

## MEETINGS OF THE NBS BANK BOARD

### **The 8th Meeting of the Bank Board of the National Bank of Slovakia was held on 15 April 2003, chaired by Governor Marian Jusko.**

- The Bank Board of the NBS discussed the Situation Report on the Currency in Circulation in the Slovak Republic in 2002. The Report states that as at the end of 2002 the total amount of currency in circulation was SKK 94.2 bn, and the total number of banknotes and coins in circulation was 1.172 bn, of which there were 132 bn banknotes and 1.04 bn coins in circulation, this latter number including the Slovak commemorative coins. The average value of the cash in circulation per capita was SKK 17,509, which was more by SKK 494 as compared to 2001.

The Bank Board of the NBS concluded that the cash circulation was problem-free over the year, and the cash in circulation was adequately physically clean. In 2002, there was a total of 2,842 counterfeit Slovak koruna and foreign banknotes withheld in Slovakia. As compared to 2001, this total was more than double. Of the total number of 2,824 counterfeits, there were 1,549 Slovak koruna counterfeit banknotes, 790 USD banknotes, 369 Czech koruna banknotes, and 86 banknotes of other currencies. The introduction of the new currency, the euro, in the states of the European Union has been reflected in the withdrawal of 48 counterfeit euro banknotes since 1 January 2002.

- The Bank Board of the NBS approved the Criteria for the Assessment and the Approval of the Selected Auditing Companies and Auditors. The proposed criteria are based on recommendations of the European Commission and the Basel Committee on Banking Supervision. The establishment of these criteria falls within the changed conduct of banking supervision and its new strategy in terms of collaboration with auditing companies.

### **The 9th Meeting of the Bank Board of the National Bank of Slovakia was held on 29 April 2003, chaired by Governor Marián Jusko.**

- The Bank Board of the NBS discussed the Situation Report on Monetary Development in Slovakia in March 2003. The price development was, in March also, mainly influenced by the ongoing adjustments to regulated prices, while the core inflation growth moderately accelerated on the year-on-year basis. When compared to the NBS predictions, the prices developed more moderately due to the declining prices of foodstuffs, which was reflected within the cost factors.

The foreign trade figures in February showed that the foreign demand growth recorded in the second half of 2002 continued also in the first months of 2003

when, because of the high pace of growth in exports, the deficit in the trade balance significantly decreased. This trade balance development is not consistent with the balance of payments current account development.

In this context, the Bank Board of the NBS also discussed the development of the real effective exchange rate of the Slovak koruna, which appreciated in February on the year-on-year basis by 8.7 %. If this tendency continues, the future development of the balance of payments current account may also be influenced.

Given the current, as well as the predicted inflation development, the Bank Board of the NBS considers the current levels of the interest rates adequate and decided on maintaining the current interest rates, i.e. the overnight sterilization rate at 5.0%, the overnight refinancing rate at 8.0% and the limit rate for two-week REPO tenders at 6.5%.

In April also, the year-on-year inflation should be influenced by the adjustments to some regulated prices and by the diminishing secondary effects of the administrative interference in the price development over the previous period. The core inflation development should be stabilized, though any fluctuation in it will depend on the prices of foodstuffs and fuels.

- The Bank Board of the NBS made note of the document "Report on the Balance of Payments Development in Slovakia in 2002".

- Referring to the announcement of the results of the public tender for choosing the provider of the services and system for financial accountancy and economic performance and budget of the NBS, in which the NBS refused all of the proposed tenders and concluded the public tender without choosing a tender proposal, the Bank Board of the NBS approved the further procedure in choosing the provider of these services. The Bank Board decided that the provider of the services and system for financial accountancy and economic performance and budget of the NBS would be chosen on a basis of the selective tender.

- The Bank Board of the National Bank of Slovakia discussed the application of the Banking Association - the founder of the Permanent Court of Arbitration of the Banking Association - and granted it with the prior permit to publish the Statutes of the Permanent Court of Arbitration of the Banking Association and its Rules of Procedure. The NBS also stipulated contributions for the activity of the Court of Arbitration in the second half of 2003.

- The Bank Board of the National Bank of Slovakia approved the Decree on the issue of the silver commemorative coin in the value of 200 SKK commemo-



rating the 150th anniversary of the birth of Jozef Skultety. The commemorative coin to be issued by the National Bank of Slovakia on the occasion of the 150th anniversary of the birth of the administrator of the Matica Slovenská – Cultural Association, linguist, literary historian and critic Jozef Skultety is to be struck in an alloy of silver and copper (Ag 750/1000 and Cu

250/1000), with a weight of 20 grams and a diameter of 34 mm. The designer of the coin is the sculptor Miroslav Ronai. The commemorative coins will be struck in the Kremnica Mint state enterprise. These coins, to the number of 11,500, will be on sale in November 2003.

**Press Department of OVI NBS**

## PRESS REPORTS

Marián Jusko, Governor of the NBS, Elena Kohútková, Deputy Governor, and Peter Ševčovic, Chief Executive Director of Monetary Division took part in the IMF/WB Spring Meetings held on April 11 – 13, 2003 in Washington. They met Michael C. Deppler,

Director of European I Department, Kurt Bayer, Executive Director of the World Bank, and took part in other bilateral discussions. At the same time, the representatives of the NBS participated in the IMF Belgian Constituency Meeting.

The Banking Supervision Division of the National Bank of Slovakia has granted the prior approval to acquire 60.07 % share in the registered capital of Banka Slovakia, a.s., Banská Bystrica, to BASL Beteiligungverwaltungs GmbH (from Austria). BASL Betei-

gungverwaltungs GmbH is a member of the MEINL BANK Aktiengesellschaft financial group which has won tender for the acquisition of the share in the registered capital of Banka Slovakia, a.s., Banská Bystrica.

**Press Department of OVI NBS**

### Financial Market Authority rejects proposal for compulsory bid by MOL

The Financial Market Authority issued a decision rejecting MOL's (Hungarian Oil and Gas Company) written proposal for a compulsory bid for shares of the issuer Slovnaft, a.s. The decision became effective on the date of its delivery, 8 April 2003. The proposal for the compulsory bid was rejected for not

being in accordance with the provision of § 118(3) of Act No. 566/2001 Z. z. on securities and investment services.

An appeal may be lodged against this decision of the Financial Market Authority within 15 days of its being issued.

### Trading in Slovnaft shares suspended as of 20 March 2003

The Financial Market Authority issued a decision on a preliminary measure, by which it charged the Stock Exchange in Bratislava to suspend a stock exchange deal, the transfer of 202 000 Slovnaft shares (ISIN CS

0009004452) at the price SKK 1 541, for 30 days as of 20 March 2003. The decision was delivered on 22 April 2003.

**M. Kačmár, ÚFT**

### Best Annual Report

Following three successful years of the competition Best Annual Report of the Year, the fourth year of the competition was announced at a press conference on 14 April 2003. The aim each year is to contribute to transparent communication between business subjects and the interested public. The organisers have noticed in particular a qualitative shift in the creation of annual reports, which is the primary mission and role of the competition. "Our objective is to support not simply a culture of businesses'

publishing their annual reports, but also the culture of reading them." stated the chairman of the evaluation commission E. Jurzyca (INEKO). Both in connection with increasing the quality of reports, as well as with trends in the preparation and compilation of reports, the organisers have undertaken certain changes. One of the main changes has been to give equal status to printed and electronic annual reports, as well as, for example, changing the competition's name to BEST ANNUAL REPORT.

**Competition categories**

2 competition categories have been announced in the current competition:

- BEST PRINTED ANNUAL REPORT
- BEST ELECTRONIC ANNUAL REPORT

In both categories the three best annual reports will be awarded a prize. In the following 4th to 10th places reports will be receive the award "Quality Annual Report" for 2002.

**Conditions for participation:**

Those interested in participating in the competition should send by 30 September 2003 their company's report for 2002 together with an application form to the INEKO secretariat. Further information on the competition's conditions can be found on the website: [www.rocnasprava.sk](http://www.rocnasprava.sk)

**M. Vojtková**