



NÁRODNÁ BANKA SLOVENSKA



Annual Report 2000

Published by:

Národná banka Slovenska
Štúrova 2
813 25 Bratislava
Slovakia

National Bank of Slovakia
Public Relations Department
Tel.: +421 / 2 / 5953 3501, 5953 3547
Fax: +421 / 2 / 5296 2171

Internet: <http://www.nbs.sk>

Contents

Foreword	4
-----------------------	---

A. The External Economic Environment	9
---	---

1. The World Economy	11
2. Economic Development in Transition Economies	17

B. Report on Monetary Development in the SR in 2000	19
--	----

1. Economic Development	21
1.1. Price Development	21
1.2. Gross Domestic Product	28
2. Balance of Payments	36
2.1. Current Account	36
2.2. Capital and Financial Account	39
2.3. Foreign Exchange Reserves	41
2.4. External Debt of the Slovak Republic	42
2.5. Licensing Activity of the NBS	43
3. Public Sector	45
4. Monetary Policy and Monetary Development	47
4.1. Monetary Development	48
4.2. Structure of the Money Supply	49
4.3. Lending Activities	51
4.4. Interest Rate Development	52
4.5. Implementation of Monetary Policy	53
4.6. Monetary Policy Instruments	55
4.7. Monetary Calendar	57
5. Financial Markets	59
5.1. Money Market	59
5.2. Capital Market	62
5.3. Foreign Exchange Market	67

C. Banking Supervision in 2000	69
---	----

1. Slovak Banking Sector Development in 2000	71
2. Banking Sector Performance in 2000	73
3. Review of Prudential Banking Behaviour	77

D. Issuing Activity of the NBS and Currency in Circulation	79
---	----

1. The Issue of Slovak Banknotes and Coins	81
1.1. Currency in Circulation in 2000	81
1.2. Banknotes and Coins in Circulation in Proportion to Total Cash Supply	81

1.3. The Relationship between Currency in Circulation and Selected Macro-economic Indicators	85
2. Counterfeit Money Seized in the Slovak Republic	87
2.1. Main Trends	87
2.2. Counterfeit Slovak Currency	87
2.3. Counterfeit Foreign Currency	87
3. Expert Reports on Damaged Slovak Currency	88

E. International Activities91

1. Cooperation of the NBS with the European Union	93
2. Cooperation between the NBS and International Institutions	93

F. Auditors' Report99

Auditors' Report and Summarised Statutory Financial Statements	101
Independent Auditors' Report and International Financial Statements	117

G. Appendices147



Foreword

The development of the Slovak economy in the year 2000 was characterised by continued macroeconomic stabilisation, which was reflected in the favourable course of inflation, accompanied by a decrease in the current account deficit of the balance of payments and the fiscal deficit in relation to GDP, whilst the exchange rate of the Slovak crown remained relatively stable. The positive economic results and the gradual introduction of liberalisation measures contributed to Slovakia's admission to OECD. At the same time, conditions were created for further development of financial markets and the banking sector, which were connected with loan portfolio restructuring at selected commercial banks and the ongoing privatisation process.

Economic growth in the countries of our major trading partners and the slowdown in the rate of decline in domestic demand led to a 2.2% increase in real GDP compared with 1.9% in 1999. Economic revival is expected to continue in 2001, especially in the area of domestic demand, with GDP growth reaching 2.8% to 3.0%.

The increase in consumer prices slowed considerably in 2000 compared with the previous year. The 12-month rate of inflation fell year-on-year by 5.8 percentage points, to 8.4%, due, to some extent, to the relatively low purchasing power of households, but in the main, to the fact that the effect of the increase in regulated prices in the summer of 1999 had dissipated. As the rate of inflation was significantly affected by price regulation, the statistical evaluation of inflation was extended to include core inflation (with effect from 1 January), which is corrected for the effects of adjustments to regulated prices and changes in indirect taxes and subsidies. Core inflation in 2000 was characterised by a downward trend, with the year-on-year dynamics reaching 4.6% at the end of the year (compared with 7.0% in 1999). The favourable price development was achieved despite the appreciation of the US\$ in relation to the Sk and the increase in oil prices, which was reflected in fuel prices and the production costs. On the other hand, the low level of effective demand and growth in competition on the domestic market were factors dampening the year-on-year dynamics of both headline and core inflation.

The National Bank of Slovakia assumes that the process of disinflation will continue in 2001, with core inflation ranging from 3.6 to 5.3% and headline inflation reaching 6.7 to 8.2%.

The ongoing stabilisation of the macroeconomic environment resulted in a fall in the share of the current account deficit in GDP from 5% in 1999 to 3.7% in 2000. The surplus in the capital and financial account, the amount of which was determined by the inflow of foreign direct investment, was sufficient to cover the current account deficit several times. The increase in the volume of foreign direct investment in 2000 was connected with the implementation of the Government's privatisation projects.

The course of foreign trade in the first months of 2001 indicates that the deficit in the balance of trade and the current account is growing. The NBS assumes that the ratio of the current account deficit to GDP may reach 5.7%, due mainly to growth in the import of technology in connection with revival of the

economy. The current account deficit is expected to be fully covered by foreign direct investments. The development of other items in the capital and financial account may well lead to an increase in the level of the foreign exchange reserves of the NBS.

During 2000, the National Bank of Slovakia implemented its monetary policy using a new set of instruments. The favourable development of the economy made a shift from quantitative to qualitative monetary policy control possible. The change in monetary policy instruments was due to the need to harmonise NBS instruments with those of the European Central Bank. On 1 February, the National Bank of Slovakia introduced interest rates for overnight sterilisation and refinancing operations and, with effect from May, a limit rate for two-week REPO tenders. The introduction of official rates by the NBS made a significant contribution to the stabilisation of interbank rates and to a fall in the overall level.

The improvement in economic development during the year made a gradual reduction in key NBS rates possible, and a consequent fall in primary interest rates for both deposits and loans. The level of interest rates on new loans fell by more than 5 percentage points and gradually approached the overnight refinancing rate of the NBS.

In connection with the harmonisation of monetary-policy instruments with those of the European Monetary Union, the NBS reduced the ratio of required reserves from 8.0% – to 6.5% with effect from 1 July, and subsequently, to 5.0% with effect from 1 January 2001. By 2004, the NBS will have reduced the ratio of required reserves to 2%, which is the rate in the European Monetary Union, and which will do much to raise the level of competitiveness of domestic banks to that of foreign banks.

The development of monetary aggregates in 2000 was in line with the projections of the Central Bank. The rate of year-on-year growth in the money supply at fixed 1993 exchange rates reached 14.2%. A pro-growth effect on the money supply was exerted by foreign resources, in the form of an inflow of foreign direct investments, and domestic resources, in connection with the development of the fiscal deficit and the release of funds from privatisation into the economy.

The exchange rate of the Slovak crown vis-à-vis the reference currency (EUR) was relatively stable over the course of the year and depreciated by 3.76%. During the year, the NBS was active on the foreign exchange market where activities were focused mainly on moderating short-term volatility in the exchange rate of the crown and/or preventing unacceptable appreciation in the light of economic performance.

In 2000, the process of consolidation and recovery continued in the banking sector. At some banks, non-performing loans were transformed and reclassified, at the beginning of 2001, by government bond issues. During the year, three banks had their licences withdrawn as they had failed to comply with the requirements and criteria of banking supervision. This also contributed to an improvement in the

condition of the banking sector as a whole. The privatisation of selected banks was part of ongoing reform in the banking sector; part of Slovenská sporiteľňa, a.s. was sold to Erste Bank of Austria. At present, the selection of investors for VÚB, IRB, and Banka Slovakia is in its final phase.

Loan portfolio restructuring at selected banks, the privatisation of banking institutions, and the winding-up of inefficient banks, together with the continued stabilisation of the macroeconomic environment and the fall in interest rates, provide a basis for the expansion of bank lending to the entrepreneurial sphere.

In 2001, the National Bank of Slovakia will focus its monetary policy on meeting the main objective set out in the amended NBS Act, i.e. the maintenance of price stability. The Monetary Programme for 2001 was drawn up in accordance with this objective; furthermore the Revised Monetary Programme respects the criteria of the Statement of Economic Policies, which is the basic document of co-operation between the Slovak Republic and the International Monetary Fund as part of the Staff-Monitored Programme.

May 2001

Marián Jusko
Governor



Members of the NBS Bank Board

From left to right:

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

Elena Kohútiková, Deputy-Governor

Jozef Magula, Director, General Relations Department

Marián Jusko, Governor

Ján Mathes, Chief Executive Director, Currency Division

Jozef Košnár, Professor at the University of Economy in Bratislava

Jozef Mudrík, Vice-Governor

Eugen Jurzyca, Director of the Central European Institute
for Economic and Social Reforms

A. THE EXTERNAL ECONOMIC ENVIRONMENT



1. THE WORLD ECONOMY

Global Trends in Outputs and Prices

In 2000, the global output of the world economy increased on a year-on-year basis (by 4.8%) in line with the forecasts of major international financial institutions. The favourable economic environment made it possible for world trade to grow at a substantially faster rate, with its volume increasing by 12.4% in 2000 (compared with 5.3% in 1999).

The rate of growth in global output was accelerated by increases in the dynamics of growth in all groups of countries, particularly in newly industrialised Asian countries, developing and transition economies. The dynamics of advanced industrial countries (including the European Union) remained below the rate of growth in global output. The economy of Japan showed some unconvincing signs of revival. The driving force of the world economy in 2000 was the continued growth in the US economy, which again accelerated on a year-on-year basis. However, in the second half of the year, it recorded a marked

slowdown. This led to a fall in the level of global economic activity at the end of the year.

Countries that were most hit by the financial crisis of 1998, managed to restore their macroeconomic stability by means of appropriate economic measures and to gradually increase the level of confidence in the area of external relations. The adoption of adequate macroeconomic policy in major developing countries also contributed to the restoration of international confidence vis-à-vis emerging markets. In contrast with the overall favourable development on new markets, the economies of Argentina and Turkey were hit by local crises in 2000.

The steep increase in output in transition economies, which exceeded the average growth in global output, was due primarily to a marked acceleration in the rate of growth in Russia and other countries of the Commonwealth of Independent States (6.8%). A more modest year-on-year increase in the level of economic activity was recorded in Central and Eastern European countries. However, the increase achieved exceeded the growth in output in the EU. This, for 2000, was a sign of catching-up in real terms a vital

Global output in 2000 (year-on-year increases in %)

	1999	2000	2001 (forecast)
Global output	3.5	4.8	3.2
Advanced economies	3.4	4.1	1.9
USA	4.2	5.0	1.5
Japan	0.8	1.7	0.6
European Union	2.6	3.4	2.4
Euro area	2.6 ^{1/}	3.4 ^{2/}	2.4
Newly industrialised Asian countries	7.9	8.2	3.8
Transition economies	2.6	5.8	4.0
Central and Eastern Europe ^{3/}	1.8	3.8	3.9
Russia	3.2	7.5	4.0
Developing countries	3.8	5.8	5.0
China	7.1	8.0	7.0
Brazil	0.8	4.2	4.5

Source: *World Economic Outlook*, April 2001.

1/ According to the European Central Bank: 2.5% (figure for Euro 12).

2/ Figure for Euro 12.

3/ Excluding Russia and Belarus.

criterion for the completion of the accession process to the EU.

Global price development in 2000 was affected by two factors; one of which was the high level of economic activity and/or the fact that the pace of growth in numerous advanced economies fluctuated at (or above) the level of potential output. Under conditions of fiscal discipline, there was enough room for the central banks of these countries to take effective monetary-policy measures to suppress the risk of inflation. The other factor was the higher than expected rise in oil prices on the world market, caused by restrictions imposed on supply by oil producers (OPEC) and the high level of global demand. Though oil prices fell in June in response to the announcement of increase in supply from OPEC countries, they began to rise again sharply in August. The upward trend went into reverse as late as December, apparently in connection with the downturn in economic activity in the USA and the expected slowdown in global growth. The volatile development in oil prices in 2000 resulted in a year-on-year increase of 57% (to USD 28.21 per barrel, i.e. USD 10 more than in 1999). The world prices of non-energy raw materials remained virtually unchanged in 2000 (in USD, they rose by 1.8%), which could be seen as a sign of stabilisation of conditions for exporting, chiefly in developing countries, in comparison with the fall in previous years.

Despite the uncertain trend of development in oil prices, consumer prices remained under control of monetary-policy interventions by central banks in 2000. The rise in energy prices, coupled with inflationary pressures induced by the top phase of the business cycle, led to a certain increase in the annual rate of inflation in numerous countries; however, the level of inflation remained low in the majority of advanced industrial countries. The year-on-year increase in consumer prices (CPI) in advanced economies reached 2.3% (compared with 1.4% in 1999). In developing countries, the rate of inflation reached 6.1% (a year-on-year fall of 0.6 percentage points), whilst in transition economies inflation fell to 20.1% (from 43.9% in 1999). In the group of 12 candidate countries awaiting EU

membership, the average annual rate of inflation was 13.1%.

Developments on international foreign exchange markets in 2000 were marked by the continued appreciation of the US dollar. The exchange rate of the euro against the dollar fell from USD/EUR 1.04 at the beginning of January (well below the initial rate of 1 January 1999, i.e. USD/EUR 1.17) to USD/EUR 0.82 on 22 October, despite conjoint intervention by the central banks of G7 countries in favour of the euro in September. By the end of the year, the exchange rate of the euro had strengthened to USD/EUR 0.93, as a result of the intervention of the ECB and national central banks within the Eurosystem, and a marked fall in the level of economic activity in the USA. On a year-on-year basis, the exchange rate of the euro to the US dollar weakened by 7.8%. In 2000, the USD/EUR rate reacted relatively sensitively to the current results of macroeconomic development in the USA and the euro area, but its year-end value was generally regarded as inconsistent with the medium-term economic fundamentals of the euro area. In October, the exchange rate of the euro began to weaken in relation to the Japanese yen as well, then rose to JPY/EUR 106.92 at the end of the year, representing a year-on-year appreciation of 4% in the euro. The strong US dollar was also confirmed by its position vis-à-vis the Japanese yen, which weakened in relation to the dollar (by 13% year-on-year), as well as to the currencies of America's major trading partners such as Canada, Australia, and New Zealand.

Share prices on major international stock markets showed increased volatility over the course of 2000, with a tendency to fall during the second half of the year. On a year-on-year basis, US Standard & Poor's index fell by 9%; Japan's Nikkei 225 index by 27%; and the value of Dow Jones EURO STOXX index for the euro area fell by 6%. With regard to the steep increase in share prices during the past few years, the aforementioned decline only modified the previous course of development. The main factor in the global development of share prices in 2000 was the situation in the US economy. The slowdown in its growth dynamics had a negative effect on the long-

term business expectations of investors, mainly in respect of corporate shares in the sector of the so-called 'new economy'. For that reason, the price of shares in high-tech companies recorded more significant falls: US combined Nasdaq index fell year-on-year by 37%; share prices in telecommunication and information technologies in Japan fell by as much as 53%; and the telecommunication component in the EURO STOXX index fell by 43%.

Development in the Major Centres of the World Economy: USA, Japan, Euro Area

Economic growth in the USA underwent a substantial change in 2000. During the first half of the year, the rate of GDP growth exceeded the most optimistic forecasts and reached 5.25% on a year-on-year basis. This period had already seen the first signals of deceleration in the rate of growth in domestic demand, especially in the area of consumption. During the second half of the year, the rate of year-on-year growth slowed, to 1% in the 4th quarter, due to a steep increase in energy prices, the tightening of financial conditions, fall in the price of shares in high-tech companies (Nasdaq index), and to the appreciation of the dollar. The annual growth in GDP again reached a high level (5%), but business and consumer confidence had fallen significantly by the end of the year.

In 2000, the annual rate of consumer-price inflation (CPI) rose to 3.4% (from 2.2% in 1999), due mainly to a higher than expected increase in oil prices. On the other hand, favourable development was recorded in labour costs, which increased by only 0.7% (compared with 1.8% in 1999). The positive trend of development on the labour market continued, with the rate of unemployment falling to 4.0% (from 4.2% in 1999).

The high rate of growth in domestic demand, which has exceeded the growth in output over the last three years, led to a marked increase in the current account deficit of the USA, reaching a record level of 4.4% of GDP in 2000 (compared with 3.7% in 1999). As the position of the financial

sector showed a tendency to improve on a year-on-year basis, the increase in the current account deficit was due to a growing deficit in net savings of the private sector caused by high level of investment activity and a sharp fall in household savings, which reached an all time low in 2000. On the other hand, the large volume of capital inflows into the US economy, attracted mainly by the growth in labour productivity and the generally favourable conditions in the so-called 'new economy', added to the appreciation of the dollar, and thus contributed to an increase in the size of the current account deficit.

The pace of economic growth in Japan accelerated to 1.8% in 2000, but revival remained unconvincing. During the first half of the year, GDP grew year-on-year by 4% and fixed corporate investments increased as a result of an improvement in business prospects, which gave rise to optimistic expectations in respect of the possibility of achieving sustainable growth in the economy on the basis of private demand. As in previous years, the result achieved was of a temporary nature, backed by a package of public investments. After the effects of public expenditure had been exhausted, the economy began to stagnate again, so the Japanese government approved, at the end of the year, an additional package of fiscal stimuli for supporting economic growth. In Japan, the persistent stagnation of economic activity in the private entrepreneurial sector and the low level of consumer confidence, persisted throughout 2000. The situation on the labour market also remained unchanged: the rate of unemployment remained at the level of 4.7% (high by Japanese standards). The deflationary pressure on price levels also continued: CPI fell by 0.6% during the year, more than in 1999 (0.3%). Part of these negative price effects was probable connected with the ongoing structural changes in the Japanese economy. Due to the limited room for monetary policy manoeuvre and the persistent fragility of the financial and corporate sectors, the Japanese economy remained vulnerable to additional shocks.

Economic activity in the euro area in 2000 followed the rapid dynamics of growth from the second half of 1999. GDP grew by 3.4% in 2000, representing the highest increase since 1990. The

steep increases in the first two quarters (3.5 and 3.7% on a year-on-year basis) were followed by a slowdown in the rate of growth during the second half of the year (3.2% quarterly and 3.0% year-on-year), as a result of negative external factors (the steep increase in oil prices).

The main factor of economic growth in the euro area was the growth in domestic demand – both private consumption and investment. Private consumption grew by 2.6%, due to an increase in employment and connected growth in household incomes, supported by the high level of consumer confidence throughout the year. The growth in disposable incomes was also supported by cuts in direct taxes. In 2000, capital formation increased by 4.6%, due to the high level of economic activity in the euro area as well as abroad, and to the confidence in the business sector, which increased strongly during the first half of the year. Investment projects were also stimulated by a high level of capacity utilisation, the increased profitability of companies, the favourable conditions for their financing, and the ever increasing use of information and communication technologies.

Industrial production in the euro area recorded an annual increase of 5.4% (the highest since 1985, i.e. the first year covered by official euro area statistics), with the rate of growth accelerating during the first half of the year and slackening during the second half. The conditions of development in the individual sectors were unevenly affected by contradictory effects of growing input costs, caused by the rise in energy prices and depreciation of the euro, and, on the other hand, by the increase in the competitiveness of exporters of manufactured goods. Extraordinary high dynamic of growth was recorded in electronics, information technology, and communications, where the volume of production grew by roughly 20% in 2000.

In 2000, price development in the euro area followed a moderately upward trend, supported by external price pressures, especially by effect of rising oil prices and depreciation of the euro. Domestic pressures on prices were negligible due to a moderate wage policy, domestic costs (unit

labour costs) were only slightly affected by external price factors. Average inflation in the euro area, expressed in terms of the harmonised consumer-price index (HICP), rose year-on-year to 2.3% (1.1% in 1999). The increase in energy prices contributed more than 1 percentage point to overall inflation. The rise in import prices, caused by external price factors, was reflected in the prices of industrial producers in the euro area, which increased by an average of 5.4% (in 1999, they fell by 0.4%).

Despite the high rate of convergence achieved in inflation in euro area countries, the differences between the rates of inflation in individual countries increased in 2000. This was due to differences in the effects of external price pressures upon the differing production structures of individual economies, differences in wage development and pace of legal reforms in national labour markets, to changes in regulated prices, as well as, in some countries, by the catching-up process in the standards of living, and to differences in the business cycle positions of individual member states. The general features are, however, only insignificant changes in price differences in the tradeable sector, which apparently reflect the competition-related effects of the single market and the single currency in particular.

The year 2000 saw a favourable trend of development in the labour market. The high level of economic activity led to the creation of new jobs and thus the level of employment in the euro area rose by 2%. The growth in employment was also supported by a moderate wage policy. The new job opportunities led to a further fall in the rate of unemployment. At the end of the year, the standardised rate of unemployment stood at 8.7% (compared with 9.6% in 1999).

In 2000, the current account of the euro area resulted in a deficit of EUR 28.3 billion (compared with EUR 5.8 billion in 1999). The year-on-year increase in the size of the current account deficit was due mainly to a fall in the positive balance of trade, which was caused by a faster rate of growth in imports than exports. The growth in exports was positively affected by the high level of demand

abroad and the favourable trend of development in the price-based competitiveness of the euro area. Fluctuations in the other components of the current account offset each other, approximately.

In 2000, the capital account of the euro area resulted in a net outflow of direct and portfolio investments in the amount of EUR 143.4 billion, compared with EUR 162.3 billion in 1999. The fall was due primarily to a lesser net outflow of direct investments and a higher net inflow of debt instruments, which more than offset the substantial increase in the net outflow of shares. The changes in individual items differed considerably from the trend of development in 1999. Net inflow of debt instruments reached EUR 145.6 billion (EUR 7.7 billion in 1999), and was stimulated due mainly to the gradual elimination of interest-rate differentials between the euro area and the United States, which motivated foreign investors to invest in debentures and bonds in the euro area. The net outflow of direct investments slowed as a result of a marked increase in direct investments (EUR 303.1 billion) in the euro area (compared with EUR 166.2 billion in 1999). On the other hand, the net outflow of portfolio investments grew significantly, to EUR 266 billion (compared with EUR 49.4 billion in 1999).

As concerns economic developments in the individual euro area countries in 2000, the rate of GDP growth accelerated significantly in Germany and Italy (to 3.0 and 2.9% respectively, from 1.6% in both countries in 1999), and a relatively high rate of growth (3.2%) was maintained in France. In the major economies, inflation ranged from 1.8% (France) to 2.6% (Italy). Among the smaller economies of the euro area, the fastest rate of GDP growth was again achieved in Ireland (10.7%), the country with the highest rate of inflation (5.3%), as well. Dynamic growth was also recorded in Finland (5.7%), and the average rate of growth in the euro area was exceeded by Spain, Belgium, and the Netherlands. Higher than average inflation was recorded in Spain, Belgium, Finland, and Portugal (2.8 to 3.4%). On a year-on-year basis, the rate of unemployment fell in all member states of the euro area. The most significant fall took place in France (from 11.3% in 1999 to 9.7% in 2000), due to

shorter working week, and in Spain (from 15.9% to 14.1%), which, however, remained the country with the highest rate of unemployment in the euro area.

In the remaining four EU countries, the rate of GDP growth accelerated in Greece (to 4.1%), the United Kingdom (to 3.0%), and Denmark (to 2.5%); whereas the figure for Sweden slowed to 3.6% in 2000. In all these countries, the rate of growth was marked by a certain slowdown in the second half of the year. Inflation (in terms of HICP) was kept at a very low level in the United Kingdom and Sweden (0.8 and 1.3% respectively), and was only a little higher in Denmark (2.6%) and Greece (2.9%). The rate of unemployment fell in all four countries, to a level ranging from 4.7% (Denmark) to 5.9% (Sweden), while Greece recorded a two-digit figure (11.3%).

Monetary Conditions and Fiscal Policies

With regard to the historically unique 10-year period of economic boom in the USA, the rate of growth has been expected to slow for a long time. The Federal Reserve System (FRS) has oriented its policy accordingly since 1999, when it began to raise key interest rates in order to shield the US economy from the possible unfavourable effects of a 'hard landing'. The European Central Bank (ECB) has also focused its monetary policy on eliminating potential pressures on price level in the euro area. The long awaited economic revival in Japan was still in abeyance in 2000, with a persistent deflationary trend in price development, and the economic policy applied required different measures than in the USA and Western Europe.

The Federal Open Market Committee (FOMC) of FRS responded to the growing risk of inflationary pressures arising from the continued dynamic growth in the US economy during the first half of 2000, by increasing the overnight rate of interest on federal funds, which reached 6.5% at the end of 2000, i.e. 1 percentage point more than at the end of 1999. The marked slowdown in the pace of economic growth in the second half of the year led

FOMC to re-assess, at its last meeting in December 2000, the risks inherent in future development: the risk of inflation was replaced by the risk of excessive slowdown in economic growth. Based on this assessment, FOMC again lowered the limit rate for federal funds to 5.5%. In 2000, the fiscal sector in America generated a surplus of 1.7% of GDP (compared with 0.7% in 1999).

In August, the Japanese central bank ended its policy of 'zero interest rates', which had been applied for 18 months, and raised its overnight rate to 0.25%. As the market had waited for this step for a long time, short and long-term market rates rose only very moderately. With regard to the fiscal deficit which again increased to 8.2% of GDP in 2000 (compared with 7.0% in 1999) and the high level of public debt, the need for fiscal consolidation remained a topical question in Japan.

With regard to the current trend in price development in the euro area, resulting mostly from the rise in oil prices and the depreciation of the euro, and the rate of growth in the M3 money supply exceeding the reference value of 4.5%, the ECB raised its key interest rates 6 times over the course of the year with a view to maintaining the prospects of price stability in the euro area in the medium term. The risks to price stability in the euro area were considerably reduced, and the rate of growth in M3 began to decelerate, from levels above 6% (with a maximum of 6.7% in April). The average rate of year-on-year growth in M3 reached 5.7%, i.e. the same level as in 1999; however, the three-month moving average of the year-on-year growth in M3 reached only 5.1% during the last quarter of 2000. All rates of ECB rose by 175 base points, to a level of 3.75% (overnight deposit rate); 4.75% (two-week rate for the main refinancing operations of ECB); and 5.75% (overnight refinancing rate) at the end of 2000.

The position of the fiscal sector in the euro area improved in 2000, due mainly to favourable business conditions and, in many countries, to the sale of UMTS licences. In the euro area, the budget of general government resulted in a surplus of 0.3% of GDP on average or, if we leave the sale of UMTS licences out of account, a deficit of 0.8% of GDP

(compared with a shortfall of 1.2% in 1999). Improvement was recorded in all countries of the euro area, but with marked differences. Excluding the effects of UMTS licences, the highest budget surpluses were recorded in Finland and Ireland (6.7 and 4.5% of GDP), five countries reported a deficit above 0.5% of GDP, while the least progress in fiscal consolidation was achieved in Portugal, Austria, and Italy which ended the year with a budget deficits of 1.5 to 1.7% of GDP. The debt position of the euro area also improved in the year 2000. The ratio of debt to GDP fell on euro-area average by 2.3 percentage points, to 69.7%. The sharpest fall in the debt ratio (more than 4 points) was recorded in the Netherlands, Ireland, Belgium, and Italy. In the latter two countries, the debt ratio remained above 100% of GDP.

The development of interest rates on the money markets of the United States and the euro area followed an upward trend, in response to the gradual increase in the key rates of central banks. The 3-month EURIBOR rate rose by an average of 144 base points during the year, to 4.93% in December. In the USA, the 3-month money market rate rose year-on-year by an average of 111 points, to 6.54% in December 2000. On the Japanese money market, interest rates remained low and recorded only marginal changes in 2000. The 3-month rate increased year-on-year by 6 points, to 0.62% in December 2000.

Over the course of the year, long-term interest rates (on 10-year government bonds) fluctuated in the euro area around 5.5%, and closed the year at a level just above 5.0%. Their relative stability can be ascribed to the persistence of low-inflation expectations among investors and general confidence in the ability of ECB to ensure price stability in the euro area in the medium term. In the USA, long-term interest rates were significantly affected by changes in the expectations of market participants in respect of the future level of economic activity in the country, which caused a year-on-year fall of roughly 130 base points in their level, to 5.2% at the end of the year. In 2000, the difference between yields from long-term bonds in the euro area and the USA decreased by roughly 85 base points, to a level of 16 points at the end of the year, which was the smallest difference since 1996. On a year-on-year

basis, the level of long-term rates in the euro area rose from 4.66% in 1999 to 5.44% in 2000, and in the United States from 5.64% to 6.03%. In Japan, interest rates on 10-year government bonds remained at the level of 1.7% in 2000, except in August when they rose slightly in response to the announcement of Japan's central bank that it was ending its policy of 'zero interest rates'. On a year-on-year basis, the average level of these rates remained unchanged (1.75%).

In June 2000, the Summit of ECOFIN acknowledged that Greece had fulfilled the vital conditions for the introduction of the single European currency, with effect from 1 January 2001. Greece was accepted on this date, on the basis of convergence reports elaborated by the European Central Bank and the European Commission, as the 12th member of the European Monetary Union (EMU). At the same time, it was approved that the conversion rate between the Greek drachma and the euro would be GDR/EUR 340.750, equal to the central rate of the drachma against the euro within ERM II. Apart from the favourable results of economic development, Greece also made progress in fiscal consolidation and in the indicators of monetary convergence in 2000. The budget deficit diminished to 0.9% of GDP (1.8% in 1999), and the ratio of government debt to GDP fell from 104.6% in 1999 to 103.9% in 2000, representing a modest improvement. The Greek central bank focused its monetary policy on price stability and the creation of conditions for the

introduction of the euro by lowering its key interest rates step by step. With the latest cut in the main refinancing rate in December (to 4.75%), the rate fell to the level of the minimum bid rate for the main refinancing operations of ECB. The measures of the central bank resulted in a subsequent fall in short-term interest rates, to the level of similar rates in the euro area. During the year, the gap in the level of long-term interest rates (on 10-year government bonds) between Greece and the euro area narrowed considerably, from 164 points in 1999 to 66 points in 2000 on average.

In a referendum held on 28 September 2000, the people of Denmark rejected the country's entry into the monetary union and the introduction of the euro. However, Denmark has remained a member of ERM II and the Danish central bank continued to focus its monetary policy on the harmonisation of the domestic monetary environment with that of the euro area. At the same time, the Danish government announced that it will be prepared to tighten its fiscal policy if necessary.

2. ECONOMIC DEVELOPMENT IN TRANSITION ECONOMIES

In 2000, the rate of growth in transition economies increased by 5.8%, which was twice the figure recorded a year earlier. This result can be attributed

Macroeconomic results of CEFTA countries (year-on-year changes in %)

		Slovakia	CR	Hungary	Poland	Slovenia	Rumania
GDP growth	1998	4.4	-2.2	5.1	4.8	3.9	-5.4
	1999	1.9	-0.8	4.5	4.1	5.2	-3.2
	2000	2.2	3.1	5.3	4.1	5.8	1.6
Inflation rate	1998	6.7	10.7	14.3	11.8	7.9	59.1
	1999	10.6	2.1	10.0	7.3	6.2	45.8
	2000	12.0	3.9	9.8	10.1	8.3	45.7
Unemployment rate (annual average)	1998	13.8	6.0	7.8	10.0	14.5	9.2
	1999	17.5	8.6	7.1	12.0	13.6	11.3
	2000	18.5	9.0	6.4	13.9	12.2	10.9
BoP on current account / GDP	1998	-10.0	-2.4	-4.8	-4.2	-0.8	-7.2
	1999	-5.0	-3.0	-4.5	-7.6	-3.9	-3.8
	2000	-3.7	-4.7	-3.8	-7.1	-3.2	-3.9

Source: National statistics

to the favourable trend of development in Russia, with GDP growing by 7.5%. The countries of Central and Eastern Europe recorded a growth of 3.8% on average. The accelerated growth in EU countries helped the associated countries to maintain the dynamics of exports as well as the pace of economic growth in 2000.

An important impetus for the integration of associated countries into the EU was the Summit in Nice, which removed the last institutional obstacles that had existed on the part of the EU. Accession talks with countries which are adequately prepared for admission, are expected to be completed in 2002, and these countries will probably be eligible to vote in the elections of the European Parliament in 2004.

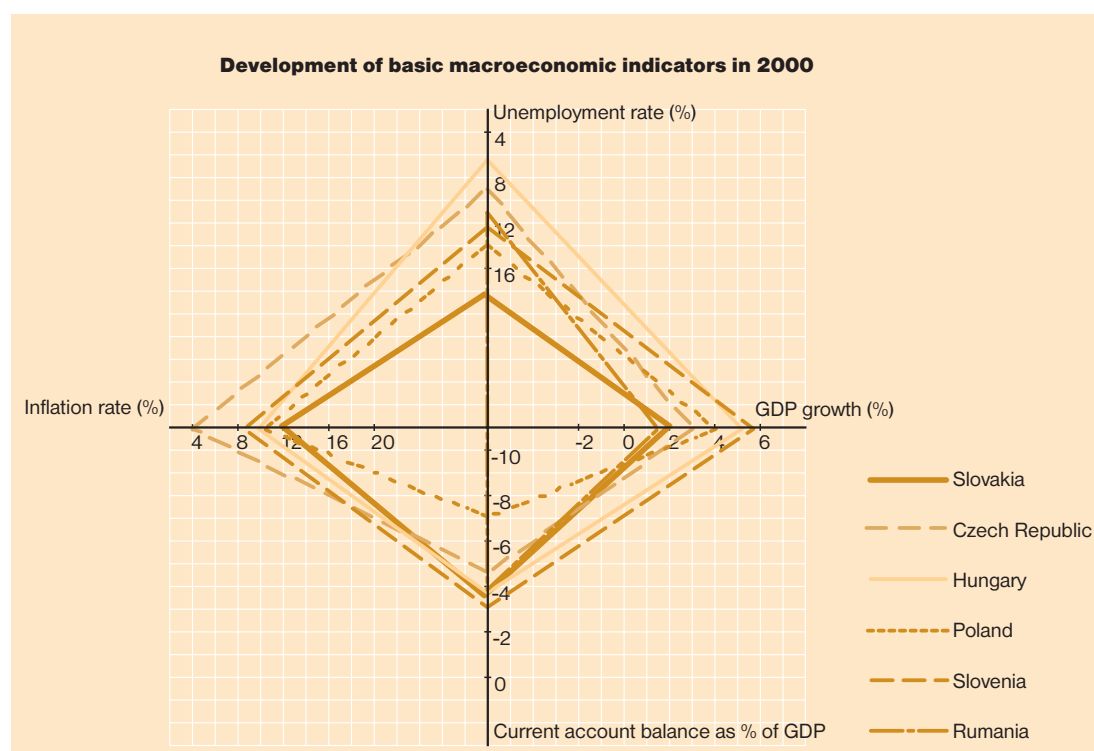
In the group of CEFTA countries, the dynamics of economic growth increased in 2000. A growth rate above 5% was achieved by Slovenia and Hungary, while Poland maintained a GDP growth of 4%. After the difficult period of mitigating the effects of internal and external imbalances, Slovakia recorded a moderate increase in the pace of economic growth. Recession in the Czech Republic and Rumania took a turn for the better, though the current revival in the Rumanian economy is still very fragile.

While the rate of inflation in 1999 was, in general, lower than expected, the year 2000 saw a steeper increase in consumer prices due to a rise in oil and food prices.

The rate of unemployment continued to increase in Slovakia, the Czech Republic, and Poland. Slovenia, Hungary, and Rumania recorded a certain improvement in the development of this indicator.

With regard to the current account of the balance of payments, external imbalances were mitigated successfully in all countries with the exception of the Czech Republic and Rumania.

The indicators of economic development in CEFTA countries in the areas of output, labour market, price stability, and the current account balance in 2000, illustrated in the chart below, show that the most balanced development was recorded in Slovenia and Hungary. The Czech Republic and Rumania achieved a certain improvement in the area of output, but Rumania 'loses' one of the peaks of the quadrangle owing to the high rate of inflation. Slovakia continues to show disproportion in the area of unemployment.



B. REPORT ON MONETARY DEVELOPMENT IN THE SR IN 2000



1. ECONOMIC DEVELOPMENT

Economic development in 2000 was affected by measures adopted by the Government of the SR in May 1999, in the interest of improving the economy. The positive effects of stabilisation measures were reflected in the macroeconomic balance – the size of the trade deficit diminished and the situation in public finances improved.

The first sign of economic revival was an improvement in industrial production. After a fall in 1999, the output of the sector began to grow again as early as February 2000. The situation in the construction industry also improved, the rate of decline in production moderated substantially in comparison with the previous year. In July, the output of the construction sector exhibited a tendency to grow.

The price increase was less dynamic than in 1999 and the 12-month rate of inflation fell to a one-digit figure during the 2nd half of 2000. The most significant pro-inflation factors were the rise in energy prices and the continued increase in oil prices. In an environment marked by the crown's stable exchange rate against the reference currency and growing competition in retail trade, the low consumer demand became a crucial factor dampening the consumer-price increase.

Measures taken for the stabilisation of the economy coupled with inadequate restructuring in the corporate sector, led to a slowdown in the dynamics of nominal wages, a fall in real wages and employment, and deterioration in the rate of unemployment. The implementation of the programme of public works in the second half of the year affected the rate of unemployment and to a certain extent the level of the average wage. The growth in labour productivity continued in relation to real GDP, and exceeded the dynamics of real wages.

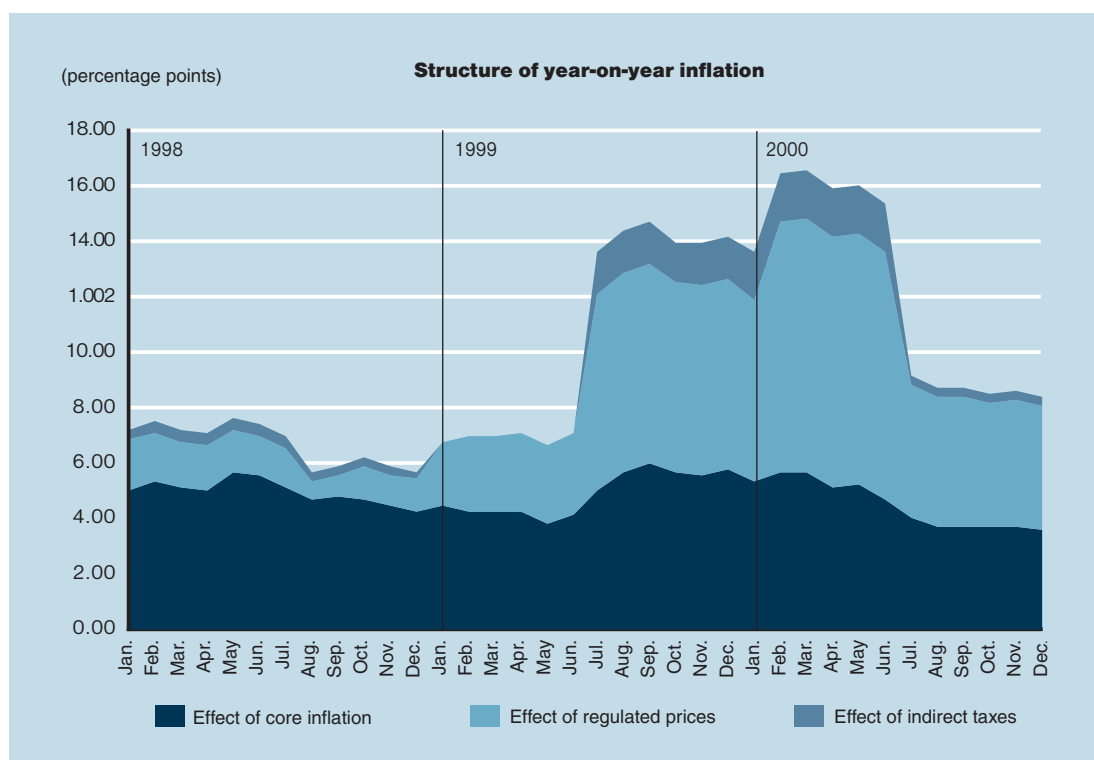
1.1. Price Development

In 2000, the rate of price increase slowed considerably in comparison with 1999, when the 12-month rate of inflation, expressed in terms of the consumer price index, reached 8.4% (compared with 14.2% in the same period a year earlier). The accelerated year-on-year increase in consumer prices during the first half of the year contributed to the rise in the average rate of inflation, which reached 12.0% in 2000.

During the year, the 12-month rate of overall inflation recorded two marked changes. In February, inflation rose above 16% as a result of adjustments to regulated prices, and fluctuated at this level throughout the first half of 2000. In July, the effects of the large-scale administrative adjustments of July 1999 faded away, and the rate of year-on-year inflation fell to a one-digit figure. Inflation fluctuated at this level (around 8.5%) until the end of the year. The year-end rate of inflation was somewhat lower than the figure projected in the Revised Monetary Programme of the NBS (8.8 to 9.9% for the end of the year).

The slowdown in the rate of year-on-year increase in consumer prices in 2000 was due primarily to the fewer price adjustments and changes in indirect taxes, as well as the lower rate of core inflation compared with the previous year (price increases in the sectors of market services and tradeable goods adjusted for the effects of changes in indirect taxes). Of the total increase in consumer prices (8.4%), core inflation accounted for 3.55 percentage points. Administrative adjustments to regulated prices contributed 4.51 percentage points to the total increase in consumer prices and the effect of changes in indirect taxes on non-regulated prices represented 0.31 percentage points.

The increase in consumer prices in 2000 was due to the contradictory effects of cost and demand factors. The external environment added to the excessive volatility of prices, caused by marked fluctuations in the prices of imported



industrial commodities, especially oil, and by the exchange rate of the crown to the US dollar. High cost domestic factors included the rise in energy prices, which exerted pressure on the level of final prices via producer prices. On the other hand, the drop in final consumption of households had a stabilising effect on price levels. In this environment, the influence of growing competition began to be felt at the end of the year with the opening of foreign retail chains. The significance of individual factors was

reflected in the differences between price increases in the individual sector according to the structural composition of the consumer basket.

Regulated Prices

A factor determining the development of consumer prices in 2000 was the administrative measures of the Government, which were

Consumer Prices (year-on-year changes)

Structure of the consumer basket	1999	2000			
		March	June	September	December
Total in %	14.2	16.6	15.4	8.7	8.4
Regulated prices in %	38.2	47.4	46.6	21.3	20.7
Share of total, in % points	6.87	9.16	9.00	4.66	4.51
Effect of changes in indirect taxes on non-regulated prices					
Share of total, in % points	1.56	1.74	1.72	0.31	0.31
Core inflation in %	7.0	7.0	5.8	4.9	4.6
Share of total, in % points	5.75	5.66	4.69	3.72	3.55
of which: food prices in %	1.3	3.3	2.9	4.6	6.0
Share of total, in % points	0.33	0.84	0.71	1.06	1.38

Source: Statistical Office of the SR

adopted, as in 1999, for the elimination of macroeconomic imbalances and price anomalies between regulated and market prices. The price of items in the consumer basket, which were regulated in 2000, had risen year-on-year by 20.7% by the end of December 2000. They contributed more than 50% to overall inflation in 2000. In comparison with the previous year, however, the range of these adjustments was less, so the sector of regulated prices contributed significantly to the slowdown in the rate of increase in consumer prices to a one-digit figure. Large-scale adjustments were made to regulated prices in the first two months of the year. In January, the price of heat energy was raised by 20.7% and rents in municipal flats by 59.2% (with effect from 1 January 2000). With effect from 1 February, regulated prices were increased in the following categories: electricity (41.3%), natural gas (25.5%), water supply and sewage disposal (26.9%), and postal services (7.6%). This was followed by price increases in bus (16.1%) and railway transport (29.3%). In August, prices for some telecommunications services were also increased. Their impact on consumer prices was almost fully offset by the introduction of free call-units. The steep increase in oil prices during the year was reflected in the prices of fares in municipal public transport, which rose by an average of 11.4%. The increase in energy prices not only affected the sectoral inflation of regulated prices, but also indirectly generated a gradual rise in prices in other sectors, especially in market services.

Changes in Indirect Taxes

The increase in consumer prices in 2000 was due partly to changes in indirect taxes. At the beginning of the year, excise duties were raised on hydrocarbon fuels, alcohol, and tobacco. The total effect of these measures generated an increase of 0.31 percentage points in the rate of inflation.

Core Inflation

The course of core inflation in 2000 was characterised by a downward trend with the year-on-year dynamics reaching 4.6% at the end of the year. The rate of core inflation at the end of the year was somewhat below the figure projected in the Revised Monetary Programme of the NBS for 2000 (4.7 to 5.8%).

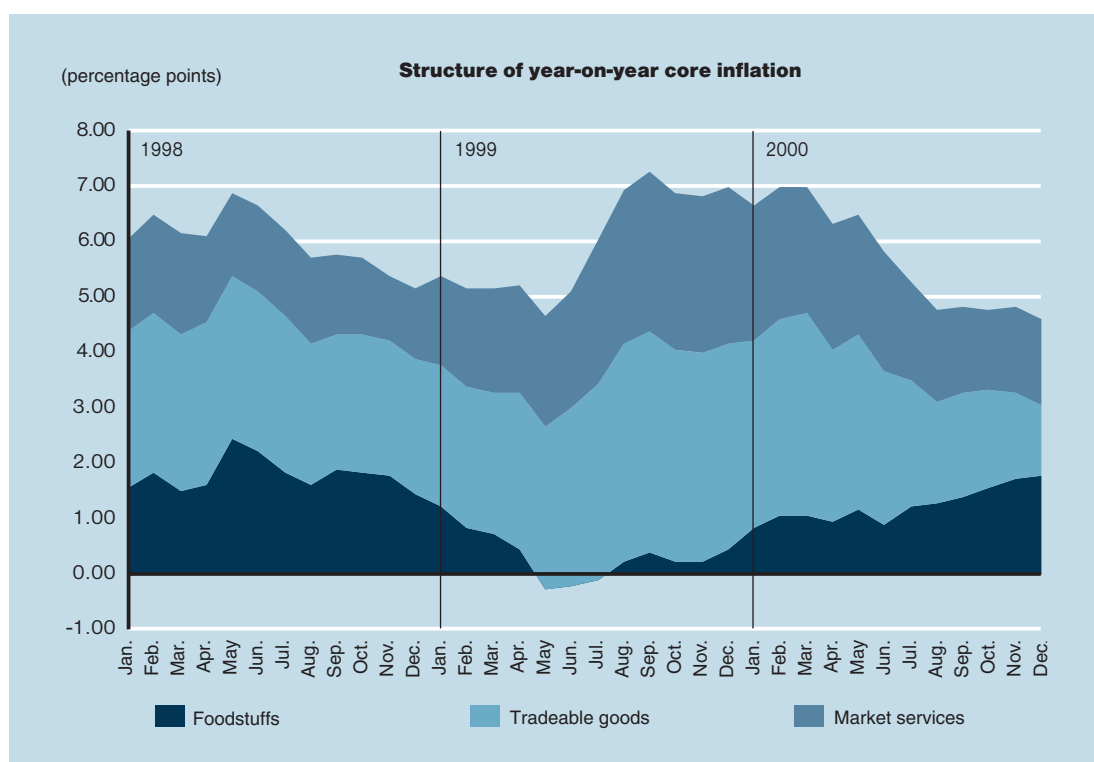
During the first months of the year, the 12-month rate of core inflation fluctuated around the level of December 1999 (7.0%). In June, July, and August, the rate recorded a marked fall, then fluctuated slightly below the level of 5.0% during the remaining months, with a subsequent fall in December.

The structure of core inflation underwent a marked change over the course of the year, when the share of food prices in core inflation increased gradually, to 38.7% in December 2000 (from 6.0% in December 1999). The share of the other components of core inflation (market services and tradeable goods excluding foodstuffs) decreased during the year. The course of core inflation was affected by numerous external and internal factors. The low purchasing power of households, supported not only by a fall in real wages but also by the withdrawal of a considerable amount of households income as a result of an increase in the dwelling costs (including energy prices), had a dampening effect on the prices of tradeable goods and market services. The accelerated rise in food prices can be ascribed to the increased costs of producers.

Food prices (excluding non-alcoholic beverages), as a component of core inflation, showed a year-on-year increase of 6.0%. This was a considerably faster rate of increase than a year earlier (1.3%). During the first half of the year, the development of food prices was marked by the convergence of long-term under-average price increases with those of other tradeable commodities. They showed high correlation with

the prices of agricultural producers, especially in manufacturing industry. Food prices showed high dynamics in the first two months of the year, when they were affected by cost pressure and administrative adjustments to the purchase price of milk from primary producers. This led to increases in the prices of dairy products and eggs. In the following months, the said factors were dampened by competition on the retail market and food prices had a stabilising effect on the level of core inflation. The second half of the year saw a change in the trend, when the domestic cost pressure of agricultural producers increased again and caused an acceleration in the dynamics of prices of some food commodities. The imbalance between demand and supply on the meat market led to an accelerated increase in the consumer price of meat and meat products. In this category, prices had risen by 12.6% by the end of the year. Due to the high weight of meat in the consumer basket, meat prices made a significant contribution to the acceleration in the dynamics of food prices. The seasonally volatile components of food prices had a dampening effect on price levels during the year, as fruit prices fell year-on-year by 0.8% and vegetable prices rose by 1.2%.

In 2000, the prices of tradeable goods (excluding foodstuffs) showed a marked slowdown in their year-on-year dynamics, from 7.8% in December 1999 to 2.6% in December 2000 (excluding fuel prices, to only 2.4%). The fall in these components made the most significant contribution to the reduction in core inflation. This development resulted from the positive effects of several factors. The slowdown in the dynamics of prices of tradeable goods took place in an environment marked by growing competition in retail trade, which accelerated in the second half of the year due to the opening of foreign retail chains. A stabilising effect was exerted by the moderate appreciation in the exchange rate of the crown against the reference currency (euro) and the reduction in the import surcharge, from 7 to 5% in January, and to 3% in July. The most important dampening factor was the persistently low purchasing power of households supported by the high rate of unemployment, which allowed little room for demand to exert pressure upon price increase in this sector. Low dynamics were shown mainly in the prices of durables (year-on-year fall in the price of furniture, household goods, and electronics).



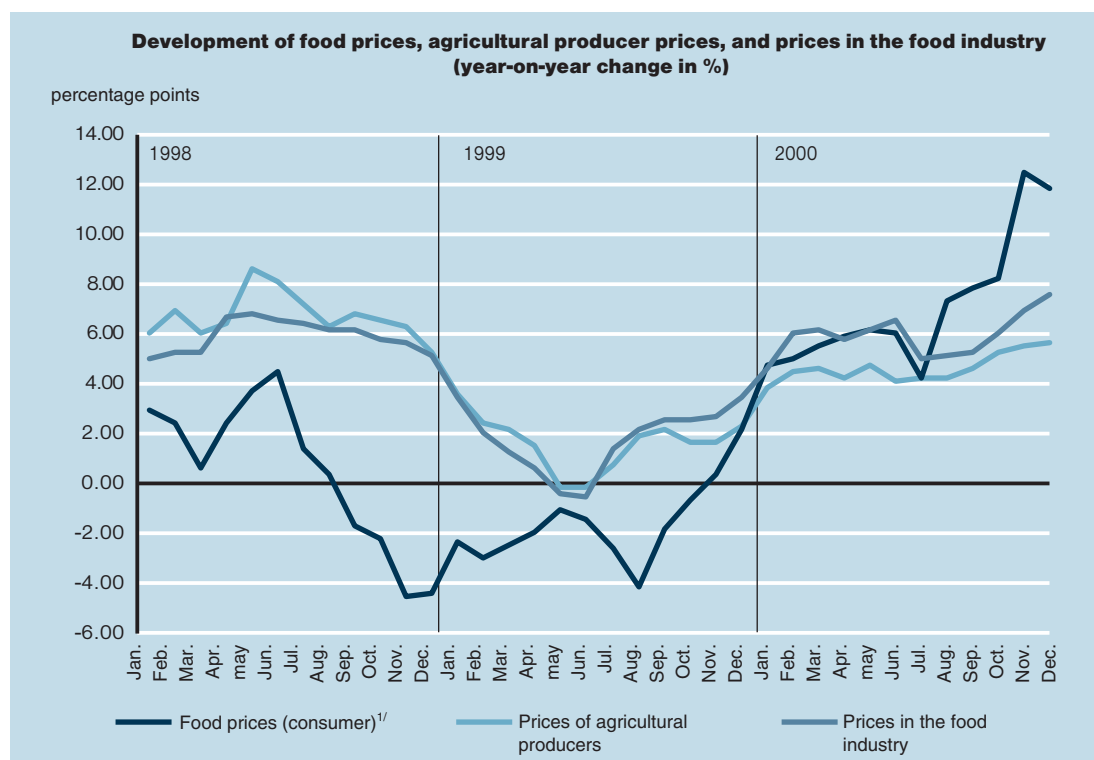
The rate of price increase in the tradeable sector decelerated despite the effects of cost factors. Inflation in 2000 was due mainly to the high dynamics of industrial producer prices, which increased during the year more than the 12-month rate of core inflation. A factor that increased the volatility of prices in the tradeable sector and of overall inflation, was the unfavourable trend in oil prices on the world market. The steep increase and fluctuation in oil prices coupled with an appreciation in the exchange rate of the dollar against the crown, were reflected in the level of fuel prices, which rose year-on-year by almost 35% during the first half of the year. This cost factor was also mirrored in the prices of other commodities. Over the last few months of the year, however, the above factors stabilised and fuel prices fell, hence their direct effect on the year-end rate of inflation was virtually nil.

Like the prices of tradeable goods, prices for market services also recorded a fall in their year-on-year dynamics in 2000 compared with the previous year (7.5%, compared with 14.6% in 1999). Prices of market services nonetheless increased at a substantially faster rate than the

prices of tradable goods, which was affected by inflationary pressures, exerted mainly by the increase in energy prices. The lack of competition and the limited room for growth in productivity allowed increased costs to be reflected in consumer prices to a greater extent. The rate of price increase exceeded the level of core inflation in almost all basic categories of market services. An exception was the rise in prices for services related to the clothing sector, which increased by 4.1%. The rise in the prices of market services was due mainly to the development of prices in the sector 'dwelling'. The administrative increase in rents for municipal flats led indirectly to a rise in the charges for co-operative flats and in imputed rents. The same increase was recorded in other charges for services related to dwelling.

Producer Prices

The increase in the prices of imported energy-producing materials, administrative price adjustments, and unfavourable climatic conditions in agriculture were the main factors



that caused a marked acceleration in the rate of increase in producer prices in 2000. They were reflected mainly in the prices of industrial producers, agricultural product prices, and to a lesser extent in the construction material prices. A slowdown in the dynamics of increase was recorded in construction work prices.

The acceleration in the rate of increase in industrial producer prices, from 3.8% in 1999 to 9.8% in 2000, was caused primarily by external factors, especially the effect of global prices for energy-producing materials on the prices of domestic products. The highest average annual price increases were reported by producers specialising in natural gas and oil refining (38% in the prices of refined petroleum products and 14.8% in chemicals and chemical products), and contributed more than a third to the total price increase. The prices of domestic natural gas and oil also increased due to the rise on world markets. Import prices also contributed to an increase in the producer price of pulp, paper, and paper products (12.7%). The exchange rate of SKK to USD and the trend of globalisation in the Slovak steel industry resulted in an accelerated increase in the price of basic metals (8%), which substantially influence the total increase in industrial producer prices through their weight in the turnover of Slovak industry.

The pro-growth effect of the above-mentioned external factors on industrial producer prices was multiplied under domestic conditions by an increase in excise duties (in January) and the regulated prices of energy and water (in February). The increase in the prices of electrical energy, gas, steam, and hot water (13.2%), whilst

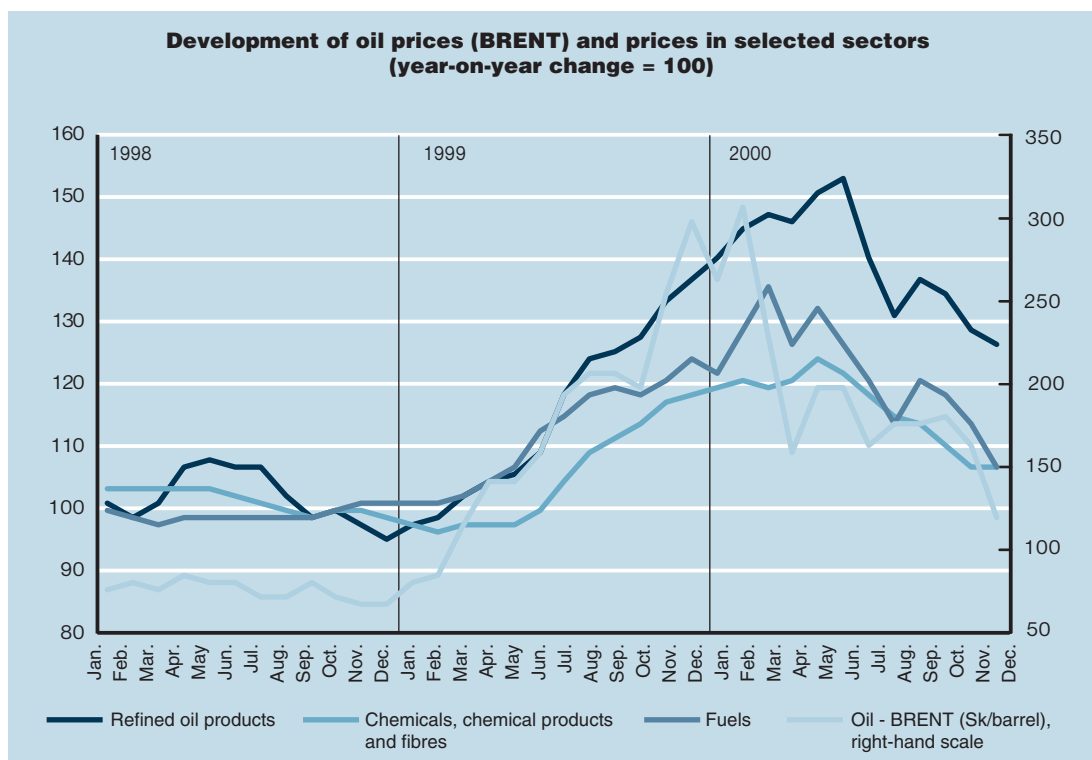
representing increased costs for industrial producers, did not, however, cause any general rise in the prices of their products. In industrial production, the effects of increases in regulated prices were only reflected in certain sectors.

The increased costs in industrial production (resulting from multiple increases in the prices of energy, water, and fuels) were in a large part compensated without price adjustments. Room for their compensation was created to some extent by the rationalisation of energy consumption as a natural consequence of the elimination of price anomalies, but mainly through a marked excess of labour productivity over wage increase. The continued fall in nominal unit wage costs in industrial production was a sign of the general reduction in the level of wage costs. The rate of increase in the prices of industrial products intended almost exclusively for final consumption (regardless of whether they are used predominantly or exclusively in intermediate consumption) remained unchanged, at the level of previous years (with a positive effect on consumer prices). The price increase was presumably dampened by the prices of imported goods or stagnation in domestic sales on the durable goods market (machines, equipment, transport vehicles, furniture, household appliances), with the exception of the price of foodstuffs and beverages, which rose under pressure exerted by the prices of agricultural primary producers coupled with increases in energy, water, and fuel prices.

The high rate of increase in construction work prices slowed down as a result of a fall in demand

Development of producer prices

Average annual price index						
<i>Same period of previous year = 100</i>	1995	1996	1997	1998	1999	2000
Consumer prices	109.9	105.8	106.1	106.7	110.6	112.0
Industrial producer prices	109.0	104.1	104.5	103.3	103.8	109.8
Construction work prices	112.0	115.0	109.7	108.9	111.0	109.0
Construction material prices	112.2	107.4	107.6	107.3	101.8	106.0
Agricultural product prices	102.4	105.4	105.6	99.7	98.2	107.2
GDP deflator	109.7	104.5	106.6	105.1	106.6	106.5



(to 9%), while the construction material prices recorded an accelerated increase. The acceleration in the rate of increase in the construction material and component prices (from 1.8% in 1999 to 6.0% in 2000) was another partial result of the rise in the regulated prices of energy and other inputs.

The greatest acceleration in comparison with 1999 (9 percentage points) was recorded in agricultural product prices, which rose by 7.2%. Their development was affected, to the same extent, by the prices of vegetable (7.2%) and animal products (7.1%). The acceleration in the rate of increase in the price of vegetable produce was due mainly to cereal prices, which rose as a result of a poor crop, due to drought. The inadequate supply of cereals and the repeated imbalances in some markets (mainly the meat market), combined with the inadequacies of market mechanisms in agriculture, exerted demand-based pressure on price levels. The demand-based effects on price levels were accompanied by a marked increase in cost pressure, especially the increased prices of fuels, electricity, water, sewage disposal, and telecommunications services. This resulted in

a general rise in the prices of agricultural primary producers (the highest since 1995), and had a negative effect on the producer and consumer prices of foodstuffs. Some of the price increase, mainly due to conditions on the cereals market, was absorbed by state subsidies to farmers and by other administrative measures adopted by the Government in its effort to cushion the increase in food prices.

Though the change in price levels in agriculture caused some improvement in the financial situation, but the long-term problem of insufficient price compensation to primary food producers was not solved (subsidies represented a partial solution). The accelerated rate of increase in agricultural prices (7.2%) was due to the low initial level of comparison in 1999.

GDP Deflator

The deflator of gross domestic product (GDP) increased by 6.5% in comparison with 1999. The most rapid increases were recorded in the import-deflator (12.3%), owing to the trend in the price of

Gross domestic product formation (Sk billions, constant prices 1995)

	1998	1999	2000	index 1999/1998	index 2000/1999
Gross production	1 555.2	1 531.9	1 637.7	98.5	106.9
Intermediate consumption	982.6	944.8	1 038.8	96.2	109.9
Added value	572.6	587.1	598.9	102.5	102.0
Other ^{1/}	68.5	66.2	68.8	103.1	103.9
Gross domestic product	641.1	653.3	667.7	101.9	102.2

1/Value added tax, excise tax, customs duties, subsidies, imputed production of banking services.

imported energy-producing materials and the exchange rate of the crown, and in the export-deflator (12.2%), due probably to the dynamic increase in prices in intermediate consumption and in export prices. The development of the GDP deflator was affected by an accelerated increase in consumer prices, which led to growth in the deflator of final household consumption (11.3%).

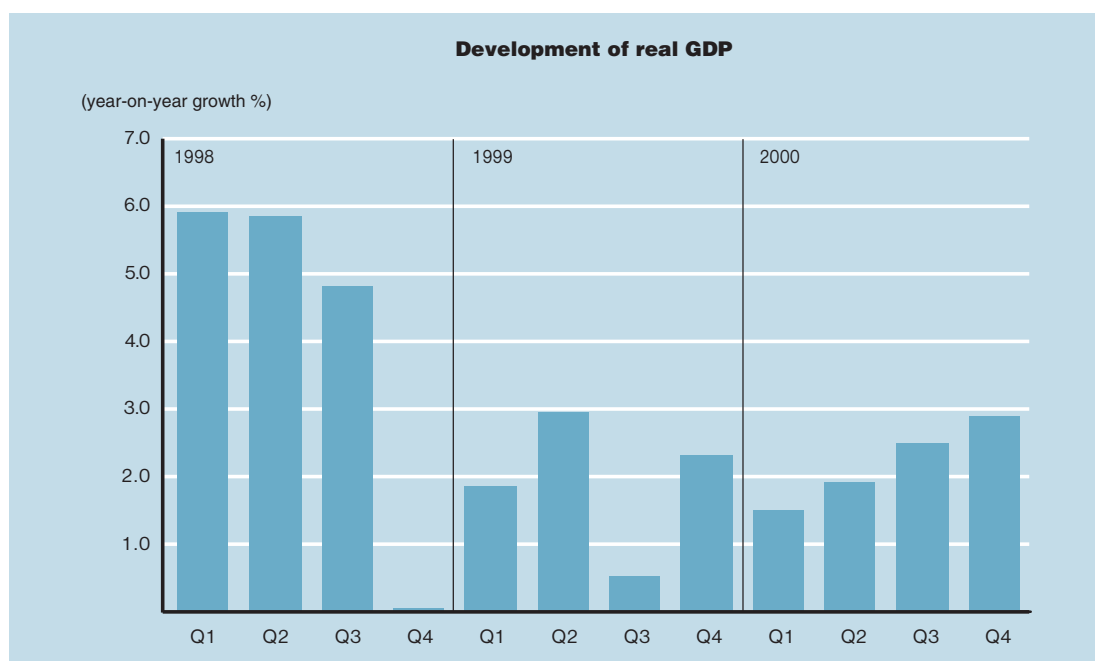
In the individual quarters, GDP growth was characterised by an increase in its dynamics. While the first quarter saw a year-on-year increase of 1.5% at constant prices, the rate of GDP growth accelerated to 2.9% in the fourth quarter. The structure of GDP also recorded some changes during the year, when domestic demand experienced a revival after a near two-year period of decline.

1.2. Gross Domestic Product

The development of gross domestic product was marked throughout the entire year by a moderate acceleration in the rate of year-on-year growth. At constant prices, GDP grew year-on-year by 2.2% (in 1999, by 1.9%), and at current prices by 8.8%.

Aggregate Supply

Gross domestic product (domestic supply) recorded numerous changes in comparison with the previous year. The share of intermediate consumption in gross production increased from 61.7% to 63.4% at constant prices. This indicates



Gross domestic product by sector (Sk billions, const. prices 1995)

	1998	1999	2000	Index 1999/98	Index 2000/99
GDP	641.1	653.3	667.7	101.9	102.2
of which:					
Agriculture, forestry, fishing	29.3	31.9	32.9	108.8	103.1
of which: Agriculture	25.3	28.1	29.0	110.7	103.2
Industry	171.9	184.4	188.9	107.3	102.5
of which: Manufacturing	149.6	154.0	162.5	102.9	105.5
Construction	35.5	24.7	21.0	69.5	85.0
Market services	258.7	265.2	278.8	102.5	105.1
of which: Trade, hotels, restaurants	85.9	89.3	99.7	103.9	111.7
Transport	49.3	51.5	50.6	104.4	98.3
Non-market services	84.7	84.1	85.4	99.4	101.5
Other ^{1/}	61.1	63.0	60.8	103.1	96.5

1/ Value added tax, excise tax, customs duties, subsidies, imputed production of banking services.

that the appreciation of material, labour, and capital inputs in the production of goods and services has no real effect in the Slovak economy. The volume of added value grew year-on-year by 2%, while gross production increased by 6.9% and intermediate consumption by 9.9%.

In GDP formation by sector, the weight of added value in market services increased, due mainly to a marked increase in added value in trade, hotels and restaurants. The rate of growth in added value in industry slowed; the creation of added value fell in the production and distribution of electricity, gas, and water supply and in mining and quarrying. However, the added value in industry showed favourable development, due mainly to growth in foreign demand. As a result of a revival in demand for construction work, the rate of decline in added value moderated in the construction sector. Added value in agriculture and non-market services exerted a slight pro-growth effect on the development of GDP.

Agriculture

In 2000, agriculture contributed almost Sk 29 billion to GDP formation, representing a year-on-year increase of 3.2% (at constant prices). Despite this, however, the share of the sector in

the formation of GDP remained at the level of the previous year.

Receipts from the sale of agricultural products amounted to Sk 34.1 billion, representing a year-on-year decline of 8.3% (at constant prices). The sharpest fall took place in sales of plant products (16.8%). Sales of animal products fell by 3.5% year-on-year. In terms of volume, sales of agricultural products were lower than a year earlier in all categories, with the exception of potatoes and vegetables in 'plant products' and milk in 'animal products'.

The downturn in the sale of products and subsequent fall in receipts were due primarily to decline in crops and the continued fall in the number of cattle and pigs.

According to preliminary statistical data, agricultural firms with 20 or more employees recorded a loss of Sk 590 million, which was 70% less than in 1999.

The deficit in foreign trade in agricultural commodities and foodstuffs increased by Sk 1.6 billion compared with the previous year. The increase in the size of the deficit was caused mainly by the need to compensate for the decline in crop-production, due to the unfavourable weather conditions.

Industry

Industrial production, expressed in terms of the industrial production index^{1/}, increased year-on-year by 9.1% in 2000. This development was due mainly to growth in the manufacture of rubber and plastic products (33.5%), manufacture of transport equipment (31.9%), manufacture of wood and wood products (22.1%), and manufacture of electrical and optical equipment (18.7%). Decline in production was recorded only in the mining and quarrying of energy producing materials (8.3%).

The development of industrial production over the course of the year was characterised by a gradual acceleration in the rate of growth.

A positive trend was also recorded in receipts from industrial activity, which increased year-on-year by 8.1% at constant prices. The steepest increases took place in receipts from the manufacture of transport equipment (27.8%); the manufacture of coke, refined petroleum products, and nuclear fuel (15.6%); the manufacture of rubber and plastic products (12.2%); and in manufacture of leather and leather products (12.1%). A year-on-year fall in receipts was recorded in the electricity, gas, and water supply (6.3%); the manufacture of textiles and textiles products (2.4%); and in the manufacture of other non-metallic mineral products (0.6%).

Construction

The output of the construction sector was rather unbalanced during the year 2000. The decline in production during the first half of the

year (except May) reversed into growth in July, and this growth appeared to be permanent. During the last four months of the year, production in the construction sector underwent dynamic growth. Despite these positive trends, the output of the sector fell year-on-year by 0.4% at constant prices. Revival in production was concentrated in new construction projects, reconstruction and modernisation in the private sector. The volume of construction work abroad remained below the level of the previous year (by 16.6%).

Services

The share of market services in GDP formation increased by 1.2 points in 2000, due mainly to trade-related services.

Receipts from retail sales recorded, after stagnation or decline in some months in the first half of the year, a year-on-year increase of 2.3% (at constant prices), with year-on-year dynamics 7.5 percentage points lower than in 1999. The modest year-on-year growth was due to an increase in receipts from the sale of motor vehicles, growth in non-consumer sales and in non-specialised and specialised retail trade. Decreases were recorded in receipts from the sale of foodstuffs, pharmaceuticals, cosmetics, and from the retail sale of fuels. Receipts in hotels and restaurants continued to fall in 2000.

Dynamic growth compared with last year (18.4% at current prices) was recorded in the receipts of transport organisations, more than three quarters of whose receipts came from freight transport, where receipts rose by 18.5% due mainly to an increase in transport charges. In passenger transport, receipts increased year-on-year by

1/ The industrial production index is based on the statistics of industrial production and is calculated from the results of statistical surveys at industrial companies with 20 or more employees and at selected companies with a staff of up to 19. The industrial production index is based on the change of volume of selected products and on the two-stage weight system. The processing of data for December 2000 was coupled with the revision of data for the year as a whole. At the same, a new method was introduced for adjusting data of the effect of the number of working days, which takes into account the activities of companies with continuous operation, work during public holidays, and Sundays. Subsequently, all indices of industrial production were revised, w.e.f. January 1998. The industrial production index is stated at constant prices.

17.9%. Output in freight transport remained below the level of the previous year, while the volume of goods transported grew by 5.3%.

In post and telecommunications services, receipts increased by 11.4% (at current prices) in comparison with 1999. More than 80% of total receipts came from telecommunications services.

Receipts from selected market services remained virtually unchanged during the year. The structure of receipts was dominated by receipts from other business services (55.8%). With the exception of computer engineering services, where receipts increased by 2.6%, other services remained below the level of the previous year in all of the categories.

Wages and Labour Productivity

The development of wages and labour productivity was marked, as in 1999, by a fall in real wages and growth in labour productivity in relation to real GDP.

In 2000, the average nominal monthly wage of employees in the Slovak economy reached Sk 11,430, representing a year-on-year increase of 6.5%. The rate of growth gradually slowed from 8.4% in the 1st quarter to 4.8% in the 3rd quarter, and accelerated by 6.5% in the 4th quarter. The dynamics of nominal wages slowed by 0.7 percentage points. In the 3rd and 4th quarters, wage levels were to a considerable extent affected by the implementation of the public works project. Excluding this effect, nominal wages would have increased by 5.7% in the third quarter, 8.9% in the fourth quarter, and by 7.4% on a yearly basis.

The slowdown in the dynamics of nominal wages and acceleration in the year-on-year increase in average consumer prices of goods and services led to a year-on-year fall of 4.9% in real wages (or 4.1% excluding the effect of public works).

Labour productivity in relation to real GDP per employee increased year-on-year by 2.8%, whilst the dynamics of growth slowed by 1.4 percentage points compared with 1999.

The growth in labour productivity, accompanied by a fall in real wages, led to an increase in the excess of growth in labour productivity over that of real wages, from 7.3 percentage points in 1999 to 7.7 points in 2000. Excluding the effect of employment in public works, the dynamics of labour productivity at current and constant prices remained roughly at the level of the previous year. The resulting relationship between wages and labour productivity created no pressure on cost-push inflation.

Employment and Unemployment

The labour market has been characterised by a fall in demand for labour for three consecutive years. This led to a fall in employment and to a high rate of unemployment, mainly during the first half of the year. In 2000, the average number of employees in the Slovak economy was 1,977 thousand.

The year-on-year fall in employment took place mostly in industry and construction, and since the beginning of the year in trade and repair-work. The largest fall in employment was recorded in construction (8.1%). The number of jobs in the economy decreased by roughly 38 thousand in 2000. The number of employees increased in other public, social, and personal services, by 21.9 thousand (public works for the long-term unemployed, for a definite period, i.e. till the end of 2000). An increase in the number of employees was also recorded in health and social care, research, leasing/rentals, real estate, and business services.

In most sectors, the fall in employment, together with growth in GDP, reflects ongoing restructuring accompanied by lay-offs and an increase in pressure on labour productivity.

According to the National Labour Office, the absolute number of registered unemployed reached 506,497 at the end of December, i.e. 5.4% less than in December 1999. The rate of unemployment, based on the disposable number of unemployed, fell by 1.3 percentage points, to 17.9%. With the effect of public works excluded, the number of registered unemployed would have exceeded 555 thousand and the rate of unemployment would have reached 19.7% at the end of December. In 2000, the average number of registered unemployed was 518 thousand and the average annual rate of unemployment based on the disposable number of registered unemployed stood at 18.2%.

Amendment No. 292/1999 to the Act on Employment, which became effective in December 1999, made it harder for job offers to be refused and reduced the maximum amount and period of unemployment benefits. As a result, the average number of job applicants receiving unemployment benefits decreased by 15.1% in 2000 (to 112 thousand), which led to a fall in expenditure on unemployment benefits including transfers to funds for registered unemployed.

The most effective measure was the passing of Amendment No. 245/2000 to the Act on

Employment with effect from 1 August 2000, which provided a legal framework for the creation of public works jobs for the long-term unemployed, funded by the State Budget for this purpose (from Sk 2 billion reserved for the Ministry of Labour, Social Affairs, and Family, Sk 1.3 billion was provided to the National Labour Office to find jobs on public works). Subsequently, the number of registered unemployed recorded its greatest month-on-month decrease at the end of August and 65,626 jobs were created on public works from August to the end of December. Nearly two thirds of these jobs were in regions with the highest rates of unemployment and the highest share of long-term unemployment. All this contributed to the reduction of the rate of unemployment (from 19.4% in July to 17.8% in December), the mitigation of inter-regional differences in unemployment, and to reduction of the share of long-term unemployment in total unemployment.

Despite the significant contribution of the public works programme to the reduction of unemployment, this tool does not represent a viable long-term solution. Furthermore, it makes demands on the State Budget in the form of an increase in social benefits and on the budget of the National Labour Office in connection with the payment of unemployment benefits.

GDP by use (Sk billions, const. prices 1995)

	1998	1999	2000	Index 1999/98	Index 2000/99
Gross domestic product	641.1	653.3	667.7	101.9	102.2
Domestic demand	710.8	678.1	669.3	95.4	98.7
of which:					
Final consumption in total	477.4	467.1	454.5	97.8	97.3
Households	333.8	334.2	322.7	100.1	96.6
Non-profit institutions serving households	4.5	3.4	3.5	75.6	102.9
Government	139.1	129.5	128.3	93.1	99.1
Gross capital formation	233.4	211.0	214.8	90.4	101.8
Gross fixed capital formation	236.8	192.2	190.9	81.2	99.3
Change in inventories	-3.4	18.8	23.9	x	x
Net exports	-69.7	-24.8	-1.6	x	x
Exports of goods and services	433.3	448.0	519.2	103.4	115.9
Imports of goods and services	503.0	472.8	520.8	94.0	110.2

Aggregate Demand

The growth in aggregate demand in 2000 was stimulated, for the most part, by external demand.

Net Exports

External demand was a crucial factor throughout the year, stimulating the Slovak economy as in the previous year. The persistence of economic growth in EU countries and the revival in the Czech economy encouraged the export of goods and services from Slovakia, which grew in volume by 15.9% at constant prices.

The import of goods and services grew in real terms by 10.2% year-on-year. The accelerated growth in imports compared with 1999 was connected with the growth in imports for refinery based productions, and with the growth in

demand for consumer goods and investments, which led to growth in imports in the second half of the year.

The excess of growth in exports of goods and services over growth in imports during the first three quarters had a favourable effect on the overall balance of foreign trade, which, though still in deficit, fell by more than Sk 23 billion compared with the previous year. In absolute terms, the balance of trade resulted in a deficit of Sk 1.6 billion at constant prices (0.2% of GDP).

Domestic Demand

Though domestic demand recorded a real year-on-year fall of 1.3%, the rate of decline moderated in comparison with 1999, and moved into growth in the fourth quarter after two years. In 2000, domestic demand was affected mainly by a fall in final household consumption; in 1999 the level fell due to a downturn in gross capital formation.

Income and expenditure of households (at current prices)

	Year 2000 (Sk millions)					Index (same period of previous year = 100)				
	1.Q.	2.Q.	3.Q.	4.Q.	year	Q1 2000	Q2 2000	Q3 2000	Q4 2000	2000
						Q1 1999	Q2 1999	Q3 1999	Q4 1999	1999
Compensation of employees (in all sectors)	80,140	87,851	92,459	105,686	366,136	104.6	103.1	104.6	108.3	105.2
of which: Gross wages and salaries	61,839	68,595	70,853	81,384	282,671	104.6	103.3	104.7	108.5	105.4
Gross mixed income	40,852	39,412	39,047	50,543	169,855	114.3	111.9	119.5	109.5	113.4
Income from property - received	10,387	9,750	8,583	10,222	38,942	101.3	93.8	72.1	80.6	86.1
Social benefits	29,368	27,283	27,350	27,848	111,849	109.8	105.5	103.8	104.2	105.8
Other current transfers received	5,393	5,814	5,689	6,599	23,495	101.4	127.9	122.0	126.7	119.0
of which: Non-life insurance claims	2,083	1,865	1,681	1,885	7,514	119	104.6	97.7	96.9	104.4
Current income in total	166,140	170,110	173,128	200,898	710,277	107.4	105.5	105.6	106.6	106.3
Income from property – paid	1,415	1,054	848	1,173	4,490	123.3	85.0	66.1	79.8	87.4
Current tax on income, property, etc.	7,610	5,944	6,885	8,260	28,699	92.4	79.3	78.1	83.0	83.2
Social contributions	25,293	26,484	29,233	32,627	113,637	102.3	104.4	106	108.2	105.5
Other current transfers - paid	7,523	5,788	6,527	6,217	26,055	117.1	108.9	109.5	107	110.8
of which: Net general insurance premiums	5,543	3,491	3,458	3,809	16,301	120.5	117.8	112.6	118.8	117.8
Current expenditure in total	41,841	39,270	43,493	48,277	172,881	103.2	99.6	99.7	101.8	101.1
Gross disposable income	124,299	130,840	129,635	152,621	537,396	108.9	107.4	107.7	108.2	108.0
Final household consumption	109,085	117,187	118,652	124,037	468,959	108.7	105.3	106.3	109.8	107.5
Gross savings of households	15,214	13,653	10,983	28,584	68,437	110.4	130.3	126.7	101.7	112.0
Rate of gross savings	12.24	10.43	8.47	18.73	12.73	x	x	x	x	x

The final consumption of households was by 3.4% lower (at constant prices) than a year earlier and showed uneven development during the year. It fell by 7% in the first two quarters, then moderated in the third quarter, and closed the year with an increase of 2.4% after almost two years of decline. In the structure of expenditure, the most rapid year-on-year increases were recorded in expenses on education, health, and telecommunications, while spending on transport, dwelling, clothing, and shoes declined.

The level of final consumption was connected mainly with the development of real household incomes, especially real wages, which was reflected in the creation and use of incomes in the household sector.

According to preliminary data from the Statistical Office of the Slovak Republic, the current incomes of households increased in 2000, by 6.3% in nominal terms, while falling in real terms by 5.1%. Remuneration to employees accounted for 51.5% of current incomes. Gross mixed income (including the profits of tradesmen in addition to income spent on own-household consumption) accounted for 23.9% of current incomes and social benefits 15.7%.

In comparison with 1999, the slowest increase was recorded in the remuneration of employees (5.2%), the highest (19%) in 'other current transfers

received', which consist of receipts from insurance events. Within the structure of social benefits, which increased by 5.8%, an increase was recorded only in pensions, while unemployment and sickness insurance benefits fell.

Income from property was 13.9% lower than a year earlier. This income came from the ownership of financial assets, i.e. deposits, bonds, etc., or the ownership of tangible non-production assets (land, underground resources), which the owner obtained as a reward for putting the said assets at the disposal of another institutional unit. The year-on-year fall in this item was connected with the lowering deposit rates for natural persons.

Current household expenditure increased year-on-year by 1.1%. The structure of expenditures was dominated by social contributions paid as part of general social insurance, including compulsory social, health, and sickness insurance (65.7%) and by current tax on income and property (16.4%). The most dynamic growth (10.8%) was recorded in 'other current transfers paid' (premium payments for general insurance, life, and health insurance – except compulsory social insurance, contributions to foundations, etc.), which, however, accounted for only 15.1% of current expenditure. A marked year-on-year fall was recorded in current taxes on income and property (16.8%), due primarily to tax adjustments at the beginning of 2000.

Development of investments and savings (in %)

	1998	1999	2000
Constant prices 1995			
Rate of savings ^{1/}	25.5	28.5	32.0
Rate of gross investments ^{2/}	36.4	32.3	32.2
Rate of fixed investments ^{3/}	36.9	29.4	28.6
Coverage of investments by savings ^{4/}	70.1	88.2	99.3
Current prices			
Rate of savings ^{1/}	25.2	26.5	27.6
Rate of gross investments ^{2/}	36.1	31.9	30.0
Rate of fixed investments ^{3/}	38.0	30.8	30.0
Coverage of investments by savings ^{4/}	69.7	83.2	92.0

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 investments (% , current prices)

	1999	2000
Investments in total	100.0	100.0
By use		
Tangible fixed assets in total	97.2	97.4
of which: Buildings, structures, halls	41.7	36.2
Machinery and equipment	50.4	56.3
Other investments	5.1	4.9
Intangible fixed assets in total	2.8	2.6
By sector in the national account:		
Non-financial organisations	63.9	65.1
Financial organisations	10.1	10.0
Government sector	10.5	10.2
Household sector	14.5	13.9
Private non-profit institutions	1.0	0.8

After the payment of current expenses from current incomes, the gross disposable income of households was 8.0% higher than a year earlier. Households used this income mostly for final consumption (82.0%); the remainder went into gross savings. The rate of gross savings, expressing the proportion of gross savings to gross disposable income, reached 12.7% and was 0.4 percentage points higher than in the same period a year earlier.

Investment demand also showed signs of revival. Gross fixed capital formation fell year-on-year by 0.7% at constant prices, and increased during the second half of the year. The development of fixed investments still was behind the growth in GDP, which led to a moderate year-on-year fall in the actual percentage of fixed investments, to 28.6%. On the other hand, the percentage of gross investments reached nearly the same value as a year earlier (at constant prices) as a result of accelerated growth in inventories.

The improvement in the macroeconomic balance during the year under review led to a reduction in the gap between gross domestic savings (the unconsumed part of GDP) and gross investments. The values of the two indicators at constant and current prices clearly indicate that in connection with the growth in gross household

savings, the possibility of financing investments from domestic resources has improved in Slovakia.

Investment in 2000 was influenced by several factors, especially improvement in the financial situation of business entities, increased inflow of foreign capital in the form of direct investment, improved offer of domestic credit resources as a result of a fall in interest rates and the release of funds for motorway construction at the end of the year.

The revival of investment demand was reflected in the volume of investment in machinery, which grew year-on-year by 24.9% at current prices, while investment in buildings and construction fell in volume by 3.1% compared with 1999. Within the structure of machinery and equipment, marked growth was recorded in investment in machines, instruments, equipment, small and other tangible fixed assets, and in investment in transport vehicles.

With regard to the structure of investments by sector, the steepest increase (13.9% at current prices) took place in investments made by non-financial organisations, which accounted for more than 65% of the total volume of investments. In non-financial organisations with 20 or more employees, investment demand showed

a revival in almost all sectors, first and foremost in manufacturing, agriculture, business services, trade, and repair services. Investment in manufacturing increased by 18.1% (at current prices), due mainly to growth in investment in the manufacture of metals and metal products, manufacture of rubber and plastic products, and in the manufacture of machinery and equipment.

Investments in the financial sector grew in volume by 11.1% at current prices, due probably to the higher earnings of financial institutions. In contrast with previous years, the financial sector invested primarily in machines and equipment, while investment in construction fell in volume.

Final consumption of government (expenditures on administration and in public services in general) fell at constant prices by 0.9% during the year. The decline during the first three quarters was followed by an increase of 8.9% in the fourth quarter. As the level of government consumption is closely connected with the volume of current budget expenditures, we may assume that the atypical course of development was caused by the regulation of current expenditures in the first 11 months of the year and the enormous increase in December.

the companies. The total earnings of financial and non-financial organisations came to Sk 88 billion, representing a year-on-year increase of 15.5%.

The positive results of non-financial organisations were due mainly to an increase in profits in industry (313.2%); hotels and restaurants (141.3%); construction (130%); and in other public, social, and personal services (81.4%). Transport, storage, postal and telecommunications services had run into the greatest loss for three consecutive years (it grew in size by 64.3% compared with the previous year). Agriculture and hunting also recorded a loss, but its size was 81.5% less than in 1999.

The marked increase in profits in industrial production took place mainly in the manufacture of basic metals and fabricated metal products, which have a significant place in the volume of production in the economy. A substantial contribution to the growth in profits was made by the manufacture of other non-metallic mineral products, manufacture of coke, refined petroleum products and nuclear fuel, manufacture of chemicals, chemical products and man-made fibres, and by the manufacture of transport equipment. A loss was recorded only in the manufacture of machinery and equipment n. e. c., but its size was 72.9% less than a year earlier.

Financial Results of Organisations

A positive aspect of economic development in 2000 was the continued improvement in the results of non-financial organisations, whose earnings increased by almost 60%. A different trend was recorded in the financial sector, where profits before taxation^{2/} reached only 33% of the level of the previous year. In the fourth quarter, both sectors recorded a loss, while the loss of non-financial organisations amounted to Sk 9 billion. These factors combined to affect the financial results of all

2. BALANCE OF PAYMENTS

2.1. Current Account

The external imbalance of the Slovak economy recovered to some extent in 2000, with the deficit in the current account of the balance of payments diminishing by Sk 7.7 billion (19%) compared with 1999. The ratio to gross domestic product decreased from 5.0% in 1999 (revised figure)^{3/} to 3.7% in 2000.

2/ Absolute data and indices are expressed at current prices and exclude the results of small businesses.

3/ During the compilation of the balance of payments for 2000, data for 'receipts from transport services' were revised within the services balance. Receipts for the transit of gas were increased. The addition of missing data to the balance of payments (ca Sk 5-6 billion per year) caused the ratio of the current account deficit to GDP to decrease by an average of 0.8% in the years 1995 to 1999. The current account deficit fell from 5.8 to 5.0% in 1999.

In 2000, Slovakia's foreign trade resulted in a deficit of Sk 42.4 billion, which represented 93.6% of the figure for 1999. As a result of the balanced average year-on-year increases in the indicators of foreign trade in the second half of 2000, the marked excess of growth in exports over growth in imports, amounting to more than 11 percentage points on a monthly basis in the first half of the year, had fallen to 3.4 percentage points by the end of the year.

During the period January to December, goods were exported from Slovakia (according to preliminary data from the Statistical Office of the SR) in the total amount of Sk 449.0 billion, which represented a year-on-year increase of 30.6% (18.4% in US\$ and 36.4% in EUR). The volume of goods imported reached Sk 472.9 billion, representing a year-on-year growth of 25.2% (13.5% in US\$ and 30.8% in EUR).

The rate of growth in Slovak exports was affected by the favourable conditions for the sale of Slovak products on the markets of advanced economies, growing demand for Slovak goods in transition economies, and an expansion in export-oriented production. Exports recorded a total year-on-year increase of Sk 124.7 billion. The most significant increase in exports took place in the category 'machinery and transport equipment' (Sk 49.8 billion year-on-year). The share of machinery and transport equipment in the total increase in exports (40%) indicates that foreign direct investments – besides other positive factors acting on the Slovak economy – played an important role in the revival of foreign demand for Slovak products.

Economic revival in EU countries, which are our most important trading partners, was stimulated by growth in the exports of semi-finished products, which recorded a year-on-year increase of Sk 30.2 billion and their share in the total increase reached 24%. The dominant position of iron and steel exports in the category confirmed that production in the metallurgical industry had consolidated in 2000. The year-on-year increases in exports in the other two

categories, i.e. mineral-based fuels (Sk 18.2 billion) and chemicals (Sk 10.1 billion), which accounted for 23% of the total increase in exports, were caused, as the growth in imports, mainly by a rise in the price of oil and oil products on world markets.

The prices of strategic raw materials on world markets considerably affected the size of the trade deficit. For the Slovak economy, which is dependent on the imports of energy-producing raw materials, the price of oil and gas is a crucial factor in the balance of trade and that of payments on current account. Of the total year-on-year growth in imports (Sk 121.8 billion), the increase in the import of mineral-based fuels (Sk 42.7 billion) accounted for 35%. As a result of the high price of oil and gas on the world market and the appreciation of the US dollar, the price effect was responsible for 92.7% of the year-on-year increase in imports of mineral-based fuels and 32.5% of the year-on-year growth in total imports.

Another dominant factor with regard to imports was the growth in imports for intermediate consumption (raw materials and semi-finished goods such as iron and steel, non-ferrous metals, textile yarn, paper, etc.). The year-on-year increase in the import of these commodities, which was associated with the revival of industrial production, reached, together with some commodities in the category 'chemicals' (an increase in the import of organic chemicals and plastics, which generated roughly 60% of the growth in imports) a total of Sk 36.2 billion, representing 29.7% of the total increase in imports.

The increased international co-operation and growth in imports for investment led to an increase in the import of machinery and transport equipment (Sk 33.6 billion), which accounted for 27.6% of the year-on-year growth in imports (according to the estimates of NBS, deliveries involving international co-operation represented 50% of the said increase, imports for consumption 20%, and imports for investment 30%). The slow growth in the import of food and industrial products (compared with other

categories) was reflected in the share of these imports (7.7%) in the total year-on-year increase.

In 2000, the balance of services generated a surplus of Sk 20.3 billion, which represented a year-on-year increase of Sk 11.3 billion. Despite an increase in the dynamics of trade in services (receipts increased by 21.5% and payments by 9.3%), the share of services in the total turnover of goods and services continued to show a tendency to fall (by 1.2 points, to 14.1%).

The largest surplus in the balance of services was, as in 1999, recorded in transport services, in the amount of Sk 25.9 billion (Sk 6.0 billion more than in 1999). Receipts from transport services reached Sk 45.9 billion, representing a year-on-year increase of Sk 10.3 billion. The improvement in the balance of transport services was, to a considerable extent, affected by non-economic factors. In terms of volume, the largest item within transport services was the income from the transit of gas and oil from Russia to the Czech Republic, Western and Southern Europe. Charges for the transit of gas and oil, which increase slightly every year, represent a regular revenue for the foreign exchange economy of the SR. The value of natural gas supplied from Russia as payment in kind for the transit charges was estimated to be worth Sk 26.5 billion. This amount includes the value of compressor gas (Sk 7.4 billion), which technically ensures the transport of gas through the territory of the SR. The value of compressor gas, which increases the level of income from transit, was eliminated by an increase in imports (in the same amount), which offset any effect on the balance of the current account.

The year-on-year increase in payments for transport services (Sk 4.3 billion, to Sk 20.0 billion) was due to increased payments for freight transport and other freight services in connection with the high rate of growth in imports.

Development in the area of foreign tourism showed no marked change in 2000 compared with the previous year. Net receipts from foreign tourism in the SR amounted to Sk 6,3 billion, representing

a year-on-year increase of Sk 1.3 billion. The trend of moderate increase in foreign exchange receipts in Sk, accompanied by a fall in the travelling expenses of Slovak citizens abroad, followed the course of development of the previous year and ensured that the stability of net receipts from foreign tourism over the course of the year was unaffected. Foreign exchange receipts from foreign tourism reached Sk 19.9 billion, giving a year-on-year increase of Sk 0.9 billion, i.e. 4.5% (receipts in US\$ fell by US\$ 29.1 million, i.e. 6.3%, as a result of a depreciation in the exchange rate of the crown to the dollar). The contribution to GDP creation continued to show a falling tendency, from 2.4% in 1999 to 2.2% in 2000. The persistent fall in the amount spent by Slovak citizens on foreign travel resulted in a year-on-year fall of Sk 0.4 billion (2.9%) in the level of expenses, to Sk 13.6 billion (in US\$, expenses fell year-on-year by 13%).

Unlike transport and tourism, which generated a surplus, the balance of 'other services' (communications, construction, insurance, financial, leasing, computer engineering, advertising, business, and technical services, etc.) resulted in a deficit of Sk 11.9 billion in 2000. The reduction in the size of the deficit in comparison with 1999 (by Sk 4.0 billion) was due mainly to an improvement in the area of business services, where receipts increased and costs fell. The results of business services reflected the existing financial situation of economic entities and their increased activity on domestic and foreign markets in obtaining expert advice, organising fairs and exhibitions, etc.

Despite the faster rate of growth in receipts than payments, most services within the balance of 'other services' remained in deficit in 2000. This group included financial services, legal services, accounting and consulting services, licensing, technical services, etc., where the range and quality of services were inferior to the level of services offered from abroad. The proportion of foreign capital inflow into the service sector in the form of direct investment to the total volume of foreign direct investment was very low, except for traditional services such as hotel services. The shortage of investments was also reflected in the

area of so-called strategic services, such as centres for customer support, research and development, software development, etc..

In 2000, the balance of payments on current account was negatively affected by the growing deficit in the balance of income. The size of the deficit reached Sk 16.3 billion, representing a year-on-year increase of Sk 3.8 billion. This was due primarily to an increase in interest payments on foreign loans, and reflected the high inflow of foreign loans and the rise in the level of foreign debt from previous years. Apart from the corporate sector, where interest payments on financial loans increase every year, the continued issue of government bonds on foreign markets led to an increase in interest revenue for the government sector.

Another item that recorded a deterioration in comparison with the same period a year earlier, was the balance of current transfers, where the surplus fell year-on-year by Sk 2.7 billion, to Sk 5.4 billion. This was due to a fall in receipts in connection with the transfer of funds from abroad by natural and legal persons in the form of benefits, damages, etc.. Within the scope of government transfers, the SR received funds in the form of subsidies from international organisations in the amount of Sk 44 million; on the other hand, contributions paid to international organisations abroad reached Sk 279 million.

2.2. Capital and Financial Account

The deficit in the current account was financed from the surplus in the capital and financial account, while the inflow of foreign capital in the form of direct investment (excluding privatisation) covered the current account deficit by more than 100%. The investment requirements of domestic entities was covered from foreign resources, via foreign banks and financial companies. A significant element of financing was the increase in the diversification of relevant financial flows. A view of the capital and financial account shows that its structure was dominated by direct and portfolio investments.

Direct foreign investment in net terms (the difference between direct investments made by Slovak entities abroad and foreign entities in Slovakia) amounted to Sk 95.1 billion and resulted from the inflow of capital into Slovakia in the form of direct investment in the amount of Sk 95.9 billion and the outflow of capital via the activities of Slovak economic entities abroad in the amount of Sk 0.8 billion.

Direct investment in the SR was marked by an increase in the capital interests of foreign investors in Slovakia (Sk 91.3 billion). The increased inflow of foreign capital in 2000 was documented by the fact that the volume of capital invested by foreign companies in the Slovak economy in the form of increases in capital interests, almost corresponded to the total volume reached in previous years. This growth was caused by the entry of foreign investors into companies and banks based in the SR and to the sale of state property to foreign investors. Foreign direct investment (excluding privatisation activities) reached Sk 49.2 billion, which was 250% more than in 1999.

Owing to the privatisation activities of the State, the interest of foreign investors focused on transport and communications (46% of the total inflow). A change was also recorded in the allocation of foreign direct investments excluding privatisation funds, when the interests of foreign investors in industrial production increased. Investment in industries, such as metal working, oil refinery, paper and pulp production, etc., is not a sign of revival of sophisticated production, but may play a significant role in the further revival of foreign trade in Slovakia.

The inflow of funds in the category 'net portfolio investment' (assets minus liabilities) reached Sk 36.4 billion. In 2000, domestic investors began to show increased interest in foreign securities. The outflow of capital in the amount of Sk 9.3 billion took place mainly through the purchase of foreign debt securities by commercial banks and the corporate sector.

Portfolio investments on the side of liabilities, which include the issue of securities by domestic entities on foreign markets and the purchase and sale of securities issued in Sk by non-residents, reached Sk 45.6 billion.

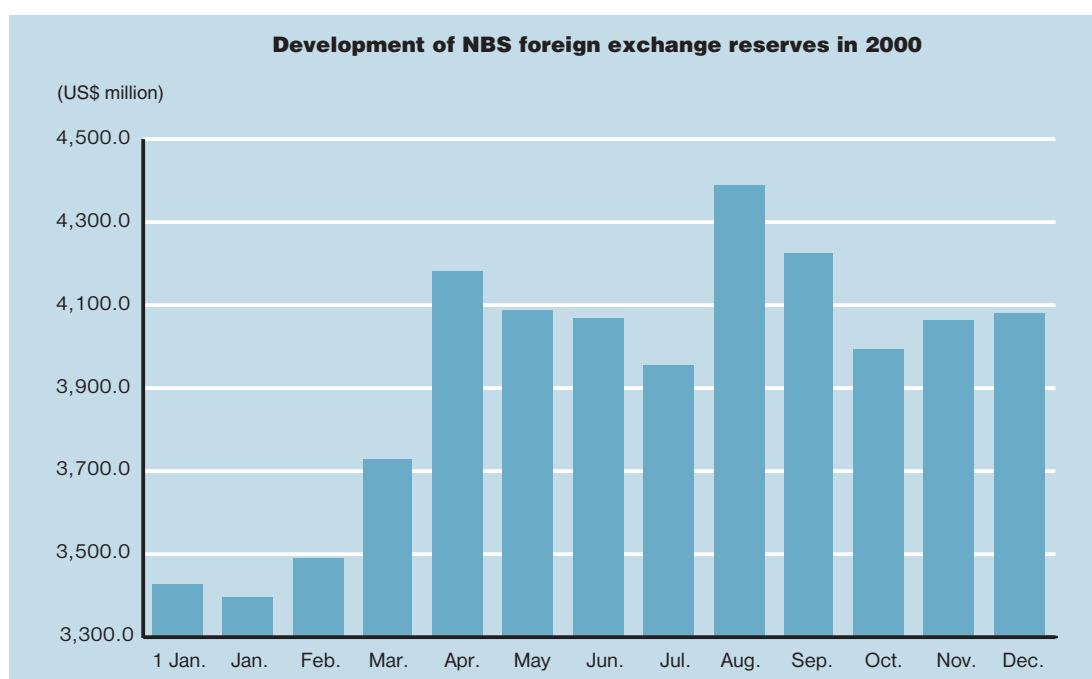
The structure of portfolio investments on the side of liabilities was dominated by debt securities (Sk 48.2 billion) due to the issue and sale of government and corporate bonds. Government bonds in the holdings of non-residents reached Sk 27.0 billion, and were the result of bond issues on foreign markets and trading in bonds issued in Slovak crowns. Apart from government bonds, portfolio investments were affected by issues of corporate securities on foreign markets, in the amount of Sk 21.2 billion.

The growth in interest in debt securities among foreign investors was accompanied by the continued decline in interest in Slovak stocks and shares, while the sale of stocks and shares by non-residents reached Sk 2.6 billion.

A substantial change was recorded in other long-term investments, which saw a capital outflow of Sk 23.9 billion. This was due partly to a change in the structure of long-term capital provided, when part of the financial loans was replaced by an issue

of government or corporate bonds on foreign markets. Another factor which affected the development of other long-term investments was an increase in the repayment of financial loans granted during the previous period. Within the scope of other long-term capital, the repayment of financial loans (Sk 75.6 billion) exceeded drawings (Sk 54.9 billion), while the outflow of capital reached Sk 20.7 billion. The structure of other long-term capital by sector was dominated by the corporate sector, both in drawings and repayments.

In the corporate sector, most financial loans were provided to industry (54.3%), predominantly the textile industry and the production of rubber and plastic goods. The change in the structure of financial loans by sector compared with the previous year, when the drawing of financial loans was concentrated in transport and communications, production and distribution of electricity, gas, and water, was due partly to a change in the structure of long-term capital inflow from abroad by sector and partly to a change in the structure of transactions concluded on the financial account. Funds obtained from issues of bonds on foreign markets as part of portfolio investments, were also allocated to the sectors 'transport and communications' and 'the production and distribution of gas'.



As for other short-term investments, the net outflow of capital from Slovakia reached Sk 48.4 billion. The volume of short-term capital was affected by transactions on the side of short-term assets (Sk -41.8 billion) and that of short-term liabilities (Sk -6.5 billion). The development of short-term assets was determined by the banking sector. The outflow of capital in the form of short-term deposits and other short-term assets in the banking sector contributed 85% to the total outflow of short-term assets from the SR. The asset side was also affected by the provision of commercial loans abroad in connection with export. An outflow of short-term capital was also recorded on the side of liabilities. Its volume was affected during the year mainly by the excess of repayments over drawings of short-term financial loans in the corporate sector.

In 2000, the foreign exchange reserves of the NBS increased by Sk 34.1 billion, i.e. US\$ 823.7 million (excluding exchange rate differentials).

2.3. Foreign Exchange Reserves

The foreign exchange reserves of the NBS totalled US\$ 4,076.8 million at the end of 2000. The key factors that positively affected revenues were the issues of Eurobonds by the Slovak Government on foreign financial markets, receipts from the purchase of foreign exchange from commercial banks on the interbank foreign exchange market, and income from the privatisation of Slovak Telecom. The expenditure side was determined by debt service payments by the NBS and loan repayments by the Government within the scope of guarantee fulfilment. During the year, the level of foreign exchange reserves was also affected by the development of cross-rates between fully convertible currencies on world financial markets. The positive balance of revenues and expenditures (US\$ 823.7 million) was partly offset by negative exchange rate differences (US\$ -172.1 million), which resulted from the weakening of other fully convertible currencies (especially the euro) against the US dollar on international financial

markets. Thus, the foreign exchange reserves of the NBS grew by US\$ 651.6 million compared with December 1999.

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

- the drawing of government loans from foreign financial institutions in the amount of US\$ 643.0 million (34% of total revenue), of which the Government's Eurobond issues on foreign financial markets accounted for US\$ 473.8 million;
- purchase of foreign exchange from commercial banks on the interbank foreign exchange market through direct transactions and central bank interventions, in the amount of US\$ 536.6 million (28% of total revenue);
- income from the privatisation of Slovak Telecom in the amount of US\$ 533.8 million;
- yields from deposits and securities held in the portfolio of the NBS in the amount of US\$ 115.6 million;
- borrowings of the NBS from the European Investment Bank in the amount of US\$ 4.4 million;
- other receipts of the NBS in the amount of US\$ 76.1 million.

The expenditure side of foreign exchange reserves was affected by:

- other expenditures of the NBS in the amount of US\$ 452.3 million (42% of total expenditure), incurred mostly in connection with the realisation of cross-border payments for NBS clients (US\$ 358.6 million), but were also significantly affected by loan repayments in December within the scope of government-guarantee fulfilment;
- debt service payments by the NBS in the amount of US\$ 250.4 million, of which the last repayment of an IMF loan accounted for US\$ 127.1 million (including the repayment of an STF in the amount of US\$ 98.3 million). In this way, the Slovak Republic fully settled its liability to the IMF;
- debt services payments by the Government in the amount of US\$ 177.9 million, of which US\$ 107.1 million was used for the repayment of

External Debt of the SR (US\$ millions)

	31.12.1999	31.12.2000
Total external debt of the SR	10,517.9	10,804.2
Official debt of the Government and the NBS	2,547.0	2,916.5
Official short-term debt	6.0	0.0
Government agencies	208.4	371.9
Municipalities	64.1	95.7
Foreign liabilities in the commercial sector	7,698.4	7,420.2
Commercial banks	680.4	683.5
Entrepreneurial entities	7,018.0	6,736.8
Medium and long-term foreign liabilities in the commercial sector	4,998.3	5,005.2
Commercial banks	345.4	316.7
Entrepreneurial entities	4,652.9	4,688.5
Short-term liabilities in the commercial sector	2,700.1	2,415.0
Commercial banks	335.0	366.8
Entrepreneurial entities	2,365.1	2,048.3

interest on Eurobonds issued by the Government;

- the sale of foreign exchange to commercial banks on the interbank foreign exchange market through direct transactions and central bank interventions in the amount of US\$ 200.6 million.

At the end of December 2000, the foreign exchange reserves of the NBS were 3.4 times greater than the volume of average monthly imports of goods and services to Slovakia during the year 2000, which represented an increase of 0.3 months in coverage compared with the figure recorded at the end of 1999. This increase was due primarily to growth in foreign exchange reserves during the year, which was partly offset by an increase in the volume of average monthly imports of goods and services (11% in US\$).

The foreign exchange reserves of commercial banks (defined as short-term foreign exchange assets vis-à-vis non-residents) reached US\$ 1,504.9 million on 31 December 2000, representing an increase of US\$ 542.7 million compared with the end of 1999. At the end of 2000, the volume of foreign exchange reserves in the banking sector including the NBS, stood at US\$ 5,581.7 million (compared with US\$ 4,387.7 million at the beginning of the year).

2.4. External Debt of the Slovak Republic

At 31 December 2000, the total gross external debt of the Slovak Republic amounted to US\$ 10.804 billion. At the same date, the official debt of the Government and the NBS stood at US\$ 2.917 billion.

The level of debt in the commercial sector, i.e. commercial banks and entrepreneurial entities (including foreign debt liabilities vis-à-vis non-residents in Sk), reached US\$ 7.420 billion at the end of December. The indebtedness of municipalities (bonds issued by the municipality of Bratislava, capital of the SR) amounted to US\$ 95.7 million. The level of foreign direct debt owed by government agencies (State Road Fund) stood at US\$ 371.9 million.

With regard to the structure of Slovakia's gross external debt, total gross medium and long-term foreign liabilities accounted for US\$ 8.389 billion. At the end of December, the volume of short-term liabilities totalled US\$ 2.415 billion. Per-capita gross external debt amounted to US\$ 2,021. The share of total short-term debt in the country's total gross foreign debt came to 22.35%.

The net external debt of the SR – expressed as the difference between gross foreign debt, i.e. US\$ 10.8 billion (liabilities of the Government and the NBS, liabilities of commercial banks and the corporate sector – except capital participation), and foreign assets, i.e. US\$ 7.9 billion (foreign exchange reserves of the NBS, foreign assets of commercial banks and the corporate sector – except capital participation), reached US\$ 2.9 billion at the end of December. At the beginning of 2000, net foreign debt stood at US\$ 4.4 billion. As a result of privatisation, the level of new foreign debt fell significantly during the year 2000 (by US\$ 1.5 billion), with the most significant falls being recorded in the sector of commercial banks (US\$ 0.8 billion) and that of businesses (US\$ 0.5 billion).

2.5. Licensing Activity of the NBS

In 2000, the licensing activity of the NBS was affected by the legislative adjustments made to the foreign exchange regime with effect from 1 January and comprised the following measures:

- liberalisation of the provision of financial loans to OECD countries with a maturity of at least one year and loans to OECD countries to pay for goods and services;
- liberalisation of the acceptance of loans with a maturity of at least one year and loans from OECD countries to pay for goods and services;
- liberalisation of the issue of guarantees for the liabilities of foreigners with a term of at least one year.

Foreign exchange permits and licences were issued as follows:

- foreign exchange permits: 825 permits and 49 supplements;
- foreign exchange licences: 62 licences and 36 supplements.

Foreign Exchange Permits

Investment Abroad

In 2000, the NBS issued 28 foreign exchange permits, of which 26 permits for direct investment abroad (except OECD countries) in the amount of Sk 466.1 million and 2 permits for portfolio investment in the amount of Sk 2.3 million.

Of the total number of permits issued for investment abroad, 26 foreign exchange permits were for investment in the form of cash deposits in the amount of Sk 343.2 million, and 2 permits for investment in securities (shares) in the amount of Sk 125.2 million.

Structure of investment by country

Country	Number of permits	Investments (in Sk millions)
Bulgaria	4	314.7
Ukraine	8	134.5
Lebanon	1	6.8
Georgia	1	4.7
Libya	1	2.4
Island	1	2.2
Rumania	6	1.4
Russia	2	1.2
Lithuania	1	0.4
Cyprus	3	0.1
Total	28	468.4

Note: Direct investment in OECD countries has been liberalised.

Acceptance of Financial Credits from Abroad

In 2000, the NBS issued 24 foreign exchange permits and 23 supplements relating to borrowing from abroad, in the total amount of Sk 20,388.3 million.

With regard to structure by term, credits with a maturity of up to one year represented 5.1% (Sk 1,041.4 million) and medium and long-term loans with the possibility of early repayment within a year accounted for 94.9% (Sk 19,346.9 million).

The largest volume of loans was provided by entities based in Great Britain (Sk 16,413.1 million), Luxembourg (Sk 2,199.8 million), and in Germany (Sk 1,086.5 million).

In four cases, the NBS granted exceptions to the transfer requirement for financial loans from abroad in the amount of Sk 16,057.7 million, including 2 cases where the opening of a foreign bank account was involved (Sk 469.4 million).

Covering the Obligations of Nonresidents by Residents

To secure the obligations of subsidiary or partner companies abroad, the NBS issued 9 foreign exchange permits and 1 supplement to domestic entities, in the total amount Sk 343.3 million.

Provision of Financial Credits to Non-residents

In 2000, 7 foreign exchange permits were issued for the provision of financial credits abroad, in the amount of Sk 7.0 million.

Trading in Foreign Securities

For the sale and purchase of foreign securities, the NBS issued 590 foreign exchange permits and 1 supplement in the total amount of Sk 164.2 million. Of this amount, 7 foreign exchange permits were for the sale of foreign securities in the amount of Sk 124.3 million, 583 permits for purchase, and 1 supplement in the amount of Sk 39.9 million.

For trading in foreign securities in Slovakia, the NBS issued 4 foreign exchange permits in the amount of Sk 820.0 million and 1 supplement to a foreign exchange permit for the placement of foreign securities on the domestic market.

Trading in Financial Derivatives

The NBS issued 86 foreign exchange permits for the conclusion of option contracts for the purchase of foreign securities (employee shares) and 1 supplement to a foreign exchange permit for trading in financial derivatives, in connection with the repayment of loans received in foreign currency.

Opening Foreign-currency Accounts at Foreign Banks

- 54 foreign exchange permits and 21 supplements were issued for the opening of foreign-currency accounts at foreign banks for the purpose of covering necessary expenses incurred in connection with construction, assembly, and repair work abroad, in a total amount of Sk 3,195.4 million (estimated in the contracts);
- 2 foreign exchange permits for the opening of currency accounts at foreign banks in connection with the acceptance of loans from non-residents;
- 18 foreign exchange permits were issued in connection with the issue of bank guarantees;
- 5 foreign exchange permits and 1 supplement exempting the holder from the transfer requirement in connection with the acceptance of financial credits from non-residents as payment for goods and services abroad and the repayment of these loans from foreign receipts, in connection with the coverage of hedging operations on commodity markets and the issue of licences for trading in financial derivatives and foreign securities.

Foreign Exchange Licences

- 55 foreign exchange licences and 34 supplements were issued for trading in foreign currencies and traveller's cheques (non-bank exchange offices);
- 4 foreign exchange licences and 2 supplements for transactions in foreign securities;

- 3 foreign exchange licences for trading in financial derivatives.

3. PUBLIC SECTOR

Budgetary Performance

Budgetary performance in 2000 was regulated by Act No. 372 on the State Budget of 16 December 1999, with revenue projected in the amount of Sk 183.8 billion and expenditure estimated at Sk 201.8 billion. The budget deficit for 2000 was set at Sk 18 billion, but Article 12 of the Act allowed this deficit to be increased by the amount of bonds issued for bank restructuring, the discharge of liabilities arising from government guarantees for bank loans, and the acceptance of new credits for loan portfolio restructuring at specific banks, and for the financing of social security projects, in the total amount of Sk 43 billion.

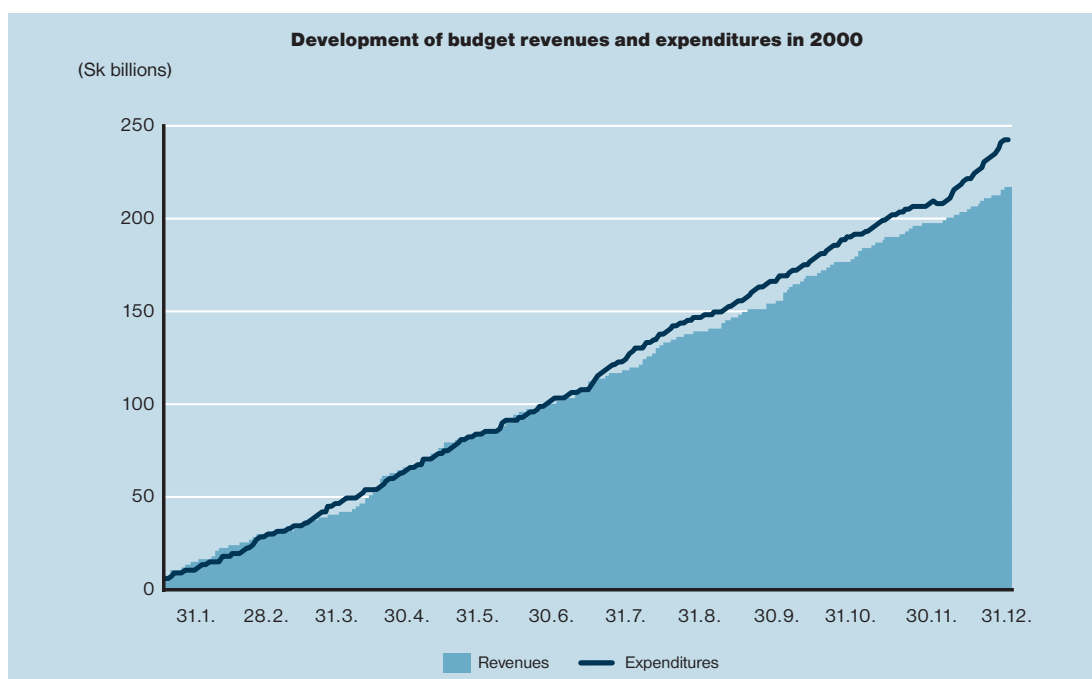
At the end of the year, the State Budget resulted in a deficit of Sk 27.6 billion. This figure consists of a shortfall in the current performance of the State Budget (Sk 14.7 billion) and the permitted increase

pursuant to Article 12 of the State Budget Act, through the bonds issued for the restructuring of selected banks (Sk 8.5 billion) and the discharge of liabilities arising from government guarantees covering the loans of Vodohospodárska výstavba, š. p. (Water Resources Management Company, state comp.) (Sk 4.4 billion). With regard to the fact that the said increase had neither a direct effect on domestic demand, nor on the level of inflation or the balance of trade, the increase may be left out of consideration from the monetary policy point of view.

Total budget revenue reached Sk 213.5 billion, exceeding the budgeted figure by 16.1%. Total revenue and expenditure must be adjusted for unbudgeted grants and transfers, as they are only incidental to the budget (are not real revenue). In 2000, net revenue reached Sk 191.3 billion, exceeding the budgeted figure by Sk 7.5 billion.

The most significant contribution to the growth in budget revenues was derived from value-added tax, which exceeded the budgeted figure by Sk 7.7 billion and the figure for the previous year by Sk 11.6 billion.

Revenue from excise duties exceeded the budgeted level by 5.4% (i.e. Sk 1.4 billion) and the figure for the previous year by Sk 3.3 billion.



Revenue from corporate income tax was 2.5% above the budgeted level and Sk 3.1 billion higher than in 1999. In the area of personal income tax, however, the budgeted revenue was not fulfilled. Compared with the budgeted Sk 27.1 billion, personal income tax was collected in the amount of Sk 25.4 billion. In 2000, revenue from personal income tax remained Sk 5.0 billion below the level of 1999.

Real development confirmed the expectation that budget revenue had been underestimated. With regard to the favourable fulfilment of corporate income tax revenues, corporate entities were allowed to make advance payment of this tax at a reduced rate (29%).

Budget expenditure reached Sk 241.1 million (19.5% more than the amount fixed in the State Budget Act), while expenditure without grants and transfers, expenses on bank restructuring, and the realisation of guarantees for VHV (Vodohospodárska výstavba) loans reached Sk 206.1 billion, which was Sk 4.3 billion above the budgeted level.

On the whole, it is possible to say that the budgetary levels laid down in the State Budget Act were basically observed. The deficit of the country's standard budgetary performance remained under the planned level and reached approximately 82% of the budgeted figure.

Government Guarantees

Principal of government guarantees in 2000 amounted to Sk 35.3 billion, and concerned mainly loans to Slovak Railways, the Slovak Power Company, and the State Road Fund. The volume of guarantees taken up was Sk 10 billion higher than in 1999.

The volume of realised government guarantees was also higher than in the previous year, and amounted to Sk 15.5 billion, of which Sk 9.8 billion was covered by income from privatisation, which is not included in the balance of budget revenues and expenditures.

Relationship Between the NBS and the State Budget

In 2000, the relationship between the National Bank of Slovakia and the Ministry of Finance of the SR was based on market principle, rather than on a fixed basis, which meant that interest rates on the assets of the State held in the summary memorandum account of the Slovak Republic at the NBS were realised subject to the fluctuations in interest levels on the interbank money market. In the period concerned, interest was calculated on the basis of the average overnight BRIBOR rate less 2%. In accordance with the decision of the Bank Board of the NBS, this interest payment regime was first applied on 1 January 2000.

Interest was paid to the Treasury in the amount of Sk 1.16 billion in 2000, from the summary memorandum account of the SR at the NBS.

Pursuant to Act No. 372/1999 on the State Budget for 2000, the National Bank of Slovakia was to transfer Sk 2.0 billion of its profit to the State Budget of the Slovak Republic. The actual amount of transfer to the State Budget reached Sk 7.346 billion, of which Sk 4.0 billion was transferred in 2000 and Sk 3.346 billion entered in the relevant account as budget revenue in 2001.

Development of State Financial Assets and Liabilities in 2000

State financial assets maintained in the form of deposits at the NBS amounted to Sk 1.1 billion at the end of 2000. Over the course of the year, a marked change was recorded in the assets: they fell by Sk 14.4 billion compared with the initial level in 2000 (Sk 15.5 billion). Since the relevant legal regulations enabling the transfer of NBS's remaining profit to state financial assets had been approved in 1999, large volumes of funds were accumulated within state assets, which were used over the course of the year, as follows:

- Sk 4 billion was employed to settle the liabilities of Slovak Railways vis-à-vis the Social

Insurance Corporation and the Joint Health Insurance Company;

- Sk 10 billion was transferred to the account of ČSOB under the terms of a Revolving Loan Agreement signed between IMF and ČSOB;
- Sk 0.4 billion was used in out-of-court restitution.

State financial liabilities reached a zero value at the end of the year.

State Funds

At the end of 2000, the overall position of State funds was that of a debtor, in the amount of Sk 26.7 billion. This position was in large part due to domestic and foreign credit facilities, totalling Sk 36.2 billion at the end of December. The dominant part of these credits (96.7%) was granted to the State Road Fund, for the financing of motorway construction in Slovakia. Excluding credit resources and funds which were allocated from the State Housing Development Fund to individual entities but remained unused (Sk 1.5 billion), State funds had Sk 8.0 billion at their disposal for the financing of their activities. In comparison with 1 January 2000, the volume of credits increased by Sk 8.5 billion. During the year, the largest balance was recorded in the account of the State Fund for the Liquidation of Nuclear Power Engineering Facilities and Handling of Spent Fuels and Radioactive Waste, which stood at Sk 3.7 billion at 31 December 2000.

National Property Fund

The position of the National Property Fund of the SR (NPF) vis-à-vis the banking sector was predominantly that of a debtor throughout the year, and amounted to Sk 0.1 billion at the end of December. A creditor position was achieved only during the period August to November, due to income from the privatisation of the State holding in Slovenské telekomunikácie, a.s. (Slovak Telecom), which was, however, used for the

discharge of government guarantees and the funding of development programmes in conformity with the wishes of the Slovak Government.

A total of 309,845 bonds were redeemed in 2000, mostly by using bonds for the repayment of the liabilities of the debtors of NPF. At 31 December 2000, the redemption date, 1,921,058 bonds remained in circulation, which represents roughly Sk 27 billion in financial terms.

Budgetary Performance of Public Finances

In 2000, the budgetary performance of public administration (State Budget, State funds, NPF, Slovak Land Fund, Social Insurance Corporation, health insurance companies, National Labour Office, and municipalities) resulted, according to data from the Ministry of Finance, in a total fiscal deficit of Sk 30.2 billion (roughly 3.4% of GDP) according to IMF methodology. This amount included interest paid in connection with bank restructuring and expenses incurred in connection with the discharge of government guarantees for the loans of Vodohospodárska výstavba, š. p. (VHV).

4. MONETARY POLICY AND MONETARY DEVELOPMENT

In 2000, the National Bank of Slovakia implemented its monetary policy in an environment marked by continued macroeconomic stabilisation. Compared with the previous year, the balance of payments on current account continued to improve, the ratio of fiscal deficit to GDP fell, the dynamics of prices slowed, and the rate of economic growth increased. This development encouraged stabilisation of the money and foreign exchange markets as well as a qualitative change in monetary policy. The shift to direct setting of the NBS rates for transactions with the banking sector led to a fall in volatility and the level of interbank

rates. In view of the favourable trend in macro-economic development, the NBS gradually reduced its key interest rates over the course of 2000. This was, in turn, reflected in lower interest rates for customers. In 2000, the conduct of monetary policy was also affected by the privatisation activities of the Government, which led to growth in the money supply and a rise in the level of liquidity in the banking sector. As a result, the NBS sterilised an average of Sk 40 billion per day in 2000.

The fall in interest rates on loans, the reduction in the ratio of required reserves, and the increase in excess liquidity, paved the way for further development of the economy.

4.1. Monetary Development

The activities of the NBS were affected in 2000 by the favourable development of the economy not only in the area of prices but also in foreign trade, the sale of the State holding in Slovak Telecom, and the ongoing restructuring of selected commercial banks. These factors were reflected in the exchange rates area and the development of monetary aggregates, as well as in the implementation of monetary policy.

The favourable trend in the capital and financial account of the balance of payments, coupled with the utilisation of interest rate differentials by foreign investors, caused the exchange rate of the Sk to appreciate during the first months of the year, which the NBS dampened through interventions on the foreign exchange market. The NBS intervened against further depreciation of the crown, in the light of the effects of non-economic factors during the second half of the year, a steep increase in imports in the last quarter and seasonal development in the exchange rate of the crown towards the end of the year. On a year-on-year basis, the exchange rate of the SKK to EUR depreciated by 3.76%. In relation to the US dollar, the crown depreciated by 12.56%, due to external factors such as the development of the US

economy and the USD/EUR cross-currency rate. With regard to the fact that the reference currency for the Slovak crown is the euro, the exchange rate of the crown to the US dollar remained outside the scope of central bank intervention.

The depreciation in the nominal exchange rate of the crown against the currencies of our trading partners was not offset by a rise in the level of domestic inflation - expressed in terms of the producer price index - contrary to the dynamics of prices in the countries of our trading partners. As a result, the real effective exchange rate depreciated by 1.3% and represented a moderate improvement in the price competitiveness of Slovak producers on foreign markets.

The privatisation activities of the Government had no direct effect on exchange rate development as receipts from privatisation were automatically converted at the NBS before being deposited in a special account at the National Property Fund. This eliminated any one-off effect on the exchange rate, but the sterilisation position of the NBS increased as a result.

The development of monetary aggregates in 2000 was affected by the situation in the banking sector, the end of operations and reporting at some commercial banks, the restructuring of selected banks, and the privatisation activities of the Slovak Government.

The growth in the money supply was stimulated by both foreign and domestic resources. Net foreign assets increased (at fixed 1993 exchange rates) by Sk 28 billion and the rate of growth reached 68.7%. Net domestic assets recorded a year-on-year increase of Sk 44.0 billion (9.4%), due primarily to growth in the volume of net credit to the Government.

The position of the National Property Fund (NPF) improved by Sk 1.1 billion compared with the beginning of the year. In comparison with August (when Slovak Telecom was sold), however, the position of NPF had deteriorated, i.e. the volume of deposits in net terms fell by Sk 19.8 billion. Part of

these funds affected the development of M2, part was reflected in the budgetary performance of social security funds, and part was used for the payment of guarantees on foreign loans, i.e. had no expanding effect on the domestic economy.

The volume of net credit to the Government, which grew during the year by Sk 23.9 billion (at fixed 1993 exchange rates), was affected by budgetary performance, which resulted in a deficit lower than expected, and by bank restructuring expenditure. In this context, the increase in the level of debt in the public sector is acceptable.

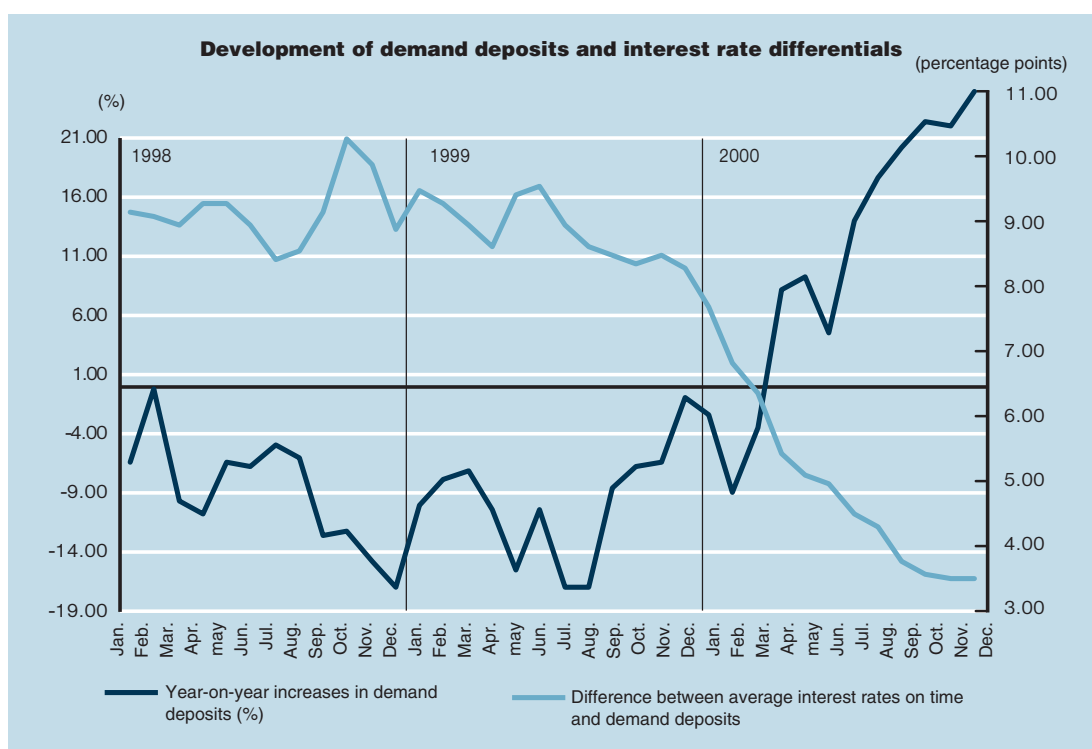
Within the domestic resources of M2, an absolute fall was recorded in bank lending (Sk 1.0 billion; 0.2%). In evaluating the total volume of bank loans, however, it is necessary to take into account factors which had, compared with 1999, one-off, artificial, and temporary effects, and included the winding-up of operations and reporting at three commercial banks and loan portfolio restructuring at selected banks. This led to a fall in the capitalisation of non-performing loans, the use of provisions, and the reclassification of loans. After adjusting the total volume of loans for the given effects and creating a homogenous time series

comparable with 1999, the volume of loans shows a year-on-year increase of 4.1%. This roughly corresponds to the rate of growth projected in the monetary programme and the figure from the end of 1999. This would indicate that bank lending was not totally stagnant, but that the structure of the increase had changed in favour of households.

4.2. Structure of the Money Supply

In 2000, the M2 money supply (at fixed 1993 exchange rates) increased by Sk 72.1 billion, due to growth in both quasi-money (Sk 38.7 billion) and the M1 aggregate (Sk 33.4 billion). At the end of the year, the volume of the money supply reached Sk 580.4 billion.

The dynamics of year-on-year growth in the M2 aggregate gradually increased during the year (the marked increase in the rate of year-on-year growth in August and September was caused by the sale of part of the State holding in Slovak Telecom to a foreign investor), reaching 14.2% at the end of December, which represented an increase of 3.3 percentage points in comparison with 1999. The



M1 aggregate grew by 21.7% (compared with a fall of 4.6% in 1999) and quasi-money by 10.9% (compared with 13.9% in 1999) on a year-on-year basis.

The value of currency in circulation outside banks grew year-on-year by Sk 9.5 billion (16.5%) and its development during the year was characterised by a marked acceleration in its year-on-year dynamics. The payment of insured deposits to the clients of banks which had ceased to be operative (AG Banka, Slovenská kreditná banka, and Dopravná banka) had a stimulating effect on the issuing cycle.

Demand deposits increased during the year by Sk 23.8 billion and the year-on-year dynamics reached 24.7%. The increase took place in household (Sk 13.5 billion) and corporate deposits (Sk 10.3 billion). In the same period a year earlier, demand deposits had fallen in volume by Sk 1.1 billion (1.1%), of which household deposits by Sk 1.1 billion (2.7%) and corporate deposits by Sk 0.2 billion (0.3%). The development of demand deposits was affected by the diminishing interest rate differential between time and demand deposits. This was reflected mainly in the demand deposits of households, which had negative growth dynamics in the first months of 2000, but the rate of year-on-year growth accelerated considerably with the reduction in the difference between interest rates on time and demand deposits. The development of demand deposits in the corporate sector was affected, apart from the diminishing interest-rate differentials, by seasonal fluctuations in connection with the discharge of liabilities vis-à-vis the State Budget.

Time deposits grew in volume by Sk 29.7 billion (10.0%) during the year 2000. The most significant increase took place in corporate time deposits (Sk 13.9 billion), the annual growth dynamics of which increased by 3.2 percentage points, to 33.7%. The increase in corporate time deposits took place mostly in deposits at up to 1-month notice (13.8%), which accounted for 67.4% of total time deposits in the corporate sector, and in deposits at up to 3-month notice (13.4%), representing almost 10% of the total. Time deposits with a maturity of up to 1

year (representing 11.2% of total time deposits in the corporate sector) grew only slightly (by 1.8%). In the insurance sector, time deposits increased in volume by 22.9% (Sk 3.9 billion). Due to the small differences between short-term and long-term deposit rates, the corporate sector continued to prefer short-term deposits in 2000.

In the household sector, time deposits recorded an increase of Sk 11.9 billion in 2000. The year-on-year dynamics of time deposits have been on the decline since 1998. The attractiveness of time deposits fell considerably in the household sector in 2000, due probably to the reduction in the interest rate differential between demand and time deposits. The rate of year-on-year growth in time deposits reached only 5%, representing a slowdown of 7.7 percentage points in comparison with 1999. Within the structure of time deposits, the most significant increase took place in deposits at up to 3-month notice (4.9%) and deposits at up to 1-year notice (6.0%). Compared with 1999, the ratio of short-term deposits to time deposits of households increased slightly (by 2%), to 69% in 2000.

Slovak-crown deposits (demand and time) increased in volume by Sk 53.5 billion (13.6%) during 2000. The increase was due to growth in both household (Sk 25.4 billion) and corporate deposits (Sk 23.9 billion). In the household sector, the rate of growth in crown deposits slowed to 9.1% in 2000 (from 10.1% in 1999; 10.6% in 1998; 17.7% in 1997). This reflects the low purchasing power of households, the slow growth in nominal wages, and the high rate of unemployment. In the corporate sector, the rate of year-on-year growth in crown deposits increased by 11.9 percentage points, to 24.8%. In previous years (1997 and 1998), these deposits had shown negative growth dynamics, which could have been a result of improvement in the financial situation of business entities. The deposits of insurance companies grew by Sk 4.2 billion.

Foreign-currency deposits increased by Sk 9.0 billion (15.6%) in 2000 and their annual growth dynamics increased considerably in comparison with 1999 (Sk 3.5 billion; 6.5%). Household

deposits increased by only Sk 0.9 billion (2.3%), but corporate deposits grew by Sk 8.1 billion, representing a year-on-year increase of 44.0%. The marked increase in corporate deposits was due to an inflow of foreign funds in connection with the privatisation of strategic companies (increase in registered capital).

4.3. Lending Activities

Bank loans in Sk and foreign currency to the entrepreneurial sector, households, central and local authorities for extrabudgetary purposes, are loans reported by the banking sector according to the rules for statistical reporting^{4/} (i.e. they are not adjusted for data on banks which have been closed, accounting transfers connected with restructuring, etc.; from a procedural points of view, they are not to be confused with loans to households and enterprises, which do not include the government sector).

At the end of the year, the total volume of bank loans reached Sk 407.6 billion, of which crown loans accounted for Sk 351.8 billion and loans in foreign currency Sk 55.8 billion. In comparison with December 1999, the total volume of loans fell by Sk 3.1 billion (0.8%), while crown loans increased by Sk 1.6 billion (0.5%) and foreign-currency loans declined by Sk 4.7 billion (7.8%).

Within the structure of crown loans, the most significant increases took place in loans to households (Sk 7.9 billion) and loans to non-financial organisations (Sk 0.9 billion). At the same time, bank loans to small businesses fell by Sk 5.7 billion, loans to central and local authorities for extrabudgetary purposes by Sk 1.3 billion, and loans to the financial sector by Sk 0.8 billion.

With regard to the structure of loans by sector, the

share of loans in the entrepreneurial sector decreased, while that of loans to households increased. At the same time, the share of loans in the public sector increased and that of loans in the private sector decreased. The changes in the structure of loans by sector were connected with the transfer of restructured loans to the public sector (i.e. loans originally made to the private sector).

In the structure of crown loans by term, the share of short-term loans increased by 2.7 percentage points (to 35.3%), that of medium-term loans by 0.1 points (to 37.5%), while the share of long-term loans decreased by 2.8 points (to 27.1%). Comparison with the initial state is, to some extent, distorted by loan portfolio restructuring at the three largest banks (the share of short-term loans increased as a result).

During the year, the structure of crown loans by sector changed with the shift of restructured loans to the category 'other loans', the share of which increased by 9 points. The share of loans in the production and distribution of electricity, gas, and water also increased slightly, by 1.6 percentage points. The most significant decreases took place in the percentage of loans in the following sectors: trade, repairs to consumer goods and motor vehicles, hotels and restaurants (from 16.8 to 11.7%); and industrial production (from 24.4 to 21.5%). In other sectors, the loan percentage decreased to a lesser extent.

Of the total volume of bank credit extended in 2000 (Sk 430.8 billion), loans to entrepreneurial entities accounted for 95% and were mostly short-term loans. The household sector absorbed 3.9% of the total volume of new loans.

With regard to the structure of new loans by purpose, operating loans accounted for 61.3% and overdraft facilities 20.0%. Loans granted for developmental programmes represented only 4.1%

4/ Bank lending over the course of the year was affected mainly by loan portfolio restructuring at selected banks. In December 1999, classified loans were transferred to Slovenská konsolidačná, a.s. in the amount of Sk 61.7 billion and to Konsolidačná banka, š.p.ú. in the amount of Sk 11.4 billion. In June 2000, within the second stage of restructuring, Sk 30.9 billion was transferred to Slovenská konsolidačná, a.s.. The loans transferred were all provided at a rate of 10.30%. In connection with restructuring, several accounting transfers were made with the aim of reducing the reported volume of loans and influencing lending rates. The factors that affected the volume of bank lending included the ending of business operations and reporting at certain banks, an increase in the use of securities as an alternative to loans, and greater caution on the part of commercial banks when granting new loans.

of the total volume of credit extended, which was associated with their structure by term. Short-term loans with a maturity of up to 1 year accounted for 96.1% of the volume of new loans. June 2000 saw the second stage of loan portfolio restructuring at selected banks, which distorted the structure of loans by term and purpose to some extent.

4.4. Interest Rate Development

The qualitative control of monetary policy through key interest rates of the NBS when faced by excess liquidity in the banking sector, led to a gradual fall in customer interest rates on loans and deposits at commercial banks.

From April, average interest rates on new loans followed a downward trend, thus copying the NBS's key interest rate adjustments. During the year 2000, the level of these rates was steadily approaching the overnight refinancing rate of the NBS.

The development of interest rates in 2000 was considerably affected by the transfer of loans to Slovenská konsolidačná, a.s. in connection with restructuring of the banking sector. The transfers affected the rates of interest on both the volume of existing loans and on new loans. They took place in December 1999 and June 2000.

The price of new loans fell by 1.77 points compared with December 1999 (to 10.78%). However, loans transferred in connection with loan portfolio restructuring were not included in the average rate of interest for December 1999. During that month, loans were transferred to Slovenská konsolidačná, a.s. in the amount of Sk 61.7 billion at a rate of 10.30%, which considerably affected the figure for the comparison period. Without the restructuring effect, the interest rates would have fallen by 5.35 points.

During the year under review, the rates for short-term loans fell by 5.66 percentage points, to 10.74%. With regard to the dominant proportion of

short-term loans (96.0%), short-term rates contributed significantly to the fall in the average rate of interest on new loans. Average interest rates on long-term loans fell by 4.54 points, to 9.56%. The ending of operations and reporting at certain banks also contributed to the fall in average interest rates.

Average interest rates on operating loans fell year-on-year by 11.03 percentage points, to 9.91% in December 2000. Interest rates on current accounts reached 14.25%, representing a fall of 8.55 points compared with 1999. Average interest rates on consumer loans to households fell year-on-year by 0.39 points, to 10.40%.

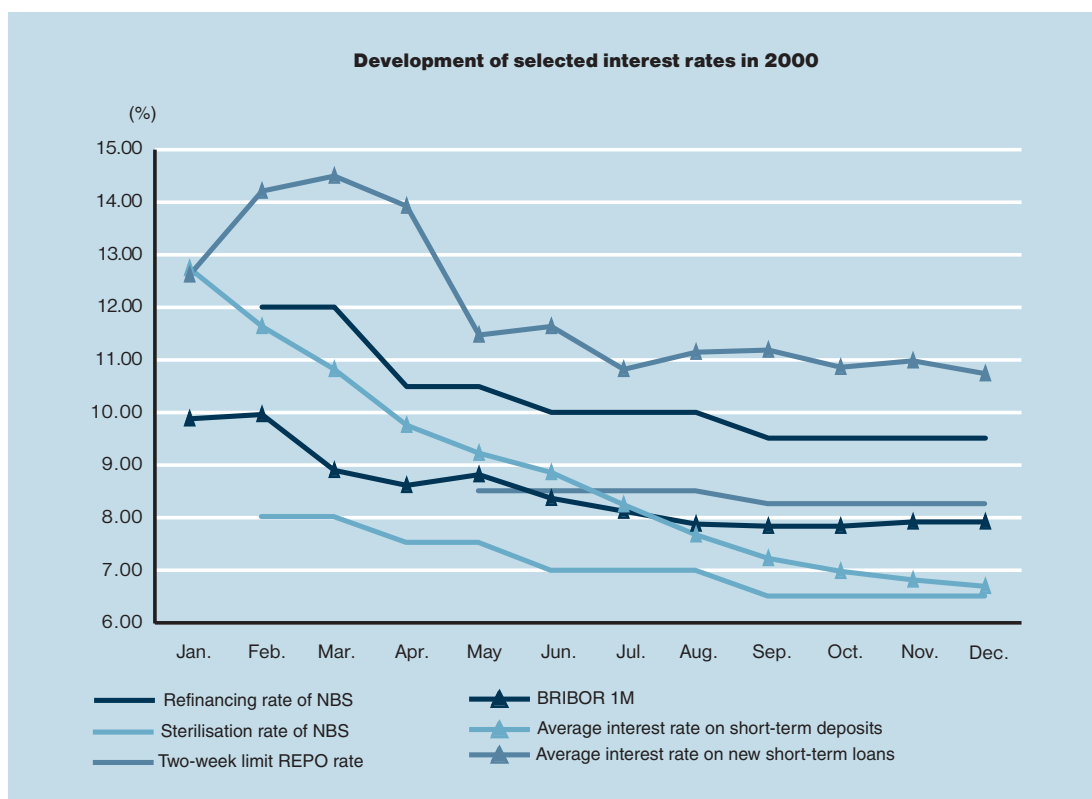
Real interest rates on new short-term loans, reduced by the rate of inflation expressed in terms of the consumer price index, reached 2.34% in December. In December 1999, they stood at 2.20%. Real interest rates, reduced by industrial producer prices, reached 1.64% in December 2000 (compared with 8.70% in the same period a year earlier).

The average interest rate on the total volume of loans fell by 3.95 percentage points, to 10.05% at the end of 2000. The average rate for short-term loans fell by 7.35 points (to 11.10%), that for medium-term loans by 3.10 points (to 9.54%), and the rate for long-term loans by 1.50 points (to 9.36%).

The development of interest rates on crown deposits during 2000 was characterised by a downward trend, which reacted to changes in the key rates of NBS more sensitively than the interest rates on loans.

In December 2000, the average interest rate for total crown deposits was 4.28 percentage points lower than in December 1999. The average rate for time deposits fell by 5.53 points (to 6.55%) compared with December 1999. The level of interest rates on demand deposits fell from 3.76% to 3.08%.

The fall in average interest rates for time deposits was due mainly to a change in average interest



rates for short-term deposits. The average rate for these deposits fell from 13.68% in December 1999 to 6.71% in December 2000, representing a fall of 6.96 percentage points. In December 2000, the average interest rate for medium-term deposits reached 7.81% (a year-on-year fall of 3.65 percentage points) and that for long-term deposits 4.55% (an increase of 0.08%).

In December 2000, real interest rates on one-year deposits were negative, at the level of 0.96%, as in December 1999 (1.89%). The level of real interest rates on short-term deposits, expressed as the difference between the average annual rate of interest on short-term deposits and average annual inflation, reached a negative value (3.1%) in 2000, which had been positive a year earlier (3.93%).

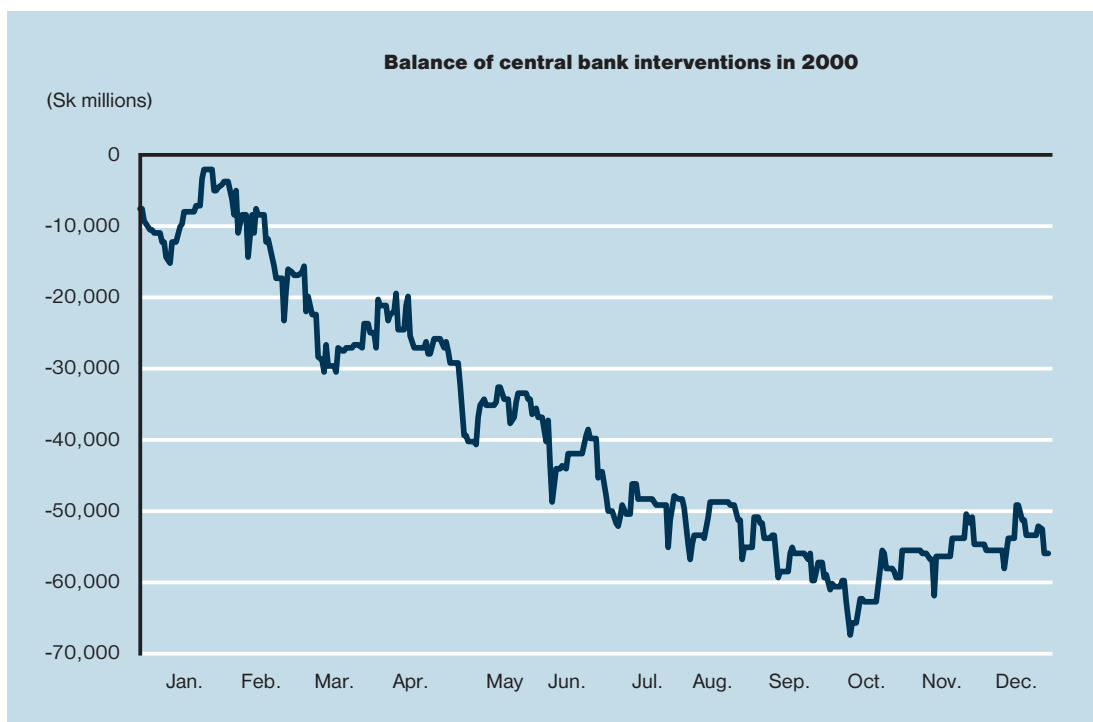
4.5. Implementation of Monetary Policy

The implementation of monetary policy in 2000 was affected mainly by the shift to qualitative

monetary control, which was in line with the harmonisation of instruments employed by ECB. Another characteristic feature of monetary development was the increase in the sterilisation position, to Sk 56.3 billion at the end of 2000, from Sk 8.0 billion at the beginning of the year. The sterilisation of excess liquidity took place mainly through two-week REPO tenders and issues of three-month NBS bills.

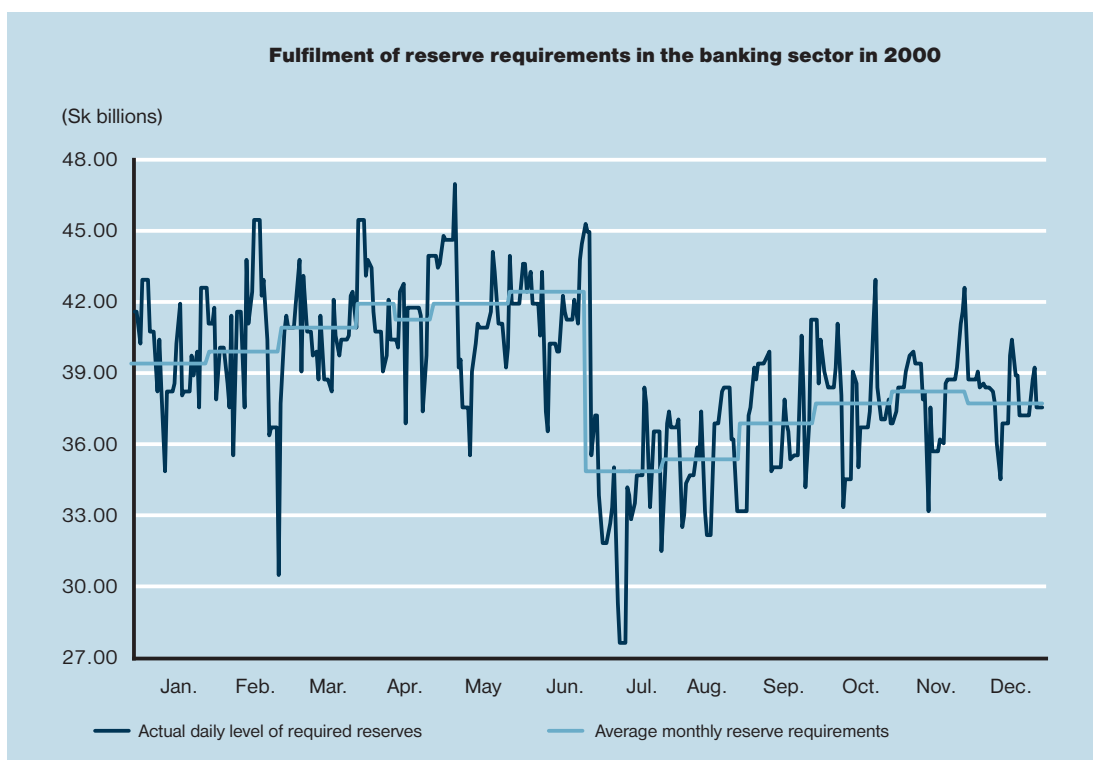
The change in the implementation of monetary policy was due to the fact that the NBS began to set interest rates for overnight transactions with commercial banks (from 1 February) and a limit rate for two-week REPO tenders (from May). In so doing, the NBS took another step towards the standardisation of its monetary instruments and increasing the transparency of monetary control. In comparison with the rate for overnight operations, the two-week REPO rate represents a strong signal from the NBS for the desired development of interest rates and the expected course of monetary and economic development.

The NBS decided to change the conduct of monetary policy in view of the favourable trend in



macroeconomic development, with the aim of stabilising the level of interbank interest rates and reducing the price of money in the economy. The favourable course of inflation, reasonable development in public finance, the balance of payments, and the exchange rate of the SKK, led to a gradual fall in the interest rates of the NBS during

the year. The cut was reflected in the level of other interest rates, first on the interbank money market, then on the market for government securities, and finally in the rates of interest for primary customers. Thus, the favourable macroeconomic development made it possible for the NBS to support lending activity. At the same time, the ratio of required



Required reserves**(Sk billions, %)**

	Required reserves		Fulfilment in 1st period		Fulfilment in 2nd period	
	Set	Actual	Average	% fulfilment	Average	% fulfilment
January	39.24	39.84	40.03	102.02	39.66	101.07
February	39.78	39.88	39.88	100.24	39.88	100.26
March	40.73	40.66	40.76	100.06	40.56	99.56
April 1	41.78	41.49	41.68	99.76	x	x
April 2	41.16	41.49	x	x	41.30	100.34
May	41.71	41.40	41.73	100.05	41.10	98.52
June	42.31	41.49	41.47	98.02	41.52	98.13
July ^{1/}	34.78	34.28	34.19	98.31	34.35	98.77
August	35.31	35.39	35.31	100.00	35.46	100.44
September	36.72	36.88	36.85	100.35	36.91	100.53
October	37.56	37.71	37.77	100.56	37.66	100.27
November	38.10	38.19	38.19	100.23	38.19	100.22
December	37.66	37.85	37.83	100.47	37.87	100.57

1/ With effect from 1 July 2000, the ratio of required reserves was reduced from 8.0 to 6.5%, the difference between the level of required reserves in June and July 2000 was Sk 7.5 billion.

reserves in the banking sector was reduced from 8.0% to 6.5%, i.e. by Sk 7.5 billion, with the aim of increasing the competitiveness of domestic banks (in December 2000, the Bank Board of the NBS lowered the ratio still further, to 5.0%, with effect from 1 January 2001).

Interventions on the foreign exchange market in the form of purchases of foreign exchange, reduction in reserve requirements, the financing of debt servicing through issues of Eurobonds, the use of receipts from privatisation in the account of NPF with the NBS, and the payment of compensation for inaccessible bank deposits by the Deposit Protection Fund, represented the main sources of liquidity for the banking sector in 2000. The increase in surplus liquidity and the excess in volume of repayments of government securities (including yields due on government bonds) over the volume of government bonds issued, caused a fall in interest levels. Despite the fall, however, the interest of foreign investors in government securities showed a tendency to grow.

The budget deficit in the amount of Sk 27.7 billion and debt servicing commitments from previous years were financed at considerably lower costs than in previous years (by 7 percentage points in the case of 1-year bonds). At

the same time, the excess liquidity, fall in interest rates, and the positive forecasts for economic development, made possible the issue of government securities with longer maturities, i.e. 5, 7, and 10 years.

In 2000, the reserve requirements often remained unfulfilled in the banking sector, mainly from the second period in March to the end of July, when reserve requirements were fulfilled to over 100% only in two periods out of nine. The non-fulfilment of reserve requirements was due to liquidity problems at some commercial banks.

The maximum fluctuations in the daily volume of required reserves in the individual periods ranged from a surplus of Sk 3.6 billion to a deficit of Sk 4.0 billion in reserves.

4.6. Monetary Policy Instruments

1. Interest rate policy

- a) Limit rate for standard two-week REPO tenders conducted by the NBS:
- | | |
|------------------------|-------|
| from 29 May 2000: | 8.50% |
| from 31 August 2000: | 8.25% |
| from 27 December 2000: | 8.00% |

b) Interest rate for overnight refinancing operations conducted by NBS with commercial banks:

from 1 February 2000:	12.00%
from 27 March 2000:	10.50%
from 29 May 2000:	10.00%
from 31 August 2000:	9.50%
from 27 December 2000:	9.25%

c) Interest rate on overnight deposits placed by commercial banks with the NBS:

from 1 February 2000:	8.00%
from 27 March 2000:	7.50%
from 29 May 2000:	7.00%
from 31 August 2000:	6.50%
from 27 December 2000:	6.25%

d) Discount rate:

from 13 January 1996:	8.80%
-----------------------	-------

e) Lombard rate:

from 1 January 1999:BRIBOR + 5.0%

2. System of banking operations

a) *Open market operations:*

Until the end of January, the NBS co-ordinated irregular, quantitatively limited REPO tenders with commercial banks, according to the situation on the money market. Since February, the NBS has co-ordinated REPO tenders with a standard maturity of 14 days, at regular weekly intervals. With effect from 29 May 2000, the NBS set a limit rate for standard two-week REPO tenders.

With effect from 1 February 2000, the NBS enabled commercial banks to have automatic access to overnight sterilisation and refinancing resources at the announced rates of interest. With effect from April, overnight sterilisation REPO tenders were replaced by the non-collateralised commercial banks' deposits with the NBS.

b) *Issues of NBS bills for the portfolios of commercial banks* – a fine-tuning instrument of the NBS for long-term liquidity control in the banking sector. Auctions in NBS bills were co-ordinated at regular intervals, by using the Dutch auction technique.

c) *Bills-of-exchange operations* – bills of exchange were rediscounted at the discount rate.

d) *Lombard loans* – loans backed by the

pledge of securities granted at Lombard rate. The NBS may grant Lombard loans for a period of 7 calendar days (1 W), 14 calendar days (2W), and for 1 month (1M).

e) *Redistribution loans:*

- Traditional: at a rate of 9.5%;
- Soft loans: at a rate of 7.5%.

3. Reserve requirements

With effect from 1 January 2000, commercial banks were required to maintain minimum reserves in the amount of 8% of primary deposits, (including foreign exchange and crown liabilities vis-à-vis non-residents); of crown and foreign-currency deposits with foreign banks; of bills of exchange, bonds, and other liabilities to non-bank customers. The ratio of required reserves for home savings banks remained unchanged (3%). Required reserves attract interest at the rate of 1.5%. In accordance with convergence to standard monetary-policy instruments applied in EMU, the ratio of required reserves was reduced from 8.0 to 6.5% with effect from 1 July 2000.

4. Exchange-rate and foreign-exchange policy

a) *Floating exchange rate:*

With effect from 1 October 1998, the National Bank of Slovakia ceased to guarantee a fixed nominal exchange rate for the Slovak crown against a currency basket within a fluctuation band. The value of the Slovak crown is tied to a reference currency, which is the euro (EUR) – the single currency of the European Monetary Union (as of 1 January 1999). The exchange rate of the Sk now depends on the exchange rate of EUR to USD on world markets, the development of supply and demand for the Slovak crown on the foreign exchange market, and the policy and goals of the central bank. The National Bank of Slovakia may intervene in the event of excessive volatility in the crown's exchange rate through foreign exchange transactions, i.e. purchases and sales of foreign currencies on the foreign exchange market.

b) Nominal exchange rate of the SKK:

In relation to EUR, the nominal exchange rate of the Slovak crown depreciated by 3.8% during 2000, to SKK/EUR 43.996 on 29 December 2000. In relation to central parity (applied in the former fixed exchange rate regime), the crown depreciated by 9.20 percentage points, to 27.47%, due primarily to the appreciation of the US dollar against the euro on international foreign exchange markets. During the period under review, the exchange rate of the crown weakened in relation to the dollar by 12.6%, to SKK/USD 47.389.

c) Real effective exchange rate of the SKK:

The real effective exchange rate (REER) of the Slovak crown, calculated on the basis of the producer price index, as an indicator of change in the competitiveness of domestic production vis-à-vis abroad (for the country's nine major trading partners: USA, Great Britain, Austria, France, Germany, Italy, the Netherlands, Switzerland, and the Czech Republic), depreciated by 1.0 percentage point over the course of 2000, i.e. the price-based competitiveness of Slovak exports increased. The trend of slowdown in the year-on-year appreciation of the REER index began in the middle of the year and the attainment of negative values in the fourth quarter represented a moderate increase in the level of price-based competitiveness. The REER index, based on the consumer price index, reached the same value as at the end of the previous year, i.e. recorded a zero year-on-year change at the end of December 2000.

4.7. Monetary Calendar

January

- With effect from 1 January 2000, the import surcharge applied in Slovakia (since June 1999) was reduced from 7% to 5%.
- With effect from 1 January, excise duty on tobacco, alcohol, and beer was increased and income taxes for natural persons and corporate entities were reduced. For

corporate entities, the tax rate was lowered from 40% to 29%; for natural persons, the tax zones were extended and deductible items increased.

February

- On 1 February, the NBS began to set rates for overnight sterilisation and refinancing operations.
- The Government approved another increase in the price of electrical power (40%); natural gas (30%); water and sewage disposal (27%); postal services (10%); rail-fares (30%) and bus transport (20%). As a result, the NBS modified the estimated rate of year-end inflation from 9.5% to 10.5%.
- The World Bank placed crown-denominated Eurobonds on the market in the amount of Sk 750 million, with a coupon yield of 10.25% and maturity on 11 February 2002.

March

- On 28 March, President of the Slovak Republic R. Schuster appointed Mrs Elena Kohútiková, Chief Executive Director of the Monetary Division and a Member of the Bank Board, a Vice-Governor of the NBS.
- The Government of the SR issued Eurobonds in the amount of EUR 500 million, with a maturity of 10 years. The bonds offered an annual yield of 7.375%, i.e. 217 base points more than the bonds of the Bundesbank. The rating agency Standard & Poor's assigned a BB+ rating to the issue.

April

- To simplify the administrative procedure to be followed in sterilisation and to ensure conformity with the rules applied in the European Union, commercial banks were allowed to place their free funds with the NBS in the form of deposits, without being secured by a pledge of securities on the part of the NBS.
- The NBS revoked the banking licence of AG Banka, a.s. Nitra and the Regional Court in

Bratislava initiated bankruptcy proceedings against the bank. Slovenská kreditná banka, a.s. Bratislava (Slovak Credit Bank, plc.) was placed by NBS under the control of a receiver on account of financial difficulties.

May

- With effect from 29 May 2000, the Bank Board of the NBS introduced a limit rate for standard two-week REPO operations (the limit rate represents a maximum for sterilisation operations and a minimum for the NBS's refinancing operations with commercial banks).

June

- The NBS set the 12-month BRIBOR reference rate for the first time.
- The National Council of the SR passed a new law on bankruptcy and settlement and related amendments to the bankruptcy laws. The new law accelerates the process of bankruptcy proceedings and strengthens the rights of creditors. The law became effective on 1 August 2000.

July

- With effect from 1 July 2000, the import surcharge was reduced from 5% to 3%.
- The NBS imposed, at the recommendation of banking supervision, receivership upon Dopravná banka, a.s. Banská Bystrica. The reason was the growing uncovered loss of the bank and its inability to create provisions for classified loans.
- The Board of the Organisation for Economic Co-operation and Development (OECD) decided to invite the Slovak Republic to become the 30th member of OECD.

September

- The Government of the SR approved the repayment of liabilities to the IMF in the amount of approximately US\$ 100 million before maturity (they were due at the end of

2004). Early repayment was possible mostly due to the favourable foreign exchange reserves situation.

October

- The Government of the SR approved the State Budget for 2001. The projected size of the deficit was Sk 37.195 billion. The deficit in general government was expected to reach Sk 37.849 billion (3.87% of GDP). According to the NBS, the approved budget with a deficit of up to 4 per cent should not have a negative effect on currency stability, the exchange rate of the crown, and the level of interest rates.
- The NBS ceased, after seven years, to set and publish reference interest rates for the BRIBOR financial market. The task was taken over by the Telerate Company.
- The National Council of the SR ratified the proposal for the accession of the SR to the Treaty on OECD.

November

- The international rating agency Moody's Investors Service changed the rating for Slovakia from 'stable' to 'positive'. This change improved the country's foreign exchange rating within the Ba1 and the rating for bank deposits within the Ba2. Government bonds, NBS bonds, and bonds guaranteed by the SR in foreign currency received a rating of Ba1. A similar step was taken by the rating agency Standard & Poor's.
- The Government of the SR approved the appointment of three new members to the Bank Board of NBS: Karol Mrva – Chief Executive Director of the Trade and Foreign Exchange Division; Jozef Košnár – lecturer at the University of Economics in Bratislava; and Eugen Jurzyca – Director of the Central European Institute for Economic and Social Reform.

December

- The Government of the SR approved the draft

amendments to the National Bank of Slovakia Act and the Banking Act.

- The Bank Board of the NBS decided to lower the ratio of required reserved to 5%, with effect from 1 January 2001.

5. FINANCIAL MARKETS

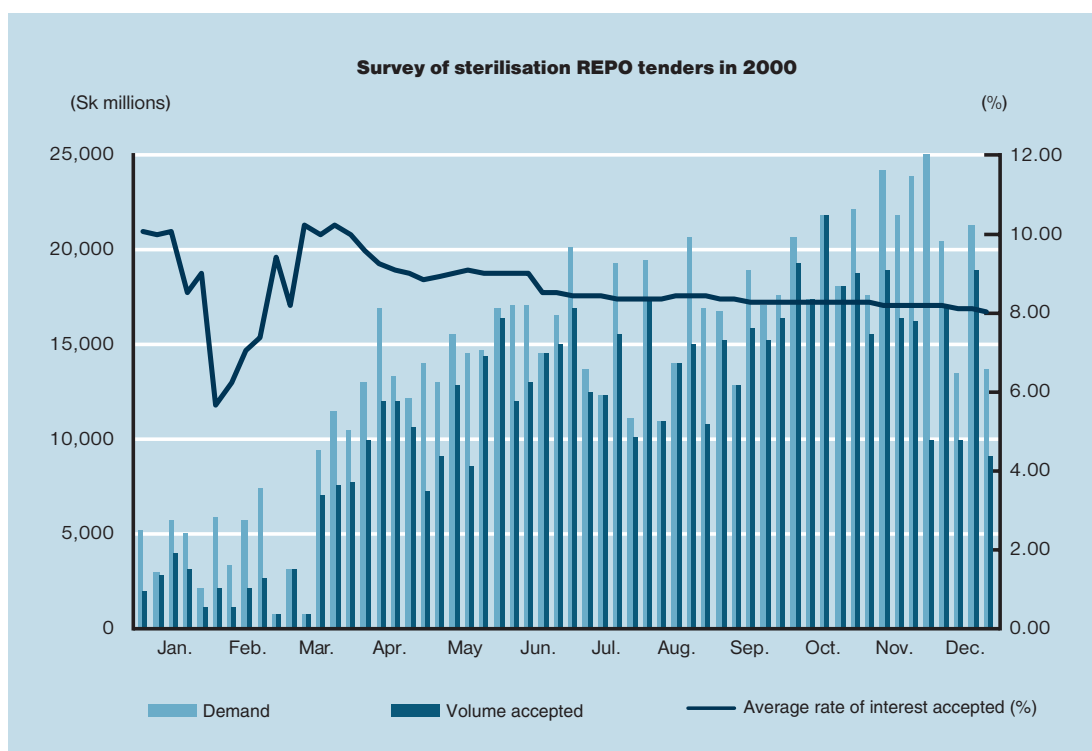
5.1. Money Market

Primary Market for Treasury Bills

In 2000, Treasury bills were placed on the market in the total amount of Sk 18.4 billion, with an average yield of 7.361%. Demand for Treasury bills reached Sk 46.0 billion, and was 2.5 times higher than the volume of bills sold. Treasury bills were put up for sale predominantly with a fixed maximum yield to maturity, which led to a reduction in the differences between the values of minimum, maximum, and average yields. In 1999, Treasury bills were sold directly for the portfolio of the central bank (in 11 issues with an average amount of Sk 3.4 billion per issue). In 2000, the NBS was not involved in the financing of the budget deficit.

A positive development in 2000 was the fall in the amount of interest paid in connection with budget financing. The average yield achieved on Treasury bills sold (7.361%) was 8.539% lower than in 1999. The fall in interest costs was due to the gradual reduction in the key rates of the NBS and the surplus of liquidity in the banking sector. Investors were willing to purchase Treasury bills at a price below the listed BRIBOR rate for the relevant maturity.

The financing of the budget deficit during 2000 was regular, without marked fluctuations in liquidity. Due to the fact that the State Budget had resulted in an average deficit of Sk 1 billion in the first quarter (at the end of 3 months) and a surplus of Sk 1.6 billion at the end of April (due to tax payments), the Ministry of Finance cancelled all sales of Treasury bills planned for this quarter due to having sufficient funds in the summary account of the State. The subsequent course of development was affected by the inflow of funds from a Eurobond issue in the amount of EUR 500 million in April. In the light of the growth in the budget deficit, the Ministry of Finance put Treasury bills up for sale again in June. In 2000, the Ministry of Finance focused its issuing policy



on covering the budget deficit projected for the end of the year; the maturity of Treasury bills was set accordingly, at 273 and 364 days. Treasury bills at shorter maturities were not issued.

The share of foreign investors in the primary purchase of Treasury bills reached 90%, representing a marked increase in comparison with 1999 (14%). Their share in the holdings of Treasury bills on the register of NBS was, however, almost zero, since foreign entities sold them to domestic financial institutions the day following the issue, which was probably connected with the system of taxation.

Secondary Market

With effect from 1 February 2000, the NBS began to set the values of key rates for overnight refinancing and sterilisation REPO operations. In March and May, the Bank Board of the NBS moved to lower these rates to 7% for sterilisation and 10% for refinancing purposes (rates valid in June 2000). Starting in April, overnight sterilisation REPO tenders were replaced by the non-collateralised deposits of commercial banks at the NBS, which significantly simplified this form of sterilisation. With effect from 29 May, the NBS began to set a limit rate for standard two-week REPO tenders as well.

In 2000, the NBS conducted its monetary policy with the use of a new set of instruments. The main change in comparison with the previous periods was more intense control of the banking sector through interest rates, with the aim of reaching the parameters set out in the approved monetary programme. On 1 February, the National Bank of Slovakia began to set interest rates for overnight refinancing and sterilisation operations. Through these transactions, banks may control and/or replenish their liquidity on an individual basis. The conduct of monetary policy through open market operations continued to rely on bulk REPO deals conducted in the form of auctions, i.e. REPO tenders. A change in procedure was the introduction of a regular

weekly cycle with the day of auction falling on Tuesday and financial settlement on the following day – Wednesday. With the introduction of a maturity of 14 days, the length of tenders was also standardised. In addition to standard tenders, the NBS has reserved the possibility of intervention in the market on an ad hoc basis through so-called ‘quick tenders’, where the date of announcement and realisation are identical with the date of settlement. Apart from other monetary instruments, the NBS continued to absorb funds on the market through auctions in own-bills in the presence of increased and persistent liquidity surplus.

The practical implementation of monetary policy was marked by the continued excess of liquidity in the banking sector and the sterilisation nature of monetary policy. The growth in the surplus of funds was affected by an increase in the registered capital of banks in connection with restructuring, at the beginning of the year. An additional inflow of liquidity was represented by crown resources as a counter-value of foreign-exchange interventions by the NBS to ward off excessive appreciation in the domestic currency. The growing surplus of liquidity in the banking sector was accompanied by a steady fall in money market rates. This trend was substantially accelerated by the publication of the preliminary and subsequently the definitive results of budgetary performance. The shift in interest rates was reflected mainly in long-term rates, which fell from a level above 12% (monthly rates) and 13% (6-month rates) to 10% at the end of January.

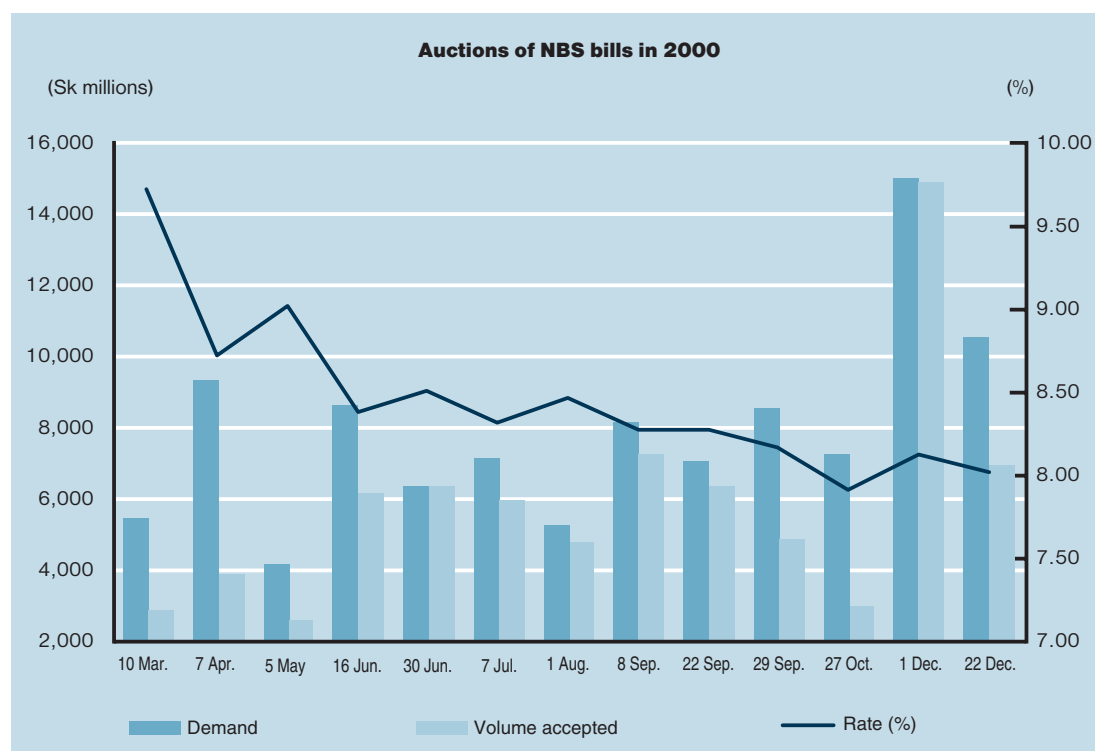
In introducing the new set of monetary instruments at the beginning of February, the NBS relied on the current levels of the above rates and set the refinancing rate at 12% and the sterilisation rate at 8%. At the same time, REPO tenders conducted on an ad hoc basis were replaced by regular weekly tenders. The initial adaptation of the banking sector to the new form of monetary policy was affected by speculative acting to affect interest rates development on the part of banks with an adequate amount of free funds. To ensure a better rate of interest for these funds, an artificial

shortage was created on the money market through sterilisation transactions with the NBS, which was followed by a rise in short-term rates. At higher rates, it was advantageous to place funds in deposit accounts. This approach had a negative effect on the level of short-term rates and added to the uneven development of required reserves during the initial period. With the inflow of further crown liquidity from foreign exchange interventions and awareness of the advantage of placing funds in long-term sterilisation operations, banks ceased speculating. In trading with the NBS, banks again began to prefer 14-day tenders over overnight deposits, which eventually became marginal. Interest in this form of transaction was concentrated in the periods of required-reserve fulfilment.

At the end of the first quarter, the process of adaptation to the new system of monetary-policy control and implementation was completed as far as the banking sector was concerned. The first positive signs appeared in the stabilisation of the money market in the form of decreases in spreads, i.e. the differences between the purchasing and selling prices of deposits. The reduction in spreads was connected with a further

fall in interest rates, below 8% for all maturities. Another sign of stabilisation was the tendency of banks to fulfil the reserve requirements more evenly, and a significant reduction in fluctuation in overnight facilities in comparison with the previous year. At the same time, initial experience from this period indicated that the differences between daily fluctuations in liquidity and deposit rates were gradually falling. In view of the favourable economic situation and the positive signals from the banking sector, the NBS lowered the refinancing rate to 10.5% and the sterilisation rate to 7.5% with effect from 27 March. In comparison with the rates originally announced, the NBS also reduced the spread between the two rates as the original 4% spread had been set as a result of concern about the possibility of speculation by commercial banks. During the following period, the yield curve of money market rates followed an inverse course reflecting expectations of further reduction in NBS rates.

Due to the continued inflow of liquidity resulting from the excess of due government securities over new issues and from further interventions, the NBS increased its sterilisation activity, which led to a rise in the rates accepted at regular



tenders. The yield accepted at auctions in 3-month NBS bills conducted by the NBS in the second quarter also increased. The increase in money market rates towards 9% in response to the rise in rates at tenders and auctions in NBS bills, came to a halt at the end of May, when the NBS again lowered its rates. At the same time, the Bank took another decisive step towards qualitative monetary-policy control by introducing a limit rate for REPO tenders. Whereas the growth in liquidity before the introduction of the limit rate had been paradoxically accompanied by a rise in interest rates as a result of an increase in the sterilisation activity of the NBS, the introduction of the maximum rate acceptable at tenders put an end to this trend. Subsequently, banks accepted gradually falling average yields at tenders and/or auctions in NBS bills in the effort to place their surplus funds with the NBS. In the middle of July, rates stabilised within the range of 8.2 to 7.8% for all maturities, except overnight rates, which continued to show increased fluctuation. After the last reduction in key rates (by 25 base points on 27 December), the entire yield curve of the money market moved below the level of 8%.

Despite the sporadic utilisation of refinancing transactions on the part of banks, monetary policy became steadily more sterilising in nature. The average sterilisation position exceeded Sk 9.2 billion in January and reached a maximum in October (Sk 61.4 billion). Open market operations were dominated by standard REPO tenders with a share of more than 50%. They formed, together with NBS-bill issues, the core of the Bank's currency operations in SKK. Overnight refinancing and sterilisation operations have shown, since the adoption of this instrument, a tendency to fall in percentage terms,

to a level of 1% in the last quarter. After the initial phase of adaptation to the new form of open market operations, commercial banks used this form of liquidity replenishment mainly during the last days of the periods of reserve-requirement fulfilment. Despite this, however, the introduction of the possibility of individual replenishment through refinancing and sterilisation operations made a significant contribution to the stabilisation of the money market, as it helped to reduce the dominance of overnight transactions. The gradual transition to interbank transactions with longer maturities led to the extension of quotations to 9 and 12-month BRIBOR rates at the beginning of June. At length, more than five years after the introduction of BRIBOR rates, it became possible to create, on the basis of quotations by reference banks, a yield curve for the money market with standard maturities.

The introduction of a limit rate for REPO tenders ended the phase of quantitative monetary-policy control and made it possible for the NBS to regulate monetary developments indirectly, through key interest rates. This development was reflected in the fluctuations of the entire yield curve of the money market in accordance with the changes in the level of key rates.

5.2. Capital Market

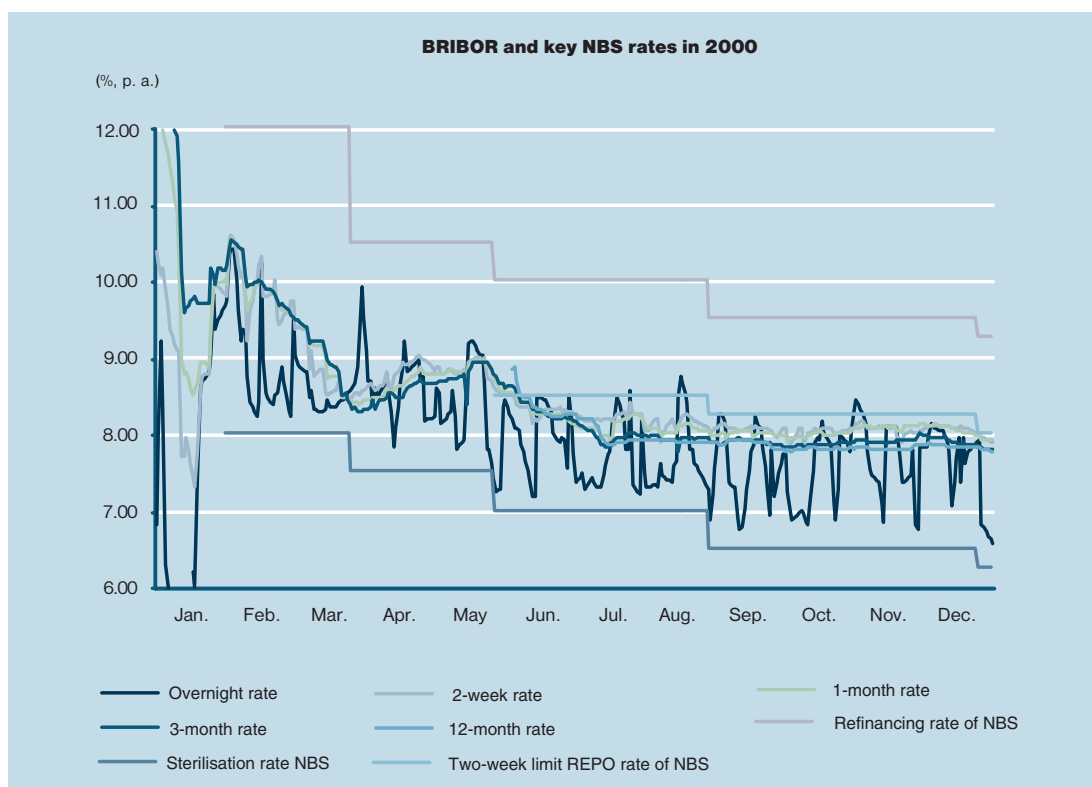
Primary market

Government bonds

The primary market for government bonds followed, despite some problems accompanying

Key rates of the NBS

Effective from	Overnight rates of the NBS		Limit rate of the NBS for standard 2-week
	refinancing	sterilisation	REPO tenders
1 February 2000	12.00%	8.00%	x
27 March 2000	10.50%	7.50%	x
29 May 2000	10.00%	7.00%	8.50%
31 August 2000	9.50%	6.50%	8.25%
27 December 2000	9.25%	6.25%	8.00%



the development stage of the Slovak financial market, a positive trend of development, moving towards a more advanced and transparent market. The primary market for government bonds was characterised in 2000 by a fall in interest yields achieved at government bond auctions, which reduced the costs of debt servicing and extended the maturity of the debt portfolio.

In 2000, twenty government-bond issues were floated on the domestic market. Total demand for bonds reached Sk 157.5 billion, of which Sk 69.5 billion was accepted at the auctions. In comparison with 1999, the volume of government bonds issued on the domestic market grew by 13.46%, while the number of issues fell from 34 (in 1999) to 20. Total demand increased year-on-year by 89.26%, and the take-up rate at auctions reached 100% (compared with 89.47% in 1999). The average volume of an issue was Sk 3.47 billion (an increase of 92.78%).

The increase in the amount of bonds issued and total demand reflected the situation on the interbank market. The surplus of liquidity and the restriction in bank lending made it possible for the

issuer to obtain cheaper financing through issues of government bonds. The reduction in the number of issues and increase in their average amount represent a marked qualitative shift towards the creation of a liquid secondary market and may well whet the interest of foreign investors in government bonds. The successful auctions and the fact that no issue was below Sk 1 billion indicate that the issuer's market estimation had improved, which in turn increased the transparency of the primary market and the level of confidence in the market.

The year 2000 saw a marked change in the structure of bond issues by maturity. While in 1999 only one-, two-, and three-year bonds were issued (one-year bonds accounted for 57% of the total volume of bonds issued), the range of issues in 2000 was enhanced by five-, seven-, and ten-year bonds and the share of one-year bonds fell to 22.38%. The Ministry of Finance issued, for the first time, ten-year bonds with a coupon of 8.5% p.a. and an average yield of 8.42% p.a. The issue of bonds with a maturity of 5 or more years created conditions for benchmark issues at the long end of the yield curve. The success of

auctions in long maturities clearly demonstrated that investors viewed the development of the Slovak economy as favourable.

The average yield accepted at auctions fell from 13.53% p.a. for the first one-year issue to 7.95% p.a. for the last two-year issue. The average yield on all issues, regardless of maturity, was 9.49% p.a., representing a distinct fall in comparison with 1999 (16.99% p.a.).

The favourable situation was reflected in the frequency of auctions. In the first three months, auctions were held with at weekly intervals. After the first auction in April, however, the issuer cancelled all the auctions planned for the second quarter. The reason behind the cancellation was an adequate amount of funds in the issuer's account for financing the redemption of government bonds during the ensuing period, which was connected with the placement of a Eurobond issue on the foreign market. In the third quarter, the issuer reduced the frequency of auctions in the issuing schedule to one month; in the fourth quarter, no issuing schedule was announced.

In terms of technical conditions and organisation, a significant change took place in the primary market for government securities. From the beginning of 2000, a new market order came into effect. The new order was accepted by the investor base (consisting of 94 investors in 2000), fully and without reservation. The new market order has ensured easier access to the primary market and extended the circle of investors in government bonds to include non-resident legal entities.

In 2000, twelve foreign investors were registered on the primary market for government bonds, who stimulated 1.85% of total demand and purchased 2.68% of the total volume of government bonds at the auctions. That the interest of foreign investors in government bonds had grown in 2000, is indicated by an increase in the holdings of government bonds from 1.3% at the end of 1999 to 9.39% at the end of 2000.

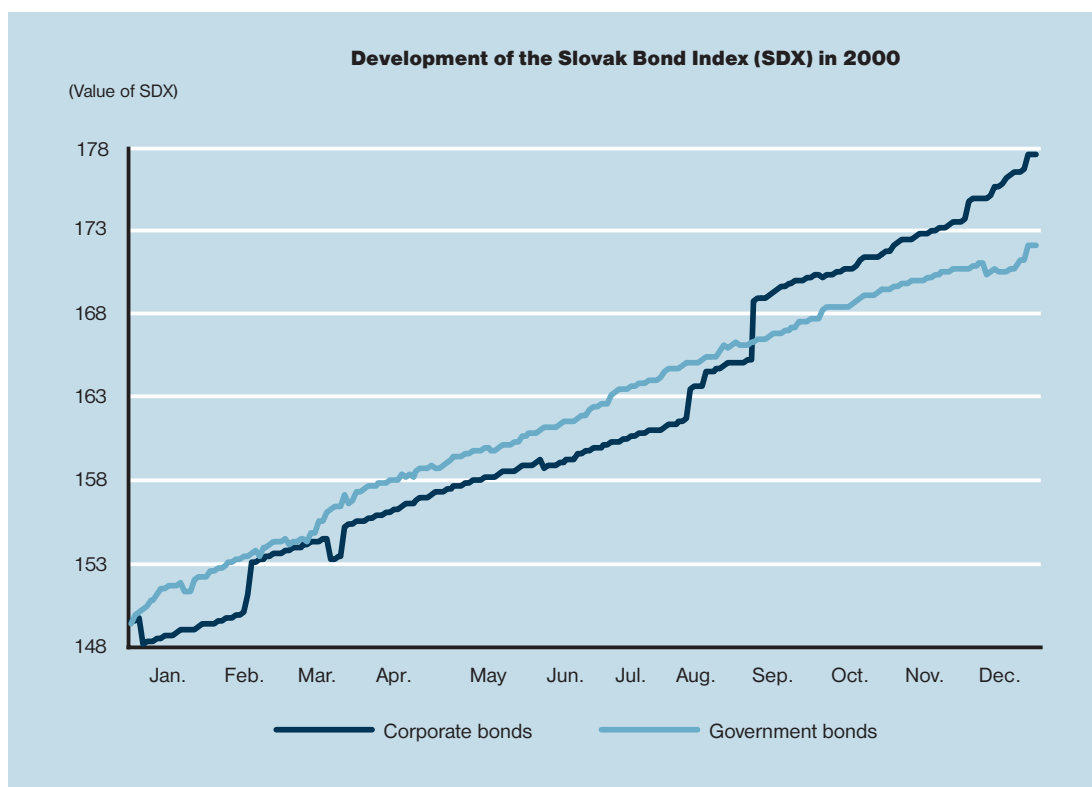
Non-government bonds

In 2000, the primary market for non-government bonds saw a revival: the total volume of non-government bonds issued (according to data reported to the NBS) reached Sk 8.667 billion at the end of the year, representing an increase of 356% (Sk 1.9 billion) compared with 1999. Of this amount, publicly negotiable non-government bonds accounted for 54.81%, an increase in volume of 171.43% compared with 1999. The year 2000 saw, for the first time, four issues of publicly negotiable non-government bonds denominated in foreign currencies (two issues in euro in the total amount of EUR 59 million and two in US dollar in the total amount of US\$ 8.315 million). The revival of the primary market for non-government bonds can be ascribed mainly to the liberalisation of bond issuing and the fall in yields on the primary market for government bonds.

Secondary market

In 2000 (during 242 trading days), 18,748 transactions were conducted on the Bratislava Stock Exchange (BCPB). The total volume of trading reached Sk 255.51 billion, representing an increase of 35.6% compared with the figure for 1999. The upward trend was reflected in the volume of trading in shares as well as bonds. Shares were traded in the total amount of Sk 25.1 billion (a year-on-year increase of 24.0%) and bonds in the amount of Sk 205.4 billion (an increase of 22.1%). The growth in the volume of trading on the BCPB floor was affected significantly by trading in FNM (National Property Fund) bonds, which commenced on 19 July 2000. The volume of transactions in FNM bonds reached Sk 25.0 billion (during 109 trading days), representing a share of almost 10% in the total volume of trading.

The share of foreign investors in the total turnover of the Stock Exchange increased to 38%, reaching 26% for sales and 50% for purchases, due probably to the interest of investors in FNM bonds arising from the attractive yield they offer.



Bonds

Bonds were traded in the total amount of Sk 205.45 billion (80.41% of the total volume of trading in 2000), of which transactions in government bonds accounted for 89.03%. Most trading took place in government bonds of Issue No. 076 (Sk 9.11 billion), Issue No. 131 (Sk 8.89 billion), and Issue No. 133 (Sk 8.62 billion).

The volume of price-setting transactions fell year-on-year by 1.3%, to Sk 25.6 billion, while direct contracts grew in volume by 26.4%, to Sk 179.8 billion.

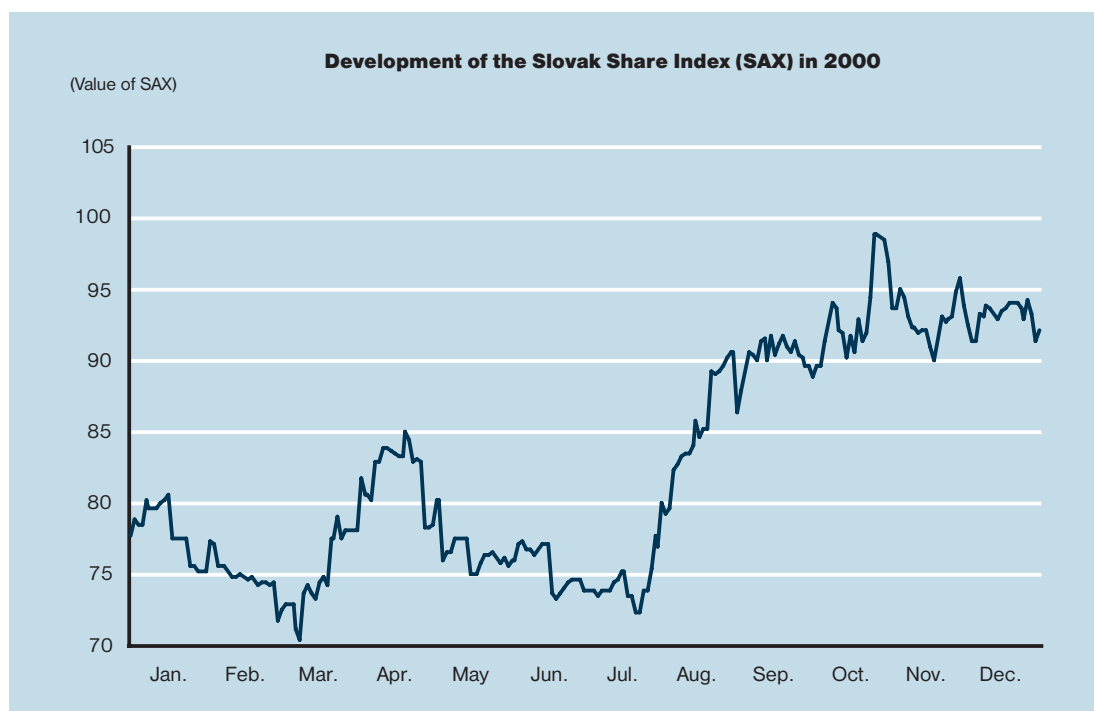
The market capitalisation of bonds increased year-on-year by 3.2%, to Sk 117.4 billion; of this amount Sk 107.1 billion was in listed bonds, which recorded an even greater increase in market capitalisation (8.4% compared with 1999).

The value of the Slovak Bond Index (SDX) followed an upward trend throughout the year: the component for government bonds rose year-on-year by 16.1% and closed the year at 172.03% of the nominal value of its portfolio, with an average yield of 8.786% and a duration of 2.1 years. The

index reached a minimum (149.31%) on 7 January and a maximum (172.03%) on 22 December.

The component of SDX for bank and corporate bonds recorded a year-on-year increase of 19.6% and reached 177.51% of the nominal value of its portfolio, offering an average yield of 10.998% to maturity and a duration of 1.2 years. The index reached a minimum (148.07%) on 12 January and a maximum (177.51%) on 22 December.

On the stock market, the year 2000 again confirmed the trend of development from previous years, characterised by a high share of transactions in bonds, particularly in government bonds. The growth in interest in bonds reflected the continuous increase in both components of the bond index (SDX). Although the total volume of bond transactions increased year-on-year, the fall in the volume of anonymous contracts pointed to the long-term problem of the Slovak capital market, i.e. the low liquidity and the resulting low reporting value of prices. A highly positive role in this situation was played by the system of market makers for government bonds, the members of



which are obliged to quote the purchasing and selling prices. From these quotations, the Stock Exchange compiles and publishes the yield curve on a daily basis. This system creates a price even when no transaction is concluded and offers investors the possibility of immediate purchase or sale of a limited selection of bonds.

Shares

The share market recorded a modest revival in 2000. The total volume of trading reached Sk 25.1 billion (an increase of 24% compared with 1999). A positive development was the year-on-year growth in the volume of anonymous contracts (6.3%, to Sk 1.9 billion). Although the volume of transactions in shares accounted for only 9.8% of the total volume of trading, the aforementioned growth, accompanied by an increase in the volume of anonymous contracts, indicated that the interest of investors in this type of securities was on the increase. Most trading took place in the shares of Slovnaft (Sk 5.7 billion), Nafta Gbely (Sk 4 billion), VÚB (Sk 3.1 billion), and registered VSŽ shares (Sk 4.5 billion).

Since the end of 1999, the market capitalisation of stocks and shares had increased by 2.7%, to

Sk 154.9 billion. The market capitalisation of shares with a market price (in which at least one price-setting contract was concluded) increased by 27.1%, to Sk 57.1 billion at the end of the year. The market capitalisation of listed shares increased by 20%, to Sk 20.8 billion.

The value of the Slovak Share Index (SAX) closed the year at 91.9 points (a year-on-year increase of 19.24%). The index reached a minimum on 10 March (70.19 points), due mainly to a sharp fall in the price of VSŽ shares, and a maximum on 23 October (98.74 points), when the price of VSŽ shares reached their highest level.

Although the share market underwent a revival in 2000, the persistent problem of this market is the low level of liquidity, which affects its attractiveness to a significant extent. The Stock Exchange began to tackle this problem in 2000 by introducing the system of market makers for selected share issues, i.e. a system similar to that adopted for government bonds. Trading within this system began in the shares of Slovnaft and Slovakofarma (on 6 December) and in those of Železiarne Podbrezová (in January 2001). Apart from the system of market makers, the stock

market could be made more attractive in future by the introduction of a 'new market'. The new market will allow trading in the shares of small and medium-sized fast-growing companies with a short business history. The rules of the new market came into effect on 11 December, but no issue had been made on the market by the end of the year.

5.3. Foreign Exchange Market

NBS Operations on the Foreign Exchange Market

At the beginning of 2000, the National Bank of Slovakia continued its operations on the foreign exchange market and attempted to prevent the exchange rate of the crown from unjustified appreciation. The Bank gave preference to individual transactions. The NBS used this form of intervention in an effort to carry out interventions in a discrete manner, since the permanent presence of the central bank (from 7 December 1999 to 3 May 2000) on the foreign exchange market is rather non-standard. To test the justification of its presence on the foreign exchange market, the NBS withdrew from the market for a certain period at a rate of SKK/EUR 42.300, at the end of February 2000.

Subsequently, the exchange rate of the SKK began to appreciate, hence the NBS began to intervene against excessive appreciation, at a rate below SKK/EUR 41.600. In doing so, the NBS had purchased a total of EUR 538 million on the domestic market since the beginning of the year. Of this amount, EUR 361 million was purchased in individual transactions and EUR 177 million by direct interventions.

The sale of SKK by foreign banks at the beginning of May caused the exchange rate of the crown to weaken, to SKK/EUR 43.204. The NBS intervened in support of the SKK on the foreign exchange market via direct interventions and sold EUR 115 million in the space of one week. During the following period (up to the end

of the year), the NBS purchased no foreign exchange from commercial banks (except one case) neither in direct interventions nor individual transactions.

In 2000, the NBS purchased a total of EUR 333 million from commercial banks. Over the course of the year, the exchange rate of the Slovak crown to EUR depreciated by 3.76% and to USD by 12.56%.

Interbank Foreign Exchange Market

The volume of transactions between Slovak commercial banks totalled US\$ 21,911.5 million, representing a decline of 20.1% compared with 1999. The maximum monthly turnover was recorded in December (US\$ 2,149.7 million) and the minimum in February (US\$ 1,403.1 million). The number of transactions decreased from 13,257 in 1999 to 10,218 in 2000. On a daily basis, 41 transactions were conducted on average, with an average amount of US\$ 2.1 million per contract (US\$ 2.1 million in 1999). The structure of transactions by currency has changed: most trading between Slovak banks took place in US\$ (65.9%; compared with 46.8% in 1999), followed by EUR (33%; compared with 50.7% in 1999), and other currencies (1.1%; compared with 2.5% in 1999).

Transactions between Slovak commercial banks took place mostly in the form of swap contracts (71.6%), while spot transactions accounted for 27.3% and forward dealings only 1.1%.

Trading between Slovak and foreign banks maintained its dominant share of the country's foreign exchange market (69%) and its development was characterised by an increase in its share (53% in 1998; 58.5% in 1999). The total volume of transactions reached US\$ 50,418.2 million (an increase of 29% compared with 1999). Most trading was conducted in US\$ (76.2%; compared with 64.2% in 1999), followed by EUR (22.6%; compared with 35.2% in 1999), and other currencies (1.2% of the total

Basic characteristics of the Slovak foreign exchange market in 2000

	USD			DEM			Other currencies			Total	
	Volume	Number	of trans.	Volume	Number	of trans.	Volume	Number	of trans.	Volume	Number
	(US\$ mn)	(%)		(US\$ mn)	(%)		(US\$ mn)	(%)		(US\$ mn)	of trans.
NBS	0.0	0.0	0	705.4	100.0	221	x	x	x	705.4	221
Transactions between Slovak banks											
(without foreign banks)	14,442.9	65.9	3,560	7,225.0	33.0	6,243	243.5	1.1	415	21,911.5	10,218
Interbank foreign exchange market:											
NBS + Slovak commercial banks	14,442.9	63.9	3,560	7,930.4	35.1	6,464	243.5	1.1	415	22,616.9	10,439
Transactions between Slovak and foreign banks	38,404.5	76.2	8,632	11,376.9	22.6	6,143	636.9	1.3	253	50,418.3	15,028
Foreign exchange market in the SR – total	52,847.4	72.4	12,192	19,307.3	26.4	12,607	880.4	1.2	668	73,035.2	25,467

volume of trading). Transactions between local and foreign banks took place predominantly (90%) in the form of swap contracts, while spot transactions accounted for only 10%.

Trading between domestic and foreign banks resulted in a positive balance of US\$ 456.9 million (compared with US\$ 59.3 million in 1999).

C. BANKING SUPERVISION IN 2000



1. SLOVAK BANKING SECTOR DEVELOPMENT IN 2000

During 2000, the Slovak Banking sector was faced with the first effects of Banking reform in three main areas:

- 1) Restructuring and privatisation of the country's three largest state-owned banks,
- 2) Programme and strategy of handling small and medium-sized banks,
- 3) Improvements in regulation and carrying out of banking supervision.

In the largest state-owned banks, some crucial steps were taken in the second half of 1999 and the first half of 2000 to bolster capital adequacy levels and improve loan portfolios. These measures enabled the banks to reach common capital adequacy standards and reduce the share of classified loans below 20%.

The restructuralisation of the three biggest banks involved decisive and vital steps; in addition to an Sk 18.9 billion of fresh capital injected into the banks, they were helped by a two-step transfer of risky loans valued at total of Sk 105 billion. However, restructuring will not be complete before the banks' corporate clients have also been through the process of restructuring, and this has only just begun.

Slovakia's economic performance and bank restructuring efforts have already resulted in an upgrade in its long-term forex and koruna liabilities (FITCH rating agency).

The restructuring process is continuing hand-in-hand with privatisation, which is the next step in the banking sector reform with the assistance of J.P. Morgan financial consultants and legal advice from the White & Case agency. Over the year, the pre-conditions were created for a strategic investor to step into Slovenská sporiteľňa and into Všeobecná úverová banka.

The strategy of the Banking Supervision of the National Bank of Slovakia concerning small and medium-sized banks is based on a financial analysis of the situation and trends in individual banks during 1999, as well as on their track records in complying with the NBS regulations and positions demonstrated by their investors in 2000. The strategy quantified and suggested solutions to accumulated problems, in particular the following:

- 1) a large and still rising share of classified loans inadequately covered by provisions and reserves,
- 2) growing credit loss depleting banks capital and affecting their performance,
- 3) valuing collateral and guarantees for loans,
- 4) compliance with prudential banking regulations and deteriorating liquidity in some banks.

The measures adopted by the Banking Supervision of the NBS were preceded by an assessment of the situation in individual banks through on-site supervision and external audit. Their inspection prompted the NBS to put Slovenská kreditná banka, a.s., Bratislava, and Dopravná banka, a.s., Banská Bystrica under forced administration on 19 April 2000 and 1 July 2000, respectively. Together with AG Banka, a.s., Nitra, whose license was revoked on 13 April 2000, the mentioned banks were put under special regime of operation. On 13 April 2000, the Bratislava Regional Court opened bankruptcy proceedings involving AG Banka's assets. On 4 July 2000, Slovenská kreditná banka was declared bankrupt what meant the end of the forced administration and the loss of its banking license. Before long, the forced administration period at Dopravná banka, also came to an end, when bankruptcy proceedings were opened by Banská Bystrica Regional Court on 22 August 2000.

Reinforcement of Regulation and of Banking Supervision Conduct

In the year 2000 the preparations for amendments to existing legislation started to take place, leading to the adoption of, or proposals for, brand-new legislation or revisions to existing laws.

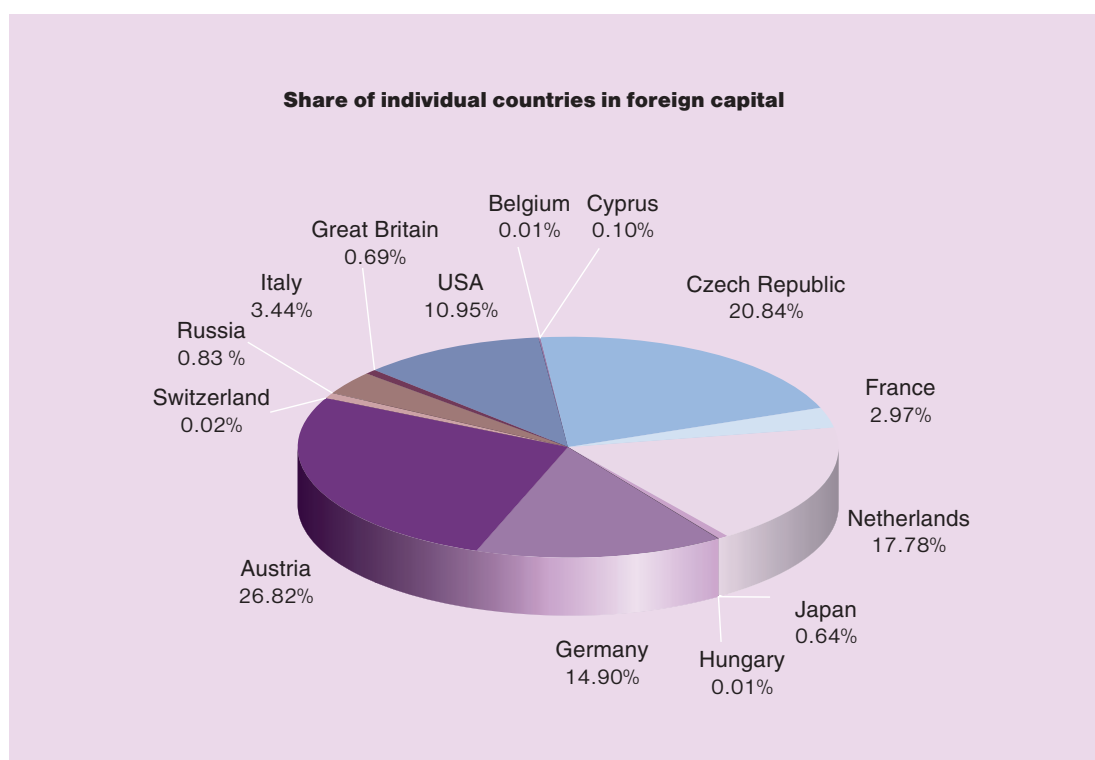
In September 2000, the National Council of the Slovak Republic passed the Act on the Financial Market Authority, amending certain other laws (No. 329/2000 Z.z.). Apart from the establishment of a government agency – the Financial Market Authority – to supervise the capital market and the insurance industry, the Act defines its scope of activity and the procedures to be followed in performing state supervision. The Authority reports to the Slovak Government, presenting activity reports for the previous calendar year together with an analysis of the current state of Slovakia's capital market and insurance sector. As the law stipulates, the Authority will work together with the Ministry of Finance to create and implement financial

policy, in particular to prepare capital market and insurance sector analysis, their development planning, and generally binding secondary legislation concerning this particular area. The Act came into force on 1 November 2000.

On 8 December 2000, the Bank Board of the National Bank of Slovakia approved a new Banking Act proposal drawn up with the assistance of responsible Ministry of Finance departments.

The new Banking Act aims at harmonising the Slovak banking legislation with relevant EU directives, at implementing the World Bank and the International Monetary Fund recommendations and at increasing the National Bank of Slovakia's banking supervisory authority.

The law incorporates the Core Principles of effective banking supervision specified by the Basle Committee for Banking Supervision. Further, it sets out requirements for the operation of banks and branches of foreign banks, including prudential rules, and extends the



liability of supervisory board members and directors for poor economic performance of their banks. A legislative framework for banking supervision on a consolidated basis is also included. The law makes it easier to impose prompt corrective action on problem banks, for instance if their capital adequacy falls below the specified limit, and is more specific about forced administration matters. In addition, the law specifies stricter requirements for bank auditors to co-operate with the National Bank of Slovakia. The law incorporates proven standards of accounting, protection of bank secrecy and disclosure of banking information, and lays down the rights and obligations of banks regarding protection against illegal bank operations. Also included are provisions designed to promote mortgage banking.

Secondary Legislation – the NBS Decrees

The NBS issued six new or revised decrees last year, coming into effect on 31 March 2000, to enforce prudent banking behaviour by regulating capital adequacy, credit exposure, and liquidity in banks and branches of foreign banks, open foreign exchange positions in banks, procedures for classifying claims and off-balance sheet liabilities, and the submission of regulatory reports of banks and branches of foreign banks to the NBS.

In December 2000, the NBS Bank Board adopted a decree specifying the criteria and details of applications for prior approval under Article 16, paragraph 1, of the Banking Act, to acquire or increase the specified thresholds in the bank's registered capital or voting rights, for the acquisition, merger, spin-off or closure of a bank; for an increase or decrease in a bank's registered capital other than a loss-related decrease, and for the sale of a bank or a branch of a foreign bank, which took effect on 1 February 2001.

Co-operation with Foreign Banking Supervisors

During 2000, the NBS banking supervisors took part in several events organised by the regional group of banking supervisors of Eastern and Central Europe (e.g. the seminar in Bratislava in June 2000 to discuss the 25 Basle Core Principles of effective banking supervision). The NBS banking supervisors also regularly attend conferences organised by this particular regional group (May 2000 in Prague).

Negotiations are now underway with German banking supervisors, as part of the bilateral agreements on co-operation in banking supervision. A working meeting also took place in November 2000 in Rome with Italy's banking supervisors. Meetings with Austrian supervisors were held in August 2000 in Vienna and March 2001 in Bratislava. In late March 2001, NBS supervisors met their counterparts from the Czech National Bank at a regular meeting held under a Banking Supervision Co-operation Agreement signed by both central bank Governors in July 1999.

2. BANKING SECTOR PERFORMANCE IN 2000

At 31 December 2000, the Slovak banking sector consisted of 23 banking entities (21 banks and 2 branches of foreign banks) and 10 representative offices of foreign banks. Of the 21 banks, two are state financial institutions, three are specialised banks - home savings banks and six banks are authorised to conduct a mortgage business.

According to its application, the NBS granted ČSOB stavebná sporiteľňa, a.s. (a home savings bank) a banking license, effective from 24 October 2000, to perform activities defined in Article 4, paragraph 3, of Act No. 21/1992 as amended, and Article 2, paragraph 2, of Act No. 310/1992 on home savings schemes as

amended. ČSOB stavebná sporiteľňa, a.s., opened for business on 1 December 2000.

The Bratislava representative office of the Prague-based J&T Banka, a.s. was registered in April 2000. On the request of ČSOB, a.s., Prague, which had acquired Investiční a poštovní banka, a.s., Prague, the representative office of the latter was cancelled on 30 September 2000.

Total subscribed equity in the Slovak banking sector (excluding the NBS), including permanently provided funds of branches of foreign banks, totalled Sk 53,997.6 million on 31 December 2000, with subscribed equity capital accounting for Sk 49,169.4 million and funds permanently provided by foreign head offices to their branches in Slovakia representing Sk 4,828.2 million. The share of foreign investors in the total subscribed equity of banks and permanently provided fund to branches of foreign banks totalled Sk 15,153.4 million on 31 December 2000, equal to a slight annual increase of 3.5 percentage points, from 24.6% to 28.1%. The increase resulted from both new foreign investors entering the banking sector and existing investors increasing their shares in

banks, with the State progressively reducing its holdings.

In the banking sector, 2000 was marked as a year of recovery in most financial indicators, including improvement in compliance with prudential rules, as compared to the end of 1999 and earlier.

The total assets of banks operating in the Slovak money market recorded a rise in 2000, an increase of Sk 77.2 billion (10.03%) to Sk 847 billion from the previous year.

The quality of the banking sector's loan portfolio had improved by the end of the year. Classified loans fell by Sk 30.7 billion and totalled Sk 88.6 billion (a decline of 25.74%). A considerable improvement was also recorded in the share of classified loans to total outstanding loans, which fell year-to-year from almost 40% in September 1999 to 21.70% on 31 December 2000. Excluding Konsolidačná banka (state financial institution), classified loans fell by Sk 31.7 billion and totalled Sk 56.5 billion (a decline of 35.92%), which represents a 15.32% share on total loans.

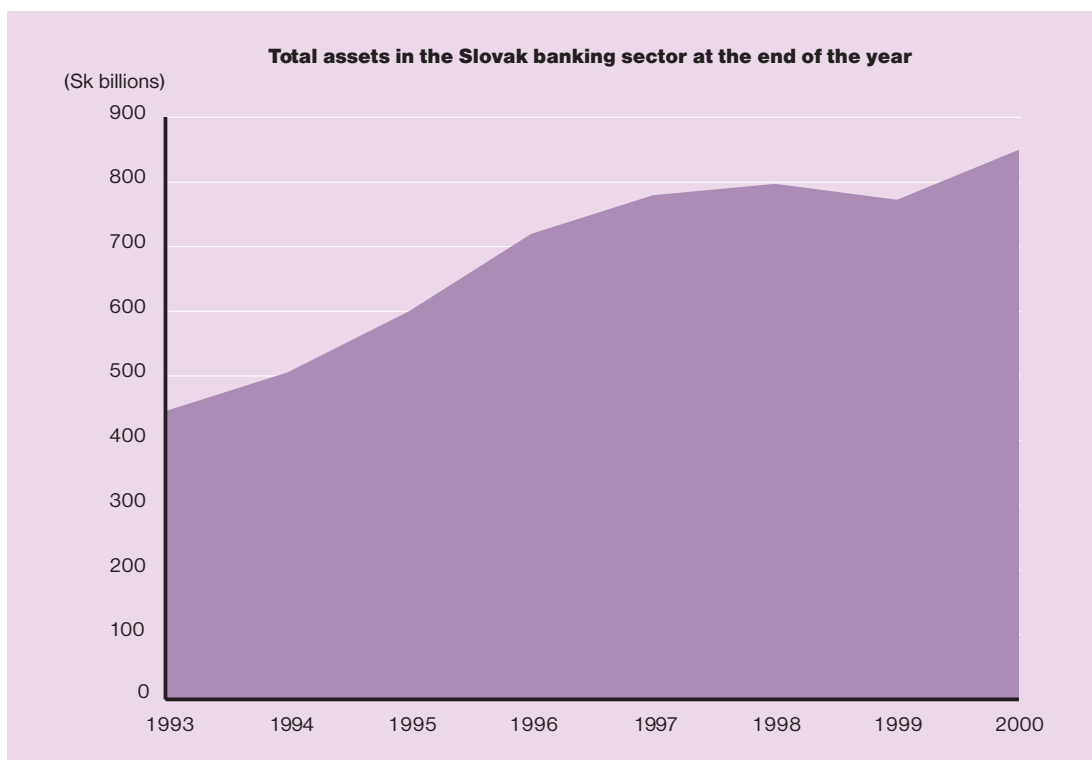
**Structure of capital and permanently provided funds
of banks and branches of foreign banks in the Slovak Republic as at 31 December 2000**



Slovak banking sector performance (in Sk thousands)

Slovak banking sector	31.12.1999	30.6.2000	31.12.2000	Year-on-year change	Year-on-year change in %
Number of employees	23,727	22,785	22,332	-1,395	-5.88
Number of banks in Slovakia	23	22	21	-2	-8.70
Number of foreign bank branches in Slovakia	2	2	2	0	x
Number of foreign bank representative offices in Slovakia	10	11	10	0	x
Number of branches in Slovakia	305	290	291	-14	-4.59
Number of sub-branches in Slovakia	924	863	810	-114	-12.34
Number of branches in other countries	1	1	1	0	x
Number of sub-branches in other countries	1	1	1	0	x
Number of representative offices in other countries	6	6	7	1	16.67
Total assets	769,764,045	798,532,915	846,954,662	77,190,617	10.03
Earning assets	632,811,207	684,811,707	749,110,627	116,299,420	18.38
Total interbank assets	216,680,752	286,771,455	347,925,147	131,244,395	60.57
Total foreign exchange assets	122,865,360	123,828,906	155,146,071	32,280,711	26.27
Securities	80,058,539	118,412,359	136,464,924	56,406,385	70.46
Total loans	411,357,286	412,083,298	408,229,708	-3,127,578	-0.76
Of which: classified loans	119,271,144	99,797,232	88,573,806	-30,697,338	-25.74
Share of classified loans on total loans (%)	28.99	24.22	21.70	-7.29	x
Uncovered estimated loss	603,183	8,700,160	11,291	-591,892	-98.13
Provisions for loan losses	50,661,571	54,485,987	69,431,148	18,769,577	37.05
Legal reserves	31,250,480	14,284,983	5,498,288	-25,752,192	-82.41
Equity capital	48,241,771	51,379,771	49,169,329	927,558	1.92
Own funds	137,678,624	131,862,566	115,726,128	-21,952,496	-15.94
Secondary funds	154,323,881	142,168,743	158,219,633	3,895,752	2.52
Primary funds	506,989,377	546,644,884	596,300,597	89,311,220	17.62
Of which: non-anonymous deposits	269,255,386	290,321,930	312,545,469	43,290,083	16.08
Current profit	3,766,769	4,032,230	15,795,169	12,028,400	319.33
Current loss	33,288,485	4,645,325	11,417,609	-21,870,876	-65.70
Net profit/loss	-29,521,716	-613,095	4,377,560	33,899,276	-114.83
Cumulative profit/loss	-49,772,135	-50,119,330	-43,383,062	6,389,073	-12.84
Capital adequacy ratio (in %)	5.34	0.68	2.44	-2.90	x

Slovak banking sector excluding Konsolidáčna banka, š.p.ú.	31.12.1999	30.6.2000	31.12.2000	Year-on-year change	Year-on-year change in %
Total assets	738,669,416	778,905,958	834,037,808	95,368,392	12.91
Earning assets	623,307,070	675,444,532	739,359,190	116,052,120	18.62
Total interbank assets	215,495,227	285,228,877	346,721,301	131,226,074	60.90
Total foreign exchange assets	122,865,360	123,828,906	155,146,071	32,280,711	26.27
Securities	80,058,539	118,412,359	136,464,924	56,406,385	70.46
Total loans	37,187,193	372,839,130	368,694,649	-3,181,544	-0.86
of which: classified loans	88,124,134	68,404,591	56,473,028	-31,651,106	-35.92
Share of classified loans on total loans (%)	23.70	18.35	15.32	-8.38	x
Uncovered estimated loss	297,529	6,619,832	11,291	-286,238	-96.21
Provisions for loan losses	37,491,155	30,298,363	38,470,793	976,638	2.61
Legal reserves	20,048,378	14,147,990	5,331,586	-14,716,792	-73.41
Equity capital	45,884,832	49,022,832	46,812,390	927,558	2.02
Own funds	123,793,912	129,693,754	120,277,991	-3,515,921	-2.84
Secondary funds	117,610,489	106,412,403	123,460,346	5,849,857	4.97
Primary funds	506,876,158	546,527,043	596,184,865	89,30,707	17.62
Of which: non-anonymous deposits	269,255,386	290,321,930	312,545,469	43,290,083	16.08
Current profit	3,766,769	4,032,230	15,795,169	12,028,400	319.33
Current loss	20,533,234	3,381,465	4,016,473	-16,516,761	-80.44
Net profit/loss	-16,766,465	650,765	11,778,696	28,545,161	-170.25
Cumulative profit/loss	-24,396,924	-23,480,150	-10,606,715	13,790,209	-56.52
Capital adequacy ratio (in %)	12.63	11.72	12.48	-0.15	x



The progress of restructurisation of banking sector (in particular the transfer of non-performing loans from restructured banks), capital market transactions and a reduction in bank lending activity resulted in increase of the share of earning assets on total assets (year-to-year by Sk 116.3 billion to Sk 749.1 billion). Earning assets made up 88.45% of total banking sector assets on 31 December 2000. Share of earning assets increased on year-to-year basis by 6.24%.

The liability side reported notable growth in primary funds by Sk 89.3 billion, i.e. 17.62%, which almost covered the asset expansion.

The banking sector as a whole recorded a return to profit, amounting to Sk 4.4 billion in the year ending 31 December 2000, after reporting a sizeable loss of Sk 29.5 billion on 31 December 1999. The rebound in 2000 was due mainly to the completed restructuring of Všeobecná úverová banka, Slovenská sporiteľňa and Investičná a rozvojová banka. These three banks were able to transfer to their earnings a considerable part of their provisions and

reserves formerly held for transferred loans, thereby improving the result of the sector as a whole.

Financial result – loss at 31 December 2000 was reported by five banks, i.e. four less than a year ago (nine banks recorded a loss in 1999).

Financial result of banking sector at 31 December 2000 and its development are determined by return ratios calculated on the basis of profit and loss compensation, average asset value and equity capital.

Return on equity (ROE) in %	31.12.1999	31.12.2000
banking sector		
as a whole	-61.20	8.90
banking sector excluding		
Konsolidačná banka	-36.54	25.16

Return on assets (ROA) in %	31.12.1999	31.12.2000
banking sector		
as a whole	-3.99	0.54
banking sector excluding		
Konsolidačná banka	-2.34	1.48

3. REVIEW OF PRUDENTIAL BANKING BEHAVIOUR

Currently, there are five NBS decrees in place, which regulate prudential banking behaviour; all are based on the internationally recognised principles and recommendations of the Basle Committee for Banking Supervision.

This review draws on information from bank accounting records and their regulatory reports on capital and reserves, capital adequacy, asset and liability classification, credit exposure, liquidity and open foreign exchange positions, submitted to the NBS Banking Supervision Division.

The information system of the Banking Supervision Division applies a set of indicator ratios to evaluate and monitor tendencies in the performance of individual banks, groups of banks and the banking sector as a whole.

Assessment of the banking sector development and compliance with prudential banking rules is conducted by the Banking Supervision of the NBS also by ongoing on-site inspections. In 2000, seven on-site inspections were carried out (four overall, and three targeted inspections).

Capital and Capital Adequacy

According to Article 3 of the NBS Decree No. 6/2000 of 14 February 2000, requiring banks and branches of foreign banks to submit certain information to the National Bank of Slovakia, banks must file quarterly reports on capital and reserves and monthly capital adequacy reports. The NBS Decree No. 2/2000 of 14 February 2000 on capital adequacy of banks, replacing the NBS Decree No. 5 of 16 May 1997, requires banks to maintain a minimum capital adequacy ratio of 8%.

The Slovak banking sector's capital adequacy

ratio has stabilised over the year and, excluding Konsolidačná banka, reached 12.48% on 31 December 2000. Two banks fell short of the determined capital adequacy ratio at the end of the year.

Classification of Bank Assets

The NBS Decree No. 6/2000, which stipulates information to be reported by banks and branches of foreign banks to the National Bank of Slovakia, introduced a revised form of reports on asset and liability classification. Classification reports must now contain information about existing provisions as at the date of preparation of financial statements. The amount of provisions may decrease during the year due to their release, cession or pay-off of claims, and the like. Additional provisions may also be set aside during a year to account for accrued interest, past-due interests or other expenses incurred in claim enforcement process, and the like. Legal reserves cannot be applied to cover credit risks, as they are a capital component. Other reserves may be used to cover off-balance sheet liabilities in favour of debtors, local government authorities or other funds.

The uncovered estimated loss of the Slovak banking sector fell by Sk 591,892 thousand (down by 98.13%), from Sk 603,183 thousand at 31 December 1999 to the amount of Sk 11,291 thousand at 31 December 2000. Two banks reported uncovered estimated loss for the period under review.

Credit Exposure

The revised NBS Decree No. 3/1994 on the credit exposure of banks, as amended by the NBS Decree No. 4 of 14 February 2000, sets the following bank exposure limits: 25% of a bank capital for exposure to a single customer

or a group of economically related customers; 125% of a bank capital for exposure to a Slovak bank or a bank incorporated in a zone A country; 20% of a bank capital for exposure to persons with a special relationship to the bank, and the aggregate amount of all net individual exposures greater than 10% of the reporting bank's capital not to exceed 800% of its capital. The revised NBS decree stipulates that credit risk be measured by reference to capital calculated on the basis of the annual financial statement.

Compared to 1999, there was a general improvement in compliance with applicable credit exposure limits, resulting in less non-complying banks. As at 31 December 2000, ten banks violated the limits on exposure to non-bank customers; two were overexposed to other banks, and ten exceeded the limit for persons with a special relationship to the bank. The aggregate net exposure limit was breached by three banks.

Liquidity

The NBS Decree No. 3/2000 on the liquidity of banks and branches of foreign banks lays down two limits – the monthly liquidity in a bank or a branch of a foreign bank must not fall below 0.9, and the ratio of the sum of fixed and non-

liquid assets to a bank's own funds and reserves must not exceed 1.0.

Development of compliance with monthly liquidity limits has been improving throughout the year. The number of banks failing to meet the monthly liquidity limit (excluding Konsolidačná banka) was falling progressively to one at 31 December 2000. Eight banks have not complied with the limit for the ratio of the sum of fixed and non-liquid assets to a bank's own funds and reserves.

Open Foreign Exchange Positions

The NBS Decree No. 5/2000 on limits on open foreign exchange positions in banks sets a limit of 10% of a bank's capital on positions in euro, British pound, U.S. dollar, Swiss franc and Czech crown, and a 5% limit on other foreign currencies, and the overall open foreign exchange position must not exceed 25% of a bank's capital.

Compliance with limits of open foreign exchange positions has improved; as at 31 December 2000, the overall open foreign exchange position limit was exceeded by two banks, selected currencies limits (EUR, GBP, USD, CHF, CZK) by four banks, and limits on other currencies by one bank.

D. ISSUING ACTIVITY OF THE NBS AND CURRENCY IN CIRCULATION



1. THE ISSUE OF SLOVAK BANKNOTES AND COINS

In the year 2000, the National Bank of Slovakia secured the additional printing of 500 Sk banknotes and the production of coins with the values of 10 haliers, 20 haliers and 50 haliers, in accordance with the requirements of monetary circulation. New protective elements were added to the year 2000 type of 500 Sk banknote. In harmony with global trends, these aim to raise the level of protection from forgery, and make them easier for the public to distinguish. The issue of this banknote, printed by the British printer De La Rue International, completes the process during the years 1999-2000, by which the NBS has raised the level of protection of the higher value banknotes.

In addition to banknotes and coins intended for circulation, the National Bank of Slovakia issued three commemorative coins, two of which were struck in silver, while the third, issued on the occasion of the beginning of the third millennium, was made from three precious metals (platinum, gold and silver) in the form of a triangle with curved sides. The Mint at Kremnica struck all the current and commemorative coins.

1.1. Currency in Circulation in 2000

There were no particular problems associated with currency circulation in 2000. The volume of currency in circulation at 31 December 2000 was

Sk 76.3 billion (including Slovak commemorative coins and Czecho-Slovak commemorative coins issued prior to 1993). In comparison with the end of 1999, currency in circulation increased by Sk 8.5 billion (12.5%) during 2000, without significantly differing from the long-term trend of development. With regard to currency structure, the volume tended to rise towards the end of each month without significant deviations, with a typical seasonal peak in December.

After the typical January decline, the daily development of currency in the first quarter of 2000 fluctuated at around Sk 63 billion, and copied the development in 1999 with an addition of about Sk 4 billion.

Beginning in the second quarter, currency volume in each subsequent month increased by about Sk 1-2 billion, to a maximum of Sk 79.5 billion in December, as in previous years.

Of the total volume of currency in circulation, cash at banks, which is a component of cash, equalled an average of 13.0%, which was comparable to the level reached in 1999 and previous years.

1.2. Banknotes and Coins in Circulation in Proportion to Total Cash Supply

At 31 December 2000, the volume of banknotes in circulation amounted to Sk 74.5 billion; an increase of 12.6% in comparison with the end of the

Commemorative coins issued by the NBS in 2000

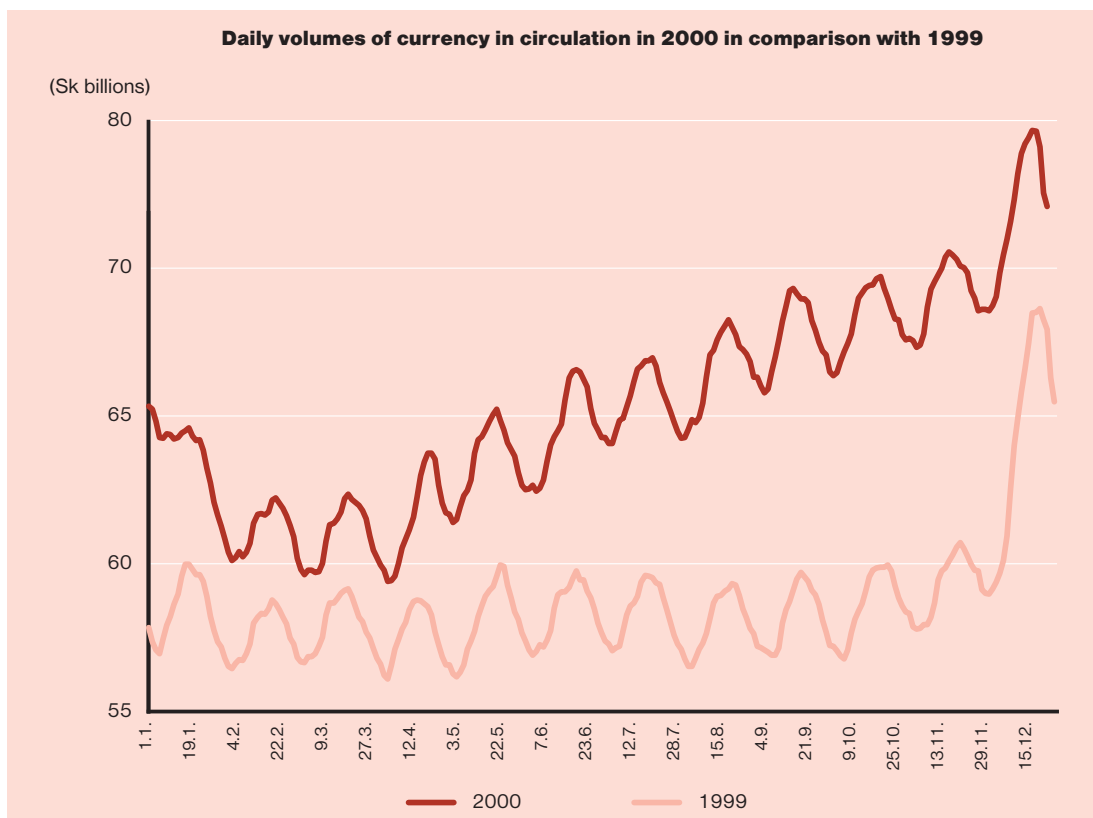
Nominal value	Event commemorated by the coin	Number of coins issued		Decree of the NBS
		Total	Proof	
CSC	250th anniversary	11,600	1,500	109/2000 Z.z.
500 Sk	of death of Samuel Mikovini			
CSC	250th anniversary	12,200	1,600	279/2000 Z.z.
200 Sk	of birth of Juraj Fándly			
CC	Beginning of the	8,000	8,000	419/2000 Z.z.
5000 Sk	3rd millennium			

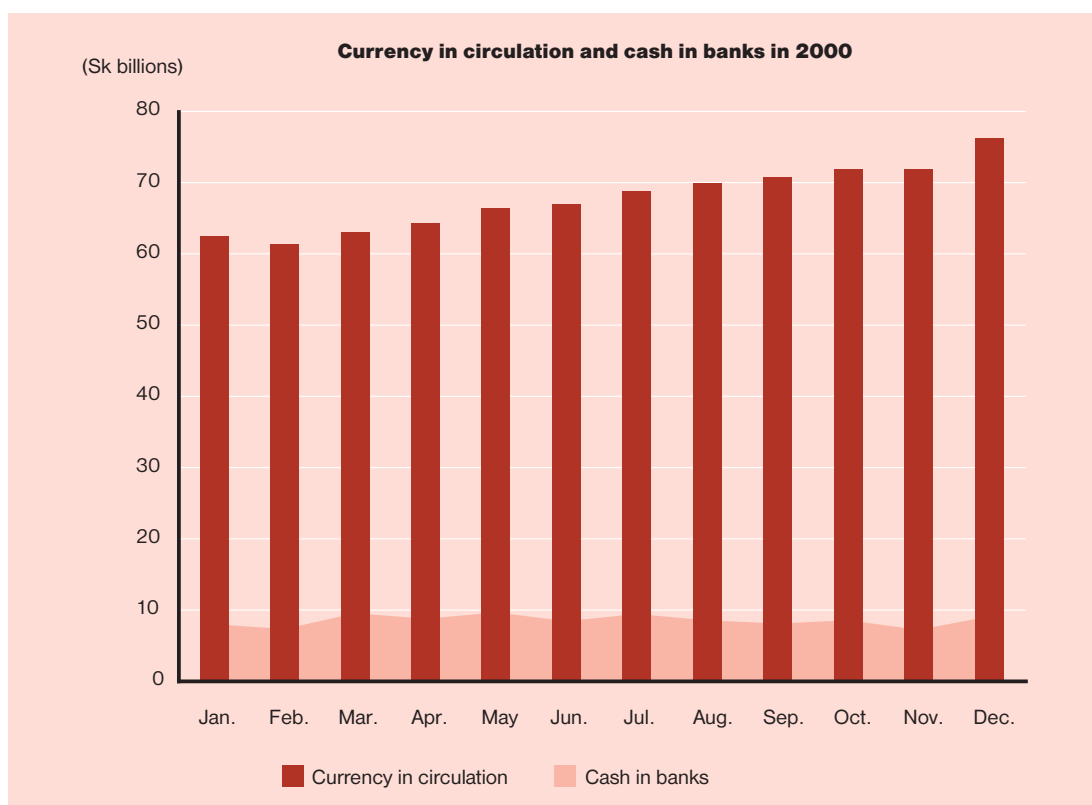
CSC - commemorative silver coin

CC - single-sided tri-metal commemorative coin



previous year. The total number of banknotes in circulation increased by 6.6 million to 118 million, i.e. by 5.9%. The proportion of currency in circulation represented by banknotes, remained the





same as in 1999 at 97.7%; the banknotes accounted for 11.9% of the total number of currency items. However, in comparison with the same period of the preceding year, the proportion of the number of banknotes fell by 0.6%. The total growth in the volume of banknotes in circulation was Sk 8.3 billion, with 5000 and 1000 Sk banknotes making up the largest proportion of this amount.

The total volume of coins in circulation grew by 10.1% compared to 1999, to Sk 1.2 billion, while their number grew by 11.7% to 870.2 million. At the end of 2000, coins accounted for 1.6% of the total volume of currency in circulation, but as much as 88% of individual items. The value and quantity of coins in circulation grew in all nominal values. The higher denominations grew in number by the highest percentages, with 23.4% for the 50 haliers, and almost 13% for the 10 and 20 haliers. The opening of hypermarkets in Slovakia had a significant influence on the issue of coins and the period for their return.

Pursuant to the Decree of the National Bank of Slovakia No. 278/2000 on ending the validity of

commemorative silver coins in Czecho-Slovak currency issued between 21st August 1954 and 31st December 1992, they ceased to be legal tender with effect from 30 September 2000, with provision for their exchange up to 30.6.2006.

The per capita volume of currency in circulation, including commemorative coins, amounted to Sk 14,124.60 at the end of December 2000, and consisted of Sk 13,799.20 in banknotes, Sk 230.90 in current coins and Sk 94.50 in commemorative coins. In comparison with 1999, the total volume of currency in circulation per inhabitant increased by Sk 1,569.30. Within this amount, the value of banknotes grew by Sk 1,539.30, coins by Sk 21.30 and commemorative coins by Sk 8.70. In 2000, there were an average of 22 banknotes per inhabitant, compared to 21 banknotes in 1999. Among them, the most numerous banknotes in circulation were the 1000 Sk with seven and the 20 Sk with five per inhabitant. The number of standard coins per inhabitant was 161 (144 in 1999). The largest proportion consisted of halier coins, with 48 10 halier and 41 20 halier coins per inhabitant. The

Volume of currency in circulation (in millions of Sk)

Nominal value	Volume at 31.12.1999	Volume at 31.12.2000	Share in % at 31.12.1999	Share in % at 31.12.2000
Banknotes	66,203.53	74,515.52	97.64	97.70
5000 Sk	23,511.42	29,410.97	34.68	38.56
1000 Sk	33,542.14	36,175.02	49.47	47.43
500 Sk	4,543.60	4,093.03	6.70	5.37
200 Sk	1,188.92	1,338.42	1.75	1.75
100 Sk	2,388.61	2,378.91	3.52	3.12
50 Sk	572.31	622.16	0.85	0.82
20 Sk	456.53	497.01	0.67	0.65
Coins	1,132.18	1,246.80	1.67	1.63
10 Sk	591.24	646.80	0.87	0.85
5 Sk	200.03	221.50	0.30	0.29
2 Sk	136.89	151.35	0.20	0.20
1 Sk	94.46	104.38	0.14	0.14
0.50 Sk	25.63	25.85	0.04	0.03
0.50 Sk II	22.38	27.61	0.03	0.03
0.20 Sk	38.89	43.78	0.06	0.06
0.10 Sk	22.66	25.53	0.03	0.03
Commemorative coins	462.98	510.63	0.69	0.67
Total	67,798.69	76,272.95	100.00	100.00

Volume of currency in circulation (in millions of items)

Nominal value	Volume at 31.12.1999	Volume at 31.12.2000	Share in % at 31.12.1999	Share in % at 31.12.2000
Banknotes	111.44	118.02	12.50	11.94
5000 Sk	4.70	5.88	0.53	0.59
1000 Sk	33.54	36.18	3.76	3.66
500 Sk	9.09	8.19	1.02	0.83
200 Sk	5.94	6.69	0.67	0.68
100 Sk	23.89	23.79	2.68	2.41
50 Sk	11.45	12.44	1.28	1.26
20 Sk	22.83	24.85	2.56	2.51
Coins	779.08	870.18	87.43	88.00
10 Sk	59.12	64.68	6.64	6.54
5 Sk	40.01	44.30	4.49	4.48
2 Sk	68.45	75.67	7.68	7.65
1 Sk	94.46	104.38	10.60	10.56
0.50 Sk	51.25	51.69	5.75	5.23
0.50 Sk II	44.76	55.21	5.02	5.58
0.20 Sk	194.47	218.91	21.82	22.14
0.10 Sk	226.56	255.34	25.43	25.82
Commemorative coins	0.58	0.61	0.07	0.06
Total	891.10	988.81	100.00	100.00

total number of halier coins in circulation (108 per inhabitant) is quite high. We assume that their low real value is the chief reason for this. As a result, only half the number issued returns to the NBS, and the rest are recorded as still in circulation.

The average value of individual items in circulation grew by only one Sk, since the increase in the average value of banknotes of Sk 37.30 was almost compensated by the growth in the number of lower value coins in circulation.

The average value of currency in circulation

	1999	2000	Difference
Banknotes	594.10	631.40	+37.30
Standard coins	1.50	1.50	0.00
Total including commemorative coins	76.10	77.10	+1.00

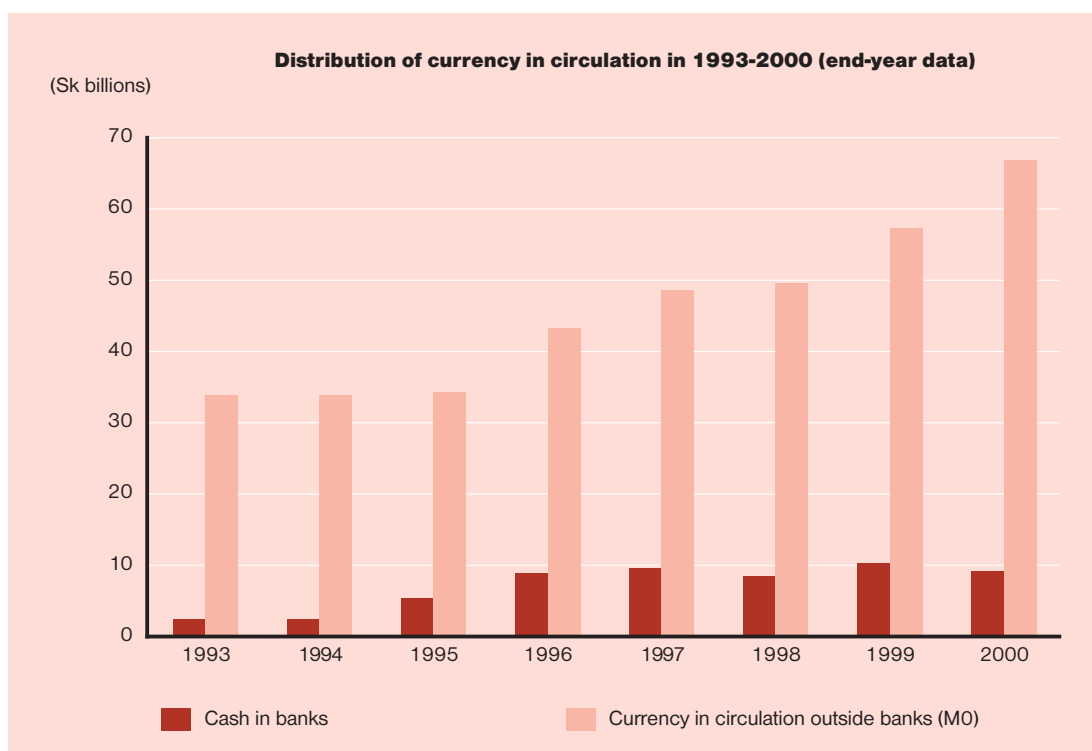
1.3. The Relationship between Currency in Circulation and Selected Macro-economic Indicators

Comparison of cash and selected macro-economic indicators is important in estimating the levels of cash and non-cash payments, cash kept at home, the amount in the shadow economy, etc. Only currency in circulation (M0), that is not in banks, is taken into account in this comparison.

The amount of cash outside banks has shown a continually rising trend since introduction of a separate Slovak currency. The proportion of cash in banks began to stagnate or decline in 1996, with the exception of 1999. By the end of 2000, the volume fell to Sk 9.3 billion.

For the purposes of international comparison, the proportion of M0 to the aggregate of M1 money and the proportion of M0 to gross domestic product (GDP) is interesting from the macro-economic point of view.

In 2000, the proportion of M0 to the M1 aggregate amounted to 35.6% in volume (in 1999



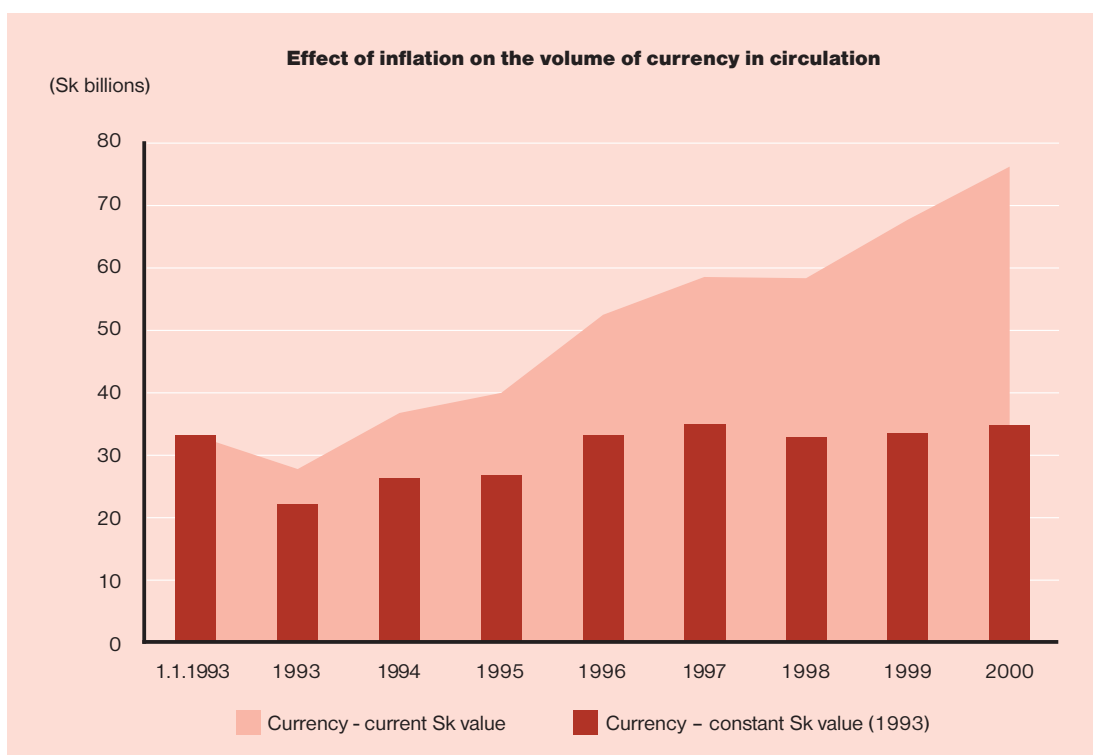


it was 36.9%), which testifies to the low level of non-cash payments in Slovakia.

substantially unchanged in 2000, with a level of 7.6%.

The proportion of M0 in comparison with the gross domestic product of the Slovak Republic was

Cash in current Sk has shown a rising trend since 1993. Its total value in constant Sk (after



excluding the effects of inflation since the end of 1993) rose up to 1997, decreased in 1998, and from then on remained at more or less the same level. In comparison with 1993, the total value of cash in 2000 at constant prices (Sk 34.7 billion) fell to slightly above the level of 1.1.1993, due to the effect of relatively high accumulated inflation.

2. COUNTERFEIT MONEY SEIZED IN THE SLOVAK REPUBLIC

2.1. The Main Trends

In 2000, a total of 1,006 items of counterfeit Slovak and foreign currency were seized in Slovakia; a decline of more than 50% when compared with the figure for 1999. Eighty per cent of the counterfeits were seized by the staff of commercial banks and non-bank exchange offices.

2.2. Counterfeit Slovak Currency

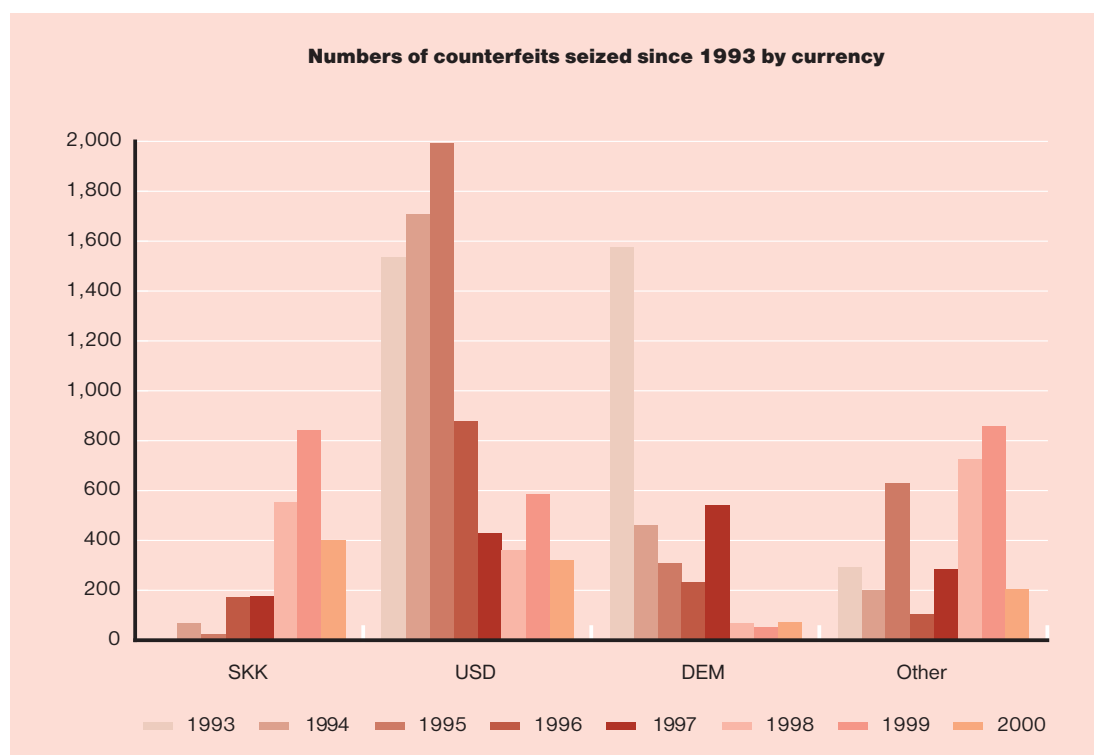
In 2000, 402 items of counterfeit Slovak currency were seized in Slovakia. The highest number was recorded in the Nitra area, where 87 forged items were seized in 71 cases.

The number of counterfeit items of Slovak currency represents a fall of more than 50% in comparison with 1999. The largest decline of two and a half times was recorded in counterfeits of 1000 Sk and 100 Sk banknotes. However, the number of counterfeit 500 Sk banknotes was almost twice that of 1999.

The majority of counterfeit Slovak banknotes were made by colour jet printing. The colour was quite close to the originals, and some had imitation protective strips.

2.3. Counterfeit Foreign Currency

In 2000, 322 counterfeits of US currency, one imitation of US currency and 281 counterfeits in



Number of Sk counterfeits seized in 1994-2000 (in pcs)

	5000	1000	500	200	100	50	20	10	5	P ^{1/}	Total	Value (Sk)
1994	0	3	5	0	1	2	0	60	0	0	71	6,300
1995	0	18	3	0	3	3	0	0	0	0	27	19 950
1996	4	98	40	1	26	3	0	0	1	0	173	140,955
1997	5	108	39	0	19	0	2	5	0	0	178	154,490
1998	26	439	20	16	32	13	10	0	0	0	556	586,250
1999	13	649	47	4	108	17	5	0	0	1	844	752,050
2000	12	246	84	5	43	9	3	0	0	0	402	353,810
Total	60	1,561	238	26	232	47	20	65	1	1	2,251	2,013,805

1/ Counterfeit with a nominal value altered from Sk 200 to Sk 2000.

Structure of seized Sk counterfeits by degree of danger

Degree of danger	1		2		3		4		5		N ^{1/}		Total	
	pcs	%	pcs	%	pcs	%	pcs	%	pcs	%	pcs	%	pcs	%
1994	0	0	0	0	0	0	66	93.0	5	7.0	0	0	71	100
1995	0	0	0	0	3	11.1	3	11.1	21	77.8	0	0	27	100
1996	0	0	0	0	1	0.4	161	62.4	11	4.3	85	32.9	258	100
1997	0	0	0	0	2	0.57	162	46.7	14	4.03	169	48.7	347	100
1998	0	0	0	0	0	0	477	85.8	79	14.2	0	0	556	100
1999	0	0	0	0	6	0.71	808	95.73	29	3.44	1	0.12	844	100
2000	0	0	0	0	8	1.99	367	91.29	27	6.72	0	0	402	100

1/ Not included in danger degree categories are imitations of standard Slovak coins with parameters similar to genuine coins which were used in gambling machines, and altered counterfeits.

other foreign currencies were seized in Slovakia. The largest number of counterfeit foreign currency was recorded in the area of Bratislava. In comparison with 1999, the number of counterfeits of US currency fell by more than 40%, reaching the lowest level since the establishment of the NBS.

Of the series of new American banknotes using new protective elements (for example the optically variable element, microtexts, watermark, line structure etc.) to protect the currency from forgery by modern reproductive techniques, the 5 USD to 100 USD banknotes were found to be circulating. Despite the increased level of protection of the US dollar, the Currencies Examination and Cabinet of Currencies of the NBS recorded 9 forgeries of the 100 USD, the so-called „superdollar“, in 2000.

In the final year of the last millennium, the number of identified forgeries decreased significantly, compared with 1999, with the exception of forgeries of German currency.

As in the preceding two years, the largest proportion of counterfeits found in Slovakia in 2000 were counterfeits of Slovak currency. In this comparison, the proportion remained more or less unchanged at 40%. However, the proportion of counterfeits of the American, Italian and German currencies in the total number of counterfeits increased to some extent.

3. EXPERT REPORTS ON DAMAGED SLOVAK CURRENCY

In 2000, the National Bank of Slovakia received 71 requests for expert examination and assessment of compensation for damaged banknotes and coins. The exchange of banknotes damaged mostly by natural disasters or other irregular events was done by the NBS as the only financial institution legally authorized to carry this out.

Number of US\$ counterfeits seized in 1994-2000 (in pcs)

Nominal value	1	5	10	20	50	100	Altered	Total	Value in \$k
1994	2	1	1	118	73	1,499	15	1,709	4,899,918.20
1995	2	1	3	146	69	1,768	9	1,998	5,434,989.20
1996	0	0	5	24	73	719	58	879	2,518,748.10
1997	0	0	1	20	30	346	34	431	1,283,908.50
1998	2	0	0	14	10	318	20	364	1,199,401.00
1999	1	0	2	5	22	550	10	590	2,367,378.00
2000	2	0	0	5	11	292	13 ^{1/}	323	1,390,729.00
Total	9	2	12	332	288	5,492	159	6,294	19,095,072.00

1/ Including one imitation 1 000 000 US\$

Structure of seized US\$ counterfeits by degree of danger

Degree of danger	1		2		3		4		5		N ^{1/}		Total	
	pcs	%	pcs	%	pcs	%	pcs	%	pcs	%	pcs	%	pcs	%
1994	116	6.8	49	2.9	1,424	83.3	100	5.8	5	0.3	15	0.9	1,709	100
1995	95	4.7	25	1.2	1,857	93.1	10	0.5	2	0.1	9	0.4	1,998	100
1996	91	10.4	8	0.9	704	80.1	17	1.9	1	0.1	58	6.6	879	100
1997	73	17.0	5	1.2	301	69.8	17	3.9	1	0.2	34	7.9	431	100
1998	39	10.7	3	0.8	281	77.2	18	5.0	3	0.8	20	5.5	364	100
1999	38	6.4	0	0	278	47.1	7	1.2	256	43.4	11	1.9	590	100
2000	39	12.1	9	2.8	248	76.8	12	3.7	2	0.6	13	4.0	323	100

1/ Not included in danger degree categories are altered banknotes, where a genuine banknote of a lower nominal value is altered to a note of a higher nominal value.

Number of counterfeits of other currencies seized in 1994-1999 (in pcs)

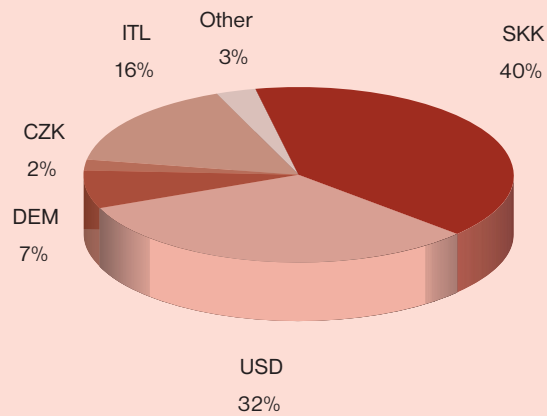
	DEM	ITL	FRF	GBP	ATS	CZK	HUF	Other currencies	Total	Value in \$k
1994	463	110	48	6	12	0	1,074	25	1,738	2,020,377.60
1995	311	60	32	18	1	447	73	1	943	1,648,431.40
1996	237	66	22	8	1	9	0	1	344	914,937.60
1997	543	99	101	16	7,731	22	5,211	8	13,731	26,608 951.70
1998	70	460	226	16	5	9	5,991	13	6,790	6,300,277.00
1999	56	329	14	13	315	186	0	6	919	3,072,936.00
2000	73	158	6	8	2	21	0	13	281	1,157,009.00
Total	1,753	1,282	449	85	8,067	694	12,349	67	24,746	41,722,920.30

Structure of seized counterfeits of other currencies by degree of danger

Degree of danger	1		2		3		4		5		N ^{1/}		Total	
	pcs	%	pcs	%	pcs	%	pcs	%	pcs	%	pcs	%	pcs	%
1994	0	0	9	0.5	1,711	98.4	1	0.1	0	0	17	1.0	1,738	100
1995	0	0	14	1.5	921	97.7	1	0.1	2	0.2	5	0.5	943	100
1996	3	0.9	13	3.8	321	93.3	3	0.9	0	0	4	1.1	344	100
1997	6	0.1	502	3.6	13,199	96.1	11	0.1	12	0.1	1	0	13,731	100
1998	0	0	450	6.6	6,319	93.1	16	0.2	4	0.1	1	0	6,790	100
1999	1	0.1	351	38.2	234	25.5	327	35.6	4	0.4	2	0.2	919	100
2000	1	0.4	115	40.9	129	45.9	16	5.7	19	6.7	1	0.4	281	100

1/ Not included in danger degree categories are simple imitations, altered banknotes, and test printouts.

Structure of counterfeits seized in 2000 by currency



The total face value of the submitted damaged banknotes and coins was Sk 18,628,448.80. The

National Bank of Slovakia paid compensation of Sk 18,511,473.80, i.e. 99.37% of the face value.

E. INTERNATIONAL ACTIVITIES



1. COOPERATION OF THE NBS WITH THE EUROPEAN UNION

The National Bank of Slovakia is the coordinator of relations between the banking system and the European Union. In the fulfilment of the individual articles of the European Association Agreement, the Bank actively assists the process of harmonization and gradual attainment of compatibility of the legal and economic environment of the banking sector with the legislative framework of the EU.

Since 1998 the NBS has regularly participated in drafting a revised text of the National Programme for the Adoption of the Acquis Communautaire (NPAA), which monitors the level of approximation of the legislation of the Slovak Republic to the Acquis Communautaire and defines the obligation to adopt the acquis in the context of short- and medium-term priorities. The NBS has actively participated in four chapters of the NPAA:

- 3 - Free movement of services
- 4 - Free movement of capital
- 11 - Economic and monetary union
- 12 - Statistics

On the basis of a decision of the EU Helsinki summit in December 1999, entry talks have started with the Slovak Republic and other candidate countries in 2000, when all four chapters concerning the NBS were worked out and submitted to Brussels for discussion. The negotiating position in chapter 12 – Statistics, was also opened in 2000 and, after having been successfully defended, postponed until later. Discussion in the other three negotiating positions were not concluded in 2000.

Since the beginning of 2000, cooperation with the European Central Bank has been intensified, and involved mainly expert consultations, advisory activities and preparation for future cooperation.

Foreign Technical Assistance The PHARE Programme

Since 1993, the EU grants foreign technical assistance (FTA) from Phare funds to the National Bank of Slovakia and the Slovak banking sector. FTA became one of the responsibilities of the Foreign Department of the NBS. PHARE Programme Implementation Unit (PIU) is responsible for drawing funds on the basis of Financial Memoranda signed between the Slovak Republic and the EU. PIU participates in the preparation of projects, cooperates in contract and financial aspects, monitors implementation and evaluates the results.

In 2000, the programme to restructure and privatise the banking sector, coordinated by the Minister of Finance of the Slovak Republic, was started. March 2000 saw the completion of an extensive programme of technical assistance to the Slovenská sporiteľňa (Slovak Savings Bank), provided by the British Lloyds TSB Bank. Cooperation between the Institute of Banking Education and a consortium under Portuguese leadership was also completed, which laid the foundation for a new form of education (two year distance learning), and which has been integrated into the standard educational programme of the Institute.

2. COOPERATION BETWEEN THE NBS AND INTERNATIONAL INSTITUTIONS

The International Monetary Fund

In April 2000, leading representatives of the NBS took part in the spring meeting of the committees of the International Monetary Fund and the World Bank in Washington, and at the end of September 2000, in the annual meeting of the governors of the member countries of the IMF and WB, in Prague. The main subjects discussed were as follows:

- *World economic outlook.* Continued economic growth in the major regions of the world and a level of inflation generally under control was confirmed. Nonetheless, risks connected with the economic and financial imbalances of the global economy still persist, with many poor countries facing serious economic problems. The Committee pointed to the effects of raised oil prices on inflationary pressures and worsening of the economic situation in poor countries, whilst acknowledging the improvement of access conditions for emerging economies to foreign markets, as well as the process of reforms in the countries of eastern Europe and the former Soviet Union.

- *The future role of the IMF.* Apart from continuing reform of the Fund, the IMF sees its main role in the coming period as applying the lessons learnt from the recent financial crises, to the work of the IMF and the policies of its members. The IMF will also attempt to reduce vulnerability and prevent crises, as well as to mitigate their spillover effects, and play a decisive role in strengthening the international financial system in cooperation with the World Bank and other international financial institutions. In the case of Fund-supported programmes for the member countries, the main criterion is their effectiveness, at the same time as respecting the specific circumstances in individual countries.

- *The Enhanced Initiative for Heavily Indebted Poor Countries and The Poverty Reduction and Growth Facility.* These two programmes create a basic framework for the development strategies of poor countries. The essence of these strategies is to create fundamental prerequisites for sustained growth with the support of the international community. The basic demands are macro-economic stability and structural reforms, which will create necessary conditions for private sector investment and for growth, and lead to gradual access to international capital markets. In this respect, the IMF is committed to providing a flexible response to the needs of members in the light of the continued high price of oil.

- *Strengthening the international financial architecture and reform of the Fund.* As part of review of the Fund, some credit facilities have been modified with the aim of creating more effective instruments to deal with crises and to protect Fund resources. The private sector has a specific role in this respect, as its participation in the prevention and regulation of crisis situations has to be market-oriented and voluntary. Fund surveillance will have to be improved, especially by means of consultation according to Article IV, which should help to identify vulnerable areas and foresee threats to the financial stability of a member country. Cooperation between the Fund and the World Bank is important, in the drafting of debt management guidelines, in combating money laundering and financial crime, and in protecting the international financial system. In the near future, special attention will have to be paid to the international financial markets, and the Capital Markets Consultative Group has been established for this purpose.

- *Effective management and the Fund.* Recent cases of misreporting to the Fund led to establishment of the Independent Evaluation Office, which is to assist the Fund to improve its operation and increase its responsibility.

In addition to the above, bilateral talks were also held with representatives of the IMF, WB and other international financial institutions.

The report on the Slovak Republic was discussed by the Executive Board of the IMF on 21 July 2000, reflecting long-term, mutually beneficial and stable relations between the Slovak Republic and the International Monetary Fund. This was the conclusion of the Article IV consultation for the preceding year. The Executive Board appreciated the progress achieved in tackling external and internal inadequacies, reducing the current account deficit of the balance of payments, creating a legal and institutional framework for bankruptcy proceedings, commencing restructuring of the banking sector and continuing the restructuring of the business sector.

Consultations of this type are held annually in every member country of the IMF and concern the most important aspects of the development of its economic policy. Discussions continued in December 2000 during the subsequent technical mission of the IMF on the proposed Staff-Monitored Programme of the IMF as a main condition for being granted an EFSAL restructuring loan by the World Bank.

Based on a decree of the government of the Slovak Republic of 13 September 2000 and a resolution of the Bank Board of the NBS dated 27 October 2000, the National Bank of Slovakia made an advanced repurchase of the Systemic Transformation Facility (STF) equivalent to SDR 75.05 million (USD 96.39 million), which was due for repayment until 2004 according to the original schedule of repayments. This was a result of the favourable development of the balance of payments and the level of foreign exchange reserves. The STF was the last outstanding loan from the IMF to the Slovak Republic, originally granted in 1993, in the amount of USD 186.68 million, which was drawn in two equal tranches in 1993 and 1994.

Prior to the final repayment of the above-mentioned loan, the National Bank of Slovakia repaid loan principal to the IMF according to the schedule of repayments, together with quarterly interest payments on the outstanding loan. In 2000, principal of USD 125.19 million and interest of USD 5.19 million was paid.

The World Bank

In February 2000, representatives of the National Bank of Slovakia took part in talks with the World Bank mission in connection with the preparation of a long-term „Enterprise and Financial Sector Adjustment Loan“ (EFSAL) intended for restructuring of the banking and enterprise sector. The size of the loan should be approximately USD 300 million. Provision of the loan will depend on fulfilment of the Staff-

Monitored Programme, as discussed by the Slovak government on 13 September 2000, in line with the above-mentioned form of cooperation with the International Monetary Fund. However, the process of restructuring of the banking sector requires cleaning-up of the credit portfolios of the banks before privatisation, so that they become attractive for foreign strategic partners.

In accordance with the government decree dated 22 December 1999, the Ministry of Finance of the Slovak Republic paid, on 16 January 2001, the first part of the Slovak Republic contribution to the 12th replenishment of the resources of the International Development Association in the amount of SDR 570 thousand (USD 741.86 thousand).

The National Bank of Slovakia paid interest of USD 8.96 million and principal of USD 20.68 million on both the Structural Adjustment Loan (SAL) and Economic Recovery Loan (ERL), in accordance with the schedule of repayments.

Japan Bank for International Cooperation

During 2000, funds from the Two Step Loan I-III from the Export-Import Bank of Japan (formerly the Japan Bank for International Cooperation) gradually accumulated in the intermediary banks. The banks used the resources for revolving loans. Up to 31 December 2000, 283 projects valued at Sk 2.52 billion were funded by the intermediary banks in accordance with the requirements of the TSL I-III credit lines.

The European Investment Bank

Early repayments of the Apex Global Loan I were made in 2000. As a result, this credit line was finally repaid and at an end. In the first half of the year, drawings on the credit line Apex Global Loan II, signed in 1995, continued, but finished in July 2000. The intermediary commercial banks

gave priority to withdrawals in Slovak crowns. In 2000, a further 4 projects valued at Sk 156 million were financed from the funds of the European Investment Bank.

The Bank for International Settlements

The National Bank of Slovakia has consistently complied with all the duties of a shareholder of the Bank for International Settlements (BIS). The participation of the governor of the NBS in the regular Governors' Meetings of the member central banks of the BIS and other central banks helped to further enhance the most significant relations between the NBS and BIS.

In accordance with the resolution of the 70th Annual General Meeting of the BIS, held on 5 June 2000, the Bank for International Settlements paid the National Bank of Slovakia dividends of 340 CHF per share for the financial year 1999-2000 ended on 31 March 2000. The total dividend remitted amounted to 907,800 CHF.

The significant benefits of the NBS membership in the BIS were received by the outcomes of works of the BIS committees and various expert groups working at the BIS and with its substantial support. The Committee on the Global Financial System, through its working group, has assessed current practices in stress testing in large financial institutions. The Working Group for International Banking Statistics set out a programme of further improvement in the international banking statistics of the BIS. The Committee on Payment and Settlement Systems completed work on evaluating the development of electronic money, while the Task Force on Payment Systems and Practices was working on elaboration of the Core Principles for Systemically Important Payment Systems. The BIS held a meeting of central bank experts focused on the design, implementation and perspective amendments to the central banks' web pages.

The Financial Stability Institute of the BIS held seminars and workshops to promote implemen-

tation of the Core Principles for Effective Banking Supervision by close cooperation between banking supervisors, disseminating the latest information about the products of particular markets, practices and methods and assistance in introducing innovations in the risk management, finance and regulation.

The Basel Committee on Banking Supervision held its 11th International Conference of Banking Supervisors, which reviewed the first revision of the Basel Capital Accord, and then concentrated on elaboration of the second proposal of the New Capital Accord.

The Bank for International Settlements significantly contributed to the activities of the Financial Stability Forum comprising international financial institutions, national authorities responsible for financial stability in significant financial centres and international supervisory and regulatory bodies. The Financial Stability Forum extended the activity particularly of its Follow-up Group on Incentives to Foster Implementation of Standards to strengthen financial systems aimed at design of Key Standards for Sound Financial Systems, that require unavoidable compliance in Macroeconomic Policy and Data Transparency, Institutional and Market Infrastructure and Financial Regulation and Supervision.

Over the 2000, the BIS continued to help central banks of more than twenty industrial countries to coordinate technical assistance and specialized training for central banks of reforming countries. The BIS also runs a database on technical assistance and education for central banks of the countries of Central and Eastern Europe and the Baltic states, and organizes an annual international meeting of national coordinators of technical assistance and donors, at which the assistance provided is evaluated and future policies are decided upon. The NBS regularly and actively participates in these meetings.

The National Bank of Slovakia submits quarterly data to the BIS on the technical assistance it has

received on a bilateral basis, for example from the British Know-How Fund, the Japanese JICA, the American USAID, as well as assistance from international organizations (PHARE, IMF, WB, EBRD, OECD). The BIS receives data on assistance given to the NBS by the central banks of the G-10 countries and Austria, directly from the providers.

The International Investment Bank The International Bank for Economic Cooperation

Representatives of the National Bank of Slovakia participate in semiannual sessions of the boards of the International Investment Bank and the International Bank for Economic Cooperation at their headquarters in Moscow. Participation in these sessions is due to the position of the Slovak Republic as a shareholder of these banks.

On 23-25 May 2000, the representatives of the National Bank of Slovakia participated in the spring sessions of the boards of the International Investment Bank and International Bank for Economic Cooperation in Moscow. The autumn session of both institutions was held in Vietnam on 22-24 November 2000, with the participation of representatives of the NBS.

The Organization for Economic Cooperation and Development

In 2000, the process of accession of the Slovak Republic to the OECD continued to be a priority of the international activities of the NBS. Representatives of the NBS regularly participated in drafting the key documentation for the Slovak Republic and the supporting documents for the sessions of individual committees and working groups of the OECD. Participating in the respective talks, the representatives of the NBS had the opportunity to obtain detailed information about developments in member and non-member

countries of the OECD. During 2000, the NBS sent its representatives to the sessions of the Committee for Economic Policy (Working Group for Short-term Economic Outlook), the Committee for International Investment and Multinational Companies (CIME), the Committee for Capital Movements and Invisible Transactions (CMIT) and the Committee for Evaluation of the Economy and Development (EDRC).

Representatives of the NBS at various management levels participated in drafting individual documents in accordance with the requirements of the OECD. These included the Official Reply of the Bodies of the Slovak Republic to the Conclusions of the Chairman of the Joint Session of the CIME and CMIT Committees of 2-3 July 1996, which was approved at a session of the government of the SR on 1 December 1999 and submitted to the Secretariat of the OECD. In the document, the Slovak Republic assessed the most recent measures adopted in the area of legislation, corresponding with the obligations to adopt the Liberalisation Codes of the OECD and the instrument on national treatment in the recent past. Based on official redraft submitted, the Slovak Republic was invited for talks with the Committee of the OECD held in June 2000 (Ministerial Summit). From the point of view of evaluation of the accession process and individual activities in the course of 2000, a mention should be made of the following activities:

- *The session of the Joint Committee of the Slovak Republic and OECD on 4 April 2000 in Paris.* The committee was set up as part of the Memorandum of Understanding, in which the OECD programme to assist transforming economies and candidates for membership in the OECD - Partners in Transition (PIT) was implemented. The main areas of discussion were: economic development, the state of reforms in the Slovak Republic, reform of pension scheme, and evaluation of the programme for cooperation between the Slovak Republic and the OECD.

- *The session of the Committee for Financial Markets on 5 April 2000 in Paris.* The main points of discussion were restructuring and privatisation

of the banking sector and the schedule for further liberalization of capital movements.

- *The session of the Joint CIME/CMIT Committees on 27 April 2000, in Paris.* The position of the Slovak Republic on the codes and relevant documents of the OECD was revised at the session.

After the key talks in April, the views of other relevant committees and the evaluation of the overall position of the Slovak Republic on the resolutions, recommendations and other valid instruments, the resolution of the ministerial summit of the OECD on 28 July 2000, when Slovakia was invited to become the 30th member of the OECD, was an important milestone. The decision to invite the SR to join the OECD was followed by a declaration and the official approval of the Slovak Republic to accede to the Agreement on the OECD. The agreement on the invitation of the Slovak Republic to accede to the Agreement on the OECD was signed by the minister of foreign affairs of the Slovak Republic and the general secretary of the OECD on 28 September 2000. The accession of the Slovak

Republic to the Agreement on the OECD was further ratified by the National Council of the Slovak Republic on 26 October 2000 and signed by the president of the SR. The ratification paper was handed over to French government as depositary on 14 December 2000, and the Slovak Republic officially became the 30th member of the OECD.

The World Trade Organization

During 2000, the National Bank of Slovakia participated in preparing a Review of the Commercial Policy of the Slovak Republic, which is the most important activity of the Slovak Republic in the WTO. The Review of Commercial Policy serves as a profile document for a particular member country of the WTO, giving summary information on the economy and commercial policy of the country. It also actively participated in discussion of the accession of the Russian Federation to the WTO in respect of trade in services.

F. AUDITORS REPORT



NATIONAL BANK OF SLOVAKIA

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

**as of 31 December 2000
and for the year then ended**

Deloitte & Touche, spol. s r. o.
Bratislava Business Center
Prievozská 12
821 09 Bratislava
Slovak Republic

Tel: +421 (0) 582 49 111
Fax: +421 (0) 582 49 222
mail@deloitte.sk
www.deloitteCF.com

**Deloitte
& Touche**

National Bank of Slovakia

Auditor's Report

To the Bank Board of National Bank of Slovakia:

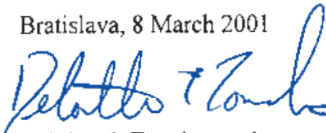
We have audited the statutory financial statements of National Bank of Slovakia ("the Bank") for the year ended 31 December 2000, in accordance with the Slovak Auditing Standards. The accompanying summarised financial statements, which are included in this annual report, were derived from the audited statutory financial statements.

In our report dated 8 March 2001, 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 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, 8 March 2001


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




Ing. Juraj Hal'ama, CS
Responsible Auditor
SKAU Decree Number 213



Deloitte
Touche
Tohmatsu

NATIONAL BANK OF SLOVAKIA
BALANCE SHEETS
31 December 2000 and 1999
(summarised statutory financial statements, in millions of Sk)

Assets	Notes	2000	1999
Gold	3	1 028	1 341
Deposits with the International Monetary Fund	4	5 264	4 942
Receivables from foreign banks and international institutions	5	3 871	21 313
Receivables from domestic banks	6	41 067	40 225
Securities	7	198 091	141 262
Equity shares	7	145	145
Fixed assets	8	6 591	5 608
Other assets	11	1 473	1 671
Total assets		257 530	216 507

Liabilities

Currency in circulation	9	75 944	67 491
Liabilities to the International Monetary Fund	4	5 264	10 538
Liabilities to foreign banks and international institutions	5	16 813	27 989
Liabilities to domestic banks	6	71 000	46 623
Securities issued	7	24 900	12 040
Liabilities to the State budget	10	12 280	18 801
Other liabilities	11	40 860	22 556
Total liabilities		247 061	206 038

Equity

Legal Reserve Fund	12	9 925	9 925
Statutory Fund	12	467	467
Capital Fund	12	77	77
Total equity		10 469	10 469

Total liabilities and equity		257 530	216 507
-------------------------------------	--	----------------	----------------

Ing. Marián Jusko, CSc.

Governor

Ing. Anna Pastuchová, PhD.

Executive Director of Information Systems Division

Ing. Milena Koreňová

Executive Director of Accounting Methodology Department

Notes on pages 4 to 13 are an integral part of the summarised statutory financial statements.

2

NATIONAL BANK OF SLOVAKIA
STATEMENTS OF PROFIT AND LOSS
For the years ended 31 December 2000 and 1999
(summarised statutory financial statements, in millions of Sk)

	Notes	2000	1999
Interest income		13 450	12 290
Interest expense		-5 832	-3 213
Net interest income	13	<u>7 618</u>	<u>9 077</u>
Dividends income	14	<u>35</u>	<u>35</u>
Fees and commissions received		120	72
Fees and commissions paid		-21	-31
Income from fees and commissions		<u>99</u>	<u>41</u>
Loss from transactions with securities	15	<u>-2 624</u>	<u>-2 478</u>
Profit from foreign currency transactions	16	<u>48</u>	<u>3 183</u>
Profit from sale of equity securities			<u>15 658</u>
Expenses for printing of notes and coins		<u>-109</u>	<u>-305</u>
Profit from banking operations		<u>5 067</u>	<u>25 211</u>
Other provisions and reserves		<u>-10</u>	<u>18 802</u>
Administrative expenses	17	-632	-557
Depreciation		-209	-228
Other operating expenses		-847	-717
Total operating expenses		<u>-1 688</u>	<u>-1 502</u>
Extraordinary income (expenses)	18	<u>4 021</u>	<u>-9</u>
Income tax from ordinary activities		<u>-1</u>	
Profit for the accounting period		<u>7 389</u>	<u>42 502</u>
Distribution of profit	19	<u>7 346</u>	<u>42 189</u>

Notes on pages 4 to 13 are an integral part of the summarised statutory financial statements.

3

NATIONAL BANK OF SLOVAKIA
NOTES TO THE SUMMARISED STATUTORY FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2000 AND 1999
(in millions of Sk)

1. General information

The National Bank of Slovakia ("the Bank" or "NBS") is the central bank of the Slovak Republic. The NBS was established in accordance with the terms of the Act No. 566/1992 Coll. on the National Bank of Slovakia ("the Bank Act"), as amended. The NBS commenced its activities as the central bank in the Slovak Republic on 1 January 1993.

The main role of the NBS is to ensure the stability of the Slovak Crown, and therefore the NBS:

- ❖ determines monetary policy;
- ❖ issues bank notes and coins;
- ❖ controls money in circulation, co-ordinates domestic interbank payments and settlements, provides its continuity and effectiveness;
- ❖ supervises bank activities within the scope pursuant to the Bank Act;
- ❖ represents the Slovak Republic in international financial institutions and in world capital market operations, and
- ❖ performs other activities as defined under the Bank Act.

The supreme managing body of the NBS is the Bank Board. The Bank Board has 8 members as follows: the Governor, two Vice-governors, two directors and three other members. The Governor and Vice-governors are appointed and withdrawn by the president of the Slovak Republic. Directors and the other three members of the Bank Board are appointed and withdrawn by the Slovak government.

As at 31 December 2000, the members of the Bank Board were as follows:

Ing. Marián Jusko, CSc.	Governor of the NBS	appointed on 30 July 1999
Ing. Elena Kohútiková, CSc.	Vice-governor of the NBS	appointed on 28 March 2000
Ing. Jozef Mudrík	Vice-governor of the NBS	appointed on 23 May 1995
Ing. Ján Mathes	Director of the NBS	appointed on 1 January 1999
RNDr. Karol Mrva	Director of the NBS	appointed on 1 December 2000
Ing. Jozef Magula	Member	appointed on 4 February 1997
Ing. Eugen Jurzyca	Member	appointed on 1 December 2000
Prof. Ing. Jozef Košnár, DrSc.	Member	appointed on 1 December 2000

2. Basis for preparation of financial statements

2.1 Basic information

The Bank maintains its books in accordance with Accountancy Act (563/1991 Coll.), as amended and in accordance with relevant valid regulations issued by the Ministry of Finance of the Slovak Republic. The accompanying financial statements were prepared in accordance with Slovak legal regulations and in a format comparable with the format used for international purposes. Data for previous accounting period are comparable with the 2000 data, in compliance with valid legal regulations.

2.2 Valuation of assets and liabilities

Methods used for valuation of assets and liabilities are based on the Accountancy Act and Bank Accounting Procedures. The Bank applied the following mandatory methods of valuation:

- ❖ purchased supplies were valued at acquisition cost;
- ❖ purchased tangible and intangible fixed assets were valued at acquisition cost;
- ❖ cash and vouchers were valued at nominal value;
- ❖ receivables and payables were valued at nominal value, and
- ❖ securities marketable in financial and capital markets were valued at cost of acquisition and adjusted for declines in market value. Equity investments were valued at cost of acquisition.

These notes are an integral part of the summarised statutory financial statements.

4

NATIONAL BANK OF SLOVAKIA
NOTES TO THE SUMMARISED STATUTORY FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2000 AND 1999
(in millions of Sk)

2.3 Valuation of assets and liabilities denominated in foreign currency

The Bank has converted its assets and liabilities denominated in foreign currency to Slovak currency using the exchange rate as at the transaction date per the Bank's exchange rates chart, and in its year-end financial statements the exchange rate as at 31 December 2000.

Exchange rates for principal foreign currencies used by the NBS for valuation of its assets and liabilities as at 31 December 2000 were as follows:

Currency	Unit	Cash denominated in foreign currency Medium
USD	1	47.389
EUR	1	43.996
JPY	100	41.397
XDR	1	61.751

2.4 Depreciation of fixed assets

Based on the use of its fixed assets, the NBS adjusted the annual depreciation rates of its tangible and intangible fixed assets from 1 January 2000 as follows:

Depreciation group	Annual depreciation rate in %
1	25.0
2	12.5
3	6.7
4	3.4
5	2.5
6	individual rate

The NBS has included its fixed assets into individual depreciation groups as follows:

1. Office equipment, data processing systems, cars and vehicles, software,
2. Instruments and special technical equipment,
3. Security systems,
4. Power systems (NBS did not have assets within this depreciation group),
5. Buildings, constructions,
6. Objects and items depreciated by the individual rate (e. g. security monitoring systems).

2.5 Taxes

The NBS is exempt from corporate income tax under Article 18 of Act 366/1999 Coll. on Income Taxes, as amended.

2.6 Distribution of profit

The profits generated by the NBS are used to replenish the reserve fund and other funds created from profit. The remaining profits are transferred to the state budget of the Slovak Republic.

NATIONAL BANK OF SLOVAKIA
NOTES TO THE SUMMARISED STATUTORY FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2000 AND 1999
(in millions of Sk)

3. Gold

The value of gold reserves in the Bank's custody is Sk 1 028 million, i. e. 16.4 million grams of fine gold valued at historical cost of 62.54451 Sk per gram.

This item does not include gold of 18.7 million grams used for swaps (see Note 16 "Profit from foreign currency transactions" and Note 21 "Off-balance sheet items"). To secure the gold swaps the NBS purchased put options (see Note 21 "Off-balance sheet items").

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

	2000	1999
Deposits		
Membership quota in the IMF	5 264	4 942
Total receivable from the IMF	5 264	4 942
Liabilities		
Loan Tranche	5 264	4 942
Loan Systemic Transformation Facility		5 596
Total liability to IMF	5 264	10 538

The IMF membership quota is denominated in Special Drawing Rights (XDR) and it is converted to Slovak currency using the rate determined by the IMF on a regular basis. Liabilities to the IMF represent drawing the reserve tranche up to the amount of the paid membership quota in XDR.

Systemic Transformation Facility was repaid before maturity in October 2000 according to the resolution of the Slovak government and the decision of the Bank Board.

5. Receivables from and liabilities to foreign banks and international institutions

Receivables from foreign banks and international institutions were as follows:

	2000	1999
Current accounts	942	2 133
Term deposits with the banks	822	2 750
Receivables from REPO transactions	2 107	16 430
Total receivables	3 871	21 313

Receivables from foreign entities include total funds on nostro accounts and term deposits with correspondent banks abroad. Term deposits are denominated in USD. The NBS recorded receivables from REPO transactions in EUR, which are secured by medium-term state bonds in EUR.

Liabilities to foreign banks and international institutions were as follows:

	2000	1999
World Bank	1 466	1 000
Deposits of foreign banks		799
Fund PHARE	1	8
Deposits	1 467	1 807
Liabilities from REPO transactions		10 507
EXIM Bank of Japan	13 525	13 885
European Investment Bank Luxembourg	1 821	1 790
Loans	15 346	26 182
Total liabilities	16 813	27 989

These notes are an integral part of the summarised statutory financial statements.

6

NATIONAL BANK OF SLOVAKIA
NOTES TO THE SUMMARISED STATUTORY FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2000 AND 1999
(in millions of Sk)

The loans are long-term and designated to replenish resources of selected domestic banks to support small-sized and medium-sized businesses and to support certain industries of the Slovak economy.

Receivables from and liabilities to foreign banks and international institutions by remaining maturity period are set out in Note 22.

6. Receivables from and liabilities to domestic banks

Receivables from domestic banks were as follows:

	2000	1999
Refinancing loans	591	2 172
Loans for support of small and medium sized businesses	10 888	11 137
Redistribution loans	23 980	26 185
Other receivables	5 608	731
Classified receivables	11	
Provisions for classified receivables	-11	
Total receivables	41 067	40 225

Receivables from domestic banks outline the role of the central bank as an intermediary in refinancing of commercial banks.

Liabilities to domestic banks were as follows:

	2000	1999
Minimum required reserves of banks	37 366	41 433
Liabilities from REPO transactions	27 626	
Term deposit accounts	3 427	
Other liabilities	2 581	5 190
Total liabilities	71 000	46 623

Minimum required reserves of domestic banks represent a major part of liabilities. Liabilities from REPO transactions include liabilities from sterilisation REPO transactions with the banks which are secured by T-bills of the NBS in the amount of Sk 28 000 million and they were performed to control liquidity and currency in circulation (see Note 7.2).

Receivables from and liabilities to domestic banks by remaining maturity period are disclosed in Note 22.

7. Securities

The Bank owns marketable securities follows:

Issuer	Security	2000	1999
Public sector	State T-bills	46 117	23 798
	Short-term bonds		70
	Medium-term bonds	38 134	33 411
	Long-term bonds	31 880	27 978
	Shares with variable income	73	227
	Provisions	- 599	- 1 669
	Total	115 605	83 815
Financial institutions	T-bills	2 299	5 165
	Short-term bonds	63 396	44 814
	Medium-term bonds	15 878	6 529
	Long-term bonds	1 681	1 131
	Provisions	- 768	-192
	Total	82 486	57 447
Total		198 091	141 262

These notes are an integral part of the summarised statutory financial statements.

NATIONAL BANK OF SLOVAKIA
NOTES TO THE SUMMARISED STATUTORY FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2000 AND 1999
(in millions of Sk)

The cost of acquisition related to discounted securities includes accrued discount. The cost of acquisition related to bonds includes the proportional interest income from coupon. Securities of the public sector consisted of State T-bills and Government bonds of the EU countries, the U.S.A. and Japan. The Bank created provisions for securities if their market value was lower than their book value (see Note 15 "Loss from transactions with securities"). Securities owned by the Bank by remaining maturity period are shown in Note 22.

7.1 Bonds issue

In 2000, the NBS settled its liabilities from bonds issued which were placed on the private Japanese capital market in the nominal value of JPY 10 000 million. As at 31 December 2000, the NBS did not have any liabilities from bonds issued.

7.2 Issue of T-bills

As at 31 December 2000 the Bank reported liabilities from the issue of T-bills amounting to Sk 84 900 million. The issue was made to create sufficient reserve of securities to perform sterilisation REPO transactions.

As at 31 December 2000 the Bank used for sterilisation activities T-bills of Sk 52 900 million, including Sk 28 000 million related to sterilisation REPO transactions and Sk 24 900 million by the direct issue into the investment portfolios of domestic banks.

7.3 Equity shares

As at 31 December 2000, the NBS had equity shares in the Slovak Bank Clearing Centre in the amount of Sk 120 million, representing 39.47 % of share capital. In the Bank for International Settlements (BIS – Basel, Switzerland), the NBS owns shares in the amount of Sk 25 million, representing 0.5 % of share capital.

8. Fixed assets

8.1 Intangible fixed assets

Intangible fixed assets	Software	Acquisition of Software	Total
Cost as at 1 January 2000	153	3	156
Disposals		-1	-1
Transfers	1	1	2
Cost as at 31 December 2000	154	3	157
Accumulated depreciation as at 1 January 2000	86		86
Accumulated depreciation expensed	23		23
Accumulated depreciation of disposed ITFA	-1		-1
Accumulated depreciation as at 31 December 2000	108	-	108
Net Book value of ITFA as at 1 January 2000	67	3	70
Net Book value of ITFA as at 31 December 2000	46	3	49

These notes are an integral part of the summarised statutory financial statements.

8

NATIONAL BANK OF SLOVAKIA
NOTES TO THE SUMMARISED STATUTORY FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2000 AND 1999
(in millions of Sk)

8.2 Tangible fixed assets

Tangible fixed assets	Land	Other non-depr. TFA	Con- struc- tions	Technic. equipm. & mach.	Other deprec. TFA	Acquisi- tion of TFA	Prepay- ments made	Total
Cost as at 1 January 2000	302	88	1 205	1 260	161	2 909	718	6 643
Additions		-59	59			1 869	190	2 059
Disposals	-4		-33	-51	-1	-60	-774	-923
Transfers	6	6	50	60	1	-123		
Cost as at 31 December 2000	304	35	1 281	1 269	161	4 595	134	7 779
Accumulated depreciation								
as at 1 January 2000			147	854	98		6	1 105
Accumulated depreciation expensed			64	140	18			222
Accumulated depreciation of disposed TFA			-33	-56	-1			-90
Accumulated depreciation as at 31 December 2000			178	938	115		6	1 237
Net Book value of TFA as at 1 January 2000	302	88	1 058	406	63	2 909	712	5 538
Net Book value of TFA as at 31 December 2000	304	35	1 103	331	46	4 595	128	6 542

8.3 Tangible fixed assets under lease contracts

As at 31 December 2000, the NBS recorded liabilities relating to finance lease in the amount of Sk 797 thousand. The lease contract expires in March 2001.

9. Currency in circulation

This item includes valid domestic banknotes and coins in circulation that were issued by the Bank.

10. Liabilities to the State budget

Included in the table below is the structure of liabilities relating to the State budget:

	2000	1999
Account of the Slovak Republic	5 608	16 217
State funds	6 672	2 584
Total liabilities	12 280	18 801

Terms between the Slovak Republic state budget and the NBS are set in the NBS Act, Section 25. The NBS liability arisen from ordinary state operations and financing the debt service represented the amount of Sk 5 608 million as at 31 December 2000. State funds in the amount of Sk 6 672 million included other state deposits with the NBS.

11. Other assets and other liabilities

Included in the table below is the structure of other assets:

	2000	1999
Accruals	977	1 146
Other assets	496	525
Total other assets	1 473	1 671

These notes are an integral part of the summarised statutory financial statements.

NATIONAL BANK OF SLOVAKIA
NOTES TO THE SUMMARISED STATUTORY FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2000 AND 1999
(in millions of Sk)

Other assets include mainly receivables from clients and supplies.

Included in the table below is the structure of other liabilities:

	2000	1999
Accruals	658	754
Forward transaction clearing accounts	3 376	91
Reserves	16 990	9 695
Other liabilities	19 836	12 016
Total other liabilities	40 860	22 556

Other liabilities include mainly accounts liabilities to clients, deposits of non-budgetary funds of Slovak government agencies and amounts due to suppliers.

As at 31 December 2000, reserves included mainly the foreign exchange reserves totalling Sk 16 976 million in the following structure: reserves for gold swaps in the amount of Sk 3 100 million to cover the difference between the market value of gold used in swaps and its historical acquisition cost, and reserves for open foreign currency position in the amount of Sk 13 876 million. The reserve for exchange rate losses from open foreign currency position of the NBS is updated based on the expected development in foreign exchange reserves and anticipated movements in exchange rates.

12. Equity

Equity represents the statutory fund inherited upon the division of assets and liabilities of former ŠBČS in the amount of Sk 467 million, legal reserve fund in the amount of Sk 9 925 million and capital fund in the amount of Sk 77 million.

13. Net interest income

Included in the table below is the structure of net interest income:

	2000	1999
Interest income from domestic banks	3 374	4 529
Interest income from foreign banks and international institutions	272	205
Interest income from securities	8 922	6 356
Interest income from REPO transactions	777	951
Other interest income	105	249
Interest income	13 450	12 290
Interest expense paid to the treasury	-1 161	-318
Interest expense paid to domestic banks	- 668	-580
Interest expense paid to foreign banks and international institutions	-735	-696
Interest expense relating to securities	-231	-610
Interest expense relating to REPO transactions	-2 173	-682
Other interest paid	-864	-327
Interest expense	-5 832	-3 213
Profit from interest	7 618	9 077

Interest income is mainly affected by interest income from securities and interest income from domestic banks.

NATIONAL BANK OF SLOVAKIA
NOTES TO THE SUMMARISED STATUTORY FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2000 AND 1999
(in millions of Sk)

14. Dividends income

Dividends in the amount of Sk 25 million arose from shares in the BIS – Basel, Switzerland. Dividends in the amount of Sk 10 million arose from other investments.

15. Loss from transactions with securities

Included in the table below is the structure of loss from transactions with securities:

	2000	1999
Capital revenues from securities	464	365
Capital loss from securities	-3 616	-1 379
Distribution of provisions for securities	1 895	397
Creation of provisions for securities	-1 367	-1 861
Loss from transactions with securities	-2 624	-2 478

Losses from transactions with securities arose mainly from declines in market prices of the U. S. Government and EU countries bonds on international markets.

16. Profit from foreign currency transactions

The Bank generated profit from foreign exchange transactions as follows:

	2000	1999
Income from foreign exchange transactions	20 449	20 919
Expenses from foreign exchange transactions	-13 105	-20 282
Use of reserves for foreign exchange transactions	1 163	8 913
Additions to reserves for foreign exchange transactions	-8 459	-6 367
Profit from foreign exchange transactions	48	3 183

The Bank realised net foreign exchange gains of Sk 8 075 million. The Bank lost Sk 654 million on swaps and Sk 77 million on foreign exchange term transactions. In 2000, the Bank has created a reserve of Sk 8 459 million for its open foreign currency position. The Bank used reserves for gold swaps of Sk 1 064 million and reserves for currency swaps of Sk 99 million.

17. Administrative expenses

Administrative expenses include personnel expenses that consist of wages and salaries and social expenses. Social expenses include the employees' mandatory health, medical, and pension insurance contributions, unemployment contributions, the contribution for the failure to employ a mandatory proportion of disabled persons, and the mandatory contribution to the social fund in accordance with the Social Fund Act (152/1994 Coll., as amended) and the Income Taxes Act (366/1999, as amended).

In the accounting period 2000, the average number of employees was 1 305.

18. Extraordinary income (expenses)

Extraordinary income was largely influenced by the final settlement of ŠBČS accounts receivable and liabilities between the NBS and the Czech National Bank in the amount of Sk 4 092 million.

19. Distribution of profit

The Bank ended its accounting period 2000 with a profit of Sk 7 389 million. Its contributions to the state budget of the Slovak Republic amounted to Sk 7 346 million, of which Sk 4 000 million had been paid as at 31 December 2000. The social fund received Sk 40 million from profit; the retirement fund was allotted Sk 3 million. The Bank did not make any additions to the reserve fund.

These notes are an integral part of the summarised statutory financial statements.

11

NATIONAL BANK OF SLOVAKIA
NOTES TO THE SUMMARISED STATUTORY FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2000 AND 1999
(in millions of Sk)

20. Currency structure of assets and liabilities

As at 31 December 2000, the Bank had the following foreign currency assets and liabilities (translated into Sk):

	Line No.	Slovak crowns (Sk)	Foreign currencies translated into Sk	There-of:					Total
			Total	USD	EUR	JPY	XDR	Other	
ASSETS									
2000	1	48 441	209 089	52 665	144 580	5 428	5 288	1 128	257 530
1999	2	48 173	168 334	53 817	98 632	8 763	4 975	2 147	216 507
Difference	3=1-2	268	40 755	-1 152	45 948	-3 335	313	-1 019	41 023
LIABILITIES									
2000	4	234 704	22 826	1 035	2 871	13 655	5 265		257 530
1999	5	173 345	43 162	8 749	5 520	18 266	10 579	48	216 507
Difference	6=4-5	61 359	-20 336	-7 714	-2 649	-4 611	-5 314	-48	41 023
Difference total	7=3-6	-61 091	61 091	6 562	48 597	1 276	5 627	-971	

21. Off-balance sheet items

As at 31 December 2000, the future irrevocable receivables and liabilities on the Bank's off-balance sheet accounts, which arose from foreign exchange term and spot operations, were structured as follows:

Item	Balance as at 31 December 2000	
	Receivable	Payable
Long-term currency swaps	8 279	7 690
Interest rate swaps	1 634	1 634
Gold swaps	1 168	8 226
Futures total	11 081	17 550
Spots	9	9

The Bank had entered into long-term gold swaps that gave rise to a receivable of Sk 7 763 million (re-valued using gold's year-end exchange rate of USD 272.95/oz) and an USD-denominated account liabilities translated into Sk 8 226 million, as at 31 December 2000.

In order to hedge the risk of gold's declining market value, the Bank had purchased European gold put options, which gave rise to an USD-denominated receivable translated into Sk 8 226 million and a liabilities of Sk 7 763 million (re-valued using gold's year-end exchange rate), as at 31 December 2000.

When valuing gold at historical cost, the receivable arising from long-term swaps and the liabilities arising from the purchased long-term options was Sk 1 168 million.

As at 31 December 2000, the Bank had on its off-balance sheet accounts the assumed state guarantees for re-distribution loans totalling Sk 34 964 million, consisting of the principal and interest until maturity.

NATIONAL BANK OF SLOVAKIA
NOTES TO THE SUMMARISED STATUTORY FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2000 AND 1999
(in millions of Sk)

As at 31 December 2000, there were no undisclosed material contingent assets or liabilities.

22. Maturity analysis

Assets and liabilities by period until maturity were as follows:

	1 month or less	From 1 month to 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years	Unspe- cified	Total
Assets							
Gold	177	771				80	1 028
Deposits with the IMF						5 264	5 264
Receivables from foreign banks and international institutions	3 107					764	3 871
Receivables from domestic banks	1 890	5 321	483	8 474	24 899		41 067
Securities	19 248	40 079	79 053	53 447	6 264		198 091
Equity shares						145	145
Fixed assets						6 591	6 591
Other assets	57	884	123	173	150	86	1 473
Total assets	24 479	47 055	79 659	62 094	31 313	12 930	257 530
Liabilities and equity							
Currency in circulation	75 944						75 944
Liabilities to the IMF						5 264	5 264
Liabilities to foreign banks and international institutions	703	324	345	6 944	7 733	764	16 813
Liabilities to domestic banks	71 000						71 000
Securities issued		24 900					24 900
Liabilities to the State budget	12 280						12 280
Other liabilities	19 431	894	14 814	5 504		217	40 860
Legal reserve fund						9 925	9 925
Statutory fund						467	467
Capital fund						77	77
Total liabilities and equity	179 358	26 118	15 159	12 448	7 733	16 714	257 530
Net position	-154 879	20 937	64 500	49 646	23 580	-3 784	-

These notes are an integral part of the summarised statutory financial statements.

13

NATIONAL BANK OF SLOVAKIA

**INDEPENDENT AUDITORS' REPORT
AND INTERNATIONAL FINANCIAL
STATEMENTS**

**as of 31 December 2000
and for the year then ended**

NATIONAL BANK OF SLOVAKIA
International Financial Statements
31 December 2000 and 1999
(in millions of Sk)

CONTENT

Independent Auditor's Report	1
Balance sheets	2
Statements of operations	3
Statements of changes in equity and reserves	4
Statements of cash flows	5
Notes to the international financial statements	6 – 27

Deloitte & Touche, spol. s r. o.
Bratislava Business Center
Prešovská 12
821 09 Bratislava
Slovak Republic

Tel: +421 (7) 582 49 111
Fax: +421 (7) 582 49 222
mailto:mail@deloitte.sk
www.deloitteCF.com

**Deloitte
& Touche**

INDEPENDENT AUDITORS' REPORT

To the Bank Board of the National Bank of Slovakia:


We have audited the accompanying balance sheet of the National Bank of Slovakia ("the Bank") as of 31 December 2000, and the related statements of operations, cash flows and changes in equity and reserves for the year 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 audit.

We conducted our audit 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 audit provides 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 2000 and the results of its operations and its cash flows and changes in equity and reserves for the year then ended, in accordance with International Accounting Standards.

We have also audited the adjustments described in Note 26 to the accompanying financial statements that were applied to restate the Bank's balance sheet as of 31 December 1999, and the related statements of operations and cash flows and changes in equity and reserves for the year then ended, as prepared in accordance with Slovak statutory accounting standards in order to express such statements in accordance with International Accounting Standards for the purpose of presentation of comparative figures. In our opinion, such adjustments are appropriate and have been properly applied. The financial statements of the Bank as of, and for the year ended 31 December 1999, as prepared under Slovak accounting standards, were audited by another auditor whose report dated 9 March 2000, expressed an unqualified opinion on those statements.

Deloitte & Touche, spol. s r. o.



12 April 2001

Deloitte
Touche
Tohmatsu

NATIONAL BANK OF SLOVAKIA
Balance sheets
As of 31 December 2000 and 1999
(in millions of Sk)

	Note	2000	1999
<u>Assets</u>			
Current accounts and deposits with banks	4	1 913	5 010
Gold	5	2 195	2 509
Securities	6	199 172	141 412
Loans to banks and other financial institutions	7	42 120	56 527
IMF membership quota	8	5 264	4 942
Property, plant and equipment	9	6 463	4 896
Other assets	10	2 328	4 441
Total assets		259 455	219 737
<u>Liabilities</u>			
Liabilities to banks and other financial institutions	11	96 039	81 949
Liabilities to the state budget	12	12 280	18 801
Securities issued	13	24 900	12 040
Loans from the IMF	8	5 264	10 538
Currency in circulation	14	75 944	67 491
Other liabilities	15	20 506	12 883
		234 933	203 702
<u>Equity</u>			
Capital (statutory fund)	16	467	467
Reserves	16	24 055	15 568
		24 522	16 035
Total liabilities and equity		259 455	219 737


 Ing. Marián Jusko, CSc.

Governor


 Ing. Anna Pastuchová, PhD.

Executive Director of Information Systems Division


 Ing. Milena Koreňová

Executive Director of Accounting Methodology Department

The accompanying notes are an integral part of the financial statements.

2

NATIONAL BANK OF SLOVAKIA
Statements of operations
For the years ended 31 December 2000 and 1999
(in millions of Sk)

	Note	2000	1999
Interest and similar income	17	13 451	12 292
Interest expense and similar charges	17	(5 833)	(3 222)
Net interest income		7 618	9 070
Dividends income		35	35
Fees and commissions received		120	72
Fees and commissions paid		(21)	(31)
Income from fees and commissions		99	41
Loss from valuation of securities	18	(1 725)	(2 875)
Foreign exchange gains	19	8 442	1 159
Income from sale of equity securities	10	-	15 658
Operating income (expenses), net	20	2 280	(1 425)
Provisions for losses	7	(916)	18 801
Net income	21	15 833	40 464
Transfer of profit to reserves and state budget:			
		2 000	1 999
General reserves	16	28	(1 995)
Reserve for open foreign exchange position	16	8 459	-
Legal reserve fund	16	-	270
Transfer of profit to state budget	21	7 346	42 189
		15 833	40 464

The accompanying notes are an integral part of the financial statements.

3

NATIONAL BANK OF SLOVAKIA
Statements of changes in equity and reserves
For the years ended 31 December 2000 and 1999
(in millions of Sk)

	Statutory fund	General reserves	Reserve for open foreign exchange position	Legal reserve fund	Transfer of profit to state budget	Total
At 1 January 1999	467	587	7 051	9 655	-	17 760
Use of reserves	-	1 634	(1 634)	-	-	-
Profit distribution	-	(1 995)	-	270	42 189	40 464
Transfer of profit to state budget	-	-	-	-	(42 189)	(42 189)
At 31 December 1999	467	226	5 417	9 925	-	16 035
Profit distribution	-	28	8 459	-	7 346	15 833
Transfer of profit to state budget (Note 21)	-	-	-	-	(7 346)	(7 346)
At 31 December 2000	467	254	13 876	9 925	-	24 522

The accompanying notes are an integral part of the financial statements.

4

NATIONAL BANK OF SLOVAKIA
Statements of cash flows
For the years ended 31 December 2000 and 1999
(in millions of Sk)

	2000	1999
Net cash flow from operating activities		
Net profit	15 833	40 464
Adjustments to reconcile net profit to cash flows (used in) provided by operating activities:		
Dividends received	(35)	(35)
Provisions for losses	916	(18 801)
(Gain)/Loss from revaluation of trading securities	(1 433)	1 861
Unrealised foreign exchange (gains)/losses	1 134	(806)
Depreciation	209	228
Gain from sale of investments	-	(15 658)
Net cash flow from operating activities before changes in operating assets and liabilities	16 624	7 253
Changes in operating assets and liabilities		
Decrease/(increase) in gold	314	(1 107)
Increase in securities	(56 329)	(17 435)
Decrease in loans to banks and other financial institutions	13 234	13 184
Decrease/(increase) in other assets	1 363	(709)
Total change in operating assets	(41 418)	(6 067)
(Decrease)/increase in liabilities to banks and financial institutions	(3 590)	11 591
(Decrease)/increase in securities issued	12 860	832
(Decrease)/increase in liabilities to state budget	(6 521)	13 362
(Decrease)/increase in liabilities to IMF	(10 007)	8 119
(Decrease)/increase in currency in circulation	8 453	9 340
(Decrease)/increase in other liabilities and accruals	3 695	(9 334)
Total change in operating liabilities	4 890	33 910
Net cash flow (used in) provided by operating activities	(19 904)	35 096
Cash flow from investment activities		
Purchase of property, plant and equipment	(1 776)	(808)
Dividends received	35	35
Decrease/(increase) in IMF quota	4 411	(9 509)
Sale proceeds in cash on sale of investments	-	17 108
Net cash flow provided by investing activities	2 670	6 826
Net cash flow from financing activities		
Contribution paid to state budget	(4 000)	(42 189)
Increase in loans	17 680	376
Net cash flow (used in) provided by financing activities	13 680	(41 813)
Net (decrease)/increase in cash and cash equivalents	(3 355)	421
Gain on foreign currency cash	199	312
Cash and cash equivalents at the beginning of year	4 504	4 083
Cash and cash equivalents at the end of year	1 149	4 504

The accompanying notes are an integral part of the financial statements.

5

Notes to the financial statements

1. General information

The National Bank of Slovakia („the NBS“ or „the Bank“) is the central bank of the Slovak Republic. The NBS was established in accordance with the terms of the Act No. 566/1992 Coll. on the National Bank of Slovakia („the Bank Act“), as amended, and commenced its activities as the central bank in the Slovak Republic on 1 January 1993. The NBS is a legal entity with its seat at Štúrova 2 in Bratislava. When handling its own assets, it acts as a business entity. The head office of NBS is in Bratislava. The NBS has three branches in the Slovak Republic (Bratislava, Banská Bystrica, Košice).

The main role of the NBS is to ensure the stability of Slovak Crown, and therefore the NBS:

- ✧ determines monetary policy;
- ✧ issues bank notes and coins;
- ✧ controls money in circulation, co-ordinates domestic interbank payments and settlements;
- ✧ supervises bank activities within the scope pursuant to the Bank Act;
- ✧ represents the Slovak Republic in international financial institutions and in world capital market operations;
- ✧ maintains the state budget accounts, and
- ✧ performs other activities as defined under the Bank Act.

The supreme managing body of the NBS is the Bank Board. The Bank Board has 8 members as follows: the Governor, two Vice-governors, two directors and three other members. The Governor and the Vice-governors are appointed and withdrawn by the president of the Slovak Republic. Directors and the other three members of the Bank Board are appointed and withdrawn by the Slovak government. The Governor, Vice-governors and directors of the NBS are appointed for the period of six years. The term of office of other members of the Bank Board is 4 years. The NBS is represented by its Governor.

As at 31 December 2000, the members of the Bank Board were as follows:

Ing. Marián Jusko, CSc.	Governor of the NBS	appointed on 30 July 1999
Ing. Elena Kohútiková, CSc.	Vice-governor of the NBS	appointed on 28 March 2000
Ing. Jozef Mudrík	Vice-governor of the NBS	appointed on 23 May 1995
Ing. Ján Mathes	Director of the NBS	appointed on 1 January 1999
RNDr. Karol Mrva	Director of the NBS	appointed on 1 December 2000
Ing. Jozef Magula	Member	appointed on 4 February 1997
Ing. Eugen Jurzyca	Member	appointed on 1 December 2000
Prof. Ing. Jozef Košnár, DrSc.	Member	appointed on 1 December 2000

2. Basis for preparation

The accompanying financial statements of the NBS as at 31 December 2000 were prepared, in all material respects, in accordance with International Accounting Standards („IAS“). All figures in the financial statements for the previous period are presented on a comparable basis.

The financial statements are prepared under the historical cost convention as modified by the revaluation of securities to fair value.

NATIONAL BANK OF SLOVAKIA
Notes to the international financial statements
As of 31 December 2000 and 1999 and for the years then ended
(in millions of Sk)

3. Summary of significant accounting policies

3.1. Gold

Gold is valued at historical cost of 62.54451 Sk per gram.

Gold used for repurchase (swap) transactions is recognised in the reported gold balance and the corresponding liability from swap transactions as a loan for funds received. The NBS uses part of its gold in long-term swap transactions with international financial institutions in order to manage its foreign currency exposure.

3.2. Securities

Trading securities are recorded at market value. The reported market value of discounted securities includes accrued interest. Movements in the market value of these securities are recognised in the statement of operations.

Investment securities are those securities where the intention is to hold them until maturity. These are valued at cost, with any premium or discount on acquisition being amortised on a straight-line basis. The NBS does not hold any investment securities at 31 December 2000 or 1999.

Equity investments are valued at cost of acquisition.

3.3. Repurchase and resell transactions

Transactions related to securities purchased under agreements to resell ("reverse REPOs") are recorded as loans receivable and securities sold under sale and repurchase agreements ("REPOs") are recorded as loans payable, respectively.

3.4. 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. Changes in provision are recognised as an expense in the statement of operations. Reversal of provisions when reasons for their creation cease to exist are reported as a credit to provisions in the statement of operations.

3.5. Property, plant and equipment

Fixed assets are valued in the balance sheet at their acquisition cost, less depreciation. The acquisition cost of fixed assets does not include value-added tax, except for passenger vehicles.

Fixed assets are depreciated on a straight-line basis.

NATIONAL BANK OF SLOVAKIA
Notes to the international financial statements
As of 31 December 2000 and 1999 and for the years then ended
(in millions of Sk)

The current annual depreciation rates for fixed assets are as follows:

	%
Office equipment, data processing systems, cars and vehicles, software	25
Instruments and special technical equipment	12.5
Security systems	6.7
Power systems	3.4
Buildings, constructions	2.5
Items and objects depreciated using an individual depreciation rate (e. g. security monitoring systems)	Individual rates

In 2000 the Bank changed its annual depreciation rates of the fixed assets, which resulted in an increase in depreciation expense in 2000 of Sk 16 million.

3.6. 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 chart as at the transaction date and in the financial statements using the exchange rate as at the balance sheet date. Revenues and expenses in foreign currency are translated to Slovak crowns using the NBS exchange rates chart as at the transaction date.

Exchange rates for principal foreign currencies used by the NBS for valuation of its assets and liabilities as at 31 December were as follows:

Currency	Unit	2000 Rate	1999 Rate
USD	1	47.389	42.266
EUR	1	43.996	42.458
JPY	100	41.397	41.395
XDR	1	61.751	57.973

3.7. 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 portfolio of the NBS, including accrued discount.

3.8. Currency in circulation

The NBS administers the issue and withdrawal of domestic bank notes and coins. The corresponding liability from the issued currency in circulation is recorded in the balance sheet.

3.9. Financial instruments

A financial instrument is any contract that generates a financial asset in one company and a financial liability or equity instrument in a different company. Primary financial instruments, such as receivables, payables and equity investments, are disclosed in the balance sheet.

NATIONAL BANK OF SLOVAKIA
Notes to the international financial statements
As of 31 December 2000 and 1999 and for the years then ended
(in millions of Sk)

Derivative financial instruments include options, and interest and currency swaps used by the NBS to hedge its risk exposure. The NBS does not enter into speculative transactions with derivative financial instruments. Derivative financial instruments are recorded in the off-balance sheet accounts.

3.10. Taxation and distribution of profit

The NBS is exempt from corporate income tax under Article 18 of Act 366/1999 Coll. on Income Taxes, as amended. The NBS is a VAT payer.

In compliance with the Bank Act, the profits generated by the NBS are used to replenish the reserve fund and other funds created from profit. The remaining profits are transferred to the state budget of the Slovak Republic.

3.11. Operating revenues and expenses

Interest income and expense, and fees and commissions are recognised on an accrual basis. They are recorded and disclosed in the financial statements in the period to which they relate.

3.12. Employee benefits

To cover the costs of employee benefits, the NBS creates social, remuneration and retirement funds, which are reflected in the statement of operations.

The NBS makes regular allotments to the state Social Insurance Company, which are reflected in the statement of operations.

In 2000, the average number of employees was 1 305, which is less by 2 than in 1999.

3.13. Cash and cash equivalents

For the purposes of reporting cash flows, cash and cash equivalents include cash, current accounts and time deposits with maturity within 90 days. Cash and cash equivalents exclude deposits with the World Bank because of their long-term nature.

NATIONAL BANK OF SLOVAKIA
Notes to the international financial statements
As of 31 December 2000 and 1999 and for the years then ended
(in millions of Sk)

4. Current accounts and deposits with banks

Cash and amounts due from banks include:

	2000	1999
Current accounts	327	1 754
Time deposits with banks	822	2 750
Deposits with the World Bank (in USD)	764	506
	<u>1 913</u>	<u>5 010</u>

Deposits with the World Bank do not bear interest.

Time deposits with banks are due within 1 month (see Note 23).

As of 31 December 2000, one-day time deposits with banks earned interest of 5.41 %, one-month time deposits earned interest of 3.08 %.

In 2000, interest was earned on US dollar deposits at rates from 3.08 % to 5.41 % and on Euro deposits from 3.75 % to 3.822 %.

In 2000, the interest rates on Slovak Crown deposits with domestic banks varied from 3 % to 7.5 %.

5. Gold

Gold is comprised of the following:	2000		1999	
	thousand of troy ounces	historical cost	thousand of troy ounces	historical cost
Gold bullion in standard form	1 116	2 171	987	1 921
Gold in other forms	12	24	302	588
Total	<u>1 128</u>	<u>2 195</u>	<u>1 289</u>	<u>2 509</u>

Gold in standard form includes gold held with the correspondent banks. In 2000, this gold earned interest of approximately 0.5 %, depending on the term of placement (in 1999: 3.4 %).

The gold in standard form includes 600 thousand troy ounces used for gold pledged in repurchase (swap) transaction as of 31 December 2000 and 1999 (see Note 11 and 25).

The market value of gold as of 31 December 2000 was USD 272.95 per troy ounce, representing a value of Sk 14 598 million (in 1999: Sk 15 852 million).

NATIONAL BANK OF SLOVAKIA
Notes to the international financial statements
As of 31 December 2000 and 1999 and for the years then ended
(in millions of Sk)

6. Securities

The current portfolio of the NBS securities comprises trading securities as follows:

<i>Issued by</i>	<i>Type of security</i>	2000	1999
Public sector			
	State treasury bills	46 162	23 727
	Short-term treasury bills of American agencies	2 305	5 160
	Short-term bonds		70
	Medium-term bonds	37 942	32 659
	Long-term bonds	30 583	26 079
	Shares with variable yield	73	227
	Coupons to debentures	1 608	1 142
		<u>118 673</u>	<u>89 064</u>
Financial institutions			
	FIXBIS interest	62 315	44 347
	Short-term bonds	474	425
	Medium-term bonds	15 758	6 337
	Long-term bonds	1 648	1 095
	Coupons to debentures	304	144
		<u>80 499</u>	<u>52 348</u>
Total		<u>199 172</u>	<u>141 412</u>

The public sector securities portfolio consists of state treasury bills and bonds issued by the governments of the EU countries, USA and Japan.

Securities of financial institutions consist mainly of treasury bills issued by the Bank for International Settlements.

The average maturity period of the securities in the NBS portfolio is approximately one year. In 2000, these securities earned interest from 5.261 % to 6.378 % (1999: from 4.402 % to 5.966 %).

A summary of the securities by residual maturity due date is presented in Note 23.

NATIONAL BANK OF SLOVAKIA
Notes to the international financial statements
As of 31 December 2000 and 1999 and for the years then ended
(in millions of Sk)

7. Loans to banks and other financial institutions

Receivables from banks and other financial institutions are as follows:

	2000	1999
Loans granted under REPO transactions	2 107	16 430
Re-discount bill of exchange loans	591	2 172
Loans to support the development of small and medium size business from EXIM Bank and European Investment Bank	10 888	11 137
Redistribution loans	23 980	26 185
Other loans and receivables from banks	5 459	603
Classified receivables	11	
Provisions for other loans and classified receivables	(916)	
Total	42 120	56 527

Loans reported under REPO transactions were granted to foreign banks in 2000. Medium-term state bonds in Euro were taken as collateral.

In 2000, the NBS in REPO transactions with foreign banks earned interest at rates from 3.23 % to 5.01 % for Euro denominated balances and from 5.30 % to 7.0 % for USD balances.

The NBS classified the receivable from outstanding bills of exchange of AG banka Nitra in 2000 and has fully provisioned the loan in the amount of Sk 11 million, in accordance with the decision taken by the NBS Bank Board. In addition, NBS has created a provision for the revolving loan granted to the Deposit Protection Fund in the amount of Sk 905 million due to the current interest rate of 1.5 % when compared with the standard interest rate corridor for REPO services. This loan is expected to be fully repaid over an estimated period of 5 years. The NBS calculated the provision on the discounted cash flow basis.

In 2000 and 1999, re-discount bill of exchange loans earned interest at the discount rate of 8.8 %. In 2000 and 1999, EXIM Bank loans earned interest of 9.55 % (Tranche I and III) and 8.8 % (Tranche II). The European Investment Bank loans (AGL II) earned interest of 9.8 % in 2000 and 1999. Redistribution loans earned interest at rates between 7.5 % and 9.5 % in 2000 and 1999.

Roll-forward of provisions:	2000	1999
Opening Balance 1 January		18 801
Creation	916	1 640
Release		(20 441)
Closing Balance 31 December	916	-

In 1999 the Bank obtained state guarantee for redistribution loans in the form of declaration on guarantee, pursuant to which the Bank released the provisions for redistribution loans in the amount of Sk 20 441 million.

NATIONAL BANK OF SLOVAKIA
Notes to the international financial statements
As of 31 December 2000 and 1999 and for the years then ended
(in millions of Sk)

8. IMF membership quota and loans from the IMF

International Monetary Fund ("IMF") membership quota and loans from the IMF are as follows:

	2000	1999
Membership quota in XDR	5 264	4 942
Total receivable from IMF	<u>5 264</u>	<u>4 942</u>
Loan Tranche	5 264	4 942
Loan Systemic Transformation Facility		5 596
Total liability to the IMF	<u>5 264</u>	<u>10 538</u>

The IMF membership quota is denominated in Special Drawing Rights, (XDR).

Liabilities to the IMF represent drawing the reserve tranche up to the amount of the paid membership quota in XDR.

The IMF membership quota and the loan Tranche do not bear interest. The interest rate on the IMF loans varies on a weekly basis and in 2000 it was ranging from 4.33 % to 5.62 % (1999: from 3.42 % to 4.43 %).

NATIONAL BANK OF SLOVAKIA
Notes to the international financial statements
As of 31 December 2000 and 1999 and for the years then ended
(in millions of Sk)

9. Property, plant and equipment

The changes in the property, plant and equipment are as follows:

	Land	Art	Buildings and structures	Fittings and fixtures	Software	Other	Acquisi- tions in progress	Total
Cost at 1 January 2000	302	88	1 205	1 260	153	161	2 912	6 081
Additions		(59)	59		1		1 870	1 871
Disposals	(4)		(33)	(51)		(1)	(61)	(150)
Transfers	6	6	50	60		1	(123)	-
Cost at 31 December 2000	304	35	1 281	1 269	154	161	4 598	7 802
Accumulated depreciation at 1 January 2000			147	854	86	98		1 185
Charge for the year 2000			32	136	23	18		209
Transfers			32	4				36
Accumulated depreciation on disposed FA			(33)	(56)	(1)	(1)		(91)
Accumulated depreciation at 31 December 2000	-	-	178	938	108	115	-	1 339
Net book value at 1 January 2000	302	88	1 058	406	67	63	2 912	4 896
Net book value at 31 December 2000	304	35	1 103	331	46	46	4 598	6 463

A significant amount of acquisition of fixed assets is related to the construction of the new NBS head office building. The acquisition cost of the new NBS head office building at 31 December 2000 represents Sk 4 575 million. The building is anticipated to be put in use in 2001.

NATIONAL BANK OF SLOVAKIA
Notes to the international financial statements
As of 31 December 2000 and 1999 and for the years then ended
(in millions of Sk)

10. Other assets

Other assets include the following:

	2000	1999
Equity investments	145	145
Short-term loans to clients	25	3
Medium-term loans to clients	19	22
Long-term loans to clients	162	168
Watch loans to clients	176	288
Receivables from debtors	154	729
Accruals and estimated accounts	976	1 145
Settlement accounts of term transactions	582	1 914
Other assets	89	27
Total	2 328	4 441

As of 31 December 2000, the NBS held equity investments in the following institutions:

	share in capital %	2000	1999
Bankové zúčtovacie centrum Slovenska, a.s. Bratislava	39.48	120	120
Bank for International Settlements, Basel, Switzerland	0.5	25	25
Total		145	145

In 1999 the Bank sold its interest amounting to 1 231 700 shares in ČSOB, a. s., Praha and 1 share in S.W.I.F.T., La Hulpe, Belgium. The Bank recorded gains from the sale of such equity shares amounting to Sk 15 658 million.

NATIONAL BANK OF SLOVAKIA
Notes to the international financial statements
As of 31 December 2000 and 1999 and for the years then ended
(in millions of Sk)

II. Liabilities to banks and other financial institutions

Liabilities to banks and other financial institutions include the following:

	2000	1999
Deposits of domestic banks:		
Current accounts of banks	6 008	5 191
Monetary reserves of banks	37 366	41 433
	<u>43 374</u>	<u>46 624</u>
Deposits of foreign banks and international institutions:		
World Bank	1 466	1 000
Deposits of foreign banks		799
PHARE fund	1	8
	<u>1 467</u>	<u>1 807</u>
Loans:		
Loans from repo transactions	27 626	10 507
Liability from gold swap	8 226	7 336
Loan from EXIM Bank of Japan (Two Step Loan I, II, III)	13 525	13 885
Borrowing from the European Investment Bank of Luxemburg (Apex Global Loan II)	1 821	1 790
	<u>51 198</u>	<u>33 518</u>
Total	<u>96 039</u>	<u>81 949</u>

In 2000, loans were received under REPO transactions from domestic banks. The NBS treasury bills in the amount of Sk 28 000 million were used as collateral for these loans. The liability from gold repurchase (swap) transactions is secured with pledged gold deposits as discussed in Note 5.

In 1999, loans were received under REPO transactions from foreign banks. These loans were secured by state bonds in USD and Euro.

In 2000, the average interest rate for REPO transactions with domestic banks varied from 5.6 % to 10.17 % (in 1999: from 5.37 % to 11.52 %).

The interest rate in 2000 for REPO transactions with foreign banks in Euro ranged from 3.23 % to 5.01 %, and in USD from 5.30 % to 7.0 %.

The interest on the EXIM Bank loans in JPY in 2000 and 1999 was at the rates from 2.4 % to 4.8 %. The interest rate on the EIB loans in CHF was fixed in 2000 at the rate of 5.6 % (in 1999: from 4.14 % to 5.6 %), in Euro in 2000 from 3.46 % to 7.75 % (in 1999: from 2.6 % to 7.75 %).

Monetary reserves of banks earned interest only up to the amount of required statutory minimum reserves. The monetary reserves of banks earned interest of 1.5 % and current accounts of banks earned interest of 3 %.

Deposits from the World Bank do not earn interest.

Liabilities to banks and other financial institutions by residual maturity due date are summarised in Note 23.

These notes are an integral part of the financial statements.

16

NATIONAL BANK OF SLOVAKIA
Notes to the international financial statements
As of 31 December 2000 and 1999 and for the years then ended
(in millions of Sk)

12. Liabilities to the State Budget

Liabilities to the State Budget are as follows:

	2000	1999
Account of the Slovak Republic	5 608	16 217
State funds	6 672	2 584
Total	<u>12 280</u>	<u>18 801</u>

In 2000, the account of the Slovak Republic and the state funds earned interest at the rates from 5.63 % to 6.42 % (in 1999 with the fixed rate of 7.8 %).

13. Securities issued

Liabilities from the securities issued as of 31 December 2000 were as follows:

	2000	1999
Own treasury bills issued	24 900	7 900
Other bonds issued		4 140
Total	<u>24 900</u>	<u>12 040</u>

The own treasury bills were issued to create a sufficient reserve of securities for realisation of REPO transactions. As of 31 December 2000, the NBS issued Sk 24 900 million of its own treasury bills through a direct issue to the domestic banks and issued Sk 28 000 million as security for REPO transactions (see Note 11).

Own treasury bills issued earned interest at rates from 9.7 to 7.89 % in 2000.

In 2000, the Bank settled its liabilities from bonds issued and placed on the private Japanese capital market in the nominal value of JPY 10 billion.

14. Currency in circulation

This item comprises valid domestic banknotes and coins in circulation, issued by the NBS.

	2000	1999
Coins issued	1 757	1 595
Banknotes issued	74 187	65 896
Total	<u>75 944</u>	<u>67 491</u>

These notes are an integral part of the financial statements.

17

NATIONAL BANK OF SLOVAKIA
Notes to the international financial statements
As of 31 December 2000 and 1999 and for the years then ended
(in millions of Sk)

15. Other liabilities

Other liabilities of the NBS comprise the following:

	2000	1999
Client current accounts	4 453	2 575
Non-budgetary funds of Slovak authorities and other funds of SR	11 314	4 419
Client time deposits	225	94
Payables to suppliers	79	51
Liabilities to state budget and social institutions	3 406	26
Social funds	204	201
Accruals and estimated liabilities	658	754
Other liabilities (Note 20)	167	4 763
Total	20 506	12 883

Liabilities to the state budget as of 31 December 2000 include the outstanding profit to be transferred to the state budget in the amount of Sk 3 346 million.

Client current accounts and non-budgetary funds earned interest at rates from 3 % to 8.8 % and time deposits from 11.3 % to 15.8 %, in 2000 and 1999.

16. Equity

Registered capital of the NBS as of 31 December 2000 comprises of the statutory fund in the amount of Sk 467 million taken over from the division of assets and liabilities of the former Czechoslovak State Bank as at 1 January 1993.

Reserve funds as of 31 December 2000 comprise a legal reserve fund in the amount of Sk 9 925 million, reserve for open foreign currency position in the amount of Sk 13 876 million and general reserves in the amount of Sk 254 million.

The reserve for open foreign currency position is created due to the NBS's exposure to foreign exchange risk (see Notes 22) and is based on the following:

- the anticipated growth in the open foreign currency position to the average annual amount of approximately USD 4 600 million due to favourable development of the foreign trade, due to the increase in foreign direct investments into the real economy and the expected income from privatisation of state-owned strategic companies;
- the increase of the USD share in the open foreign currency position;
- strengthening of the Slovak Crown against the reference currency Euro pursuant to the NBS currency programme, and
- volatility of the cross-exchange rate of Euro and USD.

NATIONAL BANK OF SLOVAKIA
Notes to the international financial statements
As of 31 December 2000 and 1999 and for the years then ended
(in millions of Sk)

17. Net interest income

Net interest income comprises the following:

	2000	1999
Interest received:		
Interest received from domestic banks	3 375	4 531
Interest received from foreign banks and international institutions	272	205
Interest income from securities	8 922	6 356
Interest income from REPO transactions	777	951
Other	105	249
	<u>13 451</u>	<u>12 292</u>
Interest expense:		
Interest paid to state treasury	(1 161)	(318)
Interest paid to domestic banks	(669)	(589)
Interest paid to foreign banks and international institutions	(735)	(696)
Interest expense from securities	(231)	(610)
Interest expense from REPO transactions	(2 173)	(682)
Other	(864)	(327)
	<u>(5 833)</u>	<u>(3 222)</u>
Net interest income	<u>7 618</u>	<u>9 070</u>

18. Loss from valuation of securities

Loss from valuation of securities comprises the following:

	2000	1999
Profit from differences in market price of securities	3 264	786
Loss from difference in market price of securities	<u>(4 989)</u>	<u>(3 661)</u>
Loss from valuation of securities	<u>(1 725)</u>	<u>(2 875)</u>

Loss from valuation of securities represents changes in the market values of securities, which resulted a decline in the market price of bonds issued by the governments of USA and European countries.

NATIONAL BANK OF SLOVAKIA
Notes to the international financial statements
As of 31 December 2000 and 1999 and for the years then ended
(in millions of Sk)

19. Foreign exchange gains

Foreign exchange gains comprise the following:

	2000	1999
Foreign exchange gains	21 547	21 442
Foreign exchange losses	(13 105)	(20 283)
Profit from foreign exchange transactions	<u>8 442</u>	<u>1 159</u>

The profit from foreign exchange transactions includes the net foreign exchange gain of Sk 9 173 million related to ordinary activities of the NBS and losses from swap transactions amounting to Sk 654 million and the loss from term foreign exchange contracts amounted to Sk 77 million.

20. Operating income (expenses), net

Operating income (expenses), net comprise of the following:

	2000	1999
Personnel		
Wages and bonuses	(474)	(422)
Social expenses	(202)	(178)
Total	<u>(676)</u>	<u>(600)</u>
Depreciation of fixed assets	(209)	(228)
Costs of printing banknotes and coins	(109)	(305)
Other operating revenues (expenses), net	<u>3 274</u>	<u>(292)</u>
Total operating revenues (expenses), net	<u>2 280</u>	<u>(1 425)</u>

Other operating revenues include the final settlement of net receivables and payables of ŠBČS and assigned to the NBS and the Czech National Bank in 2000.

21. Transfer of profit to state budget

The activities of the NBS in 2000 resulted in the profit of Sk 15 833 million. The transfer of profit to the state budget amounts to Sk 7 346 million of which the amount of Sk 4 000 million has already been transferred as at 31 December 2000. The outstanding Sk 3 346 million is included in other liabilities (see Note 15). Of this amount, the NBS transferred Sk 3 000 million to the state budget in January 2001.

NATIONAL BANK OF SLOVAKIA
Notes to the international financial statements
As of 31 December 2000 and 1999 and for the years then ended
(in millions of Sk)

22. Foreign currency position

Analysis of assets and liabilities denominated in Sk and foreign currencies translated to Slovak Crowns:

	2000		1999	
	Sk	Foreign currency	Sk	Foreign currency
Assets				
Cash and amounts due from banks	149	1 764	460	4 550
Gold		2 195		2 509
Securities		199 172	70	141 342
Loans to banks and other financial institutions	39 521	2 599	39 407	17 120
Membership quota in IMF		5 264		4 942
Property, plant and equipment	6 463		4 896	
Other assets	1 983	345	4 416	25
Total assets	48 116	211 339	49 249	170 488
Liabilities				
Due to banks and other financial institutions	78 333	17 706	57 131	24 818
Payable to State Budget	12 280		18 801	
Securities issued	24 900		7 900	4 140
Payable to IMF		5 264		10 538
Currency issued	75 944		67 491	
Other liabilities	19 482	1 024	7 206	5 677
Total liabilities	210 939	23 994	158 529	45 173
Net position	(162 823)	187 345	(109 280)	125 315

These notes are an integral part of the financial statements.

21

NATIONAL BANK OF SLOVAKIA
Notes to the international financial statements
As of 31 December 2000 and 1999 and for the years then ended
(in millions of Sk)

The following is a summary of total assets and liabilities by principal foreign currencies:

	Foreign currency translated to	thereof:				
	Sk - total	USD	EUR	JPY	XDR	Other
2000						
Assets	211 339	54 433	145 019	5 471	5 288	1 128
Liabilities	23 994	2 202	2 871	13 656	5 265	
Net position	187 345	52 231	142 148	(8 185)	23	1 128
1999						
Assets	170 488	55 829	98 712	8 825	4 975	2 147
Liabilities	45 173	10 756	5 524	18 266	10 579	48
Net position	125 315	45 073	93 188	(9 441)	(5 604)	2 099

NATIONAL BANK OF SLOVAKIA
Notes to the international financial statements
As of 31 December 2000 and 1999 and for the years then ended
(in millions of Sk)

23. Maturity analysis

The following is a maturity analysis of assets and liabilities of the NBS as of 31 December 2000, based on residual maturity dates:

	Up to 1 month	From 1 month to 3 months	From 3 months to 1 year	From 1 year to 5 years	5 years and over	Other	Total
Assets							
Cash and amounts due from banks	1 149					764	1 913
Gold	177	771		1 167		80	2 195
Securities	19 249	40 121	79 327	54 048	6 427		199 172
Loans to banks and other financial institutions	3 848	4 416	483	8 474	24 899		42 120
Membership quota in IMF						5 264	5 264
Property, plant and equipment						6 463	6 463
Other assets	156	446	419	924	150	233	2 328
Total assets	24 579	45 754	80 229	64 613	31 476	12 804	259 455
Liabilities and equity							
Liabilities to banks and financial institutions	71 001			8 226	15 346	1 466	96 039
Liabilities to State Budget	12 280						12 280
Securities issued		24 900					24 900
Liabilities to IMF						5 264	5 264
Currency issued	75 944						75 944
Other liabilities	19 526	119	773	88			20 506
Registered capital						467	467
Reserve fund						24 055	24 055
Total liabilities and equity	178 751	25 019	773	8 314	15 346	31 252	259 455
Net position	(154 172)	20 735	79 456	56 299	16 130	(18 448)	

These notes are an integral part of the financial statements.

23

NATIONAL BANK OF SLOVAKIA
Notes to the international financial statements
As of 31 December 2000 and 1999 and for the years then ended
(in millions of Sk)

The following is a maturity analysis of assets and liabilities of the NBS as of 31 December 1999, based on residual maturity dates:

	Up to 1 month	From 1 month to 3 months	From 3 months to 1 year	From 1 year to 5 years	5 years and over	Other	Total
Assets							
Cash and amounts due from banks	4 504					506	5 010
Gold	1 341			1 168			2 509
Securities	31 485	12 686	37 928	55 197	4 116		141 412
Loans to banks and other financial institutions	9 907	9 802	1 950	16 101	18 767		56 527
Membership quota in IMF						4 942	4 942
Property, plant and equipment						4 896	4 896
Other assets	291	608	292	2 924	160	166	4 441
Total assets	47 528	23 096	40 170	75 390	23 043	10 510	219 737
Liabilities and equity							
Liabilities to banks and financial institutions	49 154	8 909	332	13 226	9 328	1 000	81 949
Liabilities to State Budget	17 801		1 000				18 801
Securities issued		7 900	4 140				12 040
Liabilities to IMF				5 596		4 942	10 538
Currency in circulation	67 491						67 491
Other liabilities	11 593	803	424	25		38	12 883
Registered capital						467	467
Reserve fund						15 568	15 568
Total liabilities and equity	146 039	17 612	5 896	18 847	9 328	22 015	219 737
Net position	(98 511)	5 484	34 274	56 543	13 715	(11 505)	

These notes are an integral part of the financial statements.

24

NATIONAL BANK OF SLOVAKIA
Notes to the international financial statements
As of 31 December 2000 and 1999 and for the years then ended
(in millions of Sk)

24. Financial instruments

The balance sheet of the Bank is largely comprised of financial instruments. These instruments expose the Bank to risk, including interest rate risk, foreign exchange risk and credit risk.

Interest rate risk

A majority of the financial assets of the Bank bear interest. The financial liabilities of the Bank include both interest-bearing and non-interest-bearing liabilities. The interest-bearing assets and liabilities of the Bank are based on rates close to or at the market levels.

The maturity structure of the Bank's financial assets and liabilities is disclosed in Note 23.

Foreign exchange risk

The Bank's foreign exchange risk is based on the structure of its open currency position (see Note 22). The Bank's exposure depends on the movements in exchange rates of Slovak Crown and foreign currency as compared to Euro.

Credit risk

The size and concentration of the Bank's exposure to credit risk can be obtained directly from the balance sheet and Notes to the financial statements, which describe the size and the structure of the Bank's financial assets. The Bank's credit risk is related to the control and stability of the Slovak banking sector and is limited by accepted state guarantees. The size of these guarantees is based on principal and interest to maturity.

The Bank's credit risk from repo operations is minimized as all corresponding loans are secured by liquid securities.

Fair value

The principal determinants of fair value of the Bank's assets and liabilities are interest rates, foreign exchange rates and the market value of the financial instrument. In case of marketable assets full fair values as of the balance sheet date are directly reflected in the balance sheet. In other cases the exchange rate element is specifically allowed for in the determination of carrying value. The fair values of loans and deposits, as being determined by interest rates, are either not considered to be materially different from their carrying values or were reflected via provisions. The Bank has used the discounted cash flow method to determine the provision needed.

NATIONAL BANK OF SLOVAKIA
Notes to the international financial statements
As of 31 December 2000 and 1999 and for the years then ended
(in millions of Sk)

25. Off-balance sheet items

From derivative financial instruments, the NBS recognised the following off-balance sheet accounts receivable and payable as at 31 December 2000:

Description	Balance as at 31 December 2000	
	Receivable	Payable
Long-term currency swaps	8 279	7 691
Total forward transactions	8 279	7 691
Spot transactions	9	9
Total spot transactions	9	9

The NBS entered into long-term currency swap agreements due in 2010 (JPY 20 000 million swapped for USD 163 million). The aim was to convert a risk of exchange rate fluctuation from JPY to USD. In relation to the swap transactions the NBS pays semi-annual floating interest charges denominated in USD at rates that varied between 6.46 % p.a. and 7.22 % p.a. in 2000 and between 5.60 % p.a. and 6.40 % in 1999 and receives semi-annual interest income denominated in JPY at rates that varied between 2.4 % p.a. and 2.6 % p.a. in 2000 and 1999.

A difference between receivables and payables denominated in foreign currencies arising from the cross-currency swap is recognised in exchange rate differences in the statement of operations (see Note 19).

The NBS also entered into a long-term interest-rate swap due in 2005 in order to manage its interest rate risk. The NBS pays floating interest charges of 3-month LIBOR-GOFO (approximately 0.93 % p.a.) and the counter-party pays fixed interest of 2.05 % p.a. Interest rates were calculated using the gold value of 129 407 troy ounces.

The NBS purchased European put option contracts for gold to eliminate the risk of decline in market prices for gold that was the subject of the gold swap. As at 31 December 2000, the NBS recorded receivables denominated in USD that, after converting to Slovak Crowns, were in the amount of Sk 8 226 million and payables in the amount of Sk 7 763 million when valued using the current market rates of gold.

The NBS disclosed in its off-balance sheet as at 31 December 2000 state guarantees for redistribution loans of Sk 34 964 million. This amount comprises the principal and interest to maturity.

NATIONAL BANK OF SLOVAKIA
Notes to the international financial statements
As of 31 December 2000 and 1999 and for the years then ended
(in millions of Sk)

26. Reconciliation of net profit and equity recognised according to Slovak Accounting Standards ("SAS") and IAS

Net profit	2000	1999
Net profit in Statutory Financial Statements (SAS)	7 389	42 502
Creation/(release) of reserves for open foreign exchange position	8 459	(1 634)
Trading securities revaluation	939	(362)
Provisions for losses	(905)	
Reclassification of creation of social security fund and retirement fund to expenses	(43)	(43)
Other	(6)	1
Net profit in International Financial Statements (IAS)	<u>15 833</u>	<u>40 464</u>
Equity	2000	1999
Reserve funds per Statutory Financial Statements (SAS)	10 673	10 670
Reclassification of social fund, remuneration fund and retirement fund to liabilities	(204)	(201)
Increase in general reserves	177	149
Reclassification of reserves to open foreign exchange position	<u>13 876</u>	<u>5 417</u>
Equity in International Financial Statements (IAS)	<u>24 522</u>	<u>16 035</u>

G. APPENDICES



Selected Indicators of Economic and Monetary Development in the SR

		Indicator	Unit	1993	1994	1995	1996	1997	1998	1999	2000	2000			
												Q1	Q2	Q3	Q4
GDP at current prices	Sk billions	1/	390.6	466.2	546.0	606.1	686.1	750.8	815.3	887.2	201.6	227.7	230.1	227.8	
Same period of previous year = 100	index		.	119.4	117.1	111.0	113.2	109.4	108.6	108.8	108.1	108.6	109.4	109.0	
GDP at constant prices of 1995	Sk billions	1/	487.6	511.6	546.0	579.9	615.9	641.1	653.3	667.7	156.2	171.7	172.8	167.0	
Same period of previous year = 100	index		.	104.9	106.7	106.2	106.2	104.1	101.9	102.2	101.5	101.9	102.5	102.9	
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	115.5	115.8	108.9	108.5	
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	116.6	115.4	108.7	108.4	
Industrial producer prices, average for the period															
Same period of previous year = 100	index		117.2	110.0	109.0	104.1	104.5	103.3	103.8	109.8	109.5	111.4	109.5	108.9	
Industrial production index															
Same period of previous year = 100	index	2/	.	.	.	.	.	.	.	96.4	109.1	107.3	108.6	109.0	111.4
Retail sales, hotels and restaurants, constant prices															
Same period of previous year = 100	index		.	.	.	107.0	104.8	108.6	109.8	102.3	98.3	98.8	103.6	107.9	
Average monthly nominal wage	Sk		5,379	6,294	7,195	8,154	9,226	10,003	10,728	11,430	10,497	11,224	11,150	12,803	
Same period of previous year = 100	index		118.4	117.0	114.3	113.3	113.1	109.6	107.2	106.5	108.4	106.1	104.8	106.5	
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	93.9	91.6	96.2	98.2	
Unemployment rate															
end of the period	%	3/	14.4	14.6	13.1	12.8	12.5	15.6	19.2	17.9	19.3	19.1	16.6	17.9	
Exchange rate (midpoint)	SKK/USD	4/	33.202	31.277	29.569	31.895	34.782	36.913	42.266	47.389	43.463	45.416	49.373	47.389	
	SKK/DEM	4/	19.233	20.060	20.646	20.514	19.398	22.081	21.708	22.495	21.253	22.027	22.355	22.495	
Real effective exchange rate															
- based on CPI	a/	8/	104.0	110.2	113.7	116.5	125.8	118.8	131.7	134.6	141.0	138.0	135.3	134.6	
	b/		93.5	97.8	101.5	98.7	109.0	94.5	106.2	106.3	113.0	111.6	107.9	106.3	
- based on PPI	a/		107.0	109.4	114.2	119.1	127.2	120.6	124.2	124.5	126.9	126.6	124.2	124.5	
	b/		88.1	91.9	96.2	96.1	107.0	93.3	97.7	96.8	99.5	100.4	98.3	96.8	
Foreign exchange reserves															
Total	US\$ millions		1,402.3	3,092.9	5,036.7	5,682.5	6,488.4	6,055.0	4,387.4	5,580.9	4,533.8	5,033.4	5,869.5	5,580.9	
- of which: NBS reserves	US\$ millions		449.6	1,745.0	3,418.4	3,473.3	3,284.8	2,923.2	3,425.2	4,076.8	3,726.6	4,069.5	4,220.7	4,076.8	
State budget															
Revenues	Sk billions	5/	150.3	139.1	163.1	166.3	180.8	177.8	216.7	213.4	51.1	105.3	161.9	213.4	
- Fulfilment of the annual budget	%		95.1	103.3	111.4	100.5	105.7	105.5	120.5	116.1	27.8	57.3	88.1	116.1	
Expenditures	Sk billions	5/	173.3	162.0	171.4	191.9	217.8	197.0	231.5	241.1	52.0	106.1	169.7	241.1	
- Fulfilment of the annual budget	%		109.6	108.5	102.4	99.7	104.7	106.6	118.8	119.5	25.7	52.6	84.1	119.5	
Balance	Sk billions		-23.0	-22.9	-8.3	-25.6	-37.0	-19.2	-14.8	-27.7	-0.8	-0.8	-7.8	-27.7	
MONETARY AGGREGATES															
Net domestic assets	%	6/	19.3	-1.1	5.1	20.0	8.9	11.9	11.2	7.2	11.7	7.5	3.4	7.2	
Money supply (M2)	%	6/	18.5	18.6	21.2	16.6	8.8	4.2	11.4	15.4	12.1	11.8	19.6	15.4	
Loans to households and enterprises	%	6/	10.8	1.9	14.7	18.2	2.2	6.7	4.5	0.3	3.2	1.7	1.9	0.3	
- of which: in foreign currency	%	6/	118.9	77.8	57.6	35.7	14.9	25.4	17.6	-3.3	3.4	-10.6	-2.7	-3.3	
Total deposits	%	6/ 7/	17.9	18.8	25.0	17.2	7.4	3.3	9.0	19.4	13.5	13.0	23.4	19.4	
- in Slovak crowns	%		10.8	16.6	28.3	18.9	6.6	-2.0	8.8	18.6	15.2	14.9	20.0	18.6	
- in foreign currency	%		115.2	34.6	5.0	4.5	13.8	46.2	10.0	23.5	4.7	3.6	40.8	23.5	
Average interest rates															
- on loans	%		14.00	14.51	13.34	11.89	12.53	13.48	11.07	9.79	10.76	10.18	9.54	8.69	
- on deposits	%		8.61	9.29	8.29	6.70	8.00	10.16	10.45	7.23	9.10	7.60	6.49	5.74	

1/ For 1997 – 2000 preliminary data

2/ Preliminary 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

a/ USA, Great Britain, Austria, France, Germany, Italy, the Netherlands, Switzerland

b/ USA, Great Britain, Austria, France, Germany, Italy, the Netherlands, Switzerland, Czech Republic

Ratios of Selected Economic Indicators to GDP

	1993	1994	1995	1996	1997	1998	1999	2000
Real GDP / capita (Sk)	91,575	95,673	101,795	107,912	114,412	118,927	121,091	123,634
Nominal GDP / capita (Sk)	73,358	87,183	101,795	112,788	127,452	139,277	151,119	164,278
Nominal GDP / capita (US\$)	2,383	2,721	3,423	3,680	3,791	3,952	3,649	3,556
GDP generated (% , 1995 constant prices)	.	.	100.0	100.0	100.0	100.0	100.0	100.0
Agriculture, forestry, fishing	.	.	5.3	4.8	4.8	4.6	4.9	4.9
Industry	.	.	29.1	29.5	27.6	26.8	28.2	28.3
Construction	.	.	7.0	6.5	6.1	5.5	3.8	3.1
Market services	.	.	39.2	37.8	39.1	40.3	40.6	41.8
Non-market services	.	.	11.6	13.0	14.3	13.2	12.9	12.8
Other	.	.	7.8	8.4	8.1	9.5	9.6	9.1
GDP used (% , 1995 constant prices)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Domestic demand	104.7	94.8	98.2	107.3	105.4	110.9	103.8	100.2
Final consumption	79.2	73.4	70.9	74.4	73.6	74.5	71.5	68.1
Formation of gross capital	25.5	21.3	27.3	32.9	31.8	36.4	32.3	32.2
Net exports	-4.7	5.2	1.8	-7.3	-5.4	-10.9	-3.8	-0.2
Exports of goods and services	56.9	61.9	59.8	56.7	62.7	67.6	68.6	77.8
Imports of goods and services	61.5	56.7	58.0	64.0	68.1	78.5	72.4	78.0
Average annual exchange rate SKK/USD	30.790	32.039	29.735	30.647	33.616	35.242	41.417	46.200

Balance of Payments Ratios (%)

	1993	1994	1995	1996	1997	1998	1999	2000
Exports of goods / GDP	45.4	48.7	49.4	47.0	49.6	52.7	52.0	61.8
Exports of goods and services / GDP	53.2	48.2	63.7	58.8	61.4	63.9	62.4	73.5
Imports of goods / GDP	62.3	65.7	50.7	59.2	60.2	64.6	57.5	66.6
Imports of goods and services / GDP	67.2	59.9	61.2	70.0	71.0	75.4	66.9	76.0
Current account / GDP	-4.4	5.4	2.9	-10.4	-9.4	-9.7	-5.0	-3.7
Capital and financial account / GDP	4.8	1.3	6.6	11.7	9.2	9.9	9.8	7.1
Direct investment in the SR / GDP	1.5	1.9	1.5	1.9	1.1	2.5	1.9	10.3
Other long-term capital / GDP	3.4	3.6	2.3	5.1	6.2	8.1	3.2	2.5
Short-term capital / GDP	-4.4	-4.7	2.4	4.9	2.5	-0.3	1.6	-5.5

Ratios of the M2 Money Supply to GDP (at current prices) (%)

	1993	1994	1995	1996	1997	1998	1999	2000
Money supply [M2]	0.64	0.64	0.65	0.68	0.65	0.61	0.62	0.65
Money [M1]	0.30	0.28	0.27	0.29	0.24	0.20	0.19	0.21
Currency outside banks [M0]	0.06	0.07	0.06	0.07	0.07	0.07	0.07	0.08
Demand deposits	0.23	0.20	0.21	0.22	0.17	0.13	0.12	0.14
- Households	0.08	0.07	0.07	0.08	0.07	0.06	0.05	0.06
- Enterprises	0.15	0.13	0.14	0.14	0.10	0.07	0.07	0.07
- Insurance companies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Quasi-money [QM]	0.34	0.37	0.38	0.39	0.41	0.42	0.44	0.44
Time deposits	0.28	0.29	0.31	0.33	0.35	0.34	0.36	0.37
- Households	0.21	0.21	0.23	0.24	0.27	0.28	0.29	0.28
- Enterprises	0.03	0.04	0.05	0.06	0.06	0.04	0.05	0.06
- Insurance companies	0.04	0.03	0.03	0.03	0.02	0.02	0.02	0.02
Foreign-currency deposits	0.06	0.08	0.07	0.06	0.06	0.07	0.07	0.08
- Households	0.05	0.07	0.06	0.07	0.01	0.02	0.02	0.02
- Enterprises	0.05	0.07	0.06	0.05	0.05	0.05	0.05	0.05

Influence on GDP Growth (%)

(at constant 1995 prices)	1998	1999	Q1	Q2	2000 Q3	Q4	year
GDP generated							
Year-on-year growth in GDP	4.1	1.9	1.5	1.9	2.5	2.9	2.2
of which:							
Agriculture, forestry, fishing	0.0	0.4	0.4	0.3	0.1	-0.1	0.1
Industry	0.3	2.0	-0.4	-0.9	2.1	1.9	0.7
of which: manufacturing	1.2	0.7	0.3	-0.6	2.1	3.4	1.3
Construction	-0.4	-1.7	-0.8	-1.1	-0.4	0.0	-0.6
Market services	3.0	1.0	0.1	1.7	1.9	4.5	2.1
of which: trade	1.7	0.5	1.2	1.6	1.4	2.1	1.6
transport	0.4	0.3	-0.4	-0.1	0.3	-0.3	-0.1
Non-market services	-0.6	-0.1	0.1	0.1	0.2	0.3	0.2
Other	1.8	0.3	2.1	1.8	-1.4	-3.7	-0.3
GDP used							
Year-on-year growth in GDP	4.1	1.9	1.5	1.9	2.5	2.9	2.2
of which:							
Domestic demand	10.0	-5.1	-2.6	-6.2	-1.4	5.0	-1.3
Final consumption in total	3.9	-1.6	-4.2	-5.3	-1.6	3.3	-1.9
of which: household consumption	2.7	0.1	-3.3	-4.0	-0.9	1.2	-1.7
Gross capital formation	6.1	-3.5	1.6	-0.9	0.2	1.7	0.6
of which: gross fixed capital formation	3.8	-6.9	0.1	-2.5	1.8	-0.2	-0.2
Net exports	-5.9	7.0	4.1	8.1	3.9	-2.1	3.6
Exports of goods and services	7.6	2.3	11.7	9.1	11.0	11.9	10.8
Imports of goods and services	13.5	-4.7	7.6	1.0	7.1	13.0	7.2

Development of GDP by Sector

		1995	1996	1997	1998	1999	2000	Indices ^{1/}		
								1998/1997	1999/1998	2000/1999
GDP (at constant 1995 prices)	a	546.0	579.9	615.9	641.1	653.3	667.7	104.1	101.9	102.2
Agriculture, forestry, fishing	a	28.8	27.9	29.4	29.3	31.9	32.9	99.9	108.8	103.1
	b	5.3	4.8	4.8	4.6	4.9	4.9	x	x	x
Industry in total	a	158.9	170.8	170.2	171.9	184.4	188.9	101.0	107.3	102.5
	b	29.1	29.5	27.6	26.8	28.2	28.3	x	x	x
Mining and quarrying	a	5.1	5.9	6.4	6.8	8.0	6.5	106.8	116.6	81.7
	b	0.9	1.0	1.0	1.1	1.2	1.0	x	x	x
Manufacturing	a	132.0	138.3	142.3	149.6	154.0	162.5	105.2	102.9	105.5
	b	24.2	23.9	23.1	23.3	23.6	24.3	x	x	x
Electricity generation and distribution, gas and water supply	a	21.8	26.6	21.5	15.4	22.4	19.9	71.6	145.3	88.8
	b	4.0	4.6	3.5	2.4	3.4	3.0	x	x	x
Construction	a	38.1	37.6	37.7	35.5	24.7	21.0	94.2	69.5	85.0
	b	7.0	6.5	6.1	5.5	3.8	3.1	x	x	x
Market services	a	214.3	219.3	240.5	258.7	265.2	278.8	107.5	102.5	105.1
	b	39.2	37.8	39.1	40.3	40.6	41.8	x	x	x
Trade, hotels and restaurants	a	70.1	71.8	75.6	85.9	89.3	99.7	113.7	103.9	111.7
	b	12.8	12.4	12.3	13.4	13.7	14.9	x	x	x
Transport	a	37.3	48.3	46.7	49.3	51.5	50.6	105.7	104.4	98.3
	b	6.8	8.3	7.6	7.7	7.9	7.6	x	x	x
Postal and telecommunications services	a	12.7	13.6	16.4	18.5	18.7	17.5	112.7	101.4	93.7
	b	2.3	2.3	2.7	2.9	2.9	2.6	x	x	x
Other services	a	94.2	85.7	101.9	104.9	105.7	110.9	103.0	100.8	104.9
	b	17.2	14.8	16.5	16.4	16.2	16.6	x	x	x
Non-market services	a	63.4	75.5	88.1	84.7	84.1	85.4	96.1	99.4	101.5
	b	11.6	13.0	14.3	13.2	12.9	12.8	x	x	x
Other	a	42.5	48.8	50.1	61.1	63.0	60.8	122.0	103.1	96.5
	b	7.8	8.4	8.1	9.5	9.6	9.1	x	x	x

a - Absolute figure, in Sk billions

b - Share of GDP in %

1/ Calculated from data rounded to Sk thousands

Development of GDP by Use

		Indices										
		1993	1994	1995	1996	1997	1998	1999	2000	1998/1997	1999/1998	2000/1999
GDP (at constant 1995 prices)	a	487.6	511.6	546.0	579.9	615.9	641.1	653.3	667.7	104.1	101.9	102.2
Domestic demand	a	510.3	484.8	536.3	622.4	649.3	710.8	678.1	669.3	109.5	95.4	98.7
	b	104.7	94.8	98.2	107.3	105.4	110.9	103.8	100.2	x	x	x
Final consumption in total	a	386.2	375.6	387.0	431.7	453.4	477.4	467.1	454.5	105.3	97.8	97.3
	b	79.2	73.4	70.9	74.4	73.6	74.5	71.5	68.1	x	x	x
Households	a	266.6	269.2	277.3	300.1	317.0	333.8	334.2	322.7	105.3	100.1	96.6
	b	54.7	52.6	50.8	51.8	51.5	52.1	51.2	48.3	x	x	x
Non-profit institutions serving	a	2.2	2.4	3.5	3.1	2.7	4.5	3.4	3.5	166.7	75.6	102.9
households	b	0.5	0.5	0.6	0.5	0.4	0.7	0.5	0.5	x	x	x
Government	a	117.4	104.0	106.2	128.5	133.7	139.1	129.5	128.3	104.0	93.1	99.1
	b	24.1	20.3	19.5	22.2	21.7	21.7	19.8	19.2	x	x	x
Gross capital formation	a	124.1	109.2	149.3	190.7	195.9	233.4	211.0	214.8	119.1	90.4	101.8
	b	25.5	21.3	27.3	32.9	31.8	36.4	32.3	32.2	x	x	x
Gross fixed capital formation	a	144.1	136.9	144.2	190.3	213.1	236.8	192.2	190.9	111.1	81.2	99.3
	b	29.6	26.8	26.4	32.8	34.6	36.9	29.4	28.6	x	x	x
Change in stocks	a	-20.0	-27.7	5.1	0.4	-17.2	-3.4	18.8	23.9	x	x	x
	b	-4.1	-5.4	0.9	0.1	-2.8	-0.5	2.9	3.6	x	x	x
Net exports	a	-22.7	26.8	9.7	-42.5	-33.4	-69.7	-24.8	-1.6	x	x	x
	b	-4.7	5.2	1.8	-7.3	-5.4	-10.9	-3.8	-0.2	x	x	x
Exports of goods and services	a	277.4	316.8	326.4	328.6	386.3	433.3	448.0	519.2	112.2	103.4	115.9
	b	56.9	61.9	59.8	56.7	62.7	67.6	68.6	77.8	x	x	x
Imports of goods and services	a	300.1	290.0	316.7	371.1	419.7	503.0	472.8	520.8	119.8	94.0	110.2
	b	61.5	56.7	58.0	64.0	68.1	78.5	72.4	78.0	x	x	x
GDP at current prices	a	390.6	466.2	546.0	606.1	686.1	750.8	815.3	887.2	109.4	108.6	108.8
GDP deflator	c	80.1	91.1	100.0	104.5	111.4	117.1	124.8	132.9	105.1	106.6	106.5

a - Absolute figures, in Sk billions

b - Share of GDP in %

c - Index

Balance of Payments of the SR for January to December 2000

used exchange rate of USD = 46.200 Sk	Receipts / Credit (+)		Payments / Debit (-)		Balance	
	Sk millions	US\$ millions	Sk millions	US\$ millions	Sk millions	US\$ millions
Goods	548,372.0	11,869.5	590,728.0	12,786.3	-42,356.0	-916.8
Services	103,794.3	2,246.6	83,496.2	1,807.3	20,298.1	439.4
Transportation	45,868.1	992.8	19,975.1	432.4	25,893.0	560.5
Travel	19,935.5	431.5	13,642.4	295.3	6,293.1	136.2
Other services	37,990.7	822.3	49,878.7	1,079.6	-11,888.0	-257.3
Income	12,411.0	268.6	28,734.6	622.0	-16,323.6	-353.3
Compensation of employees	820.8	17.8	307.0	6.6	513.8	11.1
Income from investment	11,590.2	250.9	28,427.6	615.3	-16,837.4	-364.4
Current transfers	15,916.3	344.5	10,475.9	226.8	5,440.4	117.8
CURRENT ACCOUNT	680,493.6	14,729.3	713,434.7	15,442.3	-32,941.1	-713.0
Capital account	4,885.9	105.8	-670.2	-14.5	4,215.7	91.2
Financial account	1,412,228.8	30,602.7	-1,353,029.4	-29,277.4	59,199.4	1,325.3
Direct investment	458,822.2	9,931.2	-363,736.0	-7,873.1	95,086.2	2,058.1
Abroad (direct investor = resident)	10,431.9	225.8	-11,219.0	-242.8	-787.1	-17.0
Equity capital and reinvested earnings	1,140.9	24.7	-1,692.0	-36.6	-551.1	-11.9
Other capital	9,291.0	201.1	-9,527.0	-206.2	-236.0	-5.1
In the SR (recipient of dir. investment = resident)	448,390.3	9,705.4	-352,517.0	-7,630.2	95,873.3	2,075.2
Equity capital and reinvested earnings	93,995.3	2,034.5	-2,680.0	-58.0	91,315.3	1,976.5
Other capital	354,395.0	7,670.9	-349,837.0	-7,572.2	4,558.0	98.7
Portfolio investment	142,354.9	3,110.2	-105,980.1	-2,291.3	36,374.8	818.9
Assets	15,459.3	334.6	-24,716.5	-535.0	-9,257.2	-200.4
Liabilities	126,895.6	2,775.6	-81,263.6	-1,756.3	45,632.0	1,019.3
Other investment	811,051.7	17,561.2	-883,313.3	-19,113.0	-72,261.6	-1,551.8
Long-term	61,282.0	1,332.4	-85,183.3	-1,837.5	-23,901.3	-505.1
Assets	3,955.2	85.6	-7,596.3	-164.4	-3,641.1	-78.8
Liabilities	57,326.8	1,246.8	-77,587.0	-1,673.0	-20,260.2	-426.3
Short-term	749,769.7	16,228.8	-798,130.0	-17,275.5	-48,360.3	-1,046.7
Assets	355,492.5	7,694.6	-397,326.1	-8,600.1	-41,833.6	-905.5
Liabilities	394,277.2	8,534.2	-400,803.9	-8,675.4	-6,526.7	-141.2
CAPITAL AND FINANCIAL ACCOUNT	1,417,114.7	30,708.4	-1,353,699.6	-29,291.9	63,415.1	1,416.5
ERRORS AND OMISSIONS	x	x	x	x	3,694.8	120.2
TOTAL BALANCE	-7,929.5	-174.8	42,098.3	998.5	34,168.8	823.7
Monetary gold	0.0	0.0	0.0	0.0	0.0	0.0
Special drawing rights	14.0	0.2	0.0	0.0	14.0	0.2
Foreign exchange assets	7,915.5	174.6	-42,098.3	-998.5	-34,182.8	-823.9
Deposits	7,915.5	174.6	0.0	0.0	7,915.5	174.6
Securities	0.0	0.0	-42,098.3	-998.5	-42,098.3	-998.5
Bonds and bills of exchange	0.0	0.0	-13,158.0	-320.3	-13,158.0	-320.3
Money market instruments and fin. derivatives	0.0	0.0	-28,940.3	-678.2	-28,940.3	-678.2
RESERVE ASSETS	7,929.5	174.8	-42,098.3	-998.5	-34,168.8	-823.7

Note: Preliminary data

Current Account of Balance of Payments of the SR for January to December 2000

used exchange rate of USD = 46.200 Sk	Receipts / Credit (+)		Payments/ Debit (-)		Balance	
	Sk millions	US\$ millions	Sk millions	US\$ millions	Sk millions	US\$ millions
GOODS	548,372.0	11,869.5	590,728.0	12,786.3	-42,356.0	-916.8
General merchandise	335,069.0	7,252.6	464,065.0	10,044.7	-128,996.0	-2,792.1
Goods for processing	212,794.0	4,605.9	126,040.0	2,728.1	86,754.0	1,877.8
Repairs on goods	248.0	5.4	539.0	11.7	-291.0	-6.3
Nonmonetary gold	261.0	5.6	84.0	1.8	177.0	3.8
SERVICES	103,794.3	2,246.6	83,496.2	1,807.3	20,298.1	439.4
Transportation	45,868.1	992.8	19,975.1	432.4	25,893.0	560.5
Railway transport	2,846.9	61.6	4,342.4	94.0	-1,495.5	-32.4
passenger	6.0	0.1	5.8	0.1	0.2	0.0
freight	2,840.9	61.5	4,336.6	93.9	-1,495.7	-32.4
Other transport	43,021.2	931.2	15,632.7	338.4	27,388.5	592.8
passenger	367.3	8.0	2,058.2	44.5	-1,690.9	-36.6
freight	4,962.6	107.4	5,746.7	124.4	-784.1	-17.0
other	37,691.3	815.8	7,827.8	169.4	29,863.5	646.4
of which: transport gass and petrol	35,080.5	759.3	0.0	0.0	35,080.5	759.3
Travel	19,935.5	431.5	13,642.4	295.3	6,293.1	136.2
Business	0.0	0.0	1,393.8	30.2	-1,393.8	-30.2
Personal	19,935.5	431.5	12,248.6	265.1	7,686.9	166.4
Other services	37,990.7	822.3	49,878.7	1,079.6	-11,888.0	-257.3
Communication services	2,394.3	51.8	1,194.9	25.9	1,199.4	26.0
Construction services	3,121.6	67.6	3,592.0	77.7	-470.4	-10.2
Insurance services	555.1	12.0	995.8	21.6	-440.7	-9.5
Financial services	1,722.2	37.3	3,061.9	66.3	-1,339.7	-29.0
Legal, accounting and advisory services	2,605.4	56.4	6,440.4	139.4	-3,835.0	-83.0
Computer and information services	2,370.1	51.3	2,602.8	56.3	-232.7	-5.0
Other business services	6,201.2	134.2	8,284.7	179.3	-2,083.5	-45.1
Services in other activities	19,020.8	411.7	23,706.2	513.1	-4,685.4	-101.4
INCOME	12,411.0	268.6	28,734.6	622.0	-16,323.6	-353.3
Compensation of employees	820.8	17.8	307.0	6.6	513.8	11.1
Investment income	11,590.2	250.9	28,427.6	615.3	-16,837.4	-364.4
Direct investment	1,169.2	25.3	1,966.5	42.6	-797.3	-17.3
income on equity	1,141.0	24.7	1,685.9	36.5	-544.9	-11.8
income on debt (interest)	28.2	0.6	280.6	6.1	-252.4	-5.5
Portfolio investment	6,519.4	141.1	8,362.9	181.0	-1,843.5	-39.9
income on equity	18.9	0.4	19.8	0.4	-0.9	0.0
income on debt (interest)	6,500.5	140.7	8,343.1	180.6	-1,842.6	-39.9
Other investment	3,901.6	84.5	18,098.2	391.7	-14,196.6	-307.3
CURRENT TRANSFERS	15,916.3	344.5	10,475.9	226.8	5,440.4	117.8
Government	44.1	1.0	279.9	6.1	-235.8	-5.1
Other	15,872.2	343.6	10,196.0	220.7	5,676.2	122.9
CURRENT ACCOUNT	680,493.6	14,729.3	713,434.7	15,442.3	-32,941.1	-713.0

Note: Preliminary data

Capital Account of Balance of Payments of the SR for January to December 2000

used exchange rate of USD = 46.200 Sk	Receipts / Credit (+)		Payments/ Debit (-)		Balance	
	Sk millions	US\$ millions	Sk millions	US\$ millions	Sk millions	US\$ millions
CAPITAL ACCOUNT	4,885.9	105.8	-670.2	-14.5	4,215.7	91.2
Capital transfers	4,885.9	105.8	-670.2	-14.5	4,215.7	91.2
Acquisition/disposal of non-prod. and nonfinan. assets	0.0	0.0	0.0	0.0	0.0	0.0

Note: Preliminary data

Financial Account of Balance of Payments of the SR for January to December 2000

used exchange rate of USD = 46.200 Sk	Receipts / Credit (+)		Payments/ Debit (-)		Balance	
	Sk millions	US\$ millions	Sk millions	US\$ millions	Sk millions	US\$ millions
DIRECT INVESTMENT	458,822.2	9,931.2	-363,736.0	-7,873.1	95,086.2	2,058.1
ABROAD (direct investor = resident)	10,431.9	225.8	-11,219.0	-242.8	-787.1	-17.0
Equity capital	1,140.9	24.7	-1,692.0	-36.6	-551.1	-11.9
Claims on affiliated enterprises	1,140.9	24.7	-1,692.0	-36.6	-551.1	-11.9
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	9,291.0	201.1	-9,527.0	-206.2	-236.0	-5.1
Claims on affiliated enterprises	9,276.0	200.8	-9,442.0	-204.4	-166.0	-3.6
Liabilities to affiliated enterprises	15.0	0.3	-85.0	-1.8	-70.0	-1.5
IN SR (recipient of direct investment = resident)	448,390.3	9,705.4	-352,517.0	-7,630.2	95,873.3	2,075.2
Equity capital	93,973.3	2,034.1	-2,680.0	-58.0	91,293.3	1,976.0
Claims on direct investors	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities to direct investors	93,973.3	2,034.1	-2,680.0	-58.0	91,293.3	1,976.0
Reinvested earnings	22.0	0.5	0.0	0.0	22.0	0.5
Other capital	354,395.0	7,670.9	-349,837.0	-7,572.2	4,558.0	98.7
Claims on direct investors	160,210.0	3,467.7	-165,924.0	-3,591.4	-5,714.0	-123.7
Liabilities to direct investors	194,185.0	4,203.1	-183,913.0	-3,980.8	10,272.0	222.3
PORTFOLIO INVESTMENT	142,354.9	3,110.2	-105,980.1	-2,291.3	36,374.8	818.9
ASSETS	15,459.3	334.6	-24,716.5	-535.0	-9,257.2	-200.4
Equity securities	596.3	12.9	-55.0	-1.2	541.3	11.7
Debt securities	14,863.0	321.7	-24,661.5	-533.8	-9,798.5	-212.1
Bonds and notes	13,917.0	301.2	-20,103.6	-435.1	-6,186.6	-133.9
Government + NBS	0.0	0.0	0.0	0.0	0.0	0.0
Banks	0.0	0.0	-5,701.6	-123.4	-5,701.6	-123.4
Other sectors	13,917.0	301.2	-14,402.0	-311.7	-485.0	-10.5
Money market instruments	946.0	20.5	-4,557.9	-98.7	-3,611.9	-78.2
Financial derivatives	0.0	0.0	0.0	0.0	0.0	0.0
LIABILITIES	126,895.6	2,775.6	-81,263.6	-1,756.3	45,632.0	1,019.3
Equity securities	3,560.2	77.1	-6,150.1	-133.1	-2,589.9	-56.1
Debt securities	123,335.4	2,698.6	-75,113.5	-1,623.2	48,221.9	1,075.4
Bonds and notes	107,902.3	2,364.5	-59,576.8	-1,286.9	48,325.5	1,077.6
Government + NBS	81,201.5	1,786.6	-54,155.6	-1,169.6	27,045.9	617.0
Banks	963.9	20.9	-1,541.1	-33.4	-577.2	-12.5
Other sectors	25,736.9	557.1	-3,880.1	-84.0	21,856.8	473.1
Money market instruments	14,900.1	322.5	-15,003.7	-324.8	-103.6	-2.2
Financial derivatives	533.0	11.5	-533.0	-11.5	0.0	0.0
OTHER INVESTMENT	811,051.7	17,561.1	-883,313.3	-19,113.0	-72,261.6	-1,551.9
ASSETS	359,447.7	7,780.3	-404,922.4	-8,764.6	-45,474.7	-984.3
Trade credits	347,720.0	7,526.4	-353,999.0	-7,662.3	-6,279.0	-135.9
long-term	107.0	2.3	-117.0	-2.5	-10.0	-0.2
short-term	347,613.0	7,524.1	-353,882.0	-7,659.8	-6,269.0	-135.7
Loans	9,937.7	215.1	-8,942.6	-193.6	995.1	21.5
Government + NBS	48.5	1.0	0.0	0.0	48.5	1.0
long-term	48.5	1.0	0.0	0.0	48.5	1.0
short-term	0.0	0.0	0.0	0.0	0.0	0.0
Banks	9,770.2	211.5	-4,407.6	-95.4	5,362.6	116.1
long-term	3,767.7	81.6	-2,426.4	-52.5	1,341.3	29.0
short-term	6,002.5	129.9	-1,981.2	-42.9	4,021.3	87.0
Other sectors	119.0	2.6	-4,535.0	-98.2	-4,416.0	-95.6
long-term	32.0	0.7	-4,475.0	-96.9	-4,443.0	-96.2
short-term	87.0	1.9	-60.0	-1.3	27.0	0.6
Currency and deposits	1,790.0	38.7	-36,996.4	-800.8	-35,206.4	-762.0
Other assets	0.0	0.0	-4,984.4	-107.9	-4,984.4	-107.9

Continued on next page.

Financial Account of Balance of Payments of the SR for January to December 2000 – continued

used exchange rate of USD = 46.200 Sk	Receipts / Credit (+)		Payments/ Debit (-)		Balance	
	Sk millions	US\$ millions	Sk millions	US\$ millions	Sk millions	US\$ millions
LIABILITIES	451,604.0	9,780.9	-478,390.9	-10,348.5	-26,786.9	-567.6
Trade credits	385,349.0	8,340.9	-385,551.0	-8,345.3	-202.0	-4.4
long-term	1,453.0	31.5	-1,996.0	-43.2	-543.0	-11.8
short-term	383,896.0	8,309.4	-383,555.0	-8,302.1	341.0	7.4
Loans	60,816.5	1,322.3	-92,028.7	-1,985.6	-31,212.2	-663.4
Government + NBS	9,470.8	210.9	-9,342.9	-195.9	127.9	15.0
long-term	9,470.8	210.9	-9,342.9	-195.9	127.9	15.0
short-term	0.0	0.0	0.0	0.0	0.0	0.0
Banks	3,081.7	66.7	-6,880.8	-148.9	-3,799.1	-82.2
long-term	3,081.7	66.7	-4,856.1	-105.1	-1,774.4	-38.4
short-term	0.0	0.0	-2,024.7	-43.8	-2,024.7	-43.8
Other sectors	48,264.0	1,044.7	-75,805.0	-1,640.8	-27,541.0	-596.1
long-term	42,307.0	915.7	-61,392.0	-1,328.8	-19,085.0	-413.1
short-term	5,957.0	128.9	-14,413.0	-312.0	-8,456.0	-183.0
Currency and deposits	4,256.2	92.1	0.0	0.0	4,256.2	92.1
Other liabilities	1,182.3	25.6	-811.2	-17.6	371.1	8.0
long-term	429.4	9.3	0.0	0.0	429.4	9.3
short-term	752.9	16.3	-811.2	-17.6	-58.3	-1.3
FINANCIAL ACCOUNT	1,412,228.8	30,602.6	-1,353,029.4	-29,277.4	59,199.4	1,325.2

Note: Preliminary data

Monetary Survey (at fixed exchange rates as of 1 January 1993) (Sk billions)

	2000												
	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.
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 / DEM	17.905	17.905	17.905	17.905	17.905	17.905	17.905	17.905	17.905	17.905	17.905	17.905	17.905
ASSETS													
Net foreign assets	40.8	40.3	38.5	45.2	48.3	49.8	44.4	45.9	77.1	86.6	73.7	75.7	66.3
Foreign assets	149.7	147.8	148.1	161.3	181.3	181.7	178.1	178.3	217.2	218.0	202.2	204.2	198.5
Foreign liabilities	108.9	107.5	109.7	116.1	132.9	131.8	133.7	132.4	140.1	131.4	128.5	128.6	132.2
Net domestic assets	467.5	465.8	478.9	476.7	476.9	476.4	483.5	493.4	485.0	476.2	486.6	484.4	514.1
Domestic credit	541.6	540.2	547.7	546.9	543.8	540.8	547.7	554.4	536.2	535.1	539.3	536.9	563.4
Net credit to general government	143.3	139.8	146.4	145.9	141.0	143.6	144.5	149.3	151.4	149.1	150.3	150.1	167.2
Net credit to NPF	1.2	1.7	1.8	1.9	1.5	1.6	1.8	1.9	-19.7	-14.1	-10.1	-6.4	0.1
Credit to households and enterprises	397.1	398.7	399.5	399.2	401.3	395.7	401.3	403.2	404.5	400.1	399.2	393.3	396.1
Credit in Slovak crown	357.0	358.2	359.2	359.0	361.4	356.5	365.1	365.7	365.9	362.1	362.5	354.6	359.8
- Credit to enterprises	321.0	321.9	322.1	321.2	323.1	317.4	325.1	324.7	324.3	320.0	319.8	311.5	316.0
- Credit to households	35.9	36.4	37.1	37.8	38.4	39.1	40.0	41.0	41.7	42.1	42.7	43.2	43.8
Credit in foreign currency	40.1	40.5	40.2	40.2	39.9	39.1	36.3	37.5	38.6	38.0	36.6	38.7	36.3
LIABILITIES													
Liquid liabilities [M2]	508.3	506.1	517.3	521.9	525.2	526.2	527.9	539.3	562.0	562.8	560.3	560.0	580.4
Money [M1]	153.8	144.9	145.9	143.3	151.2	153.1	154.7	160.8	165.2	167.6	170.3	173.9	187.2
Currency outside banks [M0]	57.5	54.5	53.9	53.5	55.5	56.7	58.5	59.4	61.4	62.5	63.2	64.5	67.0
Demand deposits	96.4	90.3	92.0	89.8	95.8	96.3	96.2	101.4	103.8	105.1	107.1	109.4	120.2
- Households	40.5	41.9	42.6	42.4	44.9	45.0	46.4	47.6	48.3	49.8	49.6	51.3	54.0
- Enterprises	54.9	47.3	47.4	46.6	50.3	49.7	49.2	53.2	54.5	54.8	56.9	57.5	64.9
- Insurance companies	1.0	1.1	2.1	0.7	0.6	1.6	0.6	0.7	1.0	0.5	0.6	0.7	1.3
Quasi-money [QM]	354.5	361.2	371.4	378.7	374.0	373.1	373.1	378.5	396.8	395.2	390.0	386.1	393.2
Time and savings deposits	296.7	303.8	314.7	320.5	315.9	311.4	315.9	319.5	326.4	321.0	323.8	318.4	326.4
- Households	238.4	244.4	247.7	248.2	244.8	240.1	242.7	244.0	245.3	242.3	242.6	242.0	250.3
- Enterprises	41.3	42.0	47.9	51.0	49.6	49.7	51.9	55.3	61.1	59.0	61.0	55.2	55.2
- Insurance companies	17.0	17.4	19.1	21.2	21.6	21.6	21.4	20.2	19.9	19.6	20.1	21.2	20.9
Foreign-currency deposits	57.8	57.4	56.7	58.2	58.1	61.7	57.2	59.0	70.4	74.2	66.3	67.7	66.8
- Households	39.4	39.3	39.3	39.1	39.1	38.4	38.5	38.7	38.9	39.4	40.0	40.1	40.3
- Enterprises	18.4	18.1	17.4	19.1	19.0	23.3	18.7	20.3	31.5	34.8	26.3	27.6	26.5
Other items net	74.1	74.4	68.8	70.2	66.9	64.5	64.2	61.0	51.2	58.9	52.8	52.6	49.3

Selected Items of the Monetary Survey – analytical time series ^{1/}

	2000												
	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.
Net foreign assets	40.8	40.3	38.5	45.2	48.3	49.8	47.1	48.5	79.6	89.0	76.1	78.1	68.9
Net credit to general government	143.3	139.8	146.4	145.9	141.0	143.6	144.5	149.3	151.4	149.1	150.3	150.1	167.2
Credit to households and enterprises	397.1	399.0	400.2	400.2	402.6	401.3	406.3	413.6	415.3	412.3	411.7	410.2	413.3
Other items net	74.1	74.7	69.5	71.2	68.2	70.1	71.8	74.1	64.5	73.5	67.7	71.9	69.1

^{1/} Time series adjusted for issues of restructuring bonds, balance-sheet items of banks that ceased to be operative in 2000, account adjustments in connection with the restructuring of specific banks in 2000, and the conversion of loans into bonds (the adjustments concern loans to enterprises).

Monetary Survey (at fixed exchange rates) (Sk billions)

	2000												
	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.
Fixed exchange rate SKK / USD	42.266	42.266	42.266	42.266	42.266	42.266	42.266	42.266	42.266	42.266	42.266	42.266	42.266
Fixed exchange rate SKK / DEM	21.708	21.708	21.708	21.708	21.708	21.708	21.708	21.708	21.708	21.708	21.708	21.708	21.708
ASSETS													
Net foreign assets	46.5	46.0	43.5	52.3	56.7	59.9	52.9	54.6	94.8	107.2	92.3	95.6	85.0
Foreign assets	195.3	192.5	191.8	208.0	232.9	234.6	229.6	229.9	278.1	279.5	260.8	264.1	257.4
Foreign liabilities	148.8	146.5	148.3	155.7	176.2	174.7	176.7	175.3	183.3	172.3	168.5	168.5	172.4
Net domestic assets	480.2	478.1	491.9	487.9	487.0	485.8	493.0	503.5	489.3	478.9	488.9	485.9	516.5
Domestic credit	576.1	574.6	581.8	581.8	582.4	579.1	585.0	592.3	574.6	573.2	577.0	575.4	601.1
Net credit to general government	165.8	161.9	168.4	168.6	167.5	170.0	171.0	175.9	178.1	175.7	176.9	176.8	193.9
Net credit to NPF	1.2	1.7	1.8	1.9	1.5	1.6	1.8	1.9	-19.7	-14.1	-10.1	-6.4	0.1
Credit to households and enterprises	409.1	411.0	411.6	411.3	413.4	407.4	412.3	414.5	416.2	411.6	410.2	405.0	407.1
Credit in Slovak crown	356.9	358.3	359.2	359.0	361.5	356.5	365.1	365.7	366.0	362.1	362.5	354.7	359.8
- Credit to enterprises	321.0	321.9	322.1	321.2	323.1	317.4	325.1	324.7	324.3	320.0	319.8	311.5	316.0
- Credit to households	35.9	36.4	37.1	37.8	38.4	39.1	40.0	41.0	41.7	42.1	42.7	43.2	43.8
Credit in foreign currency	52.2	52.7	52.4	52.3	51.9	50.9	47.2	48.8	50.2	49.5	47.7	50.3	47.3
LIABILITIES													
Liquid liabilities [M2]	526.7	524.1	535.4	540.2	543.7	545.7	545.9	558.1	584.1	586.1	581.2	581.5	601.5
Money [M1]	153.9	144.8	146.0	143.2	151.3	153.1	154.7	160.9	165.2	167.6	170.3	174.0	187.2
Currency outside banks [M0]	57.5	54.5	53.9	53.5	55.5	56.7	58.5	59.4	61.4	62.5	63.2	64.5	67.0
Demand deposits	96.4	90.3	92.1	89.7	95.8	96.3	96.2	101.5	103.8	105.1	107.1	109.5	120.2
- Households	40.5	41.9	42.6	42.4	44.9	45.0	46.4	47.6	48.3	49.8	49.6	51.3	54.0
- Enterprises	54.9	47.3	47.4	46.6	50.3	49.7	49.2	53.2	54.5	54.8	56.9	57.5	64.9
- Insurance companies	1.0	1.1	2.1	0.7	0.6	1.6	0.6	0.7	1.0	0.5	0.6	0.7	1.3
Quasi-money [QM]	372.8	379.3	389.4	397.0	392.4	392.6	391.2	397.2	418.9	418.5	410.9	407.5	414.3
Time and savings deposits	296.7	303.8	314.7	320.4	316.0	311.4	315.9	319.5	326.3	320.9	323.7	318.4	326.4
- Households	238.4	244.4	247.7	248.2	244.8	240.1	242.7	244.0	245.3	242.3	242.6	242.0	250.3
- Enterprises	41.3	42.0	47.9	51.0	49.6	49.7	51.9	55.3	61.1	59.0	61.0	55.2	55.2
- Insurance companies	17.0	17.4	19.1	21.2	21.6	21.6	21.4	20.2	19.9	19.6	20.1	21.2	20.9
Foreign-currency deposits	76.1	75.5	74.7	76.6	76.4	81.2	75.3	77.7	92.6	97.6	87.2	89.1	87.9
- Households	51.8	51.7	51.8	51.5	51.4	50.5	50.7	51.0	51.1	51.8	52.6	52.8	53.0
- Enterprises	24.3	23.8	22.9	25.1	25.0	30.7	24.6	26.7	41.5	45.8	34.6	36.3	34.9
Other items net	95.9	96.5	89.9	93.9	95.4	93.3	92.0	88.8	85.3	94.3	88.1	89.5	84.6

Selected Items of the Monetary Survey – analytical time series ^{1/}

	2000												
	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.
Net foreign assets	46.5	46.0	43.5	52.3	56.7	59.9	56.8	58.5	98.5	110.8	95.8	99.2	88.7
Net credit to general government	165.8	161.9	168.4	168.6	167.5	170.0	171.0	175.9	178.1	175.7	176.9	176.8	193.9
Credit to households and enterprises	409.1	411.3	412.3	412.3	414.7	413.0	417.3	424.9	427.0	423.8	422.7	421.9	424.3
Other items net	95.9	96.8	90.6	94.9	96.7	98.9	100.9	103.1	99.8	110.1	104.1	109.9	105.5

^{1/} Time series adjusted for issues of restructuring bonds, balance-sheet items of banks that ceased to be operative in 2000, account adjustments in connection with the restructuring of specific banks in 2000, and the conversion of loans into bonds (the adjustments concern loans to enterprises).

Monetary Survey (at current exchange rates) (Sk billions)

	2000												
	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.
Current exchange rate SKK / USD	42.266	42.945	43.326	43.463	45.094	45.755	45.416	46.104	48.053	49.373	51.223	49.779	47.389
ASSETS													
Net foreign assets	46.5	46.4	44.3	51.5	55.9	62.1	54.4	56.8	97.4	114.0	99.8	102.8	93.2
Foreign assets	195.3	193.1	191.6	206.8	233.7	242.4	237.1	237.1	289.7	298.9	282.4	281.8	274.1
Foreign liabilities	148.8	146.7	147.3	155.3	177.8	180.3	182.7	180.3	192.3	184.9	182.6	179.0	180.9
Net domestic assets	480.2	478.2	491.4	488.7	489.2	487.0	494.7	504.7	492.5	480.9	490.2	486.0	514.7
Domestic credit	576.1	574.9	581.5	581.2	583.2	584.4	590.4	597.2	582.1	584.9	589.7	585.2	610.2
Net credit to general government	165.8	162.0	168.0	168.1	167.7	173.4	174.5	178.9	182.9	183.4	185.3	183.0	199.8
Net credit to NPF	1.2	1.7	1.8	1.9	1.5	1.6	1.8	1.9	-19.7	-14.1	-10.1	-6.4	0.1
Credit to households and enterprises	409.1	411.2	411.7	411.2	414.0	409.4	414.1	416.4	418.9	415.6	414.5	408.6	410.3
Credit in Slovak crown	356.9	358.3	359.2	359.0	361.5	356.5	365.1	365.7	366.0	362.1	362.5	354.7	359.8
- Credit to enterprises	321.0	321.9	322.1	321.2	323.1	317.4	325.1	324.7	324.3	320.0	319.8	311.5	316.0
- Credit to households	35.9	36.4	37.1	37.8	38.4	39.1	40.0	41.0	41.7	42.1	42.7	43.2	43.8
Credit in foreign currency	52.2	52.9	52.5	52.2	52.5	52.9	49.0	50.7	52.9	53.5	52.0	53.9	50.5
LIABILITIES													
Liquid liabilities [M2]	526.7	524.6	535.7	540.2	545.1	549.1	549.1	561.5	589.9	594.9	590.0	588.8	607.9
Money [M1]	153.9	144.8	146.0	143.2	151.3	153.0	154.7	160.9	165.2	167.6	170.3	174.0	187.2
Currency outside banks [M0]	57.5	54.5	53.9	53.5	55.5	56.7	58.5	59.4	61.4	62.5	63.2	64.5	67.0
Demand deposits	96.4	90.3	92.1	89.7	95.8	96.3	96.2	101.5	103.8	105.1	107.1	109.5	120.2
- Households	40.5	41.9	42.6	42.4	44.9	45.0	46.4	47.6	48.3	49.8	49.6	51.3	54.0
- Enterprises	54.9	47.3	47.4	46.6	50.3	49.7	49.2	53.2	54.5	54.8	56.9	57.5	64.9
- Insurance companies	1.0	1.1	2.1	0.7	0.6	1.6	0.6	0.7	1.0	0.5	0.6	0.7	1.3
Quasi-money [QM]	372.8	379.8	389.7	397.0	393.8	396.1	394.4	400.6	424.7	427.3	419.7	414.8	420.7
Time and savings deposits	296.7	303.8	314.7	320.4	316.0	311.4	316.0	319.5	326.3	320.9	323.7	318.4	326.4
- Households	238.4	244.4	247.7	248.2	244.8	240.1	242.7	244.0	245.3	242.3	242.6	242.0	250.3
- Enterprises	41.3	42.0	47.9	51.0	49.6	49.7	51.9	55.3	61.1	59.0	61.0	55.2	55.2
- Insurance companies	17.0	17.4	19.1	21.2	21.6	21.6	21.4	20.2	19.9	19.6	20.1	21.2	20.9
Foreign-currency deposits	76.1	76.0	75.0	76.6	77.8	84.7	78.4	81.1	98.4	106.4	96.0	96.4	94.3
- Households	51.8	52.0	52.0	51.5	52.3	52.7	52.8	53.2	54.3	56.5	57.9	57.1	56.9
- Enterprises	24.3	24.0	23.0	25.1	25.5	32.0	25.6	27.9	44.1	49.9	38.1	39.3	37.4
Other items net	95.9	96.7	90.1	92.5	94.0	97.4	95.7	92.5	89.6	104.0	99.5	99.2	95.5

Selected Items of the Monetary Survey – analytical time series ^{1/}

		2000												
		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.
	Net foreign assets	46.5	46.4	44.3	51.5	55.9	62.1	58.6	61.0	101.6	118.2	104.0	107.0	97.4
	Net credit to general government	165.8	162.0	168.0	168.1	167.7	173.4	174.5	178.9	182.9	183.4	185.3	183.0	199.8
	Credit to households and enterprises	409.1	411.5	412.4	412.2	415.3	415.0	419.1	426.8	429.7	427.8	427.0	425.5	427.5
	Other items net	95.9	97.0	90.8	93.5	95.3	103.0	104.9	107.1	104.6	120.4	116.2	120.3	116.9

^{1/} Time series adjusted for issues of restructuring bonds, balance-sheet items of banks that ceased to be operative in 2000, account adjustments in connection with the restructuring of specific banks in 2000, and the conversion of loans into bonds (the adjustments concern loans to enterprises).

Average Monthly Exchange Rates of SKK (midpoint rate)

	1 FRF	1000 ITL	100 JPY	1 CAD	1 NLG	1 ATS	1 DEM	1 CHF	1 USD	1 GBP	1 EUR	1 CZK
31.1.2000	6.450	21.851	40.984	29.904	19.199	3.075	21.632	26.245	42.945	69.824	42.309	1.184
29.2.2000	6.400	21.681	39.649	29.857	19.050	3.051	21.465	26.128	43.326	68.836	41.981	1.184
31.3.2000	6.337	21.468	41.287	29.798	18.863	3.021	21.253	26.096	43.463	69.182	41.568	1.166
30.4.2000	6.333	21.455	42.437	30.558	18.851	3.019	21.241	26.394	45.094	71.012	41.543	1.146
31.5.2000	6.550	22.190	42.864	30.499	19.497	3.122	21.968	27.351	45.755	68.584	42.966	1.183
30.6.2000	6.568	22.250	43.390	30.730	19.550	3.131	22.027	27.702	45.416	68.885	43.082	1.201
31.7.2000	6.517	22.079	42.245	31.286	19.399	3.107	21.858	27.600	46.104	69.606	42.750	1.203
31.8.2000	6.510	22.055	45.263	32.331	19.379	3.103	21.835	27.583	48.053	69.425	42.705	1.209
30.9.2000	6.665	22.581	45.864	32.983	19.840	3.177	22.355	28.642	49.373	72.373	43.722	1.234
31.10.2000	6.616	22.414	47.117	33.533	19.694	3.154	22.190	28.531	51.223	74.770	43.399	1.246
30.11.2000	6.541	22.160	45.252	32.357	19.470	3.118	21.938	28.382	49.779	70.831	42.907	1.239
31.12.2000	6.707	22.722	41.397	31.325	19.965	3.197	22.495	28.820	47.389	70.674	43.996	1.254

Average Monetary Base of the NBS (Sk billions)

	1999	2000											
	12	1	2	3	4	5	6	7	8	9	10	11	12
SOURCES OF THE MONETARY BASE	106.51	105.97	102.47	102.99	104.90	106.88	108.23	102.31	104.50	107.62	109.17	110.67	113.60
Autonomous factors	107.74	113.58	112.00	126.57	128.72	140.32	147.18	150.16	155.13	162.93	169.92	165.90	167.65
Net foreign assets	103.79	119.18	124.28	129.61	150.08	164.15	156.82	154.36	176.84	185.71	188.22	184.84	180.57
Reserves	129.77	144.53	149.06	154.66	175.85	191.29	182.87	180.40	203.04	208.37	210.19	201.69	196.54
Foreign liabilities	25.98	25.36	24.78	25.05	25.77	27.14	26.05	26.04	26.20	22.66	21.96	16.85	15.97
Net credit to Government	-8.11	-24.20	-29.25	-22.10	-40.73	-36.09	-26.85	-24.74	-23.44	-18.60	-17.55	-22.72	-17.31
Other assets net	12.06	18.60	16.97	19.07	19.37	12.26	17.21	20.54	1.74	-4.17	-0.75	3.78	4.38
Monetary policy factors ^{1/}	-1.24	-7.61	-9.53	-23.59	-23.83	-33.44	-38.95	-47.84	-50.63	-55.31	-60.75	-55.23	-54.04
Credit to banks (excl. redistribution loans)	1.13	1.11	1.16	1.15	1.14	1.04	1.05	0.95	0.81	0.74	0.65	0.58	0.60
Bills of exchange	1.13	1.11	1.16	1.15	1.14	1.04	1.05	0.95	0.81	0.74	0.65	0.58	0.60
Holdings of securities	1.04	0.52	0.34	0.16	1.10	0.50	0.04	0.00	0.00	0.00	0.00	0.13	0.00
Treasury bills	0.21	0.00	0.14	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other government securities	0.83	0.52	0.19	0.16	1.10	0.50	0.04	0.00	0.00	0.00	0.00	0.13	0.00
NBS (Central Bank) bills	15.16	19.03	28.28	46.90	45.70	68.77	60.38	91.61	90.12	98.12	96.12	91.53	105.68
of which: in NBS portfolio	11.76	9.80	17.25	22.00	21.96	36.00	21.49	45.12	40.11	43.24	35.55	36.20	51.89
Overnight deposits with NBS ^{2/}	x	x	x	x	2.33	2.21	1.14	2.30	1.42	1.16	0.83	0.61	0.85
USE OF MONETARY BASE ^{3/}	106.51	105.97	102.47	102.99	104.90	106.88	108.23	102.31	104.50	107.62	109.17	110.67	113.60
Currency in circulation	66.62	66.00	62.58	62.33	63.26	65.38	66.73	67.98	69.21	70.74	71.45	72.48	75.93
Reserves of banks	39.89	39.97	39.89	40.66	41.64	41.50	41.50	34.33	35.29	36.89	37.72	38.19	37.67
Required reserves	38.49	39.24	39.78	40.74	41.78	41.71	42.31	34.78	35.31	36.72	37.56	38.10	37.66
Excess reserves	1.40	0.72	0.11	-0.08	-0.14	-0.21	-0.81	-0.45	-0.02	0.17	0.16	0.09	0.01

^{1/} Including NBS bills in the portfolios of commercial banks and overnight deposits with the NBS.

^{2/} With effect from April 2000, overnight sterilisation REPO tenders were replaced with overnight deposits by banks with the NBS.

^{3/} Use of monetary base = Reserve money - Currency in circulation + Reserves of banks

Money Supply M2 (Sk billions)

	1.1.	31.3.	2000 30.6.	30.9.	31.12.	Change since beginning of year Sk billions	in %	Change during the 1st quarter Sk billions	Change during the 2nd quarter Sk billions	Change during 3rd quarter Sk billions	Change during the 4th quarter Sk billions
Money Supply [M2]	508.4	521.8	527.9	562.7	580.4	72.0	14.2	13.4	6.1	34.8	17.7
Money [M1]	153.9	143.2	154.7	167.6	187.2	33.3	21.7	-10.7	11.5	12.9	19.6
Currency outside banks [M0]	57.5	53.5	58.5	62.5	67.0	9.5	16.5	-4.0	5.0	4.0	4.5
Demand deposits	96.4	89.7	96.2	105.1	120.2	23.8	24.7	-6.7	6.5	8.9	15.1
- Households	40.5	42.4	46.4	49.8	54.0	13.5	33.3	1.9	4.0	3.4	4.2
- Enterprises	54.9	46.6	49.2	54.8	64.9	10.0	18.2	-8.3	2.6	5.6	10.1
- Insurance companies	1.0	0.7	0.6	0.5	1.3	0.3	30.0	-0.3	-0.1	-0.1	0.8
Quasi-money [QM]	354.5	378.6	373.2	395.1	393.2	38.7	10.9	24.1	-5.4	21.9	-1.9
Time deposits	296.7	320.4	316.0	320.9	326.4	29.7	10.0	23.7	-4.4	4.9	5.5
- Households	238.4	248.2	242.7	242.3	250.3	11.9	5.0	9.8	-5.5	-0.4	8.0
- Enterprises	41.3	51.0	51.9	59.0	55.2	13.9	33.7	9.7	0.9	7.1	-3.8
- Insurance companies	17.0	21.2	21.4	19.6	20.9	3.9	22.9	4.2	0.2	-1.8	1.3
Foreign-currency deposits	57.8	58.2	57.2	74.2	66.8	9.0	15.6	0.4	-1.0	17.0	-7.4
- Households	39.4	39.1	38.5	39.4	40.3	0.9	2.3	-0.3	-0.6	0.9	0.9
- Enterprises	18.4	19.1	18.7	34.8	26.5	8.1	44.0	0.7	-0.4	16.1	-8.3
Slovak-crown deposits	393.1	410.1	412.2	426.0	446.6	53.5	13.6	17.0	2.1	13.8	20.6
- Households	278.9	290.6	289.1	292.1	304.3	25.4	9.1	11.7	-1.5	3.0	12.2
- Enterprises	96.2	97.6	101.1	113.8	120.1	23.9	24.8	1.4	3.5	12.7	6.3
- Insurance companies	18.0	21.9	22.0	20.1	22.2	4.2	23.5	3.9	0.1	-1.9	2.1

Deposits of Clients (Sk billions)

	2000												
	1.1.	1	2	3	4	5	6	7	8	9	10	11	12
1. TOTAL DEPOSITS (Sk + foreign currency)	511.1	510.9	526.0	534.9	538.8	543.2	540.0	554.7	604.3	602.3	598.8	594.8	609.6
A. Slovak-crown deposits	430.9	430.9	447.0	454.4	457.3	454.6	457.0	468.9	499.1	489.8	496.7	493.0	510.4
- Non-financial organisations	72.1	63.0	68.4	70.9	72.7	73.4	73.4	81.5	88.1	85.7	89.6	83.6	93.3
- Banking sector	7.8	7.6	8.1	8.2	8.8	7.1	8.2	7.7	7.0	7.4	6.8	7.1	7.7
- Insurance sector	18.0	18.5	21.2	21.9	22.2	23.2	22.0	20.9	21.0	20.2	20.7	21.8	22.2
- Extrabudgetary funds of central and local authorities	33.8	32.7	36.3	40.1	41.6	42.9	40.9	43.9	64.9	59.7	61.8	61.2	59.8
- Non-profit organisations	7.0	7.7	7.0	7.1	7.2	7.1	7.2	7.4	7.5	7.4	8.1	7.9	7.7
- Small businesses	7.8	8.7	9.5	9.1	9.3	10.4	10.1	10.7	11.6	11.3	11.9	12.4	10.3
- Households	278.9	286.3	290.2	290.7	289.7	285.1	289.1	291.6	293.6	292.1	292.3	293.3	304.3
- Foreigners (non-residents)	1.5	1.7	2.1	2.6	2.0	2.0	2.6	1.9	2.2	2.8	2.5	2.8	2.6
- Other	4.0	5.0	4.1	3.7	3.7	3.4	3.5	3.3	3.2	3.2	3.0	2.9	2.5
B. Foreign-currency deposits ^{1/}	80.2	80.0	79.0	80.5	81.5	88.6	83.0	85.8	105.2	112.5	102.1	101.8	99.2
- Natural persons	53.3	53.5	53.5	53.1	53.9	54.3	54.4	54.9	56.0	58.3	59.8	58.9	58.7
- Legal entities	26.9	26.5	25.5	27.4	27.6	34.3	28.6	30.9	49.2	54.2	42.4	42.9	40.4
2. SLOVAK-CROWN DEPOSITS BY SECTOR	430.9	430.9	447.0	454.3	457.3	454.6	457.0	468.9	499.1	489.8	496.7	493.0	510.4
Entrepreneurial sector	105.7	97.8	107.4	110.2	113.1	114.1	113.7	120.8	127.6	124.6	129.0	124.9	133.5
a) Public sector	20.2	21.9	24.2	24.3	25.1	23.1	23.3	30.5	30.4	27.2	29.0	29.5	30.8
b) Private sector (incl. cooperatives and households)	74.6	66.1	72.3	75.4	77.3	76.2	75.5	77.4	83.2	83.6	85.6	81.5	86.4
c) Under foreign control	10.9	9.8	10.9	10.4	10.7	11.8	11.9	12.9	14.0	13.8	14.4	14.0	16.4
Government sector	33.8	32.7	36.3	40.1	41.6	42.9	40.9	44.0	64.9	59.7	61.8	61.2	59.8
Households	278.9	286.3	290.2	290.7	289.7	285.1	289.1	291.6	293.6	292.1	292.3	293.3	304.3
Non-profit organisations	7.0	7.7	7.0	7.1	7.2	7.1	7.2	7.4	7.5	7.4	8.1	7.9	7.7
Other	5.5	6.4	6.1	6.3	5.7	5.4	6.1	5.2	5.4	6.0	5.5	5.7	5.1
3. SLOVAK-CROWN DEPOSITS BY TERM	430.9	430.9	447.0	454.4	457.3	454.6	457.0	468.9	499.1	489.8	496.7	493.0	510.4
a) Short-term deposits	347.5	350.3	368.4	376.8	381.3	379.6	381.0	393.1	423.5	413.5	420.4	416.1	426.9
b) Medium-term deposits	40.1	38.2	37.1	36.5	35.4	34.4	35.7	35.7	35.8	36.4	36.7	36.8	39.4
c) Long-term deposits	43.3	42.4	41.5	41.1	40.6	40.6	40.3	40.1	39.8	39.9	39.5	40.1	44.0
4. FOREIGN-CURRENCY DEPOSITS BY TERM ^{1/}	80.2	80.0	79.0	80.5	81.6	88.6	83.0	85.8	105.2	112.5	102.1	101.8	99.2
a) Short-term deposits	79.9	79.6	78.5	80.1	81.2	88.2	82.6	85.3	104.8	112.0	101.6	101.3	98.8
b) Medium-term deposits	0.3	0.4	0.5	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.3
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
5. TOTAL DEPOSITS BY TERM	511.1	510.9	526.0	534.9	538.9	543.2	540.0	554.7	555.7	556.7	557.7	558.7	559.7
a) Short-term deposits	427.4	429.9	446.9	456.9	462.5	467.8	463.6	478.4	528.3	525.5	522.0	517.4	525.8
b) Medium-term deposits	40.4	38.6	37.6	36.9	35.8	34.8	36.1	36.2	36.2	36.9	37.3	37.3	39.8
c) Long-term deposits	43.3	42.4	41.5	41.1	40.6	40.6	40.3	40.1	39.8	39.9	39.5	40.1	44.0
6. INFORMATIVE													
A. Increase in deposits (since beginning of year)													
- in Sk billions	x	-0.1	14.9	23.8	27.8	32.2	29.0	43.7	93.2	91.2	87.8	83.7	98.5
- in %	x	0.0	2.9	23.5	26.4	23.7	26.1	38.0	68.2	58.9	65.8	62.1	79.5
a) Slovak-crown deposits													
- in Sk billions	x	0.0	16.1	23.5	26.4	23.7	26.1	38.0	68.2	58.9	65.8	62.1	79.5
- in %	x	0.0	3.7	5.5	6.1	5.5	6.1	8.8	15.8	13.7	15.3	14.4	18.4
b) Foreign-currency deposits ^{1/}													
- in Sk billions	x	-0.2	-1.2	0.3	1.3	8.4	2.8	5.6	25.1	32.3	22.0	21.6	19.0
- in %	x	-0.2	-1.5	0.4	1.7	10.5	3.6	7.0	31.3	40.3	27.4	27.0	23.7

Continued on next page.

Deposits of Clients (Sk billions) – continued

	2000												
	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
a) Entrepreneurial sector	24.5	22.7	24.0	24.3	24.7	25.1	24.9	25.8	25.6	25.4	26.0	25.3	26.1
- Public sector	4.7	5.1	5.4	5.3	5.5	5.1	5.1	6.5	6.1	5.5	5.8	6.0	6.0
- Private sector (incl. cooperatives and households)	17.3	15.3	16.2	16.6	16.9	16.8	16.5	16.5	16.7	17.1	17.2	16.5	16.9
- Under foreign control	2.5	2.3	2.4	2.3	2.3	2.6	2.6	2.8	2.8	2.8	2.9	2.8	3.2
b) Government sector	7.8	7.6	8.1	8.8	9.1	9.4	8.9	9.4	13.0	12.2	12.4	12.4	11.7
c) Households	64.7	66.4	64.9	64.0	63.4	62.7	63.3	62.2	58.8	59.6	58.8	59.5	59.6
d) Non-profit organisations	1.6	1.8	1.6	1.6	1.6	1.6	1.6	1.6	1.5	1.5	1.6	1.6	1.5
e) Other	1.3	1.5	1.4	1.4	1.2	1.2	1.3	1.1	1.1	1.2	1.1	1.2	1.0
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
a) Short-term deposits	80.6	81.3	82.4	82.9	83.4	83.5	83.4	83.8	84.9	84.4	84.6	84.4	83.6
b) Medium-term deposits	9.3	8.9	8.3	8.0	7.7	7.6	7.8	7.6	7.2	7.4	7.4	7.5	7.7
c) Long-term deposits	10.0	9.8	9.3	9.0	8.9	8.9	8.8	8.6	8.0	8.1	8.0	8.1	8.6
Foreign-currency deposits ^{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
a) Short-term deposits	99.6	99.5	99.3	99.5	99.5	99.5	99.5	99.4	99.6	99.6	99.5	99.6	99.7
b) Medium-term deposits	0.4	0.5	0.6	0.5	0.5	0.5	0.5	0.6	0.4	0.4	0.5	0.4	0.3
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
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
a) Short-term deposits	83.6	84.1	85.0	85.4	85.8	86.1	85.9	86.2	95.1	94.4	93.6	92.6	93.9
b) Medium-term deposits	7.9	7.6	7.1	6.9	6.6	6.4	6.7	6.5	6.5	6.6	6.7	6.7	7.1
c) Long-term deposits	8.5	8.3	7.9	7.7	7.5	7.5	7.5	7.2	7.2	7.2	7.1	7.2	7.9

^{1/} Deposits from residents and non-residents in convertible currencies

Total Volume of Loans (Sk billions)

	2000												
	1.1.	1	2	3	4	5	6	7	8	9	10	11	12
1. TOTAL VOLUME OF LOANS (Sk + foreign currency)	410.7	414.1	412.6	411.4	414.0	409.7	410.5	412.5	414.6	412.1	412.1	405.8	407.6
A. Slovak-crown loans	350.2	351.4	352.3	351.5	353.9	348.9	356.9	357.6	357.7	353.5	354.5	346.7	351.8
- Non-financial organisations	281.7	272.9	272.8	282.6	284.3	279.6	295.5	294.7	294.7	290.2	287.6	278.7	282.6
- Banking sector	10.8	9.6	10.1	10.1	10.1	10.0	6.8	6.6	6.4	6.7	8.1	9.1	10.0
- Insurance sector	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3
- Extrabudgetary needs of central and local authorities	8.2	8.1	8.0	7.4	7.3	7.3	6.7	6.7	6.7	6.3	6.9	6.9	6.9
- 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
- Small businesses	12.2	12.1	11.7	11.8	11.9	11.4	6.3	6.8	7.0	6.6	6.9	6.8	6.5
- Households	35.9	36.4	37.1	37.8	38.4	39.1	40.0	41.0	41.7	42.1	42.7	43.2	43.8
- Foreigners (non-residents)	0.8	0.9	1.0	1.2	1.3	1.0	1.1	1.2	0.8	1.1	1.8	1.6	1.5
- Other	0.2	11.1	11.2	0.2	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.1
B. Loans in foreign currency ^{1/}	60.5	62.7	60.3	59.9	60.1	60.8	53.6	54.9	56.9	58.5	57.6	59.0	55.8
2. SLOVAK-CROWN LOANS BY SECTOR	350.2	351.4	352.3	351.5	353.9	348.9	356.9	357.6	357.7	353.5	354.5	346.7	351.8
a) Entrepreneurial sector	304.9	294.8	294.8	304.7	306.5	301.2	308.8	308.4	308.3	303.7	302.9	294.7	299.4
- Public sector	104.0	101.5	102.3	106.3	107.3	109.1	140.3	144.6	146.0	141.1	144.9	141.2	144.6
- Private sector (incl. cooperatives and households)	175.9	169.1	168.7	173.7	174.6	168.0	143.8	137.4	136.2	136.4	130.8	127.3	125.6
- Under foreign control	24.9	24.2	23.8	24.7	24.6	24.1	24.7	26.4	26.0	26.3	27.2	26.2	29.1
b) Government sector (extra-budgetary funds)	8.2	8.1	8.0	7.4	7.3	7.3	6.7	6.7	6.7	6.3	6.9	6.9	6.9
c) Households	35.9	36.4	37.1	37.8	38.4	39.1	40.0	41.0	41.7	42.1	42.7	43.2	43.8
d) Non-profit organisations	0.0	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	1.1	11.9	12.1	1.4	1.6	1.2	1.3	1.4	1.0	1.3	2.0	1.8	1.7
3. SLOVAK-CROWN LOANS BY INDUSTRY	350.2	351.4	352.3	351.5	353.9	348.9	356.9	357.6	357.7	353.5	354.5	346.7	351.8
a) Agriculture, hunting, and fishing	18.8	13.1	13.1	18.6	18.6	18.2	15.2	15.1	15.0	14.8	14.7	14.6	14.6
b) Forestry and timber industry	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.2
c) Raw materials extraction	2.8	2.7	2.8	2.8	2.7	3.1	2.6	2.4	2.4	2.4	2.3	2.3	2.3
d) Industrial production - total	85.4	82.1	82.3	87.3	88.8	86.1	79.2	78.4	79.2	76.5	83.4	72.9	75.8
- Foods, beverages, and tobacco	18.8	18.6	18.6	18.2	18.7	17.7	14.5	14.2	14.5	14.3	14.3	14.6	14.8
- Chemical and pharmacial industry	4.7	5.1	5.0	5.5	5.1	5.0	5.1	5.2	5.8	6.4	6.4	6.7	7.1
- Metallurgy and machine engineering	37.0	33.6	33.9	37.3	38.8	37.8	36.0	35.8	35.7	32.6	39.0	30.1	31.7
- Electrical and electronic industry	4.6	4.5	4.5	5.2	5.2	5.1	4.6	4.5	4.5	4.5	4.6	4.5	4.6
- Textile, clothing, and leather	3.7	3.9	4.2	4.1	4.2	4.5	3.9	3.8	3.8	3.9	4.3	3.4	3.2
- Other industries	16.5	16.4	16.1	17.0	16.8	16.1	15.0	14.9	14.8	14.8	14.8	13.7	14.3
e) Power industry, gas and water supply	26.3	26.0	25.2	23.6	27.7	27.7	29.2	33.3	32.7	32.7	25.8	29.2	32.0
f) Building and construction	7.9	7.8	7.8	11.1	7.7	7.6	6.7	6.8	6.6	6.4	6.2	6.2	6.1
g) Trade, repair of cons. goods and motor vehicles, hotels and restaurants	58.8	59.4	57.9	56.9	56.8	55.3	46.3	42.4	42.8	42.1	41.7	40.5	41.0
h) Tourism	1.0	1.1	1.1	1.2	1.2	1.1	0.9	1.1	1.0	0.9	0.9	2.1	0.3
i) Transport, warehousing, postal and telecom. services	5.5	5.4	5.8	5.0	5.0	5.3	6.4	7.4	7.6	7.4	5.5	3.7	4.9
j) Banking industry	10.8	9.6	10.1	10.1	10.1	10.0	6.8	6.6	6.4	6.7	8.1	9.1	10.0
k) Insurance sector	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3
l) Other	132.3	143.4	145.4	134.2	134.8	134.0	168.1	163.7	163.8	163.2	165.4	165.5	164.5
4. TOTAL VOLUME OF LOANS (Sk + foreign currency)	410.7	414.0	412.6	411.4	414.0	409.7	410.5	412.5	415.2	412.0	418.0	404.2	407.6
a) Short-term loans	149.9	154.8	153.0	148.8	149.4	144.7	164.5	164.3	164.8	164.3	163.9	150.1	151.6
b) Medium-term loans	143.8	144.0	143.9	145.3	147.0	148.4	139.6	140.5	140.8	139.1	139.7	141.0	142.5
c) Long-term loans	117.0	115.3	115.7	117.3	117.6	116.6	106.4	107.7	109.6	108.6	114.4	113.1	95.5
4.1. SLOVAK-CROWN LOANS	350.2	351.4	352.3	351.5	353.9	348.9	356.9	357.6	357.7	353.5	354.5	346.7	351.8
a) Short-term loans	114.3	118.3	118.5	114.5	114.2	109.5	131.1	131.6	131.1	130.1	130.3	121.0	124.3
b) Medium-term loans	131.2	130.6	131.2	132.6	134.8	135.6	130.3	130.5	130.5	128.3	129.2	130.6	132.0
c) Long-term loans	104.7	102.5	102.6	104.4	104.9	103.8	95.5	95.5	96.1	95.1	94.9	95.1	95.5
4.2. LOANS IN FOREIGN CURRENCY ^{1/}	60.5	62.7	60.3	59.9	60.1	60.8	53.6	54.9	56.9	58.5	57.6	59.0	55.8
a) Short-term loans	35.6	36.5	34.5	34.3	35.2	35.2	33.4	32.7	33.6	34.2	33.5	29.1	27.3
b) Medium-term loans	12.6	13.4	12.7	12.7	12.2	12.8	9.3	10.0	10.3	10.8	10.5	10.4	10.5
c) Long-term loans	12.3	12.8	13.1	12.9	12.7	12.8	10.9	12.2	13.5	13.6	19.5	18.0	18.0

Continued on next page.

Total Volume of Loans (Sk billions) - continued

	2000												
	1.1.	1	2	3	4	5	6	7	8	9	10	11	12
5. SLOVAK-CROWN LOANS BY PURPOSE	350.2	351.4	352.3	351.5	353.9	348.9	356.9	357.6	357.7	353.5	354.5	346.7	351.8
a) Current assets	40.6	44.8	43.4	40.9	40.2	36.9	37.8	42.6	38.9	39.7	41.7	43.2	45.4
b) Capital goods	55.5	63.0	64.1	52.6	53.2	53.7	56.2	56.2	57.5	57.3	54.5	55.0	57.5
c) Privatisation	1.8	1.7	1.7	1.8	1.7	1.6	1.5	1.5	1.5	0.7	0.6	0.6	0.5
- Small-scale privatisation	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0
- Large-scale privatisation	1.8	1.6	1.6	1.7	1.6	1.5	1.4	1.4	1.4	0.7	0.6	0.6	0.5
d) Temporary lack of resources	7.7	8.4	8.7	7.2	8.4	9.8	11.3	11.0	10.4	9.5	9.4	10.3	10.6
e) Permanently revolving stocks	0.1	0.1	0.2	0.1	0.1	0.1	0.2	0.2	0.1	0.1	0.2	0.2	0.2
f) Residential construction	7.8	7.8	7.8	7.8	7.8	7.8	7.7	7.5	7.4	7.4	7.4	7.4	7.1
g) Current account balances (debit)	11.3	11.7	11.0	11.7	11.1	10.4	10.3	10.5	10.3	11.7	11.1	10.7	10.7
h) Consumption	3.9	3.7	3.8	3.7	3.7	3.7	3.6	3.8	3.3	3.7	3.5	3.9	3.2
i) Standard claims with reservation	39.1	25.6	25.3	38.2	37.7	36.4	34.2	35.5	39.6	36.5	36.0	30.8	29.7
j) Classified receivables	110.7	111.3	113.0	115.6	118.7	116.9	92.3	86.8	86.6	85.2	83.7	82.7	84.2
- doubtful and disputable	9.5	8.8	9.0	8.9	13.0	12.4	9.7	7.7	7.8	8.4	7.0	8.2	8.1
- loss-making	90.0	89.1	90.7	92.3	93.0	92.0	72.8	70.2	70.3	68.6	69.4	67.8	70.9
6. INFORMATIVE													
A. Total increase in loans													
(since beginning of year)													
- in Sk billions	x	3.4	1.9	0.8	3.3	-1.0	-0.2	1.8	3.9	1.4	1.4	-4.9	-3.1
- in %	x	0.8	0.5	0.2	0.8	-0.2	0.0	0.4	1.0	0.3	0.3	-1.2	-0.8
of which													
a) Slovak-crown loans													
- in Sk billions	x	1.2	2.1	1.3	3.7	-1.3	6.7	7.4	7.5	3.3	4.3	-3.5	1.6
- in %	x	0.3	0.6	0.4	1.1	-0.4	1.9	2.1	2.1	1.0	1.2	-1.0	0.5
b) Foreign-currency loans ^{1/}													
- in Sk billions	x	2.2	-0.2	-0.5	-0.4	0.3	-6.9	-5.6	-3.6	-1.9	-2.9	-1.5	-4.7
- in %	x	3.7	-0.4	-0.9	-0.6	0.5	-11.4	-9.2	-5.9	-3.2	-4.8	-2.4	-7.8
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
a) Entrepreneurial sector	87.1	83.9	83.7	86.7	86.6	86.3	86.5	86.2	86.2	85.9	85.4	85.0	85.1
- Public sector	29.7	28.9	29.0	30.2	30.3	31.3	39.3	40.4	40.8	39.9	40.9	40.7	41.1
- Private sector (incl. cooperatives and households)	50.2	48.1	47.9	49.4	49.3	48.1	40.3	38.4	38.1	38.6	36.9	36.7	35.7
- Under foreign control	7.1	6.9	6.8	7.0	7.0	6.9	6.9	7.4	7.3	7.4	7.7	7.6	8.3
b) Government sector													
(extra-budgetary funds)	2.3	2.3	2.3	2.1	2.1	2.1	1.9	1.9	1.9	1.8	1.9	2.0	2.0
c) Households	10.3	10.4	10.5	10.8	10.9	11.2	11.2	11.5	11.6	11.9	12.1	12.4	12.5
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
e) Other	0.3	3.4	3.4	0.4	0.5	0.3	0.4	0.4	0.3	0.4	0.6	0.5	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
a) Agriculture, hunting and fishing	5.4	3.7	3.7	5.3	5.3	5.2	4.3	4.2	4.2	4.2	4.1	4.2	4.1
b) Forestry and timber industry	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0
c) Raw materials extraction	0.8	0.8	0.8	0.8	0.8	0.9	0.7	0.7	0.7	0.7	0.7	0.7	0.6
d) Industrial production - total	24.4	23.4	23.4	24.8	25.1	24.7	22.2	21.9	22.1	21.6	23.5	21.0	21.5
- Foods, beverages, and tobacco	5.4	5.3	5.3	5.2	5.3	5.1	4.1	4.0	4.1	4.1	4.0	4.2	4.2
- Chemical industry	1.3	1.5	1.4	1.6	1.4	1.4	1.4	1.5	1.6	1.8	1.8	1.9	2.0
- Metallurgy and machine engineering	10.6	9.6	9.6	10.6	11.0	10.8	10.1	10.0	10.0	9.2	11.0	8.7	9.0
- Electrical and electronic industry	1.3	1.3	1.3	1.5	1.5	1.5	1.3	1.3	1.3	1.3	1.3	1.3	1.3
- Textile, clothing, and leather	1.1	1.1	1.2	1.2	1.2	1.3	1.1	1.1	1.1	1.1	1.2	1.0	0.9
- Other industries	4.7	4.7	4.6	4.8	4.7	4.6	4.2	4.2	4.1	4.2	4.2	4.0	4.1
e) Power industry, gas and water supply	7.5	7.4	7.2	6.7	7.8	7.9	8.2	9.3	9.1	9.3	7.3	8.4	9.1

Continued on next page.

Total Volume of Loans (Sk billions) - continued

	2000												
	1.1.	1	2	3	4	5	6	7	8	9	10	11	12
f) Building and construction	2.3	2.2	2.2	3.2	2.2	2.2	1.9	1.9	1.8	1.8	1.8	1.8	1.7
g) Trade, repair of cons. goods and vehicles, hotel and restaurants	16.8	16.9	16.4	16.2	16.0	15.8	13.0	11.9	12.0	11.9	11.8	11.7	11.7
h) Tourism	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.2	0.6	0.1
i) Transport, warehousing, postal and telecom. services	1.6	1.5	1.6	1.4	1.4	1.5	1.8	2.1	2.1	2.1	1.5	1.1	1.4
j) Banking industry	3.1	2.7	2.9	2.9	2.9	2.9	1.9	1.8	1.8	1.9	2.3	2.6	2.8
k) Non-profit organizations	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
l) Others	37.8	40.8	41.3	38.2	38.1	38.4	47.1	45.8	45.8	46.2	46.7	47.7	46.7
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
a) Short-term loans	36.5	37.4	37.1	36.2	36.1	35.3	40.1	39.8	39.7	39.9	39.2	37.1	38.9
b) Medium-term loans	35.0	34.8	34.9	35.3	35.5	36.2	34.0	34.1	33.9	33.8	33.4	34.9	36.6
c) Long-term loans	28.5	27.9	28.0	28.5	28.4	28.5	25.9	26.1	26.4	26.4	27.4	28.0	24.5
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
a) Short-term loans	32.6	33.7	33.6	32.6	32.3	31.4	36.7	36.8	36.7	36.8	36.8	34.9	35.3
b) Medium-term loans	37.5	37.2	37.2	37.7	38.1	38.9	36.5	36.5	36.5	36.3	36.5	37.7	37.5
c) Long-term loans	29.9	29.2	29.1	29.7	29.6	29.8	26.8	26.7	26.9	26.9	26.8	27.4	27.1
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
a) Short-term loans	58.9	58.2	57.2	57.2	58.6	57.9	62.3	59.6	59.1	58.4	58.2	49.3	49.0
b) Medium-term loans	20.8	21.4	21.1	21.2	20.3	21.1	17.4	18.2	18.1	18.5	18.2	17.6	18.8
c) Long-term loans	20.3	20.4	21.7	21.5	21.1	21.1	20.3	22.2	23.8	23.2	33.9	30.5	0.0
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
a) Current assets	11.6	12.7	12.3	11.6	11.4	10.6	10.6	11.9	10.9	11.2	11.8	12.5	12.9
b) Investment	15.8	17.9	18.2	15.0	15.0	15.4	15.7	15.7	16.1	16.2	15.4	15.9	16.3
c) Privatisation	0.5	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.2	0.2	0.2	0.1
- 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
- Large-scale privatisation	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.4	0.2	0.2	0.2	0.1
d) Temporary lack of resources	2.2	2.4	2.5	2.0	2.4	2.8	3.2	3.1	2.9	2.7	2.7	3.0	3.0
e) Permanently revolving stocks	0.0	0.0	0.1	0.0	0.0	0.0	0.1	0.1	0.0	0.0	0.0	0.0	0.1
f) Residential construction	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.1	2.1	2.1	2.1	2.1	2.0
g) Current account balances (debit)	3.2	3.3	3.1	3.3	3.1	3.0	2.9	2.9	2.9	3.3	3.1	3.1	3.0
h) Consumption	1.1	1.1	1.1	1.1	1.0	1.1	1.0	1.1	0.9	1.0	1.0	1.1	0.9
i) Standard claims with reservation	11.2	7.3	7.2	10.9	10.7	10.4	9.6	9.9	11.1	10.3	10.2	8.9	8.4
j) Classified receivables	31.6	31.7	32.1	32.9	33.5	33.5	25.9	24.3	24.2	24.1	23.6	23.9	23.9
- doubtful and disputable	2.7	2.5	2.6	2.5	3.7	3.6	2.7	2.2	2.2	2.4	2.0	2.4	2.3
- loss-making	25.7	25.4	25.7	26.3	26.3	26.4	20.4	19.6	19.6	19.4	19.6	19.6	20.2

^{1/} Loans to residents and non-residents in convertible currencies

Loans to Clients – New Loans (Sk billions)

	2000											
	1	2	3	4	5	6	7	8	9	10	11	12
1. NEW LOANS IN SLOVAK CROWNS	30.7	38.4	40.1	33.3	30.3	64.4	32.0	27.8	26.7	34.2	33.4	39.4
a) Entrepreneurial sector	29.5	36.8	38.4	31.9	28.5	62.2	29.8	26.3	25.2	31.9	31.4	37.2
- Public sector	2.6	1.1	1.4	2.1	3.9	33.5	5.3	2.5	1.6	2.2	2.1	8.7
- Private sector	7.2	14.1	17.8	15.8	9.7	15.4	8.9	9.7	16.7	10.5	11.9	13.5
- Under foreign control	19.7	21.6	19.2	14.0	14.9	13.3	15.5	14.1	6.8	19.2	17.5	15.0
b) Households	1.0	1.3	1.4	1.2	1.4	1.7	1.7	1.4	1.3	1.2	1.2	2.0
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
d) Extrabudgetary needs of central and local authorities	0.1	0.2	0.1	0.1	0.1	0.2	0.1	0.1	0.1	0.8	0.1	0.1
e) Other	0.1	0.1	0.2	0.2	0.2	0.3	0.5	0.1	0.1	0.3	0.6	0.1
2. NEW LOANS BY TERM	30.7	38.4	40.1	33.3	30.3	64.4	32.0	27.8	26.7	34.2	33.4	39.4
a) Short-term loans	27.8	36.4	37.3	29.6	26.3	56.6	29.5	25.4	24.3	31.0	30.1	34.1
b) Medium-term loans	2.4	0.7	0.9	3.0	3.3	5.9	1.7	1.0	1.6	2.6	2.7	3.8
c) Long-term loans	0.5	1.3	1.9	0.7	0.6	1.9	0.9	1.3	0.7	0.6	0.6	1.5
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
a) Short-term loans	90.6	94.8	93.0	88.9	86.8	87.9	92.0	91.5	91.1	90.6	90.0	86.6
b) Medium-term loans	7.8	1.8	2.2	9.0	10.9	9.2	5.2	3.7	6.1	7.7	8.1	9.6
c) Long-term loans	1.6	3.4	4.7	2.1	2.0	3.0	2.8	4.8	2.8	1.7	1.9	3.8

Average Lending Rates of Commercial Banks (%)

	1998	1999	2000											
	12	12	1	2	3	4	5	6	7	8	9	10	11	12
1. TOTAL VOLUME OF LOANS ^{1/}	16.17	14.00	13.17	12.93	12.93	12.68	12.51	11.88	11.35	11.10	11.01	10.26	10.09	10.05
A. Loans by sector														
a) Entrepreneurial sector	14.52	14.05	14.34	14.09	13.53	13.16	12.99	12.13	11.67	11.42	11.38	10.49	10.30	10.25
- Public sector	11.15	11.22	11.25	11.21	11.13	11.08	10.99	10.64	10.70	10.62	10.61	9.14	9.06	9.08
- Private sector (incl. cooperatives)	17.91	16.85	16.57	16.33	15.71	15.16	14.76	14.16	13.22	12.87	12.58	12.46	12.02	11.80
- under foreign control	18.63	16.11	14.08	13.20	11.29	10.67	11.98	10.58	10.41	9.86	10.38	9.67	10.16	10.57
b) Households	8.03	7.89	7.76	7.63	7.87	8.44	8.80	9.62	8.47	8.37	7.96	7.92	7.98	8.03
B. Loans by term														
- Short-term loans	21.08	18.45	15.80	15.44	16.28	15.75	15.58	13.27	12.72	12.26	12.29	11.60	11.28	11.10
- Medium-term loans	16.21	12.64	12.42	12.22	12.06	11.87	11.82	11.68	11.00	10.88	10.69	9.53	9.51	9.54
- Long-term loans	10.36	10.86	10.89	10.77	10.39	10.41	10.17	10.03	9.80	9.66	9.54	9.42	9.38	9.36
2. NEW LOANS IN TOTAL	18.62	12.55	12.50	14.03	14.18	13.56	11.38	10.85	10.81	11.07	11.16	10.86	10.95	10.78
A. Loans by sector														
a) Entrepreneurial sector	22.14	12.58	12.63	14.23	14.44	13.75	11.50	10.91	10.82	11.17	11.27	10.89	11.07	10.78
- Public sector	22.06	10.55	14.96	15.40	12.26	12.04	11.35	10.33	11.15	11.18	10.39	11.50	11.23	9.79
- Private sector (incl. cooperatives)	22.22	19.62	16.12	18.55	18.45	17.06	14.33	12.87	13.62	13.77	12.00	13.63	13.13	12.81
- under foreign control	15.89	13.00	11.06	11.36	10.87	10.27	9.07	10.10	9.11	9.39	9.70	9.32	9.65	9.53
b) Households	9.39	8.03	7.78	7.73	7.77	8.74	8.62	8.43	7.68	8.95	8.65	8.50	8.83	10.69
B. Loans by term														
- Short-term loans	18.91	16.40	12.59	14.24	14.46	13.92	11.49	10.91	10.84	11.14	11.19	10.86	10.99	10.74
- Medium-term loans	14.20	10.36	10.97	9.77	10.42	10.81	10.49	10.84	11.44	10.32	11.09	10.72	10.32	11.64
- Long-term loans	14.81	14.10	15.15	11.95	10.97	10.22	11.67	9.34	8.82	10.37	10.07	11.39	11.61	9.56

^{1/} Excluding loans at zero interest rate

Volume of Loans and Average Lending Rates of Commercial Banks

		1997	1998	1999		2000												
		12	12	12 ^{1/}	12	1	2	3	4	5	6	6 ^{2/}	7	8	9	10	11	12
Loans in total	a	24.39	42.15	38.91	100.58	30.67	38.40	40.11	33.30	30.31	64.40	33.50	32.00	27.83	26.68	34.24	33.39	39.38
	b	20.93	18.62	16.12	12.55	12.50	14.03	14.18	13.56	11.38	10.85	11.37	10.81	11.07	11.16	10.86	10.95	10.78
of which:																		
Loans at a rate of 0%	a	0.29	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	0.00	0.00	0.00
	b																	
Current account	a	0.47	0.81	0.39	0.42	0.25	0.35	0.22	0.58	0.14	0.13	0.13	0.17	0.14	0.16	0.10	0.11	0.16
	b	22.80	20.40	17.30	17.30	17.43	16.25	17.40	25.80	17.78	17.68	17.68	12.4	16.55	16.35	17.04	16.91	14.25
Overdraft credit	a	7.84	7.14	7.98	7.79	6.81	7.80	9.58	8.09	6.63	6.52	6.52	6.38	6.92	7.67	8.99	5.29	5.50
	b	23.06	22.85	17.70	17.70	15.89	15.36	14.95	14.18	14.62	14.47	14.47	14.18	13.96	13.30	13.59	13.38	13.76
Bills of exchange	a	3.43	2.23	1.31	1.50	0.84	1.37	0.63	0.30	1.46	0.70	0.70	0.25	0.36	0.28	0.38	0.28	0.33
	b	20.90	21.08	18.40	18.40	21.36	17.55	18.54	14.32	11.52	12.47	12.47	12.51	12.62	12.34	13.30	13.03	12.34
Operating loans	a	8.08	26.34	23.28	25.13	19.07	24.37	22.81	16.19	17.73	18.63	18.63	22.46	16.11	15.95	21.31	23.79	26.78
	b	20.94	17.25	15.68	15.68	11.14	13.04	13.14	11.72	10.29	10.56	10.56	9.99	9.75	10.13	9.67	10.39	9.91
Development loans	a	1.97	1.78	1.17	1.17	0.62	0.68	1.34	1.42	1.11	3.66	3.66	0.63	0.60	0.71	0.82	1.05	1.52
	b	18.74	18.26	18.03	18.03	17.52	15.38	13.30	10.63	12.22	11.49	11.49	12.93	12.22	11.91	12.12	11.79	11.41
Consumer loans (to households)	a	0.11	0.06	0.04	0.04	0.02	0.01	0.04	0.04	0.05	0.14	0.14	0.05	0.06	0.09	0.06	0.06	0.11
	b	10.79	13.70	12.05	12.05	11.87	11.24	12.25	12.03	11.29	8.95	8.95	11.26	10.64	8.15	10.41	10.05	10.40
Other loans	a	2.19	2.16	1.93	63.60	2.85	1.81	1.68	2.13	2.78	34.20	3.30	1.78	1.71	1.18	2.10	1.38	3.58
	b	18.08	12.83	12.20	10.25	8.96	8.15	7.86	9.20	9.5	10.15	8.74	7.47	9.22	8.62	9.56	8.65	11.13
Loans at fixed interest rates	a	.	17.34	24.12	25.95	22.70	30.00	31.22	23.37	19.50	50.27	19.37	24.70	18.93	17.47	23.96	23.22	29.60
	b	.	18.62	15.15	15.15	11.43	13.44	13.50	12.50	9.75	10.19	10.01	9.59	9.67	9.68	9.59	9.43	9.97
Loans at flexible interest rates	a	.	24.81	12.94	74.63	7.97	8.40	8.88	9.94	10.81	14.13	14.13	7.31	8.90	9.21	10.28	10.17	9.80
	b	.	18.12	11.64	11.64	15.53	16.12	16.77	16.06	14.32	13.19	13.19	14.94	14.05	13.96	13.81	14.41	13.20
Short-term loans	a	21.42	39.48	35.79	35.79	27.78	36.36	37.29	29.61	26.32	56.55	25.65	29.45	25.45	24.30	31.01	30.05	34.14
	b	21.63	18.91	16.40	16.40	12.59	14.24	14.46	13.92	11.49	10.91	11.64	10.84	11.14	11.19	10.86	10.99	10.74
of which: at a rate 0%	a	0.30	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	0.00	0.00	0.00
Medium-term loans	a	1.84	1.88	2.09	63.76	2.44	0.73	0.90	3.04	3.34	5.89	5.89	1.67	1.03	1.64	2.65	2.72	3.79
	b	16.31	14.20	12.20	10.36	10.97	9.77	10.42	10.81	10.49	10.84	10.84	11.44	10.32	11.07	10.72	10.31	11.63
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	0.00	0.00	0.00	0.00
Long-term loans	a	1.14	0.79	1.03	1.03	0.45	1.31	1.92	0.66	0.65	1.94	1.94	0.89	1.35	0.74	0.58	0.62	1.48
	b	15.40	14.81	14.10	14.10	15.15	11.95	10.97	10.22	11.67	9.34	9.34	8.82	10.37	10.07	11.39	11.61	9.56
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	0.00	0.00	0.00	0.00

a - Volume (Sk billions)

b - Average interest rate (%)

1/ Adjusted for loans reclassified within the scope of restructuring, in the amount of Sk 61.7 billion at a rate of 10.3% (medium-term loans), data suitable for analytical purposes.

2/ Adjusted for loans reclassified within the 2nd stage of restructuring, in the amount of Sk 30.9 billion at a rate of 10.3% (short-term loans), data suitable for analytical purposes.

Development of Crown Deposits and Average Deposit Rates

		1999					2000							
		12	1	2	3	4	5	6	7	8	9	10	11	12
Deposits in total	a	418,929	422,567	438,098	442,668	444,123	441,437	445,800	455,953	464,049	459,993	467,925	464,497	483,578
	b	9.85	9.60	9.06	8.64	7.90	7.52	7.36	6.90	6.52	6.04	5.90	5.75	5.57
of which:														
Demand deposits	a	112,294	104,741	107,193	104,250	111,993	112,556	110,851	117,619	118,914	120,334	123,612	125,593	137,153
	b	3.76	3.79	3.85	3.77	3.84	3.71	3.63	3.56	3.34	3.26	3.29	3.24	3.08
Time deposits with a maturity of	a	306,635	317,826	330,905	338,418	332,131	328,880	334,949	338,334	345,136	339,659	344,313	338,904	346,425
	b	12.08	11.51	10.75	10.13	9.27	8.83	8.59	8.06	7.62	7.02	6.83	6.69	6.55
- up to 7 days	a	27,360	27,099	30,478	28,995	31,501	29,372	30,232	35,586	32,382	34,221	35,584	32,705	27,837
	b	12.09	9.74	9.24	8.52	7.86	7.31	7.20	6.56	6.16	6.34	6.42	6.07	5.95
- up to 1 month	a	68,017	70,275	74,320	73,870	75,047	78,608	80,997	76,586	83,468	79,586	75,536	76,305	82,872
	b	13.77	12.57	10.55	9.57	8.36	8.04	7.68	7.09	6.54	6.36	6.33	6.24	6.23
- up to 3 months	a	52,530	62,841	67,770	76,845	69,577	68,421	69,419	70,551	73,470	70,875	70,756	67,707	71,208
	b	14.95	14.14	12.89	11.51	10.15	9.40	8.99	8.25	7.66	7.49	7.03	6.89	6.84
- up to 6 months	a	20,792	25,959	27,858	28,899	26,511	22,967	23,241	23,352	24,023	22,706	22,129	21,618	21,280
	b	15.38	14.68	14.06	13.66	12.92	11.88	11.15	9.97	9.19	8.52	7.72	7.20	6.75
- up to 9 months	a	2,457	2,742	3,084	3,549	3,782	3,626	3,493	3,793	3,991	3,879	3,748	3,721	3,682
	b	16.14	15.19	13.77	12.59	11.34	11.48	11.69	11.02	9.65	9.91	9.81	9.48	9.00
- up to 12 months	a	52,099	48,736	48,827	48,768	49,785	50,955	51,469	52,573	52,263	52,156	60,417	60,068	56,200
	b	12.31	11.81	11.69	11.34	10.78	10.52	10.40	10.06	9.71	8.07	7.66	7.60	7.44
- up to 18 months	a	504	1,086	1,293	1,552	1,446	1,231	1,509	1,526	1,487	1,910	2,311	2,170	2,228
	b	14.77	13.87	13.23	11.85	11.05	10.53	11.16	11.01	10.23	9.71	9.17	8.96	8.94
- up to 2 years	a	29,135	27,296	29,085	28,242	27,616	27,078	28,263	28,181	28,194	27,692	27,349	27,340	29,564
	b	10.67	10.74	10.83	10.83	10.61	10.51	10.57	10.29	10.09	7.00	7.01	6.99	6.92
- up to 3 years	a	1,680	4,065	1,670	1,684	1,756	1,827	1,859	1,930	1,859	2,943	3,171	3,494	3,929
	b	13.38	13.50	13.26	12.92	12.82	12.72	12.64	11.44	11.24	10.77	10.79	10.66	10.53
- up to 4 years	a	1,764	2,802	2,555	2,486	2,076	2,105	2,096	2,069	1,850	1,830	1,809	1,775	1,801
	b	12.69	12.60	12.44	12.21	11.72	11.23	11.25	10.50	10.08	9.77	9.68	9.30	9.24
- up to 5 years	a	6,979	2,512	2,477	2,454	2,449	2,078	2,086	2,120	2,366	1,998	1,990	1,910	1,779
	b	13.75	12.49	12.53	12.88	12.97	13.35	13.47	13.52	13.22	15.14	14.68	14.39	13.79
- above 5 years	a	43,319	42,413	41,490	41,073	40,584	40,612	40,285	40,068	39,781	39,863	39,514	40,093	44,045
	b	4.47	4.59	4.70	4.66	4.69	4.67	4.67	4.66	4.66	4.63	4.67	4.66	4.55
short-term	a	223,255	237,651	252,336	260,926	256,203	253,949	258,851	262,440	269,597	263,423	268,169	262,123	263,078
	b	13.68	12.77	11.67	10.85	9.77	9.22	8.88	8.24	7.69	7.24	6.99	6.83	6.71
medium-term	a	40,061	37,761	37,078	36,419	35,344	34,319	35,813	35,826	35,757	36,373	36,630	36,688	39,302
	b	11.46	11.38	11.25	11.20	10.97	10.84	10.91	10.58	10.36	8.03	8.03	7.95	7.81
long-term	a	43,319	42,413	41,490	41,073	40,584	40,612	40,285	40,068	39,781	39,863	39,514	40,093	44,045
	b	4.47	4.59	4.70	4.66	4.69	4.67	4.67	4.66	4.66	4.63	4.67	4.66	4.55
demand and short-term	a	335,549	342,392	359,529	365,176	368,196	366,505	369,702	380,059	388,511	383,757	391,781	387,716	400,231
	b	10.36	10.02	9.34	8.83	7.96	7.52	7.31	6.79	6.36	5.99	5.82	5.66	5.46

a - Volume (\$k millions)

b - Average interest rate (%)

Shortened Balance Sheet of Commercial Banks as at 1 January 2000 (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	10,030,340	428	0	4,993,341	15,024,109
Cash	0	10,019,716	0	0	4,986,036	15,005,752
Gold	0	0	0	0	0	0
Other cash items	0	10,624	428	0	7,305	18,357
Accounts of issuing banks and postal checking accounts	0	2,201,750	0	0	28	2,201,778
Money reserve accounts with the NBS	0	41,427,562	0	0	0	41,427,562
Accounts of other banks	2,620,040	91,513,470	18,713,572	6,345,993	35,280,468	149,233,463
Current accounts with other banks	0	1,445,055	1	362,657	6,005,175	7,812,888
Credits provided	0	12,863,018	0	0	2,574,255	15,437,273
Time deposits with other banks	0	76,167,310	18,696,968	5,983,335	23,893,038	124,740,651
Current accounts of other banks	0	0	16,603	1	412	17,016
Transfers of funds between banks	0	0	0	0	0	0
Classified claims on banks	2,620,040	1,038,087	0	0	2,807,588	1,225,635
of which: short-term claims	2,409,025	55,380	0	0	2,527,516	173,871
interest on outstanding loans credited to accounts	146,207	628	0	0	191,909	46,330
Claims in respect of securities and other items	0	469,499	0	61	0	469,560
Standard credits to customers	0	181,384,217	338,525	32,690,009	3,148,332	217,561,083
Credits for commercial claims	0	6,485,961	0	4,672,197	1,345,256	12,503,414
Short-term credits	0	44,183,986	275,033	16,125,444	305,709	60,890,172
Medium-term credits	0	100,527,133	10,679	6,049,737	1,365,055	107,952,604
Long-term credits	0	30,187,137	52,813	5,842,631	132,312	36,214,893
Other claims on customers	0	875,697	1,629	226,599	21,423	1,125,348
Current accounts of customers - debit balances, overdrafts	0	11,280,321	42,969	2,499,807	158,803	13,981,900
Standard claims with reserve (customers)	0	38,243,690	211,843	11,442,765	1,662,393	51,560,691
Classified claims (customers)	61,636,419	109,827,477	246,324	5,549,844	3,060,342	57,047,568
of which: interest on outstanding loans credited to accounts	14,440,424	17,380,326	77,501	248,228	493,508	3,759,139
Sub-standard claims	1,497,992	10,784,954	145	1,054,431	846,844	11,188,382
Doubtful and controversial claims	4,787,516	9,433,246	875	2,973,153	839,984	8,459,742
Loss-making claims	55,350,911	89,609,277	245,304	1,522,260	1,373,514	37,399,444
Other receivables	0	16,470	0	0	0	16,470
Accounts of public authorities, local governments, state funds and other funds	90,261	8,156,987	0	287,679	0	8,354,405
Loans to public authorities of the SR	0	8	0	0	0	8
Loans to social insurance funds	0	37,000	0	0	0	37,000
Loans to local governments	90,261	4,223,707	0	0	0	4,133,446
Loans to other funds	0	0	0	287,679	0	287,679
Loans to state funds	0	3,896,272	0	0	0	3,896,272
Stock	0	262,719	0	0	0	262,719
Claims in respect of collections of money	0	3,870	334	170,010	73,587	247,801
Branches and representative offices	0	0	0	0	0	0
Claims and other suspense accounts	4,147,435	26,252,071	25,749	2,347,959	476,850	24,955,194
Claims in respect of own securities	0	0	0	0	0	0
Securities for intervention and trading purposes	0	316,265	0	20,431	596	337,292
Securities in portfolio	4,494,223	105,695,347	222,847	4,571,976	1,199,620	107,195,567
Investment securities and deposits	3,860,063	33,345,546	96,487	1,712,351	4,447,009	35,741,330
Foreign branches	0	0	0	0	477,084	477,084
Tangible fixed assets	19,234,942	45,314,656	0	0	0	26,079,714
Acquisition of fixed assets	0	3,108,544	0	0	0	3,108,544
Tangible fixed assets leased	32,962	33,853	0	0	0	891
Intangible fixed assets	4,592,796	6,402,626	0	0	0	1,809,830
Special agenda commissioned	0	0	0	0	0	0
Accumulated depreciation and provisions	100,709,141	93,897,164	122,670	2,205,281	4,484,026	0
Total assets	100,709,141	716,162,977	19,900,707	67,865,484	54,999,876	758,219,903

Continued on next page.

Shortened Balance Sheet of Commercial Banks as at 1. January 2000 (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	40,051,050	0	690,187	0	40,741,237
Accounts with issuing banks	1,167,733	0	0	0	1,167,733
Loan received from issuing banks	38,883,317	0	690,187	0	39,573,504
of which: Redistribution loans	26,185,368	0	0	0	26,185,368
Refinancing loans	2,172,078	0	0	0	2,172,078
of which: Lombard loans	0	0	0	0	0
Accounts of other banks	93,504,604	2,541,299	6,346,005	10,944,887	113,336,795
Current accounts with other banks	0	0	1	105,695	105,696
Current accounts with other banks	1,813,806	669,461	362,670	329,431	3,175,368
Transfers on accounts between banks	0	0	0	0	0
Credits received	13,057,177	300,000	0	6,699,862	20,057,039
Time deposits of other banks	78,633,621	1,571,838	5,983,334	3,809,899	89,998,692
Liabilities from securities and other items	233,257	0	0	12,592	245,849
Deposits and loans received from customers	387,513,168	1,441,049	74,625,782	3,216,508	466,796,507
Current accounts of customers	68,527,182	602,442	25,409,073	1,631,251	96,169,948
Time deposits of customers	168,247,055	733,804	39,588,002	1,370,798	209,939,659
Savings deposits	148,855,242	102,577	9,621,257	41,523	158,620,599
Giro accounts	8,063,935	37,200	0	0	8,101,135
Demand deposits on passbooks	18,994,393	9,411	6,962,441	29,718	25,995,963
Other short-term savings deposits	45,757,466	38,002	2,646,500	11,805	48,453,773
Medium-term savings deposits	33,987,409	17,902	12,316	0	34,017,627
Long-term savings deposits	42,052,039	62	0	0	42,052,101
Credits received from customers	1,883,689	2,226	7,450	172,936	2,066,301
Other liabilities to customers	4,749,264	35,348	2,241,455	623,084	7,649,151
Certificates of deposits and similar securities issued	6,852,194	6,283	193,046	63	7,051,586
Deposits for specific purposes	1,002,028	17,621	1,224,916	0	2,244,565
Other special liabilities	306	16	0	0	322
Accounts of public authorities, local governments, state funds and other funds	22,096,104	0	1,151,142	0	23,247,246
Deposits of extra-budgetary funds of public authorities	4,681,616	0	904,533	0	5,586,149
Deposits of social insurance funds	9,400,922	0	2,777	0	9,403,699
Deposits of local governments	4,674,590	0	70,164	0	4,744,754
Deposits of other funds	2,280,981	0	4	0	2,280,985
Deposits of State funds	1,057,995	0	173,664	0	1,231,659
Liabilities from collections	689	27	219,147	63,261	283,124
Branches and representative offices	98,437	0	0	0	98,437
Adjustment and other suspense accounts	17,603,110	242,801	1,711,922	381,651	19,939,484
Liabilities from own securities	145,907	17	1,176	0	147,100
Liabilities from trading in securities and financial derivatives	26	0	125,831	0	125,857
Liabilities from unpaid securities	29,230	0	0	0	29,230
Subsidies and funds of similar nature	2,209,528	0	127,374	0	2,336,902
Bonds issued	8,516,480	0	0	0	8,516,480
Long-term borrowings of special nature	200,000	0	0	8,150,580	8,350,580
Reserves	35,841,221	0	65,593	198,701	36,105,515
Funds allocated from profits	12,825,913	21,276	0	30,389	12,877,578
Share capital	39,859,568	6,167,191	0	2,215,012	48,241,771
Long-term liabilities of foreign banks' branches to head offices	0	1,399,229	0	3,195,814	4,595,043
Share premium funds	753,153	194,134	0	0	947,287
Other capital funds	3,177,552	23,961	0	0	3,201,513
Gains / losses from valuation of property shares and deposits	282,282	0	0	1,432	283,714
Own shares issued to reduce share capital	0	0	0	0	0
Gains / losses from revaluation of share capital and deposits in foreign currency	3,480	0	0	595,685	599,165
Retained earnings from previous years (+)	5,307,678	0	0	0	5,307,678
Accumulated losses from previous years (-)	-25,558,097	0	0	0	-25,558,097
Profit and loss account (+, -)	0	0	0	0	0
Profit or loss in process of approval (+, -)	-29,521,716	0	0	0	-29,521,716
Total liabilities	627,776,416	12,090,252	88,723,576	29,629,659	758,219,903

**Shortened Balance Sheet of Commercial Banks as at 31. December 2000 (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	8,907,162	183	0	4,615,818	13,523,163
Cash	0	8,896,035	0	0	4,608,873	13,504,908
Gold	0	0	0	0	0	0
Other cash items	0	11,127	183	0	6,945	18,255
Accounts of issuing banks and postal checking accounts	0	31,198,819	0	0	2,882	31,201,701
Money reserve accounts with the NBS	0	37,365,465	0	0	0	37,365,465
Accounts of other banks	1,261,499	68,413,291	25,628,641	5,802,178	65,314,820	163,897,431
Current accounts with other banks	0	960,836	61	215,208	4,482,514	5,658,619
Credits provided	0	13,826,965	800,000	0	1,049,269	15,676,234
Time deposits with other banks	0	53,006,395	24,731,433	5,586,969	58,367,897	141,692,694
Current accounts of other banks	0	0	97,147	1	13	97,161
Transfers of funds between banks	0	580,281	0	0	67,875	648,156
Classified claims on banks	1,261,499	38,814	0	0	1,347,252	124,567
of which: short-term claims	1,000,964	0	0	0	1,164,295	163,331
interest on outstanding loans credited to accounts	74,980	0	0	0	76,332	1,352
Claims in respect of securities and other items	2,400	803,382	155,355	308	0	956,645
Standard credits to customers	0	219,916,287	1,023,034	34,932,276	2,799,847	258,671,444
Credits for commercial claims	0	4,147,978	0	1,373,138	781,674	6,302,790
Short-term credits	0	73,153,383	873,124	14,851,596	109,933	88,988,036
Medium-term credits	0	111,063,017	1,060	8,040,360	1,212,446	120,316,883
Long-term credits	0	31,551,909	148,850	10,667,182	695,794	43,063,735
Other claims on customers	0	648,752	900	250,386	23,133	923,171
Current accounts of customers - debit balances, overdrafts	0	10,698,597	13,280	4,612,280	200,394	15,524,551
Standard claims with reserve (customers)	0	29,087,502	428,093	7,187,715	464,633	37,167,943
Classified claims (customers)	69,066,763	83,314,081	80,011	3,796,930	577,083	18,701,342
of which: interest on outstanding loans credited to accounts	8,801,656	9,825,505	10,946	76,948	29,538	1,141,281
Sub-standard claims	939,018	5,111,756	35	1,486,227	242,728	5,901,728
Doubtful and controversial claims	2,974,070	8,085,377	86	810,096	82,613	6,004,102
Loss-making claims	65,153,675	70,116,948	79,890	1,500,607	251,742	6,795,512
Other receivables	0	152	0	0	0	152
Accounts of public authorities, local governments, state funds and other funds	364,385	6,898,436	0	1,194,196	0	7,728,247
Loans to public authorities of the SR	0	217	0	314,276	0	314,493
Loans to social insurance funds	0	0	0	0	0	0
Loans to local governments	328,413	3,647,678	0	0	0	3,319,265
Loans to other funds	35,972	35,974	0	0	0	2
Loans to state funds	0	3,214,567	0	879,920	0	4,094,487
Stock	0	241,032	0	0	0	241,032
Claims in respect of collections of money	0	941	101	198,363	112,899	312,304
Branches and representative offices	0	0	4	0	0	4
Claims and other suspense accounts	5,454,147	30,095,807	114,400	1,422,514	1,587,776	27,766,350
Claims in respect of own securities	0	0	0	0	0	0
Securities for intervention and trading purposes	0	1,544,866	195	6,838	4,817	1,556,716
Securities in portfolio	5,054,974	130,094,151	902,835	10,049,961	885,521	136,877,494
Investment securities and deposits	2,511,916	53,769,163	2,791,485	2,806,992	5,703,652	62,559,376
Foreign branches	0	0	0	0	509,161	509,161
Tangible fixed assets	18,606,533	44,513,398	0	0	0	25,906,865
Acquisition of fixed assets	0	3,789,168	0	147	0	3,789,315
Tangible fixed assets leased	2,147	2,519	0	0	0	372
Intangible fixed assets	5,251,511	6,916,289	0	0	0	1,664,778
Special agenda commissioned	0	0	0	0	0	0
Accumulated depreciation and provisions	107,576,275	103,335,912	1,027,599	1,307,229	1,905,535	0
Total assets	107,576,275	768,219,260	31,138,517	72,261,084	82,802,436	846,845,022

Continued on next page.

Shortened Balance Sheet of Commercial Banks as at 31. December 2000 (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	36,909,219	0	492,115	0	37,401,334
Accounts with issuing banks	1,821,858	0	0	0	1,821,858
Loan received from issuing banks	35,087,361	0	492,115	0	35,579,476
of which: Redistribution loans	23,979,596	0	0	0	23,979,596
Refinancing loans	590,879	0	0	0	590,879
of which: Lombard loans	0	0	0	0	0
Accounts of other banks	71,304,423	2,661,987	5,802,156	11,787,015	91,555,581
Current accounts with other banks	0	0	1	186,958	186,959
Current accounts with other banks	997,129	893,087	215,187	852,780	2,958,183
Transfers on accounts between banks	868,535	0	0	1,493,476	2,362,011
Credits received	13,938,247	42,000	0	3,589,344	17,569,591
Time deposits of other banks	55,500,512	1,726,900	5,586,968	5,664,457	68,478,837
Liabilities from securities and other items	29,247,416	0	0	15,167	29,262,583
Deposits and loans received from customers	448,378,307	2,512,660	93,396,848	3,921,499	548,209,314
Current accounts of customers	85,792,748	1,090,501	24,661,487	1,948,656	113,493,392
Time deposits of customers	197,659,009	1,002,954	59,921,667	1,876,873	260,460,503
Savings deposits	152,273,911	117,452	8,797,162	47,046	161,235,571
Giro accounts	11,661,863	37,079	3,215	0	11,702,157
Demand deposits on passbooks	21,461,710	13,023	6,034,214	32,655	27,541,602
Other short-term savings deposits	48,212,339	51,927	2,735,837	14,391	51,014,494
Medium-term savings deposits	27,994,756	15,235	23,896	0	28,033,887
Long-term savings deposits	42,943,243	188	0	0	42,943,431
Credits received from customers	12,652,639	301,753	16,532	48,924	13,019,848
Other liabilities to customers	10,648,491	3,610	2,623,784	157,048	13,432,933
Certificates of deposits and similar securities issued	7,770,171	12,462	426,212	47	8,208,892
Deposits for specific purposes	1,477,057	45,046	552,316	126,634	2,201,053
Other special liabilities	14,015	17	5,665	51	19,748
Accounts of public authorities, local governments, state funds and other funds	23,382,247	0	846,410	0	24,228,657
Deposits of extra-budgetary funds of public authorities	5,229,613	0	786,442	0	6,016,055
Deposits of social insurance funds	9,866,761	0	223	0	9,866,984
Deposits of local governments	4,920,953	0	59,683	0	4,980,636
Deposits of other funds	1,210,642	0	62	0	1,210,704
Deposits of State funds	2,154,278	0	0	0	2,154,278
Liabilities from collections	454	95	208,632	88,651	297,832
Branches and representative offices	690,335	0	0	0	690,335
Adjustment and other suspense accounts	20,059,835	364,995	1,333,865	343,312	22,102,007
Liabilities from own securities	331,302	13	15,689	0	347,004
Liabilities from trading in securities and financial derivatives	8,847	362	7,301	764	17,274
Liabilities from unpaid securities	63,400	0	0	0	63,400
Subsidies and funds of similar nature	2,558,235	0	136,387	0	2,694,622
Bonds issued	6,775,900	0	0	0	6,775,900
Long-term borrowings of special nature	0	0	0	9,092,395	9,092,395
Reserves	21,132,915	0	101,578	172,775	21,407,268
Funds allocated from profits	12,775,994	21,276	0	25,224	12,822,494
Share capital	39,231,777	7,724,699	0	2,212,853	49,169,329
Long-term liabilities of foreign banks' branches to head offices	0	1,399,229	0	3,428,988	4,828,217
Share premium funds	707,416	194,134	0	0	901,550
Other capital funds	3,164,991	23,961	0	0	3,188,952
Gains / losses from valuation of property shares and deposits	361,954	0	0	1,961	363,915
Own shares issued to reduce share capital	0	0	0	0	0
Gains / losses from revaluation of share capital and deposits in foreign currency	3,806	4,123	0	772,240	780,169
Retained earnings from previous years (+)	5,913,259	0	0	0	5,913,259
Accumulated losses from previous years (-)	-53,673,881	0	0	0	-53,673,881
Profit and loss account (+, -)	4,542,886	0	0	0	4,542,886
Profit or loss in process of approval (+, -)	0	0	0	0	0
Total liabilities	693,780,771	14,968,669	105,948,958	32,146,624	846,845,022

**Foreign Exchange Positions of Banks and Branches of Foreign Banks in the SR vis-à-vis Abroad
(in convertible currency) (US\$ thousands)**

	TOTAL			SHORT-TERM			MEDIUM- AND LONG-TERM		
	Foreign exchange position	Assets	Liabilities	Foreign exchange position	Assets	Liabilities	Foreign exchange position	Assets	Liabilities
31.1.2000	460,082	1,103,867	643,785	656,882	860,443	203,560	-196,800	243,424	440,225
29.2.2000	311,420	933,771	622,351	512,296	709,043	196,746	-200,876	224,729	425,605
31.3.2000	379,156	1,030,377	651,221	619,224	807,193	187,969	-240,068	223,184	463,252
30.4.2000	377,019	1,005,786	628,767	616,440	789,501	173,061	-239,420	216,285	455,706
31.5.2000	615,844	1,212,846	597,002	824,883	995,274	170,390	-209,039	217,573	426,612
30.6.2000	533,486	1,151,604	618,118	768,113	963,856	195,743	-234,627	187,748	422,375
31.7.2000	575,096	1,189,085	613,988	819,701	1,010,768	191,067	-244,605	178,316	422,921
31.8.2000	1,016,264	1,643,774	627,510	928,926	1,141,428	212,502	87,338	502,346	415,007
30.9.2000	1,221,514	1,833,893	612,379	1,455,136	1,648,761	193,625	-233,622	185,132	418,754
31.10.2000	875,457	1,519,511	644,054	1,095,643	1,333,016	237,374	-220,185	186,495	406,680
30.11.2000	959,917	1,599,801	639,884	1,182,171	1,415,654	233,483	-222,253	184,147	406,400
31.12.2000	1,028,726	1,707,082	678,356	1,252,592	1,504,149	251,557	-223,866	202,933	426,799

**Foreign Exchange Positions of Banks and Branches of Foreign Banks in the SR vis-à-vis Abroad
(in convertible currency) (Sk thousands)**

	TOTAL			SHORT-TERM			MEDIUM- AND LONG-TERM		
	Foreign exchange position	Assets	Liabilities	Foreign exchange position	Assets	Liabilities	Foreign exchange position	Assets	Liabilities
31.1.2000	19,758,210	47,405,559	27,647,349	28,209,804	36,951,706	8,741,902	-8,451,594	10,453,853	18,905,447
29.2.2000	13,492,584	40,456,582	26,963,998	22,195,741	30,719,978	8,524,237	-8,703,157	9,736,604	18,439,761
31.3.2000	16,479,268	44,783,286	28,304,018	26,913,348	35,083,043	8,169,695	-10,434,080	9,700,243	20,134,323
30.4.2000	17,001,303	45,354,912	28,353,609	27,797,731	35,601,746	7,804,015	-10,796,428	9,753,166	20,549,594
31.5.2000	28,177,946	55,493,784	27,315,838	37,742,543	45,538,753	7,796,210	-9,564,597	9,955,031	19,519,628
30.6.2000	24,228,807	52,301,250	28,072,443	34,884,619	43,774,471	8,889,852	-10,655,812	8,526,779	19,182,591
31.7.2000	26,514,238	54,821,554	28,307,316	37,791,492	46,600,453	8,808,961	-11,277,254	8,221,101	19,498,355
31.8.2000	48,834,545	78,988,261	30,153,716	44,637,682	54,849,048	10,211,366	4,196,863	24,139,213	19,942,350
30.9.2000	60,309,820	90,544,811	30,234,991	71,844,420	81,404,285	9,559,865	-11,534,600	9,140,526	20,675,126
31.10.2000	44,843,553	77,833,917	32,990,364	56,122,097	68,281,093	12,158,996	-11,278,544	9,552,824	20,831,368
30.11.2000	47,783,722	79,636,489	31,852,767	58,847,266	70,469,839	11,622,573	-11,063,544	9,166,650	20,230,194
31.12.2000	48,750,277	80,896,901	32,146,624	59,359,068	71,280,116	11,921,048	-10,608,791	9,616,785	20,225,576

Organisation of NBS as at 31 December 2000

