NÁRODNÁ BANKA SLOVENSKA
EUROSYSTÉM

QUARTERLY COMMENTARY ON MACROPRUDENTIAL POLICY

JULY 2018

Contents

Foreword

Financial system stability is essential for a well-functioning economy. It encompasses many areas, ranging from the security of bank deposits and other similar products to the smooth-functioning of the lending market based on the responsible approach of financial institutions and their customers. The purpose of macroprudential policy is to contribute to financial stability, in particular by strengthening the financial sector's resilience during good times, when risks are typically still at an early stage. This purpose also entails preventing the build-up of systemic risks, so as to make the economy less vulnerable in crisis periods.

Macroprudential policy in Slovakia is implemented primarily by Národná banka Slovenska (NBS), with its formal obligation in this regard laid down in Act No 747/2004 Coll. on financial market supervision. In implementing this policy, NBS may use any of several tools (from mitigating a specific risk to increasing capital requirements across the board), and may apply them in different ways (from issuing risk warnings to laying down statutory obligations).[1] The European Central Bank (ECB) has the power to impose further, stricter macroprudential policy settings.

A key element of macroprudential policy implementation is the regular quarterly assessment of developments in the area of financial stability, and any ensuing decision of the NBS Bank Board to apply a specific instrument. The fulfilment of the core objective, i.e. the maintenance of financial stability, is assessed through the monitoring of five intermediate objectives:[2]

1. to mitigate and prevent excessive credit growth and leverage;
2. to mitigate and prevent excessive maturity mismatch and market illiquidity;
3. to limit direct and indirect exposure concentrations;
4. to limit the systemic impact of misaligned incentives with a view to reducing moral hazard;
5. to strengthen the resilience of financial infrastructures.

The **first intermediate objective** is to prevent excessive credit growth and leverage, which has been generally identified as a key driver of the financial and economic crisis. This is a particularly important objective in Slovakia, owing to the traditional nature of the financial market in this country. Most of the significant trends, as well as risks, in the domestic banking sector are related to the market in lending to households and enterprises. Looking at loans to the domestic economy as a share of total assets, the ratio in Slovakia is one of the highest of any country, with banks earning the bulk of their income from such lending.

The **second intermediate objective** relates to excessive maturity mismatch in the assets and liabilities of bank balance sheets. In other words, the maturity of banks' assets should not differ significantly from the maturity of their funding liabilities. Although the role of banks is to intermediate the funding of long-term assets (loans) with short-term liabilities (deposits), experience has shown that an excessive maturity mismatch between assets and liabilities makes the financial system more vulnerable and contributes to a build-up of economic and financial imbalances.

[1] Further details about these instruments can be found on the NBS website, at http://www.nbs.sk/en/financial-market-supervision1/macroprudential-policy
[2] The intermediate objectives are set out in line with Recommendation No ESRB/2013/1 of the European Systemic Risk Board of 4 April 2013 on intermediate objectives and instruments of macro-prudential policy.

The **third intermediate objective** is to limit direct and indirect exposure concentrations. Direct concentration risk typically arises from significant exposures to, for example, households, general government, or certain sectors of the economy. Indirect exposures arise from the interconnectedness of financial and non-financial institutions. Elevated concentration is a long-standing structural feature of the domestic financial sector. This is largely attributable to the structure of the Slovak economy, which is heavily dependent on a small number of sectors, as well as to the concentration of bank's claims on and/or sources of funding from certain customers or groups of customers. Another significant feature of the Slovak banking sector is the high share of domestic government bonds in banks' balance sheets.

The **fourth intermediate objective** aims to limit the systemic risk arising from misaligned incentives of financial institutions and their customers. The primary aim here is to reduce the risk of moral hazard related to the presence of systemically important financial institutions. Whereas, in respect of the third intermediate objective, concentration risk is monitored for its potential impact on individual banks or the banking sector, in the case of systemically important institutions concentration is monitored owing to the large impact that potential default of such an institution would have on the financial sector and real economy. Moral hazard may also arise in relation to management remuneration at financial institutions or in the terms of cooperation with financial intermediaries.

The **fifth intermediate objective** is to strengthen the resilience of financial infrastructures. The most important elements of the financial infrastructure in Slovakia are the payment systems (TARGET2, SIPS), the Deposit Protection Fund, and securities settlement systems. Their reliable operation is crucial for the country's financial stability.

The Quarterly Commentary on Macroprudential Policy (QCMP) is structured according to these objectives, pursuant to Recommendation ESRB/2013/1. Its main part is a situation analysis (based on the indicators in the annex), which is a basis for NBS decision-making. This edition of the QCMP is based mostly on data as at 31 March 2018, although the qualitative assessment also takes account of information available until the submission date of the QCMP.

The document is divided into three parts. The first part contains a brief analysis of the most significant developments related to systemic risk which occurred during the quarter under review, broken down into sub-headings that correspond to the above-mentioned intermediate objectives. The second part, focusing on decisions taken in the area of macroprudential policy, includes not only decisions of NBS, but also decisions of the ECB. The third part comprises annexes that include: tables showing indicators used to monitor the intermediate objectives, and reference information for decisions on the countercyclical capital buffer rate.

1 Situation analysis by Národná banka Slovenska

1.1 Excessive credit growth and leverage

The credit market[3] situation in the first quarter of 2018 was characterised by the continuation of trends related to the still expansionary phase of the financial cycle. Annual credit growth was close to double-digit levels, and although growth in both credit to households and credit to non-financial corporations (NFCs) had been decelerating since summer 2017, Slovakia remained among the EU countries with the highest rates of household credit growth and NFC credit growth. In both the euro area and EU as a whole, total credit to the private non-financial sector increased in the first quarter of 2018 by 1.3% year on year, while in central and eastern European (CEE) countries it increased by 5.3% on average, and in Slovakia by 9.2%. In absolute terms, the year-on-year growth in credit to the Slovak private sector remained close to historical highs. Factors stoking credit demand remain present in the economy, including low interest rates, a favourable labour market situation, growth in household disposable income, sales growth, strong competition in the credit market, and trends in the property market and in economic sentiment. The private non-financial sector debt-to-GDP ratio (measured as amount of domestic loans in comparison with GDP) rose to 59.8% in the first quarter, which was the second highest figure among CEE countries. Ten years ago, by contrast, Slovakia was among the least indebted countries in the CEE region.

Total domestic bank credit to Slovak households increased in the first quarter of 2018 by 11.3%[4] (after rising by 11.8% in the fourth quarter of 2017). Double-digit year-on-year increases were observed in total housing loans and total consumer loans, although in both cases the growth was slightly lower compared with its rate in the summer of last year. This slowdown in credit growth is probably related to the gradual saturation of the market and partly also to the impact of recent NBS measures related to the retail lending market. There is also an increasingly noticeable base effect, as the steady expansion in the stock of loans at close to record year-on-year levels is causing a gradual decline in the rate of credit growth. Household credit growth in Slovakia was the second highest in the EU in the first quarter of 2018. Credit growth also continues to be supported by favourable macroeconomic developments (and especially their impact on the labour market and wage growth), low interest rates, and positive household sentiment. Credit growth is being reflected in household debt growth, and at the end of the first quarter of 2018 the household credit-to-GDP ratio was 39%.

Total NFC credit increased in the first quarter of 2018 by 5.5% year on year. In this sector, too, credit growth has decelerated since summer 2017, but it remains far above the EU average (0.7% in the first quarter). Most of the recent growth in NFC credit is accounted for by investment loans. Credit demand continues to be stoked by rising corporate sales, low interest rates, and a stable economic outlook. The rate of NFC credit growth in Slovakia was among the five highest in the EU in the first quarter of 2018. The NFC debt-to-GDP ratio in Slovakia was 20.8% in the period under review.

[3] Loans provided by domestic banks to the household sector (S.14 and S.15) and the NFC sector (S.11) in Slovakia (source: Statement V (NBS) 33 - 12).

[4] Total credit adjusted for the impact of a methodological change arising from the acquisition of the non-bank Consumer Finance Holding, a.s. by Všeobecná úverová banka, a.s. with effect from 1 January 2018. The rate of credit growth not adjusted for this change would be 9.9%.

Further evidence that the cycle is in an expansionary phase was provided by indicators gauging developments in the credit and financial markets. These indicators fell slightly, reflecting a slowdown in credit growth at the turn of the year. Nevertheless, benchmark indicators have for the past several quarters been implying a higher setting of the countercyclical capital buffer (CCyB) rate than that actually applied. The domestic credit-to-GDP_{trend} gap[5] edged down in the first quarter of 2018 by 0.07 p.b., to 5.12, and the buffer guide based on this indicator fell slightly, to 1.5%. The Cyclogram, a composite indicator of the financial cycle, also fell moderately in the first quarter, reflecting slowdowns in NFC credit growth and property price growth, and a decline in the confidence indicator. On the other hand, another component of the Cyclogram, debt indicators, continued to have a positive impact. The current level of the Cyclogram remains close to its historical highs of summer 2008, and the buffer guide based on this indicator currently stands at 2.25%.

1.2 Excessive maturity mismatch and market illiquidity

The nature of systemic liquidity risk in the Slovak banking sector remained unchanged in the first quarter of 2018. The continuing growth in retail loans continued to increase the maturity mismatch between assets and liabilities, while the share of investments in liquid assets fell slightly. The ratio of the liquidity gap to total assets reached a new historical high. At the same time, however, the moderate easing of NFC credit growth, together with deposit trends, had a stabilising effect on the loan-to-deposit ratio, which in previous quarters had been increasing continuously.

A key change in the area of liquidity occurred at the start of 2018, when the domestic regulatory liquidity coverage ratio was mandatorily replaced with an EU-wide liquidity coverage ratio. The new ratio requirement is less strict and represents for Slovak banks a loosening of liquidity risk regulation at a time of increasing cyclical risks.

1.3 Concentration

Concentration in the different types of exposure did not change significantly in the first quarter of 2018, nor did their riskiness. The non-performing loan (NPL) ratio fell in each sectoral loan portfolio apart from the portfolio of loans to the wholesale and retail trade sector, where it rose from 6.6% to 7.9%.

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

1.4 Moral hazard

Moral hazard indicators continue to show relatively high concentration in the banking sector, and so the reasons for having additional capital buffers for systemically important institutions remain in place. The concentration of total net assets in the financial system increased moderately, as did that of guaranteed deposits, retail loans, and total liabilities. The only notable decrease in concentration among assets in the financial system resulted from a reduction in certain banks' exposure to Czech members of their group.

1.5 Financial infrastructures and other risks

The rate of contributions to the Deposit Protection Fund (DPF) in 2018 was set at 0.01% of the amount of covered deposits, and these contributions were payable by 15 June 2018. Given the strong growth in the amount of covered deposits, the deposit coverage ratio is expected to remain just above 0.6% in 2018. The banking sector's total contribution to the EU's Single Resolution Fund for 2018 was set at €19 million and was also payable in the first half of 2018. The rate of the special levy payable by banks in Slovakia is set at 0.2% per annum until 2020. The cumulative proceeds of the levy amounted to €850 million by the end of the first quarter of 2018.

Two payment system failures occurred in the second quarter of 2018. In the first case, the Slovak Interbank Payment System (SIPS) experienced technical difficulties that delayed the settlement of certain payments. The second failure concerned the VISA payment system and temporarily prevented VISA customers from using their VISA cards. The company subsequently stated that the problem had been caused by a hardware failure in one of its European systems, and it also ruled out the involvement of any unauthorised access or cyber attack.

2 Decisions in the area of macroprudential policy

2.1 Decisions taken by NBS with respect to developments in the quarter under review

The NBS Bank Board decided to increase the countercyclical capital buffer (CCyB) rate to 1.5% with effect from 1 August 2019.

In taking its decision on the CCyB rate, the NBS Bank Board gave due consideration to the views of the European Central Bank (ECB) in accordance with Article 5 of the SSM Regulation.[6]

2.2 Current instrument settings

The CCyB rate is currently set at 0.50%[7] for the period from 1 August 2017 to 31 July 2018. The CCyB rate is being increased on a phased basis as summarised in Table 1 below.

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

[7] https://www.nbs.sk/_img/Documents/_Legislativa/_FullWordingsOther/EN_ROZ_20_2016.pdf

Table 1 CCyB rates for Slovak exposures

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

On 29 May 2018 the NBS Bank Board approved a Decree amending the NBS Consumer Loan Decree[8] and a Decree amending the NBS Housing Loan Decree.[9] The new decrees tighten the regulatory loan-to-value (LTV) ratio limits. Thus, the provision of loans with an LTV ratio greater than 90% is prohibited, and the percentage of new loans that may have an LTV ratio of between 80% and 90% is reduced. In addition, the Decrees introduce a debt-to-income (DTI) ratio limit, set at 8. A general exemption from this limit is permitted and a specific exemption for young people is also permitted, with each exemption to be set at 5% of total new loans per quarter. The amending Decrees entered into force on 1 July 2018, and the exemptions will be phased in until 1 January 2019.

Under Decision Nos 5/2017 and 6/2017 of Národná banka Slovenska of 30 May 2017, banks in Slovakia identified as 'other systemically important institutions' (O-SIIs) are required from 1 January 2018 to maintain a total additional capital buffer (comprising an O-SII buffer and in some cases also a systemic risk buffer) of between 1% and 2% of risk-weighted exposures. Under NBS Decision Nos 4/2018 and 5/2018 of 29 May 2017, the total additional capital buffer requirements will remain unchanged from 1 January 2019.[10]

Other currently applicable macroprudential policy instruments, covering mainly the area of capital requirements, are listed in **Error! Reference source not found.**.

2.3 Potential application of macroprudential policy instruments in the medium term

Retail lending

Since 'pre-approved' loans are statutorily exempt from the provisions of the NBS Consumer Loan Decree, they could to some extent be used to circumvent the new regulatory requirements. These are loans whose amounts are approved by banks in advance, even before a loan application is made, on the basis of whether the borrower meets certain financial and non-financial criteria. Such loans are not currently subject to any financial buffer requirement or DTI ratio limits. NBS is planning to

[8] Decree No 6/2018 of Národná banka Slovenska of 29 May 2018 amending Decree No 10/2017 of Národná banka Slovenska laying down detailed provisions on the assessment of borrowers' ability to repay consumer loans.

[9] Decree No 7/2018 of Národná banka Slovenska of 29 May 2018 amending Decree No 10/2016 of Národná banka Slovenska laying down detailed provisions on the assessment of borrowers' ability to repay housing loans.

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

change the current regulatory rules so that these criteria are applied to all consumer loans, including pre-approved loans.

Expected developments in the CCyB rate in the next quarter
Current indicator trends do not imply any immediate need to increase the CCyB rate in the next quarter.

2.4 ECB decisions concerning the Slovak banking sector

As of 26 June 2018 the European Central Bank had not issued any macroprudential policy decision concerning the Slovak banking sector.

Table 1 Current setting of instruments applicable in Slovakia

Macroprudential instruments	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Note
Macroprudential instruments applicable in Slovakia						
Capital conservation buffer (Article 33b of the Banking Act)	2.5%	2.5%	2.5%	2.5%	2.5%	
Countercyclical capital buffer rate (Article 33g of the Banking Act)	0%	0.5%	0.5%	0.5%	1.25%	To be increased to 1.25% since 1 August 2018 and to 1.5% since 1 August 2019.
O-SII buffer (Article 33d of the Banking Act)[11]	1% - 2%	1% - 2%	0.5% - 1%	0.5% - 1%	0.5% - 1%	
Systemic risk buffer (Article 33e of the Banking Act)[12]	1%	1%	1%	1%	1%	
Risk-weight for exposures fully secured by mortgages for residential property (Article 124 of the EU‘s Regulation on prudential requirements for credit institutions and investment firms –hereinafter "the CRR")	35%	35%	35%	35%	35%	
Risk-weight for exposures fully secured by mortgages on commercial immovable property (Article 124 of the CRR)	50%	50%	50%	50%	50%	Scheduled increase.
Minimum exposure-weighted average LGD for all retail exposures secured by residential property and not benefiting from guarantees from central governments (Article 164 of the CRR)	10%	10%	10%	10%	10%	
Minimum exposure-weighted average LGD for all retail exposures secured by commercial immovable property and not benefiting from guarantees from central governments (Article 164 of the CRR)	15%	15%	15%	15%	15%	
Risk-weight for exposures fully secured by mortgages on commercial immovable property - other EU Member States (Article 124 of the CRR)	50%	50%	50%	50%	50%	
Minimum exposure-weighted average LGD for all retail exposures secured by residential property and not benefiting from guarantees from central governments - other EU Member States (Article 164 of the CRR)	10%	10%	10%	10%	10%	
Minimum exposure-weighted average LGD for all retail exposures secured by commercial immovable property and not benefiting from guarantees from central governments - other EU Member States (Article 164 of the CRR)	15%	15%	15%	15%	15%	

Source: NBS.

[11] O-SII buffer is set for Československá obchodná banka, a.s., Poštová banka, a.s., Slovenská sporiteľňa, a.s., Tatra banka, a.s. and Všeobecná úverová banka, a.s.
[12] Systemic risk buffer is set for Slovenská sporiteľňa, a.s., Tatra banka, a.s. and Všeobecná úverová banka, a.s.

Table 2 Current setting of instruments applicable to foreign exposures

Macroprudential instrument	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Note
Macroprudential instruments applicable abroad						
Countercyclical capital buffer rate for **Czech Republic** (Article 33j of the Banking Act)	0.5%	0.5%	0.5%	0.5%	1%	To be increased to 1.0% from 1 July 2018 and to 1.25% from 1 January 2019 and to 1,5% from 1 July 2019.
Countercyclical capital buffer rate for **Sweden** (Article 33j of the Banking Act)	2%	2%	2%	2%	2%	
Countercyclical capital buffer rate for **United Kingdom** (Article 33j of the Banking Act)	0%	0%	0%	0.5%	0.5%	To be increased to 1% from 28 November 2018.
Countercyclical capital buffer rate for **Lithuania** (Article 33j of the Banking Act)	0%	0%	0%	0%	0%	To be increased to 0.5% from 31 December 2018.
Countercyclical capital buffer rate for **Denmark** (Article 33j of the Banking Act)	0%	0%	0%	0%	0%	To be increased to 0.5% from 31 March 2019.
Countercyclical capital buffer rate for **other EU Member States** (Article 33j of the Banking Act)	0%	0%	0%	0%	0%	
Countercyclical capital buffer rate for **Norway** (Article 33j of the Banking Act)	1.5%	2%	2%	2%	2%	
Countercyclical capital buffer rate for **Iceland** (Article 33j of the Banking Act)	1%	1.25%	1.25%	1.25%	1.25%	To be increased to 1.75% from 15 May 2019.
Countercyclical capital buffer rate for **Hong Kong** (Article 33i and Article 33j of the Banking Act)	1.25%	1.25%	1.875%	1.875%	1.875%	To be increased to 2.5% from 1 January 2019.
Countercyclical capital buffer rate for countries **other than EU Member States** (Article 33i and Article 33j of the Banking Act)	0%	0%	0%	0%	0%	
Systemic risk buffer for **Estonia** (Article 33f of the Banking Act)	1%	1%	1%	1%	1%	
Systemic risk buffer for **other EU Member States** (Article 33f of the Banking Act)	0%	0%	0%	0%	0%	
Risk-weight for exposures fully secured by mortgages on residential property - **other EU Member States** (Article 124 of the CRR)	35%	35%	35%	35%	35%	**Ireland, Croatia, Malta, Slovenia:** conditions to be tightened for application of the 35% risk weight
Risk-weight for exposures fully secured by mortgages on commercial immovable property – **Sweden** and **Romania** (Article 124 of the CRR)	100%	100%	100%	100%	100%	**Romania:** conditions to be tightened for application of the 50% risk weight
Risk-weight for exposures fully secured by mortgages on commercial immovable property - **other EU Member States** (Article 124 of the CRR)	50%	50%	50%	50%	50%	**United Kingdom:** conditions to be tightened for application of the 50% risk weight
Minimum exposure-weighted average LGD for all retail exposures secured by residential property and not benefiting from guarantees from central governments - **other EU Member States** (Article 164 of the CRR)	10%	10%	10%	10%	10%	
Minimum exposure-weighted average LGD for all retail exposures secured by residential property and not benefiting from guarantees from central governments – **Norway** (Article 164 of the CRR)	20%	20%	20%	20%	20%	
Minimum exposure-weighted average LGD for all retail exposures secured by commercial immovable property and not benefiting from guarantees from central governments - **other EU Member States** (Article 164 of the CRR)	15%	15%	15%	15%	15%	

Souce: ESRB.

Annexes

A) Selected indicators broken down by main risk categories

Excessive credit growth and leverage

	Total private debt	Domestic credit 9)							Households sector				Corporate sector		
	Standardised credit-to-GDP gap	Domestic credit-to-GDP trend gap	Domestic credit: year-on-year increase	- Households	- Enterprises	Domestic credit-to-GDP level	- Households	- Enterprises	Domestic credit-to-disposable income gap	Domestic credit-to-disposable income level	LTV on new housing loans 1)	Housing affordability index (interest rate effect excluded)	Total debt-to-revenues gap	Domestic credit-to-revenues gap	Cyclogram 2)
3.18	3,87%	5,12%	9%	11%	6%	60%	39%	21%	2%	67%	71%	93	1,6%	0,3%	7,4
12.17	4,93%	5,19%	10%	12%	7%	59%	39%	21%	3%	67%	71%	94	2,1%	0,3%	7,7
9.17	4,24%	5,50%	11%	12%	9%	59%	38%	21%	3%	65%	72%	95	1,8%	0,5%	7,7
6.17	2,53%	5,29%	12%	13%	10%	59%	38%	21%	3%	64%	71%	95	1,1%	0,4%	7,6
3.17	2,05%	4,87%	11%	14%	7%	58%	37%	21%	3%	63%	72%	96	0,9%	0,4%	7,5
12.16	1,26%	4,39%	10%	13%	5%	57%	36%	20%	3%	62%	73%	98	0,7%	0,2%	7,1
9.16	-0,52%	3,88%	10%	13%	5%	55%	35%	20%	2%	60%	74%	101	0,1%	0,1%	6,5
6.16	-1,54%	3,08%	9%	13%	4%	54%	34%	20%	1%	59%	73%	102	-0,2%	-0,1%	5,8
3.16	-3,73%	2,88%	10%	12%	8%	53%	33%	20%	1%	57%	73%	104	-0,9%	0,0%	5,9
12.15	-2,86%	2,85%	11%	12%	9%	53%	33%	20%	1%	56%	71%	105	-0,6%	0,0%	6,1
9.15	-2,83%	2,36%	9%	13%	3%	52%	32%	20%	1%	55%	70%	106	-0,6%	-0,2%	5,2
6.15	-2,72%	1,89%	9%	13%	3%	51%	31%	20%	0%	54%	69%	107	-0,5%	-0,2%	4,9
3.15	-1,72%	1,13%	7%	13%	-1%	50%	31%	19%	0%	53%	71%	108	-0,1%	-0,5%	4,4
12.14	-1,92%	0,65%	6%	12%	-2%	49%	30%	19%	0%	52%	73%	109	-0,2%	-0,8%	4,1
9.14	-0,82%	0,93%	7%	11%	1%	49%	30%	20%	0%	50%	72%	108	0,5%	-0,6%	4,1
6.14	-0,05%	0,49%	6%	11%	0%	48%	29%	20%	-1%	49%	72%	107	0,9%	-0,7%	3,6
3.14	-2,14%	0,38%	6%	10%	0%	48%	28%	20%	-1%	48%	73%	106	0,1%	-0,7%	3,4
12.13	-1,81%	0,18%	4%	9%	-3%	47%	28%	20%	-1%	47%	71%	105	0,4%	-0,8%	3,4
9.13	-2,94%	0,32%	4%	9%	-2%	47%	27%	20%	-1%	46%	71%	103	-0,1%	-0,8%	3,1
6.13	-5,92%	0,26%	4%	9%	-3%	47%	27%	20%	-1%	45%	70%	103	-1,3%	-0,8%	3,0
3.13	-5,82%	0,34%	3%	9%	-4%	46%	26%	20%	-2%	44%	70%	102	-1,1%	-0,8%	2,9
12.12	-4,36%	0,84%	3%	9%	-3%	46%	26%	21%	-1%	44%	70%	102	-0,5%	-0,7%	3,0
9.12	-4,87%	1,09%	2%	9%	-5%	46%	25%	21%	-1%	43%	70%	100	-0,5%	-0,6%	3,6
6.12	-5,36%	1,42%	3%	8%	-2%	46%	25%	21%	-2%	42%	71%	100	-0,7%	-0,5%	3,6
3.12	-5,21%	1,91%	7%	9%	4%	46%	24%	22%	-2%	41%	72%	99	-0,6%	-0,3%	4,1
12.11	-4,19%	2,53%	9%	10%	7%	46%	24%	22%	-1%	41%	70%	97	-0,3%	-0,1%	4,4
9.11	-3,82%	3,29%	9%	11%	8%	47%	24%	23%	-1%	41%	70%	96	-0,3%	0,2%	4,9
6.11	-4,45%	3,21%	10%	12%	8%	46%	24%	23%	-1%	40%	69%	94	-0,6%	0,1%	5,1
3.11	-3,71%	2,47%	7%	12%	3%	45%	23%	22%	-1%	39%	68%	93	-0,5%	-0,1%	4,6
12.10	-4,60%	2,30%	6%	12%	0%	45%	23%	22%	-1%	38%	66%	95	-1,1%	-0,3%	4,2
9.10	-2,58%	2,65%	4%	11%	-1%	45%	23%	22%	-1%	37%	68%	93	-0,5%	-0,2%	3,6
6.10	-2,49%	2,43%	3%	10%	-3%	45%	22%	22%	-1%	36%	67%	92	-1,1%	-0,4%	3,1
3.10	-0,78%	2,65%	2%	10%	-4%	45%	22%	23%	-1%	35%	67%	91	-1,0%	-0,4%	2,9
12.09	0,24%	2,92%	3%	11%	-3%	45%	22%	23%	-1%	35%	65%	91	-1,2%	-0,5%	3,1
9.09	2,67%	3,82%	6%	13%	0%	44%	21%	23%	-1%	34%	65%	89	-0,4%	-0,3%	3,6
6.09	2,73%	4,30%	9%	17%	3%	43%	20%	23%	0%	33%	65%	86	-0,3%	-0,3%	4,4
3.09	2,91%	5,30%	15%	22%	10%	42%	19%	23%	0%	32%	65%	80	0,2%	0,0%	5,6
12.08	-0,02%	5,98%	18%	25%	13%	40%	18%	22%	0%	32%	70%	75	-0,6%	0,1%	6,3
9.08	0,36%	6,77%	23%	28%	20%	40%	18%	22%	0%	31%	84%	70	0,0%	0,4%	7,6
6.08	0,14%	6,77%	24%	28%	21%	39%	17%	22%	0%	30%	90%	67	0,0%	0,5%	7,8
3.08	-1,04%	6,06%	26%	28%	24%	38%	16%	21%	0%	29%	91%	65	-0,4%	0,5%	7,5
12.07	-0,28%	6,50%	24%	28%	22%	37%	16%	21%	0%	28%	91%	69	-0,2%	0,6%	7,4
9.07	0,11%	5,81%	25%	27%	24%	36%	15%	20%	0%	27%	90%	75	0,0%	0,5%	7,6
6.07	0,31%	5,50%	23%	28%	19%	35%	15%	20%	0%	26%	90%	82	0,0%	0,5%	6,9
3.07	0,45%	4,58%	23%	30%	18%	33%	14%	19%	0%	25%	88%	93	0,2%	0,3%	6,6
12.06	-2,88%	4,97%	25%	32%	20%	33%	14%	19%	1%	25%	87%	103	-1,4%	0,5%	6,9
9.06	0,47%	3,97%	23%	34%	15%	32%	14%	18%	1%	23%	84%	111	0,1%	0,2%	5,1
6.06	3,77%	4,18%	26%	38%	20%	32%	13%	19%	1%	22%	82%	110	1,5%	0,4%	5,6
3.06	3,55%	3,16%	27%	40%	19%	31%	12%	18%	0%	21%	80%	113	1,4%	0,3%	5,1
12.05	-0,39%	2,89%	28%	41%	21%	30%	12%	18%	1%	20%	78%	110	-0,5%	0,3%	5,0
9.05	-0,12%	2,30%	21%	42%	11%	29%	11%	18%	1%	19%	76%	109	-0,3%	0,2%	4,7
6.05	0,35%	1,47%	16%	41%	4%	28%	11%	17%	1%	18%	75%	111	0,0%	0,1%	3,7
3.05	-0,30%	0,38%	11%	39%	-1%	27%	10%	17%	0%	16%	74%	108	-0,2%	-0,1%	3,0
12.04	0,44%	-0,39%	10%	38%	-1%	26%	9%	16%	0%	16%	71%	113	0,2%	-0,5%	3,4
9.04	0,13%	0,35%	16%	42%	6%	26%	9%	18%	0%	15%	70%	104	0,0%	-0,2%	3,3
6.04	0,00%	0,73%	19%	44%	11%	27%	8%	18%	0%	14%	69%	101	0,0%	0,0%	3,7
3.04	0,00%	0,81%	17%	41%	10%	26%	8%	19%	0%	13%	69%	102	0,0%	0,2%	4,1
12.03	0,00%	0,19%	12%	37%	4%	26%	7%	18%	0%	13%		100	0,0%	0,1%	3,8

Excessive maturity mismatch and market liquidity / Concentration

	Cumulative liquidity gap of up to 7 days	Cumulative liquidity gap of up to 30 days	Cumulative liquidity gap of up to 1 year	Cumulative liquidity gap of up to 2 years	Pledged securities / Total securities	Bonds maturing in next 12 months / Total bonds issued	Net foreign position (excluding foreign capital 3))	Large exposures (total) as a share of own funds	Exposures to the Slovak Republic as a share of total assets	Assets from nonfinancial groups as a share of total assets	Liabilities to nonfinancial groups as a share of total assets	Assets fair-valued through profit and loss	Liabilities fair-valued through profit and loss	Nominal value of derivatives as a share of total assets	Exposures to countries with high or increasing spreads, as a share of own funds 4): Greece	Loans to corporate segments with a high or increasing NPL ratio as a share of total assets 5): Construction
3.18	-44%	-45%	-49%	-43%	15%	11%	2%	89%	10%	5%	4%	1%	0%	38%	0%	1%
12.17	-42%	-42%	-47%	-42%	15%	15%	3%	90%	10%	6%	4%	0%	1%	33%	0%	1%
9.17	-40%	-42%	-48%	-41%	17%	14%	4%	90%	11%	7%	5%	1%	1%	35%	0%	1%
6.17	-41%	-42%	-48%	-41%	17%	12%	4%	91%	11%	6%	5%	1%	1%	34%	0%	1%
3.17	-40%	-41%	-48%	-43%	17%	10%	5%	92%	12%	7%	4%	1%	1%	33%	0%	1%
12.16	-41%	-43%	-48%	-42%	13%	14%	3%	105%	13%	5%	5%	1%	1%	28%	0%	1%
9.16	-42%	-43%	-47%	-44%	14%	14%	4%	106%	14%	5%	4%	1%	1%	33%	0%	1%
6.16	-41%	-42%	-46%	-43%	15%	12%	5%	102%	14%	6%	3%	1%	1%	32%	0%	1%
3.16	-39%	-39%	-46%	-42%	14%	9%	4%	119%	14%	6%	4%	1%	1%	32%	0%	1%
12.15	-40%	-40%	-46%	-40%	16%	14%	4%	102%	15%	6%	4%	1%	1%	29%	0%	1%
9.15	-39%	-40%	-46%	-39%	15%	16%	5%	114%	16%	5%	3%	1%	1%	28%	0%	2%
6.15	-39%	-41%	-47%	-41%	14%	17%	4%	112%	17%	5%	3%	1%	1%	29%	1%	2%
3.15	-38%	-39%	-46%	-42%	14%	18%	5%	107%	17%	5%	3%	1%	1%	30%	1%	1%
12.14	-37%	-37%	-46%	-41%	16%	19%	4%	101%	17%	6%	3%	1%	1%	29%	1%	1%
9.14	-37%	-39%	-46%	-42%	12%	16%	4%	111%	18%	5%	4%	2%	1%	31%	1%	2%
6.14	-38%	-40%	-45%	-41%	11%	20%	4%	124%	18%	5%	4%	1%	1%	33%	1%	2%
3.14	-36%	-38%	-45%	-40%	11%	14%	3%	105%	18%	4%	3%	2%	1%	31%	1%	2%
12.13	-36%	-38%	-43%	-40%	11%	14%	3%	99%	18%	5%	3%	2%	1%	31%	1%	2%
9.13	-36%	-38%	-43%	-40%	13%	9%	3%	94%	20%	5%	3%	2%	1%	34%	1%	2%
6.13	-34%	-36%	-41%	-38%	15%	11%	2%	106%	21%	5%	3%	2%	1%	35%	1%	2%
3.13	-31%	-33%	-40%	-36%	16%	14%	4%	109%	20%	5%	2%	2%	1%	34%	1%	2%
12.12	-32%	-33%	-37%	-33%	25%	15%	5%	108%	20%	6%	1%	2%	1%	31%	1%	2%
9.12	-31%	-33%	-39%	-34%	22%	15%	3%	100%	21%	6%	2%	4%	1%	34%	1%	2%
6.12	-30%	-32%	-36%	-32%	22%	14%	4%	95%	21%	6%	2%	3%	1%	36%	1%	2%
3.12	-29%	-32%	-36%	-32%	24%	17%	2%	90%	20%	5%	2%	4%	2%	37%	3%	2%
12.11	-33%	-35%	-40%	-35%	28%	12%	3%	117%	20%	4%	4%	3%	1%	37%	13%	2%
9.11	-32%	-37%	-40%	-37%	17%	14%	0%	139%	20%	5%	6%	4%	2%	38%	14%	2%
6.11	-35%	-38%	-39%	-37%	17%	14%	1%	135%	20%	6%	6%	4%	2%	41%	15%	2%
3.11	-34%	-38%	-39%	-35%	17%	19%	2%	110%	21%	6%	5%	4%	2%	39%	16%	2%
12.10	-36%	-39%	-38%	-34%	17%	14%	2%	110%	21%	5%	5%	4%	2%	37%	18%	2%
9.10	-36%	-40%	-37%	-33%	15%	16%	0%	99%	23%	5%	7%	5%	2%	38%	18%	2%
6.10	-36%	-39%	-37%	-33%	26%	22%	2%	101%	23%	4%	4%	5%	3%	40%	19%	2%
3.10	-36%	-37%	-40%	-34%	26%	30%	3%	111%	22%	3%	4%	5%	3%	40%	20%	2%
12.09	-32%	-34%	-39%	-31%	27%	28%	2%	110%	21%	4%	4%	5%	2%	42%	0%	2%
9.09	-30%	-34%	-38%	-30%	24%	22%	5%	111%	21%	6%	4%	5%	3%	43%	0%	2%
6.09	-31%	-35%	-36%	-30%	25%	16%	6%	121%	19%	5%	4%	5%	3%	46%	0%	2%
3.09	-29%	-32%	-35%	-30%	15%	15%	5%	146%	18%	3%	4%	5%	3%	48%	0%	2%
12.08	-23%	-23%	-28%	-24%	21%	12%	-14%	164%	14%	2%	10%	10%	6%	69%		2%
9.08	-30%	-30%	-28%	-24%	7%	22%	-13%	155%	14%	1%	12%	9%	6%	112%		2%
6.08	-27%	-30%	-28%	-23%	5%	22%	-13%	168%	15%	1%	13%	10%	5%	108%		2%
3.08	-29%	-30%	-30%	-25%	4%	20%	-12%	179%	17%	1%	9%	12%	6%	111%		2%
12.07	-33%	-32%	-29%	-24%		14%	-12%		18%	1%	10%	10%	6%	105%		2%
9.07	-28%	-30%	-29%	-24%		7%	-11%		18%	1%	8%	11%	6%	107%		2%
6.07	-28%	-31%	-28%	-23%		13%	-11%		18%	1%	8%	12%	7%	110%		2%
3.07	-27%	-26%	-28%	-24%		13%	-12%		14%	1%	9%	10%	7%	114%		1%
12.06	-28%	-31%	-31%	-25%		10%	-8%		19%	1%	5%	10%	6%	113%		2%
9.06	-26%	-27%	-30%	-24%		5%	-7%		16%	1%	4%	5%	5%	126%		1%
6.06	-23%	-26%	-27%	-22%		5%	-14%		16%	1%	7%	6%	7%	131%		1%
3.06	-28%	-24%	-28%	-23%		4%	-16%		16%	0%	7%	4%	7%	110%		1%
12.05																
9.05																
6.05																
3.05																
12.04																
9.04																
6.04																
3.04																
12.03																

Moral hazard / Financial infrastructure / Resilience of financial system

	Total net assets		Guaranteed deposits		Investments in domestic government bonds as a share of the total amount of government bonds issued		Loans to retail sector (outstanding amount)		Total assets within financial system		Total liabilities within financial system		Coverage of covered deposits 6)	Assets from the bank levy as a share of total assets 7)	Change in TARGET2 balance of the Slovak Republic (EUR millions)	TARGET2 balance of the Slovak Republic as a ratio to NBS assets		Tier 1 ratio	Own funds ratio	Liquid asset ratio 8)	Loan-to-deposit ratio
	C5	HHI	C5	HHI	C5	HHI	C5	HHI	C5	HHI	C5	HHI									
3.18	75%	1 360	77%	1 518	18%	2 176	81%	1 675	61%	992	86%	1 727	0,6%	1,2%	1 787	28%	0%	16%	18%		98%
12.17	75%	1 333	76%	1 495	18%	2 244	81%	1 666	67%	1 316	85%	1 647	0,6%	1,1%	18 748	24%	0%	17%	19%	1,46	98%
9.17	74%	1 326	76%	1 497	19%	2 071	81%	1 667	68%	1 419	85%	1 632	0,6%	1,1%	-1 230	-38%	0%	16%	18%	1,48	98%
6.17	74%	1 306	76%	1 470	19%	2 050	80%	1 637	68%	1 438	84%	1 598	0,7%	1,0%	-776	-34%		17%	19%	1,44	97%
3.17	74%	1 292	76%	1 451	20%	2 101	80%	1 623	69%	1 388	85%	1 610	0,7%	1,0%	-2 630	-32%		17%	18%	1,50	96%
12.16	73%	1 270	75%	1 433	21%	1 862	80%	1 609	61%	1 175	84%	1 566	0,7%	1,0%	-554	-22%		16%	18%	1,49	95%
9.16	73%	1 269	75%	1 427	22%	1 867	79%	1 590	58%	949	85%	1 609	0,7%	1,0%	-1 918	-21%		17%	18%	1,47	93%
6.16	73%	1 263	75%	1 412	22%	1 843	79%	1 591	62%	963	86%	1 581	0,7%	0,9%	-2 029	-13%		16%	17%	1,60	90%
3.16	73%	1 248	75%	1 410	22%	1 857	79%	1 587	61%	898	86%	1 553	0,7%	0,9%	-1 079	-3%		16%	17%	1,69	90%
12.15	72%	1 250	75%	1 416	24%	1 739	79%	1 583	61%	1 008	87%	1 572	0,7%	0,9%	988	3%		17%	18%	1,64	90%
9.15	72%	1 237	69%	1 273	24%	1 772	79%	1 580	58%	845	89%	1 641	0,6%	0,9%	-1 602	-3%		16%	17%	1,535	91%
6.15	71%	1 231	70%	1 283	24%	1 757	79%	1 580	53%	791	87%	1 615	0,6%	0,9%	807	7%		16%	18%	1,485	91%
3.15	71%	1 230	70%	1 283	25%	1 759	79%	1 571	53%	867	86%	1 550	0,6%	0,8%	-1 973	2%		16%	17%	1,585	90%
12.14	71%	1 221	70%	1 279	25%	1 772	79%	1 564	53%	878	86%	1 587	0,6%	0,8%	-2 149	12%		16%	17%	1,601	91%
9.14	71%	1 226	70%	1 276	26%	1 817	80%	1 571	50%	807	84%	1 538	0,6%	0,8%	1 602	22%		16%	17%	1,363	91%
6.14	70%	1 218	70%	1 278	26%	1 832	80%	1 568	55%	961	83%	1 534	0,6%	0,8%	-3 699	16%		16%	17%	1,362	90%
3.14	70%	1 205	70%	1 276	26%	1 764	80%	1 558	53%	1 038	82%	1 508	0,6%	0,7%	3 800	30%		16%	17%	1,437	89%
12.13	70%	1 214	70%	1 284	27%	1 788	80%	1 559	55%	987	84%	1 605	0,5%	0,6%	-4 256	16%		15%	17%	1,423	89%
9.13	71%	1 223	73%	1 354	27%	1 771	81%	1 577	52%	980	84%	1 596	0,5%	0,5%	-395	32%		15%	16%	1,424	89%
6.13	71%	1 213	73%	1 360	27%	1 689	82%	1 610	49%	857	86%	1 627	0,5%	0,4%	2 527	33%		15%	16%	1,459	88%
3.13	71%	1 220	73%	1 361	28%	1 824	83%	1 641	48%	783	87%	1 654	0,5%	0,3%	3 923	23%		15%	16%	1,501	87%
12.12	71%	1 221	73%	1 371	30%	1 797	83%	1 644	49%	750	86%	1 656	0,5%	0,3%	2 439	5%		13%	16%	1,514	88%
9.12	72%	1 254	73%	1 386	32%	1 848	83%	1 643	55%	882	86%	1 688	0,5%	0,2%	3 718	-8%		13%	16%	1,466	90%
6.12	72%	1 250	73%	1 383	31%	1 827	83%	1 659	56%	905	84%	1 644	0,5%	0,1%	2 779	-27%		12%	15%	1,471	89%
3.12	71%	1 222	73%	1 359	33%	1 734	84%	1 672	55%	853	82%	1 550	0,5%	0,0%	5 574	-39%		12%	13%	1,511	89%
12.11	72%	1 254	73%	1 389	34%	1 777	84%	1 672	57%	914	81%	1 537	0,5%	0,0%	-2 617	-63%		12%	13%	1,356	90%
9.11	71%	1 220	75%	1 458	37%	1 766	84%	1 661	59%	882	79%	1 409	0,4%	0,0%	3 128	-55%		13%	13%	1,358	88%
6.11	71%	1 221	75%	1 454	36%	1 746	84%	1 659	57%	905	78%	1 395	0,4%	0,0%	-2 350	-72%		13%	13%	1,349	87%
3.11	71%	1 220	75%	1 458	38%	1 789	84%	1 665	62%	1 027	78%	1 448	0,3%	0,0%	1 529	-63%		12%	13%	1,36	86%
12.10	72%	1 237	75%	1 478	40%	1 839	84%	1 682	62%	1 077	74%	1 375	0,3%	0,0%	1 140	-67%		12%	13%	1,37	85%
9.10	72%	1 252	75%	1 508	45%	1 844	85%	1 694	59%	942	74%	1 373	0,2%	0,0%	587	-74%		12%	13%	1,39	87%
6.10	73%	1 275	76%	1 513	47%	1 808	85%	1 698	60%	1 034	75%	1 266	0,2%	0,0%	-572	-71%		12%	12%	1,35	83%
3.10	72%	1 265	76%	1 517	47%	1 805	85%	1 698	63%	1 168	77%	1 331	0,1%	0,0%	54	-73%		11%	12%	1,39	86%
12.09	72%	1 273	77%	1 536	47%	1 909	85%	1 683	62%	1 135	74%	1 316						11%	12%	1,31	85%
9.09	72%	1 266	78%	1 590	47%	1 924	85%	1 678	62%	1 050	74%	1 259						11%	12%	1,30	84%
6.09	70%	1 214	76%	1 571	45%	1 891	83%	1 638	61%	1 032	66%	1 075						12%	12%	1,32	83%
3.09	69%	1 187	76%	1 575	46%	1 920	82%	1 618	62%	945	65%	1 053						11%	12%	1,40	83%
12.08	72%	1 197	76%	1 605	38%	1 701	82%	1 611	61%	910	71%	1 149						11%	12%	1,46	78%
9.08	68%	1 090	74%	1 512	34%	1 913	82%	1 619	62%	960	69%	1 097						11%	13%		85%
6.08	67%	1 083	74%	1 571	33%	2 026	82%	1 613	69%	1 095	66%	1 060						12%	13%		84%
3.08	67%	1 086	74%	1 576	37%	2 071	82%	1 606	62%	982	67%	1 090						11%	13%		83%
12.07	68%	1 085	75%	1 573	40%	2 306	82%	1 587	68%	1 076	65%	1 056						12%	13%		77%
9.07	68%	1 075	75%	1 582	40%	2 404	82%	1 595	65%	1 005	66%	1 124						13%	14%		74%
6.07	68%	1 086	75%	1 579	39%	2 366	81%	1 599	67%	1 091	70%	1 188						13%	14%		71%
3.07	66%	1 065	76%	1 597	40%	2 309	81%	1 593	62%	984	64%	1 049						13%	15%		73%
12.06	67%	1 127	76%	1 594	44%	2 175	81%	1 584	65%	1 035	61%	965						13%	15%		72%
9.06	65%	1 096	76%	1 612	47%	2 193	81%	1 589	67%	1 063	63%	996						14%	16%		68%
6.06	67%	1 110	76%	1 614	47%	2 195	81%	1 601	70%	1 204	69%	1 137						14%	18%		68%
3.06	66%	1 037	76%	1 622	45%	2 050	81%	1 605	62%	954	67%	1 125						14%	18%		66%
12.05	68%	1 071	75%	1 593	52%	2 377	81%	1 606	66%	1 060	67%	1 194						15%	19%		66%
9.05	67%	1 094	75%	1 625	52%	2 368	81%	1 622	63%	1 022	67%	1 113						16%	21%		63%
6.05	67%	1 121	75%	1 644	51%	2 052	81%	1 621	61%	1 008	68%	1 176						17%	22%		58%
3.05	67%	1 104	75%	1 658	50%	1 936	81%	1 625	63%	1 048	66%	1 107						18%	21%		56%
12.04	66%	1 147	75%	1 671	61%	2 065	81%	1 640	64%	1 009	63%	1 025							0%		57%
9.04	66%	1 136	75%	1 684	62%	2 043	81%	1 664	64%	1 196	62%	986							0%		54%
6.04	66%	1 178	76%	1 710	61%	2 038	81%	1 676	67%	1 125	67%	1 046							0%		55%
3.04	65%	1 164	77%	1 803	66%	2 088	81%	1 720	67%	1 128	62%	999							0%		56%
12.03																					55%

Note: The darker the colour, the greater the probability of imbalances with relevance for macroprudential policy. Gap: deviation of the respective indicator from its long-term trend. Credit-to-GDP gap: deviation of credit-to-GDP ratio from its long-term trend. C5: the overall share of the five institutions that have the highest share in the banking sector's total volume of that item for the respective quarter. HHI: Herfindahl-Hirschman index.

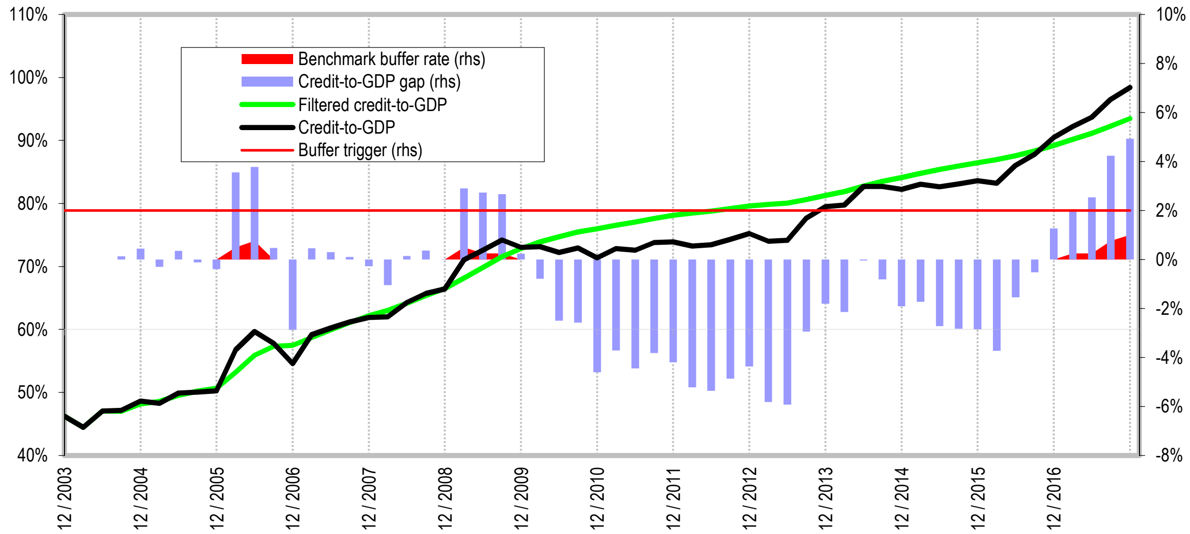
1) The data on LTV ratios for new loans for the period 2004–2008 are based on an expert estimation. 2) Cyclogram time series are recalculated with every extension of time series for the new period, due to this fact the values of the entire time series change between respective vintages. 3) Capital: Own funds of foreign banks´ subsidiaries. 4) Annual increase of spread by more than 2 p.p. or spread exceeding 3 p.p. (last observtaion or average). Spread is calculated as an average differance between yields of goverment bonds of respective country and yields of German goverment bonds for the respective quarter. 5) Annual increase of NPL ratio by more than 1.5 p.p. or the level of NPL ratio exceeding 10% in last 12 months. 6) Funds accumulated in the Deposit Protection Fund as a ratio to the total amount of covered deposits in the given quarter. The increase of the coverage ratio in december 2015 is caused by methodology change given by implementation of Act No 239/2015 Coll. Following the implementation, the contributions of institutions are calculated on the basis of covered deposits, not eligible deposits. 7) Funds accumulated from the special levy on financial institutions, pursuant to Act No 384/2011 Coll. as a ratio to the banking sector's total net assets in the given quarter. 8) The methodology for calculating the ratio was changed from December 2014. 9) Credit provided by domestic banks to households' sector (S.14 and S.15) and nonfinancial corporation sector (S.11) operating at the domestic market, source: V(NBS) 33-12.

Missing indicartors in the table for period 1Q 2018 were not available at the time of publication of the table.

B) Countercyclical capital buffer

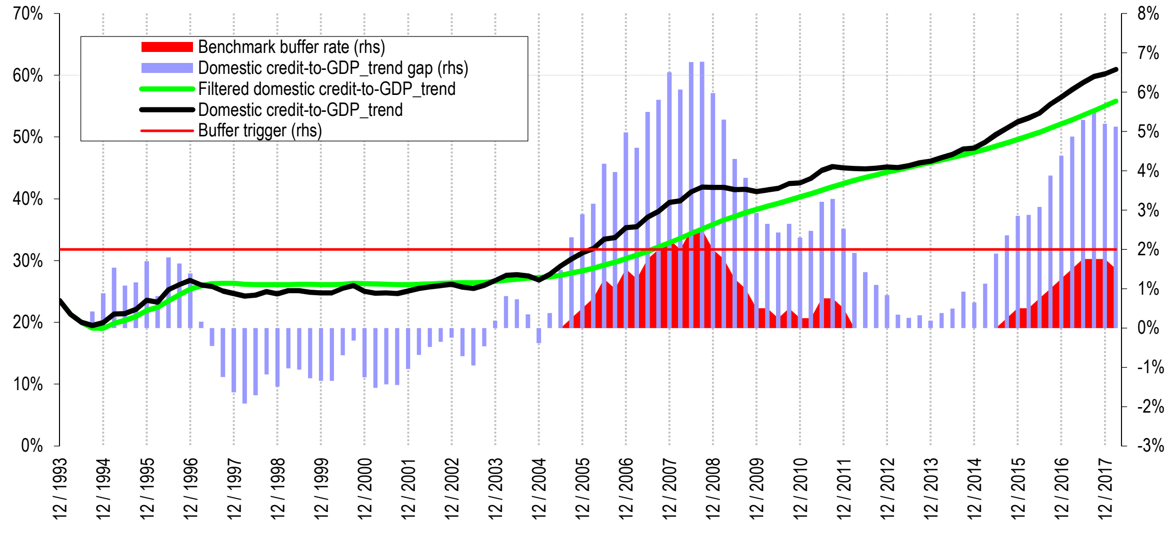
Deviation of the credit-to-GDP ratio from its long-term trend[13]

Chart 1 Credit-to-GDP gap



Source: NBS, SO SR.
Credit-to-GDP gap is estimated on outstanding amount of debt of NFCs and households.
Countercyclical capital buffer trigger values and gap values are shown on the right-hand scale.
Due to revised data on NFC debt against NFC sector (sector S11 against S11) for Q3 2017, level of the Credit-to-GDP gap indicator as well as level of buffer guide was slightly revised in Q3 2017.

Chart 2 Domestic credit-to-GDP$_{trend}$ gap[14]



Source: NBS, SO SR.
Domestic credit-to-GDP gap is estimated on credit provided by domestic banking sector to NFCs and households.
Countercyclical capital buffer trigger values and gap values are shown on the right-hand scale.

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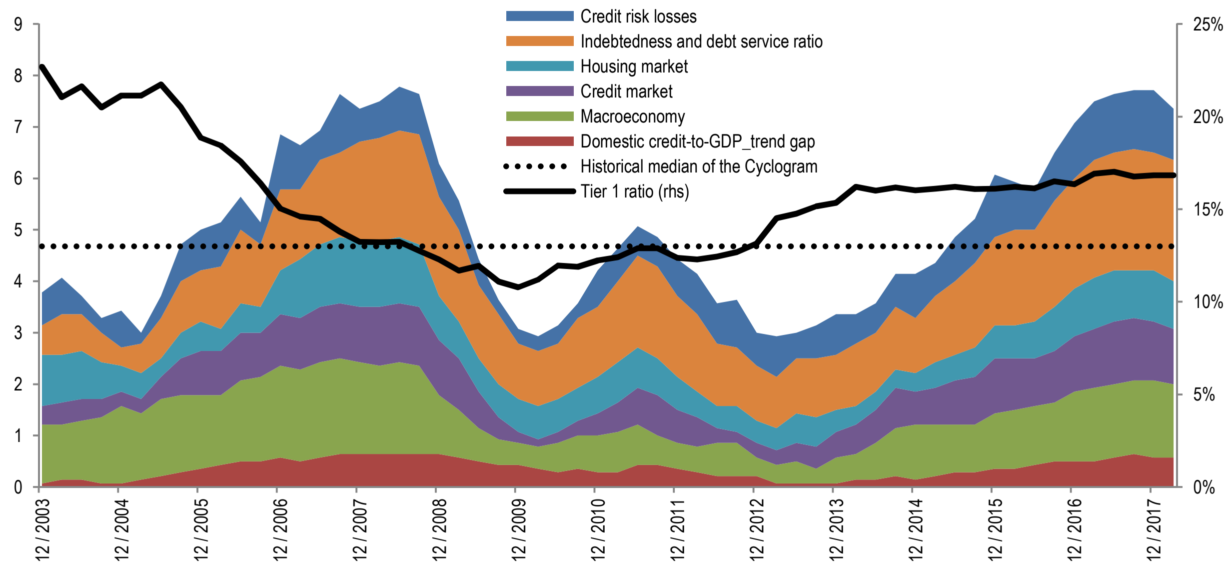
[13] The buffer guide calibration made in accordance with with ESRB Recommendation No ESRB/2014/1 of 18 June 2014, Annex, Part II.

[14] Ratio pursuant to Article 33g(2)(a) of the Banking Act; calculation made in accordance with ESRB Recommendation No ESRB/2014/1 of 18 June 2014 on guidance for setting countercyclical buffer rates, part B2.

Chart 3 Cyclogram[15]



Source: NBS, SO SR and CMN.

Table 3 Buffer guide for the countercyclical capital buffer as at 31 March 2018*

Indicator	Buffer guide	Debt/GDP ratio	Deviation of the credit-to-GDP ratio from its long-term trend
Credit-to-GDP gap* (Chart 1)	1.00%	98.4%	4.93%
Domestic credit-to-GDP$_{trend}$ gap (Chart 2)	1.50%	59.8%	5.12%
Cyclogram (Chart 3)	2.25%		

Source: NBS.

Note: Due to the shortage of time series, the Credit-to-GDP gap indicator does not actually perform as a reliable buffer guide indicator.

* As data on the total debt of the private sector for the 1Q 2018 were not available to the July countercyclical capital buffer approval date, the Standard Credit-to-GDP gap data in the table is calculated on 4Q 2017 data.

15 Pursuant to Article 33g(1c) of the Banking Act; calculation made in accordance with ESRB Recommendation No ESRB/2014/1 of 18 June 2014 on guidance for setting countercyclical buffer rates, parts C and D.