



NÁRODNÁ BANKA SLOVENSKA



Annual Report 2002

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FOREWORD

Slovakia's macro-economic and monetary development in 2002 was characterised by a fall in inflation, gradual acceleration in the rate of economic growth, and by persistent deficits in foreign trade and the balance of payments on current account.

The rate of overall inflation fell to 3.4% in 2002, from 6.5% in 2001, due primarily to a reduction in the schedule of adjustments to regulated prices and a slowdown in the rate of price increase in other basic elements of consumer prices. Core inflation fell by 1.3 points in 2002, to 1.9%. The level of core inflation was determined by the rise in oil prices on the world market and the consequent increase in fuel prices, which was offset by a fall in food prices. Prices in the tradable sector, which were affected by the appreciation of the Slovak koruna (due to the large proportion of imported goods), had a stabilising effect on price development. In the conditions of strong competition in the retail sector, the growth in domestic demand exerted no undue pressure for a rise in consumer price levels.

Economic growth in 2002 was characterised by an acceleration in year-on-year dynamics. A positive factor in the development of GDP was the positive contribution of net exports to GDP growth, resulting from the faster growth dynamics of exports than imports. A moderate increase in output of the export trade (expressed in terms of the contribution to GDP) led to a decrease in the size of the trade deficit. The growth in domestic demand was in large part due to final consumption, and growth in inventories, accompanied by a fall in investment demand. One of the factors contributing to acceleration in the rate of growth in final household consumption was the strong dynamics of real wages, which exceeded the rate of growth in labour productivity. This unfavourable development was mainly due to the high rate of wage increase in the public sector. Relatively dynamic growth was also recorded in final consumption in the public administration sector, the rate of which slowed after the introduction of austerity measures in the second half of the year. The ratio of the fiscal deficit to GDP fell slightly, from 7.3% in 2001 to 7.2% in 2002 (according to the ESA 95 methodology).

The balance of payment on current account remained in deficit in 2002, due to deterioration in all basic components, in addition to the balance of trade. In spite of this, the ratio of the current account deficit to GDP fell from 8.5% to 8.1% as a result of economic growth. Some improvement was recorded in the commodity structure of exports, where the strongest growth dynamics were recorded in the export of finished products. Nevertheless, export trade continued to focus on goods with a low added value, intended for intermediate consumption. The fall in investment demand led to a marked slowdown in the rate of increase in imports of machinery and transport equipment (excluding automobiles), accompanied by reduced imports of finished products, despite growth in real wages.

The implementation of monetary policy in 2002 was affected, on the one hand, by developments in the country's basic economic fundamentals (i.e. continued disinflation, acceleration in the rate of economic growth, persistent large deficit in the balance of payments on current account and in public finance), and, on the other hand, by the formation of expectations (mainly in the area of exchange rate developments) connected with the integration process. Monetary policy continued to be implemented in an environment marked by a growing surplus of free liquidity in the banking sector, which was sterilised through standard methods. A significant pro-liquidity factor in 2002 was the large income from privatisation and its utilisation (mainly the part used for the repayment of the internal debt), which resulted in a substantial increase in the need for liquidity sterilisation.

The deepening external economic imbalance, resulting from the growing trade deficit, coupled with effects of the absence of appropriate measures for the elimination of risks in the public sector, and with the potential stimulus to demand of privatisation proceeds, led, despite a fall in inflation rate, to monetary policy tightening in the first half of the year. At the end of April, the Bank Board of the NBS decided to raise its key interest rates by 0.5 of a percentage point. The growing degree of uncertainty in the expectations of economic entities led to depreciation in the exchange rate of the Slovak koruna to the euro. The NBS regarded the exchange rate depreciation as excessive and conducted direct interventions in June in order to stabilise the situation on the foreign exchange market.

With regard to the negligible effect of demand-based factors on inflation, the improvement in the negative balance of foreign trade and the anticipated adoption of measures for the reduction of risks in public finance in 2003, the Bank Board of the NBS decided, at the end of October, to lower the limit rate for two-week repo tenders by 0.25 of a percentage point, while leaving the rates for overnight operations unchanged. The positive expectations of economic entities, connected with the results of parliamentary elections, the progress achieved during the accession talks with the European Union, improvement in Slovakia's credit rating by international agencies, and the invitation of the SR to accession talks about entry into NATO, led to a marked inflow of short-term capital from abroad (attracted by the positive interest rate differential) and subsequent pressure on the exchange rate of the Slovak koruna. Since the appreciation of the koruna was not based on an adequate improvement in basic economic fundamentals and could have a negative impact on the economy and export performance, the NBS intervened on the foreign exchange market. In support of operations on the foreign exchange market, the Bank Board decided to lower the key interest rates of the NBS by 1.5 percentage points with effect from 18 November 2002, i.e. the limit rate for two-week repo tenders to 6.5%, the rate for overnight sterilisation to 5.0%, and that for overnight refinancing to 8.0%. The cut in key interest rates was subsequently reflected in customer rates for deposits and loans.

The need for the sterilisation of excess liquidity in the banking sector (derived mainly from privatisation proceeds), the placement of part of the proceeds earmarked for the pension reform in a time deposit account at the NBS and the associated interest costs, the interventions in the foreign exchange market against undue appreciation of the koruna and the subsequent inflow of koruna

liquidity into the banking sector, as well as the development of the USD/EUR exchange rate, were the factors responsible for the negative financial result of the NBS in 2002, amounting to almost Sk 25 billion.

The process of harmonisation of the Bank's monetary policy instruments with those applied by the ECB continued in 2002, with a reduction in the ratio of required reserves from 5% to 4% with effect from 1 January. At the same time, bills-of-exchange transactions were cancelled, together with the Lombard loan, and the method of setting the discount rate was changed (corresponding to the limit rate of the NBS for two-week repo tenders). On 12 December, the Bank Board of the NBS decided to replace the discount rate with the base interest rate, with effect from 1 January 2003. The base rate is equal to the limit rate for two-week repo tenders, and hence, in generally binding legal regulations, the term 'discount rate of the National Bank of Slovakia' or 'discount rate of the State Bank of Czecho-Slovakia' refers to the base rate of the National Bank of Slovakia. With effect from 1 January 2003, the reserve ratio was cut further, to 3%.

On the whole, macro-economic development in 2002, characterised by a low rate of inflation and stabilised deficit in the balance of trade, was acceptable. Despite the relatively large deficit in public finance, there was room for reduction in key interest rates, which was, however, necessitated primarily by pressure for appreciation in the exchange rate. Since the exchange rate represents such an important transmission channel, undue and disproportionate appreciation could have an unfavourable effect on the competitiveness of the Slovak economy and the potential for growth.

The National Bank of Slovakia assumes that monetary policy in 2003 will be implemented in an environment marked by relatively dynamic economic growth, which will, however, be largely dependent on foreign demand (if domestic demand weakens) and the competitiveness of Slovak exporters. Hence, in implementing its monetary policy, the NBS will continue to take into account a wide spectrum of economic variables, i.e. price development, foreign trade, public finance, economic growth, including its structure, and last but not least, the exchange rate of the koruna.

In the medium term, the NBS will focus its monetary policy on the attainment of its primary objective – the maintenance of price stability, in order to create conditions for the entry of Slovakia into the euro area.

May 2003



Marián Jusko
Governor

Note: The Annual Report of the NBS for 2002 was compiled on the basis of preliminary banking statistics data, due to the fact that a commercial bank had exploited the possibility of putting off the deadline for the submission of tax returns by 3 months in accordance with Act No. 511/1992 Zb. on the administration and taxes and charges and on changes in the system of regional financial authorities.



Members of the NBS Bank Board in 2002

First row, from left to right:

Elena Kohútiková, Deputy Governor

Marián Jusko, Governor

Ivan Šramko, Deputy Governor

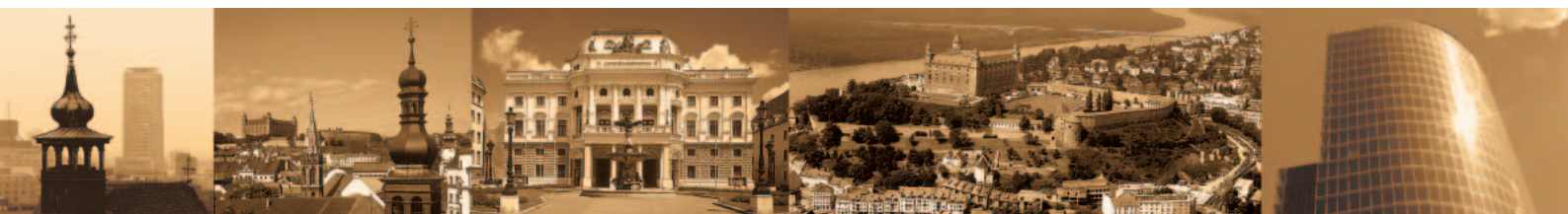
Second row, from left to right:

Karol Mrva, Chief Executive Director, Trade and Foreign Exchange Division

Ján Mathes, Chief Executive Director, Currency Division

Jozef Košnár, Professor at the University of Economy in Bratislava

A. EXTERNAL ECONOMIC ENVIRONMENT



1. WORLD ECONOMY

Global trends in output and prices

After a major slowdown in economic activity in 2001, the global economy saw a rebound in 2002. Global output increased by 3% in 2002 to slightly exceed expectations of leading international institutions, but the speed of recovery slackened in the second half of the year. Market expectations reflected increased financial market volatility accompanied by yet another fall in equity prices, and rising geopolitical tensions.

The growth in global output came on the back of economic recovery in the United States, coupled by a strong comeback in Asia's newly industrialised countries and a continuing relatively high pace of economic growth in transition and developing countries. In the euro area, growth lost its momentum, while Japan recorded a stagnation trend. Real output of the Latin America region slipped in 2002 in absolute terms (-0.1%) driven largely by a severe crisis which hit Argentina (its GDP tumbled by 11%), while the two other largest countries – Brazil and Mexico –

recorded only a meagre growth. The uneven pattern of recovery in the world's economic regions, combined with economic and geopolitical uncertainty, led to just a slight increase in world trade dynamics. The volume of global trade grew by 2.9% in 2002, thus trailing global output.

The main cause behind the economic setback in the euro area was a stifled domestic demand, compensated in part by increased export opportunities opened up by the U.S. economic recovery. In contrast, just a slight decline in the growth rate in the countries of Central and Eastern Europe, whose transition economies had already developed firm ties with the euro area, or the European Union, came as a result of a strong domestic demand which made up for losses in exports to the EU countries. A fairly high rate of growth seen across the whole cluster of emerging economies was partly due to a continuing rapid growth of the Russian economy. The engine driving growth in the East Asian region was a high demand in China, whose stepped-up economic growth, and, at a time of Japan's economic stagnation, offered a considerable export potential to other newly industrialised economies in the region.

Global output in 2002

(year-on-year growth in %)

	2001	2002	2003 (forecast)
Global output	2.3	3.0	3.2
Advanced economies	0.9	1.8	1.9
USA	0.3	2.4	2.2
Japan	0.4	0.3	0.8
Euro area	1.4	0.8	1.1
United Kingdom	2.0	1.6	2.0
Newly industrialised Asian countries	0.8	4.6	4.1
Transition economies	5.1	4.1	4.0
Central and Eastern Europe	3.0	2.9	3.4
Russia	5.0	4.3	4.0
Developing countries	3.9	4.6	5.0
China	7.3	8.0	7.5
Brazil	1.4	1.5	2.8

Source: World Economic Outlook, April 2003

A sluggish recovery in the global economy created a good setting for price development. After a general price decline on commodity markets in 2001, the aggregate index of primary commodity prices picked up by some 3% in 2002. The average oil price recorded only a slight increase to USD 25/barrel. However, given its low baseline and marked growth in the second half of the year in particular, in December 2002 it stood 50% (about USD 28.50/barrel) higher than in December 2001. Rising oil prices in 2002 had nothing to do with short supply – OPEC's (excluding Iraq) production outran its targets throughout the year – but rather with markets fearing possible oil supply disruptions as a result of an imminent U.S. armed intervention in the Middle East. It was only a supply-side shock in the shape of a general strike in Venezuela in December that triggered a major rise in oil prices. Prices of non-energy commodities also grew rapidly, notably food, beverages and agricultural raw materials, but stayed below historical standards. The price growth in these items was largely the result of adverse weather conditions in leading agricultural countries.

On the global scale, consumer price growth was slower in 2002 than in 2001. The consumer price index edged up by 1.5% year-on-year (as compared to 2.2% in 2001) in the group of advanced economies. A slowdown was also observed in developing countries (down to 5.4% from 5.8% in 2001) and transition economies (11.1% as compared to 16.3% in 2001). In the twelve EU candidate countries, inflation averaged 5.7% in 2002 (as compared to 9.8% in 2001).

Stock prices took yet another fall in 2002. Broad equity market indexes in U.S., euro area and Japanese markets displayed a basically similar pattern during the year. A sharp drop in stock prices accompanied by extremely high volatility occurred in particular during the May-July period amid revelations of corporate accounting rules. Stock prices were also depressed by lower than expected corporate

profits and worse global economic outlooks. Although the downward pressure on prices eased up in the second half of the year, stock market volatility remained high in the euro area. Overall, stock prices in the euro area, measured by the broad Dow Jones EURO STOXX index, slumped by 35% in 2002, with technological, telecommunications and financial sector stocks coming out the worst losers, as their share in the total index slump exceeded one-half. In the U.S., the Standard and Poor's index fell by 23%, but the fall was much sharper in technological sector stock prices quoted by the Nasdaq Composite index which lost 32%. In Japan, the Nikkei 25 index dropped by 19%, mainly due to domestic factors.

The development in bond markets in the U.S. and in the euro area in 2002 was affected primarily by stock market turbulences, which triggered a „flight to safety“ in securities portfolios (from shares to Government bonds). This resulted in a decrease in yields on 10-year Government bonds by 90 basis points in the euro area and by 130 basis points in the U.S., to the year-end 4.3% and 3.8%, respectively, however, the negative differential in U.S. bond yields was recorded from the beginning of the year onwards. Returns on long-term Government bonds in Japan were less exposed to global factors than to worsening recovery prospects for the national economy and the situation in the banking sector. After staying relatively steady around 1.4% in the first half of the year, yields on Japanese 10-year bonds fell to 0.9% at the end of 2002.

The main characteristic of the development in foreign exchange markets in 2002 was a considerable weakening in the U.S. dollar exchange rate. The dollar lost much ground to the euro in the first half of the year due to less optimistic recovery prospects for the U.S. economy and the fallout of scandals over U.S. corporations' accounting rules on the markets. The U.S. dollar experienced yet another setback against the euro late in the year, this time fuelled by increased negative interest differentials as

compared to the euro area, rising market concerns about a widening U.S. current account deficit and the rise of a fiscal deficit, as well as by geopolitical pressure. At the end of 2002, the euro/dollar exchange rate reached 1.05 EUR/USD, which was 16% up from the beginning of the year and 17% above the 2001 average. The yen held relatively steady against the euro during 2002, but then depreciated at the end of the year amid uncertain growth prospects in Japanese exporters' key markets and market uncertainty about solutions of woes afflicting Japan's financial sector. The JPY/EUR exchange rate finished the year at 124.39, meaning that the euro appreciated by 4.1% year-on-year and by 14.5% against the 2001 average.

Economic development in the main monetary areas: United States, Japan, Euro Area

The **U.S.** reported 2.4% GDP growth in 2002, which was well above the 0.3% it registered in 2001 due to an absolute decline in performance in the first three quarters. Its recovery was marked by rapid growth in productivity in the non-farming business sector. Heavy household spending, both on consumption and investments, added the largest share to the GDP growth. These expenditures were supported by tax cuts in 2002 which led to increased disposable income. The upsurge in consumption was most obvious in the long-term consumer goods sector (automobiles). Favourable conditions in the real estate market, with mortgage rates reaching historical lows, spurred household investments. Despite generous spending, the rate of savings from disposable income increased to 3.9% in 2002 from 2.3% in 2001, which was probably related to greater uncertainty by financial market turmoils and deteriorating prospects in the labour market. Public sector spending remained high, while corporate investments fell again in 2002 as a result of relatively low corporate profits. A distinct increase in productivity combined with

low utilisation of production capacities created good conditions for price development in the U.S. economy. Inflation (measured as the consumer price index) reached 1.6% in 2002 (2.8% in 2001) and producer prices recorded a fall of 1.3% (as compared with the increase of 2% in 2001) despite a rise in oil prices. The unemployment rate picked up 1 percentage point from a year ago to 5.8%. With import's growth rate outpacing export's growth rate of goods and services, the current account deficit widened to 4.8% of GDP in 2002 (3.9% in 2001).

All these developments in the U.S. economy combined to maintain the existing internal and widen external imbalances, marked by a high level of domestic demand satisfied at the cost of growing accumulation of household debt and overall national debt. Household debt is the largest component in internal debt with approximately 70% of GDP. Since 2001, foreign debt has been rising at a considerable pace as well, as investors shift their focus from private stocks to Government bonds, which implies possible problems with sustaining the current account deficit in the future.

Japan's economy showed signs of a slight recovery in the first half of 2002, as rising exports to new Asian economies in particular supported growth in industrial production. As geopolitical pressure increased, the growth in foreign demand subsided which, coupled with slow growth in private investments against a backdrop of unused capacity, led to a meagre GDP growth of 0.3% (0.4% in 2001) and an increase in unemployment rate to 5.4% (5.0% in 2001). The price development again followed a deflationary trend in Japan in 2002, with the consumer price index falling by 0.9% in average (as compared to a 0.7% decline in 2001). External conditions allowed the country to increase its current account surplus to 2.8% of GDP (2.1% of GDP in 2001).

After initial signs of recovery, economic development in the **euro area** was marked by



low dynamics throughout 2002, resulting in further year-on-year slowdown in GDP growth to 0.8% (1.4% in 2001). An uncertain global economic environment led to a significant reduction in capital expenditures reflected in a 2.5% drop in gross capital formation, which cut the contribution of domestic demand to GDP growth in the euro area to 0.2% in 2002. The contribution of net exports reached 0.6%, as exports picked up by 1.2% and imports decreased by 0.3%.

The setback in corporate investments in the euro area in 2002 was driven both by doubtful recovery prospects and falling profitability of European firms in the face of an economic downturn and a strong euro, forcing firms to adapt pricing policies in order to hold on to their positions in export markets, and probably by a sharp decline in stock prices implying higher cost of new capital, and lower household demand for housing investments. Flagging growth in private consumption, down from 1.8% in 2001 to 0.6% in 2002, came as a consequence of lower growth in real disposable household income due to slower employment growth.

With market services posting a 1.3% rise, the service sector was once again the engine of economic activity in the euro area in 2002. A scant 0.2% increase in value added in industrial production (excluding the construction industry) echoed the 2001 contraction. In the first half of 2002, the industry experienced a recovery kindled by rising foreign demand. However, as economic outlook worsened, industrial activity slowed down to record another fall in the last quarter on a quarterly basis. The output of the construction industry, measured as real value added, dropped by 1.5% in absolute terms in 2002.

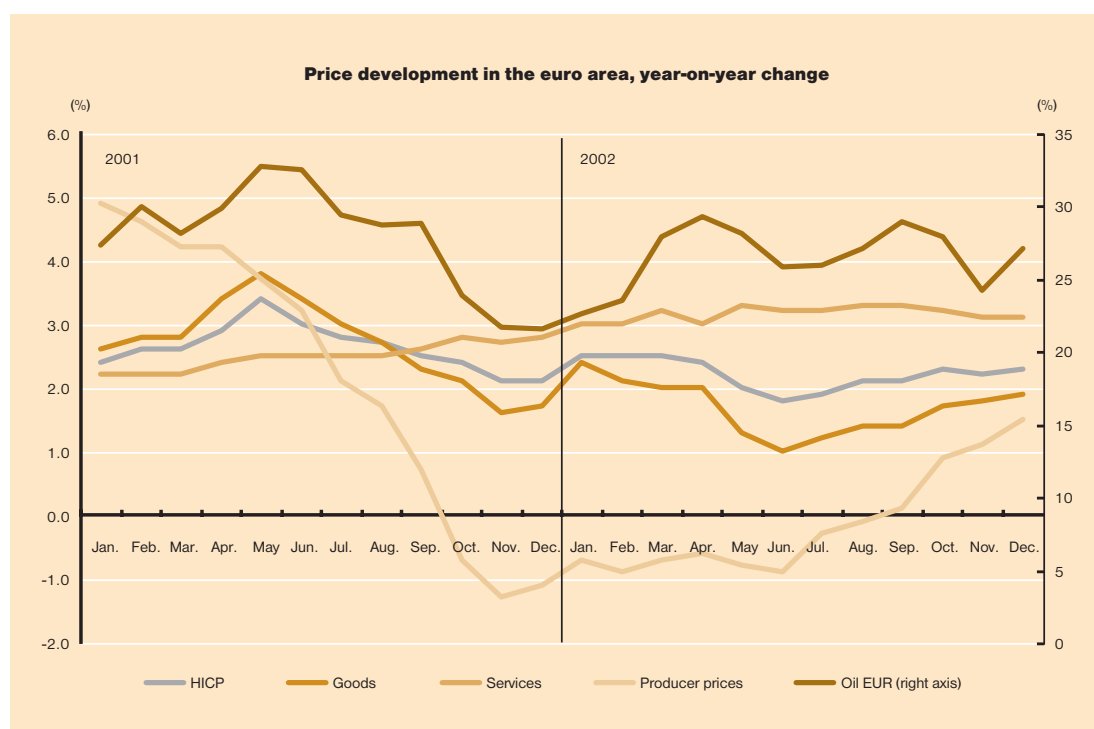
Falling performance of the German economy in 2001 gave way to stagnation in 2002, when annual GDP growth reached 0.2% thanks to a kind of recovery in the last quarter. Moderate export growth could only partly compensate for dull domestic demand, reflecting a setback in fixed investments and slow growth in private consumption. The main reason behind decreasing investment activity was the continued collapse in the construction industry in Eastern Germany. In 2002, however, some more general problems faced by the German

economy came into play, related to falling corporate profitability and a decreasing ability to pay off sizeable loans taken up during the economic boom. The spotlight was also on falling efficiency of the German banking sector, facing the necessity of a more radical restructuring which, however, is hampered by rigid employment laws.

Economic growth slowed down in all euro area countries except Finland (where signs of a recession peaked at the turn of 2001 and 2002). Greek economy grew the fastest (4.0%), while GDP growth in Ireland, which has boasted of having the most dynamic economy for a long time (an average 9.8% in 1995-2000), dropped to 3.3%. As a result, the growth rates in euro area economies came closer together again in 2002, as the gap between the fastest (Greece) and the slowest (Luxembourg with 0.1% of GDP) narrowed to 3.9% (from 5.1% in 2001). Among the large economies, above euro area average GDP growth was recorded in France (1.1%) and Spain (2.0%). In Italy, growth slowed down to 0.4% of GDP. In most small economies, the pace of growth was near the euro area average (0.7-0.8% of GDP).

The downturn in economic activity gave rise to worsening conditions in the labour market, where decreasing job opportunities led to a slight increase in unemployment. The standardised unemployment rate in the euro area averaged 8.3% in 2002, i.e. 11.4 million jobless. The development in the euro area labour market was quite general in 2002, with no specific impacts on individual groups of workers and no major differences between national labour markets.

The average rate of inflation in the euro area, measured as the Harmonised Index of Consumer Prices (HICP), was 2.2% in 2002 (2.4% in 2001). Inflation travelled an uneven path during the year as a consequence of the fallout of earlier shocks in oil and food prices, as well as the depreciation of the euro. Disregarding more volatile components of unprocessed food and energy, HICP rose from 2.0% to 2.5% year-on-year. This rise was caused by rapid growth in services prices. Prices of certain types of services shot up early in the year in connection with the introduction of euro banknotes and coins. However, faster growth in services prices, by an average 3.1% a year



(2.7% in 2001), can be attributed in particular to the development in unit labour costs.

The introduction of euro banknotes and coins caused an abrupt increase in perceived inflation with the population, as price hikes were concentrated in a narrow basket of the most common services (restaurants, hairdresser's and cleaner's shops) and goods of everyday consumption (foodstuffs) with relatively large effects from rounding-up in the new currency and standing payments in cash. The phenomenon of very high, perceived inflation was short-lived, and public inflation expectations in fact decreased during the year. The inflationary effect of the introduction of the euro was reckoned at 0.2-0.6% in different countries, being largely dependent on national retail network structures.

Price growth in individual euro area countries in 2002, reflected the varying impacts of energy and food price shocks on national economies, different development in labour costs, changes in regulated prices and indirect taxes, as well as the effect of the introduction of euro banknotes and coins. Price growth (measured as HICP) reached 1.3% in Germany (the lowest in the euro area). Below euro area average (2.2%) price growth was reported by France (1.9%), Belgium, Austria and Finland. The highest inflation, moving up from a year ago, was recorded in Ireland (4.7%), Greece (3.9%) and Spain (3.6%). Above-average inflation was also recorded by Italy (2.6%) and, despite a decline from a year ago, by the Netherlands (3.9%) and Portugal (3.7%). The inflation differential between euro area member states was 3.3 percentage points in 2002 (Ireland vs. Germany), equalling the 2001 figure.

Industrial producer prices (excluding the construction industry) in the euro area edged down by 0.1% in 2002 (after gaining 2.2% in 2001). A more obvious drop, by 2.4%, was seen in the energy component (in contrast to a 2.8% rise in 2001), largely due to the euro appreciating during the year (with dollar oil prices

virtually unchanged from a year ago, oil prices dropped by some 5% in euro terms). Producer prices were also held back by limited demand, which prevented firms from raising prices.

The current account of the euro area closed 2002 with a surplus of EUR 62.1 billion (as opposed to a deficit of EUR 13.8 billion in 2001) thanks to a significant increase in the surplus of the balance of trade (EUR 102.7 billion as opposed to EUR 49.7 billion in 2001) resulting from a moderate increase in exports and, in particular, from lower imports of capital goods amid subdued domestic demand, as well as from diminishing effects of the euro appreciation on the value of imports. In the light of an unconvincing recovery in foreign demand, the export growth was probably due to European exporters trimming their profit margins to make up for the adverse impacts of a strengthening euro on their competitiveness.

The aggregate account of direct and portfolio investments of the euro area recorded a net inflow of EUR 29.4 billion in 2002, as compared to a net outflow of EUR 63.4 billion in 2001. This turnaround was due, for the most part, to a reduction in net outflow of direct investments coming in the wake of an abrupt slump in international mergers and acquisitions, as well as to a large net inflow of portfolio investments into the euro area. Portfolio flows were influenced primarily by the category of debt instruments. Resident investments in foreign debt instruments decreased, while domestic bond purchases by non-residents rose sharply. The year 2002 also brought a major increase in cross-border investments (both in- and outflow) in money market instruments, which was presumably related to global uncertainty in the corporate sector.

Although macroeconomic conditions in the 3 EU countries outside the euro area (Denmark, Sweden and the United Kingdom) are not affected directly by the single monetary policy implemented by the ECB, the EU Treaty stipulates that the ultimate monetary policy goal

of each EU member state is to maintain price stability. Their economic development and fulfilment of commitments to fiscal stability under the Stability and Growth Pact is subject to regular reviews by EU institutions.

In Denmark, GDP growth reached 1.6% in 2002 (1.4% in 2001) due to domestic demand, notably private consumption encouraged by a tax reform. The unemployment rate remained at 4.5%, inflation (HICP) reached 2.4%. Increased job opportunities eased the wage pressure and, coupled with rising productivity, helped the Danish economy to keep its competitive edge. Denmark has consolidated public finances with a budgetary surplus of 1.9% of GDP despite the implemented pension system reform. The government debt is on the wane, reaching 45.2% of GDP in 2002. In 2002, Denmark was the only country participating in the ERM II, with the narrow band of $\pm 2.25\%$ of the central parity of DKK against EUR. In 2002, DKK moved little inside the appreciation zone.

Sweden's GDP growth picked up to 1.9% in 2002 (1.1% in 2001), fuelled by net exports and a rebound in domestic private spending bolstered by tax cuts, lower interest rates and low unemployment (4.9%). HICP inflation reached 2% in 2002. The fiscal sector saw a turnaround from a surplus of 4.5% of GDP in 2001 to 1.2% of GDP in 2002 deficit as a result of lower taxes and increases in certain types of expenditures. The ratio of public debt to GDP decreased to 52.4% of GDP. The Swedish central bank applies a flexible exchange rate and a monetary policy based on an explicit inflation target for 2% growth in the consumer price index with a tolerance margin of ± 1 percentage point. The exchange rate of the Swedish krona was influenced by developments in financial markets and speculations surrounding the adoption of the euro by Sweden. During the year, the currency gained about 1.5% on the euro.

In the United Kingdom, GDP growth slowed to 1.6% in 2002 (from 2.0% in 2001), speeding up

in the second half of the year due to growing private consumption and public spending. Business investments recorded a decline, caused primarily by falling stock prices and uncertain export prospects. HICP inflation reached 1.3% as prices of services gained considerable momentum and prices in the tradable sector were flat, due to low demand and strong competition on global markets. The unemployment rate reached 5.2%. The public budget, after the surplus of recent years, closed with a deficit of 1.4% of GDP in 2002 caused by higher government expenditures and reduced revenue from direct, in particular corporate, taxes. The debt ratio decreased slightly to 38.6% of GDP. The monetary policy pursued by the Bank of England is based on a flexible exchange rate and an explicit inflation target set by the government as a 2.5% yearly increase in the retail price index excluding interest payments on mortgages (RPIX), (RPIX inflation was 2.2% in 2002). The exchange rate of the British pound against the euro depreciated slightly during the year.

Monetary conditions and fiscal policy

With an unconvincing start to recovery in the U.S. economy, interest rates stayed at historic lows in the country in 2002. After scaling down the target for the federal funds rate by 425 basis points overall in 2001, the Federal Open Market Committee (FOMC) of the **FRS** resorted to another rate cut by 50 basis points to 1.25% in November 2002. The U.S. fiscal policy was fairly expansive, as the federal budget closed the fiscal year 2002 with a deficit of 1.5% of GDP (down from a 1.3% surplus in 2001). The fiscal deficit was largely the result of discreet measures (the effect of a tax cut in the first half in 2001 and stimulating measures in March 2002), and in part due to the budget's automatic response to the economic cycle. The gross government debt increased in 2002 to reach 59.2% of GDP (57.7% of GDP in 2001).

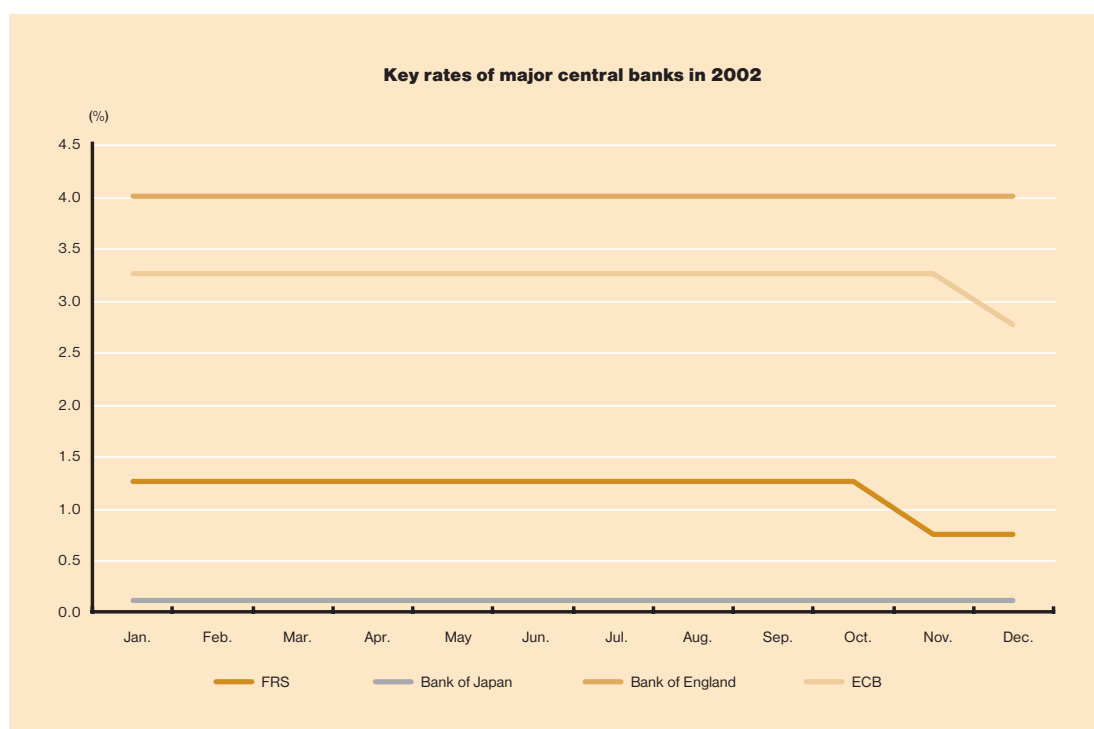
Amid persistent deflationary pressure in the Japanese economy, in 2002 Japan's central

bank raised its target range for balances in current accounts kept at the **Bank of Japan** pursued as its main operational aim within a policy of quantitative monetary expansion since 2001. In addition, the central bank substantially increased the amount of direct purchases of long-term government bonds. This new operational strategy will be applied until the annual rate of change in the consumer price index levels off at or above 0%. In October 2002, the government unveiled a bad debt rehabilitation scheme which seeks to halve the share of non-performing loans carried by leading Japanese banks by the end of 2004, and to pave the way to revitalising viable debtors. As regards fiscal policy, year 2002 saw an additional increase in budget expenditures intended to bolster the social security network of unemployed and promote small and medium-sized enterprises. The deficit in public finances reached 7.7% of GDP in 2002 (7.2% of GDP in 2001). The debt ratio went up by almost 10 percentage points to 154.4% of GDP.

Conditions for monetary policy setting in the euro area were indistinct in 2002. Despite flagging economic growth, HICP inflation posted

only a slight decrease year-on-year and, at 2.2%, lay above the monetary stability benchmark of 2%. The **ECB** Governing Council therefore left its key refinancing rate at the 3.25% level during the whole year until December when, facing ongoing appreciation of the euro and a lingering economic depression amplified by growing uncertainty over geopolitical development, it moved to cut key rates by 50 basis points to 2.75%.

In its decision-making, the ECB Governing Council relied on analyses of trends in the broad money aggregate M3 (the first pillar of ECB's monetary policy strategy) which accelerated to an average 7.4% in 2002 (5.5% in 2001). Very low short-term interest rates, and thus low opportunity costs of holdings in the most liquid M3 components, were reflected in more rapid growth particularly in the narrow money aggregate M1 (all the way up to 8.8% in the 4th quarter). The three-month moving average of annual M3 growth fell as the year passed, but remained well above the 4.5% benchmark. Analyses of the second pillar, reviewing price developments and more general conditions of economic activity, showed that real GDP growth in the euro area in 2002 still



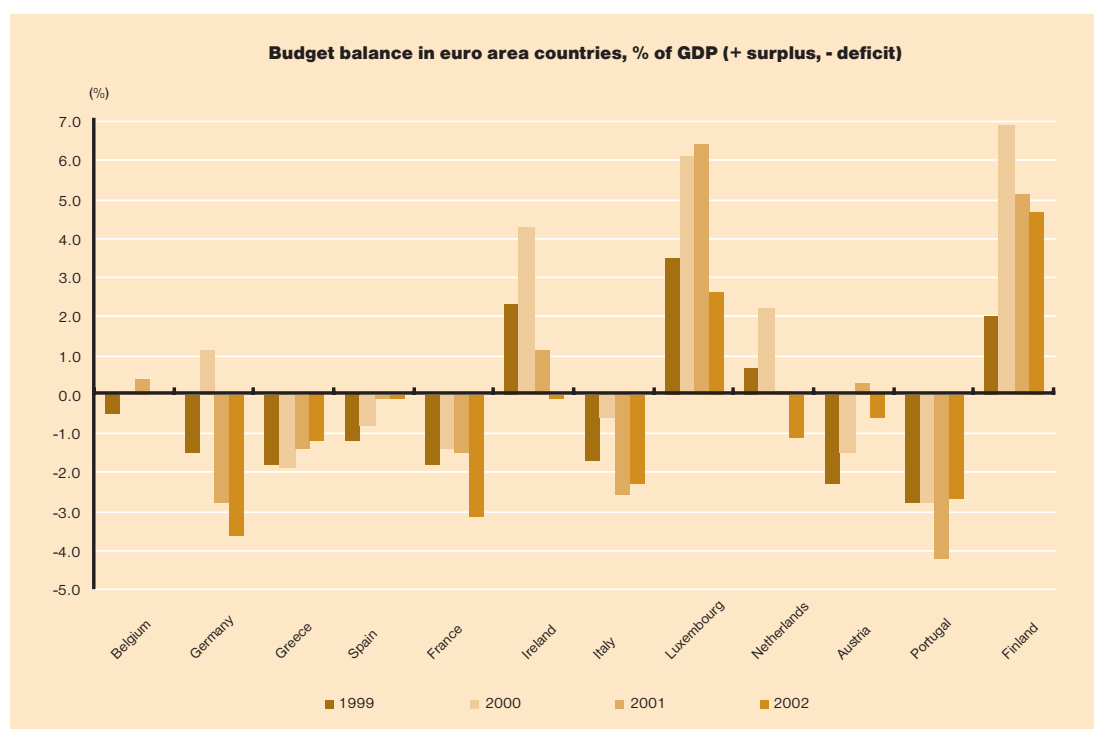
lagged behind the trend level of potential output. Developments in financial markets cast a shadow on global recovery prospects, and there was also some uncertainty about price developments. Apart from the usual risk of oil prices, consumer price growth in the euro area was relatively high, especially early in the year (in part due to the introduction of euro banknotes and coins and an abrupt hike in the price of certain consumer basket items). However, the main hazards to price stability lay in wage developments and rapid price growth in the services sector which, however, were gradually dampened by continued appreciation of the euro.

On average, the **fiscal position of the euro area** took a turn for the worse in 2002, recording a deficit of 2.2% of GDP (1.6% in 2001). Fiscal performance was affected primarily by the action of automatic stabilisers against a backdrop of sluggish economic activity and, in many countries, by statistical revisions of 2001 data, expenditure overruns and reduced revenues resulting from implemented tax reforms. The only countries steering clear of a general easing of the fiscal policy were the Netherlands, Portugal and

Spain, which, in fact, tightened their budgets compared to a year ago.

Fiscal problems were experienced mainly by countries which had already reported considerable fiscal imbalances in 2001 (Portugal, Germany). The 3% of GDP limit was broken by 2002 deficits in Germany (3.6%) and France (3.2%). In November 2002, the ECOFIN Council decided on the existence of an excessive deficit in Portugal in 2001, followed by a similar decision on Germany's 2002 deficit in January 2003 when it also gave a warning to France.

Generally, countries fell short of even the medium-term aims of fiscal consolidation for a balanced or surplus budget positions targeted in member states stability programmes of Stability and Growth Pact (SGP). To encourage consolidation efforts, the Eurogroup adopted a fiscal strategy in October 2002 for countries with persistent fiscal imbalances. Starting from 2003, these countries will have to continuously improve their basic fiscal balance (i.e. the structural balance net of economic cycle effects) by at least 0.5% of GDP a year.



The emphasis placed in 2002 in the EU – and especially in the euro area – on the need to speed up consolidation in public finance of member states and implement relevant systemic reforms was prompted by detection of missed opportunities for fiscal consolidation during the economic boom of 1999-2000, or as a result of overrated stability of economic performance leading to tax cuts not backed by an appropriate systemic approach to reforms on the budget expenditure side. Subsequently, the action of automatic stabilisers during the growth slowdown in 2001-2002 caused a disproportionate deterioration in fiscal imbalance. On the other hand, countries whose previous good budget performance was rooted in actual fiscal consolidation, managed to keep their budget balances at much better levels.

Adherence to fiscal rules laid down by the SGP, aimed primarily at achieving balanced or surplus budgets in member states in the medium term, provides systemic support to the objective of price stability in the euro area sought by ECB's single monetary policy. At the same time, it is a precondition for effective functioning of national fiscal policies, as the only economic policy instrument countries have to eliminate potential adverse impacts of the single monetary

policy exercised by the ECB and other asymmetrical shocks on the conditions for economic development in individual member states.

The ratio of public debt to GDP decreased only marginally on average in the euro area in 2002 (by 0.1%) to 69.1%. Gross debt in the three heaviest debtors (Belgium, Greece and Italy) remained above 100% of GDP in 2002 despite falling by 2-3 percentage points in all these countries (in Italy, as a result of an one-off financial operation).

2. ECONOMIC DEVELOPMENT IN CANDIDATE COUNTRIES FOR EU MEMBERSHIP

For EU candidate countries, 2002 was as an important milestone. At a December EU summit in Copenhagen, 10 candidate countries (out of 12, i.e. except Bulgaria and Romania) completed accession negotiations and received the invitation to enter the EU in May 2004, i.e. just in time to take part in the European Parliament elections in June 2004. In line with the criteria established for EU membership by the Copen-

Main macroeconomic indicators in candidate countries (year-on-year change in %)

	GDP			Inflation ^{1/}			Unemployment rate ^{2/}			Current account		
	2001	2002	2003 ^{3/}	2001	2002	2003 ^{3/}	2001	2002	2003 ^{3/}	2001	2002	2003 ^{3/}
Czech Republic	3.1	2.0	2.8	4.7	1.4	1.5	8.1	7.3	7.0	-5.7 ^{3/}	-5.3 ^{3/}	-4.3
Hungary	3.7	3.3	3.7	9.2	5.3	5.0	5.7	5.8	6.2	-3.4	-4.1	-4.4
Poland	1.0	1.3	2.5	5.5	1.9	1.1	18.2	20.0	20.6	-4.1	-3.6	-4.2
Slovakia	3.3	4.4	3.7	7.3	3.3	8.8	19.2	18.5	18.2	-8.6	-8.2	-6.9
Slovenia	3.0	3.0	3.4	8.5	7.5	6.0	6.4	6.4	6.3	0.1	1.8	1.4
Estonia	5.0	5.6	4.9	5.8	3.6	3.5	12.6	10.3	10.0	-6.1	-12.3	-10.3
Lithuania	5.9	5.9	4.5	1.3	0.3	1.0	17.3	16.9	16.2	-4.8	-4.4	-3.0
Latvia	7.9	6.1	5.5	2.5	1.9	2.5	13.1	12.3	11.1	-9.6	-7.8	-8.5
Malta	-0.8	3.0	3.1	2.9	2.2	2.7	6.5	6.9	6.6	-5.0	-4.7	-4.9
Cyprus	4.1	2.0	2.0	2.0	2.8	4.3	3.9	3.3	3.4	-4.3	-5.3	-4.3
Bulgaria	4.0	4.3	4.5	7.4	5.8	4.5	19.7	17.8	16.5	-6.1	-4.5	-5.0
Romania	5.7	4.9	4.9	34.5	22.5	16.0	6.6	8.4	8.7	-5.5	-3.4	-3.7

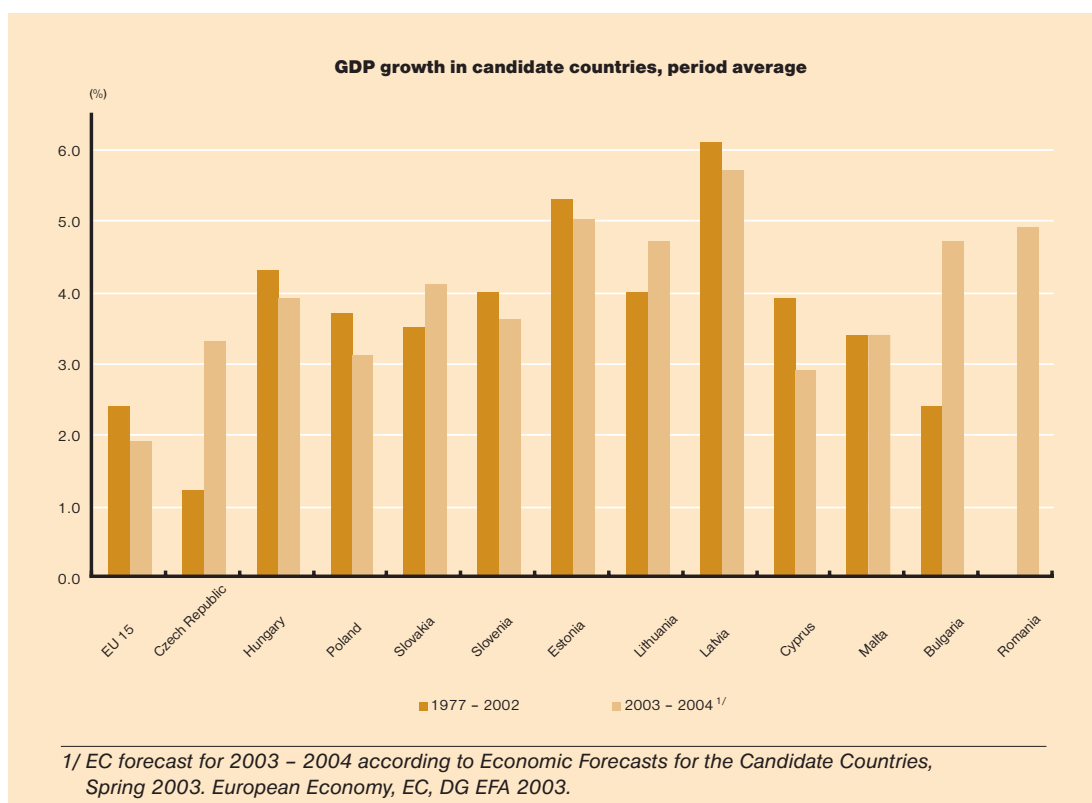
Source: *Economic Forecasts for the Candidate Countries, Spring 2003. European Economy, EC, DG EFA 2003.*

1/ CPI, annual average

2/ ILO definition

3/ after revision by the CNB in March 2003

*/ forecast



hagen summit in 1993, the assessment reports by EU institutions concluded that these countries have become well-functioning market economies and will be able to cope with competition pressure in EU markets.

The candidate countries of Central and Eastern Europe generally performed best at achieving fairly rapid economic growth. Except for the Czech Republic, GDP growth has outstripped EU's for a long time, leading to a „catching up“ in economic terms, helped by real appreciation of exchange rates. However, fast growth in these countries, except Slovenia, was reached at the expense of a quite significant external imbalances. In Poland and Slovakia, economic growth had only a limited effect on reducing the rate of unemployment. Disinflation proceeded most quickly in the Czech Republic and Slovakia.

In 2002, economic development in V4 countries (Czech Republic, Hungary, Poland, Slovakia) was affected by weakened economic activity in the EU, especially in Germany, as their

main trade partner. In these conditions, the countries did well to keep up respectable GDP growth thanks to strong domestic demand, partly stimulated by more relaxed fiscal policies, as well as to growing confidence that the achieved macroeconomic stability is sustainable.

Price developments in the Czech Republic in 2002 were influenced primarily by a strong appreciation of the Czech koruna which, due to the cushioning effect of prices of tradable goods and prices of imported energy raw materials, prompted a decline in inflation. Also at work behind the slowdown in consumer price growth was lower growth in regulated prices. The deferral of several deregulation measures also contributed to low inflation in Slovakia. Price developments in Hungary were affected by relatively fast-spreading wage inflation, which did considerable damage to the country's competitiveness. Low inflation in Poland was associated with weak demand pressure at the bottom phase of the economic cycle and wage restrictions in the public sector.

The slowdown in GDP growth to 2% in the Czech Republic in 2002 came in the wake of August floods, an appreciating Czech koruna, a downturn in economic activity in the country's leading trade partners, and considerable oil price volatility. Economic growth was fuelled by private and public spending alike and, to a lesser extent, by exports. A major rise in disposable income was the result of very low inflation and real wage growth. Public consumption mounted substantially, driven by one-off military orders, flood-relief expenditures, and a heavy pressure on social welfare payments. A loose fiscal policy prompted an increase in the public finance deficit. As import prices fell by a greater margin than export prices, the trade balance deficit decreased year-on-year despite the fact that imports outpaced exports. High inflow of direct foreign

investments fully covered the current account deficit.

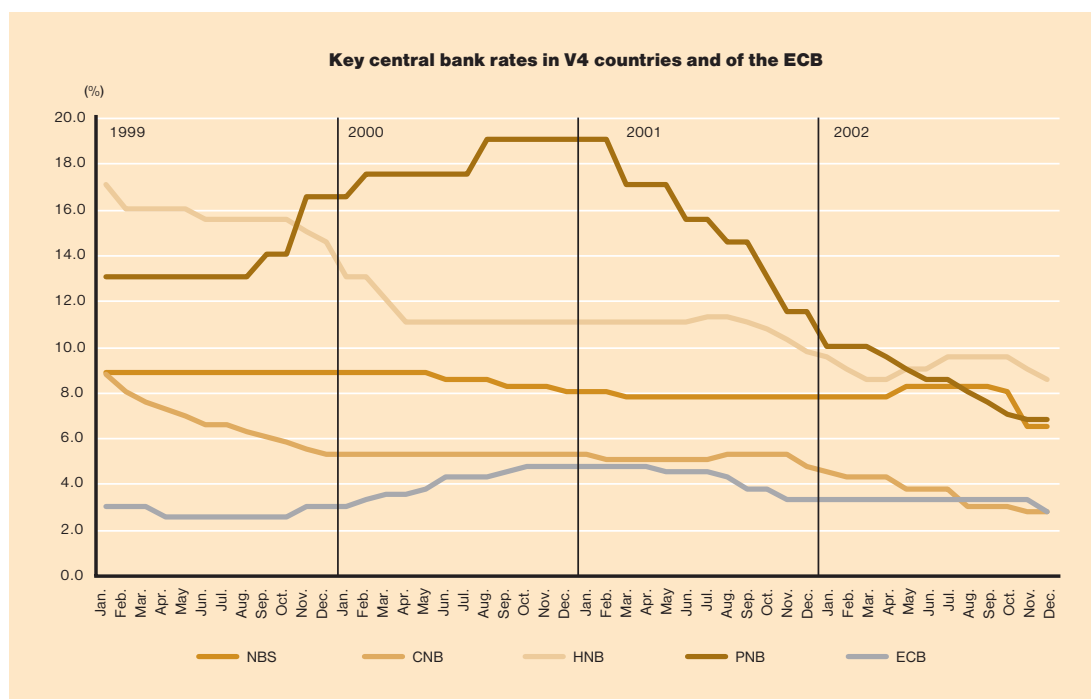
In Hungary, 2002 brought a major disruption to key macroeconomic balances, as consumption, fuelled to a large extent by rising wages in the public sector and a rise in the minimum wage, expanded at the rate (8%) that more than doubled the GDP growth rate (3.3%). A sharp upswing (by 20%) was recorded in the construction industry output, reflecting both a boom in private housing construction as well as massive public investments in road infrastructure. As several multinational investors closed their businesses, unemployment in the private sector began to rise, but was offset in 2002 by fresh employment growth supported by wage policy in the public sector and a pro-active labour market policy. The

Monetary policy and exchange rate regimes in candidate countries

Exchange rate strategy ^{1/}		Characteristics
<i>Currency board</i>		
Bulgaria	Currency board to euro	Introduced in 1997
Estonia	Currency board to euro	Introduced in 1992
Lithuania	Currency board to euro	Introduced in 1994; change in the peg currency from USD to EUR in February 2002
<i>Conventional fixed peg</i>		
Latvia	Peg to SDR	Fluctuation band $\pm 1\%$
Malta	Peg to currency basket	Currency basket (EUR, USD, GBP); fluctuation band $\pm 0.25\%$
<i>Unilateral peg to euro with fluctuation band $\pm 15\%$</i>		
Cyprus	Peg to euro with fluctuation band $\pm 15\%$	
Hungary	Peg to euro with fluctuation band $\pm 15\%$	Exchange rate regime combined with inflation target: 2.5–4.5% at end-2003
<i>Managed float ^{2/}</i>		
Romania	Managed float	Currency basket (USD, EUR) used informally as reference
Slovakia	Managed float	Implicit inflation targeting
Slovenia	Managed float	Money aggregates playing central part; euro used informally as reference currency
<i>Free float</i>		
Czech Republic	Free float	Inflation targeting: 2–4% at end-2005
Poland	Free float	Inflation targeting: 3% (± 1 percentage point tolerance margin) by end-2003

1/ based on IMF Annual Report on Exchange Arrangements and Exchange Restrictions, 2001

2/ based on IMF classification



fiscal policy was extraordinary expansive in 2002, with a high deficit in public finance resulting from one-off expenditures related to statistical reclassification of large extra-budgetary items into the central government budget, as well as from an increase in several permanent expenditures, especially wages and pension benefits, health care expenditures, social benefits and several subsidies. A strong appreciation of the Hungarian forint, coupled with mounting domestic demand, stepped up imports and adversely affected the current account.

After a sharp fall in 2001, the Polish economy experienced a slight recovery in 2002 as GDP growth reached 1.3%. Growth was fuelled by private consumption and net exports, while fixed investments experienced a sharp decline (-7.2%). Private spending remained strong despite constantly rising unemployment, supported by growing real household income on the back of a rapidly falling inflation, and probably by a rampant shadow economy as well. High export growth was supported in part by depreciation of the real effective exchange rate of the zloty which was primarily due to the euro gaining ground on the dollar. The main factor behind robust export performance, however, was

a major improvement in the competitiveness of Polish exporters. Ongoing corporate restructuring, encompassing, in particular, agriculture, the mining industry, the steel industry and railways, was accompanied by considerable workforce layoffs and, combined with demographic factors, stands as the main culprit responsible for the country's high unemployment rate which reached 20%. The year-on-year increase in the fiscal deficit was caused, for the most part, by depressed economic activity and a relatively relaxed fiscal policy. Against a backdrop of weak growth in 2001-2002, Poland managed to get its external imbalance under control. Moderate growth in domestic demand and a very good export performance resulted in further decrease in the current account deficit.

Monetary and exchange rate policies are gradually being adapted to the declared intentions of central banks in the accession countries, namely to become, as soon as possible after EU accession, members of the euro area and to introduce the euro as a single currency. In 2002, favourable inflation developments, strengthening exchange rates and, finally, the space allowed for certain support of export

Balance of public budgets of candidate countries**(in % of GDP, ESA 95)**

	2001	2002	2003 ^{*/}
Czech Republic	-5.5	-3.9	-5.8
Hungary	-4.7	-9.2	-4.5
Poland	-3.0	-4.1	-4.0
Slovakia	-7.3	-7.2	-4.9
Slovenia	-2.8	-2.6	-1.4
Estonia	0.2	1.3	-0.3
Lithuania	-2.2	-2.0	-2.1
Latvia	-1.6	-3.0	-3.1
Malta	-6.8	-6.2	-4.3
Cyprus	-3.0	-3.5	-3.9
Bulgaria	0.2	-0.6	-0.7
Romania	-3.3	-2.2	-2.5

Source: *Main Results of the April 2003 Fiscal Notifications Presented by the Candidate Countries.*
EC, DG EFA, May 2003.

**/ forecast*

performance at a time of flagging international growth, combined with a high degree of harmonisation of monetary policy instruments with the European Central Bank's toolkit, enabled to cut (in several cases substantial cumulative annual cuts) key national central bank rates and narrow the gap to ECB rates. At the end of the year, the interest rates set by the Slovak, Hungarian and Polish central banks were approximately on level terms, while the Czech National Bank's rates have remained low for quite along time now (below ECB rates in the second half of 2002).

Besides the generally positive contribution of monetary and exchange rate policies implemented by the central banks of candidate countries to their macroeconomic stabilisation and disinflation, heavy and volatile inflow of foreign capital, maintenance of external competitiveness

and simultaneous adherence to inflation targets towards price stability, constitute a persistent risk to their correct setting.

The principal risk factor affecting macroeconomic stability in V4 countries is the development of public finance, given the expansive tendencies in fiscal policy and slow implementation of structural reforms. The need for fiscal consolidation and to put the budgetary developments up to a sustainable pace is bound to become an increasingly urgent issue as these countries are expected to open negotiations soon to integrate their currencies into the ERM II exchange rate mechanism, as well as in connection with the commitments they will have to make as EU members under the Stability and Growth Pact.

B. REPORT ON MONETARY DEVELOPMENT IN THE SR IN 2002



1. ECONOMIC DEVELOPMENTS

1.1. Price developments

Consumer prices

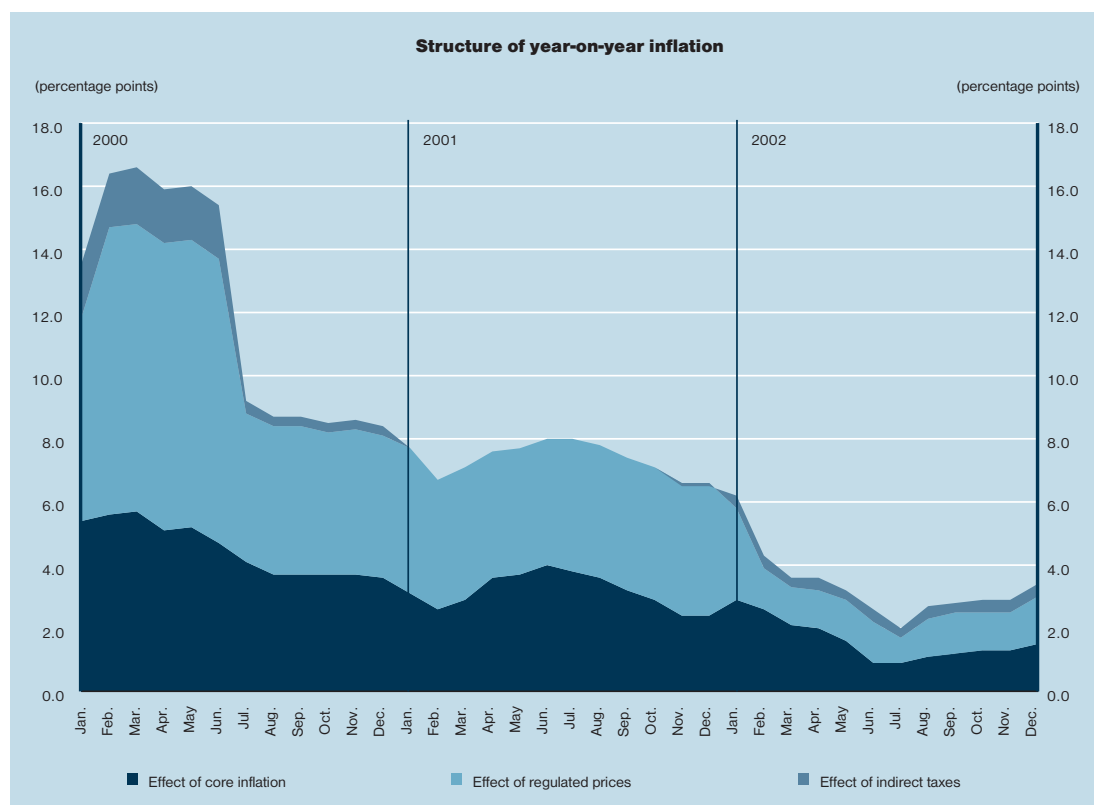
In 2002, the rate of increase in consumer prices slowed in comparison with 2001, when the 12-month rate of inflation, expressed in terms of the consumer price index, reached 3.4% in December (compared with 6.5% in the same period a year before). The average rate of consumer-price inflation stood at 3.3% in 2002.

The fall in the year-on-year dynamics of consumer prices in 2002 (compared with the previous year) was due to a slowdown in the rate of price increase in all basic categories of the consumer basket. Of the total increase in consumer prices (3.4%), core inflation accounted for 1.46 percentage points. Administrative adjustments to regulated prices contributed 1.50 percentage points (compared with 4.17 points in

2001 and 4.51 points in 2000) to the total increase in consumer prices. In non-regulated prices, adjustments to indirect tax rates contributed 0.41 of a percentage point to the rise in overall inflation. In 2002, the increase in price levels was ascribable, as in previous years, to administrative measures.

The 12-month rate of consumer-price inflation fluctuated below the level of December 2001 throughout the year. Consumer prices followed a divergent course of development in the first and second halves of the year, with the rate of increase showing a tendency to slow until July and then accelerating slightly from August.

The slowdown in the rate of price increase in the first half of the year, was caused by the synergic effect of external and, in particular, internal cost factors. The effect of external cost factors was connected with volatile development in the prices of energy-producing raw materials and the appreciation of the Slovak koruna vis-à-vis the US dollar. The low level of domestic cost pressure was due mostly to the suspension of, or slow-



Consumer price developments

(same period a year before = 100)

Structure of the consumer basket	2000	2001	2002			
			March	June	Sept.	Dec.
Total in %	8.4	6.5	3.6	2.6	2.8	3.4
Regulated prices in %	20.7	17.2	5.1	5.5	5.3	6.5
Share of total, in percentage points	4.51	4.17	1.18	1.27	1.22	1.50
Effect of changes in indirect taxes on non-regulated prices –						
share of total, in percentage points	0.31	-0.03	0.35	0.35	0.35	0.41
Core inflation in %	4.6	3.2	2.7	1.2	1.6	1.9
Share of total, in percentage points	3.55	2.39	2.10	0.95	1.24	1.46
of which:						
Food prices in %	6.0	3.7	4.2	0.0	0.1	-0.2
Share of total, in percentage points	1.38	0.83	0.88	0.00	0.02	-0.04
Tradable goods in % ^{1/}	2.6	1.0	1.3	0.7	1.9	2.8
Share of total, in percentage points ^{1/}	0.99	0.35	0.49	0.27	0.70	1.05
Market services in % ^{1/}	7.5	7.7	4.1	3.8	2.8	2.5
Share of total, in percentage points ^{1/}	1.20	1.22	0.74	0.67	0.52	0.45
Net inflation (excluding the effect of changes in indirect taxes) in % ^{2/}	4.1	3.0	2.2	1.7	2.2	2.7
Share of total, in percentage points	2.18	1.56	1.22	0.94	1.22	1.50

Source: Statistical Office of the SR (data for 2000 and 2001 are end-of-period figures).

1/ Estimates of the NBS based on data from the Statistical Office of the SR.

2/ Net inflation – includes price increases in tradable goods (excluding foods) and market services.

down in, the process of price deregulation and a moderate year-on-year fall in food prices.

During the second half of the year, the rates of overall and core inflation rose somewhat. This was due to an increase in fuel prices, which reacted to the rise in the world market price of oil. The effect of oil prices was dampened to a certain extent by the appreciation of the Slovak koruna vis-à-vis the US dollar. Another factor that contributed to the slight but steady increase in the rate of overall inflation, was the adjustment of regulated prices.

Regulated prices

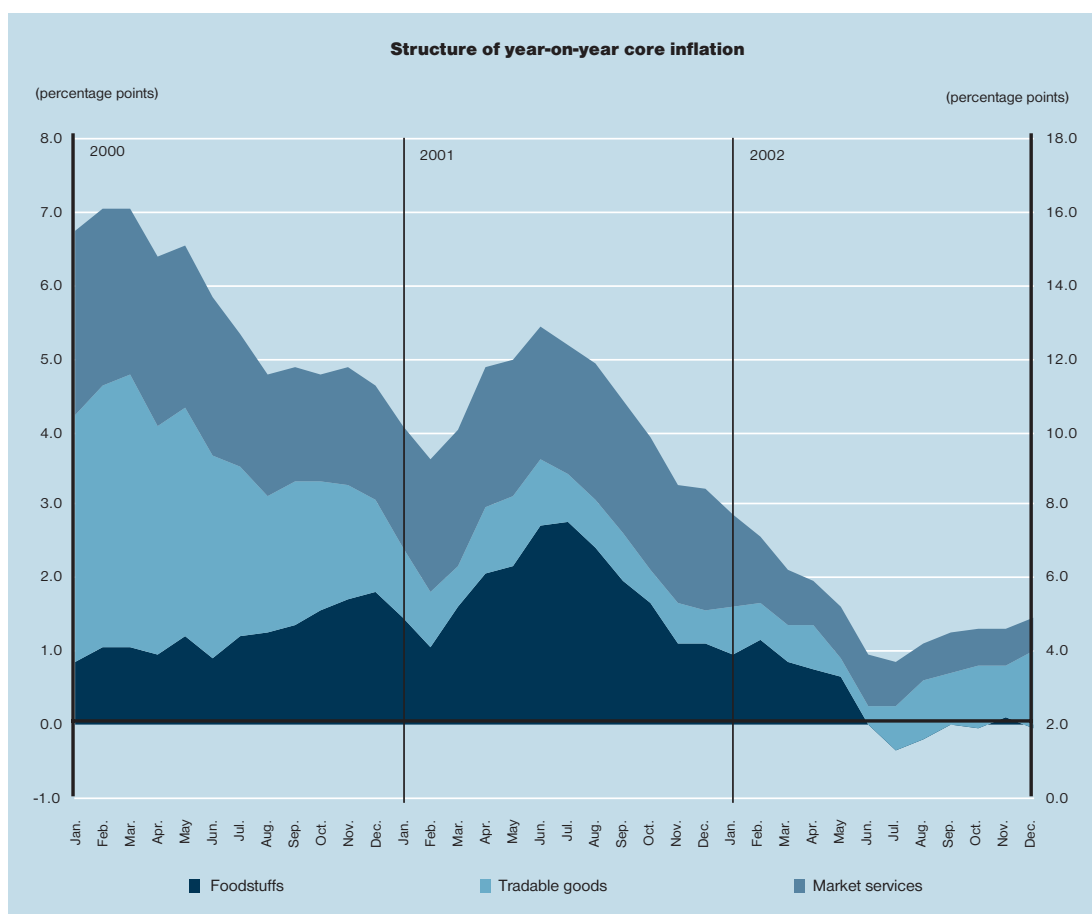
Despite a slowdown in price deregulation in 2002, the factor determining the development of consumer prices was, as in previous years, the application of administrative measures in the area of regulated prices. Regulated prices rose year-on-year by 6.5% (compared with 17.2% in

2001) and accounted for roughly one third of the total price increase.

Of regulated prices, January saw an increase in the price of heating, charges for the disposal of solid waste, prices in health care, and in prices for meals at educational facilities. During the year, adjustments were made to prices for telecommunications services, accommodation at university colleges, health services, and the price of compulsory insurance for motor vehicles (in December).

Changes in indirect taxes

Price development in 2002 was also affected by changes in indirect taxes, mainly adjustments to excise duties on tobacco and cigarettes with effect from January. The final effect of changes in indirect tax rates was a rise of 0.41 of a percentage point in overall inflation.



Core inflation

In December 2002, core inflation reached 1.9%, representing a fall of 1.3 percentage points in comparison with the same period in 2001. Its course during the year was characterised on the one hand by an increase in fuel prices, caused by a rise in the world market price of oil, and by a fall in food prices and stable development in the other components of core inflation on the other. This led to stagnation in net inflation (the prices of market services and tradable goods excluding foodstuffs), adjusted for the effects of fuel prices, within the range of 1.7 to 2.5% throughout the year.

The downward trend in core inflation, which persisted from the beginning of the year to July, was connected with the absence of cost stimuli on the input side. The effect of this factor culminated in July, when the rate of core inflation reached 1.2%. Due to a modest price increase

in the second half of 2001, the 12-month rate of core inflation started to rise slowly but surely in August 2002 (base effect).

Food prices (excluding non-alcoholic beverages), as a component of core inflation, recorded a year-on-year fall of 0.2% at the end of the year. Apart from the absence of cost pressures, food prices were affected by the excess of supply over demand for basic food commodities, mainly the abundant supply of meat. Of food prices, vegetable and fruit prices fell seasonally during the summer months. Up to May, food prices had had an upward effect on core inflation, when their year-on-year dynamics had ranged from 3.0 to 5.6%. June saw a marked month-on-month fall in the price of fruit, vegetables, and meat. In July, food prices fell further and also recorded a record fall on a year-on-year basis (1.7%). From that time, the year-on-year dynamics of food prices were basically stagnant, with a few periods of moderate growth or fall.

The trend in food prices was determined by the price of unprocessed foodstuffs. Increased seasonality in comparison with the previous year, was shown by the volatile prices of fruit and vegetables in particular. Meat prices were affected by the widely publicised news about BSE disease, and the abundant supply of pork on the market, partly from cheap imports from the Czech Republic (the surplus of pork and the resulting pressure on price levels was recorded in the rest of Europe as well). Thus, while the prices of processed foods followed a stable course (except for the first two months, they fluctuated within the range of 2.3-2.9% throughout the year), the year-on-year dynamics of prices fell across the whole foodstuffs sector.

The rate of core inflation was dampened by the prices of tradable goods, the year-on-year dynamics of which reached 2.8% in December. The slow rate of price increase in the tradable sector was due to several factors. In the given environment, marked by strong competition in the retail trade, the growth in domestic demand exerted no undue pressure for a rise in price levels. On the consumer market, characterised by a large proportion of imported goods, the slowdown in the rate of price increase in the tradable sector was supported by the appreciation of the koruna in relation to the reference currency (euro).

In the sector of tradable goods, increased volatility was recorded in fuel prices, which reacted flexibly to changes in the price of oil, the exchange rate of the koruna to the dollar, and to developments in fuel prices on the commodity markets. From January to December, the price of oil increased steadily, from US\$ 20.5/barrel in January to US\$ 28.4/barrel in December. For most of the year, the price of this strategic commodity fluctuated within US\$ 22-28/barrel, i.e. the reference band declared by the Organisation of Petroleum Exporting Countries (OPEC). Thus, fuel prices recorded a year-on-year fall of over 10% in 2002 (in May and June), but closed the year with a year-on-year increase of 0.5% and contributed roughly

0.02 of a percentage point to the rise in core inflation.

The prices of market services, which are determined mostly by domestic factors, increased at a faster rate than prices in other categories of core inflation, but showed a tendency to fall throughout the year. At the end of December, the year-on-year rate of price increase in this segment reached 2.5%, which was roughly 5.2 percentage points less than in the same period a year before. The absence of increased costs in connection with the rise in energy prices, created conditions for a slowdown in the rate of increase in prices for market services. The slowest increase was recorded in prices for services related to housing, which have the largest share in the services sector, and in prices for recreation and restaurant services.

Producer prices

Producer prices in 2002 were affected by the prices of imported energy-producing and other industrial raw materials, the appreciation of the Slovak currency vis-à-vis the US dollar, the suspension of adjustments to domestic energy prices, and the situation in primary agricultural production, where demand for basic commodities was exceeded by supply throughout the year. These factors resulted in a fall in the dynamics of industrial producer prices, including the price of materials and products used in construction, as well as the price of construction work. The average prices of agricultural products fell in comparison with the previous year.

Industrial producer prices

The slowdown in the 12-month rate of increase in industrial producer prices (by 4.5 percentage points against the previous year, to 2.1%) was due to the effects of domestic cost factors, mainly the price of electricity, gas, steam and hot water, the weaker dynamics of which were connected with the postponement of numerous important

Producer price developments (average for the period, same period a year before = 100)

	2000	2001	2002				
			Q1	Q2	Q3	Q4	Year
Industrial producer prices	109.8	106.6	102.1	101.9	102.1	102.2	102.1
Price of mining and quarrying products	111.8	108.5	104.9	107.9	108.2	108.7	107.4
Price of industrial products	109.1	104.5	99.4	100.4	101.4	101.9	100.7
Price of electricity, gas, steam, and hot water	113.1	116.6	112.6	106.6	104.7	103.3	106.7
Construction prices	109.0	106.8	105.6	104.8	105.0	105.0	105.1
Building material prices	106.0	106.8	103.7	103.3	102.8	103.0	103.2
Agricultural prices	107.2	107.8	100.9	99.4	99.1	98.4	99.3
Price of plant products	107.2	111.2	97.9	92.8	100.6	98.1	98.8
Price of animal products	107.1	106.6	101.5	100.2	98.3	98.4	99.4

deregulation measures in 2002. The less pronounced increase in energy prices was reflected in the prices of industrial products (a rise of 0.7%, compared with 4.5% in 2001), mainly in energy-intensive sectors, such as the production of rubber and plastic goods (a rise of 1.1%) or the chemical industry, where prices remained below the level of the previous year (a fall of 1.1%).

Apart from energy prices, the rate of increase in the prices of industrial products was dampened by the prices of foodstuffs, beverages, and tobacco (a rise of 1.7%, compared with 7.7% in 2001), the development of which was connected with energy prices and the situation in agricultural primary production. Prices in food processing underwent two different stages in 2002: they showed a moderate fall in dynamics over the first half of year, then accelerated steadily from July, to 2.0% in December.

The stable development of external cost factors (the price of oil, pulp, and metals on the world market) and the appreciation of the Sk vis-à-vis the US\$ also contributed to the positive trend in industrial producer prices, mainly the prices of industrial products. With the exception of the first two months, the price of oil fluctuated during the year within the band of US\$ 22–28/barrel set by OPEC, as a result of which the average price of refined oil products remained unchanged (after rising by 0.1% in 2001). The price of metals and finished metal products rose by 1% (in 2001 by

8.6%), while paper products were 0.7% cheaper on average (the price was 3% higher in 2001).

Construction prices

Construction prices increased year-on-year by 5.1% in 2002 (in 2001 by 6.8%), due to a rise in the price of repair and maintenance work in construction (5.5%) and work on new construction, modernisation, and reconstruction projects (5.0%). In new construction projects, the steepest price increases were recorded in civil engineering projects (mainly railways), and to a lesser extent in non-residential construction.

The prices of materials and products used in construction increased on a year-on-year basis by 3.2% (in 2001 by 6.8%), when the price of materials used in new construction, modernisation, and reconstruction projects showed the same dynamics, and the price of materials used in repair and maintenance work rose year-on-year by 3.1%.

Agricultural prices

Agricultural prices fell by an average of 0.7% in 2002 (after rising by 7.8% in 2001), due to a fall in the price of plant products (1.2%, compared with 11.2% in 2001) as well as animal products (0.6%, compared with 6.6% in 2001).

Development of the GDP deflator

(average for the period, same period a year before = 100)

	2000	2001	2002				Year
			Q1	Q2	Q3	Q4	
Consumer prices	112.0	107.3	104.7	103.1	102.5	103.1	103.3
Industrial producer prices	110.8	106.5	102.1	101.9	102.1	102.2	102.1
GDP deflator	106.4	105.4	103.8	103.9	103.8	104.3	104.0
Export deflator	112.4	105.4	102.7	98.3	101.1	100.7	100.7
Import deflator	112.0	108.4	103.8	98.9	99.1	98.0	99.8

The fall in the price of plant products was due mainly to cereal prices (falling by 3.9%), which were affected throughout the year by a permanent excess of supply over demand (due to bumper crop in 2001). Vegetable prices also fell on a year-on-year basis. At the same time, the prices of other plant products increased (the price of oil-seed by 9.2% and that of potatoes by 7.9%). The prices of animal products were affected mainly by a fall in the price of pigs (3.2%) and cattle (0.4%) as a result of increased supply backed by cheap imports.

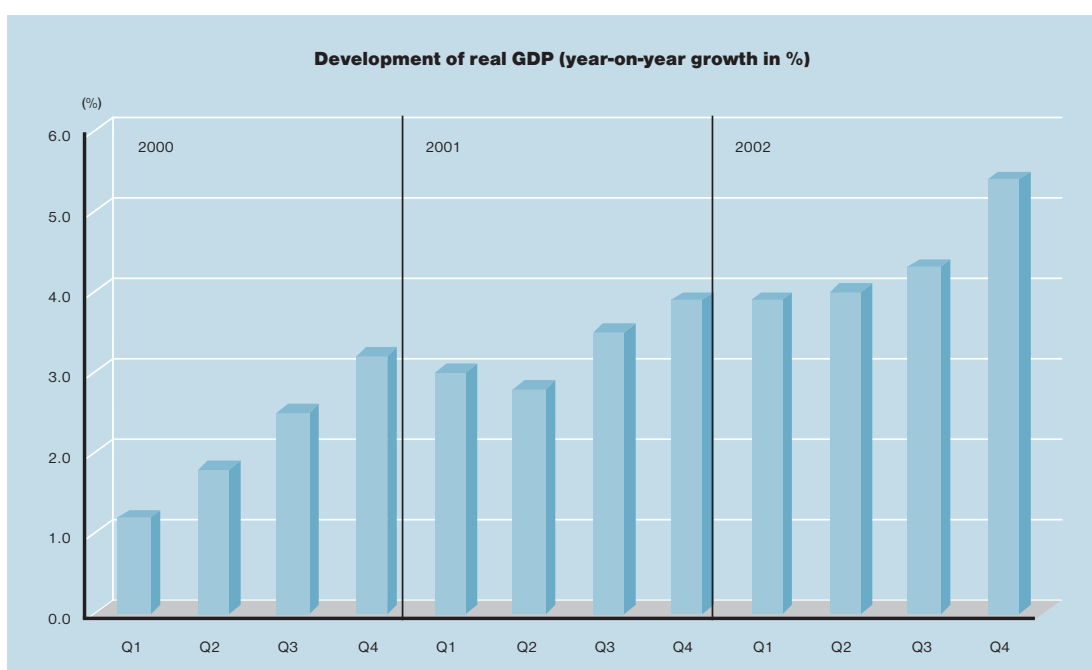
GDP deflator

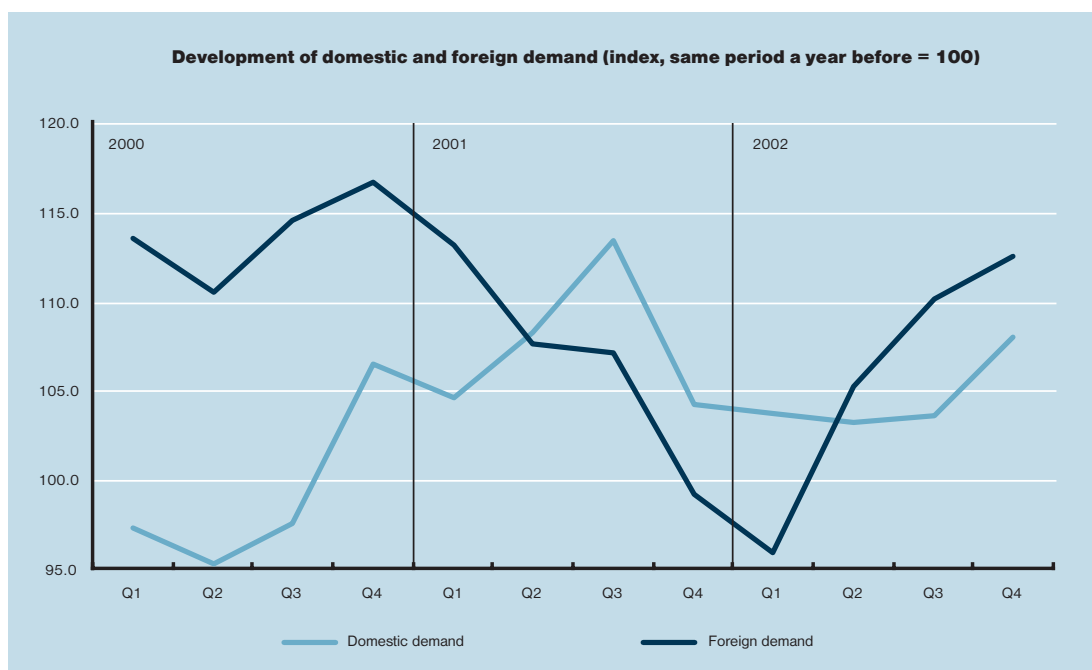
The increase in GDP deflator slowed, in line with the fall in the dynamics of consumer and domestic producer prices, from 5.4% in 2001 to

4.0% in 2002. This figure represented an all-time low, but exceeded the rate of increase in consumer and industrial producer prices.

The GDP deflator was affected by the deflator of domestic demand and the relationship between the export and import deflators. The increase in the domestic demand deflator (2.5%) was due to growth in the final consumption deflator and that of gross investment. The relatively marked change in prices in the segment of gross investment was due to increase/decrease in inventories in terms of price. The increase in the deflator of final household consumption (2.4%) reached its lowest level ever recorded, emulating the rate of inflation.

An upward effect on the GDP deflator was exerted by the development of foreign trade





deflators. Export prices developed in line with the fall in dynamics of industrial producer prices. The fall in import prices was due mainly to exchange rate effects and the prices of imported commodities.

1.2. Gross domestic product

The development of gross domestic product (GDP) in 2002 followed the trend of acceleration in the rate of economic growth in Slovakia. Compared with the previous year, GDP increased by 4.4% at constant prices (compared with 3.3% in 2001). The rate of economic growth accelerated gradually, from 3.9% in the 1st quarter and 4.0% in the 2nd quarter to 4.3% in the

3rd quarter and 5.4% in the final quarter. Thus, the rate of GDP growth reached the highest figure in the last five years. The volume of GDP at current prices amounted to Sk 1,073.6 billion, which was 8.5% more than a year earlier.

The structure of GDP by use showed a favourable tendency in 2002. Domestic demand increased by 4.7% (compared with 7.5% in 2001). Foreign demand (exports of goods and services) grew at a faster rate (5.9%, compared with 6.5% in 2001) than domestic demand.

The development of domestic and foreign demand led to growth in aggregate demand (4.8% at constant prices, compared with 6.9% in 2001). Within the structure of aggregate demand, the

Aggregate demand and coverage

(constant 1995 prices)

	Volume in billions of Sk			Structure in %		
	2000	2001	2002	2000	2001	2002
Aggregate demand	1,205.6	1,288.8	1,350.8	100.0	100.0	100.0
Domestic demand ^{1/}	686.4	736.0	765.2	56.9	57.1	56.6
Foreign demand	519.2	552.8	585.6	43.1	42.9	43.4
Coverage of aggregate demand						
Domestic supply	684.8	707.3	738.4	56.8	54.9	54.7
Foreign supply	520.8	581.5	612.4	43.2	45.1	45.3

^{1/} Including statistical discrepancy.

share of domestic demand decreased year-on-year by 0.5 of a percentage point, while the share of foreign demand increased in the same measure.

Supply side of GDP

The creation of added value was affected by growth in gross production as well as intermediate consumption. As a result of faster real growth in intermediate consumption than in gross production, the share of added value in gross production decreased slightly, from 38.1% in 2001 to 37.9% in 2002. Economic growth was also supported by the strong dynamics of indirect taxes.

The persistently large share of intermediate consumption is connected with the fact that the accelerated growth in GDP was generated in an economy with a virtually unchanged structure and a relatively smaller share of services, while the long-term trend of increase in the share of services to the detriment of industry continued.

The services sector created 4.2% more GDP than in 2001 (at constant prices), which was connected with a marked increase in GDP in banking and insurance (40%); public administration (15.2%); other community, social, and personal services (16.4%); and with increased GDP creation in education. Agriculture, construction, and industry also contributed to the overall growth in GDP.

The creation of GDP in industry grew by 4.0%, mainly in the production and distribution of ele-

ctricity, gas, and water (an increase of 33.4%) and in industrial production (an increase of 2.6%). However, it should be noted that the marked year-on-year increase in electricity, gas, and water supply was affected, first and foremost, by the low basis of comparison in 2001. In industrial production, year-on-year growth in added value was recorded in chemical, refined oil, and rubber products (8.9%); machinery, electrical equipment, and transport vehicles (4.3%); and in food processing (4.8%). On the other hand, the creation of added value fell significantly in the production of metals and metal products (12.1%).

Agriculture

After showing modest dynamics in 2001, gross domestic product in agriculture grew year-on-year by 12.3% at constant prices in 2002. Its share in total GDP increased by 0.4 of a percentage point, to 4.6%.

Relatively dynamic growth was recorded in the receipts of agricultural companies, which exceeded the level of the previous year by 6.4% at constant prices in 2002. Almost two thirds of the receipts were proceeds from the sale of animal products, which increased year-on-year by 4.3%. Proceeds from the sale of plant produce increased by 10.1%. The volume of receipts was affected substantially by the number of animals and sales of selected animal and plant products. In 2002, stocks of cattle and sheep continued to decline. The stocks of other animals recorded a moderate increase. Except potatoes, the sales

Creation of gross domestic product and components (Sk billions, constant 1995 prices)

	2000	2001	2002	Indices ^{1/}		
				2000/99	2001/00	2002/01
Gross production	1,623.1	1,672.9	1,753.5	103.5	103.1	104.8
Intermediate consumption	1,007.2	1,035.3	1,088.6	104.3	102.8	105.1
Added value	615.9	637.6	664.9	102.3	103.5	104.3
Other ^{2/}	68.8	69.7	73.6	101.4	101.3	105.5
Gross domestic product	684.8	707.3	738.4	102.2	103.3	104.4

1/ Indices based on figures expressed in millions of Sk.

2/ Value added tax, excise duties, import taxes, subsidies.

of which fell on a year-on-year basis, the sales of other basic types of plant and animal products increased, mainly of cereals, fruit, beef and poultry (live animals), and milk.

A persistent problem in agricultural production for the food industry in 2002 was the deficit in foreign trade. Foreign trade in food commodities was affected by increased imports of soya beans, food products, animal feed, cigarettes and tobacco goods, subsidised pork, pigs and poultry (live animals), pastry, chocolate, and foods containing cocoa. On the other hand, foreign trade was affected favourably by exports of malt and oil-seed (rape and sunflower).

Industry

Industry showed relatively strong dynamics in 2002. The volume of GDP created in industry grew year-on-year by 4.0% at constant prices (compared with 3.6% in 2001). The sector accounted for 25.9% of total GDP, the same figure as in the previous two years.

The favourable trend in GDP in industry was connected, at a stable level of intermediate con-

sumption, with growth in manufacturing, which reached virtually the same year-on-year dynamics in 2002 as a year earlier (6.6% at constant 2000 prices). Of the main industrial sectors, growth was recorded in manufacturing (8.6%), as well as mining and quarrying (28.6%). In electricity, gas, and water supply, output remained below the level of the previous year (a fall of 5.8%).

In manufacturing, faster than average growth was recorded in the key, largely export-oriented sectors of the economy. These sectors included the manufacture of transport vehicles, production of rubber and plastic goods, refined oil products, nuclear fuels, metals, and part of light industry (leather processing and the manufacture of leather goods).

Gradual restructuring of the industrial base led to growth in labour productivity. Productivity in manufacturing increased year-on-year by 6.4% at constant prices. This increase was accompanied by a moderate growth in employment (0.2%). In 2002, the average nominal monthly wage in industry increased year-on-year by 7.3% and the real wage by 3.9%. According to preliminary data, gross profit achieved in the sector increased year-

Breakdown of gross domestic product by sector

(Sk billions, constant 1995 prices)

	2000	2001	2002	Indices ^{1/}			Proportions		
				2000/99	2001/00	2002/01	2000/99	2001/00	2002/01
Gross domestic product (GDP)	684.8	707.3	738.4	102.2	103.3	104.4	100.0	100.0	100.0
of which:									
Agriculture, forestry, and fishing	35.5	33.7	37.4	99.8	95.0	110.9	5.2	4.8	5.1
of which: agriculture	29.6	29.9	33.6	107.9	101.0	112.3	4.3	4.2	4.6
Industry	177.7	184.1	191.4	94.5	103.6	104.0	25.9	26.0	25.9
of which: mining and quarrying	6.4	5.9	5.1	89.3	92.1	86.1	0.9	0.8	0.7
industrial production	151.4	166.9	171.2	98.0	110.2	102.6	22.1	23.6	23.2
electricity, gas, and water	19.9	11.3	15.1	75.5	56.9	133.4	2.9	1.6	2.0
Construction	24.3	23.9	26.5	102.7	98.5	111.0	3.5	3.4	3.6
Services	386.5	404.3	421.3	107.6	104.6	104.2	56.4	57.2	57.1
of which: trade	99.0	101.3	99.5	105.4	102.4	98.2	14.5	14.3	13.5
transport, posts and telecom.	65.4	74.2	71.6	102.2	11.5	96.5	9.5	10.5	9.7
real estate and leasing services	89.7	86.5	86.1	112.3	96.5	99.5	13.1	12.2	11.7
Other ^{2/}	60.8	61.4	61.8	95.3	100.9	100.7	9.0	8.6	8.3

1/ Indices based on figures expressed in millions of Sk.

2/ Value added tax, excise duty, import tax, subsidies, imputed production of banking services.

-on-year by 18.5%, due to a marked increase in earnings in the production and supply of electricity, gas, and water, and a fall in profits in manufacturing, mining, and quarrying.

Construction

Gross domestic product in the construction sector grew at constant prices by 11.0% during 2002 (after falling by 1.5% a year earlier). The share of the sector in total GDP had, since 1999, been fluctuating around 3.5% and reached 3.6% in 2002.

The revival in construction was also reflected in the values of other indicators. The output of the construction sector recorded an increase in year-on-year dynamics in 2002 (by 3.3 percentage points, to 4.1% at constant prices), compared with the previous year. The level of output was affected by growth in domestic production and, in the last two months, by growth in construction work abroad as well. As for domestic production, growth was recorded in new construction, reconstruction, and modernisation projects, as well as maintenance and repair work.

The increased demand for construction work stimulated growth in job opportunities. After falling in 2001, the level of employment in construction companies rose year-on-year by 1.6%, representing the second highest increase within the entire Slovak economy. Labour productivity per employee (in construction) grew by 2.5% at constant prices and exceeded the growth in real wages by 1.3 percentage points. This can be attributed to the slow rate of growth in the average nominal monthly wage in construction (4.5%),

which was the slowest of all sectors. In 2002, construction organisations achieved favourable financial results, and the gross profit of the sector increased, according to preliminary data, by 83.0% compared with the previous year.

Services

In 2002, the services sector generated an increase of 4.2% in GDP at constant prices (compared with 4.6% a year earlier), and contributed almost the same share to total GDP as a year earlier (57.1%). Marked slowdown in GDP growth in comparison with 2001 was recorded in market services (71.8% of the volume of GDP in the services sector), when the year-on-year dynamics weakened in comparison with the previous year by 2.4 percentage points, to 1.8 %.

In sectors specialising in market services, receipts from own-output and goods also followed a less favourable trend than in 2001. An exception was represented by the retail trade, where receipts increased year-on-year by 5.8% at constant prices (compared with 4.5% a year earlier). In the retail trade, receipts were affected mainly by their growth in non-specialised retail stores (hyper- and supermarkets), retail trade in foodstuffs, cosmetics, and pharmaceuticals.

Fall in the year-on-year dynamics of receipts (from 23.5% in 2001 to 9.9% in 2002 at constant prices) was recorded by organisations specialising in the sale and maintenance of motor vehicles and the retail sale of fuels. With regard to the relatively dynamic growth in receipts from the maintenance of motor vehic-

Absolute year-on-year increases in GDP with contributions (constant 1995 prices)

	2000		2001		2002	
	Sk billion	contribution	Sk billion	contribution	Sk billion	contribution
GDP	14.7	2.2	22.6	3.3	31.1	4.4
Domestic demand	-6.3	-0.9	51.2	7.5	34.1	4.8
Statistical discrepancy	6.4	0.9	-1.5	-0.2	-4.9	-0.7
Net exports	14.6	2.2	-27.1	-4.0	1.9	0.3

les and the sale of fuels, this was due mainly to slower growth in receipts from the sale of motor vehicles.

After growing dynamically in 2001 (by 26.4%), the receipts of organisations specialising in transport and storage services increased year-on-year by only 1.5% (at current prices) in 2002. This was due to a fall in the volume/number of goods/persons transported in almost all transport sectors except road haulage, the output of which increased. Receipts in transport were affected by their growth in rail transport (due to the introduction of charges for the use of the transport infrastructure), and by decline in road transport and in secondary and auxiliary activities in transport.

Receipts in real estate, leasing, and other business services, which recorded a moderate year-on-year increase in 2002 (0.6% at constant prices, compared with 1.6% a year earlier), were marked by lower demand for investments. Within the sector, growth was recorded only in receipts from the leasing of machines and equipment and from computer engineering and related activities, while receipts in real estate and other business services fell.

Demand side of GDP

In the structure of gross domestic product by use, the increase in GDP at constant prices was generated mostly by domestic demand. However, its contribution to growth in GDP diminished, from 7.5% in 2001 to 4.8% in 2002. The contribution of net exports changed during the year, from negative to positive, and increased the rate of GDP growth in 2002 by 0.3 of a percentage point in relative terms. This change was stimulated by growth in foreign demand in the 2nd half of the year and a slowdown in the rate of growth in imports of goods and services.

Domestic demand

The growth in domestic demand (4.7% at constant prices) was due primarily to increased consumer demand and growth in inventories. Investment demand remained below the level of the previous year and reduced the rate of overall growth in domestic demand.

Domestic consumer demand

Final consumption in 2002 continued to contribute positively to the creation of GDP, while

Gross domestic product by use

(Sk billions, constant 1995 prices)

	2000	2001	2002	Indices ^{1/}		
				2000/99	2001/00	2002/01
Gross domestic product	684.8	707.3	738.4	102.2	103.3	104.4
Domestic demand	680.0	731.1	765.2	99.1	107.5	104.7
of which:						
Final consumption in total	498.3	519.5	544.9	99.0	104.2	104.9
Households	354.6	368.9	388.7	98.2	104.0	105.4
Non-profit institutions	6.2	6.0	6.0	98.5	96.6	99.0
General government	137.5	144.5	150.3	101.3	105.1	104.0
Gross capital formation	181.6	211.7	220.3	99.3	116.5	104.1
Gross fixed capital	196.1	214.8	213.0	101.2	109.6	99.1
Change in inventories	-14.5	-3.2	7.3	x	x	x
Net exports	-1.6	-28.7	-26.8	x	x	x
Exports of goods/services	519.2	552.8	585.6	113.8	106.5	105.9
Imports of goods/services	520.8	581.5	612.4	110.2	111.7	105.3
Statistical discrepancy	6.4	4.9	0.0	x	x	x

1/ Indices based on figures expressed in millions of Sk.



its dynamics strengthened slightly on a year-on-year basis, by 4.9% at constant prices. Consumer demand was in large part stimulated by final household consumption (71%), which increased by 5.4% and exceeded the rate of growth from 2001 by 1.4 percentage points. The relatively balanced development of private demand in the individual quarters was supported mainly by the low inflation rate, growth in real wages, growth in the volume of consumer loans, and by new products such as credit sales.

The structure of final household consumption was dominated by purchases of foodstuffs (28%); spending on housing (20.6%); clothing, furniture, and household equipment (11.5%). The most rapid increases were recorded in the expenses of households on miscellaneous goods and services (13.5%), communications (13.3%), and health services (11.3%).

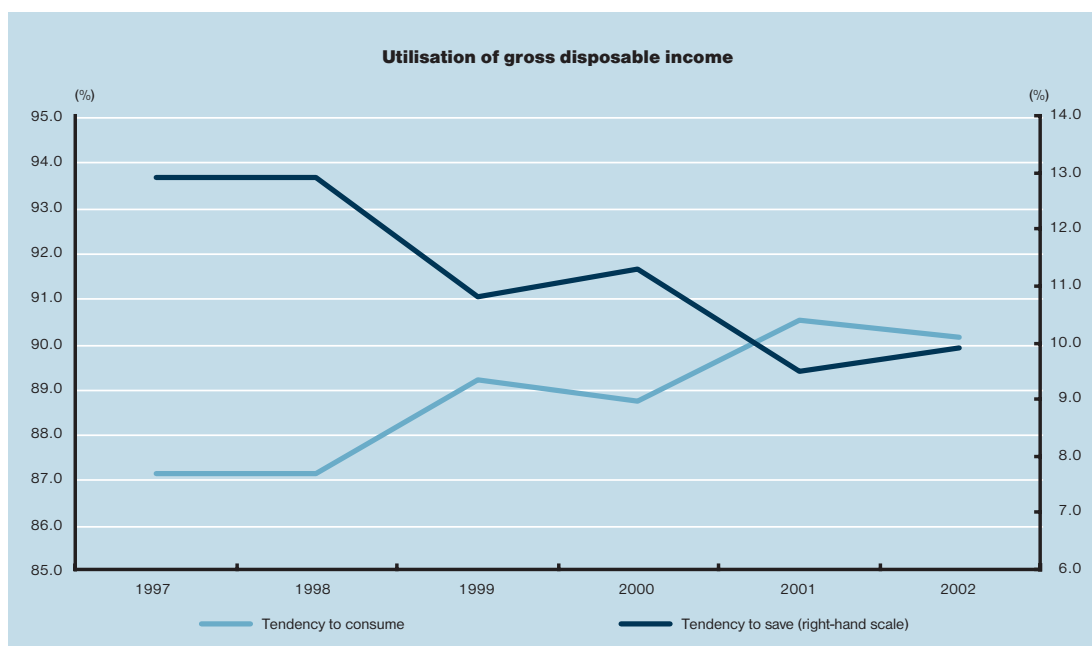
Although private consumption showed strong dynamics, the tendency of households to consume weakened noticeably in 2002, while the tendency to save strengthened, with the share of gross household savings in gross disposable income increasing year-on-year by 0.4 of a percentage point, to 9.9% (gross savings include the investment activities of

citizens and small entrepreneurs, in addition to koruna deposits).

Final consumption of general government increased by 4.0% at constant prices (in 2001 by 5.1%). The moderate fall in the dynamics of public consumption was associated with developments in the 2nd half of 2002, when the rate of growth was dampened by saving measures, to 1.9% (from 6.8% in the 1st half).

Domestic investment demand

In 2002, gross capital formation (including changes in the volume of inventories) increased year-on-year by 4.1% at constant prices (in 2001 by 16.5%), and was affected by a fall of 0.9% in the level of gross fixed capital formation (compared with an increase of 9.6% in 2001), as a result of which the share of fixed investments in GDP decreased year-on-year by 1.6 percentage points, to 28.8%. Growth in gross capital was also stimulated by a change in inventory volume, which reached, after falling for four years, a positive figure (Sk 7.3 billion). The marked increase in inventories in comparison with previous years, may be to some extent associated with output that is produced but not exported, and with the fact that inventories may



include items that are of an investment nature (leasing).

In the financing of investment demand, the share of domestic funds in financing decreased slightly in 2002. In contrast with 2001, however, the gap between gross domestic savings (the unused part of GDP) and gross investments deepened only to a negligible extent, when the coverage of investments by savings decreased by only 1 percentage point, to 87.8%.

Within the structure of investments, there was a shift from demand for buildings to demand for machines in 2002, when the proportion of investment in machines to gross fixed capital formation increased year-on-year by 3.6 percentage points, to 57.7%. Although the total volume of fixed investments remained below the level of the previous year, a positive achievement was the growth in investment in machines (1.4%), within the scope of which, investment in metal products and machines also increased. Investment in construction declined by 8.2%, due mainly to a downturn in investment in other

Investments and savings

(%)

	2000	2001	2002
Constant 1995 prices			
Rate of savings ^{1/}	27.2	26.6	26.2
Rate of gross investments ^{2/}	26.5	29.9	29.8
Rate of fixed investments ^{3/}	28.6	30.4	28.8
Coverage of investments by savings ^{4/}	102.6	88.8	87.8
Current prices			
Rate of savings ^{1/}	24.0	23.4	23.8
Rate of gross investments ^{2/}	27.1	32.0	30.9
Rate of fixed investments ^{3/}	29.5	31.3	29.8
Coverage of investments by savings ^{4/}	88.6	73.1	77.0

1/ Share of gross domestic savings (GDP less final consumption in total) in GDP.

2/ Share of gross capital formation in GDP.

3/ Share of gross fixed capital formation in GDP.

4/ Share of gross domestic savings in gross investments.

Structure of gross fixed capital formation in 2002

	Gross fixed capital formation (Sk millions)	Share in the Slovak economy (%)	Index 2002/01
Economy of the SR in total	319,751	100.0	99.1
of which (by production):			
Buildings	112,495	35.2	91.8
of which: residential buildings	19,697	6.2	104.8
other structures	92,798	29.0	89.5
Machinery	184,458	57.7	101.4
of which: metal goods and machinery	140,617	44.0	102.3
transport equipment	43,841	13.7	98.8
of which (by sector):			
Non-financial corporations	201,896	63.1	98.7
Financial corporations	43,071	13.5	105.1
General government	26,186	8.2	92.9
Households	46,888	14.7	100.5
Private non-profit institutions	1,710	0.5	80.2

Note: The volumes are at current prices, the indices at constant 1995 prices.

buildings (halls and buildings for production and services, other industrial facilities, bridges, roads, and other civil engineering works, flood control dykes, and other water engineering structures). Within the structure of investments in construction, investment in residential buildings grew by 4.8%, due to the availability of new forms of financing (mortgage loans, home savings, and government loans).

In a breakdown by sector, the greatest decline in gross fixed capital formation occurred in general government (7.1% at constant prices), while a moderate fall and/or stagnation in investment demand was reported by non-financial corporations (a fall of 1.3%) and households (an increase of 0.5%). Financial corporations invested more than in the previous year (by 5.1% at constant prices).

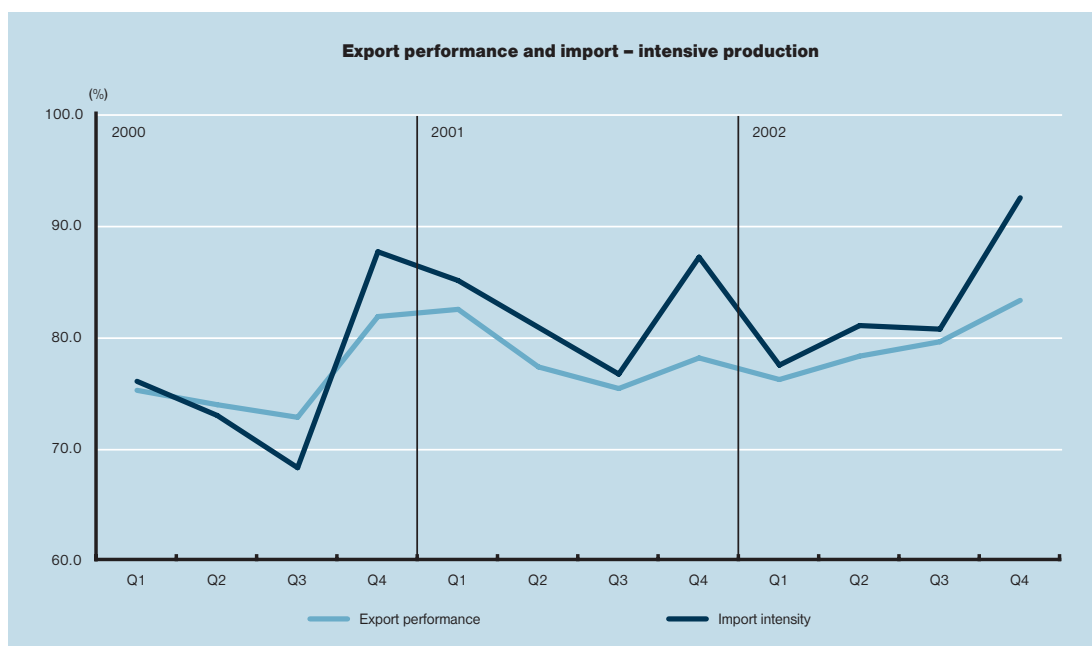
Demand for investments increased in the group of medium-term companies (with 50 to 999 employees), while gross fixed capital formation in other groups of companies remained below the level of the previous year.

Net exports

In 2002, net exports resulted in a deficit of Sk 26.8 billion (at constant prices), representing a modest decrease (Sk 1.9 billion) in comparison with the previous year. The improvement in the balance of trade in goods and services, including a statistical estimate of the non-registered economy, was due to faster year-on-year growth in exports (5.9%) than imports (5.3%).

In the 2nd half of 2002, the increase in the volume of goods and services imported/ exported indicated a two-digit rate of growth. In the 4th quarter, exports showed record growth (12.4% at constant prices), which was accompanied by a record increase in imports (11.9%). Exports were largely dependent on imported goods and services throughout the year; a positive trend was the excess of export dynamics over the rate of growth in imports in each quarter.

The improvement in foreign trade resulted partly from the trend of year-on-year convergence in the indicators of functional openness of the economy in 2002. Export performance, expressed in terms of the ratio of exports of goods and services to GDP (at constant prices), increased



year-on-year by 1.1 percentage points, to 79.3%. The increased share of exports in GDP was probably a sign of revival in the economies of Slovakia's major trading partners, which created room for growth in exports, especially in the second half of 2002. The increase in export dynamics led to growth in the import-intensity of the economy. Import-intensive production increased year-on-year by 0.7 of a percentage point, with the volume of imported goods and services accounting for 82.9% of GDP.

Income and expenditure of households

According to preliminary data from the Statistical Office, the current income of households increased year-on-year in nominal terms by 7.9% and in real terms by 4.5% in 2002 (in 2001 by 0.7% in real terms). The current expenditure of households (paid to other sectors and not used for direct consumption) increased in nominal terms by 6.9% and in real terms by 3.5% (a year earlier by 2.5% in real terms).

The level of current income was affected mainly by an increase in income from work and business activity – compensation of employees

and gross mixed household income, which includes the receipts of tradesmen spent by their households as well as their business profits. In 2002, the share of these receipts in total current income increased year-on-year by 0.2 of a percentage point, to 79.7%.

In comparison with 2001, the volume of social benefits (pensions, social insurance, and unemployment benefits) grew at an accelerated rate, due mainly to pensions, which increased year-on-year by 8.4% (and accounted for almost 70% of the total amount paid in welfare benefits).

Current expenditure was affected mainly by social security contributions and current taxes on income and property, which together accounted for 88.3% of the volume of current expenditure. The dynamics of current expenditure weakened in comparison with the previous year, due probably to slower growth in employment, gross wages and salaries, and gross mixed income within the structure of current income.

After reducing current income by current expenditure, the gross disposable income of households amounted to Sk 657.7 billion. The

Income and expenditure of households ^{1/}**(current prices)**

	Sk billions		Indices		Share in %	
	2001	2002	2001/00	2002/01	2001	2002
Compensation of employees (all sectors)	407.3	442.2	109.1	108.6	51.5	51.8
of which: Gross wages and salaries	315.8	342.7	109.3	108.5	40.0	40.2
Gross mixed income	220.5	237.2	113.1	107.5	27.9	27.8
Property income	31.9	31.3	81.1	98.3	4.0	3.7
Social benefits	109.5	118.7	104.1	108.4	13.9	13.9
Other current transfers – received	21.1	23.5	110.5	111.4	2.7	2.8
Current income in total	790.3	852.9	108.0	107.9	100.0	100.0
Property expense	4.8	5.4	106.3	113.4	2.6	2.8
Current tax on income, property, etc.	33.8	35.8	109.7	105.9	18.5	18.4
Social contributions	128.2	136.4	109.2	106.4	70.2	69.9
Other current transfers – paid	15.8	17.5	110.9	111.2	8.6	9.0
Current expenditure in total	182.5	195.1	109.4	106.9	100.0	100.0
Gross disposable income	607.8	657.7	107.6	108.2	100.0	100.0
Adjustment for the change in net equity of households in pension funds	1.8	2.7	144.1	146.9	x	x
Final household consumption	552.0	595.4	109.9	107.9	90.8	90.5
Gross savings of households	57.6	65.0	90.2	112.9	9.5	9.9
Rate of gross household savings	9.48	9.89	x	x	x	x

1/ Based on data given in millions of Sk.

increase in gross disposable income (8.2%) was due to faster growth in income than expenditure, which subsequently led to dynamic growth in final consumption and savings.

1.3. Labour market development**Employment and unemployment**

Of the gross disposable income of households, 90.5% was used for final consumption (0.3 of a percentage point more than a year earlier), the remainder went on gross savings, which include the investment activities of citizens and small entrepreneurs in addition to their koruna deposits. Their share in gross disposable income (the rate of gross household savings) reached 9.9%, representing an increase of 0.4 of a percentage point in comparison with the figure for 2001.

In 2002, there were 2,008.9 thousand employees in the Slovak economy (on average), which represented a fall of 1.4 percentage points in growth dynamics (to 0.1%) in comparison with 2001. The trend of slowdown in the rate of growth in employment had been foreshadowed by developments as early as in the 4th quarter of 2001, when employment increased by 0.1 %.

Gross disposable income**(index, same period a year before = 100, current prices)**

	2001	2002				
		Q1	Q2	Q3	Q4	Year
Gross disposable income	107.6	107.6	108.0	108.8	108.4	108.2
Final household consumption	109.9	108.5	108.8	106.8	107.4	107.9
Gross savings of households	90.2	100.0	96.8	157.7	114.7	112.9
Share of gross savings in gross disposable income (%)	9.5	9.2	5.9	6.2	16.9	9.9

In the individual sectors, employment followed a different course. The steepest year-on-year increase in employment took place in finance and insurance (1.8%); construction (1.6%); and in the wholesale and retail trade, including repair services (1.2%), which made the greatest contribution to growth in employment.

The level of employment fell in numerous sectors, especially in other community, social, and personal services (by 3.6%); hotels and restaurants (by 2.1%); and in transport, storage, posts, and telecommunications (by 1.2%).

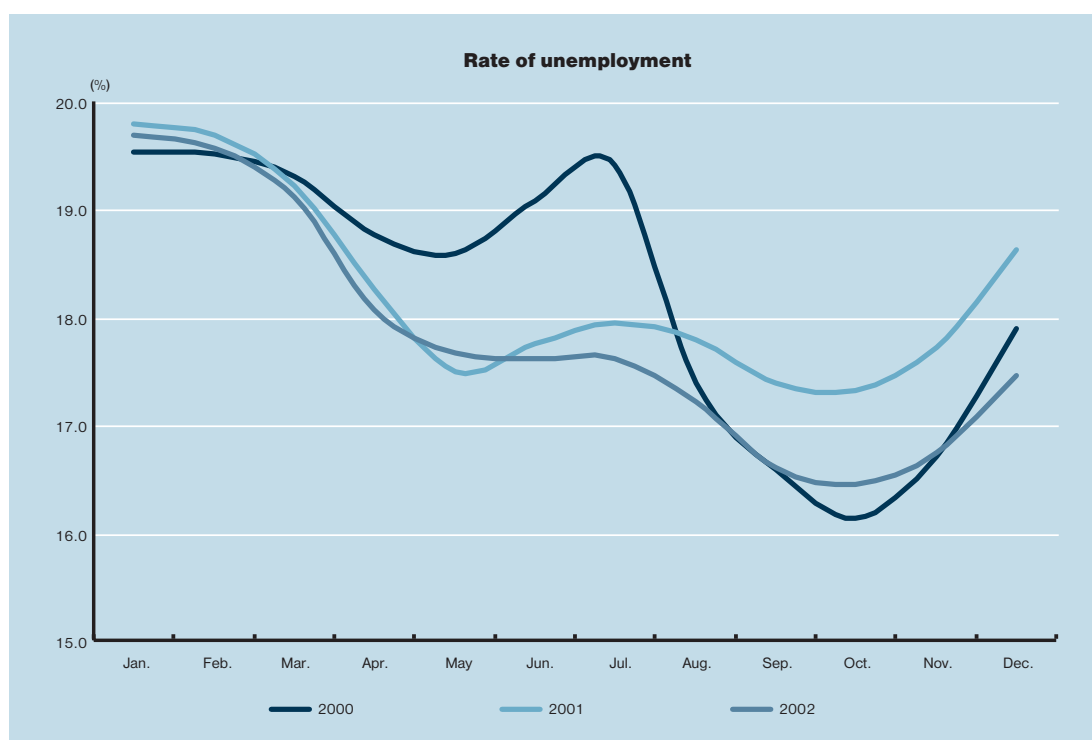
Unemployment followed a relatively favourable trend in 2002. The number of unemployed registered at labour offices at the end of the year, stood at 504 thousand (compared with 533.7 thousand in 2001). Compared with the same period a year earlier, the rate of registered unemployed fell by 1.18 percentage points, to 17.45%. The average rate for 2002 fell year-on-year by 0.43 of a percentage point, to 17.82%.

The course of unemployment during the year was characterised by an increase in the number of unemployed at the beginning of the year (due

to the return of people employed on public works in 2001 to unemployment status) and a gradual decrease during the spring months (due to seasonal factors). In June and July, the fall in unemployment was dampened slightly by the registration of school-leavers at labour offices, but continued until October, when unemployment reached an annual minimum. In November and December, the rate of unemployment again increased slightly, due to the end of seasonal works.

Apart from traditional seasonal factors (construction and agriculture, school-leavers signing on at labour offices in the summer months), the increase in the number of unemployed was affected by the fact that, in 2002, fewer out-of-work people were employed in public works than in the previous two years. This led to an increase in the number of long-term unemployed, which accounted for 47.3% of the total number of registered unemployed at the end of the year.

Unemployment was favourably affected by the relatively small increase in the country's economically active population and the increased use of active labour market policy instruments



(retraining, agreements with employers, public works, support of self-created employment, etc.), through which jobs were created for 70 thousand registered unemployed during 2002. The number of new job applicants totalled 436 thousand, representing the second lowest inflow since 1998. Over the same period, almost 466 thousand persons were deleted from the registers, representing the second largest outflow since 1997.

The fall in unemployment was also affected positively by the number of vacancies, which had increased year-on-year by 7.2 thousand (i.e. 70.9%) by the end of the year. This was accompanied by a fall in the number of registered unemployed per vacancy, to 29 at the end of December, from 53 a year earlier. In 2002, the total number of registered vacancies exceeded, for the first time, the level of 225 thousand.

A chronic problem was the high average length of registration, which reached 13.7 months at the end of the year. As for the structure of unemployed by education, the registers of labour offices were dominated by persons with elementary and secondary vocational education. The regional differences in unemployment persisted. The difference between the districts with the highest and lowest unemployment rates increased during 2002, to 34.1 percentage points in December (from 31.7 in December 2001). However, the number of districts with unemployment over 20% decreased, from 38 in December 2001 to 31 at the end of 2002.

Wages and labour productivity

In 2002, the average monthly nominal wage of an employee in the Slovak economy reached Sk 13,511, representing a year-on-year increase of 9.3%. The rate of growth was 1.1 percentage points faster than in 2001. Real wages increased by 5.8%, representing an acceleration of 5 percentage points in the 12-month rate of growth. The increase in real wages (the largest since 1997) was connected with the growth in nominal wages and the low level of inflation.

Wages increased in all sectors of the economy, in both nominal and real terms. However, in production and service sectors, especially in public services, wages followed a different course. In comparison with 2001, the rate of growth in nominal wages slowed mainly in agriculture, industry, transport, posts and telecommunications, while wage dynamics in public administration, education, health care, and in other community, social, and personal services, increased by an average of 15.4% (according to NBS estimates).

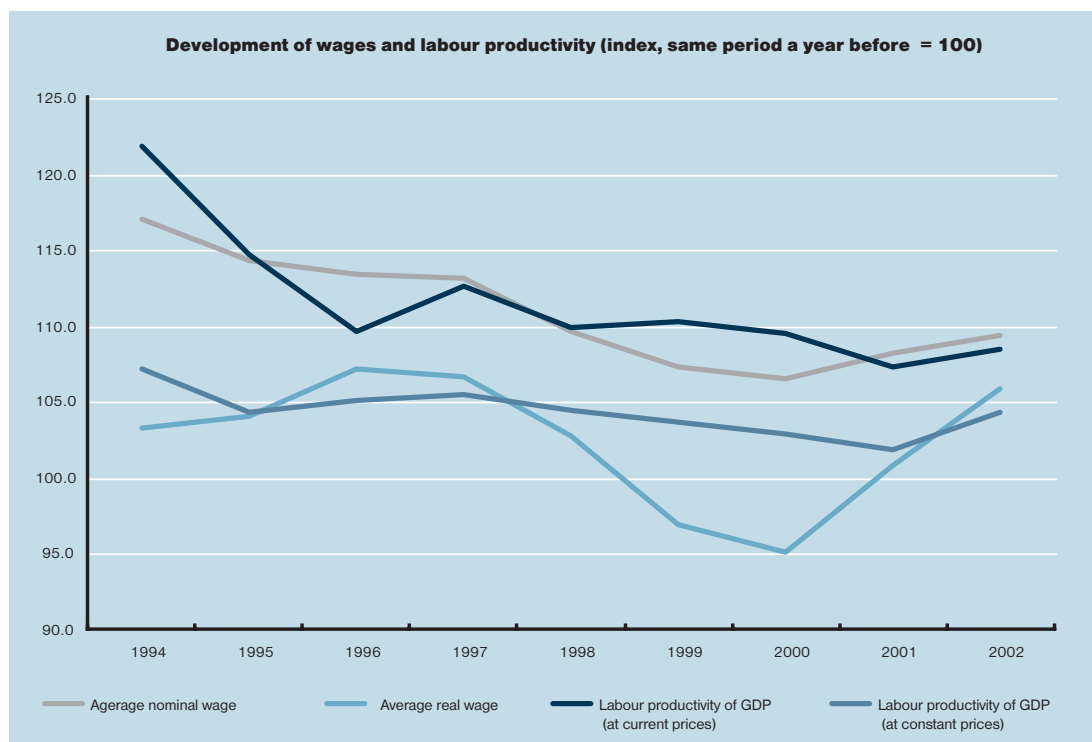
The relatively steep wage increase in the public sector was connected mainly with the enactment of laws on state and public services and, in other community, social, and personal services, combined with the reduced number of public work jobs available (compared with 2001). Despite a marked year-on-year increase in wages in public services, wage levels remained below

Labour market indicators

(same period a year before = 100)

	2001	2002				
		Q1	Q2	Q3	Q4	Year
Nominal wage (Sk)	12,365	12,287	13,329	13,146	15,266	13,511
Nominal wage (index)	108.2	108.6	110.6	108.8	109.1	109.3
Labour productivity of GDP (index, curr. p.)	107.3	107.3	108.2	108.0	110.0	108.4
Real wage (index)	100.8	103.7	107.2	106.1	105.8	105.8
Labour productivity of GDP (index, const. p.)	101.8	103.3	104.1	104.1	105.5	104.3
Wage minus productivity (percent. points)	-1.0	0.4	3.1	2.0	0.3	1.5
Employment (index)	101.5	100.5	99.9	100.2	100.1	100.1
Registered unemployment rate (%) ^{1/}	18.6	19.1	17.6	16.6	17.4	17.4
Consumer prices (average index)	107.3	104.7	103.1	102.5	103.1	103.3

1/ End-of-period figures.



the average wage in the Slovak economy (with the exception of public administration, defence, and compulsory social insurance).

Wages continued to show marked differences in the individual sectors. The highest average monthly nominal wage (in banking and insurance) was 2.6 times higher than the lowest wage (in other community, social, and personal services), compared with 2.7 times a year earlier. Lower than average wages were recorded in five sectors.

The accelerated growth in real GDP, accompanied by a slowdown in the rate of growth in employment, led to a relatively steep year-on-year increase in labour productivity. In nominal terms, labour productivity increased by 8.4% (1.1 percentage points more than a year earlier), and in real terms by 4.3% (compared with 1.8% in 2001). However, the relatively dynamic growth in labour productivity did not suffice to cover the wage increase. In 2001, real wages remained behind labour productivity by 1 percentage point; in 2002, this relationship changed and the wage increase exceeded the growth in labour productivity by 1.5 percentage points.

1.4. Financial results of the commercial sector

The financial results of financial and non-financial institutions for 2002 showed marked deterioration in comparison with the previous year. According to preliminary data from the Statistical Office of the SR, the gross profit generated by the two sectors together was 9.1% less than a year earlier. Marked year-on-year deterioration in financial performance was recorded by financial corporations, which closed the year 2002 with a total loss of Sk 5.5 billion. Financial institutions (savings banks and banks, including the NBS) suffered a loss of Sk 12.1 billion (after a profit in 2001), while insurance companies, pension funds, and other financial intermediaries achieved a positive financial result.

After pronounced growth in 2001, non-financial corporations recorded a year-on-year increase of 3.6% in earnings. Positive financial results were achieved in almost all key sectors. The largest profits were generated in industrial production, trade, electricity generation and distribution, gas and water supply (more than 75% of the total

Financial results**(current prices)**

	Sk millions		Index
	2001	2002	2002/01
Financial result (before taxation)			
Non-financial and financial corporations in total	147,068	133,685	90.9
Non-financial corporations	134,303	139,138	103.6
Financial corporations	12,765	-5,453	x
Number of non-financial corporations (with 20 or more employees)			
	2001	2002	Difference
In total	6,242	6,127	-115
Non-loss-making corporations	4,356	4,426	70
Loss-making corporations	1,886	1,701	-185

Source: Statistical report on the basic trends of development in the economy of the SR.

profit). The most significant increases in profits took place in electricity generation and distribution, gas and water supply, trade, real estate, leasing, and business services. The most unfavourable factor was a fall in profits in industrial production, transport, posts and telecommunications, mining and quarrying.

Of the total number of companies (6,127) in the non-financial sector (with 20 or more employees), 4,426 were profitable (72.2%) and 1,701 sustained a loss. While the total number of entities decreased by 115 during the year, the number of profitable companies increased by 70 and that of loss-making firms fell by 185, which indicates that the process of restructuring and closure of loss-making operations continued in 2002. The majority of loss-making companies were involved in industry, agriculture, and hunting.

2. BALANCE OF PAYMENTS

2.1. Current account

The dynamic growth in domestic demand and the level of imports, coupled with a slowdown in the pace of economic growth in EU countries, were the reasons behind the persistently large deficit in the balance of payments on current account. Although the trade deficit diminished slightly, the shortfall in the current account

increased to Sk 87.9 billion (from Sk 84.4 billion a year earlier), due to growth in the negative balance of income and fall in the positive balances of services and current transfers. The ratio of the current account deficit to GDP decreased to 8.2% (from 8.5% in 2001).

In 2002, the current account deficit was caused mainly by the balance of trade, which resulted in a deficit of Sk 96.6 billion (representing 9.1% of GDP, compared with 10.4% in 2001).

In comparison with the previous year, the dynamics of imports and exports weakened, while the year-on-year rate of growth in exports (6.5%; i.e. 13.6% in USD or 8.1% in EUR) exceeded the figure for imports (4.7%; i.e. 11.7% in USD or 6.2% in EUR).

Balance of payments on current account

(Sk billions)

	2002	2001
Balance of trade	-96.6	-102.8
Balance of services	20.7	23.2
Balance of income	-20.7	-15.1
Unilateral transfers	8.7	10.1
Current account in total	-87.9	-84.4
Current account as a share of GDP in %	-8.2	-8.5

One of the most unfavourable trends in Slovak exports is the persistent structure dominated by commodities with a low added value (the share of raw materials and semi-finished goods in Slovak exports decreased gradually, from 45.7% in 2000

Year-on-year changes in Slovak exports by category

	Year-on-year change				Contribution	
	Sk billions		%		%	
	2002	2001	2002	2001	2002	2001
Raw materials	-1.1	2.7	-2.1	5.5	-0.2	0.5
Chemical goods and semi-products	8.7	22.7	3.8	11.3	1.4	4.1
Machinery and transport equipment	21.0	21.2	8.5	9.4	3.4	3.8
Finished product (agricultural and industrial products)	11.3	16.2	12.8	22.1	1.9	3.0
Exports in total	39.9	62.8	6.5	11.4	6.5	11.4

to 45.1% in 2001 and 43.5% in 2002). The production largely dependent on energy and raw material inputs, and the high share of products intended for intermediate consumption (with a low degree of processing) in total exports, represent a distinct threat to the long-term sustainable competitiveness of the Slovak economy.

Lower than expected growth in EU countries, coupled with the above defects in the commodity structure of exports, led to a slowdown in the year-on-year rate of growth in exports in 2002, when the increase in exports reached only 63.5% of the growth in 2001 and 32% of the figure for 2000. This took place mostly in the category 'semi-finished goods', which represented a marked potential for growth in exports in previous years.

Exports of raw materials, semi-finished goods, and chemical products increased by 2.7% in comparison with 2001. Apart from a fall in exports of mineral raw materials (oil and oil products), decline was also recorded in 2002 in the exports of certain semi-finished goods (iron and steel, aluminium, aluminium products, lime and cement, etc.). Increases in exports in the category 'semi-finished goods' were recorded in smaller amounts in iron and steel products, timber and wooden products, and glass and glass products. Stagnation in the export of semi-finished goods, which belong to the major export commodities of Slovak industry, indicates that the pronounced sensitivity of exports to price factors and changes in external demand, especially to business cycles in EU countries, constitutes a threat to long-term competitiveness and sustainable external balance. Exports of chemical products grew as

a result of increased exports of rubber and rubber products, plastics and plastic goods.

Despite these problems, the year 2002 saw some improvement in the commodity structure of Slovak exports, with the fastest rate of growth being maintained in the exports of finished products (12.8%) throughout the year. Within the category 'finished products', the most significant increases were recorded in the exports of furniture, clothing, footwear, and selected agricultural goods, e.g. cereal and sugar products, etc.

Increased exports in the category 'machinery and transport equipment' were generated mostly by companies with foreign capital participation, based in the SR. As a result of growth in exports in the automobile and electrical industries, the rate of growth in the category 'machinery and transport equipment' reached 8.5%, exceeding the dynamics of total exports, while the growth in exports accounted for 53% of the total increase in exports in 2002.

In addition to the export of automobiles, above-average dynamics were maintained in the export of machinery, and electrical machines and equipment. The year-on-year growth in exports of electrical machines and equipment was, in terms of volume, twice as large as that of machinery, and took place in the form of increased exports in the category 'cables, strip lighting, and electrical transformers.'

In 2002, the growth dynamics of Slovak imports weakened considerably in comparison with 2001 (from 21.0% to 4.7%). This was largely due to developments in the prices of mineral raw

Year-on-year changes in Slovak imports by category

	Year-on-year change				Contribution	
	Sk billions		%		%	
	2002	2001	2002	2001	2002	2001
Raw materials	-11.1	8.8	-8.8	7.5	-1.6	1.5
Chemical goods and semi-products	19.7	36.9	9.5	21.5	2.8	6.3
Machinery and transport equipment	15.3	43.9	6.9	24.8	2.1	7.4
Finished products	9.9	34.2	6.3	27.5	1.4	5.8
<i>of which:</i>						
Agricultural and industrial products	7.8	17.6	8.4	21.6	1.1	2.9
Automobiles	-0.4	7.5	-1.6	52.8	-0.1	1.4
Machine and electrical-engineering consumables	2.5	9.1	6.2	29.1	0.4	1.5
Imports in total	33.8	123.8	4.7	21.0	4.7	21.0

materials, and to exchange rate developments, which were reflected in the lower value of raw material imports. Other imports (excluding raw materials) recorded a faster rate of growth (7.6%) than total imports.

In addition to a fall in oil and gas prices, which had a significant impact on the import of mineral-based fuels and certain chemical products, the dynamics of imports also weakened in the case of investment and consumer goods.

Raw materials represented a category, where imports fell on a year-on-year basis throughout the year. Imports of raw materials were determined by their price, while oil and gas prices followed a different course. The price of gas in Slovak koruna (i.e. including the effect of the exchange rate) fell throughout the year, by 20.6% on a year-on-year basis. Despite a moderate increase in imports in terms of physical volume, the marked fall in the price of gas caused a year-on-year decline of Sk 8.4 billion in the imports of this raw material. Due to a year-on-year fall of 4.3% in oil prices (from September to December, the price of oil rose year-on-year by 10.3%), accompanied by a moderate increase in oil imports in terms of physical volume, the imports of this raw material fell by only Sk 0.7 billion in 2002.

The year-on-year increase in the imports of chemical products was concentrated mainly in plastics and rubber compounds. The increase was connected with growth in the exports of

plastic and rubber products (a problematic development was a fall in the export price of plastics and plastic products, accompanied by a rise in import prices). Dynamic growth was also recorded in the imports of semi-finished goods. The increased imports in comparison with 2001 in nearly all categories of semi-finished goods (iron and steel, iron and steel products, aluminium, timber, and paper) indicate that economic growth in 2002 was achieved at the cost of increased demand for material inputs.

After dynamic growth in previous years, the dynamics of imports of machinery and transport equipment weakened considerably as a result of stagnation in investment demand. The rate of growth in the imports of machinery and transport equipment (excluding automobiles and consumer goods) fell from 24.8% in 2001 to 6.9% in 2002 (in terms of volume, the increase in these imports in 2002 accounted for roughly one third of the figure for the previous year). In the category 'transport equipment' (excluding motor vehicles used in freight transport), a significant increase in imports was also recorded in the sub-category 'spare parts, components, and accessories of motor vehicles', which was probably connected with the import of components for the production of motor vehicles.

The increase in machine imports was split more or less equally between the sub-category of machines coming under the category 'machinery and equipment for production' (mainly the import

of engines and electrical components for machines) and that of technological equipment for the individual sectors of the national economy. In the structure of machine imports by purpose, decline was recorded mainly in the size of year-on-year increases in imports intended for the modernisation of industrial sectors (machines and equipment for power generation, metal working machines, machinery and equipment used in industry, and data processing machines).

Despite a marked increase in real wages in 2002, imports of finished products grew at a slower rate than in 2001. The year-on-year dynamics of imports weakened, from 27.5% in 2001 to 6.3% in 2002 (the year-on-year increase diminished from Sk 34.2 billion to Sk 9.9 billion). Within the structure of industrial and agricultural products, the most significant increase in imports took place in pharmaceuticals and clothing. Slowdown in comparison with 2001 was recorded in the import of industrial products, such as furniture and textiles, where imports decreased.

Trade in services resulted in a surplus of Sk 20.7 billion in 2002, with receipts from exports increasing by 4.9% and payments for imports by 8.9%.

Balance of services	(Sk billions)	
	2002	2001
Balance of services	20.7	23.2
Transport	25.5	24.3
Tourism	12.8	17.0
Other services in total	-17.6	-18.1

The positive balance of services was generated mostly in transport, the surplus of which increased slightly in comparison with the past year, to Sk 25.5 billion. Receipts from the export of transport services reached Sk 52.6 billion and their year-on-year growth was due to increased receipts from international freight transport, especially rail. Income from the transit of gas and oil from the Russian Federation (RF) to the Czech Republic and Western Europe via Slovakia reached Sk 31.5 billion in 2002, somewhat less than a year earlier. Expenditure on imports of transport services increased to Sk 27.1 billion,

due to growth in international railway transport (as in the case of receipts). In expenditures, other transport services remained below the level of the previous year, which was connected with the weaker dynamics of imports.

After increasing in the previous two years, net receipts from foreign tourism fell by almost 25% in 2002. The fall in the positive balance of tourism was due to increased purchases of foreign exchange by Slovak citizens, which exceeded the growth in foreign exchange receipts from foreign tourists. The amount of foreign exchange drawn by Slovak citizens increased by 43.3%, to Sk 20.0 billion. The steep increase in foreign exchange drawings (accompanied by a moderate decrease in the number of tourists travelling abroad) was probably connected with the strengthening of the Slovak koruna, which led to increased interest in foreign currencies on the part of Slovak citizens (this led to growth in the foreign currency deposits of households, which had an upward effect on income from tourism). Receipts from foreign tourists grew in 2002 by 5.9%, to Sk 32.8 billion. The fact that the growth in receipts from foreign tourists was achieved despite the appreciation of the Slovak koruna and decrease in the number of visitors to Slovakia, is an indication of a qualitative change in foreign tourism (in 2002, the number of accommodated visitors increased, while the share of one-day and transit visits to Slovakia fell in favour of longer-term stays).

The balance of 'other services in total' (direct re-export; technical, construction, business, insurance, financial, telecommunications, leasing, computer engineering, and advertising services, etc.) remained in deficit as in previous years. In 2002, the deficit in the balance of 'other services in total' reached Sk 17.6 billion, roughly the same level as a year earlier. The persistence of a large deficit in this category indicates that these services are becoming more and more important for the economy. At the same time, it is a sign of disharmony between the production structure of services and the actual requirements of the market. Within the structure of these services, permanent negative balance was recorded in

a whole series of sectors, the only exceptions in 2002 being communications and construction services. Of services where receipts are exceeded by payments every year, the most evident in 2002 were services of a financial nature (legal, accounting, auditing, financial, and insurance services). In these services, the size of the deficit increased on a year-on-year basis. On the other hand, services tending to increase the effectiveness and competitiveness of material production (business services, agency services, advertising, licensing services, processing services, etc.), which belong to services with a permanent shortfall, recorded a modest decrease in the size of the deficit in 2002.

The balance of income resulted in a deficit of Sk 20.7 billion, representing a year-on-year increase of Sk 5.6 billion. Receipts from investments reached Sk 15.6 billion, roughly the same level as in 2001. Within the structure of receipts, there was a shift in dominance from interest receipts from deposits abroad to interest receipts from portfolio investments – securities. This was due to an increase in income from NBS reserves, which are invested in securities, while the level of yields was affected by the structure of securities and the payment of coupons. The lower level of interest receipts from other investments was due to a fall in interest on the short-term deposits of commercial banks abroad, which fell by nearly 60% during 2002. The increase in the income balance deficit was generated by growth in expenditure on interest payments, which reached Sk 36.2 billion. This was due mainly to increased payments of yields on property and Sk-denominated domestic securities held by non-residents, to direct investors. In the government sector (including the NBS), interest payments, especially on government bonds, remained at the level of the previous year.

In 2002, the balance of current transfers generated a surplus of Sk 8.7 billion, which was Sk 1.4 billion (almost 14%) less than in 2001. This was due to a fall in the receipts of companies based in the SR from unilateral transfers abroad, which was reflected in the transfers of corporate entities (e.g. benefits, damages, compensation from non-life

insurance, etc.). The fall in net income from current transfers in dollar terms (8.8%) indicates that, in addition to exchange rate developments, the balance was affected by the reduced inflow of such funds from abroad in real terms.

2.2. Capital and financial account

The capital and financial account resulted in a surplus of Sk 234.3 billion, representing an increase of Sk 151.2 billion (more than 187%) in comparison with the same period a year earlier. The increase in the surplus was due mainly to growth in receipts from foreign direct investment as a result of the sale of State holdings to foreign entities.

Despite the sterilisation of privatisation proceeds at the NBS and the growing deficit in the trade balance and subsequently in the balance of payments on current account, the exchange rate of the koruna appreciated, mainly in the second half of the year, due to favourable expectations in respect of Slovakia (the election results, invitation to join NATO and the EU). The strengthening of the koruna vis-à-vis the euro was dampened by the activities of the NBS on the foreign exchange and money markets, since the pressure for currency appreciation was not in harmony with the actual economic situation.

The inflow of funds via the financial account in the amount of Sk 229.4 billion was ascribable mostly to the official sector (Government and the NBS). Including the proceeds of the National Property Fund (NPF) from the privatisation of state-owned companies, the official sector accounted for 63.6% of the total inflow of funds into the financial account. The inflow of funds into the banking sector (representing 26.8%) was due mainly to a fall in the deposits and other assets of Slovak banks abroad. The corporate sector absorbed 9.6% of the funds. The main reason behind the low inflow was the excess of repayment of old loans over the drawing of new long-term financial credits in the corporate sector

Capital and financial account of the balance of payments**(Sk billions)**

	2002	2001
Capital account	4.9	3.8
Direct investment	181.7	72.0
Slovak capital abroad	-0.1	-2.0
Foreign cap. in the SR	179.8	58.6
of which: privatisation	152.0	33.9
Other capital	2.0	15.4
Portfolio investment	25.1	-12.5
SR abroad	12.3	-24.4
In the SR	12.8	11.9
Other long-term investment	-4.9	-10.3
Assets	12.5	-0.5
Liabilities	-17.4	-9.8
Short-term investment	27.6	30.1
Assets	19.8	1.9
Liabilities	7.8	28.2
Capital and financial account	234.3	83.1

(due partly to the repayment of government guarantees through the NPF).

The capital account, which comprises capital transfers of unilateral nature, resulted in a surplus of Sk 4.9 billion. The revenue side was dominated by funds granted to Slovakia through the PHARE, ISPA, SAPARD, and similar programmes.

Foreign direct investment (FDI) in Slovakia can be divided into three basic categories: the first category comprises the privatisation activities of the Government through the National Property Fund, where the volume reached Sk 152.0 billion, of which proceeds from the privatisation of SPP (Slovak Gas Industry) accounted for Sk 121.9 billion; proceeds from the privatisation of the Power Industry of Western Slovakia Sk 8.3 billion; proceeds from the privatisation of Slovenská poisťovňa (Slovak Insurance Co.) Sk 6.4 billion; proceeds from the privatisation of the Power Industry of Central Slovakia Sk 5.9 billion; proceeds from the privatisation of Transpetrol Sk 3.5 billion; the final payment for the privatisation of VÚB (General Credit Bank) accounted for Sk 3.3 billion; and the final payment for the privatisation of Slovenská sporiteľňa (Slovak Savings Bank) Sk 2.6 billion.

Secondly, foreign direct investment destined for increases in the equity capital of companies and banks in the SR, which belongs to the second category of FDI, reached Sk 27.8 billion. Of this amount, 37% was employed in individual sectors of industry, where the said amount was distributed over a large number of companies. Of individual sectors, significant investments were made only in the production of metals, plastics, foodstuffs and beverages. The increase in foreign holdings in the machine and electrical engineering industries, which accounted for only 6% of total investment in equity capital, indicates that, in 2002, Slovakia again failed to attract foreign investors to sectors which are subject to restructuring and modernisation, with the focus on new high-tech products with a higher added value, and which are expected to ensure the future growth of exports. In 2002, the share of trade and related services in the total increase in equity capital was less (31%) than the proportion of industry. The continued interest in this sector was still connected with the expansion of supermarkets in the SR. The remaining amount was invested in the banking, financial, and insurance sectors.

The third category of FDI was formed by other capital, including receivables from and payables to direct investors. After making a significant contribution to FDI in 2001, other capital as a whole played an insignificant role in 2002. The year-on-year increases in long-term loans provided to subsidiary companies based in Slovakia, indicate a gradual revival in lending activity and the use of this source of finance. The contribution of these funds to the coverage of investment demand is reduced by the structure of loans by sector, dominated by trade, trade-related services, transport, telecommunications, etc.

Portfolio investment, as part of the balance of payments on financial account, include transactions in equity and debt securities issued by the Government and the NBS, banks, and companies. Equity securities (shares) represent the ownership of property, while the investor's share in the property is less than 10%. Debt securities include bonds, bills of exchange, money market instruments, and financial derivatives.

In trading in foreign debt securities (assets), the strategy applied was changed in comparison with the past year, when commercial banks gradually reduced their holdings of foreign bonds purchased in previous years. In contrast with commercial banks, non-bank entities invested, though only to a limited extent, in the purchase of foreign securities. As a result of these transactions, the holdings of foreign securities fell by Sk 12.4 billion.

Foreign investors increased their holdings of domestic debt securities by Sk 12.8 billion. Their structure was dominated by government and corporate bonds. Corporate bonds were issued on foreign markets and were directed mainly to transport. Koruna-denominated government bonds were traded, as in the previous year, in large volumes, though these transactions followed a rather volatile course of development during the year. The inflow of capital through the sale of government bonds amounted to Sk 5.5 billion.

Other long-term investments recorded an outflow of funds in the amount of Sk 4.9 billion, which was due mainly to the smaller volume of drawings and the consequent excess of repayments over drawings.

In the corporate sector, financial credits were drawn in the amount of Sk 19.5 billion, which was only slightly more than 50% of the figure for the previous year. The amount drawn (the smallest since 1995) indicates a fall in interest in the use of foreign funds in the corporate sector. In 2002, interest continued to diminish in the generation and distribution of electricity, gas and water supply, transport and communications, in favour of trade and trade-related services, finance and insurance, and partly industry. Due to the large share of trade and trade-related services (more than 50%), drawings took place in smaller amounts and almost 40% of the funds was used for operating purposes.

Due to the large volume of credits drawn in the area of electricity generation and distribution, water and gas supply, transport, telecommunications, and the production of fuels in previous years, the structure of repayments by structure changes only very slowly (the above sectors accounted for 60% of the total volume repaid in 2002), as well as the excess of repayments over drawings. Although the repayment of financial credits in the corporate sector fell in comparison with the same period a year earlier by 30%, the net outflow of corporate funds of this type increased, from Sk 6.6 billion in 2001 to Sk 10.3 billion in 2002.

Long-term transactions in the government sector, including government agencies and the NBS, were connected mostly with the repayment of loans drawn in previous years, which reached almost Sk 17.0 billion. The repayment of government and NBS loans was accompanied by the drawing of a loan for the State Road Fund in the amount of Sk 1.2 billion. The inflow of funds into the government sector took place on the assets side and resulted from the repayment of part of the debt owed by the Russian federation, which

was assigned to Slovakia after the dissolution of the Czecho-Slovakia.

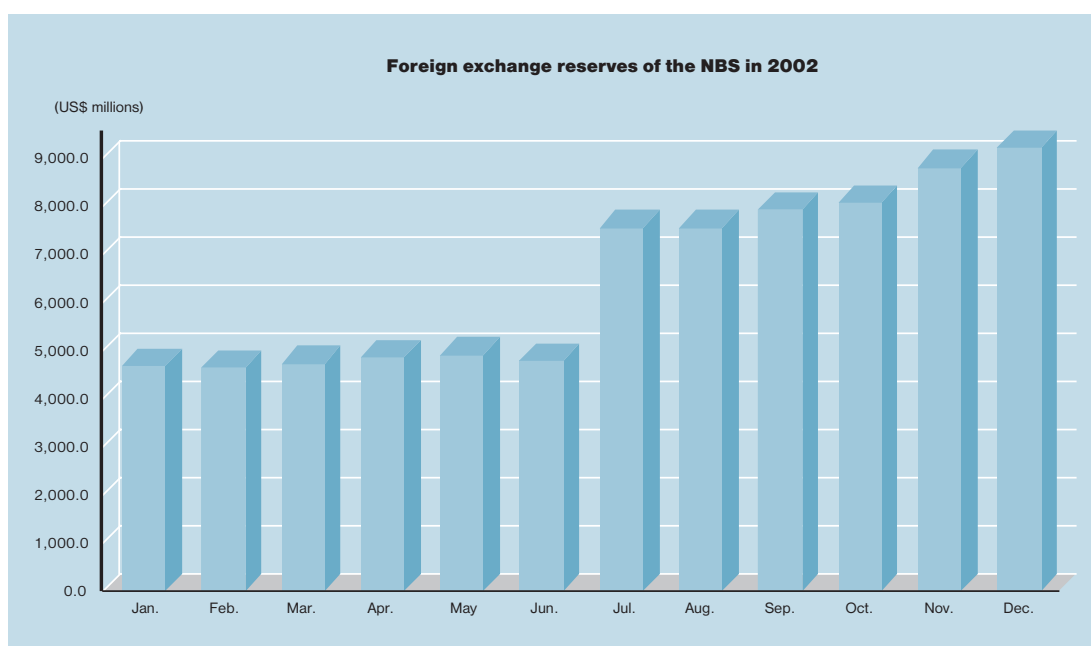
Short-term capital, which showed increased volatility during the year (on both sides of the balance sheet), recorded an inflow of Sk 27.6 billion. In short-term assets, a significant role was played by the deposits of commercial banks abroad and other receivables from abroad, which recorded a marked fall in volume (as a result of transactions), representing an inflow of Sk 26.8 billion. The decision of commercial banks to reduce short-term deposits and sell securities within the scope of portfolio investment, arose from the expected appreciation of the exchange rate, since the achievement of short-term foreign exchange positions (within the limits of banking supervision) increases their profits. Lending activity showed the opposite tendency, when new credits provided to non-residents by the corporate (commercial credits) and banking sectors (financial credits) exceeded repayments by Sk 6.9 billion.

The volume of short-term liabilities was affected substantially (a fall of Sk 9.5 billion) by the activities of the NBS. The repayment of liabilities arising from repo operations conducted within the scope of foreign exchange reserve

control, led to an outflow of funds in the amount of Sk 7.8 billion. The volume of short-term capital in the banking sector was affected, throughout the year, by a fall in the deposits of non-residents at commercial banks in the SR (which was due partly to the use of funds deposited at commercial banks in connection with the process of privatisation after audit). Repayments were also exceeded by drawings in the case of short-term commercial credits in the corporate sector and other short-term liabilities of commercial banks (subsidies and similar funds, provided by parent banks to their subsidiaries).

2.3. Foreign exchange reserves

At the end of 2002, the foreign exchange reserves of the NBS reached US\$ 9,195.5 million, representing an increase of US\$ 4,404.4 million compared with the figure for 31 December 2001. The key factors positively affecting revenues were proceeds from the privatisation activities of the Government. Expenditures were determined by debt service payments effected on behalf of the Government and central bank interventions. The Bank's foreign exchange reserves were also affected during the year by



the exchange rates of fully convertible currencies on international financial markets. The surplus in the balance of revenues and expenditures in 2002 (US\$ 3,645.7 million) was accompanied by positive exchange rate differentials (US\$ 758.7 million), which resulted from the strengthening of other fully convertible currencies (especially the euro) in relation to the US dollar on international financial markets (the euro appreciated against the dollar by 18.1%).

The revenue side of foreign exchange reserves was determined in 2002 by the following factors:

- proceeds from the privatisation activities of the Government in the amount of US\$ 3,380.2 million (75.7% of the total revenue);
- yields from deposits and securities held in the portfolio of the NBS in the amount of US\$ 183.6 million;
- the drawing of government loans from foreign financial institutions in the amount of US\$ 26.1 million;
- receipts from interventions in the amount of US\$ 469.6 million and unblockings of foreign claims in the amount of US\$ 266.2 million;
- other revenues of the NBS in the amount of US\$ 140.9 million.

The expenditure side of foreign exchange reserves was affected in 2002 by:

- debt service payments on behalf of the Government in the amount of US\$ 282.1 million (30% of total expenditure), of which the payment of interest on government eurobonds issued in previous years accounted for US\$ 134.6 million;
- debt service payments on behalf of by the NBS in the amount of US\$ 41.3 million;
- the discharge of liabilities arising from repo operations in the amount of US\$ 172.7 million;
- other expenditures of the NBS in the amount of US\$ 325 million, were incurred mostly in connection with the realisation of cross-border payments for NBS clients (US\$ 163.3 million).

At the end of 2002, the foreign exchange reserves of the NBS were 5.9 times greater than the volume of average monthly imports of goods

and services to Slovakia during 2002. The foreign exchange reserves of commercial banks reached US\$ 1,185.2 million at the end of 2002. The volume of foreign exchange reserves in the banking sector, including the NBS, stood at US\$ 10,380.6 million at the end of the year.

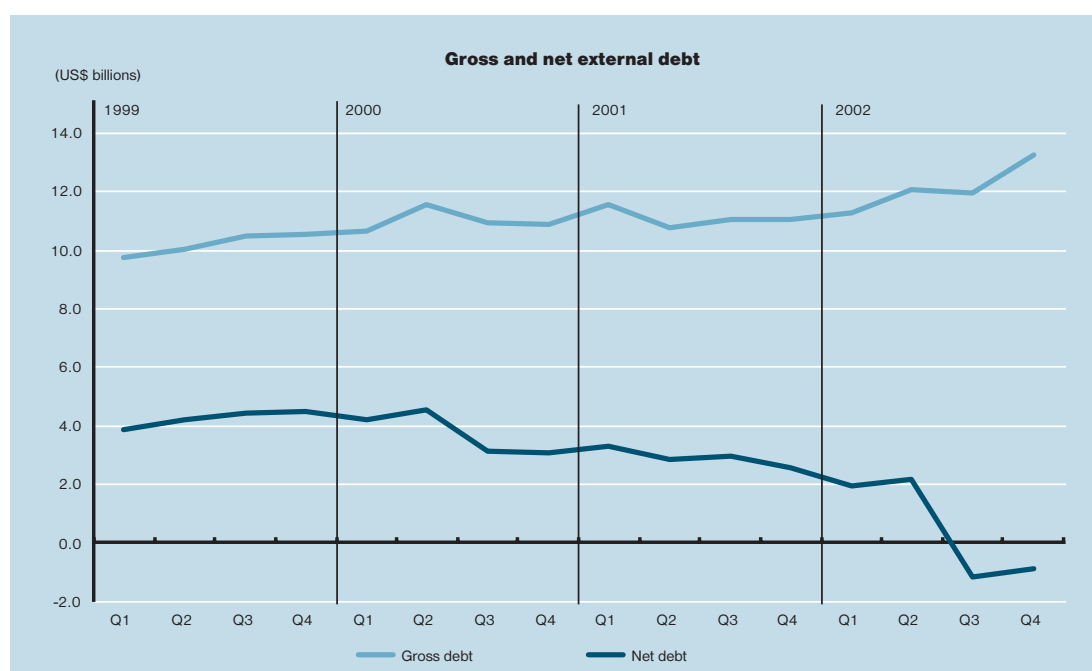
2.4. External debt of the SR

In accordance with the new methodology of reporting, the external debt of Slovakia includes, with effect from 1 January 2002, liabilities arising from gold swaps (part of the medium and long-term liabilities of the NBS) and repo operations conducted by the NBS (part of the Bank's short-term debt), as a result of which the official and total gross external debt of the Slovak Republic increased by US\$ 338 million.

Since 1 January 2002, the liabilities of the State Road Fund (roughly US\$ 350 million) have been included in the direct external debt of the Slovak Government. Until 31 December 2001, these liabilities had been reported as part of the liabilities of government agencies. The change in the classification of these liabilities had no impact on the total external debt of Slovakia.

Total gross external debt reached, according to preliminary data, US\$ 13.2 billion at the end of December 2002. Despite the growth in total gross external debt, its share in GDP (expressed in koruna) decreased by 4.9 percentage points, to 49.2%. The year-on-year increase in foreign debt (US\$ 1.8 billion) was due to exchange rate developments, mainly in the EUR/USD rate. The level of external debt (at fixed exchange rates from 1 January 2002) confirms that exchange rate differentials accounted for 66% of the total increase in foreign debt in 2002.

In the structure of total gross external debt, gross medium- and long-term foreign liabilities accounted for US\$ 9.0 billion. Short-term debt amounted to US\$ 4.2 billion at the end of December 2002. The share of short-term debt in



the country's total gross external debt reached 32.1% at the end of the year. Per-capita gross foreign debt stood at US\$ 2,452 at the end of December (compared with US\$ 2,116 at the beginning of the year).

Net external debt – expressed as the difference between gross external debt, i.e. US\$ 13.2 billion (liabilities of the Government and the NBS, liabilities of commercial banks, and liabilities in the corporate sector – except equity capital), and foreign assets, i.e. US\$ 14.1 billion (foreign exchan-

ge reserves of the NBS, foreign assets of commercial banks, and foreign assets in the corporate sector – except equity capital), reached US\$ 0.9 billion (creditor position) at the end of 2002, compared with US\$ 2.0 billion (debtor position) at the beginning of 2002.

2.5. Licensing activity of the NBS

In 2002, the licensing activity of the NBS took place in accordance with the country's foreign

External debt of the SR

(US\$ millions)

	1. 1. 2002 ^{1/} current rate	31. 12. 2002 current rate	31. 12. 2002 fixed rate at 1. 1. 2002
Total external debt of the SR	11,380.5	13,188.2	12,001.3
Long-term external debt	8,143.0	8,951.5	8,109.1
Government and the NBS ^{2/}	3,625.1	3,740.2	3,303.1
Commercial banks	95.2	245.7	222.8
Entrepreneurial entities	4,422.7	4,965.6	4,583.2
Short-term external debt	3,237.5	4,236.7	3,892.1
Government and the NBS	168.6	0.0	0.0
Commercial banks	779.6	1,289.5	1,169.5
Entrepreneurial entities	2,289.3	2,947.2	2,722.6

1/ New methodology in effect from 1 January 2002.

2/ Including government agencies and municipalities.

exchange regulations, which included provisions liberalising certain operations in foreign securities in comparison with the previous year.

By 31 December 2002, foreign exchange permits and licences had been issued as follows:

- foreign exchange permits: 409 permits and 14 extensions;
- foreign exchange licences: 69 licences and 43 extensions.

Structure of investment by country

Country	Number of permits	Investments (in thousands of Sk)
Ukraine	4	11,088.7
Libya	1	8,007.2
Bosnia-Herzegovina	1	4,799.7
Byelorussia	1	1,501.4
Yugoslavia	5	1,343.6
Croatia	1	101.8
Kazakhstan	1	40.0
Total	14	26,882.4

Foreign exchange permits

Investment abroad

In 2002, the NBS issued 14 foreign exchange permits for direct investment in countries that are not members of the OECD or the European Economic Area (EEA), in the amount of Sk 26,882.4 thousand. Direct investment in OECD and EEA countries has been liberalised.

Trading in foreign exchange assets

The NBS issued 39 foreign exchange permits for the exchange of foreign shares for foreign participation certificates.

Trading in financial derivatives

The NBS issued 281 foreign exchange permits for the writing of option contracts for the purchase of employee shares or other preferential foreign securities, including 94 foreign exchange permits

for the opening of accounts at foreign banks and 1 foreign exchange permit for the coverage of import operations.

Opening of foreign-currency accounts at foreign banks

The NBS issued:

- 44 foreign exchange permits and 7 extensions for the opening of accounts at foreign banks, for the purpose of covering necessary expenses incurred in connection with construction, assembly, and repair work abroad, in the total amount of Sk 1,148,399.0 thousand (estimated on the basis of contracts);
- 17 foreign exchange permits and 2 extensions for the opening of accounts for residents at foreign banks and for exemption from the transfer requirement in connection with the acceptance of financial credits from non-residents, in the amount of Sk 4,546,321.2 thousand, for payments for goods and services abroad, the construction of shopping centres in the SR, and in connection with the repayment of these credits from receipts abroad;
- 3 foreign exchange permits and 2 extensions in connection with the issue of bank guarantees; 1 foreign exchange permit for the financing of re-exports, 5 foreign exchange permits and 2 extensions for the provision of services abroad (tourism, installation of payment systems); 2 foreign exchange permits and 1 extension for the placement of funds in the accounts of foreign brokers (for dealers in securities); and 2 permits for participation in the system of financing applied within a specific group of companies.

Foreign exchange licences

The NBS issued:

- 61 foreign exchange licences and 41 extensions for trading in foreign currencies and traveller's cheques (non-bank exchange offices);
- 8 foreign exchange licences for transactions in foreign securities (for dealers in securities) and 2 extensions for the provision of financial services to and from abroad.

3. PUBLIC SECTOR

Budgetary performance

Budgetary performance in 2002 was regulated by Act No. 586/2001 Z. z. on the State Budget, with total revenue projected in the amount of Sk 219.9 billion and total expenditure estimated at Sk 257.9 billion. The budget deficit was set at Sk 38 billion for 2002 (Article 1), but Article 11 of the above Act allowed the deficit to be increased by the amount of funds obtained from government bonds issued for the financing of bank restructuring (up to Sk 9.5 billion Sk), the amount of credit provided by the World Bank for the issue of government bonds for the financing of bank restructuring (up to Sk 3.2 billion) and the coverage of liabilities arising from government guarantees (up to Sk 2.8 billion), i.e. by Sk 15.5 billion in total, to Sk 53.5 billion.

At the end of 2002, the State Budget resulted in a total deficit of Sk 51.7 billion. The deficit in current budgetary performance amounted to Sk 37.1 billion, i.e. the actual annual deficit accounted for 97.6% of the budgeted figure.

Total budget revenue reached Sk 220.4 billion, i.e. 100.2% of the figure budgeted for 2002 (Sk 15.0 billion more than in 2001). The most significant contribution (Sk 188.8 billion) to the growth in budget revenue was made by tax revenues (app. 85.7%). Total tax revenue exceeded the budgeted level by Sk 8.1 billion, i.e. the budget was fulfilled to 104.5%. Compared with the same period a year earlier, tax revenue increased by Sk 23.4 billion, with the strongest year-on-year growth being recorded in revenue from value-added tax. Non-tax revenues remained roughly Sk 7 billion below the budgeted level and were lower than a year earlier. Their volume reached Sk 21.3 billion (of which, cash receipts from the unblocking of Russia's debt to the SR accounted for Sk 6.1 billion), representing 75% of the annual budget. Other revenues totalled Sk 10.3 billion.

The most significant contribution to the growth in budget revenues was derived from corporate income tax, which exceeded the budgeted level by Sk 5.1 billion and figure for the previous year by Sk 7.6 billion.

Revenue from personal income tax was also above the budgeted figure at the end of the year (the budget was fulfilled to 104.6%) and exceeded the level of 2001 by Sk 2.1 billion.

Revenue from value-added tax corresponded roughly to the budgeted figure (100.3%). In comparison with the previous year, the annual revenue increased by Sk 8.7 billion.

Revenue from excise duties exceeded the budgeted level by Sk 1.2 billion, and was Sk 3.6 billion higher than in 2001.

Budget expenditure totalled Sk 272.0 billion, representing 105.5% of the budgeted figure. At the end of December, total expenditure exceeded the budgeted level by Sk 14.1 billion, due to expenditure on bank restructuring. Budget expenditure was Sk 22.3 billion higher than in 2001.

Government guarantees

In accordance with Act No. 586/2001 Z. z. on the State Budget, the limit for government guarantees for 2002 was set at 13% of the budget revenue, and amounted to Sk 28.6 billion.

In 2002, government guarantees were provided in the total amount of Sk 16.8 billion, representing 58.9% of the limit. The largest beneficiaries were Železnice SR (Slovak Railways, receiving 74% of the guarantees); Železničná spoločnosť, a.s. (Railway Co., plc. – 17.8%); METRO Bratislava, a.s.; Slovenský vodohospodársky podnik, š.p., Banská Štiavnica (Slovak Water Resources Management Co., state comp.); Slovenská rozvojová a záručná banka, a.s., Bratislava (Slovak Guarantee and Development Bank, plc.); and Slovenské lodenice Komárno, a. s. (Slovak Shipyards, plc.).

Over the year under review, government guarantees were paid in the total amount of Sk 4.6 billion, for Vodohospodárska výstavba, š.p., Bratislava (Water Resources Management Co., state comp.); Papierenská továreň Žilina, a. s. (Paper Factory, plc.); Imuna, š.p., Šarišské Michaľany; and Slovenské lodenice Komárno, a.s. The guarantee commitments were settled from the budget of the NPF SR (from privatisation proceeds), since there was no reserve for this purpose in the State Budget for 2002.

Relationship between the NBS and the State Budget of the SR

At the same time the amended version of the National Bank of Slovakia Act (No. 149/2001 Z. z.) came into effect, an agreement was signed between the NBS and the Ministry of Finance of the SR (MF SR) on the payment of interest on the credit balance of the summary memorandum account of the Slovak Republic, at a rate corresponding to the overnight sterilisation rate of the NBS, with effect from 1 May 2001. The agreement was implemented continuously over the course of 2002. The regular quarterly payment of interest was effected at the level of the NBS sterilisation rate, which was modified on two occasions during the year (with effect from 27 April 2002 and 18 November 2002).

Interest paid on the balance of the summary memorandum account of the Slovak Republic held by the NBS, reached Sk 600.7 million during the year. The possibility of selling time deposits at a more advantageous rate of interest (at the level of the relevant BRIBOR rate) was not utilised by the MF SR in 2002.

During the year, funds obtained from the privatisation of SPP (Slovak Gas Industry) were deposited in a special one-year account at the NBS in the amount of Sk 61.7 billion. The funds were earmarked for the pension reform, with the interest being capitalised, hence the interest costs of the NBS reached Sk 2.3 billion.

According to Act No. 586/2001 Z. z. on the State Budget, the NBS was to transfer Sk 4.7 billion of its remaining profit to the State Budget in 2002, but in fact no transfer was made due to the loss recorded in the NBS overall budgetary performance.

State financial assets and liabilities

State financial assets in the form of deposits with the NBS amounted to Sk 8.9 billion at the end of the year, representing a year-on-year increase of Sk 6.2 billion.

The increase in state financial assets was due mainly to the repayment of part of a revolving loan to ČSOB (in the amount of Sk 6 billion), which was provided at the beginning of 2000 in the total amount of Sk 10 billion.

State financial liabilities reached zero value at the end of 2002.

State funds in 2002

Special tasks, financed in part from the State Budget, were performed only by three State funds in 2002. Two of them operated throughout the year: the State Housing Development Fund and the State Fund for the Liquidation of Nuclear Power Engineering Facilities and Handling of Spent Fuels and Radioactive Waste. The third, i.e. the Fund for Alimony Compensation, was established only for a period of one month. For the settlement of justified claims, the Fund received Sk 5 million from the National Property Fund.

The resources of State funds amounted to Sk 10.5 billion at the end of 2002. Excluding funds which were allocated from the State Housing Development Fund to individual entities but remained unused, State funds had Sk 8.9 billion at their disposal at the end of the year. This represented an increase of Sk 2.5 billion over the beginning of the year.

National Property Fund (NPF)

Despite attempts to redeem all NPF bonds, 13,471 NPF bonds remained unredeemed (on 31 December 2002), due to inaccurate identification data having been provided by the persons concerned and unfinished inheritance proceedings. Of this figure, 87 bonds worth Sk 13,740 were held by corporate entities and foreign natural persons, and 13,384 bonds worth Sk 11,496 were owned by domestic natural persons.

In 2002, the budgetary performance of the NPF resulted in a surplus of Sk 1.4 billion. Total income reached Sk 163.8 billion and was dominated by proceeds from the sale of shares of power engineering companies and from bank privatisation. The largest income was derived from the sale of 49 % of the shares in SPP (Slovak Gas Industry) for USD 2.8 billion (Sk 123.6 billion) to a consortium of Ruhrgas, Gaz de France, and Gazprom. At the same time, the Power Industry of Western Slovakia, a.s., Bratislava; Power Industry of Central Slovakia, a.s., Žilina; and the Power Industry of Eastern Slovakia, a.s., Košice were privatised. The dominant part of privatisation proceeds was used for the pension reform, government bond redemption, and for the repayment of loans secured by government guarantee.

Budgetary performance in public finance

The public budget of the SR consists of the following components: the State budget, the budgets of State funds, the budgets of municipalities, the budget of the Social Insurance Institution, the budgets of health insurance companies, the budget of the National Labour Office, the budget of the National Property Fund of the Slovak Republic, and the budget of the Slovak Land Fund. For 2002, the deficit in the public budget was set at Sk 36.8 billion, i.e. 3.5% of GDP (in accordance with Article 1 paragraph 2 of the State Budget Act of 2002). The actual budget

deficit (excluding the costs of bank restructuring) reached Sk 29.8 billion in 2002, i.e. 2.8% of GDP. The deficit is based on the so-called 'cash principle'.

With the approaching entry of Slovakia into the European Union, it became necessary to harmonise the system of data compilation and reporting in the area of public finance with the ESA 95 methodology. According to this methodology, the fiscal deficit in the public sector reached Sk 77.8 billion in 2002, i.e. 7.2% of GDP. Since the deficit was not budgeted according to this methodology in 2002, it cannot be compared with the budget objectives.

4. MONETARY POLICY AND MONETARY DEVELOPMENTS

In 2002, the NBS implemented its monetary policy in an environment marked by falling inflation, persistent economic growth, appreciation of the exchange rate of the koruna, and improvement in the country's trade balance in comparison with 2001, especially in the second half of the year.

The National Bank of Slovakia continued to apply a qualitative method of monetary policy implementation in 2002, based on the setting of key interest rates. In the area of monetary policy instruments, the harmonisation of the Bank's monetary policy instruments with those applied by the ECB continued.

During 2002, the Bank Board of the NBS decided, on the basis of an analysis of actual macro-economic developments and a forecast for the coming period, to modify its key interest rates on three occasions. With effect from 27 April 2002, the Bank Board raised the key rates by 0.5 of a percentage point, i.e. the limit rate for two-week repo tenders to 8.25%, the rate for overnight refinancing to 9.50%, and that for overnight sterilisation to 6.50%. In so doing, the NBS responded to the deepening external

economic imbalance, mainly the continued growth in the trade deficit, increase in the internal imbalance, and the absence of adequate measures for the elimination of risks involved in this development.

Commercial banks reacted to the increase in key NBS rates by raising the corresponding rates for all maturities on interbank market. The change in key interest rates was also reflected, with a time delay of one month (i.e. in June), in customer interest rates, mainly in rates for new loans.

At its meeting on 29 October 2002, the Bank Board pointed out that, in view of the potential impact on demand and, indirectly, on inflation, the risks associated with the development of public finance in 2002 were diminishing, there was a strong probability that measures would have to be taken for the elimination of risk factors in 2003, and that the trade balance for the past twelve months in cumulative terms had recorded a fall in the size of the deficit in the second half of 2002. Due to the above, the Bank Board decided to lower the limit rate for two-week repo tenders by 0.25 of a percentage point (to 8.0%), while leaving the rates for overnight transactions unchanged (i.e. the rate for overnight sterilisation at 6.5% and that for overnight refinancing at 9.5%).

The results of parliamentary elections, coupled with progress in the area of accession talks with the EU and NATO, led to growth in the positive expectations of foreign investors. This development was supported by an improvement in the rating of Slovakia (by Moody's and Fitch Ratings). This led to growing pressure for appreciation in the exchange rate of the Slovak koruna in the first half of November. This exchange rate development was caused mostly by non-economic and speculative factors, and was not in accordance with the actual course of economic development. For that reason, the NBS intervened in the foreign exchange market against appreciation of the currency and, with regard to the intensity of speculation, lowered all the key interest rates by 1.5 percentage points (with effect from 18 November 2002) in support of the effect of

foreign exchange interventions. The limit rate for two-week repo tenders was reduced to 6.5%, the rate for overnight sterilisation transactions to 5.0%, and that for overnight refinancing to 8.0%.

The changes in key interest rates were reflected in interbank rates in full and subsequently in rates for primary customers. After the second reduction in key interest rates, interbank deposit rates fluctuated below the level of 6.50% (especially the rates for longer-term deposits), while their fall in the consequence of the cut in key interest rates was also supported by the surplus of liquidity and expected reduction in the ratio of required reserves, with effect from 1 January 2003.

In 2002, the NBS continued to implement its monetary policy in an environment marked by an excess of liquidity, so the focus remained on sterilisation. In comparison with 2001, however, the Bank's sterilisation activity increased in terms of quantity. The volume of funds sterilised through open market operations (i.e. direct sterilisation) grew, from Sk 58.1 billion at the beginning of 2002 to Sk 143.9 billion at the end of the year. The average sterilisation position of the NBS vis-à-vis the banking sector increased by Sk 35.8 billion during 2002, to Sk 91.5 billion.

Including the proceeds from the sale of State holdings held in a special account of the National Property Fund and in a time deposit account of the Ministry of Finance at the NBS, earmarked for the reform of social insurance (indirect sterilisation), the total volume of sterilisation reached Sk 209.1 billion on 31 December 2002.

4.1. Monetary aggregates

The rate of growth in M2 (at fixed 1993 exchange rates) slowed to 4.7% in 2002, from 11.9% in 2001 and 14.2% in 2000. In contrast with the previous year, growth in the money supply was stimulated primarily by net foreign assets, while net domestic assets declined. This

development was due mainly to an inflow of privatisation proceeds from abroad in the second half of the year (mainly in July 2002).

Net foreign assets in the banking sector (at fixed 1993 exchange rates) increased from the beginning of the year by Sk 111.4 billion in absolute terms. This increase was due to proceeds from privatisation, the unblocking of part of Russia's debt in September, and to interventions on the foreign exchange market through which the NBS sterilised part of the inflow of speculative foreign capital.

Net domestic assets fell in comparison with the beginning of the year by Sk 81.1 billion, due to improvement in net credit to the government and the NPF, resulting from an inflow of privatisation proceeds. However, the growth in net foreign assets was not offset fully by the fall in net domestic assets, due primarily to an increase in the budget deficit and the use of privatisation proceeds for consumption. Furthermore, the structure of net domestic assets was affected by another non-standard factor, i.e. the closure (without liquidation) of Konsolidačná banka, š. p. ú., in February and its take-over by Slovenská konsolidačná, a. s., which was placed by the Statistical Office, on the proposal of the Ministry of Finance, under the public administration sector. As a result of this change, the statistically recorded volume of loans to households and enterprises fell by Sk 31.5 billion and net credit to the Government increased by Sk 11.4 billion in February.

Excluding the statistical fall in the loans of Konsolidačná banka, the volume of loans to households and enterprises recorded an increase of 9.2% (according to the method of ex-ante adjustment) and 13.8% (according to the method of ex-post adjustment) in 2002, compared with 5.4% and 8.3%, respectively, in 2001.

Privatisation played an important part in moderating the government's indebtedness vis-à-vis the banking sector, when net credit to the government (at fixed 1993 exchange rates) fell in comparison with the beginning of the year by Sk

73.9 billion in absolute terms. Proceeds from the privatisation of SPP; Transpetrol; Slovenská poisťovňa; the energy distribution facilities of Slovenské elektrárne, including the release of fixed deposits from the sale of Slovenská sporiteľňa and VÚB, totalled roughly Sk 150 billion in 2002. Of this amount, pressure for a fall in net credit to the government was exerted by funds earmarked for the pension reform, held in a time deposit account of the MF SR at the NBS, in the amount of Sk 63.7 billion (as at the end of the year, including interest net of tax).

4.2. Structure of the money supply

In 2002, the M2 money supply (at fixed 1993 exchange rates) increased by Sk 30.3 billion, to Sk 681.5 billion at the end of December. The increase was concentrated in the final quarter, when the money supply grew in volume by Sk 24.3 billion. The year-on-year dynamics of M2 slackened from 11.9% in December 2001 to 4.7% in December 2002.

During the year, the volume of currency in circulation outside banks grew by Sk 3.2 billion, while the year-on-year rate of growth slowed, from 20.9% in December 2001 to 4.0% in December 2002. In the first quarter, currency in circulation was characterised by a trend of increase in year-on-year dynamics (to 22.7% in March), which was followed by a marked slowdown in the rate of growth from the second quarter. The slowdown was partly due to growth in the popularity of non-cash payments, which was indicated by an increase in both the number of cash cards issued in 2002 (25%, i.e. 500 thousand, compared with an increase of 15% in 2001) and the volume of transactions concluded via payment cards.

Slovak-koruna deposits (demand and time deposits in total) grew by Sk 18.2 billion from the beginning of the year, and their year-on-year growth dynamics diminished from 10.6% in December 2001 to 3.7% in December 2002. The increase in Sk deposits took place in both

Year-on-year changes in deposits

	Year-on-year change in %			Year-on-year change in Sk billions		
	2000	2001	2002	2000	2001	2002
Household deposits	8.3	7.8	1.4	26.4	26.7	5.1
demand deposits	33.4	24.3	8.9	13.5	13.1	6.0
time deposits	5.0	2.4	-2.3	12.0	6.0	-5.9
in foreign currency	2.4	19.0	10.2	0.9	7.6	5.0
Corporate deposits	27.3	16.8	11.1	36.2	28.4	22.0
demand deposits	18.6	21.5	10.4	10.4	14.2	8.4
time deposits	30.4	18.3	10.8	17.7	13.9	9.7
of which: insurance companies	23.1	9.1	-22.4	3.9	1.9	-5.1
in foreign currency	43.8	1.1	14.2	8.1	0.3	3.9

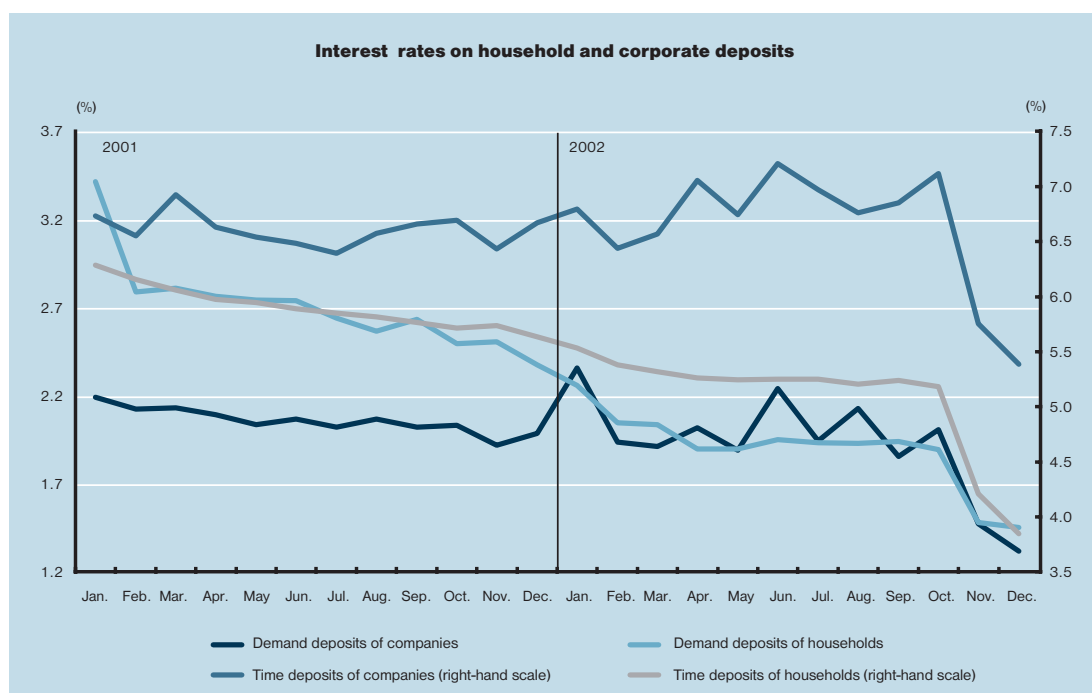
demand (Sk 14.4 billion) and time deposits (Sk 3.8 billion). The rate of year-on-year growth in demand deposits slowed considerably, by 12.9 points (to 9.8%), and the dynamics of time deposits by 5.0 points (to 1.1%). The year-on-year increase in Sk deposits took place mostly in corporate deposits. Household deposits in Sk followed an atypical course of development in 2002, when their volume remained virtually unchanged on a year-on-year basis (for the first time in 1993).

The development of koruna deposits in 2002 continued to be characterised by a trend of preference for short-term and demand deposits in the individual sectors of the economy. This trend was apparent mainly in the deposits of corporate entities, of which demand and short-term deposits in total accounted for roughly 97% (their share was stable and remained virtually unchanged during the year). Within the structure of corporate deposits, the most significant increases were recorded in the most liquid deposits, i.e. demand deposits (Sk 8.4 billion), time deposits with a maturity of up to one month (Sk 7.8 billion) and up to three months (Sk 2.7 billion), while six-month deposits fell in volume by Sk 2.0 billion. Longer-term deposits remained virtually unchanged, except two-year time deposits, which fell in volume by Sk 1.1 billion (the fall was probably due to a cut of 3.0 points in the rate of interest). The interest rate differential between demand and time deposits diminished by 0.6 points (to 4.1 points), with the average

rate for time deposits falling at a faster rate (1.3 points) than the rate for demand deposits (0.7 points).

The trend of preference for highly liquid assets also persisted in the household sector. In comparison with December 2001, the share of demand and short-term deposits in total household deposits in Sk increased by 1.9 points (to 79%), due primarily to an increase in demand deposits. The time deposits of households fell by Sk 5.9 billion in 2002. The fall took place predominantly in longer-term deposits: long-term savings deposits fell by Sk 3.0 billion (of which home savings deposits by Sk 2.0 billion), medium-term savings deposits by Sk 2.2 billion, and time deposits with an agreed maturity of up to 3 years, by Sk 1.1 billion. Short-term deposits remained virtually unchanged, but their structure underwent a distinct change. The fall in one-month deposits (Sk 3.8 billion) was offset by an increase in six-month deposits (Sk 2.2 billion), nine-month deposits (Sk 0.8 billion), and other short-term savings deposits (Sk 0.6 billion). The interest rate differential, i.e. the difference between interest rates on demand and time deposits for households, diminished by 0.9 points (to 2.4 points) as a result of a greater fall in interest rates on time deposits (1.8 points) than in demand deposits (0.9 points).

The atypical development of Sk deposits in the household sector in 2002 was probably connected with the growing utilisation of alternative investment opportunities (e.g. trust funds) as



a result of a fall in customer interest rates. At the same time, the diminishing interest rate differential tended to reduce the attractiveness of time deposits in comparison with demand deposits.

If we compare the rates of interest on household and corporate deposits in Sk, two tendencies become apparent in 2002. While in the case of demand deposits, the interest rate differential diminished during the year (and the rates reached roughly the same level at the end of 2002), in the case of time deposits, the differential increased still further (in December 2001, corporate deposits attracted an interest rate 1 percentage point more than household deposits; the rate in December 2002 was 1.5 percentage point higher).

In 2002, deposits in foreign currency grew in volume by Sk 8.9 billion (i.e. 11.6%), but their year-on-year dynamics weakened in comparison with December 2001 (Sk 7.9 billion, i.e. 11.9%). The increase took place in both household (Sk 5.0 billion) and corporate deposits (Sk 3.9 billion). Within the structure of foreign-currency deposits, the trend of preference for demand and short-term deposits also applied, as in the case of Sk deposits, to the corporate and household sectors, which accounted for almost 100% of total

deposits in foreign currency. The year-on-year rate of growth in household deposits in foreign currency slowed, from 19.0% in December 2001 to 10.2% in December 2002. The year-on-year dynamics of corporate deposits in foreign currency increased, from 1.1% in December 2001 (the low rate of growth was connected with the high basis of comparison in 2000 caused by an inflow of foreign capital) to 14.2% in December 2002. Since foreign-currency deposits showed the most dynamic growth in 2002 among the components of the money supply, their proportion of total deposits increased from 11.5% to 12.5%.

4.3. Lending activities

Loans in Sk and foreign currency provided to the entrepreneurial sector, households, central and local authorities for extra-budgetary purposes, are loans reported by the banking sector according to the rules of statistical reporting. They are not adjusted for data on banks which have been closed, accounting transfers connected with restructuring from previous years, and from a procedural point of view, they are not to be confused with loans to households and enterprises according to the methodology of the monetary survey, which does not include the government sector.

The volume of loans in Sk and foreign currency provided to the entrepreneurial sector, households, central and local authorities for extra-budgetary purposes, and to non-residents by commercial banks and the NBS, grew year-on-year by Sk 13.2 billion. Slovak-koruna loans increased by Sk 11.4 billion and loans in foreign currency by Sk 1.8 billion. At the end of the period, the total volume of loans reached Sk 351.5 billion, of which Sk loans accounted for Sk 291.5 billion and loans in foreign currency Sk 60.0 billion.

The development of koruna loans was affected by the closure (without liquidation) of Konsolidačná banka, š. p. ú. (Consolidated Bank, state financial institution), and its take-over by Slovenská konsolidačná a. s. (Slovak Consolidated, plc.) – an agency, which is not a bank and comes under the public administration sector. As a result, the volume of loans fell by Sk 31.7 billion (loans to non-financial organisations by Sk 31.5 billion and loans to the public administration sector by Sk 0.2 billion). At the same time, however, loans to the public administration sector grew in volume by Sk 11.5 billion (a redistribution loan granted by the NBS to Konsolidačná banka changed from an interbank loan into a loan to the public administration sector). Leaving this change out of account, loans in Sk increased by Sk 31.6 billion in 2002.

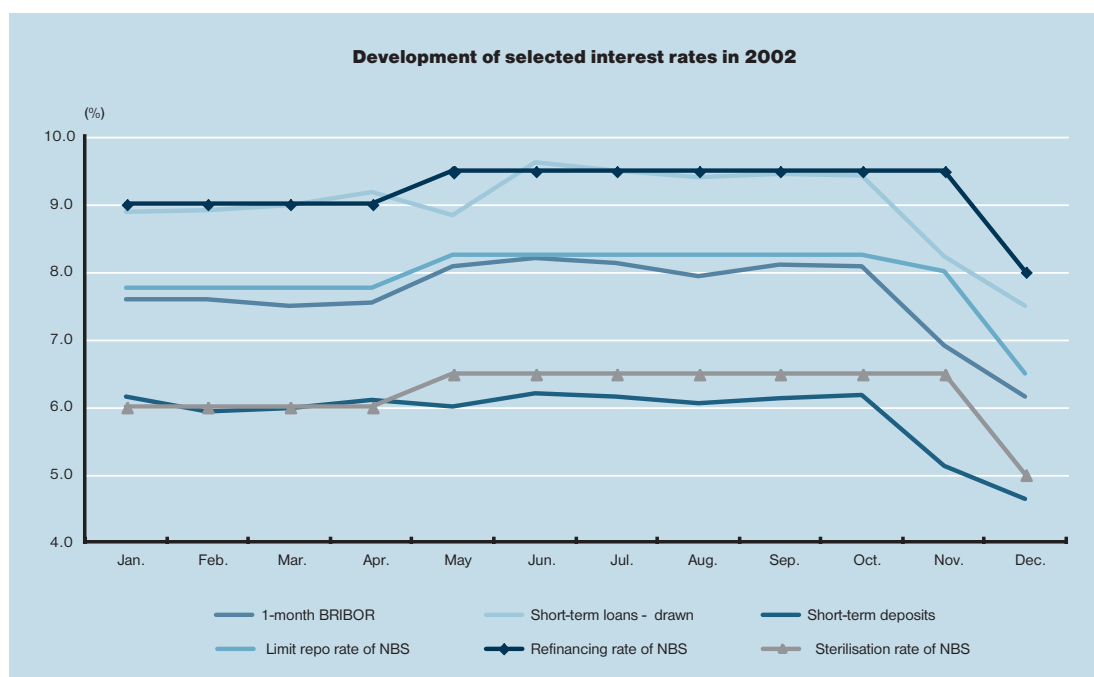
Within the structure of Sk loans by term (based on adjusted time series), short-term loans increased by Sk 9.9 billion, medium-term loans by Sk 5.9 billion, and long-term loans by Sk 15.6 billion in 2002. Short-term loans in foreign currency declined by Sk 0.2 billion, medium-term loans grew by Sk 2.8 billion, and long-term loans fell by Sk 0.9 billion.

Of the total volume of new loans provided in 2002 (Sk 731.8 billion), loans to the entrepreneurial sector accounted for 92.9% and were predominantly under foreign control. Most new loans were short-term loans (87.5%). Households accounted for 4.5% of the total volume of new loans.

As for the structure of new loans by purpose, operating loans accounted for 66.8% and overdraft facilities 14.0% of the volume of new loans in 2002.

4.4. Interest rate developments

During 2002, the level of customer interest rates was determined by the key interest rates of the NBS. Their increase at the end of April (by 0.5 of a percentage point) led to a rise in primary interest



rates on new loans (mainly short-term loans). The reaction of average interest rates was less pronounced. In October, the NBS lowered the limit rate for two-week repo tenders by 0.25 of a percentage point, and in November, all key interest rates by 1.5 percentage points, which affected the rates of interest on new loans and deposits.

The average interest rate on new loans fell during the year by 1.2 percentage points, to 7.8%. Interest rates on new loans were, to a considerable extent, affected by changes in the refinancing rate of the NBS.

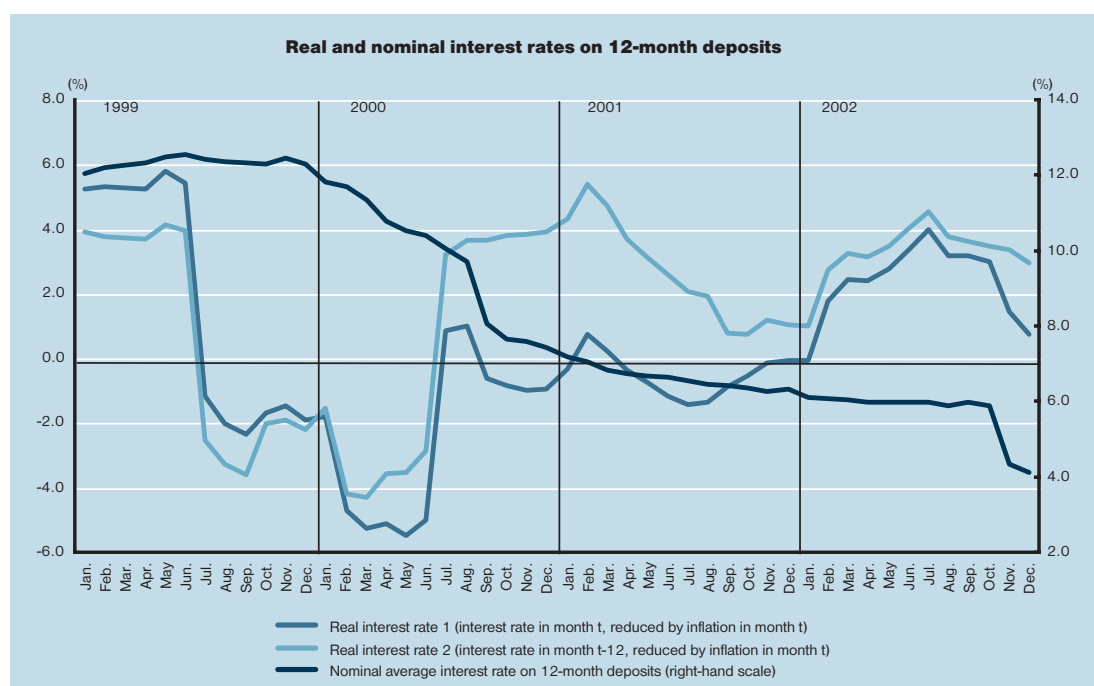
The most pronounced reaction to changes in the refinancing rate was recorded in the average rate for new short-term loans, which fell year-on-year by 1.3 percentage points, to 7.5%. With regard to their large share in the total volume of new loans (87.5%), short-term loans had the most significant effect on bank lending.

Medium-term loans recorded a fall in the average rate of interest (0.4 of a percentage point, to 9.5%), while their share in total new loans was 8.4%. The average interest rate on long-term loans fell by 1.7 percentage points, to 8.4%, while the proportion of these loans was only 4.2%.

Within the structure of new loans by purpose, interest rates fell in 2002 on all types of loans with the exception of consumer loans for households and other loans. The most pronounced fall occurred in interest rates on bills-of-exchange loans and overdraft facilities, to 8.5% and 9.3% respectively. New loans were dominated by operating loans (66.8% in cumulative terms), with the average interest rate falling by 1.6 percentage points, to 6.8%.

The average interest rate on the total volume of loans (excluding loans with zero interest rate) fell by 1.0 percentage point during the year, to 8.8%. The average rate for short-term loans fell by 1.4 percentage points (to 8.9%) and that for medium-term loans by 0.8 of a percentage point (to 9.4%). The average interest rate on long-term loans fell by 0.8 of a percentage point, to 8.1%. The reaction of interest rates on total loans to increases in key NBS rates was moderate and remained below the level of the change in key interest rates. On the other hand, the cuts in NBS rates in October and November triggered pronounced reactions on the part of interest rates on the volume of loans.

Average interest rates on deposits reacted to the increase in key NBS interest rates at the end of April with a change in the price of short-term



deposits at a month's delay, when they fell further in May. Average deposit rates reacted more intensely to the second cut in key NBS rates in November, i.e. with a marked fall, which continued in December. On a year-on-year basis, the average interest rate on total deposits fell by 1.4 percentage points, to 3.5%. The average rate for time deposits fell by 1.6 percentage points (to 4.4%) and that for demand deposits by 0.9 of a percentage point (to 1.6%).

The average interest rate on short-term deposits fell significantly in comparison with the figure for the end of 2001, by 1.5 percentage points, to 4.6%. Within the structure of short-term deposits, the greatest fall took place in average interest rates on deposits with an agreed maturity of up to 1 year (2.2 percentage points, to 4.1%) and deposits redeemable at a period of notice of up to 7 days (2.0 percentage points, to 4.0%).

Compared with December 2001, the average interest rate on medium-term deposits fell by 3.5 percentage points, to 3.8% in December 2002. The fall took place mostly in deposits with an agreed maturity of up to 2 years (3.7 percentage points, to 2.8%) and up to 3 years (3.5 percentage points, to 6.8%). The average rate for long-term deposits fell year-on-year by 0.8 of a percentage point, to 3.0%.

The real interest rate (the average interest rate compared with the 12-month rate of inflation in 2002) on one-year deposits reached a positive value of 0.7% in December 2002, representing an increase of 0.8 of a percentage point in comparison with the figure for the end of 2001. This was due to a fall in year-on-year inflation (from 6.4% to 3.4%), which was more pronounced than the fall in the average interest rate on one-year deposits (from 6.3% to 4.1%).

If we compare the average rate for one-year deposits in December 2001 and the 12-month inflation rate in December 2002, the real interest

rate reaches 2.9% (positive value). On a year-on-year basis, the real interest rate rose by 1.9 percentage points, due to a fall in inflation in December 2002 (3.0 percentage points in comparison with December 2001), well exceeding the fall in the average rate for one-year deposits in December 2001 (1.1 percentage points compared with December 2000).

4.5. Monetary policy instruments

Interest rate policy

a) *Limit rate for standard two-week repo tenders conducted by the NBS* ^{1/}

from 26 March 2001	7.75%
from 27 April 2002	8.25%
from 30 October 2002	8.00%
from 18 November 2002	6.50%

b) *Interest rate for overnight refinancing operations between the NBS with commercial banks:*

from 26 March 2001	9.00%
from 27 April 2002	9.50%
from 18 November 2002	8.00%

c) *Interest rate for the overnight deposits of commercial banks with the NBS:*

from 26 March 2001	6.00%
from 27 April 2002	6.50%
from 18 November 2002	5.00%

d) *Discount rate:*

from 13 January 1996	8.80%
from 1 January 2002 corresponds to the limit rate for standard two-week NBS repo tenders;	
from 1 January 2003 base rate of the NBS	^{2/}

Monetary policy instruments of the NBS

Open market operations

a) *Main instrument:*

Standard repo tender with a maturity of two weeks – conducted by the NBS with

1 / On 12 December 2002, the Bank Board of the NBS decided to introduce a base rate for the National Bank of Slovakia with effect from 1 January 2003. The base rate of the National Bank of Slovakia is the Bank's interest rate 14-day repo tenders.

2/ In generally binding legal regulations, the term 'discount rate of the National Bank of Slovakia' or 'discount rate of the State Bank of Czecho-Slovakia' refers to the base rate of the National Bank of Slovakia.

commercial banks at regular weekly intervals. The NBS set a limit rate for such operations.

- b) *Instrument for longer-term liquidity control:*
Issue of NBS bills bills for the portfolios of commercial banks – an instrument of the NBS for longer-term liquidity control in the banking sector. Auctions in NBS bills were conducted at irregular intervals, by using the Dutch auction technique.
- c) *Fine-tuning instrument:*
Quick tender – an instrument of the NBS for fine-tuning the level of liquidity in the banking sector (was not applied in 2002).
- d) *Structural operations:*
Individual transactions – an instrument of the NBS enabling a direct purchase or sale of government securities for or from the portfolio of the NBS (not applied in 2002).

Automatic operations (standing facilities)

- a) *Overnight refinancing operations:*
Commercial banks have automatic access to sources of finance (provided they have a sufficiency of acceptable securities) at the rate of interest announced.
- b) *Overnight sterilisation operations:*
Commercial banks are allowed to deposit excess funds in the form of non-collateralised deposits, at the rate of interest announced.

Other instruments

- a) *Redistribution loans:*
Traditional: interest rate = rate for two-week repo tender + 0.5%;
Soft loans: interest rate = rate for two-week repo tender - 2% + 0.5%.
- b) To maintain a bank's liquidity, the National Bank of Slovakia may provide, in exceptional cases, a short-term loan to the bank for a period of up to three months. Such a loan was not provided over the course of 2002.

Reserve requirements

In 2002, commercial banks were required to maintain minimum reserves in the amount of 4% of primary koruna and foreign-currency deposits (from residents and non-residents); of koruna and foreign-currency deposits of non-resident banks; of bills of exchange issued, bonds, and other liabilities to non-bank customers. The ratio of required reserves for home savings banks was 3%. Maintained reserves were evaluated on a monthly basis. Required minimum reserves attracted an interest rate of 1.5%.

Exchange-rate and foreign-exchange policies

- a) *Exchange rate system:*
The National Bank of Slovakia applies a floating exchange rate regime. The exchange rate of the Slovak koruna is pegged to a reference currency, which is the euro (EUR), and its value depends on the exchange rate of EUR to USD on world markets, and the level of supply of, and demand for, the koruna on the foreign exchange market. The National Bank of Slovakia may intervene in the foreign exchange market in the event of excessive volatility in the exchange rate of the Slovak koruna.
- b) *Nominal exchange rate of the SKK:*
In relation to the euro, the nominal exchange rate of the Slovak koruna appreciated by 2.43% during 2002, to SKK/EUR 41.722 on 31 December 2002. Over the period under review, the exchange rate of the koruna appreciated in relation to the US dollar by 17.4%, to SKK/USD 40.036.
- c) *Nominal and real effective exchange rates of the SKK^{3/}*
In 2002, the nominal effective exchange rate of the Slovak koruna (NEER) was affected mostly by the marked appreciation of the Sk

3/ The methodology applied for the calculation of the nominal and real effective exchange rates of the Slovak koruna (NEER and REER) is that used by the IMF. It is based on the consumer price index (CPI) and producer price index (PPI) from the year 1990, for eight and/or nine major trading partners of Slovakia, accounting together for 65 to 70% of the total turnover of Slovak foreign trade in the years 1993–2002: Germany, Czech Republic, Italy, Austria, France, Netherlands, USA, United Kingdom, and Switzerland.

vis-à-vis the US\$. The Slovak koruna achieved a higher rate of appreciation than most of the currencies of Slovakia's trading partners.

By the end of the year, the NEER index had appreciated year-on-year by +0.6% (in the case of 9 trading partners, including the CR) or by +3.6% (in the case of 8 trading partners, excluding the CR).

The real effective exchange rate of the koruna (REER), calculated on the basis of the producer price index, had appreciated year-on-year by 2.7% (for 9 partners) or by 4.5% (for 8 partners) by the end of December.

d) *Evaluation of the currency structure of foreign exchange receipts and payments in the Slovak Republic:*

Turnover of receipts and payments in convertible currencies in payment categories 1 to 6 reached Sk 1,385.6 billion in 2002 (i.e. 129.1% of GDP at current prices), with the average monthly turnover (Sk 115.5 billion) increasing year-on-year by 8.4%. In 2002, foreign exchange receipts and payments resulted in a negative balance of Sk 24.1 billion.

Turnover took place mostly in EUR (63.6%) and USD (23.2%). During the year, the proportion of the EUR increased partly as result of the replacement of the currencies of EMU member states (12 currencies) with the single European currency, and partly to the detriment of the share of the USD. The proportion of the former national currencies of EMU member states (in connection with withdrawal from circulation in February 2002) decreased considerably, to 0.1%. The share of the CZK reached 9.3%, while other currencies (HUF, DKK, NOK, SEK, CHF, GBP, AUD, JPY, CAD, etc.) accounted for 3.8% of the total turnover.

4.6. Chronology of monetary developments

January

- With effect from 1 January, the euro becomes legal tender in the 12 countries of the euro area.
- Slovak President R. Schuster appoints Mr. Ivan Šramko as a Vice-Governor of the NBS.

February

- Fitch Ratings, the international rating agency, confirms the long-term liability rating of the Slovak Republic at the level of BB+ for foreign exchange liabilities and at BBB+ for crown liabilities. The rating for the country's short-term liabilities denominated in foreign currency remains at the level of B. The outlook for Slovakia's long-term foreign exchange and koruna liabilities remains positive. The rating of the Slovak Republic remains in the speculative zone.

March

- The IMF mission completes the Staff-Monitored Programme (SMP). According to the final report, the programme has fulfilled all expectations in the area of fiscal and monetary policies.
- In its financial sector assessment programme (FSAP), the World Bank concludes that the NBS meets the strict standards concerning the principle of transparency in the area of monetary policy formulation and implementation.

April

- OTP Bank of Hungary acquires a majority share of Investičná a rozvojová banka (IRB; Investment and Development Bank). With the approval of shareholders, the bank's name is changed to OTP Banka Slovensko (OTP Bank Slovakia).

- The Bank Board of the NBS decides to raise the limit rate for two-week repo tenders to 8.25%, the rate for overnight deposits to 6.5%, and that for refinancing to 9.5%.

May

- The National Council of the SR passes a law on the State Treasury as an institution administering the funds of State authorities and organisations. At the same time, the NC approves the establishment of an Agency for Debt and Liquidity Management.
- The Bank Board of the NBS approves the Revised Monetary Programme for 2002.

June

- The National Council of the SR takes notice of the Report on Monetary Developments in Slovakia during 2001.
- The National Council of the SR approves Act No. 456, amending and supplementing Act No. 202/1995 Z.z., Foreign Exchange Act with subsequent amendments; Act No. 372/1990 Zb. on infringements; and Act No. 229/1991 Zb. pertaining to ownership rights to land and other agricultural property. The provisions of the amendment liberalising transactions in financial derivatives and removing the remaining restrictions on trade in securities becomes effective on 1 January 2003. The provisions cancelling the repatriation requirement and those liberalising operations in the deposit accounts of non-residents abroad and foreign exchange operations are expected to take effect on 1 January 2004. The provisions concerning the acquisition of ownership rights to real estate in the SR for companies and individuals from EEA and OECD countries, with the exception of real estate for which a temporary derogation has been granted (a 7-year transition period for the acquisition of agricultural and forest land by non-residents, except self-employed farmers who have cultivated the land for at least 3 years) are

expected to become effective on the date of entry into the EU, i.e. 1 May 2004.

July

- Payment for 49% of the shares of Slovenský plynárenský priemysel, a. s. (Slovak Gas Industry, plc.) is transferred to the account of the National Property Fund of the SR (NPF) in the amount of US\$ 2.7 billion, the equivalent of almost Sk 121 billion. The funds have become part of the foreign exchange reserves of the NBS. Part of these funds was used for debt servicing (Sk 50 billion) and part deposited in a special account of the NBS maintained for the pension reform (Sk 61.7 billion).
- In its regular report, Fitch Ratings confirmed the rating for Slovakia's long-term foreign exchange liabilities at the level of BB+ and that for koruna liabilities at BBB+. One of the reasons behind the unchanged rating was the expectation that the country's budget deficit would increase to 5.5% of GDP in 2002, or 7.5% of GDP including the costs of bank restructuring and government guarantees.

August

- The NBS officially announces the new address of its head office, from Štúrova 2 to Imricha Karvaša 1, 813 25 Bratislava.

September

- The NBS receives US\$ 460 million from the unblocking of the Russian federation's debt to the SR (30% of the amount due). The funds are transferred to the account of State Financial Assets at the NBS.
- Parliamentary elections are held in Slovak Republic. Mandate to form a new Slovak government is given to M. Dzurinda.

October

- At the Brussels summit, the European Union recommends Slovakia and the other nine candidate countries for admission to the EU in 2004.
- The Bank Board of the NBS decides to lower the limit rate for two-week repo tenders by 0.25 percentage point (to 8.0%), while leaving the rates for overnight sterilisation and refinancing operations unchanged (at 6.5% and 9.5% respectively).
- Fitch Ratings, the international rating agency, improves the rating for the long-term foreign exchange liabilities of Slovakia to BBB-, from BB+. The rating for long-term liabilities in Slovak currency remains at BBB+, while that for short-term liabilities is raised from B to A3. The outlook for long-term liabilities remains positive.

November

- Moody's Investors Service, the international rating agency, improves its ratings for the foreign exchange liabilities of Slovakia and the other seven candidate countries of Central and Eastern Europe, which are expected to join the European Union in 2004. The rating of the Slovak Republic is increased from Baa3 to A3.
- The Bank Board of the NBS decides to lower all NBS interest rates by 1.5 percentage points. The limit rate for two-week repo tenders is reduced to 6.5%, the rates for overnight sterilisation and refinancing operations to 5.0% and 8.0% respectively.

December

- In its annual report on Slovakia (Slovakia: Global Credit Research), Moody's Investors Service points out that the rating for Slovakia's koruna and foreign-exchange liabilities (A3) and the country's stable outlook indicate that Slovakia is making substantial

progress towards economic and financial integration into the European Union, and will therefore be invited to join the Union in 2004.

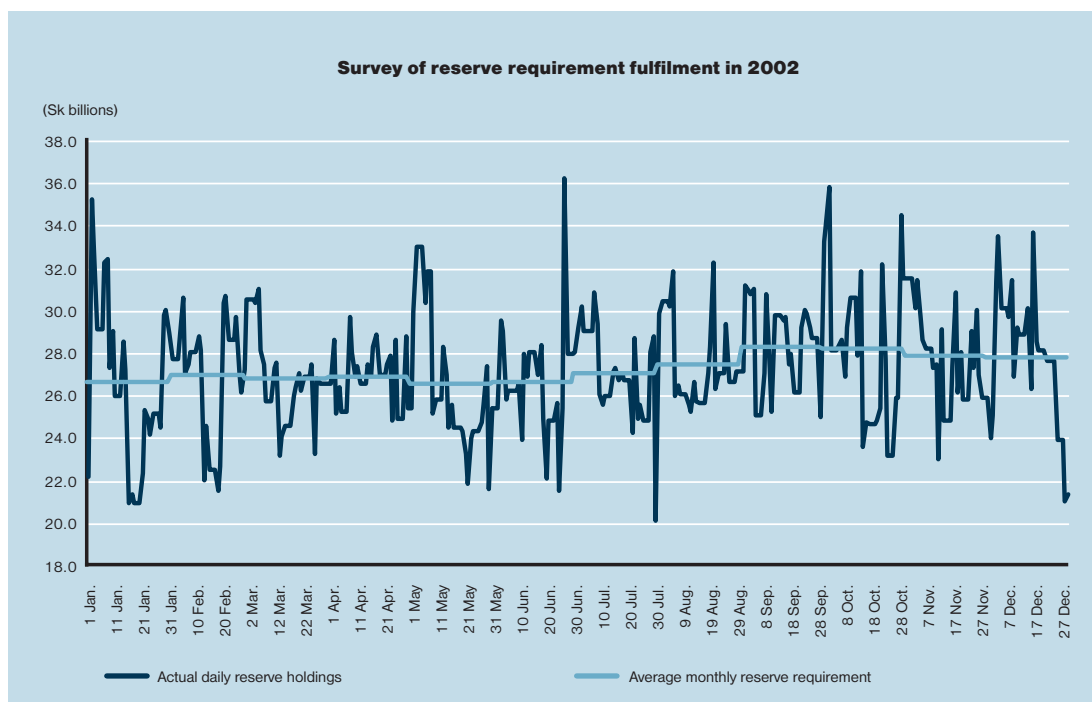
- The National Council of the SR approves the State Budget for 2003, with a deficit of Sk 57.6 billion. The costs of bank restructuring (Sk 10.7 billion) are included in the budget expenditure, as well as in the size of the budget deficit.
- The Bank Board of the NBS decides to introduce a base rate with effect from 1 January 2003. The basis rate of the National Bank of Slovakia corresponds to the interest rate of the NBS for 14-day repo tenders. The term 'discount rate of the National Bank of Slovakia' or 'discount rate of the State Bank of Czechoslovakia', used in generally binding legal regulations, corresponds to the base rate of the National Bank of Slovakia.
- The Bank Board approves the Monetary Programme of the NBS for 2003.
- The Slovak Republic, together with the other 9 candidate countries, completes the talks on EU enlargement and accepts the invitation to join the Union.

5. FINANCIAL MARKETS

5.1. Money market

Operations of the NBS on the money market

Monetary policy implementation focussed on two-week repo tenders and the provision of overnight refinancing and sterilisation facilities. Auctions in NBS bills, held at relatively regular intervals during the year, remained a supplementary instrument. Other monetary policy instruments, which, however, remained unused in 2002, included ad-hoc intervention in money market developments through so-called 'quick tenders' and/or individual transactions. In accordance with the Monetary Programme, the set of monetary policy instruments was modified



to some extent, with effect from 1 January 2002. The (unused) Lombard loan was cancelled and bills-of-exchange dealing (conducted at the discount rate in a limited amount) suspended. For the sake of continuity, the discount rate was set as an equivalent of the limit rate of the NBS for two-week repo transactions with commercial banks. Among the changes, the situation on the money market was most affected by a cut in ratio of required reserves, from 5% to 4%, and the consequent inflow of excess liquidity in the amount of Sk 5.7 billion.

The excess of liquidity and the sterilisation nature of monetary policy persisted throughout the year. The volume of sterilised funds more than doubled during the year, from an average of ca Sk 56 billion in 2001 to almost Sk 92 billion in 2002. The greatest contribution to growth in the volume of sterilisation came from an inflow of funds from privatisation and/or increase in the holdings of foreign investors in enterprises and banks. Of the total volume of privatisation proceeds, the largest amounts were used for the repayment of the internal debt (Sk 49.3 billion); the repurchase of restructuring government bonds from VÚB (Sk 9.1 billion); the settlement of liabilities arising from NPF bonds (Sk 5.0

billion); the compensation of municipalities for costs incurred in connection with the construction of gas supply facilities (Sk 4.1 billion); the settlement of liabilities of public health institutions and health insurance companies (Sk 3.7 billion); and for the discharge of debts in passenger railway traffic (Sk 2.9 billion).

Marked pro-liquidity effect was also exerted by the foreign exchange interventions of the NBS to avoid undue appreciation of the Slovak currency, which increased the surplus of liquidity by Sk 24 billion in the last quarter.

As for the forms of sterilisation applied, the average share of liquidity sterilised on a two-week basis increased during the year (from 65.00% in 2001 to 79.41% in 2002), while the proportion of sterilisation through issues of central bank bills for the portfolios of commercial banks decreased (from 33.68% in 2001 to 18.22% in 2002).

Of the monetary policy tools of the NBS, standard two-week repo tenders maintained a dominant share in liquidity sterilisation throughout the year. During the year, 52 repo tenders were conducted in American style with a set limit rate. The volume accepted at individual tenders

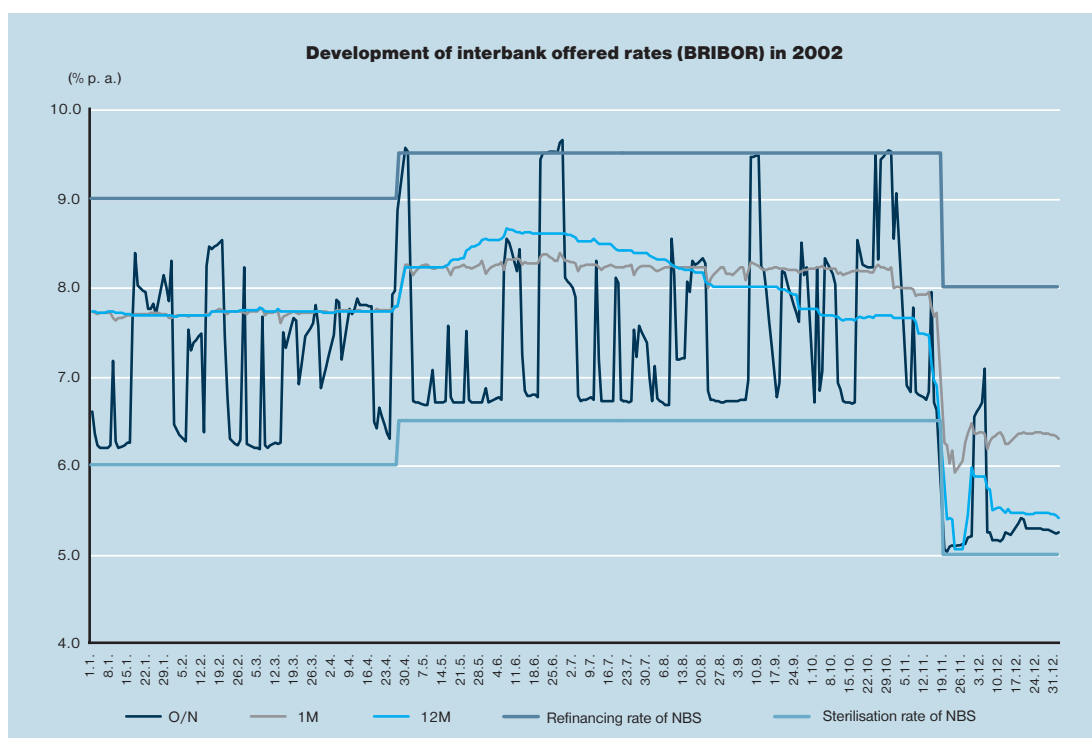
fluctuated within a relatively wide range, from Sk 14.7 billion to Sk 61.2 billion. The interest rates achieved at the tenders fluctuated around the current limit rate of the NBS, and deviated from its level by 2 to 5 base points as per normal. The NBS intervened in the results of tenders by cutting demand only in exceptional cases, mainly when the banking sector as a whole overestimated its capacities in trying to deposit as much funds as possible at the NBS. Of the total number of tenders, the volume demanded was reduced in eight cases in line with the actual liquidity situation in the sector.

The second largest share in sterilisation was maintained by issues of NBS bills, which were made at relatively regular intervals. In total, 15 auctions were conducted in bills for the portfolios of commercial banks. The standard maturity of this liquidity absorbing instrument was 12 weeks. The preference of longer-term sterilisation through NBS bills was connected with the holdings of government securities in the portfolios of banks and, in particular, with the expectations of banks in respect of interest rate developments on the money market. This led to an increase in the contribution of NBS bills to sterilisation over the first quarter, due mainly to the limited amount of government bonds and similar securities in the portfolios of banks (to more than 26% of the applied instruments by the end of April). Subsequently, however, there were expectations of a further increase in key interest rates, which led to a fall in demand for NBS bills. Hence, the share of this instrument in the total volume of sterilisation decreased to 6% in August. A change in expectations in the second half of the year, especially in the last quarter, led to a revival of interest in long-term sterilisation, with the share of NBS bills increasing to 29% in December. At the auctions, the NBS accepted all the bids below or at the current limit rate for standard two-week repo tenders. Despite the fact that the auctions were conducted without a formally set limit rate, the banking sector accepted this, and the NBS curtailed total demand only at two auctions.

Sterilisation and/or refinancing transactions with a maturity of one day, which were, in contrast with the previous two instruments, initiated by banks, represented the less significant instrument in terms of volume. Banks made use of the possibility of sterilising surplus funds by placing overnight deposits with the NBS, in the event of a sudden and unpredicted inflow of liquidity, in periods between two standard tenders or issues of NBS bills. During a usual month, most overnight deposits were made towards the end of the month, when banks replenished their minimum reserves in this way. Despite the persistent surplus of liquidity in the banking sector throughout the year, banks also conducted overnight repo transactions for refinancing purposes on an individual basis. Such deals were conducted mainly when banks entered into longer-term investments and in the case of a short-term shortage of funds. The increased drawing of credit from the NBS in this way may well be associated with the period of expected interest rate reduction, when banks markedly increased their participation in auctions in NBS bills, despite any need for short-term refinancing. Apart from such cases, which occurred mostly in June and October, overnight refinancing transactions were conducted only sporadically. In total, individual sterilisation and refinancing transactions accounted for less than 5.5% (the maximum in December) and represented only a supplementary instrument to tenders and NBS bills. In terms of significance for the interbank market, overnight sterilisation and refinancing transactions played an essential role in the creation of a so-called 'corridor for interest rate fluctuation'.

Developments in money market rates

During 2002, money market rates for maturities of up to one year fluctuated within the above corridor, the upper limit of which was given by the rate for overnight refinancing and the lower limit by the rate for overnight deposits with the NBS. An exception was represented by overnight interbank offered rates (BRIBOR,



BRIBID), which exceeded the upper limit of the corridor on three occasions. These short-term deviations were caused mainly by banks lacking acceptable securities for conducting refinancing transactions with the NBS. The spread between the upper and lower limits of the corridor, was left by the NBS at the level of three percent throughout the year. This relatively wide corridor for fluctuation was used mainly by short-term rates, especially rates for overnight transactions. Though these rates reacted most sensitively to changes in the current level of liquidity in the banking sector, they still made up the most substantial part of transactions in interbank deposits. With regard to the excess of liquidity in the banking sector, interest rates fluctuated in the lower part of the corridor, close to the rate for overnight sterilisation transactions with the NBS.

Developments in rates for other maturities were determined by the limit rate for standard two-week repo tenders. Rates for one-week and two-week deposits were directly connected with the current level of the limit rate of the NBS, and/or with the results of sterilisation tenders. The level of rates exceeding the maturity of repo tenders, was affected by the expected changes

in the limit repo rate, rather than by its actual level. The anticipated developments in interest rates, which were mirrored in the shape of the money market rate curve, were derived by banks primarily from the values of basic economic indicators and the reaction of the NBS to the current level and course of the exchange rate of the domestic currency. In this connection, an important part was played by the balance of trade. Other factors affecting interest rates, directly or indirectly, included developments connected with the integration of Slovakia, and in particular the results of elections in the current year.

The expectations of the banking sector at the beginning of the year were affected by the favourable course of accession talks with the EU on the one hand, and by the risks involved in fiscal developments on the other. Thus, the interest rate curve maintained, despite an initial fall in comparison with the same period a year earlier, a balanced course over the first quarter. The risks involved in further macro-economic developments as a result of a potential loss of budget revenue and uncertainty about the use of privatisation proceeds, led to a rise in interbank market rates and the return of the yield curve to

the initial level. The increase in key NBS rates at the end of April (by 0.5 of a percentage point in response to the accumulation of risks in the fiscal area and the unfavourable trend in the trade balance), had not been foreseen by the banking sector and caused a further rise in interest levels for all maturities, to over 8%. The upward trend persisted during the following months, until the middle of the year. In June, deposit rates recorded a yearly maximum and the average rates for 9-month and 1-year funds reached their highest values since the introduction of interest rate monitoring (June 2000). The interest rate curve followed a pronounced positive trend during that period and anticipated a further rise in interest levels.

The inflow of funds from the privatisation of SPP (Slovak Gas Industry) and their use caused a sudden increase in the surplus of liquidity in the middle of the year. The attempt to make the best use of these funds by the banking sector brought the rise in interest rates to a halt and, during the following period, the level of interest rates fell steadily. From August, the interest rate curve followed an inverse course, which became even more noticeable during the rest of the year. A positive effect on the further fall in interest levels was exerted, first and foremost, by the results of parliamentary elections in September. The rate of fall was accelerated to some extent by the appreciation of the domestic currency, stimulated by increased interest abroad in the Slovak koruna, and the subsequent placement of Sk resources on the domestic market via swap operations.

The growing interest in the Slovak currency and attempt to profit from the interest rate differentials between koruna and euro/dollar rates, pushed the interest level below 8% in October. The trend of further fall was supported by an improvement in the country's credit rating by Moody's in connection with the overall positive attitude after the general elections. This trend was also supported by a change in the limit repo rate by the NBS, from 8.25% to 8.00%.

The level of money market rates was also affected by continued pressure for appreciation

of the Slovak koruna. This was due partly to the intense intervention activity of the NBS, through which further liquidity was added to the market. In the middle of November, foreign exchange interventions were supported by a cut of 1.5% in all key interest rates, which reduced the attractiveness of the interest rate differential between domestic and foreign rates. This change was fully reflected in interbank market rates, with the level of rates for the longest maturities falling below 6%. Interest rates remained at this level up to the end of the calendar year, while the yield curve continued to have a pronounced inverse shape with a breaking point at funds with a maturity of three months. This shape was an indication of positive expectations of a further reduction in key interest rates.

Money market developments

The money market continued to develop positively throughout the year, especially the derivatives market. A positive role was played by the connection between the domestic and foreign exchange markets as a result of a growth in faith in the domestic currency on the part of foreign entities. The market for currency swaps grew steadily and progress was also recorded in interest rate derivatives, forward rate agreements (FRA), and interest rate swaps (IRS). In line with the trend of development in these forms of trade, the share of deposit transactions decreased on the money market in percentage terms. At the beginning of the year, trading was dominated by transactions in deposits, but by the end of the year, their proportion had fallen below the level of 50%. This trend, which is a phenomenon accompanying money market development in the neighbouring transition economies as well, is expected to continue in the period to come. A positive step towards improvement in the transparency of the situation on the koruna-based interbank market, was also represented by the introduction of monitoring of the weighted average of overnight deposit rates, published as SKONIA (Slovak OverNight Index Average), with effect from June. It is highly probable that this

rate, being a key indicator of the liquidity situation on the money market for central banks, will also be used in future for commercial purposes.

Primary market for Treasury bills

In 2002, Treasury bills were sold by auction, with an unlimited issue-amount and unlimited minimum price. Over the course of the year, 33 auctions were held in Treasury bills, one of which resulted in zero acceptance. Total sales of Treasury bills reached a nominal value of Sk 89.9 billion, representing 40.2% of total demand (Sk 223.5 billion). Of the primary purchase of Treasury bills, foreign investors accounted for 79.1% and domestic banks 20.7%. The share of other domestic investors was negligible.

Fourteen issues, floated over the period March to July with a nominal value of Sk 50.4 billion, were repaid during the month of July. The reason behind the choice of shorter maturities was income from privatisation, a significant portion of which was used for the repayment of the internal debt. During the period July to November, the issuer had floated 364-day Treasury bills for financing the budget deficit by the end of the year. The total nominal value of these issues

reached Sk 39.5 billion, which represented a book value of Sk 36.8 billion (with an average yield of 7.36%). The high demand for Treasury bills was due mainly to a surplus of liquidity and shortage of other low-risk assets, particularly government bonds in the second half of the year.

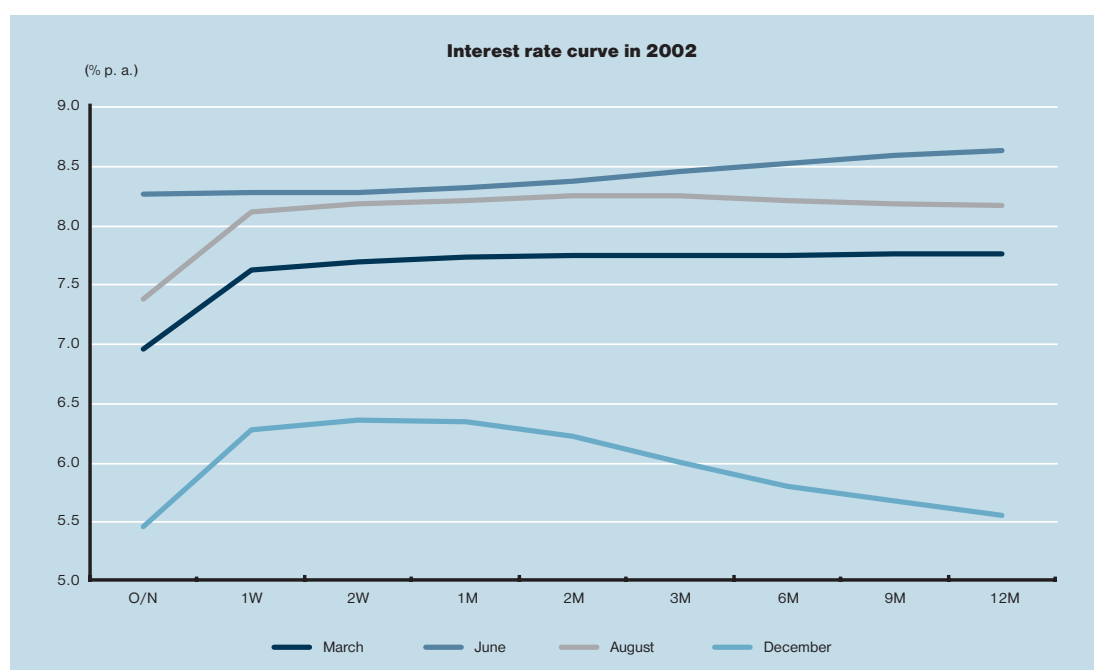
Yields on Treasury bills showed a marked tendency to fall, mainly during the 2nd half of the year. They were affected, first and foremost, by changes in money market rates, which reacted to changes in the basic interest rates of the NBS. The issuer succeeded in realising Treasury bills below the level of money market rates with comparable maturities. This trend was evident mainly in the case of 364-day Treasury bills, which were issued at 24 base points below the level of the annual BRIBOR rate.

5.2. Capital market

Primary market

Government bonds

In 2002, twenty-five government bond issues were floated in the total amount of Sk 60.9



billion, representing a fall of 63.9% (Sk 108.0 billion) in comparison with 2001. The issues were all placed on the primary market via American-style auction, with a limited issue rate (at or above the nominal value) and a limited total amount.

In terms of maturity, there were thirteen issues of 1-year bonds (45.8%); four 2-year bonds (18.4%); two 3-year bonds (2.1%); three 5-year bonds (19.5%); and three 10-year bonds (14.2%). In 2001, 1-year issues accounted for 49.0%; 2-year issues 22.8%; 3-year issues 20.2%, and 10-year issues 16.1% of the total issue-amount.

In 2002, total demand for government bonds reached Sk 78.8 billion, representing a fall of 25.9% compared with the figure for 2001 (Sk 106.3 billion). The average issue-amount was Sk 2.4 billion, compared with Sk 6.8 billion in 2001. The marked fall in the average issue-amount was caused by the 6 issues of government bonds for restructuring in 2001 (in the total amount of Sk 105.0 billion); excluding bonds for restructuring, the average issue-amount reached Sk 3.4 billion.

Demand for government bonds was high, especially in the first quarter, when its level reached Sk 52.3 billion (67.2% of total demand). There was enormous interest in all issues in January, when supply reached Sk 17.0 billion, demand Sk 27.8 billion, and its satisfaction 61.2%. The highest demand was for Issue No. 167 (Sk 4.7 billion), of which Sk 2.0 billion was accepted. The great interest in these issues underlined the trend of preference for short maturities among investors. This was due to the fact that, in the given period, no Treasury bills were issued and there was a marked surplus of liquidity in the banking sector. The second quarter of 2002 saw a rise in the level of yields required, as a reaction to an increase in NBS rates, while some influence was also exerted by uncertainty arising from the expected decision on the utilisation of proceeds from the privatisation of SPP. The change in the nominal value, from Sk 1.0 million to Sk 100.0 thousand, was intended to create better

conditions for the purchase of government bonds by small investors on the secondary market.

At 31 December 2002, there were 20 foreign investors (representing 2.74% of the total figure) registered on the primary market for government bonds.

Non-government bonds

The volume of non-government bonds issued increased in 2002. In total, 68 issues were floated during the year, 18 more than in 2001. The total volume of non-government bond issues reached Sk 4.7 billion, representing a year-on-year increase of Sk 0.6 billion. In foreign currency, seven issues of non-government bonds were made in the amount of EUR 19.9 million, compared with one issue in 2001 (EUR 0.7 million).

Secondary market

In 2002, during the same number of trading days as in 2001 (243), 16,264 transactions were conducted on the Bratislava Stock Exchange (BCPB). Compared with 2001 (20,169 transactions), the number of transactions fell 19.4%. The total volume of trading reached Sk 643.2 billion, representing a year-on-year increase of 63.5% (from Sk 393.5 billion). The upward trend was recorded mainly in trading in bonds. Bonds were traded on the BCPB floor in the total amount of Sk 608.3 billion, which was 74.9% more than in 2001. Thus bonds continued to comprise a substantial proportion of turnover on the BCPB, with government bonds accounting for as much as 86.0% (Sk 523.2 billion) of the total volume of bond transactions. In 2002, foreign investors accounted for 28.3% of the total turnover, i.e. 33.2% of sales and 23.5% of purchases (as in 2001).

Bonds

At the end of the year, 79 bond issues were available for trading on the stock market: 59 on the main quoted market, 5 on the parallel quoted

market, and 15 on the open market (of which, 2 issues on the open market were eurobonds).

During the year, the BCPB accepted 3 issues of corporate bonds for trading, in the amount of Sk 0.7 billion; 4 issues of bank mortgage bonds in the amount of Sk 2.9 billion; and 22 issues of government bonds in the amount of Sk 60.9 billion. At the end of the year, the market capitalisation of debt securities amounted to Sk 290.9 billion (a fall of 0.9% in comparison with the figure for 2001), of which Sk 243.8 billion was in quoted issues (an increase of 1.7% compared with 2001). During the year, 29 new issues of bonds and 3 existing issues (transferred from the open market) were traded on the market for quoted securities.

In connection with bond repayment, 18 issues of bonds ceased to be quoted and traded on the market for quoted securities during the year. Restructuring bonds of Issue No. 150 were repaid before the due date, in the amount of Sk 9.1 billion.

In connection with bond repayment, trading concluded with 15 issues of corporate bonds (Sk 4.4 billion) and 4 issues of municipal bonds (Sk 655 million) on the open market.

Price-setting transactions in bonds recorded a year-on-year increase of 129.6%, to Sk 53.5 billion, while direct transactions grew in volume by 71.0%, to Sk 554.8 billion. Most trading took place in government bonds.

The Slovak Bond Index (SDX) for bank and corporate bonds closed the last trading day of 2002 with a year-on-year increase of 10.7%, at 222.9% of the nominal value of its portfolio, with an average yield of 7.8% to maturity and a duration of 1.5 years. The index reached a minimum on 7 January (201.3%) and a maximum on 20 December (222.9%). At the end of the year, the average price of the government-bond portfolio in the SDX base stood at 208.4% (a year-on-year increase of 11.9%), while the average yield amounted to 6.3% and duration 1.6 years. This

component of SDX recorded a minimum on 7 January (186.5%) and a maximum on 18 December (208.5%).

Shares

The stock market was not very active in 2002, the total volume of trading reaching only Sk 34.9 billion (a decline of 23.7% in comparison with 2001), of which price-setting transactions accounted for Sk 1.1 billion, representing a year-on-year fall of 55.6%. In terms of financial volume, the best performers were the quoted shares of Slovnaft (Sk 7.8 billion), the Slovak Insurance Corporation (Sk 3.1 billion), and the East-Slovak Ironworks – VSŽ (Sk 3.1 billion). On the open market, most trading took place in the shares of Doprastav (Sk 2.8 billion), Slovak Shipping Company (Sk 2.2 billion), and the Restitution Investment Fund (Sk 2.6 billion). In 2002, the BCPB accounted for 93.78% of the total volume of trading in shares on the Slovak capital market, 98.17% in price-setting and 98.03% in direct transactions. In the market-maker system, three share issues were traded at the end of the year – the shares of Slovnaft, Slovakofarma, and the Podbrezová Iron Works. The volume of trading on the market-maker system reached Sk 1.4 million (in 16 transactions), representing a negligible 0.1% share of the total volume of price-setting contracts in shares.

The Slovak Share Index (SAX) followed a downward trend over the first quarter of 2002, then stabilised in the second and third quarters. This development took place in virtually all the basic shares included in the index. The last quarter saw an increase in the value of SAX, due mainly to the publication of news about the continued privatisation of Slovnaft, a.s. On 26 November, SAX reached a yearly and almost five-year maximum, at 149.60 points. With effect from 1 February 2002, a new base was introduced for the setting of the SAX index, together with new rules for the inclusion of an issue in the base of the index. According to these rules, only shares from the main or parallel quoted markets may be used

included in the base, though originally the base also included shares on the open market.

5.3. Foreign exchange market

Operations on the foreign exchange market

During the year, the exchange rate of the Slovak koruna to the euro appreciated by 2.4% (from SKK/EUR 42.760 to SKK/EUR 41.722). The strongest value for the exchange rate of the SKK was reached on 12 November (SKK/EUR 41.136) and the weakest on 23 July (SKK/EUR 44.886). The average exchange rate was SKK/EUR 42.699.

The exchange rate of the Slovak koruna to the US dollar appreciated by 17.4%, from SKK/USD 48.467 to SKK/USD 40.036. The exchange rate of the koruna to the dollar is calculated from the EUR/USD cross-currency rate, and the NBS cannot influence it directly by its activities on the interbank foreign exchange market.

The total volume of foreign exchange sold in direct interventions for the support of the Slovak koruna in 2002 reached EUR 205.0 million (June 2002) and the volume purchased at the end of the year amounted to EUR 663.0 million (of which EUR 135.0 million was obtained in individual transactions and EUR 528.0 million in direct interventions).

Interbank foreign exchange market

The total volume traded on the interbank exchange market (excluding foreign exchange interventions by the NBS) reached USD 215,226.5 million, representing an increase of 89.8% in comparison with the figure for 2001 (of which transactions in USD accounted for 77.7%, in EUR 20.6%, and in other currencies 1.8%). Within the structure of transactions, currency

swaps accounted for 86.7% (compared with 86.5% in 2001), spot operations 13.2% (13.2% in 2001), and forward transactions 0.1% (0.3% in 2001).

The average daily turnover on the spot market amounted to USD 113.5 million. The market was dominated by trading in EUR, which accounted for 97.2% of the total volume, due to the euro being the reference currency. Trading between Slovak banks and between Slovak and foreign banks on the spot market confirmed the trend of increased activity on the part of foreign banks on the Slovak foreign exchange market (38% of the total turnover was in favour of Slovak banks and 62% in favour of foreign banks). In 2002, the overall balance of transactions of foreign banks as against local banks was negative (USD 796.4 million), i.e. foreign banks sold more foreign currency and purchased more Slovak crowns.

The volume of transactions between domestic commercial banks increased by 57.6%, to USD 53,055.3 million. Trading took place mostly in USD (70.5%; compared with 73.8% in 2001), followed by EUR with a share of 28.9% (25.6% in 2001), and other currencies accounting for 0.6%. Trading between domestic banks accounted for 24.9% (29.7% in 2001) of the total interbank foreign exchange market.

In the structure of transactions, 79.9% of the total volume of trading between domestic banks took place in the form of swap operations (78.9% in 2001) and spot transactions accounted for 20.1% (21% in 2001).

Trading with foreign banks also recorded a marked year-on-year increase (103.5%), to USD 162,193.8 million. Most trading took place in USD (80.4%, compared with 83.9% in 2001), followed by EUR with a share of 17.5% (15.3% in 2001) and other currencies accounting for 2.1%. The volume of transactions with foreign banks represented a substantial part of the foreign exchange market, i.e. 75.1%.

C. BANKING SUPERVISION



1. BANKING SECTOR

In 2002, the banking sector restructuring efforts began to pay dividends. Bank productivity improved, as did other financial indicators, competition in the banking market increased, notably in lending products, and the trend in compliance with prudent banking standards was also positive.

As of 31 December 2002, twenty banking entities (eighteen banks and two branch offices of foreign banks) were operating in the Slovak banking sector along with seven representative offices of foreign banks. Of these eighteen banks, three are home savings banks. Of fifteen universal banks, eight banks and one branch office of a foreign bank had a mortgage banking license (HVB Bank Slovakia, a. s., Istrobanka, a. s., Ľudová banka, a. s., OTP Banka Slovensko, a. s., Slovenská sporiteľňa, a. s., Tatra banka, a. s., UniBanka, a. s., Všeobecná úverová banka, a. s., and Československá obchodní banka, a. s., a branch of a foreign bank in Slovakia).

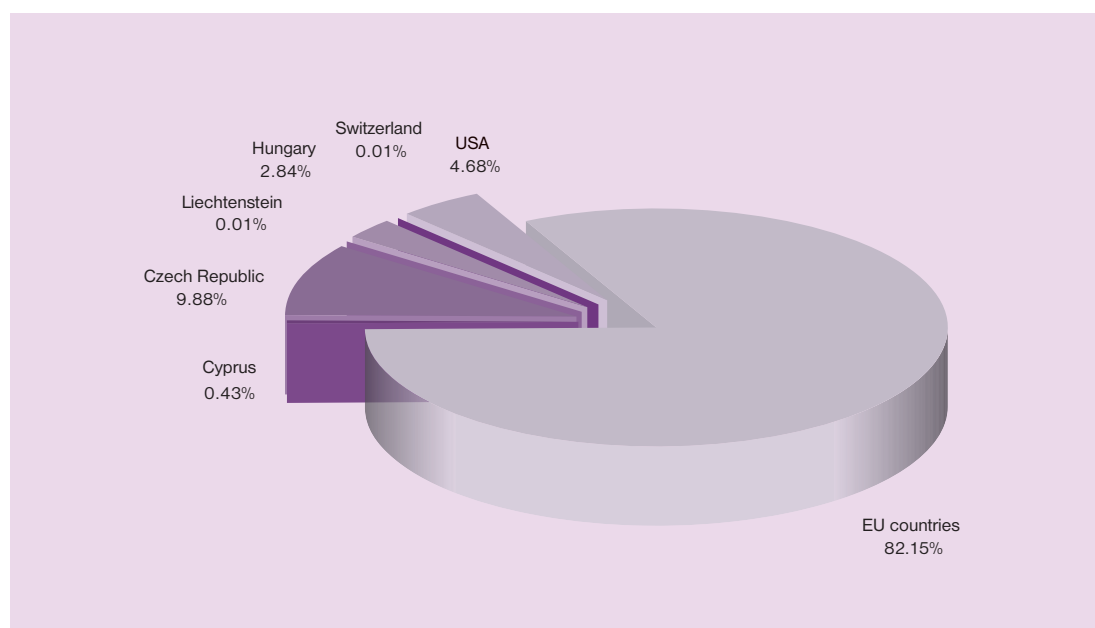
The volume of subscribed share capital of banks (excluding the NBS) decreased by Sk 14.7 billion compared to a year ago, from Sk

53.2 billion to Sk 38.5 billion. The development in share capital was influenced in particular by the dissolution of Konsolidačná banka Bratislava, š.p.ú., without liquidation, as of 31 January 2002 (Sk 13.8 billion), as well as by share capital setting off in settlement of past losses at two banks and new share issues at two other banks.

Funds provided by foreign banks to their branch offices decreased by Sk 2.1 billion from Sk 4.9 billion to Sk 2.8 billion (resulting from a change in accounting for funds provided to a branch office of a foreign bank).

The share of foreign investors in total subscribed share capital of banks and funds permanently transferred by foreign banks to their branch offices significantly increased in 2002, from 60.6% (as of 31 December 2001) to 85.3% (as of 31 December 2002). This growth was caused primarily by the sale of state-held interests in the share capital of the banks, to foreign investors and by the winding up of Konsolidačná banka Bratislava, š.p.ú.

With the approval of the National Bank of Slovakia, the Bank für Arbeit und Wirtschaft Aktiengesellschaft, Vienna, acquired 100% in the share capital of Istrobanka, a.s.



On 4 April 2002, shares in Investičná a rozvojová banka, a.s., were transferred to OTP Bank Rt. Budapest, which thus became the majority shareholder with a 95.7% stake in the bank.

The National Property Fund of the Slovak Republic announced the third tender for the sale of shares in Banka Slovakia, a. s. Of all bids presented by Banka Slovakia, the National Bank of Slovakia granted only one prior consent in January 2002 to a foreign investor – MEINL BANK Aktiengesellschaft Vienna.

Slovenská konsolidačná, a.s., a shareholder in Poštová banka, a.s., announced a tender to sell its share (55.16%) in the bank. Based on the bank's request for prior consent to disclose information subject to banking secrecy, the National Bank of Slovakia granted prior consent on four occasions in March and May 2002. Bids to buy the shares on offer were delivered in the time set by Tatra Banka, a.s., Bratislava, and Česká pojišťovna, a.s., Prague. At its 22 August 2002

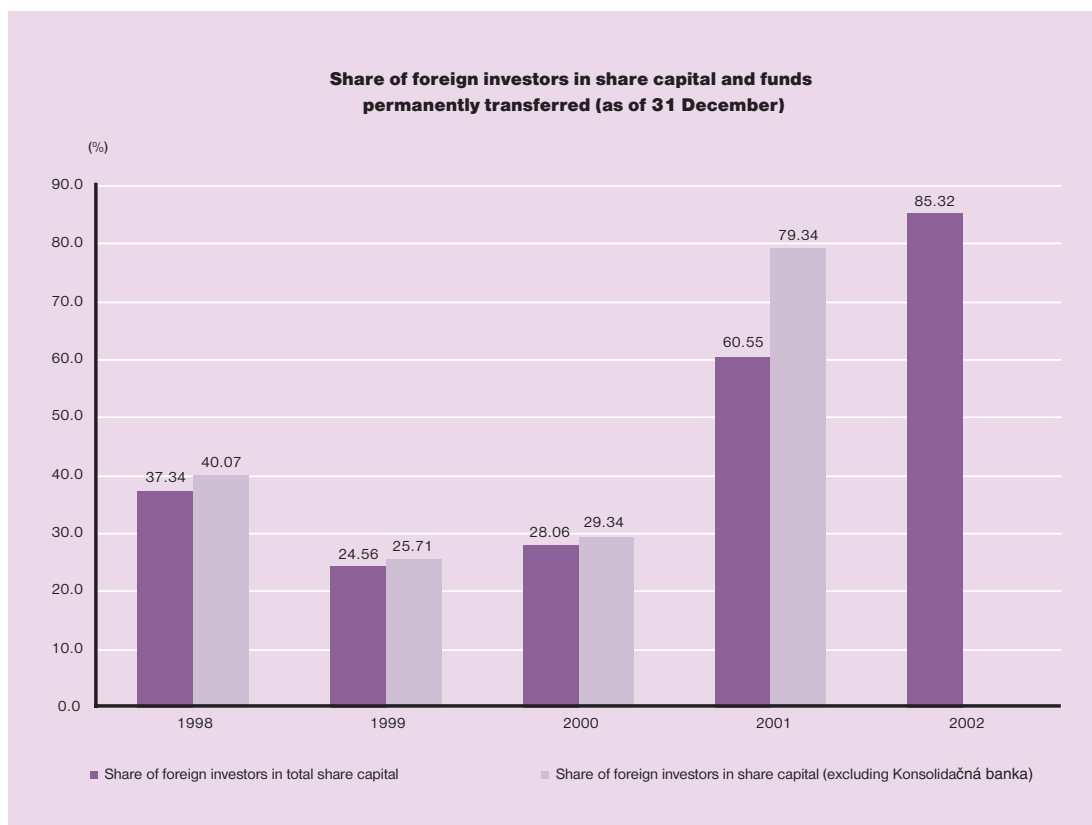
meeting, the board of directors and, subsequently, the supervisory board of Slovenská konsolidačná elected to turn down all bids in respect of the privatisation of Poštová banka due to their failure to meet required conditions.

On 1 October 2002, Slovenská záručná a rozvojová banka, š. p. ú., changed to a joint-stock company (based on a decision of the Ministry of Finance of the Slovak Republic and the National Bank of Slovakia).

Two banks changed their trade names: Poľnobanka, a. s., renamed UniBanka, a. s., on 1 April 2002, and Investičná a rozvojová banka, a. s., changed to OTP Banka Slovensko, a.s., on 1 August 2002.

2. FINANCIAL PERFORMANCE OF THE BANKING SECTOR

Besides a modest increase in total assets, 2002 brought an improvement in several



financial indicators and a positive trend in compliance with prudent banking indicators.

This review of developments in performance indicators of the banking sector as a whole, as of 31 December 2002, covers nineteen entities (under Article 38, paragraph 6, of Act No. 511/1992 Zb. on administration of taxes and imposts, one bank was granted an extension till 30 June 2003 in order to complete its corporate tax return, and thus its final data, for 2002).

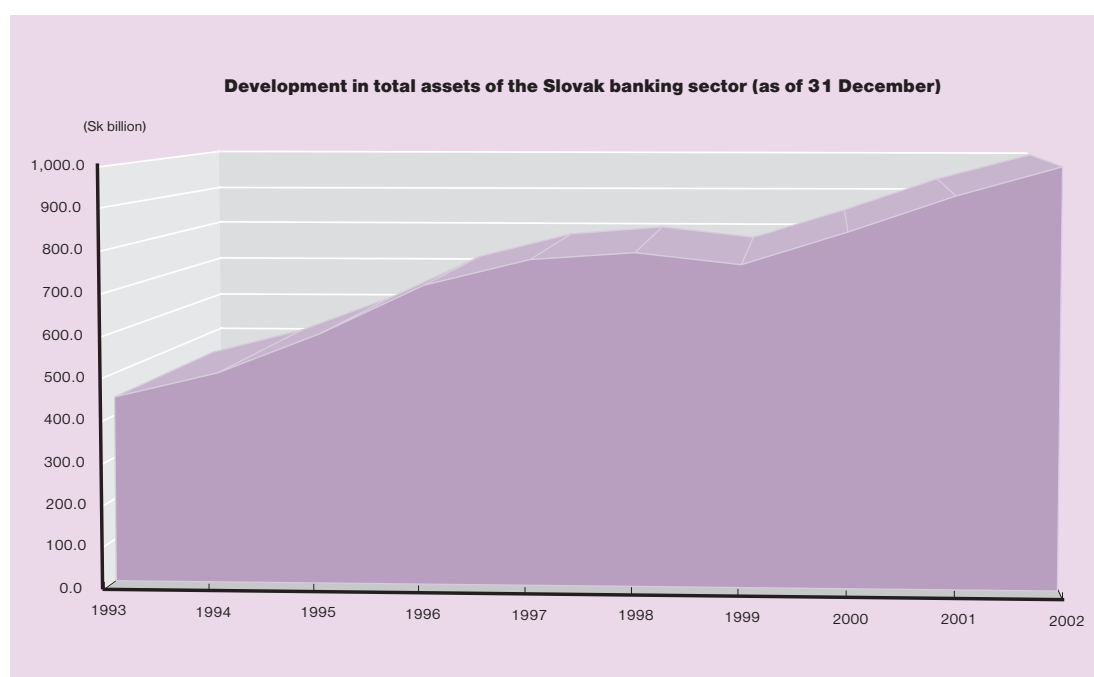
Total assets (sum of net assets) held by the nineteen banks comprising the Slovak banking industry went up by Sk 69.9 billion from year ago (up 7.53%) to Sk 998.7 billion as of 31 December 2002.

The development in total banking sector assets was influenced by growth of primary resources of Sk 25.3 billion (up 3.83%) to Sk 686.2 billion (with the impact of Konsolidačná banka being insignificant). The volume of non-anonymous deposits grew by Sk 37.1 billion (up 10.22%) to Sk 400.0 billion. Secondary resources rose by Sk 15.5 billion (up 9.30%) to Sk 182.1 billion (Konsolidačná banka reported secondary resources of Sk 12.3 billion as of 31 December 2001).

Interest-bearing assets of the banking sector increased by Sk 67.0 billion to Sk 913.4 billion. Their share in total assets as of 31 December 2002 reached 91.46%, due mainly to investment of free resources of banks in securities.

Total loan assets reported by the nineteen banks amounted to Sk 336.0 billion as of 31 December 2002. Classified loans fell by Sk 36.9 billion to Sk 37.6 billion, i.e. by 49.49%, with Sk 31.5 billion of the fall attributed to Konsolidačná banka. Manufacturing industries, trade, agriculture and the construction industry continued to account for the bulk of classified loans. Banks reported Sk 27.2 billion in provisions, taking their coverage of classified loans to 72.39% at the end of the period reviewed. The share of classified assets in total assets declined to 11.20%.

Banks reported net profits of Sk 11.8 billion for the period ending 31 December 2002. Compared to year ago, this indicates a rise of Sk 2.8 billion (up 30.43%). Two banks reported losses for the current period ending 31 December 2002 (compared with three loss-makers as at 31 December 2001).



Slovak banking sector	31 December 2001	31 December 2002 ^{1/}	Difference 12/02-12/01	Change in % 12/02-12/01
Staff members	21,324	19,657	-1,667	-7.82
Number of banks in Slovakia	19	18	-1	-5.26
Number of branches of foreign banks in Slovakia	2	2	0	0.00
Number of representative offices of foreign banks in Slovakia	10	7	-3	-30.00
Number of branches in Slovakia	302	418	116	38.41
Number of sub-branches in Slovakia	750	602	-148	-19.73
Number of branches in other countries	1	1	0	0.00
Number of sub-branches in other countries	1	1	0	0.00
Number of representative offices in other countries	4	1	-3	-75.00
Total assets in Sk '000	928,808,622	998,704,306	69,895,684	7.53
Interest-bearing assets in Sk '000	846,437,823	913,424,586	66,986,763	7.91
Total interbank assets in Sk '000	305,902,162	361,174,583	55,272,421	18.07
Total foreign exchange assets in Sk '000	171,926,887	131,040,719	-40,886,168	-23.78
Securities in Sk '000	251,069,631	296,502,381	45,432,750	18.10
Loan assets in Sk '000	338,661,341	336,001,978	-2,659,363	-0.79
thereof: classified loans in Sk '000	74,519,912	37,638,512	-36,881,400	-49.49
Share of classified loans in total loans (%)	22.00	11.20	-10.80	x
Uncovered expected loss in Sk '000	7,168	28,411	21,243	296.36
Provisions for classified loans in Sk '000	61,474,702	27,246,500	-34,228,202	-55.68
Legal reserves in Sk '000	4,031,782	3,683,037	-348,745	-8.65
Share capital in Sk '000	53,153,968	39,442,176	-13,711,792	-25.80
Own funds in Sk '000	116,611,762	95,769,476	-20,842,286	-17.87
Total resources – banking sector in Sk '000	166,645,557	182,147,578	15,502,021	9.30
Total resources – non-banking sector in Sk '000	660,864,735	686,164,324	25,299,589	3.83
thereof: non-anonymous deposits in Sk '000	362,934,016	400,016,993	37,082,977	10.22
Profit for current period in Sk '000	10,705,605	12,482,005	1,776,400	16.59
Loss for current period in Sk '000	1,634,604	650,674	-983,930	-60.19
Balance of profit and loss in Sk '000	9,071,001	11,831,331	2,760,330	30.43
Accumulated profit/loss in Sk '000	-25,129,947	21,823,541	46,953,488	-186.84
Capital adequacy	13.37	21.18	7.81	x

Slovak banking sector excluding Konsolidácia banka	31 December 2001	31 December 2002 ^{1/}	Difference 12/02-12/01	Change in % 12/02-12/01
Total assets in Sk '000	926,579,563	998,704,306	72,124,743	7.78
Interest-bearing assets in Sk '000	845,756,090	913,424,586	67,668,496	8.00
Total interbank assets in Sk '000	305,607,471	361,174,583	55,567,112	18.18
Total foreign exchange assets in Sk '000	171,926,887	131,040,719	-40,886,168	-23.78
Securities in Sk '000	251,069,631	296,502,381	45,432,750	18.10
Loan assets in Sk '000	306,942,277	336,001,978	29,059,701	9.47
thereof: classified loans in Sk '000	43,016,528	37,638,512	-5,378,016	-12.50
Share of classified loans in total loans (%)	14.01	11.20	-2.81	x
Unsecured expected loss in Sk '000	7,168	28,411	21,243	296.36
Provisions for classified loans in Sk '000	30,346,045	27,246,500	-3,099,545	-10.21
Legal reserves in Sk '000	4,017,625	3,683,037	-334,588	-8.33
Share capital in Sk '000	39,403,029	39,442,176	39,147	0.10
Own funds in Sk '000	102,390,990	95,769,476	-6,621,514	-6.47
Total resources – banking sector in Sk '000	154,345,557	182,147,578	27,802,021	18.01
Total resources – non-banking sector in Sk '000	660,863,528	686,164,324	25,300,796	3.83
thereof: non-anonymous deposits in Sk '000	362,934,016	400,016,993	37,082,977	10.22
Profit for current period in Sk '000	10,567,847	12,482,005	1,914,158	18.11
Loss for current period in Sk '000	1,634,604	650,674	-983,930	-60.19
Balance of profit and loss in Sk '000	8,933,243	11,831,331	2,898,088	32.44
Accumulated profit/loss in Sk '000	7,511,642	21,823,541	14,311,899	190.53
Capital adequacy	19.75	21.18	1.43	x

1/ sum for the nineteen entities

3. EXERCISE OF BANKING SUPERVISION AND EVALUATION OF PRUDENT BANKING

The principal task and mission of banking supervision is to promote the stability and sound development of banks and the banking system, and to protect depositor interests. In 2002, seven on-site examinations were carried out at six banks.

The Banking Supervision Division of the National Bank of Slovakia has ruled on 135 cases, as part of its licensing operation, including rulings on discontinued proceedings, proceedings involving violations of law or remedial measures.

The key regulatory instruments applied by the banking supervisor include the rules of prudent banking and limits established by them.

Capital adequacy of the Slovak banking sector increased by 1.43% from a year ago to 21.18%. All banks met the capital adequacy limit throughout 2002.

In 2002, we saw an improvement in compliance with credit exposure limits. As of 31 December 2002, only one bank failed to meet the limits on non-banking entities and on concentration of assets by persons with a special relationship to a bank. The limits on banking entities and on net credit exposure were observed by all banks.

The monthly liquidity limit (ratio of monthly assets to liabilities, which must not fall below 1.0) and the limit on the ratio of fixed and non-liquid assets to own funds and reserves (must not be higher than 1.0) were fulfilled by all banks.

The limits laid down by an NBS decree on unsecured foreign exchange positions were also observed by all banks as of 31 December 2002.

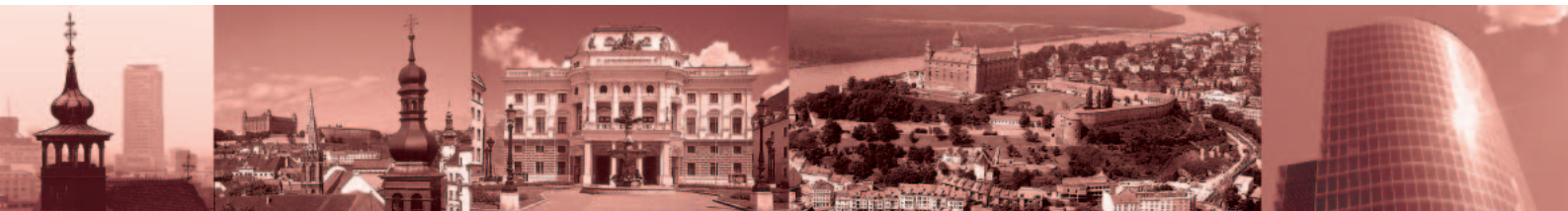
4. INTERNATIONAL CO-OPERATION AND CO-OPERATION WITH DOMESTIC INSTITUTIONS

In 2002, Memoranda of Understanding were signed with peer institutions in Germany, Hungary, France, Czech Republic, and Italy.

In addition, bilateral agreements on co-operation in banking supervision were signed between the National Bank of Slovakia and the Financial Market Authority (information exchange in consolidated supervision, co-ordination of activities and co-operation in supervisory activities) and the Police Corps Presidium of the Slovak Interior Ministry (reciprocal information exchange in the discharge of duties in banking supervision by the NBS and by the Financial Police Authority in detecting illegal financial operations and preventing money laundering).

In 2002, bilateral co-operation between the U.S. Office of the Comptroller of the Currency and the National Bank of Slovakia was started on the basis of Letters of Understanding on co-operation of supervisory authorities in information exchange.

D. ISSUING ACTIVITY OF THE NBS AND CURRENCY IN CIRCULATION



1. THE ISSUE OF SLOVAK CURRENCY

In 2002, the National Bank of Slovakia ensured the reprinting of a total number of 102.6 million banknotes in the values of 50 Sk, 200 Sk and 1000 Sk, in harmony with the needs of currency circulation. The 50 Sk banknotes were printed in the Canadian printing works BA Banknote, the subsidiary of the German printer of securities Giesecke & Devrient, the 200 Sk banknotes by the French printing company François-Charles Oberthur Fiduciaire, and the 1000 Sk banknotes by the British printer of securities De La Rue Currency. Apart from them, banknotes with the values of 20 Sk and 100 Sk, printed on the basis of contracts agreed in 2001, were delivered from the safekeeping of foreign printers of securities.

Also in 2002, 107.3 million coins in the values of 10 haliers, 20 haliers, 50 haliers, 1 Sk and 2 Sk were minted. Apart from the banknotes and coins intended for cash circulation, the National Bank of Slovakia issued 15,000 sets of coins dated 2002 for collectors. The first series, with the motif of Bojnica Castle, was issued in the number of 11,000, while the remaining 4,000, creating the second series, were devoted to Slovak national ice hockey team winning the world championship. The National Bank of Slovakia issued three commemorative coins in 2002. Two were struck from silver, and the third, from two metals – gold and palladium – was

devoted to the tenth anniversary of the origin of the Slovak Republic. Apart from these coins, commemorative silver coins with a face value of 200 Sk, for the centenary of the birth of Imrich Karvaš, and 1000 Sk, for the tenth anniversary of the origin of the Slovak Republic, produced in advance of the 2003 issue plan, were delivered to the NBS by the end of 2002. The Kremnica Mint produced all the circulation and commemorative coins.

1.1. Currency in circulation

On 31 December 2002, the amount of currency in circulation, including cash in vaults of the NBS, was Sk 94.2 billion. In comparison with the same period of the previous year, the value of currency in circulation increased by Sk 2.7 billion, that is 2.9% during 2002. This was the lowest increase of currency in circulation since the origin of the Slovak currency, with the exception of 1998, when there was a decline of 0.24%. The amount of currency in circulation at the end of individual months showed an even development with a typical decline in January and seasonal increase before Christmas.

The development of the daily level of currency in circulation showed little variation throughout the year. Currency in circulation reached its maximum level of Sk 99.9 billion on 20th December 2002.

Commemorative coins issued by the NBS in 2002

Face value	Event commemorated by the coin	Number of coins issued		Decree of the NBS
		Total	PROOF	
CSC	Ludovít Fulla			
200 Sk	– 100th anniversary of birth	13,700	2,400	22/2002 Z. z.
CSC	UNESCO World Heritage			
200 Sk	– Vlkolíneč folk architecture reserve	14,300	2,800	153/2002 Z. z.
CBC	10 th anniversary of the origin			
10 000 Sk	of the Slovak Republic	6,000	6,000	663/2002 Z. z.

CSC – commemorative silver coin

CBC – commemorative bimetal coin

1.2. The structure of currency in circulation

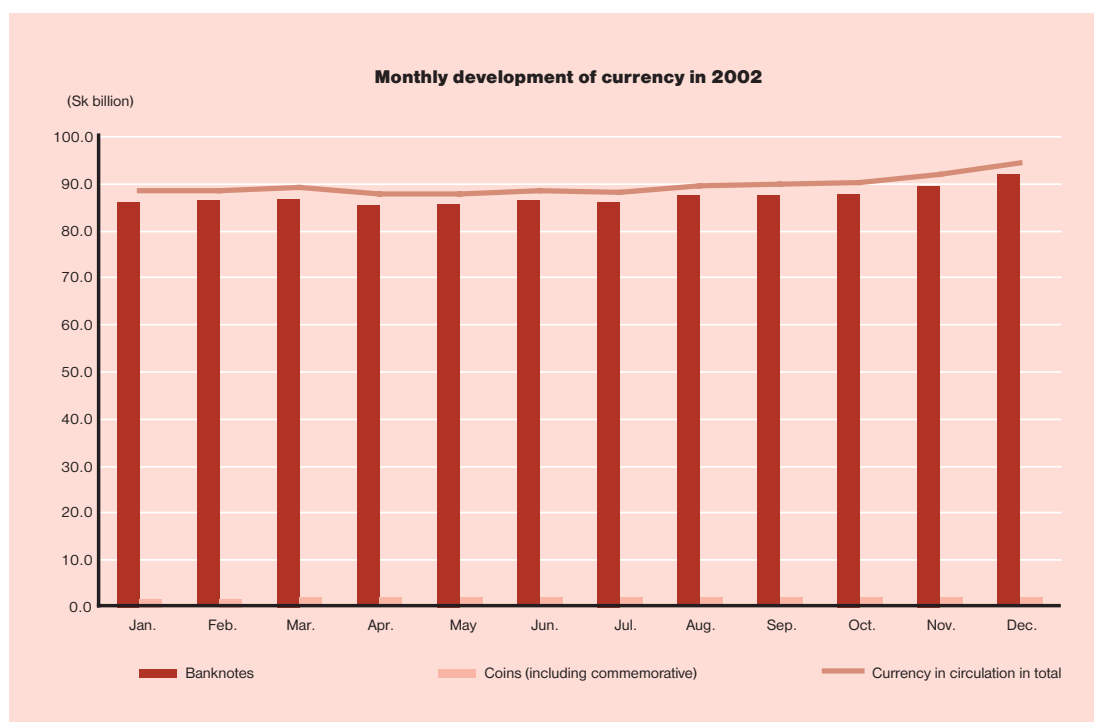
On 31 December 2002, 132 million banknotes with a value of Sk 92.09 billion, 1,040.1 million coins worth Sk 1.5 billion and 686 thousand commemorative coins issued by the National Bank of Slovakia with a value of Sk 438 million, were in circulation. The numbers of banknotes and coins in circulation grew in 2002 for all face values with the exception of the 1000 Sk and 500 Sk banknotes.

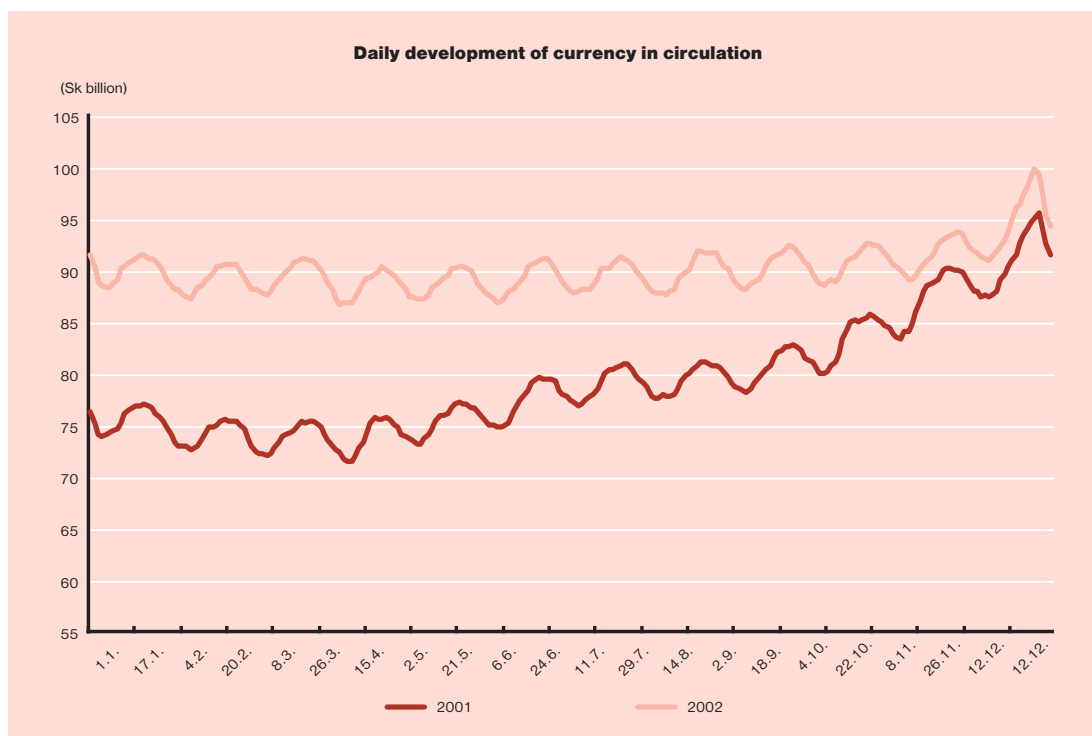
Of the total value of the currency in circulation, 97.8% was made up by banknotes, with the highest value of banknotes, 5000 Sk and 1000 Sk, representing 87.8%. On 31 December 2002, the amounts represented by the 5000 Sk and 1000 Sk banknotes in relation to the total amount of cash were almost equal. The share of the 5000 Sk banknote reached 43.5% (in 2001: 41.98%), while the 1000 Sk banknote represented 44.34% (in 2001: 45.70%). The 5000 Sk banknote accounted for 95.6% of the growth of value of cash in 2002, and the number in circulation increased by half a million (Sk 2.5 billion), while the number of 1000 Sk banknotes declined by 60 thousand.

From the point of view of the quantity of currency in circulation, the most numerous items are current coins. At the end of 2002, they accounted for 88.7%, with 1.04 billion from a total number of 1.17 billion coins. However, their share of the total value of currency in circulation was only 1.57%.

While the two highest values of banknote were decisive for the value of the money in circulation, the halier coins (10 haliers, 20 haliers and 50 haliers) were decisive for the total number of currency in circulation. Their share of the total number of coins and banknotes in circulation was 60% and accounted for 67.7% of the total number of coins in circulation.

The large number of halier coins in circulation, and high rate of increase and cost of production, which exceeds face value, led to the National Bank of Slovakia proposing the abolition of the 10 and 20 halier coins, but this was not implemented in 2002. Fewer 10 and 20 halier coins were issued, probably due to the publicized intention of the NBS. In 2002, 25.7 million ten halier coins were issued compared to 27.2 million in 2001. 24.9 million twenty haliers were issued in 2002, compared to 24.3 million in 2001. The number of





50 halier coins in circulation increased by 11.4 million in 2002 (by 9.5 million in 2001).

The proportion of commemorative coins, including those issued by the State Bank of Czechoslovakia before 1993, reached 0.66% of the total value of the currency in circulation by the end of the year. The number of commemorative coins in circulation grew in 2002 by 27.5 thousand pieces with a value of Sk 61.3 million. Commemorative coins in the Czecho-Slovak currency, with a value of Sk 159.1 thousand, the validity of which ended on 30 September 2000, were withdrawn from circulation.^{1/}

1.3. The average value of currency in circulation

The value of currency in circulation, including commemorative coins, totalled Sk 17,509 per capita on 31 December 2002. Of this amount, banknotes represented Sk 17,119; coins Sk 274, while commemorative coins accounted for Sk

116. In comparison with 2001, the total value of currency in circulation per capita increased by Sk 494. The value of banknotes increased by Sk 462, current coins by Sk 21 and commemorative coins by Sk 11.

In 2002, there were 25 banknotes per capita compared to 24 in 2001. The most numerous were 1000 Sk banknotes numbering 8 and 20 Sk notes with 5. The number of current coins per capita increased from 178 in 2001 to 193 in 2002. The halier coins made up the highest proportion, with 130 per capita, an increase of 10 since the previous year. This number comprised 57 ten halier coins, 50 twenty haliers and 23 fifty haliers.

The average value of the currency mark^{2/} reached a value of Sk 80.3 in 2002, showing a decline over the year of 4.1. While this value has increased by 1.8 times since 1994^{3/} for banknotes, the level for current coins has decreased by a third. The high number of coins in circulation (1,040 million, that is 88.7% of the

1/ Decree of the NBS No. 278/2000 Z.z. concerning the end of validity of commemorative silver coins in the Czecho-Slovak currency issued from 21 August 1954 to 31 December 1992.

2/ Average value of the currency mark = total value in circulation / total number of banknotes and coins in circulation.

3/ Data from 1993 were not used because stamped banknotes and coins from the Czechoslovak currency were still in circulation in 1993.

Development of the value of the currency mark

(in Sk)

Year	Banknotes	Coins	Currency including commemorative coins
1994	384.1	2.0	76.4
1995	455.6	1.8	76.7
1996	537.3	1.7	81.8
1997	566.3	1.6	80.5
1998	552.3	1.5	72.2
1999	594.1	1.5	76.1
2000	631.4	1.4	77.1
2001	693.6	1.4	84.4
2002	697.8	1.4	80.3

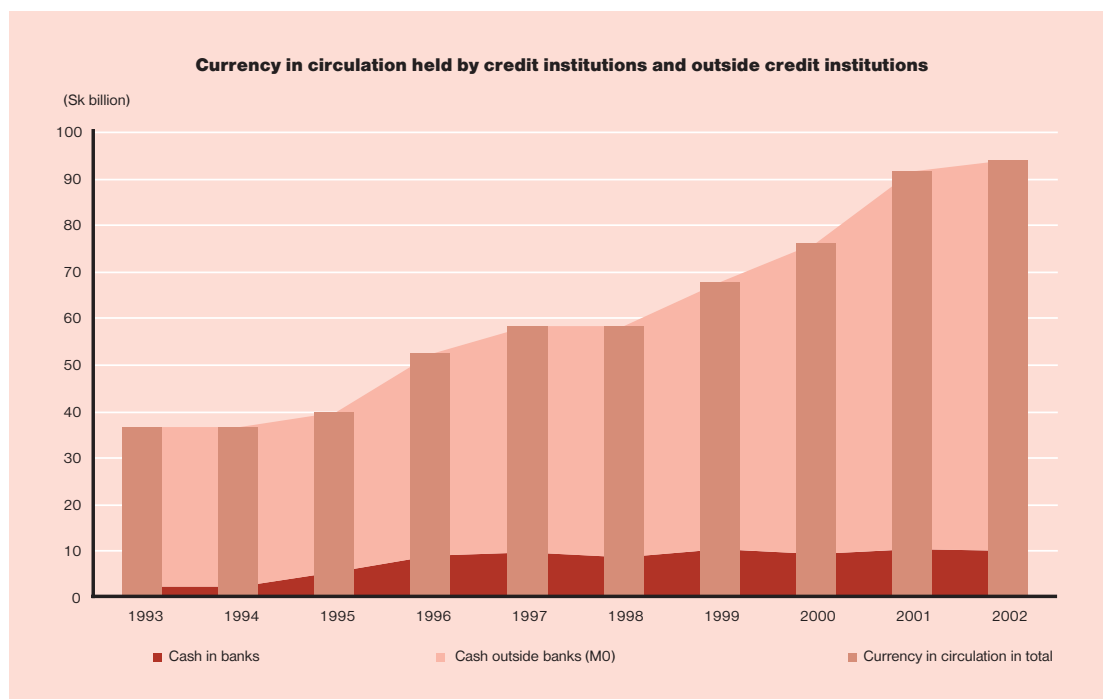
monetary items in circulation, on 31 December 2002) influenced the average value of the monetary item.

1.4. Currency in circulation and some macro-economic statistics

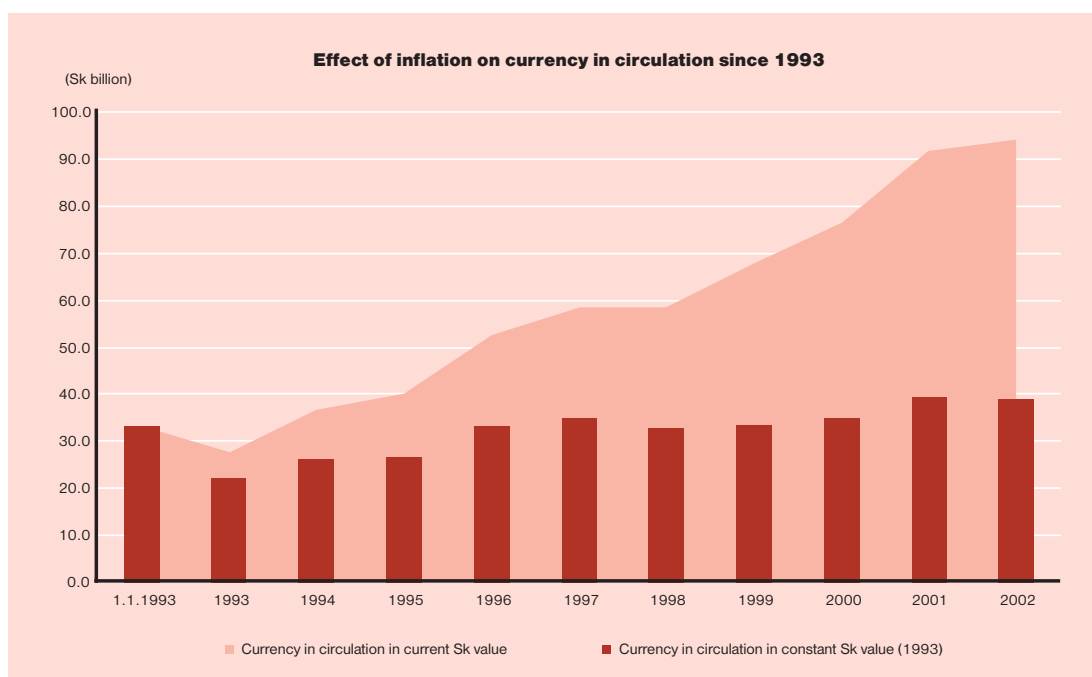
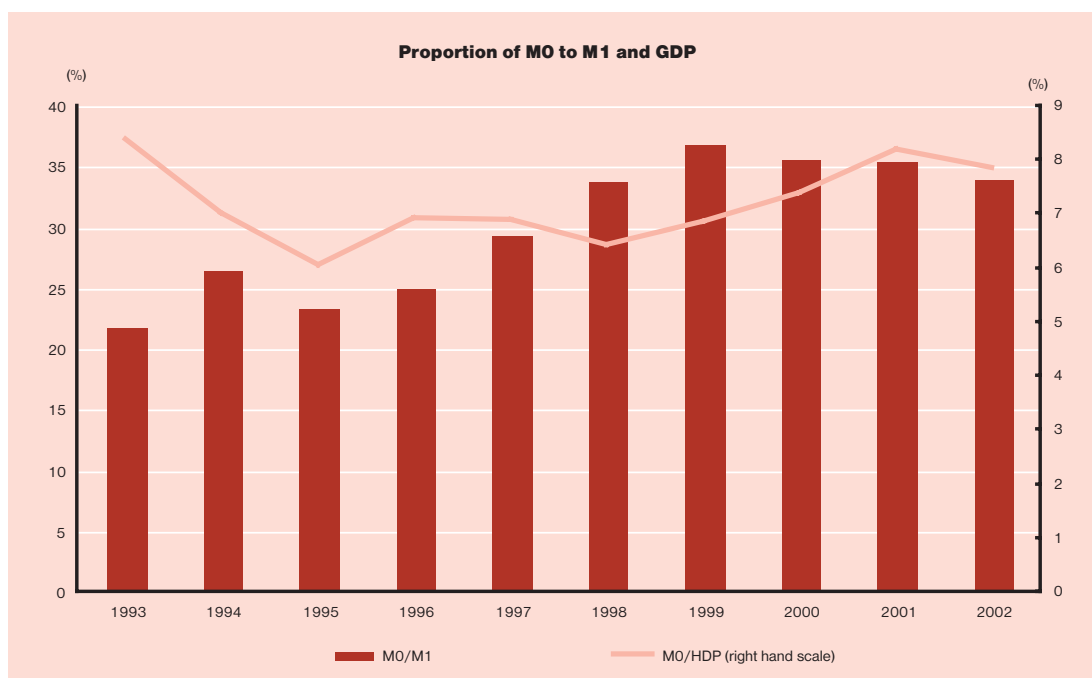
The structure of the currency in circulation held by credit institutions and outside did not significantly change in 2002. The amount of currency in circulation increased from Sk 91.5 billion to Sk 94.2 billion, that is by Sk 2.7 billion, while the amount of currency held by credit

institutions moderately declined from Sk 10.5 billion to Sk 10 billion, that is by Sk 0.5 billion.

The proportion of the aggregate M0 to the aggregate M1 reached a value of 33.9% in 2002, indicating a decline of 1.5% compared to 2001. Since 1998, this statistic has varied within the range 30-37%, which testifies to the continuing low level of non-cash payments in Slovakia, since more than a third of the monetary aggregate M1^{4/} is available for carrying out cash payments. In European Union countries, this statistic reaches a level of about 18%.



4/ The remaining two thirds are available for carrying out non-cash payments.



The proportion of M0 to gross domestic product reached 7.8% in 2002, which is comparable to the level reached in the countries of the European Union, where it varies from 3 to 10%.

The rate of inflation has a significant influence on the development of currency in circulation. In the period 1993 – 2002, the price level rose by

141.5% and currency in circulation in constant Slovak crowns^{5/} reached a value of Sk 39 billion on 31 December 2002. In comparison with 2001, currency in circulation in constant Sk reached a level Sk 0.3 billion lower because of the lower growth in value of the money in circulation in 2002 (2.9%) in comparison with the annual rate of inflation (3.4%).

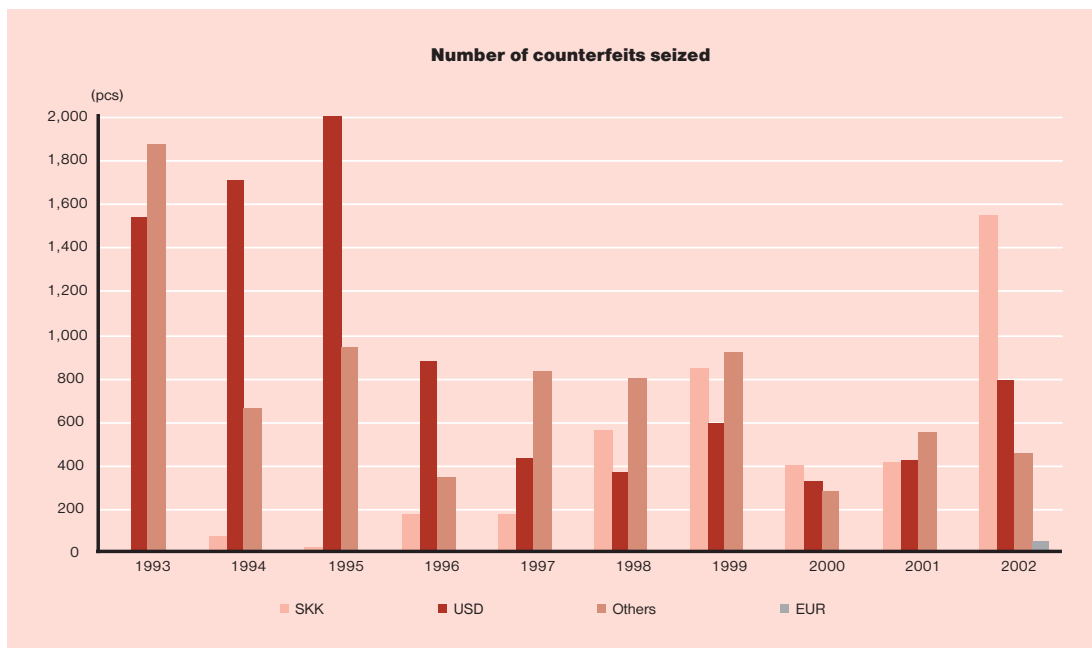
5/ The currency in circulation recalculated according to the price levels on 1 January 1993.

Currency in circulation (in millions of Sk)

Face value	Amount on 31. 12. 2001	Amount on 31. 12. 2002	Proportion in % on 31. 12. 2001	Proportion in % on 31. 12. 2002
Banknotes	89,605.02	92,089.93	97.89	97.77
5000 Sk	38,430.39	40,969.58	41.98	43.50
1000 Sk	41,826.63	41,768.64	45.70	44.34
500 Sk	4,280.33	4,155.84	4.68	4.41
200 Sk	1,470.48	1,531.06	1.61	1.63
100 Sk	2,405.31	2,412.03	2.63	2.56
50 Sk	662.98	690.65	0.71	0.73
20 Sk	528.90	562.13	0.58	0.60
Coins	1,362.54	1,474.10	1.49	1.57
10 Sk	707.68	768.98	0.78	0.82
5 Sk	242.25	259.95	0.26	0.28
2 Sk	167.36	179.65	0.18	0.19
1 Sk	110.13	117.18	0.12	0.12
0.50 Sk	25.68	25.30	0.03	0.03
0.50 Sk II	32.53	38.58	0.04	0.04
0.20 Sk	48.65	53.63	0.05	0.06
0.10 Sk	28.26	30.83	0.03	0.03
Commemorative coins	566.18	627.31	0.62	0.66
Total	91,533.74	94,191.34	100.00	100.00

Currency in circulation (in millions of items)

Face value	Number on 31. 12. 2001	Number on 31. 12. 2002	Proportion in % on 31. 12. 2001	Proportion in % on 31. 12. 2002
Banknotes	129.18	131.97	11.91	11.26
5000 Sk	7.69	8.19	0.71	0.70
1000 Sk	41.83	41.77	3.85	3.56
500 Sk	8.56	8.31	0.79	0.71
200 Sk	7.35	7.66	0.68	0.65
100 Sk	24.05	24.12	2.22	2.06
50 Sk	13.26	13.81	1.22	1.18
20 Sk	26.44	28.11	2.44	2.40
Coins	955.26	1,040.05	88.03	88.68
10 Sk	70.77	76.90	6.52	6.56
5 Sk	48.45	51.99	4.47	4.43
2 Sk	83.68	89.83	7.71	7.66
1 Sk	110.13	117.18	10.15	9.99
0.50 Sk	51.37	50.59	4.73	4.31
0.50 Sk II	65.06	77.16	6.00	6.58
0.20 Sk	243.24	268.13	22.42	22.86
0.10 Sk	282.56	308.27	26.03	26.29
Commemorative coins	0.66	0.69	0.06	0.06
Total	1,085.10	1,172.71	100.00	100.00

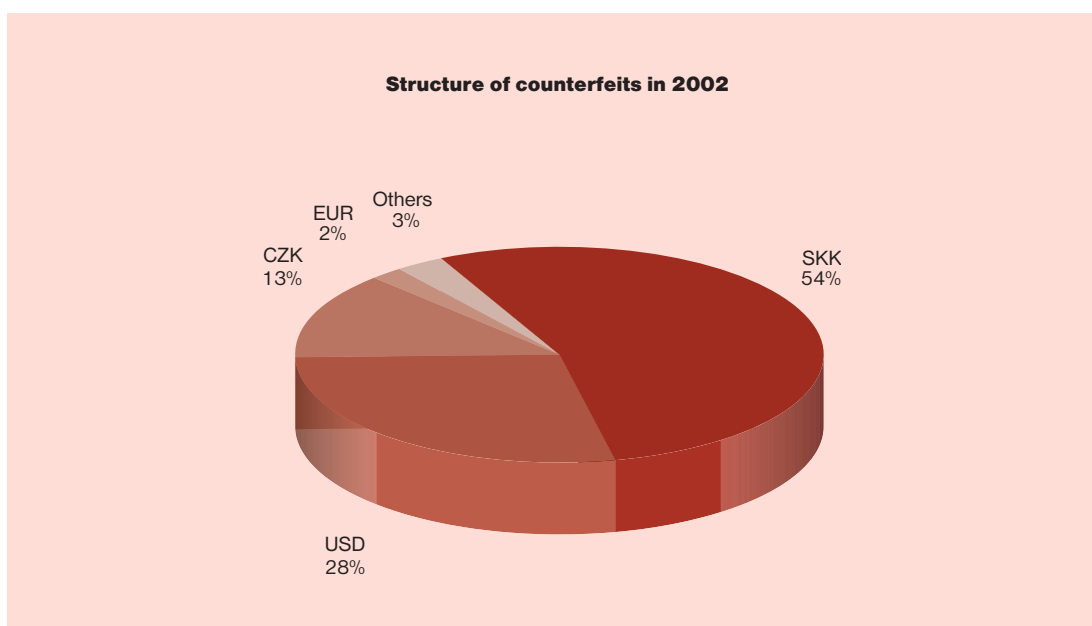


2. COUNTERFEIT MONEY SEIZED IN THE TERRITORY OF THE SLOVAK REPUBLIC

In 2002, a total of 2,842 pieces of counterfeit Slovak crown or foreign currency was seized in the territory of the Slovak Republic. Their number more than doubled in comparison with 2001. In all, 75.8% of these counterfeits were seized by the police authorities; the rest was

detected by the staff of commercial banks, exchange offices and security services, in currency transactions with clients.

From the point of view of the structure of counterfeits in the territory of the Slovak Republic, counterfeits of Sk (54%) and USD (28%) accounted for the largest amounts in 2002. Counterfeits of CZK (13%) and EUR (2%) occurred to a lesser degree.



Number of counterfeit Sk seized**(in pcs)**

	Face value										Total
	5000	1000	500	200	100	50	20	10	5	A	
1998	26	439	20	16	32	13	10	0	0	0	556
1999	13	649	47	4	108	17	5	0	0	1 ^{1/2}	844
2000	12	246	84	5	43	9	3	0	0	0	402
2001	2	278	55	15	54	4	3	0	0	0	411
2002	14	1,307	105	17	49	38	17	2	0	0	1,549

A – Altered 1/ 200 Sk altered to 2000 Sk

2.1. Counterfeits of Slovak crowns

In the territory of the Slovak Republic, 1,549 pieces of counterfeit Slovak crowns were seized. The greatest occurrence was recorded in the Nitra Region, where 929 counterfeits were seized in 26 cases. Banknotes with face values of 1000 Sk, 500 Sk and 100 Sk were most numerous among the counterfeits.

counterfeits was recorded in the Banská Bystrica Region.

Counterfeits of USD

The number of counterfeit USD increased by 88% in comparison with 2001.

Counterfeits of EUR

The validity of the currencies of the twelve states in the European Monetary Union ended on 1 January 2002, when all member countries began to use the new common currency, the euro. There was no growth in the number of counterfeit euros in Slovakia in 2002. They accounted for 2% only of the total number of counterfeits seized.

Number of counterfeit USD seized**(in pcs)**

	Face value							Total
	1	5	10	20	50	100	A	
1998	2	0	0	14	10	318	20	364
1999	1	0	2	5	22	550	10	590
2000	2	0	0	5	11	292	13	323
2001	1	0	3	9	7	398	2	420
2002	4	1	1	1	11	768	4	790

A – Altered

Structure of counterfeit EUR seized in 2002**(in pcs)**

	Face value				Total
	20	50	100	500	
June	0	0	1	0	1
July	0	2	3	0	5
August	1	3	0	0	4
September	0	3	5	0	8
October	0	12	3	0	15
November	0	6	2	1	9
December	1	5	0	0	6
Total	2	31	14	1	48

Number of counterfeits seized of other foreign currencies**(in pcs)**

	DEM	ITL	FRF	GBP	ATS	CZK	HUF	Other currencies	Total
1998	70	460	226	16	5	9	5,991	13	6,790
1999	56	329	14	13	315	186	0	6	919
2000	73	158	6	8	2	21	0	13	281
2001	119	141	11	1	1	243	1	32	549
2002	34	28	3	9	1	369	0	11	455

The statistics on counterfeit euros from the European Central Bank show that counterfeit 50 EUR banknotes were the most frequent counterfeits in circulation in the euro area in 2002. The 50 euro is the most frequently used banknote in the euro area. This banknote was also the most frequent counterfeit euro note seized in Slovakia, accounting for 64.5% of all EUR counterfeits seized.

Counterfeits of other foreign currencies

The introduction of the euro and the end of the validity of the former national currencies of the EMU member states reduced the number of counterfeits of these currencies to a minimum, so that they represented only 2.3% of the total number of counterfeits seized in this period. At the beginning of 2002, counterfeit DEM and ITL were the most frequently met with. Among other foreign currencies, counterfeit CZK occurred most frequently. Of the total number of 369 pieces, 364 were seized by the police in one action.

E. PAYMENT SYSTEMS



1. PAYMENT SYSTEMS IN THE SLOVAK REPUBLIC

The primary objective of the National Bank of Slovakia is to maintain price stability. To this end, the National Bank of Slovakia controls, co-ordinates and ensures payment systems and settlement of payment transactions within the scope of Act of the National Council of the Slovak Republic No. 566/1992 Zb. on the National Bank of Slovakia as amended. In order to direct and ensure a standardized payment and settlement system and clearing of data from the payment and settlement system between banks and selected legal persons, the National Bank of Slovakia may issue generally binding regulations.

In addition to the above, the National Bank of Slovakia monitors developments and trends in the payment systems, analyses statistical data from payment transactions processing, and organises regular meetings with banking sector representatives to deal with current problems in order to ensure consistent and uninterrupted payment processing. The National Bank of Slovakia also informs about its intentions to influence the development of payment systems in the Slovak Republic.

In 2002, the National Bank of Slovakia completed a demanding stage in the preparation of a draft Act on the Payment System, which was approved by the National Council of the Slovak Republic on 19 August 2002.

The aim of Act No. 510/2002 Z.z. on the Payment System and on Amendments and Supplements to certain Laws (Act on the Payment System) was to enact previously non-existent comprehensive legislation governing the payment systems and to bring the Slovak law into line with payment legislation in the European Union. The Act on the Payment System was drawn up in accordance with the process of approximation and harmonisation of the Slovak law with that of the European Union. The Act on

the Payment System transposes Directive 97/5/EC on cross-border credit transfers, Directive 98/26/EC on settlement finality in payment and securities settlement systems, part of Directive 2000/46/EC on the taking up, pursuit of and prudential supervision of the business of electronic money institutions (institutions issuing electronic money), Article 8 of Directive 97/7/EC on the protection of consumers in respect of distance contracts, and Recommendation 97/489/EC concerning transactions carried out by electronic payment instruments, in particular the relationship between the issuer and the holder of payment instruments. The Act on the Payment System, in fact, goes beyond the scope of relevant European Union legislation to stipulate other issues related to the payment systems.

Until recently, the Slovak legal system contained no comprehensive regulation of the payment systems as provided for in the new Act on the Payment System. As far as payments were concerned, there was no legal protection for the client as a consumer in relation to banking entities, or legal provisions safeguarding payment systems against risks ensuing from potential insolvency of participants in the payment system involved in its operation.

The Act on the Payment System includes provisions on complaints and resolution of disputes, which enable prompt out-of-court resolution of payment disputes by a permanent court of arbitration.

2. INTERBANK PAYMENT SYSTEM

The participants in the Slovak Interbank Payment System (SIPS) include all banks, branches of foreign banks, the National Bank of Slovakia, Eximbanka and so-called third parties, namely the Slovak Authorisation Centre (Autorizačné centrum Slovenska, a.s.) and the Bratislava Stock Exchange (Burza cenných papierov Bratislava, a.s.).

The SIPS interbank payment system is currently the only payment system in the Slovak Republic intended for processing and settlement of domestic payments. SIPS does not differentiate between large-value and small value payments. The basic types of payments handled by the interbank payments system are credit transfers and direct debits. The system is operated by the Slovak National Clearing Centre (SNCC). The National Bank of Slovakia acts as the settlement agent, i.e. settles the net positions (results of processing) on the reserve accounts. Payment processing and clearing is fully automated and the transfer of data between the SNCC and participants in the SIPS interbank payments system is processed electronically.

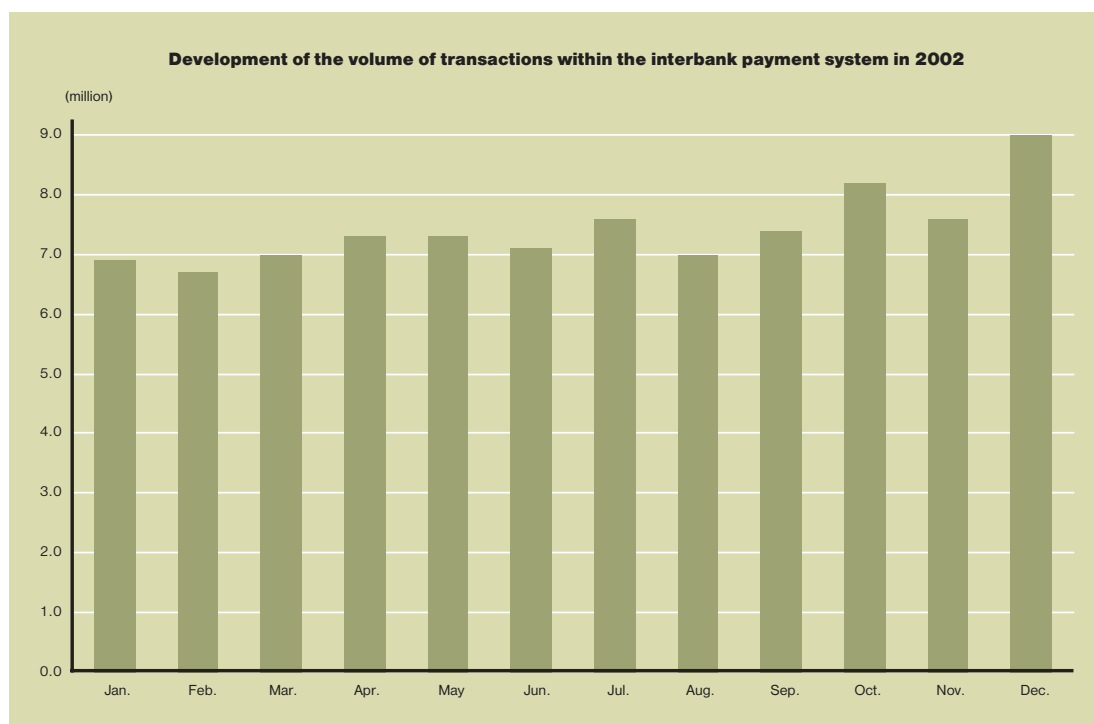
In 2002, there were 24 participants in the system, processing 89.1 million transactions, i.e. 13% more than a year ago. The total transaction value amounted to Sk 22,395,667 million, equal to an increase of 41% over a year ago.

In 2002, major changes took place in the interbank payment system. At the general meeting of SNCC shareholders in January 2002

it was decided that the SNCC should cease as the interbank payment system operator on 31 December 2002, and, at the same time, a plan was approved for a new interbank payment system drawn up by the National Bank of Slovakia, to be put into operation on 1 January 2003.

The project for the implementation of the new SIPS interbank payment system unfolded over several stages ending with parallel operation from October to December 2002. During parallel operation all interbank payment system data was processed both by the SNCC and by the National Bank of Slovakia. The SIPS interbank payment system was implemented together with a BIPS communication system and a UNIVERZAL-NET data network.

Parallel operation ended in December 2002, all steps having been taken for the NBS-run SIPS interbank payment system to begin operating on 1 January 2003.



3. PAYMENT INSTRUMENTS

The most frequently used non-cash payment media are bank transfers and electronic payment instruments. Of electronic payment instruments, remote-access payment instruments are the most frequently used option, in particular bank payment cards and, last but not least, electronic banking applications, such as internet banking, home banking or telephone applications.

Bank payment cards

As of 31 December 2002, 2.46 million bank payment cards were in circulation, of which 96.2% (2.36 million) were debit cards, 3.5% (86,000) credit cards and 0.3% (8,000) charge cards. In comparison with 2001, the number of issued bank payment cards increased by 25% which, if measured per capita, means that every other person holds a bank payment card.

Almost 80% of the total number of bank payment cards in circulation are international

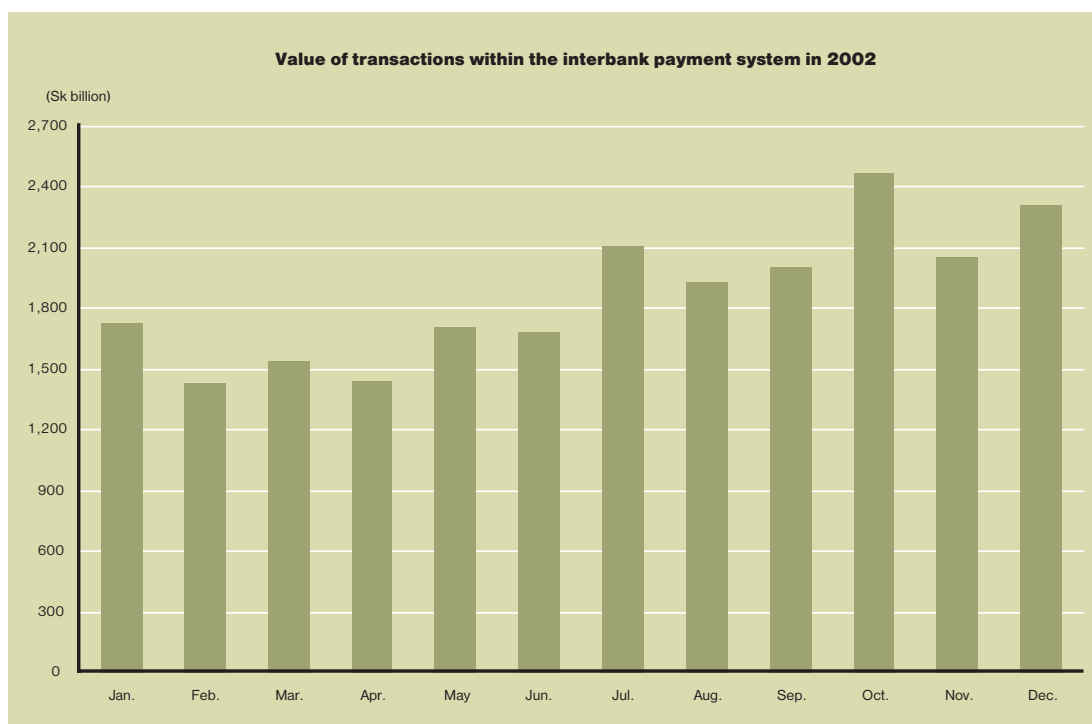
bank payment cards and 20% are domestic bank payment cards. Banks issue bank payment cards of the card associations VISA (VISA and VISA Electron) and MasterCard Europe (MasterCard and Maestro), American Express, Diners Club and domestic payment cards ZBK.

In the Slovak Republic cardholders have at their disposal a network of 1,366 ATMs and 15,931 POS terminals, of which 12,265 are EFT POS terminals and 3,666 sales outlets with imprinters.

Out of the 1,366 ATMs cardholders can use all ATMs for withdrawing cash and checking their account balance, 20 ATMs for depositing cash, 830 ATMs for domestic credit transfers and 910 ATMs for mobile phone top-ups.

Payment terminals are used primarily for payments and to a lesser extent also for withdrawing cash, in particular at exchange offices and bank branches.

A discernible trend in acceptance of bank payment cards is more dynamic growth in the number of EFT POS terminals in comparison with



the growth in the number of ATMs, which in a year-on-year comparison, indicates an increase in the number of EFT POS terminals by 28% and ATMs by 15%. Cash withdrawals from ATMs (79% of the total number of transactions) continue to dominate over payments (21%). The value of cash withdrawals from ATMs represented 87% of the total value of transactions and the value of payments 13%. In comparison with the previous year this is a 2% increase in the number and value of cash withdrawals from ATMs, showing that cardholders continue to prefer paying by cash rather than by non-cash means.

Electronic banking payment applications

Electronic banking payment applications enable clients to withdraw funds from their bank accounts electronically.

Among the most popular electronic banking payment applications are computer and telephone-based applications such as home banking, internet banking and mobile banking, enabling the clients to perform transfer of funds.

Other services and products

Banks currently provide their clients with various types of services related to non-cash payment instruments:

- a) cardholders can carry out domestic credit transfers as well as mobile phone top-ups via ATMs,
- b) holders of virtual payment cards or bank credit cards can make purchases on-line via the internet,
- c) internet systems enable small value payments (micropayments) for services provided over the internet.

4. CO-OPERATION WITH INTERNATIONAL INSTITUTIONS

In connection with the Slovak Republic's preparations for accession to the European Union, and later to the Economic and Monetary Union, the National Bank of Slovakia has been working with the European Central Bank, which accords considerable importance to payment systems and regularly organises meetings with the accession countries to discuss its objectives, strategies and current problems. Bilateral discussion and consultation on future strategy in the field of the international development of payment systems is also considered important.

The National Bank of Slovakia also co-operates with other international institutions, such as the International Monetary Fund and the Bank for International Settlements.

In 2002, the National Bank of Slovakia participated in an assessment programme organised by the European Central Bank, as well as in an assessment of Slovakia's financial system (FSAP, Financial Sector Assessment Program) co-ordinated by the International Monetary Fund and the World Bank. The assessment included the current payment system infrastructure in the Slovak Republic.

The assessment undertaken by the European Central Bank focused on the infrastructure of payment systems, securities settlement systems and the oversight of these systems. At the final stage of assessment, the European Central Bank presented a comprehensive assessment report on the condition and preparedness of the infrastructure of payment systems and securities settlement systems of each candidate country to join the European Union and later the Economic and Monetary Union. The National Bank of Slovakia received the official assessment report in September 2002. The report concludes that the infrastructure of payment and securities settlement systems in the Slovak Republic will be, after incorporating the recommendations

made by the European Central Bank, fully prepared for accession and for smooth integration into European structures.

In complying with one of those recommendations, in November 2002, a Memorandum of Understanding was signed between the National Bank of Slovakia and the Financial Market Authority governing co-operation in banking supervision, payments systems oversight and foreign exchange operations, as well as in supervision of the financial market as regards the capital market and insurance.

5. PAYMENTS SYSTEM OF THE NATIONAL BANK OF SLOVAKIA

The National Bank of Slovakia maintains client accounts, executes payments and provides other payment-related services using the ABO payment and accounting system.

Clients holding accounts with the National Bank of Slovakia are specified in Act No. 566/1992 Zb. on the National Bank of Slovakia, Act No. 303/1995 Z.z. on budgetary rules, and Act No. 291/2002 Z.z. on the State Treasury, amending certain other laws. The National Bank of Slovakia maintains accounts in particular for banks, organisations managing state budget funds, organisations managing budget funds of higher territorial units, public universities, and its employees.

F. INTERNATIONAL ACTIVITIES



1. THE NBS AND THE INTEGRATION PROCESS

In October 1993, the Slovak Republic and the European Union and its member states signed the European Association Agreement which came into force in February 1995. The Europe Agreement lays down the legal framework for political dialogue, and technical and financial assistance provided by the EU member states to Slovakia. In compliance with individual articles of the Agreement, the NBS has taken part in the process of harmonisation and gradual compatibility of the legal and economic environment in the banking sector with the legislative framework in the EU.

Slovakia officially applied for EU membership in June 1995 at the European Council in Cannes. In December 1999 at its Helsinki summit, the Council of the European Union decided to open negotiations on Slovakia's membership of the European Union.

On 12-13 December 2002, a historic summit took place in Copenhagen, which resulted in an official invitation to ten candidate countries, including Slovakia, to join the European Union. Eventually, after the negotiations were over, all countries accepted the invitation.

Looking back, an important methodological guide, helping candidate countries to adapt their legislation to that of the EU, was the White Book published by the European Union. It defined two stages of liberalisation of the capital and foreign exchange regimes. During the first stage, all current payments and long- and medium-term capital movements (maturing in over one year) were to be liberalised. The second stage concerned the movement of short-term capital and was intended to wait until the final leg of transformation. When the Slovak Republic fulfilled Article VIII of the IMF Articles of Agreement on 1 October 1995, the Slovak koruna became convertible within the current account of the balance of payments. In the following period,

most of the requirements set out in the first stage of foreign exchange regime liberalisation were met, as shown in the timetable of the liberalisation of capital movements in Slovakia. The second liberalisation stage is still underway.

Liberalisation of the foreign exchange regime of the Slovak Republic

1 February 1995

- direct investments in European Union member countries

1 December 1996

- direct investments in OECD countries
- acquisition of real estate in OECD member states by Slovakia's residents
- export and import of banknotes and coins denominated in Slovak or a foreign currency – reporting obligation – over Sk 150,000 (tourism) or Sk 20,000 (postal money orders, mail deliveries)
- financing loans provided by residents to non-residents based in an OECD member state repayable over 5 years
- financing loans received by residents from non-residents repayable over 3 years

1 April 1998

- issues of foreign securities for domestic trading or for placement on the domestic market when issued by entities based in an OECD member state whose securities are already traded on the main market of a foreign stock exchange, or when government bonds issued by OECD member states are involved:
- residents permitted to trade in the above securities
- mandatory conversion of foreign exchange abolished
- branches of foreign banks – acquisition of titles to domestic real estate required as business premises for their operation under a contract for work (subject to a 10-year transfer ban running from the date of acquisition)

1 January 2000

- extension of operations involving foreign securities specified in the liberalisation step of 1 April 1998 to include non-OECD countries
- foreign issues of domestic bonds maturing in 1 year or more
- financing loans provided by residents to non-residents based in an OECD member state repayable over 1 year
- financing loans received by residents from non-residents repayable over 1 year
- sureties, guarantees and financial support instruments maturing over 1 year
- financial institutions (branches of foreign banks, foreign insurance companies, foreign securities brokers and foreign asset management companies) – acquisition of titles to domestic real estate required as business premises.

1 January 2001

- receiving and providing financing loans repayable within 1 year
- sureties, guarantees and financial support instruments maturing within 1 year
- non-residents based in a EU or OECD member state operating a domestic organisation unit for business – acquisition of titles to domestic real estate required as business premises for the organisation unit
- extension of operations in foreign securities to include those not traded on a main market of a foreign stock exchange

1 January 2002

- liberalisation of domestic transactions in foreign securities

Further liberalisation steps approved by Act of the National Council of the Slovak Republic No. 456/2002 of 25 June 2002, amending the National Council of the Slovak Republic Act No. 202/1995 Z.z. (Foreign Exchange Act):

1 January 2003

- liberalisation of financial derivatives and remaining restrictions on securities

1 January 2004

- abolition of the repatriation obligation, liberalisation of resident operations with foreign deposit accounts, liberalisation of foreign currency operations
- liberalisation of direct investments outside OECD and European Economic Area countries, and of portfolio investments
- acquisition of titles to real estate outside OECD and European Economic Area countries

Upon Slovakia's accession to the EC and EU

- Non-residents – acquisition of titles to real estate, except for real estate subject to separate laws including the acquisition of farming land (except for persons other than Slovak citizens or EU member state citizens temporarily residing in the Slovak Republic who have farmed the land for at least 3 years after the valid date of the Agreement on the Accession of the Slovak Republic to the EC and EU).

The period between September 2001 and the end of December 2002 may be seen as a time of considerable progress in Slovakia's integration to the European Union. At that time, Slovakia once again put to test its negotiating skills and gained valuable experience in the process of accession to the European Union.

Overall, Slovakia had to defend its position in 31 chapters. By December 2002 (Copenhagen summit), Slovakia had defended and closed 30 negotiation chapters. Two further negotiation chapters (30 – Institutions, 31 – Miscellaneous) were added to the original number of 29.

The National Bank of Slovakia has collaborated on the following negotiation chapters:

	<i>Authority in charge</i>
3 – Free Movement of Services	MF SR (Ministry of Finance)
4 – Free Movement of Capital	MF SR
11 – Economic and Monetary Union	MF SR
12 – Statistics	ŠÚ SR (Slovak Statistical Office)
31 – Miscellaneous	MZV SR (Foreign Ministry)

Chapter 31 – Miscellaneous – was added to the original list of negotiation chapters in November 2002. This chapter deals with issues which surfaced during negotiations and which, though not covered in any of the previous chapters, form a part of European Union legislation. This chapter addresses the following eight areas:

1. European Development Fund,
2. Research Fund for Coal and Steel,
3. European Central Bank,
4. Amendments to the statutes of the European Investment Bank,
5. Protective measures,
6. Implementation and management of pre-accession funds,
7. Transitional measures for EU assistance aimed at institution building in new member states after EU accession
8. Temporary provisions – exchange of letters.

With respect to the above areas, the EU arranged an accession conference to present its common positions suggesting how each respective area should be treated after EU entry. As regards this chapter, the National Bank of Slovakia is particularly concerned with item no 3 – the European Central Bank. It is also expected to participate in issues concerning the European Investment Bank and EU pre-accession funds.

At the Copenhagen summit on 13 December 2002, ten candidate countries (Cyprus, Czech Republic, Estonia, Lithuania, Latvia, Hungary,

Malta, Poland, Slovak Republic and Slovenia) completed accession negotiations and received an invitation to join the European Union. The treaty signing ceremony is scheduled to take place on 16 April 2003 in Athens and the new members are set to enter the European Union on 1 May 2004.

European System of Central Banks and the European Central Bank

The European System of Central Banks (ESCB) is composed of the European Central Bank (ECB) and the national central banks of the current 15 member states of the European Union (EU). Unlike the ESCB, the Eurosystem comprises the ECB and the national central banks of the member states which have already adopted the euro. According to the Statutes of the European System of Central Banks and the European Central Bank, the central banks of candidate countries will be deemed, after their accession, to be central banks of member states with a derogation and will not be bound by the legal acts of the European Union until the abrogation of the derogation and Slovakia's entry into the third stage of the Economic and Monetary Union.

The Eurosystem and the ESCB are governed by ECB's decision-making bodies, i.e. the Executive Board and the Governing Council. Apart from the two above, the General Council was set up as a third temporary decision-making body, due to the existence of EU member states which have not yet adopted the euro. Despite its undisputed role in the process of association of national central banks, the actual decision-making powers at the ECB lie fully with the Governing Council and the Executive Board. The General Council performs mostly tasks related to the introduction of the euro in all member states and certain other functions within ESCB's operations.

The co-operation with the European Central Bank reached a new qualitative level in the last

period. In September 2002 the governor of the National Bank of Slovakia was invited to attend regular General Council meetings as an observer. At the same time, the European Central Bank asked the NBS to nominate representatives to twelve committees of the European System of Central Banks.

These committees are charged with specific tasks of the ESCB, and they are composed of representatives of the central banks of the Eurosystem. Representatives have also been appointed by the national central banks of member states which have not yet adopted the euro. Their representatives participate in a committee when dealing with a matter within the General Council's field of competence. Following ECB's request, in 2002 the central banks of candidate countries, including the National Bank of Slovakia, appointed their representatives to individual committees who will have the position of observers. There are 12 ESCB committees at present:

1. Accounting and Monetary Income Committee
2. Banknote Committee
3. Banking Supervision Committee
4. External Communications Committee
5. Information Technology Committee
6. Internal Auditors Committee
7. International Relations Committee
8. Legal Committee
9. Market Operations Committee
10. Monetary Policy Committee
11. Payment and Settlement Systems Committee
12. Statistics Committee

Reliable and fast information transfer is essential for effective co-operation between the NBS and the ECB. To that end, in summer 2002, the NBS was given the opportunity to connect to the ECB and other central banks via a secure e-mail system CebaMail (Central Bank Mail). This system was designed for the exchange of documents between the NBS and

ECB and between the NBS and other central banks within the system.

The activities mentioned above document that the NBS has already become an active partner to central banks of the European Union member states.

Phare Programme

Since its establishment, the National Bank of Slovakia has also participated in a programme of technical assistance provided by the European Union to the Slovak banking sector and the NBS itself financed from the PHARE fund. The actual content of the PHARE programme is determined by the priorities of Slovakia's EU pre-accession strategy set out in the Partnership for Accession and further elaborated in the updated National Programme for the Adoption of the Acquis.

At all stages, this form of assistance has played an important part in shaping the banking sector in the Slovak Republic.

A project proposed in the Financial Memorandum 2001, designed to reinforce financial market supervision, failed to win the support of the European Commission, mainly due to doubts about the future institutional position of banking supervision. Since the Report on Preparedness of the Slovak Republic for EU Membership published in November 2001 highlights the importance of increasing the administrative capacities of supervision of financial services, the NBS, in connection with the PHARE programme based on the Financial Memorandum 2002, re-submitted a project updated in line with a government-approved concept for integrated supervision. The PHARE Management Committee in Brussels approved the project and allocated EUR 2 million from EU funds for its implementation. This task also corresponds with the tasks set in the area of banking supervision as one of the conditions of the Staff Monitored Program and the EFSAL Agreement with the World Bank.

2. CO-OPERATION BETWEEN THE NBS AND INTERNATIONAL INSTITUTIONS

International Monetary Fund (IMF)

In 2002, the top management of the National Bank of Slovakia took part in the spring meeting and in the Annual Meeting of the Boards of Governors of the IMF and World Bank in Washington. The agenda of the Annual Meeting featured these main topics:

- *Global Economy and Financial Markets*

The International Monetary and Financial Committee (IMFC) found that there had been economic growth in all major world regions, though slower than expected in early 2002. Although the world economy is still expected to strengthen, risks of setbacks and instability, as well as medium-term problems related to a long-term disruption of balance, persist. The IMF member countries should be ready to take necessary measures to promote general and durable growth.

- *Strengthening Crisis Prevention and Resolution*

The Committee supported the steps taken by the Fund to help countries prevent crises and, should they occur, to alleviate side-effects. Part of IMF's policy on crisis prevention is to spend considerable resources to improve the ability to assess member countries vulnerability to financial crises. The Fund's supervision focused primarily on improved data quality and transparency. Timely and detailed data on foreign debt and capital flows increase the chance of spotting vulnerability and calling for necessary action in advance. The financial sector is one of the main sensitivity indicators, as it is affected by the behaviour and expectations of international financial markets, national business environment and the banking sector.

- *The Fund's Role in Low-Income Countries*

At the meeting, the Committee appreciated the role played by the Fund in the system of aid for poor countries in trying to reduce poverty and spur growth. The IMFC praised the countries for increased efforts to develop and implement their Poverty Reduction Strategy Papers (PRSP). More and more countries are preparing their programmes in search for bilateral and multilateral aid.

The progress made by the HIPC Initiative (Initiative for Heavily Indebted Poor Countries) was commended highly. Nevertheless, the Committee pointed out that debt relief alone would not guarantee sustainable growth and poverty reduction under the HIPC. It must be accompanied by some real improvement in economic and social policies, as well as sound economic management and a strong government in afflicted countries.

- *Combating Money Laundering and Financing of Terrorism*

The Committee welcomed measures adopted by many member countries to fight money laundering and terrorism financing in follow-up to the action plan approved in November 2001 in Ottawa, and called on countries which had yet to take similar measures to do so as soon as possible. It also insisted on swift action on information sharing between individual member countries in respect of suspicious transactions in the financial sector.

As part of a long-term, mutually beneficial, and stable relationship between the Slovak Republic and the International Monetary Fund, several IMF missions took place in 2002, aimed at:

- *an assessment of the performance of the Staff Monitored Program – SMP* (February – March 2002). This is a support programme designed by the IMF Executive Board for the Slovak Republic to facilitate an EFSAL loan from the World Bank. The mission considered that SMP performance was satisfactory. Economic growth continues and fiscal and

monetary performance is consistent with the programme.

- *an assessment of fiscal transparency* (June 2002). In its final report, the mission said that financial management and transparency had improved a great deal in the last two years and that the Slovak Republic meets the fiscal transparency code in many areas.
- *medium-term policy development* in connection with the arrival of a new government and 2003 budget (November 2002). The mission appreciated the low inflation and improved economic recovery, but voiced concerns over the large deficit in the external account of the balance of payments. The mission suggested tightening fiscal policy, loosening the monetary policy and speeding up preparations for admission to the euro area.

Article IV consultations with the Slovak Republic, held once a year with each member country, took place during the May 2002 mission. The IMF mission looked at economic growth and strategy in the fiscal, monetary and foreign exchange areas, as well as other vital aspects of economic policy. It praised Slovakia for following through on its programme of stabilisation and comprehensive restructuring and privatisation. A discussion on the report on the Slovak Republic at the IMF Executive Board in Washington in August 2002 concluded Article IV consultations for 2002.

In May 2002, the National Bank of Slovakia made a bid to host a meeting of representatives of ministries of finance and central banks of the Belgian constituency of the International Monetary Fund and the World Bank. Belgium, as the lead country at the Belgian constituency, welcomed the initiative and asked NBS officials to organise the meeting in the first half of 2003.

In August 2002, the Executive Director of the Belgian Constituency, Willy Kiekens, approached the IMF member countries for presenting measures taken to combat money laundering

along with updates of their national action plans. The NBS sent in the document together with an update of the National Action Plan on 10 September 2002.

World Bank (WB)

In March and April 2002, Slovakia hosted a joint mission of the World Bank and International Monetary Fund experts invited by the Slovak government to evaluate its financial sector (FSAP – Financial Sector Assessment Program). The principal aim of the mission was to identify the sector's strengths and weaknesses, detect potential vulnerabilities and key opportunities for future development of the financial system in Slovakia. Against a backdrop of constantly changing financial structure and external environment, the mission pointed to difficult tasks to be tackled by the financial sector and identified obstacles it needs to overcome to fully apply basic standards, in particular those concerning insolvency and protection of creditor rights.

The mission was very important in Slovakia's run-up to European Union accession. A team of WB and IMF experts was deployed at all relevant Slovak institutions and, based on available information, wrote an assessment report in September 2002 including recommendations for improved functioning of the financial sector. The recommendations concerning NBS activities are being implemented on an ongoing basis.

In December 2002, a World Bank mission came in to review the implementation of the programme supported by the Enterprise and Financial Sector Adjustment Loan (EFSAL). The main purpose of the mission was to measure the progress made in the fulfilment of conditions set for the release of the second and the third tranches of the loan under the conditions defined in the EFSAL Agreement of 2001. In addition, the mission discussed technical support for the FSAP. The conclusions drawn by the mission contain recommendations for Slovak authorities.

The total EFSAL committed is EUR 200 million to be drawn in three tranches. The WB released the first tranche (EUR 60 million) in December 2001. The second and the third tranche (EUR 70 million each) are likely to become available in autumn 2003, provided that applicable conditions are complied with.

In late 2002, the International Bank for Reconstruction and Development (IBRD) opened an office in Slovakia (Bratislava) as a contact point for closer co-operation between the Slovak Republic's institutions and the IBRD.

On 27 March 2002, following government resolution No. 111 of 1 March 2000, the Ministry of Finance of the Slovak Republic paid US\$ 161,372 as the second portion of the Slovak Republic's supplementary capital contribution to the Multilateral Investment Guarantee Agency (MIGA).

On 17 January 2002, following government resolution No. 1142 of 22 December 1999, the Ministry of Finance of the Slovak Republic paid the second portion of the Slovak Republic's contribution to the 12th replenishment of resources of the International Development Association (IDA) in the amount of SDR 570,000 (US\$ 717,630).

As part of the fulfilment of obligations of the Slovak Republic towards the World Bank, the National Bank of Slovakia paid, in co-operation with the Ministry of Finance of the Slovak Republic, interest totalling US\$ 4.72 million, and repaid principal totalling US\$ 19.25 million on the Structural Adjustment Loan (SAL) and Economic Recovery Loan (ERL) in accordance with the repayment schedule.

Bank for International Settlements (BIS)

In 2002, the National Bank of Slovakia continued to carry out its duties as a shareholder in the Bank for International Settlements. In

accordance with a resolution of the 72nd Annual General Meeting of the BIS, held on 8 July 2002, the Bank for International Settlements paid the National Bank of Slovakia dividends of CHF 380 per share for the financial year 2001/2002 ended 31 March 2002. The total dividends remitted amounted to CHF 1,014,600.

Regular meetings of central bank governors at the Bank for International Settlements have focused on monetary policy and other relevant issues of banking sector development thus generating a defining framework for the effective cooperation of central banks. The BIS fosters professional co-operation between banks through regular surveys of foreign exchange market developments and analyses of financial markets, as well as through the activities of the Basle Committee on Banking Supervision, the Committee on Payment and Settlement Systems, the Committee on the Global Financial System, the Committee on Gold and Foreign Exchange, and other expert groups.

Japan Bank for International Cooperation (JBIC)

During 2002, there was a gradual accumulation at intermediary Slovak banks of funds – instalment repayments of the principal from the Two Step Loan I, II and III from the Japan Bank for International Cooperation. These funds were used by the banks in the SR for revolving funding. Up to 31 December 2002, 337 projects valued at Sk 3.8 billion were founded by intermediary banks as part of the revolving use of credit lines – TSL I, II and III.

Due to changed conditions in the credit and money markets, primarily lower interest rates, but also due to the entry of new shareholders to the banks, interest in the utilisation of said funds went down significantly, and some of the intermediary banks gradually paid them back. For this reason, the Bank Board of the NBS decided at its November 2002 meeting to pay off prematurely a part of the funds to the JBIC.

European Investment Bank (EIB)

After EU accession, the Slovak Republic will become a member of the European Investment Bank. EIB membership and admission criteria will be laid down in an amendment to the EIB Statutes. The Slovak Republic will subscribe EUR 408,489,500 worth of its capital. EIB membership will entitle the Slovak Republic to nominate its delegates to the bank's bodies. Slovakia managed to negotiate a more favourable payment schedule (spanning 8 instead of 4 years), than in the original proposal.

European Bank for Reconstruction and Development (EBRD)

In 2002, the European Bank for Reconstruction and Development and Slovakia signed eight projects worth EUR 120.5 million. The sum of EBRD's investments in Slovakia in 2002 was lower than in 2001. In 2001, the Slovak Republic and the EBRD signed projects with a record total since EBRD's arrival in Slovakia – 14 projects totalling EUR 344.5 million.

In the banking sector, the EBRD invested EUR 3.6 million, in a stake in Unibanka, which bought it 19.9% in share capital.

On 12 April 2002, following the Slovak government resolution No. 871/1996, the Ministry of Finance of the Slovak Republic paid the fifth portion of the Slovak Republic's additional capital contribution to the EBRD in the amount of EUR 1.2 million.

International Investment Bank (IIB) and International Bank for Economic Co-operation (IBEC)

The International Investment Bank and the International Bank for Economic Co-operation headquartered in Moscow were founded by member states of the former Council for Mutual Economic Co-operation. After the partition of the Czech and Slovak Federal Republic in 1993,

Slovakia became a member of the IIB and IBEC as an independent country. The Slovak Republic's share in paid-up capital is EUR 10.4 million in the IIB, and EUR 8.6 million in the IBEC.

The top management bodies of both banks are the bank boards, which meet twice a year. Spring meetings are usually held in Moscow (the seat of both banks), while autumn meetings are hosted by one of the member states. In 2002, the autumn meetings of IIB and IBEC bank boards took place in Mongolia.

In 2002, the spring meetings of IIB and IBEC bank boards discussed and approved Annual Reports on the banks' activities in 2001, dealt with the issue of settlement of debts owed to the banks by the Russian Federation, and explored a concept for their future development.

As regards the settlement of Russian Federation's debts to the IIB and IBEC, the Russian side informed that their government was working on a resolution to serve as a basis for the recovery.

Apart from that, the IBEC bank board discussed and approved Basic Principles for the Formation of General Reserves by Individual Types of Assets, a Report on the Activities of the IBEC Revision Commission, a Working Plan of the IBEC Revision Commission for the period from May 2002 to May 2003, and the Appointment of New Members to the IBEC Revision Commission.

The autumn meetings discussed and approved both banks' Activity Reports for the first half of 2002, a Progress Report on the Settlement of the Debts of Cuba and the Russian Federation to the IIB and the IBEC. The IIB Bank Board also approved a Progress Report on the Settlement of Mutual Obligations and Liabilities with Former Member Countries – Hungary and Poland, the Fulfilment of the Budget of General Operating Costs of the Bank for the eight months of 2002, the plan for 2003, and a Working Plan of the IIB Revision Commission for 2003.

Regarding the recovery of IIB's and IBEC's receivables from the Russian Federation, the Russian side said that its government had passed a resolution whereby Russia's liabilities should be discharged in two stages. At the first stage, Russia should pay off IIB's and IBEC's liabilities to London Club creditors, with the paid amount reducing the sum of Russia's arrears to both banks. The rest of Russia's debt to the IIB and IBEC is to be paid off during the second stage. As Russia informed, the first stage should be completed by mid-2003.

During the spring and autumn meetings of the IIB and IBEC bank boards, joint meetings were also held to discuss, in particular, the settlement of both banks' mutual relations with the Russian Federation in respect of the IIB's and IBEC's title to the complex of buildings used as their seat.

World Trade Organisation (WTO)

In 2002, the process was under way of submission of Slovakia's requirements for commitments to other WTO member countries, as well as the process of preparation of stances and supporting documents on liberalisation requirements presented to the Slovak Republic by selected WTO member countries (USA, Switzerland, Japan). The NBS has played an active part in both processes in issues falling into its competence.

In connection with ongoing negotiations on liberalisation of services on WTO soil in Geneva, initial bilateral talks between Slovakia, the United States, Switzerland and Japan were held in October 2002. These were followed by special meetings of the Council for Trade in Services and by bilateral negotiations between delegations of the Slovak Republic and the United States, and of the Slovak Republic and Switzerland, on liberalisation of trade in services which took place in December 2002.

Organisation for Economic Co-operation and Development (OECD)

As in 2001, in 2002 Slovakia again took an active part in the work of 140 OECD committees and working groups. Likewise, the active participation of NBS representatives in relevant OECD committees continued. From time to time, the NBS sent its delegates to meetings of the following committees: Economic Policy Committee (EPC), Economic Development Reviews Committee (EDRC), Committee on International Investments (CIME), Committee on Capital Movements and Current Invisible Transactions (CMIT), and Committee on Financial Markets (CMF).

G. AUDITORS' REPORT



NÁRODNÁ BANKA SLOVENSKA

**AUDITORS' REPORT AND SUMMARISED
STATUTORY FINANCIAL STATEMENTS**

**as of 31 December 2002
and for the year then ended**

Deloitte & Touche spol. s r.o.

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**Deloitte
& Touche**

Národná banka Slovenska

Auditor's Report

To the Bank Board of Národná banka Slovenska:

We have audited the statutory financial statements of Národná banka Slovenska ("the Bank") for the year ended 31 December 2002, in accordance with the Slovak Auditing Standards. The accompanying summarised financial statements, which are included in this annual report, were derived from the audited statutory financial statements.

In our report dated 6 March 2003, we expressed an unqualified opinion on the financial statements from which the summarised financial statements were derived.

The accompanying financial statements are presented in a format comparable with the format used for international financial reporting purposes. In our opinion, the accompanying summarised financial statements, which are included in this annual report, are consistent, in all material respects, with the statutory financial statements from which they were derived.

For a better understanding of the Bank's financial position and the results of its operations for the period and of the scope of our audit, the accompanying summarised financial statements, which are included in this annual report, should be read in conjunction with the statutory financial statements from which they were derived and our audit report thereon.

Bratislava, 6 March 2003



Deloitte & Touche spol. s r.o.
SKAU Licence Number 014



Ing. Zuzana Letková
Responsible Auditor
SKAU Decree Number 865



Deloitte
Touche
Tohmatsu

NÁRODNÁ BANKA SLOVENSKA

Balance Sheets as at 31 December 2002 and 2001

**Derived from the Financial Statements prepared in accordance with Slovak Accounting Regulations
(in millions of Sk)**

Assets	Note	2002	2001
Gold	4	1 026	1 027
Deposits with the International Monetary Fund	5	4 623	5 186
Receivables from foreign banks and international financial institutions	6	26 969	40 233
Receivables from domestic financial institutions and other institutions	7	34 546	43 784
Securities	8	329 943	181 590
Equity shares	9	145	145
Property and equipment	10	6 582	6 700
Other assets	11	1 334	987
Total		<u>405 168</u>	<u>279 652</u>
Liabilities			
Currency in circulation	12	93 898	91 189
Liabilities to the International Monetary Fund	5	4 623	5 186
Liabilities to foreign banks and international financial institutions	13	11 956	23 905
Liabilities to domestic financial institutions	14	128 729	89 413
Securities issued	15	42 530	5 254
Liabilities to the State Budget	16	95 391	13 377
Other liabilities and reserves	17	41 974	40 376
Total liabilities		<u>419 101</u>	<u>268 700</u>
Equity			
Reserve fund	18	10 165	9 925
Statutory fund	18	467	467
Capital fund	18	82	82
Other funds	18	189	152
Current period loss (-)/profit	18	-24 836	326
Total equity		<u>-13 933</u>	<u>10 952</u>
Total		<u>405 168</u>	<u>279 652</u>

Ing. Marián Jusko, CSc.

Governor

Ing. Milena Koreňová

Executive Director of Financial Management and Payments
System Division

Ing. Katarína Taragelová

Director of Budget and Accounting Department

Bratislava, 6 March 2003

NÁRODNÁ BANKA SLOVENSKA**Profit and Loss Statement for the years ended 31 December 2002 and 2001****Derived from the Financial Statements prepared in accordance with Slovak Accounting Regulations****(in millions of Sk)**

	Note	2002	2001
Interest income		12 061	11 978
Interest expense		-11 015	-5 317
Net interest income	19	<u>1 046</u>	<u>6 661</u>
Dividends income		31	33
Fees and commissions received		141	182
Fees and commissions paid		-33	-24
Income from fees and commissions		<u>108</u>	<u>158</u>
Loss (-)/gain from trading securities	20	-454	589
Loss from foreign exchange transactions and positions	21	-23 523	-3 312
Costs of issue of banknotes and coins		-241	-251
Loss (-)/profit from banking activities		<u>-23 033</u>	<u>3 878</u>
Other provisions and reserves		-162	3
Administrative expenses	22	-732	-698
Depreciation	10	-255	-196
Other operating expenses		-666	-630
Total operating expenses		<u>-1 653</u>	<u>-1 524</u>
Extraordinary income and expenses (-)		13	-30
Income tax		-1	-1
LOSS (-)/PROFIT FOR CURRENT YEAR	18	<u>-24 836</u>	<u>2 326</u>
Allotments from profit	18	0	-2 000
Loss (-)/profit for current year less allotments	18	<u>-24 836</u>	<u>326</u>

The footnotes on pages 4 to 20 are an integral part of the Summarised Financial Statements.

3

NÁRODNÁ BANKA SLOVENSKA

Footnotes to the Annual Summary Financial Statements as at 31 December 2002 and 2001,
derived from the Financial Statements prepared in accordance with Directive of the Ministry of
Finance of Slovak Republic 65/356/1996, as amended
(in millions of Sk)

1. General Information

Národná banka Slovenska (The National Bank of Slovakia – herein “NBS” or “the Bank”) is the central bank of the Slovak Republic. NBS was established in accordance with the terms of Act No. 566/1992 Coll. on the National Bank of Slovakia as amended (herein “the NBS Act”). It commenced its activities on 1 January 1993 as the central bank of the Slovak Republic. NBS is a legal entity with its seat at Imricha Karvaša 1, Bratislava, IČO 30844789. When handling its own assets, NBS acts as a business entity. NBS has its head office in Bratislava, it has three branches in the Slovak Republic (Bratislava, Banská Bystrica, Košice) as well as organisational units.

The Bank's key objective is to maintain price stability, and therefore the NBS:

- determines monetary policy,
- issues bank notes and coins,
- controls and co-ordinates money in circulation, domestic payment system and processing of the payment system data,
- supervises the safe functioning of the banking system and bank activities,
- represents the Slovak Republic in international financial institutions and ensures the fulfilment of tasks ensuing from such representation,
- represents the Slovak Republic in world financial market operations related to the fulfilment of the monetary policy.

The supreme management body of NBS is the Bank Board of NBS (herein the “Bank Board”). Pursuant to the NBS Act, the Bank Board has eight members: the governor, two vice-governors, two NBS executive directors and three other members. The governor and vice-governors are appointed and withdrawn by the President of the Slovak Republic. Executive directors and other members of the Bank Board are appointed and withdrawn by the government of the Slovak Republic. Pursuant to the Act No. 149/2001 Coll. from 6 April 2001, valid from 1 May 2001, amending the NBS Act, the term of office of the Bank Board members is five years. Until 30 April 2001, the term of office of the governor, vice-governors and executive directors was six years. Term of office of the other members of the Bank Board was four years. Membership of the Bank Board is limited to a maximum of two consecutive terms of office. The NBS is represented by the governor.

In 2002, the members of the Bank Board were as follows:

Name	Position	Term of appointment	
Ing. Marián Jusko, CSc.	Governor	from 30 July 1999	till 30 July 2005
Ing. Elena Kohútiková, CSc.	Vice-Governor	from 28 March 2000	till 28 March 2006
Ing. Ivan Šramko	Vice-Governor	from 11 January 2002	till 11 January 2007
Ing. Ján Mathes	Executive Director	from 1 January 1999	till 1 January 2005
RNDr. Karol Mrva	Executive Director	from 1 December 2000	till 1 December 2006
Prof. Ing. Jozef Košnár, DrSc.	Member	from 1 December 2000	till 1 December 2004

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2. Basis for preparation of financial statements

The summarised financial statements for the inclusion in annual report are derived from the audited ordinary statutory financial statements prepared in accordance with the Accountancy Act No. 563/1991, as amended (herein "the Accountancy Act"). The summarized financial statements are presented in a format comparable with the format used for the purpose of reporting according to the International Financial Reporting Standards. For a better understanding of the Bank's financial position and the results of its operations for the period, the summarised financial statements for the inclusion in annual report should be read in conjunction with the statutory financial statements from which they were derived. Total balance of assets and liabilities per the summarized financial statements for the inclusion in annual report differs from the total balance of assets and liabilities per the statutory financial statements (Sk 603 817 million as at 31 December 2002 and Sk 472 761 million as at 31 December 2001), due to netting-off certain items separately presented in assets and liabilities to ensure better presentation of the summarized financial statements for the inclusion in annual report.

The 2002 Financial Statements of the NBS were prepared as ordinary statutory financial statements as at 31 December 2002.

All figures presented in the financial statements for the previous period are in a form comparable with the 2002 figures.

The changes in accounting treatment of interest income and expense on the transactions with the State Treasury and State Funds resulted in changes in presentation of aforementioned items in the Profit and Loss Statement in 2002. Data for the previous accounting period was adjusted to be comparable with 2002.

3. Accounting rules

3.1. Valuation of assets and liabilities

The Bank has performed a valuation of its assets and liabilities in its accounting records and financial statements in compliance with Articles 24 and 25 of the Accountancy Act.

- Gold was valued at a historical acquisition cost of Sk 62.54451/gram.
- Trading securities were valued at cost of acquisition. A weighted arithmetic average was used for valuation of the disposal of the same type of securities. The Bank created provisions in cases where the market value of the discounted securities in the financial statements was lower than the average cost of acquisition of these securities and accrued interest. The Bank created provisions for fixed interest securities in the financial statements if their market value was lower than their average cost of acquisition.
- Issued NBS treasury bills were valued at the nominal value and difference between their nominal value and selling price (discount) was recorded on accruals accounts and amortised in the Bank's profit and loss on a straight-line basis.
- Equity securities were valued at the cost of acquisition.
- Purchased inventory was valued at the acquisition cost.
- Cash, stamps, and vouchers were valued at nominal value.
- Receivables and liabilities (including a liability from issuance of currency) were valued at nominal value. Provisions were created for receivables in the financial statements for any impairment of their values.
- Property and equipment was recorded in the balance sheet at acquisition cost, or replacement cost. Depreciated property and equipment was decreased by accumulated depreciation.

These footnotes are an integral part of the Summarised Financial Statements.

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3.2. Valuation of assets and liabilities denominated in foreign currency

Assets and liabilities denominated in foreign currency were converted to Slovak currency using the NBS exchange rate as at the transaction date and the exchange rate as at 31 December 2002 in its year-end financial statements.

The exchange rates of the main foreign currencies used for the valuation of assets and liabilities as at 31 December were as follows:

Currency	Amount	2002 exchange rate	2001 exchange rate
USD	1	40.036	48.467
EUR	1	41.722	42.760
JPY	100	33.511	36.915
XDR	1	54.226	60.836

3.3. Depreciation of property and equipment

The Bank applied the annual depreciation rates for tangible and intangible assets in 2002 as follows:

Depreciation group	Depreciation period in years	Annual depreciation rate in %
1	4	25.0
2	8	12.5
3	15	6.7
4	30	3.4
5	40	2.5
6	set individually	individual rate

Property and equipment is categorised as follows:

1. Office equipment, data processing machines, passenger vehicles and vans, software
2. Instruments and special technical equipment
3. Security systems
4. Utility equipment
5. Buildings and structures
6. Fixed assets depreciated using an individual rates (e.g. security monitoring systems)

3.4. Receivables write-off

When writing off its receivables, the NBS followed the Directive of the Ministry of Finance of the Slovak Republic No. 65/355/1996, as amended, establishing the chart of accounts and accounting procedures for banks, Income Taxes Act No. 366/1999 Coll., as amended, and internal legal regulations of the NBS.

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3.5. Taxes

In accordance with Article 18 of Act No. 366/1999 Coll. on Income Taxes, as amended, the NBS is a corporate income tax payer and the only taxable income is income subject to withholding tax.

In 2002, the NBS was a VAT payer. Since 1 March 2003, the NBS has ceased to be a VAT payer.

3.6. Result of operations for the current year

For the year ending 31 December 2002, the NBS reported a loss. Pursuant to Article 38 of the NBS Act, the Bank Board decided that the 2002 loss will remain unsettled, and will be transferred to the next accounting period and will be settled from profits for future accounting periods and other NBS sources.

4. Gold

The value of gold under NBS administration was Sk 1 026 million (Sk 1 027 million in 2001), e. g. 16.4 million grams of pure gold.

Gold used in swap transactions in the amount of 18.7 million grams has not been included. The NBS purchased put options to secure swap transactions with gold (see Notes 21 and 24).

5. Deposits with and liabilities to the International Monetary Fund (the "IMF")

Deposits with and liabilities to the IMF:

	2002	2001
The IMF membership quota	4 623	5 186
Total receivable from the IMF	4 623	5 186
Loan tranche	4 623	5 186
Total liability to the IMF	4 623	5 186

The IMF membership quota was denominated in Special Drawing Rights (XDR), and converted to Sk using the exchange rate regularly set by the IMF.

Liabilities to the IMF represented drawings of a reserve tranche up to the amount of the IMF membership quota paid in XDR.

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6. Receivables from foreign banks and international financial institutions

Below is the structure of receivables from foreign banks and international financial institutions:

	<u>2002</u>	<u>2001</u>
Current accounts with banks	1 401	1 516
Time deposits with banks	2 471	12 670
Loans under repurchase transactions	23 097	26 047
Total	<u>26 969</u>	<u>40 233</u>

Term deposits were made in USD in the amount of Sk 2 471 million (2001: Sk 10 190 million in USD and Sk 2 480 million in EUR respectively).

Under repurchase transactions, the NBS provided loans in EUR in the amount of Sk 23 097 million (in 2001: loans in USD equal to Sk 2 423 million, and loans in EUR equal to Sk 23 624 million) secured with bonds denominated in EUR.

The analysis of receivables from foreign banks and international financial institutions by remaining contractual maturity period is outlined in Note 25.

7. Receivables from domestic financial institutions and other institutions

Below is the structure of receivables from domestic financial institutions and other institutions:

	<u>2002</u>	<u>2001</u>
Current accounts	146	130
Loans to support small and middle size businesses	3 274	6 340
Redistribution loans	17 856	21 232
Other receivables	13 270	16 082
Classified receivables	11	11
Provisions for classified receivables	-11	-11
Total	<u>34 546</u>	<u>43 784</u>

The Bank has been provided state guarantees for redistribution loans (see Note 24).

The analysis of receivables from domestic financial institutions and other institutions by remaining contractual maturity period is outlined in Note 25.

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8. Securities

Securities held by the NBS included foreign securities structured as follows:

Issued by	Type of security	2002	2001
Public sector	State treasury bills	124 505	53 424
	Medium-term bonds	52 665	33 673
	Long-term bonds	48 378	45 061
	Provisions	-271	-642
		<u>225 277</u>	<u>131 516</u>
Financial institutions	Treasury bills	48 618	6 122
	Short-term bonds	20 945	9 495
	Medium-term bonds	24 689	21 823
	Long-term bonds	10 693	12 805
	Provisions	-279	-171
		<u>104 666</u>	<u>50 074</u>
Total		<u>329 943</u>	<u>181 590</u>

Foreign securities issued by the public sector included state treasury bills and government bonds issued in EU member countries, the USA and Japan.

The analysis of securities held by the Bank by remaining contractual maturity period is outlined in Note 25.

9. Equity shares

The NBS owned 120 shares in Bankové Zúčtovacie Centrum Slovenska, a. s., Bratislava (Slovak Bank Clearing Centre) in the amount of Sk 120 million, representing 39.47% share in the equity. In addition, the Bank owned 2 670 shares in the Bank for International Settlements in Basel, Switzerland, totalling Sk 25 million and representing 0.50% share in it's equity.

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10. Property and equipment

10.1. Intangible assets

Intangible assets (IA)	Intangible assets	Acquisition of IA	Total
Balance of IA as at 1 January 2002	166	16	182
Additions	23	9	32
Disposals	30	23	53
Transfers			
Balance of IA as at 31 December 2002	159	2	161
Accumulated depreciation as at 1 January 2002	130		130
Depreciation for current year	23		23
Accumulated depreciation of disposed IA	30		30
Accumulated depreciation as at 31 December 2002	123		123
Book value of IA as at 1 January 2002	36	16	52
Book value of IA as at 31 December 2002	36	2	38

10.2. Tangible assets

Tangible assets (TA)	Land	Other TA non-depreciated	Buildings and structures	Technical equipment and machines	Other TA depreciated	Acquisition of TA	Prepayments made	Total
Balance of TA as at 1 January 2002	302	71	1 276	1 297	170	4 810	68	7 994
Additions		6	4 227	570	210	304	14	5 331
Disposals	3		127	65	24	5 009	37	5 265
Transfers		-5			-2			-7
Provisions							-44	-44
Balance of TA as at 31 December 2002	299	72	5 376	1 802	354	105	1	8 009
Accumulated depreciation as at 1 January 2002			205	1 007	128			1 340
Depreciation for current year			66	122	44			232
Accumulated depreciation of disposed TA			23	35	49			107
Accumulated depreciation as at 31 December 2002			248	1 094	123			1 465
Book value of TA as at 1 January 2002	302	71	1 071	290	42	4 810		6 654
Book value of TA as at 31 December 2002	299	72	5 128	708	231	105	1	6 544

These footnotes are an integral part of the Summarised Financial Statements.

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11. Other assets

Below is the structure of other assets:

	<u>2002</u>	<u>2001</u>
Accruals	762	515
Other	707	472
Provisions for other assets	-135	0
Total	<u>1 334</u>	<u>987</u>

Provisions for other assets mainly related to provisions for supplier financing contracts.

12. Currency in circulation

Liabilities from currency in circulation included valid domestic banknotes and coins issued by the Bank.

13. Liabilities to foreign banks and international financial institutions

Below is the structure of liabilities to foreign banks and international financial institutions:

	<u>2002</u>	<u>2001</u>
<i>Deposits</i>		
European Investment Bank in Luxembourg (EIB)	1	0
World Bank	1 502	1 598
PHARE Fund	1	1
	<u>1 504</u>	<u>1 599</u>
<i>Loans</i>		
Repurchase transactions	0	7 973
Japan Bank for International Cooperation	9 283	11 554
European Investment Bank in Luxembourg (EIB)	1 169	1 343
Credit balance in Nostro Account	0	1 436
	<u>10 452</u>	<u>22 306</u>
Total	<u>11 956</u>	<u>23 905</u>

Loans received from international banks represented long-term loans specified to supplement resources of domestic banks selected to support small and middle size businesses and certain industries in the Slovak Republic.

The Bank plans a premature partial repayment of the Two Step Loans (TSL) from Japan Bank for International Cooperation in 2003 in the amount of Sk 6 755 million (JPY 20 156 million).

The analysis of liabilities to foreign banks and international financial institutions by remaining contractual maturity period is outlined in Note 25.

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14. Liabilities to domestic financial institutions

Below is the structure of liabilities to domestic financial institutions:

	<u>2002</u>	<u>2001</u>
Current accounts	2 598	1 954
Term deposits	15 706	10 814
Money reserves of banks	21 374	22 769
Loans under repurchase transactions	84 719	51 366
Other liabilities	4 332	2 510
Total	<u>128 729</u>	<u>89 413</u>

Repurchase transactions with domestic banks were carried out to manage the liquidity and the amount of currency in circulation, and were secured with NBS treasury bills (see Note 15).

The analysis of liabilities to domestic financial institutions by remaining contractual maturity period is outlined in Note 25.

15. Securities issued

The NBS records liability arising from the issue of treasury bills in the amount of Sk 192 530 million (2001: Sk 145 254 million). Treasury bills were issued to generate sufficient reserves of securities for sterilising repurchase transactions. Such transactions related to the execution of monetary policy in the area of open market transactions.

The NBS treasury bills in the amount of Sk 128 175 million (2001: Sk 57 154 million) were used as sterilising repurchase instruments, thereof Sk 85 645 million (2001: Sk 51 900 million) in the form of sterilising repurchase transactions, and Sk 42 530 million (2001: Sk 5 254 million) in the form of direct issues to the portfolios of domestic banks.

16. Liabilities to the State Budget

Below is the structure of liabilities to the State Budget:

	<u>2002</u>	<u>2001</u>
Current accounts of the Slovak Republic	23 185	7 321
Term deposits of the Slovak Republic	72 206	6 056
Total	<u>95 391</u>	<u>13 377</u>

Liabilities to the State Budget included current accounts of the Slovak Republic in the amount of Sk 23 185 million and term deposits of the Slovak Republic in the amount of Sk 72 206 million.

The analysis of liabilities to the State Budget by remaining contractual maturity period is outlined in Note 25.

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17. Other liabilities and reserves

Below is the structure of other liabilities and reserves:

	2002	2001
Reserves	15 033	15 490
Deposits of non-budget funds of the Slovak Republic Bodies	14 502	16 539
Special transactions with funds of the Slovak Republic	3 160	1 391
Forward transactions clearing accounts	4 298	5 694
Funds deposited by municipalities	1 158	0
Accruals	537	539
Other	3 286	723
Total	41 974	40 376

Reserves included reserves for foreign exchange transactions totalling Sk 15 033 million (2001: Sk 15 480 million), thereof the major portion included reserves for open foreign exchange position in the amount of Sk 13 728 million (2001: Sk 13 441 million), and reserves for gold swap transactions in the amount of Sk 1 305 million (2001: Sk 2 039 million).

The Bank's reserve for open foreign currency position is assessed based on the estimated development of foreign currency reserves and expected changes in the exchange rates and is intended to hedge against the related risk. In 2002, the reserve for the open foreign currency position was used in the amount of Sk 13 441 million. At the same time, due to an expected risk of strengthening of the exchange rate of the Slovak crown in 2003, the NBS created a reserve for the open foreign currency position amounting to Sk 13 728 million.

Reserve for gold swap transactions were recognised to cover differences between market price of gold used in swap transactions and its historical cost to prevent high volatility in exchange rate gains and losses (see Note 21).

As at 31 December 2002, Special Transactions with funds of the Slovak Republic represented special funding received from the European Union Fund administered by the Ministry of Finance of the Slovak Republic in the amount of Sk 3 160 million.

Included in Other were mainly current accounts and term deposits of other clients and amounts due to suppliers.

18. Equity and allocation of loss (-)/profit

Equity accounts were summarised as follows:

	2002	2001
Reserve fund	10 165	9 925
Statutory fund	467	467
Capital fund	82	82
Other funds	189	152
Loss (-)/profit of current accounting period	-24 836	326
Total equity	-13 933	10 952

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The NBS incurred a loss of Sk 24 836 million for the year ended 31 December 2002. The loss is principally related to foreign currency translation losses incurred. During the year 2002, the exchange rate of the Slovak Crown to the Euro appreciated by 2.4% (from 42.76 SKK/EUR to 41.722 SKK/EUR), the exchange rate of the Slovak Crown to USD appreciated by 17.4% (from 48.467 SKK/USD to 40.036 SKK/USD). The net foreign currency position increased in 2002 by 73.4% from Sk 198 781 million to Sk 344 708 million (see Note 23). This increase is attributable substantially to foreign currency proceeds from the privatisation or sale of State assets.

Pursuant to Article 38 of the NBS Act, the Bank Board, at its meeting held on 24 January 2003, decided that the 2002 loss will remain unsettled, and will be transferred to the next accounting period and will be settled from profits of future accounting periods and other NBS sources (see Note 26). The amount of future profits and probable period of the loss coverage are uncertain. As at 31 December 2002, the Bank has reported negative equity Sk 13 933 million. After the required revaluation of the gold, financial derivatives and marketable securities and after transfer of the social fund, the remuneration fund and the retirement fund from equity to liabilities as at 1 January 2003 (see Note 26), the total equity of the NBS at that date was Sk 1 354 million (positive).

At the meeting held on 20 December 2002, the Bank Board of the NBS decided that allotments to funds would be realised as transfers from the reserve fund.

19. Net interest income

The net interest income was created as follows:

	<u>2002</u>	<u>2001</u>
Interest received from domestic banks	1 282	2 530
Interest received from foreign banks and international financial institutions	351	194
Interest income from securities	8 921	8 531
Interest income under repurchase transactions	596	666
Other interest income	911	57
Interest income	<u>12 061</u>	<u>11 978</u>
Interest paid to Ministry of Finance of the Slovak Republic	-2 920	-506
Interest paid to domestic banks	-591	-528
Interest paid to foreign banks and international financial institutions	-346	-441
Interest expense under repurchase transactions	-5 802	-2 952
Other interest expense	-1 356	-890
Interest expense	<u>-11 015</u>	<u>-5 317</u>
Net interest income	<u>1 046</u>	<u>6 661</u>

The interest income from securities including income from bonds in the amount of Sk 5 948 million (2001: Sk 5 914 million) and income from discounted securities in the amount of Sk 2 973 million (2001: Sk 2 617 million) had the most significant effects on the reported net interest income.

Interest paid to the Ministry of Finance of the Slovak Republic included interest on term deposits in the amount of Sk 2 281 million and interest on current accounts in the amount of Sk 639 million.

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20. Loss (-)/gain from trading securities

Loss(-)/gain from trading securities were created as follows:

	2002	2001
Capital gain from securities	1 946	2 160
Capital loss from securities	-2 636	-2 098
Use of provisions for securities	786	1 341
Creation of provisions for securities	-550	-814
Loss (-)/gain from trading securities	-454	589

Capital gains from securities included income from disposals of securities denominated in USD and EUR. The major portion of the capital loss from securities represented the difference between the nominal value of NBS treasury bills and their selling prices on the primary market in the amount of Sk 1 312 million (2001: Sk 1 462 million) and the loss from interest-bearing securities in the amount of Sk 1 295 million (2001: Sk 598 million).

21. Loss from foreign exchange transactions and positions

Loss from foreign exchange transactions was incurred as follows:

	2002	2001
Income from foreign exchange transactions	15 684	8 075
Costs of foreign exchange transactions	-39 654	-12 883
	-23 970	-4 808
Use of reserves for foreign exchange transactions	14 175	1 496
Creation for reserves for foreign exchange transactions	-13 728	0
Loss from foreign exchange transactions	-23 523	-3 312

The NBS reported net exchange rate loss from foreign exchange transactions in the amount of Sk 23 882 million (2001: loss Sk 4 243 million), including loss from revaluation of assets and liabilities denominated in a foreign currency in the amount of Sk 7 513 million (2001: Sk 890 million). Furthermore, the NBS reported loss from swap transactions in the amount of Sk 51 million (2001: loss Sk 484 million), and loss from other foreign exchange forward transactions in the amount of Sk 51 million (2001: loss Sk 81 million). The amount of Sk 14 million represented the difference between market and historical prices of gold at the sale of gold coins.

In 2002, the Bank used reserves for gold swap transactions in the amount of Sk 734 million, and reserves for the open foreign exchange position in the amount of Sk 13 441 million. In 2002, the Bank created reserves for the open foreign exchange position in the amount of Sk 13 728 million (see Note 17).

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22. Administrative expenses

In 2002, administrative expenses represented personnel costs including payroll expenses in the amount of Sk 561 million (2001: Sk 522 million), and social security expenses in the amount of Sk 171 million (2001: Sk 176 million).

Social security expenses included mandatory allotments to medical, retirement, health and unemployment insurance funds in the amount of Sk 146 million and other social costs in the amount of Sk 25 million, thereof the most significant portion included costs of catering for employees, mandatory allotments to the social fund pursuant to Act 152/1994 Coll. on Social Fund, as amended, and Income Taxes Act 366/1999 Coll., as amended, costs of supplementary retirement insurance scheme and costs of additional retirement insurance.

In the accounting period 2002, the average calculated number of bank employees was 1 314 (2001: 1 318), thereof managers 154 (2001: 157).

23. Currency structure of assets and liabilities

Below is the structure of assets and liabilities of the NBS denominated in Slovak crowns ("Sk"), and in foreign currencies converted to Slovak crowns:

	Line no.	Slovak crowns Sk	Foreign currency converted to Sk, total	Thereof:					Total
				USD	EUR	JPY	XDR	Other	
2002									
Assets	1	42 098	363 070	112 626	240 980	3 704	4 669	1 091	405 168
Liabilities	2	386 806	18 362	730	3 636	9 372	4 623	1	405 168
Net foreign exchange position	3=1-2	-344 708	344 708	111 896	237 344	-5 668	46	1 090	
2001									
Assets	4	50 906	228 746	73 859	144 061	4 515	5 218	1 093	279 652
Liabilities	5	249 687	29 965	2 378	10 735	11 664	5 186	2	279 652
Net foreign exchange position	6=4-5	-198 781	198 781	71 481	133 326	-7 149	32	1 091	
Total difference	7=3-6	-145 927	145 927	40 415	104 415	1 481	14	-1	

These footnotes are an integral part of the Summarised Financial Statements.

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24. Off-balance sheet items

The Bank recorded on its off-balance sheet accounts future irrevocable receivables and payables from forward and option transactions in the following structure:

	2002		2001	
	Receivable	Liability	Receivable	Liability
Currency interest rate swap	5 958	5 775	7 383	7 865
Interest rate swaps	1 652	1 652	1 750	1 750
Swap transactions with gold	1 167	6 950	1 167	8 413
Total forward transactions	8 777	14 377	10 300	18 028
Purchased put options	6 950	1 167	8 413	1 167
Total forward transactions and options	15 727	15 544	18 713	19 195

In order to change the currency structure of FX reserves, the NBS concluded a long-term currency swap exchanging JPY for USD. The final maturity of the swap transaction is in 2010. According to the repayment schedule, instalments were made in March and September in 2002. The NBS plans a premature repayment of the long-term currency swap in the year 2003.

The NBS was engaged in long-term gold swaps. After the revaluation, using the current gold rate of USD 342.75/ozs as at 31 December 2002, the Bank would have recorded a receivable of Sk 8 235 million and had a liability denominated in USD, amounting to Sk 6 950 million after its conversion to Sk.

To eliminate the risk of a decrease in the market value of the gold swapped, the NBS purchased European gold put options. As at 31 December 2002, the Bank reported in respect of these options a receivable denominated in USD amounting to Sk 6 950 million after its conversion to Sk, and would have had recorded a liability of Sk 8 235 million, after its revaluation using the current gold rate.

Using the historical cost of gold, the receivable from long-term swap transactions and the liability from long-term options purchased amounts to Sk 1 167 million.

Bank recorded on off-balance sheet accounts state guarantees received for redistribution loans of Sk 22 850 million (in 2001: Sk 29 132 million). State guarantees consisted of the principal amount and interest by the maturity of loans.

NÁRODNÁ BANKA SLOVENSKA

Footnotes to the Annual Summary Financial Statements as at 31 December 2002 and 2001,
derived from the Financial Statements prepared in accordance with Directive of the Ministry of
Finance of Slovak Republic 65/356/1996, as amended
(in millions of Sk)

25. Maturity analysis

Below is the analysis of assets and liabilities of the NBS as at 31 December 2002 by the remaining contractual maturity period:

	Up to 1 month inclusive	From 1 – 3 months inclusive	Up to 1 year inclusive	From 1 – 5 years inclusive	Over 5 years	Non- specified	Total
Assets							
Gold		410	594			22	1 026
Deposits with the IMF						4 623	4 623
Receivables from foreign banks and international financial institutions	26 311					658	26 969
Receivables from domestic financial institutions and other institutions	1 511	1 289	4 786	22 847	4 113		34 546
Securities	58 094	60 906	91 942	113 910	5 091		329 943
Equity shares						145	145
Property and equipment						6 582	6 582
Other assets	550	460	53	84	128	59	1 334
Total assets	86 466	63 065	97 375	136 841	9 332	12 089	405 168
Liabilities and equity							
Currency in circulation						93 898	93 898
Liabilities to the IMF						4 623	4 623
Liabilities to foreign banks and international financial institutions	846	707	707	5 533	3 505	658	11 956
Liabilities to domestic financial institutions	128 729						128 729
Securities issued	8 530	34 000					42 530
Liabilities to the State Budget	31 737		63 654				95 391
Other liabilities and reserves	20 991	1 503	15 992	3 488			41 974
Reserve fund						10 165	10 165
Statutory fund						467	467
Capital fund						82	82
Other funds						189	189
Current period loss						-24 836	-24 836
Total liabilities and equity	190 833	36 210	80 353	9 021	3 505	85 246	405 168
Difference	-104 367	26 855	17 022	127 820	5 827	-73 157	0

These footnotes are an integral part of the Summarised Financial Statements.

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NÁRODNÁ BANKA SLOVENSKA

Footnotes to the Annual Summary Financial Statements as at 31 December 2002 and 2001,
derived from the Financial Statements prepared in accordance with Directive of the Ministry of
Finance of Slovak Republic 65/356/1996, as amended
(in millions of Sk)

Below is the analysis of assets and liabilities of the NBS as at 31 December 2001 by the remaining contractual maturity period:

	Up to 1 month inclusive	From 1 – 3 months inclusive	Up to 1 year inclusive	From 1 – 5 years inclusive	Over 5 years	Non- specified	Total
Assets							
Gold		948				79	1 027
Deposits with the IMF						5 186	5 186
Receivables from foreign banks and international financial institutions	39 444					789	40 233
Receivables from domestic financial institutions and other institutions	1 711	1 430	4 574	29 691	6 378		43 784
Securities	26 947	25 093	43 946	70 542	15 062		181 590
Equity shares						145	145
Property and equipment						6 700	6 700
Other assets	199	297	152	122	129	88	987
Total assets	68 301	27 768	48 672	100 355	21 569	12 987	279 652
Liabilities and equity							
Currency in circulation						91 189	91 189
Liabilities to the IMF						5 186	5 186
Liabilities to foreign banks and international financial institutions	10 219	721	751	6 098	5 327	789	23 905
Liabilities to domestic financial institutions	89 413						89 413
Securities issued	2 000	3 254					5 254
Liabilities to the State Budget	13 377						13 377
Other liabilities and reserves	18 672	441	14 448	6 805		10	40 376
Reserve fund						9 925	9 925
Statutory fund						467	467
Capital fund						82	82
Other funds						152	152
Current period profit						326	326
Total liabilities and equity	133 681	4 416	15 199	12 903	5 327	108 126	279 652
Difference	-65 380	23 352	33 473	87 452	16 242	-95 139	0

NÁRODNÁ BANKA SLOVENSKA

**Footnotes to the Annual Summary Financial Statements as at 31 December 2002 and 2001,
derived from the Financial Statements prepared in accordance with Directive of the Ministry of
Finance of Slovak Republic 65/356/1996, as amended
(in millions of Sk)**

26. Events subsequent to 31 December 2002

The NBS loss for 2002 amounted to Sk 24 836 million (see Note 18). Pursuant to Article 38 of the NBS Act, the Bank Board, at its second meeting held on 24 January 2003, decided that the 2002 loss will remain unsettled, and will be transferred to the next accounting period and will be settled from profits for future accounting periods and other NBS sources.

Pursuant to new Accountancy Act No. 431/2002 Coll., starting 1 January 2003 the Bank is obliged to value and recognise its gold, financial derivatives and marketable securities at fair values. The initial fair value adjustments as of 1 January 2003 were recorded directly in the equity accounts.

Adjustments after 1 January 2003 for changes in fair values will be recorded in the profit and loss statement and in the equity in the balance sheet (changes in fair value of gold). As a result of the fair valuation of the NBS gold to the market price, the Bank created a fund for new valuation of gold. As at 1 January 2003, the outstanding amount of the fund was Sk 13 278 million, representing a difference between the market price of gold of USD 342.75/ozs and historical acquisition cost of gold of Sk/gram 62.54451. The adjustment from revaluation of marketable securities and financial derivatives to market values as at 1 January 2003 amounted to Sk 2 198 million. The total amount of fair value adjustments from the revaluation of gold, financial derivatives and marketable securities amounted to Sk 15 476 million as at 1 January 2003. Also, as at 1 January 2003 the Bank has transferred the social fund, the remuneration fund and the retirements fund from equity to liabilities decreasing equity by Sk 188 million as required by the new Accounting procedures for banks.

NÁRODNÁ BANKA SLOVENSKA

**INDEPENDENT AUDITORS' REPORT
AND INTERNATIONAL FINANCIAL
STATEMENTS**

**as of 31 December 2002
and for the year then ended**

NÁRODNÁ BANKA SLOVENSKA
Financial Statements prepared under International Financial Reporting Standards (IFRS)
31 December 2002 and 2001
(in millions of Sk)

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INDEPENDENT AUDITOR'S REPORT

To the Bank Board of Národná banka Slovenska:

We have audited the accompanying balance sheets of Národná banka Slovenska ("the Bank") as of 31 December 2002 and 2001, and the related statements of income, cash flows and changes in equity for the years then ended. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Bank as of 31 December 2002 and 2001, the results of its operations, its cash flows and changes in equity for the years then ended, in accordance with International Financial Reporting Standards.

Bratislava, 10 April 2003



Deloitte & Touche spol. s r.o.

Deloitte
Touche
Tohmatsu

NÁRODNÁ BANKA SLOVENSKA

Balance sheets

Prepared under International Financial Reporting Standards (IFRS)

As of 31 December 2002 and 2001

(in millions of Sk)

	Note	2 002	2 001
Assets			
Current accounts and deposits with banks	5	4 049	14 341
Gold	6	15 472	15 118
Trading securities	7	331 646	182 358
Derivative financial instruments	8	757	696
Loans to banks and other institutions	9	56 017	67 534
IMF membership quota	10	4 623	5 186
Property and equipment	11	6 582	6 638
Other assets	12	1 319	1 012
Total assets		420 465	292 883
Liabilities			
Liabilities to banks and other financial institutions	13	147 634	121 731
Liabilities to the state budget	14	95 391	13 377
Securities issued	15	42 530	5 254
Derivative financial instruments	8	0	178
Loans from the IMF	10	4 623	5 186
Currency in circulation	16	93 898	91 189
Other liabilities	17	22 786	19 344
		406 862	256 259
Equity			
Capital (statutory fund)	18	467	467
Reserves	18	36 798	36 157
Accumulated loss		(23 662)	0
		13 603	36 624
Total liabilities and equity		420 465	292 883

Ing. Marián Jusko, CSc. Governor

Ing. Milena Koreňová Executive Director of Financial Management and Payments System Division

Ing. Katarína Taragelová Director of Budget & Accounting Department

Bratislava, 10 April 2003

The footnotes on pages 6 – 28 are an integral part of the financial statements prepared under International Financial Reporting Standards (IFRS)

NÁRODNÁ BANKA SLOVENSKA**Statements of income****Prepared under International Financial Reporting Standards (IFRS)****For the years ended 31 December 2002 and 2001****(in millions of Sk)**

	Note	2002	2001
Interest and similar income		12 061	11 978
Interest expense and similar charges		(11 015)	(5 317)
Net interest income	19	<u>1 046</u>	<u>6 661</u>
Dividends income		31	33
Fees and commissions income		141	190
Fees and commissions expense		(33)	(25)
Income from fees and commissions, net		<u>108</u>	<u>165</u>
Gains from trading securities	20	508	298
Foreign exchange losses	21	(23 622)	(3 247)
Operating expenses	22	(2 133)	(1 760)
Provisions for losses	9	687	(1 262)
Net (loss)/profit for the year		<u>(23 375)</u>	<u>888</u>

The footnotes on pages 6 – 28 are an integral part of the financial statements prepared under International Financial Reporting Standards (IFRS)

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NÁRODNÁ BANKA SLOVENSKA
Statements of changes in equity
Prepared under International Financial Reporting Standards (IFRS)
For the years ended 31 December 2002 and 2001
(in millions of Sk)

	Statutory fund	General reserves	Reserve fund	Accumulated loss	Total
As at 1 January 2001	467	14 130	9 925	-	24 522
Impact of IAS 39 implementation – gold and financial derivatives	-	12 693	-	-	12 693
As at 1 January 2001 – restated	467	26 823	9 925	-	37 215
Net profit for the year	-	-	-	888	888
Fair value adjustment of gold	-	521	-	-	521
Reserves distribution	-	(1 112)	-	1 112	-
Transfer of profit to state budget	-	-	-	(2 000)	(2 000)
As at 31 December 2001	467	26 232	9 925	-	36 624
Net loss for the year	-	-	-	(23 375)	(23 375)
Creation of legal reserve fund	-	(283)	283	-	-
Fair value adjustment of gold	-	354	-	-	354
Transfer to reserve for open foreign currency position	-	287	-	(287)	-
As at 31 December 2002	467	26 590	10 208	(23 662)	13 603

The footnotes on pages 6 – 28 are an integral part of the financial statements prepared under International Financial Reporting Standards (IFRS)

NÁRODNÁ BANKA SLOVENSKA
Statements of cash flows
Prepared under International Financial Reporting Standards (IFRS)
For the years ended 31 December 2002 and 2001
(in millions of Sk)

	2 002	2 001
Net cash flow from operating activities		
Net (loss)/profit for the year	(23 375)	888
Adjustments to reconcile net (loss)/profit to cash flows provided by operating activities:		
Dividends received	(31)	(33)
Provisions for loans	(514)	1 262
Gain from revaluation of trading securities	(1 199)	(239)
Unrealised foreign exchange (gains)/losses	2 287	(192)
Depreciation	255	196
Gain from financial instruments	(240)	(568)
Other	(10)	(4)
Net cash flow from operating activities before changes in operating assets and liabilities	(22 827)	1 310
Changes in operating assets and liabilities		
Decrease in gold	1	1
(Increase)/decrease in securities	(148 090)	17 054
Decrease/(increase) in loans to banks and other financial institutions	12 161	(26 701)
(Increase)/decrease in other assets	(27 711)	1 592
Total change in operating assets	(163 639)	(8 054)
Increase/(decrease) in liabilities to banks and other financial institutions	5 867	(5 195)
Increase/(decrease) in securities issued	37 276	(19 646)
Increase in liabilities to state budget	82 015	1 097
(Decrease)/increase in liabilities to IMF	(1 342)	508
Increase in currency in circulation	2 709	15 245
Increase/(decrease) in other liabilities and accruals	30 856	(1 096)
Total change in operating liabilities	157 381	(9 087)
Net cash flow used in operating activities	(29 085)	(15 831)
Cash flow from investment activities		
Purchase of property and equipment	(199)	(370)
Dividends received	31	33
Increase/(decrease) in IMF quota	1 342	(508)
Net cash flow provided by/(used in) investing activities	1 174	(845)
Net cash flow from financing activities		
Contribution paid to state budget	0	(2 000)
Increase in loans received	20 037	30 887
Net cash flow provided by financing activities	20 037	28 887
Net (decrease)/increase in cash and cash equivalents	(7 874)	12 211
(Loss)/gain on foreign currency cash	(2 287)	192
Cash and cash equivalents at the beginning of year	13 552	1 149
Cash and cash equivalents at the end of year	3 391	13 552

The footnotes on pages 6 – 28 are an integral part of the financial statements prepared under International Financial Reporting Standards (IFRS)

NÁRODNÁ BANKA SLOVENSKA
Footnotes to the financial statements
Prepared under International Financial Reporting Standards (IFRS)
As of 31 December 2002 and 2001 and for the years then ended
(in millions of Sk)

1. General Information

Národná banka Slovenska (herein "NBS" or "the Bank") is the central bank of the Slovak Republic. NBS was established in accordance with the terms of Act No. 566/1992 Coll. on the NBS as amended (herein "the NBS Act"). It commenced its activities on 1 January 1993 as the central bank of the Slovak Republic. The NBS is a legal entity with its seat at Imricha Karvaša 1, Bratislava, IČO 30844789. When handling its own assets, the NBS acts as a business entity. The NBS has its head office in Bratislava, it has three branches in the Slovak Republic (Bratislava, Banská Bystrica, Košice) as well as organisational units.

The Bank's key objective is to maintain price stability, and therefore NBS:

- determines monetary policy,
- issues banknotes and coins,
- controls and co-ordinates money in circulation, domestic payment system and processing of the payment system data,
- supervises the safe functioning of the banking system and bank activities,
- represents the Slovak Republic in international financial institutions and ensures the fulfilment of tasks ensuing from such representation,
- represents the Slovak Republic in world financial market operations related to the fulfilment of the monetary policy.

The supreme management body of NBS is the Bank Board of NBS (herein the "Bank Board"). Pursuant to the NBS Act, the Bank Board has eight members: the governor, two vice-governors, two NBS executive directors and three other members. The governor and vice-governors are appointed and withdrawn by the President of the Slovak Republic. Executive directors and other members of the Bank Board are appointed and withdrawn by the government of the Slovak Republic. Pursuant to the Act no. 149/2001 Coll. from 6 April 2001, valid from 1 May 2001, amending the NBS Act, the term of office of the Bank Board members is five years. Until 30 April 2001, the term of office of the governor, vice-governors and executive directors was six years. Term of office of the other members of the Bank Board was four years. Membership of the Bank Board is limited to a maximum of two consecutive terms of office. The NBS is represented by the governor.

In 2002, the members of the Bank Board were as follows:

Name	Position	Term of appointment	
Ing. Marián Jusko, CSc.	Governor	from 30 July 1999	till 30 July 2005
Ing. Elena Kohútiková, CSc.	Vice-Governor	from 28 March 2000	till 28 March 2006
Ing. Ivan Šramko	Vice-Governor	from 11 January 2002	till 11 January 2007
Ing. Ján Mathes	Executive Director	from 1 January 1999	till 1 January 2005
RNDr. Karol Mrva	Executive Director	from 1 December 2000	till 1 December 2006
Prof. Ing. Jozef Košnár, DrSc.	Member	from 1 December 2000	till 1 December 2004

The footnotes on pages 6 – 28 are an integral part of the financial statements prepared under International Financial Reporting Standards (IFRS)

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2. Basis for preparation of financial statements

The accompanying financial statements of the NBS as at 31 December 2002 were prepared in accordance with International Financial Reporting Standards (IFRS). All figures in the financial statements for the previous period are presented on a comparable basis.

In 2001 the NBS applied international Accounting Standard (IAS) 39, Financial Instruments: Recognition and Measurement ("IAS 39") for the first time. IAS 39 has introduced a comprehensive framework of accounting for all financial instruments. According to this standard, the Bank must categorise its assets and liabilities into categories (held for trading, held for hedging, available for sale, investments held to maturity, loans and receivables originated by the Bank) and value them accordingly. The principal effects of adoption of IAS 39 have been that substantially all of the Bank's investments in securities are now classified as held-for-trading, and similarly together with gold and financial derivatives have been reported on balance sheet at fair values. The effects of the re-measurement of financial instruments to fair value have been reported with effect from 1 January 2001. Purchases of financial instruments are recorded at cost at the transaction date.

The financial statements are prepared under the historical cost basis and modified by the revaluation of certain financial instruments to fair value. The book value of certain financial statement items reported at acquisition cost approximates their fair value.

3. Summary of significant accounting policies

3.1. Gold

Gold is reported in financial statements according to the accounting standards for financial instruments. The Bank categorised gold as "available-for-sale". In balance sheet, the gold is reported at fair value, derived from its market price (see Note 6). The categorisation of gold as "available-for-sale" is due to the nature of its usage as foreign currency reserves of the Bank. The Bank has been using gold in repurchase transactions, to generate income from gold deposits and in swaps. Currently the Bank has no intention to sell the gold.

Changes in a fair valuation of the gold are reported through the statement of changes in equity.

3.2. Trading securities

Trading securities on money and capital markets are reported as at the balance sheet date at fair value, which is based on market prices. Changes in the fair value of these securities are recognised in the statement of income.

3.3. Equity investments

Equity investments are included in the "available-for-sale" category. Equity investments are valued at cost due to non-existent market prices.

3.4. Derivative financial instruments

The Bank's derivative financial instruments include cross-currency swaps, gold interest rate swap and put options for gold. The Bank categorised them according to IAS 39 accounting rules as held for trading because they do not meet criteria to be classified as hedging. However, the NBS does not hold them to benefit from short-term market fluctuations in prices, changes in foreign currency and interest rates (See Note 8). As at the financial statements date, they are valued at fair value, which is based on market prices, discounted cash flow methods and option valuation models.

In compliance with IAS 39, derivative financial instruments are recorded in the balance sheet as assets, if their fair value is favourable for the Bank, and as liabilities, if their fair value is not favourable.

After the initial adoption of IAS 39 on 1 January 2001, the effect of changes in valuation of derivative financial instruments to the fair value is recognised in the statement of income.

3.5. Repurchase and resell transactions

Transactions related to securities purchased under re-purchase agreements ("reverse REPOs") are reported as loans and transactions related to securities, or gold, sold under re-purchase agreements ("REPOs") are recorded as borrowings collateralised by those securities or gold.

3.6. Loans and provisions

Loans provided to banks and other financial institutions are stated in the balance sheet at the amount of principal outstanding less any provisions for potential losses. Additions to provisions are recognised as an expense in the statement of income. Release of provisions when reasons for their creation cease to exist are reported in the statement of income.

The discounted cash flow method was used for the calculation of provisions related to the loan provided to the Deposit Protection Fund (herein "DPF").

3.7. Property and equipment

Property and equipment is valued in the balance sheet at its acquisition cost including expenses related to its acquisition. Depreciated fixed assets are decreased by accumulated depreciation. The acquisition cost of property and equipment does not include value-added tax, except for passenger vehicles.

Property and equipment is depreciated on a straight-line basis.

Property and equipment of the NBS is categorised into individual depreciation groups as follows:

	%
1. Office equipment, data processing systems, cars and vehicles, software	25.0
2. Instruments and special technical equipment	12.5
3. Security systems	6.7
4. Utility equipment	3.4
5. Buildings and structures	2.5
6. Fixed assets depreciated using an individual depreciation rate (e.g., security monitoring systems)	Individual rates

NÁRODNÁ BANKA SLOVENSKA
Footnotes to the financial statements
Prepared under International Financial Reporting Standards (IFRS)
As of 31 December 2002 and 2001 and for the years then ended
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3.8. Valuation of assets and liabilities denominated in foreign currency

The Bank converts its assets and liabilities denominated in foreign currency to Slovak crowns using the NBS exchange rates list as at the transaction date and in the financial statements using the exchange rate as at 31 December. All foreign exchange gains and losses are included in the statement of income.

Exchange rates for principal foreign currencies used for valuation as at 31 December were as follows:

Currency	Unit	2002 Rate	2001 Rate	2000 Rate
USD	1	40.036	48.467	47.389
EUR	1	41.722	42.760	43.996
JPY	100	33.511	36.915	41.397
XDR	1	54.226	60.836	61.751

3.9. Securities issued

The NBS treasury bills issued are recorded at nominal value. In the balance sheet, they are shown net of repurchased treasury bills in the NBS portfolio, including accrued discount.

3.10. Currency in circulation

The NBS administers the issue and withdrawal of domestic banknotes and coins. The corresponding liability from the issued currency in circulation is recorded in the balance sheet.

3.11 Taxes

In accordance with Article 18 of Act No. 366/1999 Coll. on Income Taxes, as amended, the NBS is a corporate income tax payer and the only taxable income is income subject to withholding tax.

Since 1 March 2003 the Bank is not a VAT payer.

3.12 Results of operations

In accordance with Article 38 of the NBS Act the result of the Bank's operations for the accounting period is either a generated profit or incurred loss. NBS will use generated profit to replenish the reserve fund and other funds created from profit, or to settle the loss from previous years. The Bank shall transfer the remaining profit to the state budget of the Slovak Republic.

NBS may settle the loss incurred in the accounting period from the reserve fund or from other funds or, the Bank Board may decide that any unsettled loss, shall be transferred to the next accounting period.

3.13. Operating revenues and expenses

Interest income and expense, and fees and commissions are recognised on their occurrence. They are recorded and disclosed in the financial statements on an accrual basis.

3.14. Employee benefits

To cover the costs of employee benefits, the NBS creates social, remuneration and retirement funds, which are reflected in the decrease of the profit/loss in the statement of income.

The NBS makes regular allotments to the state Social Insurance Company, which are reflected in the Statement of income.

In 2002, the average number of employees was 1 314 (2001: 1 318), thereof 154 managers (2001: 157).

3.15. Cash and cash equivalents

For the purposes of statements of cash flows, cash and cash equivalents include cash, current and deposit accounts and time deposits with maturity within 90 days. Cash and cash equivalents exclude deposits with the World Bank due to their capital deposit nature.

4. Use of financial instruments

A financial instrument is every contract based on which a financial asset arises in one company and a financial liability instrument arises in another company.

In accordance with IAS 39, the gold has been used and reported as a financial instrument (see Notes 3.1 and 6.).

The NBS balance sheet is comprised in a large extent of financial instruments. These instruments expose the Bank to several financial risks. The main objective is to minimise risks associated with financial instruments, including derivative financial instruments, i.e. the most important task is safe administration of financial instruments. Any other criteria are subject to this objective.

To achieve these objectives, the Bank sets principles for financial instruments administration. The principles outline types and limits of acceptable risk associated with the NBS acting as a prudent investor on financial and capital markets.

Derivative financial instruments are recorded in the balance sheet at fair value. As the valuation terms of forward and option transactions concluded by the Bank in the past do not meet the strict criteria defined by IAS 39 for accounting and reporting of hedging, the Bank included derivative financial instruments into the "held for trading" category.

4.1. Financial risks

4.1.1 Foreign currency risk

Foreign currency risk is understood as a risk caused by the change in exchange rates of the Slovak Crown. The change in the exchange rate has major impact on the operations of NBS as foreign currency risk is not only associated with the volatility of EUR/SKK exchange rate but also with changes in EUR/USD exchange rate. Foreign currency risk results from the open foreign currency position of the NBS.

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The Bank Board determined the structure of the open foreign currency position as 70:30 in favour of EUR to USD with the maximum acceptable deviation of +/- 2% and this limit is maintained by mutual purchases and sales of the respective currencies.

Structure of the Bank's foreign currency assets and receivables, that results from the specific role of the NBS, and the NBS key objective to sustain the price stability, unables the Bank to effectively protect against the foreign currency risk.

During 2002 the exchange rate of Slovak Crowns to EUR appreciated by 2.4% (from 42.76 SKK/EUR to 41.722 SKK/EUR), the exchange rate of the Slovak Crown to USD appreciated by 17.4% (from 48.467 SKK/USD to 40.036 SKK/USD). This strengthening had a material impact on the loss generated by the NBS.

Net foreign currency position increased by 72.5%, from Sk 205 621 million to Sk 354 581 million in 2002. This increase is mainly attributable to proceeds from privatisation or sale of state assets (see Note 14).

Day-to-day foreign currency risk management means maintaining the relevant portion of foreign currency assets under the currency structure of foreign currency liabilities and the structure of open foreign currency position in line with the decision of the Bank Board. Monitoring and sensitivity measurement are focused on measurement of effective exchange rate differences and estimates of future impacts of negative development of exchange rates (in terms of results of operations) through calculating the sensitivity ratios.

NÁRODNÁ BANKA SLOVENSKA
Footnotes to the financial statements
Prepared under International Financial Reporting Standards (IFRS)
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The following tables summarise the level of foreign currency fluctuation risk:

	Line No.	Total foreign		thereof:				
		SKK	currency	USD	EUR	JPY	XDR	Other
2002								
Assets	1	40 618	379 847	129 096	242 326	3 691	4 669	65
thereof:								
Current accounts and deposits with banks		146	3 903	3 174	356	287	46	40
Gold			15 472	15 472				
Trading securities			331 646	109 681	218 561	3 404		
Derivative financial instruments			757	757				
Loans to banks and other institutions		32 620	23 397		23 397			
IMF membership quota			4 623				4 623	
Property and equipment		6 582						
Other assets		1 270	49	12	12			25
Liabilities	2	381 596	25 266	7 633	3 638	9 371	4 623	1
thereof:								
Liabilities to banks and other financial institutions		129 574	18 060	7 607	1 170	9 283		
Liabilities to state budget		95 391						
Securities issued		42 530						
Derivative financial instruments								
Loans from IMF			4 623				4 623	
Currency in circulation		93 898						
Other liabilities		20 203	2 583	26	2 468	88		1
Open FX position	3=1-2	(340 978)	354 581	121 463	238 688	(5 680)	46	64
2001								
Assets	4	48 708	244 175	89 705	144 612	4 563	5 218	77
thereof:								
Current accounts and deposits with banks		130	14 211	11 007	2 621	510	32	41
Gold			15 118	15 118				
Trading securities			182 358	60 423	117 939	3 996		
Derivative financial instruments			696	696				
Loans to banks and other institutions		41 085	26 449	2 423	24 026			
IMF membership quota			5 186				5 186	
Property and equipment		6 638						
Other assets		855	157	38	26	57		36
Liabilities	5	217 705	38 554	10 967	10 735	11 664	5 186	2
thereof:								
Liabilities to banks and other financial institutions		90 223	31 508	10 638	9 316	11 554		
Liabilities to state budget		13 377						
Securities issued		5 254						
Derivative financial instruments			178	178				
Loans from IMF			5 186				5 186	
Currency in circulation		91 189						
Other liabilities		17 662	1 682	151	1 419	110		2
Open FX position	6=4-5	(168 997)	205 621	78 738	133 877	(7 101)	32	75
Total year-on-year difference	7=3-6	(171 981)	148 960	42 725	104 811	1 421	14	(11)

The footnotes on pages 6 – 28 are an integral part of the financial statements prepared under International Financial Reporting Standards (IFRS)

4.1.2. Interest rate risk

The NBS is exposed to the risk of market interest rate fluctuations on its financial position and cash flow.

The majority of the financial assets of the Bank bear interest. Nearly 87% of financial assets are at fixed rates at 31 December 2002. Approximately 8% of financial assets bear variable interest rates, used for repurchase transactions, redistribution loans, loans from Two Step Loan and Apex Global Loan sources provided to domestic banks (see Note 9). In this case, the contractually agreed variable interest rate is derived from the NBS prime rate (changed to the fortnight repo tenders rate in 2001). This prime rate increased from 7.75% to 8.25% in April 2002, decreased to 8% in October 2002, and from November 2002 is 6.5%. Approximately 5% of the Bank's financial assets bear no interest.

Interest rate risk management for securities is also based on the benchmark structure (benchmark is a risk-neutral portfolio used as a benchmark/criterion against which the actual portfolio is measured), as well as in the structure of intervention portfolio. Trading securities represent more than two-thirds of the fixed interest rate financial assets. The average benchmark maturity (duration) approved by the Bank Board within the complex policy of foreign currency reserves administration is 1.5 years, with maximum tolerable variances of plus/minus 6 months from the determined risk-neutral value.

Approximately 60% of the financial liabilities of the Bank are at fixed interest rates. Approximately 24% of financial liabilities bear no interest, the most significant being liabilities from the Currency in circulation. The remaining balance of the financial liabilities of the Bank is at variable interest rates.

The interest bearing assets and liabilities bear interest rates that are close to, or equal to the market values, with the exception of the interest rate on the loan to DPF (see Note 9) and interest rate on the accounts of money reserves of domestic banks (see Note 13), that are stated at 1.5%.

As the fixed interest rate financial assets and liabilities represent a significant proportion of the Bank's balance sheet, the interest rate risk can be assessed from the tables that analyse assets and liabilities by remaining contractual maturity period (see Note 4.1.4.).

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The following tables summarise the effective interest rates of financial assets and liabilities (weighted arithmetic average for securities) per core currencies:

2002	EUR	USD	XDR	JPY	SKK
Assets	%	%	%	%	%
Current accounts with banks	2.35	1.13	2.12	0.00	3.44
Gold		0.38			
Trading securities	3.50	2.00		1.00	
Loans to banks and other institutions	3.94	1.75			7.39
Derivative financial instruments		2.05		2.60	
IMF membership quota			0.00		0.00
Loans to clients					8.37
Liabilities					
Liabilities to banks and other financial institutions	3.29	1.75		3.15	5.06
Derivative financial instruments		3.49			
Liabilities to state budget					6.5
Securities issued					7.53
Loans from the IMF			0.00		0.00
Liabilities to other clients	2.00				4.66
2001					
Assets	%	%	%	%	%
Current accounts with banks	2.65	3.47	3.41	0.00	4.63
Gold		0.50			
Trading securities	5.27	6.81		1.00	
Loans to banks and other institutions	4.57	3.88			7.88
Derivative financial instruments		2.05		2.60	
IMF membership quota			0.00		0.00
Loans to clients					7.31
Liabilities					
Liabilities to banks and other financial institutions	3.91	3.88		3.15	4.22
Derivative financial instruments		4.62			
Liabilities to state budget					5.12
Securities issued					7.75
Loans from the IMF			0.00		0.00
Liabilities to other clients	1.66	1.00			7.75

4.1.3. Credit risk

Credit risk is understood as a risk of financial loss in relation to the counterparty performance of an investment and its perception by investors. For the Bank, credit risk management is a priority because if a counterparty fails to meet its liabilities the Bank is exposed to the risk of investment losses. In the Bank, credit risk management is regulated by stated rules.

The NBS has specified limits to mitigate credit risk exposures to individual counterparties and/or the particular type of transactions. The NBS's principal information source for the assessment of counterparty creditworthiness includes regularly updated information from the credit rating agency run by Fitch. Quality of trading securities is measured using the ratings issued by Standard & Poor's and Moody's.

Credit risk arising from repurchase transactions is minimised as all loans are secured with liquid and zero risk securities.

Risk related to loans provided by the NBS to domestic financial institutions and to other institution is provided for by state guarantees and by monitoring of indebtedness of those institution.

Both the size and the concentration of the Bank's credit risk exposure can be obtained directly from the balance sheets and the notes to the Financial Statements describing the amount of the NBS's financial assets and their structure. Of the total amount of loans granted 71.5% were secured by state guaranties, securities or by other means.

4.1.4. Liquidity risk

The Bank's liquidity risk exposures arise from liquidity needs relating to interventions on financial foreign currency markets, and also to fulfil liabilities of both the NBS and the Slovak Government. The reduction of liquidity risk exposures is managed through an intervention portfolio, which was created to cover the anticipated liquidity need. The amount of the portfolio is based on both the anticipated volume of intervention transactions and the repayment schedule of the NBS payments and payments relating to servicing the state debts. When deciding on the amount of the portfolio it is necessary to optimally estimate liquidity needs in order to avoid its insufficiency or relative surplus. The structure, and the approach, and criteria of administering the intervention portfolio follow from requirements for securing the sufficient ability of the NBS to intervene effectively and fulfil its liabilities.

In the Bank, a liquidity portfolio has been established with benchmark duration of five months, and to enable conversion of over 90% of total foreign exchange reserves into cash within 2 – 3 business days.

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The tables analyse assets and liabilities of the NBS by remaining contractual maturity period:

As at 31 December 2002	Up to 1 month	From 1 month to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	Non- specified	Total
Assets							
Current accounts and deposits with banks	3 391					658	4 049
Gold		2 893	6 934		5 491	154	15 472
Trading securities	58 096	60 911	91 999	115 425	5 215		331 646
Derivative financial instruments				757			757
Loans to banks and other institutions	24 462	1 289	4 786	21 356	4 113	11	56 017
IMF membership quota						4 623	4 623
Property and equipment						6 582	6 582
Other assets	526	389	4	39	128	233	1 319
Total assets	86 475	65 482	103 723	137 577	14 947	12 261	420 465
Liabilities and equity							
Liabilities to banks and other financial institutions	136 522	707	707	5 533	3 505	660	147 634
Liabilities to state budget	31 737		63 654				95 391
Securities issued	8 530	34 000					42 530
Derivative financial instruments							
Loans from the IMF						4 623	4 623
Currency in circulation						93 898	93 898
Other liabilities	22 058	250	183	106		189	22 786
Capital						467	467
Reserves						36 798	36 798
Accumulated loss						(23 662)	(23 662)
Total liabilities and equity	198 847	34 957	64 544	5 639	3 505	112 973	420 465
Net position	(112 372)	30 525	39 179	131 938	11 442	(100 712)	0

The gold due within three months represents gold deposits, gold due from 3 months to 1 year is represented by gold deposits and gold repo transactions due in October 2003. Category over five years consists of gold repo transactions with a maturity prolonged to 2007 and gold in non-specified category consists of gold in other forms.

The Bank plans a premature partial repayment of the Two Step Loans in 2003 (see Note 13), that are included in the Liabilities to banks and other financial institutions, in the amount of JPY 20 156 million (Sk 6 715 million).

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As at 31 December 2001	Up to 1 month	From 1 month to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	Non- specified	Total
Assets							
Current accounts and deposits with banks	13 552					789	14 341
Gold		6 529		8 042		547	15 118
Trading securities	26 977	25 128	44 168	70 996	15 089		182 358
Derivative financial instruments				696			696
Loans to banks and other institutions	27 638	1 430	4 574	27 514	6 378		67 534
IMF membership quota						5 186	5 186
Property and equipment						6 638	6 638
Other assets	158	284	92	53	130	295	1 012
Total assets	68 325	33 371	48 834	107 301	21 597	13 455	292 883
Liabilities and equity							
Liabilities to banks and other financial institutions	99 632	721	751	14 510	5 328	789	121 731
Liabilities to state budget	13 377						13 377
Securities issued	2 000	3 254					5 254
Derivative financial instruments					178		178
Loans from the IMF						5 186	5 186
Currency in circulation						91 189	91 189
Other liabilities	18 582	270	209	131		152	19 344
Capital						467	467
Reserves						36 157	36 157
Accumulated loss							
Total liabilities and equity	133 591	4 245	960	14 641	5 506	133 940	292 883
Net position	(65 266)	29 126	47 874	92 660	16 091	(120 485)	0

4.1.5. Market risk

The Bank is exposed to market risk from its open foreign currency and interest rate positions.

Since 2001, the Value-at-Risk method of global and benchmark risk measurements has been used in the Bank as a supplementary method for monitoring the foreign exchange asset management. The method is based on probability analysis of various changes in market conditions. The NBS calculates values of individual portfolios and benchmarks on a monthly basis to evaluate both absolute and relative exposures (compared to benchmarks) to risks arising from portfolios with longer average maturity period.

4.1.6. Operating risk

Operating risk is a risk of direct or indirect loss as a result of inappropriate or incorrect internal processes or working procedures, human or system failure. It includes risk associated with the use of information systems and other potential weaknesses.

Operating risk is very difficult to quantify. NBS manages this risk by setting the limits for individual portfolio managers and working procedures for dealing department. Responsible staff, internal control and NBS audit monitor their compliance.

5. Current accounts and deposits with banks

The structure of current accounts and deposits with banks was as follows:

	2002	2001
Foreign currency in cash	31	25
Current accounts	889	857
Term deposits	2 471	12 670
Deposits with the World Bank	658	789
Total	4 049	14 341

Deposits with the World Bank earn no interest.

Term deposits with banks are due within 1 month (see Note 4.1.4.).

6. Gold

Gold includes the following:

	2002		2001	
	Thousand of Troy ounces	Fair value Sk mil.	Thousand of Troy ounces	Fair value Sk mil.
Gold bullion in standard form	1 116	15 318	1 116	14 959
Gold in other forms	11	154	12	159
Total	1 127	15 472	1 128	15 118

The market value of the gold is 342.75 USD/Troy ounce as at 31 December 2002 (276.5 USD/Troy ounce as at 31 December 2001).

Gold in standard form includes 516 thousand Troy ounces deposited with correspondent banks, and 600 thousand Troy ounces used in repurchase transactions.

Gold deposits earn a fixed interest in USD paid upon the termination of the respective deposit (see Note 4.1.2.).

7. Trading securities

Trading securities held by the NBS include foreign securities structured as follows:

		2002	2001
<i>Issued by</i>	<i>Type of security</i>		
Public sector	State treasury bills	124 463	53 464
	Medium-term bonds	52 440	33 226
	Long-term bonds	47 650	43 131
	Coupon yield on bonds	2 098	2 021
		<u>226 651</u>	<u>131 842</u>
Foreign financial institutions			
	Treasury bills	48 638	6 121
	Short-term bonds	20 454	9 530
	Medium-term bonds	24 558	21 706
	Long-term bonds	10 554	12 464
	Coupon yield on bonds	791	695
		<u>104 995</u>	<u>50 516</u>
Total		<u>331 646</u>	<u>182 358</u>

Foreign trading securities of the public sector include state treasury bills and government bonds issued by EU countries, the USA and Japan.

8. Derivative financial instruments

The following table summarises the fair values of derivative financial instruments:

	2002		2002		2001		2001	
	Notional amount		Fair value		Notional amount		Fair value	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Cross-currency swap	5 957	5 775	583	-	7 383	7 865	-	(178)
Interest rate swap	1 652	1 652	29	-	1 750	1 750	9	-
Put options purchased	6 949	8 235	145	-	8 413	8 042	687	-
Total			<u>757</u>	<u>-</u>			<u>696</u>	<u>(178)</u>

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Cross-currency swap

In 1997, the Bank received a long-term loan in the amount of JPY 20 000 million (see Note 13). In 1998, the NBS executed a cross-currency swap due in 2010 in order to change the structure of its foreign exchange position. The swap effectively converts the repayment of the JPY loan to a USD basis at variable interest rate in USD. At the beginning of the swap, the Bank exchanged JPY 20 000 million for USD 162 million. During the swap period, the NBS pays the variable interest in USD on a semi-annual basis, and receives a fixed interest in JPY on a semi-annual basis at the rate of 2.40% or 2.60% according to the tranche. The variable interest rate in USD has been chosen with regard to the Bank's portfolio of the average maturity up to 2 years. The first reversal exchange of notional amount of the swap was due in March 2002; next exchanges of notional amounts are due semi-annually. The Bank plans premature termination of the long-term cross-currency swap in 2003.

Gold interest rate swap

The NBS executed a long-term gold interest rate swap due in 2005 in order to increase interest income from gold deposit. On a quarterly basis, the Bank pays a variable interest equal to a 3M LIBOR-GOFO in USD, and the counterparty pays a fixed interest on notional amount at the rate of 2.05% in USD. The notional amount is equal to the market price of 129 407 Troy ounces of gold two working days before the beginning of the respective quarter.

Put option purchased

In 1998 and 1999 the NBS purchased European put options for gold with basis prices for gold at 295.30 USD/Troy ounce and 259 USD/Troy ounce respectively, for which the Bank paid option premiums in the amount of USD 8 million. One option is due in October 2003. In respect of other options originally due in 2003, the Bank Board decided on prolongation of the maturity until 2007.

9. Loans to banks and other institutions

Loans to banks and other institutions include the following:

	2002	2001
Loans granted under repo transactions	23 097	26 047
Two Step Loan and Apex Global Loan	3 274	6 340
Redistribution loans	17 856	21 232
Other loans and amounts due from banks	13 270	16 082
Classified receivables	11	11
Provisions for other loans and classified receivables	(1 491)	(2 178)
Total	56 017	67 534

Loans granted to foreign banks under repo transactions are secured with collateral in the form of long-term state bonds in EUR.

The two Step Loan and Apex Global Loan are aimed to support the development of small and medium-sized business in Slovakia and are provided from the sources of the Japan Bank for International Cooperation and the European Investment Bank.

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Credit risk arising from redistribution loans provided by the Bank is eliminated by the state guarantees obtained in 1999 for the total outstanding principal amount including interest and charges. If a debtor fails to settle its obligation at the due date, the respective obligation will be transferred to the Slovak Ministry of Finance, which will realise the aforementioned guarantee.

In 2001 the Bank granted a loan to DPF in the amount of Sk 15 614 million. The balance of the loan as at 31 December 2002 was Sk 13 074 million. Repayments of the DPF loan have not been jeopardized. Loan instalments are linked to legally enforceable membership allotments paid by the domestic banks to DPF.

As at 31 December 2002, provisions for other loans and classified receivables included fair value adjustment provisions for the DPF loan in the amount of Sk 1 480 million and provisions for classified receivables due from AG Banka, Nitra, in the amount of Sk 11 million.

The provision for the DPF loan was created due to granted prime interest rate of 1.5% compared to standard interest rates valid at the time of granting the loan in October 2001. The loan was granted with a fixed interest rate for the whole duration. Use of the provision relates to reflection of real value of the DPF loan as at 31 December 2002.

Movements in provisions:

	2002	2001
As at 1 January	2 178	916
(Release)/creation	(687)	1 262
As at 31 December	<u>1 491</u>	<u>2 178</u>

10. Deposits and amounts due to the International Monetary Fund (hereinafter "IMF")

	2002	2001
Membership quota in the IMF	4 623	5 186
Total receivable from the IMF	<u>4 623</u>	<u>5 186</u>
Loan tranche	4 623	5 186
Total liability to the IMF	<u>4 623</u>	<u>5 186</u>

The IMF membership quota has been denominated in Special Drawing Rights (XDR) and is translated into Slovak crowns by the exchange rate stated by the IMF on a regular basis.

Accounts payable to the IMF represent drawings of a reserve tranche up to the amount of the due membership quota denominated in XDR.

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11. Property and equipment

The balance and movements in property and equipment are as follows:

	Land	Other non-depreciated assets	Buildings and structures	Technical equipment & devices	Software	Other	Properties under construction	Total
Balance at cost								
as at 1 January 2002	302	71	1 276	1 297	166	170	4 826	8 108
Additions		6	4 227	570	23	210	358	5 394
Disposals	3		127	65	30	24	5 032	5 281
Transfers		(5)				(2)		(7)
Provisions							(44)	(44)
Balance at cost								
as at 31 December 2002	299	72	5 376	1 802	159	354	108	8 170
Accumulated depreciation								
as at 1 January 2002			205	1 007	130	128		1 470
Accumulated depreciation expensed			66	122	23	44		255
Accumulated depreciation of disposed property and equipment			23	35	30	49		137
Accumulated depreciation								
as at 31 December 2002			248	1 094	123	123		1 588
Net book value								
as at 1 January 2002	302	71	1 071	290	36	42	4 826	6 638
Net book value								
as at 31 December 2002	299	72	5 128	708	36	231	108	6 582

The NBS headquarter's building was put in use in September 2002.

The NBS has concluded a long-term rent contract for administration building at Vazovova street maturing in 2007. Acquisition cost of the building is Sk 186 million, net book value is Sk 149 million as at 31 December 2002. The Bank has no official valuation for the building, but the estimated fair value approximates it's book value. The building is being depreciated in accordance with depreciation plan. Rental income in 2002 was Sk 2 million.

12. Other assets

Other assets include the following:

	2002	2001
Equity investments	145	145
Other receivables from debtors	952	776
Other assets	222	91
Total	1 319	1 012

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The NBS has equity investments in the following institutions (at book values):

	Share in capital (%)	2002	2001
Bankové Zúčtovacie Centrum Slovenska, a. s., Bratislava ("BZCS")	39.47	120	120
Bank for International Settlements in Basel, Switzerland	0.50	25	25
Total		145	145

Despite the significant influence in the BZCS, the Bank does not prepare consolidated financial statements due to insignificance of the financial investment in BZCS.

13. Liabilities to banks and other financial institutions

	2002	2001
Deposits		
Current accounts	22 566	15 278
Monetary reserves of banks	21 374	22 769
World Bank	1 502	1 598
European Investment Bank	1	0
PHARE funds	1	1
Other liabilities to domestic banks	70	0
	<u>45 514</u>	<u>39 646</u>
Loans		
Loans under repo transactions with securities	84 719	59 339
Loans under repo transactions with gold	6 949	8 413
Japan Bank for International Cooperation	9 283	11 554
European Investment Bank in Luxembourg	1 169	1 343
Credit balance in Nostro Account	0	1 436
	<u>102 120</u>	<u>82 085</u>
Total	147 634	121 731

The purpose of repo transactions with domestic banks in the amount of Sk 84 719 million (2001: Sk 51 366 million) is to manage the liquidity and the volume of currency in circulation, and are secured with the NBS treasury bills (see Note 15).

From 1994 to 1997, the Bank received long-term loans under the Two Step Loan scheme in JPY from the Japan Bank for International Cooperation that amount to Sk 9 283 million as at 31 December 2002 (2001: Sk 11 554 million). Of the total balance of received loans, the Two Step Loan III received in 1997 in the amount of JPY 20 000 million, is Sk 5 958 million as at 31 December 2002. The loan is due in 2010, with the first payment made in March 2002. The principal and interest on the loan is paid on a semi-annual basis. The interest rate is fixed at 2.4% or 2.6% in JPY, depending on the tranche. The Bank entered into a long-term cross currency swap, which effectively converts the Two Step Loan III repayment and interest to a USD basis (see Note 8).

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The Bank plans a premature partial repayment of the Two Step Loans in 2003 in the amount of JPY 20 156 million (Sk 6 755 million). According to the adjusted repayment calendar, repayment of the residual portion of the Two Step Loans will be by 2005.

14. Liabilities to the State Budget

Liabilities to the State Budget are as follows:

	2002	2001
Current accounts of the Slovak Republic	23 185	7 321
Term deposits of the Slovak republic	72 206	6 056
Total	95 391	13 377

The major part of term deposits of the Slovak Republic is from proceeds from privatisation or sale of state assets (see Note 4.1.1).

15. Securities issued

	2002	2001
Issue of the NBS treasury bills	42 530	5 254
Total	42 530	5 254

As at 31 December 2002, the NBS issued treasury bills totaling Sk 192 530 million (2001: Sk 145 254 million), of which treasury bills in the amount of Sk 64 355 million (2001: Sk 88 100 million) are in the Bank's own portfolio. The purpose of the aforementioned issue was to create sufficient reserves of securities to perform sterilising repo transactions. Sterilising repo transactions relate to performing the monetary policy in the area of open market transactions.

As at 31 December 2002, the NBS Treasury bills in the amount of Sk 128 175 million (2001: Sk 57 154 million) were used in sterilising activities, thereof Sk 85 645 million (2001: Sk 51 900 million) in the form of collateral for sterilising repo transactions (see Note 13) and Sk 42 530 million (2001: Sk 5 254 million) in the form of direct issue into the domestic bank portfolios.

16. Currency in circulation

Currency in circulation represents valid indigenous banknotes and coins issued by the NBS:

	2002	2001
Coins in circulation	2 099	1 926
Banknotes in circulation	91 799	89 263
Total	93 898	91 189

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17. Other liabilities

Other liabilities of the Bank include the following:

	2002	2001
Current accounts of clients	966	109
Non-budgetary funds of Slovak authorities and other funds of the Slovak Republic	17 233	16 660
Settlements of special transactions with funds of the Slovak Republic	3 160	1 391
Client term deposits	342	361
Payables to suppliers	75	65
Liabilities to state budget and social security institutions	277	36
Social security funds	189	152
Accruals and estimated liabilities	492	539
Other	52	31
Total	22 786	19 344

18. Equity and reserve funds

As at 31 December 2002, the NBS's capital is represented by the Statutory Fund in the amount of Sk 467 million taken over from the split of both the assets and liabilities of the former Czechoslovak State Bank ("ŠBČS") as at 1 January 1993.

As at 31 December 2002, reserves include the Legal Reserve Fund in the amount of Sk 10 208 million, and General Reserves in the amount of Sk 26 590 million.

General reserves have been created by allocation from the retained profits and from revaluation of certain financial instruments in accordance with IAS 39 (see Notes 6 and 8).

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19. Net interest income

Net interest income includes the following:

	2002	2001
Interest income:		
Interest received from domestic banks	1 282	2 530
Interest received from foreign banks and international institutions	351	195
Interest income from securities	8 921	8 531
Interest income from REPO transactions	596	666
Other interest income	911	56
	<u>12 061</u>	<u>11 978</u>
Interest expense:		
Interest paid to state treasury	(2 920)	(506)
Interest paid to domestic banks	(591)	(528)
Interest paid to foreign banks and international institutions	(346)	(441)
Interest expense from REPO transactions	(5 802)	(2 951)
Other interest expense	(1 356)	(891)
	<u>(11 015)</u>	<u>(5 317)</u>
Net interest income	<u>1 046</u>	<u>6 661</u>

20. Gains from trading securities

Gains from trading securities include the following:

	2002	2001
Income from trading securities	3 883	3 758
Losses from trading securities	<u>(3 375)</u>	<u>(3 460)</u>
Gains from trading securities	<u>508</u>	<u>298</u>

The footnotes on pages 6 – 28 are an integral part of the financial statements prepared under International Financial Reporting Standards (IFRS)

26

21. Foreign exchange losses

Foreign exchange losses include the following:

	2002	2001
Gains from foreign exchange transactions and revaluations	16 516	9 494
Losses from foreign exchange transactions and revaluations	<u>(40 138)</u>	<u>(12 741)</u>
Foreign exchange losses	<u>(23 622)</u>	<u>(3 247)</u>

Increase in foreign exchange losses primary relates to increase in foreign currency assets, strengthening the Slovak Crown (see Note 4.1.1) and to the revaluation of derivative financial instruments.

22. Operating expenses

Operating expenses include the following:

	2002	2001
Personnel		
Wages and bonuses	(565)	(522)
Social security expenses	<u>(257)</u>	<u>(171)</u>
Total	<u>(822)</u>	<u>(693)</u>
Fixed asset depreciation	(255)	(196)
Costs of printing banknotes and coins	(241)	(250)
Other operating costs	(815)	(621)
Total operating expenses	<u>(2 133)</u>	<u>(1 760)</u>

23. Post balance sheet events

No material events occurred after the balance sheet date to the date at which the financial statements had been prepared, that would require adjustment to the 2002 financial statements.

24. Reconciliation of net (loss)/profit and equity recognised according to Slovak Accounting Standards ("SAS") and IFRS

	2002	2001
Net (loss)/profit for the year		
Net (loss)/profit in the SAS Financial Statements	(24 836)	2 326
Creation/(release) of reserve for open foreign currency positions	287	(435)
Trading securities revaluations	935	(314)
Provisions for losses	687	(1 262)
Reclassifications of recorded social security funds and retirement funds to expenses	(86)	0
Other	0	5
Effects of adoption of IAS 39 – Derivative financial instruments	(362)	568
Net (loss)/profit for the year in the IFRS Financial Statements	(23 375)	888
Equity		
Balance in the SAS Financial Statements	(13 933)	10 952
Reclassifications of social security fund, remuneration fund, and retirement fund to liabilities	(189)	(152)
General reserves classified as liabilities in the SAS financial statements	13 951	12 042
Effect of adoption of IAS 39 – Revaluation of gold to fair value at 31 December 2002	13 278	12 924
Effects of adoption of IAS 39 – Derivative financial instruments	496	858
Equity in the IFRS Financial Statements	13 603	36 624

In 2002, the NBS incurred a SAS loss of Sk 24 836 million (2001: profit of Sk 2 326 million) and reported negative equity of Sk 13 933 million (2001: positive Sk 10 952 million). The Bank Board decided that the 2002 loss will remain unsettled and will be transferred to the next accounting period and settled from profits of future accounting periods and other NBS sources.

As a result of changes in statutory accounting legislation effective from 1 January 2003, the equity of the Bank in the SAS financial statements as of that date is Sk 1 354 million (positive). As of 1 January 2003, the main difference between the SAS and IFRS equity is a Reserve for Open Foreign Currency Position which remains classified as a liability in the SAS financial statements.

H. APPENDICES



Selected Indicators of Economic and Monetary Development in the SR

			1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2002			
	Unit	Note											Q1	Q2	Q3	Q4
GDP at current prices	Sk billions	1/	406.6	486.1	568.9	628.6	708.7	775.0	835.7	908.9	989.3	1,073.6	244.8	272.7	277.7	278.4
Same period of previous year = 100	index		x	119.6	117.0	110.5	112.7	109.4	107.8	108.7	108.9	108.5	107.8	108.1	108.2	109.9
GDP at constant prices of 1995	Sk billions	1/	508.0	534.3	568.9	602.1	636.1	661.3	670.0	684.8	707.3	738.4	171.1	188.5	191.9	187.0
Same period of previous year = 100	index		x	105.2	106.5	105.8	105.6	104.0	101.3	102.2	103.3	104.4	103.9	104.0	104.3	105.4
Consumer prices, average for the period																
Same period of previous year = 100	index		123.2	113.4	109.9	105.8	106.1	106.7	110.6	112.0	107.3	103.3	104.7	103.1	102.5	103.1
Consumer prices, end of the period																
Same period of previous year = 100	index		125.1	111.7	107.2	105.4	106.4	105.6	114.2	108.4	106.5	103.4	103.6	102.6	102.8	103.4
Industrial producer prices, average for the period																
Same period of previous year = 100	index		117.2	110.0	109.0	104.1	105.2	102.6	104.3	110.8	106.5	102.1	102.1	101.9	102.1	102.2
Industrial production index 2/																
Same period of previous year = 100	index		-	-	-	-	-	-	97.4	108.8	106.7	106.6	101.9	105.6	109.1	109.5
Retail sales, hotels and restaurants, constant prices 12/																
Same period of previous year = 100	index		-	-	-	-	-	-	-	-	104.5	105.8	105.8	108.8	103.1	105.6
Average monthly nominal wage	Sk		5,379	6,294	7,195	8,154	9,226	10,003	10,728	11,430	12,365	13,511	12,287	13,329	13,146	15,266
Same period of previous year = 100	index		118.4	117.0	114.3	113.3	113.1	109.6	107.2	106.5	108.2	109.3	108.6	110.5	108.8	109.1
Real wage																
Same period of previous year = 100	index		96.4	103.2	104.0	107.1	106.6	102.7	96.9	95.1	100.8	105.8	103.7	107.2	106.1	105.8
Unemployment rate 3/																
end of the period	%		14.4	14.6	13.1	12.8	12.5	15.6	19.2	17.9	18.6	17.5	19.1	17.6	16.6	17.5
Exchange rate (midpoint)	SKK/USD	4/	33.202	31.277	29.569	31.895	34.782	36.913	42.266	47.389	48.467	40.036	47.682	44.955	42.963	40.036
	SKK/DEM	4/	19.233	20.060	20.646	20.514	19.398	22.081	21.708	22.495	21.863	-	-	-	-	-
	SKK/EUR	4/	-	-	-	-	-	-	42.458	43.996	42.760	41.722	41.772	44.305	42.011	41.722
Real effective exchange rate 8/																
- based on CPI 8 trading partners		9/	104.0	110.2	113.7	116.5	125.8	118.8	131.8	134.7	142.7	150.2	147.1	139.9	145.0	150.2
9 trading partners		10/	93.5	97.8	101.5	98.7	109.0	94.5	106.3	106.3	106.7	109.8	108.1	100.9	103.9	109.8
- based on PPI 8 trading partners		9/	107.0	109.4	114.3	119.2	127.2	120.7	124.3	124.7	130.7	136.6	134.9	129.6	133.5	136.6
9 trading partners		10/	88.1	91.9	96.3	96.1	107.1	93.3	97.8	96.9	96.3	98.9	98.3	92.4	95.7	98.9
Foreign exchange reserves																
Total	US\$ millions	11/	1,402.3	3,092.9	5,036.7	5,682.5	6,488.4	6,055.0	4,387.4	5,580.9	5,437.3	10,380.6	6,310.3	6,680.3	9,680.7	10,380.6
- of which: NBS reserves	US\$ millions	11/	449.6	1,745.0	3,418.4	3,473.3	3,284.8	2,923.2	3,425.2	4,076.8	4,188.7	9,195.4	4,735.2	4,780.9	7,907.9	9,195.4
State budget																
Revenues	Sk billions	5/	150.3	139.1	163.1	166.3	180.8	177.8	216.7	213.4	205.3	220.4	47.9	102.8	160.9	220.4
- Fulfilment of the annual budget	%		95.1	103.3	111.4	100.5	105.7	105.5	120.5	116.1	113.7	10.2	21.8	46.7	73.2	10.2
Expenditures	Sk billions	5/	173.3	162.0	171.4	191.9	217.8	197.0	231.5	241.1	249.7	272.0	63.1	127.5	193.1	272.0
- Fulfilment of the annual budget	%		109.6	108.5	102.4	99.7	104.7	106.6	118.8	119.5	114.7	105.5	24.5	49.4	74.9	105.5
Balance	Sk billions		-23.0	-22.9	-8.3	-25.6	-37.0	-19.2	-14.8	-27.7	-44.4	-51.6	-15.2	-24.7	-32.2	-51.6
MONETARY AGGREGATES																
Net domestic assets	%	6/	19.3	-1.1	5.1	20.0	8.9	11.9	11.2	7.2	14.3	-19.3	5.8	4.9	-20.4	-19.3
Money supply (M2)	%	6/	18.5	18.6	21.2	16.6	8.8	4.2	11.4	15.4	11.8	3.4	8.3	8.4	6.5	3.4
Loans to households and enterprises	%	6/	10.8	1.9	14.7	18.2	2.2	6.7	4.5	0.3	5.3	8.1	6.9	7.0	7.7	8.1
- of which: in foreign currency	%	6/	118.9	77.8	57.6	35.7	14.9	25.4	17.6	-3.3	5.9	1.5	8.7	2.6	0.0	1.5
Total deposits	%	6/ 7/	17.9	18.8	25.0	17.2	7.4	3.3	9.0	19.4	11.3	13.8	9.2	7.1	20.7	13.8
- in Slovak crowns	%		10.8	16.6	28.3	18.9	6.6	-2.0	8.8	18.6	11.3	15.2	9.1	6.4	21.4	15.2
- in foreign currency	%		115.2	34.6	5.0	4.5	13.8	46.2	10.0	23.5	11.5	7.0	9.4	10.3	17.3	7.0
Average interest rates																
- on loans	%		14.00	14.51	13.34	11.89	12.53	13.48	11.07	9.79	8.36	8.70	8.59	8.78	8.89	8.54
- on deposits	%		8.61	9.29	8.29	6.70	8.00	10.16	10.45	7.23	5.15	4.60	4.83	4.80	4.75	4.04
- margin	%		5.39	5.22	5.05	5.19	4.53	3.32	0.62	2.56	3.21	4.10	3.76	3.99	4.14	4.50

1/ Data revised in July 2002

2/ Revised data

3/ Since December 1997 the dispensable rate of unemployment

4/ On the last day of the period under review

5/ Cumulative figure since the beginning of the year

6/ Compared with the same period of last year; end of year compared with 1 January - cumulative figures (at current exchange rates)

7/ Including funds, the government, and non-residents

8/ Compared with the weighted average for the first nine months of 1990

9/ USA, Great Britain, Austria, France, Germany, Italy, the Netherlands, Switzerland (1990 = 100, weights of 1993)

10/ USA, Great Britain, Austria, France, Germany, Italy, the Netherlands, Switzerland, Czech Republic (1990 = 100, weights of 1993)

11/ Change in methodology with effect from 1 January 2002

12/ Retail sector: earnings from sale and maintenance of cars, sale of fuels and from hotel and restaurant services not included

Source: Statistical Office of the SR, National Labour Office, NBS

Shortened Balance Sheet of Commercial Banks as at 1 January 2002 (Sk thousands)
(Banks and branches of foreign banks operating in the SR in total)

ASSETS	Accumulated depreciation and provisions	Slovak crown		Foreign currency		Total
		Residents	Non-residents	Residents	Non-residents	
Cash items	0	10,239,845	124	0	7,909,309	18,149,278
Cash	0	10,227,920	0	0	7,901,714	18,129,634
Gold	0	0	0	0	0	0
Other cash items	0	11,925	124	0	7,595	19,644
Accounts of issuing banks and postal checking accounts	0	63,978,925	0	0	1,828	63,980,753
Money reserve accounts with the NBS	0	22,202,770	0	0	0	22,202,770
Accounts of other banks	295,525	38,553,153	20,463,225	10,830,936	40,943,620	110,495,409
Current accounts with other banks	0	802,700	51	372,217	4,597,031	5,771,999
Credits provided	0	1,018,183	800,000	51,306	1,133,189	3,002,678
Time deposits with other banks	0	35,182,216	19,494,850	10,407,413	34,481,050	99,565,529
Current accounts of other banks	0	0	151,633	0	11	151,644
Transfers of funds between banks	0	1,456,718	16,691	0	444,137	1,917,546
Classified claims on banks	295,525	93,336	0	0	288,202	86,013
of which: short-term claims	214,996	0	0	0	214,996	0
interest on non-performing loans credited to accounts	2,030	2,333	0	0	506	809
Claims in respect of securities and other items	0	508,047	133,762	286	0	642,095
Standard credits to customers	0	146,292,551	1,168,767	40,560,203	2,238,646	190,260,167
Credits for commercial claims	0	3,473,766	0	1,669,249	681,832	5,824,847
Short-term credits	0	41,944,964	837,375	12,201,744	386,638	55,370,721
Medium-term credits	0	59,593,791	82,832	11,775,816	959,910	72,412,349
Long-term credits	0	41,280,030	248,560	14,913,394	210,266	56,652,250
Other claims on customers	0	577,435	4,198	159,857	7,666	749,156
Current accounts of customers - debit balances, overdrafts	0	11,188,783	22,714	3,501,721	46,328	14,759,546
Standard claims with reserve (customers)	0	38,452,726	194	6,416,059	206,190	45,075,169
Classified claims (customers)	60,877,551	69,835,753	24,739	3,026,319	932,208	12,941,468
of which: interest on non-performing loans credited to accounts	7,456,956	7,369,607	4,193	54,135	50,280	21,259
Sub-standard claims	976,560	4,827,705	44	1,230,227	195,630	5,277,046
Doubtful and controversial claims	2,121,921	5,014,798	123	891,237	258,350	4,042,587
Loss-making claims	57,779,070	59,993,250	24,572	904,855	478,228	3,621,835
Other receivables	0	195	0	156	0	351
Accounts of public authorities, local governments, state funds and other funds of the SR	597,151	12,698,080	0	1,300,204	0	13,401,133
Loans to public authorities of the SR	0	852,752	0	380,864	0	1,233,616
Loans to social insurance funds	0	0	0	0	0	0
Loans to local governments	537,906	4,419,149	0	0	0	3,881,243
Loans to other funds	52,349	3,935,933	0	0	0	3,883,584
Loans to state funds	6,896	3,490,246	0	919,340	0	4,402,690
Stock	0	238,433	0	0	0	238,433
Claims in respect of collections of money	0	10,703	72	273,136	110,255	394,166
Branches and representative offices	0	0	11,457,903	0	10,804,511	22,262,414
Claims and other suspense accounts	3,090,163	18,428,024	706,535	1,034,603	371,500	17,450,499
Claims in respect of own securities	0	0	0	0	0	0
Claims in respect of securities and derivatives trading	377	582,636	960	2,099	0	585,318
Securities in portfolio	2,848,755	223,071,857	3,693,588	7,797,073	18,732,346	250,446,109
Investment securities and deposits	1,957,224	95,219,324	6,815,503	7,910,554	6,266,413	114,254,570
Foreign branches	0	0	0	0	542,861	542,861
Tangible fixed assets	20,385,620	46,591,264	0	0	0	26,205,644
Acquisition of fixed assets	488	2,015,382	3,023	0	0	2,017,917
Tangible fixed assets leased	1,267	1,380	0	0	0	113
Intangible fixed assets	6,152,139	7,905,422	0	0	0	1,753,283
Special agenda commissioned	0	0	0	0	0	0
Accumulated depreciation and provisions	96,206,260	93,839,949	58,133	1,175,503	1,132,675	0
Total assets	96,206,260	808,592,688	44,495,307	82,813,206	89,113,681	928,808,622

Continued on next page.

Shortened Balance Sheet of Commercial Banks as at 1 January 2002 (Sk thousands)
(Banks and branches of foreign banks operating in the SR in total) – continued

LIABILITIES	Slovak crown		Foreign currency		Total
	Residents	Non-residents	Residents	Non-residents	
Accounts of issuing banks and postal checking accounts	30,257,551	0	402,560	0	30,660,111
Accounts with issuing banks	2,985,607	0	0	0	2,985,607
Loan received from issuing banks	27,271,944	0	402,560	0	27,674,504
of which: Redistribution loans	21,231,981	0	0	0	21,231,981
Refinancing loans	0	0	0	0	0
Accounts of other banks	37,804,480	4,198,054	10,904,021	26,668,037	79,574,592
Current accounts with other banks	0	0	0	128,363	128,363
Current accounts of other banks	860,821	2,427,342	496,608	18,556,793	22,341,564
Transfers on accounts between banks	700,302	46,432	0	2,439,937	3,186,671
Credits received	1,216,818	0	0	2,412,871	3,629,689
Time deposits of other banks	35,026,539	1,724,280	10,407,413	3,130,073	50,288,305
Liabilities from securities and other items	56,161,019	0	0	0	56,161,019
Deposits and loans received from customers	495,665,363	4,589,896	104,123,893	4,236,423	608,615,575
Current accounts of customers	105,003,744	2,688,168	31,220,903	2,425,818	141,338,633
Time deposits of customers	218,111,790	1,726,244	62,702,358	1,744,995	284,285,387
Savings deposits	158,269,970	141,705	10,192,877	65,610	168,670,162
Giro accounts	15,164,320	37,064	145,407	4,591	15,351,382
Demand deposits on passbooks	24,372,189	20,179	6,876,133	39,604	31,308,105
Other short-term savings deposits	50,835,910	64,699	3,171,239	21,415	54,093,263
Medium-term savings deposits	25,507,514	19,623	98	0	25,527,235
Long-term savings deposits	42,390,037	140	0	0	42,390,177
Credits received from customers	14,279,859	33,779	7,755	0	14,321,393
Other liabilities to customers	9,893,799	5,068	2,901,747	97,747	12,898,361
Certificates of deposits and similar securities issued	5,929,468	9,161	242,751	0	6,181,380
Deposits for specific purposes	1,030,877	7,641	768,224	102,001	1,908,743
Other special liabilities	5,537	15	10	0	5,562
Accounts of public authorities, local governments, state funds and other funds	30,039,858	0	1,215,256	0	31,255,114
Deposits of extra-budgetary funds of public authorities	6,421,305	0	1,017,070	0	7,438,375
Deposits of social insurance funds	13,973,609	0	28	0	13,973,637
Deposits of local governments	5,076,504	0	197,204	0	5,273,708
Deposits of other funds	2,606,448	0	954	0	2,607,402
Deposits of State funds	1,961,992	0	0	0	1,961,992
Liabilities from collections	45,129	72	317,088	43,485	405,774
Branches and representative offices	335,624	7,500	0	2,342,155	2,685,279
Adjustment and other suspense accounts	17,553,747	226,883	835,018	532,770	19,148,418
Liabilities from own securities	262,863	641	31,367	0	294,871
Liabilities from trading in securities and financial derivatives	680,004	0	171,394	397,080	1,248,478
Liabilities from unpaid securities	26,400	0	0	0	26,400
Subsidies and funds of similar nature	2,477,880	0	132,002	0	2,609,882
Bonds issued	5,178,810	50,000	0	0	5,228,810
Long-term borrowings of special nature	0	0	0	0	0
Reserves	22,629,031	0	111,967	152,961	22,893,959
Funds allocated from profits	10,878,549	19,500	0	0	10,898,049
Share capital	22,906,558	28,465,890	0	1,781,520	53,153,968
Long-term liabilities of foreign banks' branches to head offices	0	1,399,229	0	1,410,535	2,809,764
Share premium funds	777,411	374	0	0	777,785
Other capital funds	3,166,244	5,490	0	0	3,171,734
Gains / losses from valuation of property shares and deposits	487,111	0	0	1,932	489,043
Own shares issued to reduce share capital	0	0	0	0	0
Gains / losses from revaluation of share capital and deposits in foreign currency	5,471	3,086	0	827,341	835,898
Retained earnings from previous years +/-	7,800,858	0	0	0	7,800,858
Accumulated losses from previous years -/-	-42,001,806	0	0	0	-42,001,806
Profit and loss account +/-	0	0	0	0	0
Profit or loss in process of approval /+ -/	9,071,001	0	0	0	9,071,001
Total liabilities	729,068,837	38,988,500	122,157,298	38,593,987	928,808,622

Shortened Balance Sheet of Commercial Banks as at 31 December 2002 (Sk thousands)
(Banks and branches of foreign banks operating in the SR in total)

ASSETS	Accumulated depreciation and provisions	Slovak crown		Foreign currency		Total
		Residents	Non-residents	Residents	Non-residents	
Cash items	0	9,698,553	13	0	4,527,329	14,225,895
Cash	0	9,687,038	0	0	4,495,406	14,182,444
Gold	0	0	0	0	0	0
Other cash items	0	11,515	13	0	31,923	43,451
Accounts of issuing banks and postal checking accounts	0	102,342,334	0	0	260	102,342,594
Money reserve accounts with the NBS	0	21,373,649	0	0	0	21,373,649
Accounts of other banks	262,247	54,278,252	11,729,646	5,295,574	24,332,674	95,373,899
Current accounts with other banks	0	809,957	146,347	148,889	3,591,281	4,696,474
Credits provided	0	745,263	800,000	0	426,475	1,971,738
Time deposits with other banks	0	52,098,569	10,421,517	5,146,685	20,061,186	87,727,957
Current accounts of other banks	0	0	341,393	0	13	341,406
Transfers of funds between banks	0	564,076	0	0	2,956	567,032
Classified claims on banks	262,247	60,387	20,389	0	250,763	69,292
of which: short-term claims	200,328	0	20,389	0	179,939	0
interest on non-performing loans credited to accounts	1,638	2,024	0	0	761	1,147
Claims in respect of securities and other items	0	4	0	177	0	181
Standard credits to customers	0	178,907,318	460,485	40,826,254	2,794,843	222,988,900
Credits for commercial claims	0	2,798,520	13,101	2,553,162	771,024	6,135,807
Short-term credits	0	50,142,798	190,503	9,731,346	556,026	60,620,673
Medium-term credits	0	66,325,351	246,219	13,657,448	561,875	80,790,893
Long-term credits	0	59,640,649	10,662	14,884,298	905,918	75,441,527
Other claims on customers	0	611,561	1,506	255,672	852	869,591
Current accounts of customers - debit balances, overdrafts	0	15,740,629	108,024	3,932,636	462,718	20,244,007
Standard claims with reserve (customers)	0	41,692,961	622,802	6,476,763	2	48,792,528
Classified claims (customers)	27,653,931	33,837,262	105,684	3,045,432	1,139,654	10,474,101
of which: unpaid interest	5,930,502	5,858,412	2,240	56,392	26,512	13,054
Sub-standard claims	1,068,753	5,141,300	87,537	1,172,422	928,881	6,261,387
Doubtful and controversial claims	1,126,500	2,572,544	106	637,619	46,562	2,130,331
Loss-making claims	25,458,678	26,123,418	18,041	1,235,391	164,211	2,082,383
Other receivables	0	0	313,108	177,177	0	490,285
Accounts of public authorities, local governments, state funds and other funds of the SR	26,533	9,991,896	0	1,326,476	0	11,291,839
Loans to public authorities of the SR	6,896	3,739,509	0	1,326,476	0	5,059,089
Loans to social insurance funds	0	0	0	0	0	0
Loans to local governments	19,637	4,834,334	0	0	0	4,814,697
Loans to other funds	0	53	0	0	0	53
Loans to state funds	0	1,418,000	0	0	0	1,418,000
Stock	0	202,029	0	0	0	202,029
Claims in respect of collections of money	0	1,533	45	65,101	179,226	245,905
Branches and representative offices	0	0	8,284,412	0	6,106,389	14,390,801
Claims and other suspense accounts	2,305,802	14,565,073	807,922	742,282	263,613	14,073,088
Claims in respect of own securities	0	13,357	0	0	0	13,357
Claims in respect of securities and derivatives trading	0	48,084	12,017	6,129	13	66,243
Securities in portfolio	2,514,781	284,178,497	5,327,464	9,180,734	3,270,099	299,442,013
Investment securities and deposits	1,974,567	86,321,986	5,396,801	12,085,530	5,014,033	106,843,783
Foreign branches	0	60,000	0	0	540,425	600,425
Tangible fixed assets	22,530,739	48,173,580	0	0	0	25,642,841
Acquisition of fixed assets	1,609	2,579,068	0	28,273	0	2,605,732
Tangible fixed assets leased	357	372	0	0	0	15
Intangible fixed assets	7,068,380	8,573,667	0	0	0	1,505,287
Special agenda commissioned	0	0	0	0	0	0
Accumulated depreciation and provisions	64,338,946	62,112,681	54,091	1,485,755	686,419	0
Total assets	64,338,946	913,191,665	33,169,929	83,444,210	48,632,130	1,014,098,988

Continued on next page.

Shortened Balance Sheet of Commercial Banks as at 31 December 2002 (Sk thousands)
(Banks and branches of foreign banks operating in the SR in total) – continued

LIABILITIES	Slovak crown		Foreign currency		Total
	Residents	Non-residents	Residents	Non-residents	
Accounts of issuing banks and postal checking accounts	12,608,927	0	299,795	0	12,908,722
Accounts with issuing banks	1,360,258	0	0	0	1,360,258
Loan received from issuing banks	11,248,669	0	299,795	0	11,548,464
of which: Redistribution loans	8,156,118	0	0	0	8,156,118
Refinancing loans	0	0	0	0	0
Accounts of other banks	54,848,055	11,969,667	5,297,024	16,613,334	88,728,080
Current accounts with other banks	0	0	0	121,209	121,209
Current accounts of other banks	894,973	2,190,771	150,338	580,540	3,816,622
Transfers on accounts between banks	1,011,798	0	0	1,319,909	2,331,707
Credits received	701,458	0	0	3,140,030	3,841,488
Time deposits of other banks	52,239,826	9,778,896	5,146,686	11,451,646	78,617,054
Liabilities from securities and other items	88,035,871	0	0	30,707	88,066,578
Deposits and loans received from customers	510,050,254	3,849,460	105,876,995	7,661,890	627,438,599
Current accounts of customers	134,533,438	1,681,146	34,929,573	2,369,592	173,513,749
Time deposits of customers	225,075,498	1,977,582	59,871,532	5,206,633	292,131,245
Savings deposits	139,937,142	148,210	11,028,035	85,665	151,199,052
Giro accounts	123,103	4,072	193,492	16,646	337,313
Demand deposits on passbooks	25,265,955	35,746	7,653,434	52,169	33,007,304
Other short-term savings deposits	51,885,566	76,104	3,180,805	16,850	55,159,325
Medium-term savings deposits	23,273,778	32,112	304	0	23,306,194
Long-term savings deposits	39,388,740	176	0	0	39,388,916
Credits received from customers	10,504,176	42,522	47,855	0	10,594,553
Other liabilities to customers	8,939,696	20,240	2,316,408	206,330	11,482,674
Certificates of deposits and similar securities issued	3,247,463	7,830	58,654	0	3,313,947
Deposits for specific purposes	2,204,943	3,101	817,301	2,785,150	5,810,495
Other special liabilities	31,177	71	892	19	32,159
Accounts of public authorities, local governments, state funds and other funds	36,973,443	0	1,274,038	0	38,247,481
Deposits of extra-budgetary funds of public authorities	7,363,316	0	544,213	0	7,907,529
Deposits of social insurance funds	17,188,713	0	0	0	17,188,713
Deposits of local governments	8,845,566	0	151,830	0	8,997,396
Deposits of other funds	3,015,532	0	577,995	0	3,593,527
Deposits of State funds	560,316	0	0	0	560,316
Liabilities from collections	20,787	13	109,251	122,569	252,620
Branches and representative offices	435,380	3,718,200	0	11,507,676	15,661,256
Adjustment and other suspense accounts	9,966,330	556,953	748,583	460,122	11,731,988
Liabilities from own securities	306,666	23	18,573	0	325,262
Liabilities from trading in securities and financial derivatives	44,091	18,378	5,792	13,521	81,782
Liabilities from unpaid securities	26,400	0	0	0	26,400
Subsidies and funds of similar nature	3,354,007	0	733	0	3,354,740
Bonds issued	7,580,900	0	0	0	7,580,900
Long-term borrowings of special nature	0	60,000	0	0	60,000
Reserves	20,589,581	0	236,578	141,248	20,967,407
Funds allocated from profits	9,225,716	19,500	0	0	9,245,216
Share capital	6,087,141	32,505,035	0	1,650,000	40,242,176
Long-term liabilities of foreign banks' branches to head offices	0	2,844,579	0	0	2,844,579
Share premium funds	1,807,054	374	0	0	1,807,428
Other capital funds	783,103	5,490	0	0	788,593
Gains / losses from valuation of property shares and deposits	155,538	0	0	1,885	157,423
Own shares issued to reduce share capital	0	0	0	0	0
Gains / losses from revaluation of share capital and deposits in foreign currency	5,215	-8,993	0	396,399	392,621
Retained earnings from previous years (+)	10,940,166	0	0	0	10,940,166
Accumulated losses from previous years (-)	-797,956	0	0	0	-797,956
Profit and loss account (+-)	12,407,652	0	0	0	12,407,652
Profit or loss in process of approval (+-)	0	0	0	0	0
Total liabilities	799,877,600	55,569,921	117,060,617	41,590,850	1,014,098,988

Monthly profit and loss account of commercial banks (Sk thousands)
(Banks and branches of foreign banks operating in the SR in total)

	1999	2000	2001	2002			
	December	December	December	March	June	September	December
EXPENSES							
Expenses on financial operations:	122,849,070	157,946,828	119,077,673	25,435,426	60,138,361	110,203,876	155,243,587
Cash and interbank transactions	16,886,692	13,463,563	8,579,887	1,493,383	3,318,939	5,148,449	7,223,186
Transactions with customers	45,313,557	37,248,356	29,408,137	7,196,776	14,158,041	21,433,182	27,907,625
Financial leasing	310	521	110	13	26	39	56
Bond issues	1,182,563	822,024	563,852	111,373	264,578	412,501	558,594
Transactions in securities	8,069,421	46,089,276	13,440,612	462,854	727,016	1,215,622	1,481,716
Foreign exchange transactions	49,354,333	58,442,371	65,697,979	15,836,482	40,970,509	80,897,527	115,814,423
Other operations	2,042,194	1,880,717	1,387,096	334,545	699,252	1,096,556	2,257,987
General administrative expenses	19,927,703	20,763,501	21,891,943	5,088,468	10,796,953	16,575,183	24,379,861
Additions to reserves and provisions	87,361,705	107,800,384	37,551,171	3,401,823	9,340,030	14,375,437	25,672,182
Other operating expenses	9,623,907	13,692,057	15,449,324	1,323,269	4,005,950	7,338,502	11,682,561
Extraordinary expenses	1,112,765	936,356	677,300	195,875	310,768	397,950	546,413
Income tax	789,773	781,072	237,487	62,646	123,176	232,566	287,582
Profit for the period	3,766,769	15,795,169	10,705,605	3,221,826	5,583,780	7,725,715	13,058,326
TOTAL EXPENSES, PLUS PROFIT	245,431,692	317,715,367	205,590,503	38,729,333	90,299,018	156,849,229	230,870,512
INCOME							
Income from financial operations:	148,189,600	188,596,370	152,378,867	34,168,839	78,500,609	138,056,070	197,325,795
Cash and interbank transactions	18,026,666	15,342,223	13,606,952	3,078,794	6,095,058	10,025,846	13,937,893
Transactions with customers	47,824,863	43,654,164	31,942,735	7,887,458	15,992,765	24,558,696	33,466,071
Financial leasing	393	584	0	0	0	0	0
Transactions in securities	24,742,031	63,969,537	34,754,916	5,828,816	12,304,965	18,064,850	27,644,676
Foreign exchange transactions	54,748,440	63,676,495	71,105,331	17,125,481	43,540,118	84,516,338	120,503,531
Other operations	2,847,207	1,953,367	968,933	248,290	567,703	890,340	1,773,624
Use of reserves and provisions	61,194,757	113,047,024	48,665,078	4,248,757	10,523,215	17,116,654	30,249,277
Other operating income	2,134,893	2,340,107	1,593,234	168,098	582,909	939,958	1,285,874
Extraordinary income	623,957	2,314,257	1,318,720	139,101	687,495	713,693	1,358,892
Loss for the period	33,288,485	11,417,609	1,634,604	4,538	4,790	22,854	650,674
TOTAL INCOME, PLUS LOSS	245,431,692	317,715,367	205,590,503	38,729,333	90,299,018	156,849,229	230,870,512

Inflation (year-on-year change)

	1999											
	1	2	3	4	5	6	7	8	9	10	11	12
Total inflation in %	6.8	6.9	7.0	7.1	6.7	7.1	13.6	14.4	14.7	14.0	13.9	14.2
Regulated prices in %	13.1	15.0	15.2	15.7	15.8	16.1	40.0	40.2	40.3	38.1	38.1	38.2
share in total in percentage points	2.37	2.69	2.74	2.81	2.81	2.86	7.16	7.21	7.23	6.90	6.87	6.87
Effect of change in indirect taxes on non-regulated prices												
share in total in percentage points	0.00	0.00	0.00	0.00	0.00	0.00	1.49	1.50	1.49	1.47	1.47	1.56
Core inflation in %	5.4	5.2	5.2	5.2	4.7	5.1	6.1	7.0	7.3	6.9	6.9	7.0
share in total in percentage points	4.43	4.25	4.24	4.28	3.85	4.20	4.98	5.71	5.95	5.64	5.60	5.75
of which: food prices in %	3.8	2.6	2.3	1.4	-0.9	-0.6	-0.5	0.6	1.1	0.6	0.7	1.3
share in total in percentage points	1.00	0.69	0.60	0.36	-0.24	-0.17	-0.12	0.17	0.29	0.16	0.17	0.33
Net inflation (adjusted for changes in indirect taxes) in %	6.2	6.5	6.6	7.1	7.4	7.9	9.2	9.9	10.2	9.9	9.8	9.7
share in total in percentage points	3.44	3.56	3.63	3.92	4.09	4.36	5.11	5.55	5.66	5.48	5.42	5.42

	2000											
	1	2	3	4	5	6	7	8	9	10	11	12
Total inflation in %	13.6	16.4	16.6	15.9	16.0	15.4	9.2	8.7	8.7	8.5	8.6	8.4
Regulated prices in %	33.6	46.8	47.4	47.1	47.0	46.6	21.6	21.6	21.3	20.8	20.8	20.7
share in total in percentage points	6.46	9.05	9.16	9.10	9.08	9.00	4.76	4.74	4.66	4.56	4.54	4.51
Effect of change in indirect taxes on non-regulated prices												
share in total in percentage points	1.76	1.75	1.74	1.73	1.73	1.72	0.32	0.31	0.31	0.31	0.31	0.31
Core inflation in %	6.7	7.0	7.0	6.4	6.5	5.8	5.3	4.8	4.9	4.8	4.9	4.6
share in total in percentage points	5.39	5.64	5.66	5.11	5.24	4.69	4.08	3.67	3.72	3.66	3.74	3.55
of which: food prices in %	2.6	3.3	3.3	3.0	3.8	2.9	4.0	4.3	4.6	5.2	5.7	6.0
share in total in percentage points	0.67	0.84	0.84	0.75	0.94	0.71	0.93	0.98	1.06	1.20	1.32	1.38
Net inflation (adjusted for changes in indirect taxes) in %	8.6	8.7	8.7	7.9	7.7	7.1	5.9	5.0	5.0	4.6	4.5	4.1
share in total in percentage points	4.72	4.80	4.82	4.36	4.30	3.98	3.15	2.69	2.66	2.45	2.42	2.18

	2001											
	1	2	3	4	5	6	7	8	9	10	11	12
Total inflation in %	7.7	6.7	7.1	7.6	7.7	8.0	8.0	7.8	7.4	7.1	6.5	6.5
Regulované ceny v %	20.7	16.4	17.1	16.4	16.3	16.4	17.1	17.0	17.0	17.0	17.0	17.2
share in total in percentage points	4.68	4.01	4.17	4.02	4.00	4.01	4.20	4.18	4.15	4.14	4.13	4.17
Effect of change in indirect taxes on non-regulated prices												
share in total in percentage points	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.03	-0.03
Core inflation in %	4.0	3.6	4.0	4.8	5.0	5.4	5.2	4.9	4.4	4.0	3.3	3.2
share in total in percentage points	3.05	2.65	2.95	3.57	3.67	3.99	3.81	3.61	3.24	2.92	2.44	2.39
of which: food prices in %	4.7	3.5	5.3	6.9	7.2	9.2	9.4	8.1	6.5	5.5	3.7	3.7
share in total in percentage points	1.09	0.80	1.19	1.53	1.59	2.02	2.05	1.77	1.44	1.22	0.83	0.83
Net inflation (adjusted for changes in indirect taxes) in %	3.7	3.6	3.4	4.0	4.0	3.8	3.4	3.6	3.5	3.3	3.1	3.0
share in total in percentage points	1.97	1.85	1.75	2.04	2.08	1.97	1.75	1.85	1.81	1.70	1.61	1.56

On the basis of the new consumer basket	2002											
	1	2	3	4	5	6	7	8	9	10	11	12
Total inflation in %	6.2	4.3	3.6	3.6	3.2	2.6	2.0	2.7	2.8	2.9	2.9	3.4
Regulated prices in %	13.4	5.7	5.1	5.3	5.6	5.5	3.3	5.3	5.3	5.4	5.3	6.5
share in total in percentage points	2.97	1.33	1.18	1.22	1.28	1.27	0.77	1.21	1.22	1.25	1.22	1.50
Effect of change in indirect taxes on non-regulated prices												
share in total in percentage points	0.36	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.41	0.41
Core inflation in %	3.7	3.4	2.7	2.6	2.1	1.2	1.2	1.5	1.6	1.7	1.7	1.9
share in total in percentage points	2.86	2.58	2.10	1.99	1.60	0.95	0.88	1.13	1.24	1.30	1.29	1.46
of which: food prices in %	4.5	5.6	4.2	3.6	3.1	0.0	-1.7	-0.9	0.1	-0.2	0.5	-0.2
share in total in percentage points	0.96	1.16	0.88	0.75	0.65	0.00	-0.36	-0.18	0.02	-0.03	0.10	-0.04
Net inflation (adjusted for changes in indirect taxes) in %	3.3	2.5	2.2	2.2	1.7	1.7	2.2	2.3	2.2	2.4	2.1	2.7
share in total in percentage points	1.89	1.41	1.22	1.25	0.96	0.94	1.24	1.31	1.22	1.33	1.19	1.50

Source: Statistical Office of the SR.

Inflation (month-on-month change)

	1999											
	1	2	3	4	5	6	7	8	9	10	11	12
Total inflation in %	3.0	0.8	0.3	0.5	0.2	0.5	5.8	0.5	0.6	0.5	0.4	0.4
Regulated prices in %	9.7	1.6	0.3	0.5	0.2	0.4	20.7	0.2	0.5	0.5	0.1	0.1
share in total in percentage points	1.75	0.30	0.06	0.10	0.03	0.07	4.00	0.04	0.11	0.11	0.02	0.02
Effect of change in indirect taxes on non-regulated prices												
share in total in percentage points	0.10	0.00	0.00	0.00	0.00	0.00	1.39	0.00	0.00	0.00	0.00	0.00
Core inflation in %	1.4	0.7	0.3	0.5	0.2	0.5	0.5	0.6	0.7	0.6	0.5	0.5
share in total in percentage points	1.14	0.54	0.21	0.41	0.16	0.42	0.37	0.42	0.52	0.44	0.35	0.41
of which: food prices in %	1.4	0.2	-0.6	-0.2	-0.7	0.1	-1.8	0.1	1.1	0.5	0.5	0.7
share in total in percentage points	0.37	0.04	-0.14	-0.05	-0.18	0.02	-0.44	0.01	0.26	0.11	0.12	0.16
Net inflation (adjusted for changes in indirect taxes) in %	1.4	0.9	0.6	0.8	0.6	0.7	1.5	0.8	0.5	0.6	0.4	0.5
share in total in percentage points	0.77	0.50	0.35	0.46	0.34	0.40	0.81	0.41	0.27	0.33	0.23	0.25

	2000											
	1	2	3	4	5	6	7	8	9	10	11	12
Total inflation in %	2.5	3.3	0.4	0.0	0.3	-0.1	0.0	0.1	0.6	0.4	0.4	0.2
Regulated prices in %	6.1	11.6	0.7	0.3	0.1	0.1	0.1	0.2	0.2	0.1	0.0	0.0
share in total in percentage points	1.34	2.62	0.16	0.07	0.02	0.03	0.04	0.04	0.05	0.03	0.01	0.00
Effect of change in indirect taxes on non-regulated prices												
share in total in percentage points	0.31	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Core inflation in %	1.1	1.0	0.3	-0.1	0.3	-0.1	0.0	0.0	0.7	0.5	0.6	0.3
share in total in percentage points	0.83	0.73	0.21	-0.10	0.26	-0.09	-0.01	0.03	0.55	0.37	0.41	0.22
of which: food prices in %	2.8	0.8	-0.5	-0.5	0.0	-0.8	-0.7	0.3	1.4	1.1	1.0	0.9
share in total in percentage points	0.64	0.19	-0.12	-0.11	0.01	-0.17	-0.15	0.07	0.32	0.24	0.22	0.21
Net inflation (adjusted for changes in indirect taxes) in %	0.4	1.0	0.6	0.0	0.5	0.2	0.3	-0.1	0.5	0.2	0.4	0.0
share in total in percentage points	0.19	0.54	0.33	0.02	0.25	0.08	0.14	-0.04	0.23	0.13	0.19	0.01

	2001											
	1	2	3	4	5	6	7	8	9	10	11	12
Total inflation in %	1.9	2.3	0.8	0.4	0.3	0.3	0.0	-0.1	0.2	0.1	-0.1	0.2
Regulated prices in %	6.2	7.7	1.2	-0.3	0.0	0.1	0.8	0.1	0.2	0.1	0.1	0.2
share in total in percentage points	1.50	1.94	0.32	-0.07	0.01	0.04	0.21	0.02	0.04	0.03	0.02	0.05
Effect of change in indirect taxes on non-regulated prices												
share in total in percentage points	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.03	0.00
Core inflation in %	0.5	0.5	0.7	0.7	0.5	0.3	-0.2	-0.2	0.3	0.1	-0.1	0.2
share in total in percentage points	0.38	0.39	0.49	0.49	0.34	0.21	-0.17	-0.15	0.19	0.05	-0.06	0.16
of which: food prices in %	1.5	-0.3	1.2	0.9	0.3	1.0	-0.5	-0.9	0.0	0.1	-0.7	0.9
share in total in percentage points	0.35	-0.07	0.27	0.21	0.07	0.23	-0.10	-0.20	-0.01	0.02	-0.15	0.20
Net inflation (adjusted for changes in indirect taxes) in %	0.1	0.9	0.4	0.6	0.5	0.0	-0.1	0.1	0.4	0.1	0.2	-0.1
share in total in percentage points	0.03	0.46	0.22	0.29	0.26	-0.02	-0.07	0.05	0.19	0.03	0.09	-0.04

On the basis of the new consumer basket	2002											
	1	2	3	4	5	6	7	8	9	10	11	12
Total inflation in %	1.5	0.4	0.0	0.4	0.2	-0.4	-0.3	0.5	0.3	0.0	0.0	0.7
Regulated prices in %	1.6	0.1	0.0	0.1	0.3	0.1	0.0	1.9	0.3	0.2	0.0	1.8
share in total in percentage points	0.37	0.02	0.01	0.02	0.07	0.01	0.00	0.44	0.07	0.05	-0.01	0.42
Effect of change in indirect taxes on non-regulated prices												
share in total in percentage points	0.41	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Core inflation in %	0.9	0.4	0.0	0.5	0.2	-0.5	-0.4	0.1	0.3	0.0	0.0	0.3
share in total in percentage points	0.69	0.34	0.03	0.40	0.15	-0.38	-0.30	0.06	0.23	0.00	0.00	0.23
of which: food prices in %	1.8	1.0	-0.1	0.2	0.4	-1.5	-2.3	-0.1	0.7	-0.3	0.1	0.1
share in total in percentage points	0.38	0.20	-0.03	0.04	0.08	-0.32	-0.48	-0.02	0.13	-0.07	0.01	0.02
Net inflation (adjusted for changes in indirect taxes) in %	0.6	0.2	0.1	0.7	0.1	-0.1	0.3	0.1	0.2	0.1	0.0	0.4
share in total in percentage points	0.31	0.14	0.06	0.36	0.07	-0.06	0.17	0.08	0.09	0.07	-0.02	0.21

Source: Statistical Office of the SR.

Ratios of Selected Economic Indicators to GDP

	1995	1996	1997	1998	1999	2000	2001	2002
Real GDP / capita (Sk)	106,065	112,044	118,164	122,674	124,187	126,801	131,481	137,291
Nominal GDP / capita (Sk)	106,065	116,975	131,632	143,766	154,900	168,278	183,902	199,608
Nominal GDP / capita (US\$)	3,567	3,817	3,916	4,079	3,740	3,642	3,804	4,403
GDP generated (% , 1995 constant prices)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Agriculture, forestry, fishing	5.5	5.1	5.3	5.4	5.3	5.2	4.8	5.1
Industry	30.7	30.4	27.2	27.0	28.0	25.9	26.0	25.9
Construction	4.7	6.7	6.3	5.1	3.5	3.5	3.4	3.6
Market services	51.7	49.8	53.3	53.6	53.6	56.4	57.2	57.1
Other	7.5	8.0	7.9	8.9	9.5	9.0	8.6	8.3
GDP used (% , 1995 constant prices)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Domestic demand	98.3	109.5	107.6	110.7	102.4	99.3	103.4	103.6
Final consumption	71.8	75.5	73.3	76.0	75.1	72.8	73.4	73.8
Formation of gross capital	26.5	34.1	34.3	34.7	27.3	26.5	29.9	29.8
Net exports	1.7	-9.5	-7.6	-10.7	-2.4	-0.2	-4.1	-3.6
Exports of goods and services	57.4	53.5	60.2	65.6	68.1	75.8	78.2	79.3
Imports of goods and services	55.7	63.0	67.9	76.3	70.5	76.1	82.2	82.9
Average annual exchange rate SKK/USD	29.735	30.647	33.616	35.242	41.417	46.200	48.347	45.335

Calculated on the basis of figures in Sk millions, rounding-up errors

Influence on GDP Growth (percentage points, at constant 1995 prices)

	2000	2001	1. Q	2. Q	2002 3. Q	4. Q	rok
GDP generated							
Year-on-year growth in GDP (%)	2.2	3.3	3.9	4.0	4.3	5.4	4.4
of which:							
Agriculture, forestry, fishing	0.0	-0.3	0.3	0.4	0.9	0.5	0.5
Industry	-1.5	0.9	-1.2	1.2	2.6	1.3	1.0
of which: manufacturing	-0.5	2.3	-2.6	1.4	2.5	0.8	0.6
Construction	0.1	-0.1	0.3	0.5	0.4	0.3	0.4
Services	4.1	2.6	3.3	1.5	0.6	4.4	2.4
of which: trade	0.8	0.3	0.2	-0.4	-0.7	0.0	-0.3
transport	0.2	1.3	-0.6	0.1	-0.6	-0.4	-0.4
public administration and defence	0.3	0.4	1.5	0.6	0.2	1.2	0.9
Other	-0.4	0.1	1.2	0.4	-0.1	-1.2	0.1
GDP used							
Year-on-year growth in GDP (%)	2.2	3.3	3.9	4.0	4.3	5.4	4.4
of which:							
Domestic demand	-0.9	7.5	3.7	3.3	3.6	8.7	4.8
Final consumption in total	-0.7	3.1	3.7	4.4	3.1	3.3	3.6
of which: household consumption	-1.0	2.1	2.7	3.0	2.5	3.0	2.8
Gross capital formation	-0.2	4.4	0.0	-1.1	0.5	5.4	1.2
of which: gross fixed capital formation	0.4	2.7	-0.2	0.0	-0.3	-0.5	-0.3
Net exports	2.2	-4.0	1.2	0.6	0.1	-0.7	0.3
Exports of goods and services	9.4	4.9	-3.4	4.0	7.6	9.7	4.6
Imports of goods and services	7.2	8.9	-4.6	3.4	7.6	10.3	4.4
Statistical discrepancy	0.9	-0.3	-1.0	0.1	0.6	-2.6	-0.7

Calculated on the basis of figures in Sk millions, rounding-up errors

Development of GDP by Sector

		1995	1996	1997	1998	1999	2000	2001	2002	Indices		
										2000/99	2001/00	2002/01
GDP (at constant 1995 prices)	a	568.9	602.1	636.1	661.3	670.0	684.8	707.3	738.4	102.2	103.3	104.4
Agriculture, forestry, fishing	a	31.3	30.7	33.7	35.5	35.6	35.5	33.7	37.4	99.8	95.0	110.9
	b	5.5	5.1	5.3	5.4	5.3	5.2	4.8	5.1	x	x	x
Industry in total	a	174.5	183.2	173.2	178.8	187.9	177.7	184.1	191.4	94.5	103.6	104.0
	b	30.7	30.4	27.2	27.0	28.0	25.9	26.0	25.9	x	x	x
Mining and quarrying	a	5.5	6.1	6.5	7.2	7.1	6.4	5.9	5.1	89.3	92.1	86.1
	b	1.0	1.0	1.0	1.1	1.1	0.9	0.8	0.7	x	x	x
Manufacturing	a	143.0	146.2	142.6	150.0	154.4	151.4	166.9	171.2	98.0	110.2	102.6
	b	25.1	24.3	22.4	22.7	23.0	22.1	23.6	23.2	x	x	x
Electricity generation and distribution, gas and water supply	a	26.0	30.9	24.1	21.6	26.3	19.9	11.3	15.1	75.5	56.9	133.4
	b	4.6	5.1	3.8	3.3	3.9	2.9	1.6	2.0	x	x	x
Construction	a	26.7	40.5	39.9	33.7	23.6	24.3	23.9	26.5	102.7	98.5	111.0
	b	4.7	6.7	6.3	5.1	3.5	3.5	3.4	3.6	x	x	x
Services in total	a	293.8	299.7	339.1	354.7	359.1	386.5	404.3	421.3	107.6	104.6	104.2
	b	51.7	49.8	53.3	53.6	53.6	56.4	57.2	57.1	x	x	x
of which:												
Trade	a	67.1	66.5	85.6	89.8	93.9	99.0	101.3	99.5	105.4	102.4	98.2
	b	11.8	11.0	13.5	13.6	14.0	14.5	14.3	13.5	x	x	x
Transport, warehousing, post and telecommunications	a	55.0	57.9	61.3	58.5	64.0	65.4	74.2	71.6	102.2	113.5	96.5
	b	9.7	9.6	9.6	8.8	9.5	9.5	10.5	9.7	x	x	x
Real estate and renting	a	62.6	54.8	73.7	77.3	79.9	89.7	86.5	86.1	112.3	96.5	99.5
	b	11.0	9.1	11.6	11.7	11.9	13.1	12.2	11.7	x	x	x
Financial intermediation and insurance	a	29.9	21.4	21.6	19.8	20.0	22.8	26.9	37.7	113.8	118.1	140.0
	b	5.3	3.6	3.4	3.0	3.0	3.3	3.8	5.1	x	x	x
Public administration and defence	a	24.0	43.5	34.7	38.0	35.9	38.1	40.6	46.8	105.8	106.8	115.2
	b	4.2	7.2	5.5	5.7	5.4	5.6	5.7	6.3	x	x	x
Education	a	17.9	17.6	15.1	18.1	18.1	19.3	20.8	22.3	106.5	107.4	107.2
	b	3.2	2.9	2.4	2.7	2.7	2.8	2.9	3.0	x	x	x
Health and social care	a	17.8	18.0	21.9	28.8	24.5	27.2	28.3	29.5	111.3	104.1	104.1
	b	3.1	3.0	3.4	4.4	3.7	4.0	4.0	4.0	x	x	x
Other	a	42.5	48.0	50.2	58.6	63.8	60.8	61.4	61.8	95.3	100.9	100.7
	b	7.5	8.0	7.9	8.9	9.5	8.9	8.7	8.4	x	x	x

Calculated from data in Sk mil.
a - Absolute figures in Sk bill.
b - Share of GDP in %

Source: Statistical Office of the SR.

Development of GDP by Use

		1997	1998	1999	2000	2001	2002	2000/99	Indices 2001/00	2002/01
GDP (at constant 1995 prices)	a	636.1	661.3	670.0	678.4	702.4	738.4	101.2	103.5	105.1
Domestic demand	a	684.6	731.9	686.2	680.0	731.1	765.2	99.1	107.5	104.7
	b	107.6	110.7	102.4	100.2	104.1	103.6	x	x	x
Final consumption in total	a	466.4	502.7	503.3	498.3	519.5	544.9	99.0	104.2	104.9
	b	73.3	76.0	75.1	73.5	74.0	73.8	x	x	x
Households	a	331.8	350.9	361.2	354.6	368.9	388.7	98.2	104.0	105.4
	b	52.2	53.1	53.9	52.3	52.5	52.6	x	x	x
Non-profit institutions serving households	a	2.8	4.7	6.3	6.2	6.0	6.0	98.5	96.6	99.0
	b	0.4	0.7	0.9	0.9	0.9	0.8	x	x	x
Government	a	131.8	147.0	135.8	137.5	144.5	150.3	101.3	105.1	104.0
	b	20.7	22.2	20.3	20.3	20.6	20.4	x	x	x
Gross capital formation	a	218.2	229.3	182.9	181.6	211.7	220.3	99.3	116.5	104.1
	b	34.3	34.7	27.3	26.8	30.1	29.8	x	x	x
Gross fixed capital formation	a	214.0	237.6	193.7	196.1	214.8	213.0	101.2	109.6	99.1
	b	33.6	35.9	28.9	28.9	30.6	28.8	x	x	x
Change in stocks	a	4.2	-8.3	-10.7	-14.5	-3.2	7.3	x	x	x
	b	0.7	-1.3	-1.6	-2.1	-0.5	1.0	x	x	x
Net exports	a	-48.5	-70.6	-16.2	-1.6	-28.7	-26.8	x	x	x
	b	-7.6	-10.7	-2.4	-0.2	-4.1	-3.6	x	x	x
Exports of goods and services	a	383.2	433.8	456.3	519.2	552.8	585.6	113.8	106.5	105.9
	b	60.2	65.6	68.1	76.5	78.7	79.3	x	x	x
Imports of goods and services	a	431.7	504.4	472.5	520.8	581.5	612.4	110.2	111.7	105.3
	b	67.9	76.3	70.5	76.8	82.8	82.9	x	x	x
Statistical discrepancy	a	0.0	0.0	0.0	6.4	4.9	0.0	x	x	x

Calculated from data in Sk mil.

a - Absolute figures in Sk bill.

b - Share of GDP in %

Source: Statistical Office of the SR.

Households income and outlays

	(Sk billions), at current prices							Indices					
	1996	1997	1998	1999	2000	2001	2002	1997/96	1998/97	1999/98	2000/99	2001/00	2002/01
Compensation of employees													
(in all sectors)	267.1	307.6	335.6	346.0	373.4	407.3	442.2	115.2	109.1	103.1	107.9	109.1	108.6
of which: gross wages and salaries	202.6	237.1	257.6	268.2	288.9	315.8	342.7	117.0	108.7	104.1	107.7	109.3	108.5
Gross mixed income	118.7	134.3	149.2	171.6	195.1	220.5	237.2	113.1	111.1	115.1	113.6	113.1	107.5
Property income	29.9	32.2	40.3	45.1	39.3	31.9	31.3	107.6	125.1	112.1	87.2	81.1	98.3
Social benefits other than social transfers in kind	79.7	88.1	94.9	100.4	105.2	109.5	118.7	110.6	107.7	105.8	104.8	104.1	108.4
Other current transfers – received	13.1	12.5	14.7	17.7	19.1	21.1	23.5	95.2	117.8	120.7	107.8	110.5	111.4
Current income	508.5	574.6	634.5	680.9	732.1	790.3	852.9	113.0	110.4	107.3	107.5	108.0	107.9
Property expense	5.8	5.1	5.3	4.8	4.5	4.8	5.4	87.8	105.9	88.9	94.4	106.3	113.4
Current tax on income, property, etc.	31.9	33.1	33.8	37.1	30.8	33.8	35.8	104.0	102.0	109.9	83.0	109.7	105.9
Social contributions	89.3	98.0	106.0	107.2	117.4	128.2	136.4	109.8	108.1	101.1	109.5	109.2	106.4
Other current transfers – paid	11.8	14.3	14.3	13.9	14.2	15.8	17.5	121.2	99.9	97.1	102.5	110.9	111.2
Current expenditure	138.7	150.5	159.5	163.0	166.9	182.5	195.1	108.5	105.9	102.2	102.4	109.4	106.9
Gross disposable income	369.8	424.1	475.1	517.9	565.1	607.8	657.7	114.7	112.0	109.0	109.1	107.6	108.2
Adjustment for the change in net equity of households in pension funds	-	-	-	0.9	1.3	1.8	2.7	-	-	-	138.5	144.1	146.9
Final household consumption	328.6	369.6	413.9	462.8	502.5	552.0	595.4	112.5	112.0	111.8	108.6	109.9	107.9
Share in gross disposable income in %	88.9	87.1	87.1	89.4	88.9	90.8	90.5	x	x	x	x	x	x
Gross household savings	41.2	54.5	61.2	56.0	63.9	57.6	65.0	132.3	112.2	91.5	114.1	90.2	112.9
Share in gross disposable income in %	11.1	12.9	12.9	10.8	11.3	9.5	9.9	x	x	x	x	x	x

Based on data in Sk millions

Source: Statistical Office of the SR, ESNÚ 95 methodology applied

Average Wages and Numbers of Employed Persons by Sector (index; the same period of the previous year = 100)

	Average monthly wage						Average number of employed persons			
	2001			2002			2001		2002	
	nominal	real		nominal	real		natural	index	natural	index
	Sk	index	index	Sk	index	index	persons		persons	
Economy as a whole	12,365	108.2	100.8	13,511	109.3	105.8	2,006,165	101.5	2,008,851	100.1
of which:										
Agriculture, forestry, fishing	9,750	108.1	100.7	10,413	106.8	103.4	140,090	98.9	141,095	100.7
Industry in total	13,373	110.2	102.7	14,354	107.3	103.9	554,353	101.0	555,379	100.2
Mining and quarrying	14,470	108.3	100.9	15,595	107.8	104.4	13,775	88.1	12,186	88.5
Manufacturing	12,908	110.1	102.6	13,837	107.2	103.8	494,088	101.7	496,404	100.5
Electricity generation, and distribution, gas and water supply	17,984	112.6	104.9	19,516	108.5	105.0	46,489	98.0	46,789	100.6
Construction	11,047	104.8	97.7	11,547	104.5	101.2	122,873	97.7	124,882	101.6
Wholesale, retail trade, repairs	13,394	105.8	98.6	14,117	105.4	102.0	311,492	102.8	315,200	101.2
Hotels and restaurants	9,450	107.4	100.1	10,282	108.8	105.3	42,156	103.4	42,425	97.9
Transport, warehousing, post and telecommunications	13,626	109.4	102.0	14,553	106.8	103.4	148,856	99.2	147,095	98.8
Financial intermediation, insurance	24,409	110.2	102.7	27,094	111.0	107.5	36,436	100.0	37,090	101.8
Real estate, renting, business activities and research	15,547	110.3	102.8	17,102	110.0	106.5	152,345	105.9	153,259	100.6
Public administration and defence; compulsory social security	14,662	106.4	99.2	16,509	112.6	109.0	80,507	100.4	82,834	100.2
Education	9,450	105.1	97.9	10,934	115.7	112.0	178,042	99.0	177,492	99.7
Health and social work	10,380	111.4	103.8	12,020	115.8	112.1	140,064	100.7	139,903	99.9
Other community, social and personal activities	8,879	107.2	99.9	10,220	115.1	111.4	98,951	113.4	92,197	96.4
Consumer prices – yearly average	x	107.3	x	x	103.3	x	x	x	x	x

Source: Statistical Office of the SR.

Balance of Payments of the SR for January to December 2002

used exchange rate of USD = 45.335 Sk	Receipts / Credit (+)		Payments / Debit (-)		Balance	
	Sk millions	US\$ millions	Sk millions	US\$ millions	Sk millions	US\$ millions
Goods	651,256.0	14,365.4	747,883.0	16,496.8	-96,627.0	-2,131.4
Services	126,289.7	2,785.7	105,638.1	2,330.2	20,651.6	455.5
Transportation	52,588.9	1,160.0	27,093.8	597.6	25,495.1	562.4
Travel	32,820.3	724.0	20,045.3	442.2	12,775.0	281.8
Other services	40,880.5	901.7	58,499.0	1,290.4	-17,618.5	-388.6
Income	15,556.6	343.1	36,246.7	799.5	-20,690.1	-456.4
Compensation of employees	1,095.1	24.2	512.6	11.3	582.5	12.8
Income from investment	14,461.5	319.0	35,734.1	788.2	-21,272.6	-469.2
Current transfers	21,568.9	475.8	12,803.9	282.4	8,765.0	193.3
CURRENT ACCOUNT	814,671.2	17,970.0	902,571.7	19,908.9	-87,900.5	-1,938.9
Capital account	5,794.0	127.8	929.1	20.5	4,864.9	107.3
Financial account	2,568,477.9	56,636.8	-2,339,033.9	-51,568.9	229,444.0	5,068.0
Direct investment	483,794.6	10,671.5	-302,127.9	-6,664.3	181,666.7	4,007.2
Abroad (direct investor = resident)	17,385.0	383.5	-17,608.0	-388.4	-223.0	-4.9
Equity capital and reinvested earnings	2,686.0	59.2	-2,773.0	-61.2	-87.0	-1.9
Other capital	14,699.0	324.2	-14,835.0	-327.2	-136.0	-3.0
In the SR (recipient of dir. investment = resident)	466,409.6	10,288.1	-284,519.9	-6,275.9	181,889.7	4,012.1
Equity capital and reinvested earnings	191,440.6	4,222.8	-11,693.9	-257.9	179,746.7	3,964.9
Other capital	274,969.0	6,065.3	-272,826.0	-6,018.0	2,143.0	47.3
Portfolio investment	341,962.0	7,543.0	-316,836.0	-6,988.8	25,126.0	554.2
Assets	176,247.5	3,887.7	-163,884.6	-3,615.0	12,362.9	272.7
Liabilities	165,714.5	3,655.3	-152,951.4	-3,373.8	12,763.1	281.5
Other investment	1,742,721.3	38,422.3	-1,720,070.0	-37,915.7	22,651.3	506.5
Long-term	54,671.5	1,215.2	-59,623.7	-1,317.5	-4,952.2	-102.3
Assets	22,502.0	506.4	-10,028.2	-221.2	12,473.8	285.2
Liabilities	32,169.5	708.8	-49,595.5	-1,096.3	-17,426.0	-387.5
Short-term	1,688,049.8	37,207.0	-1,660,446.3	-36,598.2	27,603.5	608.8
Assets	1,115,881.5	24,614.1	-1,096,047.6	-24,176.6	19,833.9	437.5
Liabilities	572,168.3	12,592.9	-564,398.7	-12,421.6	7,769.6	171.3
CAPITAL AND FINANCIAL ACCOUNT	2,574,271.9	56,764.6	-2,339,963.0	-51,589.4	234,308.9	5,175.3
ERRORS AND OMISSIONS	x	x	x	x	14,187.6	409.3
TOTAL BALANCE	-10,692.3	-242.5	171,288.3	3,888.2	160,596.0	3,645.7
Monetary gold	0.0	0.0	0.0	0.0	0.0	0.0
Special drawing rights	0.0	0.0	-19.1	-0.4	-19.1	-0.4
Foreign exchange assets	10,692.3	242.5	-171,269.2	-3,887.8	-160,576.9	-3,645.3
Deposits	10,692.3	242.5	0.0	0.0	10,692.3	242.5
Securities	0.0	0.0	-171,269.2	-3,887.8	-171,269.2	-3,887.8
Bonds and bills of exchange	0.0	0.0	-35,695.7	-810.6	-35,695.7	-810.6
Money market instruments and fin. derivatives	0.0	0.0	-135,573.5	-3,077.2	-135,573.5	-3,077.2
RESERVE ASSETS	10,692.3	242.5	-171,288.3	-3,888.2	-160,596.0	-3,645.7

Note: Preliminary data

Current Account of Balance of Payments of the SR for January to December 2002

used exchange rate of USD = 45.335 Sk	Receipts / Credit (+)		Payments/ Debit (-)		Balance	
	Sk millions	US\$ millions	Sk millions	US\$ millions	Sk millions	US\$ millions
GOODS	651,256.0	14,365.4	747,883.0	16,496.8	-96,627.0	-2,131.4
General merchandise	365,575.0	8,063.9	556,965.0	12,285.5	-191,390.0	-4,221.7
Goods for processing	284,804.0	6,282.2	189,512.0	4,180.3	95,292.0	2,102.0
Repairs on goods	729.0	16.1	1,270.0	28.0	-541.0	-11.9
Nonmonetary gold	148.0	3.3	136.0	3.0	12.0	0.3
SERVICES	126,289.7	2,785.7	105,638.1	2,330.2	20,651.6	455.5
Transportation	52,588.9	1,160.0	27,093.8	597.6	25,495.1	562.4
Railway transport	9,555.4	210.8	10,784.1	237.9	-1,228.7	-27.1
passenger	2.9	0.1	3.1	0.1	-0.2	0.0
freight	9,552.5	210.7	10,781.0	237.8	-1,228.5	-27.1
Other transport	43,033.5	949.2	16,309.7	359.8	26,723.8	589.5
passenger	286.0	6.3	2,871.1	63.3	-2,585.1	-57.0
freight	6,044.8	133.3	6,282.1	138.6	-237.3	-5.2
other	36,702.7	809.6	7,156.5	157.9	29,546.2	651.7
of which: transport gass and petrol	31,539.0	695.7	0.0	0.0	31,539.0	695.7
Travel	32,820.3	724.0	20,045.3	442.2	12,775.0	281.8
Business	0.0	0.0	1,228.5	27.1	-1,228.5	-27.1
Personal	32,820.3	724.0	18,816.8	415.1	14,003.5	308.9
Other services	40,880.5	901.7	58,499.0	1,290.4	-17,618.5	-388.6
Communication services	2,608.2	57.5	1,968.0	43.4	640.2	14.1
Construction services	2,273.1	50.1	2,266.0	50.0	7.1	0.2
Insurance services	712.4	15.7	2,539.9	56.0	-1,827.5	-40.3
Financial services	3,024.0	66.7	5,611.7	123.8	-2,587.7	-57.1
Legal, accounting and advisory services	3,368.1	74.3	7,680.6	169.4	-4,312.5	-95.1
Computer and information services	3,198.9	70.6	3,631.9	80.1	-433.0	-9.6
Other business services	10,648.6	234.9	14,430.3	318.3	-3,781.7	-83.4
Services in other activities	15,047.2	331.9	20,370.6	449.3	-5,323.4	-117.4
INCOME	15,556.6	343.1	36,246.7	799.5	-20,690.1	-456.4
Compensation of employees	1,095.1	24.2	512.6	11.3	582.5	12.8
Investment income	14,461.5	319.0	35,734.1	788.2	-21,272.6	-469.2
Direct investment	511.9	11.3	7,391.6	163.0	-6,879.7	-151.8
income on equity	432.3	9.5	6,772.3	149.4	-6,340.0	-139.8
income on debt (interest)	79.6	1.8	619.3	13.7	-539.7	-11.9
Portfolio investment	10,228.3	225.6	14,175.2	312.7	-3,946.9	-87.1
income on equity	13.8	0.3	190.0	4.2	-176.2	-3.9
income on debt (interest)	10,214.5	225.3	13,985.2	308.5	-3,770.7	-83.2
Other investment	3,721.3	82.1	14,167.3	312.5	-10,446.0	-230.4
CURRENT TRANSFERS	21,568.9	475.8	12,803.9	282.4	8,765.0	193.3
Government	57.8	1.3	366.5	8.1	-308.7	-6.8
Other	21,511.1	474.5	12,437.4	274.3	9,073.7	200.1
CURRENT ACCOUNT	814,671.2	17,970.0	902,571.7	19,908.9	-87,900.5	-1,938.9

Note: Preliminary data

Capital Account of Balance of Payments of the SR for January to December 2002

used exchange rate of USD = 45.335 Sk	Receipts / Credit (+)		Payments/ Debit (-)		Balance	
	Sk millions	US\$ millions	Sk millions	US\$ millions	Sk millions	US\$ millions
CAPITAL ACCOUNT	5,794.0	127.8	929.1	20.5	4,864.9	107.3
Capital transfers	5,700.4	125.7	438.6	9.7	5,261.8	116.1
Acquisition/disposal of non-prod. and nonfinan. assets	93.6	2.1	490.5	10.8	-396.9	-8.8

Note: Preliminary data

Financial Account of Balance of Payments of the SR for January to December 2002

used exchange rate of USD = 45.335 Sk	Receipts / Credit (+)		Payments/ Debit (-)		Balance	
	Sk millions	US\$ millions	Sk millions	US\$ millions	Sk millions	US\$ millions
DIRECT INVESTMENT	483,794.6	10,671.5	-302,127.9	-6,664.3	181,666.7	4,007.2
ABROAD (direct investor = resident)	17,385.0	383.5	-17,608.0	-388.4	-223.0	-4.9
Equity capital	2,686.0	59.2	-2,773.0	-61.2	-87.0	-1.9
Claims on affiliated enterprises	2,686.0	59.2	-2,773.0	-61.2	-87.0	-1.9
Liabilities to affiliated enterprises	0.0	0.0	0.0	0.0	0.0	0.0
Reinvested earnings	0.0	0.0	0.0	0.0	0.0	0.0
Other capital	14,699.0	324.2	-14,835.0	-327.2	-136.0	-3.0
Claims on affiliated enterprises	14,628.0	322.7	-14,811.0	-326.7	-183.0	-4.0
Liabilities to affiliated enterprises	71.0	1.6	-24.0	-0.5	47.0	1.0
IN SR (recipient of direct investment = resident)	466,409.6	10,288.1	-284,519.9	-6,275.9	181,889.7	4,012.1
Equity capital	190,898.6	4,210.8	-11,693.9	-257.9	179,204.7	3,952.9
Claims on direct investors	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities to direct investors	190,898.6	4,210.8	-11,693.9	-257.9	179,204.7	3,952.9
Reinvested earnings	542.0	12.0	0.0	0.0	542.0	12.0
Other capital	274,969.0	6,065.3	-272,826.0	-6,018.0	2,143.0	47.3
Claims on direct investors	131,893.0	2,909.3	-136,895.0	-3,019.6	-5,002.0	-110.3
Liabilities to direct investors	143,076.0	3,156.0	-135,931.0	-2,998.4	7,145.0	157.6
PORTFOLIO INVESTMENT	341,962.0	7,543.0	-316,836.0	-6,988.8	25,126.0	554.2
ASSETS	176,247.5	3,887.7	-163,884.6	-3,615.0	12,362.9	272.7
Equity securities	1,127.5	24.9	-1,075.2	-23.7	52.3	1.2
Debt securities	175,120.0	3,862.8	-162,809.4	-3,591.3	12,310.6	271.5
Bonds and notes	169,670.0	3,742.6	-157,365.8	-3,471.2	12,304.2	271.4
Government + NBS	0.0	0.0	0.0	0.0	0.0	0.0
Banks	168,446.0	3,715.6	-152,681.8	-3,367.9	15,764.2	347.7
Other sectors	1,224.0	27.0	-4,684.0	-103.3	-3,460.0	-76.3
Money market instruments	5,450.0	120.2	-5,440.6	-120.0	9.4	0.2
Financial derivatives	0.0	0.0	-3.0	-0.1	-3.0	-0.1
LIABILITIES	165,714.5	3,655.3	-152,951.4	-3,373.8	12,763.1	281.5
Equity securities	6,017.7	132.7	-5,523.2	-121.8	494.5	10.9
Debt securities	159,696.8	3,522.6	-147,428.2	-3,252.0	12,268.6	270.6
Bonds and notes	158,570.5	3,497.8	-146,106.0	-3,222.8	12,464.5	274.9
Government + NBS	148,519.4	3,276.0	-143,068.5	-3,155.8	5,450.9	120.2
Banks	2,005.4	44.2	-2,019.0	-44.5	-13.6	-0.3
Other sectors	8,045.7	177.5	-1,018.5	-22.5	7,027.2	155.0
Money market instruments	495.3	10.9	-802.2	-17.7	-306.9	-6.8
Financial derivatives	631.0	13.9	-520.0	-11.5	111.0	2.4
OTHER INVESTMENT	1,742,721.3	38,422.3	-1,720,070.0	-37,915.7	22,651.3	506.5
ASSETS	1,138,383.5	25,120.5	-1,106,075.8	-24,397.8	32,307.7	722.7
Trade credits	400,190.0	8,827.4	-405,438.0	-8,943.2	-5,248.0	-115.8
long-term	250.0	5.5	-202.0	-4.5	48.0	1.1
short-term	399,940.0	8,821.9	-405,236.0	-8,938.7	-5,296.0	-116.8
Loans	20,162.8	454.8	-8,759.2	-193.2	11,403.6	261.6
Government + NBS	13,189.4	301.0	-138.6	-3.1	13,050.8	297.9
long-term	13,189.4	301.0	-138.6	-3.1	13,050.8	297.9
short-term	0.0	0.0	0.0	0.0	0.0	0.0
Banks	4,425.4	97.6	-5,188.6	-114.5	-763.2	-16.8
long-term	4,425.4	97.6	-4,235.5	-93.4	189.9	4.2
short-term	0.0	0.0	-953.1	-21.0	-953.1	-21.0
Other sectors	2,548.0	56.2	-3,432.0	-75.7	-884.0	-19.5
long-term	77.0	1.7	-329.0	-7.3	-252.0	-5.6
short-term	2,471.0	54.5	-3,103.0	-68.4	-632.0	-13.9
Cash and deposits	19,892.5	438.8	-5,319.0	-117.3	14,573.5	321.5
Other assets	698,138.2	15,399.5	-686,559.6	-15,144.1	11,578.6	255.4

Continued on next page.

Financial Account of Balance of Payments of the SR for January to December 2002 – continued

used exchange rate of USD = 45.335 Sk	Receipts / Credit (+)		Payments/ Debit (-)		Balance	
	Sk millions	US\$ millions	Sk millions	US\$ millions	Sk millions	US\$ millions
LIABILITIES	604,337.8	13,301.7	-613,994.2	-13,517.9	-9,656.4	-216.2
Trade credits	464,432.0	10,244.4	-456,607.0	-10,071.8	7,825.0	172.6
long-term	1,816.0	40.1	-1,611.0	-35.5	205.0	4.5
short-term	462,616.0	10,204.4	-454,996.0	-10,036.3	7,620.0	168.1
Loans	119,784.7	2,613.5	-151,965.1	-3,326.5	-32,180.4	-713.0
Government + NBS	51,439.9	1,105.9	-74,978.7	-1,628.3	-23,538.8	-522.4
long-term	1,218.6	26.1	-16,930.1	-375.8	-15,711.5	-349.7
short-term	50,221.3	1,079.8	-58,048.6	-1,252.5	-7,827.3	-172.7
Banks	8,134.3	179.4	-7,721.4	-170.3	412.9	9.1
long-term	2,133.5	47.1	-1,241.4	-27.4	892.1	19.7
short-term	6,000.8	132.4	-6,480.0	-142.9	-479.2	-10.6
Other sectors	60,210.5	1,328.1	-69,265.0	-1,527.8	-9,054.5	-199.7
long-term	19,539.5	431.0	-29,813.0	-657.6	-10,273.5	-226.6
short-term	40,671.0	897.1	-39,452.0	-870.2	1,219.0	26.9
Cash and deposits	7,461.9	164.6	-5,422.1	-119.6	2,039.8	45.0
Other liabilities	12,659.2	279.2	0.0	0.0	12,659.2	279.2
long-term	0.0	0.0	0.0	0.0	0.0	0.0
short-term	12,659.2	279.2	0.0	0.0	12,659.2	279.2
FINANCIAL ACCOUNT	2,568,477.9	56,636.8	-2,339,033.9	-51,568.9	229,444.0	5,068.0

Note: Preliminary data

NEER of the Slovak koruna (calculations based on January-September 1990 average = 100)
(weights in 1993 and for the currency basket of the Sk variant in 1999: 71.3% DEM, 28.7% USD)

	Sk exchange rate (monthly average)				Calculation for the currency basket of the Sk		Calculation for 8 trading partners (excluding the Czech Republic)		Calculation for 9 trading partners (including the Czech Republic)	
	Sk for 1 USD		Sk for 1 DEM		NEER		NEER		NEER	
	Exchange rate	Year-on-year change in %	Exchange rate	Year-on-year change in %	Index	Year-on-year change in %	Index	Year-on-year change in %	Index	Year-on-year change in %
December 1990	24.190		16.215		62.9		61.5		80.4	
December 1991	28.550	18.0	18.140	11.9	55.2	-12.3	54.8	-11.0	76.5	-5.0
December 1992	28.590	0.1	18.090	-0.3	55.3	0.2	56.3	2.8	77.3	1.1
December 1993	32.968	15.3	19.283	6.6	50.7	-8.3	53.0	-6.0	67.8	-12.3
December 1994	31.465	-4.6	20.002	3.7	50.0	-1.3	51.6	-2.6	67.9	0.1
December 1995	29.705	-5.6	20.615	3.1	49.7	-0.6	50.7	-1.7	69.4	2.1
December 1996	31.579	6.3	20.365	-1.2	49.3	-0.9	50.3	-0.8	67.7	-2.4
December 1997	34.528	9.3	19.438	-4.6	49.6	0.7	51.9	3.2	74.8	10.4
December 1998	36.207	4.9	21.683	11.5	45.2	-8.9	46.7	-9.9	64.0	-14.4
December 1999	42.059	16.2	21.759	0.4	43.2	-4.4	46.1	-1.4	64.3	0.5
December 2000	48.639	15.6	22.241	2.2	40.6	-6.0	44.5	-3.5	61.3	-4.7
December 2001	48.233	-0.8	22.041	-0.9	41.1	1.2	45.1	1.3	59.7	-2.7
December 2002	41.137	-14.7	21.360	-3.1	43.9	6.7	46.7	3.6	60.0	0.6

Note:
- (minus) means strengthening of the Sk and appreciation of NEER and REER indices
+ (plus) means weakening of the Sk and depreciation of NEER and REER

REER of the Slovak koruna (calculations based on January-September 1990 average = 100)
(weights in 1993 and for the currency basket of the Sk variant in 1999: 71.3% DEM, 28.7% USD)

	Calculations for the currency basket of the Sk				Calculation for 8 trading partners (excluding the Czech Republic)				Calculation for 9 trading partners (including the Czech Republic)			
	on the basis of CPI		on the basis of PPI		on the basis of CPI		on the basis of PPI		on the basis of CPI		on the basis of PPI	
	Index	Year-on-year change (%)	Index	Year-on-year change (%)	Index	Year-on-year change (%)	Index	Year-on-year change (%)	Index	Year-on-year change (%)	Index	Year-on-year change (%)
December 1990	68.8		72.4		67.3		71.2		83.7		86.4	
December 1991	91.9	33.7	94.6	30.8	91.1	35.4	95.0	33.4	97.0	15.9	94.8	9.7
December 1992	97.1	5.7	99.9	5.6	98.6	8.2	102.7	8.1	98.4	1.4	96.3	1.5
December 1993	99.8	2.8	101.6	1.7	104.0	5.4	107.0	4.3	93.5	-4.9	88.1	-8.5
December 1994	107.0	7.3	107.6	5.9	110.2	6.0	109.4	2.2	97.8	4.5	91.9	4.4
December 1995	112.2	4.8	112.7	4.8	113.7	3.2	114.3	4.5	101.5	3.9	96.3	4.7
December 1996	115.0	2.5	116.1	3.0	116.5	2.5	119.2	4.2	98.7	-2.8	96.1	-0.2
December 1997	121.0	5.2	122.3	5.4	125.8	8.0	127.2	6.8	109.0	10.4	107.1	11.4
December 1998	115.6	-4.5	115.7	-5.4	118.8	-5.6	120.7	-5.2	94.5	-13.3	93.3	-12.9
December 1999	124.1	7.4	115.1	-0.5	131.8	10.9	124.3	3.0	106.3	12.4	97.8	4.8
December 2000	123.4	-0.6	112.8	-2.0	134.7	2.2	124.7	0.3	106.3	0.0	96.9	-0.9
December 2001	130.8	6.0	118.5	5.1	142.7	5.9	130.7	4.8	106.7	0.4	96.3	-0.6
December 2002	142.1	8.7	127.9	7.9	150.2	5.3	136.6	4.5	109.8	2.9	98.9	2.7

Note:
- (minus) means strengthening of the Sk and appreciation of NEER and REER indices
+ (plus) means weakening of the Sk and depreciation of NEER and REER

Monetary Survey (at fixed exchange rates as of 1 January 1993) (Sk billions)

	2002												
	1. 1.	31. 1.	28. 2.	31. 3.	30. 4.	31. 5.	30. 6.	31. 7.	31. 8.	30. 9.	31. 10.	30. 11.	31. 12.*/
Fixed exchange rate SKK/USD	28.899	28.899	28.899	28.899	28.899	28.899	28.899	28.899	28.899	28.899	28.899	28.899	28.899
Fixed exchange rate SKK/EUR	34.912	34.912	34.912	34.912	34.912	34.912	34.912	34.912	34.912	34.912	34.912	34.912	34.912
ASSETS													
Net foreign assets	65.2	66.3	77.4	64.6	72.5	68.9	67.0	153.3	160.1	172.8	176.5	187.1	176.6
Foreign assets	235.2	234.1	231.5	226.0	222.9	220.0	218.9	318.8	314.6	320.2	319.7	329.1	331.2
Foreign liabilities	170.0	167.8	154.1	161.4	150.4	151.1	151.9	165.5	154.5	147.4	143.2	142.0	154.6
Net domestic assets	586.0	573.6	568.5	573.2	560.8	569.9	580.7	506.3	503.0	484.4	485.9	483.0	504.9
Domestic credit	649.2	656.0	641.0	648.7	647.0	654.8	663.7	555.1	564.7	546.3	554.9	554.0	572.4
Net credit to general government	319.2	323.4	340.1	343.1	341.1	347.1	345.7	243.5	245.5	236.5	237.6	233.6	245.3
Net credit to NPF	8.4	9.0	5.8	6.2	3.1	3.4	9.8	-0.7	4.4	-8.4	-3.8	-6.2	-3.1
Credit to households and enterprises	321.6	323.6	295.1	299.4	302.8	304.3	308.2	312.3	314.8	318.2	321.1	326.6	330.2
Credit in Slovak crown	282.3	283.9	254.6	258.4	262.1	264.1	267.9	271.3	273.2	276.9	278.9	282.6	286.6
- Credit to enterprises	230.4	231.7	202.0	205.9	208.8	209.8	212.8	214.9	216.7	219.3	220.5	223.2	225.3
- Credit to households	51.9	52.2	52.6	52.5	53.3	54.3	55.1	56.4	56.5	57.6	58.4	59.4	61.3
Credit in foreign currency	39.3	39.7	40.5	41.0	40.7	40.2	40.3	41.0	41.6	41.3	42.2	44.0	43.6
LIABILITIES													
Liquid liabilities [M2]	651.2	639.9	645.9	637.8	633.3	638.8	647.7	659.6	663.1	657.2	662.4	670.1	681.5
Money [M1]	228.5	217.8	214.2	210.3	210.6	212.1	218.7	219.3	222.5	221.1	222.8	227.0	246.1
Currency outside banks [M0]	81.0	79.7	80.1	79.6	78.8	79.0	79.6	79.3	80.4	80.7	81.4	83.1	84.2
Demand deposits	147.5	138.1	134.1	130.7	131.8	133.1	139.1	140.0	142.1	140.4	141.4	143.9	161.9
- Households	67.1	68.1	68.6	67.9	67.8	68.3	69.9	69.6	70.0	69.7	69.4	70.0	73.1
- Enterprises	78.4	68.5	64.1	61.5	62.6	63.2	67.9	68.1	70.6	69.4	71.1	72.6	85.5
- Insurance companies	2.0	1.5	1.4	1.3	1.4	1.6	1.3	2.3	1.5	1.3	0.9	1.3	3.3
Quasi-money [QM]	422.7	422.1	431.7	427.5	422.7	426.7	429.0	440.3	440.6	436.1	439.6	443.1	435.4
Time deposits	346.3	346.7	354.9	352.7	344.4	347.4	346.3	352.5	352.6	349.8	353.9	356.5	350.1
- Households	256.3	258.8	260.4	258.2	254.9	252.9	249.0	247.1	246.7	245.6	247.5	247.0	250.4
- Enterprises	67.2	65.0	71.3	71.4	67.6	72.3	73.9	80.8	85.6	84.5	90.3	94.3	82.0
- Insurance companies	22.8	22.9	23.2	23.1	21.9	22.2	23.4	24.6	20.3	19.7	16.1	15.2	17.7
Foreign-currency deposits	76.4	75.4	76.8	74.8	78.3	79.3	82.7	87.8	88.0	86.3	85.7	86.6	85.3
- Households	49.0	48.7	48.6	48.3	49.4	50.7	52.5	53.4	54.3	54.9	54.9	54.3	54.0
- Enterprises	27.4	26.7	28.2	26.5	28.9	28.6	30.2	34.4	33.7	31.4	30.8	32.3	31.3
Other items net	63.2	82.4	72.5	75.5	86.2	84.9	83.0	48.8	61.7	61.9	69.0	71.0	67.5

Selected items of the Monetary Survey – analytical time series (adjustment ex ante) ^{1/}

Net foreign assets	67.7	68.8	79.9	67.1	75.1	71.5	69.7	156.0	162.8	175.6	179.4	190.0	179.6
Net credit to general government	214.2	218.4	223.7	227.5	225.5	231.5	235.6	241.7	245.3	239.9	243.8	239.8	252.7
Credit to households and enterprises	436.1	438.1	441.1	445.4	448.8	450.3	454.2	458.3	460.8	464.2	467.1	472.6	476.2

Selected items of the Monetary Survey – analytical time series (adjustment ex post) ^{1/}

Net foreign assets	65.2	66.3	77.4	64.6	72.5	68.9	67.0	153.3	160.1	172.8	176.5	187.1	176.6
Net credit to general government	206.8	211.0	216.3	220.1	218.1	224.1	228.2	234.3	237.9	232.5	236.4	232.4	245.3
Credit to households and enterprises	290.1	292.1	295.1	299.4	302.8	304.3	308.2	312.3	314.8	318.2	321.1	326.6	330.2

^{*/} Revised preliminary data

^{1/} Time series adjusted for issues of restructuring bonds, balance-sheet items of banks that ceased to operate in 2000, 2001 and 2002, account adjustments in connection with the restructuring of specific banks in 2000, and the conversion of loans into bonds (such adjustments concern loans to households and enterprises).

Monetary Survey (at fixed exchange rates) (\$k billions)

	2002												
	1. 1.	31. 1.	28. 2.	31. 3.	30. 4.	31. 5.	30. 6.	31. 7.	31. 8.	30. 9.	31. 10.	30. 11.	31. 12. ^{1/}
Fixed exchange rate SKK/USD	48.467	48.467	48.467	48.467	48.467	48.467	48.467	48.467	48.467	48.467	48.467	48.467	48.467
Fixed exchange rate SKK/EUR	42.760	42.760	42.760	42.760	42.760	42.760	42.760	42.760	42.760	42.760	42.760	42.760	42.760
ASSETS													
Net foreign assets	102.9	104.4	116.4	100.0	111.0	105.2	104.8	223.0	229.9	248.9	248.6	262.0	249.5
Foreign assets	320.2	318.4	315.3	307.4	306.0	301.7	302.2	436.5	430.1	439.6	435.8	449.3	451.6
Foreign liabilities	217.3	214.0	198.9	207.4	195.0	196.5	197.4	213.5	200.2	190.7	187.2	187.3	202.1
Net domestic assets	577.0	564.0	558.4	566.0	551.8	563.5	574.1	469.7	466.4	440.8	446.1	440.8	464.2
Domestic credit	691.6	698.5	683.5	691.1	689.3	696.9	706.0	597.6	607.0	588.3	597.1	596.8	615.0
Net credit to general government	347.4	351.6	368.0	370.7	368.7	374.7	373.4	271.2	272.9	263.6	264.6	260.6	272.2
Net credit to NPF	8.4	9.0	5.8	6.2	3.1	3.4	9.8	-0.7	4.4	-8.4	-3.8	-6.2	-3.1
Credit to households and enterprises	335.8	337.9	309.7	314.2	317.5	318.8	322.8	327.1	329.7	333.1	336.3	342.4	345.9
Credit in Slovak crown	282.3	283.9	254.6	258.4	262.1	264.1	267.9	271.3	273.2	276.9	278.9	282.6	286.6
- Credit to enterprises	230.4	231.7	202.0	205.9	208.8	209.8	212.8	214.9	216.7	219.3	220.5	223.2	225.3
- Credit to households	51.9	52.2	52.6	52.5	53.3	54.3	55.1	56.4	56.5	57.6	58.4	59.4	61.3
Credit in foreign currency	53.5	54.0	55.1	55.8	55.4	54.7	54.9	55.8	56.5	56.2	57.4	59.8	59.3
LIABILITIES													
Liquid liabilities [M2]	679.9	668.4	674.8	666.0	662.8	668.7	678.9	692.7	696.3	689.7	694.7	702.8	713.7
Money [M1]	228.5	217.8	214.2	210.3	210.6	212.1	218.7	219.3	222.5	221.1	222.8	227.0	246.1
Currency outside banks [M0]	81.0	79.7	80.1	79.6	78.8	79.0	79.6	79.3	80.4	80.7	81.4	83.1	84.2
Demand deposits	147.5	138.1	134.1	130.7	131.8	133.1	139.1	140.0	142.1	140.4	141.4	143.9	161.9
- Households	67.1	68.1	68.6	67.9	67.8	68.3	69.9	69.6	70.0	69.7	69.4	70.0	73.1
- Enterprises	78.4	68.5	64.1	61.5	62.6	63.2	67.9	68.1	70.6	69.4	71.1	72.6	85.5
- Insurance companies	2.0	1.5	1.4	1.3	1.4	1.6	1.3	2.3	1.5	1.3	0.9	1.3	3.3
Quasi-money [QM]	451.4	450.6	460.6	455.7	452.2	456.6	460.2	473.4	473.8	468.6	471.9	475.8	467.6
Time deposits	346.3	346.7	354.9	352.7	344.4	347.4	346.3	352.5	352.6	349.8	353.9	356.5	350.1
- Households	256.3	258.8	260.4	258.2	254.9	252.9	249.0	247.1	246.7	245.6	247.5	247.0	250.4
- Enterprises	67.2	65.0	71.3	71.4	67.6	72.3	73.9	80.8	85.6	84.5	90.3	94.3	82.0
- Insurance companies	22.8	22.9	23.2	23.1	21.9	22.2	23.4	24.6	20.3	19.7	16.1	15.2	17.7
Foreign-currency deposits	105.1	103.9	105.7	103.0	107.8	109.2	113.9	120.9	121.2	118.8	118.0	119.3	117.5
- Households	67.4	67.1	66.9	66.5	68.0	69.8	72.3	73.6	74.7	75.6	75.6	74.8	74.3
- Enterprises	37.7	36.8	38.8	36.5	39.8	39.4	41.6	47.3	46.5	43.2	42.4	44.5	43.2
Other items net	114.6	134.5	125.1	125.1	137.5	133.4	131.9	127.9	140.6	147.5	151.0	156.0	150.8

Selected items of the Monetary Survey – analytical time series (adjustment ex ante) ^{1/}

Net foreign assets	107.1	108.6	120.6	104.3	115.4	109.6	109.3	227.5	234.5	253.6	253.4	266.8	254.6
Net credit to general government	242.4	246.6	251.6	255.1	253.1	259.1	263.3	269.4	272.7	267.0	270.8	266.8	279.6
Credit to households and enterprises	450.3	452.4	455.7	460.2	463.5	464.8	468.8	473.1	475.7	479.1	482.3	488.4	491.9

Selected items of the Monetary Survey – analytical time series (adjustment ex post) ^{1/}

Net foreign assets	102.9	104.4	116.4	100.0	111.0	105.2	104.8	223.0	229.9	248.9	248.6	262.0	249.5
Net credit to general government	235.0	239.2	244.2	247.7	245.7	251.7	255.9	262.0	265.3	259.6	263.4	259.4	272.2
Credit to households and enterprises	304.3	306.4	309.7	314.2	317.5	318.8	322.8	327.1	329.7	333.1	336.3	342.4	345.9

^{1/} Revised preliminary data

^{1/} Time series adjusted for issues of restructuring bonds, balance-sheet items of banks that ceased to operate in 2000, 2001 and 2002, account adjustments in connection with the restructuring of specific banks in 2000, and the conversion of loans into bonds (such adjustments concern loans to households and enterprises).

Monetary Survey (at current exchange rates) (\$k billions)

	2002												
	1. 1.	31. 1.	29. 2.	31. 3.	30. 4.	31. 5.	30. 6.	31. 7.	31. 8.	30. 9.	31. 10.	30. 11.	31. 12. 1/
Current exchange rate SKK/USD	48.467	48.889	48.355	47.682	46.501	46.633	44.955	45.280	44.399	42.963	42.292	42.423	40.036
ASSETS													
Net foreign assets	102.9	104.7	115.9	98.7	108.6	106.2	103.0	221.7	223.9	233.8	231.5	246.8	228.5
Foreign assets	320.2	317.8	311.8	302.4	299.8	303.8	301.6	437.1	422.7	417.0	409.0	425.5	417.4
Foreign liabilities	217.3	213.1	195.9	203.7	191.2	197.6	198.6	215.4	198.8	183.2	177.5	178.7	188.9
Net domestic assets	577.0	563.4	557.5	565.3	551.3	562.0	574.7	470.2	469.1	448.9	454.8	448.5	474.4
Domestic credit	691.6	697.7	680.5	687.5	685.3	697.8	706.9	599.2	605.3	580.7	587.6	588.8	603.4
Net credit to general government	347.4	351.0	365.8	368.2	366.1	375.6	374.7	273.0	272.4	259.1	258.9	256.1	265.6
Net credit to NPF	8.4	9.0	5.8	6.2	3.1	3.4	9.8	-0.7	4.4	-8.4	-3.8	-6.2	-3.1
Credit to households and enterprises	335.8	337.7	308.9	313.1	316.1	318.8	322.4	326.9	328.5	330.0	332.5	338.9	340.9
Credit in Slovak crown	282.3	283.9	254.6	258.4	262.1	264.1	267.9	271.3	273.2	276.9	278.9	282.6	286.6
- Credit to enterprises	230.4	231.7	202.0	205.9	208.8	209.8	212.8	214.9	216.7	219.3	220.5	223.2	225.3
- Credit to households	51.9	52.2	52.6	52.5	53.3	54.3	55.1	56.4	56.5	57.6	58.4	59.4	61.3
Credit in foreign currency	53.5	53.8	54.3	54.7	54.0	54.7	54.5	55.6	55.3	53.1	53.6	56.3	54.3
LIABILITIES													
Liquid liabilities [M2]	679.9	668.1	673.4	664.0	659.9	668.2	677.7	691.9	693.0	682.7	686.3	695.3	702.9
Money [M1]	228.5	217.8	214.2	210.3	210.6	212.1	218.7	219.3	222.5	221.1	222.8	227.0	246.1
Currency outside banks [M0]	81.0	79.7	80.1	79.6	78.8	79.0	79.6	79.3	80.4	80.7	81.4	83.1	84.2
Demand deposits	147.5	138.1	134.1	130.7	131.8	133.1	139.1	140.0	142.1	140.4	141.4	143.9	161.9
- Households	67.1	68.1	68.6	67.9	67.8	68.3	69.9	69.6	70.0	69.7	69.4	70.0	73.1
- Enterprises	78.4	68.5	64.1	61.5	62.6	63.2	67.9	68.1	70.6	69.4	71.1	72.6	85.5
- Insurance companies	2.0	1.5	1.4	1.3	1.4	1.6	1.3	2.3	1.5	1.3	0.9	1.3	3.3
Quasi-money [QM]	451.4	450.3	459.2	453.7	449.3	456.1	459.0	472.6	470.5	461.6	463.5	468.3	456.8
Time deposits	346.3	346.7	354.9	352.7	344.4	347.4	346.3	352.5	352.6	349.8	353.9	356.5	350.1
- Households	256.3	258.8	260.4	258.2	254.9	252.9	249.0	247.1	246.7	245.6	247.5	247.0	250.4
- Enterprises	67.2	65.0	71.3	71.4	67.6	72.3	73.9	80.8	85.6	84.5	90.3	94.3	82.0
- Insurance companies	22.8	22.9	23.2	23.1	21.9	22.2	23.4	24.6	20.3	19.7	16.1	15.2	17.7
Foreign-currency deposits	105.1	103.6	104.3	101.0	104.9	108.7	112.7	120.1	117.9	111.8	109.6	111.8	106.7
- Households	67.4	66.9	66.0	65.2	66.2	69.5	71.5	73.1	72.7	71.1	70.2	70.1	67.5
- Enterprises	37.7	36.7	38.3	35.8	38.7	39.2	41.2	47.0	45.2	40.7	39.4	41.7	39.2
Other items net	114.6	134.3	123.0	122.2	134.0	135.8	132.2	129.0	136.2	131.8	132.8	140.3	129.0

Selected items of the Monetary Survey – analytical time series (adjustment ex ante) 1/

Net foreign assets	107.1	108.9	120.1	102.9	112.8	110.4	107.2	225.9	228.1	238.0	235.7	251.0	232.7
Net credit to general government	242.4	246.0	249.4	252.6	250.5	260.0	264.6	271.2	272.2	262.5	265.1	262.3	273.0
Credit to households and enterprises	450.3	452.2	454.9	459.1	462.1	464.8	468.4	472.9	474.5	476.0	478.5	484.9	486.9

Selected items of the Monetary Survey – analytical time series (adjustment ex post) 1/

Net foreign assets	102.9	104.7	115.9	98.7	108.6	106.2	103.0	221.7	223.9	233.8	231.5	246.8	228.5
Net credit to general government	235.0	238.6	242.0	245.2	243.1	252.6	257.2	263.8	264.8	255.1	257.7	254.9	265.6
Credit to households and enterprises	304.3	306.2	308.9	313.1	316.1	318.8	322.4	326.9	328.5	330.0	332.5	338.9	340.9

1/ Revised preliminary data

1/ Time series adjusted for issues of restructuring bonds, balance-sheet items of banks that ceased to operate in 2000, 2001 and 2002, account adjustments in connection with the restructuring of specific banks in 2000, and the conversion of loans into bonds (such adjustments concern loans to households and enterprises).

Money Supply M2 (at fixed exchange rates as of 1 January 1993) (Sk billions)

	1. 1.	31. 3.	2002 30. 6.	30. 9.	31. 12.	Change since beginning of year Sk billions	%	Change during the 1st quarter Sk billions	%	Change during the 2nd quarter Sk billions	%	Change during the 3rd quarter Sk billions	%	Change during the 4th quarter Sk billions	%
Money Supply [M2]	651.2	637.8	647.7	657.2	681.5	30.3	4.7	-13.4	-2.1	9.9	1.6	9.5	1.5	24.3	3.7
Money [M1]	228.5	210.3	218.7	221.1	246.1	17.6	7.7	-18.2	-8.0	8.4	4.0	2.4	1.1	25.0	11.3
Currency outside banks [M0]	81.0	79.6	79.6	80.7	84.2	3.2	4.0	-1.4	-1.7	0.0	0.0	1.1	1.4	3.5	4.3
Demand deposits	147.5	130.7	139.1	140.4	161.9	14.4	9.8	-16.8	-11.4	8.4	6.4	1.3	0.9	21.5	15.3
- Households	67.1	67.9	69.9	69.7	73.1	6.0	8.9	0.8	1.2	2.0	2.9	-0.2	-0.3	3.4	4.9
- Enterprises	78.4	61.5	67.9	69.4	85.5	7.1	9.1	-16.9	-21.6	6.4	10.4	1.5	2.2	16.1	23.2
- Insurance companies	2.0	1.3	1.3	1.3	3.3	1.3	65.0	-0.7	-35.0	0.0	0.0	0.0	0.0	2.0	153.8
Quasi-money [QM]	422.7	427.5	429.0	436.1	435.4	12.7	3.0	4.8	1.1	1.5	0.4	7.1	1.7	-0.7	-0.2
Time deposits	346.3	352.7	346.3	349.8	350.1	3.8	1.1	6.4	1.8	-6.4	-1.8	3.5	1.0	0.3	0.1
- Households	256.3	258.2	249.0	245.6	250.4	-5.9	-2.3	1.9	0.7	-9.2	-3.6	-3.4	-1.4	4.8	2.0
- Enterprises	67.2	71.4	73.9	84.5	82.0	14.8	22.0	4.2	6.3	2.5	3.5	10.6	14.3	-2.5	-3.0
- Insurance companies	22.8	23.1	23.4	19.7	17.7	-5.1	-22.4	0.3	1.3	0.3	1.3	-3.7	-15.8	-2.0	-10.2
Foreign-currency deposits	76.4	74.8	82.7	86.3	85.3	8.9	11.6	-1.6	-2.1	7.9	10.6	3.6	4.4	-1.0	-1.2
- Households	49.0	48.3	52.5	54.9	54.0	5.0	10.2	-0.7	-1.4	4.2	8.7	2.4	4.6	-0.9	-1.6
- Enterprises	27.4	26.5	30.2	31.4	31.3	3.9	14.2	-0.9	-3.3	3.7	14.0	1.2	4.0	-0.1	-0.3
Slovak-crown deposits	493.8	483.4	485.4	490.2	512.0	18.2	3.7	-10.4	-2.1	2.0	0.4	4.8	1.0	21.8	4.4
- Households	323.4	326.1	318.9	315.3	323.5	0.1	0.0	2.7	0.8	-7.2	-2.2	-3.6	-1.1	8.2	2.6
- Enterprises	145.6	132.9	141.8	153.9	167.5	21.9	15.0	-12.7	-8.7	8.9	6.7	12.1	8.5	13.6	8.8
- Insurance companies	24.8	24.4	24.7	21.0	21.0	-3.8	-15.3	-0.4	-1.6	0.3	1.2	-3.7	-15.0	0.0	0.0

Total Volume of Loans (Sk billions)

	2001		2002											
	12	1. 1.	1	2	3	4	5	6	7	8	9	10	11	12
1. TOTAL VOLUME OF LOANS (Sk + foreign currency)	338.3	338.3	340.3	322.2	325.7	327.9	330.9	334.5	337.8	341.0	342.1	344.9	350.9	351.5
A. Slovak-crown loans	280.0	280.0	282.4	264.2	266.7	269.8	270.8	274.3	276.5	280.5	284.0	286.1	288.6	291.5
- Non-financial organisations	194.6	194.6	196.7	167.2	171.6	173.9	174.0	176.4	177.5	179.6	182.5	183.2	184.2	185.4
- Banking sector	12.6	12.6	12.9	12.9	12.8	12.9	13.7	14.0	14.2	13.9	14.1	14.8	16.6	16.9
- Insurance sector	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.9	0.1	0.1	0.1	0.0	0.0
- Extrabudgetary needs of central and local authorities	12.7	12.7	13.4	24.5	23.2	22.6	21.6	21.3	20.1	22.2	22.0	22.1	21.0	19.7
- Non-profit organisations	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
- Small businesses	6.6	6.6	6.3	6.1	5.5	6.0	6.1	6.2	6.1	6.3	6.4	6.2	6.2	6.5
- Households	51.9	51.9	52.2	52.6	52.5	53.3	54.3	55.1	56.4	56.5	57.6	58.4	59.4	61.3
- Foreigners (non-residents)	1.2	1.2	0.6	0.6	0.8	0.7	0.8	1.0	1.1	1.6	1.1	1.1	1.1	1.3
- Other	0.2	0.2	0.1	0.1	0.1	0.1	0.2	0.1	0.1	0.2	0.2	0.1	0.1	0.2
B. Loans in foreign currency ^{1/}	58.2	58.2	57.9	58.0	58.9	58.1	60.1	60.2	61.3	60.5	58.1	58.8	62.3	60.0
2. SLOVAK-CROWN LOANS BY SECTOR	280.0	280.0	282.4	264.2	266.7	269.8	270.8	274.3	276.5	280.5	284.0	286.1	288.6	291.5
a) Entrepreneurial sector	214.0	214.0	216.0	186.4	190.0	193.0	193.9	196.7	198.7	199.9	203.0	204.3	207.0	208.9
- Public sector	60.5	60.6	60.1	48.2	51.5	51.5	52.3	53.9	53.7	54.1	55.7	55.3	56.9	57.3
- Private sector (incl. cooperatives and households)	123.7	123.7	123.8	104.3	105.3	107.3	107.5	107.8	110.1	111.8	112.8	113.1	114.1	115.6
- Under foreign control	29.8	29.8	32.2	33.9	33.2	34.1	34.1	34.9	34.9	34.1	34.6	35.9	35.9	35.9
b) Government sector (extra-budgetary funds)	12.7	12.7	13.4	24.5	23.2	22.6	21.6	21.3	20.1	22.2	22.0	22.1	21.0	19.7
c) Households	51.9	51.9	52.2	52.6	52.5	53.3	54.3	55.1	56.4	56.5	57.6	58.4	59.4	61.3
d) Non-profit organisations	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
e) Other	1.4	1.4	0.7	0.7	1.0	0.8	1.0	1.2	1.2	1.8	1.3	1.2	1.2	1.5
3. SLOVAK-CROWN LOANS BY INDUSTRY	280.0	280.0	282.4	264.2	266.7	269.8	270.8	274.3	276.5	280.5	284.0	286.1	288.6	291.5
a) Agriculture, hunting, and fishing	14.2	14.2	14.2	4.7	4.7	5.0	5.3	5.5	5.8	6.0	6.0	6.0	5.9	5.9
b) Forestry and timber industry	0.2	0.2	0.2	0.2	0.2	0.1	0.2	0.2	0.1	0.2	0.2	0.1	0.1	0.1
c) Raw materials extraction	2.3	2.3	2.3	1.6	1.5	1.6	1.6	1.7	1.8	1.7	1.8	1.7	1.5	1.5
d) Industrial production - total	66.2	66.2	67.8	57.1	57.8	57.7	58.0	56.8	56.9	56.9	57.0	55.5	54.5	53.4
- Foods, beverages, and tobacco	15.1	15.1	15.6	14.5	14.0	14.3	14.9	15.4	15.0	14.5	14.2	14.1	14.1	13.9
- Chemical industry	8.2	8.2	8.8	9.6	8.8	8.8	8.8	8.2	8.2	8.1	7.6	7.3	6.9	7.2
- Metallurgy and machine engineering	23.5	23.5	24.7	16.0	17.7	16.7	17.3	15.6	16.0	16.7	16.9	16.0	17.0	16.2
- Electrical and electronic industry	4.3	4.3	4.1	3.7	3.3	3.9	3.6	3.8	3.6	3.6	3.9	3.8	3.1	2.8
- Textile, clothing, and leather	2.4	2.4	2.6	2.3	2.3	2.5	2.4	2.7	2.8	2.6	2.6	2.6	2.0	2.1
- Other industries	12.7	12.7	12.0	11.0	11.6	11.5	10.9	11.1	11.2	11.3	11.8	11.7	11.4	11.3
e) Power industry, gas and water supply	36.6	36.6	37.3	35.3	38.7	39.3	38.6	39.2	39.2	39.3	39.3	39.7	41.2	42.4
f) Building and construction	6.7	6.7	7.1	5.7	6.4	5.8	5.4	5.3	5.5	5.2	5.2	5.1	5.0	4.9
g) Trade, repair of cons. goods and motor vehicles, hotels and restaurants	42.0	42.0	41.9	37.2	35.4	37.2	34.5	36.4	35.8	37.2	37.9	39.1	37.8	38.7
h) Tourism	0.5	0.5	0.6	0.6	0.5	0.6	0.5	0.6	0.6	0.4	0.4	0.4	0.4	0.5
i) Transport, warehousing, postal and telecom. services	13.4	13.4	13.3	13.7	13.9	13.7	15.7	16.7	17.5	18.0	20.1	20.5	21.5	21.7
j) Banking industry	12.6	12.6	12.9	12.9	12.8	12.9	13.7	14.0	14.2	13.9	14.1	14.8	16.6	16.9
k) Insurance sector	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.9	0.1	0.1	0.1	0.0	0.0
l) Other	85.1	85.1	84.8	95.2	94.7	95.8	97.1	97.7	98.2	101.5	102.0	103.0	104.0	105.3
4. TOTAL VOLUME OF LOANS (Sk + foreign currency)	338.3	338.3	340.3	322.2	325.7	327.9	330.9	334.5	337.8	341.0	342.1	344.9	350.9	351.4
a) Short-term loans	110.3	110.0	114.9	108.1	108.6	109.4	109.5	110.2	111.7	108.4	108.9	110.4	113.0	113.3
b) Medium-term loans	98.9	99.2	97.6	96.8	95.8	96.4	98.4	99.8	100.7	105.6	105.7	105.8	107.5	105.8
c) Long-term loans	129.1	129.1	127.8	117.2	121.4	122.1	123.0	124.4	125.4	127.0	127.6	128.7	130.3	132.3
4.1. SLOVAK-CROWN LOANS	280.0	280.0	282.4	264.2	266.7	269.8	270.8	274.3	276.5	280.5	284.0	286.1	288.6	291.5
a) Short-term loans	88.8	88.4	92.6	86.3	84.9	86.3	85.0	85.8	86.3	85.5	86.9	88.5	89.2	91.9
b) Medium-term loans	82.8	83.1	81.4	80.0	79.8	80.4	81.7	82.7	83.5	86.5	88.0	87.9	88.4	86.9
c) Long-term loans	108.5	108.5	108.4	97.9	102.0	103.1	104.1	105.7	106.7	108.5	109.1	109.7	110.9	112.6
4.2. LOANS IN FOREIGN CURRENCY ^{1/}	58.2	58.2	57.9	58.0	58.9	58.1	60.1	60.2	61.3	60.5	58.1	58.8	62.3	60.0
a) Short-term loans	21.6	21.6	22.3	21.8	23.7	23.1	24.5	24.4	25.4	22.9	22.0	22.0	23.8	21.4
b) Medium-term loans	16.1	16.1	16.2	16.8	16.0	16.0	16.7	17.1	17.2	19.2	17.7	17.9	19.1	18.9
c) Long-term loans	20.6	20.6	19.4	19.4	19.3	19.0	18.9	18.7	18.7	18.5	18.5	18.9	19.4	19.7

Continued on next page.

Total Volume of Loans (Sk billions) – continued

	2001			2002											
	12	1. 1.	1	2	3	4	5	6	7	8	9	10	11	12	
5. SLOVAK-CROWN LOANS BY PURPOSE	280.0	280.0	282.4	264.2	266.7	269.8	270.8	274.3	276.5	280.5	284.0	286.1	288.6	291.5	
a) Current assets	54.6	54.6	58.2	58.0	59.8	61.6	63.0	63.2	63.4	64.1	65.7	66.6	68.7	67.6	
b) Capital goods	69.9	69.9	70.7	71.9	70.3	70.9	72.4	73.1	74.5	77.0	78.6	79.2	80.4	80.1	
c) Privatisation	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.2	0.2	0.1	0.1	0.1	0.1	
- Small-scale privatisation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	
- Large-scale privatisation	0.2	0.2	0.2	0.2	0.1	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	
d) Temporary lack of resources	8.8	8.8	8.3	8.2	8.1	8.1	8.2	8.5	8.6	8.2	8.1	8.3	8.2	8.4	
e) Permanently revolving stocks	0.3	0.3	0.3	11.7	10.9	10.8	10.8	10.8	10.8	10.7	9.9	9.9	9.9	9.9	
f) 'KBV' residential construction	4.9	4.9	6.3	6.3	6.2	6.2	6.2	5.8	5.8	5.8	5.7	5.7	5.2	4.8	
g) Current account balances (debit)	11.2	11.2	12.8	13.6	12.7	13.9	13.6	14.5	15.1	15.4	15.8	16.6	16.2	15.9	
h) Consumption	5.2	5.2	4.5	4.6	4.7	4.9	4.9	5.4	5.4	5.9	6.0	5.8	5.8	6.7	
i) Standard claims with reservation	38.7	38.7	36.0	35.3	38.5	38.2	37.2	36.8	37.0	37.3	36.7	36.2	36.7	42.3	
j) Classified receivables	70.6	70.6	68.0	36.8	38.8	38.2	37.5	37.6	37.2	36.3	35.6	34.1	34.4	34.1	
- doubtful and disputable	5.0	5.0	3.2	2.8	4.1	4.1	3.7	3.8	3.7	3.3	3.1	2.6	2.7	2.6	
- loss-making	60.7	60.7	60.9	29.8	29.9	29.5	29.4	29.3	29.3	28.6	28.1	27.1	27.4	26.2	
- sub-standard	4.8	4.8	3.9	4.2	4.8	4.6	4.4	4.6	4.2	4.4	4.4	4.4	4.3	5.3	
6. INFORMATIVE															
A. Total increase in loans															
(since beginning of year)															
- in Sk billions	-69.4	x	2.0	-16.0	-12.6	-10.4	-7.4	-3.8	-0.4	2.7	3.9	6.6	12.6	13.2	
- in %	-17.0	x	0.6	-4.7	-3.7	-3.1	-2.2	-1.1	-0.1	0.8	1.1	2.0	3.7	3.9	
of which															
a) Slovak-crown loans															
- in Sk billions	-71.8	x	2.4	-15.8	-13.3	-10.2	-9.3	-5.8	-3.5	0.4	4.0	6.1	8.6	11.4	
- in %	-20.4	x	0.9	-5.6	-4.7	-3.7	-3.3	-2.1	-1.3	0.2	1.4	2.2	3.1	4.1	
b) Foreign-currency loans ^{1/}															
- in Sk billions	2.4	x	-0.3	-0.2	0.7	-0.1	1.8	1.9	3.1	2.3	-0.1	0.5	4.0	1.8	
- in %	4.4	x	-0.5	-0.4	1.2	-0.2	3.2	3.3	5.3	3.9	-0.2	0.9	7.0	3.1	
B. Structure of Slovak-crown loans by sector															
(share on the total in %)															
Slovak-crown loans in total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
a) Entrepreneurial sector	76.4	76.4	76.5	70.5	71.2	71.5	71.6	71.7	71.9	71.3	71.5	71.4	71.7	71.7	
- Public sector	21.6	21.6	21.3	18.2	19.3	19.1	19.3	19.6	19.4	19.3	19.6	19.3	19.7	19.7	
- Private sector (incl. cooperatives and households)	44.2	44.2	43.8	39.5	39.5	39.8	39.7	39.3	39.8	39.9	39.7	39.5	39.5	39.7	
- Under foreign control	10.6	10.6	11.4	12.8	12.5	12.7	12.6	12.7	12.6	12.2	12.2	12.6	12.4	12.3	
b) Government sector (extra-budgetary funds)	4.5	4.5	4.7	9.3	8.7	8.4	8.0	7.8	7.3	7.9	7.8	7.7	7.3	6.8	
c) Households	18.5	18.5	18.5	19.9	19.7	19.8	20.1	20.1	20.4	20.1	20.3	20.4	20.6	21.0	
d) Non-profit organisations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
f) Other	0.5	0.5	0.2	0.3	0.4	0.3	0.4	0.4	0.4	0.6	0.5	0.4	0.4	0.5	
C. Structure of Slovak-crown loans by industry															
(share on the total in %)															
Slovak-crown loans in total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
a) Agriculture, hunting and fishing	5.1	5.1	5.0	1.8	1.8	1.8	2.0	2.0	2.1	2.2	2.1	2.1	2.1	2.0	
b) Forestry and timber industry	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.0	0.0	0.0	
c) Raw materials extraction	0.8	0.8	0.8	0.6	0.6	0.6	0.6	0.6	0.7	0.6	0.6	0.6	0.5	0.5	
d) Industrial production - total	23.6	23.6	24.0	21.6	21.7	21.4	21.4	20.7	20.6	20.3	20.1	19.4	18.9	18.3	
- Foods, beverages, and tobacco	5.4	5.4	5.5	5.5	5.3	5.3	5.5	5.6	5.4	5.2	5.0	4.9	4.9	4.8	
- Chemical industry	2.9	2.9	3.1	3.6	3.3	3.3	3.3	3.0	3.0	2.9	2.7	2.6	2.4	2.5	
- Metallurgy and machine engineering	8.4	8.4	8.7	6.1	6.6	6.2	6.4	5.7	5.8	5.9	6.0	5.6	5.9	5.6	
- Electrical and electronic industry	1.5	1.5	1.5	1.4	1.2	1.4	1.3	1.4	1.3	1.3	1.4	1.3	1.1	1.0	
- Textile, clothing, and leather	0.9	0.9	0.9	0.9	0.9	0.9	0.9	1.0	1.0	0.9	0.9	0.9	0.7	0.7	
- Other industries	4.5	4.5	4.3	4.2	4.4	4.2	4.0	4.0	4.1	4.0	4.1	4.1	4.0	3.9	
e) Power industry, gas and water supply	13.1	13.1	13.2	13.4	14.5	14.6	14.3	14.3	14.2	14.0	13.8	13.9	14.3	14.5	
f) Building and construction	2.4	2.4	2.5	2.2	2.4	2.1	2.0	1.9	2.0	1.8	1.8	1.8	1.7	1.7	
g) Trade, repair of cons. goods and vehicles, hotel and restaurants	15.0	15.0	14.8	14.1	13.3	13.8	12.7	13.3	12.9	13.3	13.4	13.7	13.1	13.3	

Continued on next page.

Total Volume of Loans (Sk billions) – continued

	2001			2002											
	12	1. 1.	1	2	3	4	5	6	7	8	9	10	11	12	
h) Tourism	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.2	
i) Transport, warehousing, postal and telecom. services	4.8	4.8	4.7	5.2	5.2	5.1	5.8	6.1	6.3	6.4	7.1	7.2	7.4	7.5	
j) Banking industry	4.5	4.5	4.6	4.9	4.8	4.8	5.1	5.1	5.1	5.0	4.9	5.2	5.8	5.8	
k) Non-profit organizations	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.3	0.0	0.0	0.0	0.0	0.0	
l) Others	30.4	30.4	30.0	36.0	35.5	35.5	35.9	35.6	35.5	36.2	35.9	36.0	36.0	36.1	
D. Structure of loans by term (share on the total in %)															
Loans in Sk and foreign curr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
a) Short-term loans	32.6	32.5	33.8	33.6	33.3	33.4	33.1	33.0	33.1	31.8	31.8	32.0	32.2	32.3	
b) Medium-term loans	29.2	29.3	28.7	30.0	29.4	29.4	29.7	29.8	29.8	31.0	30.9	30.7	30.6	30.1	
c) Long-term loans	38.2	38.2	37.6	36.4	37.3	37.2	37.2	37.2	37.1	37.2	37.3	37.3	37.1	37.6	
Slovak-crown loans in total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	101.0	102.0	103.0	104.0	105.0	106.0	
a) Short-term loans	31.7	31.6	32.8	32.7	31.8	32.0	31.4	31.3	31.2	30.5	30.6	30.9	30.9	31.5	
b) Medium-term loans	29.6	29.7	28.8	30.3	29.9	29.8	30.2	30.2	30.2	30.8	31.0	30.7	30.6	29.8	
c) Long-term loans	38.7	38.7	38.4	37.0	38.3	38.2	38.5	38.5	38.6	38.7	38.4	38.3	38.4	38.6	
Foreign-currency loans ^{1/}	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
a) Short-term loans	37.1	37.1	38.5	37.7	40.1	39.7	40.8	40.6	41.5	37.8	37.8	37.4	38.2	35.7	
b) Medium-term loans	27.6	27.6	27.9	29.0	27.1	27.6	27.7	28.4	28.1	31.7	30.5	30.4	30.6	31.5	
c) Long-term loans	35.3	35.3	33.5	33.4	32.8	32.7	31.5	31.1	30.5	30.6	31.8	32.2	31.2	32.9	
E. Structure of Slovak-crown loans by purpose (share on the total in %)															
Slovak-crown loans in total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
a) Current assets	19.5	19.5	20.6	22.0	22.4	22.8	23.3	23.1	22.9	22.9	23.1	23.3	23.8	23.2	
b) Investment	25.0	25.0	25.0	27.2	26.4	26.3	26.7	26.7	26.9	27.4	27.7	27.7	27.9	27.5	
c) Privatisation	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	
- Small-scale privatisation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Large-scale privatisation	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	
d) Temporary lack of resources	3.1	3.1	2.9	3.1	3.0	3.0	3.0	3.1	3.1	2.9	2.8	2.9	2.8	2.9	
e) Permanently revolving stocks	0.1	0.1	0.1	4.4	4.1	4.0	4.0	3.9	3.9	3.8	3.5	3.5	3.4	3.4	
f) 'KBV' residential construction	1.7	1.7	2.2	2.4	2.3	2.3	2.3	2.1	2.1	2.1	2.0	2.0	1.8	1.6	
g) Current account balances (debit)	4.0	4.0	4.5	5.2	4.8	5.2	5.0	5.3	5.5	5.5	5.6	5.8	5.6	5.4	
h) Consumption	1.8	1.8	1.6	1.7	1.8	1.8	1.8	2.0	1.9	2.1	2.1	2.0	2.0	2.3	
i) Standard claims with reservation	13.8	13.8	12.7	13.4	14.4	14.2	13.8	13.4	13.4	13.3	12.9	12.7	12.7	14.5	
j) Classified receivables	25.2	25.2	24.1	13.9	14.6	14.2	13.9	13.7	13.5	12.9	12.5	11.9	11.9	11.7	
- doubtful and disputable	1.8	1.8	1.1	1.1	1.5	1.5	1.4	1.4	1.3	1.2	1.1	0.9	0.9	0.9	
- doubtful and disputable	21.7	21.7	21.6	11.3	11.2	10.9	10.9	10.7	10.6	10.2	9.9	9.5	9.5	9.0	
- sub-standard	1.7	1.7	1.4	1.6	1.8	1.7	1.6	1.7	1.5	1.6	1.5	1.5	1.5	1.8	

^{1/} Loans to residents and non-residents in convertible currencies

Total Volume of Loans - adjusted for the issue of bonds for restructuring credit portfolios of banks and balance sheet items of banks which terminated operations (Sk billions)

	2001	2002												
	12	1. 1.	1	2	3	4	5	6	7	8	9	10	11	12
1. TOTAL VOLUME OF LOANS (Sk + foreign currency)	435.7	435.7	437.8	439.9	443.4	445.6	448.5	452.1	455.5	458.6	459.8	462.6	468.5	469.1
A. Slovak-crown loans	377.2	377.2	379.6	381.6	384.1	387.2	388.1	391.6	393.9	397.8	401.4	403.5	406.0	408.8
of which:														
- Non-financial organisations	291.8	291.8	293.8	295.8	300.3	302.6	302.7	305.0	306.1	308.3	311.1	311.8	312.8	314.1
- Banking sector	12.6	12.6	12.9	12.9	12.8	12.9	13.7	14.0	14.2	13.9	14.1	14.8	16.6	16.9
- Insurance sector	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.9	0.1	0.1	0.1	0.0	0.0
- Extrabudgetary needs of central and local authorities	12.7	12.7	13.4	13.2	11.9	11.3	10.3	10.0	8.8	10.9	10.7	10.8	9.7	8.4
- Non-profit organisations	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
- Small businesses	6.6	6.6	6.3	6.1	5.5	6.0	6.1	6.2	6.1	6.3	6.4	6.2	6.2	6.5
- Households	51.9	51.9	52.2	52.6	52.5	53.3	54.3	55.1	56.4	56.5	57.6	58.4	59.4	61.3
- Foreigners (non-residents)	1.2	1.2	0.6	0.6	0.8	0.7	0.8	1.0	1.1	1.6	1.1	1.1	1.1	1.3
- Other	0.2	0.2	0.1	0.1	0.1	0.1	0.2	0.1	0.1	0.2	0.2	0.1	0.1	0.2
B. Loans in foreign currency ^{1/}	58.5	58.5	58.2	58.3	59.2	58.4	60.4	60.5	61.6	60.8	58.4	59.1	62.6	60.3
TOTAL VOLUME OF LOANS (Sk + foreign currency)	435.7	435.7	437.8	439.9	443.4	445.7	448.5	452.1	455.5	458.6	459.8	462.6	468.5	469.1
a) Short-term loans	135.5	135.5	140.1	139.9	140.4	141.3	141.3	142.0	143.5	140.3	140.8	142.3	145.0	145.2
b) Medium-term loans	171.2	171.2	169.9	171.0	169.9	170.5	172.4	173.9	174.8	179.7	179.7	179.9	181.5	179.9
c) Long-term loans	129.1	129.1	127.8	129.0	133.1	133.8	134.8	136.1	137.1	138.6	139.3	140.4	142.0	144.0
SLOVAK-CROWN LOANS	377.2	377.2	379.6	381.6	384.1	387.2	388.1	391.6	393.9	397.8	401.4	403.5	406.0	408.8
a) Short-term loans	113.6	113.6	117.5	117.8	116.4	117.9	116.5	117.3	117.8	117.1	118.5	120.1	120.9	123.5
b) Medium-term loans	155.1	155.1	153.7	154.2	153.9	154.5	155.8	156.9	157.6	160.5	162.0	162.0	162.4	161.0
c) Long-term loans	108.5	108.5	108.4	109.6	113.8	114.8	115.9	117.4	118.4	120.1	120.8	121.4	122.6	124.3
LOANS IN FOREIGN CURRENCY ^{1/}	58.5	58.5	58.2	58.3	59.2	58.4	60.4	60.5	61.6	60.8	58.4	59.1	62.6	60.3
a) Short-term loans	21.9	21.9	22.6	22.1	24.0	23.4	24.8	24.7	25.7	23.2	22.3	22.3	24.1	21.7
b) Medium-term loans	16.1	16.1	16.2	16.8	16.0	16.0	16.7	17.1	17.2	19.2	17.7	17.9	19.1	18.9
c) Long-term loans	20.6	20.6	19.4	19.4	19.3	19.0	18.9	18.7	18.7	18.5	18.5	18.9	19.4	19.7
2. INFORMATIVE														
Total increase in loans (since beginning of year)														
- in Sk billions	83.9	x	2.1	4.2	7.6	9.8	12.8	16.4	19.8	22.9	24.1	26.8	32.8	33.4
- in %	23.8	x	0.5	1.0	1.7	2.3	2.9	3.8	4.5	5.3	5.5	6.2	7.5	7.7
of which:														
a) Slovak-crown loans														
- in Sk billions	25.4	x	2.4	4.4	6.9	10.0	10.9	14.4	16.7	20.6	24.2	26.3	28.8	31.6
- in %	7.2	x	0.6	1.2	1.8	2.6	2.9	3.8	4.4	5.5	6.4	7.0	7.6	8.4
b) Foreign-currency loans ^{1/}														
- in Sk billions	2.7	x	-0.3	-0.2	0.7	-0.1	1.9	2.0	3.1	2.3	-0.1	0.6	4.1	1.8
- in %	4.8	x	-0.5	-0.4	1.3	-0.2	3.2	3.4	5.3	4.0	-0.1	1.0	7.0	3.1
Structure of total loans by term in %														
Loans in Sk and foreign curr. (share on the total in %)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
of which a) Short-term loans	31.1	31.1	32.0	31.8	31.7	31.7	31.5	31.4	31.5	30.6	30.6	30.8	30.9	31.0
b) Medium-term loans	39.3	39.3	38.8	38.9	38.3	38.3	38.4	38.5	38.4	39.2	39.1	38.9	38.7	38.4
c) Long-term loans	29.6	29.6	29.2	29.3	30.0	30.0	30.0	30.1	30.1	30.2	30.3	30.3	30.3	30.7
Slovak-crown loans in total (share on the total in %)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
of which a) Short-term loans	30.1	30.1	31.0	30.9	30.3	30.4	30.0	30.0	29.9	29.4	29.5	29.8	29.8	30.2
b) Medium-term loans	41.1	41.1	40.5	40.4	40.1	39.9	40.1	40.1	40.0	40.4	40.4	40.2	40.0	39.4
c) Long-term loans	28.8	28.8	28.6	28.7	29.6	29.6	29.8	30.0	30.1	30.2	30.1	30.1	30.2	30.4
Foreign-currency loans ^{1/} (share on the total in %)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
of which a) Short-term loans	37.4	37.4	38.8	38.0	40.5	40.0	41.1	40.9	41.8	38.1	38.1	37.7	38.5	36.0
b) Medium-term loans	27.5	27.5	27.8	28.8	26.9	27.4	27.6	28.2	27.9	31.5	30.3	30.3	30.5	31.3
c) Long-term loans	35.1	35.1	33.4	33.2	32.6	32.5	31.3	30.9	30.3	30.4	31.6	32.0	31.0	32.7

^{1/} Loans to residents and non-residents in convertible currencies

Loans to Clients – New Loans (Sk billions)

	2001		2002										
	12	1	2	3	4	5	6	7	8	9	10	11	12
1. NEW LOANS IN SLOVAK CROWNS	63.0	56.6	61.7	61.3	58.4	60.2	64.8	59.9	54.6	60.4	68.3	57.6	68.0
a) Entrepreneurial sector	60.6	53.8	59.4	58.5	55.6	57.3	60.5	56.0	48.4	55.4	62.8	51.5	61.1
- Public sector	4.0	2.1	1.6	6.7	2.3	3.5	2.6	2.5	2.4	4.1	2.8	4.0	4.9
- Private sector	19.1	14.8	18.7	19.8	18.0	20.6	22.4	22.5	21.0	22.0	20.9	20.8	25.3
- Under foreign control	37.5	37.0	39.1	32.0	35.3	33.1	35.5	30.9	25.0	29.2	39.1	26.8	30.8
b) Households	2.0	1.8	1.9	2.3	2.4	2.6	2.8	3.0	2.8	3.0	3.4	3.4	3.7
c) Non-profit organisations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
d) Extrabudgetary needs of central and local authorities	0.2	0.9	0.1	0.1	0.2	0.1	1.3	0.4	2.3	1.9	2.0	2.4	2.8
e) Other	0.1	0.1	0.3	0.4	0.2	0.2	0.3	0.5	1.1	0.1	0.2	0.3	0.4
2. NEW LOANS BY TERM	63.0	56.6	61.7	61.3	58.4	60.2	64.8	59.9	54.6	60.4	68.3	57.6	68.0
a) Short-term loans	54.6	52.0	57.1	51.7	53.0	54.1	57.1	53.0	46.8	51.3	59.8	48.2	56.1
b) Medium-term loans	6.5	3.4	3.3	4.8	4.0	3.4	5.8	4.9	5.5	5.7	5.4	6.6	8.3
c) Long-term loans	1.9	1.1	1.2	4.8	1.4	2.7	1.9	2.0	2.3	3.4	3.1	2.9	3.6
3. NEW LOANS BY TERM (share on the total in %)													
New loans in total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
a) Short-term loans	86.6	92.0	92.6	84.4	90.8	89.8	88.0	88.5	85.7	84.9	87.6	83.6	82.5
b) Medium-term loans	10.3	6.0	5.4	7.8	6.8	5.7	9.0	8.2	10.1	9.5	7.9	11.4	12.2
c) Long-term loans	3.0	2.0	2.0	7.8	2.4	4.5	3.0	3.3	4.1	5.7	4.5	5.0	5.3

Deposits of Clients (Sk billions)

	2001				2002									
	12	1. 1.	1	2	3	4	5	6	7	8	9	10	11	12
1. TOTAL DEPOSITS (Sk + foreign currency)	678.4	678.4	660.4	672.1	661.1	660.5	667.7	673.6	769.0	764.4	766.4	757.1	765.2	771.4
A. Slovak-crown deposits	567.7	567.7	552.5	559.3	552.0	550.5	553.6	552.6	638.5	635.8	639.4	636.5	642.6	653.0
- Non-financial organisations	113.5	113.5	102.0	101.4	101.3	98.1	103.1	109.1	115.1	119.4	118.8	124.9	127.2	133.3
- Banking sector	9.1	9.1	8.0	8.0	8.3	8.6	8.2	8.3	8.9	8.6	8.6	9.1	11.2	10.0
- Insurance sector	24.8	24.8	24.4	24.6	24.4	23.3	23.8	24.7	26.9	21.8	20.9	17.1	16.5	21.0
- Extrabudgetary funds of central and local authorities	69.7	69.7	63.6	66.3	64.6	70.3	69.2	63.3	141.9	137.0	145.3	137.1	138.1	137.1
- Non-profit organisations	8.3	8.3	8.5	8.7	8.3	8.7	8.7	8.5	9.1	9.5	9.4	9.9	9.9	9.7
- Small businesses	11.8	11.8	12.9	13.1	12.8	12.5	13.7	13.5	14.0	15.0	15.2	15.4	16.0	13.3
- Households	323.4	323.4	327.0	329.0	326.1	322.7	321.2	318.8	316.7	316.7	315.3	316.9	317.0	323.4
- Foreigners (non-residents)	4.6	4.6	3.6	5.5	3.7	3.8	3.4	4.2	3.7	5.1	3.5	3.7	4.4	3.9
- Other	2.4	2.4	2.5	2.6	2.6	2.5	2.2	2.2	2.2	2.6	2.5	2.4	2.2	1.3
B. Foreign-currency deposits ^{1/}	110.7	110.7	107.9	112.8	109.1	110.0	114.1	121.0	130.6	128.6	127.0	120.6	122.6	118.4
- Natural persons	69.3	69.3	68.8	67.8	67.0	68.1	71.4	73.4	75.1	74.7	72.9	72.0	71.9	69.3
- Legal entities	41.4	41.4	39.1	45.0	42.1	41.9	42.7	47.5	55.4	54.0	54.1	48.6	50.7	49.1
2. SLOVAK-CROWN DEPOSITS BY SECTOR	567.7	567.7	552.5	559.3	552.0	550.5	553.6	552.6	638.5	635.8	639.4	636.5	642.6	653.0
Entrepreneurial sector	159.0	159.0	147.4	147.1	146.7	142.5	148.8	155.6	164.9	164.8	163.5	166.5	171.0	177.6
a) Public sector	31.6	31.6	25.6	26.3	27.8	29.9	29.4	34.9	36.5	36.2	34.7	37.1	36.7	35.6
b) Private sector														
(incl. cooperatives and households)	102.6	102.6	100.0	99.5	99.7	93.9	98.8	100.6	108.8	109.6	109.1	109.8	114.2	117.2
d) Under foreign control	24.9	24.9	21.7	21.4	19.2	18.7	20.7	20.0	19.5	19.0	19.8	19.6	20.0	24.7
Government sector	69.9	69.9	63.6	66.3	64.6	70.3	69.2	63.3	141.9	137.0	145.3	137.1	138.1	137.1
Households	323.4	323.4	327.0	329.0	326.1	322.7	321.2	318.8	316.7	316.7	315.3	316.9	317.0	323.4
Non-profit organisations	8.3	8.3	8.5	8.7	8.3	8.7	8.7	8.5	9.1	9.5	9.4	9.9	9.9	9.7
Other	7.1	7.1	6.1	8.1	6.3	6.3	5.7	6.4	5.9	7.7	6.0	6.2	6.6	5.2
3. SLOVAK-CROWN DEPOSITS														
BY TERM	567.7	567.7	552.5	559.3	552.0	550.5	553.6	552.6	638.5	635.8	639.4	636.5	642.6	653.0
a) Short-term deposits	486.9	486.9	472.9	480.0	475.4	475.6	479.8	480.4	567.3	565.2	569.9	567.1	572.9	578.9
b) Medium-term deposits	37.4	37.4	37.0	36.5	35.3	34.7	34.1	33.6	33.4	32.8	32.7	32.9	32.9	33.7
c) Long-term deposits	43.4	43.4	42.6	42.7	41.3	40.2	39.7	38.6	37.8	37.8	36.9	36.6	36.7	40.4
4. FOREIGN-CURRENCY DEPOSITS BY TERM ^{1/}	110.7	110.7	107.9	112.8	109.1	110.0	114.1	121.0	130.6	128.6	127.0	120.6	122.6	118.4
a) Short-term deposits	110.4	110.4	107.7	112.5	108.8	109.8	113.9	120.5	130.2	128.1	126.4	120.1	122.0	117.8
b) Medium-term deposits	0.3	0.3	0.2	0.3	0.3	0.3	0.3	0.5	0.3	0.5	0.6	0.5	0.5	0.5
c) Long-term deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5. TOTAL DEPOSITS														
BY TERM	678.4	678.4	660.4	672.1	661.1	660.5	667.7	673.6	769.0	764.4	766.4	757.1	765.2	771.4
a) Short-term deposits	597.3	597.3	580.5	592.6	584.2	585.4	593.7	600.9	697.5	693.3	696.3	687.2	695.0	696.8
b) Medium-term deposits	37.7	37.7	37.2	36.8	35.5	34.9	34.4	34.1	33.7	33.3	33.3	33.4	33.5	34.2
c) Long-term deposits	43.4	43.4	42.6	42.7	41.3	40.2	39.7	38.6	37.8	37.8	36.9	36.6	36.7	40.4
6. INFORMATIVE														
A. Increase in deposits (since beginning of year)														
- in Sk billions	68.6	x	-18.0	-6.3	-17.3	-17.9	-10.7	-4.8	90.6	86.0	88.0	78.7	86.8	93.0
- in %	3.5	x	-2.7	-0.9	-2.6	-2.6	-1.6	-0.7	13.4	12.7	13.0	11.6	12.8	13.7
of which:														
a) Slovak-crown deposits														
- in Sk billions	26.9	x	-15.2	-8.4	-15.7	-17.2	-14.1	-15.1	70.8	68.1	71.7	68.8	74.9	85.3
- in %	5.0	x	-2.7	-1.5	-2.8	-3.0	-2.5	-2.7	12.5	12.0	12.6	12.1	13.2	15.0
b) Foreign-currency deposits ^{1/}														
- in Sk billions	-3.9	x	-2.8	2.1	-1.6	-0.7	3.4	10.3	19.9	17.9	16.3	9.9	11.9	7.7
- in %	-3.4	x	-2.5	1.9	-1.5	-0.6	3.1	9.3	17.9	16.2	14.7	8.9	10.7	6.9

Continued on next page.

Deposits of Clients (Sk billions) – continued

	2001				2002											
	12	1. 1.	1	2	3	4	5	6	7	8	9	10	11	12		
B. Structure of Slovak-crown deposits by sector (share on the total in %)																
Total Slovak-crown deposits	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0		
a) Entrepreneurial sector	28.0	28.0	26.7	26.3	26.6	25.9	26.9	28.2	25.8	25.9	25.6	26.2	26.6	27.2		
- Public sector	5.6	5.6	4.6	4.7	5.0	5.4	5.3	6.3	5.7	5.7	5.4	5.8	5.7	5.5		
- Private sector (incl. cooperatives and households)	18.1	18.1	18.1	17.8	18.1	17.1	17.8	18.2	17.0	17.2	17.1	17.2	17.8	18.0		
- Under foreign control	4.4	4.4	3.9	3.8	3.5	3.4	3.7	3.6	3.1	3.0	3.1	3.1	3.1	3.8		
b) Government sector	12.3	12.3	11.5	11.9	11.7	12.8	12.5	11.5	22.2	21.6	22.7	21.5	21.5	21.0		
c) Households	57.0	57.0	59.2	58.8	59.1	58.6	58.0	57.7	49.6	49.8	49.3	49.8	49.3	49.5		
d) Non-profit organisations	1.5	1.5	1.5	1.6	1.5	1.6	1.6	1.5	1.4	1.5	1.5	1.6	1.5	1.5		
e) Other	1.3	1.3	1.1	1.5	1.1	1.1	1.0	1.2	0.9	1.2	0.9	1.0	1.0	0.8		
C. Structure of Slovak-crown deposits by term (share on the total in %)																
Total Slovak-crown deposits	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0		
a) Short-term deposits	85.8	85.8	85.6	85.8	86.1	86.4	86.7	86.9	88.8	88.9	89.1	89.1	89.2	88.7		
b) Medium-term deposits	6.6	6.6	6.7	6.5	6.4	6.3	6.2	6.1	5.2	5.2	5.1	5.2	5.1	5.2		
c) Long-term deposits	7.6	7.6	7.7	7.6	7.5	7.3	7.2	7.0	5.9	5.9	5.8	5.7	5.7	6.2		
D. Structure of deposits by term in foreign currency ^{1/} (share on the total in %)																
Foreign-currency deposits	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0		
of which																
a) Short-term deposits	99.8	99.8	99.8	99.8	99.8	99.8	99.8	99.6	99.7	99.6	99.5	99.6	99.6	99.5		
b) Medium-term deposits	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.4	0.3	0.4	0.5	0.4	0.4	0.4		
c) Long-term deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
E. Structure of deposits by term in total (share on the total in %)																
Slovak-crown and foreign currency deposits in total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0		
of which																
a) Short-term deposits	88.0	88.0	87.9	88.2	88.4	88.6	88.9	89.2	90.7	90.7	90.8	90.8	90.8	90.3		
b) Medium-term deposits	5.6	5.6	5.6	5.5	5.4	5.3	5.1	5.1	4.4	4.4	4.3	4.4	4.4	4.4		
c) Long-term deposits	6.4	6.4	6.4	6.4	6.2	6.1	5.9	5.7	4.9	4.9	4.8	4.8	4.8	5.2		

1/ Deposits from residents and non-residents in convertible currencies

Average monthly exchange rates of SKK (Midpoint rate)

	2002											
	1	2	3	4	5	6	7	8	9	10	11	12
1 AUD	24.855	24.891	25.074	25.229	25.767	26.501	24.836	24.351	24.005	23.431	23.277	23.173
1 CZK	1.327	1.329	1.334	1.372	1.405	1.459	1.498	1.428	1.423	1.365	1.350	1.342
1 DKK	5.720	5.687	5.643	5.607	5.778	5.962	5.987	5.920	5.792	5.629	5.589	5.625
1 EUR	42.521	42.256	41.943	41.685	42.962	44.319	44.481	43.973	43.016	41.821	41.519	41.776
100 JPY	36.286	36.380	36.510	35.980	37.069	37.632	37.964	37.757	36.384	34.415	34.116	33.650
1 CAD	30.038	30.461	30.155	29.770	30.238	30.361	29.061	28.660	27.884	26.993	26.386	26.388
100 HUF	17.431	17.359	17.123	17.199	17.623	18.270	18.058	17.935	17.633	17.167	17.428	17.687
1 NOK	5.363	5.422	5.432	5.462	5.712	5.983	5.999	5.912	5.839	5.699	5.669	5.721
1 PLN	11.862	11.607	11.555	11.594	11.584	11.562	10.894	10.773	10.566	10.329	10.499	10.482
100 SIT	19.388	18.975	18.760	18.582	19.079	19.612	19.631	19.357	18.863	18.294	18.098	18.164
1 CHF	28.836	28.600	28.556	28.427	29.492	30.123	30.403	30.068	29.359	28.547	28.300	28.422
1 SEK	4.605	4.599	4.630	4.569	4.659	4.862	4.799	4.750	4.692	4.593	4.571	4.596
1 USD	48.063	48.577	47.883	47.128	46.898	46.545	44.769	45.011	43.841	42.615	41.454	41.137
1 GBP	68.949	69.084	68.091	67.909	68.461	68.876	69.552	69.178	68.182	66.383	65.208	65.130
1 FRF ^{1/}	6.482	6.469	-	-	-	-	-	-	-	-	-	-
1000 ITL ^{1/}	21.960	21.823	-	-	-	-	-	-	-	-	-	-
1 NLG ^{1/}	19.309	-	-	-	-	-	-	-	-	-	-	-
1 ATS ^{1/}	3.090	3.071	-	-	-	-	-	-	-	-	-	-
1 DEM ^{1/}	21.741	21.605	-	-	-	-	-	-	-	-	-	-

^{1/} Withdrawn from circulation in connection with the introduction of the EUR

Average Lending Rates of Commercial Banks (%)

	2001		2002										
	12	1	2	3	4	5	6	7	8	9	10	11	12
1. TOTAL VOLUME OF LOANS ^{1/}	9.78	9.78	9.52	9.49	9.50	9.39	9.51	9.57	9.55	9.55	9.46	9.14	8.77
A. Loans by sector													
a) Entrepreneurial sector	10.14	10.12	9.77	9.72	9.74	9.66	9.81	9.9	9.88	9.87	9.80	9.36	8.92
- Public sector	10.30	10.26	9.96	9.76	9.76	9.85	9.83	10.03	9.93	10.04	9.95	9.57	8.88
- Private sector (incl. cooperatives)	10.36	10.33	9.97	9.96	9.93	9.92	10.06	10.18	10.07	10.08	9.96	9.54	9.08
- under foreign control	9.19	9.28	8.96	8.97	9.19	8.68	9.13	8.93	9.28	8.97	9.13	8.56	8.50
b) Households	8.10	8.20	8.15	8.21	8.25	8.17	8.17	8.21	8.15	8.23	8.05	8.13	8.05
B) Loans by term													
- Short-term loans	10.34	10.33	9.94	10.04	10.07	9.91	10.14	10.2	10.16	10.08	9.97	9.42	8.92
- Medium-term loans	10.21	10.22	9.99	9.98	9.92	9.82	9.85	9.92	9.93	10.05	9.93	9.71	9.42
- Long-term loans	8.90	8.90	8.68	8.59	8.63	8.60	8.69	8.75	8.74	8.68	8.65	8.42	8.11
2. NEW LOANS IN TOTAL ^{1/}	8.96	8.97	9.00	9.01	9.21	8.88	9.6	9.5	9.41	9.47	9.51	8.49	7.80
A) Loans by sector													
a) Entrepreneurial sector	8.94	8.94	8.95	8.92	9.17	8.84	9.54	9.44	9.34	9.43	9.43	8.25	7.59
- Public sector	9.84	9.90	10.18	8.66	10.14	10.1	10.76	10.85	10.55	10.01	10.29	8.81	7.65
- Private sector (incl. cooperatives)	10.38	10.95	10.41	10.23	10.33	10.12	10.43	11.04	10.38	10.45	10.39	9.38	8.87
- under foreign control	8.12	8.09	8.20	8.17	8.51	7.91	8.90	8.16	8.34	8.59	8.85	7.28	6.53
b) Households	9.31	9.89	10.33	10.78	9.85	9.52	9.76	9.75	9.91	9.98	11.13	11.52	9.94
B) Loans by term													
- Short-term loans	8.81	8.89	8.90	8.98	9.17	8.82	9.61	9.48	9.39	9.44	9.41	8.23	7.50
- Medium-term loans	9.93	9.98	10.34	9.91	9.52	9.7	9.47	9.84	9.60	9.90	10.78	10.10	9.51
- Long-term loans	10.10	9.54	9.87	8.45	9.47	8.95	9.33	9.12	9.40	9.27	9.41	9.22	8.42

^{1/} Excluding loans at zero interest rate

Volume of New Loans and Average Lending Rates of Commercial Banks

		2001					2002							
		12	1	2	3	4	5	6	7	8	9	10	11	12
Loans in total	a	62.97	56.59	61.66	61.31	58.42	60.23	64.81	59.94	54.59	60.40	68.29	57.60	67.99
	b	8.96	8.97	8.99	9.01	9.20	8.88	9.58	9.49	9.41	9.47	9.51	8.49	7.78
of which:														
Loans at a rate of 0%	a	0.00	0.01	0.01	0.01	0.01	0.01	0.01	0.00	0.00	0.00	0.00	0.00	0.00
Current account	a	0.22	0.36	0.65	0.62	0.49	0.55	0.91	1.20	0.98	0.90	1.24	1.06	1.22
	b	12.56	13.67	12.43	12.55	13.31	13.12	12.55	12.04	12.50	13.34	13.62	11.41	11.66
Overdraft credit	a	6.63	6.03	9.23	9.00	8.01	9.32	8.22	9.48	7.41	8.55	8.87	8.33	10.25
	b	11.16	11.51	11.11	11.85	11.05	10.64	11.48	12.59	10.92	11.04	10.85	10.26	9.25
Bills of exchange	a	0.80	0.23	0.44	0.19	0.26	20.37	0.51	0.46	0.50	0.38	0.25	0.22	0.55
	b	10.40	11.40	10.91	11.08	10.87	7.58	11.23	10.80	10.72	11.09	10.95	9.36	8.49
Operating loans	a	47.97	44.14	45.47	39.77	42.11	22.29	47.10	40.10	35.84	40.55	48.61	38.49	44.15
	b	8.43	8.42	8.31	8.18	8.67	8.96	9.12	8.53	8.69	8.79	8.96	7.59	6.85
Development loans	a	2.44	1.34	1.74	2.90	1.91	3.27	2.38	2.37	3.92	2.98	3.08	2.62	4.62
	b	10.40	10.14	10.10	9.58	9.96	9.64	10.22	10.25	9.82	10.21	10.25	9.89	9.44
Consumer loans (to households)	a	0.30	0.39	0.45	0.47	0.27	0.27	0.36	0.37	0.33	0.36	0.67	0.67	0.48
	b	11.50	10.88	12.04	14.08	12.23	12.06	11.49	11.18	11.77	12.17	17.31	18.09	12.23
Other loans	a	3.51	3.03	2.02	2.89	3.47	2.52	3.60	3.28	3.58	5.02	4.30	4.26	4.51
	b	8.98	9.47	9.42	9.22	9.07	8.64	9.06	9.14	9.88	9.79	9.42	9.23	9.32
Short-term loans	a	54.56	52.05	57.08	51.75	53.04	54.10	57.06	53.04	46.79	51.27	59.83	48.18	56.09
	b	8.81	8.89	8.90	8.98	9.17	8.82	9.61	9.47	9.39	9.44	9.40	8.23	7.50
of which: at a rate 0%	a	0.00	0.01	0.01	0.01	0.01	0.01	0.01	0.00	0.00	0.00	0.00	0.00	0.00
Medium-term loans	a	6.51	3.42	3.34	4.75	4.00	3.43	5.81	4.93	5.53	5.71	5.37	6.55	8.32
	b	9.92	9.98	10.32	9.89	9.51	9.68	9.45	9.83	9.59	9.88	10.77	10.09	9.50
of which: at a rate 0%	a	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Long-term loans	a	1.91	1.12	1.25	4.81	1.38	2.69	1.93	1.97	2.27	3.42	3.09	2.87	3.58
	b	10.10	9.54	9.87	8.45	9.47	8.95	9.33	9.12	9.40	9.27	9.41	9.22	8.42
of which: at a rate 0%	a	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

a - Volume (\$k billions)
b - Average interest rate (%)

Development of Crown Deposits and Average Deposit Rates

		2001					2002							
		12	1	2	3	4	5	6	7	8	9	10	11	12
Deposits in total	a	537,272	527,099	532,477	527,738	522,128	527,214	528,676	543,205	544,326	546,660	548,118	552,662	556,336
	b	4.87	4.96	4.76	4.77	4.81	4.73	4.85	4.78	4.70	4.75	4.77	3.88	3.45
of which:														
Demand deposits	a	169,740	153,795	151,849	149,471	150,908	150,269	155,685	163,282	164,771	163,236	164,480	167,981	189,099
	b	2.47	2.54	2.29	2.30	2.28	2.11	2.29	2.21	2.22	2.13	2.14	1.69	1.64
Time deposits with a maturity of	a	367,532	373,304	380,628	378,267	371,219	376,945	372,991	379,922	379,555	383,424	383,638	384,681	367,238
	b	5.98	5.96	5.74	5.75	5.83	5.76	5.92	5.88	5.79	5.87	5.90	4.84	4.39
- up to 7 days	a	43,717	43,874	50,281	41,081	44,138	44,994	53,779	43,577	49,286	49,407	58,829	52,528	30,311
	b	5.98	6.29	5.58	5.63	6.87	5.81	6.90	6.11	5.85	6.09	6.94	4.67	4.04
- up to 1 month	a	85,598	92,420	93,398	102,469	92,588	98,408	88,592	105,452	101,445	104,143	90,057	98,604	103,530
	b	5.86	5.97	5.77	5.89	5.78	5.96	5.97	6.17	6.06	6.19	5.93	5.09	4.51
- up to 3 months	a	68,858	70,474	70,144	69,453	69,459	70,367	68,250	69,109	68,761	70,470	73,978	71,702	68,896
	b	6.23	6.19	6.11	6.05	5.99	6.04	6.02	6.13	6.10	6.09	6.07	5.64	4.95
- up to 6 months	a	31,066	30,891	31,385	32,114	34,185	33,695	34,101	34,055	34,252	32,574	33,864	35,658	34,845
	b	6.51	6.37	6.36	6.34	6.25	6.31	6.33	6.31	6.34	6.18	6.16	5.96	5.59
- up to 9 months	a	2,730	3,044	3,258	3,447	3,596	3,746	4,058	3,936	4,115	3,968	3,933	3,869	3,661
	b	6.51	6.48	6.42	6.41	6.36	6.37	6.34	6.34	6.34	6.33	6.30	6.08	5.85
- up to 12 months	a	54,795	53,255	53,166	53,366	52,567	52,139	52,213	52,808	51,344	53,524	53,738	52,888	52,142
	b	6.34	6.11	6.06	6.05	5.99	5.98	5.97	5.97	5.88	5.99	5.89	4.34	4.13
- up to 18 months	a	2,287	2,277	2,320	2,358	2,095	1,900	1,635	1,527	1,486	1,524	1,526	1,592	1,550
	b	6.73	6.55	6.52	6.48	6.35	6.39	6.32	6.41	6.33	6.18	6.28	6.01	5.84
- up to 2 years	a	25,926	25,579	25,071	24,609	24,468	24,216	24,002	23,886	23,752	23,649	23,323	22,988	23,501
	b	6.53	6.35	6.50	6.31	6.31	6.29	6.28	6.27	6.26	6.32	6.07	2.86	2.77
- up to 3 years	a	6,313	6,383	6,380	5,541	5,215	5,042	4,964	4,947	4,526	4,476	4,907	4,985	5,199
	b	10.34	10.28	10.24	9.62	9.16	8.85	8.59	8.43	7.78	7.91	7.58	7.16	6.80
- up to 4 years	a	1,904	1,617	1,612	1,597	1,582	1,574	1,587	1,586	1,608	1,602	1,640	1,859	1,886
	b	8.26	6.84	6.77	6.75	6.66	6.66	6.65	6.65	6.63	6.63	6.58	5.21	5.05
- up to 5 years	a	961	911	919	928	1,095	1,184	1,205	1,209	1,217	1,229	1,253	1,299	1,351
	b	7.89	7.81	7.85	7.75	7.18	6.82	6.81	6.86	6.89	6.82	6.80	6.68	6.47
- above 5 years	a	43,378	42,580	42,693	41,304	40,232	39,679	38,605	37,833	37,764	36,858	36,590	36,709	40,366
	b	3.76	3.64	3.13	3.13	3.12	3.12	3.12	3.12	3.11	3.11	3.11	3.10	3.00
short-term	a	286,764	293,957	301,633	301,930	296,533	303,350	300,993	308,935	309,203	314,087	314,400	315,249	293,385
	b	6.14	6.15	5.93	5.97	6.09	6.00	6.19	6.14	6.04	6.12	6.17	5.13	4.64
medium-term	a	37,390	36,767	36,302	35,033	34,455	33,916	33,393	33,154	32,588	32,480	32,647	32,724	33,487
	b	7.31	7.10	7.20	6.90	6.79	6.72	6.66	6.64	6.51	6.57	6.36	3.96	3.83
long-term	a	43,378	42,580	42,693	41,304	40,232	39,679	38,605	37,833	37,764	36,858	36,590	36,709	40,366
	b	3.76	3.64	3.13	3.13	3.12	3.12	3.12	3.12	3.11	3.11	3.11	3.10	3.00
demand and short-term	a	456,504	447,752	453,482	451,401	447,441	453,619	456,678	472,218	473,974	477,322	478,881	483,230	482,484
	b	4.77	4.91	4.71	4.75	4.80	4.72	4.87	4.78	4.71	4.75	4.79	3.94	3.47

a - Volume (\$k millions)

b - Average interest rate (%)

Basic characteristics of interest rates on loans and deposits (%)

	Line	2001					2002							
		12	1	2	3	4	5	6	7	8	9	10	11	12
Average interest rate on total credit ^{1/}	1	9.78	9.78	9.52	9.49	9.50	9.39	9.51	9.57	9.55	9.55	9.46	9.14	8.77
Average interest rate on deposits	2	4.87	4.96	4.76	4.77	4.81	4.73	4.85	4.78	4.70	4.75	4.77	3.88	3.45
Average interest rate on new loans	3	8.96	8.97	8.99	9.01	9.20	8.88	9.58	9.49	9.41	9.47	9.51	8.49	7.80
Average interbank money market rate (1D to 12M – mid rates)	4	7.55	7.55	7.53	7.50	7.65	7.96	8.27	8.06	7.97	7.95	7.88	6.56	5.76
Average interest rate on new short-term loans	5	8.81	8.89	8.90	8.98	9.17	8.82	9.61	9.47	9.39	9.44	9.40	8.23	7.50
Average interest rate on short-term deposits	6	6.14	6.15	5.93	5.97	6.09	6.00	6.19	6.14	6.04	6.12	6.17	5.13	4.64
Difference between average interest rates on new short-term loans and short-term deposits (line 5 – line 6)	7	2.67	2.74	2.97	3.01	3.08	2.82	3.41	3.33	3.35	3.31	3.23	3.10	2.85
Discount rate	8	8.80	7.75	7.75	7.75	7.75	8.25	8.25	8.25	8.25	8.25	8.25	8.00	8.00
12-month rate of inflation ^{2/}	9	6.40	6.20	4.30	3.60	3.60	3.20	2.60	2.00	2.70	2.80	2.90	2.90	3.40
Year-on-year increase in industrial producer prices (%) ^{2/}	10	2.20	2.40	2.30	1.50	2.00	2.10	1.40	2.00	2.10	2.30	2.20	2.20	2.30
Real interest rate on new short-term loans (line 5 – line 10)	11	6.61	6.49	6.60	7.48	7.17	6.72	8.21	7.47	7.29	7.14	7.20	6.03	5.20
Difference between average interest rate on new short-term loans and the rate of inflation (line 5 – line 9)	12	2.41	2.69	4.60	5.38	5.57	5.62	7.01	7.47	6.69	6.64	6.50	5.33	4.10
Average interest rate on one-year deposits	13	6.34	6.11	6.06	6.05	5.99	5.98	5.97	5.97	5.88	5.99	5.89	4.34	4.13
Real interest rate on one-year deposits (line 13 – line 9)	14	-0.06	-0.09	1.76	2.45	2.39	2.78	3.37	3.97	3.18	3.19	2.99	1.44	0.73
Nominal interest margin (line 1 – line 2)	15	4.91	4.82	4.76	4.72	4.69	4.66	4.66	4.79	4.85	4.80	4.69	5.26	5.32
Difference between average interest rates on new loans and total deposits (line 3 – line 2)	16	4.09	4.01	4.23	4.24	4.40	4.15	4.74	4.71	4.70	4.72	4.74	4.61	4.35
Difference between average interest rate on new short-term loans and the average interbank money market rate (line 5 – line 4)	17	1.26	1.34	1.37	1.48	1.52	0.86	1.34	1.41	1.42	1.49	1.52	1.67	1.74
Difference between average interest rate on new loans and the average interbank money market rate (line 3 – line 4)	18	1.41	1.42	1.46	1.51	1.55	0.92	1.31	1.43	1.44	1.52	1.63	1.93	2.04
Average interest rate on loans including the rate of 0% ^{3/}	19	8.16	8.18	8.81	8.79	8.80	8.72	8.83	8.90	8.88	8.90	8.85	8.53	8.22
Nominal interest margin (line 19 – line 2)	20	3.29	3.22	4.05	4.02	3.99	3.99	3.98	4.12	4.18	4.15	4.08	4.65	4.77

^{1/} Excluding unpaid interest

^{2/} From 2001 backwards: recalculated on the basis of consumer basket revised in 2002 (consumer price index is calculated on the basis of December 2000 prices); under revised schemes, PPI is recalculated using calculation coefficients

^{3/} Including unpaid interest

Basic characteristics of the foreign exchange market in the SR in 2002

	USD			EUR			Other currencies			Total	
	Volume		Number of transactions	Volume		Number of transactions	Volume		Number of transactions	Volume USD million	Number of transactions
	USD million	%		USD million	%		USD million	%			
NBS	-	-	-	826.6	-	519	-	-	-	826.6	519
Trading by Slovak banks											
not involving foreign banks	37,420.6	70.5	4,840	15,310.4	28.9	8,985	324.3	0.6	442	53,055.3	14,267
Interbank foreign exchange market:											
NBS + Slovak commercial banks	37,420.6	69.4	4,840	16,137.0	29.9	9,504	324.3	0.6	442	53,881.9	14,786
Trading between Slovak and foreign banks	130,434.4	80.4	13,558	28,314.4	17.5	13,076	3,494.8	2.2	471	162,243.5	27,105
Foreign exchange market in the SR in total	167,854.9	77.7	18,398	44,451.4	20.6	22,580	3,819.09	1.8	913	216,125.4	41,891

	SPOT			FORWARD			SWAP			Total	
	Volume		Number of transactions	Volume		Number of transactions	Volume		Number of transactions	Volume USD million	Number of transactions
	USD million	%		USD million	%		USD million	%			
Trading by Slovak banks											
not involving foreign banks	10,652.5	20.1	8,922	10.3	0.0	9	42,369.9	79.9	5,336	53,032.7	14,267
Trading between Slovak and foreign banks	17,711.4	10.9	12,167	256.4	0.2	150	144,226.0	88.9	14,788	162,193.8	27,105
Foreign exchange market in the SR (excluding NBS)	28,363.9	13.2	21,089	266.7	0.1	159	186,595.9	86.7	20,124	215,226.5	41,372

Issues of Government bonds of the Slovak republic in the year 2002 (Sk)

Issue number	ISIN	Note	Issue date	Maturity date	Maturity in years	Sum of issue	Nominal value	Coupon	Interest payment period	Prim. sale form	Total demand in Sk	Yield to maturity in %		
164	SK-4120003047	limit price+amount	3.1.2002	3.1.2003	1	4,000,000,000	1,000,000	7.80%	annual	auction	5,660,000,000	7.69	7.75	7.80
165	SK-4120003054	limit price+amount	9.1.2002	9.1.2003	1	2,000,000,000	1,000,000	7.79%	annual	auction	4,260,000,000	7.69	7.73	7.75
166/A	SK-4120003120	limit price+amount	16.1.2002	16.1.2007	5	7,000,000,000	1,000,000	7.80%	annual	auction	9,240,000,000	7.65	7.74	7.78
167	SK-4120003138	limit price+amount	23.1.2002	23.1.2003	1	2,000,000,000	1,000,000	7.70%	annual	auction	4,660,000,000	7.60	7.62	7.65
168	SK-4120003153	limit price+amount	30.1.2002	30.1.2004	2	2,000,000,000	1,000,000	7.65%	annual	auction	3,955,000,000	7.58	7.59	7.60
169	SK-4120003179	limit price+amount	6.2.2002	6.2.2003	1	2,760,000,000	1,000,000	7.60%	annual	auction	2,760,000,000	7.51	7.55	7.60
170/A	SK-4120003187	limit price+amount	13.2.2002	13.2.2007	5	2,130,000,000	1,000,000	7.65%	annual	auction	2,130,000,000	7.50	7.64	7.65
171	SK-4120003195	limit price+amount	20.2.2002	20.2.2003	1	3,000,000,000	1,000,000	7.60%	annual	auction	3,260,000,000	7.50	7.57	7.60
172/A	SK-4120003203	limit price+amount	27.2.2002	27.2.2004	2	2,230,000,000	1,000,000	7.65%	annual	auction	2,230,000,000	7.60	7.64	7.65
173	SK-4120003211	limit price+amount	6.3.2002	6.3.2003	1	1,900,000,000	1,000,000	7.65%	annual	auction	1,900,000,000	7.64	7.65	7.65
174/A	SK-4120003229	limit price+amount	13.3.2002	13.3.2012	10	8,160,000,000	1,000,000	7.50%	annual	auction	8,160,000,000	7.32	7.48	7.50
175	SK-4120003237	limit price+amount	20.3.2002	20.3.2003	1	1,550,000,000	1,000,000	7.65%	annual	auction	1,550,000,000	7.64	7.65	7.65
170/B	SK-4120003187	limit price+amount	27.3.2002	13.2.2007	5	2,510,000,000	1,000,000	7.65%	annual	auction	2,510,000,000	7.60	7.64	7.64
170/C	SK-4120003187	limit price+amount	4.4.2002	13.2.2007	5	230,000,000	1,000,000	7.65%	annual	auction	230,000,000	7.64	7.64	7.64
176	SK-4120003245	limit price+amount	10.4.2002	10.4.2003	1	1,700,000,000	1,000,000	7.72%	annual	auction	1,700,000,000	7.72	7.72	7.72
177	-	limit price+amount	17.4.2002	17.4.2004	2	0	1,000,000	7.75%	annual	auction	675,000,000	-	-	-
178	SK-4120003252	limit price+amount	24.4.2002	24.4.2003	1	1,800,000,000	1,000,000	7.74%	annual	auction	1,800,000,000	7.72	7.73	7.74
174/B	SK-4120003229	limit price+amount	2.5.2002	2.5.2012	10	150,000,000	1,000,000	7.50%	annual	auction	150,000,000	7.50	7.50	7.50
179	SK-4210003260	limit price+amount	9.5.2002	9.5.2003	1	200,000,000	1,000,000	8.00%	annual	auction	200,000,000	8.00	8.00	8.00
180	-	limit price+amount	15.5.2002	15.2.2007	5	0	100,000	7.90%	annual	auction	251,000,000	-	-	-
181	SK-4210003278	limit price+amount	22.5.2002	22.5.2003	1	90,000,000	1,000,000	8.00%	annual	auction	90,000,000	8.00	8.00	8.00
182	SK-4120003286	limit price+amount	29.5.2002	29.5.2005	3	1,277,000,000	100,000	8.25%	annual	auction	1,277,000,000	8.24	8.25	8.25
183	SK-4120003310	limit price+amount	5.6.2002	5.6.2003	1	878,000,000	100,000	8.30%	annual	auction	878,000,000	8.25	8.30	8.30
184	SK-4120003336	limit price+amount	12.6.2002	12.6.2012	10	350,000,000	100,000	8.00%	annual	auction	350,000,000	8.00	8.00	8.00
185	SK-4120003344	limit price+amount	19.6.2002	19.6.2003	1	3,000,000,000	100,000	8.40%	annual	auction	3,046,000,000	8.35	8.38	8.40
186	SK-4120003369	limit price+amount	26.6.2002	26.6.2003	1	3,000,000,000	100,000	8.40%	annual	auction	3,193,000,000	8.38	8.40	8.40
187/A	SK-4120003625	limit price+amount	18.12.2002	18.12.2004	2	7,000,000,000	100,000	5.00%	annual	auction	12,630,000,000	4.69	4.94	4.75
Total						60,915,000,000					78,745,000,000			

Note: As for issues No. 177 and No. 180, the issuer rejected all bids applying the power given to him by market rules

Overview of Issues of Treasury Bills in 2002

Registration number	Nominal value of 1 treasury bill in Sk	Date of issue	Date of maturity	DTM	Demand in Sk billion	Sum of issue in Sk billion	Yield in % p. a.		
							min.	max.	average
120307301	1,000,000	03.04.2002	03.07.2002	91	3.920	3.000	7.720	7.750	7.734
121007302	1,000,000	10.04.2002	10.07.2002	91	4.890	2.610	7.720	7.730	7.723
121707303	1,000,000	17.04.2002	17.07.2002	91	5.000	2.720	7.700	7.720	7.719
122407304	1,000,000	24.04.2002	24.07.2002	91	4.132	2.632	7.699	7.709	7.702
123107305	1,000,000	02.05.2002	31.07.2002	90	5.600	0.000	-	-	-
120307206	1,000,000	09.05.2002	03.07.2002	55	9.575	2.495	8.099	8.150	8.149
121007207	1,000,000	15.05.2002	10.07.2002	56	4.220	4.220	8.099	8.280	8.161
121707208	1,000,000	22.05.2002	17.07.2002	56	6.932	6.032	8.150	8.299	8.253
122407209	1,000,000	29.05.2002	24.07.2002	56	3.017	3.017	8.240	8.298	8.276
123107210	1,000,000	05.06.2002	31.07.2002	56	5.470	4.220	8.270	8.299	8.294
121707211	1,000,000	12.06.2002	17.07.2002	35	9.152	3.602	8.289	8.349	8.321
122407212	1,000,000	19.06.2002	24.07.2002	35	10.820	2.700	8.299	8.299	8.299
121707113	1,000,000	26.06.2002	17.07.2002	21	9.420	2.000	8.237	8.251	8.246
121707014	1,000,000	03.07.2002	17.07.2002	14	11.950	6.180	8.198	8.250	8.234
122407015	1,000,000	10.07.2002	24.07.2002	14	11.130	5.000	8.198	8.245	8.224
1230071216	1,000,000	31.07.2002	30.07.2003	364	8.898	3.897	8.168	8.170	8.169
1206081217	1,000,000	07.08.2002	06.08.2003	364	10.622	6.162	8.049	8.145	8.069
1213081218	1,000,000	14.08.2002	13.08.2003	364	10.585	4.435	7.999	8.040	8.020
1220081219	1,000,000	21.08.2002	20.08.2003	364	9.970	4.065	7.879	7.937	7.915
1227081220	1,000,000	28.08.2002	27.08.2003	364	9.024	3.236	7.800	7.845	7.809
1203091221	1,000,000	04.09.2002	03.09.2003	364	6.202	1.080	7.720	7.748	7.747
1210091222	1,000,000	11.09.2002	10.09.2003	364	8.159	1.000	7.680	7.700	7.699
1217091223	1,000,000	18.09.2002	17.09.2003	364	8.037	1.000	7.599	7.599	7.599
1224091224	1,000,000	25.09.2002	24.09.2003	364	7.526	1.100	7.399	7.399	7.399
1201011225	1,000,000	02.10.2002	01.10.2003	364	7.200	0.700	7.290	7.290	7.290
1208101226	1,000,000	09.10.2002	08.10.2003	364	5.604	2.145	7.190	7.195	7.195
1215101227	1,000,000	16.10.2002	15.10.2003	364	4.501	1.100	7.050	7.077	7.077
1222101228	1,000,000	23.10.2002	22.10.2003	364	6.018	1.000	6.930	6.930	6.930
1229101229	1,000,000	30.10.2002	29.10.2003	364	2.500	1.000	6.790	6.790	6.790
1205111230	1,000,000	06.11.2002	05.11.2003	364	1.542	1.042	6.650	6.750	6.749
1212111231	1,000,000	13.11.2002	12.11.2003	364	0.610	0.610	6.700	6.800	6.782
1219111232	1,000,000	20.11.2002	19.11.2003	364	5.100	3.000	5.000	5.600	5.313
1226111233	1,000,000	27.11.2002	26.11.2003	364	6.210	2.936	4.979	5.392	5.188
Spolu					223.536	89.936			

Note: As for issue No. 123107305, the issuer rejected all bids applying the power given to him by market rules

Average Monetary Base of the NBS (Sk billions)

	2002											
	1	2	3	4	5	6	7	8	9	10	11	12
SOURCES OF THE MONETARY BASE	116.42	116.12	116.36	115.40	115.23	115.81	116.47	117.45	118.74	118.91	119.47	123.05
Autonomous factors	179.86	179.81	189.57	182.23	186.88	176.49	190.62	227.70	233.35	242.80	255.55	262.69
Net foreign assets	202.94	204.14	202.86	200.44	205.91	203.84	275.01	322.16	325.77	319.22	336.70	352.78
Reserves	230.42	228.60	227.36	225.43	228.69	225.90	295.33	342.52	344.95	339.74	356.43	370.42
Foreign liabilities	27.48	24.46	24.51	24.99	22.78	22.06	20.32	20.36	19.18	20.52	19.73	17.64
Net credit to Government	-17.98	-18.42	-9.58	-14.74	-10.76	-16.62	-19.92	-14.28	-21.99	-18.72	-26.17	-30.29
Other assets net	-5.09	-5.90	-3.71	-3.47	-8.27	-10.73	-64.46	-80.17	-70.43	-57.70	-54.97	-59.80
Monetary policy factors ^{1/}	-63.43	-63.70	-73.22	-66.83	-71.65	-60.67	-74.16	-110.25	-114.61	-123.89	-136.08	-139.63
Credit to banks (excl. redistribution loans)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Bills of exchange	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Holdings of securities	0.00	0.00	0.00	0.05	0.10	0.08	0.00	0.00	0.00	0.00	0.00	0.00
Treasury bills	0.00	0.00	0.00	0.05	0.10	0.08	0.00	0.00	0.00	0.00	0.00	0.00
Other government securities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NBS (Central Bank) bills	97.12	107.18	125.21	97.51	133.01	91.05	177.34	167.10	238.40	167.48	202.07	226.18
of which: in NBS portfolio	36.60	44.39	53.92	31.19	65.07	31.25	104.94	59.00	124.22	44.43	72.63	94.61
Overnight deposits with NBS	2.92	0.91	1.92	0.56	3.81	0.95	1.75	2.15	0.43	0.84	6.64	8.06
USE OF MONETARY BASE ^{2/}	116.42	116.12	116.36	115.40	115.23	115.81	116.47	117.45	118.74	118.91	119.47	123.05
Currency in circulation	90.00	89.17	89.49	88.56	88.71	89.14	89.45	89.92	90.42	90.74	91.59	95.22
Reserves of banks	26.43	26.95	26.86	26.84	26.52	26.67	27.02	27.53	28.32	28.17	27.88	27.83
Required reserves	26.57	26.92	26.79	26.83	26.48	26.61	26.99	27.44	28.19	28.13	27.84	27.75
Excess reserves	-0.14	0.03	0.07	0.02	0.04	0.07	0.04	0.09	0.13	0.04	0.04	0.08

^{1/} Including NBS bills in the portfolios of commercial banks and overnight deposits by banks with the NBS

^{2/} Use of monetary base = Reserve money = Currency in circulation + Reserves of banks

Symbols used in tables

- . – figure not available
- x – no entry for logical reasons
- – figure did not appear

Organisation of NBS as at 31 December 2002

