

MEETINGS OF THE NBS BANK BOARD

The 26th Meeting of the Bank Board of the National Bank of Slovakia was held on 12 December 2003, chaired by Marian Jusko, Governor.

- The Bank Board of the NBS made note of the information suggesting that valid regulations are not obeyed regarding the exchange of mutilated or damaged banknotes and coins, and of coins in nominal value of 10 and 20 hellers for valid notes and coins in certain commercial banks.

- The Bank Board of the NBS charged the Banking Supervision Division of the NBS to review the real situation and adopt relevant corrective measures.

- The Bank Board of the NBS approved the Proposal of the Decree of the National Bank of Slovakia, which amends the Decree of the National Bank of Slovakia No. 6/1999 stipulating the rules governing the balance of payments of the Slovak Republic.

- The Bank Board of the NBS approved the Decree of the National Bank of Slovakia concerning the reporting by banks and branches of foreign banks to the National Bank of Slovakia for statistical purposes.

- The Bank Board of the NBS approved the Decree of the National Bank of Slovakia concerning the reporting by trust institutions on the individual unit trust funds to the National Bank of Slovakia for statistical purposes.

- The Bank Board of the NBS approved the Proposal for ensuring physical protection in the newly-built sub-branches of the National Bank of Slovakia.

- The Bank Board of the NBS decided on lowering the rate of statutory minimum reserves to 2 % for banks, branch offices of foreign banks and building societies, effective from 1 January 2004. It also decided on the requirement to create statutory minimum reserves in the amount of 2 % for the e-money institutions, if the issued e-money balance amounts to EUR 5,000,000, effective from 1 January 2004. Furthermore, it decided that the deposits of branches of foreign banks acquired from their headquarters abroad will be included in the base for the creation of statutory minimum reserves for branch offices of foreign banks.

- The Bank Board of the NBS approved the Decree of the National Bank of Slovakia stipulating the structure, scope, contents, breakdown, dates, format, method, procedure and venue for reporting certain reported facts pursuant to Article 8 of the Foreign Exchange Act.

The Decree of the NBS stipulates the structure, scope, contents, breakdown, dates, formats, method, procedure and venue for reporting, including the methodology for their compilation when meeting the foreign exchange reporting requirement pursuant to Article 8 paras 1 and 2 of the Act, in particular when reporting facts concerning collections and payments related to direct investments, financial loans, securities, financial market operations, including the operations mediated by non-residents, opening and balances of the accounts abroad, and when reporting the facts concerning the assets and liabilities with regard to residents abroad or to non-residents (domiciled abroad).

- The Bank Board of the NBS approved the Decree of the National Bank of Slovakia stipulating the structure of inter-bank links for purposes of domestic transfers, the structure of the international bank account number for purposes of cross-border transactions, and the details of issuing the identity code bridge.

The Decree stipulates the structure of inter-bank links for the purposes of domestic transfers, the structure of the international bank account number for the purposes of cross-border transfers, and a modality of the identification code bridge release. This Decree will become effective from 1 January 2004.

The 27th Meeting of the Bank Board of the National Bank of Slovakia, chaired by Governor Marian Jusko, was held on 19 December 2003.

- The Bank Board of the NBS approved the 2004 NBS Monetary Programme and the medium-term outlook for 2005 – 2007. The Monetary Programme also involves the assessment of the hitherto economic development in 2003 and the estimate for the year-end.

The 2004 Monetary Programme expects the headline inflation to fluctuate between 5.5% and 7.3 % at the end of 2004, which corresponds with

the average inflation interval of 7.2 % - 8.2 %.

The Bank Board of the NBS discussed the Situation Report on Monetary Development in Slovakia in November 2003 and decided, with effect from 22 December 2003, on changing the overnight sterilisation rate to 4.50 %, the overnight refinancing rate to 7.50 % and the two-week REPO-tender limit rate to 6.00 %.

- The Bank Board of the NBS approved the Proposal of the NBS Decision concerning the requirements of the National Bank of Slovakia for the Slovak koruna loro accounts of foreign banks and financial institutions held with the National Bank of Slovakia. The Decision will become effective on 1 January 2004.

The Bank Board of the NBS approved the Report on the Progress in Tasks Set by the FSAP (Financial Sector Assessment Program), EFSAL (Enterprise and Financial Sector Adjustment Loan), Peer Review, and Long-term Supervisory Development Plan, as of 31 December 2003.

The Bank Board of the NBS approved the Report on the Slovak Banking Sector Development and the Assessment of Prudential Conduct in the Banking Sector as of 30 September 2003.

In nine months of 2003, the situation in the banking sector was stabilised following the results of banks in 2002, when, inter alia, the asset productivity of banks improved, competition on the banking products market became stronger, and the meeting of prudential limits developed favourably. As for the latter, a qualitative change in the calculation of capital adequacy occurred as a result of the new decree on capital adequacy effective from 1 January 2003, due to which beside the credit risk also the market risks started to be considered.

As of 30 September 2003, there were twenty banks operating in the banking sector in Slovakia (i.e. eighteen banks and two branches of foreign banks) and eight representative offices of foreign banks. Of these eighteen banks there were three home-savings banks. Of fifteen banks with a universal licence, there were nine banks and one branch of a foreign bank with a licence for mortgage banking. The volume of subscribed share capital of the eighteen banks was SKK 40.4bn, and after foreign investor entering Banka Slovakia, the share of foreign investments in the banking sector reached as much as 87.4 %. Foreign banks allocated funds in the total amount of SKK 2.8bn in their two branches. The number of branches increased to three as COMMERZBANK Aktiengesellschaft

was granted a banking licence. The branch started to carry out its licensed activities on 15 December 2003, therefore the total number of banks operating in Slovakia increased to 21.

The total assets (aggregated net assets) of the Slovak banking sector in nine months of 2003 decreased by SKK 30.8bn (3.04 %) to SKK 983.2bn. The development in total assets was mainly affected by a decrease in secondary resources of SKK 94.1bn (49.62 %) to the amount of SKK 95.6bn and an increase in primary resources of SKK 12.9bn (1.88 %) to the amount of SKK 699.2bn.

The capital adequacy limit was met by all banks in 2003. Some banks did not meet the large exposure limits and the liquidity limit for fixed and illiquid assets. The Banking Supervision Division considered the above violations and took corrective measures.

Total claims on loans reported by banks were SKK 356.1bn as of 30 September 2003. Classified claims fell by SKK 2.1bn to SKK 36.2bn and their share in total claims fell to 9.60 %.

In the third quarter of 2003, two follow-up examinations were conducted and, in line with the plan of examinations, three new examinations were initiated, which should be concluded in the last quarter. One examination not included in the plan was also conducted.

The NBS Decree No. 4/2003 of 29 July 2003 amending the NBS Decree No. 2/2002 on liquidity of banks and liquidity of branch offices of foreign banks and associated rules of safe operations and on reports, was issued in the third quarter of 2003. This decree cancelled the requirement for submitting the 7-day liquidity report and laid down the definition of the financial settlement date. The Bank Board of the NBS also approved the NBS Decree No. 5/2003 of 11 September 2003 effective from 1 November 2003 on Reporting to the National Bank of Slovakia by a bank controlling a bank consolidated group or a bank sub-consolidated group.

Press Department of the NBS

PRESS REPORTS

A Delegation from the Vietnamese Parliament at the NBS

On 8th December 2003, the top management of the NBS met a delegation from the National Assembly of the Vietnamese Socialist Republic at the National Bank of Slovakia. The delegation was headed by a member of the standing committee of the National Assembly and chairman of the Economic and Budgetary Committee Nguyen Duc Kien. Governor Marián Jusko and other representatives of the top management of the NBS informed the guests about recent currency development in Slovakia and both sides also discussed issues of financial and monetary policy.



Igor Barát, photo: Pavel Kochan

Meeting with the Commercial Banks

On Friday 19th December, the top management of the National Bank of Slovakia met the top representatives of the commercial banks operating in the Slovak market at Studené. Governor Marián Jusko informed the guests about the Monetary Programme of the NBS for 2004, approved the same day by the Bank Board of the NBS. The Monetary Programme reflects the positive tendencies in the Slovak economy, which began to appear in 2003 as a result



of the reforms and which should significantly strengthen in 2004 and especially in the following years. The programme is based on the strategy of the NBS and the Slovak government to fulfill the Maastricht Criteria as soon as possible and create the pre-conditions for adopting the single European currency by the end of this decade.

The pre-Christmas meeting at Studené also had a social character. A cultural programme and festive reception was prepared for the guests.

Igor Barát

The New Logo of ISTROBANKA

The logo of ISTROBANKA will be changed in the course of the first quarter of 2004. By this change, the financial group BAWAG, hundred per cent owner of ISTROBANKA, wants to emphasize the fact that the bank belongs to this international group. Its new colours and the text „člen skupiny BAWAG“ (member of the BAWAG group) express the corporate identity of BAWAG. The change of logo is a signal that the entry of a well-known strategic partner to ISTROBANKA created the conditions for strengthening its position among the Slovak banks and opened new possibilities to work for foreign clients.



According to the representatives of ISTROBANKA, the new logo is intended to outwardly reflect the changes within the bank. ISTROBANKA is changing into a modern, progressive and dynamic bank, which wants to outwardly express vitality, progress and growth in its logo.

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