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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 preliminary data as at the end of December 2020. The publication is based on statistical data which are the main source for compilation of the European Central Bank's euro area statistics, of the International Monetary Fund's and Eurostat's statistics, and for monetary and financial stability analyses at the national level. The last chapter is summarising the methodological notes to the individual areas of statistics under analysis.

The publication is supplemented with a comparison of national statistics with euro area statistics on selected categories of assets and liabilities from the banking sector and mutual funds, interest rates on selected categories of deposits and loans and securities statistics.

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

1 Structure of the financial market in Slovakia

1.1 Overview of participants

The total number of monetary financial institutions operating in Slovakia (in subsectors S.121, S.122 and S.123) at the end of 2020 stood at 28, including the central bank (S.121) and 27 deposit taking corporations (S.122), of which nine were banks, 14 were branches of foreign banks and the remaining four were home savings banks (building societies) and credit cooperatives.

The total number of investment funds (S.124) increased still further in the last quarter of 2020, up to 91, owing to changes in the number of mixed funds and other funds. At the end of the year, two new mixed open-end funds were registered: Raiffeisen Conservative, o.p.f., established by Tatra Asset Management, a.s., and MA Fund, o.p.f., established by Tatra Asset Management, a.s., too. At the same time, one of the mixed funds, namely VÚB AM Magnifica Edícia II, an open-end investment fund of VÚB Asset Management, a.s., was dissolved through merger, while a new open-end fund was registered in the 'other funds' subsector, namely AAA Wealth Fund, o.p.f., established by Prvá penzijná správcovská spoločnosť Poštovej banky, a.s.

In the 'other financial intermediaries' (S.125), 'financial auxiliaries' (S.126) and 'insurance corporations and pension funds' (S.128+S.129) subsectors, the total number of entities remained unchanged in comparison with the previous quarter.

Table 1 Structure of the financial market in Slovakia

	XII. 2019	III. 2020	VI. 2020	IX. 2020	XII. 2020
Monetary financial institutions (S.121 + S.122 + S.123)	28	28	28	28	28
Central bank (S.121)	1	1	1	1	1
Deposit taking corporations excl. central bank (S.122)	27	27	27	27	27
<i>Banks</i>	9	9	9	9	9
<i>Branches of foreign banks</i>	14	14	14	14	14
<i>Credit cooperatives</i>	1	1	1	1	1
<i>Building societies</i>	3	3	3	3	3
Money Market Funds (S.123)	0	0	0	0	0
Investment Funds (S.124)	94	94	93	89	91
<i>Equity funds</i>	13	14	14	14	14
<i>Bond funds</i>	21	20	19	19	19
<i>Mixed funds</i>	41	41	41	37	38
<i>Real estate funds</i>	9	9	9	9	9
<i>Other funds</i>	10	10	10	10	11
Other financial intermediaries (S.125)	169	168	168	168	168
Financial auxiliaries (S.126)	41	41	41	43	43
<i>Asset Management Companies</i>	10	10	10	11	11
<i>Pension Savings Companies</i>	5	5	5	5	5
<i>Supplementary Pension Asset Management Companies</i>	4	4	4	4	4
<i>Securities and derivatives dealers¹⁾</i>	22	22	22	23	23
Insurance corporations and pension funds (S.128 + S.129)	47	47	47	48	48
<i>Insurance corporations</i>	13	12	12	12	12
<i>Pension funds</i>	34	35	35	36	36

Source: NBS.

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

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

	XII. 2019	III. 2020	VI. 2020	IX. 2020	XII. 2020
Monetary financial institutions (S.121 + S.122)	134,436	134,171	147,124	149,200	151,587
Central bank (S.121)	47,926	48,011	56,851	56,566	58,058
Deposit taking corporations excl. the central bank (S.122)	86,510	86,160	90,273	92,634	93,529
Money Market Funds (S.123)	0	0	0	0	0
Investment funds (S.124)	7,498	7,052	7,428	7,626	7,959
Other financial intermediaries (S.125)	7,026	6,900	7,004	6,963	6,784
Financial auxiliaries (S.126)	364	383	361	368	378
Insurance corporations and pension funds (S.128 + S.129)	19,089	18,485	19,463	20,011	20,741
<i>Insurance corporations¹⁾</i>	7,366	7,141	7,362	7,403	7,603
<i>Pension funds</i>	11,723	11,344	12,101	12,608	13,138

Source: NBS.

1) Slovak Insurers' bureau (SIB) has been established by virtue of the Act No. 381/2001 on Compulsory MTPL Insurance and on changes in, and amendments to, some laws.

1.2 Employees in the banking sector

At the end of 2020, the total number of employees in Slovakia's banking sector stood at 19,702, which was less by exactly 800 employees or 3.9% than the figure recorded a year earlier.

Compared with the end of September, when a total of 19,807 people were employed in the banking sector, the number of employees decreased over the last quarter of 2020 by 105 (0.53%), continuing its downward trend that began in the middle of 2019.

The number of central bank employees rose slightly in the quarter under review, to 1,122 at the end of December.

Table 3 Number of employees in the banking sector									
	2018	2019				2020			
	31. 12.	31. 3.	30. 6.	30. 9.	31. 12.	31. 3.	30. 6.	30. 9.	31. 12.
Banking sector	20,649	20,615	20,581	20,695	20,502	20,279	20,116	19,807	19,702
Central bank	1,110	1,111	1,105	1,114	1,109	1,105	1,109	1,112	1,122
Banks and branches of foreign banks	19,539	19,504	19,476	19,581	19,393	19,174	19,007	18,695	18,580
Of which: Banks	17,820	17,785	17,752	17,864	17,687	17,452	17,287	16,980	16,876
Branches of foreign banks	1,719	1,719	1,724	1,717	1,706	1,722	1,720	1,715	1,704

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 increased over the period under review, from 5.00% as at 31 December 2019 to 6.20% as at 31 December 2020.

Of 27 credit institutions operating in Slovakia, domestic share capital was part of the subscribed capital of eight domestic credit institutions, with two banks (ČSOB stavebná sporiteľňa, a.s., and Slovenská záručná a rozvojová banka, a.s.) having a 100% share of domestic capital.

By contrast, the ratio of foreign share capital to total subscribed capital in domestic banks decreased, year on year, from 95.0% as at 31 December 2019 to 93.8% as at 31 December 2020.

Despite this decrease, the total volume of foreign share capital as at 31 December 2020 was larger in absolute terms by €13 million (or by 0.36% in relative terms), compared with the figure recorded a year earlier.

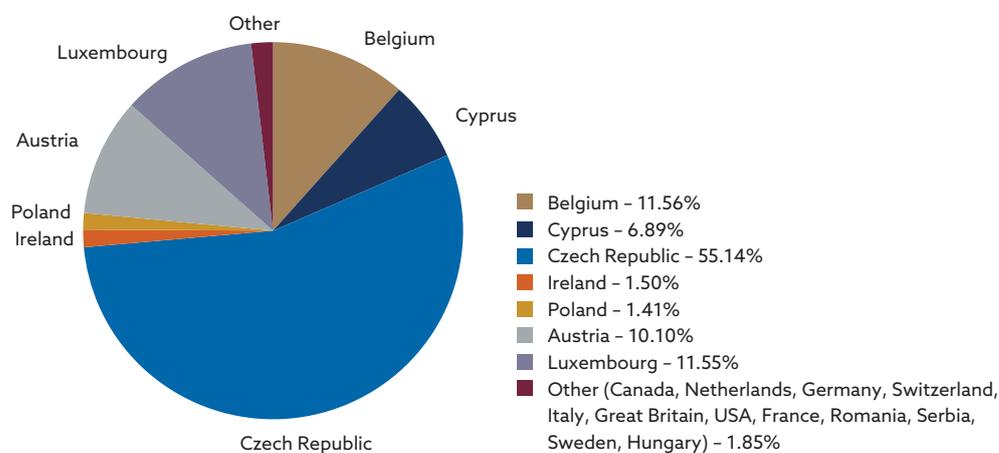
This increase was accounted for largely by foreign capital from Belgium and the Czech Republic. The share of Belgian capital in domestic banks increased from 8.13% of the total volume of foreign share capital as at 31 December 2019 to 11.56% as at 31 December 2020 (by €125.88 million in absolute terms). The share of Czech capital increased, too, from 54.87% to 55.14% of the total volume of foreign share capital (by €16.91 million). The increase in Belgian-held capital took place mostly within the group of banks, while the inflow of Czech capital was used to increase the share capital of foreign bank branches.

It should also be noted that the share of Hungarian capital fell, year on year, from 4.17% of the total volume of foreign share capital to 0.31% (by €139.88 million), owing to the recent change of the majority shareholder of OTP Banka Slovensko, a.s.

The group of ‘other countries’ in Charts 1 and 2 includes all countries with a share of less than 1% in the total foreign share capital of banks operating in Slovakia (Canada, the Netherlands, Germany, Switzerland, Italy, Great Britain, the United States, France, Romania, Serbia, Sweden and Hungary). At the end of the review period, ‘other countries’ accounted for 1.85% (€67.38 million) of banks’ total foreign share capital.

Chart 1

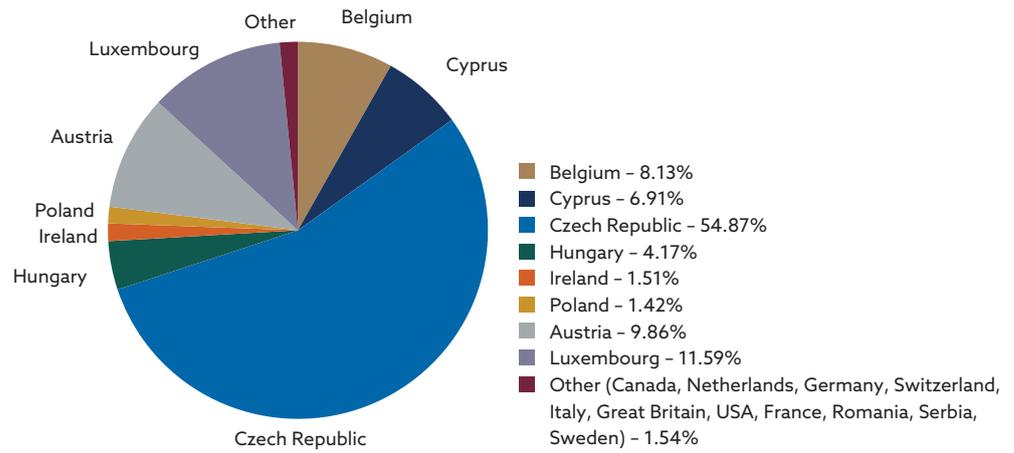
Foreign capital in the banks in the Slovak Republic as at 31.12.2020



Source: NBS.

Chart 2

Foreign capital in the banks in the Slovak Republic as at 31.12.2019



Source: NBS.

2 Statistics of other monetary financial institutions

2.1 Balance sheet statistics of credit institutions: assets

The total assets of banks and foreign bank branches operating in Slovakia, excluding NBS (hereinafter ‘credit institutions’) amounted to €93.5 billion at the end of 2020. This represented a year-on-year increase of 8.1% (€7 billion), stemming mostly from the growing stock of credit claims and of securities other than equities and investment fund shares/units.

Credit institutions’ credit claims constituted 82% of their total assets as at 31 December 2020 (i.e. 0.8 percentage point more than a year earlier). The stock of credit claims increased in the fourth quarter by 9.2% (€6.4 billion) year on year, owing mainly to a rise of €3.8 billion in long-term credit claims with a maturity of over five years. Short-term credit claims with a maturity of up to one year increased, too, by €3.3 billion, while those with a maturity of over one year and up to five years decreased, year on year, by 9.6% (€0.6 billion).

Credit institutions’ holdings of securities other than equities and investment fund shares/units accounted for 13% of their total assets as at 31 December 2020, which represented a year-on-year decline of 0.42 percentage point. The volume of these securities in the portfolios of credit institutions increased, year on year, by 4.6% (€0.5 billion), mainly as a result of growth in the stock of securities with a maturity of over two years (by €0.5 billion) and those with a maturity of up to one year (by €0.1 billion). Securities with a maturity of over one year and up to two years were not held by banks in the last quarter of 2020.

Credit institutions’ holdings of shares and other equity participations constituted 0.8% of their total assets as at 31 December 2020, which was somewhat less than a year earlier. The stock of shares and other equity participations decreased by 6%, year on year.

Credit institutions’ other assets (including fixed assets) accounted for 4% of their total assets as at 31 December 2020, which represented a year-on-year decline of 0.1 percentage point. The volume of other assets (including fixed assets) increased, year on year, by €0.2 billion in the period under review.

Credit institutions’ cash holdings constituted only approximately 1% of their total assets at the end of 2020.

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

	XII. 2019	III. 2020	VI. 2020	IX. 2020	XII. 2020
ASSETS	86,510,008	86,160,360	90,272,696	92,633,830	93,528,873
Cash	984,354	1,056,890	886,211	848,615	913,828
Loan claims	69,869,300	69,812,265	73,018,116	75,358,877	76,271,645
Securities other than shares and mutual funds shares/units	11,281,617	11,193,044	12,664,054	12,103,944	11,803,818
Shares and other equity (incl. MMF shares/units)	827,412	737,514	804,747	804,484	777,261
Other assets (incl. fixed assets)	3,547,325	3,360,647	2,899,568	3,517,910	3,762,321

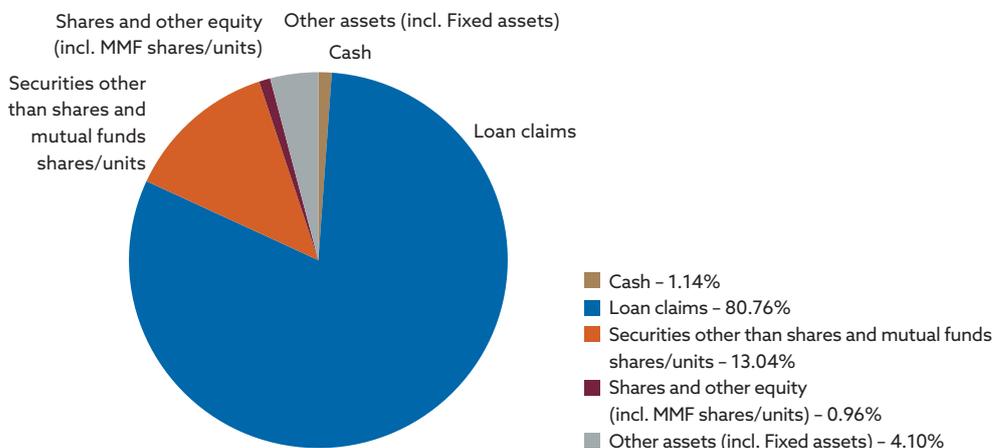
Source: NBS.

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

2) Assets excluding depreciation and including provisions

Chart 3

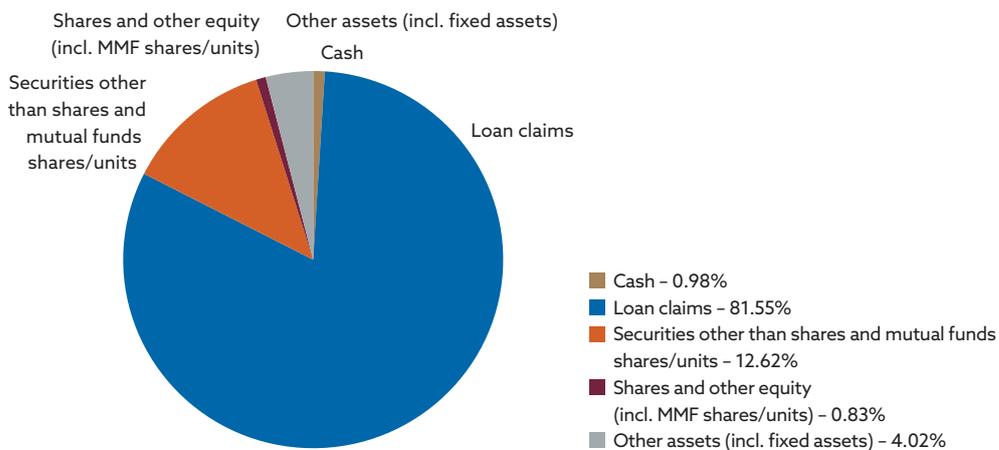
Structure of assets of credit institutions as at 31st December 2019



Source: NBS.

Chart 4

Structure of assets of credit institutions as at 31st December 2020



Source: NBS.

2.2 Balance sheet statistics of credit institutions: liabilities

The total liabilities of credit institutions as at 31 December 2020 amounted to €93.5 billion, which was 8.1% (€7 billion) more than the amount recorded a year earlier, owing mainly to an increase in the stock of loans and deposits received.

Credit institutions' largest liability item – loans and deposits received – increased in the last quarter of 2020, by 1 percentage point year on year, to 78% at the end of December. The stock of these loans and deposits increased, year on year, by 9.5% (€6.3 billion), owing mainly to growth in the stock of loans and deposits received, with a maturity of up to one year.

Credit institutions' capital and provisions constituted 12% of their total liabilities as at 31 December 2020, which in year-on-year terms represented a modest decrease. The volume of capital and provisions at that date was 5.6% (€0.6 billion) higher than a year earlier.

Credit institutions' debt securities issued accounted for 7.5% of their total liabilities at the end of 2020. This was less than the figure recorded a year earlier. The volume of these securities amounted to €7 billion at the end of December, representing a year-on-year decrease of €0.03 billion (0.5%), which took place in debt securities issued with all maturities.

Credit institutions' other liabilities constituted 2.2% of their total liabilities as at 31 December 2020. The stock of other liabilities at that date was larger, year on year, by 6.3% (€0.1 billion).

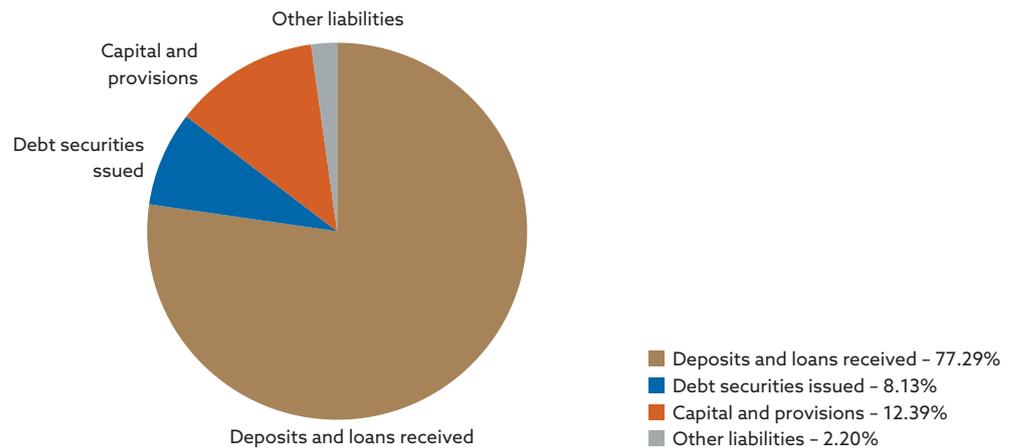
Table 5 Structure of liabilities of credit institutions in SR (EUR thousands)

	XII. 2019	III. 2020	VI. 2020	IX. 2020	XII. 2020
LIABILITIES	86,510,008	86,160,360	90,272,696	92,633,830	93,528,873
Deposits and loans received	66,859,669	66,369,904	69,367,811	71,995,057	73,186,825
Debt securities issued	7,033,164	6,744,657	7,150,612	6,992,557	7,001,415
Capital and provisions	10,714,913	10,803,612	10,962,117	11,205,671	11,319,421
Other liabilities	1,902,262	2,242,187	2,792,156	2,440,545	2,021,212

Source: NBS.

Chart 5

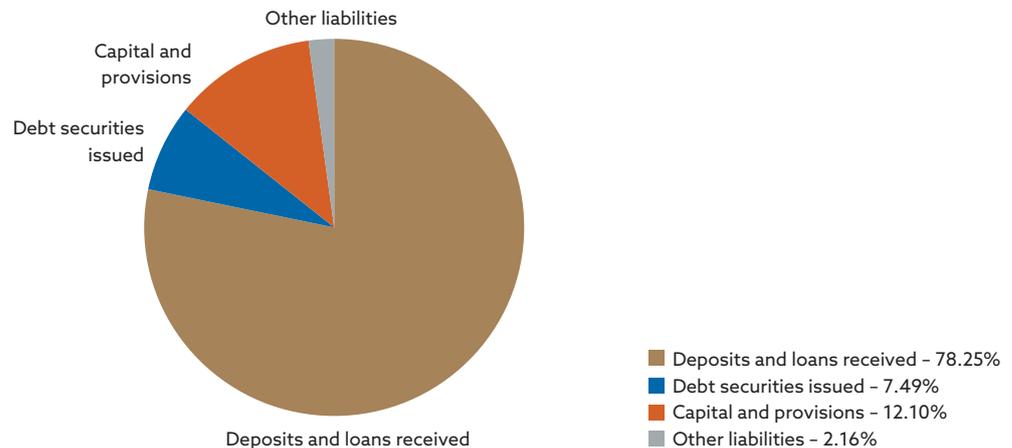
Structure of liabilities of credit institutions as at 31st December 2019



Source: NBS.

Chart 6

Structure of liabilities of credit institutions as at 31st December 2020



Source: NBS.

2.3 Selected asset and liability items by residency of counterparty

At the end of the last quarter of 2020, credit institutions' total credit claims amounted to €76 billion, 90% (€68.8 billion) of which were claims on domestic entities. Credit claims on entities from other euro area countries and from the rest of the world accounted for 3% (€2.1 billion) and 7% (€5.4 billion) respectively.

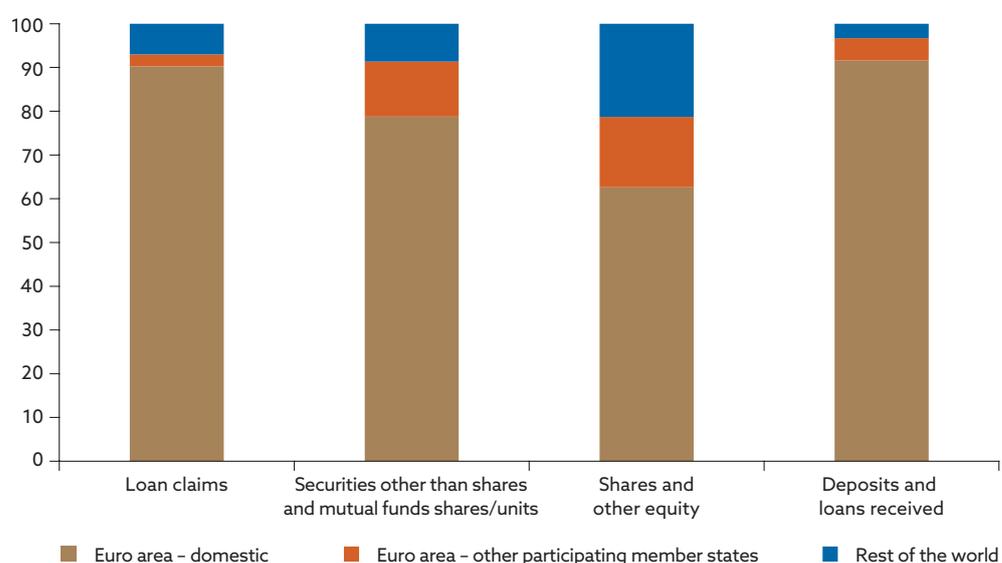
Credit institutions' total holdings of securities other than equities and investment fund shares/units amounted to €11.8 billion at 31 December 2020, 78.8% (€9.3 billion) of which were issued by domestic issuers, 12.6% (€1.5 billion) by issuers from other euro area countries, and 8.7% (€1 billion) by issuers from the rest of the world.

Credit institutions' total holdings of shares and other equity participations amounted to €0.8 billion at 31 December 2020, 63% (€0.5 billion) of which were domestic securities and participations, 16% were equity securities from other euro area countries, and 21% were equity securities from the rest of the world.

Loans and deposits received by credit institutions amounted to €73 billion at 31 December 2020, 92% (€67 billion) of which were received from domestic entities, 5% (€3.7 billion) from other euro area countries, and 3% (€2.4 billion) from the rest of the world.

Chart 7

Selected assets/liabilities: breakdown of counterparties by residency as at 31 December 2020 (%)



Source: NBS.

2.4 Selected asset and liability items by sector of counterparty

Credit institutions' total **domestic** credit claims as at 31 December 2020 amounted to €68.8 billion, 91% (€62.5 billion) of which were claims on other sectors, i.e. sectors other than the general government sector and that of monetary financial institutions (MFIs), especially on households and non-profit institutions serving households, and on non-financial corporations (NFCs).

Claims on domestic MFIs accounted for 7% (€5 billion) of the total stock of domestic credit claims as at 31 December 2020, and those on the general government sector accounted for only 2% (€1.3 billion).

Credit institutions' total holdings of domestic securities other than equities and investment fund shares/units amounted to €9.3 billion as at 31 December 2020, 89% (€8.2 billion) of which were debt securities issued in the general government sector.

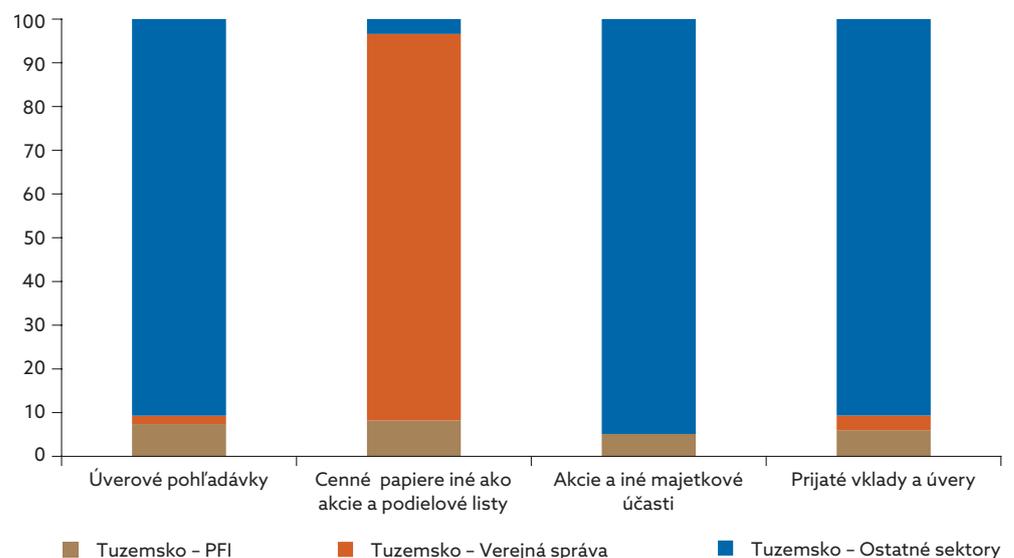
Securities other than equities and investment fund shares/units issued by domestic MFIs accounted for 8%, and those issued by entities from other domestic sectors for 3%.

Credit institutions' total holdings of domestic shares and other equity participations (including investment fund shares/units) amounted to roughly €0.5 billion, 95% of which were equity securities issued by entities from other sectors and 5% were equity securities issued by domestic MFIs.

The total volume of loans and deposits received from domestic entities amounted to €67 billion at the end of the review period, 91% of which were deposits received from other sectors, mostly households, 3% were loans and deposits received from the general government sector, and 6% were loans and deposits received from domestic MFIs.

Chart 8

Selected assets/liabilities: sectoral breakdown of domestic counterparty as at 31 December 2020 (%)



Source: NBS.

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

2) General government (S.13)

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

Credit institutions' total credit claims on **residents of other euro area countries** as at 31 December 2020 amounted to €2.1 billion, 70% (€1.4 billion) of

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

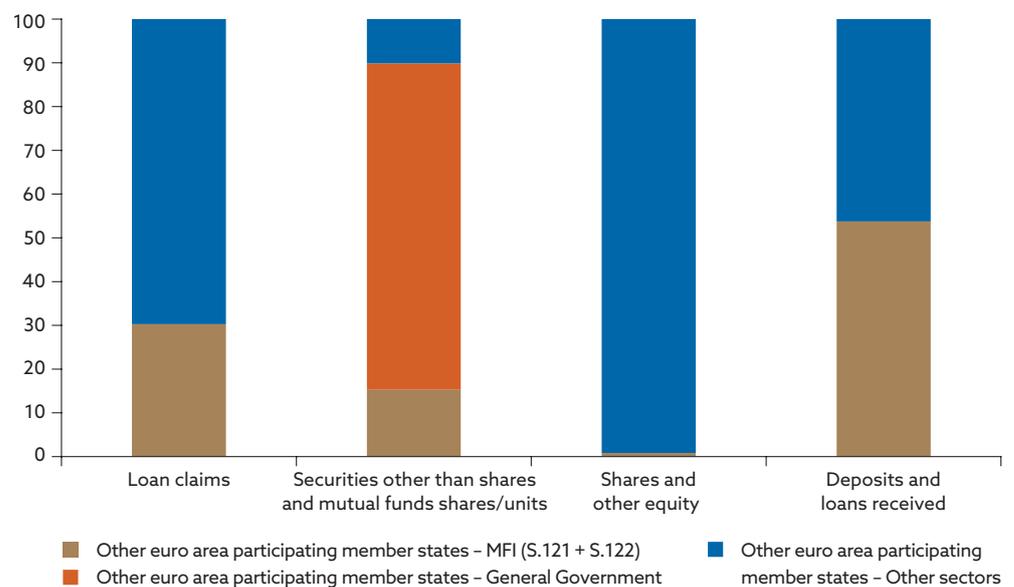
Credit institutions' total holdings of securities other than equities and investment fund shares/units, issued by issuers from other euro area countries, amounted to €1.5 billion at 31 December 2020, 75% (€1.1 billion) of which were issued in the general government sector, 15% (€0.2 billion) by monetary financial institutions, and 10% by issuers from other sectors.

Credit institutions' total holdings of shares and other equity participations, issued by issuers from other euro area countries, amounted to €0.1 billion at 31 December 2020, 99% of which was accounted for by equity securities issued by entities from other sectors and the remaining 1% by equity securities issued by MFIs.

Loans and deposits received from residents of other euro area countries amounted to €3.7 billion in total, 54% (€2 billion) of which were loans and deposits received from MFIs and 46% (€1.7 billion) were deposits received from other sectors.

Chart 9

Selected assets/liabilities: sectoral breakdown of counterparty from other euro area member states as at 31 December 2020 (%)



Source: NBS.

Credit institutions' total claims on **the rest of the world** amounted to €5.4 billion at the end of December 2020, 67% (€3.6 billion) of which were claims on MFIs and 33% (€1.7 billion) were claims on other sectors.

Credit institutions' holdings of securities other than equities and investment fund shares/units, issued by issuers from the rest of the world,

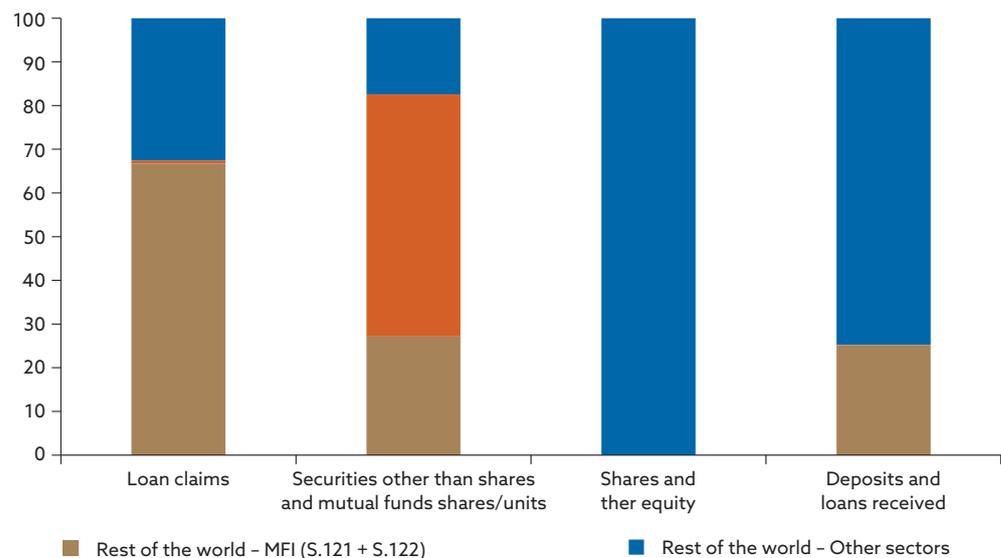
amounted to €1 billion at 31 December 2020, 55% (€0.6 billion) of which were issued in the general government sector, 27% were issued by MFIs, and 17% by issuers from other sectors.

Credit institutions' holdings of shares and other equity participations, issued by issuers from the rest of the world, amounted to €0.2 billion at 31 December 2020, all of which were equity securities issued by issuers from other sectors (i.e. sectors other than the general government and MFI sectors).

The total volume of loans and deposits received from residents of the rest of the world amounted to €2.4 billion at 31 December 2020, 75% (€1.8 billion) of which were received from other sectors and 25% (€0.6 billion) from monetary financial institutions. The share of loans and deposits received from the general government sector was negligible.

Chart 10

Selected assets/liabilities: sectoral breakdown of counterparty from the rest of the world as at 31st December 2020 (%)



Source: NBS.

2.5 Assets and liabilities of credit institutions: year-on-year changes

The total **assets of credit institutions** showed a year-on-year increase at the end of each quarter of the year from 31 December 2019 to 31 December 2020, the largest being a year-on-year increase of 8% (€7 billion) recorded at the end of the last quarter of 2020.

Credit institutions' total credit claims recorded their biggest annual change at the end of the fourth quarter of 2020, when their stock increased,

year on year, by €6.4 billion (9.0%), of which credit claims with a maturity of over five years accounted for €3.8 billion and those with a maturity of up to one year for €3.3 billion.

Credit institutions' total holdings of securities other than equities and investment fund shares/units also showed year-on-year increases in the last four quarters. In the second quarter of 2020, a year-on-year increase of almost 23% was recorded.

Credit institutions' total holdings of shares and other equity participations (including investment fund shares/units) were relatively low at the end of each quarter of the year under review. The highest amount (€0.8 billion) and biggest annual change (a year-on-year increase of €0.2 billion or 26%) were recorded at the end of the last quarter of 2019.

The biggest annual change in the total stock of credit institutions' other assets (including fixed assets) was recorded at the end of the second quarter of 2020, i.e. a year-on-year increase of 20% (€0.7 billion).

Credit institutions' total cash holdings changed most significantly in percentage terms in the first quarter of 2020, when their stock increased by more than one-third on a year-on-year basis.

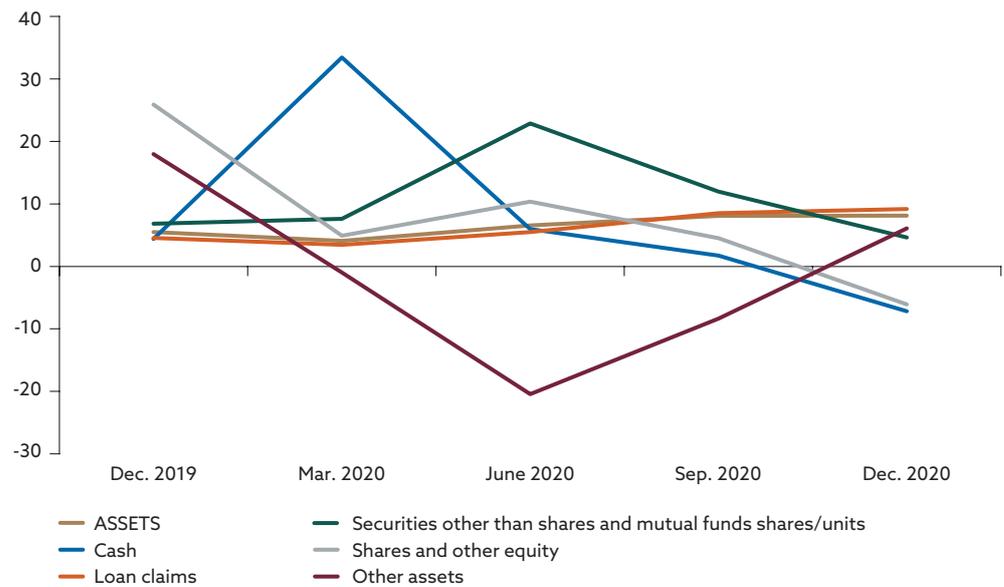
Table 6 Year-on-year changes in assets of credit institutions in the SR (in %)

	XII. 2019	III. 2020	VI. 2020	IX. 2020	XII. 2020
ASSETS	5.50	4.10	6.55	8.09	8.11
Cash	4.41	33.40	5.98	1.71	-7.16
Loan claims	4.54	3.46	5.51	8.51	9.16
Loan claims – up to 1 year	-1.47	-6.27	6.54	20.16	23.33
Loan claims – over 1 and up to 5 years	-3.71	-5.82	-12.34	-9.94	-9.57
Loan claims – over 5 years	7.69	7.88	7.88	7.68	7.69
Securities other than shares and mutual funds shares/units	6.81	7.62	22.86	11.97	4.63
Securities other than shares and mutual funds shares/units up to 1 year	47.72	35.57	529.42	305.49	15.90
Securities other than shares and mutual funds shares/units over 1 and up to 2 years					
Securities other than shares and mutual funds shares/units over 2 years	5.59	6.63	14.19	7.20	4.16
Shares and other equity	25.88	4.91	10.35	4.52	-6.06
Other assets	17.98	-0.99	-20.44	-8.37	6.06

Source: NBS.

Chart 11

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



Source: NBS.

The total **liabilities of credit institutions** increased, year on year, during the last few quarters of 2020. The steepest increase in the stock of these liabilities was recorded at the end of the fourth quarter of 2020, i.e. a year-on-year increase of 8% (€7 billion).

The stock of loans and deposits received by credit institutions grew most rapidly over the last quarter of 2020, i.e. by 9.0% (€6.3 billion) year on year. This growth was stimulated by loans and deposits received with a maturity of up to one year and over one year.

The stock of debt securities issued in the review period recorded its biggest annual change in the last quarter of 2019. This was a year-on-year increase of 31% (€1.7 billion) that stemmed mainly from growth in the stock of securities with a maturity of over two years.

The most significant annual change in credit institutions' capital and provisions was recorded at the end of the third quarter of 2020, i.e. a year-on-year increase of 6% (€0.6 billion).

The stock of credit institutions' other liabilities changed most significantly, year on year, in the last quarter of 2019, when a year-on-year increase of 27% was recorded at the end of that quarter.

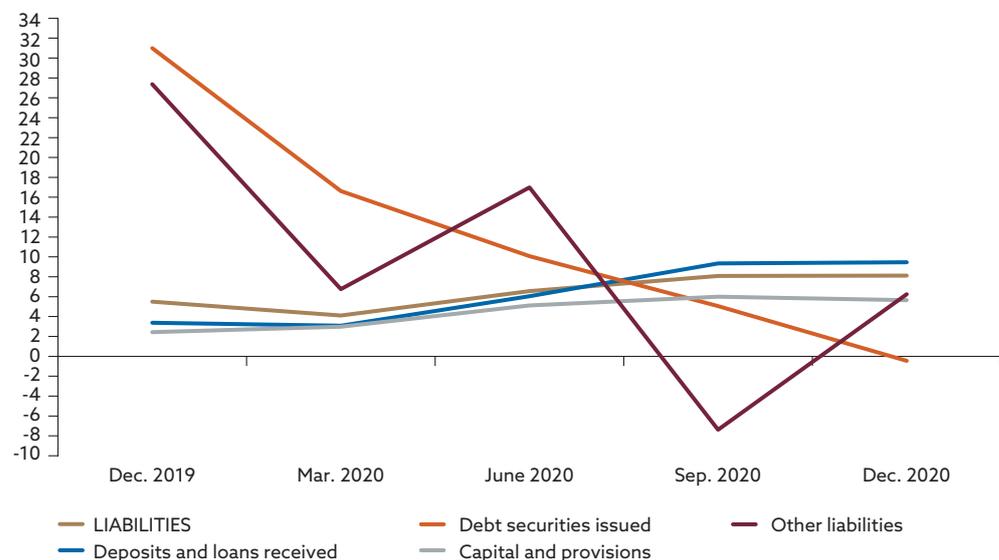
Table 7 Year-on-year changes in liabilities of credit institutions (in %)

	XII. 2019	III. 2020	VI. 2020	IX. 2020	XII. 2020
LIABILITIES	5.50	4.10	6.55	8.09	8.11
Deposits and loans received	3.37	3.07	6.05	9.35	9.46
Deposits and loans received up to 1 year	5.19	6.05	6.53	8.85	7.05
Deposits and loans received over 1 year	-6.28	-12.19	3.57	12.05	23.81
Debt securities issued	30.99	16.63	10.08	5.05	-0.45
Debt securities issued up to 1 year	-86.10	-28.99	43.24	-84.60	-100.00
Debt securities issued over 1 and up to 2 years	-95.66	-95.55	-100.00	-100.00	-100.00
Debt securities issued over 2 years	32.95	17.44	10.21	5.15	-0.34
Capital and provisions	2.43	2.97	5.12	6.00	5.64
Other liabilities	27.37	6.75	16.98	-7.38	6.25

Source: NBS.

Chart 12

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



Source: NBS.

2.6 Aggregated balance sheet of other monetary financial institutions

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

At the end of 2020, the aggregated balance sheet of MFIs operating in Slovakia (excluding NBS), i.e. commercial banks, branches of foreign banks, and

money market funds that are resident in Slovakia, constituted 0.3% of the aggregated balance sheet of euro area MFIs (excluding the Eurosystem).

In 2020, the aggregated balance sheet of **other euro area MFIs** (i.e. euro area MFIs, excluding the Eurosystem) showed end-of-quarter **aggregate assets** ranging from €34,629 billion to €35,371 billion. By 31 December 2020, these assets had increased, year on year, by 8.6% (€2,783 billion).

At the end of 2020, the **claims** of euro area MFIs (excluding the Eurosystem) on **euro area residents** constituted 61% of their aggregate assets, which represented a year-on-year increase of 1.7 percentage points. The stock of these claims increased, year on year, by 11.6% (€2,253 billion). This increase stemmed from growth in claims on all subsectors (MFIs, the central government, and other subsectors).

Euro area MFIs' holdings of **securities issued by euro area residents, other than equities and investment fund shares/units**, constituted 11.0% of their aggregate assets as at the end of 2020, as a year earlier. The stock of these securities increased, year on year, by 6.4% (€236 billion), as a result of growth in the stock of securities issued in the general government sector (by €251 billion).

Other euro area MFIs' holdings of **money market fund shares/units** accounted for only 0.1% of their aggregate assets at the end of 2020.

At the same time, **shares and other equity participations issued by euro area residents** constituted 3.4% of the aggregate assets of other euro area MFIs. This represented a modest decrease in year-on-year terms. The stock of these securities increased by 0.4% year-on-year.

The share of **foreign assets** in total assets at 31 December 2020 (14%) was 0.1 percentage point smaller than a year earlier. The stock of foreign assets was larger, year on year, by almost 1.1%.

Other euro area MFIs' **fixed assets** constituted only 0.7% of their aggregate assets at the end of 2020. This represented only a slight increase, year on year.

Euro area MFIs' **other assets** constituted 9.3% of their aggregate assets at 31 December 2020, which broadly corresponded to the figure recorded a year earlier. The stock of these assets increased, year on year, by €230 billion.

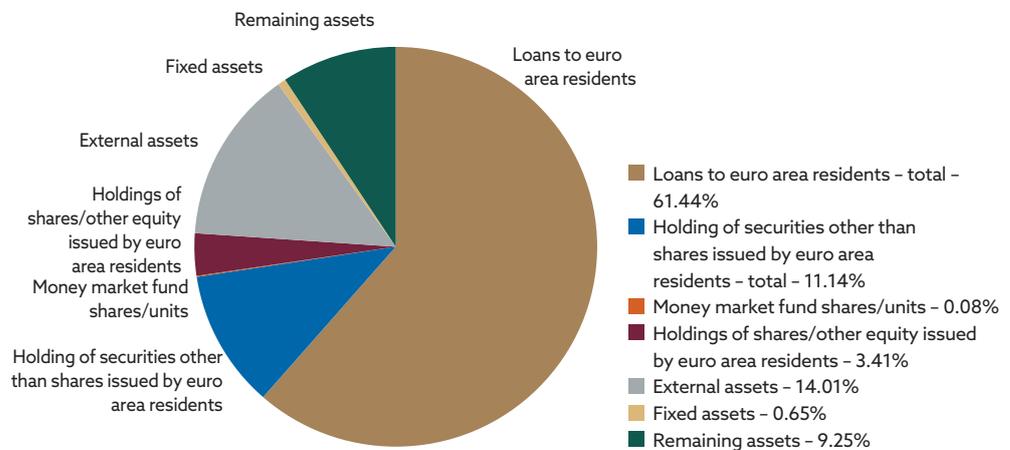
Table 8 Structure of assets of aggregated balance sheet of euro area MFIs (without Eurosystem, in EUR billions)

	XII. 2019	III. 2020	VI. 2020	IX. 2020	XII. 2020
ASSETS	32,434	34,629	35,441	35,371	35,217
Loans to euro area residents	19,386	20,320	21,270	21,425	21,639
General government	970	996	994	988	979
Other euro area residents	11,614	11,883	11,980	12,017	12,038
Monetary financial institutions	6,802	7,441	8,296	8,421	8,622
Holdings of securities other than shares issued by euro area residents	3,689	3,776	4,064	4,062	3,925
General government	1,466	1,586	1,795	1,843	1,717
Other euro area residents	1,178	1,171	1,184	1,164	1,167
Monetary financial institutions	1,045	1,019	1,085	1,055	1,041
Money market fund shares/units	25	22	31	33	30
Holdings of shares/other equity issued by euro area residents	1,196	1,145	1,152	1,158	1,201
External assets	4,879	5,402	5,145	5,070	4,934
Fixed assets	230	229	228	228	230
Remaining assets	3,029	3,735	3,552	3,396	3,259

Source: ECB.

Chart 13

Structure of assets of aggregated balance sheet of euro area MFIs (excluding Eurosystem) as at 31.12.2020



Source: ECB.

Total liabilities in the aggregated balance sheet of **other euro area MFIs** (i.e. euro area MFIs, excluding the Eurosystem) reached €35,217 billion at

the end of December 2020. The stock of these liabilities increased, year-on-year, by 8.6% (€2,783 billion).

The largest share of liabilities as at 31 December 2020 (60.7%, 2.3 percentage points more than a year earlier) was accounted for by **loans and deposits received from euro area residents**. Their stock increased by 12.9% (€2,436 billion) compared with the figure recorded at the end of 2019. The stock of loans and deposits received increased in all sectors. Increases were also recorded in the stock of deposits received from the general government sector and other euro area residents (an increase of €1,145 billion), MFIs (€1,279 billion), and from the central government sector (€11 billion).

Other euro area MFIs' holdings of **money market fund shares/units** constituted only 1.9% of their aggregate liabilities at the end of 2020. The stock of money market fund shares/units was 22% larger than at the end of 2019.

Debt securities issued by other euro area MFIs constituted 10% of their aggregate liabilities at the end of 2020, which represented a year-on-year decrease of 1.1 percentage point in the share of these securities. Their stock decreased, year on year, by €80 billion (2.2%).

Other euro area MFIs' **capital and provisions** constituted 7.3% of their aggregate liabilities at the end of 2020, which in year-on-year terms represented a decrease of 0.6 percentage point and reflected an absolute increase of €10 billion (0.4%) in their stock.

Other euro area MFIs' **foreign liabilities** constituted 11.3% of their aggregate liabilities at the end of 2020, which in year-on-year terms represented a decrease of 0.9 percentage point in the share of these liabilities. Their stock increased, year on year, by €33 billion (0.8%).

At the end of 2020, **other liabilities** accounted for 8.8% of the aggregate liabilities of euro area MFIs (excluding the Eurosystem). The stock of these liabilities increased, year on year, by 9% (€260 billion).

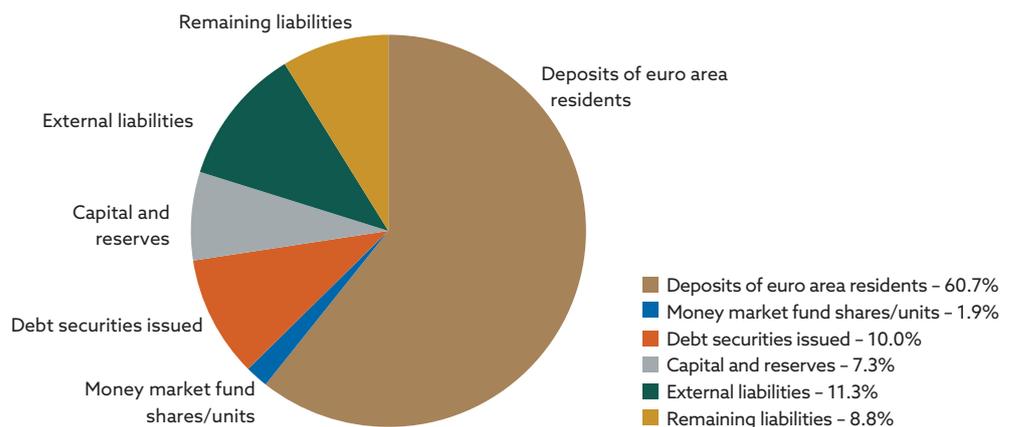
Table 9 Structure of liabilities of aggregated balance sheet of euro area MFIs (excluding Eurosystem, in EUR billions) as at 31.12.2020

	XII. 2019	III. 2020	VI. 2020	IX. 2020	XII. 2020
LIABILITIES	32,434	34,629	35,441	35,371	35,217
Currency in circulation	0	0	0	0	0
Deposits of euro area residents	18,932	20,045	21,074	21,176	21,368
Central government	135	133	107	140	147
Other general government and other euro area residents	13,134	13,505	13,866	14,063	14,279
Monetary financial institutions	5,662	6,406	7,100	6,974	6,942
Money market fund shares/units	545	554	600	641	668
Debt securities issued	3,605	3,613	3,643	3,589	3,524
Capital and reserves	2,554	2,540	2,531	2,552	2,565
External liabilities	3,962	4,387	4,243	4,199	3,995
Remaining liabilities	2,836	3,490	3,351	3,214	3,097

Source: ECB.

Chart 14

Structure of liabilities of aggregated balance sheet of euro area MFIs (excluding Eurosystem) as at 31.12.2020



Source: ECB.

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

The **total assets in the aggregated balance sheet of domestic MFIs, excluding NBS** (i.e. commercial banks, branches of foreign banks, and money market funds) amounted to €93.5 billion at 31 December 2020, which represented a year-on-year increase of €7 billion (8.1%).

Other domestic MFIs' largest asset item – **claims on euro area residents** – constituted as much as 75.8% of their aggregate assets at the end of 2020, which in year-on-year terms represented a decrease of 0.1 percentage point in the share of these claims. Their stock increased, year on year, by 8% (€5.3 billion), mainly as a result of growth in claims on sectors other than the general government and MFI sectors.

Other domestic MFIs' holdings of **securities issued by euro area residents, excluding equities and investment fund shares/units**, constituted 11.5% of their aggregate assets at the end of 2020, which in year-on-year terms represented a decrease of 0.2 percentage point in the share of these securities. Their stock increased, year on year, by 6.9%, as a result of growth in the issuance of securities in the general government sector and in other sectors, excluding the MFI sector.

Other domestic MFIs' aggregate assets as at 31 December 2020 did not include any holdings of money market fund shares/units issued by euro area residents.

Other domestic MFIs' holdings of shares and other equity participations issued by euro area residents increased slightly, year on year, but accounted for only 0.7% of their aggregate assets.

Other domestic MFIs' **foreign assets** constituted 7.1% of their aggregate assets at the end of 2020, which in year-on-year terms represented an increase of 0.4 percentage point in the share of these assets. Their stock increased, year on year, by €0.8 billion.

The share of **fixed assets** in other domestic MFIs' aggregate assets as at 31 December 2020 decreased somewhat, year on year, in the period under review.

Other domestic MFIs' **other assets** constituted 3.9% of their aggregate assets at the end of 2020, representing a year-on-year decrease of 0.2 percentage point.

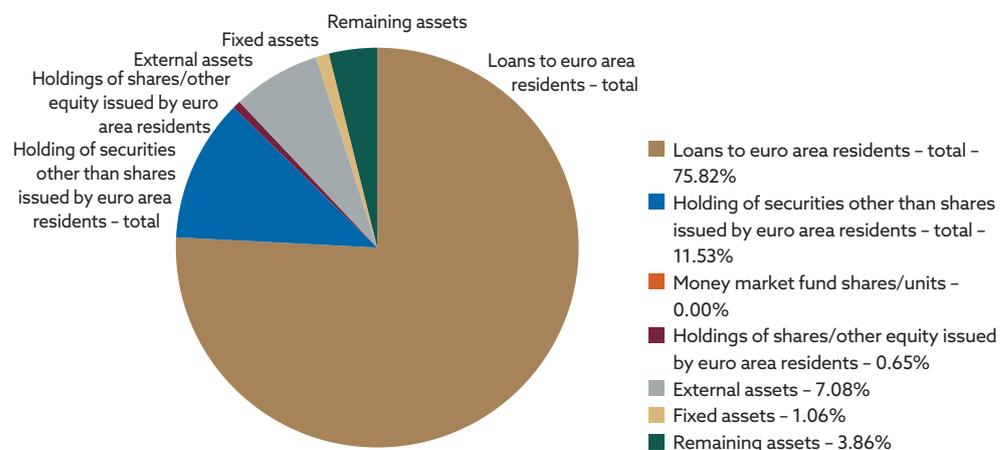
Table 10 Structure of assets of aggregated balance sheet of MFIs in Slovakia (without NBS, in EUR billions)

	XII. 2019	III. 2020	VI. 2020	IX. 2020	XII. 2020
ASSETS	86.5	86.2	90.3	92.6	93.5
Loans to euro area residents	65.6	65.6	68.3	69.8	70.9
General government	1.0	1.0	1.0	1.0	1.3
Other euro area residents	61.0	61.6	62.3	63.5	63.9
Monetary financial institutions	3.6	2.9	4.9	5.3	5.7
Holdings of securities other than shares issued by euro area residents	10.1	10.1	11.6	11.1	10.8
General government	8.6	8.7	10.1	9.6	9.3
Other euro area residents	0.4	0.4	0.5	0.5	0.5
Monetary financial institutions	1.1	1.0	1.0	1.0	1.0
Money market fund shares/units	0.0	0.0	0.0	0.0	0.0
Holdings of shares/other equity issued by euro area residents	0.5	0.5	0.6	0.6	0.6
External assets	5.8	5.6	6.1	6.8	6.6
Fixed assets	0.9	0.9	0.9	0.9	1.0
Remaining assets	3.5	3.4	2.8	3.4	3.6

Source: ECB, NBS.

Chart 15

Structure of assets of aggregated balance sheet of MFIs in SK (excluding NBS) as at 31.12.2020



Source: ECB, NBS.

The aggregated balance sheet of **other domestic MFIs** (i.e. domestic MFIs, excluding NBS) showed **total liabilities** of €93.5 billion at the end of 2020, which represented a year-on-year increase of €7 billion (8.1%).

Other domestic MFIs' **loans and deposits received from euro area residents** accounted for 75.7% of their aggregate liabilities at the end of 2020, which in year-on-year terms represented an increase of 1.8 percentage points in the share of these loans and deposits. Their stock increased, year on year, by €6.9 billion (10.8%), mainly as a result of growth in loans and

deposits received from the general government sector and from other residents, including MFIs.

Since no money market fund was registered in Slovakia at the end of 2020, the ratio of **money market fund shares/units** to other domestic MFIs' aggregate liabilities stood at zero.

Other domestic MFIs' holdings of **debt securities** constituted 7.5% of their aggregate liabilities at the end of 2020, which in year-on-year terms represented a decrease of 0.6 percentage point in the share of these securities. Their stock decreased, year on year, by 0.5% (€0.03 billion).

Other domestic MFIs' **capital and provisions** constituted 12.1% of their aggregate liabilities at the end of 2020, which in year-on-year terms represented a decrease of 0.3 percentage point in the share of capital and provisions and reflected an absolute increase of €0.6 billion in their stock, to €11.3 billion.

The share of **foreign liabilities** in other domestic MFIs' aggregate liabilities (2.6%) decreased, year on year, by 0.9 percentage point.

Other domestic MFIs' **other liabilities** accounted for 2.2% of their aggregate liabilities at the end of 2020, as a year earlier. The stock of these liabilities amounted to €2 billion.

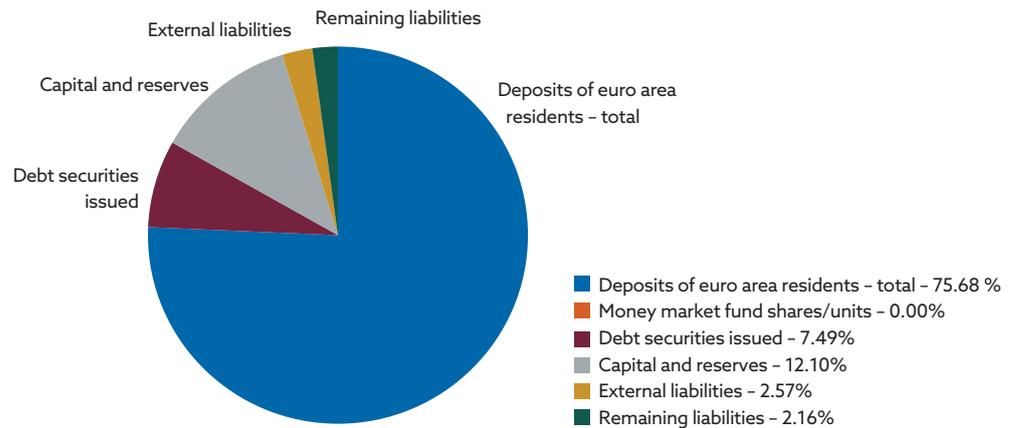
Table 11 Structure of liabilities of aggregated balance sheet of MFIs in SK (excluding NBS, in EUR billions)

	XII. 2019	III. 2020	VI. 2020	IX. 2020	XII. 2020
LIABILITIES	86.5	86.2	90.3	92.6	93.5
Currency in circulation	0.0	0.0	0.0	0.0	0.0
Deposits of euro area residents	63.9	63.4	67.0	69.4	70.8
Central government	1.0	0.4	0.4	1.1	0.9
Other general government and other euro area residents	60.0	59.7	61.4	62.2	63.9
Monetary financial institutions	2.8	3.2	5.2	6.1	6.0
Money market fund shares/units	0.0	0.0	0.0	0.0	0.0
Debt securities issued	7.0	6.7	7.2	7.0	7.0
Capital and reserves	10.7	10.8	11.0	11.2	11.3
External liabilities	3.0	3.0	2.3	2.6	2.4
Remaining liabilities	1.9	2.2	2.8	2.4	2.0

Source: ECB, NBS.

Chart 16

Structure of liabilities of aggregated balance sheet of MFIs (excluding NBS) in SK as at 31.12.2020



Source: NBS.

2.7 Profit/loss analysis for credit institutions

2.7.1 Current period profit/loss in the 4th quarter of 2020

According to the data available, the banking sector's cumulative profit for 2020 amounted to €465 million, representing the sector's second lowest annual profit recorded since the beginning of monitoring (2009). The profit for 2020 was almost 27% lower than that for the previous year.

Net interest income declined year on year throughout 2019, and thus contributed negatively to net profit growth. This trend continued over the course of 2020, too.

The decline in net interest income was caused primarily by a fall in interest income from securities, coupled with a decrease in other interest income. After rising during 2018, other interest expenses continued to fall, year on year, as from the first quarter of 2019.

With effect from the end of 2020, other operating expenses are reported according to a new methodology. They no longer include expenses on the payment of a special levy by selected financial institutions, contributions to the deposit protection fund, contributions to the resolution fund, and supervisory fees. For the last quarter of 2020, these items were reported as part of the general operating expenses. Hence, data on non-interest income and general operating expenses for the fourth quarter of 2020 are not quite comparable (without adjustments) with those for the previous quarters.

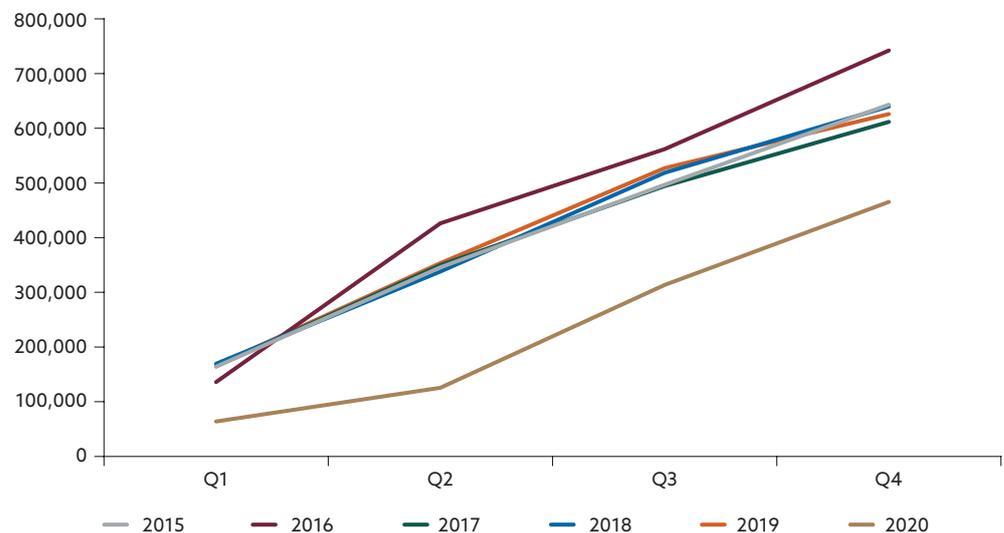
Net non-interest income (based on adjusted data, net of the above expenses) dropped, year on year, by 11.8% in the first quarter of 2020, then increased in the following quarters. According to data for December 2020, net non-interest income rose, year on year, by 8.8%.

General operating expenses (adjusted data) rose during 2020, mainly in the first half-year period, but ended the year with a year-on-year fall of 1.7%

The net creation of reserves and provisions (i.e. income adjusted for expenses) increased steeply throughout 2020, by as much as 245% year on year. The net creation of reserves and provisions resulted in a loss of €350 million.

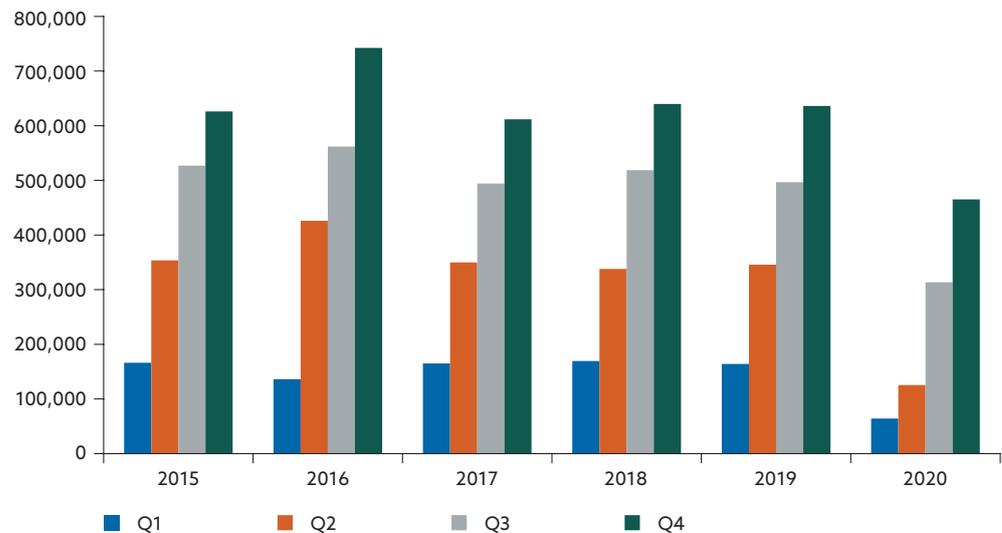
Chart 17

Current period profit/loss (EUR thousands)



Source: NBS.

Chart 18
Current period profit/loss (EUR thousands)



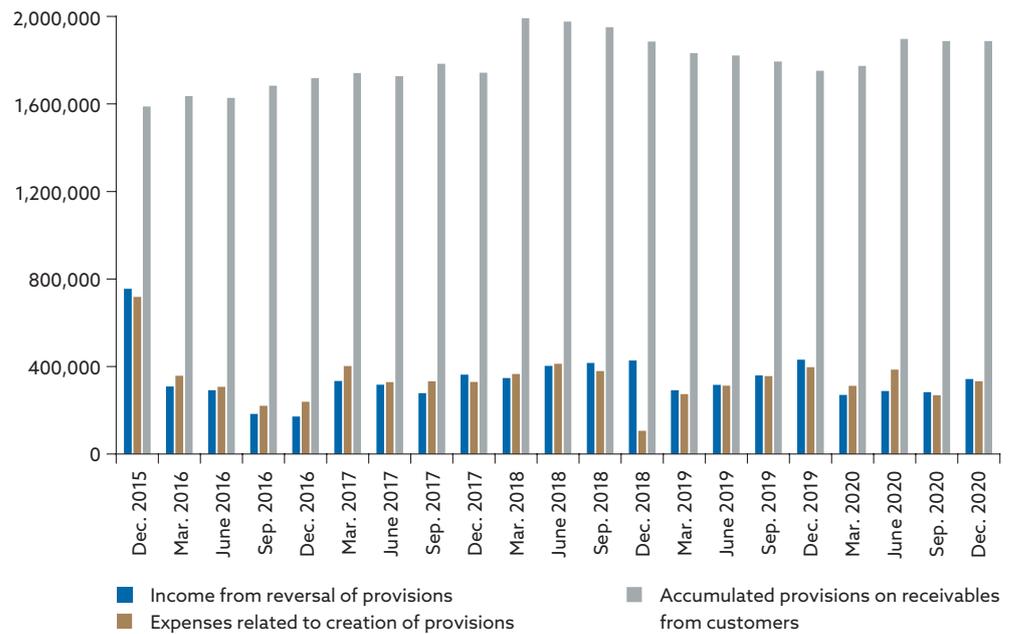
Source: NBS.

Total loan-loss provisions as at 31 December 2020 were 4.3% higher than a year earlier, and the stock of provisioned customer loans had increased by that date, by 4.7% year on year. Euro-denominated claims constituted almost 99% of all credit claims, and euro-denominated claims on euro area residents made up around 95%.

Provisioning expenses as at 31 December 2020 (cumulative figure for the year) were 3.1% lower than a year earlier, and income from the reversal of provisions had fallen by that date by 15.4%.

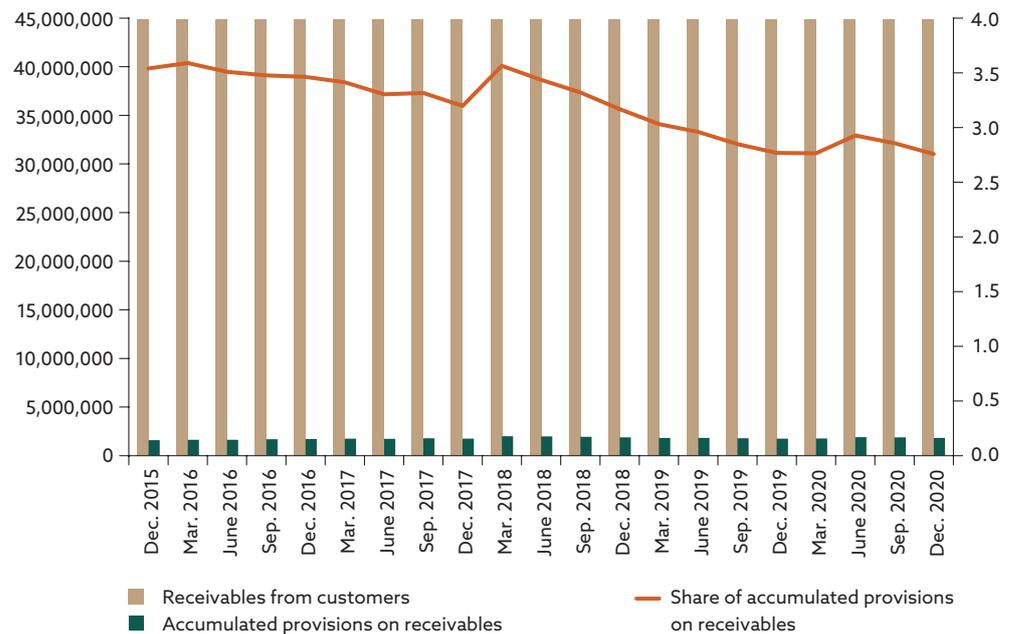
Expenses related to the assignment of claims on non-bank customers exceeded income from the same by €24 million (net loss) in 2020, and claim write-offs produced a net loss of almost €36 million.

Chart 19
Provisions (EUR thousands)



Source: NBS.

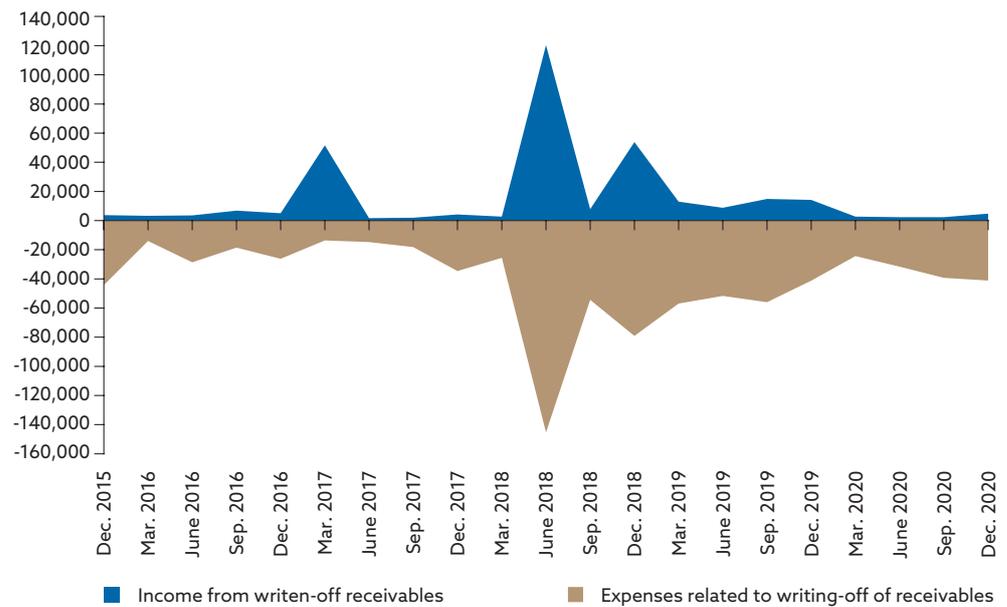
Chart 20
Receivables from non-bank customers (EUR thousands, %)



Source: NBS.

Chart 21

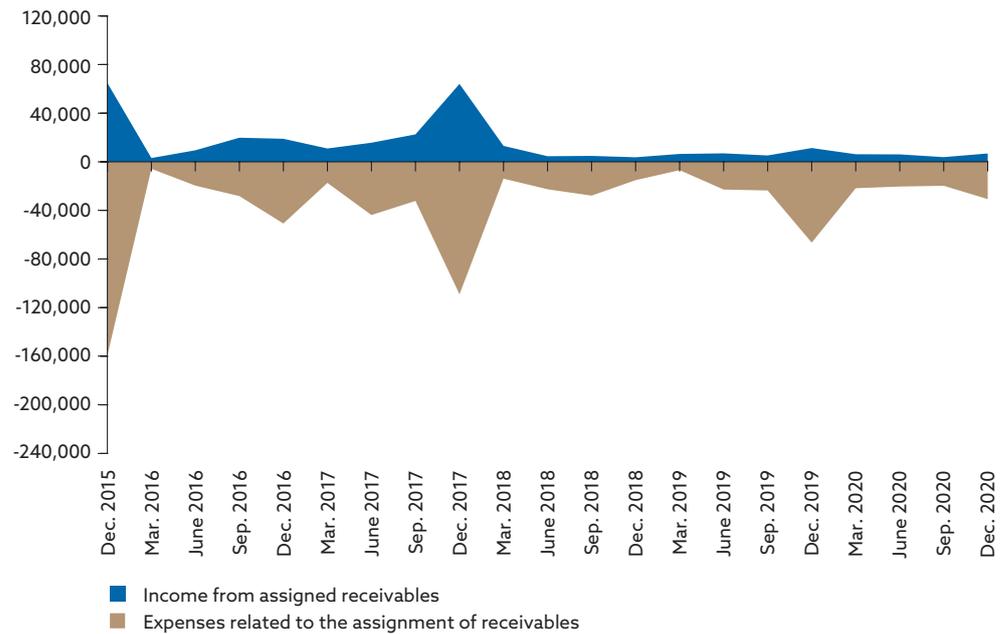
Written-off receivables from customers (EUR thousands)



Source: NBS.

Chart 22

Assigned receivables from customers (EUR thousands)



Source: NBS.

2.7.2 Selected income/expense items as reflected in profits/losses

In this chapter, selected income and expense items related to the main activities of credit institutions are compared with the profit or loss made.

In the last quarter of 2020, according to aggregated data for three months, total interest income from securities continued to fall, year on year, by 12%, following its downward trend from the previous quarters. Interest income from securities had been declining steadily for several years and recorded a year-on-year fall in 2020, too.

Interest expenses on securities as at 31 December 2020 (incurred during the fourth quarter) were 10.6% lower than a year earlier.

Other interest income continued falling in the fourth quarter of 2020, too, by 3.3% compared with the same period a year earlier.

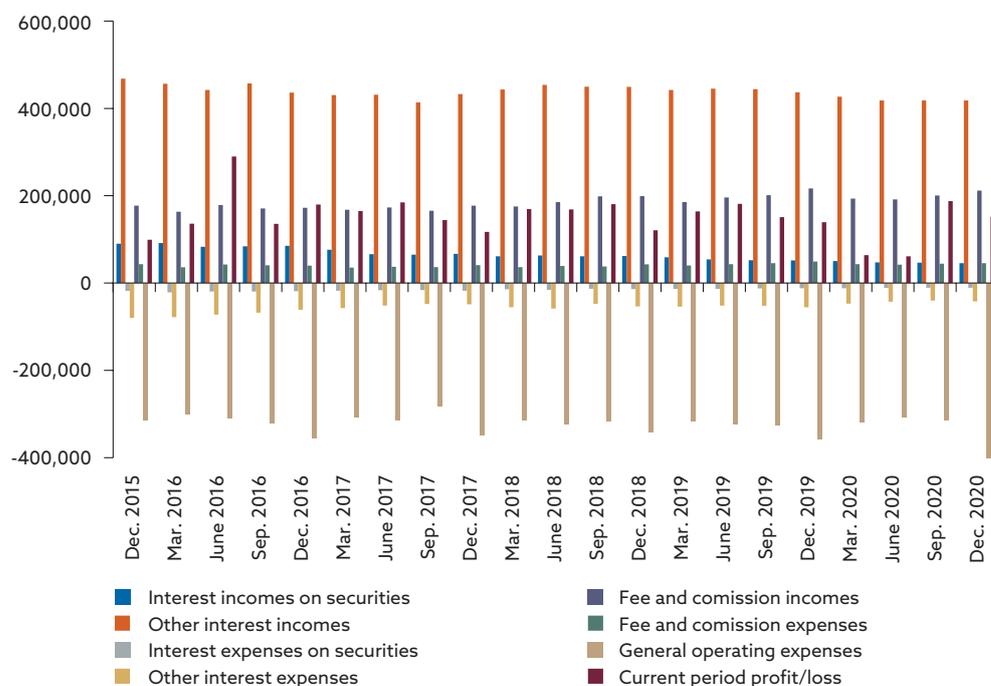
Net non-interest income rose by 8.8% in the last quarter of 2020. The most significant non-interest income items were dividends received and the falling other operating expenses and expenses on fees and commissions. A positive element was the diminishing loss from the derecognition of financial assets and liabilities not measured at fair value through profit or loss.

General operating expenses decreased in the fourth quarter of 2020, by almost 11.5% year on year.

The banking sector's aggregate net profit for the fourth quarter of 2020 was 9% higher than the figure for the same period of 2019, and amounted to €152 million.

Chart 23

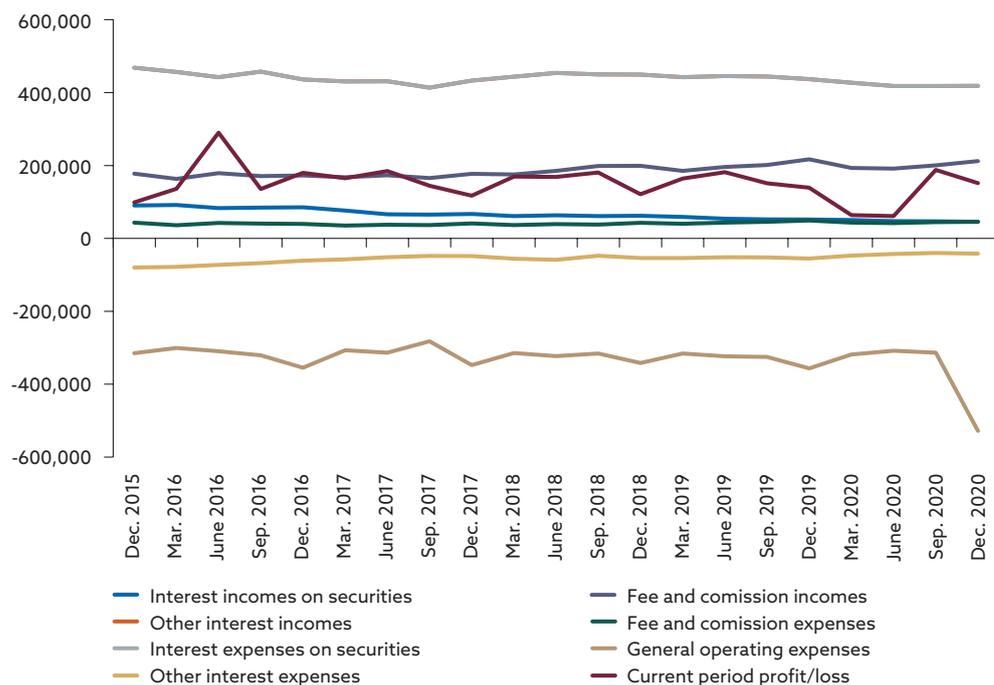
Selected incomes and expenses compared with current period profit/loss (EUR thousands)



Source: NBS.

Chart 24

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



Source: NBS.

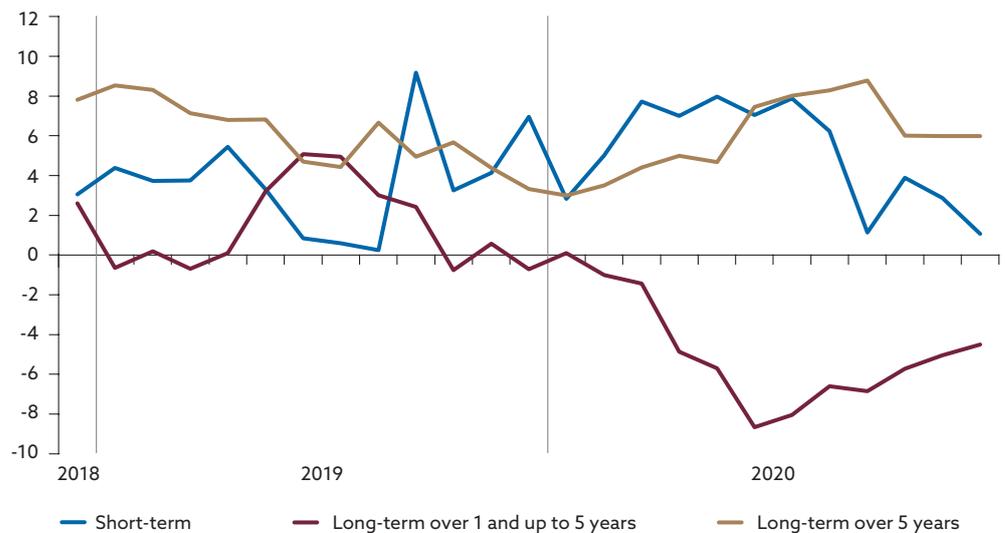
2.8 Lending to non-financial corporations and households

2.8.1 Loans to non-financial corporations by maturity

The volume of loans provided to non-financial corporations (NFCs) continued growing in the last quarter of 2020. The most rapid growth (at an annual rate of 6.0%) was recorded in long-term loans provided with a maturity of over five years. The volume of short-term loans increased, year on year, by 1.1% in the fourth quarter. By contrast, the annual rate of growth in long-term loans with a maturity of over one year and up to five years slowed in that period, to 4.5%.

Chart 25

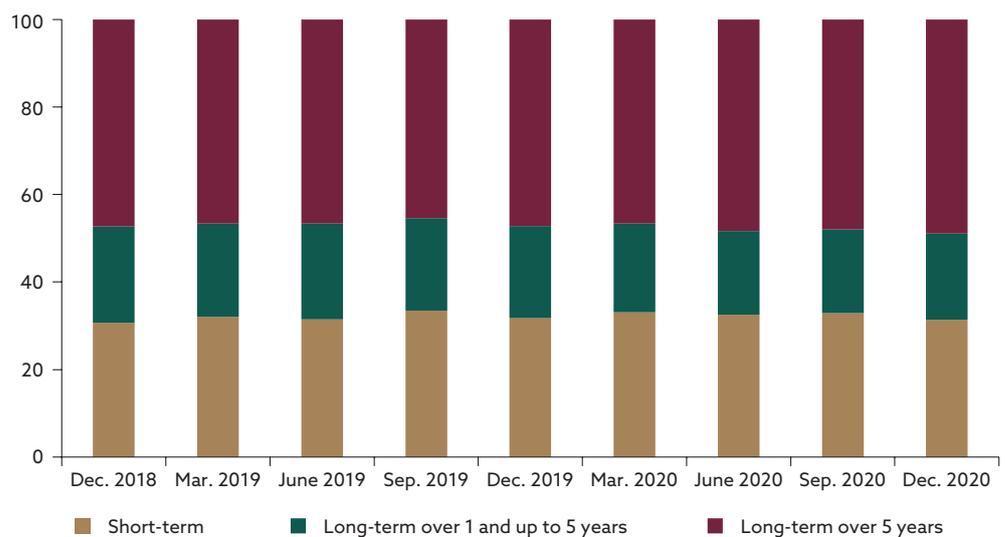
Loans to non-financial corporations by maturity (year-on-year changes in %)



Source: NBS.

Chart 26

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



Source: NBS.

2.8.2 Loans to non-financial corporations (euro area comparison)

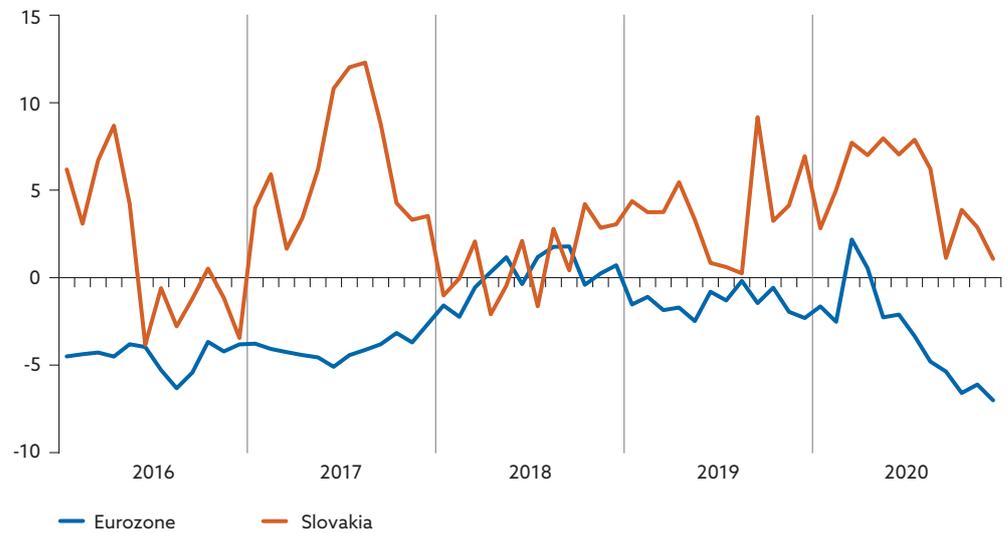
At the end of 2020, the stock of loans provided to non-financial corporations (NFCs) in the euro area was 5.5% higher than a year earlier, while the stock of such loans in Slovakia was higher, year on year, by 2.2%.

In the euro area, the stock of short-term loans provided to NFCs declined, year on year, almost throughout 2020 (except in two months), and ended the year with a year-on-year fall of 7%.

The stock of short-term loans provided to NFCs in Slovakia grew over the last quarter of 2020, by 1.1% year on year. In the last two years, the stock of these loans increased, year on year, in each month.

Chart 27

Short term Loans to non-financial corporations in SK and Eurozone (year-on-year changes in %)

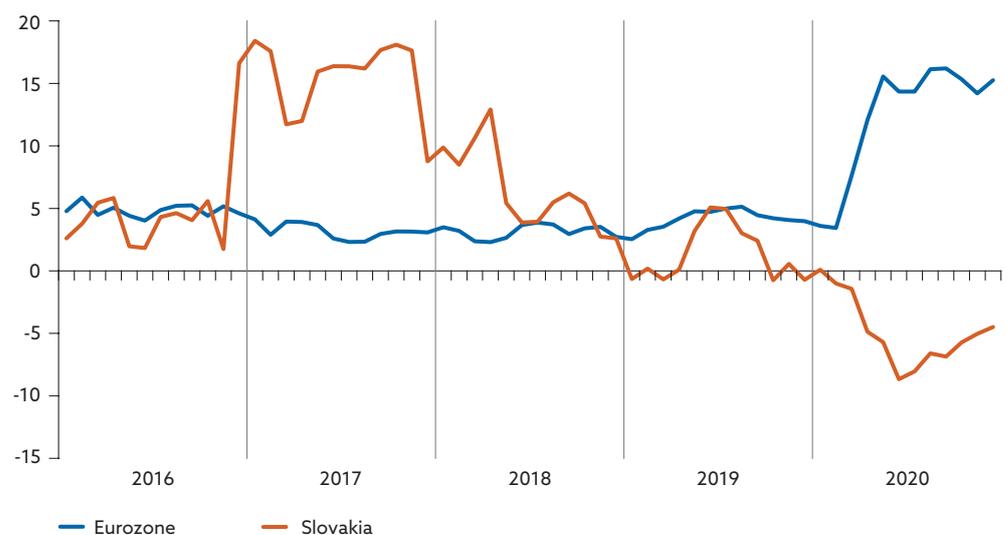


Source: NBS, ECB.

In the euro area, the stock of long-term loans with a maturity of over one year and up to five years increased, year on year, throughout 2020. In Slovakia, however, a declining trend can be seen in the stock of these loans since February 2020.

Chart 28

Long term Loans with maturity over 1 y and up to 5 y to non-financial corporations in SK and Eurozone (year-on-year changes in %)



Source: NBS, ECB.

The growth in these loans in the euro area began in May 2015, and reached 15.8% at the end of December 2020. The annual rate of growth accelerated significantly during March and April 2020, from 3.4% in February to 12.1% in April.

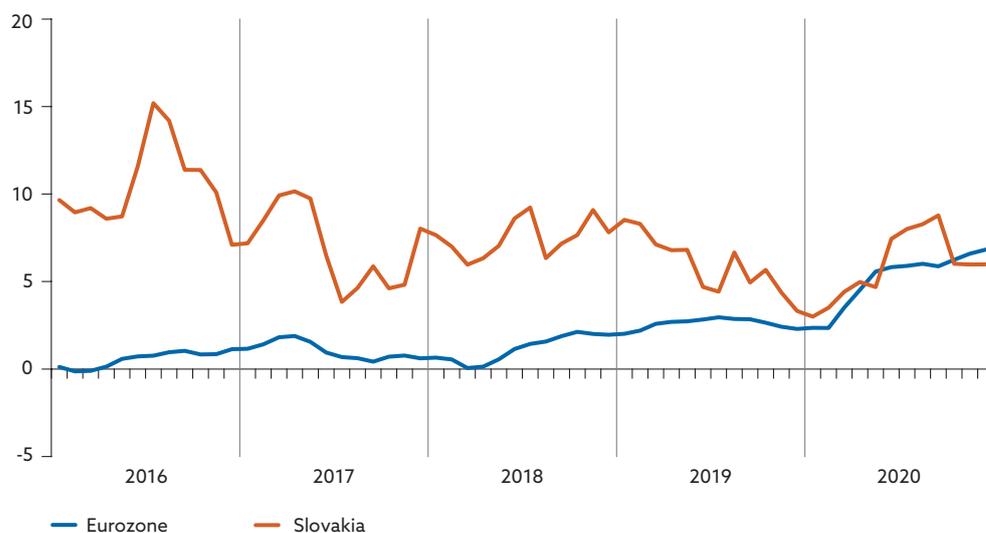
In Slovakia, the stock of loans with a maturity of over one year and up to five years decreased, year on year, to an all-time low in June 2020 (-8.7%).

The stock of long-term loans with a maturity of over five years, provided to NFCs in the euro area, grew over the course of 2020 by an average of 5.1%, mostly in March and May. The annual growth rate of NFC loans with a maturity of over five years reached 6.8% at the end of December 2020.

In Slovakia, the stock of long-term loans provided to NFCs with a maturity of over five years grew during 2020 at a relatively fast pace, mostly in the period from June to September. The strongest growth in this loan category was recorded in September (8.8% year on year). The annual growth rate of long-term loans provided to NFCs reached 6% at the end of December 2020.

Chart 29

Long term Loans with maturity over 5 y to non-financial corporations in SK and Eurozone (year-on-year changes in %)



Source: NBS, ECB.

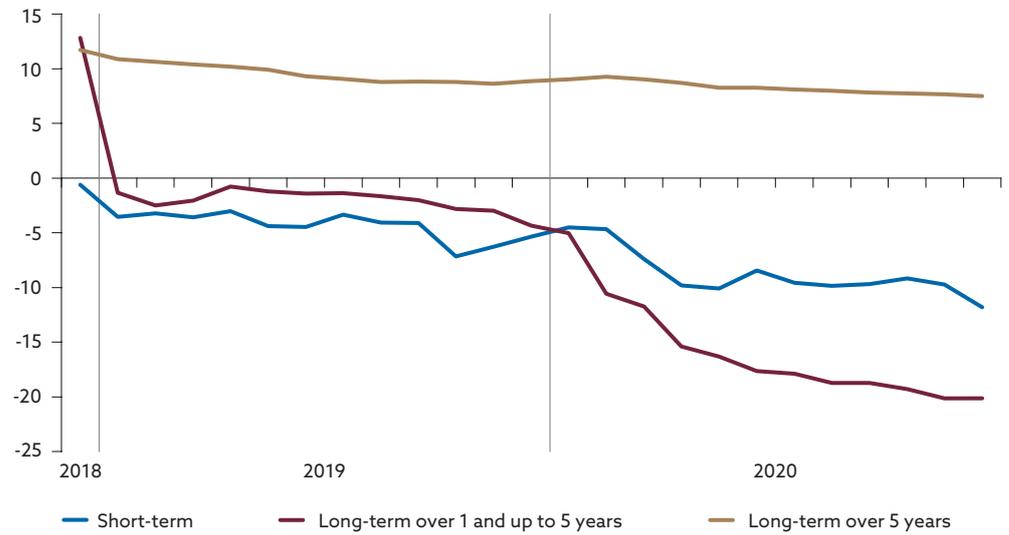
2.8.3 Loans to households by maturity

The total stock of loans provided to households grew continuously over the period under review, at a pace fluctuating around 6.1% in December 2020. The steepest year-on-year increase, i.e. 7.5%, was recorded in the stock of long-term loans with a maturity of over five years. The stock of

long-term loans with a maturity of over one year and up to five years decreased by 20.1% and that of short-term loans provided to households fell by 11.8%, year on year. Both short-term and long-term loans with a maturity of over one year and up to five years declined, year on year, throughout 2020.

Chart 30

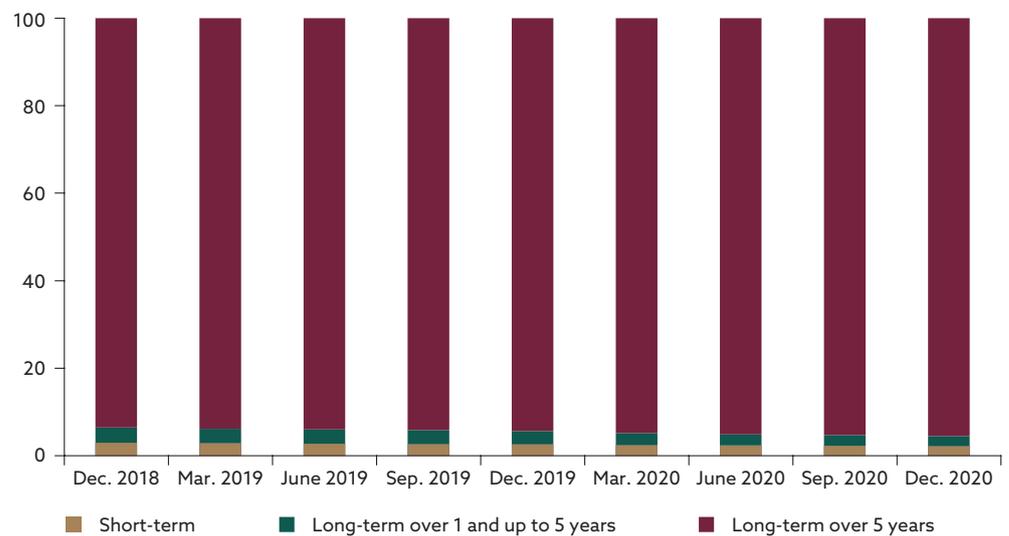
Loans to households by maturity (year-on-year percentage changes)



Source: NBS.

Chart 31

Household loans broken down by maturity (% share)



Source: NBS.

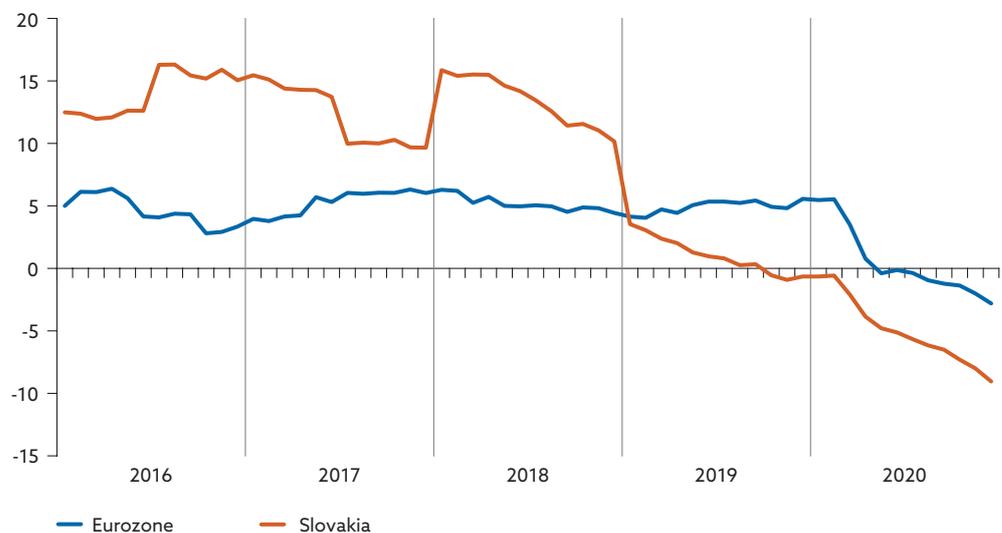
2.8.4 Loans to households by purpose (euro area comparison)

In the euro area, the stock of consumer loans provided to households grew, year on year, at a relatively stable pace during 2019. Though there was no sign that this trend may change, the annual rate of growth began to slow in March 2020.

In Slovakia, the stock of consumer loans grew, year on year, at a decelerating pace during 2019, which turned into decline in the last few months. Like in the euro area, the annual growth rate of these loans started to slow in March 2020, into negative territory. The resulting year-on-year decline deepened gradually, to -9% in December 2020.

Chart 32

Consumption loans to households (year-on-year percentage changes)



Source: NBS, ECB.

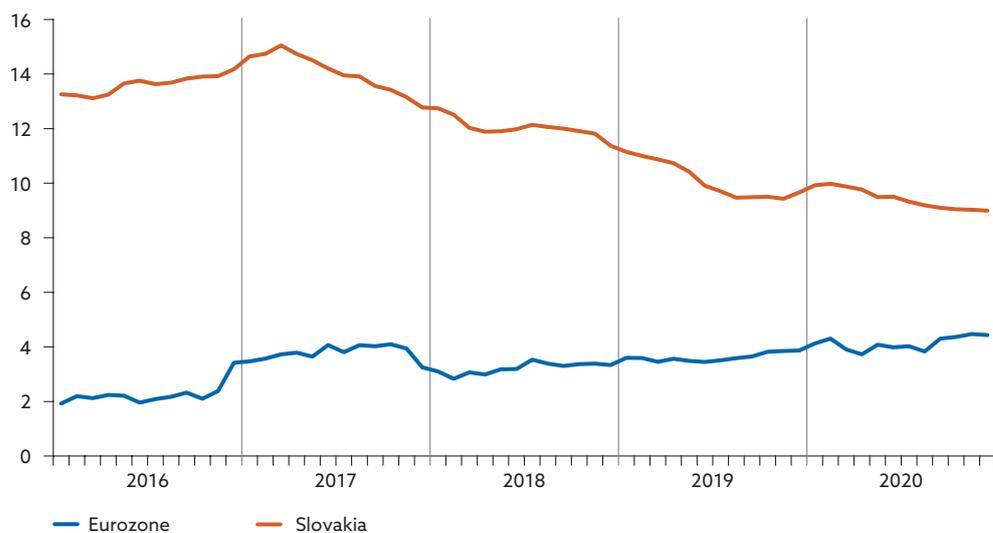
House purchase loans continued growing in Slovakia at a much faster pace than in the euro area, though the difference diminished gradually in the period under review.

In Slovakia, the average growth rate of these loans in 2020 amounted to 9.4% (in December, a growth rate of 9% was recorded).

In the euro area, the growth rate of house purchase loans hovered around 4.1% during 2020, without larger fluctuations. The annual growth rate of these loans reached 4.4% in December 2020.

Chart 33

Loans for house purchase to households (year-on-year percentage changes)



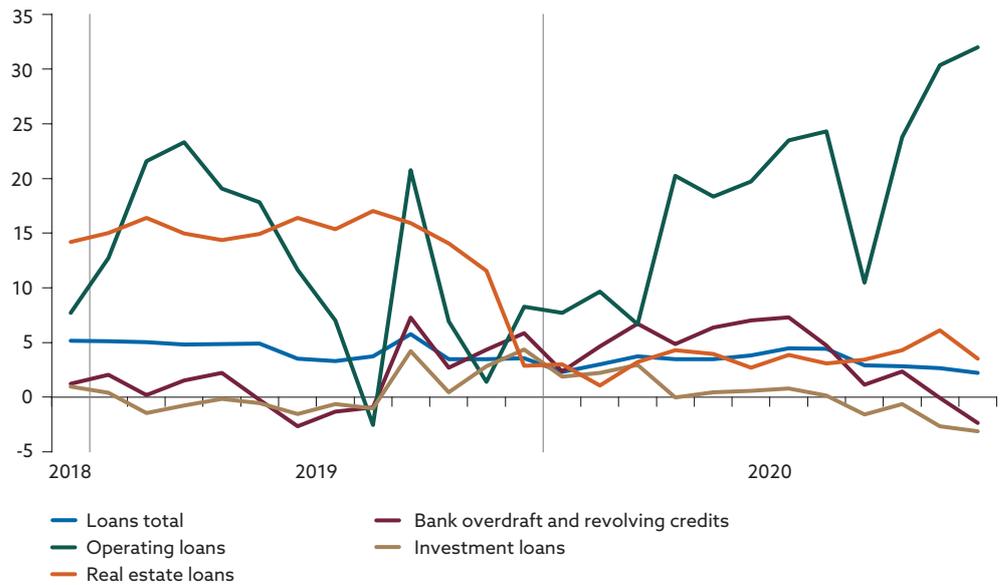
Zdroj: NBS, ECB.

2.8.5 Loans to non-financial corporations by type of loan

The total volume of loans provided to non-financial corporations (NFCs) grew continuously, year on year, throughout 2020, at a pace fluctuating around 2.2% in the fourth quarter of 2020. In the category of operating loans, the growth rate accelerated from 8.3% in December 2019 to 32.0% in December 2020. The volume of current account overdrafts and revolving loans decreased for the first time in 2020, by 2.3% year on year. The annual rate of change in the volume of real estate loans provided to NFCs reached 3.5% at the end of 2020, compared with 2.9% at the end of 2019. Investment loans fell in volume by 3.5%, year on year.

Chart 34

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



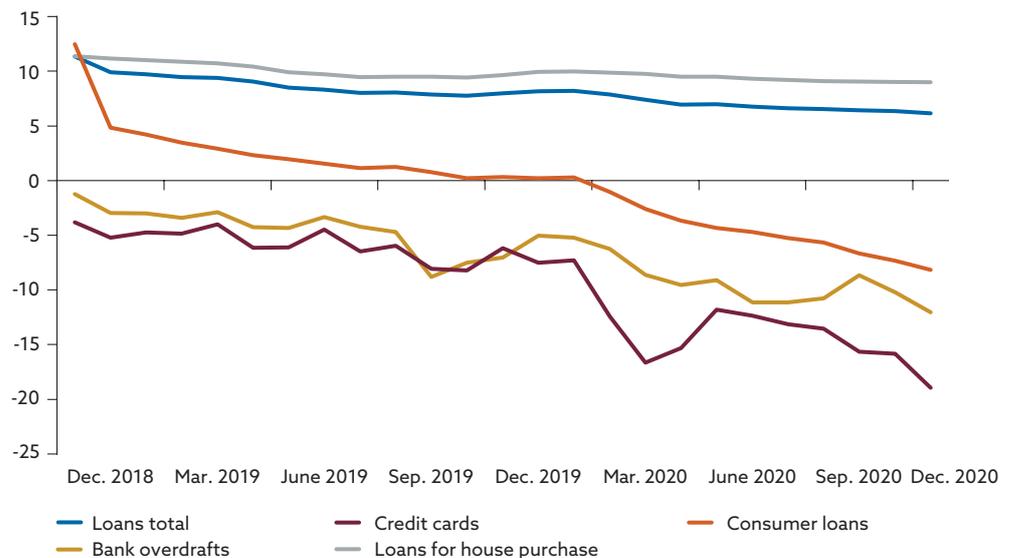
Source: NBS.

2.8.6 Loans to households by type of loan

The total volume of loans provided to households showed a year-on-year increase of 6.1% at the end of the fourth quarter of 2020, compared with the figure recorded a year earlier. The volume of credit card loans had fallen, year on year, by 18.9% by the end of December 2020. The annual rate of decline in current account overdrafts accelerated in the quarter under review to 12.0%, compared with the same period a year earlier. The volume of consumer loans decreased by 8.2%, while that of housing loans increased by 9.0%, year on year.

Chart 35

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



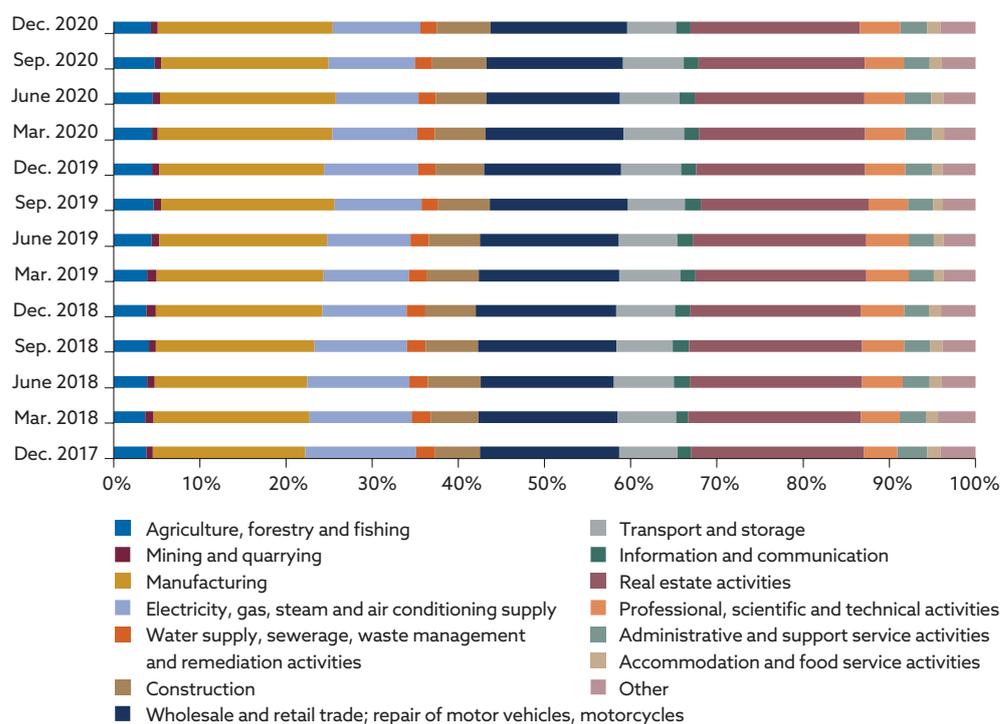
Source: NBS.

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

A breakdown by economic sector of loans provided to non-financial corporations (NFCs) shows that, at the end of the last quarter of 2020, loans provided to the manufacturing sector accounted for the largest share (20.3%) of the total stock of NFC loans. The share of loans provided to the real estate sector had increased by that date to 19.7%. Loans provided to the sector comprising wholesale and retail trade, and the repair of motor vehicles and motorcycles accounted for 15.8%.

Chart 36

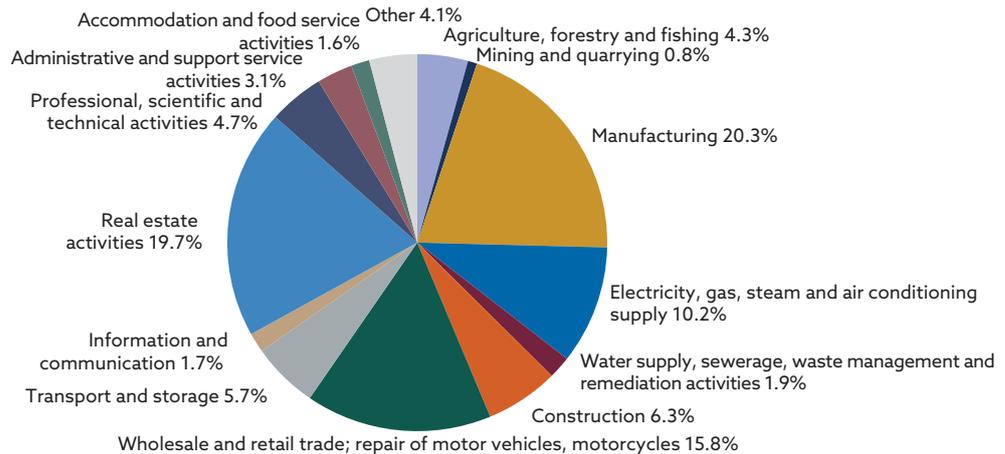
NFC loans broken down by economic activity



Source: NBS.

Chart 37

NFC loans broken down by economic activity as at 31 December 2020



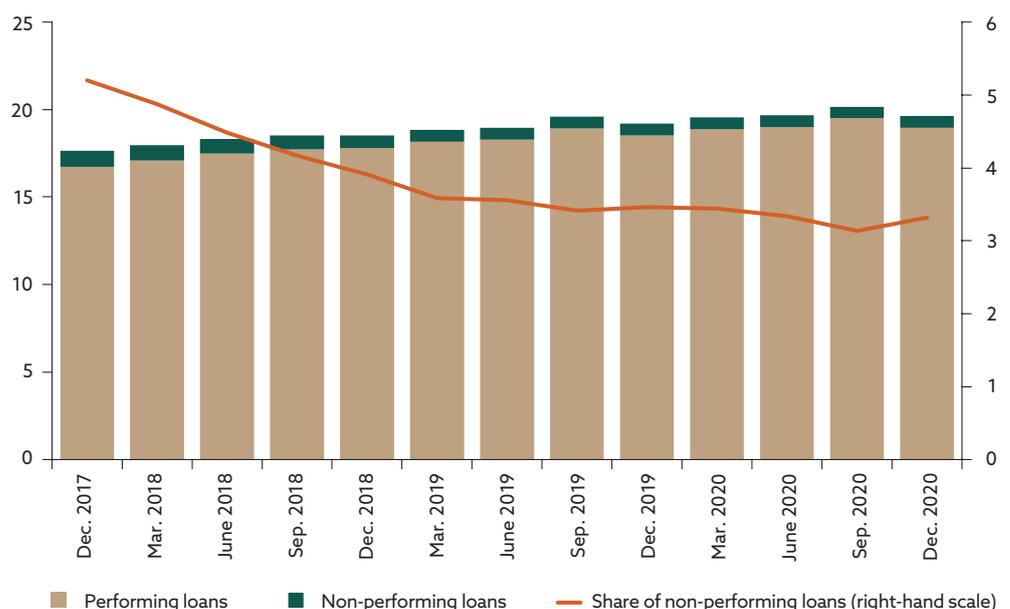
Source: NBS.

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

The ratio of non-performing loans (NPLs) to total loans provided to non-financial corporations (NFCs) decreased, year on year, by 0.2 percentage point, to 3.3% at the end of the fourth quarter of 2020. In the category of current account overdrafts and revolving loans, the NPL ratio increased throughout 2020, up to 3.4% at 31 December 2020. The NPL ratio for operating loans decreased during 2020, down to 2.4% at 31 December 2020. The NPL ratio for investment loans remained unchanged during the year, at 2.8% at 31 December 2020, compared with the figure recorded a year earlier. The NPL ratio for real estate loans also decreased over the course of 2020, to 3.2% at the end of December. The NPL ratio for credit card loans increased to 11.4% at the end of 2020.

Chart 38

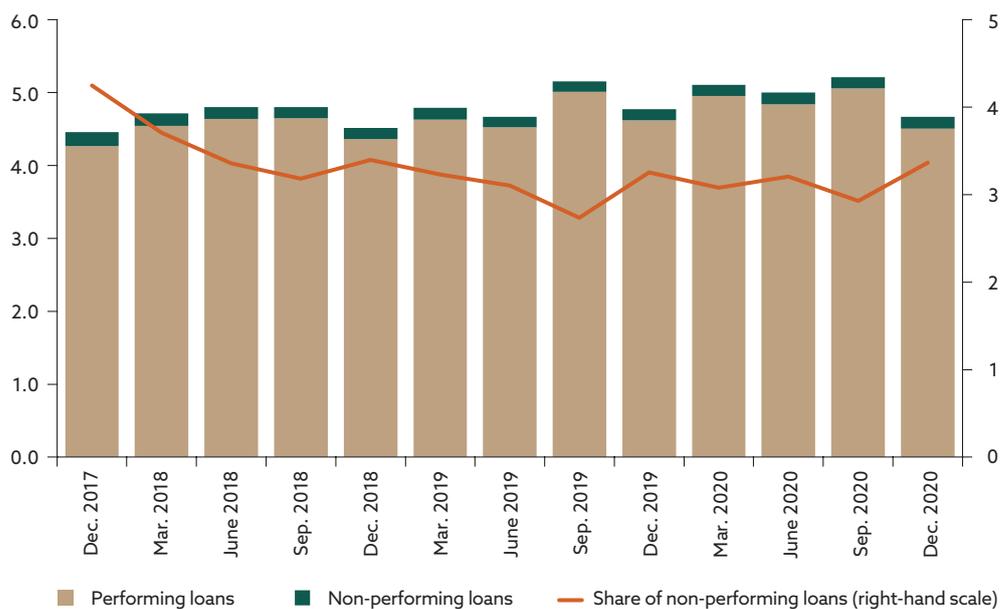
Share of non-performing loans in total NFC loans (EUR billions, %)



Source: NBS.

Chart 39

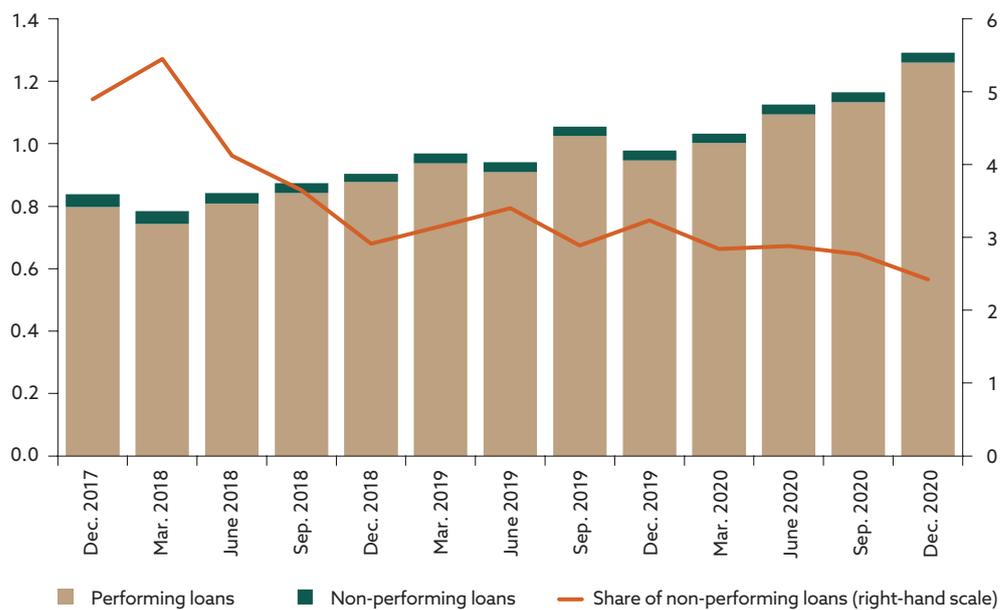
Share of non-performing loans in bank overdrafts and revolving credits to NFCs (EUR billions, %)



Source: NBS.

Chart 40

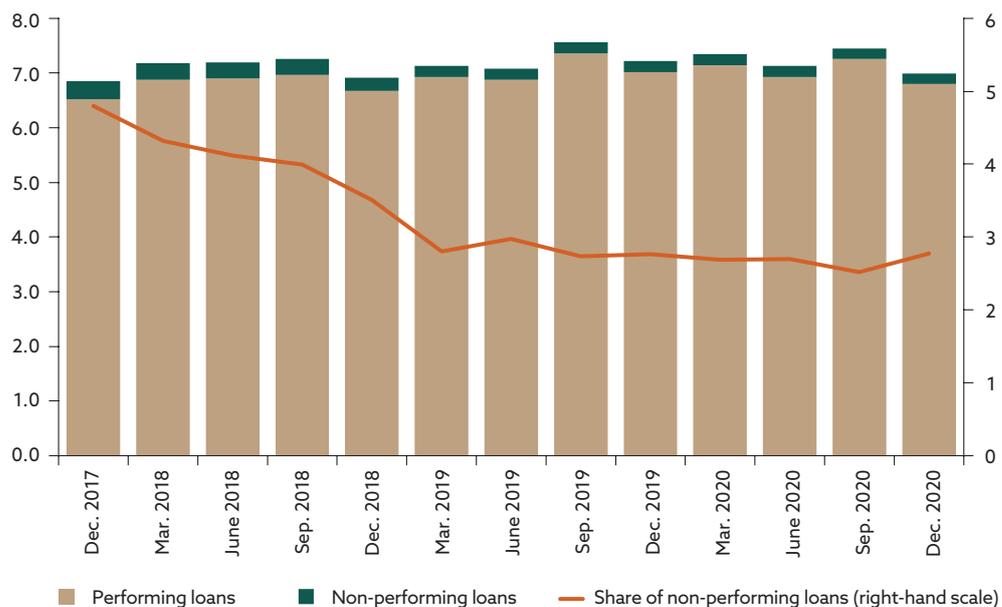
Share of non-performing loans in operating loans to NFCs (EUR billions, %)



Source: NBS.

Chart 41

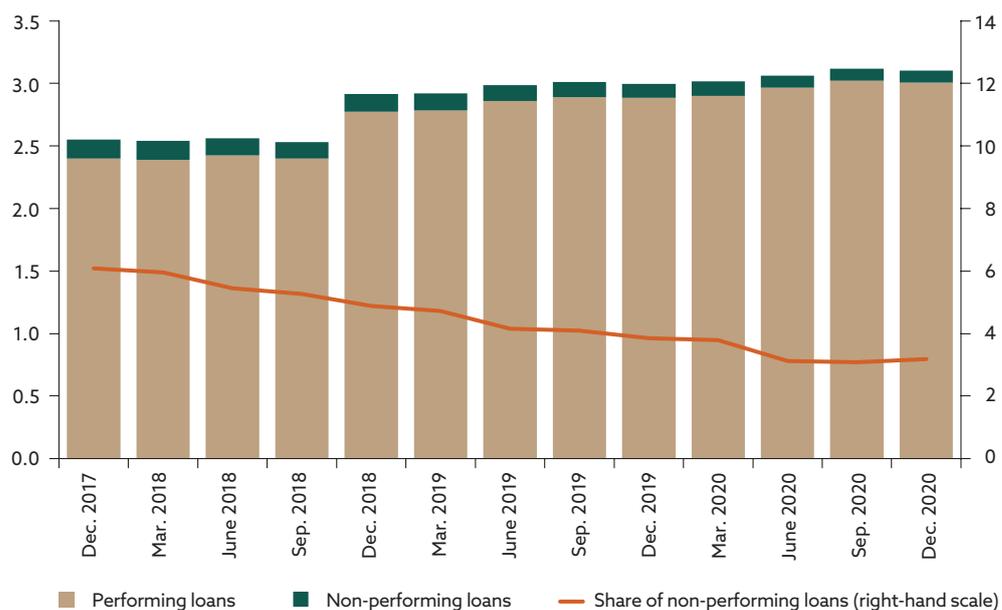
Share of non-performing loans in investment loans to NFCs (EUR billions, %)



Source: NBS.

Chart 42

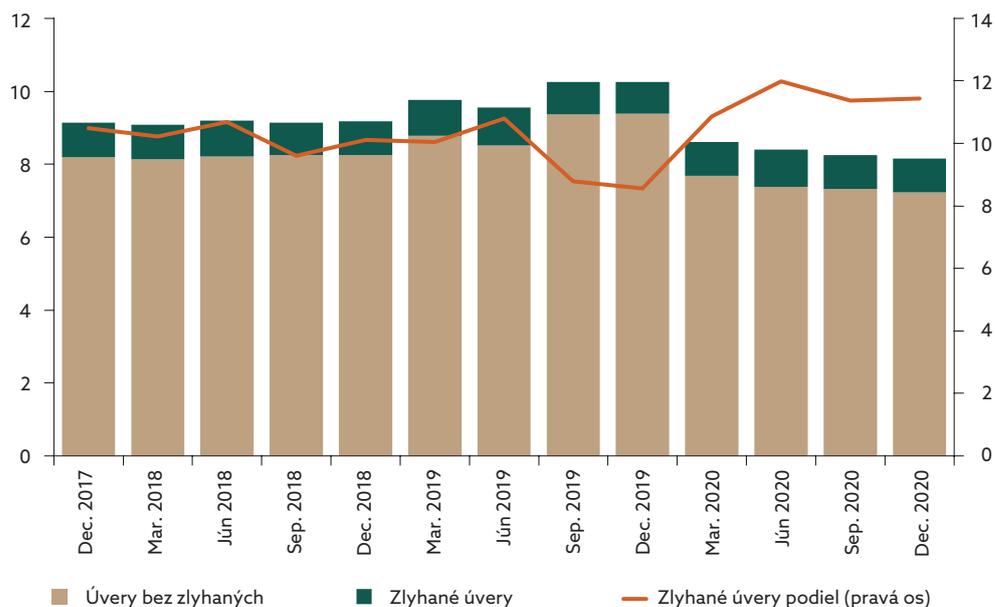
Share of non-performing loans in real estate loans to NFCs (EUR billions, %)



Source: NBS.

Chart 43

Share of non-performing loans in credit card loans to NFCs (EUR millions, %)



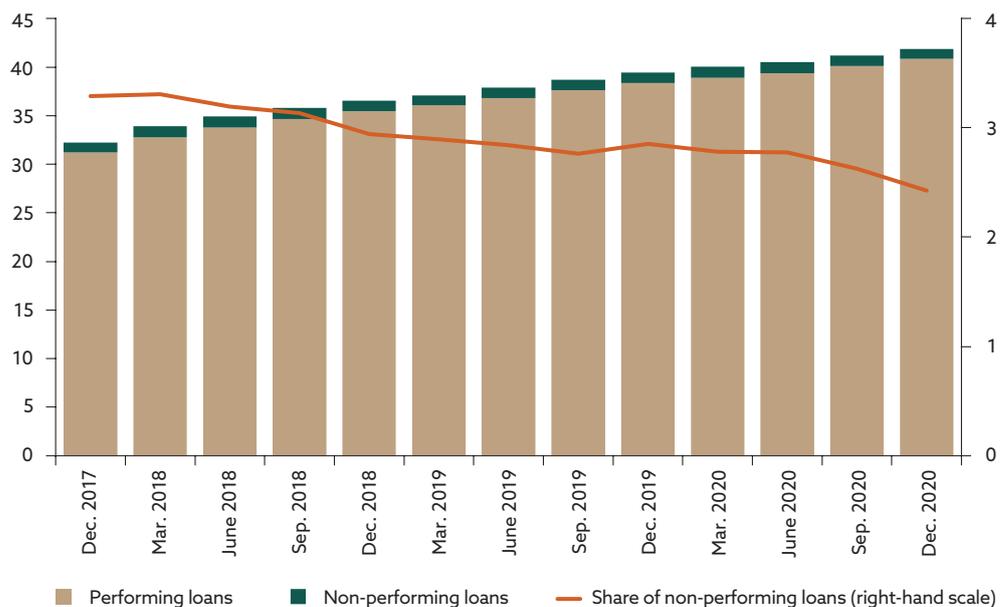
Source: NBS.

2.8.9 Non-performing loans in the household sector

The stock of non-performing loans (NPLs) provided to households decreased in the last quarter of 2020 and the NPL ratio for these loans dropped, year on year, to 2.4% at the end of December. In the category of consumer loans, both the stock of NPLs and the NPL ratio decreased somewhat during 2020 (to 7.9%). The highest NPL ratio as at 31 December 2020 was recorded for credit card loans (13.1%). The NPL ratios for current account overdrafts and housing loans fell slightly, year on year, to 5.6% and 1.74% respectively.

Chart 44

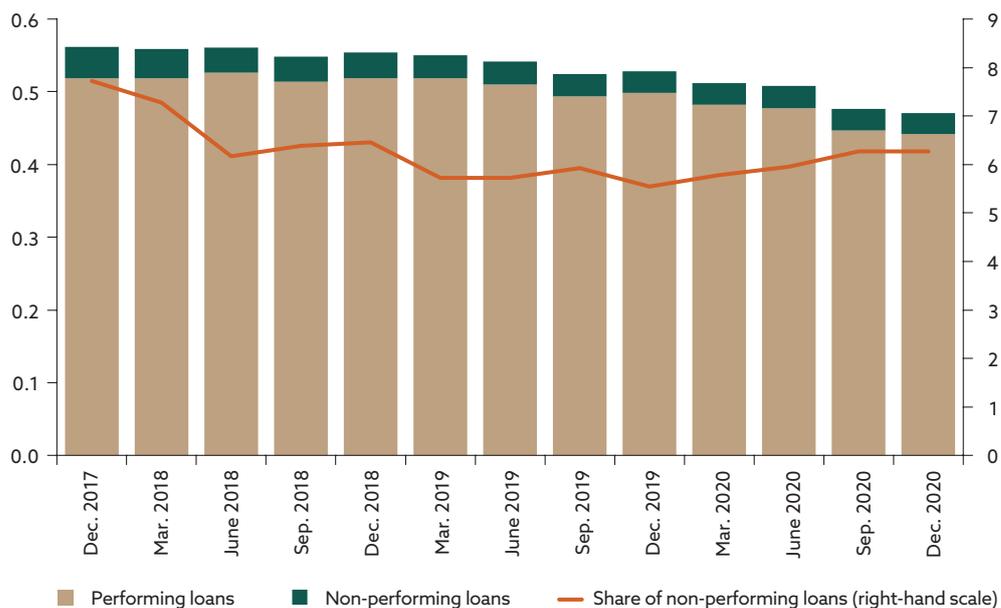
Share of non-performing loans in total loans to households (EUR billions, %)



Source: NBS.

Chart 45

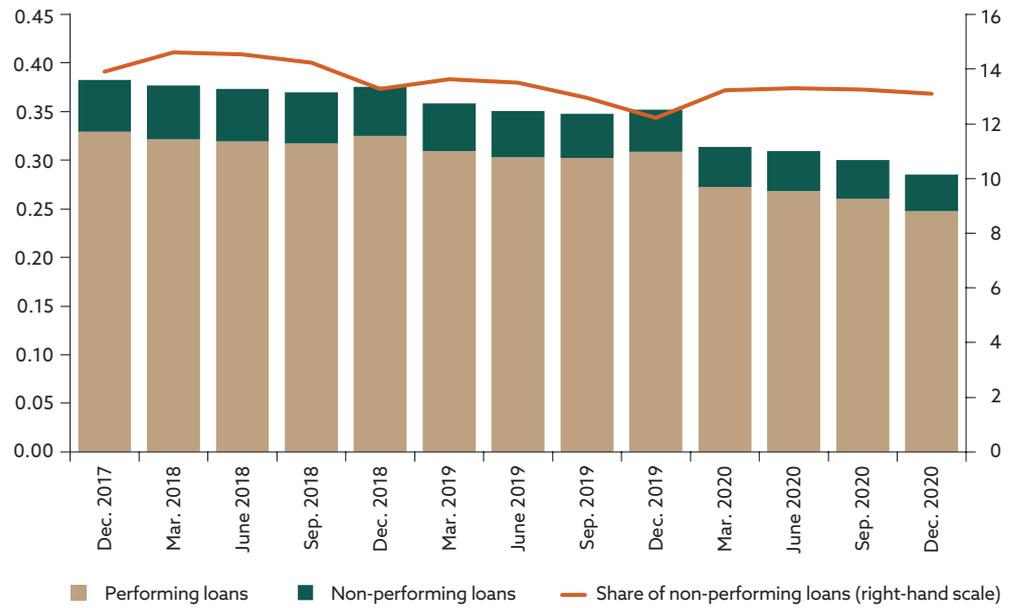
Share of non-performing loans in bank overdrafts to households (EUR billions, %)



Source: NBS.

Chart 46

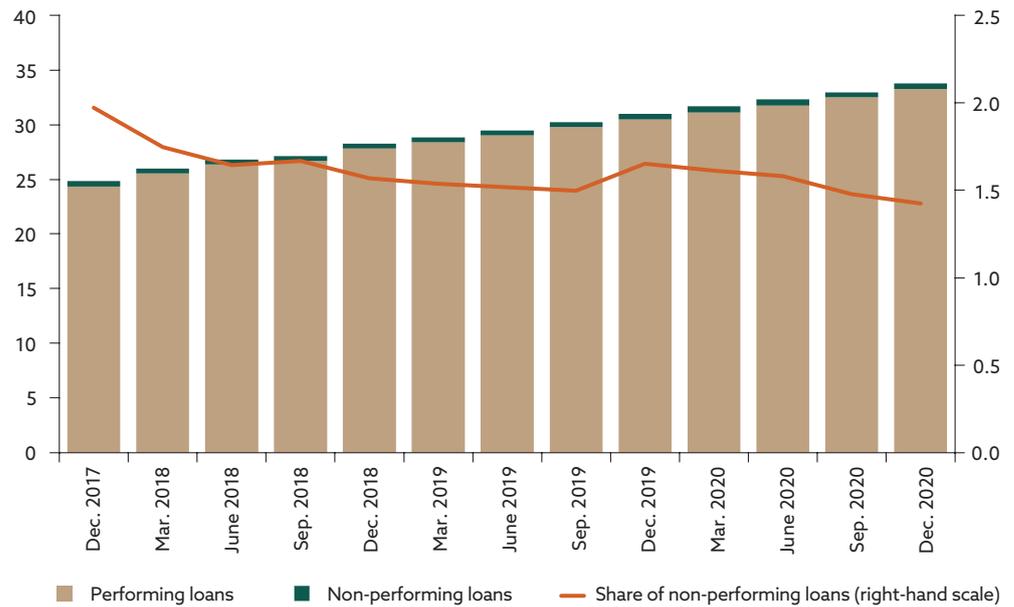
Share of non-performing loans in credit card loans to households (EUR billions, %)



Source: NBS.

Chart 47

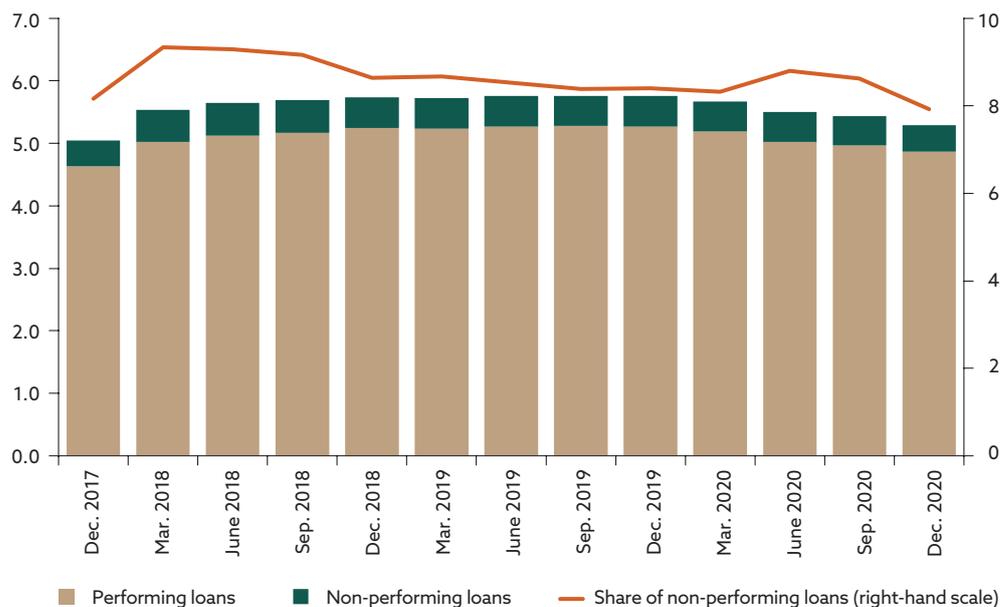
Share of non-performing loans in loans for house purchase to households (EUR billions, %)



Source: NBS.

Chart 48

Share of non-performing loans in consumer loans to households (EUR billions, %)



Source: NBS.

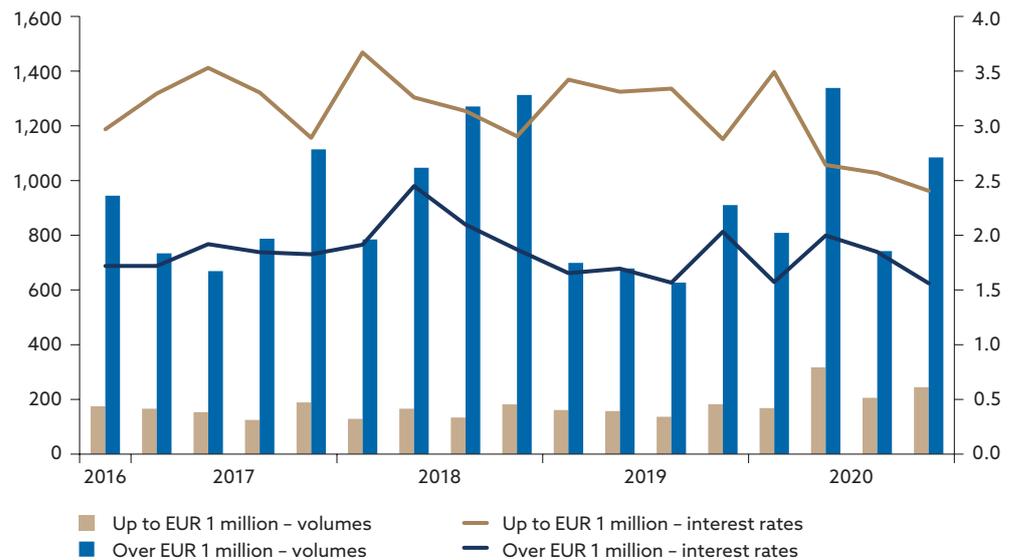
2.9 Loans – interest rates, volumes and stocks

2.9.1 New loans to non-financial corporations – interest rates and volumes

The total volume of new loans provided to non-financial corporations (NFCs) increased by 9.26% in the fourth quarter of 2020, compared with the same quarter of 2019. In the category of ‘loans of up to €1 million’, the volume of loans increased in the period under review, by as much as 37.26% year on year. The share of these loans in the total volume of NFC loans provided in that period amounted to 20.32%. The average interest rate on these loans fell in the review period by 0.55 percentage point, to 2.46% p.a. The volume of loans in the ‘loans of over €1 million’ category increased, too, in the last quarter of 2020 (i.e. by 9.26%), compared with the last quarter of 2019. New loans in this category accounted for 79.68% of the total volume of NFC loans provided in that period, and the average interest rate on these loans fell by 0.2 percentage point, to 1.48% p.a.

Chart 49

New loans to NFCs – interest rates and volumes (EUR millions, % p.a.)

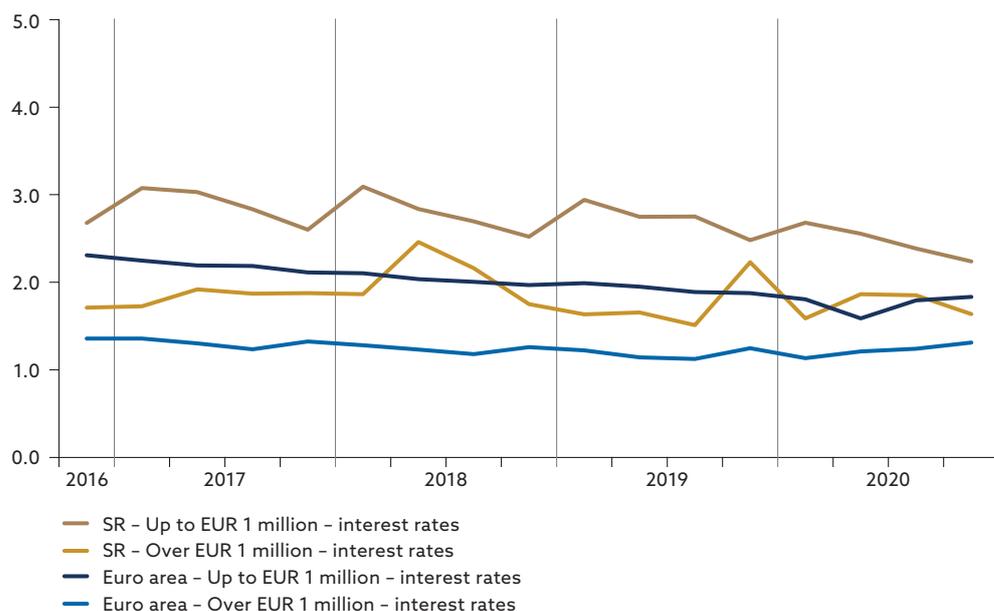


Source: NBS.

The total volume of new loans provided to NFCs during the period under review was dominated by loans with an initial rate fixation period of up to one year. A comparison of interest rates on such loans in Slovakia and in the euro area indicates that, at the end of 2020, the average rate for **loans of up to €1 million** in Slovakia (2.24% p.a.) was higher than the corresponding rate in the euro area (1.83% p.a.). The average interest rate on **loans of over €1 million** in Slovakia (1.63% p.a.) was, at the end of 2020, also higher than the corresponding rate in the euro area (1.3% p.a.), which remained unchanged in year-on-year terms.

Chart 50

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

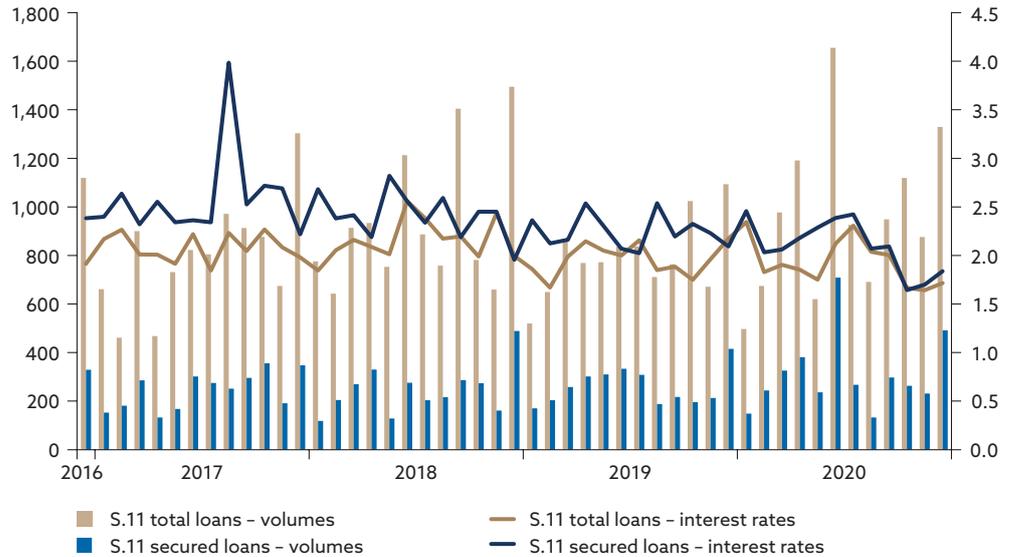


Source: ECB, NBS.

In the fourth quarter of 2020, the share of new **secured loans** in the **total** volume of new loans provided to NFCs increased, year on year, but only to a negligible extent, from 29.57% to 29.65%. The average interest rate on secured loans fell, year on year, from 2.2% p.a. to 1.75% p.a. The average interest rate on new loans provided to NFCs in total fell, too, in the period under review, by 0.29 percentage point year on year, to 1.68% p.a.

Chart 51

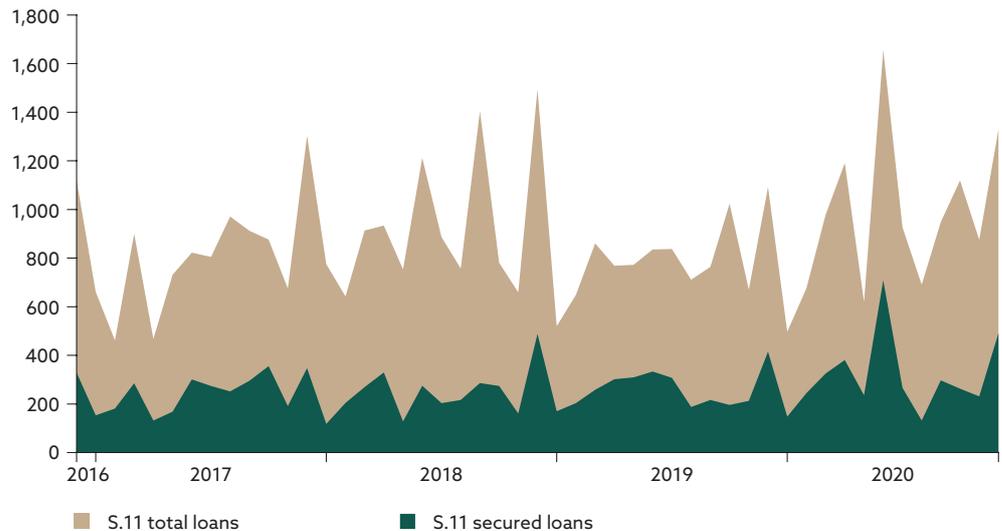
Secured and total new loans to NFCs – Interest rates and volumes
(EUR millions, % p.a.)



Source: NBS.

Chart 52

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



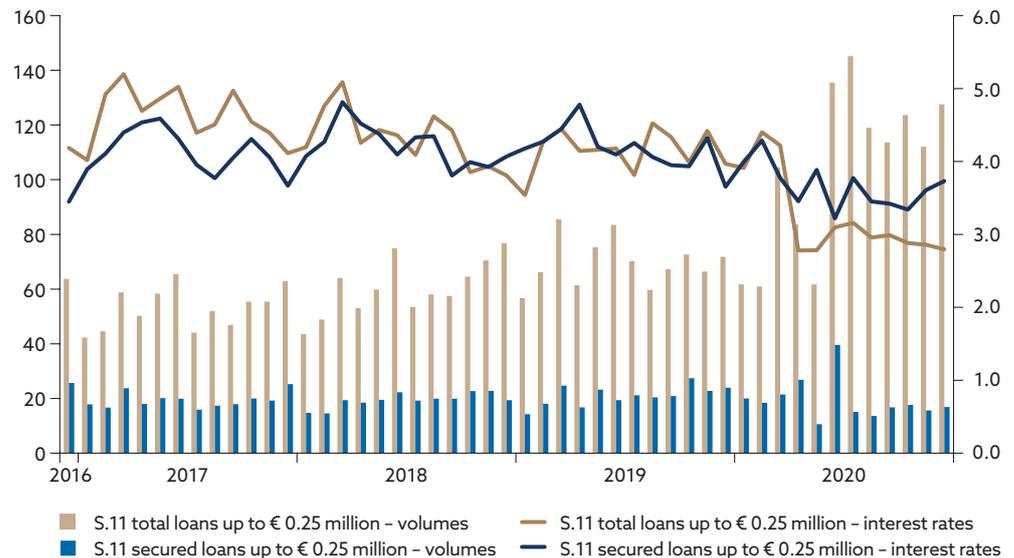
Source: NBS.

In the category of ‘loans of up to €0.25 million’, the share of new secured loans in the total volume of new loans provided to NFCs decreased in the last quarter of 2020 by as much as 21.33 percentage points, to 13.82%. The average interest rate on secured loans of this category fell in the review period, to 3.5% p.a., from 4.0% p.a. in the same period a year earlier. The av-

average rate on new loans of up to €0.25 million provided to NFCs also fell in that period, by 1.27 percentage points, to 2.84% p.a.

Chart 53

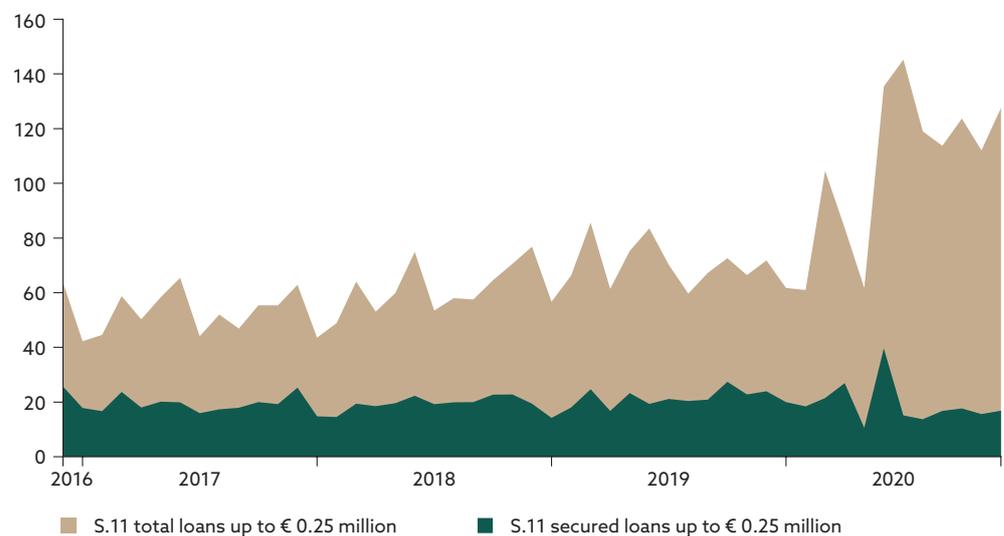
Secured and total new NFC loans up to € 0.25 million – interest rates and volumes (EUR millions, % p.a.)



Source: NBS.

Chart 54

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



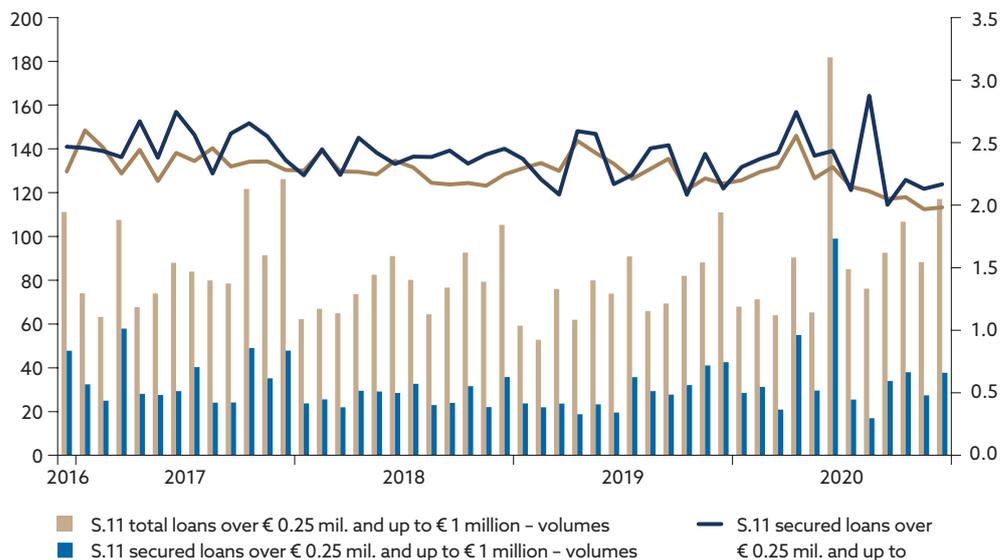
Source: NBS.

In the category of ‘**loans of over 0.25 million and up to 1 million**’, the share of new secured loans in the total volume of loans provided to NFCs decreased in the last quarter of 2020, by 8.11 percentage points year on year, to 33.04%. The average interest rate on secured loans of this category fell only slightly, by 0.05 percentage point, to 2.17% p.a. at the end of the review

period. The average rate on new loans of this category provided to NFCs fell in that period to 2.01% p.a., from 2.2% p.a. recorded a year earlier.

Chart 55

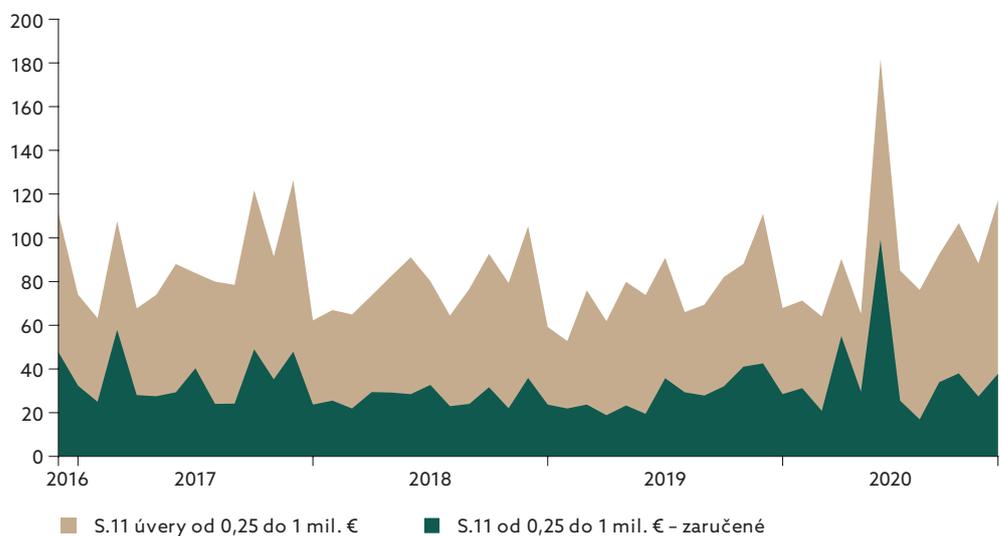
Secured and total new loans over € 0.25 million and up to € 1 million to NFCs – interest rates and volumes (EUR millions, % p.a.)



Source: NBS.

Chart 56

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



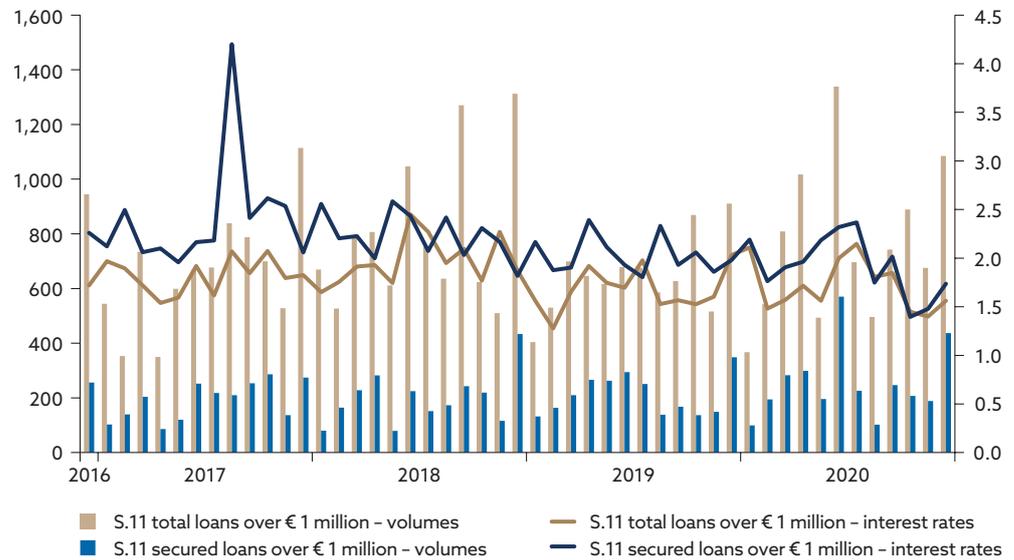
Source: NBS.

In the category of ‘**loans of over €1 million**’, the share of new secured loans in the total volume of new loans provided to NFCs increased in the fourth quarter of 2020, to 31.43% at the end of December, from 27.6% at the end of December 2019. The average interest rate on secured loans of this category

fell to 1.59% p.a. at the end of the period under review. At the same time, the average rate on new NFC loans of this category dropped by 0.26 percentage point, to 1.48% p.a.

Chart 57

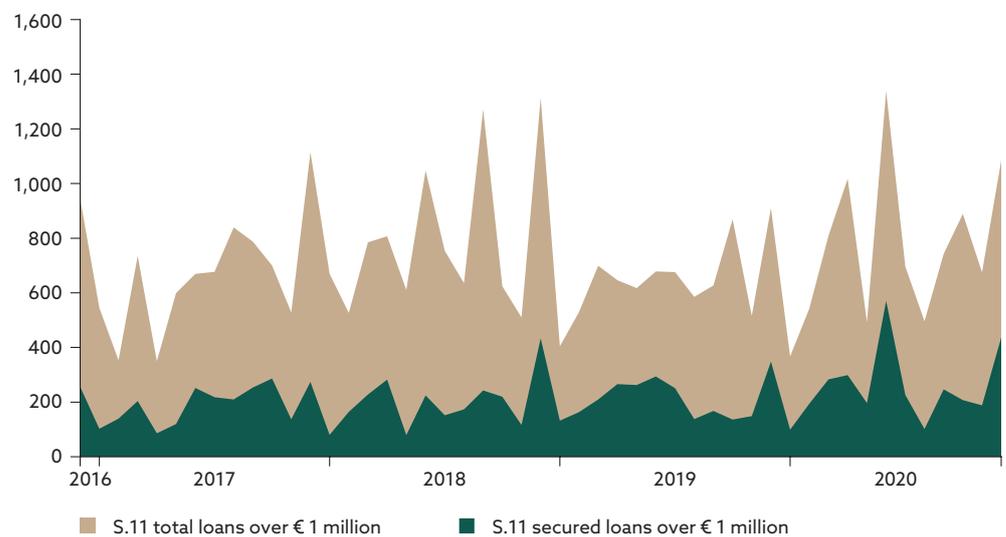
Secured and total new loans over € 1 million to NFCs – interest rates and volumes (EUR millions, % p.a.)



Source: NBS.

Chart 58

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



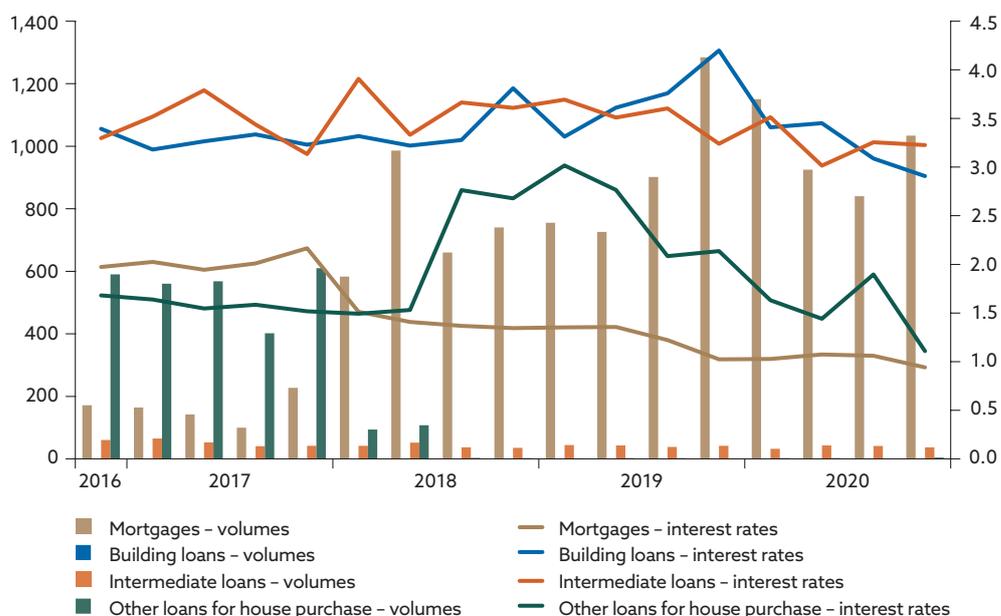
Source: NBS.

2.9.2 New loans to households – interest rates and volumes

Households' demand for **housing loans** remained strong in the last quarter of 2020, far stronger than their demand for any other type of loan. The average interest rate on housing loans fell again in that period, year on year, but by only 0.1 percentage point to 1.06% p.a. The average interest rates on the individual types of housing loans underwent the following year-on-year changes in that period: the rate on intermediate loans provided by home savings banks fell by 0.07 percentage point, to 3.33% p.a.; the rate on building loans, which are also provided by home savings banks, fell by 0.61 percentage point, to 3.43% p.a.; the rate on mortgage loans fell by 0.11 percentage point, to 0.97% p.a. (**below 1% for the first time ever**); and the rate on other loans for house purchase dropped by 1.13 percentage points, to 1.2% p.a.

Chart 59

New loans for house purchase to households – interest rates and volumes
(EUR millions, % p.a.)



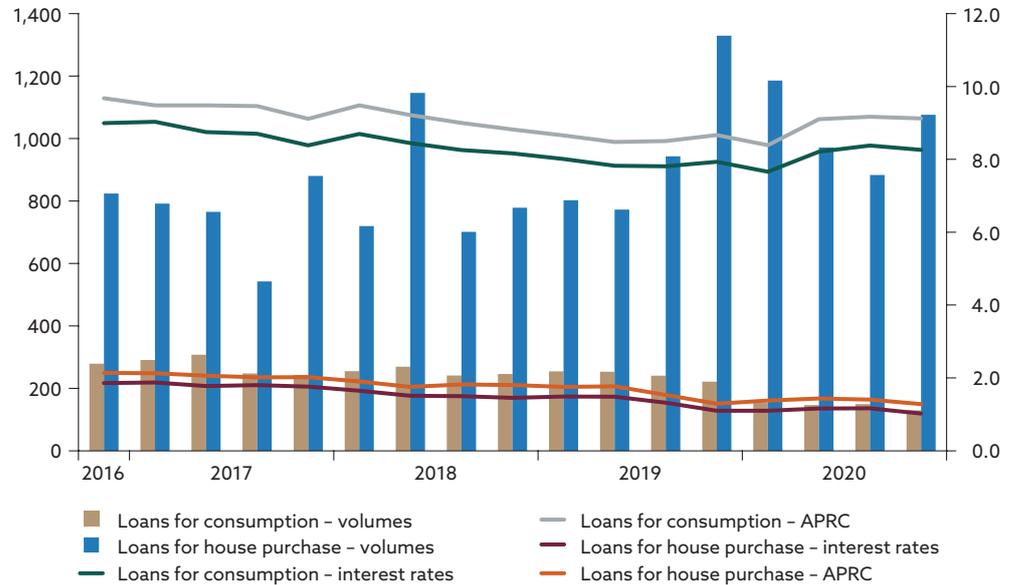
Source: NBS.

The **annual percentage rate of charge (APRC)** for loans provided to households usually exceeds the rate of interest charged on these loans. Like the average interest rate on housing loans, the average APRC for these loans decreased in the last quarter of 2020, by 0.11 percentage point year on year, to 1.3% p.a. The average interest rate and APRC for consumer loans followed a different trend in that period: the average interest rate rose, year on year,

by 0.34 percentage point, to 8.12% p.a., and the average APRC for consumer loans increased by 0.44 percentage point, to 8.94% p.a.

Chart 60

New loans for consumption and loans for house purchase – interest rates, APRC and volumes (EUR millions, % p.a.)

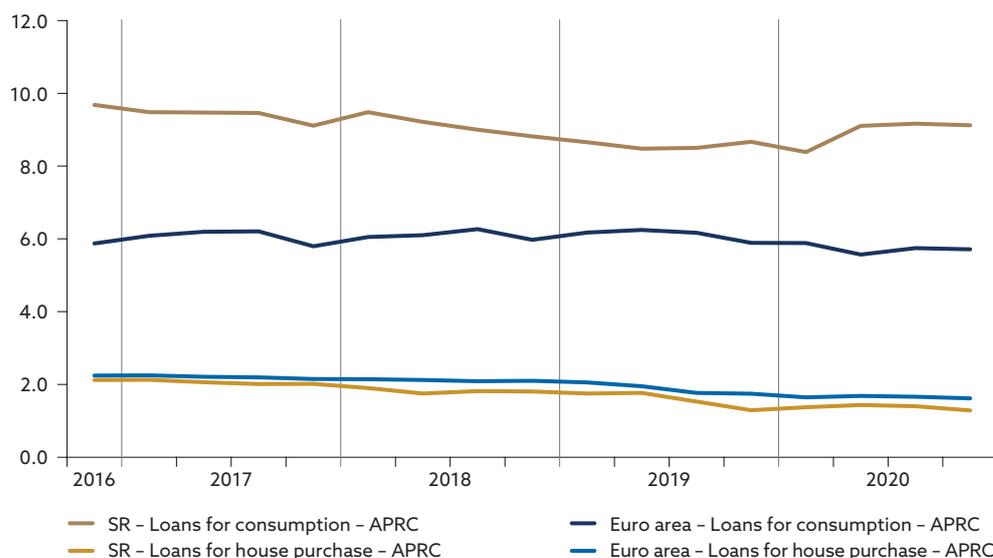


Source: NBS.

A comparison of the APRC for housing loans in Slovakia with the same indicator of the euro area as at the end of 2020 points to a slightly different trend. In year-on-year terms, the APRC for housing loans in Slovakia remained unchanged, at 1.3% p.a., while that in the euro area edged down by 0.1 percentage point, to 1.6% p.a. A different trend was recorded in consumer loans. The APRC for consumer loans in Slovakia rose, year on year, by 0.4 percentage point, to 9.1% p.a. at the end of 2020, and that for the same loan category in the euro area fell by 0.2 percentage point, to 5.7% p.a.

Chart 61

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



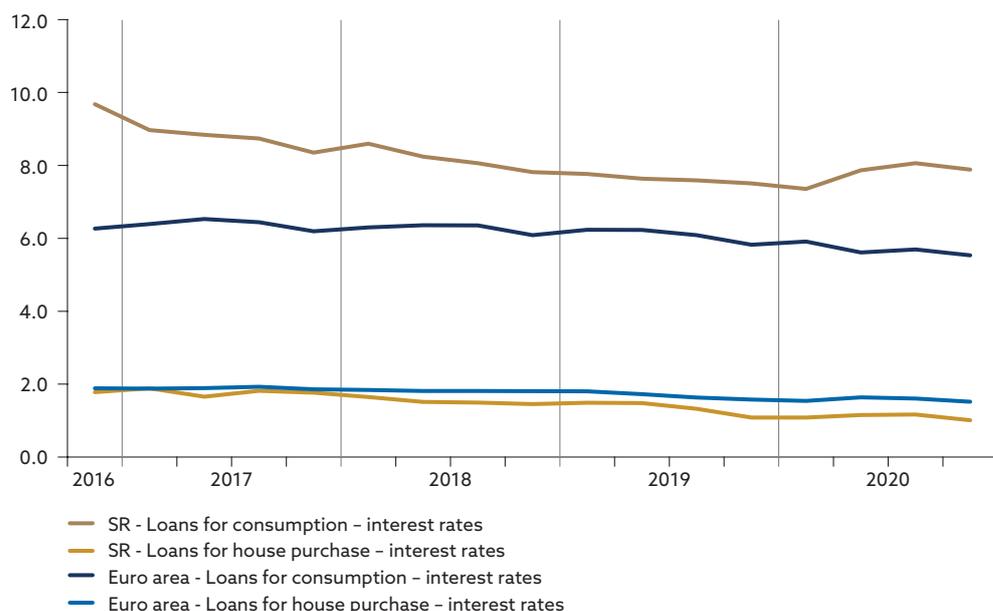
Source: ECB, NBS.

In the category of new housing loans, the most representative indicator for Slovakia is the cost of **housing loans with an initial rate fixation period of over one year and up to five years**. The average interest rate on loans of this category fell, year on year, by 0.1 percentage point, to 1.0% p.a. at the end of 2020. The average rate on a comparable type of housing loans in the euro area fell by 0.1 percentage point, to 1.5% p.a.

In the category of new consumer loans provided to households, the most representative indicator for Slovakia is the cost of **consumer loans with an initial rate fixation period of over five years**. The average interest rate on loans of this category rose, year on year, by 0.4 percentage point, to 7.9% p.a. at the end of 2020. The average rate on a comparable type of consumer loans in the euro area fell in the period under review by 0.3 percentage point, to 5.5% p.a.

Chart 62

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

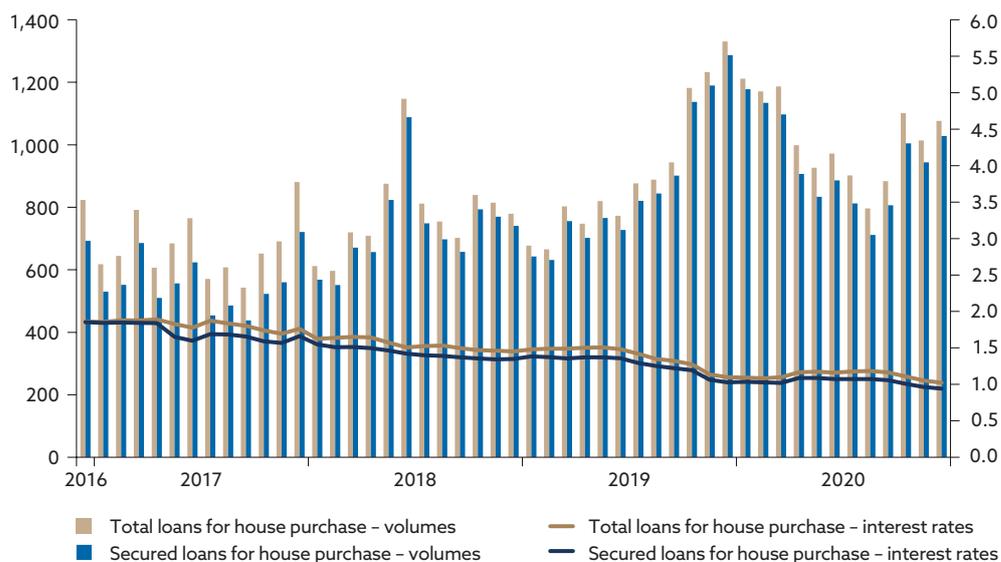


Source: ECB, NBS.

The share of **new secured housing loans** in the total volume of new loans provided to households for housing purposes decreased, year on year, by 3.25 percentage points in the fourth quarter of 2020, to 93.24% at the end of December. The average interest rate on these loans fell in that period, by 0.12 percentage point year on year, to 0.97% p.a.

Chart 63

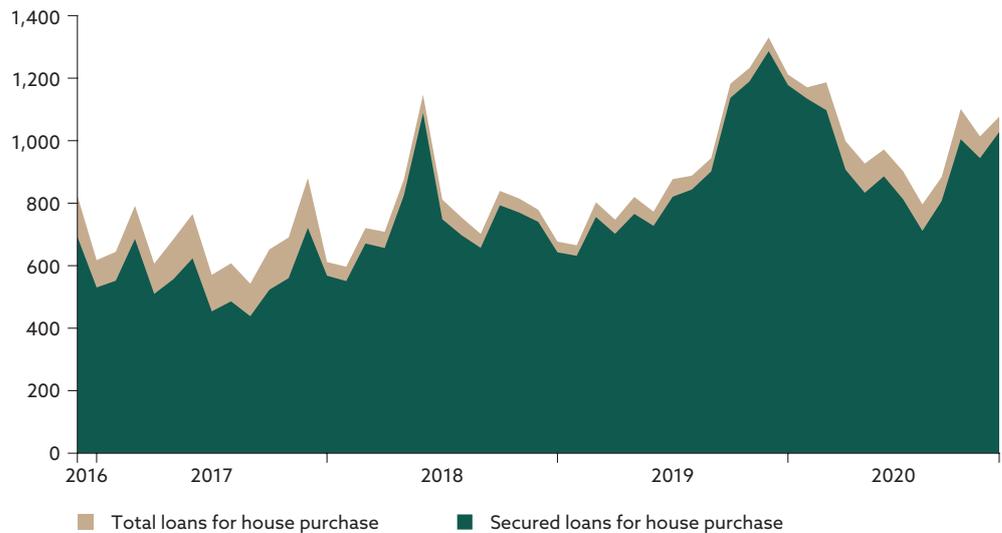
Secured and total new loans for house purchase to households - interest rates and volumes (EUR millions, % p.a.)



Source: NBS.

Chart 64

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

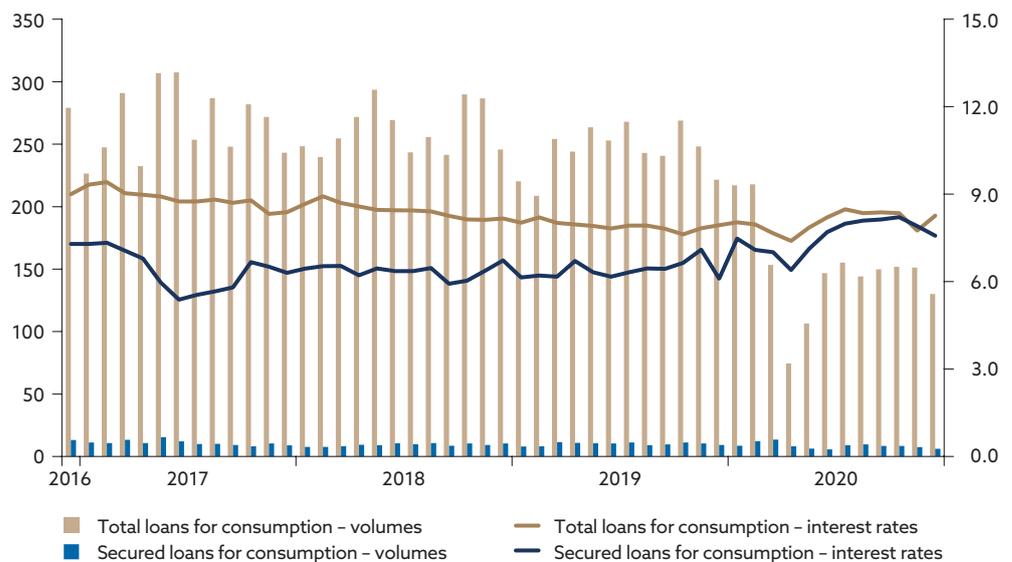


Source: NBS.

The share of **secured consumer loans** in the total volume of consumer loans is far lower than the share of secured housing loans in the total volume of housing loans. The share of these loans increased slightly in the last quarter of 2020, to 5.1% at the end of December, from 4.2% at the end of 2019. The average interest rate on these loans rose in the review period by 1.29 percentage points, year on year, to 7.93% p.a.

Chart 65

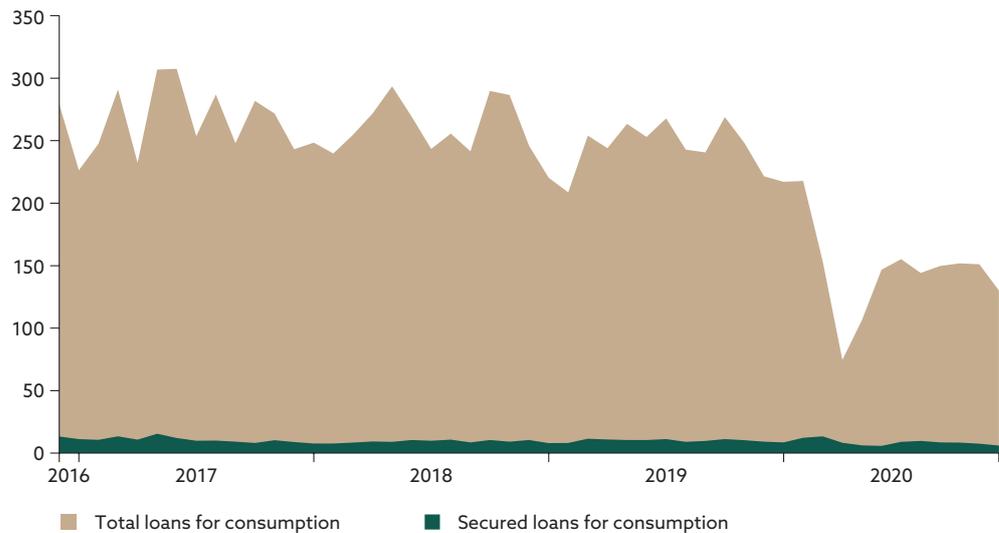
Secured and total new loans for consumption to households - interest rates and volumes (EUR millions, % p.a.)



Source: NBS.

Chart 66

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



Source: NBS.

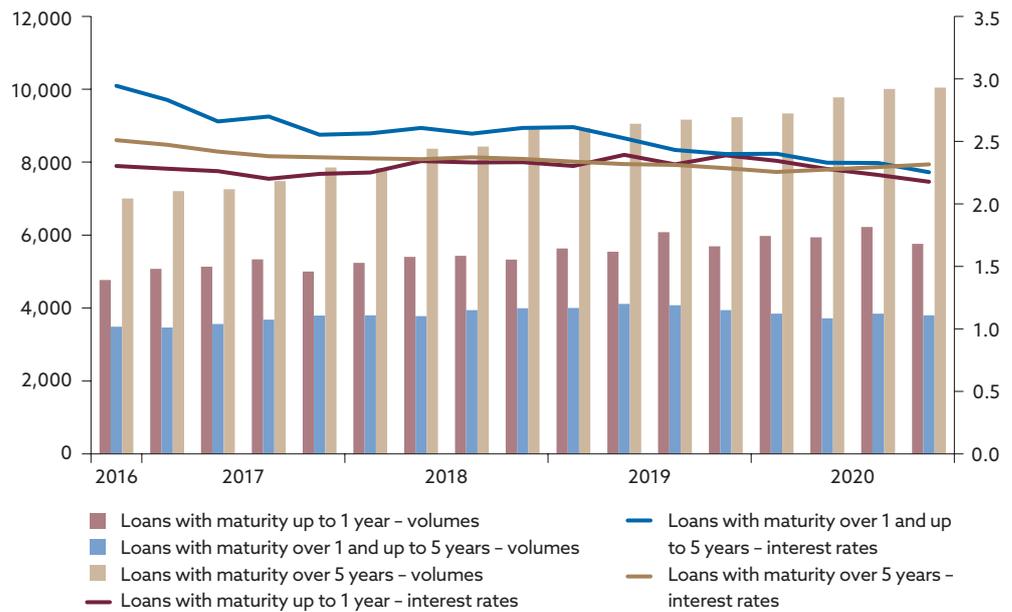
2.9.3 Loans to non-financial corporations – interest rates and stocks

Interest rates on loans provided to non-financial corporations (NFCs) with a maturity of over five years have long been higher than the rates on loans with other maturities, and these loans account for the largest share of the total stock of NFC loans. Loans with a maturity of over five years are also the most significant in volume terms. This trend began in the middle of 2009 and has continued into the fourth quarter of 2020.

Average interest rates on **NFC loans** underwent the following year-on-year changes in the fourth quarter of 2020: the average rate on loans **with a maturity of up to one year** fell by 0.17 percentage point, to 2.18% p.a.; the average rate on loans **with a maturity of over one year and up to five years** fell, too, by 0.17 percentage point, to 2.26% p.a.; and the average rate on loans **with a maturity of over five years** rose slightly, by 0.03 percentage point, to 2.33% p.a.

Chart 67

NFC loans by maturity – interest rates and volumes (EUR millions, % p.a.)

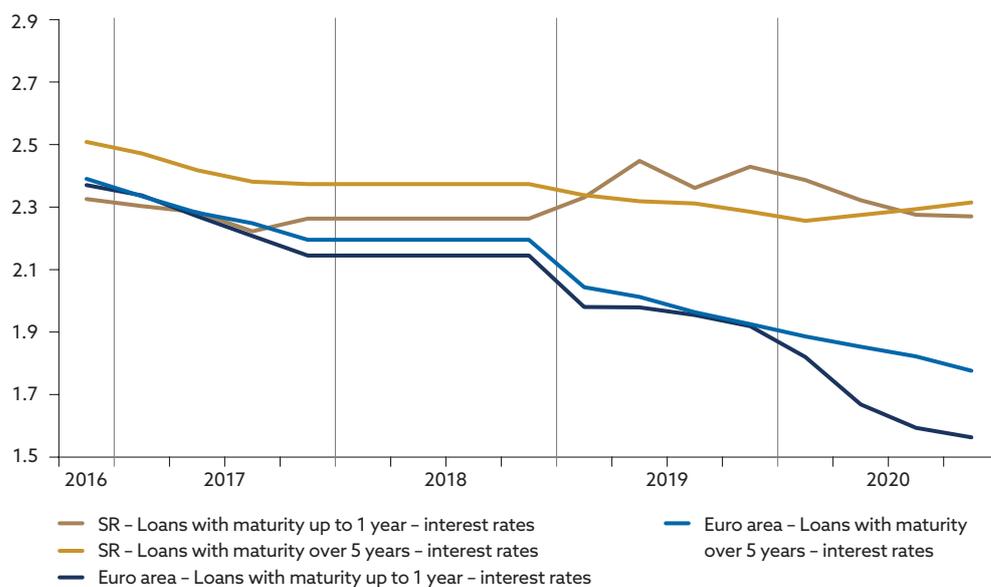


Source: NBS.

A year-on-year comparison of interest rates on the most significant types of loans provided to **NFCs** in Slovakia and in the euro area shows that the average rate on **loans with a maturity of up to one year** in Slovakia fell slightly, by 0.13 percentage point year on year, to 2.27% p.a. at the end of 2020. The average rate on the same category of loans in the euro area fell by 0.36 percentage point year on year, to 1.56% p.a. In Slovakia, interest rates on loans **with a maturity of over five years** remained unchanged, year on year, at 2.3% p.a. at the end of 2020. The average rate on the same category of loans in the euro area fell by 0.15 percentage point year on year, to 1.78% p.a.

Chart 68

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



Source: ECB, NBS.

2.9.4 Loans to households - interest rates and stocks

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

Interest rates on house purchase loans provided to **households** changed in the period under review as follows: the average interest rate on **loans with a maturity of over five years** fell, year on year, by 0.2 percentage point, to 1.52% p.a.; the average rate on **loans with a maturity of over one year and up to five years** fell, too, by 0.13 percentage point, to 2.73% p.a.; and that on **loans with a maturity of up to one year**, dropped by 0.21 percentage point, to 4.1% p.a.

Chart 69

Households loans for house purchase by maturity – interest rates and volumes (EUR millions, % p.a.)



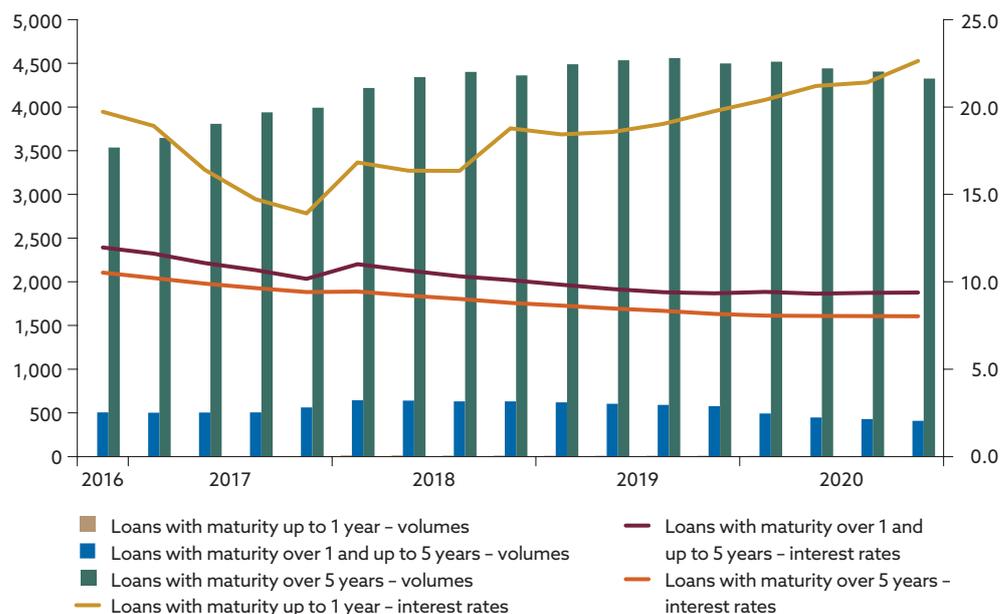
Source: NBS.

The stock of consumer loans with a maturity of up to one year decreased somewhat in the last quarter of 2020 and thus remained negligible. This was also reflected in the volatility of interest rates on these loans. The stock of consumer loans with a maturity of over one year and up to five years also followed a declining trend over the period under review. Loans with a maturity of over five years fell in volume but continued to account for the largest share of the stock of consumer loans.

Interest rates on **consumer loans** provided to households changed in the period under review as follows: the average interest rate on consumer loans **with a maturity of over one year and up to five years** rose slightly, year on year, by 0.06 percentage point to 9.38% p.a.; the average rate on consumer loans **with a maturity of over five years** fell by 0.2 percentage point year on year, to 8.02% p.a.; while the average rate on consumer loans **with a maturity of up to one year** rose, by 2.96 percentage points year on year, to 22.34% p.a.

Chart 70

Households loans for consumption by maturity – interest rates and volumes
(EUR millions, % p.a.)

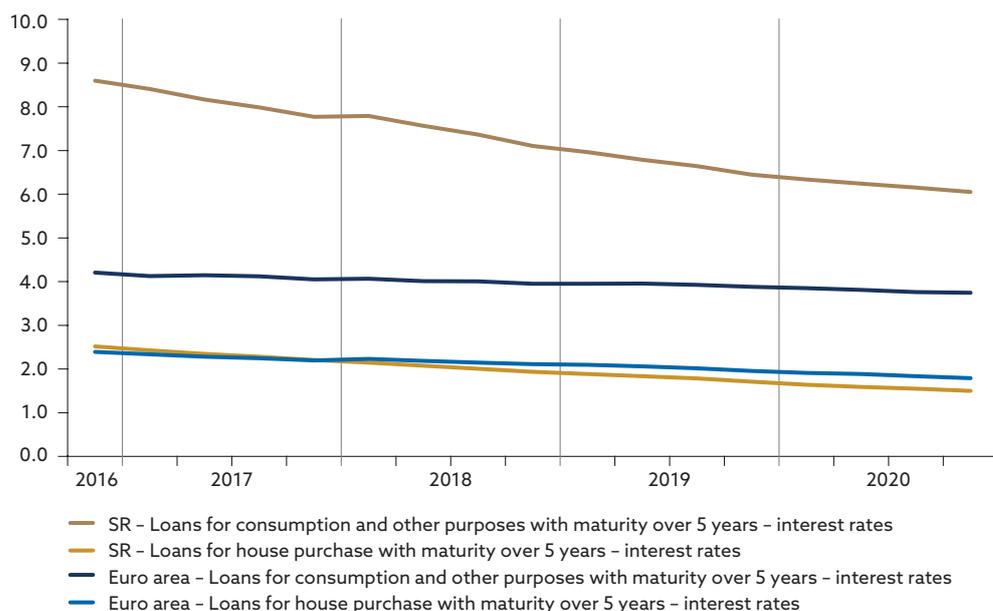


Source: NBS.

For a comparison of interest rates on loans provided to households in Slovakia and in the euro area, we selected the most significant categories of loans (in volume terms), i.e. ‘house purchase loans’ with a maturity of over five years and ‘consumer loans and other loans’ with a maturity of over five years. In Slovakia, the average interest rate on **consumer loans and other loans with a maturity of over five years** declined, year on year, by 0.4 percentage point, to 6.05% p.a. at the end of 2020. The average rate on loans of the same category in the euro area fell by 0.16 percentage point year on year, to 3.74% p.a. Interest rates on **house purchase loans with a maturity of over five years** showed the same tendency in both Slovakia and the euro area. In year-on-year terms, the average rate on loans of this category in Slovakia fell by 0.2 percentage point, to 1.5% p.a., and the same rate in the euro area fell by 0.2 percentage point down to 1.8% p.a. at the end of 2020.

Chart 71

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



Source: ECB, NBS.

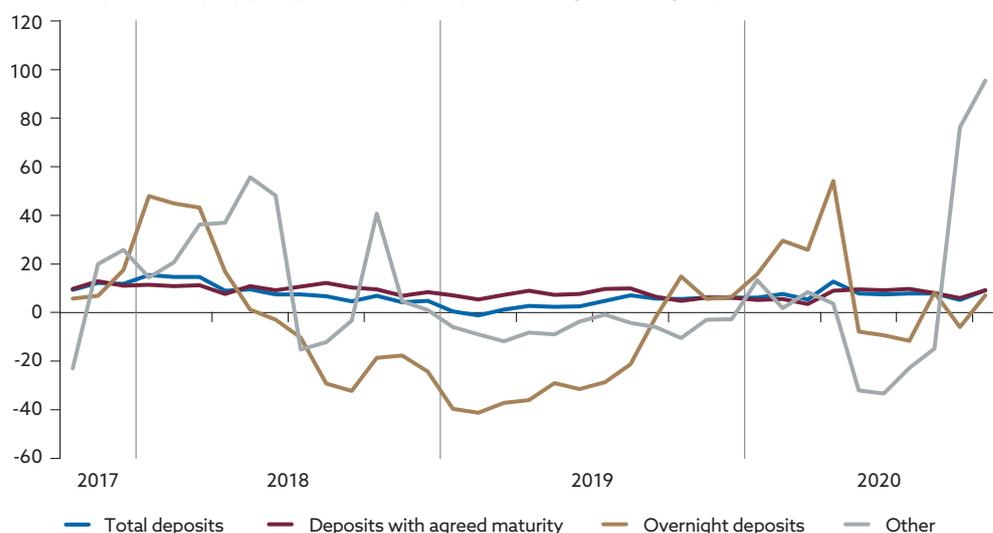
2.10 Deposits received from non-financial corporations and households

2.10.1 Deposits received from non-financial corporations

The stock of deposits received from non-financial corporations (NFCs) was 9.1% larger at the end of the last quarter of 2020 than a year earlier. This increase took place in sight deposits (9.1%) and deposits with agreed maturity (7.1%). The most significant increase was recorded in the stock of other deposits (95.4%)

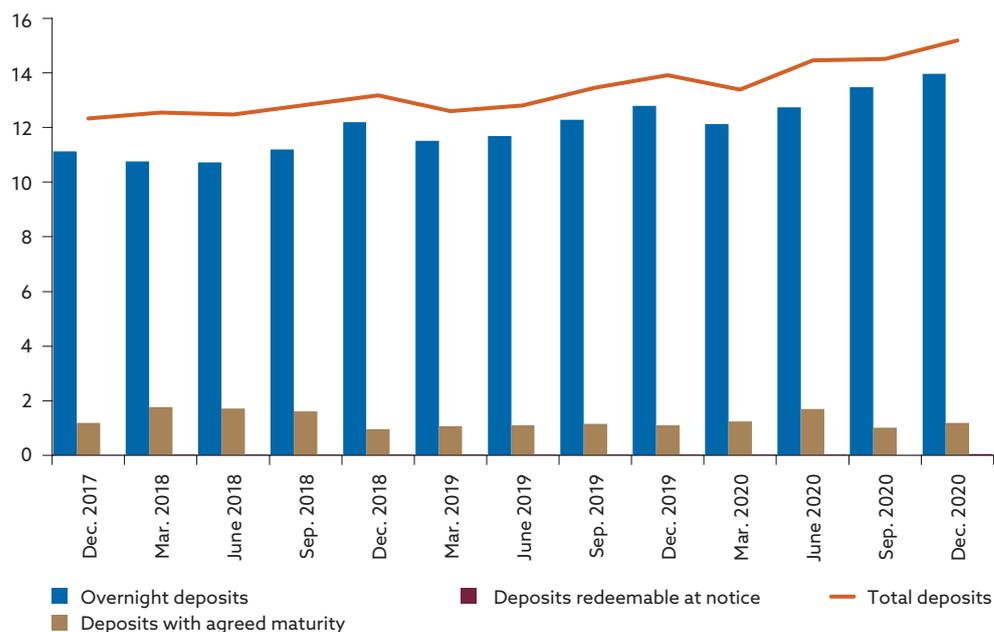
Chart 72

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



Source: NBS.

Chart 73
NFC deposits (EUR billions)



Source: NBS.

2.10.2 Deposits received from non-financial corporations (euro area comparison)

The stock of deposits received from non-financial corporations (NFCs) in the euro area grew during 2020 at an accelerating pace, and ended the year with a year-on-year increase of 22%.

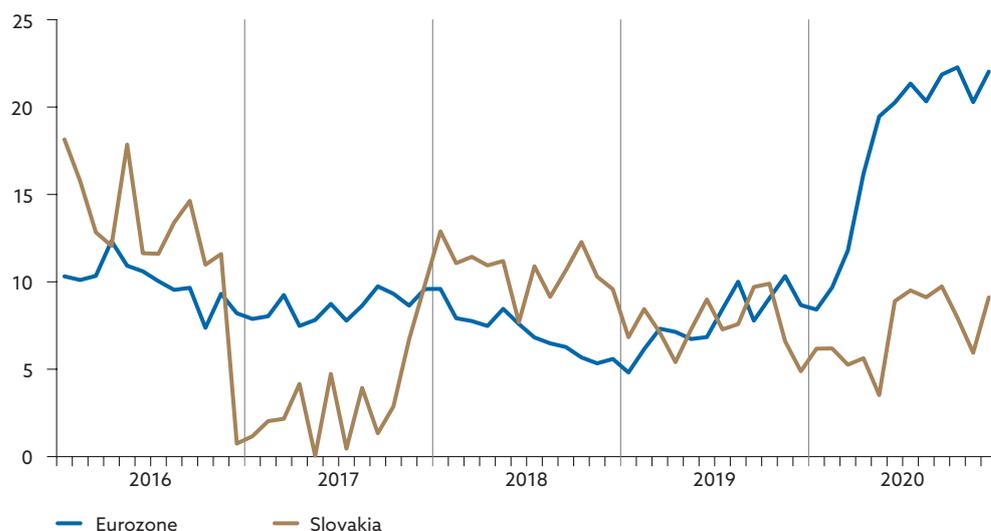
In Slovakia, sight deposits received from NFCs followed a trend similar to that seen in 2019, and sight deposits in the euro area did not increase to a significant extent.

Since April 2020, the stock of deposits with agreed maturity in the euro area has been growing, year on year, at an accelerating pace. The average annual growth rate of these deposits reached 7.6% in the euro area.

In Slovakia, deposits with agreed maturity showed very uneven development during the year. The first half-year period witnessed sharply accelerating growth, reaching 54% in June 2020. The second half-year period saw a year-on-year decline in these deposits.

Chart 74

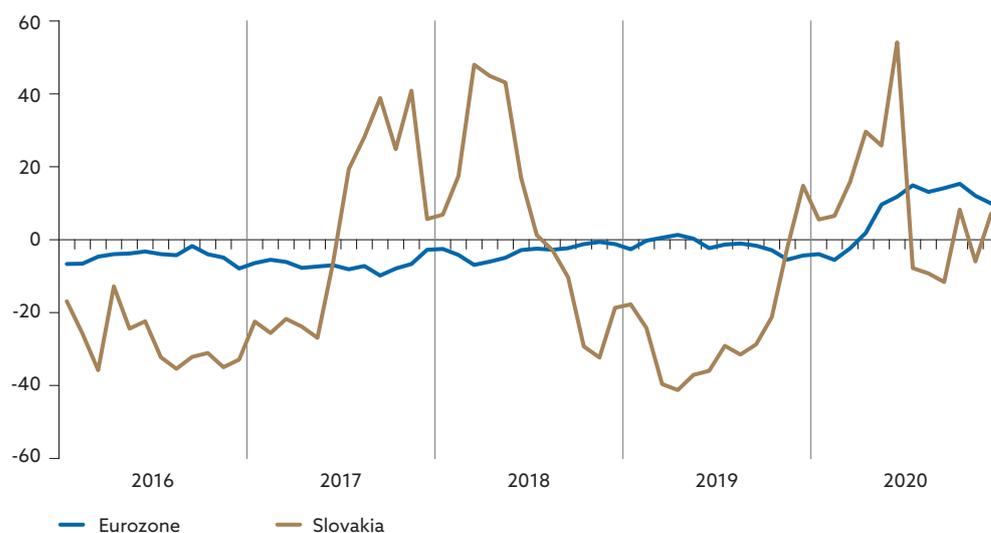
Non-financial corporation overnight deposits in SK and Eurozone (year-on-year percentage changes)



Source: NBS, ECB.

Chart 75

Non-financial corporation deposits with agreed maturity in SK and Eurozone (year-on-year percentage changes)



Source: NBS, ECB.

2.10.3 Deposits received from households

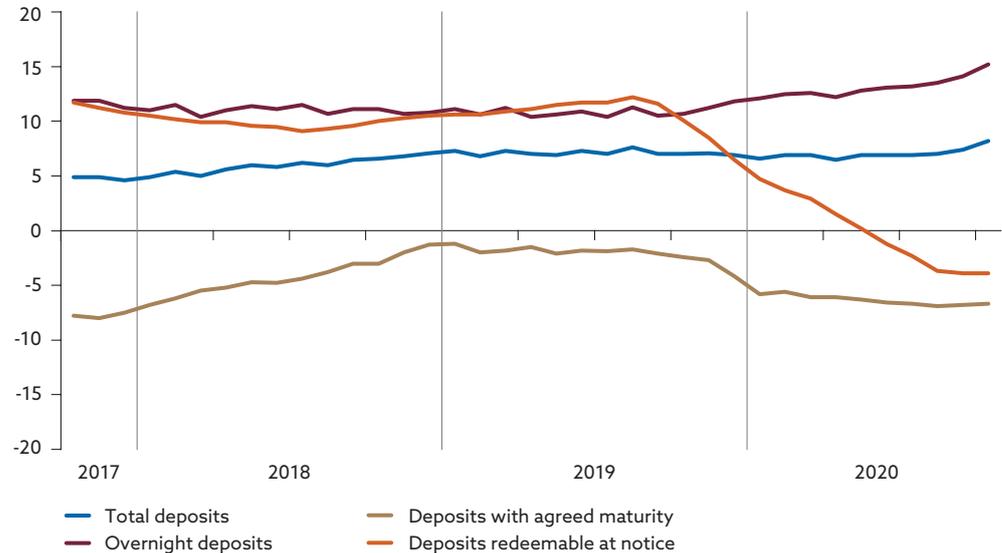
The total stock of deposits received from households¹ increased in the fourth quarter of 2020, by 8.2% year on year. This increase was caused by

¹ Sight deposits and deposits redeemable at notice were reclassified in 2019 on methodological grounds. This has distorted, to some extent, the year-on-year comparison of these deposits. The given growth rates apply to euro area households and are calculated from flows in the given items. The absolute values refer to households in Slovakia.

growth in sight deposits (15.2%)¹. This trend was, however, negatively affected by deposits redeemable at notice and deposits with agreed maturity, which declined, year on year, by 6.7% and 3.9% respectively.

Chart 76

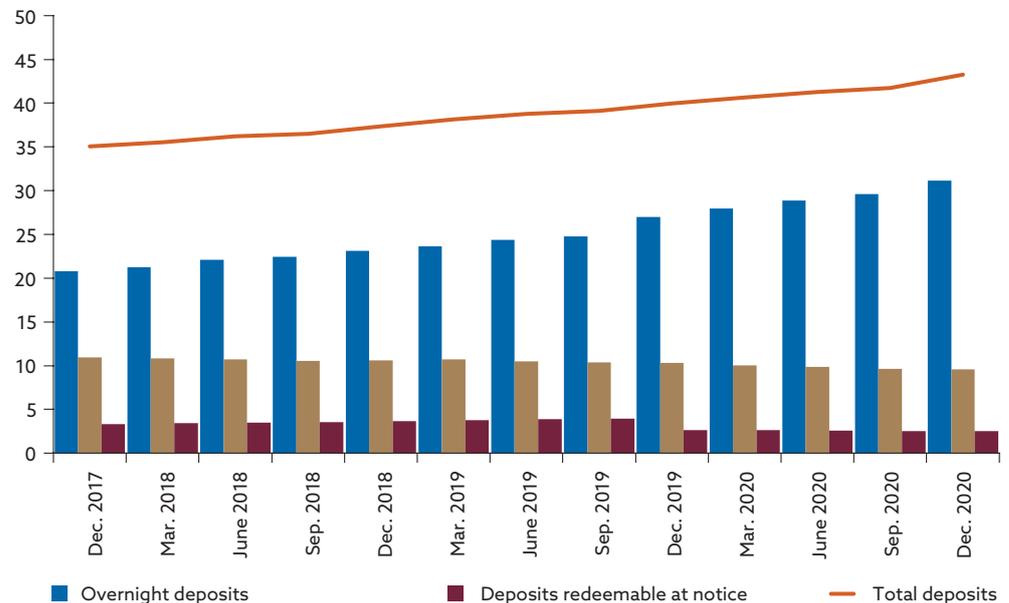
Households deposits by type (year-on-year percentages change)



Source: NBS.

Chart 77

Households deposits (EUR billions)



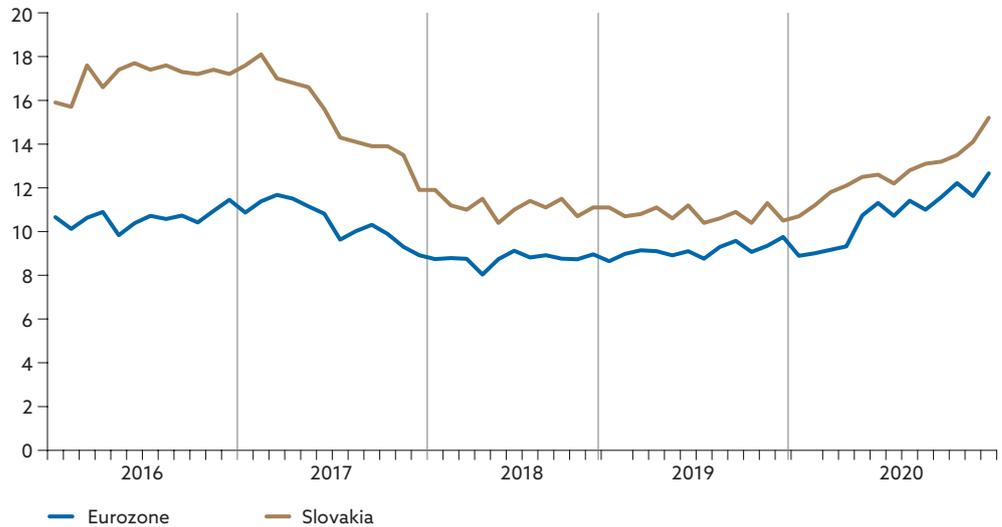
Source: NBS.

2.10.4 Deposits received from households (euro area comparison)

Sight deposits in Slovakia and in the euro area followed very similar trends over the course of 2020. The annual growth in these deposits was, in both cases, relatively stable and strong throughout 2020.

Chart 78

Households overnight deposits (year-on-year percentages change)



Source: NBS, ECB.

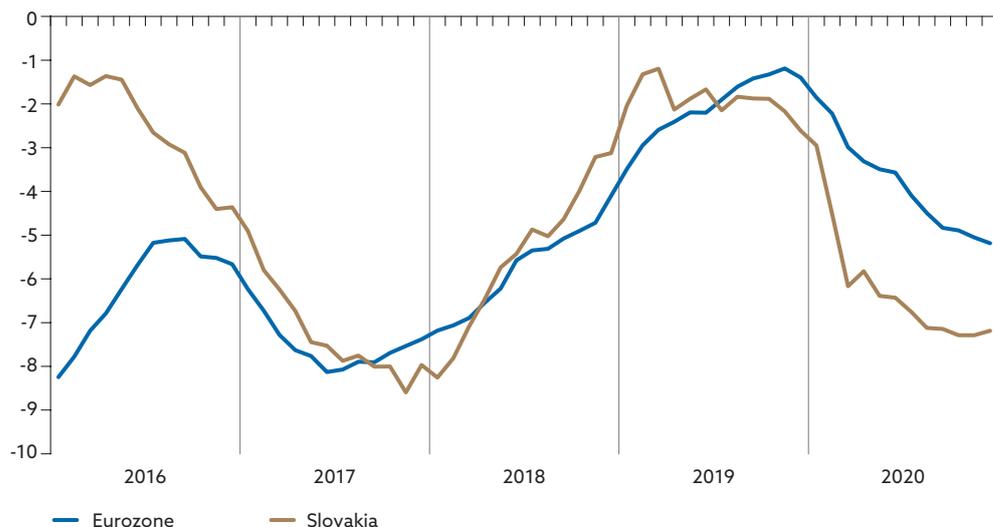
By contrast, the stock of deposits with agreed maturity declined, year on year, in both Slovakia and the euro area. The rate of decline accelerated during the year, in both cases.

The last few months of 2019 saw a major change in the growth of household deposits redeemable at notice: the rate of growth started to slow. Another significant milestone was recorded in August 2020, when the stock of these deposits decreased, year on year, for the first time since 2012.

In Slovakia, the annual rate of change in the stock of household deposits reached -3.9% at the end of 2020, compared with +4.4% recorded in the euro area.

Chart 79

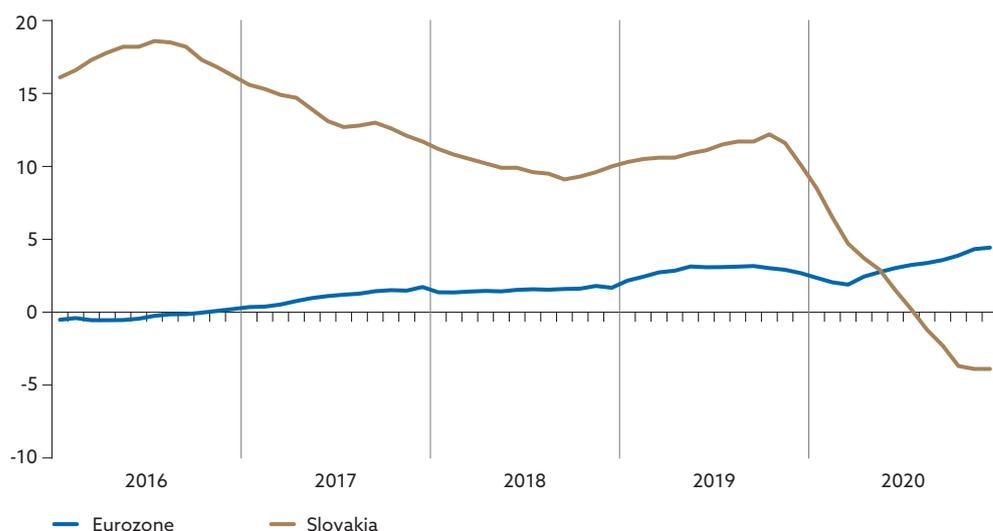
Households deposits with agreed maturity (year-on-year percentages change)



Source: NBS, ECB.

Chart 80

Households deposits redeemable at notice (year-on-year percentages change)



Source: NBS, ECB.

2.11 Deposits received – interest rates, volumes and stocks

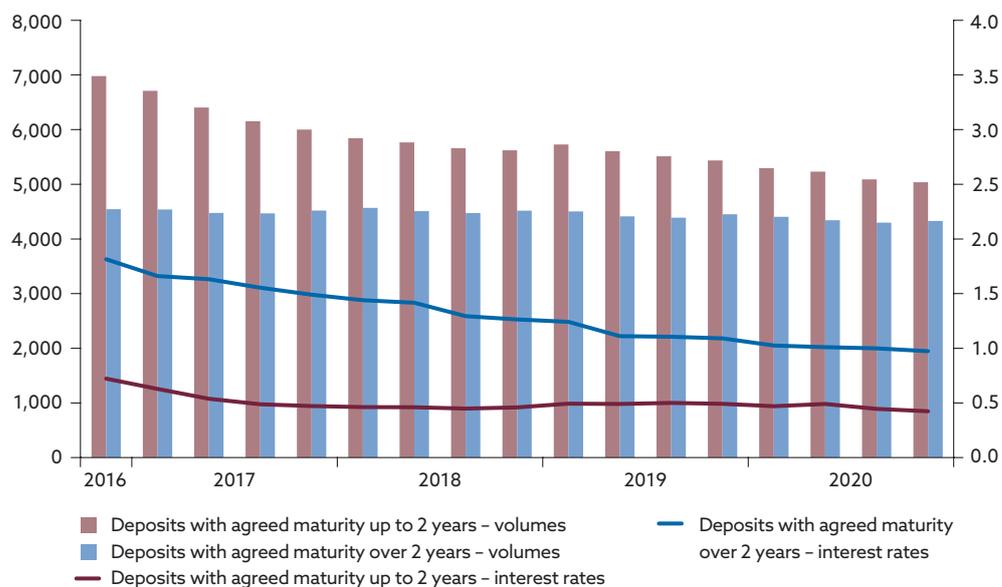
2.11.1 Household deposits – interest rates and stocks

In the fourth quarter of 2020, household deposits **with an agreed maturity of up to two years** accounted for 53.96% of the total stock of household deposits with agreed maturity, which in year-on-year terms represented a decrease of 1.37%. The average interest rate on these deposits was 0.07 percentage point lower in the quarter under review than in the same period

a year earlier, at 0.43% p.a. The average rate on deposits **with an agreed maturity of over two years** was also lower in that period, by 0.11 percentage point year on year, at 0.98% p.a. (i.e. below 1% p.a. **for the first time ever**). The total stock of household deposits with agreed maturity decreased in the review period by 5.23%, year on year.

Chart 81

Household deposits with an agreed maturity – interest rates and stocks
(EUR millions, % p.a.)



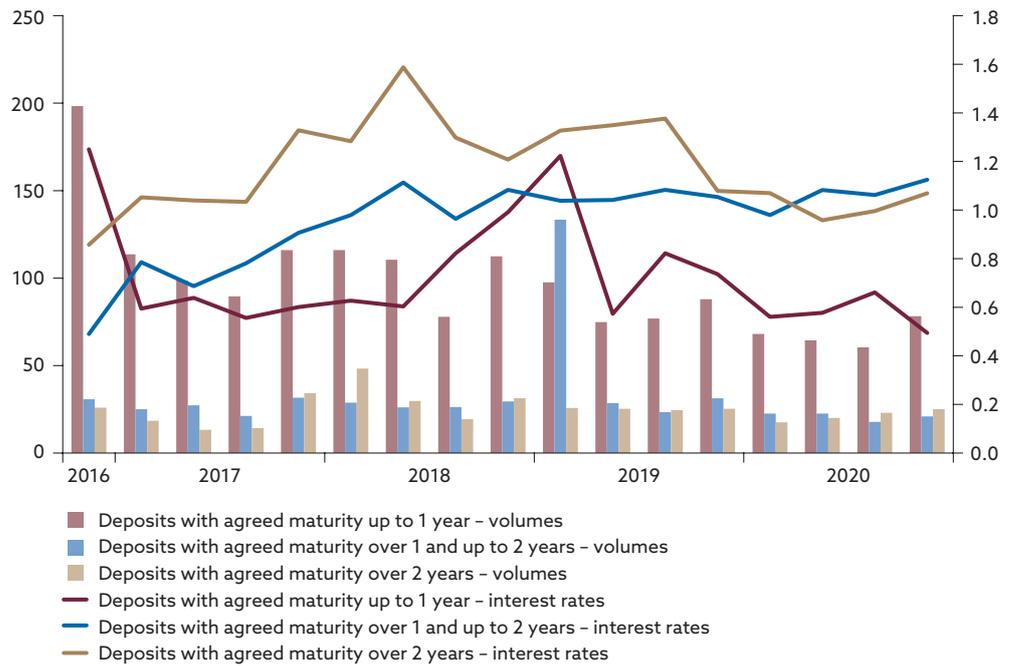
Source: NBS.

2.11.2 New household deposits – interest rates and volumes

Interest rates on new household deposits with agreed maturity changed in the period under review as described below. The average interest rate on new household deposits **with an agreed maturity of up to one year** fell, year on year, by 0.25 percentage point to 0.53% p.a., and the share of these deposits in the total volume of new household deposits with agreed maturity increased by 1.76%, to 63.12%. The average rate on new deposits **with an agreed maturity of over one year and up to two years** remained unchanged, at 1.1% p.a., but the share of these deposits in the total volume of new household deposits with agreed maturity decreased by 3%, to 16.9%. The average rate on new deposits **with an agreed maturity of over two years** fell in that period by 0.21 percentage point year on year, to 1.03% p.a., while the share of these deposits in the total volume of new household deposits with agreed maturity increased by 1.23%, to 19.98%.

Chart 82

New household deposits with an agreed maturity – interest rates and volumes
(EUR millions, % p.a.)

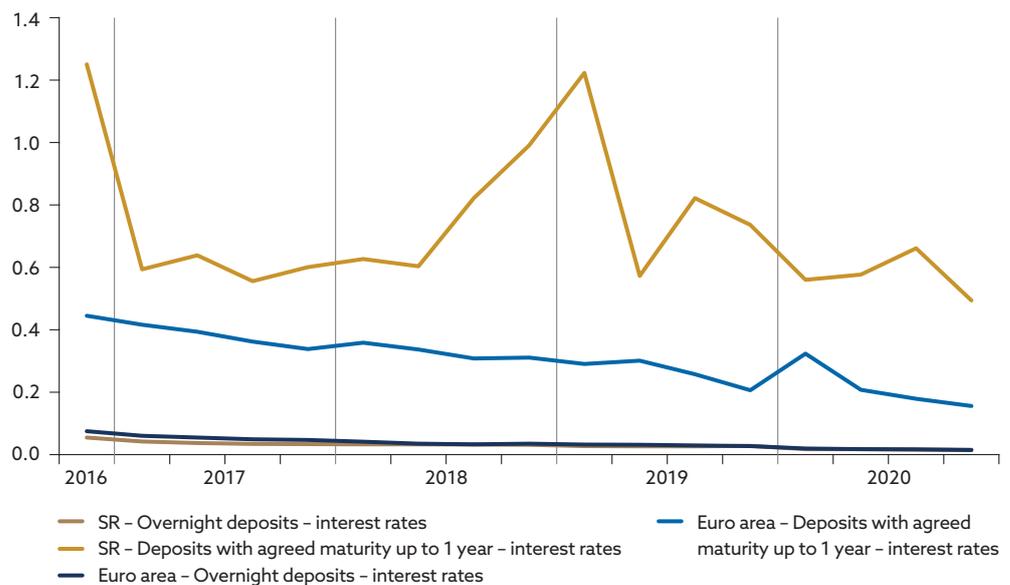


Source: NBS.

For a comparison of interest rates on new deposits received from **households** in Slovakia and those on the same types of deposits in the euro area, we selected the most significant deposit categories (in terms of volume), i.e. overnight deposits and deposits with an agreed maturity of up to one year. In Slovakia, the average interest rate on **overnight deposits** fell slightly, year on year, to 0.02% p.a. at the end of 2020. In the euro area, the average rate on deposits of the same category edged down, year on year, by 0.01 percentage point to 0.01% p.a. Interest rates on **new deposits with an agreed maturity of up to one year** in Slovakia and in the euro area recorded the following year-on-year changes in the period under review: the average rate on such deposits in Slovakia fell by 0.25 percentage point, to 0.49% p.a. at the end of 2020, while that on the same type of deposits in the euro area edged down by 0.05 percentage point, to 0.16% p.a.

Chart 83

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



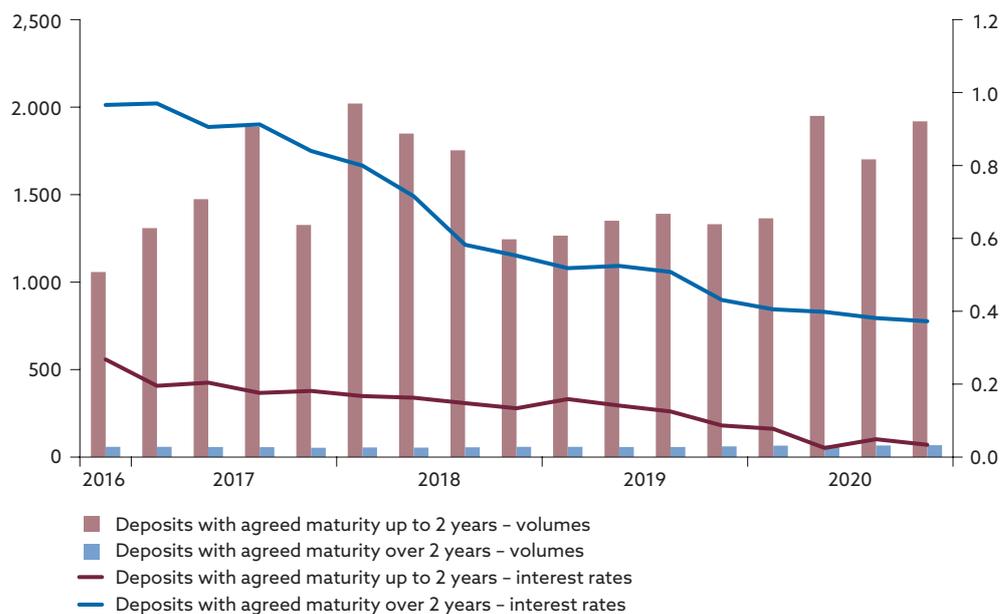
Source: ECB, NBS.

2.11.3 NFC deposits – interest rates and stocks

Deposits **with an agreed maturity of over two years**, received from **non-financial corporations (NFCs)**, accounted for 3.66% of the total stock of NFC deposits with agreed maturity as at the end of the last quarter of 2020, when the average interest rate on these deposits stood at 0.38% p.a., after falling year on year by 0.05 percentage point. The average rate on deposits **with an agreed maturity of up to two years** fell in the period under review, to 0.04% p.a., while the share of these deposits in the total stock of NFC deposits with agreed maturity increased slightly, year on year, by 0.76% to 96.34%. The total stock of NFC deposits with agreed maturity increased over the period under review, by as much as 32.09% year on year.

Chart 84

NFC deposits with an agreed maturity – interest rates and stocks (EUR millions, % p.a.)



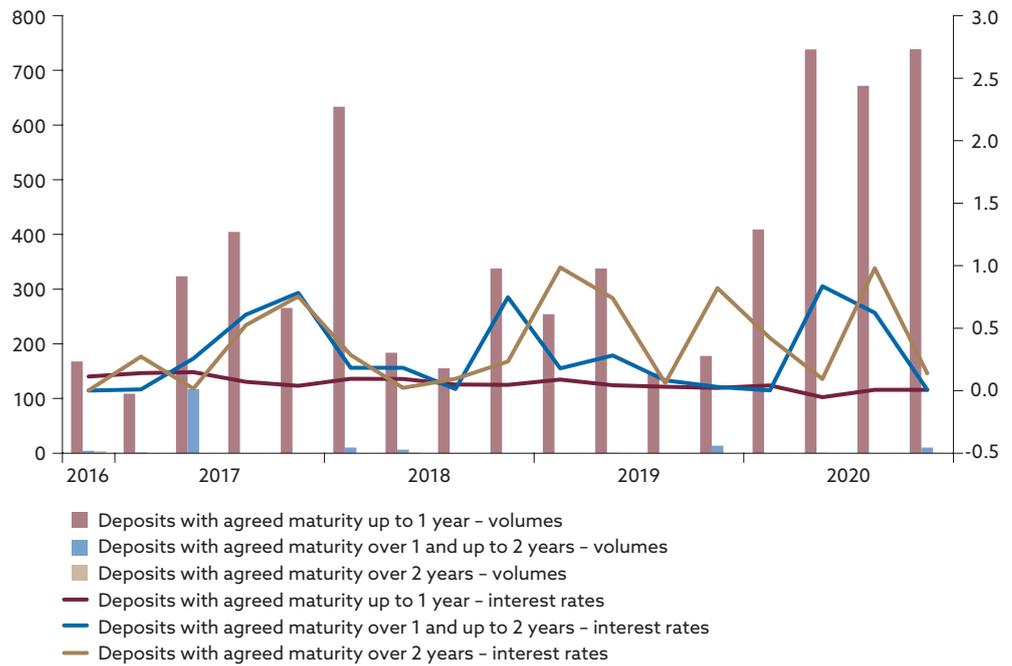
Source: NBS.

2.11.4 New NFC deposits – interest rates and volumes

Interest rates on new deposits with agreed maturity, received from **non-financial corporations** (NFCs), changed in the last quarter of 2020, year on year, as described below. The average interest rate on new deposits **with an agreed maturity of over two years** rose, year on year, by 0.26 percentage point to 0.27% p.a., while the share of these deposits in the total volume of NFC deposits with agreed maturity remained insignificant (0.04%). Also insignificant (0.68%) was the share of new NFC deposits **with an agreed maturity of over one year and up to two years**, the average interest rate on which edged down by 0.02 percentage point year on year, to 0.02% p.a. The average interest rate on new deposits **with an agreed maturity of up to one year** fell, too, by 0.01 percentage point, to 0.02% p.a. These deposits accounted for the largest share (99.28%) of the total volume of new NFC deposits with agreed maturity.

Chart 85

New NFC deposits with an agreed maturity – interest rates and volumes
(EUR millions, % p.a.)

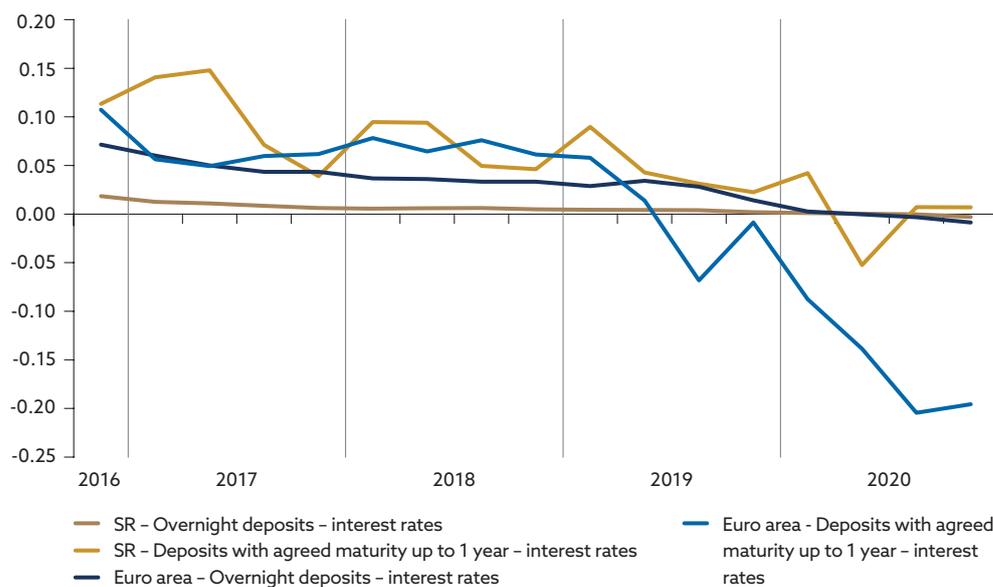


Source: NBS.

For a comparison of interest rates on **new NFC deposits** in Slovakia and those on the same type of deposits in the euro area, we selected the most significant types of deposits (in terms of volume), i.e. overnight deposits and deposits with an agreed maturity of up to one year. In Slovakia, the average interest rates on **overnight deposits** received from NFCs remained unchanged in year-on-year terms, at 0.00% p.a. at the end of 2020. The average rate on such deposits in the euro area fell year on year in the period under review, into negative territory (-0.01% p.a.). In Slovakia, the average interest rate on deposits **with an agreed maturity of up to one year** edged down, year on year, by 0.01 percentage point to 0.01% p.a. at the end of 2020. The average rate on such deposits in the euro area fell into negative territory (-0.2% p.a.).

Chart 86

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

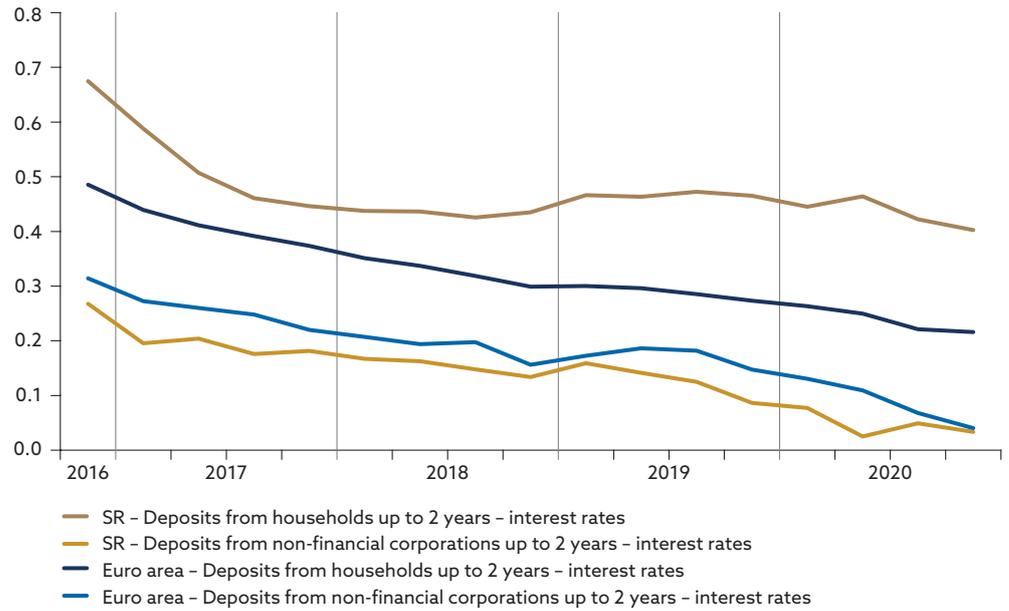


Source: ECB, NBS.

For a comparison of interest rates on new deposits with agreed maturity, received from NFCs and households in Slovakia, and those on the same type of deposits in the euro area, we selected the most significant deposit category (in terms of volume), i.e. deposits with an agreed maturity of up to two years. In Slovakia, the average interest rate on **NFC deposits with an agreed maturity of up to two years** edged down, year on year, by 0.06 percentage point, to 0.03% p.a. at the end of 2020. In the euro area, the average rate on the same category of deposits fell, year on year, from 0.11% p.a. to 0.04% p.a. The average interest rate on **household deposits with an agreed maturity of up to two years** fell slightly in Slovakia, by 0.07 percentage point year on year, to 0.42% p.a. at the end of 2020. The average rate on such deposits in the euro area dropped to 0.22% p.a. at the end of 2020, from 0.30% p.a. at the end of 2019.

Chart 87

Interest rates on deposits with agreed maturity up to 2 years in SR and euro area (outstanding amounts) (% p.a.)



Source: ECB, NBS.

3 Investment funds and Money market funds

In Slovakia's financial market, the mutual fund market comprises six domestic asset management companies and one foreign asset management company, managing a total of 91 domestic open-end funds as at 31 December 2020.

Domestic asset management companies:

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

Foreign asset management company:

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

3.1 Current developments in the market

For the purposes of monetary and financial statistics compiled by the European Central Bank, mutual funds are broken-down to investment funds (ESA 2010 sector S.124) and money market funds (sector S.123). The investment funds are further more divided according to their investment strategy into the following categories: bond funds, equity funds, mixed funds, real estate funds, hedge funds and other funds.

Mixed funds accounted for the largest share, 47.68%, of the total assets of investment funds as at 31 December 2020. They were followed by real estate funds with a share of 21.98%, bond funds with a share of 18.05%, and equity funds with a share of 10.39%. Other funds (including, for example, guaranteed funds, alternative investment funds, securities funds, and professional investor funds) accounted for 1.90% of investment funds' total assets as at 31 December 2020.

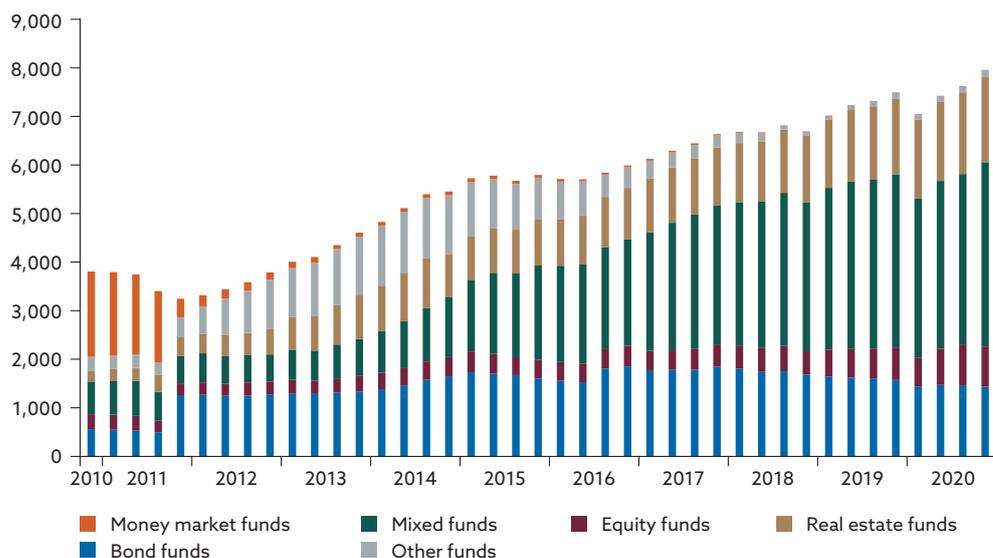
Table 12 Total assets of mutual funds broken down by type of fund

Total assets	Year-on-year change in %								
	XII. 2018	III. 2019	VI. 2019	IX. 2019	XII. 2019	III. 2020	VI. 2020	IX. 2020	XII. 2020
Bond funds	-8.84	-8.94	-6.71	-8.43	-6.58	-12.34	-9.31	-8.78	-8.60
Equity funds	4.49	19.17	19.80	17.70	39.76	7.24	27.36	36.61	23.23
Mixed funds	7.44	12.35	14.18	10.40	15.94	-1.76	0.00	0.96	6.53
Real estate funds	14.81	15.28	19.20	14.56	14.05	16.19	10.83	12.53	11.91
Other funds	-64.20	-55.47	-38.80	43.61	45.28	28.51	22.78	2.10	17.24

Source: NBS.

Chart 88

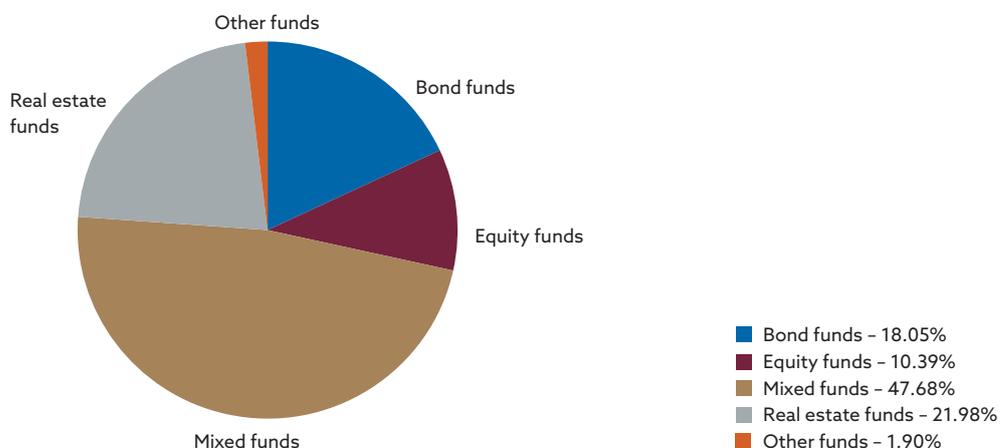
Mutual funds broken down by investment strategy (EUR millions)



Source: NBS.

Chart 89

Total assets of domestic mutual funds as at 31 December 2020 broken down by type of fund



Source: NBS.

3.2 Asset structure of investment funds in Slovakia and in the euro area

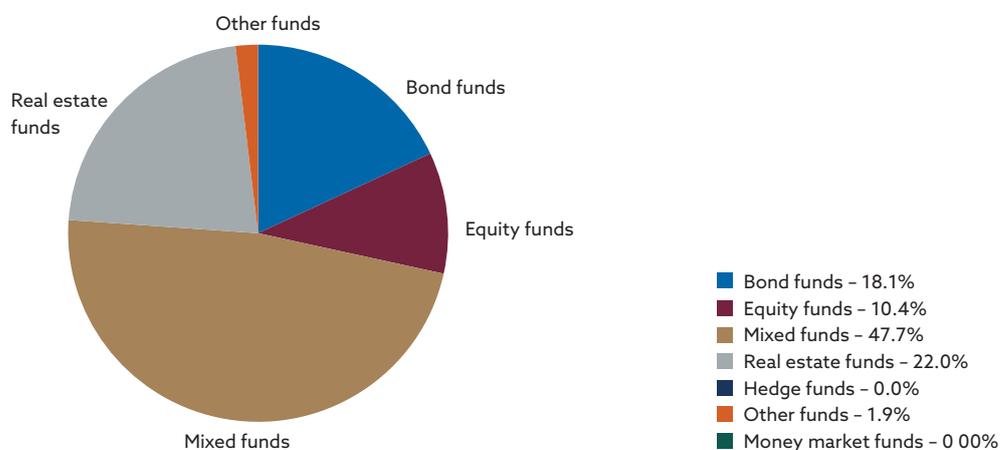
The asset structures of investment funds in Slovakia and in the euro area differ considerably, according to the funds' investment priorities. In the euro area, the dominant funds are equity funds with a share of 26.46% of the total. Equity funds represent the fourth largest group in Slovakia with a share of 10.39%. The dominant funds in Slovakia are mixed funds with a share of 47.68%, which are the third most significant funds in the euro area with a share of 21.87%. Real estate funds invest primarily in equity participations in real estate companies. The share of these funds in Slovakia differ substantially from their share in the euro area. In Slovakia, real estate funds represent the second largest category of funds with a share of 21.98%. In the euro area, however, they account for only 6.13% of the total assets of investment funds and rank sixth in terms of significance. The smallest category of investment funds in the domestic market is represented by other funds (in terms of their share of total assets). They account for 1.90% of the total assets of investment funds in Slovakia, compared with 9.02% in the euro area.

Slovakia's last money market fund was dissolved in 2018. In the euro area, however, money market funds as at the end of 2020 still represented a significant group of funds, with a share of 8.85%.

Hedge funds in the euro area had a share of 3.13% at the end of 2020. These investment funds are particularly risky: they may produce a high yield or a serious loss. They attempt to earn an absolute yield, which is not dependent on the overall economic situation, nor on capital market developments. Investment funds of this category are not yet registered in Slovakia.

Chart 90

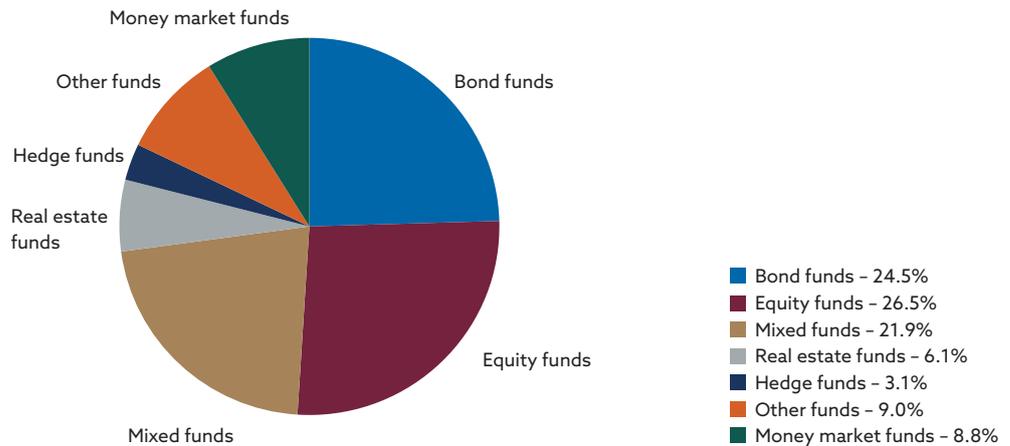
Share of funds types on total assets of domestic mutual funds as at 31 December 2020



Source: NBS.

Chart 91

Share of funds types on total assets of mutual funds in Euro area as at 31 December 2020



Source: ECB, NBS.

3.3 Asset structure of domestic investment funds

3.3.1 Bond funds

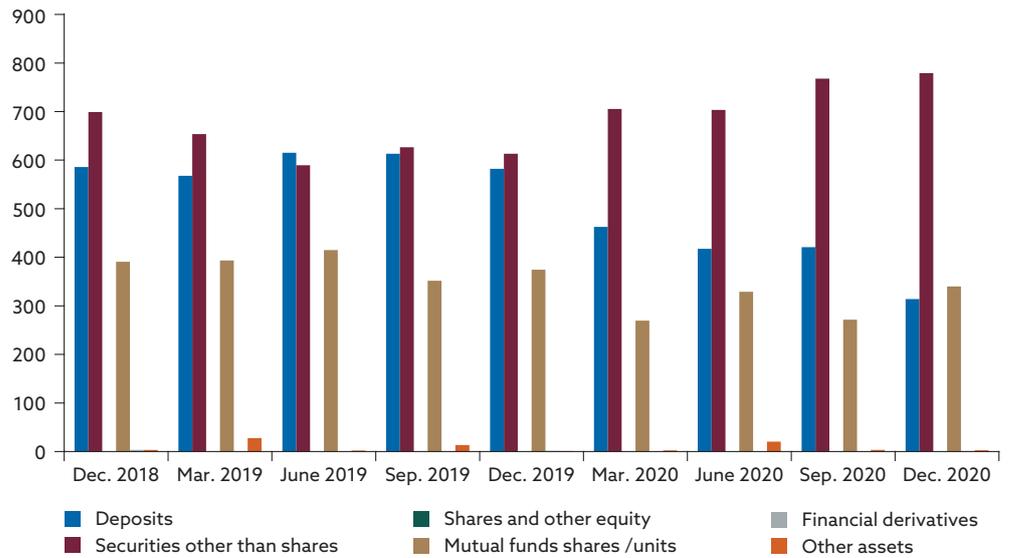
In terms of asset type, bond funds' total assets as at 31 December 2020 broke down as follows: 54.22% were debt securities; 23.67% were investment fund shares/units; 21.85% were term deposits and current account holdings; and the remaining 0.26% were other assets, including financial derivatives.

In terms of issuer residency, bond funds' holdings of debt securities as at 31 December 2020 broke down as follows: 54.89% were securities issued in the rest of the world; 24.54% were securities issued by Slovak residents; and 20.57% were securities issued by residents of other euro area countries.

In terms of issuer sector, bond funds' holdings of debt securities as at 31 December 2020 broke down as follows: 47.09% were government bonds; 27.96% were debt securities issued by non-financial corporations and other financial institutions; and the remaining 24.96% were debt securities issued by banks.

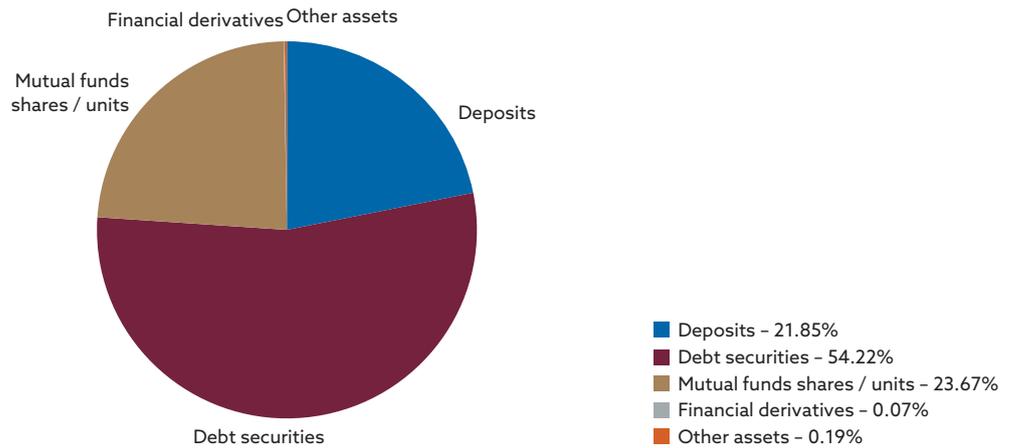
In terms of residual maturity, bond funds' securities holdings as at 31 December 2020 broke down as follows: 32.73% of the securities had a maturity of up to one year, 13.57% a maturity of over one year and up to two years, and 53.70% a maturity of over two years.

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



Source: NBS.

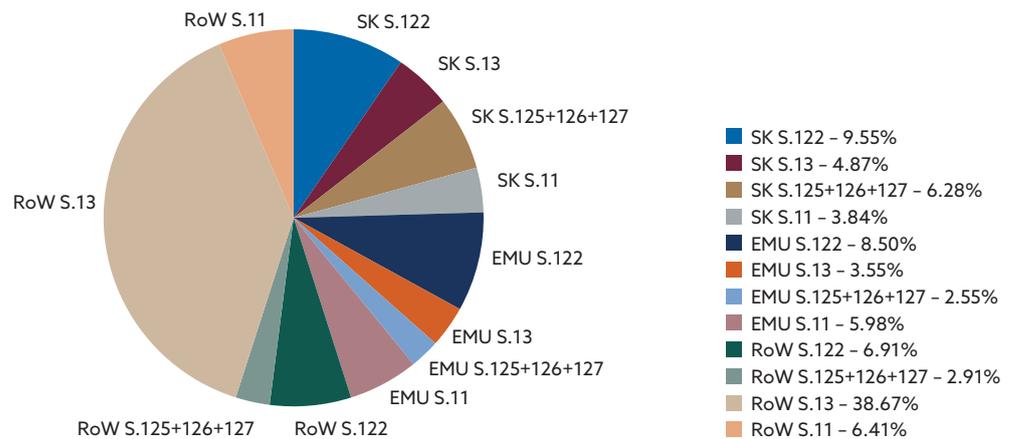
Chart 93
Bond funds: structure of assets as at 31 December 2020



Source: NBS.

Chart 94

Geographical and sectoral breakdown of debt securities in the portfolio of bond funds as at 31 December 2020

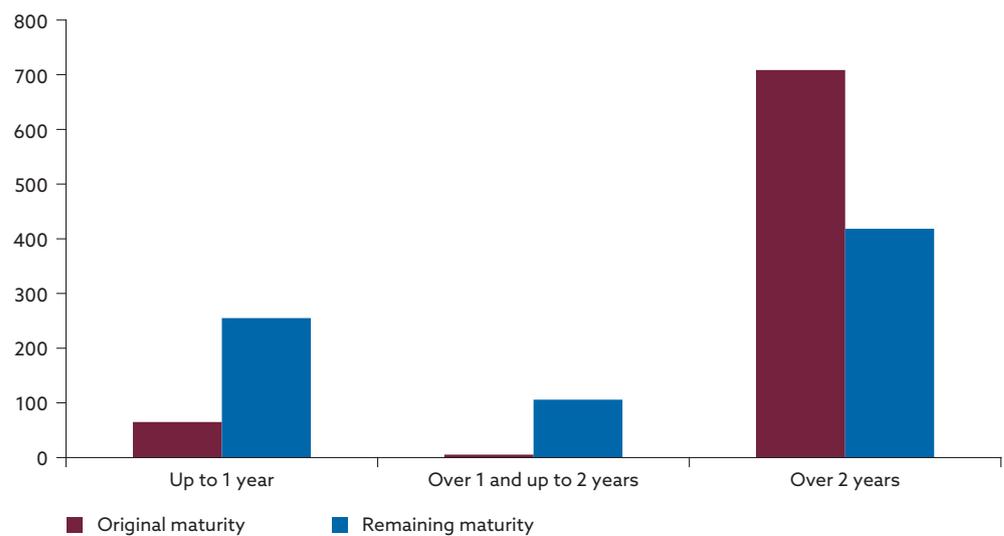


Source: NBS.

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

Chart 95

Maturity breakdown of debt securities in the portfolio of bond funds as at 31 December 2020 (EUR millions)



Source: NBS.

3.3.2 Equity funds

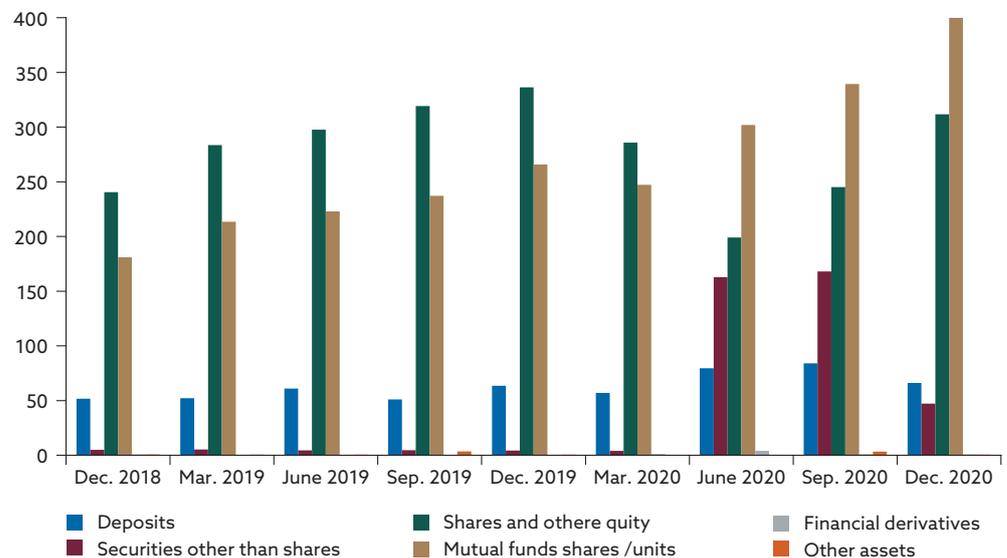
In terms of asset type, equity funds' total assets as at 31 December 2020 broke down as follows: 48.37% were investment fund shares/units; 37.71% were shares and other equity participations; 8.00% were bank deposit account holdings; 5.72% were debt securities; and 0.20% were other assets, including financial derivatives.

Equity funds' holdings of investment fund shares/units, broken down by issuer residency, remained broadly unchanged in the quarter under re-

view, as follows: 10.66% of the shares/units were issued by funds resident in Slovakia; 83.73% were issued by funds resident in other euro area countries; and 5.61% were issued by funds resident in the rest of the world. In terms of sector, equity funds' holdings of shares/units as at 31 December 2020 comprised exclusively investment fund shares/units.

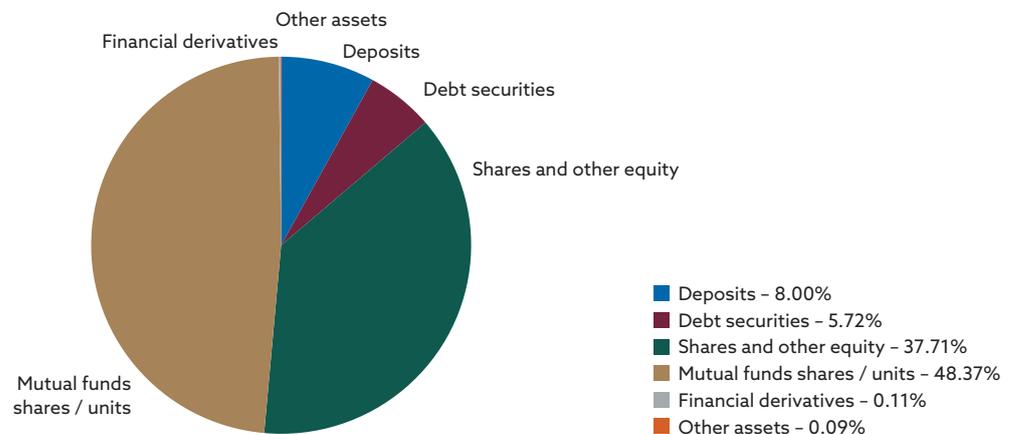
Equity funds' share holdings as at 31 December 2020 broke down as follows: 78.29% were shares issued by non-financial corporations (NFCs) from the rest of the world; 8.96% were shares issued by NFCs resident in euro area countries; 5.47% were shares issued by other financial intermediaries from the rest of the world; and less than 5% were shares issued by issuers from other sectors.

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



Source: NBS.

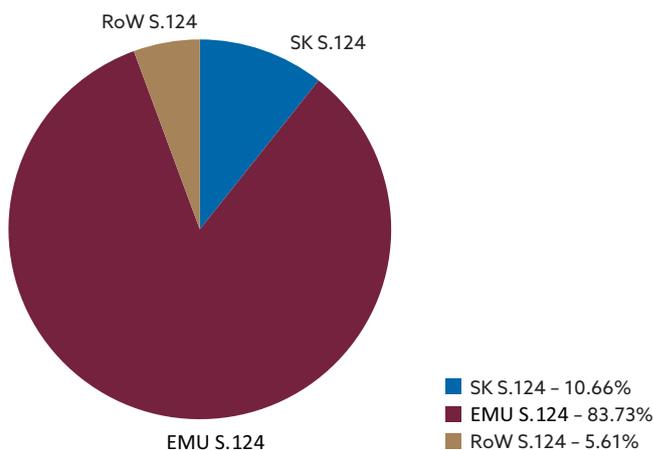
Chart 97
Equity funds: structure of assets as at 31 December 2020



Source: NBS.

Chart 98

Geographical and sectoral breakdown of mutual funds shares / units in the portfolio of equity funds as at 31 December 2020

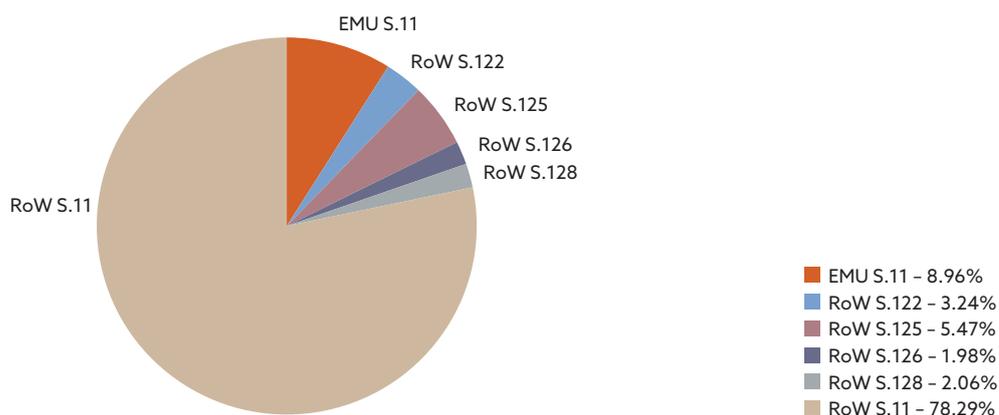


Source: NBS.

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

Chart 99

Geographical and sectoral breakdown of shares and other equity in the portfolio of equity funds as at 31 December 2020



Source: NBS.

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

3.3.3 Mixed funds

The most significant asset items of mixed funds have historically been investment fund shares/units. They accounted for 64.74% of the total assets of mixed funds as at 31 December 2020. Other significant asset items of mixed funds at that date were debt securities (18.77%), bank deposit account holdings (13.83%), shares (2.23%) and other assets, including financial derivatives (0.43%).

In terms of issuer residency, mixed funds' holdings of investment fund shares/units remained broadly unchanged in the quarter under review

and, at 31 December 2020, broke down as follows: 75.01% were shares/units issued by funds resident in euro area countries; 19.78% were shares/units issued by domestic investment funds; and 5.21% were shares/units issued by funds resident in the rest of the world.

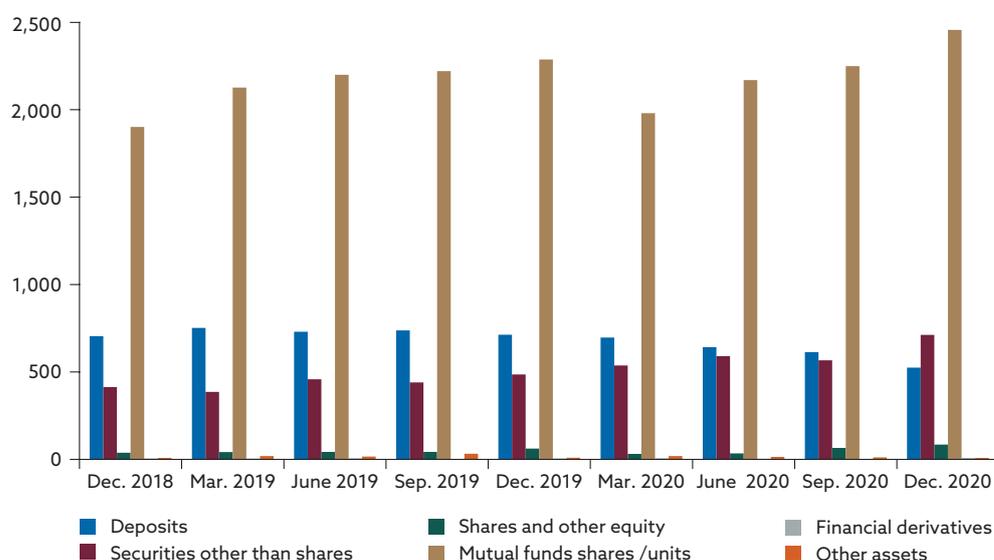
Mixed funds' securities holdings as at 31 December 2020 broke down, in terms of issuer residency, as follows: 51.00% were bonds issued by domestic issuers, 31.67% were securities issued by issuers from the rest of the world, and 17.33% were securities issued by issuers from other euro area countries.

In terms of issuer sector, the general government sector accounted for the largest share, 32.58%, of mixed funds' securities holdings as at 31 December 2020, followed by other financial intermediaries (31.47%), non-financial corporations (23.16%), and the banking sector (12.79%).

In terms of residual maturity, mixed funds' securities holdings as at 31 December 2020 broke down as follows: 24.97% of the securities had a maturity of up to one year; 18.15% a maturity of over one year and up to two years; and 56.88% a maturity of over two years.

Chart 100

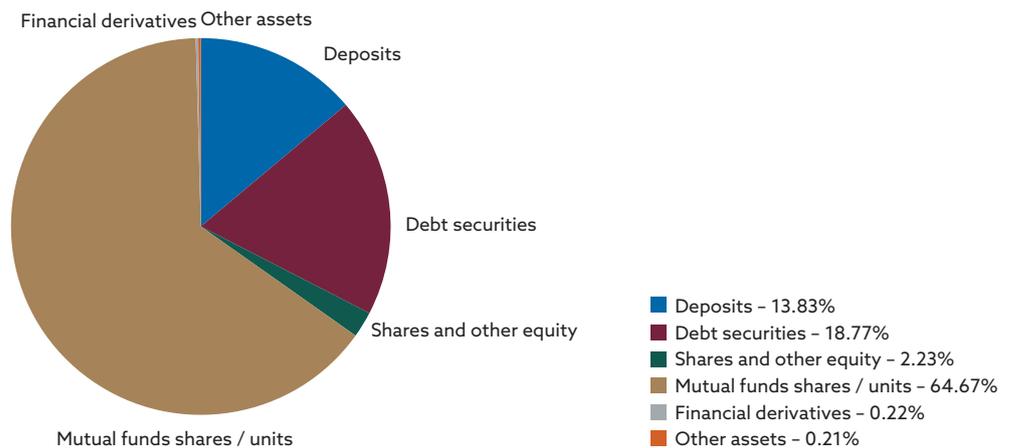
Mixed funds: evolution of assets (EUR millions)



Source: NBS.

Chart 101

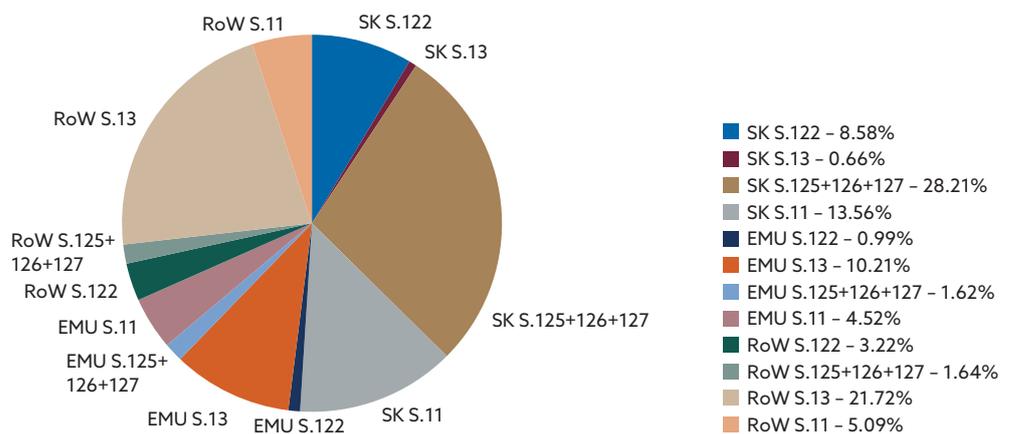
Mixed funds: structure of assets as at 31 December 2020



Source: NBS.

Chart 102

Geographical and sectoral breakdown of debt securities in the portfolio of mixed funds as at 31 December 2020

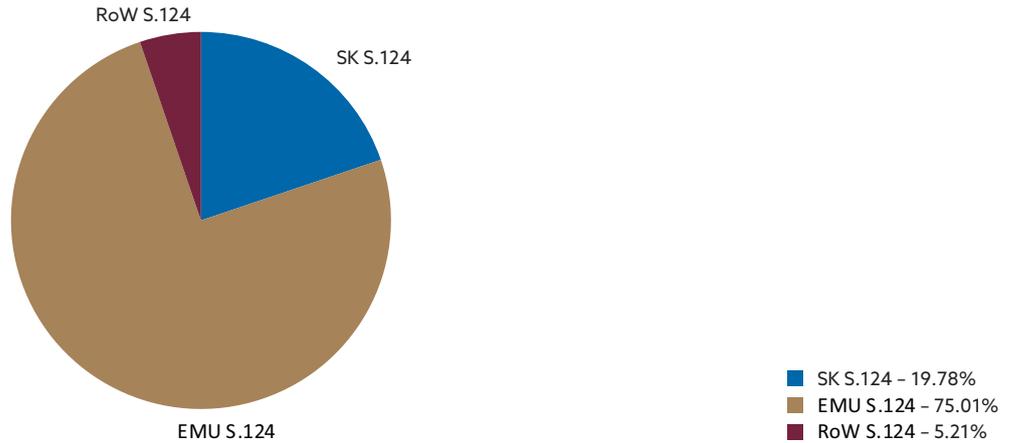


Source: NBS.

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

Chart 103

Geographical and sectoral breakdown of mutual funds shares / units in the portfolio of mixed funds as at 31 December 2020

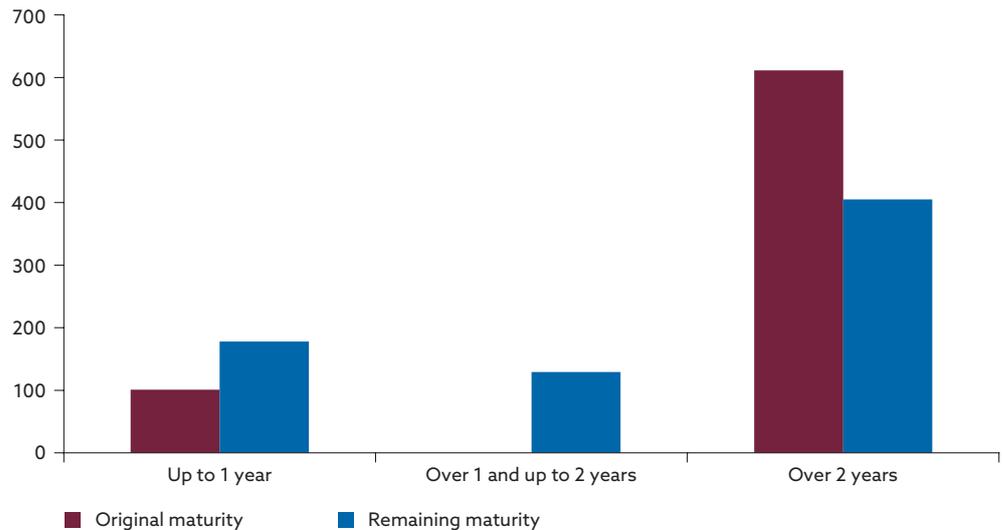


Source: NBS.

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

Chart 104

Maturity breakdown of debt securities in the portfolio of bond funds as at 31 December 2020 (EUR millions)



Source: NBS.

3.3.4 Real estate funds

Real estate funds invest primarily in shares and equity participations in real estate companies, according to their investment strategy. They may use the funds obtained to provide loans to real estate companies in accordance with the applicable law.

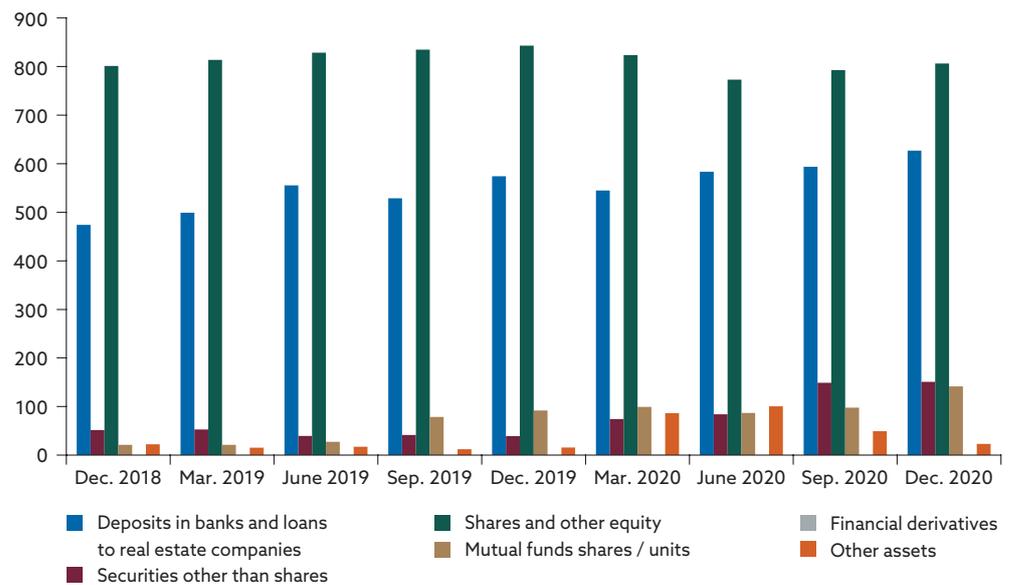
In terms of asset type, real estate funds' total assets as at 31 December 2020 broke down as follows: 35.84% were bank deposits and loans provided to

real estate companies, 46.09% were shares and other equity participations, 8.64% were debt securities, 8.09% were investment fund shares/units, and 1.34% were other assets.

In terms of issuer residency and sector, the companies in which real estate funds held shares and other equity participations broke down, at 31 December 2020, as follows: 87.44% of them were domestic non-financial corporations, 11.93% were non-financial corporations from the rest of the world, and less than 1% were companies from other sectors.

Chart 105

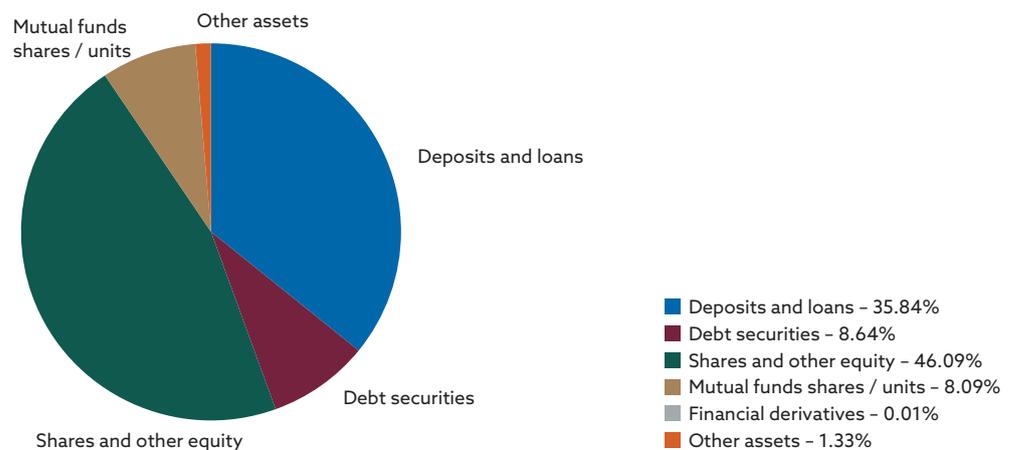
Real estate funds: evolution of assets (EUR millions)



Source: NBS.

Chart 106

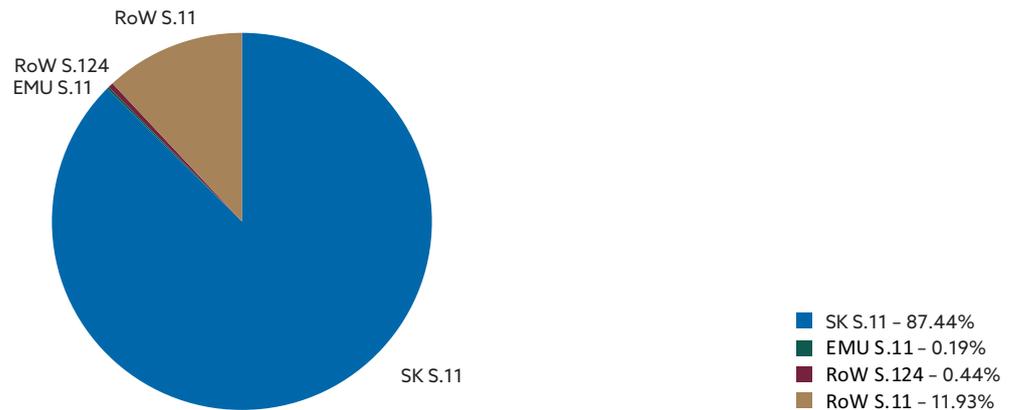
Real estate funds: structure of assets as at 31 December 2020



Source: NBS.

Chart 107

Geographical and sectoral breakdown of shares and other equity in the portfolio of real estate funds as at 31 December 2020



Source: NBS.

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

3.3.5 Other funds

Other investment funds comprise investment funds whose investment strategy does not allow them to be clearly placed in any of the above-mentioned categories. They include alternative investment funds (e.g. commodity funds), securities funds, professional investor funds, and other specialised funds.

The assets of other funds managed by domestic asset management companies comprise mainly bank deposits, debt securities, and investment fund shares/units.

The most significant balance-sheet items of other funds as at 31 December 2020 were debt securities with a share of 53.45%, followed by investment fund shares/units (39.15%) and bank deposit account holdings (6.60%).

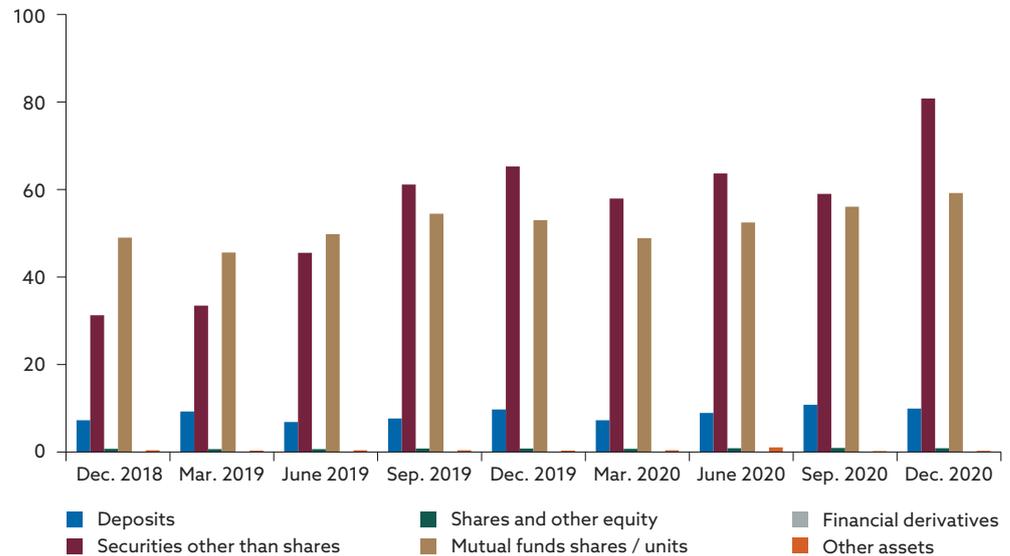
In terms of issuer residency, other funds' debt securities holdings as at 31 December 2020 remained broadly unchanged, as follows: 81.87% were domestic securities, 10.64% were securities issued in the rest of the world, and 7.49% were securities issued in other euro area countries.

In terms of issuer sector, securities issued by non-monetary financial institutions (sectors S.125, S.126 and S.127) accounted for the largest share of other funds' debt securities holdings as at 31 December 2020 (i.e. 63.86%), followed by securities issued by non-financial corporations (S.11) with a share of 29.27%, securities issued in the general government sector (S.13) with a share of 3.84%, and securities issued by banks (S.122) with a share of 3.04%.

In terms of residual maturity, other funds' securities holdings as at 31 December 2020 broke down as follows: 12.72% of the securities had a maturity of up to one year, 32.13% a maturity of over one year and up to two years, and 55.15% a maturity of over two years.

Chart 108

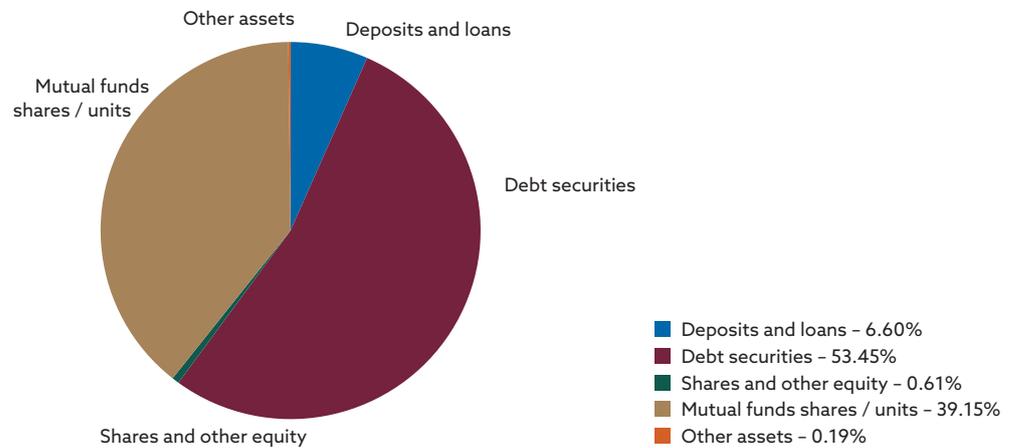
Other funds: evolution of assets (EUR millions)



Source: NBS.

Chart 109

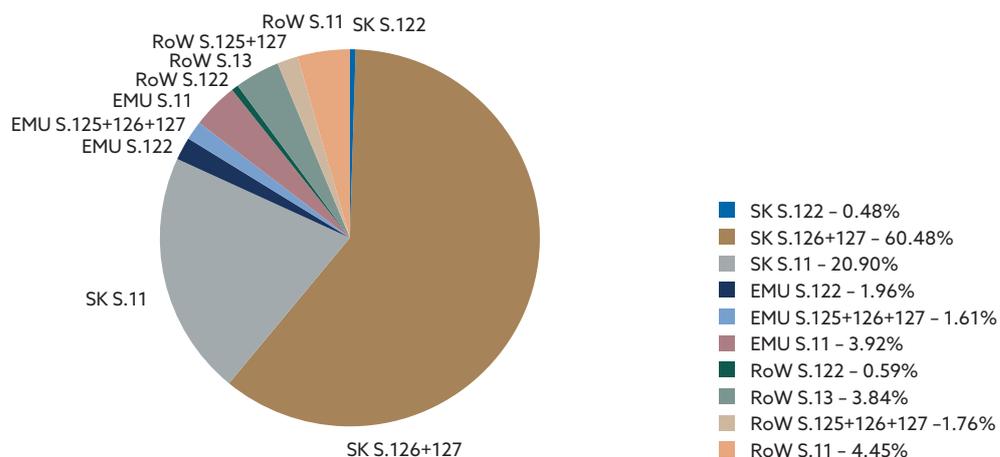
Other funds: structure of assets as at 31 December 2020



Source: NBS.

Chart 110

Geographical and sectoral breakdown of debt securities in the portfolio of other funds as at 31 December 2020

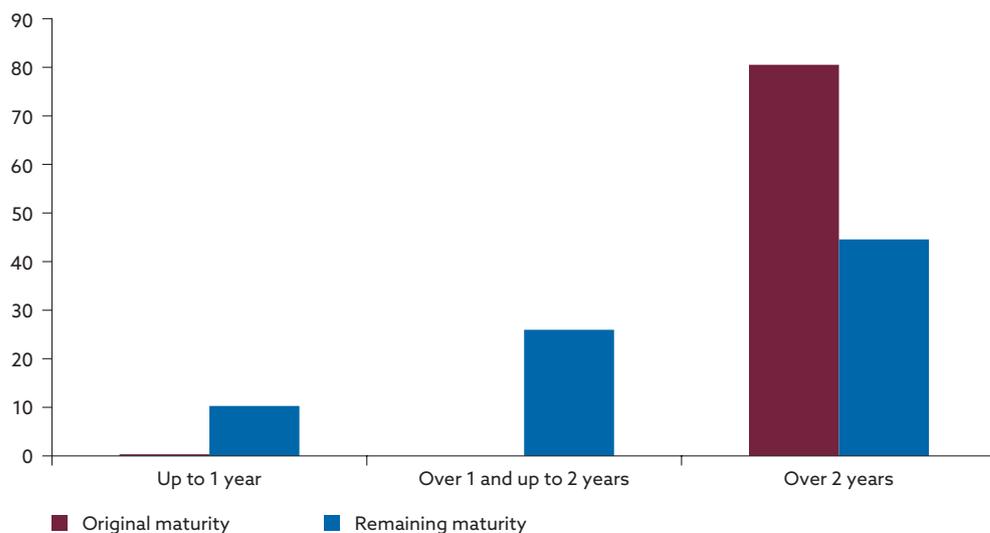


Source: NBS.

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

Chart 111

Maturity breakdown of debt securities in portfolio of other funds as at 31 December 2020 (EUR millions)



Source: NBS.

4 Leasing, factoring and consumer credit companies

According to the sectoral classification of economic entities (ESA 2010), the companies under analysis are included in the S.125 sector – *other financial intermediaries*², as a subcategory referred to as *financial corporations engaged in lending*.

The fourth quarter of 2020 was, in terms of asset growth, favourable for factoring and other companies. Consumer credit companies and leasing companies, by contrast, recorded a year-on-year decline in their assets in that quarter.

The total assets of factoring and other companies as at 31 December 2020 were higher, year on year, by 9.44%. At the same date, the total assets of consumer credit companies were 7.94% lower than a year earlier. The total assets of leasing companies were also lower, year on year, by 2.73%.

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

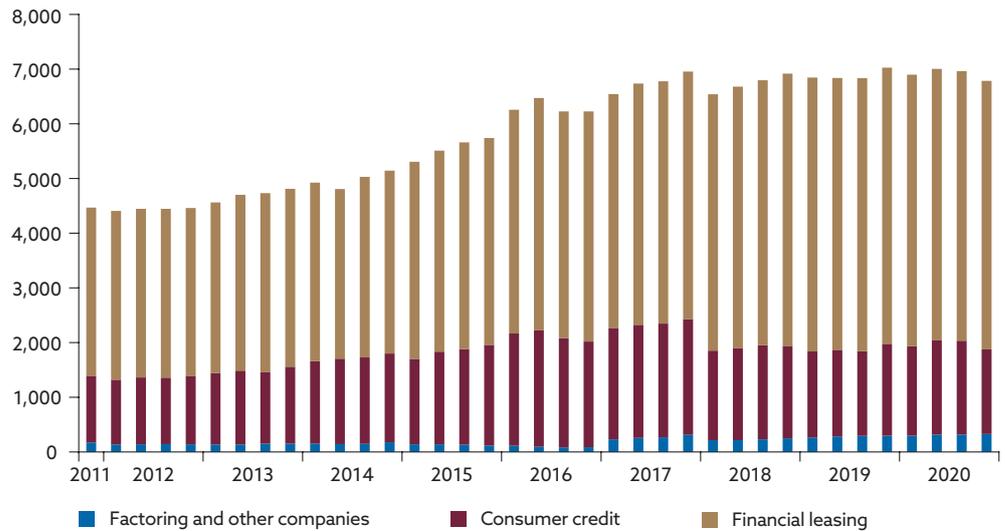
Total assets	Year-on-year change in %								
	XII. 2018	III. 2019	VI. 2019	IX. 2019	XII. 2019	III. 2020	VI. 2020	IX. 2020	XII. 2020
Factoring and other companies	-19.82	24.01	31.60	26.89	19.88	12.90	12.15	8.55	9.44
Consumer credit	-20.20	-4.14	-6.09	-10.00	-0.74	4.27	9.10	10.79	-7.94
Financial leasing	9.99	6.89	4.01	3.03	1.47	-0.93	-0.22	-1.28	-2.73

Source: NBS.

² The European System of National Accounts (ESA 2010) defines 'other financial intermediaries, except insurance corporations and pension funds' as financial corporations and quasi-corporations engaged mainly in financial intermediation through the acceptance of liabilities in forms other than cash, deposits and/or close substitutes for deposits from institutional units other than monetary financial institutions, or insurance technical reserves.

Chart 112

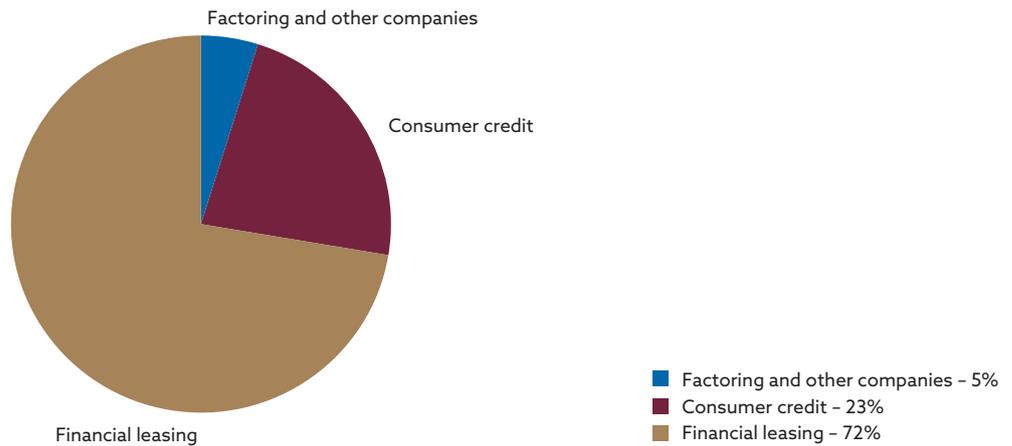
Evolution of total assets by type of business (EUR millions)



Source: NBS.

Chart 113

Total assets of financial corporations engaged in lending broken down by type of company as at 31 December 2020



Source: NBS.

Among companies engaged in non-bank lending, leasing companies have long held the leading position in this market. At the end of 2020, they accounted for 72% of the total assets. Consumer credit companies while factoring and other companies had a market share of 5%.

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

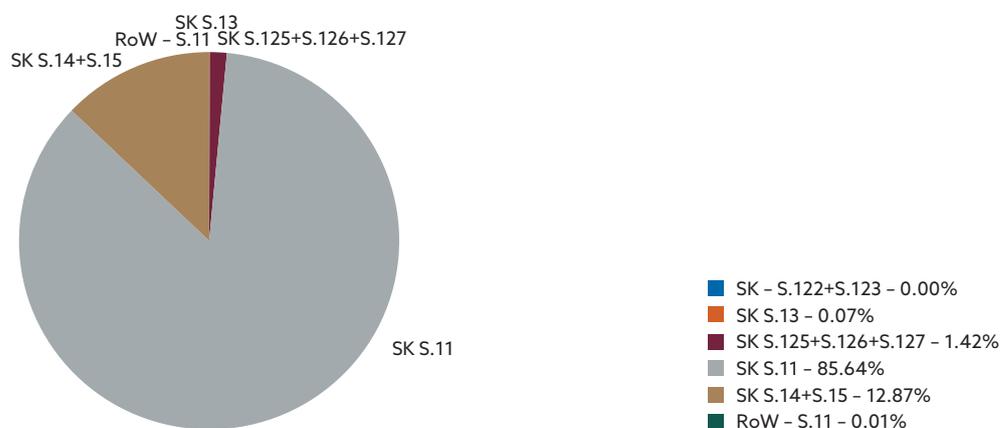
In financial leasing, the share of domestic customers was still 99.99% in the period under review, of which non-financial corporations accounted for 85.64%, households for 12.87%, and other sectors for 1.49%.

Domestic customers constituted 29.53% of consumer credit companies' total customers as at 31 December 2020, while customers from the rest of world accounted for 68.04% and those from other euro area countries for 2.43%. Since the purchase of goods through instalment credit is traditionally a significant form of household financing in Slovakia, the household sector continued to account for the largest share of domestic customers, i.e. 85.14%, in the period under review. It was followed by the non-financial corporations sector with a share of 13.75% and that of other financial intermediaries with a share of 1.11%.

At the end of the last quarter of 2020, domestic customers constituted 98.12% of factoring and other companies' total customers, of which customers from the rest of the world accounted for 1.88%. The customers of factoring and other companies in Slovakia were dominated by households with a share of 73.31%, followed by non-financial corporations with a share of 24.81%.

Chart 114

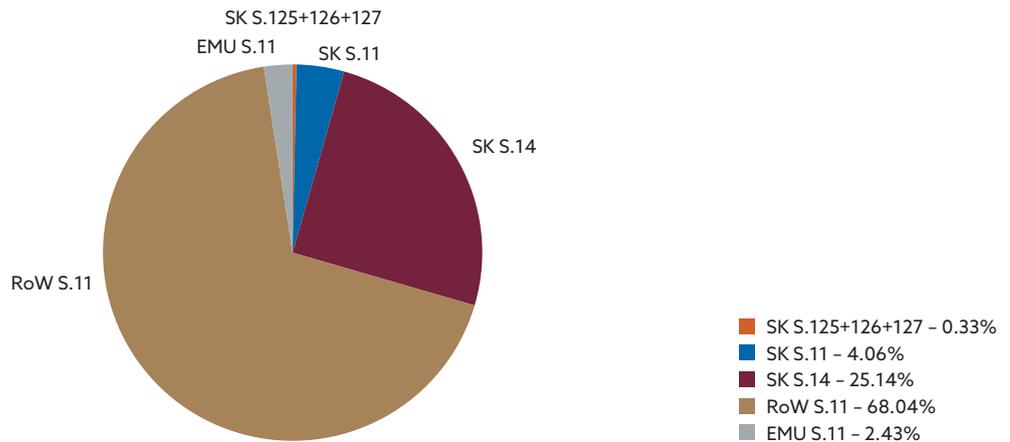
Geographical and sectoral breakdown of lending by financial leasing companies as at 31 December 2020



Source: NBS.

Chart 115

Geographical and sectoral breakdown of lending by consumer credit companies as at 31 December 2020

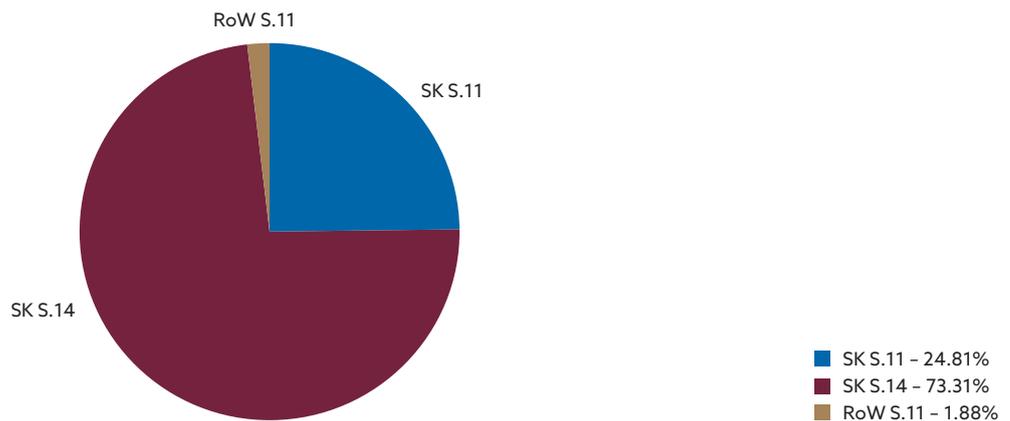


Source: NBS.

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

Chart 116

Geographical and sectoral breakdown of lending by factoring and other companies as at 31 December 2020



Source: NBS.

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

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

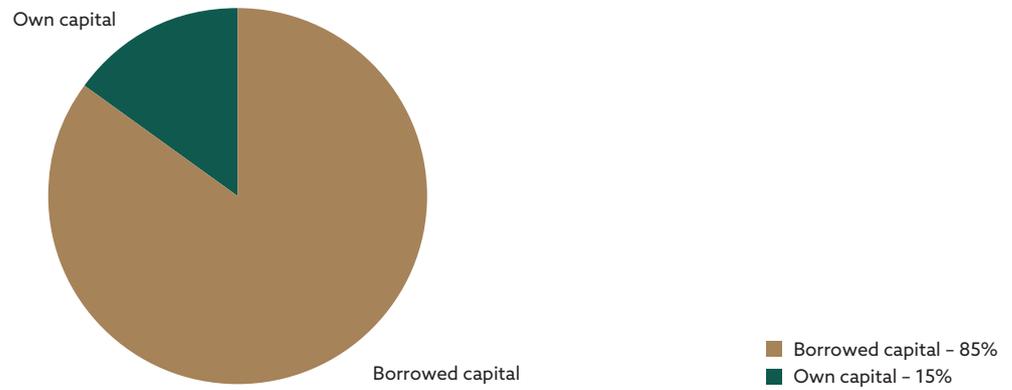
The main source of financing was foreign (borrowed) capital representing 84.51% of the total financial resources. Foreign capital was obtained mostly in the form of bank loans, which accounted for 83.81% at 31 December 2020. The rest was obtained in the form of proceeds from issues of debt securities (8.20%) and credits or loans borrowed from companies belonging to the same group (7.99%). The main components of own funds were share

capital, retained earnings from previous periods, shares and other equity participations.

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

Chart 117

Breakdown of source capital as at 31 December 2020



Source: NBS.

5 Securities

5.1 Debt securities

In terms of issuer sector, the overall portfolio of debt securities as at 31 December 2020 was dominated by government bonds (€46,677.4 million); followed by bonds issued by banks (€7,368.1 million), debt securities issued by non-financial corporations (€4,098.1 million) and those issued by other financial institutions (€3,089.7 million).

The net issuance of debt securities declined in the last quarter of 2020, by approximately €257.2 million compared with the previous quarter, i.e. the amount of newly issued securities was lower than the amount redeemed. Debt securities issuance in the government sector decreased in that period by €273.0 million in net terms. This decrease was accompanied by decline in bonds issuance by other financial institutions (by €23.2 million in net terms). By contrast, bonds issuance by banks and non-financial corporations increased in net terms by €5.6 million and €33.4 million respectively.

Table 14 Debt securities (EUR thousands)

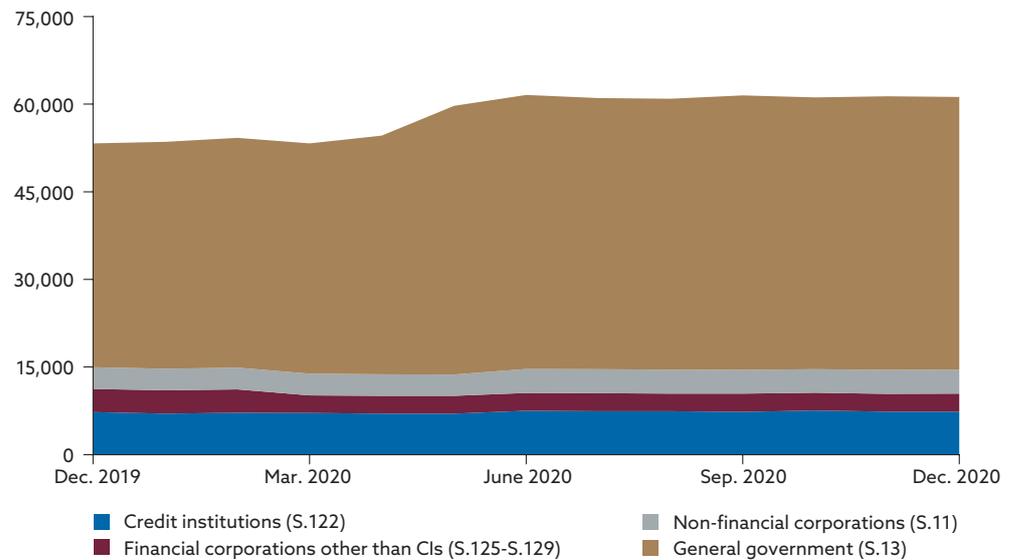
Month	Outstanding amounts					Net issues				
	Total	Monetary financial institutions	Non-monetary financial institutions	Nonfinancial corporations	General government	Total	Monetary financial institutions	Non-monetary financial institutions	Nonfinancial corporations	General government
2019 / 12	53,281,531	7,291,997	3,943,465	3,754,729	38,291,341	495,950	422,262	190,134	-46,358	-70,088
2020 / 03	53,259,061	7,154,296	3,007,125	3,704,469	39,393,171	-22,861	-136,151	-941,649	-52,820	1,107,760
2020 / 06	61,572,806	7,522,870	3,045,376	4,110,615	46,893,946	7,813,269	367,359	27,961	-96,981	7,514,929
2020 / 09	61,503,033	7,350,437	3,101,313	4,061,928	46,989,354	-12,140	-171,299	47,701	-50,942	162,400
2020 / 12	61,233,292	7,368,069	3,089,719	4,098,115	46,677,389	-257,206	5,649	-23,228	33,372	-273,000

Source: NBS.

The outstanding amount of debt securities issued decreased slightly over the fourth quarter of 2020, by 0.44%.

Chart 118

Debt securities by sector (outstanding amounts, EUR millions)

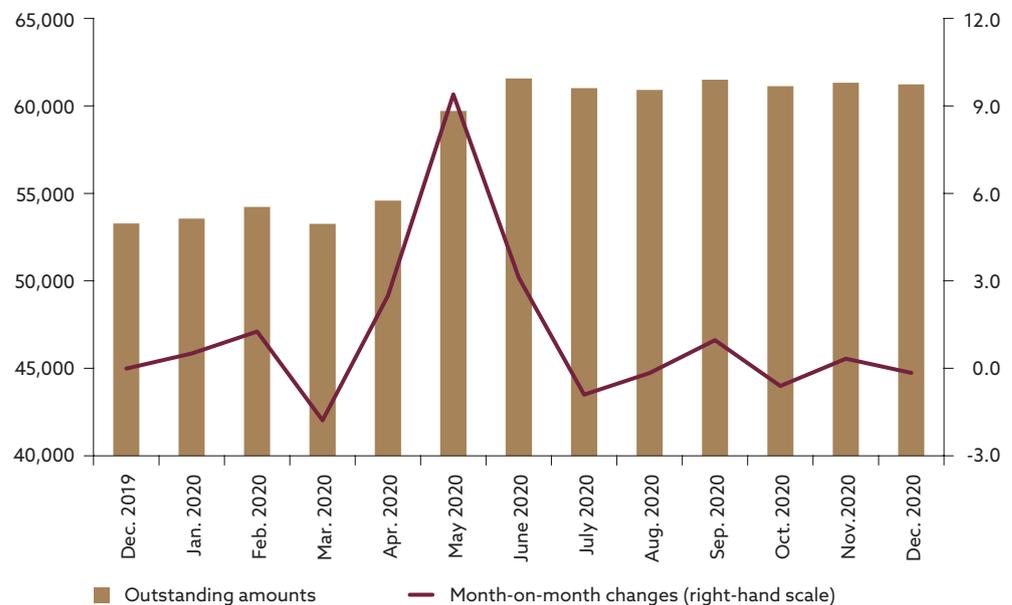


Source: NBS.

In the quarter under review, the stock of debt securities issued decreased, month on month, by 0.61% in October and by 0.16% in December. In November, however, an increase of 0.33% was recorded in their stock.

Chart 119

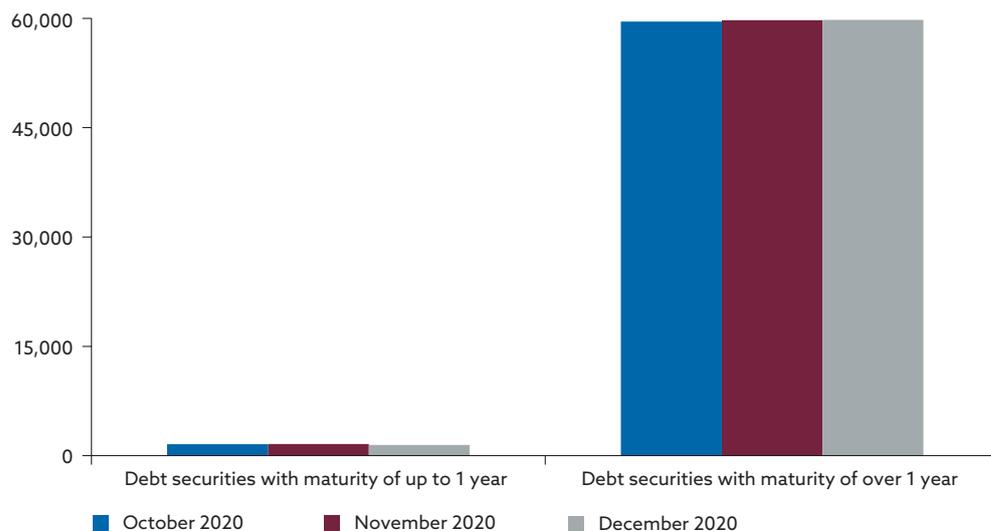
Debt securities – outstanding amounts, month-on-month changes (EUR millions, %)



Source: NBS.

Chart 120

Debt securities – monthly outstanding amounts (EUR millions)



Source: NBS.

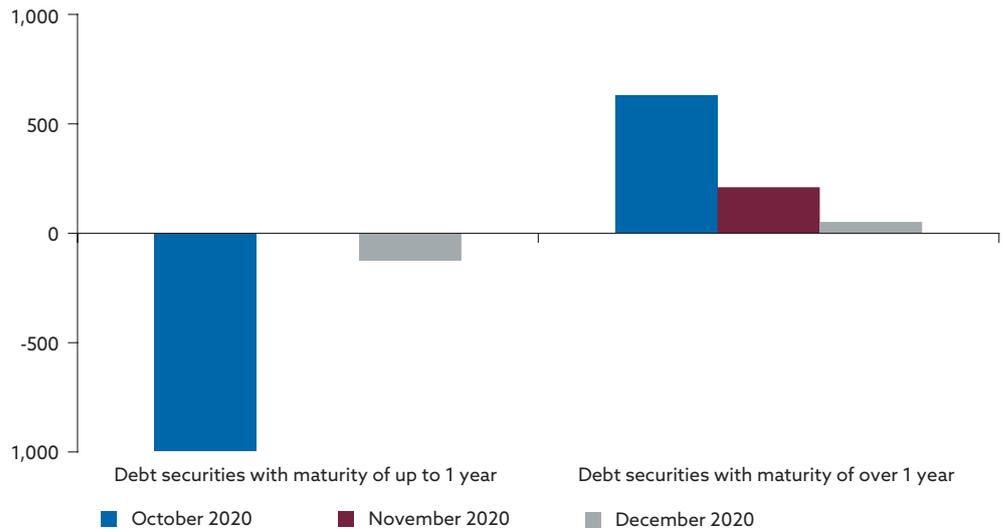
A total of 21 new issues were placed on the securities market during the last quarter of 2020, including four issued by non-financial corporations, six issued by banks, one issued by other financial intermediaries, and ten issued by captive financial institutions.

The net issuance of short-term debt securities declined in the period under review by approximately €1.15 billion. This decline took place mostly in Treasury bills (€1.12 billion, in net terms).

The net issuance of long-term debt securities increased in the fourth quarter by approximately €893.1 million. The most significant increases were recorded in government bonds (€847.0 million), bonds issued by captive financial institutions (€45.8 million), non-financial corporations (€43.4 million), and by banks (€5.9 million). By contrast, decreases were recorded in long-term debt securities issued by other financial intermediaries (€29.7 million) and by financial auxiliaries (€19.3 million).

Chart 121

Debt securities (net issues, EUR millions, Q4 2020)



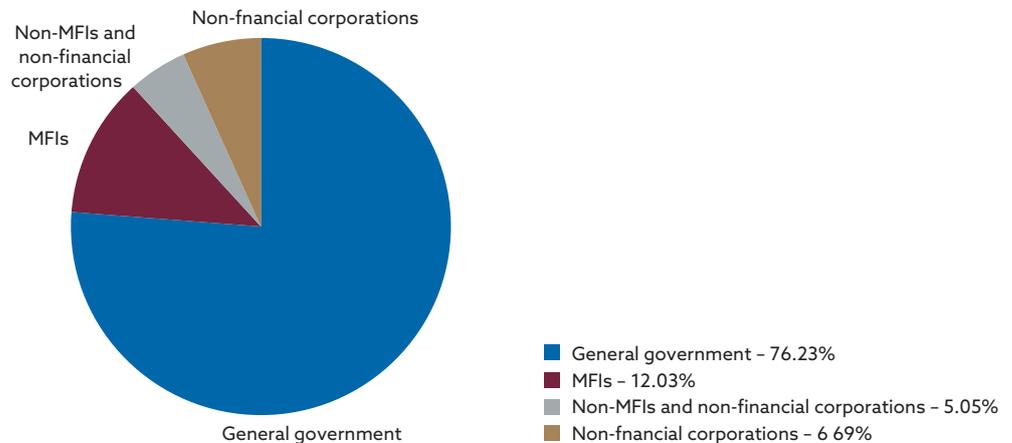
Source: NBS.

A breakdown by sector of the stock of debt securities issued shows that, at the end of 2020, the largest share was accounted for by the general government sector (76.2%), while monetary financial institutions accounted for only 12.0%, non-monetary financial institutions for 5.0%, and non-financial corporations for 6.7%. In terms of their coupon type, 92.5% of the securities issued were fixed-coupon securities, 5.7% were zero-coupon securities, and 1.8% were variable-coupon securities. As much as 96.75% of the issues were denominated in euro, and the rest, 3.25%, in foreign currencies.

Only 2.4% of the securities issued had an original maturity of up to one year, while around 10% had a residual maturity of up to one year.

Chart 122

Debt securities by sector (outstanding amounts)

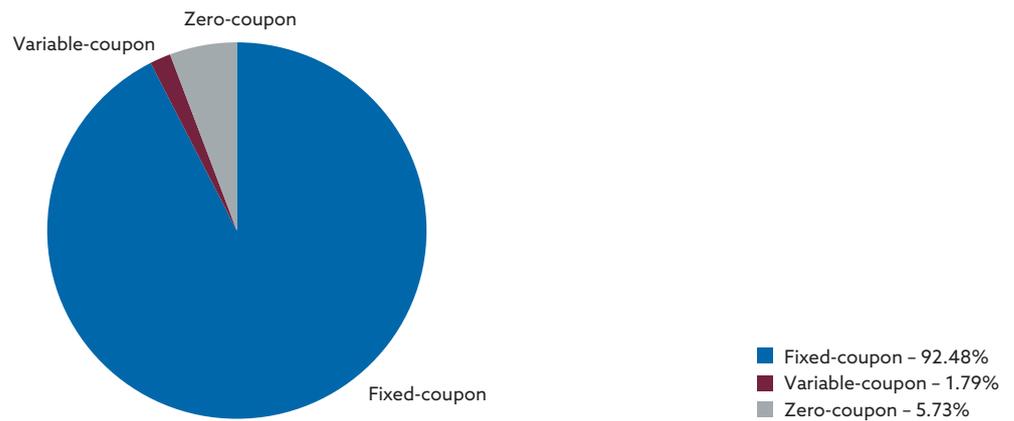


Source: NBS.

Note: The individual items are classified according to the outstanding amounts of issues as at 31 December 2020.

Chart 123

Debt securities by coupon type (outstanding amounts)

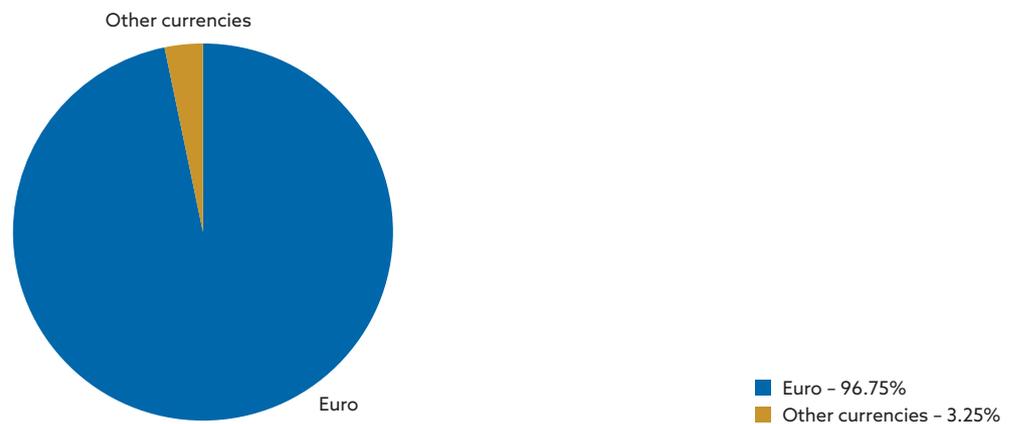


Source: NBS.

Note: The individual items are classified according to the outstanding amounts of issues as at 31 December 2020.

Chart 124

Debt securities by currency (outstanding amounts)

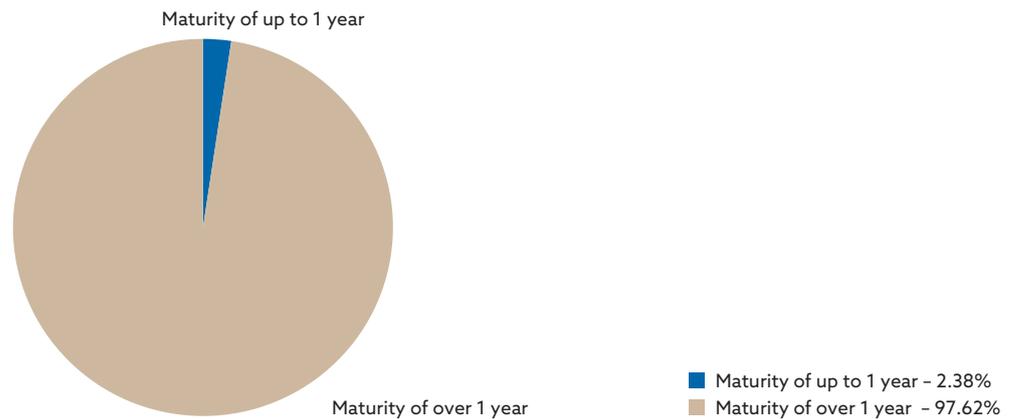


Source: NBS.

Note: The individual items are classified according to the outstanding amounts of issues as at 31 December 2020.

Chart 125

Debt securities by original maturity (outstanding amounts)



Source: NBS.

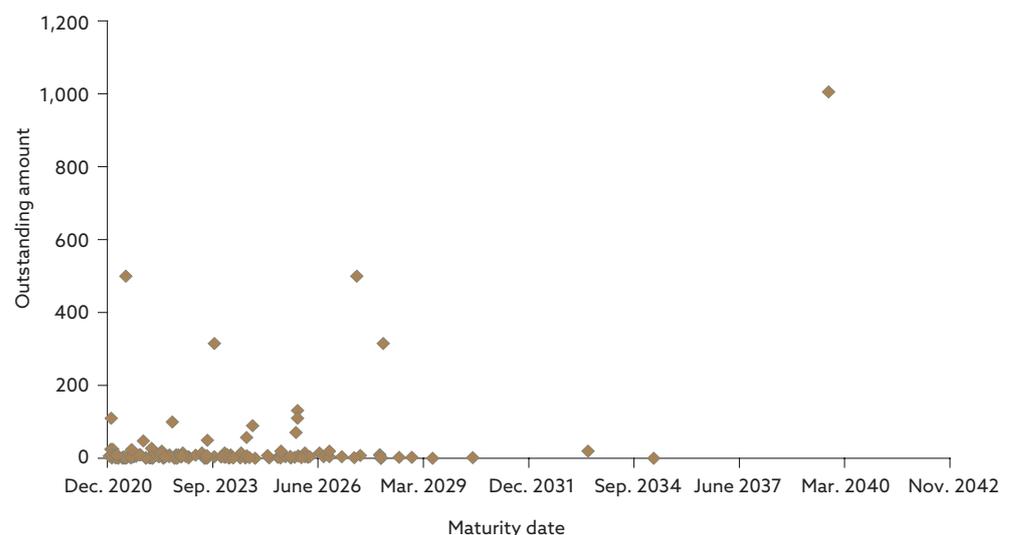
Note: The individual items are classified according to the outstanding amounts of issues as at 31 December 2020.

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

The most numerous debt securities placed on the domestic market by non-financial corporations are those with an outstanding amount of up to €10 million and maturity until 2024. The largest outstanding issue amount is more than €1.1 billion and the longest maturity period exceeds 20 years.

Chart 126

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



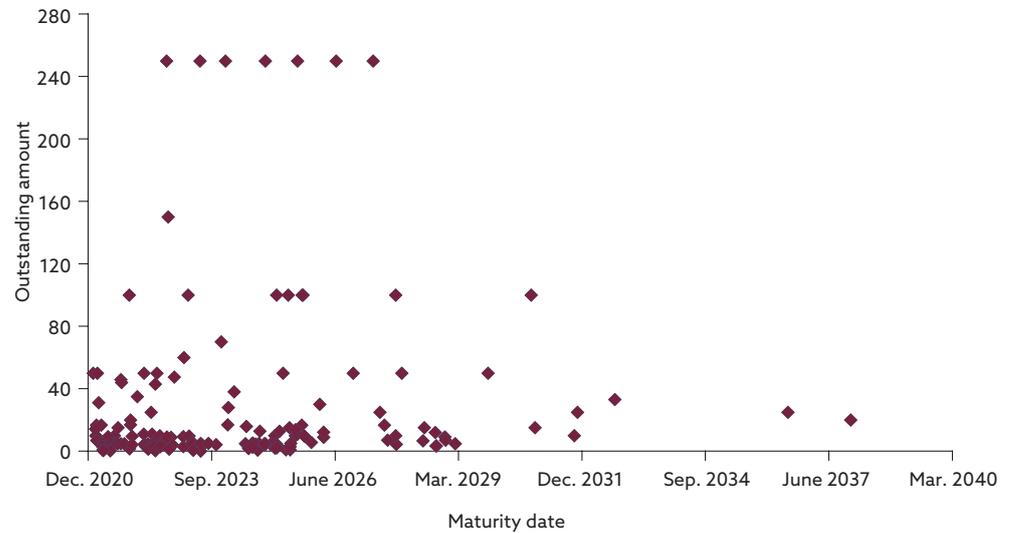
Source: NBS.

The largest concentration of outstanding amounts of debt securities issued by banks is up to €20 million and with maturity period until 2025.

The largest outstanding amount fluctuates around €250 million and the longest maturity period is until 2037.

Chart 127

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



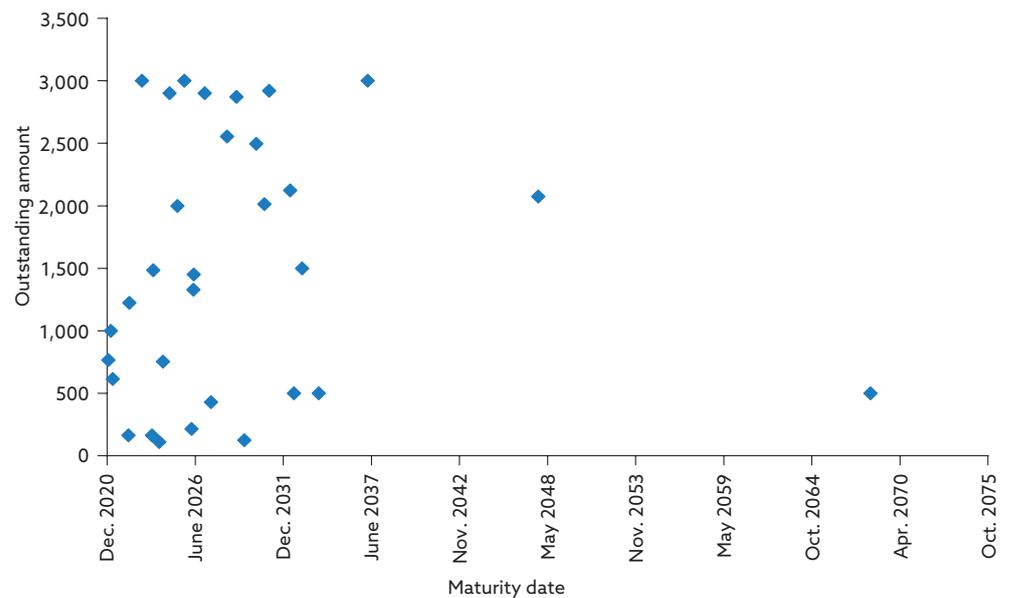
Source: NBS.

Note: Analysis does not take into consideration perpetual bonds, to avoid their effect as its maturity date can be extended until 2099.

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

Chart 128

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

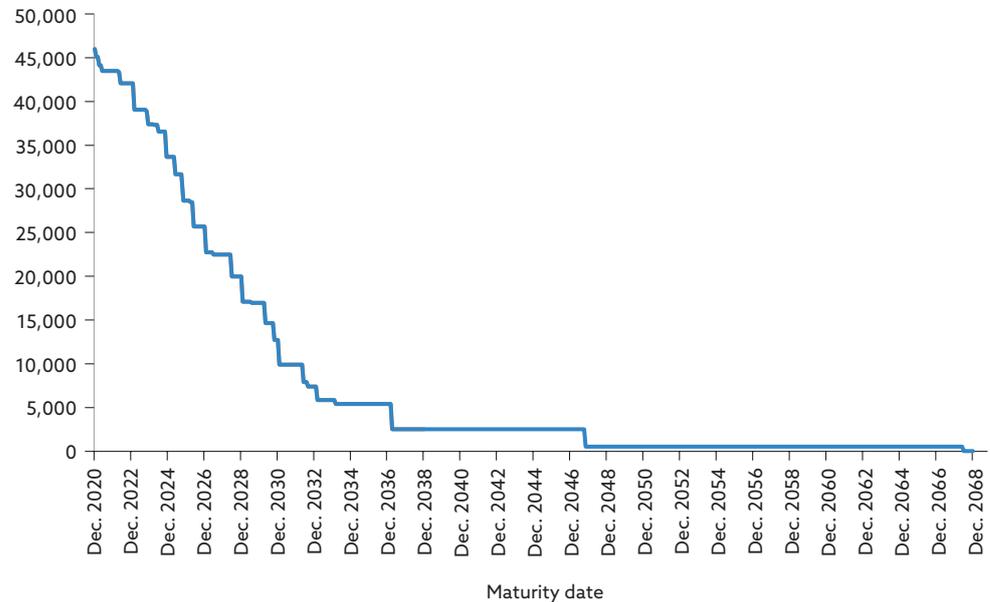


Source: NBS.

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

Chart 129

Government bonds: maturity profile (EUR millions)



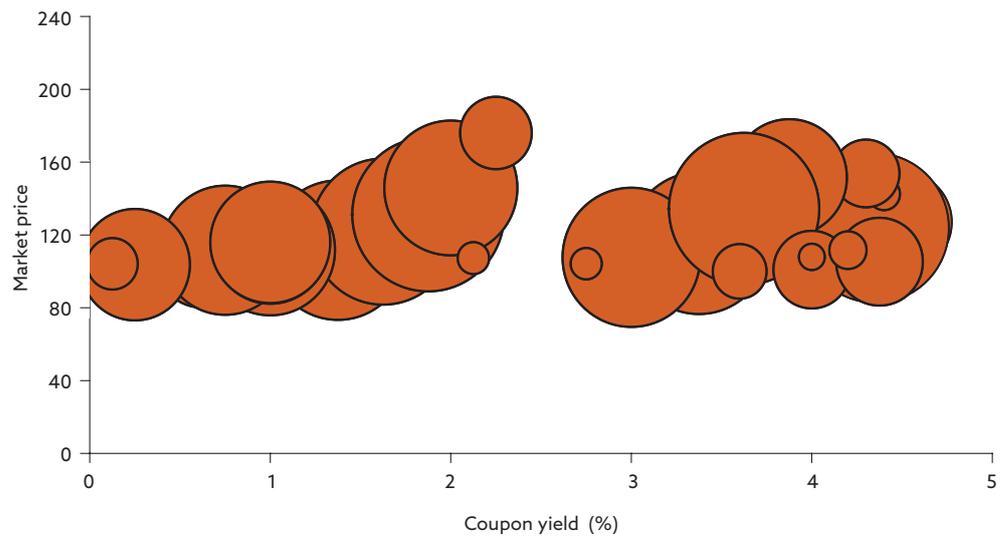
Source: NBS.

The following chart illustrates the outstanding amounts of coupon-paying government bonds as a function of their market price and coupon yield as at the end of the fourth quarter of 2020. The average market price³ of these government bonds stood at 121.77% and the coupon yield was 2.37% at that time.

³ Arithmetical average weighted by the outstanding amount of issues.

Chart 130

Government bonds: outstanding amounts (coupon bonds only)



Source: NBS, CSDB, issue prospectus.

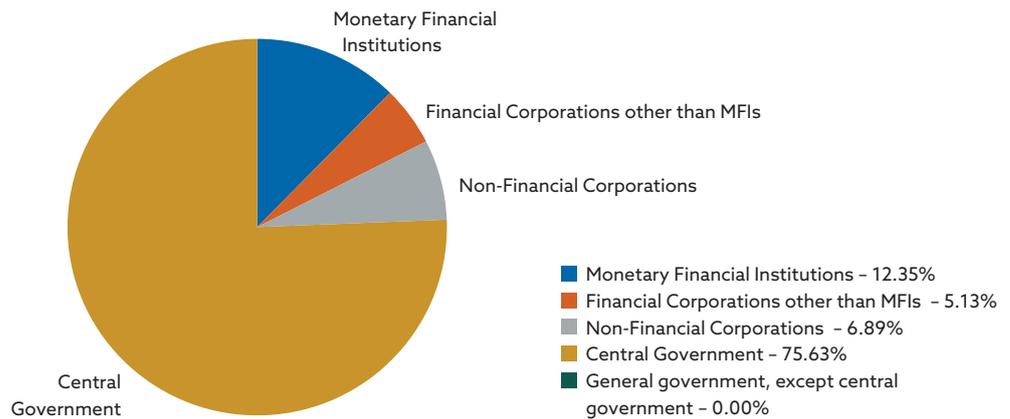
Note: The bubble in this chart is directly proportional in size to the outstanding amounts of the individual issues, while the centre of the bubble is given by the intersection of the market price (Source: ECB Centralised Securities Database) and the coupon yield (Source: Issue conditions).

5.2 Comparison of debt securities: Slovakia vs euro area

Debt securities issued in Slovakia and in the euro area differ considerably in structure according to the sector of the issuer. Their structure in Slovakia is dominated by the central government sector (75.6%), followed by that of monetary financial institutions (12.4%), other financial institutions (5.1%), and non-financial corporations (6.9%). In the euro area as a whole, the leading issuer of debt securities is the central government, too, though its share (52.4%) is much smaller than in Slovakia. The second most significant sector is that of monetary financial institutions with a share of 20.4%. Compared with Slovakia, another important issuer of debt securities in the euro area is the sector of financial institutions other than monetary financial institutions, with a share of 14.6%. Non-financial institutions and the government sector (excluding the central government) account for 8.1% and 4.5% respectively.

Chart 131

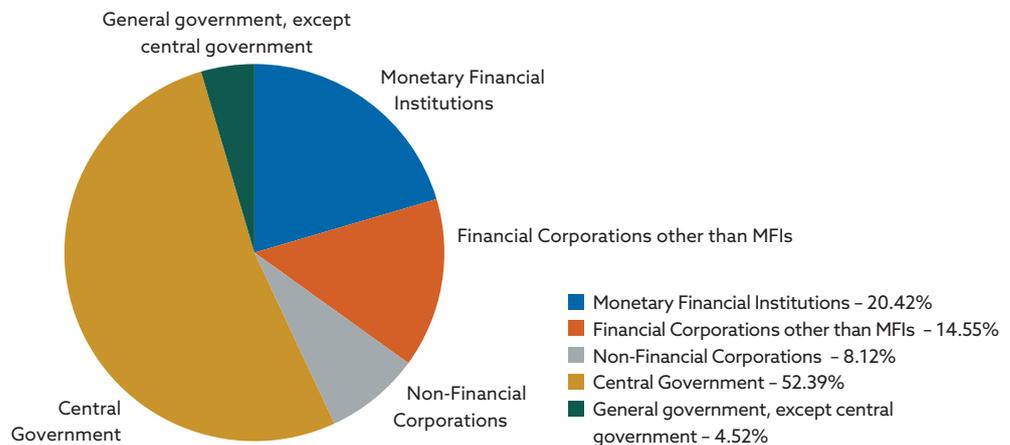
Debt securities – Slovakia: by sector (outstanding amounts)



Source: NBS.

Chart 132

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

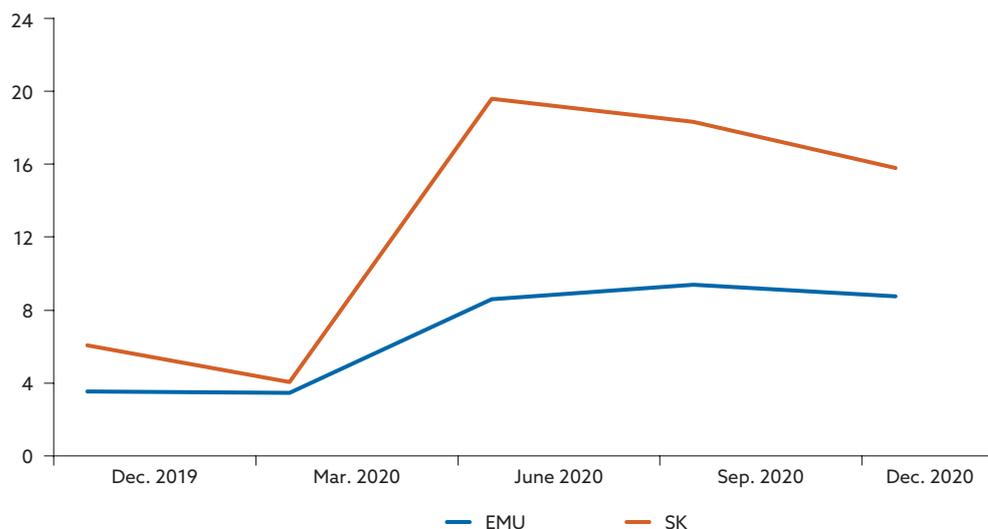


Source: NBS, ECB.

During 2020, the stock of debt securities issued by Slovak residents increased, year on year, in each quarter under review. In the first quarter, the issuance of debt securities in Slovakia and in the euro area followed similar trends. In the second quarter, however, the stock of such securities issued in Slovakia started to grow, year on year, at a much faster pace than in the euro area. The biggest difference was recorded at the end of June 2020, when the stock of debt securities issued in Slovakia increased, year on year, by 19.6%, compared with 8.6% in the euro area.

Chart 133

Debt securities – outstanding amounts (year-on-year changes in %)

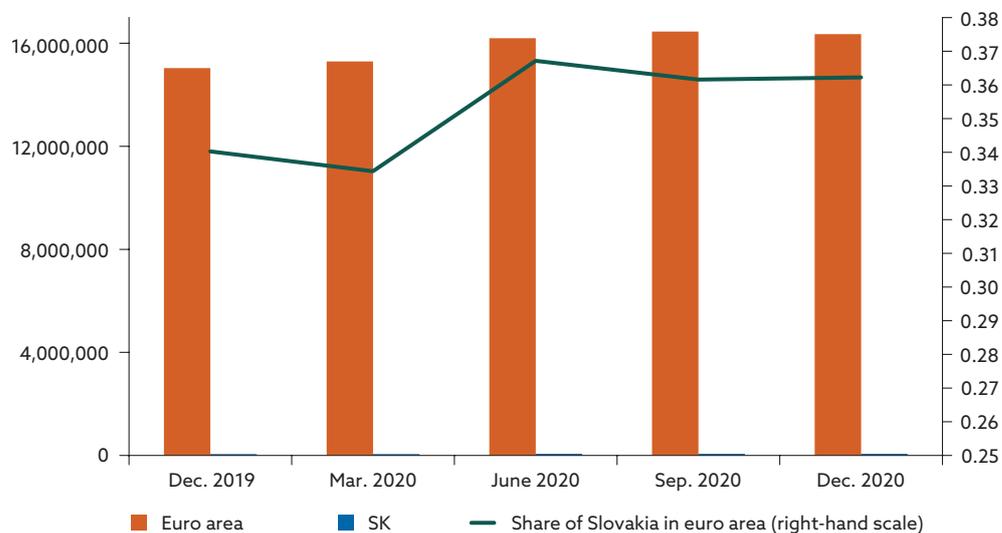


Source: NBS, ECB.

The share of Slovakia in the total stock of debt securities issued in the euro area was almost negligible at the end of 2020. Since no significant change occurred in this share during the year, it remained at the level of 0.36%.

Chart 134

Debt securities – outstanding amounts (EUR millions), share of Slovakia in Euro area (%)



Source: NBS, ECB.

5.3 Listed shares

At the end of the last quarter of 2020, the total stock of listed shares issued in Slovakia was larger, quarter on quarter, by €244.1 million. This increase was caused mainly by growth in the stock of listed shares issued by banks

(by €275.0 million). By contrast, the stock of listed shares issued by non-financial institutions decreased by €30.9 million. The total market capitalisation amounted to €2,631.3 million at the end of 2020.

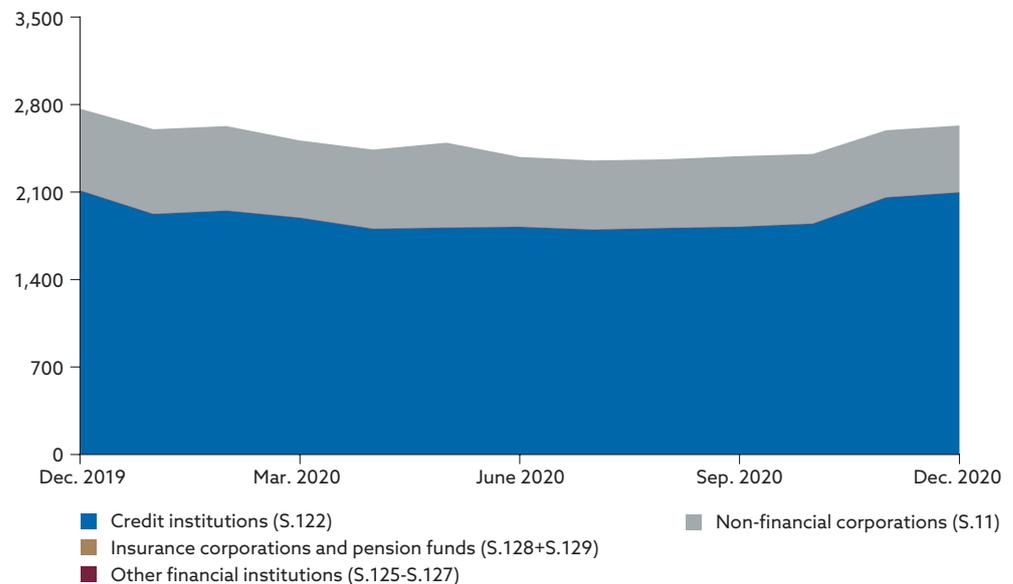
Table 15 Quoted shares (EUR thousands)

Outstanding amounts				
Month	Total	Credit institutions (S.122)	Insurance corporations (S.128)	Non-financial corporations (S.11)
2019 / 12	2,766,262	2,110,050	225	655,987
2020 / 03	2,511,352	1,892,710	0	618,642
2020 / 06	2,381,378	1,820,053	0	561,325
2020 / 09	2,387,231	1,822,010	0	565,221
2020 / 12	2,631,344	2,097,029	0	534,315

Source: NBS.

Chart 135

Quoted shares – market capitalization by sector (EUR millions)



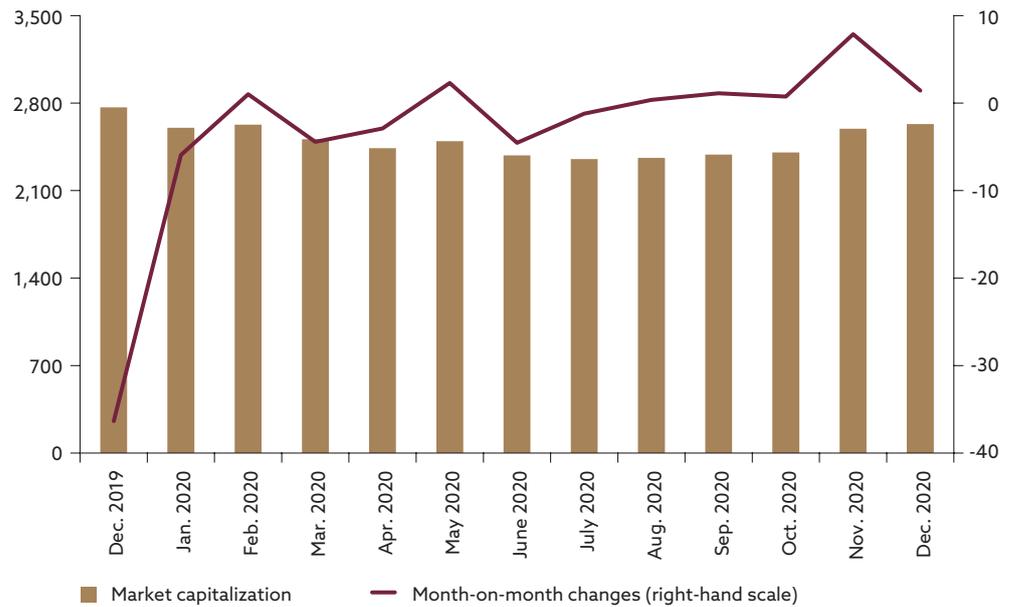
Source: NBS.

The outstanding amount of listed shares increased in the fourth quarter by 10.2%, compared with the previous quarter. The figure for credit institutions' listed shares rose by 15.1%, while that for non-financial corporations fell by 5.5%.

The last quarter of 2020 saw month-on-month increases in the stock of listed shares in October (0.7%), November (7.9%) and December (1.4%).

Chart 136

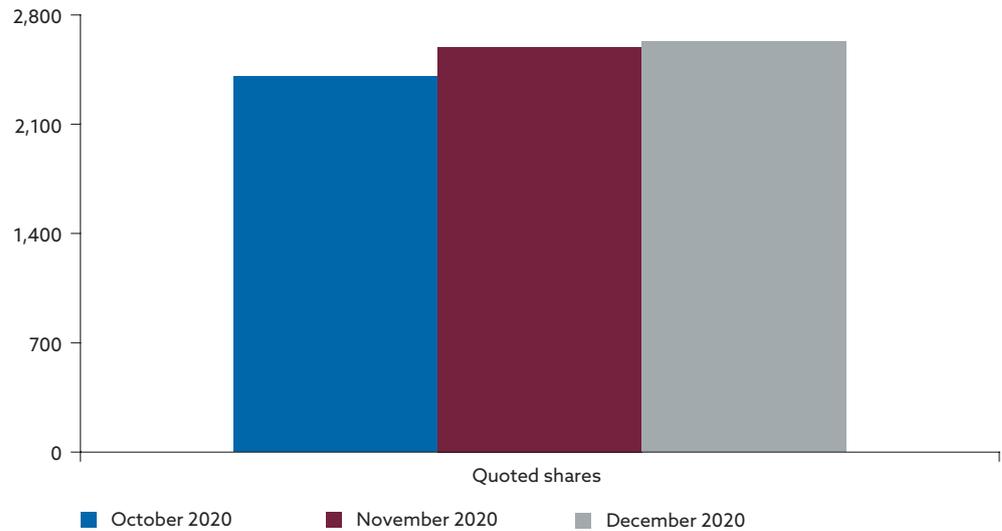
Quoted shares – market capitalization, month-on-month changes
(EUR millions, %)



Source: NBS.

Chart 137

Quoted shares – monthly market capitalization (EUR millions)

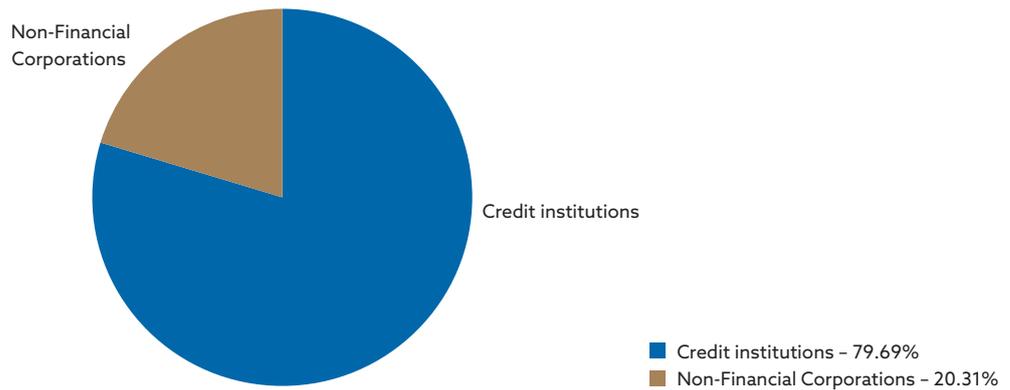


Source: NBS.

The sectoral breakdown of market capitalisation shows that, at 31 December 2020, credit institutions accounted for 79.7% and non-financial corporations for 20.3% of the total market capitalisation. Data from other sectors are not available.

Chart 138

Quoted shares by sector (market capitalization as at 31 December 2020)



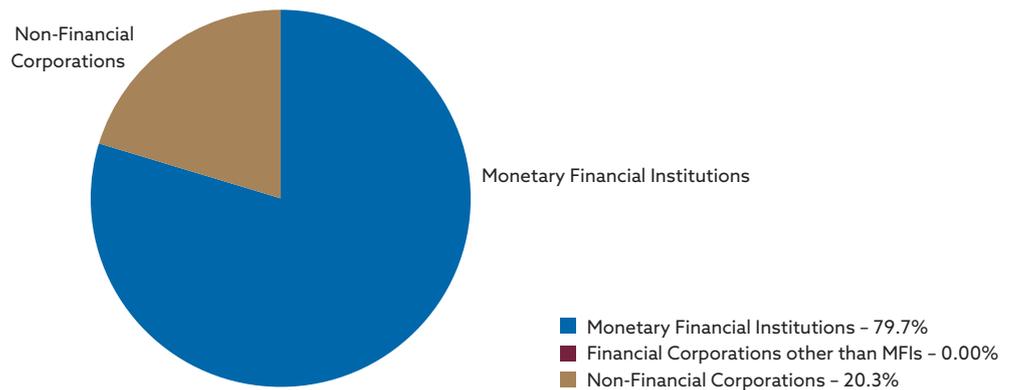
Source: NBS.

5.4 Comparison of listed shares: Slovakia vs euro area

The stocks of listed shares issued in Slovakia and in the euro area differ in structure according to the sector of the issuer. Their structure in Slovakia as at the end of 2020 was dominated by shares issued by monetary financial institutions (79.7%), followed by those issued by non-financial corporations with a share of 20.3%. Listed shares were not issued by other sectors at that time. The most significant issuers in the euro area were non-financial corporation with a share of 78.7%. They were followed by other financial institutions with a share of 15.4%. Banks accounted for only 5.8% of the stock of listed shares issued in the euro area.

Chart 139

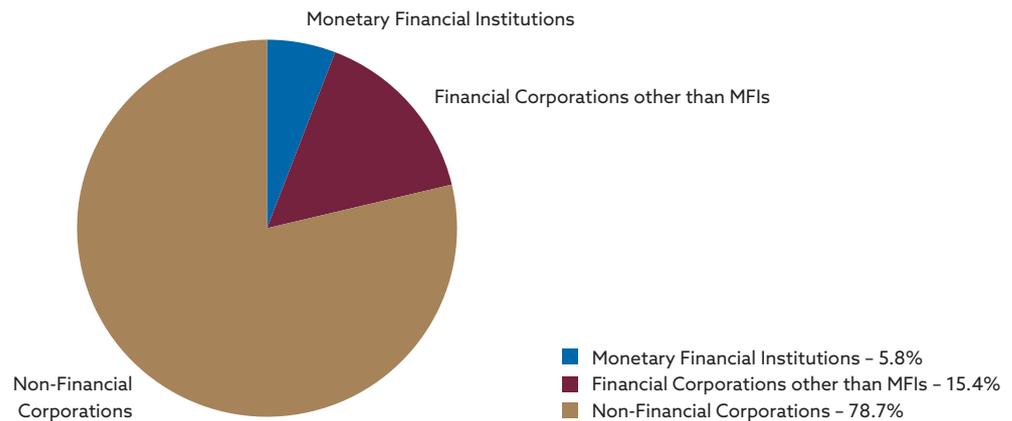
Quoted shares – Slovakia: by sector (outstanding amounts)



Source: NBS.

Chart 140

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

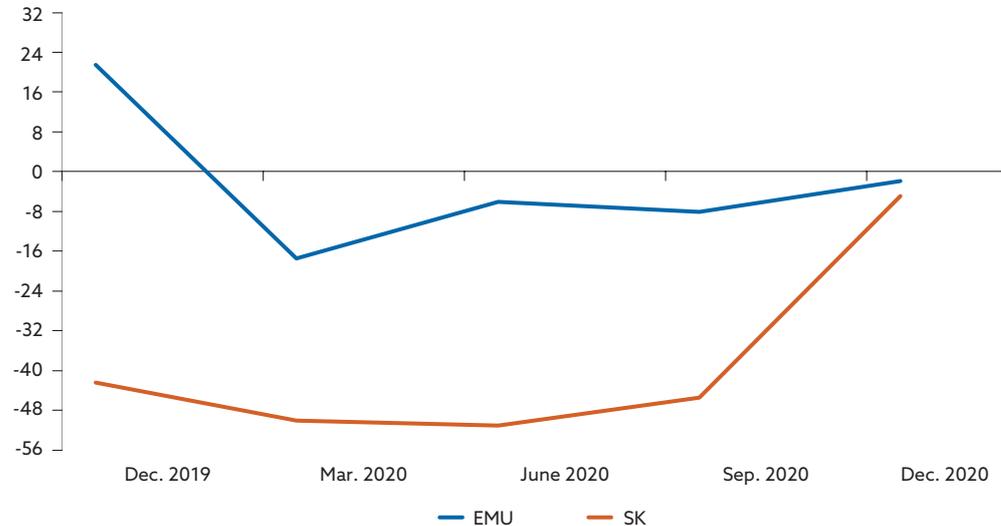


Source: ECB, NBS.

The stocks of listed shares issued in Slovakia and in the euro area showed similar year-on-year changes in the individual quarters of 2020. In Slovakia, however, the stock of listed shares declined at a faster pace than in the euro area. The stock of listed shares issued in the euro area decreased, year on year, by an average of 8.4%, while that in Slovakia contracted by as much as 37.9%.

Chart 141

Quoted shares – outstanding amounts (year-on-year changes in %)

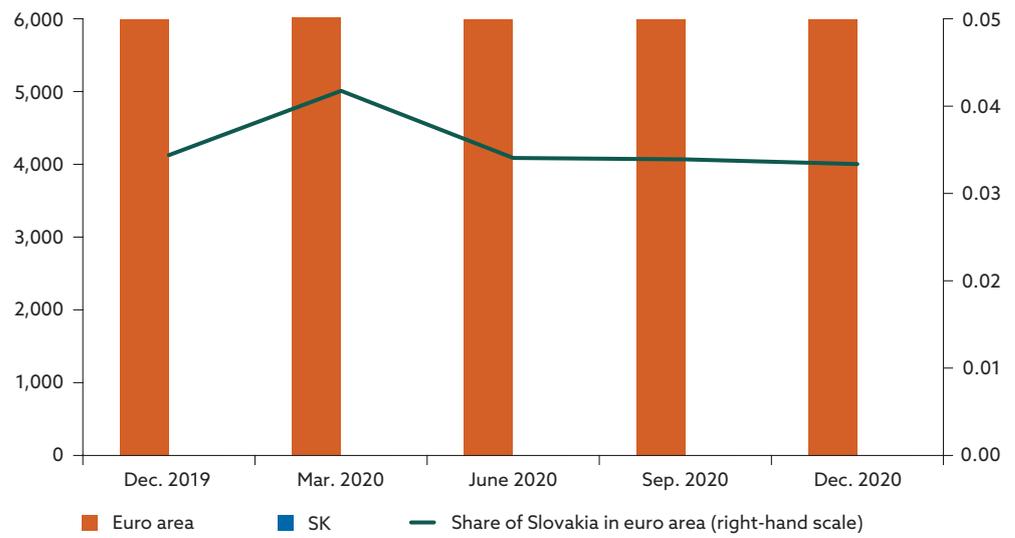


Source: NBS, ECB.

The share of Slovakia in the total stock of listed shares issued in the euro area was negligible at the end of 2020 (0.03%). This share did not change over the course of 2020, compared with the figure recorded at the end of 2019.

Chart 142

Quoted shares - outstanding amounts (EUR millions), share of Slovakia in euro area (%)



Source: NBS, ECB.

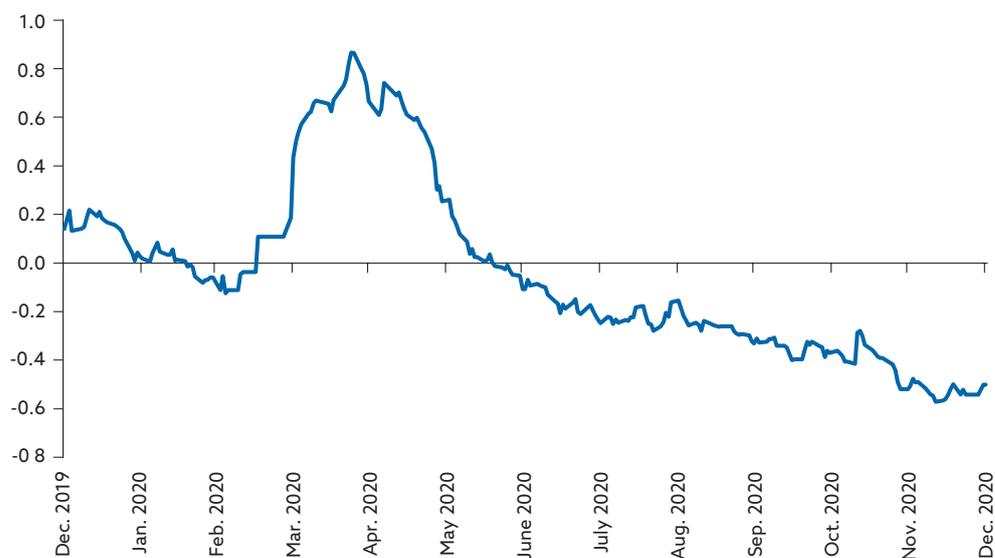
6 Selected macroeconomic indicators

6.1 Long-term interest rate

With effect from 1 July 2013, the approach based on a 'basket of bonds' has been replaced with a 'benchmark-oriented approach'⁴, using the government bond SK4120009044 as a benchmark. Since then the benchmark has been replaced by government bond SK4120008871 (with effect from 1 May 2014), by government bond SK4120007543 (with effect from 1 June 2015), by government bond SK4120010430 (with effect from 1 June 2016), by government bond SK4120009762 (with effect from 1 June 2018) and by government bond SK4120015173 (with effect from 1 November 2019). This approach was also applied during the fourth quarter of 2019. During that period, the interest rate decreased by 0.17 percentage point, from -0.33% at 30 September 2020 to -0.50% at 31 December 2020.

Chart 143

Benchmark – yield to maturity (% p.a.)



Source: MTS Slovakia.

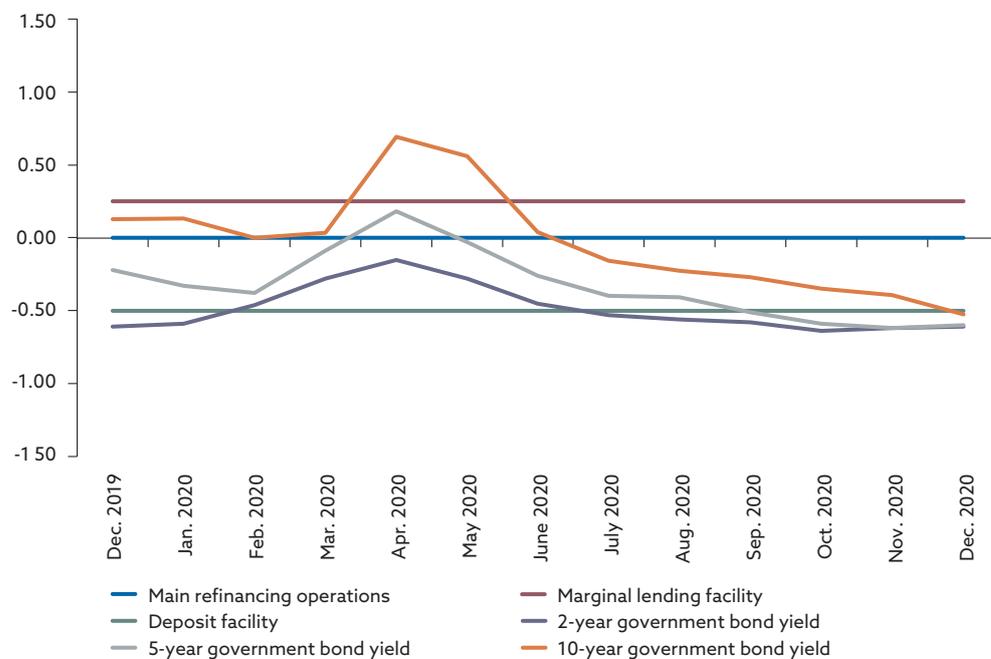
6.2 Key ECB interest rates

The European Central Bank's interest rate on main refinancing operations, and its interest rates on the marginal lending facility and the deposit facility, remained unchanged at 31 December 2020 from their levels at the end

⁴ See the Methodological Notes, section 7.6. *Long-term interest rate*.

of the previous quarter, at 0.00%⁵, 0.25% and -0.50% respectively. The interest rate on two-year government bond had the value of -0,61% at the end of the last quarter of 2020. The five-year government bond yield was -0.60% and the average ten-year government bond yield decreased from -0.27% to -0.52% as at the end of Q4 2020.

Chart 144
Interest rates (% p.a.)



Source: ECB, BCBP.

⁵ The main refinancing rate has been at this level since 16 March 2016.

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, do-

mestic 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 Investment funds and money market 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, hedge funds and other funds. The investment strategy of a fund is directly related to the expected rate of return, as well as to the risk involved. The general rule is that the higher the potential return, the higher the risk involved. Limits for investment in the individual types of instruments are defined in the Collective Investment Act.

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

The statistics of mutual funds assets and liabilities are defined by the relevant regulations and guidelines of the European Central Bank⁶.

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

⁶ Regulation (EU) no 1073/2013 of the ECB of 18 October 2013 concerning statistics on the assets and liabilities of investment funds (recast) (ECB/2013/38), OJ L 297, 7.11.2013, p. 73 (<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013R1073&qid=1592989883329&from=EN>).

Regulation (EU) No 1071/2013 of the ECB of 24 September 2013 concerning the balance sheet of the monetary financial institutions sector (recast) (ECB/2013/33), OJ L 297, 7.11.2013, p. 1 (<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013R1071&from=EN>).

Guideline of the ECB of 4 April 2014 on monetary and financial statistics recast) (ECB/2014/15), OJ L 340, 26.11.2014, p. 1 (<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014O0015&from=EN>).

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 redemption date of less than or equal to two years, provided that the time remaining until the next interest rate reset date is less than or equal to 397 days, whereby floating rate securities should be reset to a money market rate or index;
- g) they limit investment in other collective investment undertakings to those complying with the definition of MMFs;
- h) they do not take direct or indirect exposure to equity or commodities, including via derivatives, and only use derivatives in line with the money market investment strategy of the fund. Derivatives which give exposure to foreign exchange may only be used for hedging purposes. Investment in non-base currency securities is allowed provided the currency exposure is fully hedged;
- i) they have either a constant or fluctuating net asset value.

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

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

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

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

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

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

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

7.4 Statistics of other financial intermediaries

According to the sectoral classification of economic entities (ESA 2010), the companies under analysis are included in the S.125 sector – *other financial intermediaries*⁷, as a subcategory referred to as *financial corporations en-*

⁷ The European System of National Accounts (ESA 2010) defines 'other financial intermediaries, except insurance corporations and pension funds' as financial corporations and quasi-corporations engaged mainly in financial intermediation through the acceptance of liabilities in forms other than cash, deposits and/or close substitutes for deposits from institutional units other than monetary financial institutions, or insurance technical reserves.

gaged in lending through the acceptance of liabilities in forms other than cash, deposits, and/or close substitutes for deposits from institutional units other than monetary financial institutions, or insurance technical reserves.

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

- 1. Financial companies engaged in lending** – companies granting credits and loans to non-financial corporations and households. They include financial leasing companies, factoring companies, and consumer credit companies.
- 2. Securities and derivatives dealers** – private individuals or firms specialising in securities market transactions; 1) they provide assistance to companies issuing new securities, provide guarantee for new securities and their placement on the market; 2) they trade in existing or new securities **for their own account**.
- 3. Financial vehicle corporations** – financial companies created to be holders of securitised assets or liabilities that have been removed from the balance sheets of corporations within the scope of their restructuring.

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

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

The NBS Statistics Department has been monitoring these institutions since 2007, when their obligation to report data to NBS was imposed by an NBS decree⁸. The range of data reported complies in full with the current requirements⁹ of the European Central Bank regarding the statistics of other financial intermediaries.

⁸ Decree of Národná banka Slovenska No. 19/2014 on reporting by factoring, leasing and consumer credit companies for statistical purposes.

⁹ Guideline of the ECB of 4 April 2014 on monetary and financial statistics recast) (ECB/2014/15), OJ L 340, 26.11.2014, p. 1 (ANNEX III, PART 11) (<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014O0015&from=EN>).

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 2020, quarterly balance-sheet data are collected from 19 (out of 70) companies providing financial leasing services as the main or substantial part of their business activity, from 11 (out of 110) consumer credit companies, and from 8 (out of 20) 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 Bank¹⁰. 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.

¹⁰ Guideline of the ECB of 4 April 2014 on monetary and financial statistics (recast) (ECB/2014/15), OJ L 340, 26.11.2014, p. 1 (ANNEX III, PART 12) (<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014O0015&from=EN>).

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;

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		

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

ii) Long-term debt securities

- bearer bonds;
- subordinated bonds;
- bonds with optional maturity dates, the latest of which is more than one year away;
- undated or perpetual bonds;
- variable rate notes;
- convertible bonds;
- covered bonds;
- index-linked securities where the value of the principal is linked to a price index, the price of a commodity or to an exchange rate index;
- deep-discounted bonds;
- zero coupon bonds;
- euro bonds;
- global bonds;
- privately issued bonds;
- securities resulting from the conversion of loans;
- loans that have become negotiable de facto;
- special types of bonds (debentures) and borrowed securities (loan stock) convertible into shares, whether the shares of the issuing corporation or shares of another company, as long as they have not been converted. Where separable from the underlying bond, the conversion option, considered to be a financial derivative, is excluded;
- shares or stocks that pay a fixed income but do not provide for participation in the distribution of the residual value of the corporation on dissolution, including non-participating preference shares;
- financial assets issued as part of the securitisation of loans, mortgages, credit card debt, accounts receivable, and other assets.

The following instruments are excluded:

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

7.5.3 Quoted shares

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

Quoted shares include:

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

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

Quoted shares exclude:

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

7.6 Long-term interest rates

Long-term interest rate stability is one of the convergence criteria laid down in the Maastricht Treaty. This criterion expresses the requirement for sustainable convergence, which is to be achieved by each Member State. The average nominal long-term interest rate in a Member State

must not exceed, by more than 2%, the average nominal long-term interest rate in the three Member States with the lowest inflation rates in the year following the last assessment. The interest rates are measured on the basis of *long-term government bond rates* or the rates for comparable securities.

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

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

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

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

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

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

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

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

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

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

- SK4120007543 Benchmark for the period 06/2015 – 05/2016,
- SK4120010430 Benchmark for the period 06/2015 – 05/2018,
- SK4120009762 Benchmark for the period 06/2018 – 10/2019,
- SK4120015173 Benchmark for the period 11/2019 – to date.

Abbreviations

APRC	Annual percentage rate of charge
ECB	European Central Bank
ESA2010	European System of Accounts
MFI	Monetary financial institutions (banks, branches of foreign banks, money market funds)
MMF	Money market funds
NMFI	Non-monetary financial institutions
p. p.	Percentage point
P	Provisions
S	Securities
SASS	Slovak Association of Asset Management Companies
SDDS	Special Data Dissemination Standard as defined by the International Monetary Fund

Glossary

Aggregate balance sheet of Slovakia: a summary statistical balance sheet of all monetary and financial institutions based in Slovakia, excluding NBS.

Building loans: loans provided by home savings banks under Act No. 310/1992 Coll. on home savings as amended.

Consumer loans: defined for reporting purposes as loans provided for the purpose of personal consumption, i.e. the purchase of goods and services.

Investment loans: loans tied to the cycle of fixed assets, where the individual components of fixed assets are tied for a period longer than one year (except for loans provided for the purchase and/or technical development of land and buildings).

Intermediate loans: loans provided by home savings banks under the provisions of Act No. 310/1992 Coll. on home savings as amended.

Key ECB interest rates: the interest rates set by the Governing Council of the European Central Bank (ECB), determining the monetary policy stance of the ECB. These interest rates are the rate for the main refinancing operations, the rate for the marginal lending facility, and the rate for the deposit facility.

Monetary financial institutions (MFI): national central banks, credit institutions and other financial institutions whose business is to collect deposits and/or other redeemable instruments from entities other than MFIs, to grant credit and loans, and to make investments in securities for their own account (e.g. money market funds).

Mortgage loans: loans with a maturity of at least four years (but not more than 30 years), which are secured by a lien on domestic real estate and which satisfy the requirements laid down in Section 68 of Act No. 483/2001 Coll. on banks and on amendments to certain laws as amended.

Nominal value of loan: the outstanding amount of the loan principal, excluding accruals and other due amounts.

Non-performing loan: any loan where the bank assesses that the borrower is unlikely to meet its commitments without the security being realised, or where the borrower is more than 90 days in arrears with a significant commitment to the bank.

Operating loans: loans tied to the cycle of operating (current) assets, where the individual current asset components are usually fixed for a period of up to one year. Such loans are provided, for example, for the purchase of material supplies, raw materials, semi-finished goods, finished products, claims related to trade credits, or for the coverage of seasonal fluctuations in economic activities.

Original maturity period: the time aspect of claims and liabilities classification based on the contractual (agreed) maturity period.

Other real estate loans: real estate loans other than mortgage loans, building loans, or intermediate loans.

Pension funds: funds managed by pension fund management companies or supplementary pension asset management companies.

Real estate loans: all loans provided for the purchase and/or technical development of land and buildings, which are registered with the Land Registry under Act No. 162/1995 Coll. on land registries and registration of ownership title and other rights to real estate (the Land Registry Act) as amended.

Residual maturity period: for claims and liabilities, the residual maturity period is the difference between the agreed maturity date and the date for which the relevant report/statement is compiled, i.e. usually the end of a month, quarter, or year.

Secured loans: for the purpose of interest rate statistics, these are loans secured up to their total amount using the technique of 'funded credit protection', or secured by a guarantee using the technique of 'unfunded credit protection' so that the value of collateral or guarantee is higher or equal to the total amount of the new loan. If the requirements for credit protection are not satisfied, the new loan is considered unsecured.

Renegotiated loans are a part of new loans and are covering all changes to former contract with the active participation of the client, resulting in the change in contract conditions with effect on the interest rate. These loans do not bring new contracts to the market.

Pure new loans are loans which are a part of new loans and are calculated as the difference between the total amount of new loans and renegotiated loans, the so called new money in economy.

Sector classification

Classification of institutional sectors and sub-sectors according to the European System of National and Regional Accounts (ESA2010):

S.1 Residents – Slovakia (residents of the Slovak Republic)

Residents – Other euro area member states (euro area residents, except SR residents)

S.11 Non-financial corporations

S.12 Financial corporations

S.121 Central Bank (Národná banka Slovenska)

S.122 Other monetary financial institutions

S.123 Money market funds

S.124 Investment funds

S.125 Other financial intermediaries

S.126 Financial auxiliaries

S.127 Captive financial corporations and money lenders

S.128 Insurance corporations

S.129 Pension funds

S.13 General government

S.1311 Central government

S.1312 Regional government

S.1313 Local government

S.1314 Social security funds

S.14 Households

S.141 Employers

S.142 Own-account workers

S.143 Employees

S.144 Recipients of property incomes, pensions and other transfer incomes

S.145 Others

S.15 Non-profit institutions serving households

S.2 Rest of the world (all countries, except Slovakia and the euro area)

List of additional links

Sector breakdown:

<http://ec.europa.eu/eurostat/en/web/products-manuals-and-guidelines/-/KS-02-13-269>

Revision policy:

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

Structure of the financial market

List of monetary financial institutions:

<http://www.nbs.sk/en/statistics/financial-institutions/banks/statistical-and-analytical-overview/monetary-statistics-of-monetary-financial-institutions#ZOZPFI>

List of investment funds:

<http://www.nbs.sk/en/statistics/financial-institutions/money-market-funds-and-investment-funds>

List of other financial intermediaries:

<http://www.nbs.sk/en/statistics/financial-institutions/factoring-leasing-and-consumer-credit-companies/statistics-on-financial-corporations-engaged-in-lending>

Overview of developments in the monetary sector:

<http://www.nbs.sk/en/statistics/financial-institutions/banks/statistical-and-analytical-overview/a-survey-of-financial-sector-development>

Statistics of credit institutions and monetary statistics

Statistics of monetary financial institutions:

<http://www.nbs.sk/en/statistics/financial-institutions/banks/statistical-and-analytical-overview/monetary-statistics-of-monetary-financial-institutions>

Monetary aggregates in the euro area:

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

Balance sheets of monetary financial institutions based in the euro area:

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

Interest rate statistics:

<http://www.nbs.sk/en/statistics/financial-institutions/banks/statistical-and-analytical-overview/interest-rate-statistics>

Interest rate statistics – bank loans:

<http://www.nbs.sk/en/statistics/financial-institutions/banks/statistical-and-analytical-overview/interest-rate-statistics/banking-interest-rates-statistics-loans>

Interest rate statistics – bank deposits:

<http://www.nbs.sk/en/statistics/financial-institutions/banks/statistical-and-analytical-overview/interest-rate-statistics/banking-interest-rates-statistics-deposits>

Interest rates statistics for the euro area:

https://www.ecb.europa.eu/stats/financial_markets_and_interest_rates/bank_interest_rates/mfi_interest_rates/html/index.en.html

Long-term interest rate statistics:

<http://www.nbs.sk/en/statistics/financial-markets/interest-rates/long-term-interest-rates-statistics>

Non-performing loans:

http://www.nbs.sk/_img/Documents/STATIST/MET/Bad_Loans.pdf

Source data of monetary financial institutions:

<http://www.nbs.sk/en/statistics/financial-institutions/banks/statistical-data-of-monetary-financial-institutions>

Statistics of investment funds:

<http://www.nbs.sk/en/statistics/financial-institutions/money-market-funds-and-investment-funds/investment-funds-statistics>

Statistics of financial corporations engaged in lending (FCLs):

<http://www.nbs.sk/en/statistics/financial-institutions/factoring-leasing-and-consumer-credit-companies/statistics-on-financial-corporations-engaged-in-lending>

Source data of other financial intermediaries (OFIs):

<http://www.nbs.sk/en/statistics/financial-institutions/factoring-leasing-and-consumer-credit-companies/statistical-data>

Securities issues statistics:

<http://www.nbs.sk/en/statistics/financial-markets/securities/securities-issues-statistics>

Securities custody statistics:

<http://www.nbs.sk/en/statistics/financial-markets/securities/securities-custody-statistics>

Data categories within SDDS standard:

<http://www.nbs.sk/en/statistics/data-categories-of-sdds>

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