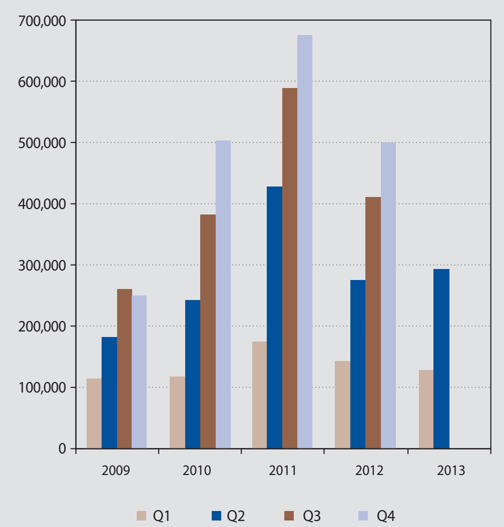
As regards the structure of expenses, the highest expense item in the second quarter of 2013 was

Chart 13 Cumulative current period profit/loss (EUR thousands)



Source: NBS.

Chart 14 Cumulative current period profit/loss (EUR thousands)



Source: NBS.

general operating expenses, which increased by 0.7% year-on-year. The sector's net operating loss as at end-June 2013 was 23% lower than in the same period a year earlier.

Provisions created for loans granted to customers increased year-on-year by 3.4% in the second quarter of 2013. A comparison of the structure of customers by residency indicates that the highest year-on-year increase (i.e. +32.3%) was recorded in provisioning for loans provided to non-residents. The claims of customers increased by 3.9% year-on-year.

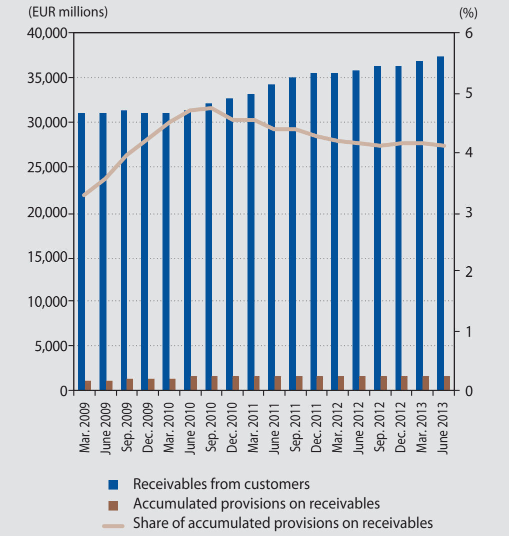
The ratio of provisions to claims for which they were created fell during the second quarter from 4.15% to 4.13%. In year-on-year terms, the ratio fell by 0.03 percentage point, from 4.16% as at 30 June 2012.

Provisioning expenses as at 30 June 2013 increased year-on-year by 19.9%, representing an acceleration of 1.5 percentage point. Income from the cancellation of provisions decreased by 3.7% year-on-year. This represented a negative growth rate of 34.2 percentage points.

A comparison of the costs of written-off and assigned claims on non-bank customers from the first half of 2012 indicates that credit institutions still give preference to the assignment of claims over their writing off. Net losses from assigned claims and written-off claims in the second quarter of 2013 dropped year-on-year by 57% and 43% respectively.

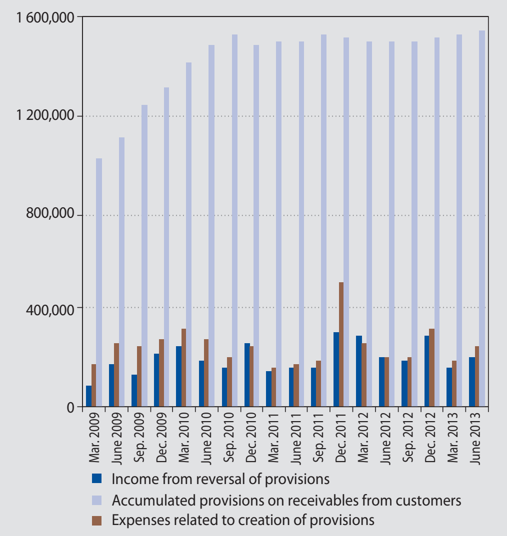
Provisioning expenses or incomes are reported in aggregate terms, for all three months of the quarter under review. Loans granted to non-bank customers and provisions created for such loans are reported in cumulative terms for the given period.

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



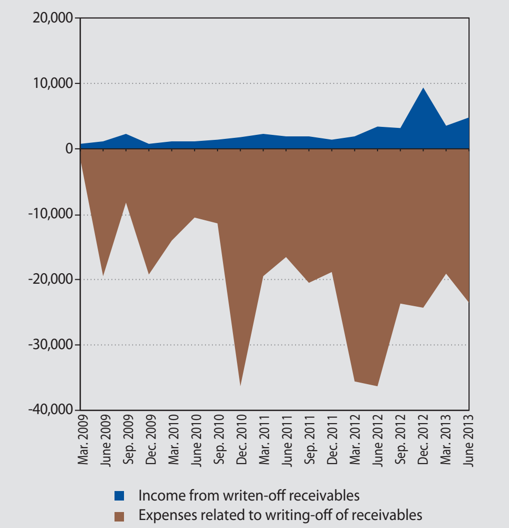
Source: NBS.

Chart 15 Provisions (EUR thousands)



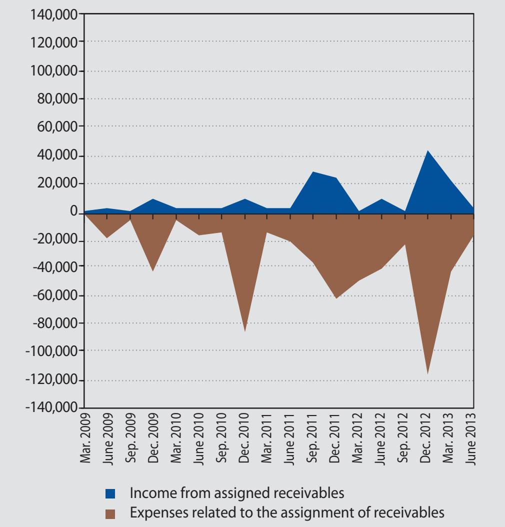
Source: NBS.

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



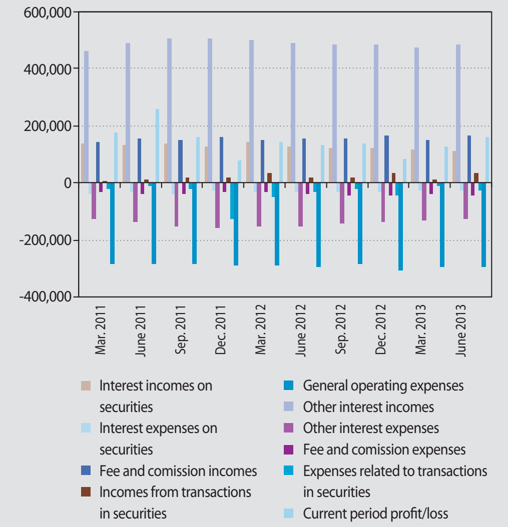
Source: NBS.

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

Income and expense items were selected for the purpose of comparison according to the main activities of credit institutions. Their values were calculated as aggregates of three monthly values recorded in the second quarter of 2013.

According to data as at 30 June 2013, interest income from securities decreased by 12.6% compared with the same period a year earlier. Interest expenses on securities dropped year-on-year by 17.2%, which was 27.6 percentage points less than in the same period a year earlier.

Other interest income decreased by 0.6% year-on-year. Other interest expenses dropped year-on-year by 19.4%, with the growth rate decelerating by 31.6 percentage points compared with the same period a year earlier.

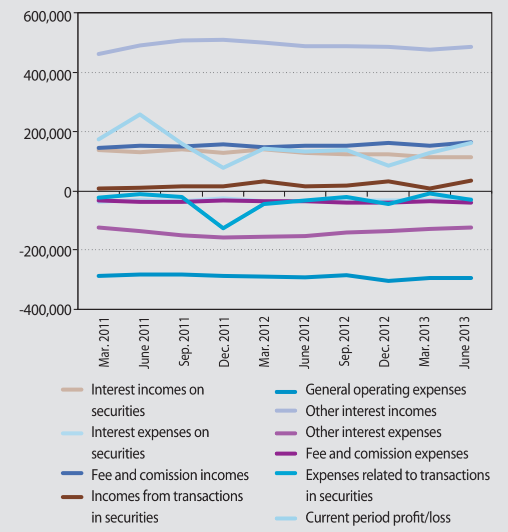
Income from fees and provisions grew in the second quarter of 2013 by 8% year-on-year. Expenses on fees and provisions increased by 14.2%.

Income from transactions in securities grew by 126.4% year-on-year. The growth rate in the second quarter of 2013 was 41% faster than in the same period a year earlier (as at 30 June 2012).

Expenses on securities transactions showed a year-on-year decrease of 6.2%, compared with a year-on-year increase of 177.7% recorded as at 30 June 2012.

General operating costs remained virtually unchanged in the quarter under review.

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



Source: NBS.

As at 30 June 2013, the profit for the current period was 22.2% higher than at the end of June 2012, when it was 48.4% lower than a year earlier.

2.7 LENDING TO NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS

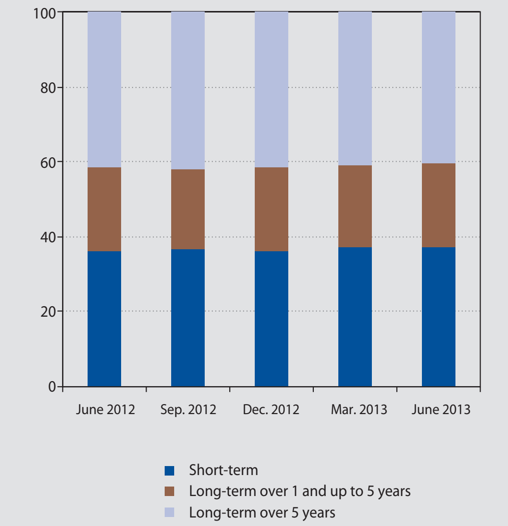
2.7.1 Loans to non-financial corporations by maturity

In June 2013, the value of loans granted to non-financial corporations decreased by 3.5% compared with the same period a year earlier. The rate of decrease, however, slowed by 0.8 percentage point compared with the previous quarter. The value of short term loans rose by 0.2% in June (after falling for two months), while the value of long-term loans (with a maturity of over one year and up to/over five years) fell in year-on-year terms. The value of loans granted to non-financial corporations with a maturity of over one and up to five years has been on the decline in year-on-year terms since July 2011. The value of long-term loans with a maturity of over five years has been falling year-on-year since August 2012 at a steadily accelerating pace (it has accelerated by 1.6 percentage points since the beginning of the year). This is also indicated by data on long-term loans with a maturity of over five years, which recorded a month-on-month decrease of 1.89% in June, i.e. the sharpest decrease since the beginning of monitoring in 2009.

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

Source: NBS.
Note: The source data represents the outstanding amounts at the end of month. They are valued at nominal value not adjusted by non-transactions.

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



Source: NBS.

Owing to the continuing year-on-year decline in long-term loans with a maturity of over five years, the share of these loans in the value of total loans decreased by 0.7 percentage point (to 40.2%) compared with March 2013. On the other hand, the share of long-term loans with a maturity of over one and up to five years increased by 0.4 percentage point (to 22.3%), and that of short-term loans by 0.3 percentage point (to 37.5%). This represented the highest share of the value of short-term loans on total loans recorded since July 2009.

2.7.2 Loans to households by maturity

In year-on-year terms, the value of loans granted to households continued to increase at a fast pace, reaching 9.5%. The individual groups of loans by maturity underwent markedly different developments. While the values of short-term loans and loans with a maturity of over one and up to five years decreased year-on-year by 1.4% and 6% respectively (in June 2013), the value of long-term loans granted to households with a maturity of over five years recorded a steep increase (11.4%).

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

Source: NBS.
Note: The source data represents the outstanding amounts at the end of month. They are valued at nominal value not adjusted by non-transactions.

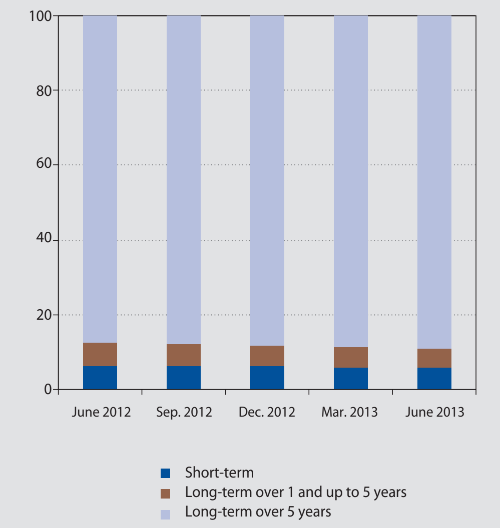
The value of loans with a maturity of over five years again recorded a two-digit increase in year-on-year terms, whereas the value of loans granted to households with a maturity of over one and up to five years has been recording a year-on-year decrease consecutively since 2009 (the beginning of monitoring).

Loans broken down by maturity continued to follow the trends from the previous periods. The proportion of loans with a maturity of over five years steadily increased (by 0.3 percentage point since March, up to 88.9% in June 2013) to the detriment of short-term loans and loans with a maturity of over one and up to five years.

2.7.3 Loans to non-financial corporations by type of loan

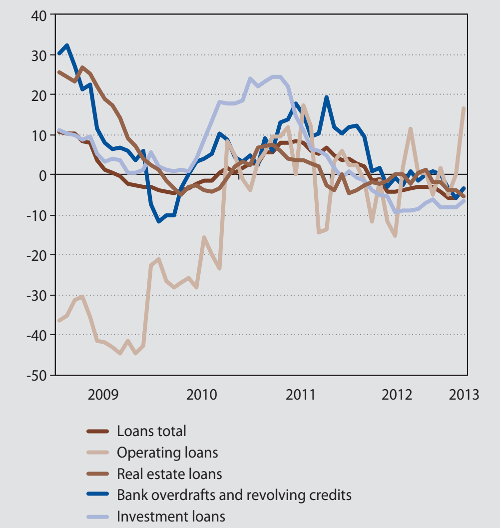
Looking at the breakdown of loans granted to non-financial corporations by type, we can see that only *operating loans* recorded a year-on-year increase in value in June 2013 (by 16.4%). The sharpest year-on-year decrease was recorded in *investment loans*, but *current account overdrafts and revolving loans* also declined at a fast pace, as well as *real estate loans*.

Chart 24 Loans to households by maturity (% share)



Source: NBS.

Chart 25 Loans to non-financial corporations by type of loan (year-on-year change in %)

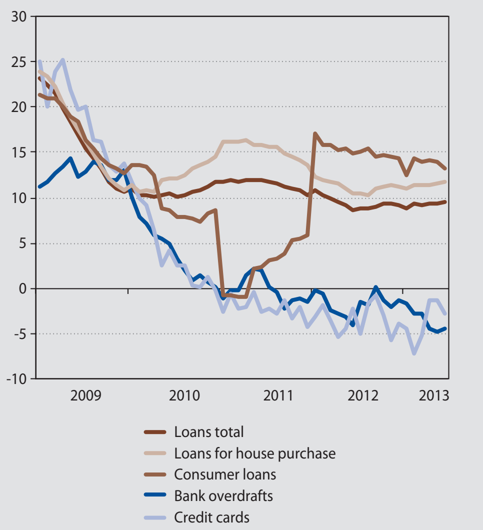


Source: NBS.
Note: The source data represents the outstanding amounts at the end of month. They are valued at nominal value not adjusted by non-transactions.

2.7.4 Loans to households by type of loan

A breakdown of loans granted to households by purpose indicates that *housing loans* grew at a relatively fast pace, as well and *consumer loans*. The value of housing loans increased year-on-year by 11.8%, that of consumer loans by as much as 13.2%, so the strong growth from the previous periods continued in both cases. By contrast, the values of *bank overdrafts* and *credit cards* dropped year-on-year by 4.5% and 2.8% respectively.

Chart 26 Loans to households by type of loan (year-on-year change in %)

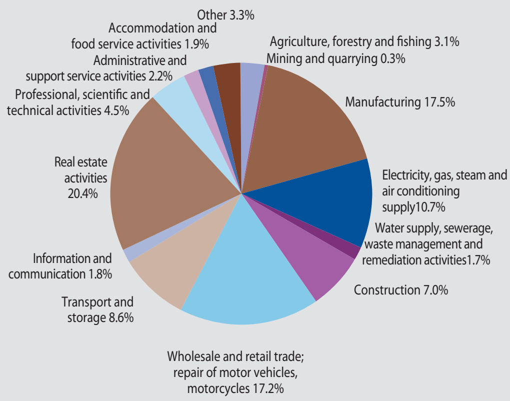


Source: NBS.
Note: The source data represents the outstanding amounts at the end of month. They are valued at nominal value not adjusted by non-transactions.

2.7.5 Loans to non-financial corporations by sector of economic activity

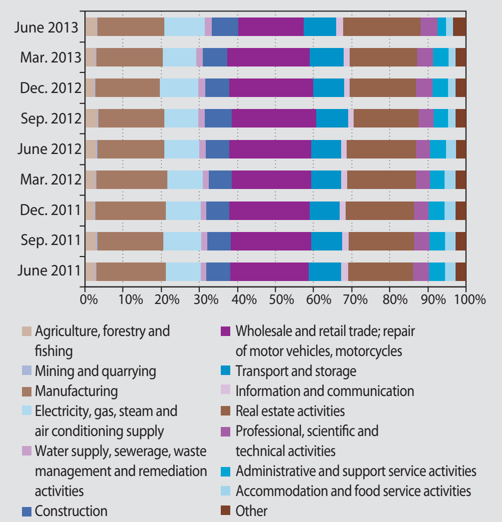
In the second quarter, loans were provided mostly to the following sectors: *real estate sector* (20.4% of total loans), *manufacturing* (17.5%), and *wholesale and retail trade, repair of motor vehicles and motorcycles* (17.2%). Many of the sectors have undergone changes since March 2013, but these were caused mostly by methodological changes (related to the assignment of NACE codes). Thus, the main differences between the first and second quarters resulted from methodological changes. With the methodological changes left out of consideration, the most significant change occurred in *manufacturing*, where the share of loans provided in total loans decreased by 1.43 percentage points

Chart 27 Loans to non-financial corporations by economic activity as at 30 June 2013



Source: NBS.

Chart 28 Loans to non-financial corporations by economic activity



Source: NBS.

2.7.6 Non-performing loans

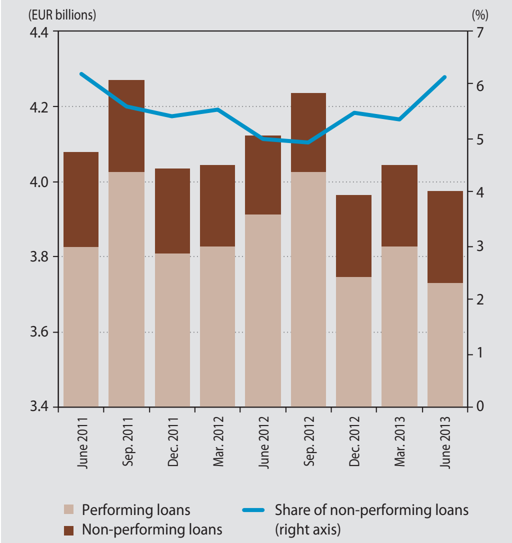
2.7.6.1 Non-performing loans in the non-financial corporation sector

The share of non-performing loans in the total volume of loans granted to non-financial corporations increased by 0.4 percentage point compared with end-March 2013, to stand at 8.1% as at end-June 2013. Thus, the share of non-performing loans exceeded the 8% limit for the first time since December 2011.

In absolute terms, non-performing loans in the non-financial corporations sector grew in volume by 4.04%, compared with March 2013. This growth took place mostly in *revolving loans, bank overdrafts*, and *other loans*.

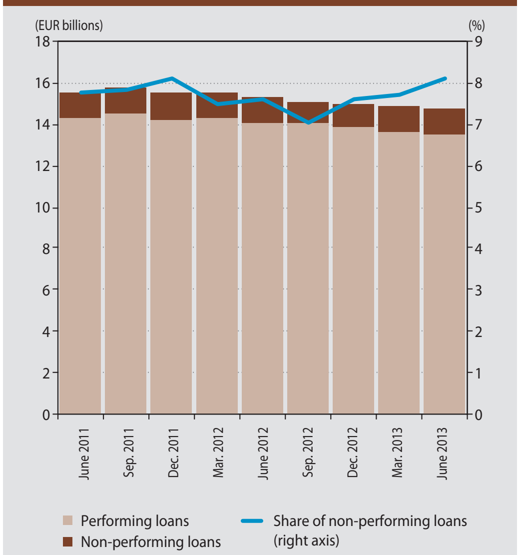
The share of non-performing loans in the *revolving loans and bank overdrafts* category increased by 0.8 percentage point, compared with the previous quarter. In the *operating loans, real estate loans*, and *credit cards* categories, the share of non-performing loans decreased in comparison with March 2013.

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



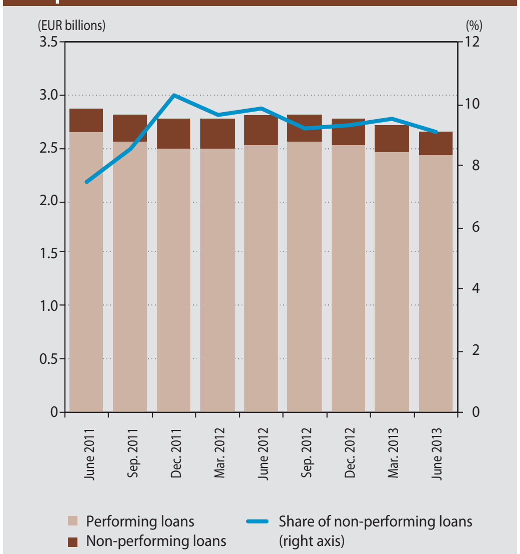
Source: NBS.

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



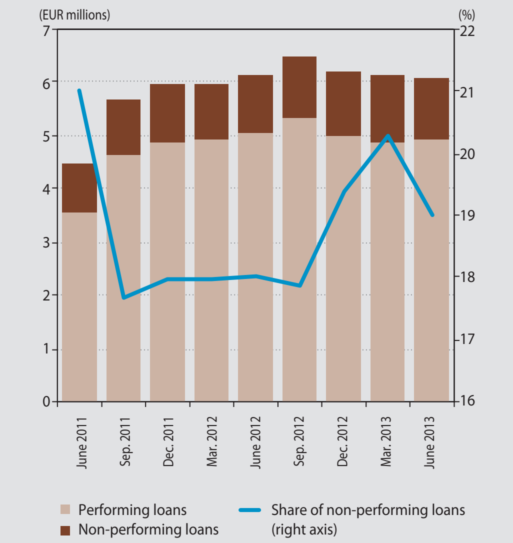
Source: NBS.

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



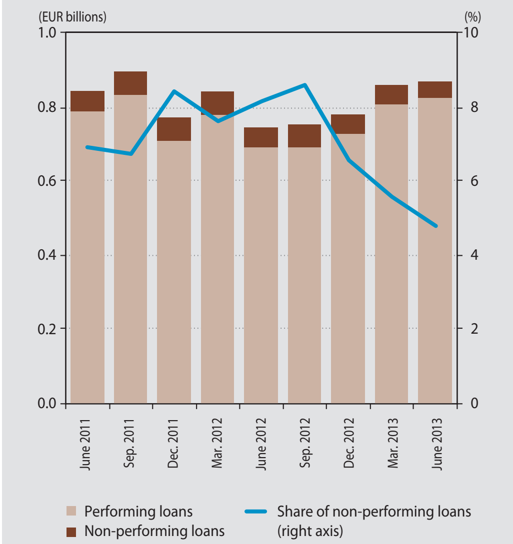
Source: NBS.

Chart 32 Share of non-performing loans on credit card loans to non-financial corporations



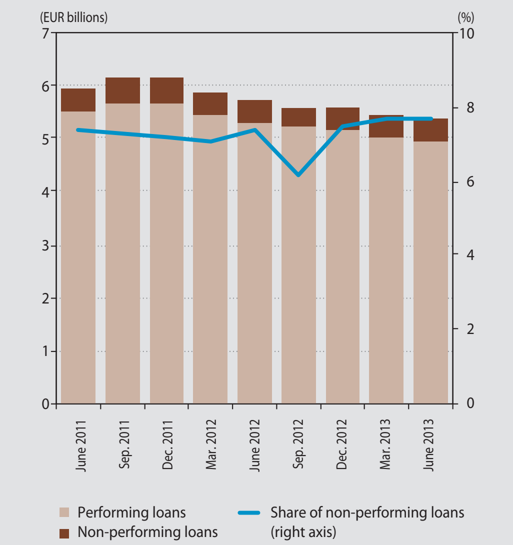
Source: NBS.

Chart 34 Share of non-performing loans on operating loans to non-financial corporations



Source: NBS.

Chart 33 Share of non-performing loans on investment loans to non-financial corporations



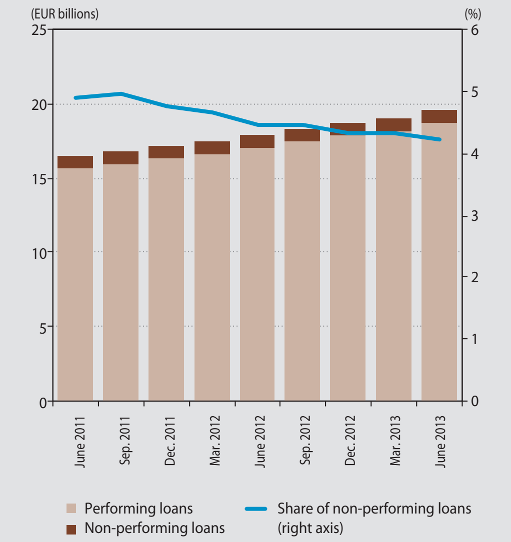
Source: NBS.

2.7.6.2 Non-performing loans in the household sector

In June 2013, the share of non-performing loans in the total volume of household loans dropped to 4.2%, its lowest level since January 2009.

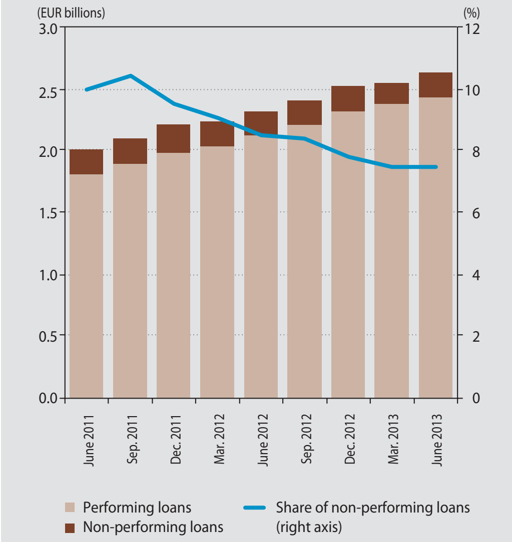
In the *credit cards*, *housing loans*, and *consumer loans* categories, the share of non-performing loans remained unchanged or decreased minimally in the household sector. A notable decrease was only recorded in the share of non-performing loans in the *current account overdrafts* category: a quarter-on-quarter decrease in share of 0.5 percentage point in June 2013, caused partly by a decrease in non-performing loans and partly by an increase in the value of total loans.

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



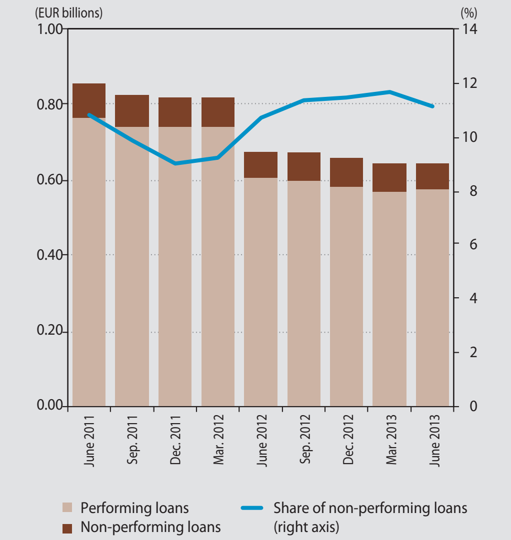
Source: NBS.

Chart 37 Share of non-performing loans on consumer loans to households



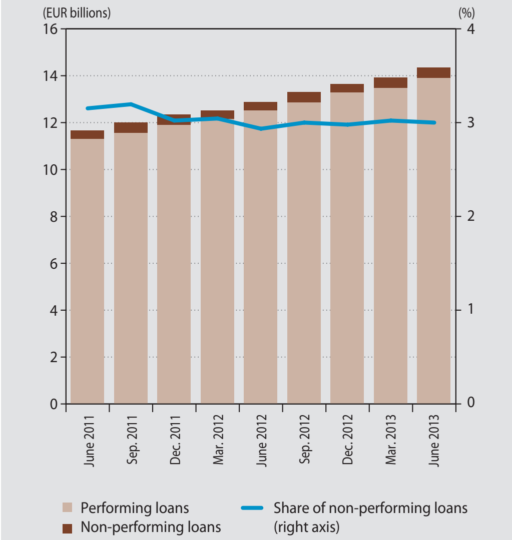
Source: NBS.

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



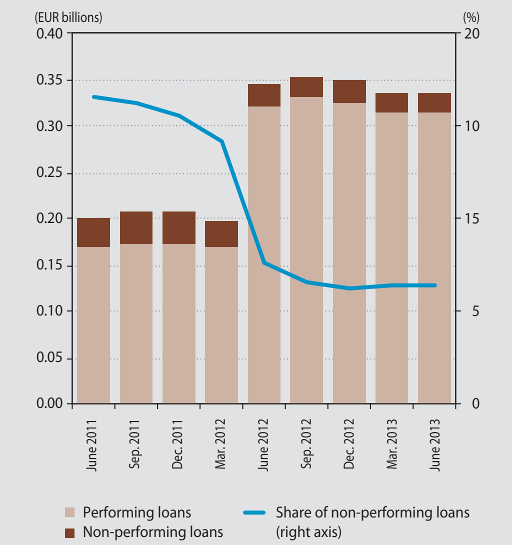
Source: NBS.

Chart 38 Share of non-performing loans on loans for house purchase to households



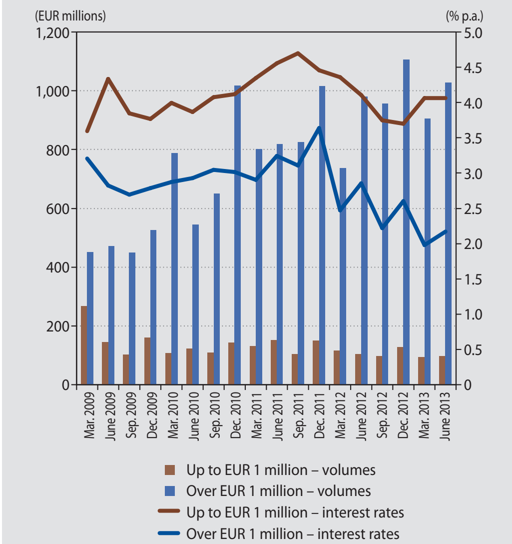
Source: NBS.

Chart 39 Share of non-performing loans on credit card loans to households



Source: NBS.

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



Source: NBS.

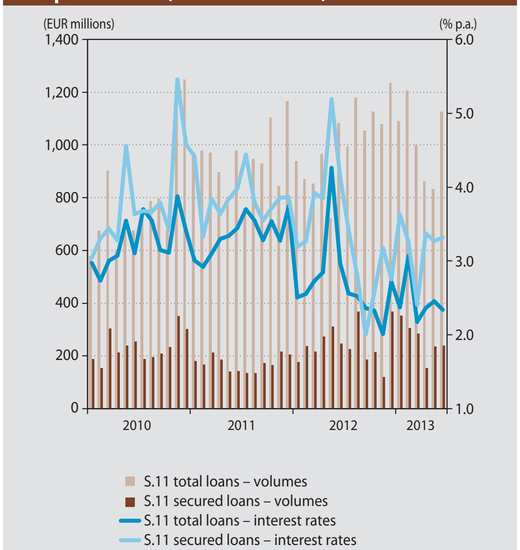
2.8 INTEREST RATES AND VOLUMES: LOANS PROVIDED

2.8.1 INTEREST RATES AND VOLUMES: LOANS TO NON-FINANCIAL CORPORATIONS (NEW BUSINESS)

The total volume of new loans granted to non-financial corporations in the second quarter of 2013 increased by 2.0%, compared with the second quarter of 2012. In the **loans of up to €1 million** category, the volume of new loans increased by 1.5% in the period under review. The share of loans of this type in the total volume of loans provided remained unchanged, at 10.7%. The average lending rate in the period under review fell by 0.3%, to 4.1% p.a. The volume of loans in the **loans of over €1 million** category also increased somewhat, specifically by 2.1% compared with the second quarter of 2012. The share of new **loans of over €1 million** in the total volume of loans granted to non-financial corporations remained unchanged in the quarter under review (at 89.3%), while the average interest rate dropped by 1.0% (to 2.2% p.a.).

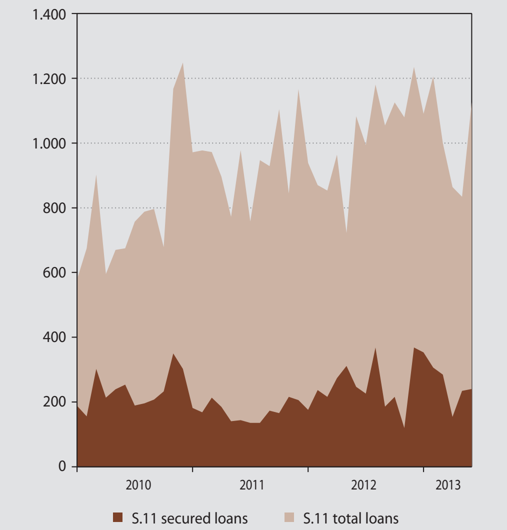
In the second quarter of 2013, the share of new secured loans in the **total** volume of new loans granted to non-financial corporations decreased in year-on-year terms, from 30.1% to 22.3%. The average interest rate on secured loans dropped to 3.3% p.a. in the quarter under review, from 4.4% p.a. in the second quarter of 2012. The average rate for new loans granted to non-financial corporations also dropped by 1.1% in this period, to 2.4% p.a. in the second quarter of 2013.

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



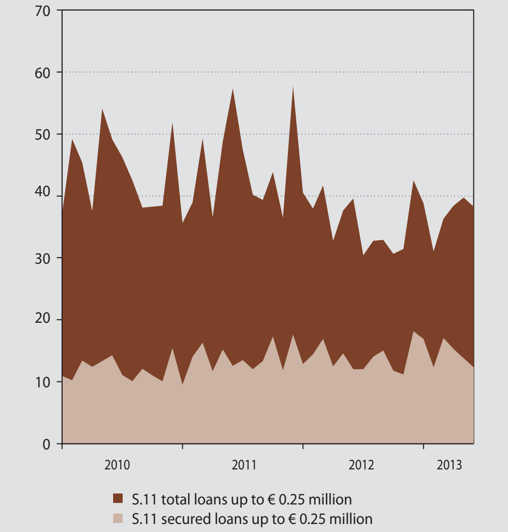
Source: NBS.

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



Source: NBS.

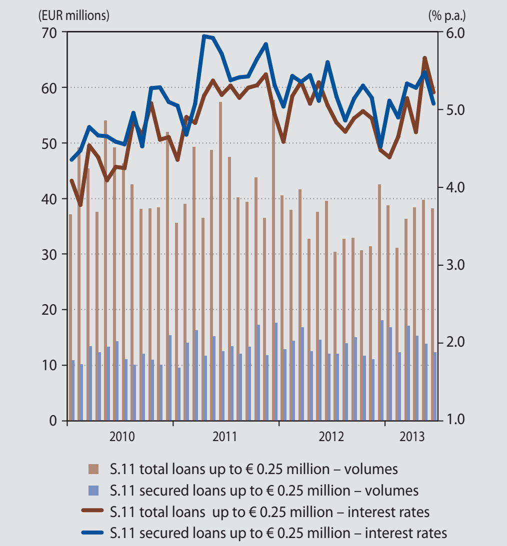
Chart 44 Share of secured loans on total "loans up to € 0.25 million" to non-financial corporations (new business) (EUR millions)



Source: NBS.

In the **loans of up to €0.25 million** category, the share of new secured loans in the total volume of new loans granted to non-financial corporations remained unchanged, at 35.6%. The average interest rate on secured loans of this category fell slightly in the period under review, by 0.1% to 5.6% p.a. The average interest rate on new **loans of up to €0.25 million** granted to non-financial corporations remained unchanged in the period under review, at 5.2% p.a.

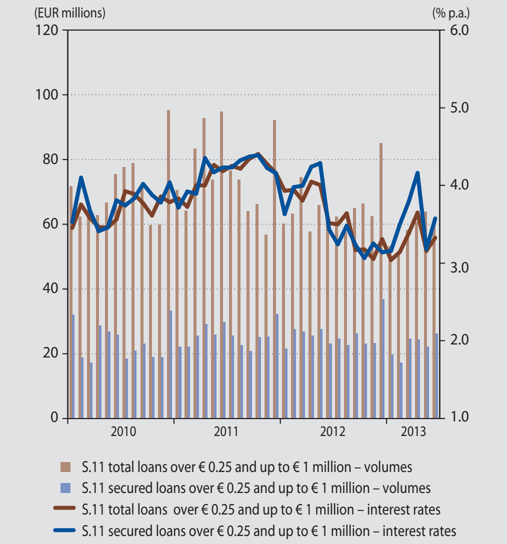
Chart 43 Interest rates and volumes on secured and total "loans up to € 0.25 million" to non-financial corporations (new business)



Source: NBS.

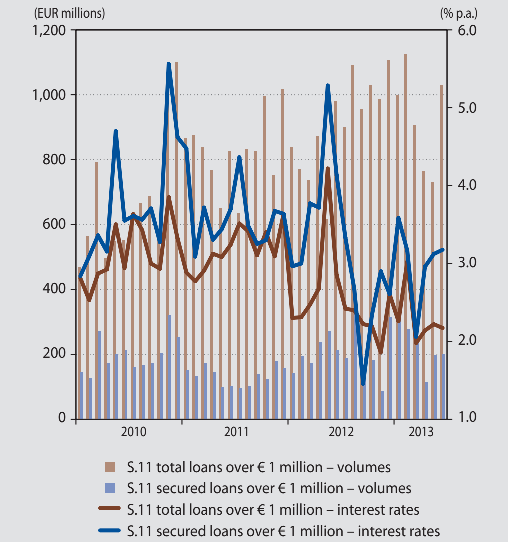
In the **loans of over €0.25 million and up to €1 million** category, the share of new secured loans in the total volume of new loans granted to non-financial corporations decreased by 1.3% to 39.4% in the second quarter of 2013. The average interest rate on secured loans of this category fell in the quarter under review, from 4.0% p.a. to 3.7% p.a. The average interest rate on new **loans of over €0.25 million and up to €1 million** granted to non-financial corporations also fell in the period under review, by 0.5% to stand at 3.4% p.a.

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



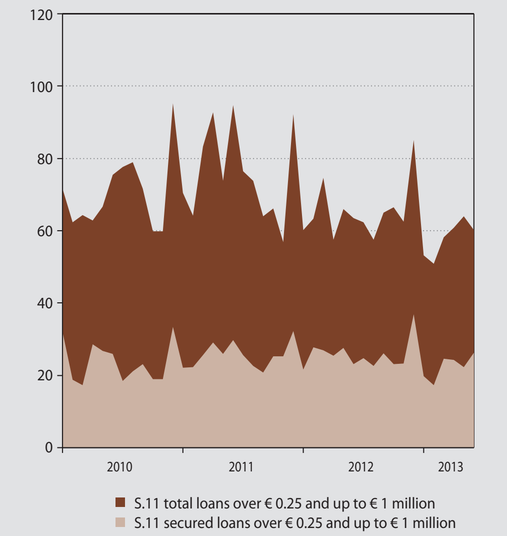
Source: NBS.

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



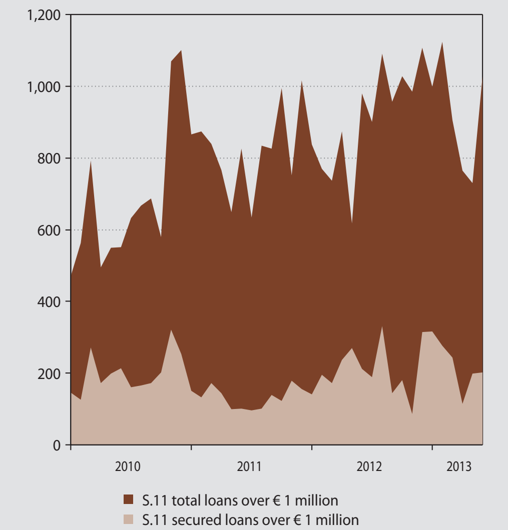
Source: NBS.

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



Source: NBS.

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



Source: NBS.

In the **loans of over €1 million** category, the share of new secured loans in the total volume of new loans granted to non-financial corporations decreased by 8.6% year-on-year, to 20.4% in the second quarter of 2013. The average interest rate on secured loans of this category fell from 4.4% p.a. to 3.1% p.a. in the period under review. The average rate for new **loans of over €1 million** granted to non-financial corporations followed the same trend: it dropped by 0.9% to 2.2% p.a.

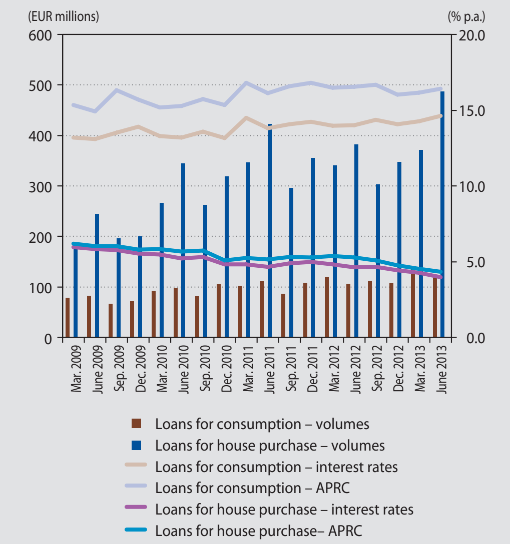
2.8.2 Interest rates and volumes: loans to households (new business)

Demand for loans in the household sector continued to be dominated by demand for housing loans. The average interest rate on housing loans fell by 0.6% to 4.0% p.a. in the second quarter of 2013, compared with the second quarter of 2012. Lending rates for the individual types of housing loans changed in year-on-year terms as follows: the average rate for **intermediate loans**, which are offered by building savings banks, rose by 0.5% (to 4.0% p.a.); the average rate for **building loans** fell by 0.1% (to 4.7% p.a.); the average rate for **other loans for house purchases** fell by 0.8% (to 3.9% p.a.); and the average rate for **mortgage loans** dropped by 0.9% (to 4.2% p.a.).

The annual percentage rate of charge (APRC) related to loans granted to households usually exceeds the rate of interest charged for these loans. In the second quarter of 2013 (compared with the second quarter of 2012), the average interest rate on housing loans as well as the average APRC for this type of loans dropped by 1.0% to 4.3% p.a. The APRC value related to consumer loans followed a similar trend. Although the average interest rate on consumer loans rose by 0.5% to 14.4% in the second quarter of 2013, the average APRC for consumer loans decreased by 0.3% to 16.1% p.a. in the same period.

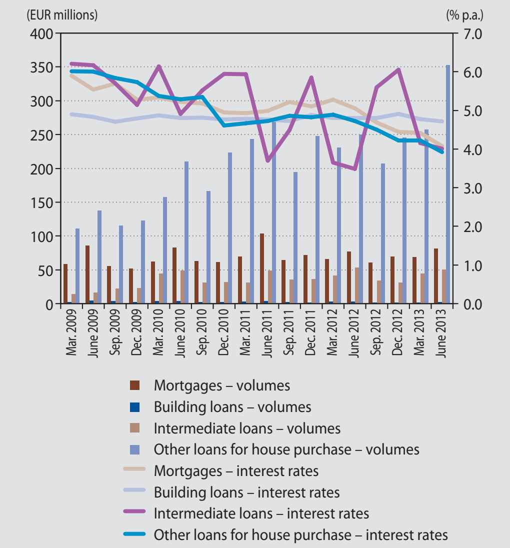
The share of **new secured housing loans** in the total volume of loans provided to households for housing purposes increased by 2.1% to 90.9% in

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



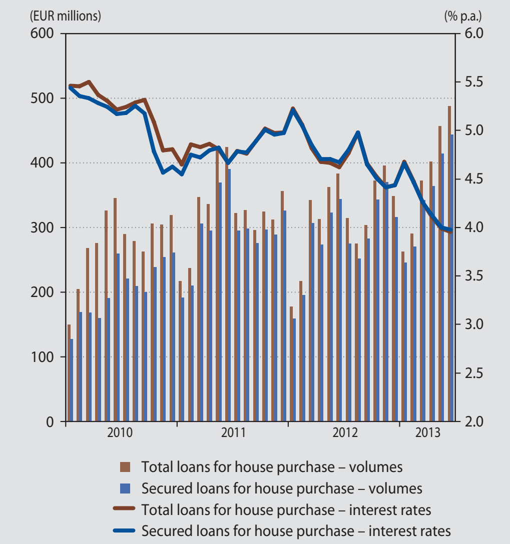
Source: NBS.

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



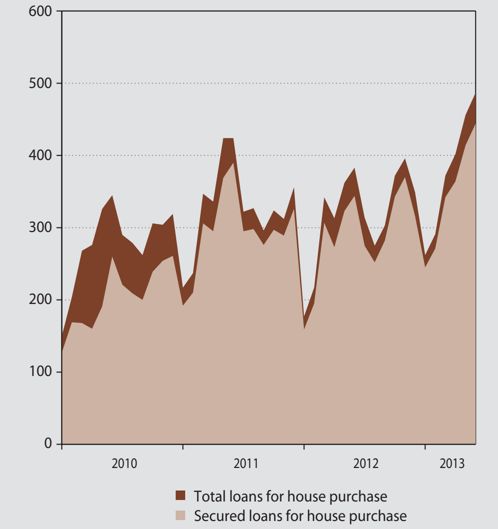
Source: NBS.

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



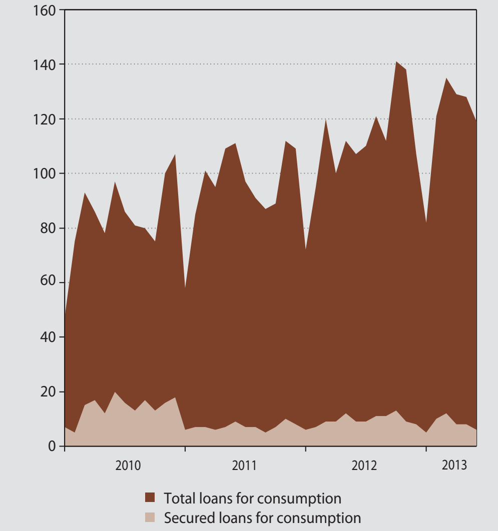
Source: NBS.

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



Source: NBS.

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

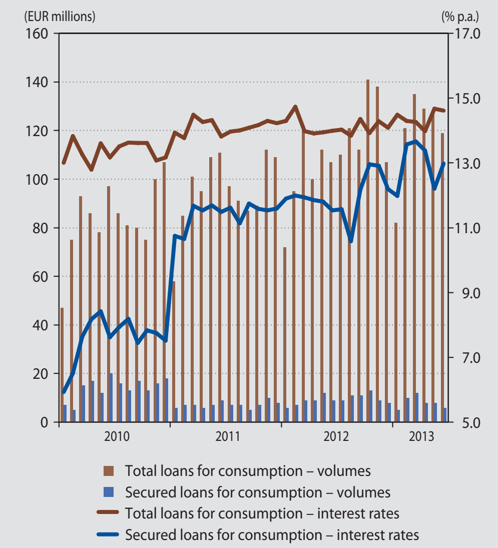


Source: NBS.

the second quarter of 2013, compared with the second quarter of 2012. The average weighted interest rate on secured loans fell by 0.7% in the period under review, to stand at 4.0% p.a.

In the case of **consumer loans**, the share of **secured loans** was substantially smaller than in the case of housing loans. In year-on-year terms, this share decreased from 9.4% to 5.9% in the second quarter of 2013. The average interest rate on secured consumer loans rose by 1.1%, to 12.8% p.a. in the period under review.

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



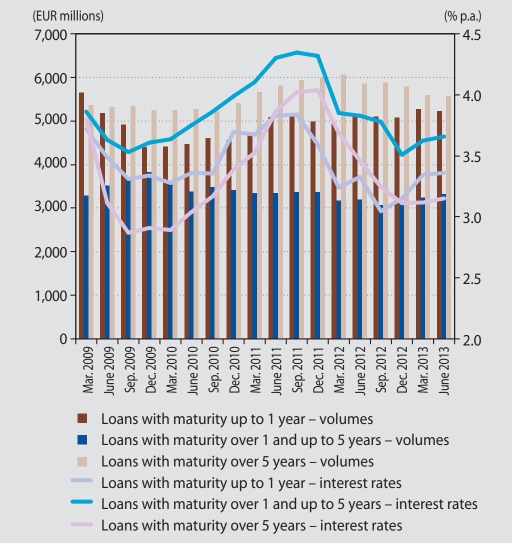
Source: NBS.

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

Interest rates on loans granted to non-financial corporations with a maturity of over one and up to five years have historically been higher than the rates for other loan categories, but these loans are the smallest of all in volume terms. The most significant loans in volume terms are loans with a maturity of over five years. This trend in the Slovak loans market has been ongoing since the second half of 2009.

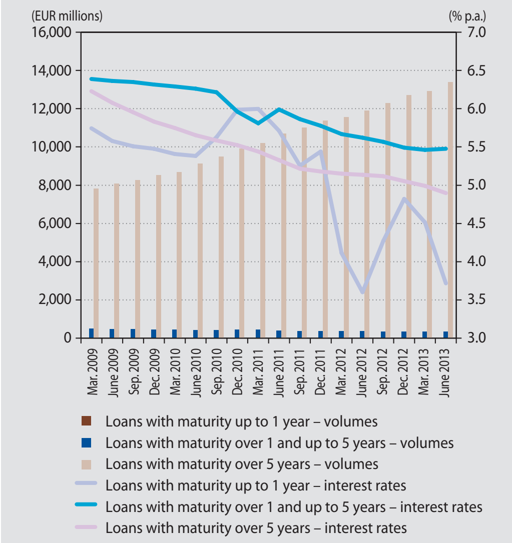
The average interest rate on loans granted to non-financial corporations (not including short-term loans) fell in the second quarter of 2013, compared with the second quarter of 2012. The most significant fall occurred in the average rate for loans with a maturity of over five years (by 0.5%, to 3.1% p.a.). A fall of 0.2% was also recorded in the average rate for loans with a maturity of over one and up to five years, which dropped to 3.6% p.a. in the second quarter of 2013. The aver-

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



Source: NBS.

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



Source: NBS.

age rate for loans with a maturity of up to one year remained unchanged in the period under review, at 3.3% p.a.

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

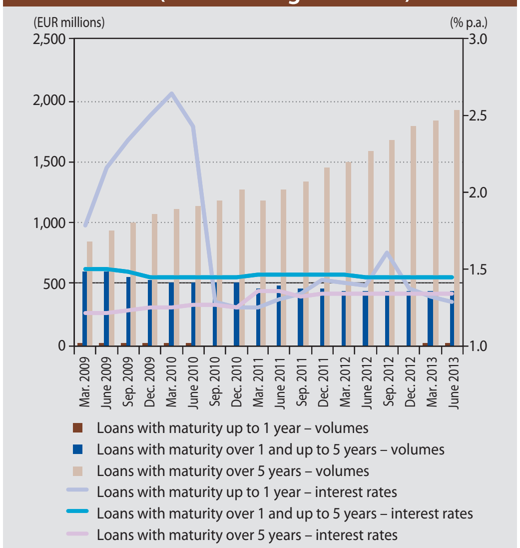
In volume terms, loans granted to households for consumption and/or for housing purposes are clearly dominated by loans with a maturity of over five years.

Interest rates on housing loans provided to households (not including short-term loans) showed a moderately falling tendency in the period under review. The sharpest fall in the second quarter of 2013, compared with the second quarter of 2012, was recorded in the average rate for loans provided for housing purposes with a maturity of over five years (-0.2%, to 4.9% p.a.). The average rate for housing loans with a maturity of over one and up to five years fell by 0.1% to 5.5% p.a. in the period under review. At the same time, the average rate for loans with a maturity of up to one year rose slightly, by 0.2% to stand at 3.9% p.a.

Consumer loans with a maturity of up to one year remained negligible in volume terms. Hence, interest rates on such loans were rather volatile. The volume of consumer loans with a maturity of over one and up to five years showed a moderately falling tendency in the period under review. In volume terms, the most significant category was that of consumer loans with a maturity of over five years.

The average interest rate on consumer loans granted to households (not including short-term

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



Source: NBS.

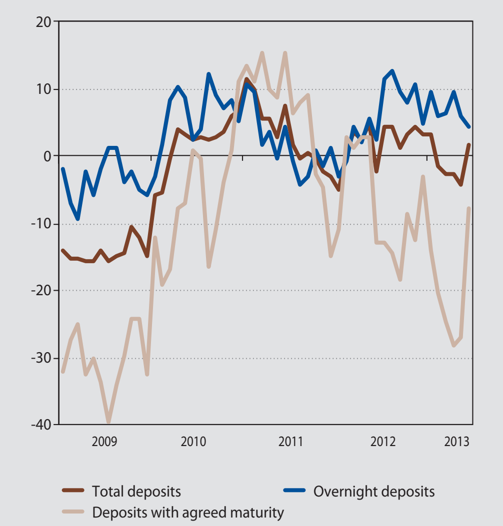
loans) showed a slightly rising tendency in the period under review. The same rise (by 0.1%) was recorded in the average rate for long-term consumer loans. Specifically, the rate for consumer loans with a maturity of over one and up to five years rose to 14.5% p.a. and that for consumer loans with a maturity of over five years to 13.4% p.a. A falling trend was only observed in the rate for consumer loans with a maturity of up to one year, which fell by 0.9% to an average of 12.9% p.a., but these loans were still insignificant in volume terms.

2.9 DEPOSITS RECEIVED FROM NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS

2.9.1 Deposits received from non-financial corporations

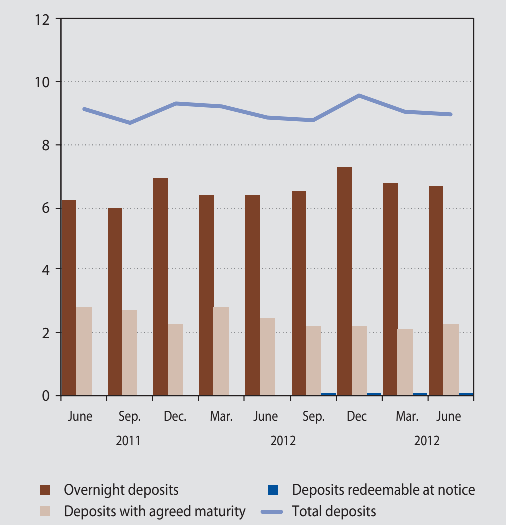
After falling for four months, the value of deposits received from non-financial corporations increased by 1.4% in June 2013, compared with the same period a year earlier. This was due to an increase in overnight deposits, i.e. by an average of 6.5% in the second quarter of 2013, which was 0.8 percentage point less than in the previous quarter. By contrast, deposits with agreed maturity continued to decline, by an average of 21.7% in the second quarter. This was the fourth successive quarter of decline in deposits with agreed maturity.

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



Source: NBS.
Note: The source data represents the outstanding amounts at the end of month. They are valued at nominal value not adjusted by non-transactions.

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



Source: NBS.

The share of overnight deposits in total deposits received from non-financial corporations again decreased (by 1.5 percentage points), as in the previous month. The share of deposits with agreed maturity increased from 23.7% in March to 25.0% in June 2013. This may be explained by the fact that deposits with agreed maturity underwent more favourable month-on-month developments than overnight deposits in the quarter under review.

2.9.2 Deposits received from households

In value terms, deposits received from households grew year-on-year by 4.4% in June 2013, with the annual rate of growth decelerating since its culmination in March 2012. Household deposits with agreed maturity declined year-on-year throughout the second quarter of 2013, following a downward trend for the fourth consecutive month. Overnight deposits grew dynamically over the second quarter and produced a year-on-year increase of 9.7% in June 2013. Household deposits with agreed maturity continued to grow at a very fast pace, and ended the second quarter with a year-on-year increase of 48.3%.

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

Source: NBS.
Note: The source data represents the outstanding amounts at the end of month. They are valued at nominal value not adjusted by non-transactions.

The share of household deposits with agreed maturity decreased in June 2013 by 1.2 percentage points compared with March 2013, and by 4.1 percentage points compared with June 2012.

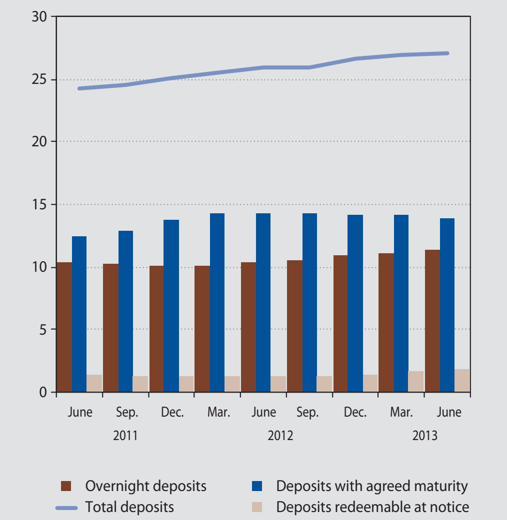
The share of overnight deposits increased by 0.7 percentage point, to 41.9%. As a result of rapid growth, deposits with agreed maturity also increased their share in total deposits, to 6.8% in June 2013 (by 0.5 percentage point compared with March).

2.10 INTEREST RATES AND VOLUMES: DEPOSITS RECEIVED

2.10.1 Interest rates and volumes: deposits received from households (outstanding amounts)

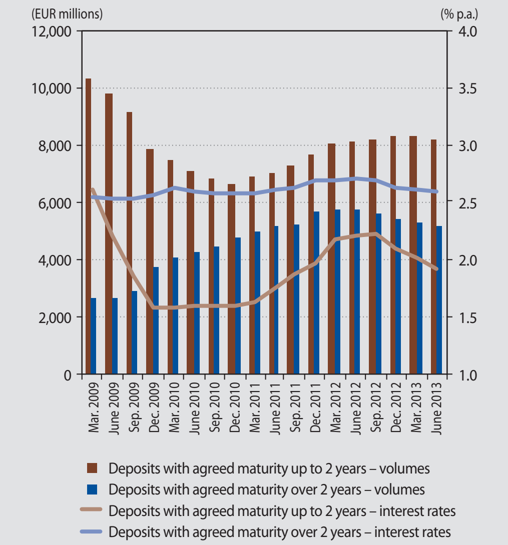
The outstanding amount of household deposits with an agreed maturity of up to two years as a percentage of total deposits with agreed maturity increased by 2.6% in the second quarter of 2013 (to 61.5%), compared with the second quarter of 2012. The average interest rate on household deposits with an agreed maturity of up to two years fell by 0.2% year-on-year, to stand at 2.0% p.a. The average rate for deposits with an agreed maturity of over two years also fell in the period under review, from 2.7% p.a. to 2.6% p.a. The total volume of household deposits with agreed maturity decreased by 3% in the period under review.

Chart 61 Deposits of households by type (EUR billions)



Source: NBS.

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



Source: NBS.

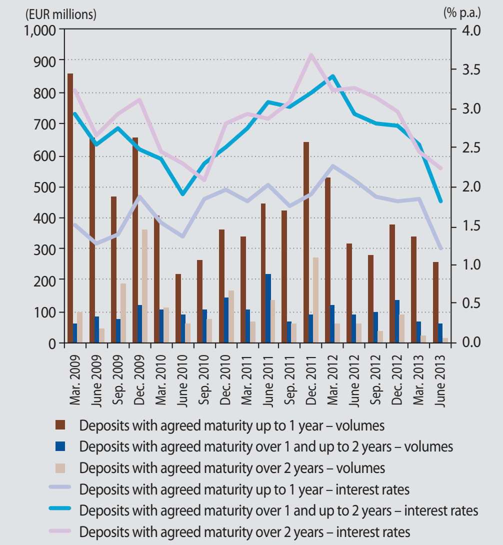
2.10.2 Interest rates and volumes: deposits received from households (new business)

Interest rates on **new deposits** with agreed maturity received from households showed a falling tendency in the period under review, in all maturity bands. The sharpest fall was recorded in rates for new **deposits with an agreed maturity of over one and up to two years** (-1.1%, to an average of 2.2% p.a.), while the share of these deposits in the total volume of new deposits with agreed maturity decreased by 4.6% to stand at 12.2%. The average interest rate on **deposits with an agreed maturity of over two years** dropped by 1.0% to 2.4% p.a., while the share of these deposits in the total volume household deposits with agreed maturity decreased by 8.3% to 4.8 %. The average rate for new **deposits with an agreed maturity of up to one** year also fell slightly, from 2.1% p.a. to 1.8% p.a. The share of these deposits increased by as much as 12.9% in the quarter under review, to stand at 83.1% of the total volume of new household deposits with agreed maturity.

2.10.3 Interest rates and volumes: deposits received from non-financial corporations (outstanding amounts)

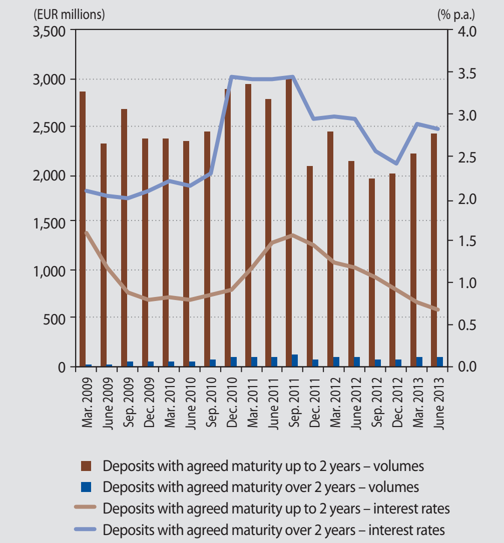
The share of **deposits with an agreed maturity of over two years** in the total outstanding amount of deposits with agreed maturity, received from non-financial corporations, increased by 0.4% to 4.1% in the second quarter of 2013, compared with the second quarter of 2012. The average interest rate on these deposits fell slightly, by 0.1% to stand at 2.9% p.a. The average rate for **deposits with an agreed maturity of up to two years** fell significantly in the period under review (by 0.4% to 0.7% p.a.), while the share of these deposits in the total volume of deposits with agreed maturity, received from non-financial corporations, decreased by 0.4% to stand at 95.9%. The total volume of deposits with agreed maturity, received from non-financial corporations, decreased by 7.5% in the period under review.

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



Source: NBS.

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

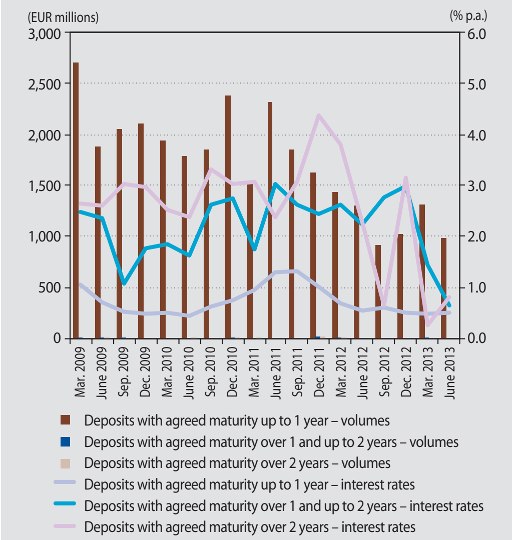


Source: NBS.

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, showed a falling tendency in the second quarter of 2013, compared with the second quarter of 2012. The sharpest fall was recorded in the average rate for deposits with a maturity of over two years (-2.1%, to 1.1% p.a.). The share of these deposits, however, was insignificant (0.1% of the total volume of deposits with agreed maturity), as well as the share of new deposits with an agreed maturity of over one and up to two years (0.2%), the average price of which dropped by 1.3% (to 1.0% p.a.). The average interest rate on new deposits with an agreed maturity of up to one year fell by 0.1% year-on-year, to stand at 0.5% p.a. In volume terms, these deposits represented the most significant category of new deposits: they accounted for 99.7% of the volume of new deposits with agreed maturity, received from non-financial corporations.

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



Source: NBS.

COLLECTIVE INVESTMENT: MUTUAL FUNDS

3

3 Collective investment: mutual funds

In the financial market of Slovakia, collective investment is represented by six domestic asset management companies and by one foreign asset management company, managing a total of 85 open-end mutual funds as at 30 June 2013.

Domestic asset management companies:
- Alico Funds Central Europe správ. spol., a.s.
- Asset Management Slovenskej sporiteľne, správ. spol., a.s.
- IAD Investments, správ. spol., a.s.
- Prvá Penzijná správcovská spoločnosť Poštovej banky, správ. spol., a.s.
- Tatra Asset Management, správ. spol., a.s.
- VÚB Asset Management, správ. spol., a.s.

Foreign asset management company:
- ČSOB Asset Management, investiční společnost, a.s.

3.1 Current developments in the domestic mutual funds market

For the purposes of monetary and financial statistics compiled by the European Central Bank, mutual funds are divided according to the investment strategy into the following categories: money market funds, short-term money market funds, bond funds, equity funds, mixed funds, real estate funds, and other funds.

In the second quarter of 2013, the mutual funds market still reflected the trends from 2012 and the first quarter of 2013. It continued to be affected by the changes that had arisen from the new Collective Investment Act. Owing to the stricter criteria and limits set for the portfolios of money market funds, asset management companies were no longer motivated to offer this investment solution to investors. The share of money market funds in the total assets of mutual funds decreased throughout 2012, as well as in the first quarter of 2013. In the second quarter, the share of money market funds stabilised at the level of 3%. The share of other funds, including secured funds, specialised alternative investment funds, specialised securities funds, and specialised professional investor funds, increased by 1.5 percentage points in the quarter under review, from 25% at end-March 2013 to 26.5% at end-June 2013. The increase in assets was caused mainly by the emergence of new funds in the given category. Bond funds maintained their dominant position in the mutual funds market, with a share of 31.3% of total assets. The third largest category as at 30 June 2013 was constituted by real estate funds, the share of which increased 0.5 percentage point compared with the previous quarter (to 17.5%). They were followed by mixed funds with a share of 15% as at end-June 2013. As in the previous quarter, the smallest category among investment funds (mutual funds other than money market funds) was that of equity funds with a share of 6.7 percent.

By the end of the second quarter, the share of equity funds had grown by 9.73% year-on-year. The rate of growth, however, slowed by 3.26 percentage points compared with the previous quarter.

The value of assets managed by real estate funds maintains a rising trend in the long term. By end-June 2013, the assets of these funds had grown year-on-year by 63.11%. The rate of growth accelerated to a significant extent over the first half of 2013, owing to the emergence of a new real estate funds in the first quarter of the year.

The *other funds* category recorded a year-on-year increase in assets of 46.04% in June 2013, compared with June 2012, owing to the emergence of new specialised funds.

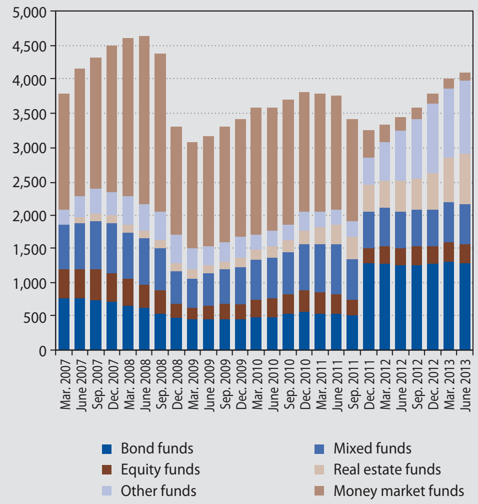
Bond funds have maintained the value of their assets at a broadly constant level over the last year. The asset value as at 30 June 2013 was 2.99% higher than a year earlier. The persistent lack of interest in money market funds among investors led to a year-on-year decline of 37.04% in their assets as at end-June 2013.

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

Total assets	Year-on-year change in %				
	VI. 12	IX. 12	XII. 12	III. 13	VI. 13
Bond funds	136.17	151.76	1.31	1.68	2.99
Equity funds	-17.29	13.62	7.46	12.99	9.73
Mixed funds	-21.91	-5.85	-1.44	3.46	9.61
Real estate funds	61.95	33.43	38.97	65.51	63.11
Other funds	170.62	242.13	146.11	78.85	46.04
Money market funds	-88.29	-88.29	-60.44	-42.20	-37.04

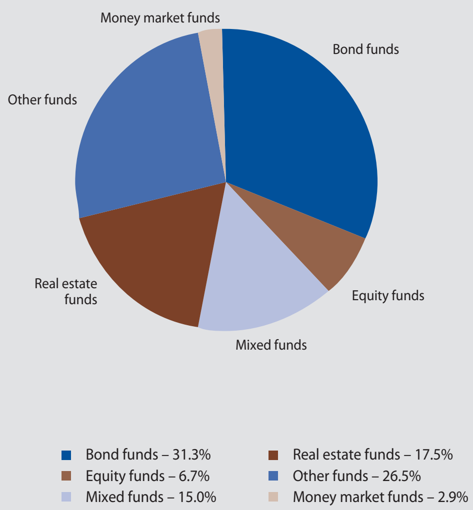
Source: NBS.

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



Source: NBS.

Chart 67 Share of funds types on total assets of domestic mutual funds as at 30 June 2013



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 type of mutual funds. They invest predominantly in money market instruments and liquid securities. The structure of their assets has historically been stable, mainly because funds of this type are subject to various criteria, limits and restrictions.

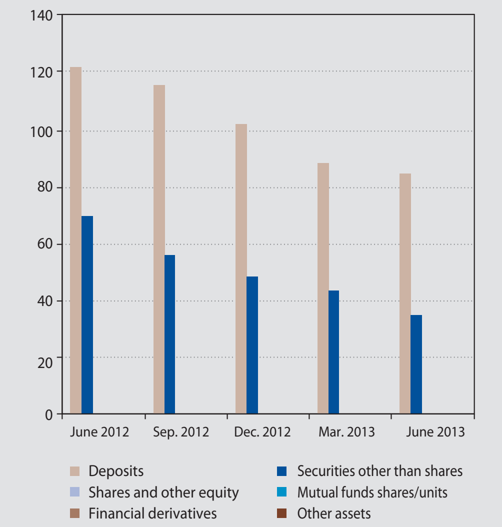
At the end of the second quarter of 2013, money market funds had 70.2% of their assets invested in bank deposits and 29.6% in debt securities. The remaining 0.2% was in other assets. Compared with the previous quarter, the structure of assets remained virtually unchanged.

The overall securities portfolio of money market funds was dominated by domestic securities, the share of which decreased by 0.5 percentage point compared with the previous quarter, to 97.2% as at 30 June 2013. They were followed by securities issued in other euro area countries, with a share of 2.8%.

Broken down by sector, money market funds invested mostly in government securities (Sector S.13). They accounted for 88% of the money market funds' portfolio, which was 15.5 percentage points more than in the previous quarter. Government securities were followed by debt securities issued by banks (Sector S.122), which accounted for 12% of the portfolio.

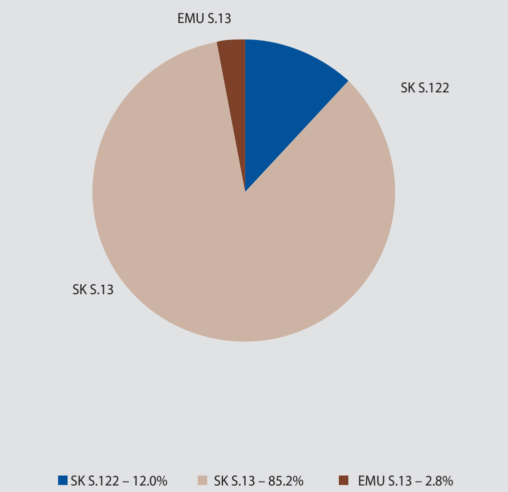
The liquidity of securities in the portfolios of mutual funds is an important factor in the risk assessment process. Interesting information in this respect can be obtained from a comparison of the original and residual maturities of securities in the aggregated portfolios of money market funds: while securities with an agreed maturity of over two years accounted for 85.2% as at 30 June 2013, this share was close to zero when the residual maturity was taken into account. The share of securities with an agreed maturity of over one and up to two years, which stood at 27.03% at the end of the first quarter, dropped to zero when the residual maturity was taken into account. In terms of residual maturity, the share of securities with a maturity of over one and up to two years stood at 13.9% as at 30 June 2013. The remaining part of the portfolio was formed by securities with a residual maturity of up to one year and a share of 86.1%.

Chart 68 Money market funds: evolution of assets (EUR millions)



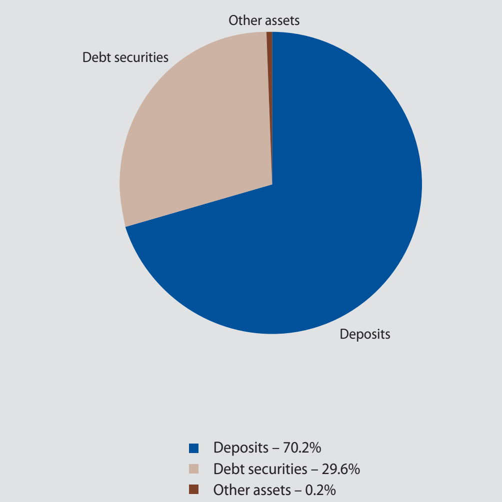
Source: NBS.

Chart 70 Geographical and sectoral breakdown of debt securities in portfolio of money market funds as at 30 June 2013



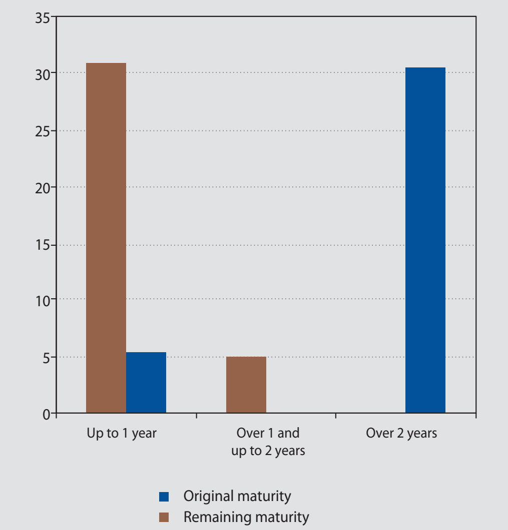
Source: NBS.
Note: SK = domestic issuers; EMU = issuers from other euro area member states.

Chart 69 Money market funds: structure of assets as at 30 June 2013



Source: NBS.

Chart 71 Maturity breakdown of debt securities in portfolio of money market funds as at 30 June 2013 (EUR millions)



Source: NBS.

3.2.2 Bond funds

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

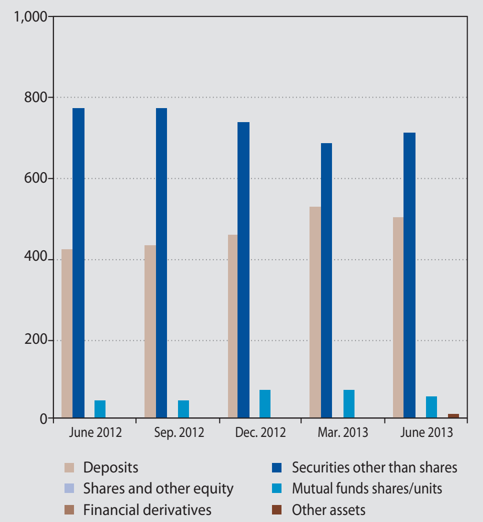
The assets managed by bond funds as at 30 June 2013 were dominated by debt securities, the share of which increased in comparison with the previous quarter by 2.37 percentage points, to 55.75%. The funds invested a significant part of their resources in fixed-term bank deposits and current accounts, the share of which in total assets reached 39.29% at the end of June. They were followed by mutual fund shares/units, the proportion of which decreased by one percentage point quarter-on-quarter (to 4.39%), and other assets, including financial derivatives (representing ca 0.6%).

At the end of the second quarter of 2013, the overall securities portfolio of bond funds was dominated by domestic securities (with a share of 57.27%), followed by securities issued outside the euro area (27.54%) and securities issued in other euro area countries (15.19%).

Broken down by sector, the structure of bond funds' securities portfolio as at 30 June 2013 was dominated by government bonds (54.66%) and debt securities issued by banks (36.96%). The remaining ca 8.4% was made up by debt securities issued by non-financial corporations and other financial intermediaries.

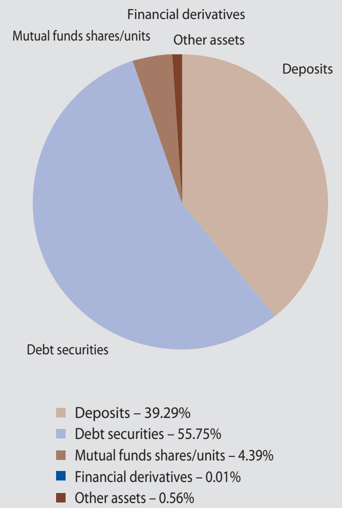
Broken down by residual maturity, bond funds had 31.9% of their portfolio in securities with a maturity of up to one year, 22.8% in securities with a maturity of over one and up to two years, and 45.3% in securities with a maturity of over two years.

Chart 72 Bond funds: evolution of assets (EUR millions)



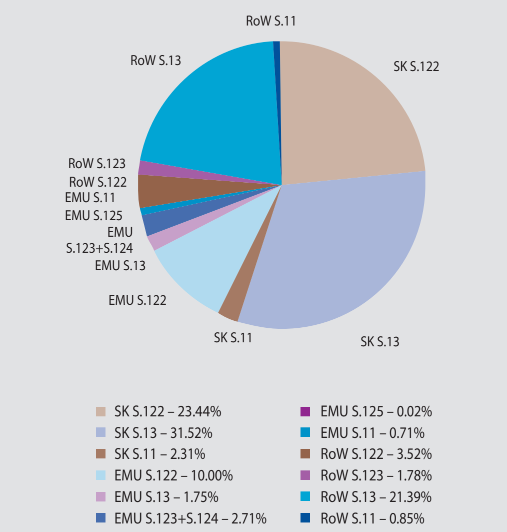
Source: NBS.

Chart 73 Bond funds: structure of assets as at 30 June 2013



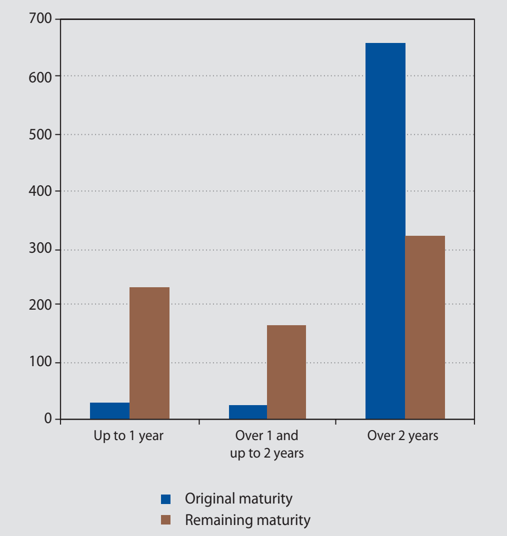
Source: NBS.

Chart 74 Geographical and sectoral breakdown of debt securities in portfolio of bond funds as at 30 June 2013



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 30 June 2013 (EUR millions)



Source: NBS.

3.2.3 Equity funds

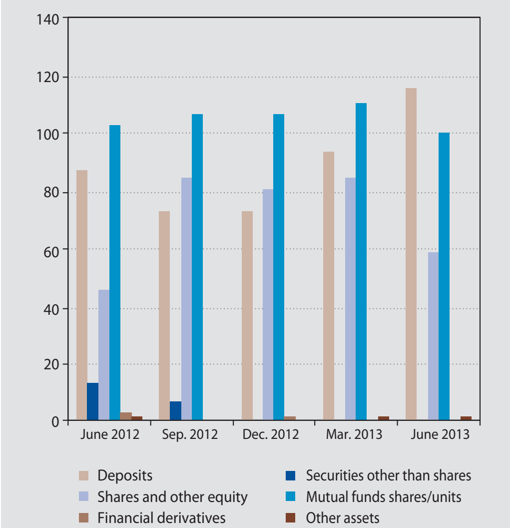
In the second quarter of 2013, the position of shares and other equity participations in the aggregated portfolio of equity funds weakened considerably as a result of revaluations and actual sales. Their share decreased in comparison with the previous quarter by 7.7 percentage points, to 21.4% as at 30 June 2013. The most significant asset component as at end-June 2013 was bank deposits, with a share of 41.6%. They were followed by mutual fund shares/units, which accounted for 36.4% of total assets as at end-June 2013. The share of debt securities remained unchanged, at 0.2% as at end-June 2013. Other assets, including financial derivatives, accounted for only 0.4% of the total assets of equity funds.

The geographical breakdown of mutual fund shares/units remained virtually unchanged over the period under review. Shares/units issued by domestic mutual funds accounted for 40% as at end-June 2013, as well as those issued by mutual funds from other euro area countries (40%), and shares/units issued by mutual funds from the rest of the world represented 20%.

The proportions of money market fund shares/units and investment fund shares/units remained unchanged in comparison with the previous quarter. The proportion of investment fund shares/units to all mutual fund shares/units in portfolio increased only by one percentage point, to 97% as at end-June 2013.

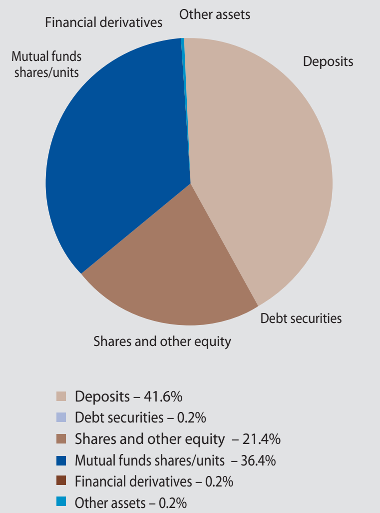
The aggregated portfolio of equity funds was dominated by shares of non-financial corporations from the rest of the world (65.5%), followed by shares of non-financial corporations from other euro area countries (13.2%) and bank shares from countries outside the euro area (15.6%).

Chart 76 Equity funds: evolution of assets (EUR millions)



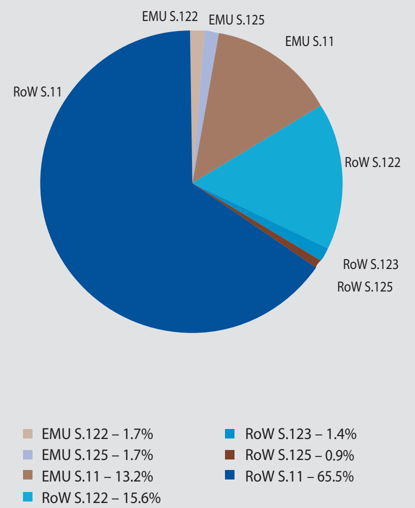
Source: NBS.

Chart 77 Equity funds: structure of assets as at 30 June 2013



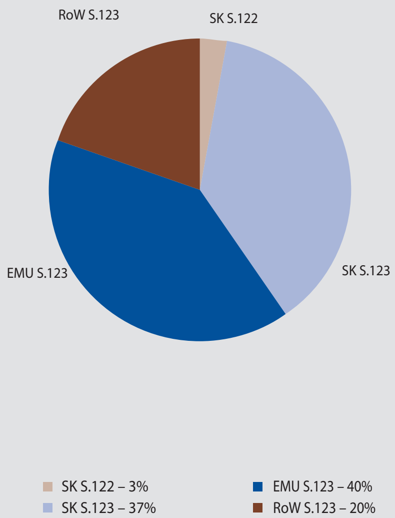
Source: NBS.

Chart 79 Geographical and sectoral breakdown of shares and other equity in portfolio of equity funds as at 30 June 2013



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

Chart 78 Geographical and sectoral breakdown of mutual funds shares/units in portfolio of equity funds as at 30 June 2013



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

3.2.4 Mixed funds

The most significant asset item in the balance sheets of mixed funds has historically been mutual fund shares/units. They accounted for 45.2% of total assets as at 30 June 2013. Further significant asset items were bank deposits (28.4%), debt securities (18.3%), and equities (7.5%). The proportion of other assets, including financial derivatives, stood at 0.6% as at 30 June 2013.

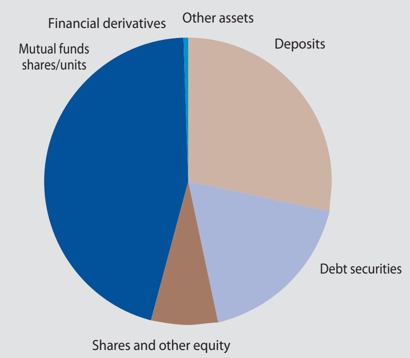
In geographical terms, the structure of mutual fund shares/units remained virtually unchanged in the second quarter of 2013. The mutual fund shares/units portfolio has historically been dominated by shares/units issued by domestic mutual funds, the share of which increased quarter-on-quarter by approximately 3.9 percentage points, to 50.6% as at 30 June 2013. The proportion of mutual fund shares/units issued in other euro area countries increased in comparison with the previous quarter by ca 2.4 percentage points, to 29.1%. These increases were caused by the redemption of mutual fund shares/units issued in the rest of the world, the share of which in the portfolio decreased by 6.3 percentage points to 20.3% as at the end of the second quarter.

In geographical terms, the structure of securities in the portfolio of mixed funds as at 30 June 2013 was dominated by bonds issued by domestic companies (54.1%), followed by securities from the rest of the world (34%) and securities from other euro area countries (11.9%).

Broken down by sector, the portfolio of mixed funds was dominated by the general government sector (Sector S.13) with a share of 60.9% as at end-June 2013, which was 7.4 percentage points more than at end-March 2013.

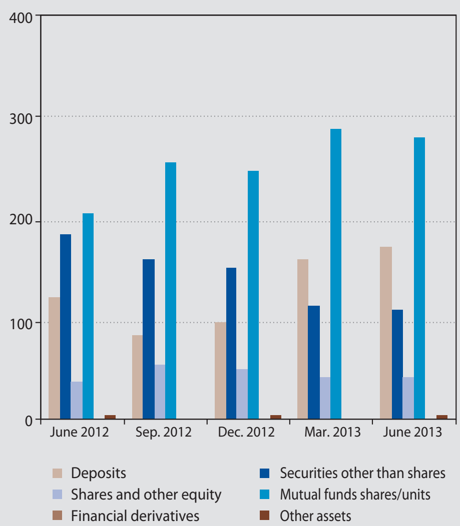
Broken down by residual maturity, mixed funds had 40.5% of their portfolio in securities with a maturity of up to one year, 15% in securities with a maturity of over one and up to two years, and 44.5% in securities with a maturity of over two years.

Chart 81 Mixed funds: structure of assets as at 30 June 2013



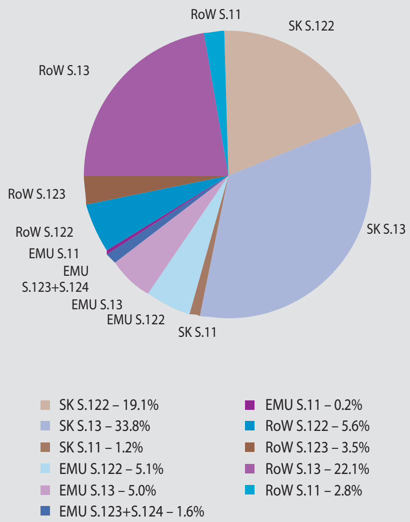
Source: NBS.

Chart 80 Mixed funds: evolution of assets (EUR millions)



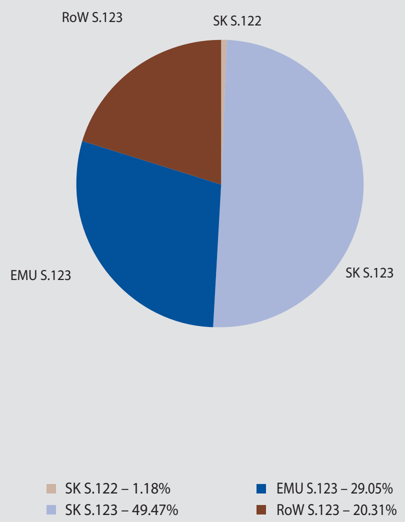
Source: NBS.

Chart 82 Geographical and sectoral breakdown of debt securities in portfolio of mixed funds as at 30 June 2013



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

Chart 83 Geographical and sectoral breakdown of mutual funds shares/units in portfolio of mixed funds as at 30 June 2013



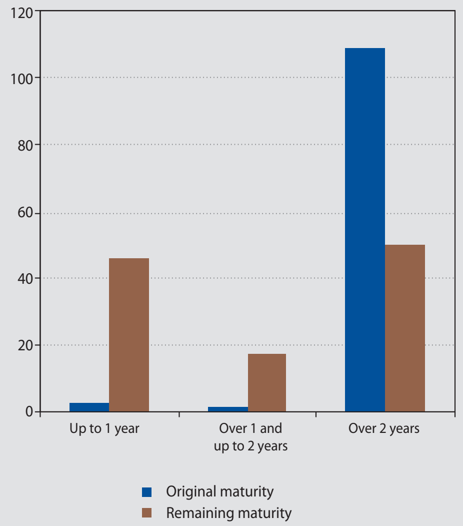
Source: NBS.
Note: SK = domestic issuers; EMU = issuers from other euro area member states; RoW = issuers from the rest of the world.

3.2.5 Real estate funds

Real estate funds invest primarily in shares and equity participations in real estate companies, in line with their investment strategy. In compliance with the law, they use part of the funds obtained to grant loans to real estate companies. The share of *bank deposits and loans to real estate companies* increased by only 0.6 percentage point, to 47.6% as at the end of the second quarter of 2013. The proportion of *shares and other equity participations* fell by 1.8 percentage points, from 45.5% as at 30 June 2013 to 43.7% as at 30 June 2013. In the quarter under review, real estate funds also invested, though to a lesser extent, in debt securities (4.1% of the portfolio), mutual fund shares/unit (3.2%), and other assets, including financial derivatives (1.4%).

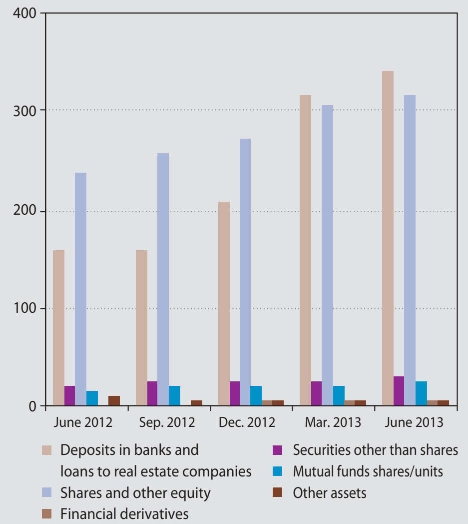
The geographical and sectoral breakdown of shares and equity participations held in portfolio by real estate funds shows that the largest share (96.8%) was accounted for by domestic

Chart 84 Maturity breakdown of debt securities in portfolio of bond funds as at 30 June 2013 (EUR millions)



Source: NBS.

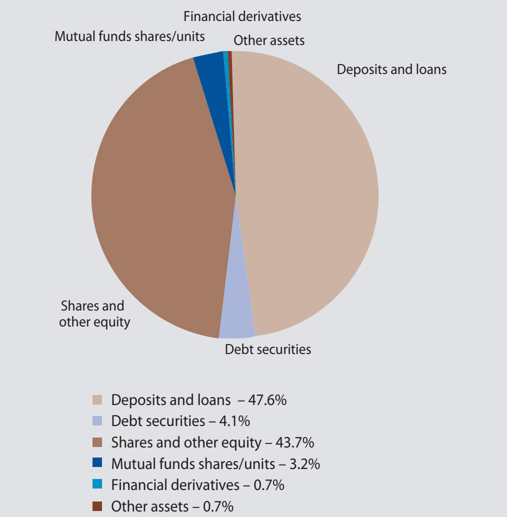
Chart 85 Real estate funds: evolution of assets (EUR millions)



Source: NBS.

non-financial corporations (Sector S.11) and the remaining 3.2% by non-financial corporations from other EU Member States (3%) and other euro area countries (0.2%).

Chart 86 Real estate funds: structure of assets as at 30 June 2013

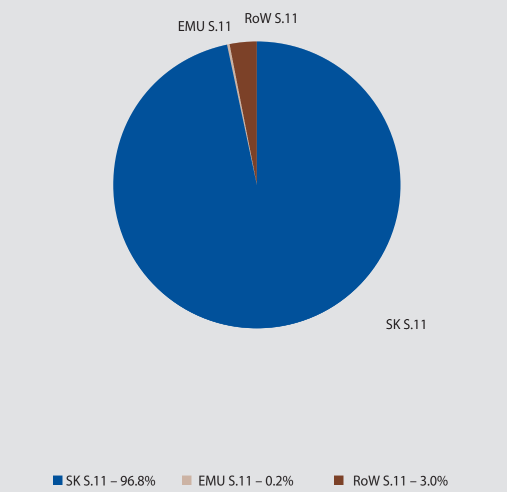


Source: NBS.

3.2.6 Other funds

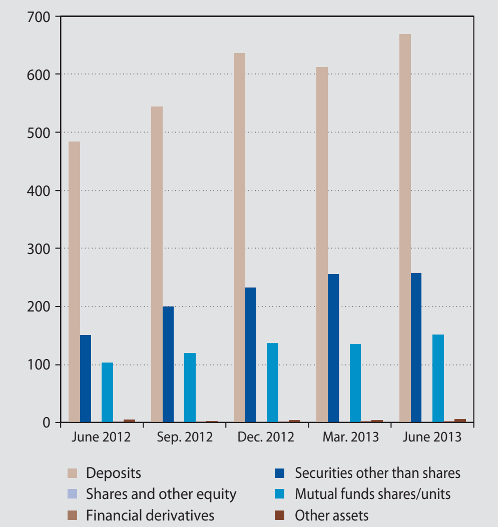
Other mutual funds are defined as mutual funds that do not actually belong to any of the categories mentioned above (in terms of investment strategy). They comprise guaranteed funds, specialised alternative investment funds (e.g. commodity funds), specialised securities funds, specialised professional investor funds, and other funds. The main asset items of *other funds* managed by domestic asset management companies are bank deposits, debt securities, and mutual fund shares/units. Developments in this category of funds were historically influenced by emergence of new funds, the assets of which consisted primarily of bank deposits in the first few months of their operation. As at 30 June 2013, bank deposits were still an essential asset item in the balance sheets of other funds, with a share of 61.4%. The share of debt securities decreased by 1.6 percentage points quarter-on-quarter, to 23.7% at the end of the second quarter. The proportion of mutual fund shares/units increased by 0.6 percentage point to stand at 14%.

Chart 87 Geographical and sectoral breakdown of shares and other equity in portfolio of real estate funds as at 30 June 2013



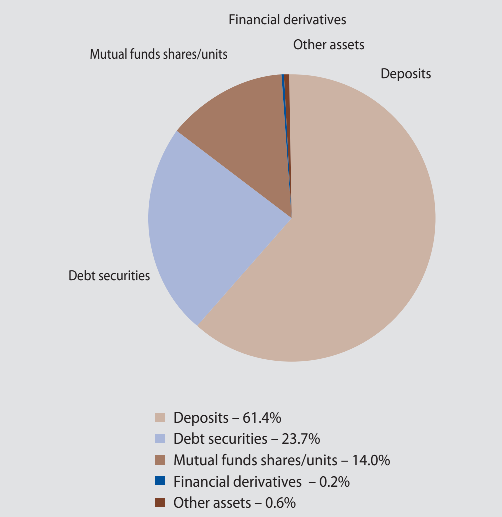
Source: NBS.
Note: SK = domestic issuers; EMU = issuers from other euro area member states; RoW = issuers from the rest of the world.

Chart 88 Other funds: evolution of assets (EUR millions)



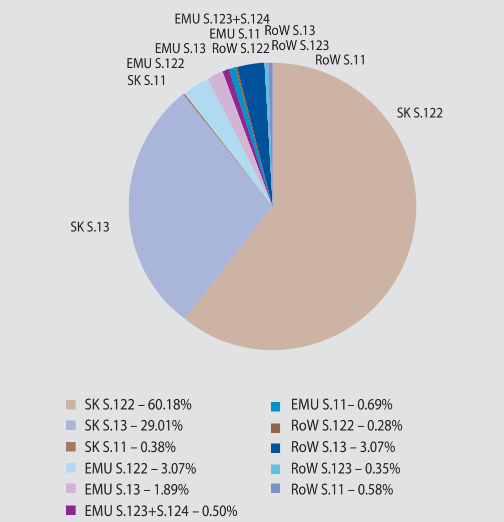
Source: NBS.

Chart 89 Other funds: structure of assets as at 30 June 2013



Source: NBS.

Chart 90 Geographical and sectoral breakdown of debt securities in portfolio of other funds as at 30 June 2013



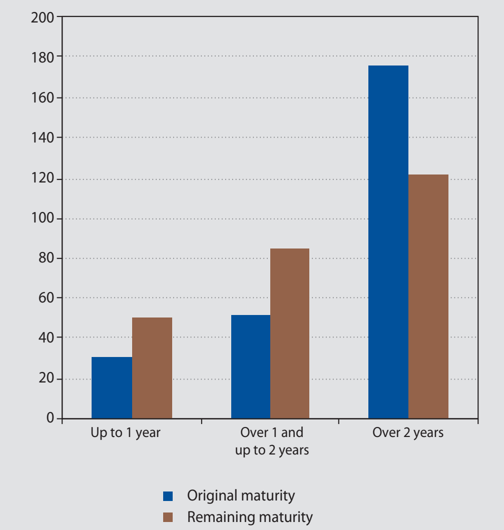
Source: NBS.
Note: SK = domestic issuers; EMU = issuers from other euro area member states; RoW = issuers from the rest of the world.

In geographical terms, debt securities held in the portfolios of *other funds* have historically had a uniform structure. A dominant position in this structure as at 30 June 2013 was maintained by securities issued by domestic institutions (89.57%). They were followed by securities issued in other euro area countries (6.15%) and bonds issued in the rest of the world (4.28%).

Broken down by sector, the aggregated securities portfolio was dominated by securities issued by banks (Sector S.122) with a share of 63.53%, followed by government bonds (Sector S.13) with a share of 33.97% as at 30 June 2013.

Broken down by residual maturity, the other funds' securities portfolio had the following composition: securities with a maturity of up to one year (19.5%), securities with a maturity of over one and up to two years (33.2%), and securities with a maturity of over two years (47.3%).

Chart 91 Maturity breakdown of debt securities in portfolio of other funds as at 30 June 2013 (EUR millions)



Source: NBS.

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*[1], as a subcategory referred to as *financial corporations engaged in lending*.

The second quarter of 2013 proved successful for consumer credit companies and leasing companies. According to data as at 30 June 2013, both subcategories experienced asset growth in year-on-year terms.

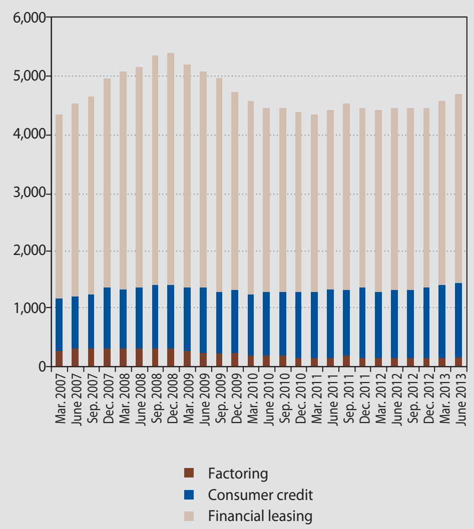
The favourable trend in the consumer credit market from the previous period continued in the second quarter of 2013. By 30 June 2013, the total assets of consumer credit companies had grown by approximately 10%, compared with the figure for 30 June 2012. The rate of growth moderated somewhat in comparison with the previous quarter, by 0.25 percentage point.

The total assets of factoring companies recorded a sharp year-on-year decline in 2012, owing to the dissolution of three factoring companies. In the second quarter of 2013, total assets in this subcategory remained virtually unchanged in year-on-year terms. Compared with 30 June 2012, however, their value had fallen by 0.63% by 30 June 2013.

The total assets of leasing companies recorded a marked increase in the quarter under review, after a longer period. The value of their assets as at 30 June 2013 was 4.39% higher than a year earlier and 3.16% higher than at the end of the previous quarter.

Among companies engaged in non-bank lending, the dominant position has historically been maintained by leasing companies. They had a market share of 68% as at end-June 2013.

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



Source: NBS.

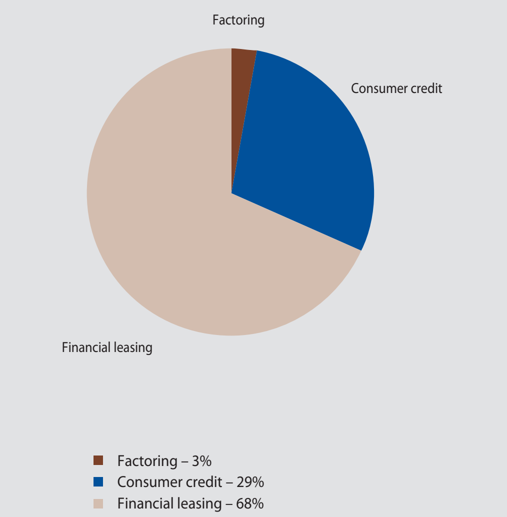
Table 9 Year-on-year changes in total assets of financial corporations engaged in lending

Total assets	Year-on-year change in %				
	VI. 12	IX. 12	XII. 12	III. 13	VI. 13
Financial leasing	-0.05	-2.23	-0.24	1.07	4.39
Factoring	-19.14	-18.17	-19.34	1.41	-0.63
Consumer credit	4.90	2.04	2.83	10.32	10.07

Source: NBS.

1 *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 30 June 2013



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 share of domestic customers was almost 100% as at end-June 2013.

In 2012, domestic consumer credit companies provided financing exclusively to domestic customers. After the list of reporting entities was updated for 2013, the situation has changed because the newly established consumer credit companies also finance customers who are residents of other euro area countries. Thus, the share of domestic customers decreased to 87.28% as at 30 June 2013.

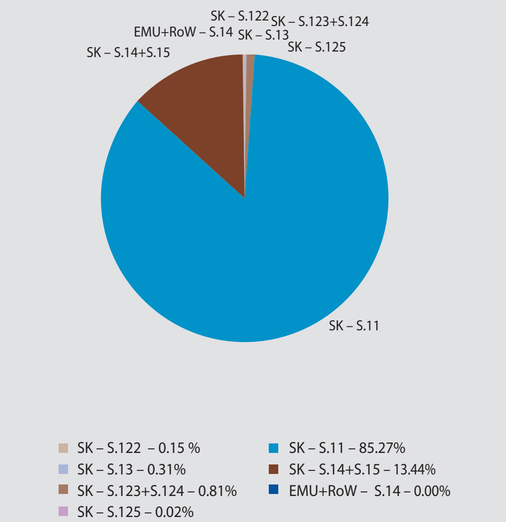
New reporting entities also caused a change in the share of domestic customers in the case of factoring companies. As at 30 June 2013, domestic customers accounted for 78.45%. They were followed by customers from the rest of the world, particularly from EU Member States, with a share of roughly 14%. The remaining 7.55% was made up by customers from other euro area countries.

The domestic customers of factoring companies are predominantly non-financial corporations, owing to the nature of their activities. At the end of June 2013, they accounted for 98.8% of all customers.

Financial leasing services were also used predominantly by non-financial corporations (85.27%), followed by households (13.44%) and other sectors (1.29%).

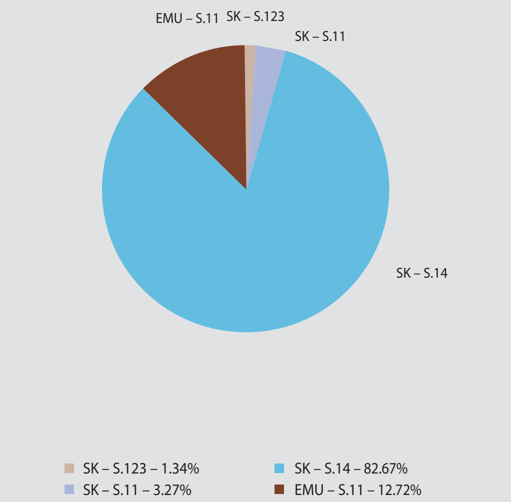
Instalment purchases of consumer goods have historically been an important form of household financing in Slovakia. Hence, the structure of domestic customers is dominated by households (Sector S.14), with a share of 94.7% as at 30 June 2013. They are followed by non-financial corporations (Sector S.11) with a share of 3.7% and other financial intermediaries (Sector S.123) with a share of 1.5%.

Chart 94 Geographical and sectoral breakdown of financial leasing companies lending as at 30 June 2013



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

Chart 95 Geographical and sectoral breakdown of consumer credit companies lending as at 30 June 2013



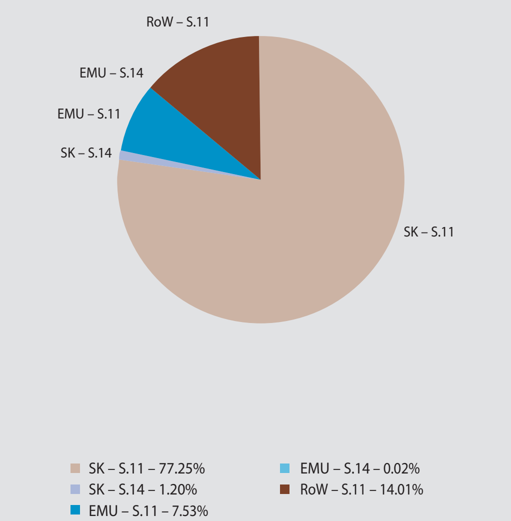
Source: NBS.
Note: SK = domestic borrowers; EMU = borrowers from other euro area member states

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

The main source of financing is foreign (borrowed) capital representing 73% of the total financial resources. Foreign capital is obtained mostly in the form of bank loans, which accounted for 84.94% as at 30 June 2013. The rest is obtained in the form of credits and loans borrowed from companies belonging to the same financial group (9.83%) or proceeds from issues of debt securities (5.23%).

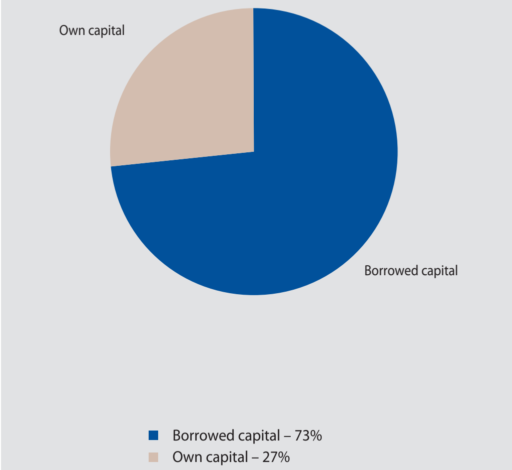
The main components of own capital are share capital, retained earnings from previous periods, shares and other equity participations.

Chart 96 Geographical and sectoral breakdown of factoring companies lending as at 30 June 2013



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

Chart 97 Breakdown of source capital as at 30 June 2013



Source: NBS.

CHAPTER 5

SECURITIES

5

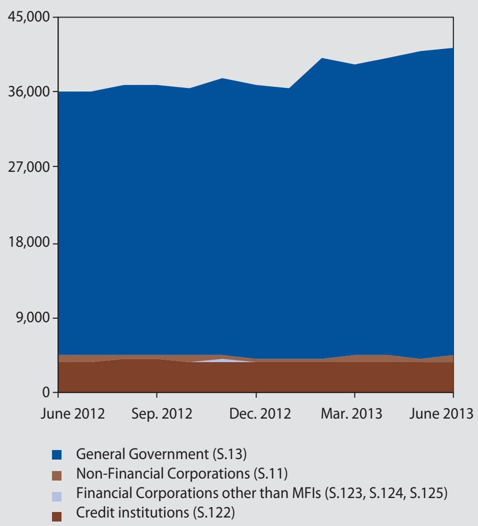
5 Securities

5.1 DEBT SECURITIES

The debt securities issued by government has represented the most significant component of total amount. Their outstanding amount as at 30 June 2013 stood at €36,822.4 million. Bonds and/or mortgage bonds issued by banks represented the second most significant component with an amount of €3,599.7 million. The share of non-monetary financial institutions was relatively insignificant (€803.4 million) compared with the previous two components.

The total amount of issues in net terms increased in comparison with the previous quarter, i.e. the amount of new issues exceeded that of repaid issues in the general government sector (by €1,990.8 million). In the case of monetary financial institutions, the net issue amount decreased by €78.5 million. Non-monetary financial institutions recorded an increase of €148.6 million in the net issue amount.

Chart 98 Debt securities by sector (outstanding amounts, EUR millions)



Source: NBS.

In the second quarter of 2013 the outstanding amount of issues increased by 5.15% in comparison with the previous quarter. The first quarter of 2013 recorded an even more significant increase in the outstanding issue amount (6.30%). This increase was caused by growth in the outstanding amounts of issues in two sectors. In absolute terms, the outstanding amount of issues increased most significantly in the *general government* sector (by €1,950.4 million). In the *non-monetary financial institutions* sector, the outstanding issue amount increased most significantly in relative terms (by 22.67%). By contrast, the *monetary financial institutions* sector recorded a decrease of 2.18%.

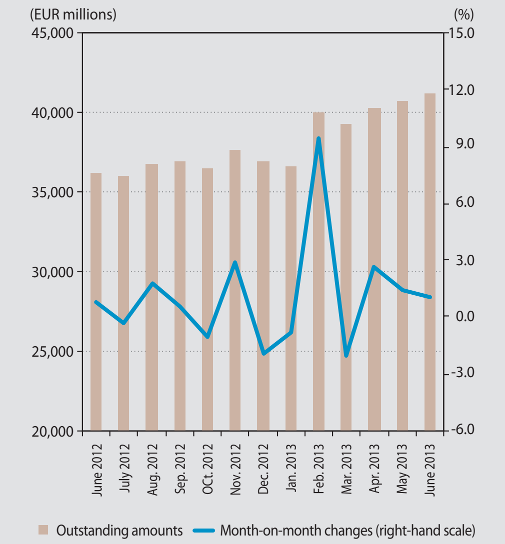
In the second quarter of 2013, the outstanding amount of issues increased month-on-month in all three months under review, i.e. by 2.6% in April, 1.4% in May, and 1.1% in June.

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
2012 / 06	36,164,383	3,707,922	583,968	31,872,493	2,462,580	99,151	-3,952	2,367,381
2012 / 09	36,906,875	3,890,007	590,398	32,426,470	764,408	180,330	6,078	578,000
2012 / 12	36,883,928	3,504,563	631,054	32,748,311	85	-384,868	40,626	344,327
2013 / 03	39,206,671	3,679,789	654,888	34,871,994	2,306,170	177,340	24,133	2,104,697
2013 / 06	41,225,466	3,599,703	803,364	36,822,400	2,060,851	-78,532	148,617	1,990,765

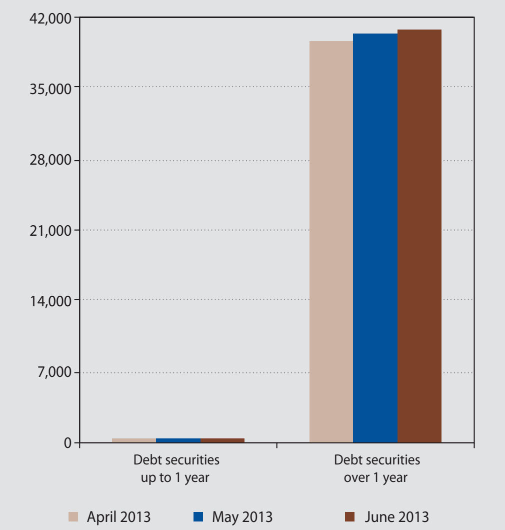
Source: NBS.

Chart 99 Debt securities (outstanding amounts, month-on-month changes)



Source: NBS.

Chart 100 Debt securities (outstanding amounts, EUR millions, Q2 2013)



Source: NBS.

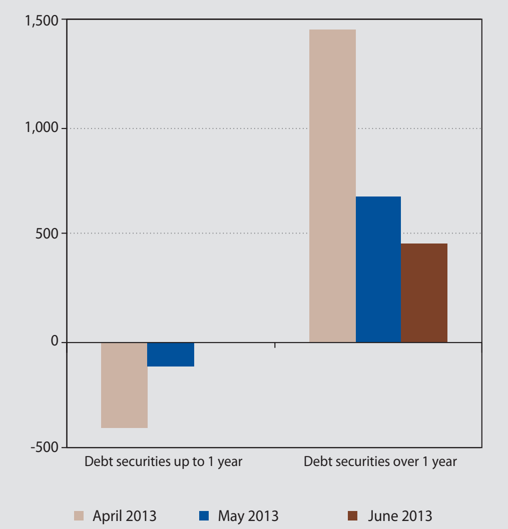
During the second quarter of 2013, a total of 25 new issues were placed on the securities market, of which nine were placed by banks, five were government bond issues (four of them were placed on foreign markets), one was a Treasury bill issue, eight were issued by non-financial corporations, and two by entities from other sectors.

In the first quarter, short-term debt securities recorded a fall of €524.3 million in the net issue amount. The government sector recorded a fall of €529.3 million, while monetary financial institutions and other financial intermediaries reported an increase of €5.0 million in the net issue amount.

The total issue amount of long-term debt securities in net terms increased by €2,585.2 million in the period under review. Government bond issues[2] recorded an increase of €2,520.1 million, issues of bank bonds a decrease of €78.5 million, and issues of debt securities in other sectors an increase of €143.6 million.

According to sectoral classification, the largest share of the total issue amount was accounted for by the general government sector (more than 89%), followed by monetary financial institutions (8.7%). Non-financial corporations accounted for less than two percent. According to the coupon type, the majority of issues had a fixed coupon (almost 82%) or a variable coupon (almost 14%). Zero-coupon issues represented only approximately 5%. The issues were denominated mostly in euros (almost 93%); only about 7% of them were in other currencies. As for maturity, only slightly more than 1% of the issues had an original maturity of up to one year, but over 14% of them had a residual maturity of up to one year.

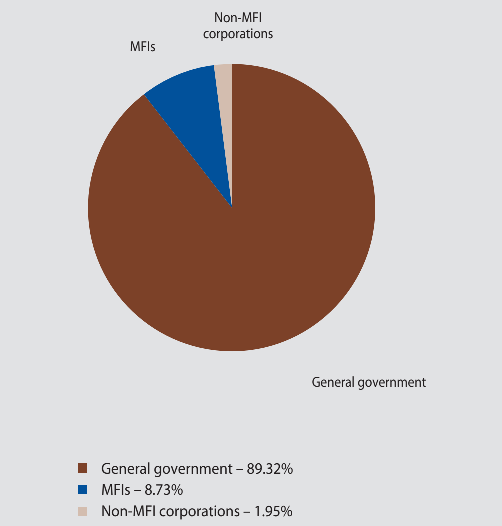
Chart 101 Debt securities (net issues, EUR millions, Q2 2013)



Source: NBS.

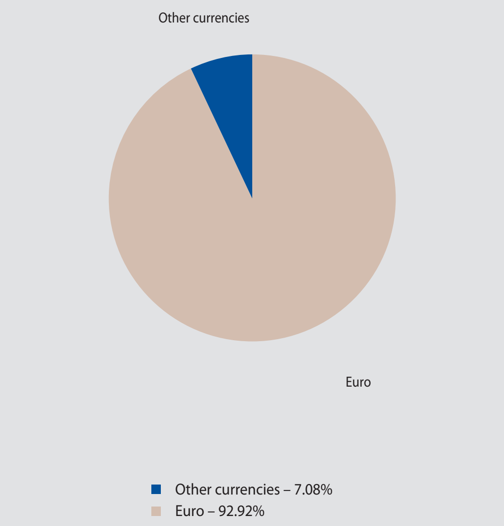
2 *In the case of government bonds, both new issues and new tranches of existing issues were placed on the market.*

Chart 102 Debt securities by sector (outstanding amounts as at 30 June 2013)



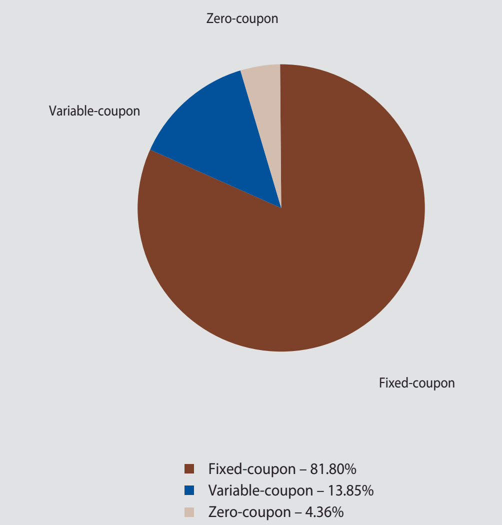
Source: NBS.
Note: The individual items are classified according to the outstanding amounts of issues as at 30 June 2013.

Chart 104 Debt securities by currency (outstanding amounts as at 30 June 2013)



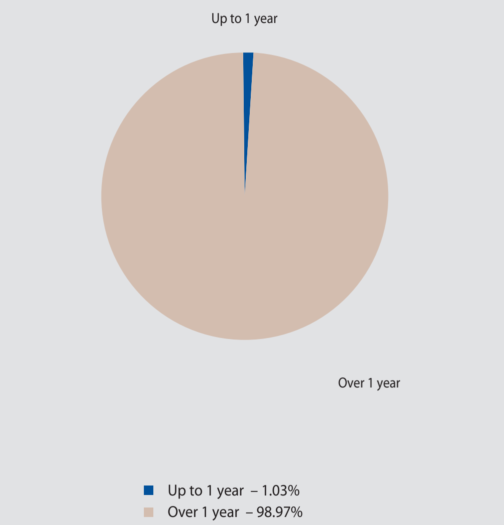
Source: NBS.
Note: The individual items are classified according to the outstanding amounts of issues as at 30 June 2013.

Chart 103 Debt securities by coupon type (outstanding amounts as at 30 June 2013)



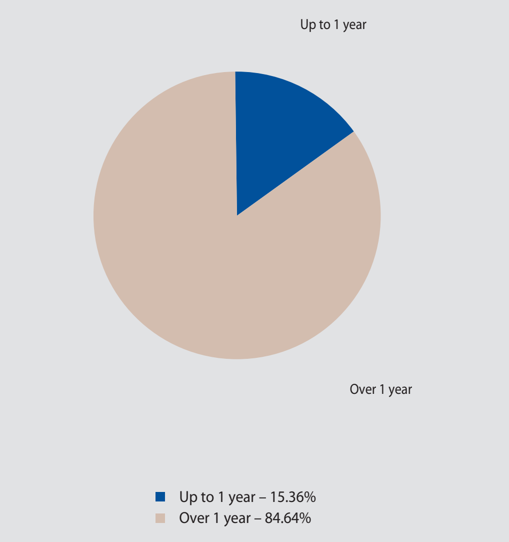
Source: NBS.
Note: The individual items are classified according to the outstanding amounts of issues as at 30 June 2013.

Chart 105 Debt securities by original maturity (outstanding amounts as at 30 June 2013)



Source: NBS.
Note: The individual items are classified according to the outstanding amounts of issues as at 30 June 2013.

Chart 106 Debt securities by residual maturity (outstanding amounts as at 30 June 2013)



Source: NBS.
Note: The individual items are classified according to the outstanding amounts of issues as at 30 June 2013.

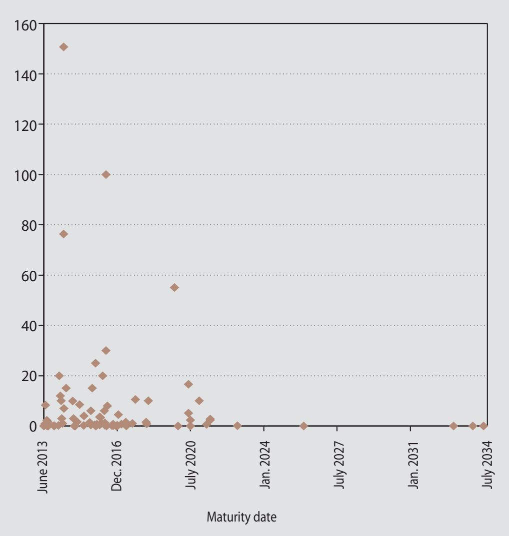
The following charts illustrate the outstanding amounts of issues in the three key sectors (the government sector, the banking sector, and the non-financial corporations sector) as a function of the issue amount and maturity.

The most numerous debt securities placed on the domestic market by non-financial corporations are those with an outstanding amount of up to €10 million and maturity in 2017. The largest outstanding issue amount is €150 million and the longest maturity period exceeds 20 years.

The most numerous debt securities issued by banks are those with an outstanding amount of up to €40 million and maturity in 2017. The largest outstanding issue amount fluctuates around €100 million and the longest maturity period is up to 2037.

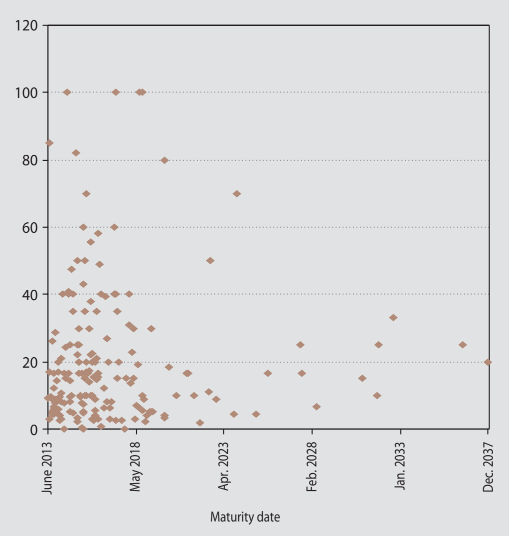
The number of issues of debt securities made by the government is lower than the number of issues made in the previous two sectors, but the outstanding amount is much higher. The issue with the highest outstanding amount is worth €3.0 billion. The most recent issue will mature in 2033.

Chart 107 Debt securities: outstanding amounts of domestic issues in S.11 sector (EUR millions)



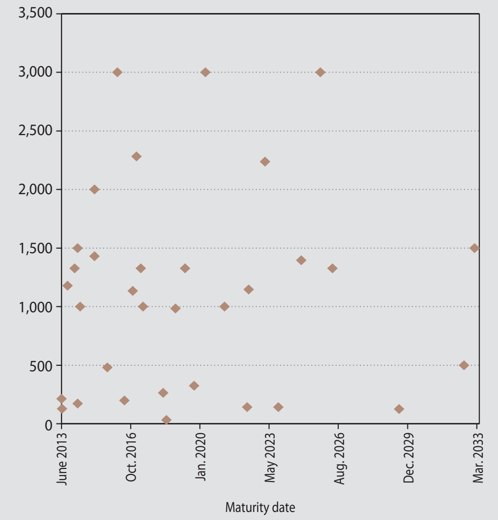
Source: NBS.

Chart 108 Debt securities: outstanding amounts of issues in S.122 Sector (EUR millions)



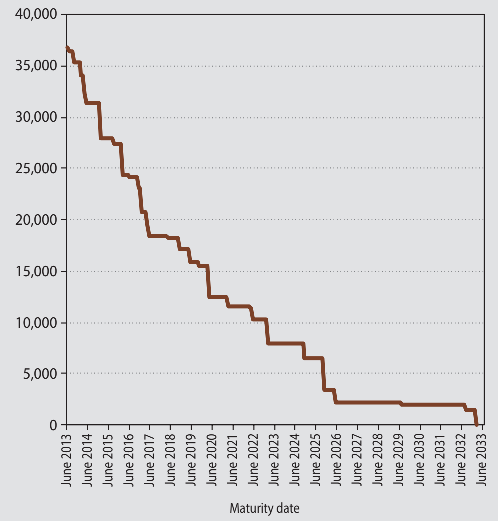
Source: NBS.

Chart 109 Debt securities: outstanding amounts of issues in S.13 Sector (EUR millions)



Source: NBS.

Chart 110 Government bonds: maturity profile (EUR millions)

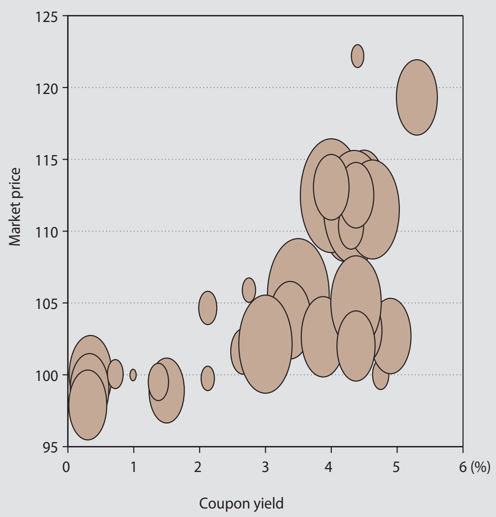


Source: NBS.

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

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 second quarter of 2013. The average market price[3] of these government bonds stood at 106.76% and the coupon yield was 3.56%.

Chart 111 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).

3 *Arithmetical average weighted by the outstanding amount of issues.*

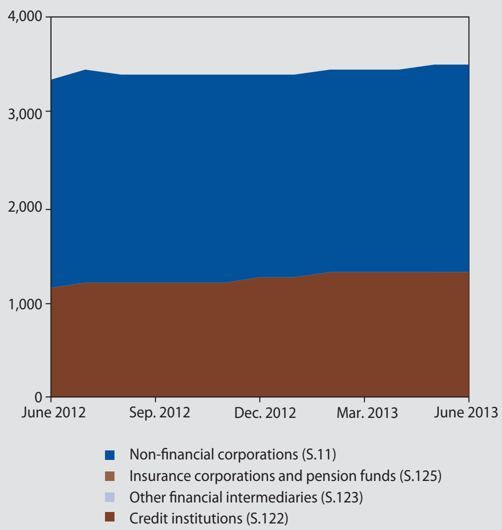
5.2 QUOTED SHARES

By the end of June 2013, the outstanding amount of quoted share issues had increased by €38.4 million compared with the end of the previous quarter. This increase took place in *credit institutions* (+€6.8 million) and *non-financial corporations* (+€31.6 million). In the *insurance institutions and pension funds* sector, the outstanding amount of quoted shares remained unchanged in comparison with the previous quarter. Total market capitalisation stood at €3,491.7 million as at the end of the second quarter of 2013.

The outstanding amount of quoted share issues increased by 1.11% compared with the previous quarter. A quarter-on-quarter increase in quoted shares was reported by credit institutions (+0.5%) and non-financial corporations (+1.5%).

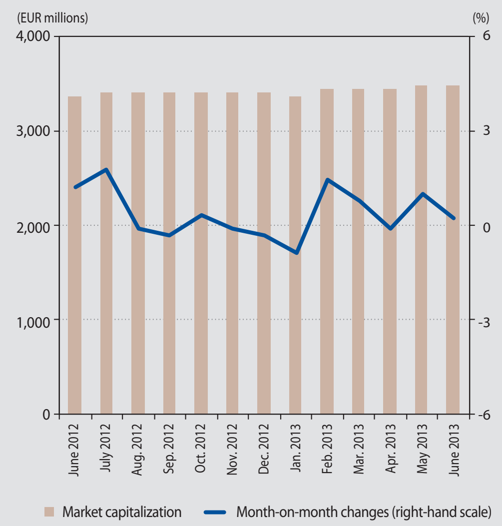
During the second quarter of 2013, the outstanding amount of quoted share issues increased in month-on-month terms in May and June (by 1.0% and 0.2% respectively), while April recorded a fall in the outstanding amount (-0.1%).

Chart 112 Quoted shares: market capitalization by sector (EUR millions)



Source: NBS.

Chart 113 Quoted shares (market capitalization, month-on-month changes)



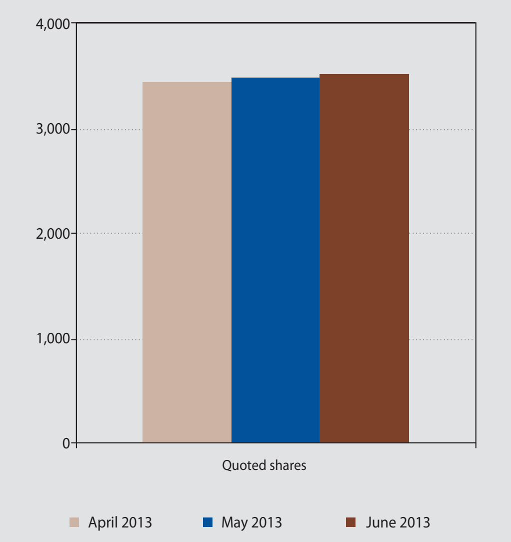
Source: NBS.

Table 11 Quoted shares (EUR thousands)

Outstanding amounts				
Month	Total	Credit Institutions	Insurance Corp. and Pension Funds	Non-Financial Corporations
2012 / 06	3,366,742	1,169,939	225	2,196,577
2012 / 09	3,409,964	1,183,158	225	2,226,582
2012 / 12	3,408,821	1,243,019	225	2,165,577
2013 / 03	3,453,300	1,321,117	225	2,131,958
2013 / 06	3,491,702	1,327,927	225	2,163,549

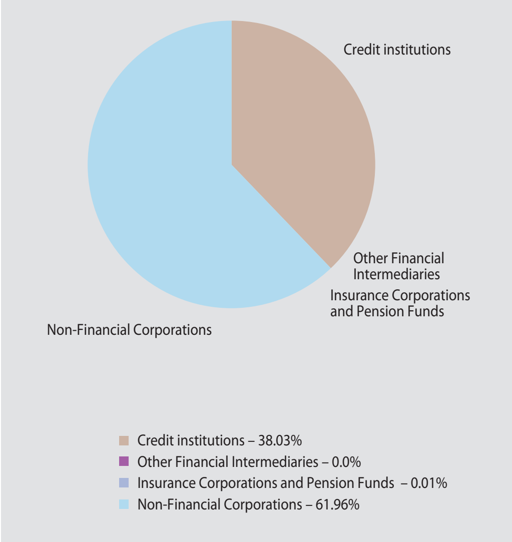
Source: NBS.

Chart 114 Quoted shares (market capitalization, EUR millions, Q2 2013)



Source: NBS.

Chart 115 Quoted shares by sector (market capitalization as at 30 June 2013)



Source: NBS.

Broken down by sector, the largest share in market capitalisation was accounted for by non-financial corporations (almost 62.0%). They were followed by credit institutions with a share of more than 38.0%. The other sectors were insignificant in this respect.

SELECTED MACROECONOMIC INDICATORS

6

6 Selected macroeconomic indicators

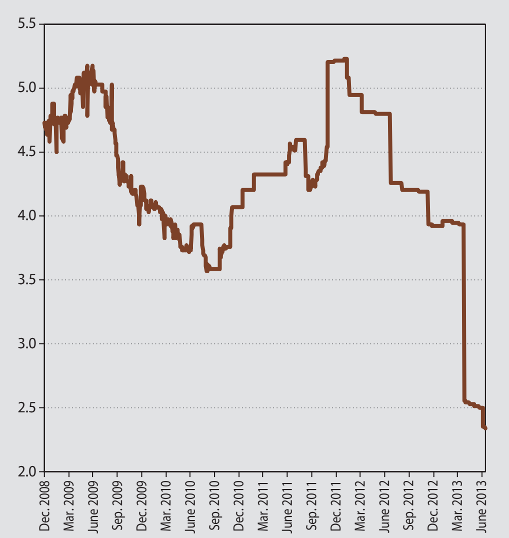
6.1 Long-term interest rates

With effect from 1 February 2012, the *benchmark-oriented approach* has been replaced with an *approach based on a basket of bonds*. The new approach remained in effect throughout the second quarter of 2013. The basket of bonds contained two government bond issues with the same weight (SK4120004318 and SK4120007543). The average interest rate fell to a significant extent in the second quarter, from 3.94% as at end-March 2013 to 2.34% as at end-June 2013.

6.2 Key ECB interest rates

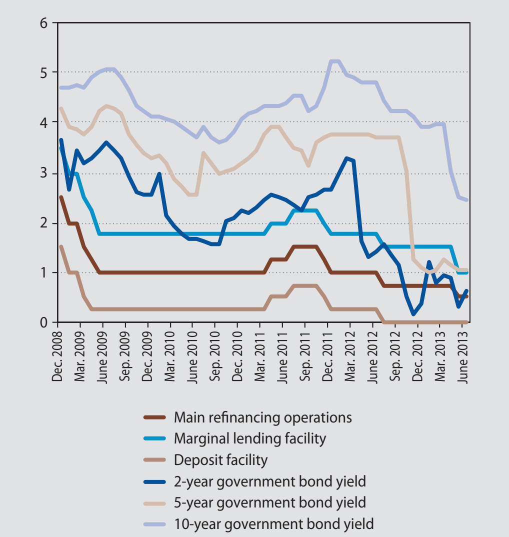
The key ECB interest rate on the main refinancing operations was lowered in comparison with the first quarter of 2013, by 0.25% to 0.50%[4]. The key rate for overnight refinancing operations (the marginal lending facility) was also reduced, by 0.50% to 1.00%. The key rate for overnight sterilisation operations (the deposit facility), however, remained unchanged, at 0.00%. Two-year government bond yields decreased by 0.28% quarter-on-quarter (from 0.92% to 0.64%), five-year government bond yields recorded a comparable fall (from 1.26% to 1.05%), and ten-year government bond yields dropped from 3.95% to 2.45%.

Chart 116 Benchmark – yield to maturity (p.a.)



Source: BCPB.

Chart 117 Interest rates (p.a.)



Source: ECB, BCPB.

4 *The current setting of the key ECB interest rate has been valid since 8 May 2013.*

METHODOLOGICAL NOTES

7 Methodological notes

7.1 BALANCE-SHEET STATISTICS OF MONETARY FINANCIAL INSTITUTIONS

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

Household sector – this sector includes:

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

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

Monetary financial institutions (MFI): financial institutions which together form the money-issuing/creating sector of the euro area. These include resident central banks, credit institutions and other resident financial institutions whose business is to receive deposits and/or other redeemable instruments from entities other than MFIs and, for their own account (at least in 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[5].

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

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

5 *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.

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

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

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

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

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

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

Undertakings for collective investment: undertakings the sole object of which is the 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[6]. The range of data reported complies in full with the current requirements[7] 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 issuance statistics

The compilation of securities issues statistics is governed by the relevant guideline of the European Central Bank[8]. These statistics provide information on all debt securities and quoted shares issued by domestic entities in any currency and in any country.

The individual issues are classified according to the sector of issuer. Further classification is made according to currency (issues in euro or other currency), type of security (debt or quoted securities), and according to the original maturity (short-term up to one year or long-term over one year). Debt securities are further divided according to the type of coupon yield (fixed, variable, or zero coupon).

Debt securities statistics focus on the outstanding amounts of issues (stocks) and flows, which are broken down into gross issues and redemptions. The difference between them represents issues in net terms.

a) Gross issues

Gross issues during the reporting period must include all issues of debt securities and quoted shares where the issuer sells newly created securities for cash. They concern the regular creation of new instruments. The point in time at which issues have been concluded is defined as the time at which payment is made; the recording of issues must therefore reflect as closely as possible the timing of payment of the underlying issue.

6 *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.*

7 *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).*

8 *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).*

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) convertible into shares, whether the shares of the issuing corporation or shares of another company, as long as they have not been converted. Where

Scheme 1

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

separable from the underlying bond, the conversion option, considered to be a financial derivative, is excluded;
- shares or stocks that pay a fixed income but do not provide for participation in the distribution of the residual value of the corporation on dissolution, including non-participating preference shares;
- financial assets issued as part of the securitisation of loans, mortgages, credit card debt, accounts receivable, and other assets.

The following instruments are excluded:

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

7.5.3 Quoted shares

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

Quoted shares include:

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

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

Quoted shares exclude:

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

7.6 LONG-TERM INTEREST RATES

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

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

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

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

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

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

With effect from 1 February 2012, the benchmark-oriented approach has been replaced with an approach based on a basket of bonds. This basket 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.ecb.int/pub/pdf/other/mbssmen.pdf

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

Structure of the financial market

List of monetary financial institutions:
http://www.nbs.sk/en/statistics/money-and-banking-statistics/monetary-statistics-of-monetary-financial-institutions#ZOZPFI

List of investment funds:
http://www.nbs.sk/en/statistics/money-and-banking-statistics/investment-funds-statistics

List of other financial intermediaries:
http://www.nbs.sk/en/statistics/money-and-banking-statistics/statistics-on-financial-corporations-engaged-in-lending

Overview of developments in the monetary sector:
http://www.nbs.sk/en/statistics/a-survey-of-financial-sector-development

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/en/statistics/money-and-banking-statistics/interest-rate-statistics

Interest rate statistics – bank loans:
http://www.nbs.sk/en/statistics/money-and-banking-statistics/interest-rate-statistics/banking-interest-rates-statistics-loans

Interest rate statistics – bank deposits:
http://www.nbs.sk/en/statistics/money-and-banking-statistics/interest-rate-statistics/banking-interest-rates-statistics-deposits

Interest rates 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/en/statistics/money-and-banking-statistics/long-term-interest-rates-statistics

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

Source data of monetary financial institutions:
http://www.nbs.sk/en/statistics/money-and-banking-statistics/statistical-data-of-monetary-financial-institutions

Statistics of investment funds:
http://www.nbs.sk/en/statistics/money-and-banking-statistics/investment-funds-statistics

Statistics of financial corporations engaged in lending (FCLs)
http://www.nbs.sk/en/statistics/money-and-banking-statistics/statistics-on-financial-corporations-engaged-in-lending

Source data of other financial intermediaries (OFIs):
http://www.nbs.sk/en/statistics/money-and-banking-statistics/statistical-data-of-other-financial-intermediaries

Statistics on securities issues:
http://www.nbs.sk/en/statistics/money-and-banking-statistics/securities-issues-statistics

Data categories within SDDS:
http://www.nbs.sk/en/statistics/data-categories-of-sdds

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