



NÁRODNÁ BANKA SLOVENSKA



Annual Report 2001

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Foreword

In 2001, the institutional and legislative framework for the conduct of monetary policy was modified through an amendment to the National Bank of Slovakia Act. According to the amendment, the chief priority of the National Bank of Slovakia is to maintain price stability, instead of currency stability as required under the original Act. In addition, the amendment lays down the principle of central bank independence and prohibits the financing of the deficit in public finances by the National Bank of Slovakia. These legislative changes were part of the process of harmonisation of Slovak laws with those of the European Union and the relevant provisions of the Maastricht Treaty.

The rate of overall inflation fell in 2001 to 6.5%, from 8.4% in 2000. The slowdown in the rate of year-on-year increase in consumer prices took place in all basic sectors of the consumer basket. Core inflation fell from 4.6% in 2000 to 3.2% in 2001. Fewer administrative interventions were made in price developments, which led to a fall in inflation as early as the first two months of the year. The slowdown in price dynamics in that period was also affected by the positive trend in core inflation. In the following months, the rate of price increase accelerated temporarily as a result of developments in the prices of energy-producing raw materials on foreign markets and an accelerated increase in food prices. In that period, food prices were affected by the increased costs of producers and the import of certain agricultural commodities to compensate for the domestic crop failure in 2000. From the middle of the year, however, the cost-based stimuli weakened and food price dynamics fell, causing a downward trend in both core and overall inflation. The slowdown in the rate of increase in consumer prices was amplified by a marked fall in the prices of energy-producing raw materials after the September events in the USA. The course of inflation was affected favourably during the whole year by the growing competition in the retail trade and the stable exchange rate of the Slovak crown.

The continued disinflation process was accompanied by an acceleration in the rate of economic growth (from 2.2% in 2000 to 3.3% in 2001), which was primarily due to a revival in domestic demand, particularly in investment. Consumer demand also increased gradually in public administration and the household sector. The fiscal deficit reached the budgeted level (3.9% of GDP excluding the costs of bank restructuring), but in comparison with the previous year increased (2.0% of GDP in 2000). Current budget revenues in excess of the budgeted level, were used for spending rather than reducing the size of the deficit. The growth in final consumption in the household sector and public administration, as well as investment, coupled with the limited ability of domestic production to satisfy the increased domestic demand, led to growth in imports. On the other hand, the slowdown in the rate of economic growth in the countries of our trading partners led to a fall in export dynamics and an increase in the negative contribution of net exports to the pace of economic growth.

The structure of growth in the Slovak economy, the low flexibility of the domestic production base, and the related high import intensity of the economy, together with a slowdown in the rate of

economic growth in the world, were the main reasons behind the marked increase in the trade deficit (from 4.8% of GDP in 2000 to 10.8% in 2001) and the shortfall in the balance of payments on current account (from 3.7% of GDP in 2000 to 8.8% in 2001).

The growth in imports was due, for the most part, to an upturn in investment demand. Contributing significantly to imports in this category was the inflow of foreign capital in the form of direct investment in previous years, growth in earnings in the corporate sector, the fall in interest rates, and a downturn in investment activity in 1999 and 2000. In connection with the revival of growth in final consumption, which was accompanied by an increase in real wages and growth in the deficit of public finances, however, the imports of consumer goods showed an increase in dynamics.

Despite the large deficit in the current account, there was no marked pressure on the exchange rate of the Slovak crown over the course of 2001. The exchange rate of the crown to the reference currency (euro) was characterised by a moderate appreciation throughout the year. In contrast to the end of 2000, the exchange rate of the crown to the euro appreciated by 2.8% (while the average SKK/EUR rate depreciated by 1.7% in 2001). The National Bank of Slovakia intervened in the foreign exchange market only in January, with the aim of eliminating excessive fluctuations in the exchange rate.

Monetary policy in 2001 was implemented in a relatively complex macro-economic environment, which was characterised, on the one hand, by continued disinflation and a standstill or appreciation in the exchange rate of the crown to the euro, and on the other hand by growth in the trade deficit and the negative balance of payments on current account, and an increase in the shortfall of public finances. The monetary policy was implemented through the key interest rates of the NBS, i.e. the limit rate for standard two-week REPO tenders and the rates for overnight sterilisation and refinancing operations. In 2001, the application of these instruments again contributed to further stabilisation of the money market. With regard to the favourable development of consumer prices during the first two months of the year and the favourable forecast for inflation until the end of December, the Bank Board of the NBS decided to lower the key interest rates by 0.25 of a percentage point (on 26 March 2001). Thus, the limit rate for standard two-week REPO tenders was reduced to 7.75%, the overnight rate for refinancing to 9.00% and that for sterilisation to 6.00%. With regard to the deepening deficit in the current account, there was no room for a further cut in key interest rates in the following period, despite the favourable course of inflation. In connection with the harmonisation of monetary-policy instruments with those of the European Central Bank, the ratio of required reserves was reduced and the period for their evaluation extended from 14 days to one month, with effect from the beginning of 2001.

Restructuring of the banking sector of Slovakia came to an end in 2001. The removal of loss-making loans and their replacement with government bonds led to the recovery of banks and, together with the gradual restructuring of the corporate sector, paved the way for economic growth. During the privatisation of banks with a controlling State interest, several foreign investors acquired

interest in Slovak banks. This contributed another element of stabilisation and forward momentum, especially to the development of bank lending.

During the year under review, substantial changes were made in banking legislation, which strengthened the position of the National Bank of Slovakia in the area of banking supervision and brought the Slovak banking legislation into harmony with the relevant directives of the European Union.

At the end of 2001, the National Bank of Slovakia officially declared its strategy in the area of monetary integration. With the entry of Slovakia into the European Union, the National Bank of Slovakia would prefer to become a member of the European Monetary Union as soon as possible. This strategy is conditional on the consolidation of public finances, which has often had a destabilising effect on economic development in the past. Restricting the size of the deficit in the public sector would provide a real stimulus to convergence. This would lead to a fall in interest rates, transaction costs, and the elimination of exchange rate risks in relation to the euro. These factors should lead to a fall in inflation and an upturn in economic activity. The strategy is also in line with the main objective of the NBS, which is the maintenance of price stability.

May 2002



Marián Jusko
Governor



Members of the NBS Bank Board in 2001

First row, from left to right:

Elena Kohútiková, Deputy-Governor

Marián Jusko, Governor

Jozef Mudrik, Vice-Governor (till 22 May 2001)

Second row, from left to right:

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

Jozef Magula, Director, General Relations Department (till 3 February 2001)

Ján Mathes, Chief Executive Director, Currency Division

Jozef Košnár, Professor at the University of Economy in Bratislava

Eugen Jurzyca, Director of the Central European Institute
for Economic and Social Reforms (till 31 December 2001)

A. THE EXTERNAL ECONOMIC ENVIRONMENT



1. THE WORLD ECONOMY

Global Trends in Outputs and Prices

In 2001, the global output of the world economy fell in comparison with 2000. The year-on-year fall in economic dynamics was substantially greater than had been predicted by major international financial institutions. An additional factor in the general downturn in economic activity was the terrorist attack on the USA on 11 September 2001. Global output increased by 2.5%, representing the slowest rate of growth since 1993. The sharp fall in business confidence led to decline in international trade, with the volume of global trade in goods and services recording a year-on-year fall of 0.2% in absolute terms, compared with an increase of 12.4% in 2000.

The high degree of synchronisation of business cycles and the integration of financial markets led to a slowdown in the rate of growth in all major countries and regions of the world economy. The driving force behind this global trend was the development of the US economy, the dynamics of which slowed considerably in the last quarter of 2000 (after 10 years of accelerated growth), and

the continued fall in output in 2001. A slowdown in economic growth was also recorded in the European Union and the euro area. The persistently slow and negligible growth in the economy of Japan turned into recession in 2001. This led to a sharp fall in the economic performance of newly industrialised Asian countries. More moderate slowdown in the rate of growth was recorded in transition economies, i.e. Central and Eastern Europe and developing countries, particularly in China. The performance of these two groups of countries was favourably affected by a reduced degree of dependence on international financial markets. The downturn in economic activity in the developing countries of Latin America was fuelled by the financial crisis in Argentina. However, the potential danger of its spreading was avoided, since the crisis was expected by the markets.

Global price development in 2001 was not exposed to any unexpected inflationary effects. Despite the fading effects of increased oil prices from 2000 and the repeated interventions of leading central banks to ease monetary policy and support the markets, price levels showed a tendency to fall in 2001, which was interrupted by a marked increase only in May.

Global output in 2001 (year-on-year growth in %)

	2000	2001	2002 (forecast)
Global output	4.7	2.5	2.8
Advanced economies	3.9	1.2	1.7
USA	4.1	1.2	2.3
Japan	2.2	-0.4	-1.0
European Union	3.4	1.7	1.5
Euro area	3.4	1.5	1.4
Newly industrialised Asian countries	8.5	0.8	3.6
Transition economies	6.6	5.0	3.9
Central and Eastern Europe	3.8	3.1	3.0
Russia	9.0	5.0	4.4
Developing countries	5.7	4.0	4.3
China	8.0	7.3	7.0
Brazil	4.4	1.5	2.5

Source: World Economic Outlook, April 2002

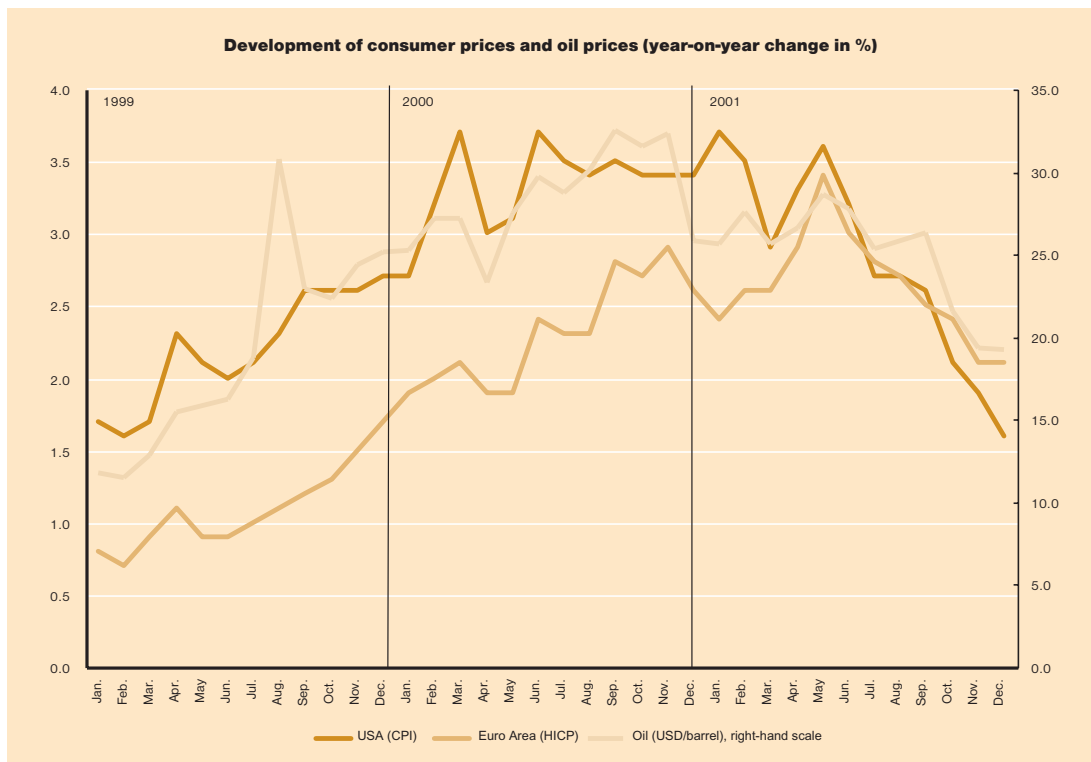
The prices of oil and other raw materials fell during the year (the price of oil by 14%, that of non-energy raw materials by 5.5%), as a direct result of the downturn in global economic activity. In 2001, the average price of oil reached US\$ 24.28/barrel. Over the course of the year, however, oil prices showed marked volatility: in initial months, they were roughly at the level of the end of 2000, rose temporarily in May, and after the September events in the USA, fell sharply, to less than US\$ 19/barrel by the end of the year. The level of oil prices fell in 2001 despite the effort of OPEC to maintain the price of oil within a target range of US\$ 22 – 28/barrel. The repeated reductions of oil production in OPEC countries, as well as non-member states, failed to offset the fall in demand and prevent the price of oil from falling below the lower limit of the target range.

The downturn in economic activity in advanced economies had a dampening effect on the rise in consumer prices, and caused the rate of inflation (expressed in terms of the Consumer Price Index - CPI) in these countries to fall to 2.2% (from 2.3% in 2000). In the countries of the EU and the euro area, consumer prices (expressed in terms of the Harmonised Index of Consumer Prices - HICP)

increased equally by 2.6% (compared with 2.3 and 2.4% respectively in 2000). Price dynamics also moderated in developing countries, by a total of 5.7% on a year-on-year basis (from 6.1% in 2000), as well as in transition economies, where prices increased year-on-year by 15.9% (compared with 20.2% in 2000). In candidate countries for EU membership (except Romania), the average rate of consumer-price inflation reached 6.0% in 2001.

In 2001, developments on international foreign exchange markets reacted sensitively to changes in economic development, increased risks, and uncertainties in the main areas of the world economy. However, the trend in the exchange rates of major currencies recorded no marked changes during the year. The US dollar maintained the confidence of financial markets despite a substantial slowdown in the rate of economic growth in the USA, and recovered quickly even after the short-term fall, caused by the September 11 events. The exchange rate of the euro to the dollar again depreciated on a year-on-year basis, to USD/EUR 0.88 at the end of 2001, which is 6.5% less than at the beginning of the year and 4.5% below the average level of 2000. On the





other hand, the exchange rate of the euro to the Japanese yen appreciated year-on-year by 6.5% and reached JPY/EUR 115.3 at the end of 2001, which is almost 16% above the average level of 2000.

On major international stock markets, share prices had been falling since the last months of 2000 and the trend continued in 2001. At the end of 2001, the values of reference indices in the USA and the euro area stood roughly at the level of the end of 1998 (i.e. before the expansion phase, which culminated in the first half of 2000). In 2001, share prices were affected mainly by the unfavourable prospects of the global economy, the uncertain outlook of corporations for profits, and continued uncertainty about the future of the Japanese economy. The September events in the USA caused much volatility in share prices, but the quick return of prices to normal levels confirmed that the measures taken by the central banks of the USA and the euro area, as well as the fiscal measures of the US government, had helped to regain the confidence of the markets. The overall share index of the USA (Standard & Poor's 500) fell year-on-year by 14%, the broad

share index of the euro area (Dow Jones EURO STOXX) fell by 20%, and Japanese index (Nikkei 225) fell by 24%.

Developments in the Main Centres of the World Economy: USA, Japan, Euro Area

After a decade of accelerated growth, the economy of the **USA** recorded a downturn in 2001, which had already been indicated by a marked fall in business and consumer confidence at the end of 2000. The rate of year-on-year growth in real GDP slowed to 1.2% (from 4.1% in 2000). The slowdown in economic growth culminated in the third quarter, when GDP recorded an absolute quarterly fall of 0.3%. On a year-on-year basis, the rate of growth fell continuously, from 2.5% in the first quarter to 0.4% in the fourth quarter. The main factor behind the slowdown in the rate of real GDP growth was a sharp fall in fixed private investments (1.9% per annum on average, compared with an increase of 7.6% in 2000) and inventories. The growth in GDP was maintained by private consumption and public spending. With

continued credit expansion in the private sector and the increased indebtedness of households (to an all-time high), the ratio of the current account deficit to GDP decreased year-on-year only slightly, to 4.1% (from 4.5% in 2000). The slowdown in the rate of growth and fall in domestic demand, coupled with a fall in oil prices, had a favourable effect on consumer prices, causing the annual rate of consumer-price inflation to fall to 2.8% (from 3.4% in 2000). The rate of unemployment increased to 4.8% (from 4.0% in 2000).

The economy of **Japan** entered recession in 2001, after several years of unsuccessful attempts to start a convincing revival. Real GDP fell year-on-year by 0.4% (compared with 2.2% growth in 2000). The economic decline was caused by a fall in global demand and continued structural problems in the private entrepreneurial sector, and by falling share prices. Fewer export opportunities led to the reduction of production in high-tech industries, from where the recession spread to other sectors of the economy. This caused further increase in the rate of unemployment, to 5.0% (from 4.7% in 2000). The deflation trend in price development continued: the year-on-year index of consumer prices fell by 0.7% (compared with 0.8% in 2000). The main problem of the Japanese economy is the persistently low level of consumer confidence and the absence of internal stimuli to growth (public capital injections, used frequently in the past, had only a short-term effect on the level of business activity), which have, together with the lack of favourable export opportunities, a negative effect on overall economic performance.

The growth of GDP in the **euro area** slowed to 1.5% in 2001 (from 3.4% in 2000). The rate of economic growth began to slow in the second half of 2000, but marked decrease in GDP dynamics was recorded only from the second quarter of 2001 (in the individual quarters, GDP recorded a year-on-year increase of 2.4%; 1.6%; 1.4%; and 0.6%). The unfavourable trend in external demand led to a fall in exports from the euro area and a substantial downturn in investment activity in the

private sector. The September 11 events resulted in another fall in business and consumer confidence, and an absolute fall in GDP dynamics in the fourth quarter (0.2% compared with the third quarter).

The main cause of deceleration in the rate of economic growth in the euro area in 2001 was a fall in domestic demand. Final domestic demand contributed 1.4 percentage points to the growth of GDP (of which, the change in inventories represented a negative contribution of 0.5 percentage point), compared with circa 3 points in 1998 – 2000. The contribution of net exports amounted to 0.6 percentage point (as in the year 2000), since the fall in exports was offset by a fall in imports. Total private consumption increased by 1.8% in 2001 (compared with 2.5% in 2000). The disposable incomes of households were favourably affected by cuts in direct taxes in several euro-zone countries in 2000 and 2001. An abrupt year-on-year change took place in investment, when gross fixed capital formation fell by 0.2% in 2001 (after growing by 4 – 5% in 1998 – 2000). Increased uncertainty affected the behaviour of investors, who showed little willingness to implement their investment plans, despite the favourable conditions for investment and continued moderate wage development. In 2001, exports from the euro area grew by 3.4% and imports by 1.8%, representing a year-on-year fall of roughly 9 percentage points in both cases.

The slowdown in the rate of GDP growth in the euro area was due, first and foremost, to a fall in industrial production, which fell year-on-year by 0.2% in absolute terms (after growing by 5.8% in 2000). Production was reduced mainly in sectors that are dependent on exports: the production of intermediate goods fell by 1.2% and that of durables by 2.6%. The major shocks that affected the rate of economic growth in 2001, had a negative effect on the output of the market services sector as well, the growth of which slowed from 4.5% in 2000 to 3.1% in 2001.

On a year-on-year basis, the rate of real GDP growth slowed in all member states of the euro

area with the exception of Greece, where it remained at the level of 2000 (4.1%). The most pronounced slowdown took place in Ireland, where the dynamics of GDP fell from 11% in 2000 to 6.5% in 2001, but still represented the highest figure in the euro area. The total output of the euro area was affected, above all, by the stagnation, and in the 3rd and 4th quarters, even recession of the German economy, caused mainly by the collapse of investment demand. The average annual rate of GDP growth in Germany reached 0.6%, representing the lowest dynamics among euro-zone countries. Lower than average GDP growth (1.5% in the euro area) was recorded in Belgium, Austria, and Finland (from 1.3 to 0.7%), whose economies showed signs of recession during 2001. In the Netherlands, GDP increased by 1.5%. Apart from Greece and Ireland, higher than average growth was recorded in Spain (2.7%); France, Italy, and Portugal (from 2.0 to 1.7%). The national differences in the slowdown in GDP dynamics led to reduction in the interval between the highest and lowest rates of GDP growth in the individual countries, to 5.5 percentage points in 2001 (from 8.5 points in 2000).

Price development in the euro area was rather uneven in 2001. The rate of inflation was affected during the year by the most volatile components of HICP – the prices of energy and unprocessed foodstuffs. As a result of a cyclical fall in productivity, the growth in unit labour costs accelerated somewhat during the year, however, domestic price pressure remained a secondary issue. From the beginning of the year, inflation (HICP) increased to 3.4% in May. After the fall in energy prices and the suppression of the price effects of measures undertaken in connection with the farm animal diseases, inflation fell to 2.0% in December. In 2001, the energy component of HICP (especially the price of oil in euros) was determined by fluctuations in oil prices in dollars, while its development in 2000 depended primarily on the exchange rate of the euro against the dollar.

Average inflation (expressed in terms of HICP) in the euro area reached 2.5% in 2001 (compared with 2.3% in 2000) and thus remained above the

level of 2.0%, which is the limit set by the European Central Bank (ECB) for price stability. The year-on-year increase in HICP inflation in the euro area as a whole, did not affect the difference between the lowest and highest rates of inflation, which amounted to 3.3 percentage points in 2001 (as in 2000). The changes in average HICP inflation rates in the individual member states of the euro area were determined by the effects of temporary or one-off factors of varying intensity across the countries (mainly the impacts of diseases among farm animals, weather conditions, and food prices).

In the individual countries of the euro area, average HICP inflation in 2001 ranged from 1.8% in France, where price level remained unchanged on a year-on-year basis, to 5.1% in the Netherlands, where the highest increase was recorded (from 2.3% in 2000). A marked increase in inflation was also recorded in Greece (0.8 percentage point, to 3.7%) and Portugal (1.6 point, to 4.4%). Inflation also rose in Germany and Austria (by 0.3 point, to 2.4 and 2.3% respectively). The inflation rate fell in Ireland (by 1.3 point, to 4.0%), Belgium, Spain, Italy, and Finland (equally by 0.3 point, to 2.4%, 3.2%, 2.3%, and 2.7% respectively).

The decline in economic performance led to a partial deterioration in labour market conditions, mainly in a slowdown in employment growth in industry. Due to the continued creation of new jobs in the services sector, the level of employment in the euro area rose by 1.4% in 2001. The average rate of unemployment fell to 8.3% (from 8.8% in 2000). The relatively favourable trend in employment in the euro area persisting for the last few years, which continued despite the worsened economic conditions in 2001, is partly due to ongoing reforms of the labour and product markets, and also to a moderate wage development.

In 2001, the current account balance in the euro area (the data below refer to 12 member states) resulted in a deficit of EUR 9.3 billion, which is far less than in 2000 (EUR 70.1 billion). The reduction in the current account deficit was due mainly to an increased surplus on the balance

of trade, from EUR 11.7 billion in 2000 to EUR 74.1 billion in 2001, and the surplus in the services balance (EUR 1.5 billion), which had recorded a deficit in 2000 (EUR 5.2 billion). The surplus in these two accounts were absorbed partly by an increase in the income balance deficit (of EUR 10.2 billion, to EUR 37.7 billion). The deficit in the account of transfers remained virtually unchanged. Although the decline of foreign and domestic demand was accompanied by a fall in exports and imports during the year, the fall in imports was greater. This partly explains the surplus achieved in the trade balance. The volume of imports was favourably affected by developments in import prices, which fell by roughly 10% in 2001 (mainly as a result of oil prices development), compared with 20% in 2000.

In 2001, the capital account of the euro area recorded a net outflow of direct and portfolio investments, in the amount of EUR 53 billion, which was less than in 2000 (EUR 87.6 billion). The fall in the net outflow was due, first and foremost, to a shift in the net position of portfolio investments, from a massive outflow in 2000 (EUR 102.3 billion) to an inflow in 2001 (EUR 40.9 billion). The net inflow of portfolio investments was partly offset by a change in the net position of direct investments from an inflow (EUR 15.2 billion) in 2000 to an outflow (EUR 93.9 billion) in 2001. The year-on-year difference in the development of direct and portfolio investments was caused mainly by the restriction on mergers and acquisitions in 2001, including, probably, activities performed within the scope of portfolio investments for the restructuring of international portfolios in connection with the worsened growth prospects of the US economy.

Economic development in the remaining three EU countries, i.e. Denmark, Sweden, and the United Kingdom, was also affected in 2001 by the global slowdown in the rate of growth. The growth of GDP reached 1.2% in both Sweden and Denmark; Denmark entered recession in the second half of the year, while Sweden recorded a sharp fall in exports. In the United Kingdom, GDP increased by 2.4% with domestic demand

remaining at a high level. HICP Inflation was kept at 1.2% in the United Kingdom, the lowest level within the EU (as in 2000). In Sweden, inflation rose by more than 1 percentage point (to 2.7%), while Denmark's inflation rate fell slightly (to 2.3%). The three countries maintained a favourable situation on the labour market, with unemployment rates of 4 to 5%.

Monetary Conditions and Fiscal Policy

In 2001, with the decline in activity in the corporate sector, the Federal Reserve System (FRS) focussed its monetary policy on relaxing the monetary environment. At the beginning of January, the Federal Open Market Committee (FOMC) of FRS lowered the target overnight rate for federal funds to a significant extent (by nearly one percentage point). The rate was further reduced step by step, to 1.75% at the beginning of December. During the year, the target rate for federal funds was reduced by 500 base points, to the lowest level in the last 40 years. A marked fall was also recorded in the discount rate of FRS, i.e. from 6% at the end of December 2000 to 1.65% at the end of December 2001. Despite a marked fall in economic performance, the fiscal sector generated a moderate surplus in the balance of public finances (0.1% of GDP). In February 2001, the incoming American administration submitted, to Congress, a proposal for reduction of public revenues from personal income taxes. In May, Congress passed a resolution, setting the total amount of reduction in tax revenues for the period 2002 – 2011 at US\$ 1,350 billion.

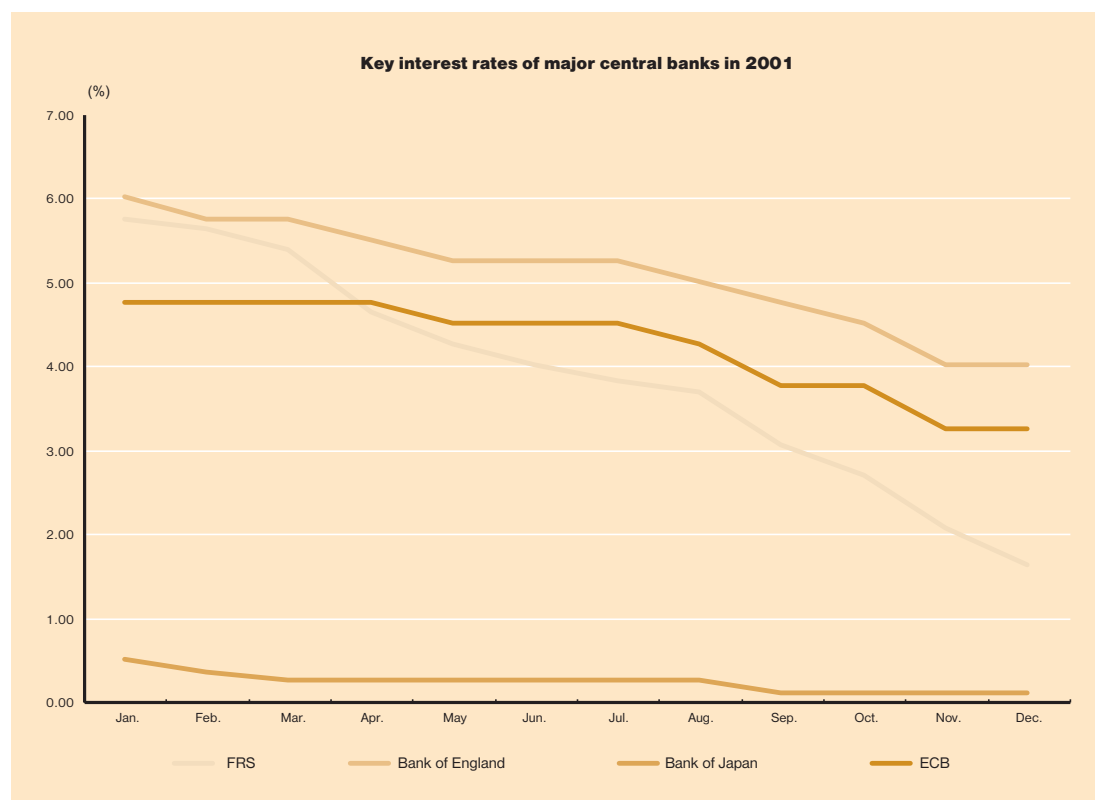
The economic policy of Japan has been in stalemate for a long time, as monetary policy has been paralysed by the near zero interest rates of the central bank in an atmosphere of price deflation, while fiscal investment stimuli have had only a short-term effect on economic activity. In 2001, the Bank of Japan started to follow a policy of quantitative monetary expansion. The main operational target for open market operations was changed: the non-collateralised overnight rate was

replaced by targeting of the outstanding balance on the current account at the Bank of Japan. In addition, the central bank substantially increased the limit for direct purchases of long-term government bonds. The new operational strategy will be applied until the annual rate of change in the consumer price index stabilises at a level of 0% or above. Within the scope of fiscal policy, the year 2001 saw an additional increase in budget expenditure on structural reforms and strengthening of the social safety network. The deficit in public finances reached 6.4% of GDP in 2001. The ratio of debt to GDP increased to 132%.

During the year, monetary conditions were gradually relaxed in the euro area. After the risks to price stability were tackled at the beginning of the year, the ECB responded to the worsening prospects for economic growth by lowering its key interest rates by a total of 50 base points in May and August. After the terrorist attacks in the USA, the ECB lowered its rates by 50 base points on September 17 (in the same way as the FOMC of FRS in America), in order to restore the confidence of the financial markets and ensure

their smooth operation. This was followed by another cut of 50 points at the beginning of November. Thus, the ECB's main refinancing rate reached 3.25%, and remained at this level until the end of 2001 and in the first months of 2002.

The decision of ECB to lower its interest rates in 2001 was, to some extent, complicated by the development of the M3 monetary aggregate (broad money), representing the 'first pillar' of price stability in the euro area. In 2001, the annual rate of growth in M3 reached in average 5.5%, but the rate of growth accelerated during the year, to 8.0% in December. As a result, the three-month moving average of the annual rate of growth in M3 exceeded the reference value (4.5%) and reached 7.8% in the last quarter. However, analysis of this development led to the conclusion that the excessive growth in M3 was caused by factors of a temporary nature (replenishment of transaction money in view of the previous rise in oil and food prices, a flat yield curve, and the weakened stock markets), therefore, the basis of price stability in the euro area was not threatened, in the medium term.



In systemic terms, fiscal policy in the euro area is in large part responsible for cyclical stabilisation and is determined in the medium term by the commitments of Member States, laid down in the Stability and Growth Pact (SGP). The average budgetary position of the euro area as a whole deteriorated in 2001, for the first time since 1993. According to preliminary data from EUROSTAT, public finances in the euro area resulted in a deficit of 1.3% of GDP (compared with 0.8% of GDP in 2000, or after taking receipts from the sale of UMTS licences into account, a surplus of 0.2% of GDP). The main factors behind the deterioration in the fiscal position were the action of automatic stabilisers in the context of a downturn in economic activity, as well as the marked reduction in tax rates and social insurance contributions, applied by several euro-zone countries without sufficient cuts in expenditures. As a result, the majority of countries failed to meet the budgetary objectives set in the national Stability Programmes for 2001. On average, targets were exceeded by 0.7% of GDP.

Despite a worsening in the total fiscal position, certain countries managed to improve their fiscal balances (Greece, Austria, Spain, and Italy), due partly to the delayed effects of economic growth from 2000 in tax revenues and partly to one-off measures. Eight countries achieved balanced (or near balanced) or surplus budgets, while the deficits remained relatively high in four countries (France, Germany, Italy, and Portugal). The most problematic fiscal development was recorded in Germany, where the fiscal deficit (2.7% of GDP) came dangerously close to the reference value (3%) set in the Maastricht Treaty.

In the euro area, the ratio of government debt to GDP fell by 1 percentage point, to 69.1% in 2001. The debt ratio decreased in all countries with the exception of Portugal, but to a lesser extent than expected (due to poorer results in budgetary performance and the slowdown in the rate of economic growth). The most significant fall in government debt (more than 3 percentage points) was recorded in Spain and Greece.

In line with the conclusions of the Lisbon meeting of the European Council in 2000, the process of structural reforms in public finances in the euro area became one of the most important components of the strategy for increasing the growth potential of the EU. After a period of economic boom, which contributed to the relatively rapid progress in fiscal consolidation in the euro area, the results of the fiscal sector in 2001 reflected the cumulative effects of the slowdown in the rate of economic growth and reduction in tax rates with unfavourable effects on the revenue sides of public budgets. For that reason, the potential danger of fiscal imbalances persists. Therefore SGP requires that the budgets of member states are maintained during the cycle 'close to balance or in surplus' in order to have sufficient operating space for any deterioration in government finances.

In the money markets of the euro area and the USA, short-term interest rates responded to the cuts in key central bank rates in 2001, while market rates fell more rapidly than official rates over the first half of the year, due to growing expectations of a further easing in monetary policy. The three-month EURIBOR rate fell only by an average of 14 base points over the year (to 4.26%), reaching a level of 3.37% in December 2001, compared with 4.93% in December 2000. A much greater fall was recorded in three-month rates in the USA, which fell during the year by 275 base points (to 3.78% on average), while the December figure was at the level of 1.92%, compared with 6.54% in December 2000. Long-lasting low interest rates on the Japanese money market fell to almost zero in 2001. In December, the three-month rate stood at 0.08%, but the average figure for 2001 was 0.15%.

Long-term interest rates (on 10-year government bonds) showed certain fluctuations in 2001, both in the euro area and the USA; but their year-end values remained virtually unchanged in comparison with the level at the end of 2000. The comparative developments in interest rates led to further reduction in the interest rate differential between rates in the USA and the euro area: the

differential diminished to 11 base points (4.96% in the euro area and 5.07% in the USA) in December; the average differential for 2001 represented only 2 base points, in reversed order (5.03% in the euro area and 5.01% in the USA).

The relative stability of long-term rates in the USA was probably, particularly during the first half of the year, an indication of markets' confidence in the correct setting of key FRS rates at a time when the economy was entering recession and the optimism of investors in respect of fast economic revival, was growing. As long as pessimism increased, reinforced by the September events, the rates began to fall, but not dramatically. The fall in long-term rates was also supported by changes in investment portfolios, characterised by shifts from the stock market to the safer long-term government bond market. In the euro area, yields in government bonds followed basically the same course as in the USA, since interest rates reacted to the same stimuli. This trend was, however, less volatile and less pronounced over the year than in the USA, which indicated that the expectations of the market in respect of inflation and economic growth were more stable in the euro area. This caused periods, when interest rates in the euro area were temporarily higher than in the USA.

In Japan, yields on long-term government bonds are moving, for a long time, independently

of interest rate developments abroad, due to specific problems of this country. In 2001, yields on Japanese 10-year government bonds fell by roughly 30 base points, to 1.35% in December, compared with 1.62% in December 2000. The fall in yields was caused mainly by the deepening recession and persistent deflation trends in the country. After the change in the monetary policy framework of the Bank of Japan, the fall in long-term bond yields came to a halt in the second half of the year, due probably to growing concerns among market participants about the excessive bond issues and a reduction in the credit ratings of Japanese government bonds.

2. ECONOMIC DEVELOPMENT IN TRANSITION COUNTRIES

In comparison with the other areas of the world economy, transition economies were affected by the slowdown in the global growth in 2001 to a limited extent and with a certain delay. The least affected countries were those of the Commonwealth of Independent States (CIS), which grew by 6.2% as a whole, due to dynamic growth not only in the leading economies, i.e. Russia and the Ukraine, but in other member states as well.

Macro-economic results of candidate countries under transformation in 2000 – 2001 (data in %)

	GDP		Inflation rate		Current account/GDP		Unemployment rate		General government/GDP ^{1/}	
	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001
Slovakia	2.2	3.3	12.0	7.3	-3.7	-8.8	18.6	19.2	-4.8	-5.5
Czech Rep.	2.9	3.6	3.9	4.7	-5.6	-4.7	8.8	8.9	-3.3	-5.5
Poland	4.0	1.1	10.1	5.5	-6.3	-4.0	16.0	18.2	-3.8	-5.6
Hungary	5.2	3.8	9.8	9.2	-2.9	-2.2	6.4	5.8	-3.1	-4.3
Slovenia	4.6	3.0	8.9	8.4	-3.4	0.0	6.9	6.4	-1.6	-1.3
Bulgaria	5.8	4.3	10.3	7.5	-5.9	-6.9	17.8	18.3	-0.7	1.8
Romania	1.8	5.3	45.7	34.5	-3.7	-5.9	7.1	6.4	-4.0	-3.3
Estonia	6.7	5.4	4.0	5.9	-6.4	-6.5	13.8	12.7	-0.4	0.2
Lithuania	3.8	5.9	1.0	1.3	-6.0	-4.9	11.4	12.3	-3.3	-1.5
Latvia	6.8	7.6	2.7	2.5	-6.9	-10.2	13.2	12.9	-2.7	-1.7

Source: Ecofin

1/ The data are not fully comparable; they may not correspond to the national data.

In the group of candidate countries for EU membership, real GDP growth reached 3.1% in 2001. The main stimulus to growth was domestic demand, as these countries experienced, namely in the second half of the year, a slowdown in the rate of growth in exports due to their close ties with the EU.

In the group under review, the most dynamic growth took place in the Baltic states, due to growing domestic demand as well as to a dynamic growth in Russia. The rate of growth accelerated in the Czech Republic and Romania (after a period of recession), and in Slovakia (after a period correcting the macro-economic imbalances). The greatest slowdown in the rate of growth in comparison with 2000 was recorded in Poland.

The inflation dynamics in 2001 was affected mainly by the process of price deregulations and changes in indirect taxes, the favourable trend in commodity prices, as well as the national monetary policies focussed on price stability. With the exception of Romania, the rates of inflation reached a single-digit figure in the group of candidate countries under transformation.

The current account balance resulted in substantial deficits in the majority of countries. Due to the availability of adequate resources with a large proportion of foreign direct investments and to the prospects for EU membership, however, the region retained the confidence of investors.

In most countries, the situation on the labour market was rather unfavourable. The negative effect of the ongoing restructuring in the corporate sector on the rate of unemployment exceeded the creation of new jobs. A low, and decreasing unemployment rate was recorded only in Hungary, Slovenia, and Romania.

In the Czech Republic, the rate of economic growth accelerated again (after recession in

2000), due mainly to growth in investment demand and household consumption. The course of inflation was determined by the upward effect of continued price deregulation and the rise in food prices in the first half of the year. At the end of the year, however, the inflation rate fell as a result of reduced commodity prices. Fiscal policy was of an expansive nature determined by the high costs of restructuring in the banking and corporate sectors.

In Hungary, the high rate of economic growth achieved in previous years slowed as a result of a fall in foreign demand and a downturn in investment activity in the private sector. The main stimulus to growth in 2001 was demand in the household and government sectors. The change in the monetary policy framework towards the inflation targeting together with the change in the exchange rate regime – replacement of the system of crawling peg by the floating rate regime – contributed to the mitigation of inflationary expectations and reduction of inflation.

Poland entered the phase of corrections to the excessive growth of the second half of the 90's, as early as 2000, to become fully apparent in 2001. Domestic demand fell significantly, especially investment demand, so the growth could only be maintained with the help of net exports. The slowdown in the rate of economic growth led to a fall in inflation and a reduction of the external imbalance on the one hand, and to an increase in the rate of unemployment on the other.

As far as the process of EU enlargement is concerned, the June 2001 meeting of EU Member States in Gothenburg approved the time schedule for the completion of the accession process presented in Nice. This means that negotiations with countries that will be prepared for entry shall be completed by the end of 2002, in order to create conditions for their admission to the EU in 2004.

B. REPORT ON MONETARY DEVELOPMENT IN THE SR IN 2001



1. ECONOMIC DEVELOPMENT

In terms of macro-economic indicators, economic development in 2001 was characterised by an increase in economic performance, which led to a rise in the level of employment, moderate growth in real wages, slowdown in the rate of increase in consumer and producer prices, and continued growth in profits in the entrepreneurial sector. On the other hand, economic growth was accompanied by a deterioration in its structure, with domestic demand becoming the main stimulus and the deficit in trade in goods and services recording a relatively steep increase. It turned out that the macro-economic balance established in the previous two years was only of a temporary nature.

The year 2001 saw a fall in both overall and core inflation on a year-on-year basis. The 12-month rate of inflation fluctuated below the level of December 2000 throughout the year. Consumer prices followed a different course of development in the first and second halves of 2001. The significant fall in the first two months was connected with the reduced range of adjustments to regulated prices in comparison with the previous year and the favourable trend in core inflation. In the following months, however, the rate of increase in the prices of some components of core inflation began to accelerate. This renewed the trend of increase in overall inflation, which culminated in the middle of the year. During the second half, inflationary pressures gradually disappeared, which led to stagnation in prices and a downward trend in year-on-year inflation.

The development of gross domestic product (GDP) continued to follow a trend of moderate acceleration in the rate of growth, but in the conditions of minimum changes on the supply side. In terms of structure by sector, GDP creation remained virtually unchanged, even though the long-term trend of growth in market services to the detriment of industry continued. On the side of GDP utilisation, the accelerated

rate of economic growth was a result of increased domestic demand, which generated pressure for imports of goods and services due to the relatively poor adaptability of domestic producers. This fact, coupled with a deterioration in the export conditions for Slovak producers, increased the negative effect of net exports on the development of gross domestic product.

A positive development in the Slovak economy in 2001 was a rise in the level of employment, influenced mainly by market services. The situation on the labour market was complicated by a relatively high increase in the number of working age population, as a result of which the rate of unemployment did not fall despite an increase in the number of vacancies in comparison with the previous year. The number of registered unemployed remained high, over 500 thousand in most months of the year.

The rate of growth in nominal wages accelerated in 2001, causing the level of real wages to rise again after two years, while inflation was falling. Labour productivity, expressed in terms of real gross domestic product, continued to exceed the dynamics of real wages, but the gap between labour productivity and real wages was narrowing.

1.1. Price Developments

Consumer prices

In 2001, the rate of increase in consumer prices slowed in comparison with 2000, when the 12-month rate of inflation, expressed in terms of the consumer price index, reached 6.5% in December (compared with 8.4% in the same period a year earlier). The average rate of inflation stood at 7.3% in 2001.

The fall in the year-on-year dynamics of consumer prices in 2001 (compared with the previous year) was due to a slowdown in the rate of price increase in all basic sectors of the consumer

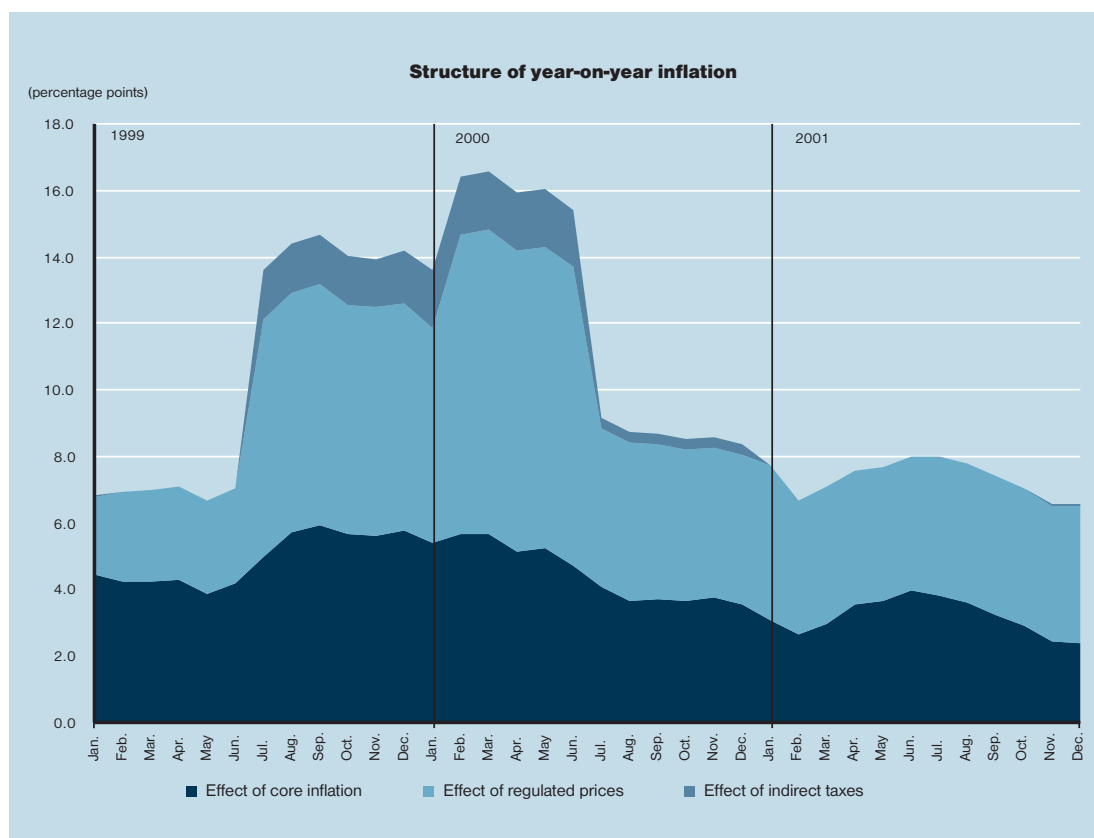
basket. Of the total increase in consumer prices (6.5%), core inflation accounted for 2.39 percentage points. Administrative adjustments to regulated prices contributed 4.17 percentage points (compared with 4.51 points in 2000 and 6.87 points in 1999) to the total increase in consumer prices. In non-regulated prices, adjustments to indirect tax rates contributed 0.03 of a percentage point to the fall in overall inflation. In 2001, the increase in price levels was ascribable, as in the previous two years, to administrative measures.

During the year under review, the 12-month rate of inflation fluctuated below the level of December 2000. Consumer prices followed a divergent course of development in the first and second halves of the year.

The rise in price levels, after a marked fall in January and February, was caused by the synergistic effect of external and internal cost factors over the remaining months of the first half of 2001. The effect of external cost factors

was connected with the volatile development in the prices of energy-producing raw materials and the exchange rate of the Slovak crown to the US dollar (the depreciation of SKK against USD was determined by the exchange rate of EUR to USD). Domestic cost pressures were determined mostly by the continued process of deregulation and the transmission of increased input prices in the production sector to consumer prices.

During the second half of the year, the cost pressures diminished step by step, which led to a marked slowdown in the rate of increase in consumer prices, due to low imported inflation, a relatively stable exchange rate, and low demand-based stimuli to inflation. This resulted in a downward trend in both overall and core inflation on a year-on-year basis. A marked contribution to the reduction in inflation was made by the slowdown in the rate of global economic growth and the related fall in the prices of energy-producing raw materials, especially oil, on world markets.



Consumer price developments**(year-on-year change)**

Structure of the consumer basket	1999	2000	2001			
			Mar.	Jun.	Sept.	Dec.
Total in %	14.2	8.4	7.1	8.0	7.4	6.5
Regulated prices in %	38.2	20.7	17.1	16.4	17.0	17.2
Share of total, in % points	6.87	4.51	4.17	4.01	4.15	4.17
Effect of changes in indirect taxes on non-regulated prices						
share of total, in % points	1.56	0.31	0.00	0.00	0.00	-0.03
Core inflation in %	7.0	4.6	4.0	5.4	4.4	3.2
Share of total, in % points	5.75	3.55	2.95	3.99	3.24	2.39
of which:						
Food prices in %	1.3	6.0	5.3	9.2	6.5	3.7
Share of total, in % points	0.33	1.38	1.19	2.02	1.44	0.83
Tradable goods in % ^{1/}	7.8	2.6	1.1	1.8	1.4	1.0
Share of total, in % points ^{1/}	3.10	0.99	0.39	0.64	0.49	0.35
Market services in % ^{1/}	14.6	7.5	8.9	8.6	8.4	7.7
Share of total, in % points ^{1/}	2.34	1.20	1.38	1.34	1.33	1.22
Net inflation (excluding the effect of changes in indirect taxes) in %	9.7	4.1	3.4	3.8	3.5	3.0
Share of total, in % points	5.42	2.18	1.75	1.97	1.81	1.56

Source: Statistical Office of the SR (end-of-period figures).

1/ Estimates of NBS based on data from SO SR.

Regulated Prices

A factor determining the development of consumer prices in 2001 was, as in the previous two years, the use of administrative measures in the area of regulated prices. The continued process of price deregulation caused the level of regulated prices to rise by 17.2% by the end of the year (compared with 20.7% in the same period of 2000), thus this sector accounted for almost two thirds of the total price increase. In the first months of the year, practically all regulated prices were increased: the price of heating (by 20%); electricity (by 16.2%); natural gas (by 17.9%); fares in domestic railway traffic (by 12.8%); regular bus transport (by 20.2%); water supply and sewage disposal (by 20.3%); postal services (by 8.9%); net rents in rented flats (by 38.4%); compulsory third-party insurance for motor vehicles (in January by approximately 30%; in December by 20%); and other regulated prices. The following months saw only moderate price adjustments in health care, municipal public

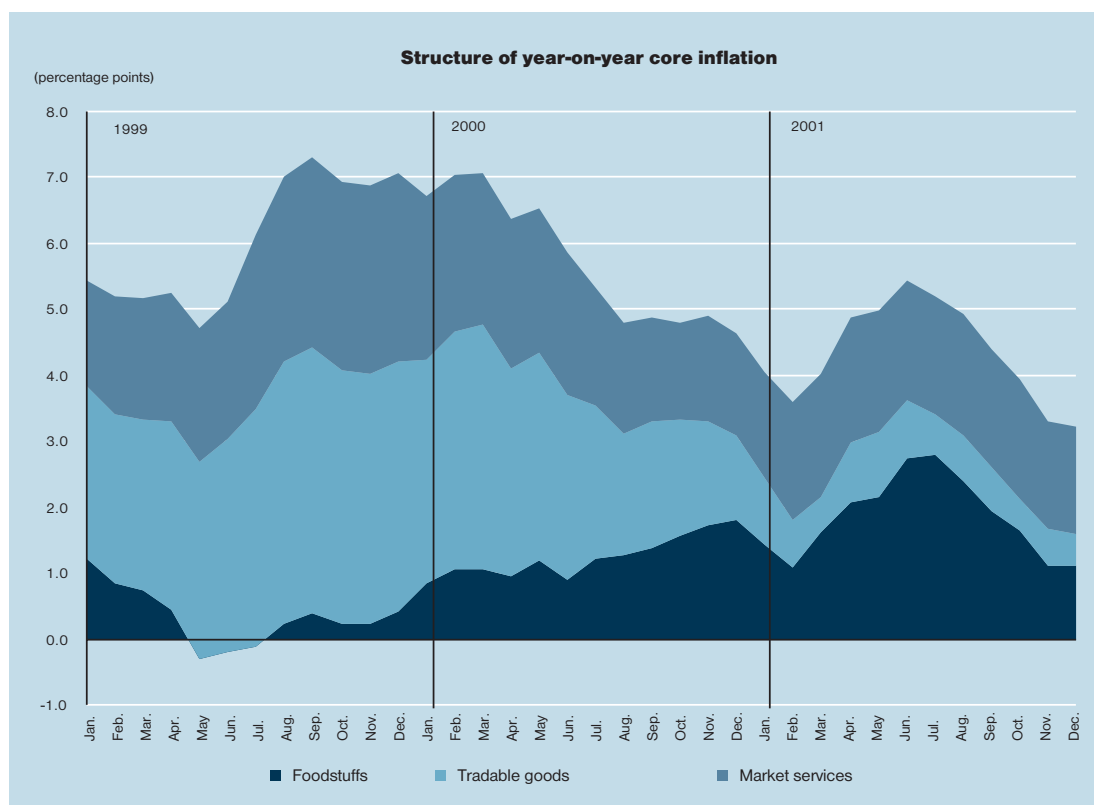
transport, and education. An exception was July, when the prices of telecommunications services were increased by 15.4%.

Changes in Indirect Taxes

Price development in 2001 was also affected by changes in indirect taxes. With effect from November 1, the rates of excise tax on wines were modified as follows: the rates for sparkling wines and intermediate products were raised slightly, while the rate for wine was reduced. The final effect of these measures was a fall of 0.03 of a percentage point in overall inflation.

Core inflation

In December 2001, core inflation reached 3.2%, representing a fall of 1.4 percentage points in comparison with the same period of 2000. The course of core inflation during the year was



characterised by increased volatility in energy (especially oil) and food prices on the world market on the one hand and stable development in the other components of core inflation on the other. This led to stagnation in net inflation (the prices of market services and tradable goods excluding foodstuffs), adjusted for the effects of fuel prices, at a level of around 4.0% throughout the year.

The upward trend in core inflation during the first half of the year was due to cost-push inflation, which was connected with the growing input costs of primary producers and manufacturers. The effects of inflationary factors were reflected in consumer prices with varying intensity and time lag. This resulted in different price dynamics in the individual groups of the consumer basket. The effects of cost factors led to acceleration in the rate of core inflation and culminated in June, when its value reached 5.4%. The gradual disappearance of cost pressures led to stagnation in prices and a fall in the 12-month rate of core inflation in the second half of the year.

The basic structure of core inflation followed the trend from the year 2000, when the dominant sector was that of food prices. While core inflation had been dominated by net inflation until 1999, the gradual acceleration in the dynamics of food prices caused their share in core inflation to increase to more than 50% in June 2001. The reason for this change was the continued non-inflationary effect of consumer demand, reflected in the relatively low values of net inflation, and the persistence of cost pressures on the part of agricultural producers, reflected in the level of food prices.

Food prices (excluding non-alcoholic beverages), as a component of core inflation, recorded a year-on-year increase of 3.7% at the end of the year, showing a high correlation with the prices of agricultural primary producers and manufacturers. Due to the softening effect of competition in the retail trade, however, the consumer prices of foodstuffs recorded lower dynamics than the prices of manufacturers. Apart from cost pressure, developments in food prices were affected by the imbalance between the supply of,

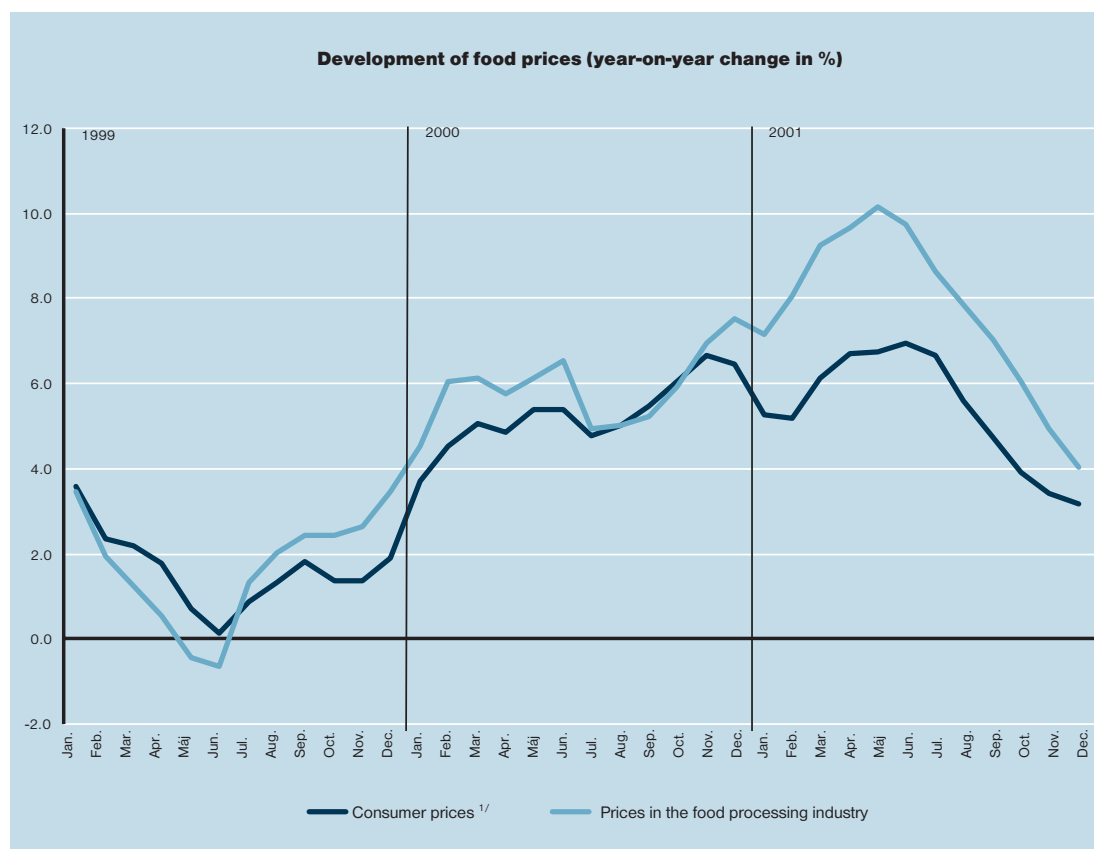
and demand for, basic food commodities. During the first half of the year, food prices had an upward effect on core inflation, when their year-on-year dynamics were on the increase. In July, they reached 9.4%, which represented the fastest rate of price increase since 1995. This acceleration was attributable to cost pressures exerted by producers and the effects of unfavourable climatic conditions on crops in 2000. The insufficient domestic production of food commodities (especially cereals) was compensated by expensive imports, as a result of which the consumer prices of cereal products increased significantly.

The trend of development in food prices was determined by the price of non-processed foodstuffs. Increased seasonality in comparison with the previous year, was shown by the volatile prices of fruit and vegetables in particular. In some categories, prices rose year-on-year by more than 40%. Meat prices were influenced by the widely publicised news about BSE disease.

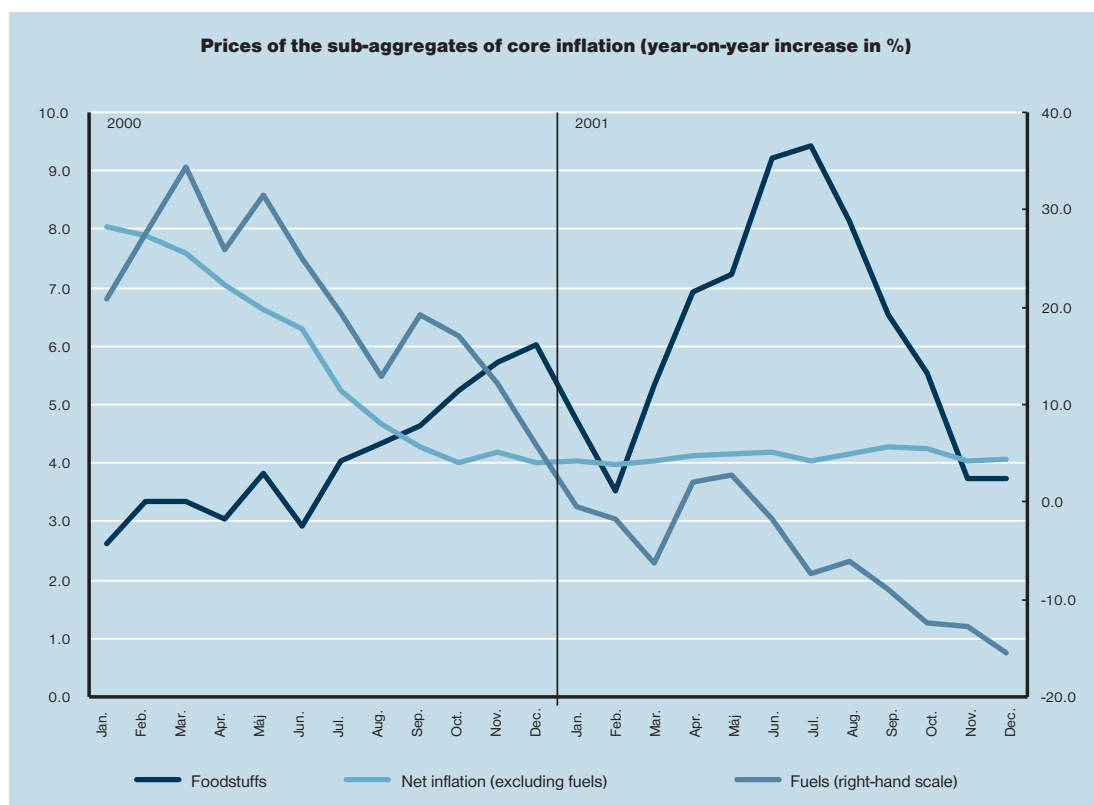
The fall in demand for beef was compensated by a shift in consumption to other types of meat. This, however, exerted no pressure for an acceleration in the rate of price increase. In the second half of the year, supply began to exceed demand on the market for unprocessed foodstuffs, which led to a lower seasonal increase in meat prices and a more pronounced fall in fruit and vegetable prices. Thus, while the prices of processed foods followed a stable course, the year-on-year dynamics of prices fell across the whole sector of foodstuffs.

Apart from volatility in fuel prices, net inflation showed no significant fluctuation over the course of 2001. It was, however, still characterised by the existence of dual inflation (difference in dynamics of the prices of market services and tradable goods), which reached values of around 7 percentage points during the year.

The rate of core inflation was dampened by the prices of tradable goods, the year-on-year



1/ Consumer prices, including beverages and tobacco, excluding fruit and vegetable prices.



dynamics of which reached 1.0% in December. The slow rate of price increase in the tradable sector was due to several factors. In the given environment, marked by strong competition in the retail trade and increasing labour productivity in industry, the growth in domestic demand exerted no pressure for a rise in price levels. On the consumer market characterised by a large proportion of imported goods, the slowdown in the rate of price increase in the tradable sector was supported by the stable exchange rate of the crown to the reference currency (euro) and the cancellation of the import surcharge with effect from 1 January 2001.

In the sector of tradable goods, increased volatility was recorded in fuel prices, which reacted flexibly to changes in the price of oil, the exchange rate of the crown to the dollar, and to developments in fuel prices on the commodity markets. From January to September, the price of this strategic commodity fluctuated within the upper half of the reference band declared by OPEC countries (US\$ 22-28/barrel). In the last three months, however, demand for oil fell in

connection with the slowdown in the rate of economic growth in the world, as a result of which, oil prices fell below the reference band, causing fuel prices to fall as well. Thus, fuel prices fell in 2001 by more than 20% and contributed roughly 0.7 of a percentage point to the fall in core inflation.

The prices of market services, which are determined mostly by domestic factors, increased at a higher rate than prices in other categories of core inflation. At the end of 2001, the rate of year-on-year price increase in this sector reached 7.7%, roughly the same figure as a year earlier. The underdeveloped competitive environment created room for the smooth transmission of increased costs resulting from the rise in energy prices, together with wage costs, into the price of services. The most rapid increases were recorded in prices in leisure and culture (10.4%) and dwelling (8.8%). At the same time, price developments in the dwelling category made the greatest contribution to the price increase in the market services sector.

Producer Prices

The prices of imported energy producing and other industrial raw materials, administrative price adjustments, and the remaining effects of unfavourable climatic conditions were the main factors that affected the development of producer prices in 2001. On the one hand, they caused a slowdown in the year-on-year dynamics of industrial producer prices, and on the other hand an acceleration in the rate of increase in the prices of agricultural products. Construction prices, which are dependent on the level of demand for construction work, rose to a lesser extent than a year earlier, while the prices of materials and products used in construction showed an increase in dynamics.

Industrial producer prices

The slowdown in the average rate of increase in industrial producer prices, from 9.8% in 2000 to 6.6% in 2001, was caused mainly by the effects of external cost factors, which were visible especially in the second half of the year. One of the stimuli was the stabilisation of oil prices on the world markets in the first quarter. The price of oil recorded a significant fall after the September events in the USA as a result of slowdown in the rate of economic growth in the world as a whole and subsequent fall in demand for this strategic commodity. As a consequence of the fall in demand, the price of oil fluctuated below the reference band of OPEC over the fourth quarter. This was reflected mainly in the prices of

producers specialising in oil and gas processing. In 2001, the prices of refined oil products remained virtually unchanged, at the level of 2000, rising year-on-year by only 0.1% compared with 38% increase a year earlier. The rate of increase in the prices of chemicals, chemical products, and man-made fibres fell by 12.8 percentage points (to 2.0%) in comparison with the figure for 2000.

The fall in raw material prices on the world markets was reflected in the prices of basic metals and metal products only towards the end of the year, as a result of which the average increase in 2001 (8.6%) was 0.6 of a percentage point higher than in the previous year. Price fluctuation on the world markets also affected price levels in the pulp and paper industry, which rose by an average of 3.0%, representing a slowdown of 9.7 percentage points in year-on-year dynamics.

With regard to domestic cost factors, price development in industry was affected mainly by an increase in regulated prices in February 2001. This was the most extensive price adjustment in the production sector in connection with the elimination of price anomalies. The price of electrical energy for enterprises was raised by an average of 12% and that of natural gas by 15% (for households) and 25% (for enterprises). The direct result of these administrative measures was an increase in the price of electricity, gas, steam, and hot water (16.6% on average), and represented the greatest contribution to the rise in industrial producer prices in 2001.

Development of producer prices (average for the period, the same period of the previous year = 100)

	1999	2000	2001				
			Q1	Q2	Q3	Q4	Year
Industrial producer prices	103.8	109.8	108.7	108.1	106.1	103.8	106.6
- price of industrial products	103.4	109.1	107.2	105.9	103.8	101.2	104.5
Construction prices	111.0	109.0	107.0	107.3	106.7	106.1	106.8
Building material prices	101.8	106.0	107.6	107.4	107.0	105.2	106.8
Prices of agricultural goods	98.2	107.2	109.5	108.8	109.1	104.7	107.8
- prices of plant products	96.7	107.2	121.7	124.6	110.2	104.2	111.2
- prices of animal products	98.8	107.1	107.0	107.1	107.8	104.4	106.6

The effects of increased energy prices were gradually transferred into the prices of products in other energy-intensive sectors. For that reason, a substantial increase was recorded in the prices of other non-metallic mineral products (cement, lime, bricks), which rose by an average of 9.6% in 2001 (compared with 5.5% in 2000).

Within the scope of internal cost factors, price levels in food industry were affected, apart from increased energy prices, by the prices of agricultural primary producers (in plant and animal production). In connection with the rise in input prices, the producer price of meat, dairy and flour products, as well as animal-feed increased at an accelerated rate over the first half of the year.

Construction prices

Construction prices increased year-on-year by 6.8% in 2001 (compared with 9.0% in 2000) due to the persistence of low demand for construction work. The prices of materials and products used in construction rose year-on-year by 6.8% (compared with 6.0% in 2000). This development was affected mainly by a rise in the prices of other non-metallic mineral products.

Agricultural prices

In producer prices, the most rapid increase was recorded in agricultural prices, which rose year-on-year by an average of 7.8% (compared with 7.2% in 2000). A significant increase was recorded in the prices of plant products including fruit and vegetables (11.2%), which was connected with the higher price of imported grain, as a result of drought in 2000. The

increase in grain prices subsequently led to an acceleration in the rate of increase in the producer price of flour products, starch, and starch products.

The average year-on-year increase in the price of animal products slowed by 0.5 of a percentage point in comparison with 2000 (to 6.6%), but the year-on-year dynamics reached higher figures in the first three quarters than in 2000. Apart from cost factors, an upward effect on the prices of animal products was exerted in this period by the excess of demand over supply. In the last quarter, however, the rate of price increase slowed significantly. Of the main types of animal products, the rate of increase slowed in the price of pork and poultry, the average year-on-year dynamics of which continued to exceed the average for animal products. The persistent rapid increase in the prices of these two categories was caused by structural changes in meat consumption in favour of poultry and pork, at the expense of beef (the fall in beef consumption was connected with the BSE epidemic).

Agricultural prices are closely connected with the prices of agricultural inputs. In 2001, the average year-on-year increase in the prices of supplies to agriculture reached 9.3% (compared with 9.1% a year earlier). This increase was due mostly to the prices of goods and services for general consumption, particularly the price of electricity, fertilisers, and animal-feed.

GDP deflator

The increase in GDP deflator fell from 6.5% in 2000 to 5.3% in 2001, in line with the slowdown

Development of the GDP deflator (average for the period, the same period of the previous year = 100)

	1999	2000	2001				
			Q1	Q2	Q3	Q4	Year
Consumer prices	110.6	112.0	107.2	107.8	107.7	106.7	107.3
Industrial producer prices	103.8	109.8	108.7	108.1	106.1	103.8	106.6
GDP deflator	106.6	106.5	106.8	105.0	104.7	104.7	105.3

in the dynamics of consumer and domestic producer prices. The deflator was below the rate of increase in consumer and industrial producer prices for the second consecutive year.

The GDP deflator was affected by the deflator of domestic demand and the relation between the export and import deflators. The increase in the deflator of domestic demand (7.4%) was due to growth in the deflator of final consumption (5.3%) and that of gross investment (12.8%). The relatively marked change in prices in the segment of gross investment was due to increase/decrease in inventories in terms of prices. The increase in the deflator for fixed investments was the smallest in the range of actual deflators recorded, and reached its lowest level since 1994 (3.5%).

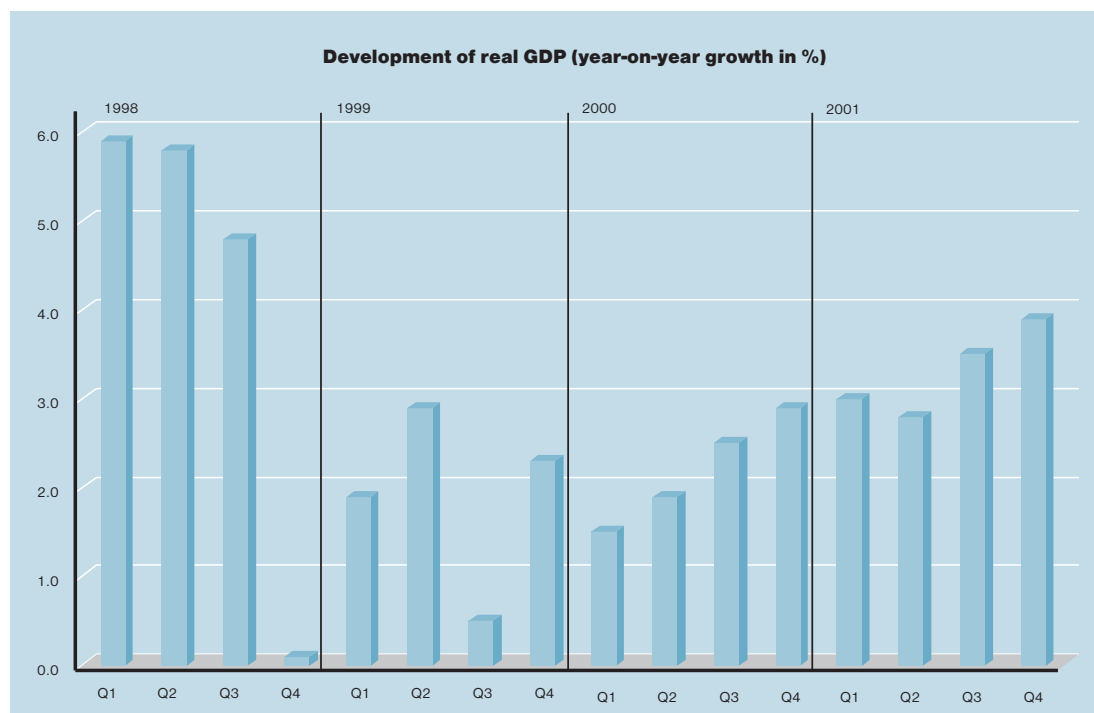
A downward effect on the GDP deflator was exerted by the development of foreign trade deflators. Export prices developed in line with the fall in dynamics of the prices of domestic producers and the slowdown in the rate of economic growth in the world. The faster growth in the import deflator was due primarily to the prices of imported strategic commodities.

1.2. Gross Domestic Product

The development of gross domestic product in 2001 followed the trend of gradual acceleration in the rate of economic growth in Slovakia. On a year-on-year basis, GDP increased by 3.3% at constant prices (compared with 2.2% in 2000). The rate of GDP growth accelerated from 3.0% in the first quarter, after a moderate slowdown in the second quarter, to 3.9% in the fourth quarter. The volume of GDP at current prices reached Sk 964.6 billion, which was 8.7% more than a year earlier.

The acceleration in the rate of real GDP was caused by an increase in domestic demand, while foreign demand had a reduced pro-growth effect. Domestic demand (including statistical discrepancy) grew by 7.3% (compared with a fall of 1.3% in 2000). After exceeding domestic demand for four years, the growth in foreign demand (exports of goods and services) decelerated, to 6.5% in 2001 (after increasing by 15.9% in 2000).

The development of domestic and foreign demand led to growth in aggregate demand



Development of aggregate demand and coverage

(constant 1995 prices)

	Volume in billions of \$k				Structure in %			
	1998	1999	2000	2001	1998	1999	2000	2001
Aggregate demand	1,144.1	1,126.1	1,188.5	1,271.2	100.0	100.0	100.0	100.0
of which:								
Domestic demand ^{1/}	710.8	678.1	669.3	718.4	62.1	60.2	56.3	56.5
Foreign demand	433.3	448.0	519.2	552.8	37.9	39.8	43.7	43.5
Coverage of aggr. demand								
Domestic supply	641.1	653.3	667.7	689.7	56.0	58.0	56.2	54.3
Foreign supply	503.0	472.8	520.8	581.5	44.0	42.0	43.8	45.7

1/ Including statistical discrepancy.

(7.0% at constant prices, compared with 5.5% in 2000). The share of domestic and foreign demand in aggregate demand remained unchanged, roughly at the level of the previous year. The acceleration in domestic demand and slowdown in foreign demand in comparison with the previous year caused no changes in the structure of aggregate demand, but ended the long-term trend of increase in the share of foreign demand, which began in 1996.

In contrast with the virtually unchanged structure of aggregate demand, the structure of coverage showed a shift towards foreign production. Foreign supply (import of goods and services) grew by 11.7% (compared with 10.2% in 2000), as a result of which, its share in the coverage of aggregate demand increased by almost 2 percentage points, at the cost of domestic supply (GDP). The increase in the share of foreign supply in the coverage of aggregate demand is an indication of growth in import-intensity in relation to domestic production, satisfied domestic demand on the one hand, and low competitiveness of domestic production in relation to domestic and foreign markets on the other.

Supply Side of GDP

A positive development in real GDP in terms of creation and its components was the slower growth in intermediate consumption than gross production, as a result of which the growth in added value accelerated from 2.0% in 2000 to 3.5% in 2001. However, the excess of growth in added value over intermediate consumption was not high enough to reduce the gap between the faster growth in intermediate consumption than added value, in the long term.

The Slovak economy is dependent on the intermediate consumption of goods and services of short-term nature, which are consumed or transformed during the production process. The share of intermediate consumption in gross production remained at the level of the previous year (more than 63%), which corresponds to the long-term average. This indicates that the effective transformation of inputs in the process of production of goods and services is a chronic problem in the Slovak economy.

Creation of gross domestic product and components

(\$k billions, constant 1995 prices)

	1999	2000	2001	Indices		
				1999/98	2000/99	2001/00
Gross production	1,531.9	1,637.7	1,688.7	98.5	106.9	103.1
Intermediate consumption	944.8	1,038.8	1,068.7	96.2	109.9	102.9
Added value	587.1	598.9	620.0	102.5	102.0	103.5
Other ^{1/}	66.2	68.8	69.7	96.6	103.9	101.3
GDP	653.3	667.7	689.7	101.9	102.2	103.3

1/ Value added tax, excise tax, import taxes, subsidies.

Breakdown of gross domestic product by sector

(Sk billions, constant 1995 prices)

	1999	2000	2001	Indices ^{1/}		
				1999/98	2000/99	2001/00
Gross domestic product (GDP)	653.3	667.7	689.7	101.9	102.2	103.3
of which:						
Agriculture, hunting, fishing, forestry	31.9	32.9	33.7	108.8	103.1	102.5
of which: agriculture	28.1	29.0	30.0	110.7	103.2	103.3
Industry	184.4	188.9	188.7	107.3	102.5	99.9
of which: manufacturing	154.0	162.5	171.5	102.9	105.5	105.5
Construction	24.7	21.0	21.3	69.5	85.0	101.4
Market services	265.2	278.8	296.9	102.5	105.1	106.5
of which:						
trade, hotels, restaurants	89.3	99.7	104.5	103.9	111.7	104.8
transport	51.5	50.6	59.1	104.4	98.3	116.8
Non-market services	84.1	85.4	87.8	99.4	101.5	102.8
Other ^{2/}	63.0	60.8	61.4	103.1	96.5	101.0

1/ Indices expressed in thousands of Sk.

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

The maintenance of a stable share of intermediate consumption is connected with the fact that the accelerated growth in added value was induced at a time of minimum changes on the supply side of GDP. The basic structure by sector of GDP creation remained virtually unchanged in comparison with the year 2000, and the long-term trend of increase in the weight of market services to the detriment of industry was preserved.

The share of market services in GDP creation increased by 1.2 percentage points in comparison with the year 2000 (to 43%), which was connected with a marked increase in added value in transport. The creation of added value in industry fell slightly, due mainly to the production and supply of electricity, gas, and water, the share of which in GDP reached a historical minimum. Manufacturing continued to grow at a favourable rate as a result of renewed domestic demand and direct foreign investment. The gradual revival of investment demand in the category 'buildings' encouraged a moderate growth in added value in the construction sector. The share of construction in GDP creation remained stable after a long-term trend of decline. Added value had a slightly pro-growth effect on GDP in agriculture, hunting, fishing, forestry, and non-market services.

Agriculture

Gross domestic product in agriculture grew in volume by 3.3% in 2001 in comparison with the previous year, with the share (4.3% of GDP) remaining at the level of the previous year.

A positive moment in the development of this sector was the fact that, while the proceeds of agricultural firms from the sale of their products fell year-on-year by 8.3% (at constant prices) in 2000, the year 2001 saw an increase of 9.7%, representing the highest figure since 1996. Proceeds from the sale of animal products grew by 2.3% and accounted for more than 62% of total receipts. As a result of decline in stocks of cattle and pigs, sales of beef and pork fell year-on-year by 10.1%. Sales of poultry increased by 9.6% compared with the previous year, milk by 4.2%, and eggs by 0.8%.

The low comparable level of 2000 (result of extreme drought) and the end of the effects of government aid for the elimination of the economic consequences of the drought, had a significant effect on the rate of year-on-year growth in receipts from the sale of plant produce. Agricultural companies achieved an increase in sales of all types of plant products, and total

proceeds from the sale of plant products grew by 24.1% in comparison with the previous year.

The year 2001 saw a change in the financial situation of the sector. According to preliminary data, agricultural companies as a whole achieved a profit for the first time since 1990. More than 50% of the total number of companies were profitable. The improved budgetary performance was also evident from the fact that companies achieved, after a long time, a positive return on costs and net production.

The year-on-year improvement in the economic results of agricultural firms was caused by several factors – the continued liquidation of loss-making and insolvent companies, gradual restructuring of companies, improvement in the attitude of companies to lending possibilities, government aid for the mitigation of the consequences of drought and compensation for crops, and the continued gradual reduction in the difference between input and output prices.

A persistent problem was the deficit in foreign trade in agricultural produce and food commodities, which reached Sk 20.3 billion in 2001, i.e. a year-on-year increase of Sk 3.4 billion. The increase in the deficit was due to both replaceable (cereals, potatoes, oil, and oil-seeds, fruit, meat, meat products, etc.) and irreplaceable commodities (coffee, tea, bananas, citrus fruit, cocoa beans, rice, spices, etc.). A relatively significant contribution to the deficit came from increased imports of cereals and a fall in exports (as a result of drought in 2000).

Industry

In 2001, the volume of GDP in industry fluctuated slightly below the level of the previous year and fell year-on-year by 0.1% at constant prices. The fall in GDP creation in industry took place in mining and quarrying; electricity, gas,

and water supply; while GDP in manufacturing grew by 5.5%. Thus, the share of industry in total GDP decreased to 27.4%, from 28.3% in 2000.

The different course of development in the basic sectors of industry is confirmed by data on industrial production. The level of industrial production, expressed in terms of the industrial production index (adjusted for the effect of working days)^{1/}, was 6.8% higher (at constant prices) in 2001 than in the previous year. This increase was due exclusively to growth in manufacturing, i.e. 9.8% on a year-on-year basis (compared with 9.9% in 2000). The level of the previous year was not achieved in the production and supply of electricity, gas, and water (a fall of 1.6%, compared with an increase of 6.4% in 2000) and mining and quarrying (a fall of 13.0%, compared with 2.1% in 2000).

In manufacturing, the average volume of production grew in all sectors in 2001. During the year, a marked increase was recorded in the manufacture of electrical and optical equipment (30.9% year-on-year) in sectors with a high share of companies with foreign capital participation. A relatively fast, more than 10% at constant prices, growth in production was recorded in the following sectors: manufacture of transport vehicles; manufacture of leather and leather goods; manufacture of pulp, paper, and paper products, printing and publishing; and the production of other non-metallic mineral products.

Production in these sectors increased mainly as a result of higher year-on-year increases in the first half of the year. In the second half, in connection with the decline in the world economy (restricting the export opportunities of Slovak companies), numerous sectors recorded a slowdown in dynamics, resulting in a fall in production in the last months of the year. These sectors included: the manufacture of basic

1/ The industrial production index expresses any change in the volume of production in natural terms. The index is based on the change of volume of selected products and industrial services and on the two-stage weight system. With effect from January 2002, the average month of 2000 was selected as a base period for the index, but data for the years 2000 and 2001 were also revised. The industrial production index is stated at constant prices.

metals and fabricated metal products; plastic products; and the production of coke, refined petroleum products and nuclear fuels. In that period, the manufacture of vehicles also recorded a fall in output, which was due to external factors and the preparation of a new type of car.

Receipts from own-output and goods^{2/} in industry recorded a year-on-year growth of 6.2% at constant prices, which was 5.5 percentage points less than a year earlier. This development was also affected by receipts in manufacturing, which increased by 8.1%.

In manufacturing, receipts grew in almost all sectors, except for the production of coke, refined petroleum products, and nuclear fuels. Receipts increased significantly in wood-production and the manufacture of wood products (23.4%); the manufacture of rubber and plastic products; and the manufacture of electrical and optical equipment.

Certain progress in the restructuring of industry (though still insufficient) was indicated by the continued growth in the profits of industrial companies, increase in labour productivity, and the creation of new jobs. According to preliminary data, profits in industry (before taxation) increased year-on-year by almost 65%, of which manufacturing accounted for more than 70%. Growth in profits was also recorded in mining and quarrying (more than 20%) and electricity, gas, and water supply (more than 56%).

Although the rate of growth in labour productivity (in manufacturing) slowed year-on-year by 6.5 percentage points, to 5.7% at constant prices, the level of employment in industry increased by 1.0% (in the previous year, the growth in labour productivity was accompanied by a fall of 3.1% in employment). In industry, the number of vacancies increased in production.

Construction

In 2001, after three years of continuous decline, gross domestic product in the construction sector grew at constant prices by 1.4% on a year-on-year basis. The sector followed a rather unbalanced course of development during the year. In the first half of the year, GDP in construction showed a year-on-year increase of 10.3% (at constant prices), which was followed by a fall of 4.3% in the second half. In 2001, the average share of the sector in total GDP reached 3.1%, which was at the level of the previous year.

A trend of stagnation, leading to a gradual decline in construction, was also recorded in production and employment in the sector. In 2001, production (by own employees and non-construction organisations) grew year-on-year by 0.8% at constant prices (after a fall of 0.4% in 2000), but after signs of revival in the first seven months, a change occurred in August, followed by a gradual decline. This development was caused mainly by a downturn in new construction, modernisation, and reconstruction orders, and continued fall in the volume of construction work abroad.

New construction, reconstruction, and modernisation projects increased by 1.8%, repair and maintenance work by 6.6%, while construction work abroad fell by 9.2%. An unfavourable factor was the decreasing weight of domestic construction companies and the growth in output of foreign construction firms.

The low demand for construction work forced construction firms to change their structure, increase the productivity of labour, and to take rationalisation measures. In 2001, construction organisations increased production by 0.9% at constant prices, while the level of employment fell by 2.3%. This led to growth in nominal labour productivity (in construction) by 3.3% per employee. As a result of cost-saving measures, the average nominal monthly wage in the

2/ Receipts from own-output, goods and services, received by a company for all its activities (excluding VAT).

construction sector recorded the smallest increase of all sectors (4.8%) and the average real monthly wage fell by 2.3%.

Services

Market services generated a relatively high year-on-year increase in gross domestic product (6.5% at constant prices) and contributed substantially to its creation. They accounted for 43% of the GDP created in 2001, which was 1.2 percentage points more than a year earlier. In market services, the most significant increase took place in the share of transport (from 7.6% in 2000 to 8.6% in 2001), while that of 'trade, hotels and restaurants' and 'postal and telecommunications services' increased only moderately.

The dynamic development in market services was confirmed by data on receipts from own-output and goods, which recorded a relatively steep increase in almost all sectors (except the wholesale trade, hotels, and restaurants, where receipts fell). In the retail trade, receipts grew year-on-year by 8.3% at constant prices, due mainly to growth in proceeds from the sale and maintenance of motor vehicles and the retail sale of fuels (23.5%). Receipts in other retail units recorded an increase of 4.5%, and were, to a considerable extent, affected by the growth in receipts of large chain stores.

In real estate, leasing, and business services, receipts from own-output and goods increased year-on-year by 7.8% at constant prices. Receipts increased across the board, i.e. real

estate services, leasing of machinery and equipment, computer engineering and related activities, and other business services.

Developments in transport were affected by the upward trend in economic activity. Receipts from transport services and warehousing recorded a year-on-year increase of 26% in 2001 (at current prices), which was due, first and foremost, to a marked increase in receipts from secondary and auxiliary activities in transport and growth in receipts from road transport. In postal and telecommunications services, receipts increased year-on-year by 22.7% (at current prices), due mainly to telecommunications services^{3/}.

Demand side of GDP

In the structure of GDP by use, the pro-growth effect of domestic demand strengthened, after having fallen for two years as a result of the package of government measures adopted in May 1999. As the domestic production base was insufficiently flexible, the increased domestic demand exerted pressure for import of goods and services. This fact, combined with the existence of limited opportunities for Slovak exporters, caused a deterioration in net exports (difference between exports and imports of goods and services), as a result of which the negative effect of net exports on GDP increased. The contribution of domestic demand (7.3 percentage points) not only offset the negative contribution of net exports (4.0 percentage points), but accelerated the rate of GDP growth as well.

Absolute year-on-year increases in GDP and contributions

(constant 1995 prices)

	1998		1999		2000		2001	
	Sk billion	contribution	Sk billion	contribution	Sk billion	contribution	Sk billion	contribution
GDP	25.2	4.1	12.2	1.9	14.4	2.2	22.0	3.3
Domestic demand	61.5	10.0	-32.7	-5.1	-8.8	-1.3	49.1	7.3
Net exports	-36.3	-5.9	44.9	7.0	23.2	3.5	-27.1	-4.0

3/ Only current prices are recorded.

Gross domestic product by use
(Sk billions, constant 1995 prices)

	1999	2000	2001	Indices		
				1999/98	2000/99	2001/00
Gross domestic product	653.3	667.7	689.7	101.9	102.2	103.3
Domestic demand	678.1	669.3	718.4	95.4	98.7	107.3
of which:						
Final consumption in total	467.1	454.5	474.2	97.8	97.3	104.3
Households	334.2	322.7	335.6	100.1	96.6	104.0
Non-profit institutions	3.4	3.5	3.6	75.6	102.9	102.9
Government	129.5	128.3	135.0	93.1	99.1	105.2
Gross capital formation	211.0	214.8	244.2	90.4	101.8	113.7
Gross fixed capital	192.2	190.9	213.1	81.2	99.3	111.6
Change in inventories ^{1/}	18.8	23.9	31.1	x	x	x
Net exports	-24.8	-1.6	-28.7	x	x	x
Exports of goods and services	448.0	519.2	552.8	103.4	115.9	106.5
Imports of goods and services	472.8	520.8	581.5	94.0	110.2	111.7

1/ Including statistical discrepancy, which has been shown by the SO of the SR separately (not included in domestic demand) since the first quarter of 2001.

Domestic demand

The growth in domestic demand was due primarily to increased investment demand and renewed consumer demand. After two years of stabilisation, the structure of the contribution of domestic demand to GDP was renewed so that it was almost identical to the structure of 1998 (the ratio of investment and consumer demand was 60 to 40).

Domestic investment demand

Fixed investments grew year-on-year by 11.6% at constant prices (compared with a fall of 0.7% in 2000). The two-digit rate of growth in fixed investments exceeded the growth of GDP 3.5 times, as a result of which the share of fixed investments in GDP increased to 30.9% (i.e. 2.3 percentage points more than in 2000).

Inventory volume increased significantly. The change in volume reached the highest figure in

Development of investments and savings
(%)

	1998	1999	2000	2001
Constant 1995 prices				
Rate of savings ^{1/}	25.5	28.5	31.9	31.2
Rate of gross investments ^{2/}	36.4	32.3	32.2	35.4
Rate of fixed investments ^{3/}	36.9	29.4	28.6	30.9
Coverage of investments by savings ^{4/}	70.1	88.2	99.3	88.2
Current prices				
Rate of savings ^{1/}	25.2	26.5	27.6	26.8
Rate of gross investments ^{2/}	36.1	31.9	30.1	35.5
Rate of fixed investments ^{3/}	38.0	30.8	30.0	31.9
Coverage of investments by savings ^{4/}	69.7	83.2	91.7	75.6

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.

relation to GDP (4.5% of GDP) since 1993, due mainly to developments in foreign trade. The dynamic growth in commodity imports was also reflected in stocks, especially that of commercial goods. Due to a fall in foreign demand, the positive balance of stocks of finished goods was maintained in the dominant part of the tradable sector. The massive growth in stocks caused the proportion of gross investments to increase significantly in relation to the year 2000 (by 3.2 percentage points, to 35.4%).

On the other hand, the rate of coverage of gross investments by domestic savings fell. The share of other than domestic resources in the financing of investment demand increased. The financial account of the balance of payments indicates that part of the investment demand in selected sectors could be encouraged and financed by foreign loans. The gap between gross domestic savings, i.e. unused part of GDP, and gross investments widened.

The main stimuli to investment demand were an increase in the inflow of foreign capital in the form of direct investment (in 2000 and 2001) and growth in the profits of companies. The massive investment demand was an indication of ongoing

restructuring, mainly in the corporate sector, including the restructuring of production at major exporters and the preparation of the infrastructure for the construction of industrial parks. It could also be a sign of pre-privatisation in selected branches of the non-financial sector.

At current prices, the largest volume was invested in machines with a view to improving the country's technical potential (more than 54%). Investment in machines was covered mostly by imports, but domestic producers also responded to the demand with increased production. The virtually equal prices for domestic and imported technology argued in favour of imports of machines and equipment of higher quality from abroad. The lower demand for machine investments in the second half of the year led to a slowdown in the rate of growth in imports at the end of 2001.

In the second half of the year, a change was recorded in the structure of investment – from investment in machines to investment in buildings. Investment in buildings and civil engineering structures, the coverage of which stems mainly from domestic capital, accounted for 40% of total gross fixed capital formation. The structural changes took place mostly in the third quarter,

Structure of gross fixed capital formation in 2001

	Gross fixed capital formation (Sk millions)	Share in the economy of SR (%)	Index 2001/00
Economy of the SR in total	307,356	100.0	111.6
of which (by production):			
Structures	122,804	40.0	118.2
of which: residential buildings	19,161	6.2	90.4
other structures	103,643	33.8	125.1
Machinery	166,344	54.1	108.6
of which: metal goods and machines	126,642	41.2	106.7
transport equipment	39,702	12.9	114.8
of which (by sector):			
Non-financial corporations	194,201	63.2	109.0
Financial corporations	39,325	12.8	140.3
Government	26,998	8.8	116.2
Households	44,787	14.6	102.6
Private non-profit institutions	2,045	0.6	90.6

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

when capital expenditure on buildings increased by 53% on a year-on-year basis. This development was a result of dynamic growth in investment in other types of buildings (halls and buildings for production and services, other industrial buildings, bridges, roads, and other civil engineering structures, flood protection and other water engineering works). Investment in residential buildings remained below the level of the previous year.

Most investments (63.2%) were made by non-financial companies with a year-on-year growth of 9% at constant prices. With regard to the structure of investors by sector, the largest volume of funds was used for the acquisition of gross fixed capital by entities in industrial production, e.g. manufacturers of transport vehicles, metals, and metal products. The sectors of market services also made a number of investments. The total volume of investments increased mostly in sectors with a marked share of foreign capital (manufacture of vehicles) and/or sectors, in which the stakes of foreign investors increased

to a significant extent during 2000 and 2001 (production of metals and metal goods, banking, retail trade).

Demand for investment was shown predominantly by large companies with 1,000 or more employees, which accounted for almost 40% of the total volume of gross fixed capital formation. In the same category, a marked increase was recorded in earnings.

Domestic consumer demand

After almost two years of decline, final consumption recorded an increase in 2001 (4.3% at constant prices). Consumer demand was in large part (more than 70%) stimulated by final household consumption, which increased by 4.0% at constant prices (after falling by 3.4% in 2000).

The growth in consumer demand in the household sector can be attributed to the structure and development of incomes, the system of collection

Incomes and expenditures of households

(at current prices)

Sk billions	Indices ^{1/}		Share in %			
	2000	2001	2000/99	2001/00	2000	2001
Compensation of employees (all sectors)	366.1	399.9	105.2	109.2	51.5	52.1
of which: Gross wages and salaries	282.7	308.6	105.4	109.2	39.8	40.2
Gross mixed income	169.9	192.8	113.4	113.5	23.9	25.1
Income from property – received	38.9	31.6	86.1	81.1	5.5	4.1
Social benefits	111.8	117.1	105.8	104.7	15.7	15.3
Other current transfers – received	23.5	25.8	119.0	109.9	3.3	3.4
of which: non-life insurance claims	7.5	8.5	104.4	113.0	1.1	1.1
Current income in total	710.3	767.2	106.3	108.0	100.0	100.0
Income from property – paid	4.5	4.8	87.4	106.3	2.6	2.5
Current tax on income, property, etc.	28.7	31.3	83.2	109.2	16.6	16.5
Social security contributions	113.6	124.7	105.5	109.7	65.7	65.6
Other current transfers – paid	26.1	29.4	110.8	112.9	15.1	15.5
of which: net general insurance premiums	16.3	19.2	117.8	117.7	9.4	10.1
Current expenditure in total	172.9	190.2	101.1	110.0	100.0	100.0
Gross disposable income	537.4	577.0	108.0	107.4	100.0	100.0
Final household consumption	469.0	514.6	107.5	109.7	87.3	89.2
Gross savings of households	68.4	62.4	112.0	91.1	12.7	10.8

1/ Indices calculated from data in Sk millions.

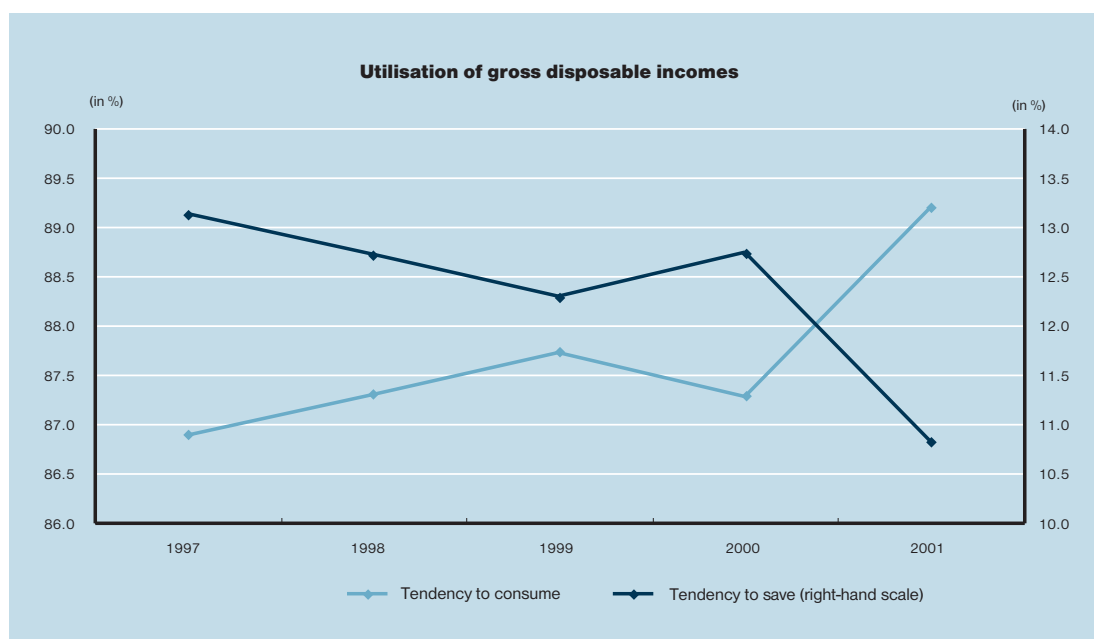
of incomes for redistribution (taxes, social payments), and the tendency of households to spend. The rate of growth in final household consumption was restored in 2001 by a change in the distribution of gross disposable income.

According to preliminary data, the current incomes of households increased in nominal terms by 8.0% in 2001 (compared with 6.3% in the previous year). Current expenditures of households (paid to other sectors and not spent on direct consumption) increased in nominal terms by 10% (compared with 1.1% in 2000). In real terms, current incomes recorded a year-on-year increase of 0.7% (compared with a fall of 5.1% in 2000) and current expenses grew by 2.5% (compared with 9.7% in 2000).

The development of current incomes was affected mainly by an increase in income from work and business activity – compensation of employees (9.2%, compared with 5.2% in 2000) and gross mixed households incomes, which include the incomes of tradesmen for their households as well as their business profits (13.5%, compared with 13.4% in 2000). In 2001, the share of these receipts in current income in total increased year-on-year by 1.8 percentage points, to 77.3%.

The volume of social benefits (old-age, social security, and unemployment benefits) increased by 4.7%, but the share in total income decreased slightly in comparison with the previous year. Income from property (from the ownership of financial assets, i.e. deposits, bonds, etc., or the ownership of land, underground resources, etc., which the owner had obtained in compensation for putting the said assets at the disposal of another entity) fell further in 2001, by 18.9% (which was 5 percentage points more than a year earlier). The fall was due probably to a fall in interest rates on household deposits.

Of current household expenditures, the most dynamic growth was recorded in 'other current transfers paid' (12.9%, compared with 10.8% in 2000) as a result of payments for general insurance premiums. Such transfers accounted for 15.5% of total current expenditure. The structure of current expenditures was dominated by social security contributions (65.6%) paid as part of general social insurance by employers and employees. Growth accelerated in 2001 by 4.2 percentage points in comparison with the previous year, to 9.7% year-on-year, and was probably connected with the rise in the level of employment and wages, on which these expenses are dependent.



After reducing current income by current expenditure, the disposable income of households amounted to Sk 577 billion, which was 7.4% more than in the same period a year earlier. Of this amount, 89.2% (1.9 percentage points more than a year earlier) was used for final consumption, the remainder went on gross savings, which fell year-on-year by 8.9%. Gross household savings also include the investment activities of citizens and small businesses in addition to their crown deposits.

In 2001, the tendency of households to consume increased to a significant extent at the cost of gross savings, which means that household consumption was in part financed from savings. The tendency of households to save fell to the lowest level since 1996, while the volume of gross household savings (at current prices) remained below the level of 2000.

The growth in the propensity to consume seems to be a relatively clear result of the persistently low levels of income and consumption in the household sector. In addition to these long-term factors, the tendency to consume was strengthened by the redemption of bonds by the National Property Fund (FNM) and the extension of the systems of consumer credits, instalment sales, and other advantages offered by sellers. The funds paid by the FNM, the dominant part of which was used probably for consumption, contributed to the growth in final household consumption and the tendency to consume. Methodologically, this led to a fall in savings, which represents, in other words, the financing of consumption. On the one hand, the fall in interest rates reduced the motivation of households to save, but on the other hand led to growth in consumer credits.

Final consumption of government increased by 5.2% at constant prices (compared with a fall of 0.9% in 2000). The more than 1.5 times faster growth in comparison with GDP was, according to the Statistical Office of the SR, connected with the increased creation of added value in the sub-sector 'social security funds'. Within this sub-sector, the most significant increase was recorded in the

payments of health insurance institutions, mainly to hospitals, which were also affected by the use of some of the funds from privatisation. The expenditures of the National Labour Office and the Social Insurance Company grew at a slower rate. In the sub-sector financed from the State Budget, increases were recorded in current expenditure on defence in connection with accession to trans-Atlantic structures, current expenditure on regional authorities established within the scope of reform in public administration, and current expenditure on the educational system.

Net exports

The growth in investment demand, increase in inventories, and renewed growth in consumer demand, coupled with the inadequate reaction of domestic supply, caused the rate of growth in the imports of goods and services to accelerate. The acceleration in import dynamics, mainly in the category 'consumer goods', was also supported by a change in the structure of retail entities. The trend of monopolisation and development of trading units has an upward effect on the import of foreign goods to the detriment of domestic production. Imports of goods and services increased year-on-year by 11.7% at constant prices (compared with 10.2% in 2000).

On the other hand, the rate of growth slowed in foreign demand. The dynamics of exports of goods and services fell to 6.5% (from 15.9% in 2000), due partly to a slowdown in the rate of economic growth in the countries of our trading partners. The deficit in foreign trade increased, from Sk 1.6 billion in 2000 to Sk 28.7 billion in 2001 (at constant prices).

Developments of the Labour Market

Employment and unemployment

The upward trend in employment, which started in the last quarter of 2000, when there were 2.0 million employees in the Slovak economy on

average (1.5% more than a year earlier), continued in 2001.

The increase in employment took place mostly in market services. The number of people employed in this sector increased year-on-year by 2.5% and accounted for 34.5% of the total number of employees in Slovakia. Except transport, postal and telecommunications services, banking and insurance, the level of employment increased in all sectors, particularly in real estate, renting, and business services, research and development (by 5.9%). Of non-market services, employment increased mostly in other community, social, and personal services, where the number of employees increased by 13.4%, due mainly to implementation of the public works programme. A modest increase was also recorded in other sectors (except education).

In production sectors, positive development was recorded only in manufacturing, where employment increased by 1.7%. The level of employment continued to fall in agriculture including hunting, fishing and forestry; mining and quarrying; electricity, gas and water supply; and construction.

The course of employment was characterised by increased year-on-year dynamics in the first two quarters, a slowdown in the third quarter, and stagnation in the fourth quarter. This trend was connected mainly with developments in trade and repair activities, hotels and restaurants, and manufacturing, the dynamics of which slowed during the second half of the year (but was relatively high during the first six months). A similar trend was recorded in other community, social, and personal services. This was connected with the fall in employment on public works, the growth of which slowed significantly in the last quarter as a result of the high basis of comparison in 2000 (the public works programme for the long-term unemployed began to be implemented in August 2000).

The situation on the labour market in 2001 was marked by a relatively high increase in the number

of people of working age, as a result of which the level of employment remained unchanged, though the number of vacancies increased in comparison with the previous year. This fact was confirmed by the persistent high number of registered unemployed, which exceeded 500 thousand in most of the months. In 2001, the average number of registered unemployed was 520.6 thousand and the average rate of unemployment based on the disposable number of unemployed stood at 18.25% (compared with 18.23% in the previous year).

At the end of December, the number of registered unemployed reached 533.7 thousand, i.e. 27.2 thousand more than in December 2000. The high increase in the number of unemployed was caused by the fact that the number of people employed on public works at the end of the year was 32.7 thousand less than in the same period a year earlier. This fact was also reflected in the rate of unemployment (based on the disposable number of unemployed), which rose by 0.7 of a percentage point, to 18.6% at the end of the year.

On the one hand, unemployment was increased by traditional seasonal factors, which caused the rate to increase at the beginning and end of the year, as well as in June and July, when school-leavers were registered as unemployed at labour offices. On the other hand, a positive effect was exerted by certain activities, e.g. pilot programmes offering university graduates a chance to gain professional experience and programmes providing employment to the young, which also contributed to the reduction in the number of school-leavers signing on at labour offices (by almost 9 thousand compared with 2000). Unemployment was reduced, though only in the short term, by the programme of public works for the long-term unemployed. Within this programme, more than 50 thousand jobs were created during the year, which contributed 0.85 of a percentage point to the reduction in the rate of unemployment (according to data from the National Labour Office).

Development of wages, labour productivity, and employment (index, the same period of the previous year = 100)

	2000	2001				
		Q1	Q2	Q3	Q4	Year
Nominal wage (Sk)	11,430	11,315	12,064	12,080	13,989	12,365
Nominal wage (index)	106.5	107.8	107.5	108.3	109.3	108.2
Real wage (index)	95.1	100.6	99.7	100.6	102.4	100.8
Labour productivity of GDP (index, current p.)	109.4	107.5	105.4	107.1	108.6	107.1
Labour productivity of GDP (index, const. p.)	102.8	100.7	100.3	102.3	103.8	101.8
Employment (index)	99.4	102.3	102.5	101.1	100.1	101.5
Consumer prices (average index)	112.0	107.2	107.8	107.7	106.7	107.3

The number of vacancies was on the increase, but the creation of new jobs failed to satisfy the needs of the labour market. While in 2000 there were 7,697 vacancies per month on average, the number increased to 9,763 in 2001. Thus, the average monthly number of unemployed per vacancy decreased, from 72 in 2000 to 55 in 2001.

A chronic problem was the structure of unemployment, with a dominant share of persons with elementary or lower education among the long-term unemployed. The regional differences in unemployment persisted. The difference between the districts with the highest and lowest unemployment rates reached 31.7 percentage points in December. The number of districts with unemployment above 20% increased, from 34 in December 2000 to 38 at the end of 2001.

Wages and Labour Productivity

In 2001, the average monthly nominal wage of an employee in the Slovak economy reached Sk 12,365, representing a year-on-year increase of 8.2%. The rate of growth was 1.7 percentage points faster than a year earlier. The development of nominal wages during the year was characterised by slower growth during the first six months and gradual acceleration over the second half, which picked up speed at the end of the year. This development was due to the negative effect of public works on wage levels and a slowdown in the rate of growth in employment. The growth in nominal wages and fall in inflation were reflected in the development of real wages,

which increased (after falling for two years) by 0.8% in 2001.

Nominal wages followed a different course of development in the individual sectors. The most significant wage increases were recorded in electricity, gas, and water supply (12.6%) and health and social care (11.4%) in connection with the wage increase in health care with effect from 1 July 2001. Higher than average wage increases were also recorded in real estate, renting, and business services; research and development; banking and insurance; manufacturing; transport and storage; postal and telecommunications services; and mining and quarrying. Wages continued to show low dynamics in construction and, after a temporary increase in 2000, in the educational system.

Wages continued to show marked differences in the individual sectors. The highest average monthly nominal wage, which was achieved in banking and insurance (Sk 24,409), was 2.8 times higher than the lowest wage, recorded in other community, social, and personal services (Sk 8,879), compared with 2.7 times a year earlier. Lower than average wages were recorded in seven sectors, of which three belonged to non-market services.

Labour productivity (GDP per employee in the Slovak economy) increased year-on-year by 1.8% at constant prices, representing an excess of 1 point over growth in real wages (0.8%). In 2000, the difference between growth in wages and labour productivity amounted to 7.7 percentage points (real labour productivity grew by 2.8%,

**Development of labour productivity and wages
in selected sectors in 2001**

(index, the same period of the previous year = 100)

	Nominal		Real	
	Labour productivity	Wages	Labour productivity	Wages
Economy of the SR in total	107.1	108.2	101.8	100.8
of which:				
Agriculture, hunting, fishing, and forestry	114.0	108.1	103.7	100.7
Industry	102.5	110.2	98.9	102.7
Mining and quarrying	111.7	108.3	102.4	100.9
Manufacturing	107.1	110.1	103.8	102.6
Electricity, gas and water supply	74.1	112.6	58.0	104.9
Construction	110.4	104.8	103.8	97.7
Trade, hotels, and restaurants	105.0	105.9	101.9	98.7
Transport, post and telecommunications	124.0	109.4	115.9	102.0

Source: Estimates of NBS based on data from the SO of the SR.

while real wages fell by 4.9%), which was affected significantly in that period by a fall in the real wage.

The relationship between labour productivity and the real wage followed a favourable course in transport, postal and telecommunications services, in which labour productivity exceeded the rate of wage increase by 13.9 percentage points. In construction, labour productivity exceeded wage dynamics by 6.1 percentage points, while both real wages and employment recorded a fall. Real labour productivity exceeded the growth in real wages to a relatively small extent in agriculture, trade, hotels and restaurants, mining and quarrying, and manufacturing.

A rather unfavourable relationship between real growth in labour productivity and wages was recorded in the production and supply of electricity, gas, and water. Despite a fall in labour productivity on a year-on-year basis (by almost 50%), this sector recorded the most dynamic growth in real wages of all sectors under review.

Financial Results of Enterprises

A positive aspect of economic development in 2001 was the continued growth in profits in the entrepreneurial sector. Profits in the non-financial

and financial sectors (before taxation) increased by a total of 55% in comparison with the previous year. Of the total volume of profits (Sk 134.8 billion), almost 91% was generated by non-financial organisations with a year-on-year growth of 56.0% in profits, while the profits of financial corporations increased by 46.1%.

In the non-financial sector, positive economic results were achieved in all sectors including agriculture, transport, postal and telecommunications services, which had recorded a loss in the past. The positive financial results of the sector were due mainly to an increase in profits in manufacturing (70.2%), trade (26.6%), and construction (45.8%).

The marked increase in profits in manufacturing took place mainly in the manufacture of basic metals and fabricated metal products, which has a significant share in the volume of production in the economy. A substantial contribution to the growth in profits was made by the manufacture of pulp, paper, and paper goods, printing and publishing; production of coke, refined petroleum products, and nuclear fuels; and chemicals, chemical products and man-made fibres. On the other hand, the manufacture of food products, beverages, and tobacco reached only 63% of the level of profits in 2000.

Of the total number of companies (6,242) in the non-financial sector (with 20 or more employees), 4,356 were profitable (71.5%) and 1,886 sustained a loss. During the year, the number of successful companies increased by 45, while that of loss-making firms fell by 813.

In a breakdown by size, most profits (48.2%) were generated at large companies, which also recorded the highest rate of year-on-year growth in earnings. Small-sized enterprises accounted for 38.2% of total profits and medium-sized 13.6%.

2. BALANCE OF PAYMENTS

After two years of stable development of the balance of payments in 2001, the Slovak economy again found itself in an environment marked by deepening external macro-economic imbalances. The prime impulse was growth in domestic demand stimulated by an imbalance in public finances. The fiscal deficit and growth in the indebtedness of the public sector had a negative effect on overall macro-economic development in the medium term. Despite the smooth financing of the current account deficit from a surplus in the capital and financial account (generated mostly by foreign direct investment – including privatisation), such development is unsustainable in the long term. A strategic solution lies in the use of supportive measures on the side of domestic supply and the continuation of structural reforms in the public and entrepreneurial sectors (at the small-business level).

2.1. Current Account

The year 2001 saw a change in development in the balance of payments on current account. In comparison with the period of stabilisation in the previous two years, the deficit in the current account increased in 2001, to Sk 84.9 billion. This represented a proportion of 8.8% of GDP (compared with 3.7% in 2000 and 5.0% in 1999).

Balance of payments on current account

	2001	2000
Balance of trade	-103.2	-41.7
Balance of services	23.2	20.2
Balance of income	-15.1	-16.3
Unilateral transfers	10.2	5.4
Current account in total	-84.9	-32.4

The current account deficit was caused mainly by the balance of trade, which resulted in a deficit of Sk 103.2 billion (representing 10.8% of GDP in comparison with 4.8% in 2000 and 5.5% in 1999).

According to preliminary data from the Statistical Office of the SR, goods were exported in 2001 in the amount of Sk 610.7 billion (63.3% of GDP), which was 11.3% more than in the same period a year earlier (6.4% in USD and 9.5% in EUR). In 2001, the volume of exports recorded a year-on-year increase of Sk 62.2 billion, or roughly half of the figure for 2000.

In export, one of the reasons behind the growth in the trade deficit was the slowdown in

Year-on-year change in Slovak exports

	Year-on-year change				Contribution to	
	in billions of Sk		in %		the growth in %	
	2000	2001	2000	2001	2000	2001
Chemical products	12.5	5.1	24.9	8.1	3.0	0.9
Intermediate goods	29.5	16.9	27.3	12.3	7.0	3.1
Finished industrial and agricultural products	12.1	16.7	19.6	22.7	2.9	3.0
Machines, equipment, and instruments	18.6	19.4	22.8	19.3	4.4	3.5
Transport equipment	33.7	1.4	37.2	1.1	8.0	0.3
Raw materials	18.5	2.6	59.7	5.3	4.4	0.5
Exports in total	124.9	62.2	29.5	11.3	29.5	11.3

Year-on-year change in Slovak imports

	Year-on-year change				Contribution to	
	Sk billions		in %		the growth in %	
	2000	2001	2000	2001	2000	2001
Raw materials	45.9	9.0	64.6	7.7	9.8	1.5
Intermediate products	32.6	36.7	22.6	21.5	7.0	6.2
Import for investment	29.2	43.9	19.7	24.8	6.2	7.4
of which: Transport equipment	14.8	9.4	36.0	16.8	3.2	1.6
Machinery and equipment	14.4	34.5	13.5	28.4	3.1	5.8
Import for consumption ^{1/}	13.6	34.0	13.3	27.4	2.9	5.8
of which: Import of machinery for final consumption	5.5	9.0	21.2	28.7	1.2	1.5
Car exports	0.8	8.5	5.2	52.8	0.2	1.4
Import of industrial and agricultural goods	7.3	15.6	23.3	20.6	1.6	2.6
Import in total	121.4	123.6	25.9	20.9	25.9	20.9

1/ Including passenger cars (adjusted for transport equipment) and consumer electronics and machine engineering products (adjusted for machinery and equipment).

economic development in the countries of our trading partners. The effect of this external factor was reflected mainly in the category 'intermediate goods' (iron and steel), where the rate of year-on-year growth slowed in comparison with 2000. The decline in the year-on-year dynamics of export in 2001 was also affected by a change in the manufacture of motor vehicles and the stable development of raw material prices, as a result of which the exports of chemicals and raw materials recorded a much lower year-on-year increase in 2001 than a year earlier.

The decline in export dynamics and the competitiveness of goods of raw material nature and semi-finished products, indicated that the utilisation of comparative advantages has its limits and showed that the export performance of the Slovak economy could be increased only through restructuring, modernisation, and specialisation in new and top-quality products.

Such goods could be the products of machine and electronic industries, which represent a stable component in Slovak exports with a share of roughly 20% of total exports. The need to increase the weight of products with a higher share of added value in Slovak exports is also indicated by the fact that exports in the categories 'finished goods' and 'machinery and equipment' achieved a higher year-on-year

increase than in 2000 and made, despite a slowdown in the rate of economic growth in the EU, a significant contribution to the development of Slovakia's export trade.

In 2001, goods were imported in the amount of Sk 713.9 billion (74.0% of GDP), equivalent to a year-on-year increase of 20.9% (15.6% in USD and 18.9% in EUR).

The reduction in the size of the trade deficit in 1999 and 2000 was affected by economic-policy measures, which were designed to restrict domestic demand and imports. The short-term effect of these measures, coupled with increased spending in public administration, led to growth in the imports of goods for investment purposes and goods for final consumption. Although the price of oil and gas had a favourable effect on raw material imports, the rate of growth in Slovak imports reached a high level.

The inflow of foreign capital into the SR in the form of direct investment in previous years, improvement in the budgetary performance of the corporate sector, fall in interest rates, improvement in the credit rating of Slovakia, and investments deferred for a few years, stimulated demand for investments in industrial companies and growth in exports of machinery and equipment.

In the structure of imported goods, imports in the category 'machines and components, electrical machines and instruments', which are in large part of investment nature, recorded a year-on-year increase of Sk 34.5 billion, representing 27.9% of the total growth in imports.

A more detailed view of the structure of this category reveals that only part of it may be regarded as technology import. According to the estimates of NBS, the imports of technological equipment for the individual sectors of the national economy with a possible impact on export, increased by Sk 17.6 billion and their share in the total growth of imports reached 14.2%.

The pro-growth effect of technology imports on the trade deficit is acceptable, as these imports are mainly financed by foreign direct investment and represent a potential for growth in the export performance of the SR.

Part of 'consumer goods' is the category 'consumer products of machine and electrical engineering'. The year-on-year growth in imports in this category included an increase in the imports of consumer electronics, mainly cameras, video recorders, TV sets, etc.

Apart from an increase in consumer machines and equipment, the year 2001 saw an increase in the imports of other consumer goods, particularly pharmaceuticals, clothing, books, footwear, etc. Car imports grew year-on-year by Sk 8.5 billion, representing the second highest increase since 1996, when measures were introduced to improve the vehicle situation. In analysing the revival of imports for final consumption, we should not overlook the connection with the relatively small volume of imports of these commodities in the previous two years and, in the case of passenger cars, the periodic renewal of the vehicle fleet as well.

In 2001, the balance of services generated a surplus of Sk 23.2 billion. Although the surplus was greater than in 2000, its positive effect on the current account balance was smaller. While the surplus in the balance of services in 2000 sufficed to cover almost a half of the trade deficit, the ratio of coverage fell to roughly 20% in 2001.

The balance of transport resulted in a surplus of Sk 24.3 billion (a year-on-year fall of Sk 1.5 billion). 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, totalling Sk 34.4 billion. The level of income, however, fell somewhat in comparison with 2000. A moderate year-on-year fall took place in the transit of gas used to drive compressor stations, which technically ensure the transport of gas through the territory of the SR.^{4/}

Of the other components of transport services, expenses increased on other services, mainly business expenses related to additional import services (storage, insurance, etc.).

The only item within the services balance, which recorded an improvement, was foreign tourism. The marked excess of the rate of growth in receipts over expenses led to a year-on-year increase of Sk 10.7 billion in net foreign exchange receipts from tourism, to Sk 17.0 billion.

Receipts from foreign tourism amounted to Sk 31.0 billion, representing a year-on-year increase of Sk 11.0 billion. The share of receipts from foreign tourism in GDP reached 3.2%. In 2001, however, receipts from foreign tourism included part of the increase in the amount of funds on the foreign currency accounts of natural persons (foreign exchange in the amount of circa 50% of the year-on-year increase in receipts, which could be obtained by citizens in previous years and which were deposited in

4/ The value of compressor gas, as well as the remainder of the unpaid transit, form part of receipts from transport on the one hand, and is included in gas imports on the other (in the same amount), so its effect on the current account is eventually offset.

currency accounts with commercial banks in connection with the conversion of the national currencies of EMU Member States into euro, mainly in the last few months). Thus, growth in receipts from foreign tourists does not necessarily mean the beginning of a trend of visible improvement in the contribution of tourism to the foreign exchange economy of the SR.

Unlike transport and tourism, which generated a surplus, the balance of 'other services in total' (telecommunications, construction, insurance, financial, leasing, computer engineering, advertising, business, and technical services, etc.) was deep in deficit throughout the year. The size of the deficit reached Sk 18.1 billion in 2001, i.e. a year-on-year increase of Sk 6.2 billion.

Of all services falling within the above category, the trend of development changed in 2001 only in computer engineering services, the negative balance of which reached a state of equilibrium. Thus, computer engineering services joined telecommunications services, which had maintained a positive balance for a longer period.

The rapid growth in the deficit in the category 'other services in total' was affected by developments in construction and business

services throughout the year. The increase in expenditure on the import of construction services was connected with the growth in investment in buildings and increased involvement of foreign firms in their realisation. The improvement in the financial situation of economic entities led to increased efforts to hire foreign firms for the provision of certain services, especially business services (expert opinions, organisation of trade fairs and exhibitions, etc.). As in previous years, a relatively high surplus of payments over receipts was recorded in services related to the utilisation of intangible assets and ownership rights (patents, trade marks, copyrights, etc.), agency services, and services of technical nature (site supervision, architectural and structural design, etc.). The above activities, together with other services which produced smaller deficits, belong to the category 'services in other activities' within the balance of services. (The growth in the deficit of 'other services in total' was probably also affected by the transfers of earnings to foreign investors.)

In 2001, the balance of income resulted in a deficit of Sk 15.1 billion, which was Sk 1.2 billion less than in the same period a year earlier. The increased receipts were concentrated in two categories within the structure of income. Interest on portfolio investments and deposits

Capital and financial account of the balance of payments

(Sk billions)

	2001	2000
Capital account	3.8	4.3
Direct investment	70.6	96.8
SR abroad	-0.7	-1.0
in the SR	71.3	97.8
of which: privatisation	33.9	42.1
Portfolio investment	-10.5	36.4
SR abroad	-24.4	-9.2
in the SR	13.9	45.6
Other long-term investment	-10.6	-23.5
Assets	-0.5	-3.7
Liabilities	-10.1	-19.8
Short-term investment	29.9	-46.1
Assets	1.5	-39.8
Liabilities	28.4	-6.3
Capital and financial account	83.2	67.8

	2000			2001		
	Sk billion	Share of FDI in %	Share of C/A in %	Sk billion	Share of FDI in %	Share of C/A in %
Foreign direct investment in SR	97.8		301.9	71.3		84.0
of which: Equity capital	93.4	95.5	288.3	57.0	79.9	67.1
- privatisation FDI	42.1	43.0	130.0	33.9	47.5	39.9
- other capital investment	51.3	52.5	158.3	23.1	32.4	27.2
Other capital	4.4		x	14.3		x

increased throughout the year. Both items were connected with the level and structure of the foreign exchange reserves of the NBS and commercial banks. Increased interest payments were recorded in direct investments, due to growth in property-related payments to direct investors and subsequent transfer to abroad. In yield payments, the year 2001 saw a change in structure, while the increase in interest paid on portfolio investments was offset by a fall in interest paid on loans. The shift was connected with a change in the source of acquisition of foreign funds, from traditional loans to the acquisition of funds on the capital market.

Another item that showed an improvement in comparison with the previous year was the balance of current transfers, which generated a surplus of Sk 10.2 billion in 2001 (Sk 4.8 billion more than in 2000). Receipts from unilateral transfers from abroad, which were accepted by citizens and firms in the SR and were of non-investment nature, increased throughout the year and took place in the form of transfers made by natural and legal entities (e.g. benefits, damages, insurance premiums, and lotteries) and non-investment subsidies (non-repayable subsidies granted to banks and firms exclusively for operational purposes).

2.2. Capital and Financial Account

The capital and financial account resulted in a surplus of Sk 83.2 billion, but failed to cover the current account deficit in full. In comparison with the same period a year earlier, the surplus was Sk 15.4 billion (i.e. almost 23%) higher in 2001.

The most suitable form of financing the deficit in the current account (C/A) is through non-debt capital, mainly foreign direct investment (FDI). The inflow of such capital in net terms (difference between FDI by foreign entities in Slovakia and FDI by Slovak entities abroad) reached Sk 70.6 billion (the gross inflow amounted to Sk 71.3 billion and outflow Sk 0.7 billion).

Foreign direct investment in Slovakia takes place in the form of equity capital and other capital investment. The volume of FDI destined for increases in equity capital, consists of inflow in connection with the privatisation activities of the Government and inflow of other investment. In 2001, the inflow of FDI from privatisation reached Sk 33.9 billion and was connected with the activities of the FNM (National Property Fund) and Slovenská konsolidačná, a.s. (Slovak Consolidated, plc.), and took place exclusively in the banking sector.

Foreign direct investment in the Slovak economy, in the form of increases in equity capital (not connected with privatisation), reached Sk 23.1 billion. Of this amount, 27% was employed in the individual sectors of industry, where the said amount was distributed over a large number of companies. Foreign investors continued to show interest in sectors characterised by a large proportion of simple, often less qualified labour. Trade, business services, transport, storage, and telecommunications accounted for 43% of the total increase in equity capital. Growing interest in trade is also connected with the relatively low cost of labour, the possibility to increase the sales of goods in the SR, and to expand the country's potentials that may be utilised by investors for export.

In 2001, foreign direct investment in the form of equity capital (excluding privatisation activities) sufficed to cover the current account deficit up to 27.2% (compared with 158.3% in 2000).

Portfolio investment in net terms recorded an outflow of capital in the amount of Sk 10.5 billion. On the assets side, domestic investors – commercial banks – showed increased interest in foreign securities issued in foreign currency or Sk. The outflow of capital, caused mainly by the purchase of debt securities (in the form of bonds and short-term money market instruments), reached Sk 24.4 billion (the purchase of foreign securities is connected with the investment of funds acquired by commercial banks and represents, like deposits at foreign banks, one of the forms of assets).

Portfolio investments, which include the issue of securities by domestic entities on the foreign markets and trading in domestic equity and debt securities, reached Sk 13.9 billion.

The increase in marketable stocks, which fall into the category 'non-debt capital', like direct investments, reached Sk 8.9 billion.

The inflow of portfolio investments in the form of debt securities amounted to Sk 5 billion. A significant role in their structure was played by government bonds. Their volatile course during the individual months (purchase on the part of non-residents in March, June and December, and their subsequent sale in April and July) indicates that these are only short-term investments, which have no substantial effect on the financing of the current account deficit and are probably connected with the utilisation of the reciprocal agreement on non-taxation of yield payments.

The outflow of long-term capital reached Sk 10.6 billion and was caused mainly by the excess of repayments over drawings on the side of liabilities (Sk 10.1 billion) in the banking and corporate sectors.

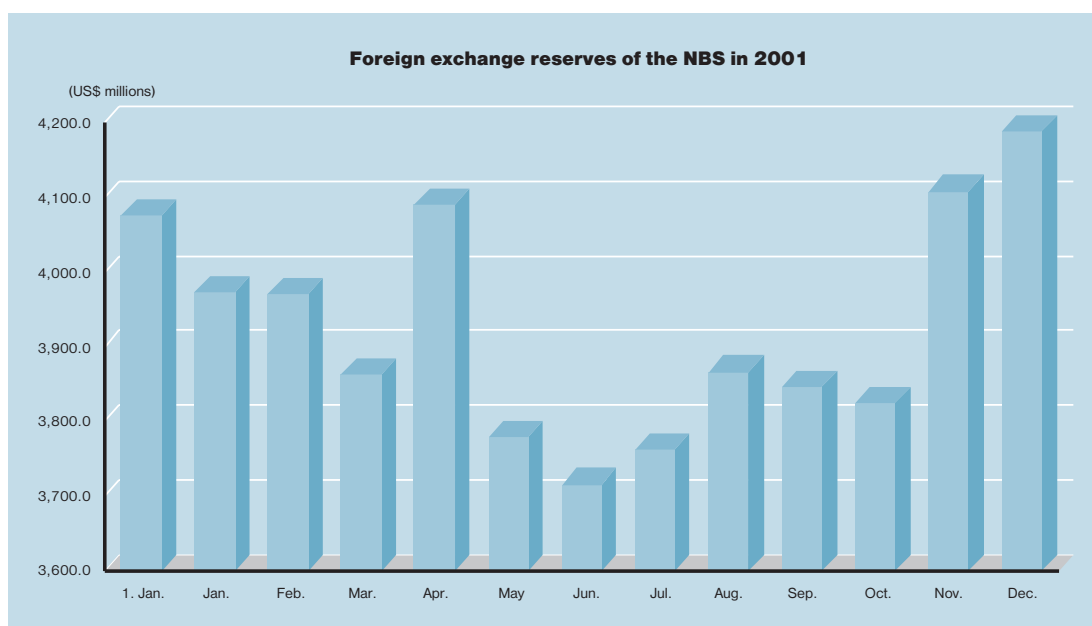
In the corporate sector, financial credits were drawn in the amount of Sk 36.0 billion and thus fell roughly to the level of 1998 and 1999 (after an increase in 2000). A difference in comparison with the past years was recorded in the structure of credits drawn. While loans in previous years were concentrated in the generation and distribution of electricity, gas and water supply, and transport, most loans in 2001 were provided to industry, trade, and business services.

In the corporate sector, financial loans were repaid in the amount of Sk 42.8 billion, mainly in 'electricity, gas, and water supply' and 'transport and communications', i.e. sectors that had received the largest volumes of foreign loans in the past (usually with government guarantees). As a result of discrepancy between the long average period of return on investment in these sectors and the maturity of these loans, coupled with the sector's inability to repay them, the loans were again repaid in 2001 by the Government and/or the FNM under guarantee (government guarantees were paid through the FNM in the amount of almost Sk 8 billion in 2001). The excess of repayment over drawing caused an outflow of funds in the amount of Sk 6.8 billion.

A distinct outflow of capital from the banking sector (Sk 9.9 billion) took place in the last quarter, when subordinated debt was repaid at two commercial banks.

The outflow of long-term funds from the corporate and banking sectors was partly offset by an inflow of capital into the government sector including the NBS and government agencies (Sk 8.4 billion).

The drawing of foreign loans took place mostly through government agencies (FNM and the State Road Fund). The first tranche of the loan from the World Bank was drawn at the end of the year. As for government loan repayment, the year saw the repayment of principal on a debt to the former GDR in addition to standard loan repayments (World Bank, G-24, EXIM).



In 2001, there was marked fluctuation in short-term capital, which recorded an inflow of Sk 29.9 billion in cumulative terms, from January to December. Short-term capital was made up of transactions on the side of short-term liabilities in particular, while their volume was affected substantially by the banking sector. The inflow of short-term capital into the banking sector was determined during the year by increases in the deposits of non-residents at commercial banks in the SR, which resulted from the deposit of foreign exchange at commercial banks in connection with the process of privatisation (foreign investors deposited part of the purchase price, the release of which was conditional on the results of audit). Drawing also exceeded repayment in short-term financial loans, in both the banking and corporate sectors.

2.3. Foreign Exchange Reserves

At the end of 2001, the foreign exchange reserves of the NBS reached US\$ 4,188.7 million, representing a year-on-year increase of US\$ 111.9 million. The level of reserves was affected by several factors during the year. The expenditure side was determined mostly by debt service payments effected on behalf of the Government. The surplus in the balance of

revenues and expenditures (US\$ 141.3 million) was partly offset by negative exchange rate differentials (US\$ -29.4 million), which resulted from the weakening of other fully convertible currencies (especially the euro) in relation to the US dollar on international financial markets.

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

- part of the proceeds from the privatisation of Slovenská sporiteľňa (SLSP) and Všeobecná úverová banka (VÚB) in the amount US\$ 502.6 million (58% of the total receipts);
- yields from deposits and securities held in the portfolio of the NBS in the amount of US\$ 133.1 million;
- the drawing of government loans from foreign financial institutions in the amount of US\$ 77.1 million, whereby the first tranche of an EFSAL loan from the World Bank accounted for US\$ 52.0 million;
- other revenues of the NBS in the amount of US\$ 153.9 million, of which receipts in the foreign currency accounts of NBS clients for PHARE projects accounted for US\$ 60.3 million.

The expenditure side of foreign exchange reserves was affected by:

- debt service payments by the Government in the amount of US\$ 389.8 million (54% of total

External Debt of the SR**(US\$ millions)**

	31.12.2000	31.12.2001
Total external debt of the SR	10,804.2	11,042.4
Total medium- and long-term foreign debt	8,389.2	7,969.4
of which: Official debt of the Government and NBS	2,916.5	2,780.5
Government agencies	371.9	574.1
Municipalities	95.6	96.9
Foreign debt in the commercial sector	5,005.2	4,517.8
- commercial banks	316.7	95.1
- entrepreneurial entities	4,688.5	4,422.7
Total short-term foreign debt	2,415.0	3,073.0
of which: Government and the NBS	0	4.1
Commercial banks	366.7	779.6
Non-bank entrepreneurial entities	2,048.3	2,289.3

expenditure), of which the payment of principal and interest on government eurobonds issued in previous years accounted for US\$ 259.2 million;

- debt service payments by the NBS in the amount of US\$ 37.4 million;
- other expenditures of the NBS in the amount of US\$ 256.6 million, incurred mostly in connection with the realisation of cross-border payments for NBS clients (US\$ 150.3 million);
- the sale of foreign exchange to commercial banks on the interbank foreign exchange market through direct transactions and central bank interventions during January, in the amount of US\$ 41.7 million.

At the end of 2001, the foreign exchange reserves of the NBS were 3.0 times greater than the volume of average monthly imports of goods and services to the Slovak Republic in 2001. Despite a moderate rise in the level of foreign exchange reserves, an increase in average monthly imports of goods and services (15% in US\$) caused the coverage of imports to decrease by 0.4 of a month in 2001, compared with the end of the past year.

The foreign exchange reserves of commercial banks reached US\$ 1,248.6 million at the end of 2001, representing a year-on-year fall of US\$ 255.5 million.

At the end of 2001, the volume of foreign exchange reserves in the banking sector including the NBS, stood at US\$ 5,437.3 million, representing a fall of US\$ 143.6 million compared with the beginning of the year.

2.4. External Debt of the SR

On 31 December 2001, the total gross external debt of the Slovak Republic amounted to US\$ 11.042 billion (according to preliminary data), representing a year-on-year increase of US\$ 238.2 million.

With regard to the structure of Slovakia's gross external debt, total gross medium- and long-term foreign liabilities accounted for US\$ 7.9 billion at the end of 2001. Short-term foreign debt totalled US\$ 3.1 billion, representing an increase of US\$ 658.0 million compared with the year 2000. Per-capita gross foreign debt had increased to US\$ 2,053 by the end of 2001 (from US\$ 2,021 at the end of 2000).

The share of total short-term debt in the total gross external debt of the SR reached 27.8% at the end of December 2001 (compared with 22.35% at the end of 2000). In 2001, short-term foreign debt amounted to US\$ 3.073 billion (an increase of US\$ 721 million).

Structure of investment by country

Country	Number of permits	Investments (in thousands of Sk)
Bosnia - Herzegovina	1	162,769.6
Georgia	1	16,880.6
Jordan	3	14,540.1
Rumania	6	6,824.3
Libya	1	4,846.7
Argentina	1	969.3
Ukraine	3	657.8
Byelorussia	1	487.1
Russia	4	487.1
Croatia	6	408.8
Algeria	1	324.9
Yugoslavia	1	240.5
Cyprus	1	75.2
Total	30	209,512.0

Note: Direct investment in OECD countries has been liberalised.

Net external debt – expressed as the difference between gross foreign debt, i.e. US\$ 11.0 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\$ 8.5 billion (foreign exchange reserves of the NBS, foreign assets of commercial banks and the corporate sector – except capital participation), reached US\$ 2.5 billion at the end of December, representing a year-on-year fall of US\$ 0.4 billion.

2.5. Licensing Activity of the NBS

In 2001, the licensing activity of the NBS was affected by the legislative adjustments made to the foreign exchange regime with effect from 1 January 2001, and comprised the following measures:

- liberalisation of the provision of financial credits;
- liberalisation of the acceptance of financial credits;
- liberalisation of the issue of guarantees for the liabilities of foreigners.

By 31 December 2001, foreign exchange permits and licences had been issued as follows:

- foreign exchange permits: 309 permits and 33 supplements;
- foreign exchange licences: 61 licences and 54 supplements.

Foreign Exchange Permits

Investment abroad

In 2001, the NBS issued 30 foreign exchange permits for direct investment in countries that are not members of the OECD, in the amount of Sk 209,512 thousand.

Trading in foreign securities

- 15 foreign exchange permits were issued in the total amount of Sk 896.4 thousand for the purchase of foreign securities;
- 2 foreign exchange permits in the total amount of Sk 2,005.5 thousand for the sale of foreign securities;
- 1 foreign exchange permits and 4 supplements for trading in foreign securities in Slovakia, in the amount of Sk 849.0 thousand.

Trading in financial derivatives

- 183 foreign exchange permits and 4 supplements were issued for the writing of option contracts for the purchase of employee shares or other preferential foreign securities.

Opening of foreign-currency accounts at foreign banks

- 56 foreign exchange permits and 21 supplements were issued for the opening of accounts at foreign banks, for the purpose of covering necessary expenses incurred in connection with construction, assembly, and repair work abroad, in a total amount of Sk 7,143,530.9 thousand (estimated in the contracts);

- 8 foreign exchange permits and 2 supplements for the opening of accounts at foreign banks in connection with the acceptance of financial credits from foreign residents in the amount of Sk 719,030.3 thousand, for payments for goods and services abroad or services related to the repayment of these credits from receipts abroad;
- 10 foreign exchange permits were issued in connection with the issue of bank guarantees in the amount of Sk 257,848.1 thousand;
- 1 foreign exchange permit for the payment of charges in connection with the settlement of claims abroad;
- 3 foreign exchange permits and 2 supplements exempting the holder from the transfer requirement in connection with the acceptance of loans, the coverage of hedging deals on commodity markets, and the issue of licences for trading in financial derivatives and foreign securities.

Foreign Exchange Licences

- 52 foreign exchange licences and 53 supplements were issued for trading in foreign currencies and traveller's cheques (non-bank exchange offices);
- 6 foreign exchange licences and 1 supplement for transactions in foreign securities (for dealers in securities);
- 1 foreign exchange licence for trading in financial derivatives; and
- 2 foreign exchange licences for the provision of financial services to and from abroad.

3. PUBLIC SECTOR

Budgetary Performance

Budgetary performance in 2001 was regulated by Act No. 472/2000 Z.z. on the State Budget, with revenue projected in the amount of Sk 180.6 billion and expenditure estimated at Sk 217.8 billion. The budget deficit was set at Sk 37.2 billion (Article 1), but Article 12 of the Act allowed the deficit to be increased by the amount

of government bonds issued for the financing of motorway construction (up to Sk 6.5 billion) and bank restructuring (up to Sk 9.8 billion).

At the end of 2001, the State Budget resulted in a total deficit Sk 44.4 billion. The deficit in current budgetary performance amounted to Sk 36.4 billion, i.e. the actual deficit accounted for roughly 97.8% of the budgeted figure. In accordance with Article 12, Sk 8.0 billion was used for bank restructuring, while the construction of motorways was financed from the current budget, primarily from the higher than projected budget revenue.

Total budget revenue reached Sk 205.3 billion, exceeding the budgeted figure by Sk 25 billion. This was due to grants and transfers, which are in fact unbudgeted revenues, as they only 'pass through' the budget, and must therefore be excluded from both revenues and expenditure. In 2001, net revenue reached Sk 191.6 billion (exceeding the budgeted figure by Sk 11.0 billion), which represented a budget fulfilment of 106.1%.

Non-tax revenues were affected significantly by the transfer of the profits of the NBS in the amount of Sk 5.3 billion, and a special transfer from the profits of Slovenský plynárenský priemysel, š. p. (Slovak Gas Industry, state comp.), in the amount of Sk 5.0 billion.

The most significant contribution to the growth in budget revenues was derived from value-added tax, which exceeded the budgeted figure by Sk 8.6 billion and thus fulfilled the budget to 113.2%. Revenue from value added-tax was roughly Sk 3 billion higher than in 2000. Revenue from excise duties remained Sk 0.3 billion below the budgeted level, representing a budget fulfilment of 98.8%. In 2001, revenue from excise duties was roughly at the level of the previous year. Despite a cut in the tax rate, revenue from corporate income tax exceeded the budgeted level by Sk 1.7 billion (i.e. the budget was fulfilled to 109.1%), but was Sk 4.8 billion lower than in 2000. De facto revenue from personal income

tax corresponded to the budgeted figure, and was Sk 2.4 billion higher than in 2000.

Budget expenditure reached Sk 249.7 billion, representing 114.7% of the budgeted level (ca. Sk 32 billion more). Excluding grants and transfers in the amount of Sk 13.7 billion, the expenditure amounted to Sk 236.0 billion, which represented 108.4% of the budgeted figure.

The deficit in the State Budget was kept at the budgeted level, but revenues above the planned level were used for an increase in expenditure rather than for a reduction in the budget deficit.

Government Guarantees

In 2001, the Government of the SR provided guarantees in the total amount of Sk 37.8 billion, mainly for Slovenské elektrárne, a.s. (Slovak Power Plants, plc.); Železnice SR, a.s. (Slovak Railways, plc.); and Metro Bratislava, a.s. The guarantee for Imuna, state comp., Šarišské Michalany was also paid from the State Budget, in the total amount of Sk 14.6 million.

Through FNM, the so-called memorandum item (receipts from privatisation), government guarantees were paid in 2001 in the amount of Sk 8 billion for Vodohospodárska výstavba, state comp., Bratislava; Solivary Prešov, a.s.; Calex Zlaté Moravce, a.s., and other companies.

Relationship Between the NBS and State Budget

The Bank Board of NBS decided that, with effect from 1 January 2001, interest on the balance of the summary account of the SR would be calculated at the overnight sterilisation rate of the NBS. At the same time as Act No. 149/2001 Z.z. (amending the National Bank of Slovakia Act) came into effect, an agreement was signed with the Ministry of Finance of the SR on the payment of interest on the credit

balance of the summary memorandum account of the Slovak Republic, with effect from 1 May 2001.

The possibility of having time deposits at a more advantageous rate of interest was not utilised by the MF SR in 2001. Interest paid on the balance of the summary memorandum account of the Slovak Republic held by the NBS, reached Sk 495.3 million during the year.

Apart from paying interest on the summary memorandum account to the State Budget, the National Bank of Slovakia transferred Sk 5.3 billion to the State Budget, i.e. Sk 3.3 billion for 2000 and Sk 2.0 billion for 2001. In total, the NBS contributed Sk 5.8 billion to the budget revenue in 2001.

State Financial Assets and Liabilities

State financial assets kept in the form of deposits with the NBS amounted to Sk 2.6 billion at the end of 2001, representing an increase of Sk 1.5 billion since the beginning of the year. A marked increase (Sk 2.6 billion) was caused by the depositing of the crown equivalent of an EFSAL loan from the World Bank, granted for the restructuring of the corporate and financial sectors. A fall in funds was recorded in the so-called deposit account (Sk 0.9 billion), due mainly to the payment of principal on SAL loans from JEXIM Bank and the World Bank, and the settlement of a commitment to Germany. Funds for the conversion of arms production fell by Sk 0.2 billion. State financial liabilities reached zero value at the end of 2001.

State Funds

At the end of the year, the position of State funds was that of a debtor, in the amount of Sk 27.7 billion. This position was in large measure due to domestic and foreign credit facilities, amounting to Sk 38.2 billion at the end of

December. A dominant part of these credits (Sk 35.4 billion) 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 which remained unused (Sk 2.1 billion), State funds had Sk 8.4 billion at their disposal. In comparison with the beginning of the year, the volume of credits increased by Sk 2 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.

National Property Fund (FNM)

The year 2001 saw the redemption of FNM bonds issued in 1995, which fell due on 31 December 2000. By 31 December 2001, a total of 1,905,342 bonds had been redeemed in the amount of Sk 26.5 billion. A total of 1,013,360 bonds were redeemed by natural persons (of which, 1,012,973 by residents and 387 by non-residents) in the amount of Sk 13.9 billion. By the end of the year, the National Property Fund (FNM) had redeemed 47,941 bonds for domestic legal entities in the amount of Sk 0.6 billion, and 483,740 bonds for foreign legal entities in the amount of almost Sk 7.0 billion. In addition, the FNM is to repay Sk 4.5 billion to domestic entities in 2002, in settlement of liabilities for 327,421 bonds (bonds replaced by loans). On 1 January 2002, there were 60,098 unredeemed bonds in the amount of Sk 0.8 billion, belonging to owners who had failed to notify the RMS with a request for bond redemption.

Budgetary Performance of Public Finances

For 2001, the deficit in the public budget was set at Sk 37.8 billion, i.e. 3.9% of GDP (in accordance with Article 1, paragraph 2, of the State Budget Act of 2001). According to data

from the Ministry of Finance of the SR, the fiscal deficit (excluding the costs of bank restructuring and guarantees) reached Sk 37.3 billion (3.9% of GDP) in 2001, i.e. within the budgetary limit for this area.

4. MONETARY POLICY AND MONETARY DEVELOPMENT

4.1. Monetary Development Assessment

In 2001, the National Bank of Slovakia implemented its monetary policy in the environment marked by the decreasing rate of inflation, persistent economic growth, and the change in trend of the balance of foreign trade. A factor stabilising the economic development throughout the year was the situation on the foreign exchange and money markets. The favourable development of inflation and the expectations of its further decrease in particular, were the main reasons behind the decision of the NBS to lower its key interest rates by 0.25 percentage points at the end of the first quarter of 2001. With regard to the deepening deficit of the public finance and the trade deficit, the NBS had not found it necessary to adjust its interest rate policy in respect of the favourable inflation development till the end of 2001. Monetary development in 2001 was also affected by the restructuring of selected banks, the redemption of FNM bonds to legal and natural persons, the cessation of operations of Devín banka, a.s. (Devín Bank, plc.), and by the continued privatisation of state property. The use of privatisation funds and the cut in the ratio of required reserves for the banking sector led to an increase in the NBS's sterilisation position.

The exchange rate of the Slovak koruna to the reference currency, the euro, remained relatively stable during the year, showing a moderate appreciation trend (by 2.8%). In reaction to the EUR/USD cross-currency rate, the Slovak koruna weakened against the US dollar, by

2.3%. The real effective exchange rate (REER), calculated on the basis of the producer price index (for the nine most important trading partners of Slovakia)^{5/}, depreciated in 2001 by 0.5 percentage points, indicating a favourable trend in the price-based competitiveness of domestic products in comparison with foreign goods.

The M2 rate of growth (at the fixed exchange rate 1993) slowed to 11.9% in 2001, from 14.2% in 2000. In contrast with 2000, the growth in M2 was created by net domestic assets, as net foreign assets had recorded a fall.

Net foreign assets (at the fixed exchange rate 1993) fell year-on-year by Sk 9.2 billion in absolute terms. The fall was influenced by the significant current account deficit of the balance of payments, coupled with an outflow of long-term capital from the corporate sector. These effects were, however, partly offset by an inflow of privatisation funds.

Net domestic assets increased year-on-year by Sk 78.3 billion. Within their structure, there were several non-standard and one-off operations during the year. In January and March the government issued the bonds for loan portfolio restructuring of selected commercial banks. The restructured loans in the portfolios of these banks were replaced with holdings of government securities. This operation led to a decrease of Sk 93.6 billion in the volume of loans to households and enterprises. Another non-standard factor, affecting the development of loans to households and enterprises, was the cessation of operations of Devin banka (a.s.) in October 2001. The cancellation of the bank's reporting obligation caused a one-off decrease in the total volume of loans, equivalent to the amount of loans provided by Devin banka.

Adjusted for the effect of restructuring bonds on lending activities, loans to households and enterprises grew by 5.4% in 2001, in comparison with 4.1% in 2000. Bank lending showed

only a slight increase in dynamics, representing no additional stimulus for growth of domestic demand and the current account deficit.

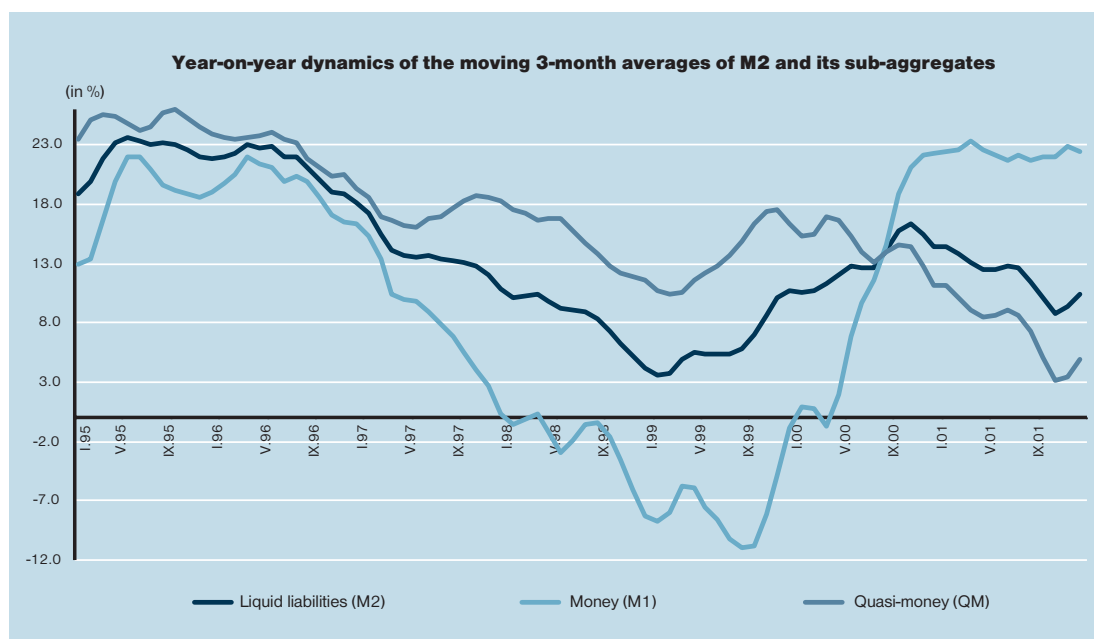
Apart from the decrease in the volume of loans, the loan portfolio restructuring and the issue of restructuring bonds led to growth in the volume of net credit to the Government (in the total amount of Sk 105 billion). Excluding the effect of these operations, the rate of growth in net credit to the Government and the FNM reached 33.4% (compared with 15.7% in 2000). The volume of net credit to the Government including the FNM (excluding the effect of the restructuring bonds issued) grew year-on-year by Sk 55.8 billion (compared with Sk 22.7 billion in 2000).

4.2. Structure of the Money Supply

In 2001, the M2 money supply (at the fixed exchange rate 1993) increased by Sk 69.1 billion, to Sk 649.2 billion at the end of the year. The increase took place mostly during the last quarter (Sk 37.6 billion), due to the seasonal crediting of interest to accounts at the end of the year and the redemption of FNM bonds. Despite the pro-growth effect of this operation, the rate of year-on-year growth in the money supply slowed by 2.3 percentage points in comparison with December 2000, to 11.9% in December 2001.

Factors that contributed to the relative volatility in the year-on-year dynamics of the money supply in the second half of the year, included developments at Devin banka. With the cessation of its operations, reporting also came to an end, so the volume of deposits fell by Sk 12.4 billion for accounts purposes. From November 5, however, protected deposits were repaid to customers by the Deposit Protection Fund and became part of the money supply again (by the end of the year, protected deposits had been refunded in the total amount of Sk 11.5 billion).

5/ The USA, Great Britain, Austria, France, Germany, Italy, the Netherlands, Switzerland, and the Czech Republic.



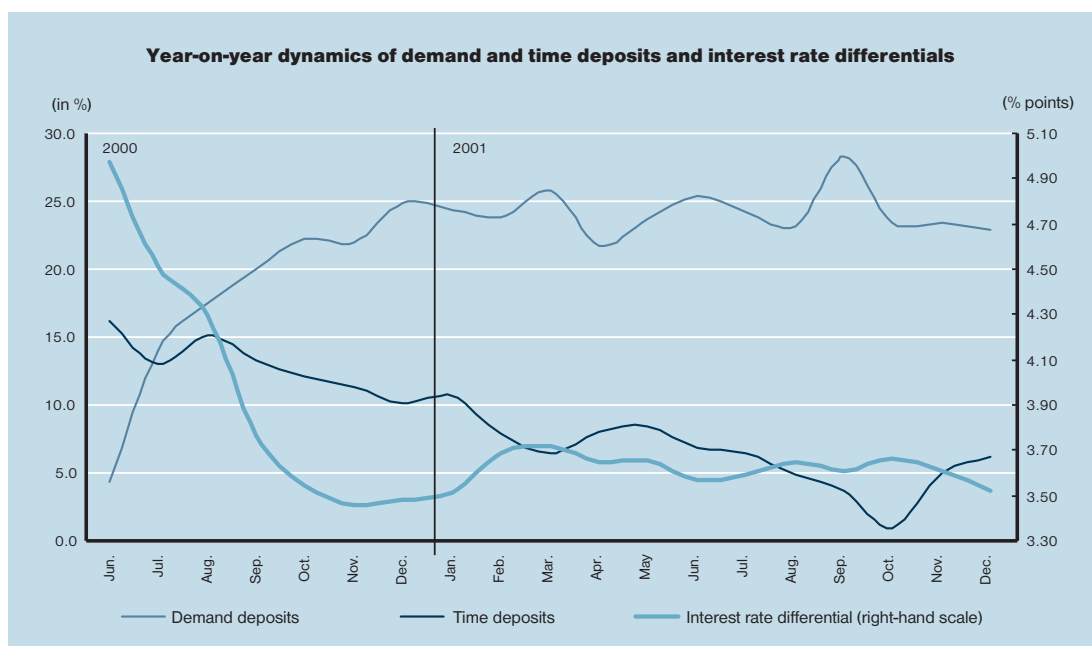
The M1 monetary aggregate increased year-on-year by Sk 41.3 billion, i.e. 22.1% (compared with 21.7% in 2000), and quasi-money by Sk 27.8 billion, i.e. 7.1% (compared with 10.9% in 2000). Within the structure of the money supply, the proportion of M1 gradually increased over the course of 2001 (from 32.3% to 35.2%).

The volume of currency outside banks recorded a year-on-year increase of Sk 14.0 billion, i.e. 20.9% (compared with 16.5% in December 2000). The rate of year-on-year growth showed a tendency to slow until August, then accelerated during the remaining months of the year (except December), due mainly to the repayment of protected deposits to the clients of Devin banka and the redemption of FNM bonds. This led to growth in the share of currency in the money

supply, a trend which started in the second quarter of 2000 (10.3% in March 2000; 11.5% in December 2000; and 12.5% in December 2001).

The growth in Slovak-crown deposits (demand and time deposits) reached Sk 47.2 billion, i.e. 10.6% (compared with Sk 53.5 billion in 2000, i.e. 13.6%). The contribution of crown deposits to the expansion of the money supply diminished in 2001. Of the year-on-year increase in M2, 68.3% was allocated in crown deposits, compared with 74.3% in 2000 and 77.6% in 1999. Demand deposits increased during the year by Sk 27.3 billion, and their year-on-year dynamics reached 22.7%. This increase took place in the deposits of enterprises and insurance companies, as well as household deposits in roughly the same

	Year-on-year change in %			Year-on-year change in Sk billions		
	1999	2000	2001	1999	2000	2001
Household deposits	8.8	8.3	7.8	25.7	26.4	26.7
- demand deposits	-2.7	33.4	24.3	-1.1	13.5	13.1
- time deposits	12.7	5.0	2.4	26.8	12.0	6.0
- in foreign currency	0.2	2.4	19.0	0.1	0.9	7.6
Corporate deposits	14.2	27.3	16.8	16.5	36.2	28.4
- demand deposits	0.1	18.6	21.5	0.1	10.4	14.2
- time deposits	28.7	30.4	18.3	13.0	17.7	13.9
of which: insurance cos.	25.0	23.1	9.1	3.4	3.9	1.9
- in foreign currency	22.9	43.8	1.1	3.5	8.1	0.3



proportion. The relatively high rate of growth in demand deposits was due mainly to the relatively low interest rate differential between time and demand deposits, which had been relatively stable since October 2000 (3.5 points in December 2001; 3.5 points in December 2000; 8.3 points in December 1999), and probably did not sufficiently motivate economic entities to open fixed-term deposit accounts. The growth in time deposits in 2001 (Sk 19.9 billion, i.e. 6.1%) slowed in comparison with the previous year (Sk 29.7 billion in 2000, i.e. 10.0%). Accelerated growth was recorded in corporate deposits, but their year-on-year dynamics diminished significantly in comparison with 2000. The rate of growth in the time deposits of private individuals also slowed during the year.

In the development of crown deposits, the trend of preference for highly liquid deposits continued in the individual sectors of the economy. This trend was apparent mainly in the deposits of corporate entities, of which demand and short-term deposits accounted for more than 90%. Their share was relatively stable and increased very slowly (by 1.8 percentage points from January 1999, to 96.4% in December 2001). The dominant part of the increase in corporate time deposits was concentrated in 1-month

deposits (a year-on-year increase of Sk 15.6 billion) and 6-month deposits (an increase of Sk 4.0 billion), while 3-month and 12-month deposits fell on a year-on-year basis (by Sk 3.6 billion and Sk 2.6 billion respectively).

Short-term deposits and deposits redeemable on demand are also preferred by households. The increase in their proportion (of 7.8 percentage points from January 1999, to 76.8% in December 2001) was due mainly to dynamic growth in demand deposits, which started to be preferred by households as a result of a reduction in the interest rate differential between rates for time and demand deposits. The fall in interest yields on time deposits in comparison with demand deposits, was reflected in the small increases in the time deposits of households and their growing tendency to consume. At the same time, part of household savings could be used in other forms of investment. The dominant part of the increase in time deposits was concentrated in 6-month deposits (a year-on-year increase of Sk 3.4 billion), 1-month deposits (Sk 2.9 billion), and other short-term savings deposits (Sk 2.2 billion), while the greatest fall was recorded in medium-term savings deposits (Sk 2.5 billion) and 2-year deposits (Sk 1.6 billion).

Deposits in foreign currency increased in 2001 by Sk 7.9 billion (11.9%), representing a slowdown in year-on-year dynamics in comparison with 2000 (Sk 9.0 billion, i.e. 15.6%). The increase took place mostly in household deposits, while corporate deposits recorded only a moderate increase. The rate of year-on-year growth in household deposits accelerated to 19.0% in December 2001, from 2.4% in December 2000. The dominant part of this growth took place in the last month of the year, which was connected with the placement of foreign currencies on currency accounts for the purpose of conversion into euro. Despite an increase in dynamics, the foreign-currency deposits of households maintained a relatively stable share in total household deposits (12.5% in December 1999; 11.7% in December 2000; and 12.9% in December 2001). The rate of year-on-year growth in corporate deposits in foreign currency fell, from 43.8% in December 2000, to 1.1% in December 2001 (the marked fall in dynamics was due to their high level caused by an inflow of foreign funds in connection with the privatisation of strategic companies in 2000, which were deposited in accounts at commercial banks). The share of corporate foreign-currency deposits in the total volume of corporate deposits fluctuated somewhat in the course of 2001 and decreased on a year-on-year basis, from 15.7% to 13.5%.

4.3. Lending Activities

Loans in Sk and foreign currency provided to the entrepreneurial sector, households, central and local authorities for budgetary purposes, are loans reported by the banking sector according to the rules for statistical reporting (i.e. they are not adjusted for data on banks which have been closed, accounting transfers connected with restructuring, etc.); from a procedural point of view, they are not to be confused with loans to

households and enterprises (according to the methodology of the monetary survey), which do not include the government sector.

The statistically recorded volume of loans in Sk and foreign currency to the entrepreneurial sector, households, central and local authorities for extra-budgetary purposes, non-resident commercial banks and the NBS, fell year-on-year by Sk 69.3 billion. Slovak-crown loans fell in volume by Sk 71.8 billion, while foreign-currency loans grew by Sk 2.5 billion. At the end of the year, the total volume of loans reached Sk 338.3 billion, of which crown loans accounted for Sk 280.0 billion and loans in foreign currency Sk 58.2 billion.

During the first half of 2001, the development of crown loans was affected by issues of government bonds (in January and March), which were used to replace restructured loans in the portfolios of selected banks, in the amount of Sk 93.6 billion. The continued restructuring of commercial banks again affected the statistically recorded volume of loans in 2001. Leaving the issue of restructuring bonds out of account, crown loans increased by Sk 21.8 billion and loans in total by Sk 24.0 billion.^{6/ 7/}

In the structure of loans by sector, the most significant increase took place in the share of state administration and private individuals, while that of the entrepreneurial sector (mainly the private sector including co-operatives and households) decreased.

Within the structure of crown loans, year-on-year increases were recorded in loans in the following sectors: transport, storage, postal and telecommunications services (Sk 8.5 billion); electricity, gas, and water supply (Sk 4.6 billion); and other sectors (Sk 14.3 billion). In agriculture, hunting, and fishing, loans recorded a year-on-year fall of Sk 0.4 billion.

6/ In the text below, the volume of loans under analysis is adjusted for (increased by) the issue of government bonds.

7/ In October, reporting was ended at Devín banka, so the volume of loans statistically recorded as at 31 December 2001 does not include the loans of Devín banka, but these loans were included in the total volume of loans at the end of 2000. If these loans are included in the reported volume of loans, the year-on-year growth in crown loans reaches Sk 25.4 billion and in total loans Sk 27.9 billion.

In the structure of crown loans by term, the proportion of short-term loans decreased by 5.9 points (to 29.5%), while the share of medium-term loans increased by 4.0 percentage points (to 41.5%) and that of long-term loans by 1.9 percentage points (to 29.0%).

Of the total volume of bank new loans (Sk 636.4 billion), loans to the entrepreneurial sector accounted for 95.3% and were predominantly short-term loans (89%). Private individuals received 3.0% of the total volume of new loans.

With regard to the structure of new loans by purpose, operating loans accounted for 77.0% and overdraft facilities 10.9%.

4.4. Interest Rate Developments

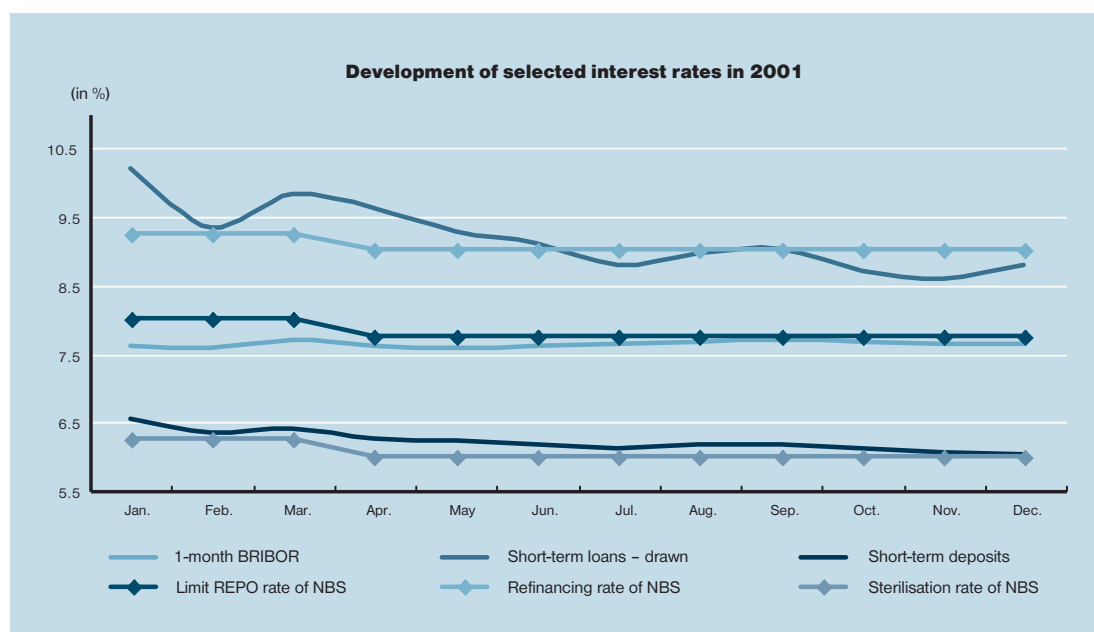
The qualitative control of monetary policy through the key interest rates of the NBS determined the course of customer interest rates, which copied the central bank's key interest rate adjustments. Thus, customer interest rates on loans and deposits followed a trend of moderate fall.

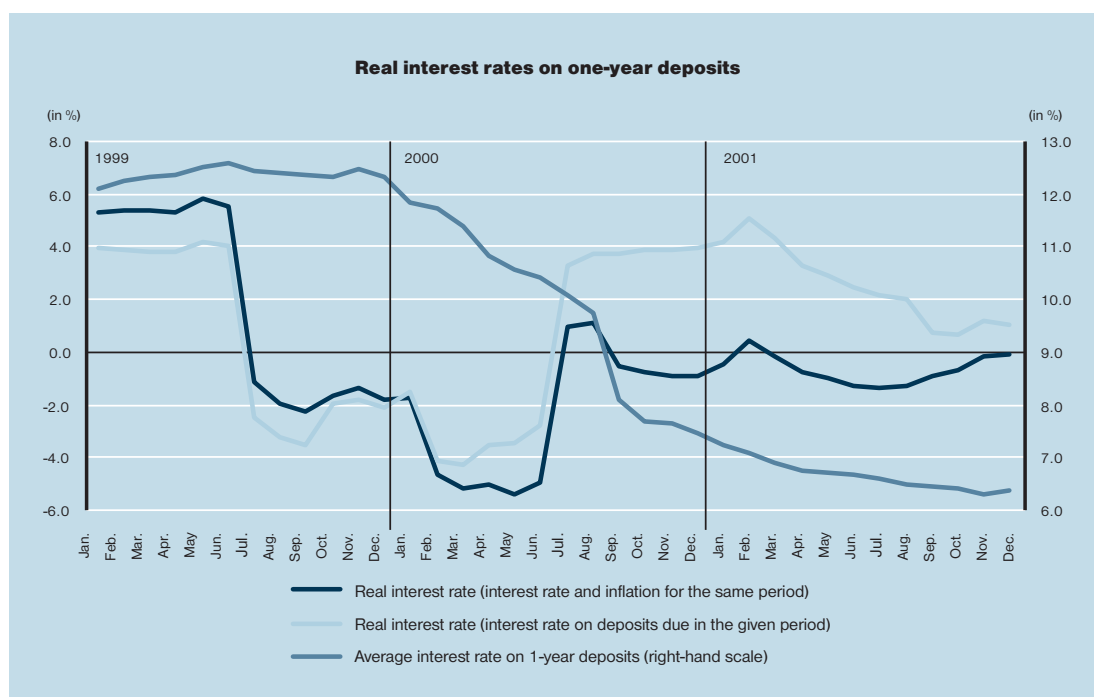
The price of new loans fell year-on-year by 1.82 points in 2001, to 8.96%. With regard to

the large share of short-term loans (89.0%), short-term rates had a substantial influence on the average rate of interest on new loans. The average interest rate on short-term loans fell by 1.93 percentage points, to 8.81%. The average rate for medium-term loans fell by 1.71 percentage points, to 9.93%. At the same time, interest rates on long-term loans rose slightly, by 0.54 of a percentage point, to 10.10%.

Within the structure of new loans by purpose, average interest rates fell year-on-year on all types of loans with the exception of consumer loans for private individuals. The average rate for overdraft facilities fell by 2.60 percentage points, to 11.16%. The price of operating loans also fell, by 1.47 percentage points, to 8.44%. A marked fall was recorded in the category 'other loans' (2.15 percentage points, to 8.98%). The average interest rate on consumer loans to private individuals increased year-on-year by 1.10 percentage points, to 11.50%.

The average interest rate on the total volume of loans fell by 0.27 percentage points over the course of 2001, to 9.78%. The average rate for short-term loans fell by 0.76 percentage points (to 10.34%), that for medium-term loans rose by 0.67 percentage points (to 10.21%), and the rate for long-term loans fell by 0.46 percentage





points (to 8.90%). The level of interest rates on short and medium-term loans was affected by the conversion of restructured loans into holdings of government bonds. Loans with a rate of 10.30% (and/or 8.80%) were removed from the portfolios of banks, which led to a rise in interest levels (interest rates on restructured loans were lower than the average rate for other loans).

The development of interest rates on crown deposits during 2001 was characterised by stagnation or a trend of moderate fall, which was determined by the key interest rates of the NBS, while their level copied the overnight sterilisation rate. The average interest rate on total crown deposits fell year-on-year by 0.7 percentage points, to 4.78%. The average rate for time deposits fell by 0.58 percentage points (to 5.98%) and that for demand deposits by 0.61 percentage points (to 2.47%).

The fall in average interest rates on time deposits was due mainly to a change in the average rate for short-term deposits, which fell by 0.56 percentage points, to 6.14%. The average interest rate for medium-term deposits fell by 0.50 percentage points (to 7.31%) and

that for long-term deposits by 0.69 percentage points (to 3.76%).

The real interest rate (when the average rates of interest and year-on-year inflation are compared in the same period, e.g. the interest rate in December 2001 and inflation in December 2001) on one-year deposits increased over the course of 2001 by 0.80 percentage points and reached a negative value (0.16%). This was due to a fall in both the 12-month rate of inflation (from 8.4 to 6.5%) and the average rate of interest on one-year deposits (from 7.44 to 6.34%).

If, however, the average rate of interest on one-year deposits in a period when they were kept at a commercial bank is compared with the 12-month rate of inflation at the time when the deposits fell due (e.g. interest rate in December 2000 and inflation in December 2001), the real interest rate reaches a positive value (0.94%). In comparison with the same period a year earlier, the real interest rate fell by 2.97 percentage points. This was due to a greater fall in the average rate for one-year deposits in 2000 compared with 1999 (4.87 percentage points) than in inflation in 2001.

4.5. Implementation of Monetary Policy

In 2001, the NBS implemented its monetary policy with respect to the overall macro-economic development, which was marked by a decrease in inflation and a revival in economic growth, and a deterioration in the macro-economic imbalance in the form of an increase in the trade balance deficit. The exchange rate showed low volatility in 2001, with a tendency of moderate appreciation. The implementation of monetary policy was also affected by the sale of state property.

In 2001, the NBS continued to apply a qualitative method of monetary control through setting up its key interest rates, and also in convergence process of the NBS monetary-policy instruments with those of the ECB. This included another cut in the ratio of required reserves, from 6.5 to 5.0% with effect from 1 January 2001, and the extension of the period of reserve-requirement fulfilment for commercial banks, from 14 days to one month.

On 1 January 2001, the two-week limit rate for the standard REPO tender was set at 8.00%, the overnight refinancing rate at 9.25% and the sterilisation rate at 6.25%.

Interest rate development on the interbank deposit market was, apart from an apparent correlation with the sterilisation position, affected mainly by the level of central bank key rates, especially the limit rate for the two-week REPO tender. Changes in its current level, and expectations connected with its change, became the main factors determining the level of long-term interest rates in 2001. In reaction to information on key macro-economic indicators, the banking sector revealed its expectations about the further development of NBS key rates and interest rates in general through the shape of the yield curve on the interbank market. Over the course of the year, the shape of the yield curve changed several times.

In deciding on the orientation of monetary policy, i.e. setting the level of interest rates for two-week REPO tenders and overnight sterilisation/refinancing open market operations, the National Bank of Slovakia took both the actual course of macro-economic development and its expectations for the coming period into account.

The favourable course of inflation and other variables, coupled with favourable expectations of the macro-economic indicators in the second half of the year, led to a decrease in the interest rates of the NBS announced for the first quarter of 2001. With effect from March 26, the Bank Board of NBS lowered its key interest rates by 0.25 percentage points (the two-week limit rate for standard REPO tenders to 7.75%, the overnight refinancing rate to 9.00%, and the sterilisation rate to 6.00%).

The reduction in key interest rates also affected the level of interest rates on the interbank market – interest rates on loans fell together with the level of yields on government securities. In this connection, the Ministry of Finance obtained resources for the national debt servicing on the domestic market at slightly more favourable interest rates than in 2000. The most significant fall was recorded in interest rates on one-year government bonds (3.3 percentage points on average), three-year bonds (2.3 percentage points), and two-year bonds (1.2 percentage points).

In the following months, foreign trade gradually deteriorated, the deficit in the balance of payments current account increased, therefore the NBS did not lower its interest rates in response to the inflation decrease. In this way, the central bank signalled that the macro-economic imbalance was deepening. Nominal interest rates remained unchanged until the end of 2001, but in real terms they increased, which was connected with the slowdown in inflation. Thus, the real interest rate reached, after a long period, a positive value, i.e. it rose to 0.94%, from -2.03% at the beginning of the year. This indicates that the NBS monetary policy gradually began to have a restrictive character.

In 2001, the conduct of monetary policy was also affected by the privatisation activities of the Slovak Government, which led to an increase in the NBS sterilisation position within the scope of open market operations vis-à-vis commercial banks. The growth in the volume of sterilisation was also supported by the January reduction in required reserves, as a result of which excess liquidity had to be absorbed in the amount of Sk 8.5 billion. In November and December, the level of liquidity in the banking sector was affected by the payments of compensation for inaccessible deposits to the clients of Devín banka from the Deposit Protection Fund (Sk 11.5 billion).

Foreign exchange resources from the sale of the State property holdings were converted by the NBS into korunas and deposited in National Property Fund accounts. In this way, the NBS indirectly intervened to the exchange rate of the koruna, i.e. eliminated the effect of privatisation proceeds on its appreciation. The use of privatisation funds led to an inflow of free liquidity into the banking sector during the year, which had to be sterilised.

As a result of these effects, the average daily involvement of the NBS in the banking sector (excluding transactions in agricultural bills) reached Sk 55.9 billion, which represented an increase of Sk 16.6 billion compared with 2000. By absorbing the free resources of commercial banks, the NBS indirectly intervened against the unfavourable development of monetary aggregates, which could potentially affect the development of inflation and create further pressures on the current account of the balance of payments.

4.6. Monetary Policy Instruments

Interest rate policy

- a) *Limit rate for the standard two-week REPO tender conducted by the NBS:*
- | | |
|------------------------|-------|
| from 27 December 2000: | 8.00% |
| from 26 March 2001: | 7.75% |

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

from 27 December 2000:	9.25%
from 26 March 2001:	9.00%

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

from 27 December 2000:	6.25%
from 26 March 2001:	6.00%

- d) *Discount rate:*

from 13 January 1996:	8.80%
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- e) *Lombard rate:*

from 1 January 1999:	BRIBOR + 5.00%
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System of banking operations

- a) *Open market operations:*

- The NBS conducted standard two-week REPO tenders with commercial banks, at regular weekly intervals throughout the year. The NBS set a limit rate for such operations.
- The NBS enabled commercial banks to have automatic access to overnight refinancing resources and to non-collateralised deposits at the announced rates of interest.

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

- c) *Bills-of-exchange operations*

- bills of exchange were rediscounted at the discount rate. Bills-of-exchange operations ceased on 30 September 2001.

- d) *Lombard loans – loans backed by the pledge of securities granted at Lombard rate. The NBS grants Lombard loans for a period of 7 calendar days, 14 calendar days, and for one month.*

- e) *Redistribution loans:*

- Traditional: interest rate = rate for two-week REPO tender + 0.5%;
- Soft loans: interest rate = rate for two-week REPO tender – 2% + 0.5%.

Reserve requirements

With effect from 1 January 2001, commercial banks were required to maintain minimum reserves in the amount of 5% of primary deposits (including foreign exchange and crown liabilities vis-à-vis non-residents); of the crown and foreign-currency deposits of foreign banks; of bills of exchange issued, bonds, and other liabilities to non-bank customers. The ratio of required reserves for home savings banks remained unchanged (3%). Required reserves attracted an interest rate of 1.5%. Maintained reserves were evaluated on a monthly basis.

Exchange-rate and foreign-exchange policy

a) Floating exchange rate system:

With effect from 1 October 1998, the National Bank of Slovakia ceased to guarantee a fixed nominal exchange rate for the Slovak koruna against a currency basket within a fluctuation band. The value of the Slovak koruna is pegged 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 level of supply and demand for the Slovak koruna on the foreign exchange market, and the central bank policy and goals. The National Bank of Slovakia may intervene in the interbank foreign exchange market in the event of excessive volatility in the exchange rate of the Slovak koruna.

b) Nominal exchange rate of the SKK:

In relation to EUR, the nominal exchange rate of the Slovak koruna (SKK) appreciated by 2.8% during 2001, to SKK/EUR 42.760 on 31 December 2001. During the period under review, the exchange rate of the koruna weakened in relation to the US dollar by 2.3%, to SKK/USD 48.467.

c) Real effective exchange rate of the SKK:

The real effective exchange rate of the Slovak koruna (REER), calculated on the basis of the

producer price index, is an indicator of change in the price-based competitiveness of domestic production vis-à-vis abroad. The REER index of the Slovak koruna (including the country's nine most important trading partners: the USA, Great Britain, Austria, France, Germany, Italy, the Netherlands, Switzerland, and the Czech Republic), depreciated by 0.5 percentage points over the course of 2001. The value of REER, based on the consumer price index, appreciated by 0.4 percentage points.

4.7. Monetary Calendar

February

- Regulated prices were increased in the following categories: rents in municipal flats (by 45%); water supply and sewage disposal (by 20.3%); natural gas (by 20%); heating (by 20%); bus transport (by 20%); electricity (by 15%); railway transport (by 15%); and postal services (by 9.9%).
- Fitch, the international rating agency, improved the Slovak Republic's rating for long-term foreign exchange and crown liabilities to 'positive'. The rating for foreign exchange liabilities remained at the level of BB+ and that for crown liabilities at BBB+.
- The National Council of the SR approved an amendment to the Constitution of the SR, which increases the central bank's independence and enables the bank to issue generally binding legal regulations within its permit. This amendment brought the position of the NBS into line with the legal status of the European Central Bank.

March

- The Bank Board of the NBS decided, on March 26, to lower the level of key interest rates by 0.25 percentage points for overnight transactions, i.e. to 6.00% for sterilisation and 9.00% for refinancing purposes. The limit rate for two-week REPO tenders was reduced to 7.75%.

- The Government of the SR approved an amendment to the Banking Act: in accordance with directives of the EU and international financial institutions, the Act governs the rules and authority of banking supervision.
- The Japanese Rating Agency 'Rating Invest Information, Inc.' increased the rating for the Slovak Republic, from BB+ to BBB-.

April

- The National Council of the SR passed an amendment to the National Bank of Slovakia Act, with effect from 1 May 2001. The main aim of the amendment was to bring Slovak legislation into harmony with the law of the European Union.
- The Government of the SR approved acceptance of the Fourth Amendment to the IMF Agreement, which is connected with a special one-off allocation of SDRs to the Slovak Republic, in the amount of SDR 75.47 million (in the equivalent of US\$ 97 million).

June

- The IMF announced that talks with Slovakia about the Staff Monitored Programme had come to an end. Valid until March 2002, the Programme was a prerequisite for the receipt of an EFSAL loan from the World Bank for the coverage of part of the costs of restructuring in the financial sector of the Slovak Republic.

August

- The Executive Board of the World Bank approved an EFSAL loan for Slovakia in the amount of US\$ 177.3 million. The loan was granted with a maturity of 14 years and repayment deferred by 5 years, for the reform of the banking and corporate sectors, especially for financing the restructuring of selected banks and the solution of problems at medium-sized banks. The loan will also be used for improvement in the

legal framework of bankruptcy proceedings and business management.

- The Banking Supervision Division of the NBS placed Devin banka (a.s.) under receivership (forced administration). This decision was necessitated by chronic deficiencies in the bank's financial performance and the inadequate coverage of risks arising from classified assets.

September

- The NBS declared Devin banka unable to refund deposits. In accordance with the Deposit Protection Act, the bank's customers received compensation for their inaccessible deposits from the Deposit Protection Fund.

October

- The National Council of the SR passed an amendment to the Banking Act, the purpose of which is to bring the Act into harmony with the relevant EU directives.
- Standard & Poor's, the rating agency, increased the rating for the country's long-term liabilities denominated in domestic currency, from BBB+ to A- with a stable outlook. The rating for long-term liabilities denominated in foreign currency was raised from BB+ to BBB- with a positive outlook. At the same time, Standard & Poor's increased the rating for short-term foreign-currency liabilities, from B to A-3, and confirmed the rating for short-term liabilities in domestic currency, at A-2. This rating moved Slovakia from the speculative zone to the investment zone.

November

- Moody's Investors Service, the international rating agency, increased the rating for Slovakia's long-term liabilities denominated in foreign currency, from Ba1 to Baa3, and the rating for long-term bank deposits, from Ba2 to Ba1. As a result, the Slovak Republic moved

from the speculative zone to the investment zone. Other debts in foreign currency also received a rating of Baa3. The rating for government debts in domestic currency was changed to A3, from Baa2. All ratings were assigned with a stable outlook.

- The Regular Report from the European Commission on Slovakia's Progress Towards Accession confirmed that the Slovak Republic had become a functioning market economy, which should be able to cope with competition on the single market of the European Union in the near future, provided that the structural reform and macro-economic stabilisation continue.

total sales volume of Treasury Bills in 2001 was Sk 39.4 billion (demand for Treasury Bills was Sk 82.4 billion) at an average yield of 7.729%.

During the year, the state borrowed at an average rate of 11 base points below the quoted 9-month interbank rates via Treasury Bill issues. 95% of Treasury Bills sold by primary purchase at auctions were bought by foreign investors, i.e. an increase of 4.4% compared to 2000. The high share of non-residents in the primary purchase of Treasury Bills was caused by the system of taxation for Treasury Bills. Treasury Bills purchased in this fashion are usually subsequently resold to domestic entities.

5. FINANCIAL MARKETS

5.1. Money Market

Primary Market for Treasury Bills

In 2001, the MF SR did not begin to issue Treasury Bills until May. Treasury Bills were sold predominantly with a fixed issue amount. All issues had a fixed maturity period (273 days). The

Secondary Market

In 2001, the National Bank of Slovakia continued to conduct its monetary policy by means of interest rates. The focus of open market trading continued to be on regular two-week tenders held weekly. The stability of money market rates within a specific band was secured by margin rates for NBS overnight refinancing and sterilisation operations. The central bank continued to issue its own Treasury Bills on a regular monthly



Required reserves of banks in 2001

(Sk billions, %)

	Set RR	Actual performance of RR		Excess reserves		
		average	% performance	average	max	min
January	29.17	29.18	100.05	0.01	8.20	-5.13
February	29.50	29.53	100.13	0.04	4.29	-5.98
March	29.59	29.64	100.18	0.05	5.29	-6.17
April	29.94	30.22	100.93	0.28	3.70	-6.94
May	31.06	31.10	100.14	0.04	3.90	-4.05
June	31.66	31.73	100.23	0.07	4.50	-4.30
July	31.51	31.53	100.05	0.02	2.35	-4.98
August	31.02	31.19	100.56	0.17	4.77	-4.78
September	31.51	31.60	100.28	0.09	2.51	-2.39
October	31.33	31.38	100.15	0.05	3.69	-7.51
November	31.25	31.32	100.24	0.07	4.60	-7.43
December	32.28	32.32	100.13	0.04	6.86	-10.08

basis. This is one of the methods of reducing the liquidity surplus in the banking sector. Available instruments also include so-called „quick” tenders, with the aim of balancing short-term liquidity imbalances during the period between two standard tenders, with the option of carrying out direct sales with individual banks. During 2001, such instruments remained unused.

In 2001, money market development was characterised by a continuing liquidity surplus and the continuing sterilisation nature of monetary operations, implemented by means of individual forms of open market trading. From the beginning of the year to the end of April, the growing liquidity trend in the banking sector persisted and was accompanied by an increasing volume of NBS sterilisation activity. The marked increase in the sterilisation position in January to Sk 63.8 billion was mainly caused by a reduction of the percentage set for required reserves of banks (RR). From May, the average monthly NBS sterilisation position gradually fell to the lowest level for the year of Sk 42.3 billion (in October). In November and December, the sterilisation activity of NBS gradually increased again. The December level of the sterilisation position of Sk 50.5 billion was well below the starting level for 2001, despite the growth compared to the previous period.

The set volume of RR was complied with during every month and there were no major

violations. The volume of set reserves also gradually increased (as a consequence of an increase in deposits). Over the year as a whole they increased by Sk 3.1 billion (10.7%).

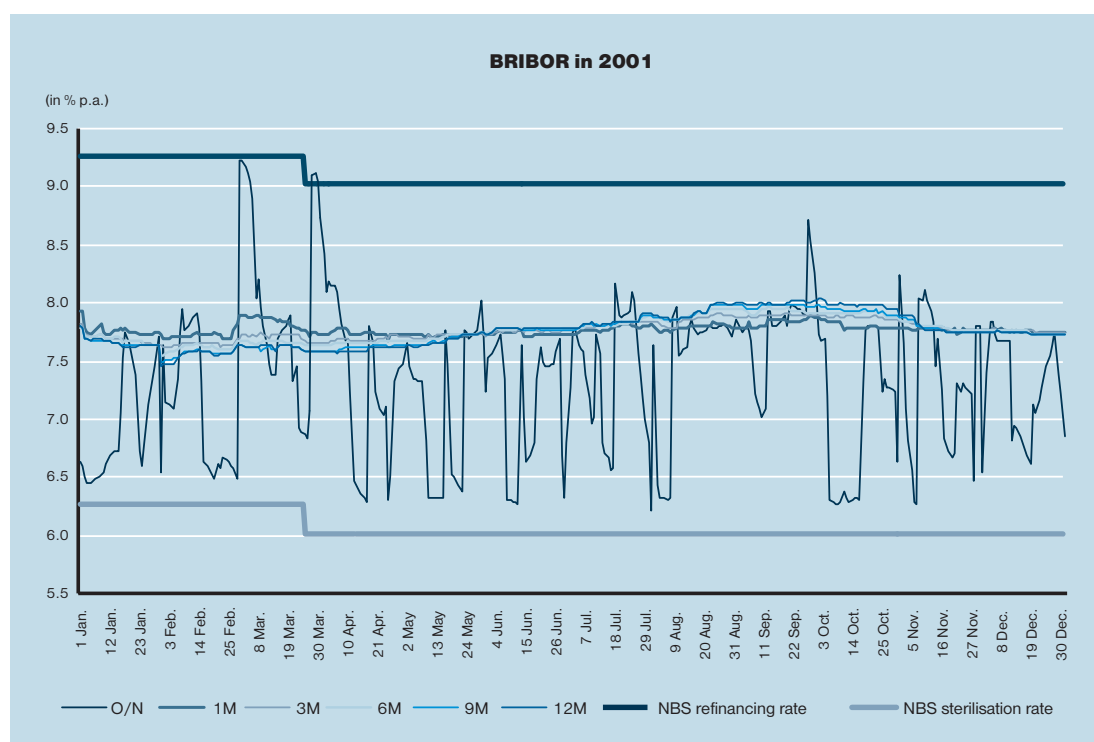
The maximum daily fluctuations in required reserves during individual periods ranged on average from Sk 4.6 billion of excess reserves up to insufficient reserves in the amount of Sk 5.8 billion.

The yield curve acquired an inverse nature, influenced by key rate adjustments in December 2000 to 8% for the limit rate of two-week tenders, and expectations of further reduction. At the end of March, the NBS reduced its key interest rate by 0.25 percentage points, thus fulfilling the expectations of the banking sector, which was reflected in a straightening of the yield curve which had been inverse until then. In June, the curve of money market interest rates acquired a growing structure and its overall level increased. In September, the level of the yield curve acquired its highest level, with the average annual rate reaching 8%. In the next period, the form of the yield curve became moderately inverse. The reason was the renewed anticipation of reduced rates by the banking sector. By the end of the year, due to this influence, the level of average interest rates from one month to one year reached the level set for the limit rate for two-week REPO tenders (7.75%).

Short interest rates, i.e., interest rates for overnight to two-week funds were not influenced by the expected changes in key rates, but rather by the liquidity situation on the money market. Overnight rates, traded with a validity of the actual date, i.e., overnight, or tomnext (overnight funds traded with next day validity), reacted most sensitively to the daily market development, as in the previous period. Due to the continuing liquidity surplus in the banking sector, levels were mostly in the lower part of the corridor, and were limited by the rate for overnight sterilisation trading of the NBS. During the year, mainly due to a short-term lack of funds caused by increased purchases of Treasury Bills by banks and the sterilisation activities of the NBS, the shortest interest rate also reached the top limit of the corridor formed by the rate for NBS overnight refinancing operations. This was mainly related to the reaction of the shortest rate to the volume result of tenders. The fall of rates to a level close to the rate for NBS overnight sterilisation trading was, particularly during the first quarter, accompanied by a quite significant realisation of NBS overnight deposits in volume terms. Overnight trading continued to represent the most significant form of trading on the deposit market, with a share of over 75%.

Seven- and fourteen-day rates also reacted relatively sensitively to the results of REPO tenders. Periodic movement due to the reduction and subsequent correction of rates to the level of the interest result of the sterilisation REPO tender was most obvious in the first two months of the year. Because there were marked deviations between the average rate achieved in tenders and the limit rate set for this type of operation, interest rates also showed increased elasticity. From March, the average interest rate stabilised moderately below the limit rate valid for the current period, due to a higher acceptance of bids in tenders. One- and two-week deposit rates adapted to this fact and their periodical deviations became less marked. Together with overnight trading, this category of short funds represented 80 to 85% of all trading conducted.

As regards implementation of monetary policy by open market trading, a change occurred compared to the previous year related to the time preference of auctions of state securities ahead of NBS sterilisation tenders. The MF SR, together with the NBS, initiated this change in May due to the decreasing interest in government bonds and Treasury Bills. Despite the fact that



government bonds and Treasury Bill sterilisation tenders were not in direct competition as regards investment opportunities mainly due to the different maturities, this new arrangement allowed the central bank to better reflect the liquidity situation on the interbank market.

As regards sterilisation activities of the NBS, regular two-week tenders (conducted with a weekly periodicity) dominated throughout the year. The share of two-week tenders of the total of open market trades during the first four months was around 56 – 57%. They were conducted as American auctions with a set limit rate. The NBS used its own treasury bills as collateral for these REPO trades. As of May, the share of tenders increased and by the end of the year it was almost 88%. The reason for this was the gradual decrease of the share of the second most important NBS sterilisation activity – the issue of its own treasury bills. The change in this share was related to the absorption capacity of commercial banks for securities as a whole, which gradually decreased, particularly in the second half of the year, due to increased MF SR issuing activity. The highest share was achieved by the issue of NBS Bills in March (approximately 43%). Unlike tenders, NBS bill issues were normally realised once a month, with a total of 13 auctions conducted. Issues had a standard 84 days maturity and were conducted by means of so-called Dutch auction without a set limit rate. Despite this, the NBS did not accept a rate in auctions higher than the limit rate for sterilisation REPO tenders. This fact also contributed to a decrease in interest in this form of investment activity by commercial banks during a period of an increasing yield curve on the interbank market.

The lowest volumes were recorded by trades with maturity on the following business day, i.e. deposits, or individual NBS refinancing REPO trades. The share in overall NBS sterilisation activity ranged from 3.4% in January to 0% in September. Despite these low volumes, they were an irreplaceable part of the system of instruments, as they allowed individual banks to individually correct their liquidity position via

trades with the NBS. At the same time, overnight NBS transactions created a corridor for money market interest rates. With respect to the overall sterilisation nature of the conduct of monetary operations, they also dominated this group of trade instruments for reducing the liquidity of banks, i.e. deposits. During an average month they were used only sporadically, and predominantly at the month's end. The exception were periods of marked daily liquidity surplus due to low participation in tenders, or sudden and unpredicted inflows of funds, when banks reduced their surpluses in the short-term in this manner. The NBS used overnight refinancing only relatively exceptionally. The banking sector as a whole only corrected its short position by means of refinancing trading, during two months. In other cases, these were individual disbursements at a time of balanced status in the sector. As regards the realisation of refinancing REPO trades, the NBS accepted Treasury Bills, Government Bonds, and NBS Bills.

Though the structure of monetary policy instruments applied in 2001 formally remained the same as for the preceding year, their method of use changed qualitatively. A significant change occurred in March, when the NBS altered its approach as regards the acceptance of bids in tenders and auctions of bills. During the preceding period, NBS gave priority in the decision process to efforts to balance banking sector liquidity flows during the current month. This resulted in a more frequent reduction of bids by banks in individual sterilisation activities, and was reflected in the deviation of the average interest rate attained in tenders from the limit rate set by the NBS Bank Board. The banks themselves interpreted this as a signal, i.e. the announcement of a change in key rates. Rates approached each other due to the restrictive conduct of monetary policy in the form of a higher acceptance of bids, despite the eventual cost of potential refinancing impacts. During the next period, the average rate accepted in REPO tenders stabilised at one hundredth of a percent below the NBS limit rate, and significantly improved the credibility and acceptance of NBS key rates.

5.2. Capital Market

Primary Market

Government Bonds

2001 was exceptional from the point of view of the volume of government bonds issued. A total of 25 government bond issues with a value of Sk 168.9 billion were realised, which, represented an increase of Sk 99.4 billion compared to 2000. The increased amount of government bond issues was mainly due to 6 issues designated for the restructuring of selected banks in the total amount of Sk 105.0 billion. These issues were floated on the primary market by means of direct subscription. Two of them (in the amount of Sk 44.5 billion) were 5-year bonds, two 7-year bonds (Sk 32.5 billion) and the remaining two 10-year bonds (Sk 28.0 billion). The coupon for both 5-year issues was fixed at 8%, the other 4 issues had a floating coupon set as the arithmetic average of 6M BRIBOR for the whole calendar quarter preceding the interest period. The amount of coupon up to the first disbursement of yield on 30 January 2002 was 7.88% p.a. The frequency of disbursement of yield of all six issues will be changed after the first year from annual to semi-annual. All issues of restructuring bonds are publicly tradable.

In 2001, total bids for government bonds, not including government restructuring bonds, reached Sk 106.33 billion, which in comparison to 2000 (Sk 157.5 billion) represented a decrease

by 32.49%. The average issue amount was Sk 6.8 billion. This significant increase in the average size of the issue compared to 2000, when the average amount per issue was Sk 3.5 billion, was distorted by the above mentioned issues of restructuring bonds which had issue amounts markedly above average. Excluding restructuring bonds, the average issued amount was Sk 3.4 billion and compared to 2000, there was a moderate decrease (2.9%). The average accepted yield in auctions fell from 8.07% p.a. in the first annual issue to 7.83% p.a. in the last annual issue. The average accepted yield on issues with a fixed coupon sold by auction was, irrespective of maturity, 7.76% p.a., and compared to 2000 (9.49% p.a.), it fell significantly.

The demand for government bonds was extraordinary high, mainly during the first quarter, when it reached Sk 70.6 billion. This exceptional interest was mainly for one-year bonds. The high interest in these issues underlined the trend of preference for short maturities by investors. Demand of investors for government bonds fell in the second quarter to Sk 22.9 billion, caused mainly by the issues of restructuring bonds and frequent alteration to reopened issues. These facts, together with the reduced space for a decrease in interest rates, caused changes in the issuing policy of the issuer, who, in an effort to create sufficient demand for government bonds, reduced the maturity of issues and initiated a moderate increase in offered yield. In the third quarter, when the issue programme for 2001 was completed, the overall demand for

Structure of state bonds by maturity

(including government bonds designated for restructuring of loan portfolios of commercial banks) (%)

	Share of the overall amount of government bonds issued		
	2000	2001	2001 ^{1/}
1-year government bonds	22.38	18.51	48.93
2-year government bonds	13.33	8.62	22.79
3-year government bonds	26.07	7.64	20.20
5-year government bonds	24.47	26.35	-
7-year government bonds	3.50	19.24	-
10-year government bonds	10.25	19.64	8.08

^{1/} excluding government bonds designated for restructuring of loan portfolios of commercial banks

government bonds reached Sk 12.8 billion. This quarter was the only one in the year when bonds were sold by auction with a maturity in excess of 3 years. Two issues of 10-year bonds were issued, one with a variable yield based on 12M BRIBOR, increased by an interest margin with an annual disbursement of yield. The issuer limited the issue amount to Sk 3 billion, which was fulfilled with total bids of Sk 5.85 billion.

Issues of restructuring bonds also markedly influenced the structure of issued maturities. Thus in 2001 maturities of 5, 7 and 10 years dominated, which comprised a total of 64% of the amount of issued government bonds. The share of annual bonds was reduced to approx. 19%. If we exclude government restructuring bonds, it is clear that, as regards issues sold by auction, one-year bonds dominated with a share of 49%.

A positive feature of 2001, was the expansion of primary sales of government bonds by a new type of sale - the periodical repeated issue, thus enabling the repeated and gradual sale of government bonds of a subscribed issue. Of 19 issues placed on the primary market for government bonds by multiple-price auction, 17 were one-time and two were sold by the new method of repeated sale. The issuer intended by the implementation of this new form of primary sale to create large liquidity issues, regardless of the sale amount in individual auctions, which had a positive influence on the secondary market in government bonds.

The first issue of this type was a three year issue with a planned maximum amount of Sk 11.0 billion, with the start of sale in February. By the end of the year, it had been opened an additional six times and, of the planned maximum amount, Sk 5.4 billion (48.91%) had been issued. The second reopened issue was for two years, with a planned maximum amount of Sk 12.0 billion. It was successfully opened in March, and reopened a further six times, and government bonds were issued in the amount of Sk 9.31 billion (77.58%). None of the reopened issues reached

the subscribed maximum issue amounts. The reasons for this included the similar maturities of 2 and 3 years, and the frequent alternation of auctions of both issues in close sequence. The success of issues was mostly influenced by a change in market conditions. On the one hand the amount of restructuring bonds influenced the amount of bids, and on the other, the space for a reduction of interest rates diminished and investors started to demand higher yields prior to maturity.

At the end of 2001, 20 foreign investors were registered on the primary market in government bonds, their bids comprised 1.94% of overall demand, and they purchased 2.68% of the overall issued amount of government bonds at auction.

Non-government Bonds

In 2001, the primary market for non-government bonds registered a remarkable decline in the total amount of issued bonds, despite a relatively low reduction in the number of issues by 4, to 50. The total volume of issued non-government bonds reached Sk 4.1 billion at the end of the year, representing a decline of 59.59% compared with 2000. Publicly traded non-government bonds comprised 71.34%, and volume fell by 49.66%, compared with 2000. Only one issue of publicly non-tradable non-government bonds was issued in a foreign currency in a volume of EUR 660,000, as against four issues in total in 2000, comprised of two issues of EUR 59.0 million and two of US\$ 8.3 million.

The principal reason for the decreased activity on the primary market for non-government bonds in 2001 was the lack of interest of investors related to the extraordinarily high increase in issuing activities in 2000, caused by the liberalisation of the process of issuing non-government bonds and by the decline of yields on the primary market in government bonds.

Secondary Market

In 2001, during 243 trading days, 20,169 transactions were conducted on the Bratislava Stock Exchange (BCPB). The total volume of trading reached Sk 393.5 billion. Compared to 2000, this represented an increase of 54.0%, which was mainly related to the issues of restructuring bonds. This trend was reflected in the volume of traded shares and bonds. The trade volume for bonds increased by 69.24% to Sk 347.7 billion and the trade volume for shares increased by 82.35% to Sk 45.8 billion. Listed bonds dominated the market (86.9%), followed by listed shares 6.7%, non-listed shares 5.0% and non-listed bonds 1.4%.

The share of foreign investors of the total turnover on BCBP reached 29.95%, 23.98% of sales, and 35.92% of purchases.

Bonds

The overall amount of traded bonds on the BCPB reached Sk 347.7 billion, i.e. 88.37% of the overall amount of trades in 2001. Bonds again comprised the major share of turnover at the BCPB, with 96.29% (Sk 334.8 billion) of bond trade value consisting of government bonds. Of these, the highest volume was attained by price-setting trading of government bonds No. 132 (Sk 6.3 billion) and government bonds No. 138 (Sk 3.4 billion). As regards the overall amount of trading, excluding restructuring bond trades, which were in fact transfers to the portfolios of three selected banks, government bonds Nos. 132 (Sk 26.3 billion) and 131 (Sk 21.9 billion) achieved the highest volumes. As regards non-government bonds the highest volume of trading was achieved by the listed bank bonds of Bank Austria Creditanstalt 1 (Sk 1.6 billion), VÚB V (Sk 1.1 billion), Istrobanka (Sk 0.8 billion) and the corporate bonds of Slovenské elektrárne 3 (Sk 0.8 billion). The share of price-setting trading compared to 2000 fell by 8.98% to Sk 23.3 billion; direct trading on the other hand increased, due to the transfer of

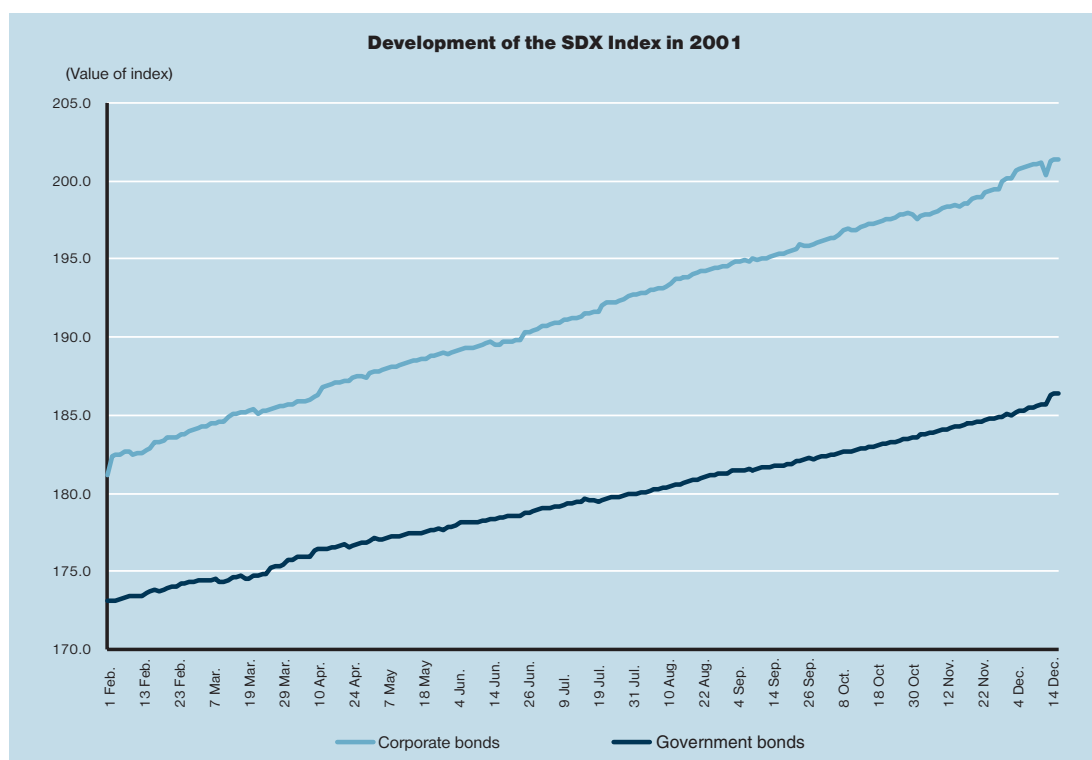
government restructuring bonds, by 80%, and reached Sk 324.4 billion. The volume of trading within the market maker system reached Sk 0.8 billion, i.e. 3.4% of price-setting transactions with bonds.

Market capitalisation increased year-on-year by 150.1% to Sk 293.6 billion; of this amount Sk 239.8 billion was in listed bonds, and their market capitalisation increased year-on-year compared to 2000, by 123.9%. The increased capitalisation resulted from the acceptance of 6 issues of restructuring bonds and 3 issues of Eurobonds by the main market of the BCPB.

The SDX index for bonds grew throughout the year, the component of business bonds and government bonds recorded a year-on-year increase of 8.31% and closed the year at 186.3% of the nominal value of its portfolio, with an average yield of 7.88% and a duration of 1.7 years. The minimum of 172.34% was recorded on 8 January (first trading day of the year); the maximum of 186.32% was recorded on 21 December (last trading day). The banking and corporate bond component of the SDX recorded a year-on-year increase of 13.41%, and attained 201.3% of the nominal value of its portfolio, with an average yield of 9.14% and a duration of 1.9 years. The minimum of 177.57% was recorded on 8 January (first trading day of the year); the maximum of 201.30 was recorded on 21 December (last trading day).

Shares

The share market saw a revival in 2001. The total volume of trading reached Sk 45.8 billion and increased by 82.35% compared with 2000. A positive feature was the year-on-year increase in the volume of anonymous trades of 26.9% to Sk 2.4 billion. Share transactions accounted for 11.63% of the total volume of trading; their aforementioned growth was accompanied by an increase in the volume of anonymous trades indicating increased interest of investors in this type of security. Most trading took place in listed shares of VÚB (Sk 13.5



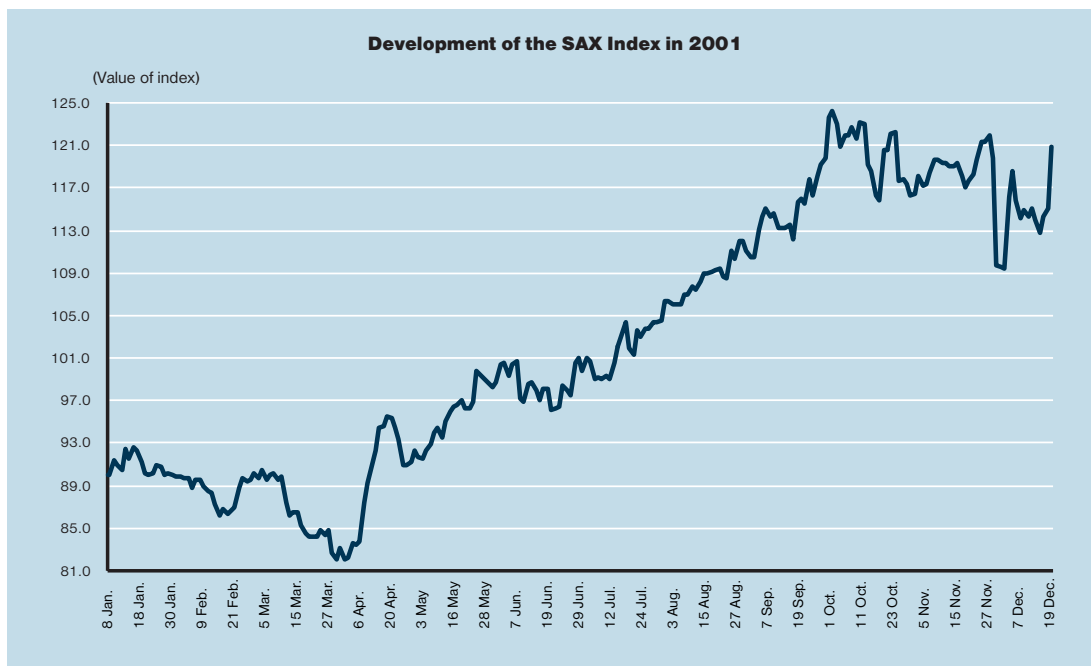
billion), Slovnaft (Sk 6.0 billion) and VSŽ (Sk 4.3 billion), and the most traded unlisted share was Doprastav (Sk 4.9 billion). The share of the above mentioned shares in the overall volume of share trades in 2001 was 67.47%. As regards the low proportion of share trades (11.63%) in the overall volume of transactions on the BCPB in 2001, the share of most traded shares was 7.85%.

Since the end of 2000, the market capitalisation of all property securities grew by 8.2% to Sk 167.6 billion. The market capitalisation of shares with an existing market price (in which at least one price-setting trade was concluded), excluding shares of investment funds and participating certificates had increased by 31.1% to Sk 74.8 billion by the end of the year. The listed issues recorded an increase in capitalisation of 25.6%, to Sk 26.1 billion. The capitalisation of investment funds and share certificates increased year-on-year by 28.92%, to Sk 27.5 billion, indicating development of this form of investment.

The value of the SAX share index closed the year at 120.77 points, which represented a year-on-year increase of 31.4%. Thus 2001 became the second most successful year since 1994,

when the SAX recorded an annual growth of almost 100%. The index recorded a minimum of 81.89 points on 30 March, due mainly to a decrease in the VSŽ price, and a maximum value of 124.14 points was reached by the SAX on 3 October.

In 2001, the secondary market was characterised by an increase in the total volume of trades, which was largely influenced by transfers of restructuring bonds via the BCPB. Development from previous years persisted in trading. Bond trading, particularly in government bonds, recorded a high share. Although the overall volume of bond trading recorded a year-on-year increase, a decrease in the volume of anonymous trades points to a long-lasting problem in the Slovak capital market, i.e. low liquidity and the related low predictive ability of prices. A positive sign in 2001 on the Stock Exchange market, was the revival of share trading, which was characterised by an increase in the overall volume of trading, and also by the increased share of price-setting trading. In 2001, the Stock Exchange market underwent, with the application of the new Securities Exchange Act, some changes, including the introduction of a new market structure.



5.3. Foreign Exchange Market

Operations on the Foreign Exchange Market

During the year, the exchange rate of the Slovak koruna to the EUR appreciated by 2.8% (from 43.996 SKK/EUR to 42.760 SKK/EUR). The highest value for the exchange rate of the Slovak koruna was reached on 6 July (42.025 SKK/EUR) and the lowest on 4 January (43.945 SKK/EUR). The average exchange rate was 43.309 SKK/EUR.

At the beginning of the year, the trend of a weakening of the SKK exchange rate persisted from the previous period. In the following period up to the middle of the year, the exchange rate strengthened to 42.025 SKK/EUR and subsequently weakened slightly.

During 2001, the NBS entered the interbank foreign exchange market only three times (on 2, 3 and 17 January). On these dates, it corrected the excess volatility of the foreign exchange rate by foreign exchange intervention (sale of foreign exchange funds). The total value of interventions reached EUR 44 million, and 33 trades were

conducted at a weighted average exchange rate of 43.859 SKK/EUR.

The main factors influencing the SKK/EUR foreign exchange rate included the activities of large Slovak companies, the domestic political situation, the improved creditworthiness of Slovakia abroad (classification of Slovakia by rating agencies Standard & Poor's and Moody's at investment level), the situation on the foreign exchange markets of neighbouring countries (Czech Republic, Poland, and Hungary) and issues of Crown bonds by non-residents.

The exchange rate of the Slovak koruna to the US Dollar weakened by 2.3%, from 47.389 SKK/USD to 48.467 SKK/USD. The exchange rate of the Slovak koruna to the USD is calculated from the EUR/USD exchange rate, and the NBS cannot directly influence it by its activities on the interbank foreign exchange market.

Interbank Foreign Exchange Market

The overall traded volume on the interbank foreign exchange market (excluding interventions) totalled US\$ 113,387.9 million. And, compared to 2000, it increased by 56.8% (of which: trading in

USD - 80.9%, in EUR - 18.3% and in other currencies - 0.7%). The most marked increase in trading (by 73.6%) was recorded in USD. Volume of trading in EUR increased by 11.7%; in other currencies it fell by 5.4%. Swaps comprised 86.5% of transactions (84.4% in 2000), followed by spot foreign currency conversions (spots) - 13.2% (14.8% in 2000) and forward trades - 0.3% (0.8% in 2000).

The average turnover on the spot market was US\$ 60 million. Trading in EUR had a dominant position, accounting for 92.9% of the overall volume, due to the EUR being the reference currency. Trading between Slovak banks and between Slovak and foreign banks on the spot market was almost equal (47% for Slovak banks and 53% for foreign banks). The overall balance of trading of foreign banks as against local banks in 2001, was negative (US\$ 145.1 million), i.e. foreign banks sold more foreign currency and bought more Slovak crowns.

The trading volume between Slovak commercial banks increased by 53.7% to US\$ 33,673.6

million. The USD had the largest share of trading at 73.8% (65.9% in 2000), followed by the EUR, with a share of 25.6% (33.0% in 2000), with other currencies accounting for 0.6%. On the overall interbank foreign exchange market, trading by Slovak banks accounted for 29.7% (in 2000 it was 30.0%).

In terms of type of trading, 78.9% of the overall volume of trading between Slovak banks were swap transactions (71.6% in 2000) and spot foreign currency conversions accounted for 21% (27.3% in 2000).

Trading with foreign banks also recorded a marked year-on-year increase (58.1%) to US\$ 79,714.4 . The maximum volume was conducted in USD - 83.9% (76.2% in 2000), followed by trading in EUR, which accounted for 15.3% (22.6% in 2000), with other currencies accounting for 0.8%. Trade volume with foreign banks represented a substantial part of the foreign currency market and accounted for 70.3%.

Basic characteristics of foreign currency market in the SR in 2001

	USD			EUR			Other currencies			Total	
	Volume	Trading	Amount	Volume	Trading	Amount	Volume	Trading	Amount	Volume	Trading
	US\$ million	(%)		US\$ million	(%)		US\$ million	(%)		US\$ million	Amount
NBS	-	-	-	39.4	-	33				39.4	33
Trading of Slovak banks											
not involving foreign banks	24,858.0	73.8	4,656	8,622.5	25.6	6,416	193.1	0.6	457	33,673.6	11,529
Interbank foreign exchange market NBS + Slovak											
commercial banks	24,858.0	73.7	4,656	8,661.8	25.7	6,449	193.1	0.6	457	33,712.9	11,562
Trading of Slovak banks with foreign banks											
foreign banks	66,909.5	83.9	10,479	12,165.2	15.3	7,470	639.7	0.8	274	79,714.4	18,223
Foreign currency market in the SR in total											
	91,767.5	80.9	15,135	20,827.0	18.4	13,919	832.8	0.7	731	113,427.3	29,785

C. BANKING SUPERVISION



1. BANKING SECTOR DEVELOPMENT ^{1/}

In 2001, the most important event was the completion of the restructuring and privatisation of banks with a significant share of the assets (45%) of the Slovak banking sector.

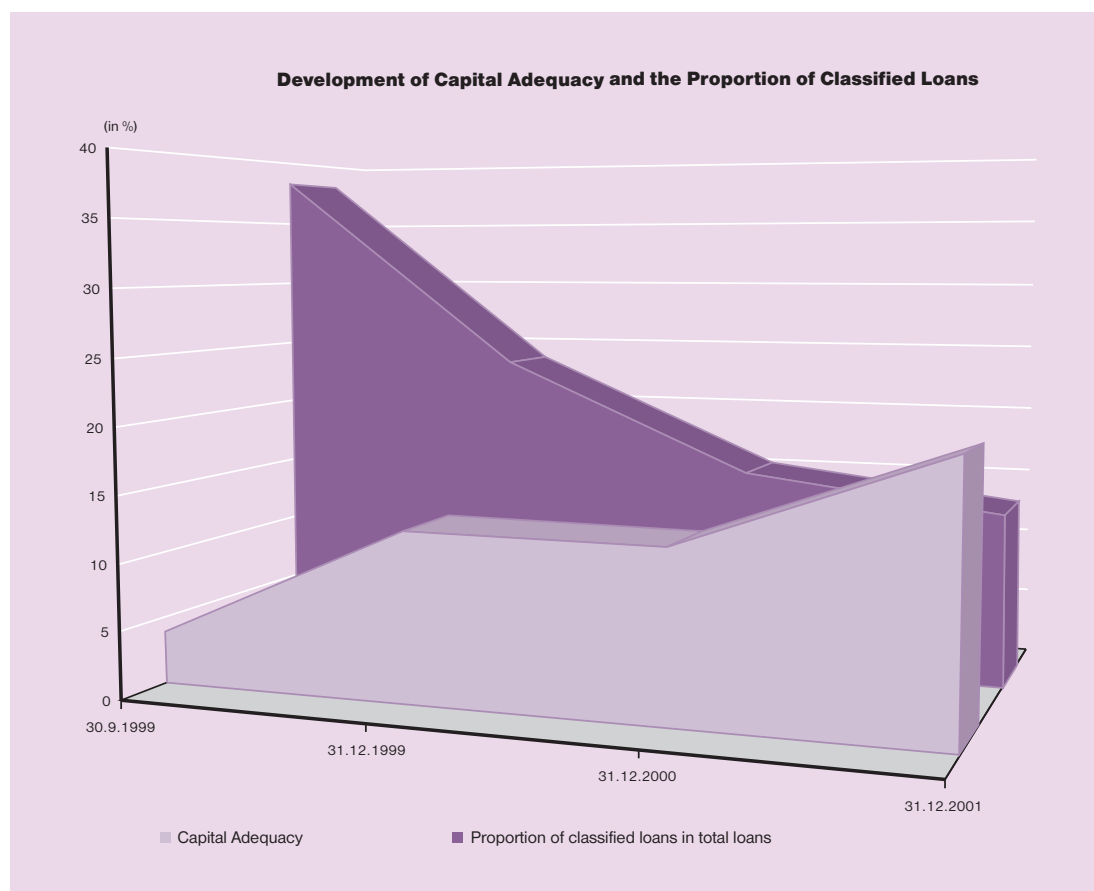
Banking sector recovery was reflected in a significant improvement in asset structure, the growth of capital adequacy of the sector and a reduction in the proportion of classified loans.

The transfer of loss-making loans and their replacement by state bonds influenced the release of funds linked to the coverage of non-performing assets. Together with the gradual restructuring of the corporate sector, this established a basis for the further growth of the Slovak economy.

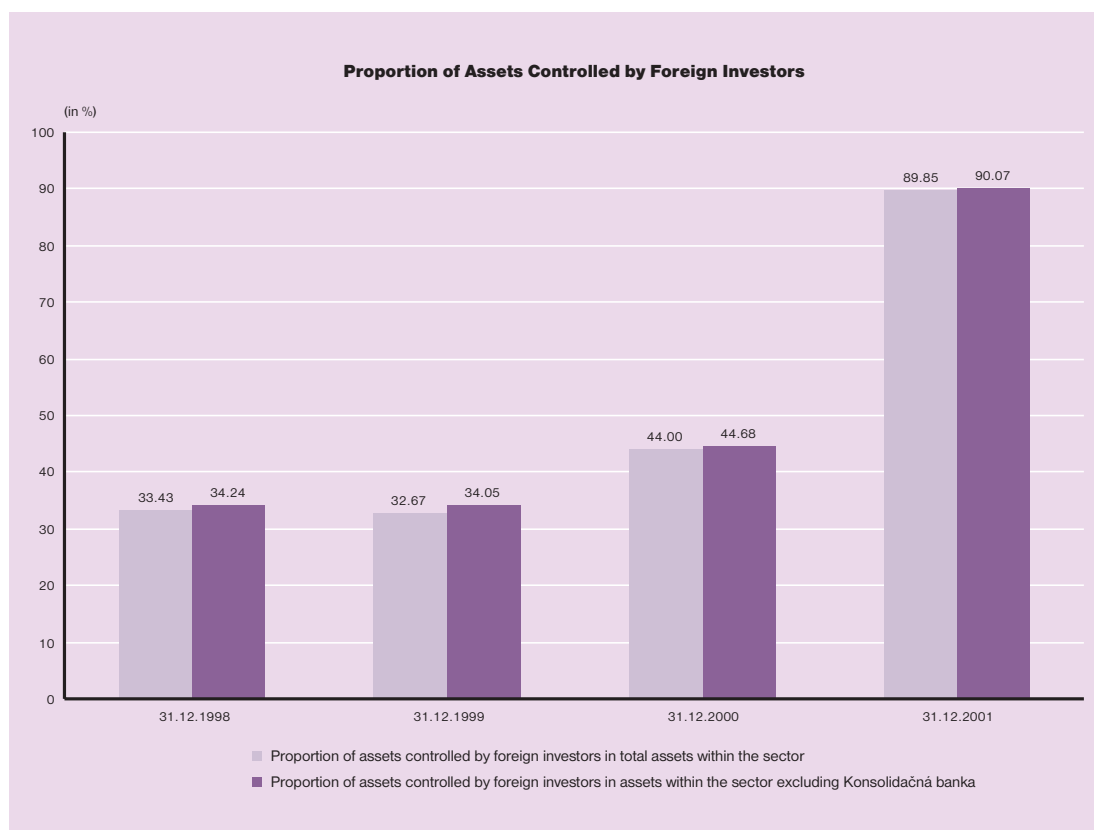
One of the objectives of the privatisation of banks with significant state participation was the transfer of know-how as a stabilising element preventing a worsening of the current situation especially with regard to the development of loan activities. Foreign investors controlled a dominant proportion of banks' equity as well as banks' assets at year-end 2001.

In 2001, foreign investors' share in total subscribed equity capital of banks and permanent funds provided to branches of foreign banks by their headquarters increased significantly. The increase was due mainly to the gradual sale of state-owned equity capital to foreign investors.

In April 2001, Erste Bank der Österreichischen Sparkassen acquired a majority share in the equity capital of Slovenská sporiteľňa, a.s. Bratislava, and as of the end of the monitored period it owned



^{1/} The aggregate data for the banking sector stated in this report as of year-end 2001 may not be final data due to the fact that, at the time of printing, an external audit of certain banks had not yet been concluded.



67.2% of the bank's shares. In November 2001, IntesaBci, Milano, acquired a 94.47% share of the equity capital of Všeobecná úverová banka, a.s. Bratislava via its 100% subsidiary Comit Holding International, S.A. Luxembourg. In connection with the forthcoming sale of shares of Investičná a rozvojová banka, a.s., Bratislava to a foreign investor, the Ministry of Finance of the SR transferred a 65.5% share to the National Property Fund (NPF), thus increasing the NPF's holding from 4.0% to 69.56%. In December 2001, Slovenská poisťovňa, a.s. increased its holding in Istrobanka, a.s., Bratislava from 72.0% to 82.0% with the purchase of the 10.0% holding of ERSTE BANK in connection with the forthcoming sale of shares to a foreign investor.

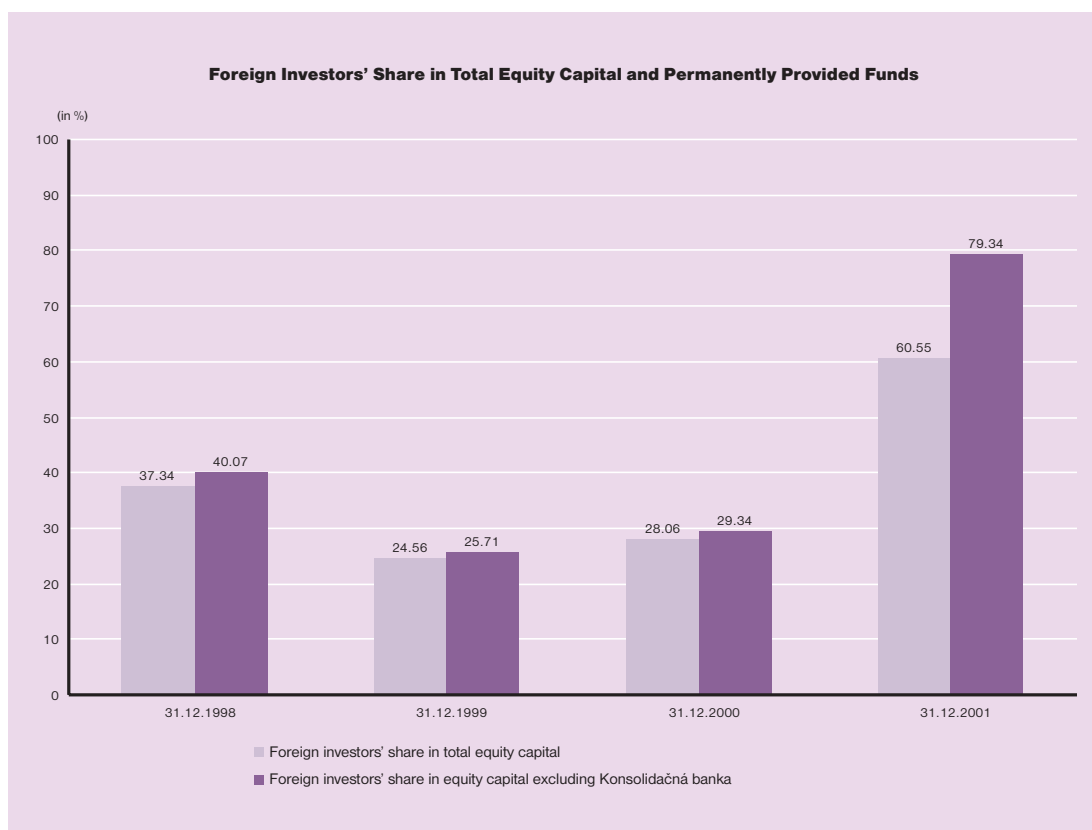
HVB Bank Slovakia, a.s., Bratislava has operated in the banking sector since October 2001, following the merger of Bank Austria Creditanstalt Slovakia, a.s. and HypoVereinsbank Slovakia, a.s., Bratislava.

The banking sector restructuring process is also connected to the transformation of Konsolidáčna banka, š.p.ú., to which part of problematic receivables were transferred. The MF SR, as the founder of Konsolidáčna banka Bratislava, š.p.ú. issued a statement winding up the bank without liquidation on 31 January 2002.

2. BUSINESS RESULTS AND PRUDENTIAL CONDUCT OF BUSINESS

At year-end 2001, results confirmed the stabilisation of the development of the Slovak banking sector.

At 31 December 2001, twenty-one banking entities were active in the banking sector (nineteen banks and two branches of foreign banks) and ten representative offices of foreign banks. Of the nineteen banks, two are state financial institutions, and three specialised banks



– home savings banks. Five banks and one branch of a foreign bank were authorised to conduct mortgage business.

Total subscribed equity capital within the Slovak banking sector (excluding the NBS) increased year-on-year by Sk 4.0 billion from Sk 49.2 billion to Sk 53.2 billion. The reported funds permanently provided to branches of foreign banks by headquarters increased year-on-year by Sk 81.4 million, from Sk 4.8 billion to Sk 4.9 billion.

In addition to a year-on-year increase in the sectors' balance-sheet total of Sk 81.9 billion (by 9.66%) to Sk 928.8 billion, certain financial indicators improved and the performance of prudential banking indicators developed favourably. The balance-sheet total was mainly influenced by an increase in primary resources of Sk 64.6 billion (by 10.83%) to Sk 660.9 billion.

Loan receivables as of 31 December 2001 compared to year-end 2000 recorded a fall, but

when taking into consideration the conversion of transferred loans into restructuring bonds the overall banking sector recorded a year-on-year increase in the volume of loans in excess of 10%.

Classified loan receivables fell by Sk 14.1 billion to Sk 74.5 billion, i.e. by 15.87%. The proportion of classified loans in total loans was influenced by the faster pace of the reduction of total receivables compared to the reduction of classified receivables and at the end of the monitored period this figure was 22.00% (excluding Konsolidačná banka - 14.01%).

The proportion of earning assets of the banking sector as of 31 December 2001 reached 91.13%, primarily due to the influence of the placement of free banking funds into securities. The year-on-year increase was 12.99% and the volume increased to Sk 846.4 billion.

At 31 December 2001, banks reported a net profit of Sk 9.1 billion. Year-on-year, the

increase was Sk 4.7 billion (by 107.22%). Negative returns were reported by three banks, i.e. two fewer than in the same period for 2000.

The improved quality of assets was also reflected in the development of return ratios:

Return on equity (ROE) in %	31.12.2000	31.12.2001
Banking sector as a whole	8.90	17.07
Banking sector excluding Konsolidačná banka, š.p.ú.	25.16	22.67

Return on assets (ROA) in %	31.12.2000	31.12.2001
Banking sector as a whole	0.54	1.02
Banking sector excluding Konsolidačná banka, š.p.ú.	1.48	1.01

3. REVIEW OF PRUDENTIAL CONDUCT OF THE BUSINESS OF BANKS

The main task and role of banking supervision is the support of stability and the sound development of banks, the banking system and the protection of the interests of depositors. The basic regulation instruments of banking supervision are the prudential rules for banks and the limits set therein.

The capital adequacy of the Slovak banking sector at 31 December 2001, increased, and after excluding the influence of Konsolidačná banka, reached 19.72%. At the end of the monitored period, one bank failed to meet the capital adequacy limit.

The uncovered estimated loss of the Slovak banking sector, compared to the loss reported at 31 December 2000 decreased from Sk 0.011 billion to Sk 0.007 billion as of 31 December 2001. Three banks reported an uncovered estimated loss for the evaluated period.

During 2001, an overall improvement of the fulfilment of stipulated credit exposure limits was recorded. At 31 December 2001, four banks had breached the limit regarding non-bank customers (excluding Konsolidačná banka). One bank did not comply with the limit regarding entities with a special relationship and the aggregate net credit exposure limit.

At 31 December 2001, the monthly liquidity limit (the ratio of monthly assets and liabilities may not fall below 0.9) was complied with by all banks. The limit of the ratio of the sum of fixed and non-liquid assets to own funds and reserves (which may not exceed 1.0) was not complied with by two banks.

Compliance with limits regarding unsecured foreign exchange positions stabilised and all banks had complied with the required limits by the end of the evaluated period.

On-site Inspection

In 2001, six on-site inspections at five banks were carried out.

By a decision of 24 August 2001, the NBS placed DEVÍN BANKA, a. s., Bratislava under forced administration and the bank was put under a special regime. On 28 September 2001, the Bratislava Regional Court declared bankruptcy on the bank. This declaration terminated the forced administration.

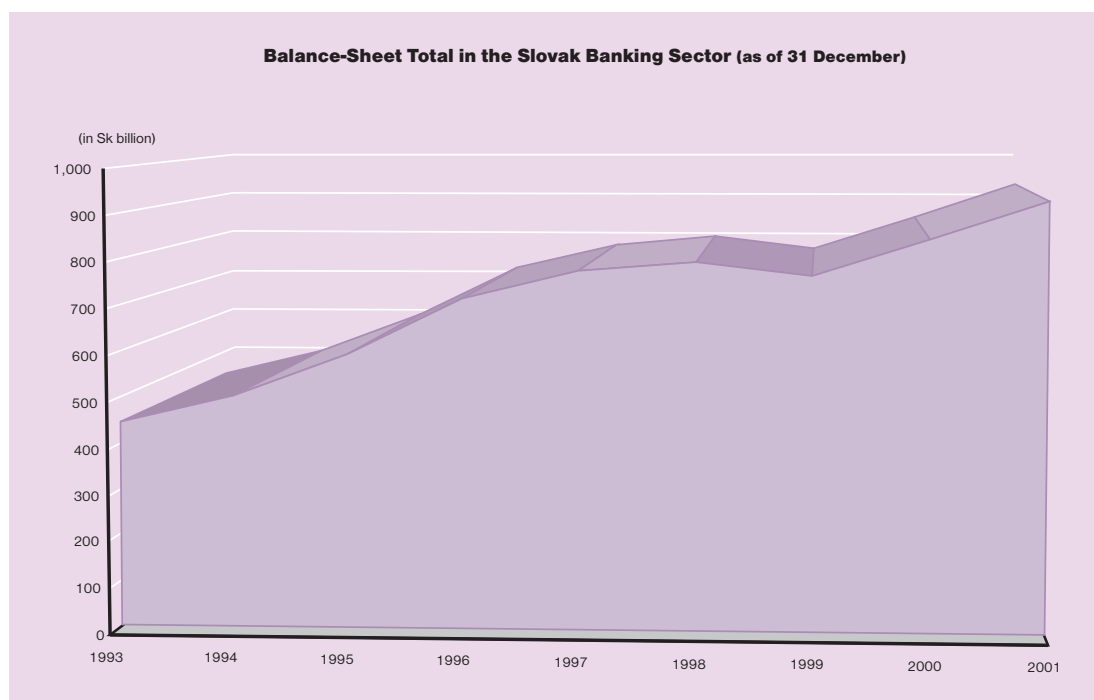
4. REINFORCEMENT OF REGULATION AND OF BANKING SUPERVISION CONDUCT

In 2001, significant changes to Slovak legislation were introduced that significantly reinforced the conduct of banking supervision.

On 23 February 2001, the National Council of the Slovak Republic passed constitutional Act

Slovak Banking Sector	31.12.2000	31.12.2001	Difference	% change
	in Sk thousand	in Sk thousand	12/01 – 12/00	12/01 – 12/00
Number of employees	22,332	21,265	-1,067	-4.78
Number of banks in Slovakia	21	19	-2	-9.52
Number of foreign bank branches in Slovakia	2	2	0	0.00
Number of foreign bank representative offices in Slovakia	10	10	0	0.00
Number of branches in Slovakia	291	302	11	3.78
Number of sub-branches in Slovakia	810	750	-60	-7.41
Number of branches in other countries	1	1	0	0.00
Number of sub-branches in other countries	1	1	0	0.00
Number of representative offices in other countries	7	4	-3	-42.86
Total assets	846,954,662	928,808,622	81,853,960	9.66
Earning assets	749,110,627	846,437,823	97,327,196	12.99
Total interbank assets	347,925,147	305,902,162	-42,022,985	-12.08
Total foreign exchange assets	155,146,071	171,926,887	16,780,816	10.82
Securities	136,464,924	251,069,631	114,604,707	83.98
Loan receivables	408,229,708	338,661,341	-69,568,367	-17.04
Of which: classified receivables	88,573,806	74,519,912	-14,053,894	-15.87
Share of classified receivables in total loans (%)	21.70	22.00	0.31	1.42
Uncovered estimated loss	11,291	7,168	-4,123	-36.52
Provisions for classified loans	69,431,148	61,474,702	-7,956,446	-11.46
Legal reserves	5,498,288	4,031,782	-1,466,506	-26.67
Equity capital	49,169,329	53,153,968	3,984,639	8.10
Own funds	115,726,128	116,611,762	885,634	0.77
Total funds – banking sector	158,219,633	166,645,557	8,425,924	5.33
Total funds – non-banking sector	596,300,597	660,864,735	64,564,138	10.83
Of which: non-anonymous deposits	312,545,469	362,934,016	50,388,547	16.12
Current profit	15,795,169	10,705,605	-5,089,564	-32.22
Current loss	11,417,609	1,634,604	-9,783,005	-85.68
Balance of profit and loss	4,377,560	9,071,001	4,693,441	107.22
Cumulative financial results	-43,383,062	-25,129,947	18,253,115	-42.07
Capital adequacy	2.44	13.35	10.91	447.13

Banking Sector excluding Konsolidačná banka	31.12.2000	31.12.2001	Difference	% change
	in Sk thousand	in Sk thousand	12/01 – 12/00	12/01 – 12/00
Total assets	834,037,808	926,579,563	92,541,755	11.10
Earning assets	739,359,190	845,756,090	106,396,900	14.39
Total interbank assets	346,721,301	305,607,471	-41,113,830	-11.86
Total foreign exchange assets	155,146,071	171,926,887	16,780,816	10.82
Securities	136,464,924	251,069,631	114,604,707	83.98
Loan receivables	368,694,649	306,942,277	-61,752,372	-16.75
Of which: classified receivables	56,473,028	43,016,528	-13,456,500	-23.83
Share of classified loan receivables in total loans (%)	15.32	14.01	-1.30	-8.50
Estimated uncovered loss	11,291	7,168	-4,123	-36.52
Provisions for classified loans	38,470,793	30,346,045	-8,124,748	-21.12
Legal reserves	5,331,586	4,017,625	-1,313,961	-24.64
Equity capital	46,812,390	39,403,029	-7,409,361	-15.83
Own funds	120,277,991	102,390,990	-17,887,001	-14.87
Total funds – banking sector	123,460,346	154,345,557	30,885,211	25.02
Total funds – non-banking sector	596,184,865	660,863,528	64,678,663	10.85
Of which: non-anonymous deposits	312,545,469	362,934,016	50,388,547	16.12
Current profit	15,795,169	10,567,847	-5,227,322	-33.09
Current loss	4,016,473	1,634,604	-2,381,869	-59.30
Balance of profit and loss	11,778,696	8,933,243	-2,845,453	-24.16
Cumulative financial results	-10,606,715	7,511,642	18,118,357	-170.82
Capital adequacy	12.48	19.72	7.24	58.01



No. 90, amending and supplementing the Constitution of the Slovak Republic No. 460/1992 Zb. as amended. This constitutional act amended the wording of Article 56 of the Constitution of the Slovak Republic and reinforced the independence of the National Bank of Slovakia as the central bank of the Slovak Republic. The Constitution accords the NBS the right to make legislative initiatives.

An amendment to Act of the National Council of the Slovak Republic No. 566/1992 Zb. on the National Bank of Slovakia and the new Banking Act No. 483/2001 Z.z. of 5 October 2001, effective as of 1 January 2002, were also passed. On the basis of authorising provisions of the new Banking Act, the National Bank of Slovakia prepared in the first phase, 6 draft decrees and 1 directive, in co-operation with the Ministry of Finance of the SR, which were approved on December 2001 by the Bank Board of the National Bank of Slovakia.

In addition to the above Acts and secondary legislation, other new Acts on the protection of deposits and on bankruptcy and settlement and a new Act on securities and investment services were passed and became effective. These are

directly related to the conduct of banking activities. The Act on financial market supervision was discussed by the National Council of the SR, and an amendment to the Act on Protection Against the Laundering of the Proceeds of Criminal Activities was drawn up.

Another important step influencing the strengthening of regulation and particularly the conduct of banking supervision was the implementation of basic tasks within the approved Long-term Development Plan for Banking Supervision adopted with respect to compliance with conditions agreed with international institutions (the World Bank and the International Monetary Fund). In addition to the implementation of organisational changes regarding banking supervision, these included the approval of the Declaration on the Role of Banking Supervision and the Ethical Codex for Banking Supervision Employees. Other tasks began to be progressively implemented, particularly in the areas of personnel reinforcement within banking supervision, risk evaluation of banks, and the preparation of inspection procedures for integrated banking supervision for the support of the implementation of a proactive approach regarding banking supervision as a part of its new strategy.

Legal Standards

An amendment to the Act on the National Bank of Slovakia, which came into effect on 1 May 2001, allows, in relation to banking supervision in Article 36 and Article 37, the independence of procedure and decision-making at the first level of banking supervision. Individual banking supervision operations such as the granting of licenses and other decision-making activities, and off-site and on-site banking supervision were precisely and unambiguously specified. The most important changes included the cancellation of state supervision of banking and the unambiguous definition of the powers and responsibilities of banking supervision. A further benefit of the amendment is the harmonisation of Slovak legislation with European Union law.

Another legal standard adopted in 2001 was Act No. 483/2001 Z.z. on Banks and on the Amendment and Supplementation of Certain Acts. The objective of this Act is the reinforcement of the position of the National Bank of Slovakia with regard to the conduct of banking supervision, harmonisation of Slovak banking legislation with the relevant European Union directives, and harmonisation with World Bank and International Monetary Fund recommendations. It also stipulates the requirements for bank and foreign bank branch operations, including requirements regarding their prudential conduct of business, and increases the personal responsibility of members of supervisory boards and statutory bodies of banks in the event of adverse economic circumstances at banks. The Act includes a legislative framework for banking supervision on a consolidated basis. It creates conditions for prompt corrective actions at problem banks, for instance with regard to the inappropriate reduction of capital adequacy at a bank and is more specific about forced administration issues. It stipulates stricter requirements for bank auditors regarding co-operation with the National Bank of Slovakia.

On 9 November 2001, the National Council of the Slovak Republic passed Act No. 492/2001,

amending and supplementing Act of the NR SR No. 118/1996 Z.z. on deposit protection and on the amendment and supplementation of certain acts as amended. The Act became effective as of 1 December 2001, except for Chapter I, subsection 4 of the provision of Article 3, paragraph 3, subsection c) and Chapter I, subsection 17 of the provisions in Article 9, paragraph 2, subsection b) that will become effective on the day of the validity of the agreement of the accession of the SR to the European Communities and to the European Union.

On 9 November 2001, the National Council of the Slovak Republic passed Act No. 566/2001 on securities and investment services and on the amendment and supplementation of certain acts (the Securities Act). The Act established a new state body – the Financial Market Authority – as a state supervisory body for capital markets and insurance, and also regulates the authorisation and procedure of this body with regard to 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 markets and insurance sector. Pursuant to the law, the Authority co-operates with the Ministry of Finance of the SR to develop and implement financial policy, in particular with regard to capital market and insurance sector analysis, and development and generally binding legal regulations of the same.

On 3 October 2001, the National Council of the Slovak Republic passed Act No. 500/2001 Z.z., amending and supplementing the Commercial Code as amended by subsequent regulations. The new Act harmonises Slovak legislation with basic community regulations regarding company law with regard to medium-term priorities. The Act further protects the rights of creditors and other third persons involved in trade and commerce, the protection of the partners of capital companies against potential abuse of their position by statutory bodies and supervisory bodies of capital companies. The Act precisely specifies the conditions and procedure of company bodies with

regard to merger, amalgamation or split of companies and reinforces the protection for creditors of a company and of minority shareholders.

Secondary Legislation

The specific conduct of banking supervision is implemented by means of secondary standards – decrees on prudential conduct of banking business that specify the requirements and framework for the performance of banking operations. The rules on prudential banking are currently included in decrees that were issued on the basis of authorising provisions in Act No. 21/1992 on banks; their content has been adapted to harmonise Slovak legislation with European Union law and with the principles of effective conduct of banking supervision issued by the Basle Committee on Banking Supervision. In 2001, pursuant to the above, the following amended NBS decrees became effective: on limitations on unsecured currency positions of banks, on capital adequacy of banks, on liquidity rules for banks and branches of foreign banks, on disclosure of information by banks and branches of foreign banks, on rules for the limitation of a concentration of bank's property against other entities, on disclosure of information by banks and branches of foreign banks, on the rules concerning limitations on banks' exposures to other entities, and a decree concerning the presentation of information by banks and branches of foreign banks to the National Bank of Slovakia.

In 2001, decrees were drawn up in connection with the adopted Act No. 483/2001 Z.z. on Banks, stipulating the requirements for the following:

- the granting of a banking license,
- the granting of a banking license for a foreign bank for the conduct of banking activities via its branch in the Slovak Republic,
- the registration of a foreign bank representative office or a similar foreign financial institution conducting banking activities,
- an application of a bank for prior approval of the establishment of a foreign branch,
- an application of a bank for prior approval pursuant to Article 28, para. 1 of Act No. 483/2001 Z.z. on banks and on the amendments and the supplementation of certain acts,
- on required disclosures in notifications in order to identify other persons having a special relationship to a bank or a branch of a foreign bank due to their relationship with the reporting person,
- the directive of the NBS and the MF SR on the Register of Mortgages, and the Position and Activities of a Mortgage Controller and his Representative
- and a new decree specifying the prescribed contents of a detailed audit-report for banks and branches of foreign banks,

by which was also fulfilled one of the conditions aimed at harmonisation with the 25 core principles for banking supervision established by the Basle Committee on Banking Supervision.

D. ISSUING ACTIVITY OF THE NBS AND CURRENCY IN CIRCULATION



1. ISSUES OF SLOVAK BANKNOTES AND COINS

To satisfy currency circulation needs in 2001, the National Bank of Slovakia provided for additional printing of banknotes at nominal values of Sk 20 and Sk 100. In addition, banknotes produced at the end of 2000 in the denomination of Sk 500 were imported. Over the period subject to review, 158.02 million banknotes were produced and delivered by foreign suppliers. Twenty-crown banknotes were printed by the BA Banknote, the Canadian works of the German security printer Giesecke & Devrient, and banknotes in the denominations Sk 100 and Sk 500 by the British security printer De La Rue Currency.

In addition to the aforementioned notes, coins in the nominal values of 10 halier, 20 halier, 50 halier and Sk 2, worth 62.33 million, were produced in 2001. Apart from banknotes and coins earmarked for currency circulation, the National Bank of Slovakia issued four commemorative coins. Three of which were struck in silver and the fourth, the World UNESCO Heritage – the Vlkolínec folk architecture reserve, was struck in gold. All the coins for circulation and the commemorative coins were produced at the state mint in Kremnica.

1.1. Currency in Circulation

The total value of currency in circulation (including cash in the NBS cashier's offices) at 31 December 2001 amounted to Sk 91.5 billion. In comparison with the same period of the previous year, the value of currency in circulation in 2001 increased by Sk 15.3 billion (by 20%), which represents the second highest year-on-year increase since the introduction of the Slovak currency. The development of currency in circulation (according to the balance at the end of individual months) followed a typical curve, falling in the first quarter (with a minimum value of Sk 72.6 billion on 31 March 2001) and rising from April till the end of the year.

Daily development of the total value of currency in circulation was similar to the development in 2000, with an increase of approximately Sk 9 – 11 billion. From the end of October this increase was Sk 4 – 6 billion, and in December the value of currency in circulation reached its maximum at Sk 95.5 billion. A marked growth of currency in circulation in the fourth quarter of 2001 was, apart from a seasonal increase in the pre-Christmas period, due to compensations paid to clients of Devín banka, a.s. in return for inaccessible deposits, and the development of a chain of hypermarkets opened towards the end of the year.

Of the total amount of currency in circulation, cash in commercial banks, which in accounting

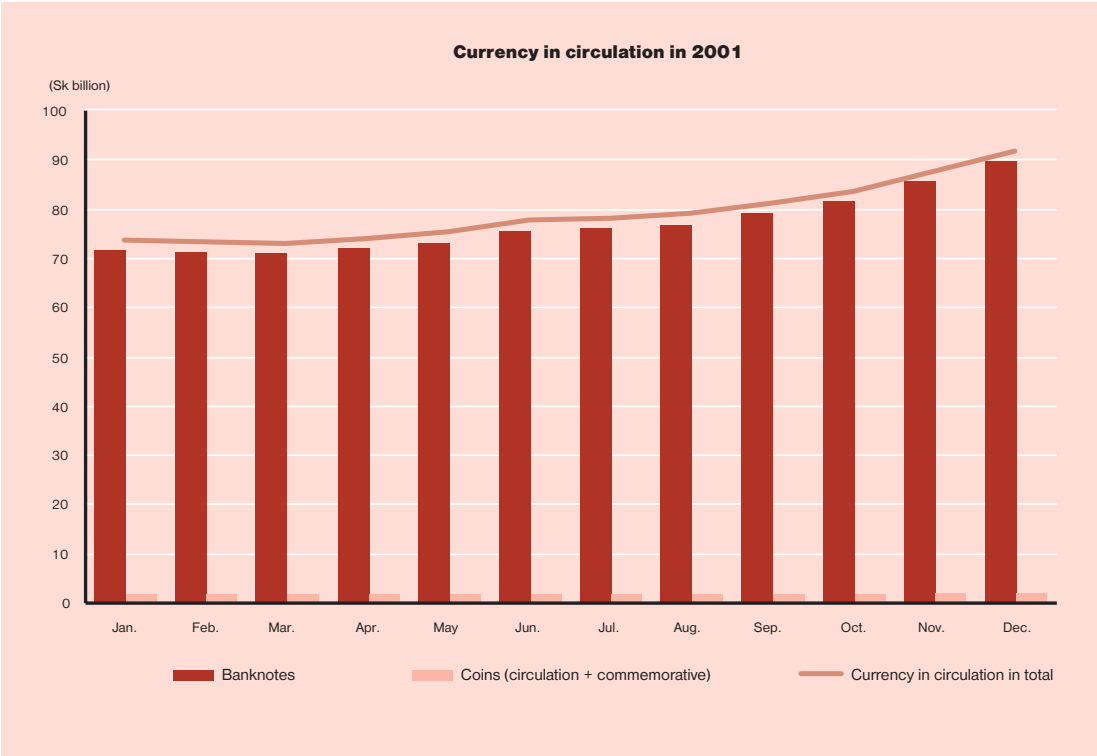
Commemorative coins issued by the NBS in 2001

(pcs)

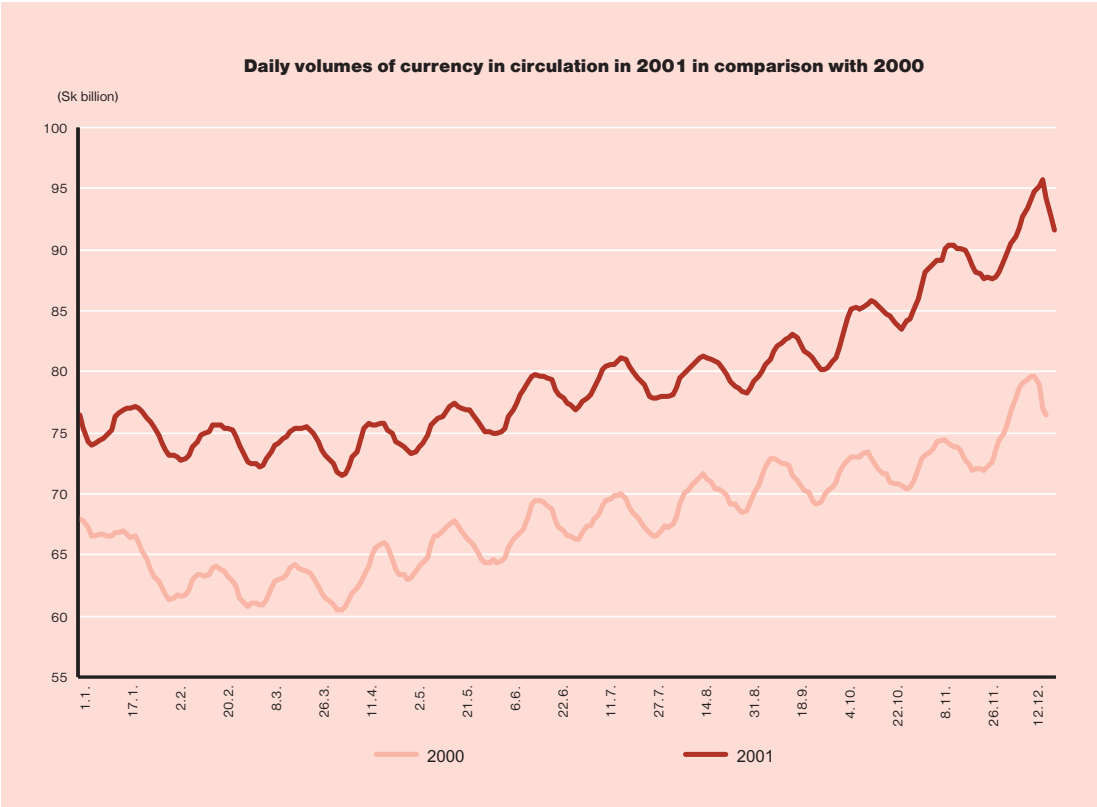
Nominal value	Event commemorated by the coin	Number of coins issued		Decree of the NBS
		Total	Proof	
SCC 500 Sk	Nature and landscape protection – the Malá Fatra National Park	12,000	1,800	176/2001 Z.z.
SCC 500 Sk	Beginning of the third millennium	17,000	4,000	395/2001 Z.z.
SCC 200 Sk	80th anniversary of the birth of Alexander Dubček	15,800	3,000	458/2001 Z.z.
GCC 5000 Sk	UNESCO World Heritage – Vlkolínec, Folk Architecture Reserve	7,200	7,200	454/2001 Z.z.

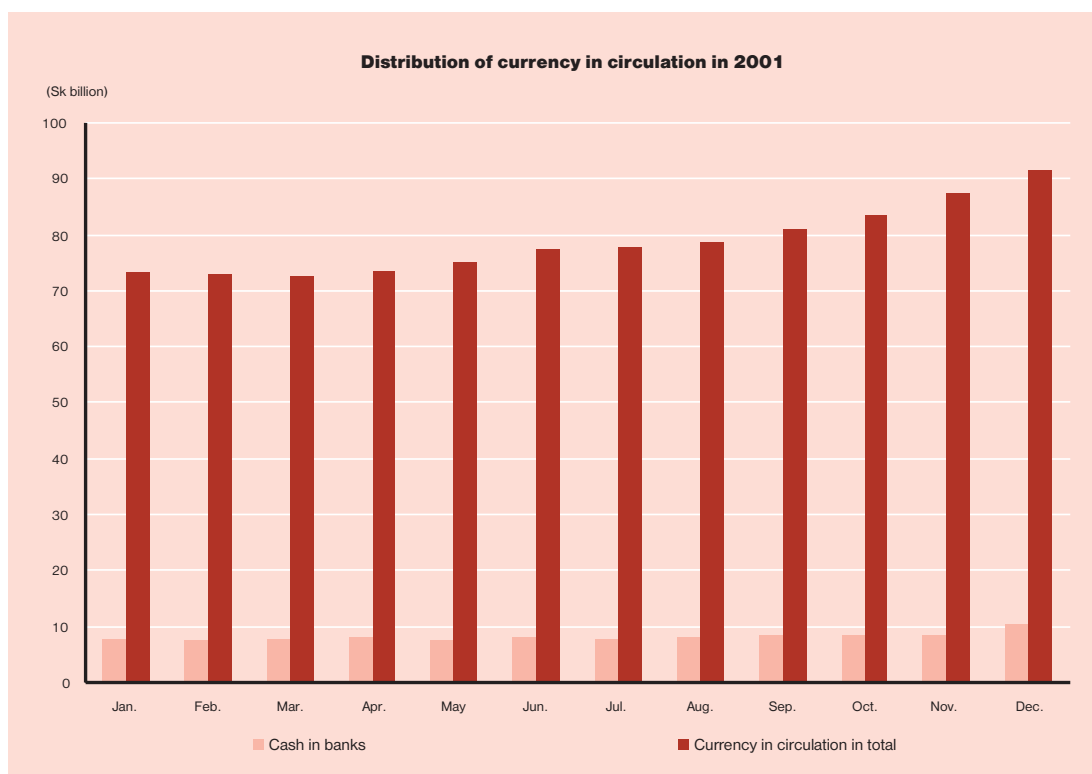
SCC – silver commemorative coin

GCC – golden commemorative coin



terms forms a part of currency in circulation, the end of respective months), approximately accounted for 10.4% on average (as measured at 1.5% down from the year 2000.





1.2. Structure of Currency in Circulation

At 31 December 2001, the value of banknotes in circulation reached Sk 89.6 billion, 20.2% up in comparison with the same period of the previous year. The total number of banknotes in circulation grew by 11.2 million (by 9.5%) to 129.2 million items. The proportion of banknotes in the value of currency in circulation grew by 0.2% (to 97.9%), and their share in the total number of banknotes and coins equalled that in 2000 (11.9%).

The total value of banknotes in circulation increased by Sk 15.1 billion. The greatest year-on-year increase was recorded for banknotes with nominal values of Sk 5000 (30.7%) and Sk 1000 (15.6%). At the year-end, their share in the total value of currency in circulation was almost 88%.

The total value of coins in circulation increased by 9.3% over the year 2000 (to almost Sk 1.4 billion) and their number increased by 9.8% (to 955.3 million items). As of the end of 2001, coins in circulation accounted for

1.5% of the total value of currency in circulation, but for as much as 88% of the total number of currency items in circulation. The value and number of coins in circulation increased for all individual nominal values.

At 31 December 2001, the total value of currency in circulation per capita including commemorative coins amounted to Sk 17,015.40. Of the given amount, banknotes represented Sk 16,656.90, coins in circulation Sk 253.30, and commemorative coins Sk 105.20. Compared to 2000, the total value of currency in circulation per capita increased by Sk 2,890.80. The value of banknotes per capita increased by Sk 2,857.70, of coins in circulation by Sk 22.40 Sk, and of commemorative coins by Sk 10.70.

In 2001, there were 24 items of banknotes per inhabitant of the Slovak Republic (in 2000 this was 22 items), with banknotes of the nominal values Sk 1000 (8 items) and Sk 20 (5 items) being the most frequent ones. The number of circulation coins per capita was 178 items (161 items in 2000), with the highest share of halier coins, namely ten-haliers with the number of 53

Volume of currency in circulation (in millions of Sk)

Nominal value	Volume at 31.12.2000	Volume at 31.12.2001	Share in % at 31.12.2000	Share in % at 31.12.2001
Banknotes	74,515.52	89,605.02	97.70	97.89
5000 Sk	29,410.97	38,430.39	38.56	41.98
1000 Sk	36,175.02	41,826.63	47.43	45.70
500 Sk	4,093.03	4,280.33	5.37	4.68
200 Sk	1,338.42	1,470.48	1.75	1.61
100 Sk	2,378.91	2,405.31	3.12	2.63
50 Sk	622.16	662.98	0.82	0.71
20 Sk	497.01	528.90	0.65	0.58
Circulation coins	1,246.80	1,362.54	1.63	1.49
10 Sk	646.80	707.68	0.85	0.78
5 Sk	221.50	242.25	0.29	0.26
2 Sk	151.35	167.36	0.20	0.18
1 Sk	104.38	110.13	0.14	0.12
0.50 Sk	25.85	25.68	0.03	0.03
0.50 Sk II	27.61	32.53	0.03	0.04
0.20 Sk	43.78	48.65	0.06	0.05
0.10 Sk	25.53	28.26	0.03	0.03
Commemorative coins	510.62	566.18	0.67	0.62
Total	76,272.94	91,533.74	100.00	100.00

Volume of currency in circulation (in millions of items)

Nominal Value	Volume at 31.12.2000	Volume at 31.12.2001	Share in % at 31.12.2000	Share in % at 31.12.2001
Banknotes	118.02	129.18	11.94	11.91
5000 Sk	5.88	7.69	0.59	0.71
1000 Sk	36.18	41.83	3.66	3.85
500 Sk	8.19	8.56	0.83	0.79
200 Sk	6.69	7.35	0.68	0.68
100 Sk	23.79	24.05	2.41	2.22
50 Sk	12.44	13.26	1.26	1.22
20 Sk	24.85	26.44	2.51	2.44
Circulation coins	870.18	955.26	88.00	88.03
10 Sk	64.68	70.77	6.54	6.52
5 Sk	44.30	48.45	4.48	4.47
2 Sk	75.67	83.68	7.65	7.71
1 Sk	104.38	110.13	10.56	10.15
0.50 Sk	51.69	51.37	5.23	4.73
0.50 Sk II	55.21	65.06	5.58	6.00
0.20 Sk	218.90	243.24	22.14	22.42
0.10 Sk	255.35	282.56	25.82	26.03
Commemorative coins	0.61	0.66	0.06	0.06
Total	988.81	1,085.10	100.00	100.00

Currency marks in 1994-2001

(in Sk)

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

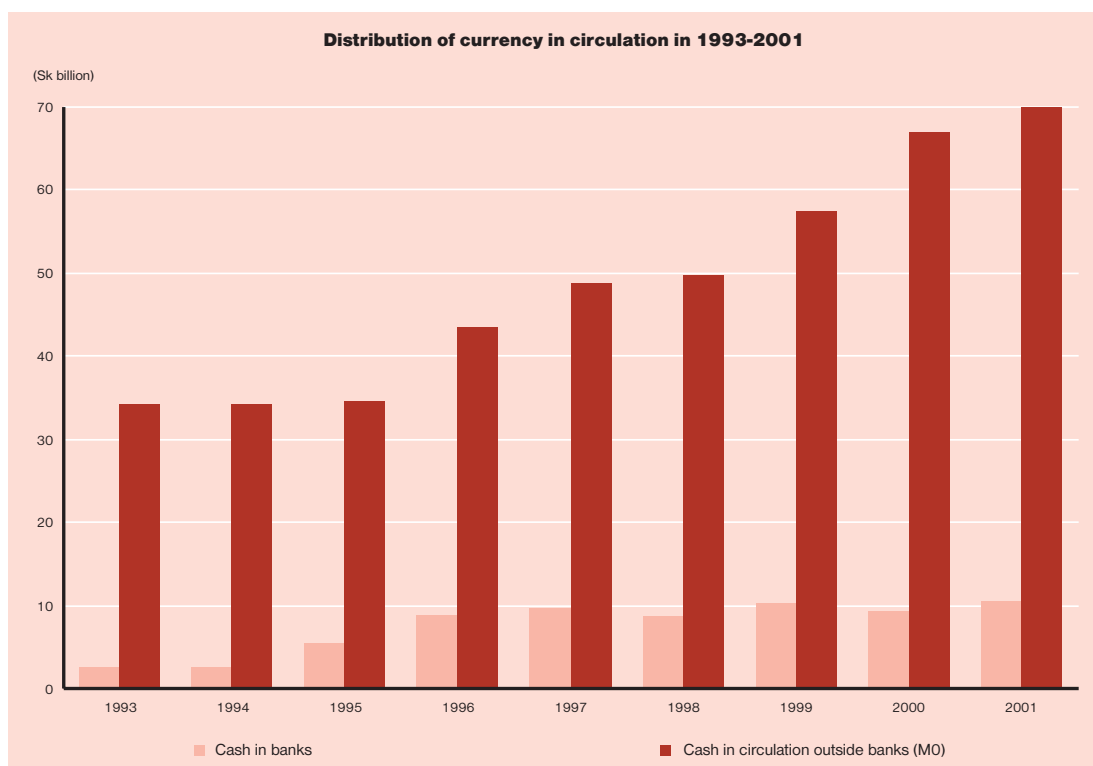
items, and twenty-haliers with the number of 45 items. The total number of halier coins in circulation per capita (120 items) is high. Because of their low real value, only half of the coins originally put into circulation returns to the NBS.

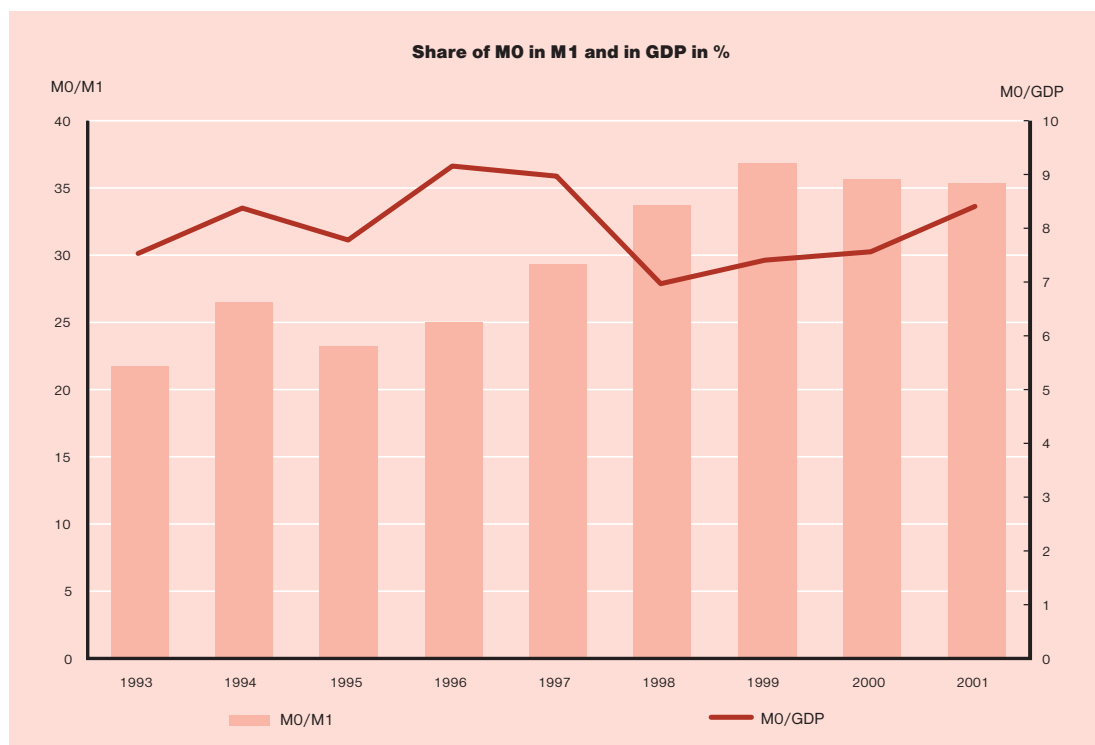
The structure of money in circulation is described by the so-called currency mark, which is the ratio of total value of coins and notes in circulation to their number. The high amount of coins in circulation (of the total number of banknotes and coins of 1.085 billion items they represented 955.3 million items)

influences the average value of currency mark, which was only Sk 84.40 in 2001. Compared to 2000, it grew by Sk 7.30 (since 1994 only by Sk 8), although the value of currency mark for banknotes almost doubled.

1.3. Currency in Circulation and Selected Macroeconomic Indicators

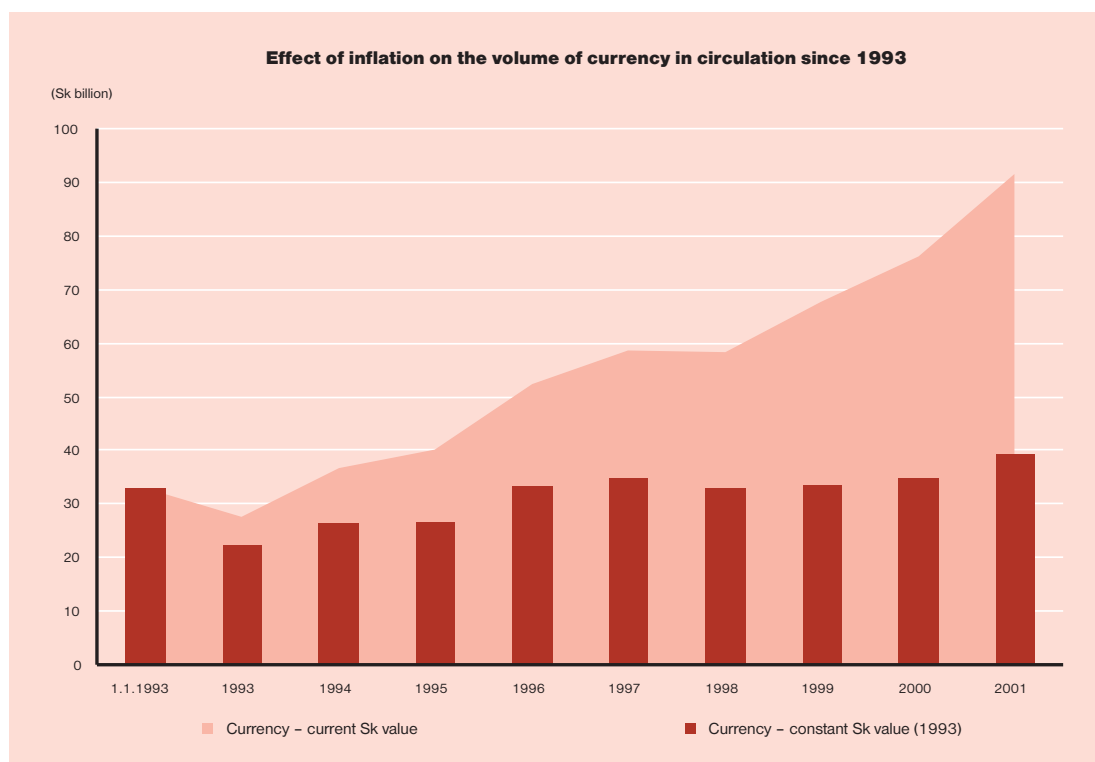
From the establishment of an independent Slovak currency until the present time, cash





outside banks has been steadily growing. Since 1996, cash kept in banks has been on a decline (except for 1999), reaching 11.5% at 31 December 2001, which is evidently due to the optimisation of banks' cash requirements.

The proportion of M0 in the M1 monetary aggregate reached 35.4% in 2000 (in 2000 this was 35.6%), which indicates a persistently lower proportion of non-cash transactions in Slovakia.



In comparison with the development so far, there were no noteworthy changes in the proportion of M0 to the gross domestic product in the Slovak Republic, which reached 8.4% in 2001.

Currency in circulation in nominal Sk is on an upward trend. In 2001, its value in nominal Sk increased by Sk 4.5 billion (to Sk 39.3 billion). Contrary to the previous two years, inflation was not a decisive factor in currency-in-circulation growth over the period under review, as documented by the fact that this growth was three times the inflation rate.

2. COUNTERFEIT MONEY SEIZED IN THE SLOVAK REPUBLIC

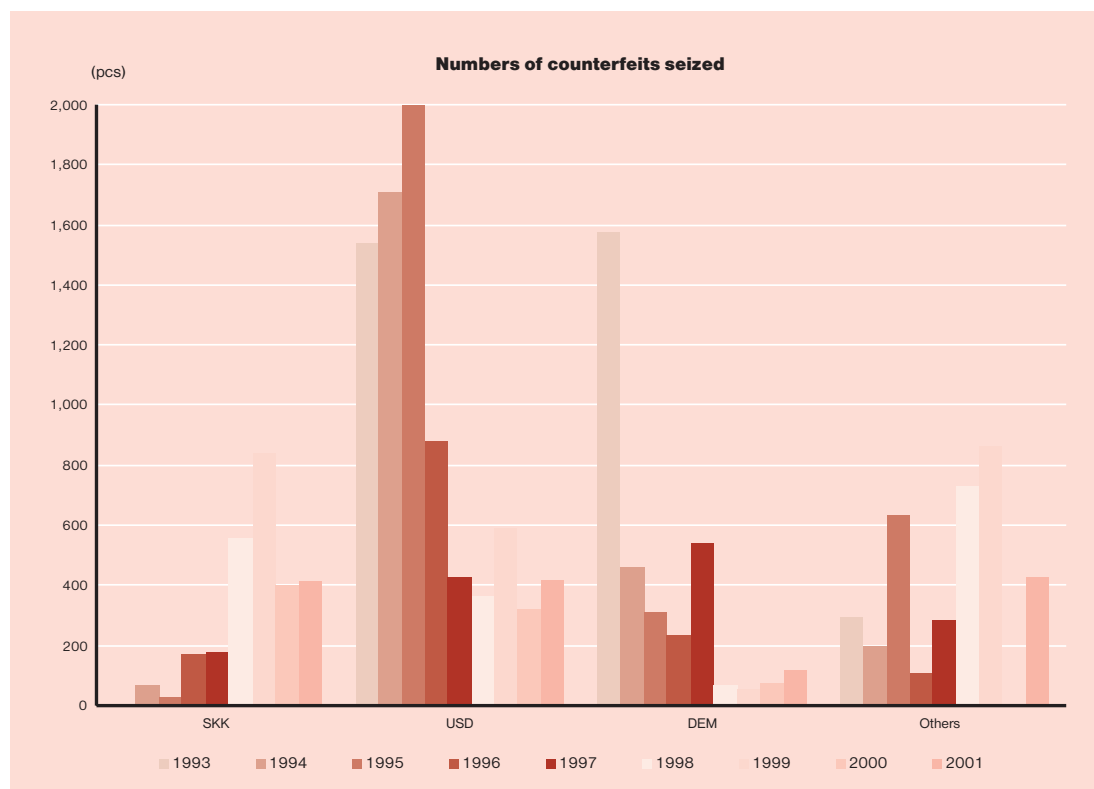
In 2001, 1,380 items of counterfeit Slovak and foreign currency were seized in Slovakia, which means an increase of 37% compared to 2000. Of the given number of counterfeits, 60% were seized directly in money circulation by

staff of commercial banks, non-bank exchange offices and security services.

2.1. Slovak Currency Counterfeits

411 items of counterfeit Slovak currency were seized in the Slovak Republic. The highest occurrence was recorded in the region of Banská Bystrica, where in 68 separate instances, 106 items of counterfeit banknotes were seized. Among the most frequent counterfeit banknotes were ones with the nominal values of Sk 1000, Sk 500, and Sk 100.

The majority of counterfeit Slovak banknotes were made by ink-jet printing, or printed with the use of a colour laser printer. As for the reality of colour, this was comparatively true compared to genuine banknotes, and some counterfeits had windowed tread imitated. As for the quality, the counterfeit banknotes were mostly within the danger degree „4“.



Number of seized US\$ counterfeits

(in pcs)

	Nominal value										Total
	5000	1000	500	200	100	50	20	10	5	A ^{1/}	
1997	5	108	39	0	19	0	2	5	0	0	178
1998	26	439	20	16	32	13	10	0	0	0	556
1999	13	649	47	4	108	17	5	0	0	1	844
2000	12	246	84	5	43	9	3	0	0	0	402
2001	2	278	55	15	54	4	3	0	0	0	411

1/ Altered

Structure of seized Sk counterfeits according to degree of danger

Degree of danger	1		2		3		4		5		N ^{1/}		Total	
	pcs	%	pcs	%	pcs	%	pcs	%	pcs	%	pcs	%	pcs	%
1997	0	0	0	0	2	0.6	162	46.7	14	4.0	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	0.7	808	95.7	29	3.4	1	0.2	844	100
2000	0	0	0	0	8	2.0	367	91.3	27	6.7	0	0	402	100
2001	0	0	0	0	1	0.2	398	96.9	12	2.9	0	0	411	100

1/ Not included in danger degree categories are imitations of coins (with parameters similar to genuine coins and used in gambling machines) and altered counterfeits.

2.2. Foreign Currency Counterfeits

Over the period under survey, 419 US\$ counterfeits, 1 US\$ imitation, and 549 items of

other currency counterfeits were seized in Slovakia. The greatest occurrence of foreign currency counterfeits was recorded in the region of Bratislava.

Number of seized US\$ counterfeits

(in pcs)

	Nominal value							Total
	1	5	10	20	50	100	A ^{1/}	
1997	0	0	1	20	30	346	34	431
1998	2	0	0	14	10	318	20	364
1999	1	0	2	5	22	550	10	590
2000	2	0	0	5	11	292	13	323
2001	1	0	3	9	7	398	2	420

1/ Altered

Structure of seized US\$ counterfeits according to degree of danger

Degree of danger	1		2		3		4		5		N ^{1/}		Total	
	pcs	%	pcs	%	pcs	%	pcs	%	pcs	%	pcs	%	pcs	%
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	0.0	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
2001	61	14.5	3	0.7	335	79.8	16	3.8	3	0.7	2	0.5	420	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) and imitations.

Number of seized counterfeit of other currencies

(in pcs)

	DEM	ITL	FRF	GBP	ATS	CZK	HUF	Other	Total
1997	543	99	101	16	7,731	22	5,211	8	13,731
1998	70	460	226	16	5	9	5,991	13	6,790
1999	56	329	14	13	315	186	0	6	919
2000	73	158	6	8	2	21	0	13	281
2001	119	141	11	1	1	243	1	32	549

Structure of seized counterfeit 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	%
1997	6	0	502	3.7	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
2001	0	0.0	58	10.6	461	84.0	25	4.5	2	0.4	3	0.5	549	100

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

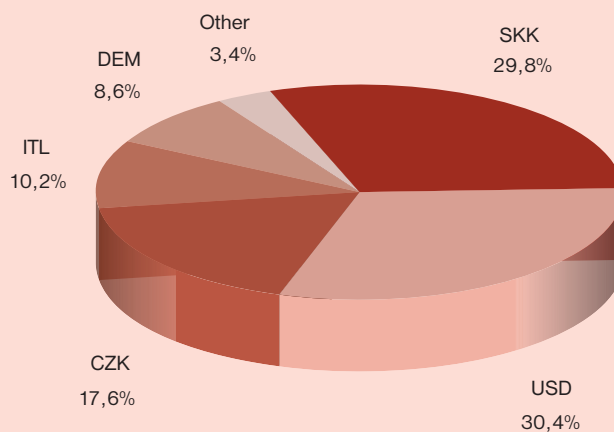
The number of seized USD counterfeits increased by 30% over the year 2000, with the majority being seized in financial institutions.

„super dollars“, 58 were counterfeit banknotes with the nominal value of US\$ 100 and 3 were banknotes with the nominal value of US\$ 50.

As for the quality of USD counterfeits, a mild increase was recorded in the number of counterfeits classified in the danger degree „1“ in 2001 compared to the previous year. Of the total number of 61 seized counterfeits of the so-called

During the period under survey, the number of seized counterfeits of other foreign currencies grew compared to 2000. The greatest increase was recorded for CZK (12 times) and DEM (by 60%).

Structure of counterfeit seized in 2001



With regard to the method of counterfeiting and the nature of imitation of individual security features, a prevailing portion of counterfeits of other currencies were classified in the danger degree „3“. In most cases the counterfeits were made by offset with an imperfect imitation of security features.

In terms of the structure of counterfeits seized in the Slovak Republic in 2001, the largest portion was represented by USD (30.4%), SKK (29.8%), CZK (17.6%), ITL (10.2%) and DEM (8.6%).

The replacement of banknotes, which were largely damaged as a result of natural disasters, or other unforeseeable circumstances, was conducted by the National Bank of Slovakia in its capacity as the only authorised financial institution, in accordance with applicable regulations.

The nominal value of submitted damaged banknotes and coins totalled Sk 12,448,530, and the National Bank of Slovakia paid in compensation Sk 12,317,568, i.e. 98.95% of the nominal value.

2.3. Expert Analyses of Damaged Slovak Legal Tender

In 2001, the National Bank of Slovakia received from 92 applicants, damaged banknotes and coins with the request to carry out expert assessment and provide a replacement.

E. PAYMENT SYSTEMS



1. PAYMENT SYSTEMS IN THE SLOVAK REPUBLIC

One of basic tasks of the National Bank of Slovakia is to control and coordinate the payment system and to ensure its smooth, efficient and economic performance. The responsibilities and rights of the central bank are stipulated in the National Bank of Slovakia Act No. 566/1992 Zb. as amended. In order to direct and ensure a standardised payment and settlement system and clearing of data from the payment and settlement system between banks and selected legal persons, the National Bank of Slovakia stipulates through generally binding regulations:

- a) principles of the payment and settlement system and clearing of data from the payment system,
- b) details for the issue, management, and use of individual payment instruments, and of requirements for technical properties and safety features for individual payment instruments, including limits and other technical limitations of transactions performed by individual payment instruments.

The principles of payment systems between bank and client are laid in the General Commercial Conditions, Stipulating the Principles for Maintaining Accounts of Clients at Banks and the Principles of Payment Systems and Settlement for such Accounts. The General Commercial Conditions were drawn up by the National Bank of Slovakia in cooperation with commercial banks and issued in 1993. They stipulate the commercial terms and conditions for opening, keeping and closing a deposit account, individual forms of payments, payment and settlement transactions processing, paying interest on accounts, prices for payment systems services, reports and errors in settlement and individual payment instruments (bills of exchange, bank-cheques, bank payment cards and letters of credit). The General Commercial Conditions do not constitute a generally binding regulation but they are adhered to by banks and applied in

transactions with clients via their commercial conditions, or directly in account agreements.

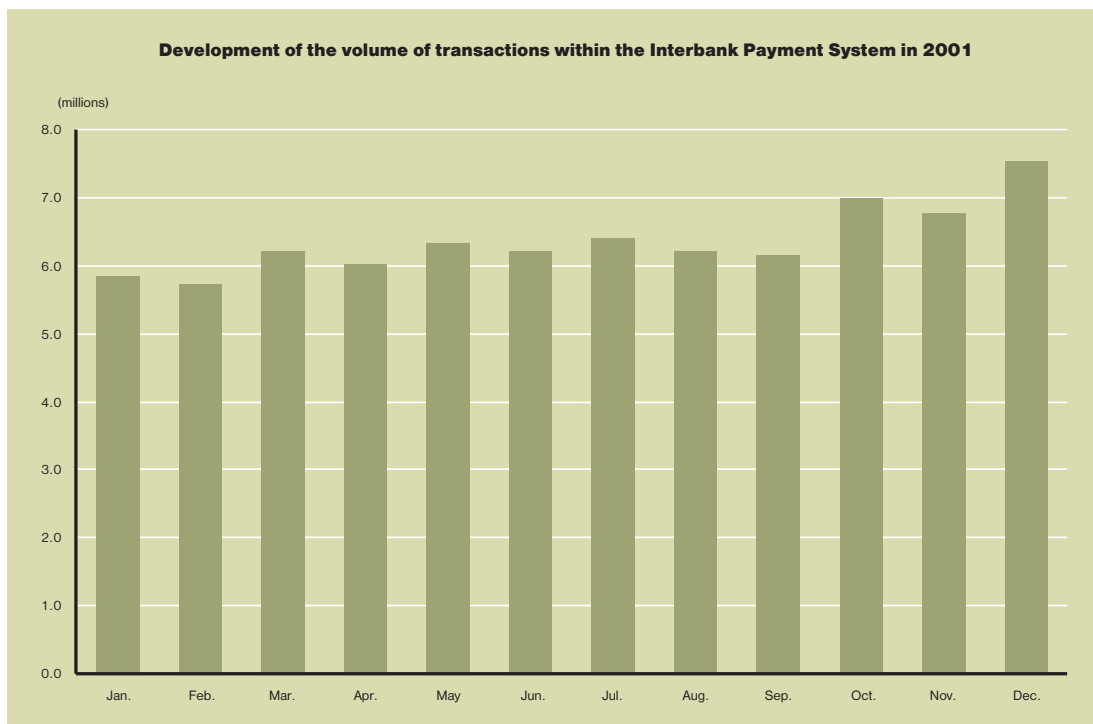
The National Bank of Slovakia, in addition to issuing generally binding regulations, monitors and analyses statistical data from payment transactions processing. It organises regular meetings with banking sector representatives at which it presents its strategic goals regarding the development of payment systems in the Slovak Republic.

As part of the integration process of the Slovak Republic with the European Union, the National Bank of Slovakia has participated in the transposition of EU legislation on payment systems in the Slovak law. In this respect, it has begun to draft a new Act on payment systems, which will resolve the issue of payment systems in a comprehensive manner. The Act will regulate the performance of domestic and cross-border transfers of funds, the issue and use of electronic means of payment, the establishment and operation of payment systems, the supervision of payment systems, claims and the settlement of disputes related to payment systems. The aim is for the Act to come into force on 1 January 2003.

2. INTERBANK PAYMENT SYSTEMS

The National Bank of Slovakia has enacted Decree No. 275/1994 Z.z. on the principles of payment systems between banks ensuring a uniform payment and settlement system between banks in the Slovak Republic.

Pursuant to valid legislation, all payments between banks – regardless of whether they involve large-value or small-value payments – are implemented by means of the Slovak Interbank Payment System - SIPS. The system is operated by the Bankové zúčtovacie centrum Slovenska, a.s. (Slovak National Clearing Centre). Its shareholders include the commercial banks, the Ministry of Finance of the SR and the National

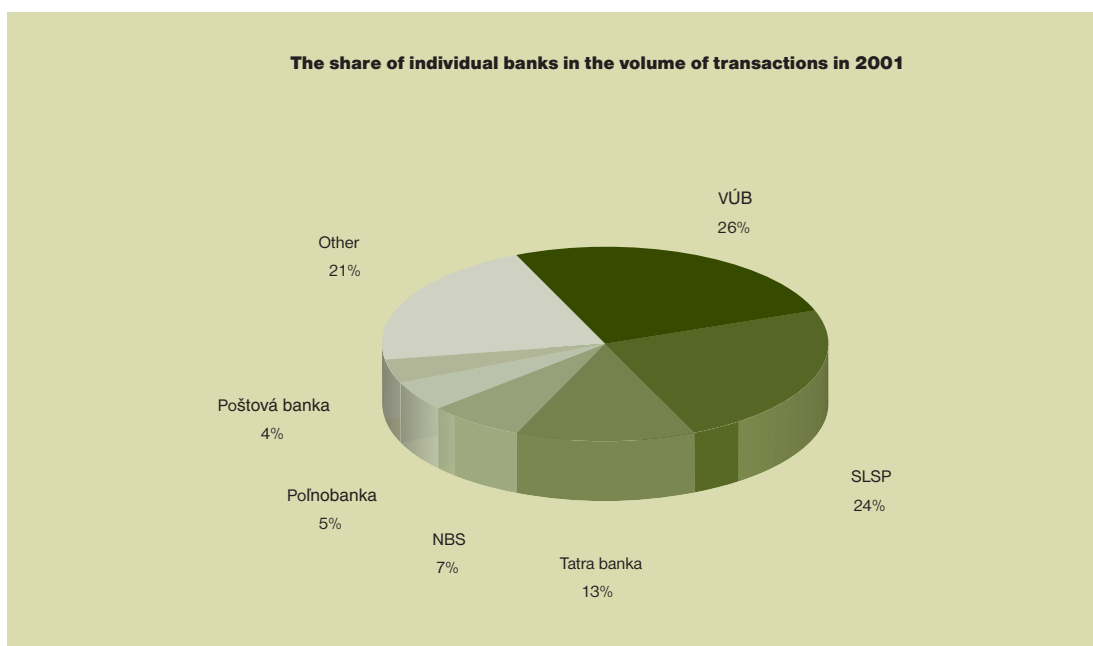


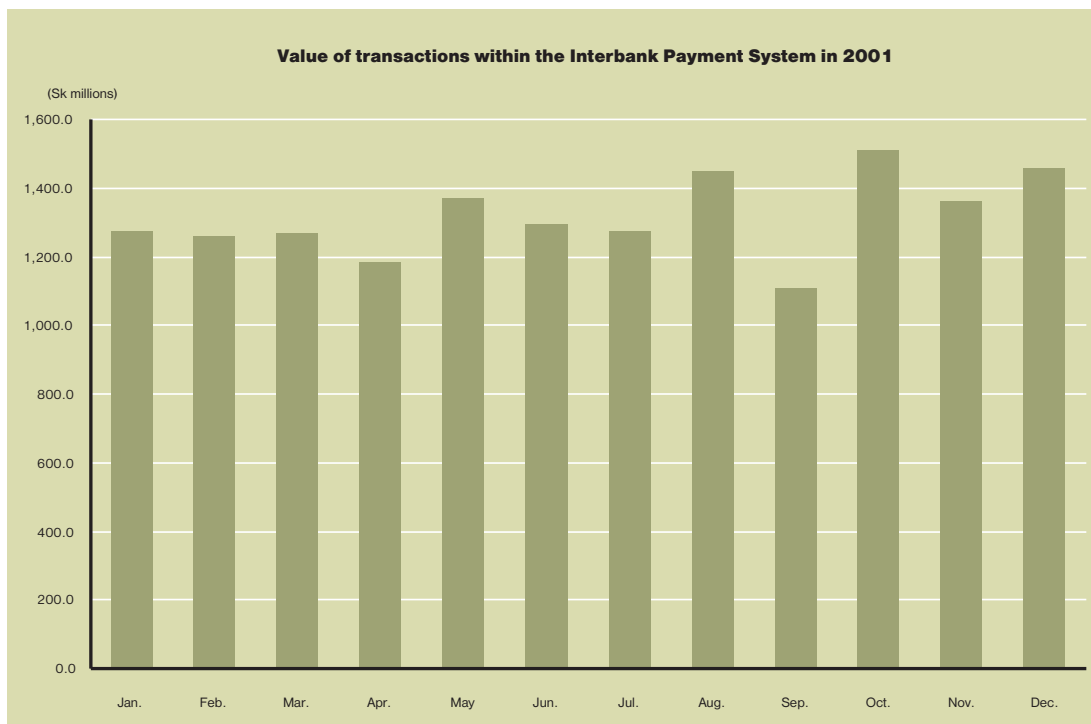
Bank of Slovakia, which owns the majority of the equity capital.

Participants in the system include all the banks, branches of foreign banks with a valid license for the conduct of payment transactions, the National Bank of Slovakia, and so-called third parties. The latter are non-banking entities with a license from the National Bank of Slovakia, and which provide

the final settlement of securities transactions and payment card transactions. There are currently two such entities - Autorizačné centrum Slovenska, a.s. (Authorisation Centre of Slovakia), and Burza cenných papierov Bratislava, a.s. (Bratislava Stock Exchange).

The SIPS processes credit transfers and collections. For every transaction it checks

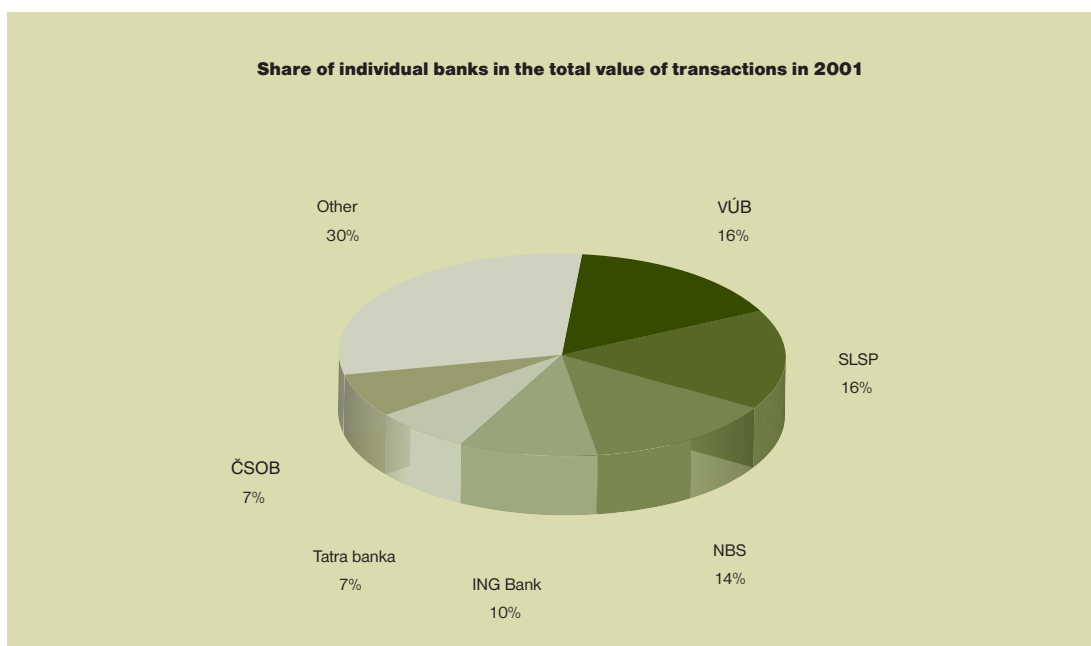




whether there is sufficient coverage. In the event of insufficient coverage, it retains the transaction until the participant has sufficient liquidity for its settlement. If the participant still does not have sufficient liquidity by the end of the relevant accounting day, the system returns the transaction to the participant. The system allows the participants to monitor actual positions during the day.

The National Bank of Slovakia does not provide intraday credit; settlement is conducted using funds deposited by commercial banks at the central bank.

In 2001, there were 25 participants in the system. An average of 315,575 transactions a day are processed in the value of SKK 63 billion. For 2001 as a whole, 78.8 mil. transactions



were processed, which represents a 12% increase compared to the previous year.

The total value of transactions was Sk 15,841,715 million, which represented an increase of 23% over the previous year. The average value of transaction processed was Sk 200,000.

During 2001, the National Bank of Slovakia began working on replacing the existing communication system by which data is currently transmitted between the banks and the clearing centre. The reason for introducing the new system, known as BIPS (Basic Interface for Payment System), is to further improve the security and quality of data transmission. BIPS is expected to be in operation by 1 January 2003 at the latest.

As a consequence of the planned accession of the Slovak Republic to the European Union and the resulting necessity of a gradual harmonisation of the infrastructure of the domestic payment system, the National Bank of Slovakia has begun work on the preparation of a payment system based on the principle of clearing item by item in real time. The basic objective is the maximum reduction of risk, particularly with regard to large value payments. In July 2001, this strategy was presented to banking sector representatives. The planned implementation date was set as the reference date of accession to the European Union, i.e. 1 January 2004.

3. PAYMENT INSTRUMENTS

The most frequently used instruments for non-cash payment are credit transfer and payment cards. In 2001, 90.7% of the total volume of non-cash payment transactions was carried out by credit transfer.

The use of payment cards is increasing year by year. At 31 December 2001, there were approximately 1.97 million payment cards in use. They

were issued by banks, which are members of the Združenie pre bankové karty Slovenskej republiky (Banking Card Association of the Slovak Republic). The number of payment cards has increased to such an extent that currently every third inhabitant is a cardholder. International payment cards that can be used abroad as well as in Slovakia, comprise 80% of the overall number of payment cards issued. The remaining 20% are domestic payment cards. Banks issue various types of payment card products: Maestro, Eurocard/Mastercard, Master Card Electronic, VISA and Electron. Some banks also issue American Express cards, and Diners Club cards. One bank currently issues debit chip cards (EMV-standard) and several banks issue credit cards and virtual payment cards (both debit and credit).

More debit cards are issued than credit cards. The majority of cards issued by banks in Slovakia are a „pay now” product, i.e. debit cards linked to current accounts held in Slovak crowns or in a foreign currency.

Cardholders in the Slovak Republic have at their disposal a network of 1,182 ATMs and 9,602 EFT POS terminals. ATMs are owned by the banks that use the services of the Autorizačné centrum Slovenska, a.s. (Authorisation Centre of Slovakia, joint stock company). In October 1997, the two networks were connected and the joint ATM network of Banking Card Association of the Slovak Republic was established.

The increase in ATM use started before the development of EFT POS terminals. This is why cash withdrawals (77% of the overall number of card transactions in Slovakia) prevail over card payments (23%) in Slovakia. The value of card payments was (as of 31 December 2001) approximately 15% of the aggregate value of card transactions in the Slovak Republic. Cash withdrawals comprise 85% of the total.

In 2001, the EFT POS terminal network grew faster than the ATM network. In the period from 31 December 2000 to 31 December 2001, the

following changes were recorded: the number of ATMs increased by 9%, (EFT POS – 52% increase), the number of ATM transactions increased by 2% (EFT POS – 63% increase) and the value of ATM transactions increased by 12%, (EFT POS – 58% increase).

Payment by cheque has only a marginal role, for historical reasons.

New banking products

As a part of the expansion of their services, commercial banks have begun to offer their clients new electronic banking services, based on the remote communication between the bank and the client: home banking, Internet banking and mobile banking are currently provided by all major banks.

Banks offer clients various types of payment services, e.g.:

- on-line bank transfer via internet banking or via GSM,
- secure on-line card payments over the Internet or VISA virtual credit cards,
- on-line Internet bank – the „Eliot“ project run by Tatra banka, a.s.

ATMs are commonly used, not only for cash withdrawals, but also for checking account balances, bank transfers from a customer's account to another account, cash deposits and pre-paid mobile phone top-ups.

4. PAYMENT SYSTEM OF THE NATIONAL BANK OF SLOVAKIA

The National Bank of Slovakia operates an independent payment system for automated banking transactions (ABO system), by which it maintains client accounts and carries out payment transactions on such accounts. In 2001, pursuant to the Act on the National Bank of Slovakia, the bank maintained accounts and

carried out payment transactions on these accounts mainly for the following clients:

a) *banks* – the National Bank of Slovakia, as settlement agent for interbank payment systems in the Slovak Republic, settled positions of banks resulting from the processing of orders from participants in the interbank payment system on the monetary reserve accounts of banks. It maintained additional independent accounts for banks for the purchase and settlement of cash, deposits of bank's surplus liquidity, etc.

b) *state bodies and organisations* – in 2001, the National Bank of Slovakia maintained their revenue and expense budget accounts and other current accounts in accordance with a special law. At 31 December 2001, the Bank maintained 24,068 such accounts for a total of 3,249 clients. The National Bank of Slovakia, within the terms of compliance with the regulation of non-provision of credit to the state by the central bank, also controlled the release of payments from revenue and expense accounts of the state budget up to the approved limit for such accounts, up to the level of the total credit balance. With regard to its role as the fiscal agent of the Ministry of Finance of the Slovak Republic on monetary and capital markets, the National Bank of Slovakia conducted activities related to the repayment of principal on bonds, including the payment of interest on bonds.

c) *employees of the National Bank of Slovakia* – for whom, in accordance with regulation the Bank maintains current, time and credit accounts and carries out payment transactions on such accounts.

In 2001, the National Bank of Slovakia carried out payment transactions for 4,823 clients on 29,706 accounts via the ABO system, an average of almost 800 thousand transactions were performed per month.

F. INTERNATIONAL ACTIVITIES



1. COOPERATION OF THE NBS WITH THE EUROPEAN UNION

The National Bank of Slovakia is the coordinator of relations between the Slovak banking system and the European Union. With regard to the fulfilment of the individual articles of the European Association Agreement, the Bank actively assists the process of harmonization and the gradual attainment of compatibility of the legal and economic environment of the Slovak 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 on the Adoption of the Acquis Communautaire (NPAA), which monitors the level of approximation of the legislation of the Slovak Republic to the acquis and defines the obligation to adopt the acquis in the context of short- and medium-term priorities. The NBS has actively participated in three chapters of the NPAA:

3 – Free Movement of Services,

4 – Free Movement of Capital,

11 – Economic and Monetary Union

and has also cooperated on the chapter

12 – Statistics.

In 2000, the Slovak Republic attained a new status as regards the accession process to the European Union as a consequence of the decision of the Helsinki summit in December 1999, which opened the door for a second group of candidate countries to begin the accession process. The SR opened accession negotiations on individual chapters, which in practice meant that Slovakia began direct negotiations on the fulfilment of entry conditions.

In June 2001, Slovakia submitted a revised NPAA, in which it outlined its accession strategy including the method of implementation of priorities contained in the document - Accession Partnership.

The Slovak Republic must defend its position in a total of 29 chapters. As of the end of December

2001, the SR defended and temporarily concluded 22 negotiation chapters, including those with NBS participation. The European Commission positively assessed the marked progress attained, particularly as regards adopted legislation.

As regards the mentioned chapters, NBS representatives have participated at meetings of the Association Council, the Association Committee and Association Subcommittees, at which the NBS submitted an assessment of the fulfilment of legislation in the banking sector, development of the monetary policy, the state of the banking sector and of progress as regards payment systems. This presentation became the basis for the assessment of the Slovak Republic in the accession process to the EU and was incorporated in the Regular Report of the European Commission on the Slovak Republic's Progress towards Accession to the European Union of 13 November 2001.

Chapter No. 3 – Free Movement of Services

Progress was attained in the field of financial services, particularly as regards legislation regulating banking supervision. The amendment of the Act on the National Bank of Slovakia, which became effective in May 2001, increased the independence of the central bank and reinforced its supervisory authority within the banking sector. The new Banking Act adopted by the National Council of the SR in October 2001, contains additional steps regarding harmonizing banking legislation and organised banking supervision on an individual and consolidated basis.

Chapter No. 4 – Free Movement of Capital

Since 2000, significant progress in this area has been achieved, mainly with regard to the movement of capital and protection against the money laundering. Additional liberalisation measures were implemented by an amendment to the Foreign Exchange Act and a Directive of the Ministry of Finance, which implements some provisions of the Foreign Exchange Act with effect from January 2001.

Chapter No. 11 – Economic and Monetary Union

A new amendment of the Act on the National Bank of Slovakia was adopted, which became effective in May 2001. The amended Act provides for the independence of the central bank, thus harmonising Slovak legislation with the requirements of the *acquis* in this area. The amendment also stipulates the prohibition of direct funding of the public sector by the central bank.

Foreign Technical Assistance The PHARE Program

The European Union provides foreign technical assistance to the Slovak banking sector within the Phare programme. This agenda has been carried out by the Foreign Department of the NBS since its establishment. The Programme Implementation Unit (PIU) at the NBS is in charge of technical preparation of projects approved for particular banks, preparation for contracting funds allocated in the Financial Memoranda (FM), guiding implementation of projects including monitoring and evaluating the results achieved.

In 2001, the programme of restructuring the Slovak banking sector (financed under the FM 1997 and 1998), in coordination with the MF SR, significantly contributed to the recovery and subsequent privatisation of the two largest commercial banks – Všeobecná úverová banka, a.s. and Slovenská sporiteľňa, a.s. In liaison with those projects technical assistance under the FM 2000 for Slovenská konsolidačná, a.s. (the SKAS) has been launched. All the classified loans from commercial banks and bad assets from other state institutions have been transferred to SKAS (finally merged with the Konsolidačná banka), with the aim of rehabilitating them to some extent. The projects aims to provide support to this institution with its asset portfolio analysis drafting business and legal due diligence of the assets in preparation for their disposal. Assignment of the first expert to assist the Investment Board of the SKAS was already

concluded. The key project will start immediately after the selection of an advisory company in an international tender, which is due in September 2002.

2. COOPERATION BETWEEN THE NBS AND INTERNATIONAL INSTITUTIONS

The International Monetary Fund (IMF)

In April 2001, the leading representatives of the NBS took part in the spring meeting of the committees of the International Monetary Fund (IMF) and the World Bank (WB) in Washington. In addition to these meetings, bilateral meetings with representatives of the IMF and the World Bank and other international financial institutions were held.

The annual meeting of the governors of the member countries of the IMF and the World Bank, originally scheduled for the end of September 2001 in Washington, was cancelled due to the terrorist attacks against the USA. It took place in November 2001 in Ottawa under strict security measures and with a limited number of representatives from individual countries and constituencies. The programme of the annual meeting addressed the following main subject areas:

Strengthening the world economy

September's terrorist attack brought about a slowdown in world economic development. Extensive actions for support and recovery in 2002 were adopted; outlook, however, is largely uncertain. The international community is prepared to take all steps necessary for the maintenance of stability and the reinforcement of growth. By means of increased supervision, the IMF will continue to play a crucial role with regard to crisis prevention, and mitigation of the impact of crises, by strengthening the international financial system and securing global macroeconomic and financial

stability. But the main responsibility as regards the support of the rapid recovery of global growth will rest with the advanced economies. A crucial role in economic recovery will be played by the growing opportunities for trade and international efforts to open markets. The Committee called for vigilance as regards the creation of stability on oil markets and a reasonable price for consumers and producers.

Emerging markets and developing countries are facing weakening of global demand, reduced capital flows, increased aversion to risk in financial markets, reduced incomes from tourism, and reduced and fluctuating prices of goods. A crucial role in these countries will be played by a sound and proactive policy. The Fund, which has a broad range of instruments available and whose current fiscal position is strong, is ready to provide additional financial assistance to countries willing to implement such a policy.

The Committee emphasized the importance of the private sector involvement in the prevention and solution of financial crises. It expressed much concern about the adverse impact of a global slowdown on low-income countries and on the poorest, heavily indebted countries. It called upon the IMF and WB to react flexibly to the needs of those countries, including the granting of additional concession financing and debt relief and for increased efforts to be made within the Poverty Reduction and Growth Facility (PRGF), within the Poverty Reduction Strategy Paper (PRSP) and within the enhanced Initiative for Heavily Indebted Poor Countries (HIPC). Those countries should accelerate the adoption of conditions that could secure debt relief and maintain a sound economic policy. The Committee emphasized the importance of financing the HIPC Initiative and urged bilateral donors to fulfil their obligations.

Fight against money laundering and financing of terrorism

The Committee expressed serious concern regarding the use of the international financial system for the financing of terrorist acts and the

laundering of the proceeds of illegal activities. It called upon all member countries to ratify and implement UN directives, particularly UN Security Council Resolution No. 1,373 on terrorism. It recommended to all member countries to freeze the assets of terrorists and their associates, deny them access to the international financial system and publish monthly list of terrorist organisations whose assets had been frozen, and their amount. The fight against money laundering and financing of terrorism requires the active participation of financial institutions and the establishment of effective security procedures.

During 2001, as part of the long-term mutually beneficial and stable relationship between the Slovak Republic and the International Monetary Fund, several IMF missions were oriented towards statistics, technical assistance for tax administration, but primarily towards the SMP (Staff Monitored Program) proposed by the IMF Executive Board for the Slovak Republic as a supporting programme for the provision of assistance from the World Bank (EFSAL loan). The Slovak Government agreed to the proposed form of cooperation with the Fund and on 28 March 2001 adopted the Statement on Economic Policy for the Purpose of the Staff Monitored Program (Resolution No. 273), which stipulates the specific plans of the Government regarding economic policy for the next period.

On 27 July 2001, a report on the Slovak Republic was discussed by the IMF Executive Board, which represented the completion of the consultation process pursuant to Article IV for the preceding year. The stated consultations, which are conducted annually with each IMF member country, relate to the most important aspects of the development of its economic policy. The Executive Board appraised the efforts of the government to stabilise the economy and to accelerate structural reforms and stated that they considered the economic outlook for 2001 to be encouraging.

In September 1997, the IMF Board of Governors adopted Amendment to the Articles of Agreement, which allowed the implementation of a special one-time allocation of SDRs to member countries. On the one hand, the SDR allocation represents an increase in the foreign exchange reserves of a member country, and on the other hand its liability towards the IMF. The proposed Fourth Amendment to the Articles of Agreement is designed to correct the fact that more than a fifth of member countries have never participated in the SDR allocation and also to balance the ratio of SDR allocation with the membership quota for all member countries at 29.32%. The anticipated share of the Slovak Republic in this allocation will be approximately SDR 75.47 million (US\$ 97 million). From the procedural point of view, it is necessary that all member countries approve the Amendment pursuant to national legislation, which becomes valid following its approval by 85% of the total number of votes. With the approval of the Fourth Amendment by the Slovak Government, by the National Council of the SR and its subsequent signing by the President of the Slovak Republic on 5 December 2001, Slovakia joined the IMF member countries that have agreed to its adoption.

On 11 December 2001, the Permanent Mission of the IMF in the Slovak Republic was established in Bratislava, and Konstantinos Christou (Greece) was appointed the Resident Representative of the IMF in the SR.

The World Bank (WB)

Following meetings of the representatives of the relevant governmental institutions, in addition to representatives of the National Bank of Slovakia with the World Bank missions in 2000 and in early 2001, on 2 August 2001, the World Bank Board of Executive Directors approved the granting of an EFSAL (Enterprise and Financial Sector Adjustment Loan) to the Slovak Republic. This loan is intended for restructuring of the banking and enterprise sector, with emphasis on coverage of the costs of restructuring of the

selected banks and a solution of problems at medium-sized banks, and is also to be used to contribute to improving legislation concerning bankruptcy and corporate governance.

On 25 September 2001, in accordance with the stated decision, an Agreement on EFSAL was signed between the Slovak Republic and the International Bank for Reconstruction and Development (IBRD) amounting to EUR 200 million with a maturity of 14 years and a 5-year grace period. The loan is to be disbursed in 3 tranches of EUR 60, 70 and 70 million. The conditions for granting the first tranche related to the completion of the pre-privatisation restructuring of banks, completion of the privatisation of Slovenská sporiteľňa and Všeobecná úverová banka, and the announcement of a tender for the privatisation of IRB were fulfilled and the World Bank released the first EUR 60 million tranche of the loan on 21 December 2001. From this tranche, the Slovak Government paid the initial fee of EUR 2 million for its release. Slovakia will be able to draw down the second and third tranches following the coincidence of macroeconomic objectives and policy agreed within the Staff Monitored Program.

On 15 August 2001, in accordance with Government Decree No. 111, dated 1 March 2000, the Ministry of Finance of the Slovak Republic paid the first part of the increase of the Slovak Republic capital deposit at the Multilateral Investment Guarantee Agency (MIGA) in the amount of US\$ 161,372.

On 16 January 2001, in accordance with Government Decree No. 1,142, dated 22 December 1999, the Ministry of Finance of the Slovak Republic paid the first part of the Slovak Republic's contribution to the 12th replenishment of the resources of the International Development Association in the amount of SDR 570 thousand (US\$ 741.86 thousand).

As part of the fulfilment of the obligations of the Slovak Republic toward the World Bank, the National Bank of Slovakia paid, in cooperation

with the MF SR, interest totalling US\$ 6.68 million, and repaid principal totalling US\$ 19.24 million on the loans granted - Structural Adjustment Loan (SAL) and Economic Recovery Loan (ERL), in accordance with the stipulated repayment schedule.

The Bank for International Settlements (BIS)

In 2001, the National Bank of Slovakia continued to comply with all the obligations of a shareholder of the Bank for International Settlements. In accordance with a resolution of the 71st Annual General Meeting of the BIS, held on 11 June 2001, the BIS paid the National Bank of Slovakia dividends of CHF 360 per share for the financial year 2000/2001 ended 31 March 2001. The total dividend remitted amounted to CHF 961,200.

Regular meetings of the governors of central banks at the Bank for International Settlements on monetary policy and relevant issues of banking sector development have generated a defining framework for the effective cooperation of central banks. The BIS contributed to the strengthening of this cooperation via regular surveys of foreign exchange market development and analyses of financial markets, and also by means of the activities of the Basel Committee on Banking Supervision, the Committee on Payment and Settlement Systems, the Committee on the Global Financial System, the Committee on Gold and Foreign Exchange, and other expert groups.

The Japan Bank for International Cooperation (JBIC)

During 2001, there was a gradual accumulation at intermediary Slovak banks of funds for the repayment of the principal from the loans - Two Step Loan I, II and III from the Japan Bank for International Cooperation. These funds were used by the banks in the SR for revolving funding. Up to 31 December 2001, 323

projects valued at Sk 2.9 billion were funded by intermediary banks as part of the revolving use of credit lines - TSL I, II and III.

The structure of the interest rate for Slovak crown funds provided to intermediary banks up to 28 June 2001 was based on the discount rate. Due to changes in conditions on the capital and financial markets (decreases in interest rates) the Bank Board of the National Bank of Slovakia approved a new interest rate structure based on the limit rate for standard NBS two-week REPO tenders.

Despite improved conditions regarding the provision of the stated funds, intermediary banks did not manifest any marked interest for funding projects within the credit lines of the TSL.

The European Investment Bank (EIB)

In 2001, an early repayment of EUR 7.7 million of a part of Apex Global Loan II was made following an NBS Bank Board resolution.

The structure of interest rates for Slovak crown funds provided to intermediary banks up to 12 July 2001 was based on the discount rate. Similar as for JBIC credit lines, this was converted to the limit rate for standard NBS two-week REPO tenders with the aim of adopting the cost of funds to market conditions.

The European Bank for Reconstruction and Development (EBRD)

2001 may be considered an exceptionally positive year in terms of the EBRD activities in Slovakia. The overall number of signed projects for this year represents a record amount compared to the preceding year, i.e. 14 projects with a total value of EUR 344.5 million. Thus, the bank more than doubled its portfolio in the SR, which as of 31 December 2001 attained the value of EUR 534 million.

A significant proportion represented investments in the banking sector. The EBRD invested in pre-privatisation projects at Všeobecná úverová banka, and contributed to the successful privatisation of Slovenská sporiteľňa by purchasing a 19.9% share. In addition, it increased its share in the registered capital of Poľnobanka and concluded a credit line with VÚB for small and medium-sized enterprises.

The International Investment Bank (IIB) and The International Bank for Economic Cooperation (IBEC)

In 2001, delegation of the Slovak Republic took part in the spring session of the IIB and IBEC Bank Boards in Moscow and the autumn session in Cuba.

The main topic of sessions of the IIB Bank Board was discussion on the settlement of the debt of the Russian Federation, which is to be implemented in 2002. In the field of settlement of debt with regard to Cuba a mutually acceptable solution has, as yet, not been found. A Report on IIB Activities for the First Half of 2001, a Report on Settlement of Mutual Obligations and Receivables with former members of the IIB – Hungary and Poland, were also debated. A Working Plan of the Revision Commission of the IIB for 2002 was also approved. The sessions of the IBEC Bank Board were of a similar nature.

The World Trade Organization (WTO)

During 2001, the National Bank of Slovakia participated in the preparation and processing of information materials for several events which are important from Slovakia's point of view. The most important included the WTO Ministerial Conference and the Trade Policy Review of the SR at the WTO.

WTO Ministerial Conference

The fourth World Trade Organization Ministerial Conference was held in Qatar from 9 to 14 November 2001. Ministerial Conference is the highest-level decision making body of the WTO and the meeting is held at least once every two years. The Conference concluded with the adoption of the Ministerial Declaration, which in practice means the approval of the start of multilateral trade negotiations on further liberalisation of trade at the WTO – the so-called new round – Doha Development Agenda.

The opening of a new round of trade negotiations signifies the obligation of the SR as a WTO member country at the economic, trade and political level, to actively engage in the discussions regarding the agenda stipulated in Doha. Within the new round of negotiations the SR will assert its trade and political interests and in accordance with the EU integration process, harmonize its negotiation positions with those of the EU.

Trade Policy Review

On 21 and 23 November 2001, Trade Policy Review of the SR at the WTO was conducted in Geneva. The discussion was based on two fundamental documents, i.e. a Trade Policy Review of the SR (prepared by the WTO Secretariat), and a Report of the Government of the SR as part of the WTO Trade Policy Review, which was approved by the Government of the SR on 19 September 2001. The presentation and discussion of the Trade Policy of the SR is in accordance with its obligations which stem from the SR's membership of the WTO, which stipulates the obligation of the transition economies to present a Trade Policy Review every six years.

The conclusions of the WTO Trade Policy Review Body positively assessed the trade policy of the SR and the progress achieved regarding the transformation of the economy since the last Trade Policy Review in 1995 (especially with

regard to the liberalisation of trade and investments), the reinforcement of the overall institutional and legislative framework, the revitalisation of structural reforms, the improvement of transparency and the privatisation process.

The Organization for Economic Cooperation and Development (OECD)

In 2001, activities stemming from the Slovak Republic's membership of the OECD, continued to be accorded a high level priority at the National Bank of Slovakia. Representatives of the NBS participated regularly in the drafting of the required documentation for the Slovak Republic, in addition to other required documents as a result of sessions of the following OECD committees and working groups which included:

- Economic Policy Committee (EPC)
- Working Group for Short-term Economic Outlook (STEP)
- Expert Group on National Accounts (EG NA)
- Committee for Economic Reviews (EDRC)
- Committee for International Investments and Multinational Companies (CIME)
- Committee for Capital Movements and Invisible Transactions (CMIT)
- Committee for Financial Markets (CMF)
- Working Group for Financial Statistics (WFS)
- FATF (Financial Action Task Force) Revision Group on Money Laundering.

The OECD Secretariat positively evaluated the work of the NBS. As part of the examination of the SR by the FATF Revision Group (22 May 2001) the delegates of the SR reversed the unfavourable evaluation of the SR in the revision report thanks to their presentation, which was subsequently altered to be the best among the Central European countries. Similarly, the professional

and qualified contributions of the NBS to the above-mentioned OECD bodies were positively assessed. The conclusions of the STEP sessions addressed the global economy outlook for 2001 – 2002 and the outlook in the key OECD regions. They addressed the impacts of the slowdown of the US economy on selected non-member economies of the OECD, in addition to the predicted development of main macro-economic indicators. The conclusions of the STEP discussions have been and continue to be the basis for the preparation of the Economic Outlook of the OECD. The Economic Policy Committee (EPC) dealt in its spring session with current issues related to the implementation of the economic policy of member countries. The main focus was the international impact of national policies with regard to increased mutual dependency and the need for effective harmonization. The comments of the delegate of the SR regarding the conclusions were subsequently approved at a meeting of the OECD Board at the ministerial level in May 2001.

The presentations of experts from the SR to the STEP and CIME committees reaffirmed their professional quality and high level of preparedness. The active and expedite involvement of experts of the SR in the work of individual OECD committees was also highlighted by Donald Johnson, Secretary General of OECD during his June visit to the Slovak Republic.

Pursuant to the activities of NBS representatives regarding OECD activities during 2001, following the preparation of the Economic Review of the SR, employees of the NBS participated in preparing the content and organising the first and second mission of the OECD in Slovakia. The National Bank of Slovakia participated within its competencies in the preparation of responses to individual structured questionnaires of the OECD.

G. AUDITORS' REPORT



NATIONAL BANK OF SLOVAKIA

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

**as of 31 December 2001
and for the year then ended**

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& 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 2001, 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 7 March 2002, 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, 7 March 2002



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




Ing. Juraj Haľama, CSO.
Responsible Auditor
SKAU Decree Number 213



Deloitte
Touche
Tohmatsu

NATIONAL BANK OF SLOVAKIA

Balance Sheets as at 31 December 2001 and 2000

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

Assets	Note	2001	2000
Gold	4	1 027	1 028
Deposits with the International Monetary Fund	5	5 186	5 264
Receivables from foreign banks and international financial institutions	6	40 233	3 871
Receivables from domestic financial institutions	7	43 784	41 067
Securities	8	181 590	198 091
Equity shares	9	145	145
Property and equipment	10	6 700	6 591
Other assets	11	987	1 473
Total		<u>279 652</u>	<u>257 530</u>
Liabilities			
Currency in circulation	12	91 189	75 944
Liabilities to the International Monetary Fund	5	5 186	5 264
Liabilities to foreign banks and international financial institutions	13	23 905	16 813
Liabilities to domestic financial institutions	14	89 413	71 000
Securities issued	15	5 254	24 900
Liabilities to the State Budget	16	13 377	12 280
Other liabilities	17	40 528	40 860
Total		<u>268 852</u>	<u>247 061</u>
Equity			
Legal reserve fund	18	9 925	9 925
Statutory fund	18	467	467
Capital fund	18	82	77
Retained current period profit	18	326	0
Total		<u>10 800</u>	<u>10 469</u>
Total		<u>279 652</u>	<u>257 530</u>

Ing. Marián Jusko, CSc.

Governor

Ing. Milena Koreňová

Executive Director of Information Systems Division

Ing. Katarína Taragelová

Director of Accounting Department

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

2

NATIONAL BANK OF SLOVAKIA**Statements of Income for the years ended 31 December 2001 and 2000****Derived from the Financial Statements prepared in accordance with Slovak Accounting Regulations
(in millions of Sk)**

	Note	2001	2000
Interest income		11 978	13 450
Interest expense		-5 317	-5 832
Net interest income	19	<u>6 661</u>	<u>7 618</u>
Dividends income		<u>33</u>	<u>35</u>
Fees and commissions received		182	120
Fees and commissions paid		-24	-21
Income from fees and commissions		<u>158</u>	<u>99</u>
Gains / losses (-) from trading securities	20	<u>589</u>	<u>-2 624</u>
Losses (-) / gains from foreign exchange transactions	21	<u>-3 312</u>	<u>48</u>
Costs of issue of banknotes and coins		<u>-251</u>	<u>-109</u>
Income from banking transactions		<u>3 878</u>	<u>5 067</u>
Other provisions and reserves		<u>3</u>	<u>-10</u>
Administrative expenses	22	-698	-632
Depreciation	10	-196	-209
Other operating expenses		-630	-847
Total operating expenses		<u>-1 524</u>	<u>-1 688</u>
Extraordinary expenses (-) and income		<u>-30</u>	<u>4 021</u>
Taxes on income from ordinary business		<u>-1</u>	<u>-1</u>
PROFIT FOR CURRENT YEAR	23	<u>2 326</u>	<u>7 389</u>
Allotments from profit	23	-2 000	-7 346
Profit for current year less allotments	18	<u>326</u>	<u>43</u>

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

3

NATIONAL BANK OF SLOVAKIA

Footnotes to the Annual Summary Financial Statements as at 31 December 2001 and 2000,
derived from the Financial Statements prepared in accordance with Directive of the Ministry of
Finance of Slovak Republic 65/356/1996, as amended
(in millions of Sk)

1. General Information

The National Bank of Slovakia (herein "the NBS" or "the Bank") is the central bank of the Slovak Republic. The NBS was established in accordance with the terms of Act No. 566/1992 Coll. on the National Bank of Slovakia as amended ("the NBS Act"). It commenced its activities on 1 January 1993 as the central bank of the Slovak Republic. The NBS is a legal entity with its seat at Štúrova 2, Bratislava, IČO 30844789. When handling its own assets, the NBS acts as a business entity. The NBS has its head office in Bratislava, it has three branches in the Slovak Republic (Bratislava, Banská Bystrica, Košice) as well as organisational units.

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

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

The supreme management body of the NBS is the NBS Bank Board (herein "the Bank Board"). The Bank Board has eight members: the Governor, two Vice-Governors, two NBS Executive Directors and three other members. The Governor and Vice-Governors are appointed and recalled by the President of the Slovak Republic. Executive Directors and other members of the Bank Board are appointed and recalled by the Slovak Government. The term of office of the Bank Board members is five years. Membership of the Bank Board is limited to a maximum of two consecutive terms of office. The NBS is represented by a Governor.

In 2001, the members of the Bank Board were as follows:

Name	Position	Term of office	
Ing. Marián Jusko, CSc.	Governor	from 30 July 1999	till 30 July 2005
Ing. Elena Kohútiková, CSc.	Vice-Governor	from 28 March 2000	till 28 March 2006
Ing. Jozef Mudrik	Vice-Governor	from 23 May 1995	till 23 May 2001
Ing. Ján Mathes	Executive		
	Director	from 1 January 1999	till 1 January 2005
RNDr. Karol Mrva	Executive		
	Director	from 1 December 2000	till 1 December 2006
Ing. Jozef Magula	Member	from 4 February 1997	till 4 February 2001
Ing. Eugen Jurzyca	Member	from 1 December 2000	till 31 December 2001
Prof. Ing. Jozef Košnár, DrSc.	Member	from 1 December 2000	till 1 December 2004

Ing. Ivan Šramko was appointed a Vice-Governor on 11 January 2002.

NATIONAL BANK OF SLOVAKIA

**Footnotes to the Annual Summary Financial Statements as at 31 December 2001 and 2000,
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(in millions of Sk)**

2. Basis for preparation of financial statements

The financial statements of the NBS for 2001 were prepared in compliance with the generally binding legal regulations, in particular:

- the Act on Accounting No. 563/1991 Coll. as amended, in the wording of Act No. 272/1996 Coll., Act No. 173/1998 Coll., Act No. 336/1999 Coll., Act No. 387/2001 Coll. and Act No. 483/2001 Coll. ("the Accountancy Act");
- the Directive of the Ministry of Finance of the Slovak Republic No. 65/355/1996 dated 11 November 1996, by which the chart of accounts and accounting procedures for banks are established, in the wording of the Directive of the Ministry of Finance of the Slovak Republic No. 3171/1997-sekr., dated 29 September 1997, the Directive of the Ministry of Finance of the Slovak Republic No. 4299/1997-sekr., dated 23 December 1997, the Directive of the Ministry of Finance of the Slovak Republic No. 18032/1999-92, dated 7 October 1999 and the Directive of the Ministry of Finance of the Slovak Republic No. 21189/2000-92 dated 4 October 2000;
- the Directive of the Ministry of Finance of the Slovak Republic No. 65/356/1996, dated 11 November 1996, specifying the structure and content of individual items in financial statements of banks and minimum scope of information to be disclosed, in the wording of the Directive of the Ministry of Finance of the Slovak Republic No. 18032/1999-92, dated 7 October 1999 and the Directive of the Ministry of Finance of the Slovak Republic No. 8984/2001-92 dated 8 August 2001.

The financial statements were prepared as ordinary financial statements as at 31 December 2001.

All figures presented in the financial statements for the previous period are in a form comparable with the 2001 figures.

3. Accounting rules

3.1. Valuation of assets and liabilities

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

- Gold was valued at a historical cost of Sk 62.54451/gram.
- Marketable securities were valued at cost of acquisition. A weighted arithmetic average was used for valuation of the disposal of the same type of securities. The Bank created provisions in cases where the market value of the discounted securities in the financial statements was lower than the average cost of acquisition of these securities and accrued interest. The Bank created provisions for fixed interest securities in the financial statements if their market value was lower than their average cost of acquisition.
- Equity securities are valued at the cost of acquisition.
- Purchased inventory was valued at the acquisition cost.
- Cash, stamps, and vouchers were valued at face value.
- Receivables and liabilities were valued at face value. Provisions were created for receivables in the financial statements for any temporary impairment of their values.
- Property and equipment is recorded at acquisition cost, or replacement acquisition cost.

NATIONAL BANK OF SLOVAKIA

Footnotes to the Annual Summary Financial Statements as at 31 December 2001 and 2000,
derived from the Financial Statements prepared in accordance with Directive of the Ministry of
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3.2. Valuation of assets and liabilities denominated in foreign currency

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

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

Currency	Amount	2001 exchange rate	2000 exchange rate
USD	1	48.467	47.389
EUR	1	42.760	43.996
JPY	100	36.915	41.397
XDR	1	60.836	61.751

3.3. Depreciation of property and equipment

The Bank applied the annual depreciation rates for tangible and intangible assets in 2001 as follows:

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

Property and equipment is categorised as follows:

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

3.4. Receivables write-off

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

NATIONAL BANK OF SLOVAKIA

Footnotes to the Annual Summary Financial Statements as at 31 December 2001 and 2000,
derived from the Financial Statements prepared in accordance with Directive of the Ministry of
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3.5. Taxes

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

The NBS is a VAT payer.

3.6. Distribution of profits

In accordance with the NBS Act, Article 38, the Bank decided on using the profits to allotments to reserve fund and other funds generated from profit. The Bank transferred the remaining portion of the profit into the State Budget of the Slovak Republic.

4. Gold

The value of gold under NBS administration was Sk 1 027 million (Sk 1 028 million in 2000), e. g. 16.4 million grams of pure gold.

Gold used in swap transactions in the amount of 18.7 million grams has not been included. The NBS purchased put options to secure swap transactions with gold (see Notes 21 and 25).

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

The IMF membership quota, and loans from the IMF:

	2001	2000
The IMF membership quota	5 186	5 264
Total receivable from the IMF	5 186	5 264
Loan tranche	5 186	5 264
Total liability to the IMF	5 186	5 264

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

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

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Footnotes to the Annual Summary Financial Statements as at 31 December 2001 and 2000,
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(in millions of Sk)

6. Receivables from foreign banks and international financial institutions

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

	<u>2001</u>	<u>2000</u>
Current accounts with banks	1 516	942
Term deposits with banks	12 670	822
Loans under repurchase transactions	<u>26 047</u>	<u>2 107</u>
Total	<u>40 233</u>	<u>3 871</u>

Term deposits were made in USD in the amount of Sk 10 190 million (2000: Sk 822 million) and in EUR in the amount of Sk 2 480 million respectively.

Under repurchase transactions, the NBS provided USD loans in the amount of Sk 2 423 million and EUR loans in the amount of Sk 23 624 million (EUR loans in 2000: Sk 2 107 million), secured with treasury bills in USD, and state long-term bonds, and other securities in EUR.

The analysis of receivables from foreign banks and international financial institutions by remaining contractual maturity period is outlined in Note 26.

7. Receivables from domestic financial institutions

Below is the summary of receivables from domestic financial institutions:

	<u>2001</u>	<u>2000</u>
Current accounts	130	149
Discounted bills of exchange	0	591
Loans to support small and middle size businesses	6 340	10 888
Redistribution loans	21 232	23 980
Other receivables	16 082	5 459
Classified receivables	11	11
Provisions for classified receivables	<u>-11</u>	<u>-11</u>
Total	<u>43 784</u>	<u>41 067</u>

The Bank has taken over state guarantees for redistribution loans (see Note 25).

The analysis of receivables from domestic financial institutions by remaining contractual maturity period is outlined in Note 26.

NATIONAL BANK OF SLOVAKIA

Footnotes to the Annual Summary Financial Statements as at 31 December 2001 and 2000,
derived from the Financial Statements prepared in accordance with Directive of the Ministry of
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(in millions of Sk)

8. Securities

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

Issued by	Type of security	2001	2000
Public sector	State treasury bills	53 424	46 117
	Medium-term bonds	33 673	38 134
	Long-term bonds	45 061	31 880
	Variable income shares	0	73
	Provisions	-642	-599
		<u>131 516</u>	<u>115 605</u>
Financial institutions	Treasury bills	6 122	2 299
	Short-term bonds	9 495	63 396
	Medium-term bonds	21 823	15 878
	Long-term bonds	12 805	1 681
	Provisions	-171	-768
		<u>50 074</u>	<u>82 486</u>
Total		<u>181 590</u>	<u>198 091</u>

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

The analysis of securities held by the Bank by remaining contractual maturity period is outlined in Note 26.

9. Equity shares

The NBS owned 120 shares in Bankové Zúčtovacie Centrum Slovenska, a. s., Bratislava (Slovak Bank Clearing Centre) in the amount of Sk 120 million, representing 39.47% share in the equity. In addition, the Bank owned 2 670 shares in the Bank for International Settlements in Basel, Switzerland, totalling Sk 25 million and representing 0.59% share in the equity.

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Footnotes to the Annual Summary Financial Statements as at 31 December 2001 and 2000,
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Finance of Slovak Republic 65/356/1996, as amended
(in millions of Sk)

10. Property and equipment**10.1. Intangible assets:**

Intangible assets (IA)	Intangible assets	Acquisition of IA	Total
Balance of cost			
as at 1 January 2001	154	3	157
Additions	13	28	41
Disposals	1	2	3
Transfers	0	-13	-13
Balance of cost			
as at 31 December 2001	166	16	182
Accumulated depreciation			
as at 1 January 2001	108	0	108
Depreciation for current year	22	0	22
Balance of accumulated depreciation			
as at 31 December 2001	130	0	130
Book value of IA as at 1 January 2001	46	3	49
Book value of IA as at 31 December 2001	36	16	52

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

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NATIONAL BANK OF SLOVAKIA

Footnotes to the Annual Summary Financial Statements as at 31 December 2001 and 2000,
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Finance of Slovak Republic 65/356/1996, as amended
(in millions of Sk)

10.2. Tangible assets:

Tangible assets (TA)	Land	Other TA non- depreciated	Buildings and structures	Technical equipment and machines	Other TA depre- ciated	Acqui- sition of TA	Prepayments made	Total
Balance of cost								
as at 1 January 2001	304	35	1 281	1 269	161	4 595	134	7 779
Additions		9	55	86	11	376	60	597
Disposals	2	18	16	58	2		126	222
Transfers		45	-44			-161		-160
Balance of cost								
as at 31 December 2001	<u>302</u>	<u>71</u>	<u>1 276</u>	<u>1 297</u>	<u>170</u>	<u>4 810</u>	<u>68</u>	<u>7 994</u>
Accumulated depreciation								
as at 1 January 2001			178	938	115		6	1 237
Depreciation for current year			31	95	48			174
Accumulated depreciation of disposed TA			4	26	35			65
Accumulated depreciation								
as at 31 December 2001			205	1 007	128		6	1 346
Book value of TA								
as at 1 January 2001	304	35	1 103	331	46	4 595	128	6 542
Book value of TA								
as at 31 December 2001	<u>302</u>	<u>71</u>	<u>1 071</u>	<u>290</u>	<u>42</u>	<u>4 810</u>	<u>62</u>	<u>6 648</u>

11. Other assets

Below is the structure of other assets:

	<u>2001</u>	<u>2000</u>
Accruals	515	977
Other	472	496
Total	<u>987</u>	<u>1 473</u>

Other mainly included amounts due from clients, inventory, and amounts due from the supply chain.

12. Currency in circulation

Currency in circulation included valid domestic banknotes and coins issued by the Bank.

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Footnotes to the Annual Summary Financial Statements as at 31 December 2001 and 2000,
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13. Liabilities to foreign banks and international financial institutions

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

	2001	2000
<i>Deposits</i>		
World Bank	1 598	1 466
PHARE Fund	1	1
	<u>1 599</u>	<u>1 467</u>
<i>Loans</i>		
Repurchase transactions	7 973	0
Japan Bank for International Cooperation (EXIM)	11 554	13 525
European Investment Bank in Luxembourg (EIB)	1 343	1 821
Credit balance in Nostro Account	1 436	0
	<u>22 306</u>	<u>15 346</u>
Total	<u>23 905</u>	<u>16 813</u>

Repurchase transactions in foreign currencies were secured with medium-term and long-term state bonds denominated in EUR.

Both EXIM and EIB loans were long-term, specified to supplement resources of selected domestic banks to support small and middle size businesses and certain industries in the Slovak economy.

The analysis of liabilities to foreign banks and international financial institutions by remaining contractual maturity period is outlined in Note 26.

14. Liabilities to domestic financial institutions

Below is the summary of liabilities to domestic financial institutions:

	2001	2000
Current accounts	1 954	1 311
Term deposits	10 814	3 427
Money reserves of banks	22 769	37 366
Loans under repurchase transactions	51 366	27 626
Other liabilities	2 510	1 270
Total	<u>89 413</u>	<u>71 000</u>

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

The analysis of liabilities to domestic financial institutions by remaining contractual maturity period is outlined in Note 26.

NATIONAL BANK OF SLOVAKIA

Footnotes to the Annual Summary Financial Statements as at 31 December 2001 and 2000,
derived from the Financial Statements prepared in accordance with Directive of the Ministry of
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(in millions of Sk)

15. Securities issued

The NBS recognises liability arising from the issue of treasury bills in the amount of Sk 145 254 million (2000: Sk 84 900 million). Treasury bills were issued to generate sufficient reserves of securities for sterilising repurchase transactions. Such transactions related to the execution of monetary policy in the area of open market transactions.

The NBS treasury bills in the amount of Sk 57 154 million (2000: Sk 52 900 million) were used as sterilising repurchase instruments, thereof Sk 51 900 million (2000: Sk 28 000 million) in the form of sterilising repurchase transactions, and Sk 5 254 million (2000: Sk 24 900 million) in the form of direct issues to the portfolios of domestic banks.

16. Liabilities to the State Budget

Below is the structure of liabilities to the State Budget:

	<u>2001</u>	<u>2000</u>
Account of the Slovak Republic	5 407	5 608
State funds	7 970	6 672
Total	<u>13 377</u>	<u>12 280</u>

Liability of the Bank arising from ordinary activities of state economy and debt service funding amounted to Sk 5 407 million. State funds included other state deposits with the NBS.

17. Other liabilities

Below is the structure of other liabilities:

	<u>2001</u>	<u>2000</u>
Reserves	15 490	16 990
Deposits of non-budget funds of Slovak Republic Bodies	16 539	12 648
Special transactions with funds of Slovak Republic	1 391	1 024
Forward transactions clearing accounts	5 694	3 376
Accruals	539	658
Other	875	6 164
Total	<u>40 528</u>	<u>40 860</u>

Reserves mainly included reserves for foreign exchange transactions totalling Sk 15 480 million (2000: Sk 16 976 million), thereof the major portion included reserves for open foreign exchange position in the amount of Sk 13 441 million (2000: Sk 13 876 million), and reserves for gold used in swap transactions in the amount of Sk 2 039 million (2000: Sk 3 100 million).

NATIONAL BANK OF SLOVAKIA

Footnotes to the Annual Summary Financial Statements as at 31 December 2001 and 2000,
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Reserve for exchange rates losses from open foreign exchange position of the Bank was reconciled and re-assessed based on the anticipated development in foreign exchange reserves and expected changes in exchange rates.

Reserves for swap transactions with gold were recognised to cover differences between fair values of gold used in swap transactions and its historical cost to prevent high volatility in exchange rate gains/losses (see Note 21).

Other mainly included term deposits of other clients and liabilities due to suppliers.

18. Equity

The Bank's equity included statutory fund in the amount of Sk 467 million taken over from the split of assets and liabilities of the former Štátna Banka Československa (Czechoslovak State Bank), legal reserve fund in the amount of Sk 9 925 million, capital fund in the amount of Sk 82 million, and current period retained profit in the amount of Sk 326 million (see Note 23).

19. Net interest income

Below is the structure of net interest income:

	2001	2000
Interest received from domestic banks	2 530	3 374
Interest received from foreign banks and international financial institutions	194	272
Interest income from securities	8 531	8 922
Interest income under repurchase transactions	666	777
Other interest income	57	105
Interest income	11 978	13 450
Interest paid to state treasury	-506	-1 161
Interest paid to domestic banks	-528	-668
Interest paid to foreign banks and international financial institutions	-441	-735
Interest expense from securities	0	-231
Interest expense under repurchase transactions	-2 952	-2 173
Other interest expense	-890	-864
Interest expense	-5 317	-5 832
Net interest income	6 661	7 618

The interest income from securities including income from bonds in the amount of Sk 5 914 million (2000: Sk 6 422 million) and income from discounted securities in the amount of Sk 2 617 million (2000: Sk 2 500 million) had the most significant effects on the reported net interest income.

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derived from the Financial Statements prepared in accordance with Directive of the Ministry of
Finance of Slovak Republic 65/356/1996, as amended
(in millions of Sk)

20. Gains / losses (-) from trading securities

Below is the structure of gains / losses (-) from trading securities:

	<u>2001</u>	<u>2000</u>
Capital gain from securities	2 160	464
Capital loss from securities	-2 098	-3 616
Use of provisions for securities	1 341	1 895
Creation of provisions for securities	-814	-1 367
Gains / losses (-) from trading securities	<u>589</u>	<u>-2 624</u>

Capital gain from securities included income from disposals of securities denominated in USD and in EUR. The major portion of capital loss from securities represented the difference between the face value of the NBS treasury bills and their sales prices on the primary market in the amount of Sk 1 462 million (2000: Sk 1 094 million).

21. Losses (-) / gains from foreign exchange transactions

Below is the structure of losses (-) / gains from foreign exchange transactions:

	<u>2001</u>	<u>2000</u>
Income from foreign exchange transactions	8 075	20 449
Costs of foreign exchange transactions	-12 883	-13 105
	<u>-4 808</u>	<u>7 344</u>
Use of reserves for foreign exchange transactions	1 496	1 163
Recording for reserves for foreign exchange transactions	0	-8 459
Losses (-) / gains from foreign exchange transactions	<u>-3 312</u>	<u>48</u>

The NBS recognised net exchange rate loss from foreign exchange transactions in the amount of Sk 4 243 million (2000: gain of Sk 8 075 million), loss from swap transactions in the amount of Sk 484 million (2000: Sk 654 million), and loss from other foreign exchange transactions under future contracts in the amount of Sk 81 million (2000: Sk 77 million).

In 2001, the Bank used reserves for swap transactions with gold in the amount of Sk 1 061 million, and reserves for open foreign exchange positions in the amount of Sk 435 million (see Note 17).

NATIONAL BANK OF SLOVAKIA

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22. Administrative expenses

In 2001, administrative expenses represented personnel costs including payroll expenses in the amount of Sk 522 million (2000: Sk 474 million), and social security expenses in the amount of Sk 176 million (2000: Sk 158 million). Social security expenses included mandatory allotments to medical and health insurance funds, retirement funds, and allotments to unemployment insurance funds, and levies for non-employment of the mandatory ratio of disabled individuals, and mandatory allotments to social security funds pursuant to Social Security Fund Act No. 152/1994, as amended, and Income Taxes Act No. 366/1999, as amended.

In the accounting period 2001, the average calculated number of bank employees was 1 318 (2000: 1 305), thereof managers 157 (2000: 162).

23. Allotments from profit

In the accounting period 2001, the Bank's operations resulted in profits in the amount of Sk 2 326 million (2000: Sk 7 389 million). The NBS suggested the following distribution of its 2001 book profit: to the reserve fund allotments in the amount of Sk 283 million, to the social security fund allotments in the amount of Sk 40 million (2000: Sk 40 million), to the retirement fund allotments in the amount of Sk 3 million (2000: Sk 3 million). Pursuant to the NBS Act, Article 38, the Bank realised allotments from its 2001 profit to the State Budget in the amount of Sk 2 000 million (2000: Sk 7 346 million).

On 10 January 2002, the Bank Board approved suggested allotments to funds from its 2001 profit.

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derived from the Financial Statements prepared in accordance with Directive of the Ministry of
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24. Currency structure of assets and liabilities

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

	Line no.	Slovak crowns Sk	Foreign currency converted to Sk, total	Thereof:					Total
				USD	EUR	JPY	XDR	Other	
2001									
Assets	1	50 906	228 746	73 859	144 061	4 515	5 218	1 093	279 652
Liabilities	2	249 687	29 965	2 378	10 735	11 664	5 186	2	279 652
Net foreign exchange position	3=1-2	-198 781	198 781	71 481	133 326	-7 149	32	1 091	
2000									
Assets	4	48 441	209 089	52 665	144 580	5 428	5 288	1 128	257 530
Liabilities	5	234 704	22 826	1 035	2 871	13 655	5 265		257 530
Net foreign exchange position	6=4-5	-186 263	186 263	51 630	141 709	-8 227	23	1 128	
Total difference	7=3-6	-12 518	12 518	19 851	-8 383	1 078	9	-37	

25. Off-balance sheet items

The Bank recognised in the off-balance sheet accounts future irrevocable receivables and liabilities
from foreign term and spot transactions in the following structure:

	2001		2000	
	Receivable	Liability	Receivable	Liability
Currency interest rate swaps	7 383	7 865	8 279	7 690
Interest rate swaps	1 750	1 750	1 634	1 634
Swap transactions with gold	1 167	8 413	1 168	8 226
Total future contracts	10 300	18 028	11 081	17 550
Spot transactions	0	0	9	9

In order to change the currency structure of FX reserves, the Bank concluded a long-term currency
swap exchanging JPY for USD. Whilst the first instalment will be due and payable in March 2002,
the final maturity of the swap transaction is in 2010.

The Bank engaged in long-term gold swaps. After the revaluation, using the current gold rate of
USD 276.50 /ozs as at 31 December 2001 the Bank would have had recorded a receivable of
Sk 8 042 million and had a liability denominated in USD, amounting to Sk 8 413 million after its
translation to Sk.

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

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NATIONAL BANK OF SLOVAKIA

**Footnotes to the Annual Summary Financial Statements as at 31 December 2001 and 2000,
derived from the Financial Statements prepared in accordance with Directive of the Ministry of
Finance of Slovak Republic 65/356/1996, as amended
(in millions of Sk)**

To eliminate the risk of a decrease in the market value of the gold swapped, the Bank purchased European gold put options. The Bank reports in respect of these options a receivable denominated in USD amounting to Sk 8 413 million after its translation to Sk, as well as a liability of Sk 8 042 million, after its revaluation using the current gold rate.

Using the historical cost of gold in the above valuation, the receivable from long-term swaps and the liability from purchased long-term options amounts to Sk 1 167 million.

The Bank recorded on off-balance sheet accounts received guarantees in the amount of Sk 29 135 million (in 2000; Sk 34 968 million), thereof state guarantees received for redistribution loans of Sk 29 132 million (in 2000; Sk 34 964 million). This amount consists of principal and interest till the maturity of loans.

NATIONAL BANK OF SLOVAKIA

Footnotes to the Annual Summary Financial Statements as at 31 December 2001 and 2000,
derived from the Financial Statements prepared in accordance with Directive of the Ministry of
Finance of Slovak Republic 65/356/1996, as amended
(in millions of Sk)

26. Maturity analysis

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

	Up to 1 month incl.	From 1 – 3 months	Up to 1 year incl.	From 1 – 5 years	Over 5 years	Non- specified	Total
Assets							
Gold		948				79	1 027
Deposits with the IMF						5 186	5 186
Receivables from foreign banks and international financial institutions	39 444					789	40 233
Receivables from domestic financial institutions	1 711	1 430	4 574	29 691	6 378		43 784
Securities	26 947	25 093	43 946	70 542	15 062		181 590
Equity shares						145	145
Property and equipment						6 700	6 700
Other assets	199	297	152	122	129	88	987
Total assets	68 301	27 768	48 672	100 355	21 569	12 987	279 652
Liabilities and equity							
Currency in circulation						91 189	91 189
Liabilities to the IMF						5 186	5 186
Liabilities to foreign banks and international financial institutions	10 219	721	751	6 098	5 327	789	23 905
Liabilities to domestic financial institutions	89 413						89 413
Securities issued	2 000	3 254					5 254
Liabilities to the State Budget	13 377						13 377
Other liabilities	18 672	441	14 448	6 805		162	40 528
Legal reserve fund						9 925	9 925
Statutory fund						467	467
Capital fund						82	82
Retained current period profit						326	326
Total liabilities and equity	133 681	4 416	15 199	12 903	5 327	108 126	279 652
Difference	-65 380	23 352	33 473	87 452	16 242	-95 139	0

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

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NATIONAL BANK OF SLOVAKIA

Footnotes to the Annual Summary Financial Statements as at 31 December 2001 and 2000,
derived from the Financial Statements prepared in accordance with Directive of the Ministry of
Finance of Slovak Republic 65/356/1996, as amended
(in millions of Sk)

Below is the analysis of assets and liabilities of the NBS as at 31 December 2000 by the remaining contractual maturity period:

	Up to 1 month incl.	From 1 – 3 months	Up to 1 year incl.	From 1 – 5 years	Over 5 years	Non- specified	Total
Assets							
Gold	177	771				80	1 028
Deposits with the IMF						5 264	5 264
Receivables from foreign banks and international financial institutions	3 107					764	3 871
Receivables from domestic financial institutions	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
Property and equipment						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 financial institutions	703	324	345	6 944	7 733	764	16 813
Liabilities to domestic financial institutions	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	103 414	26 118	15 159	12 448	7 733	92 658	257 530
Difference	-78 935	20 937	64 500	49 646	23 580	-79 728	0

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

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NATIONAL BANK OF SLOVAKIA

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

**as of 31 December 2001
and for the year then ended**

NATIONAL BANK OF SLOVAKIA
Financial Statements prepared under International Accounting Standards
31 December 2001 and 2000
(in millions of Sk)

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& Touche**

INDEPENDENT AUDITOR'S REPORT

To the Bank Board of the National Bank of Slovakia:

We have audited the accompanying balance sheets of the National Bank of Slovakia ("the Bank") as of 31 December 2001 and 2000, and the related statements of income, cash flows and changes in equity for the years then ended. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Bank as of 31 December 2001 and 2000, the results of its operations, its cash flows and changes in equity for the years then ended, in accordance with International Accounting Standards.

Bratislava, 12 April 2002



Deloitte & Touche spol. s r. o.

Deloitte
Touche
Tohmatsu

NATIONAL BANK OF SLOVAKIA
Balance sheets prepared under International Accounting Standards
As of 31 December 2001 and 2000
(in millions of Sk)

	Note	2001	2000
Assets			
Current accounts and deposits with banks	5	14 341	1 913
Gold	6	15 118	2 195
Trading securities	7	182 358	199 172
Financial derivative assets	8	696	805
Loans to banks and other financial institutions	9	67 534	42 120
IMF membership quota	10	5 186	5 264
Property and equipment	11	6 638	6 463
Other assets	12	1 012	1 523
Total assets		292 883	259 455
Liabilities			
Liabilities to banks and other financial institutions	13	121 731	96 039
Liabilities to the state budget	14	13 377	12 280
Securities issued	15	5 254	24 900
Financial derivative liabilities	8	178	-
Loans from the IMF	10	5 186	5 264
Currency in circulation	16	91 189	75 944
Other liabilities	17	19 344	20 506
		256 259	234 933
Equity			
Capital (statutory fund)	18	467	467
Reserves	18	36 157	24 055
		36 624	24 522
Total liabilities and equity		292 883	259 455

Ing. Marián Jusko, CSc.

Governor

Ing. Milena Koreňová

Executive Director of Information Systems Division

Ing. Katarína Taragelová

Director of Accounting Department

The footnotes on pages 6 – 27 are an integral part of the financial statements prepared under International Accounting Standards

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NATIONAL BANK OF SLOVAKIA
Statements of income prepared under International Accounting Standards
For the years ended 31 December 2001 and 2000
(in millions of Sk)

	Note	2001	2000
Interest and similar income		11 978	13 451
Interest expense and similar charges		(5 317)	(5 833)
Net interest income	19	<u>6 661</u>	<u>7 618</u>
Dividends income		<u>33</u>	<u>35</u>
Fees and commissions received		190	120
Fees and commissions paid		(25)	(21)
Income from fees and commissions		<u>165</u>	<u>99</u>
Gain (loss) from trading securities	20	298	(1 725)
Foreign exchange (losses) gains	21	(3 247)	8 442
Operating (expenses) income	22	(1 760)	2 280
Provisions for losses	9	(1 262)	(916)
Net profit	23	<u>888</u>	<u>15 833</u>
Transfer (from) to reserves and state budget:			
		2001	2000
General reserves	18	(1 112)	8 487
Transfer of profit to state budget	23	2 000	7 346
Net profit	23	<u>888</u>	<u>15 833</u>

The footnotes on pages 6 – 27 are an integral part of the financial statements prepared under International Accounting Standards

NATIONAL BANK OF SLOVAKIA

Statements of changes in equity prepared under International Accounting Standards
For the years ended 31 December 2001 and 2000
(in millions of Sk)

	Statutory fund	General reserves	Legal reserve fund	Accumulated profits	Total
At 1 January 2000	467	5 643	9 925	-	16 035
Profit for the year				15 833	15 833
Transfer of profit to Reserves	-	8 487	-	(8 487)	-
Transfer of profit to state budget	-	-	-	(7 346)	(7 346)
At 31 December 2000	467	14 130	9 925	-	24 522
Impact of IAS 39 application – gold and financial derivatives (Note 6 and 8)	-	12 693	-	-	12 693
At 1 January 2001 – as restated	467	26 823	9 925	-	37 215
Net profit for the year				888	888
Fair value adjustment of gold (Note 24)	-	521	-	-	521
Reserves distribution	-	(1 112)	-	1 112	-
Transfer of profit to state budget (Note 23)	-	-	-	(2 000)	(2 000)
At 31 December 2001	467	26 232	9 925	-	36 624

The footnotes on pages 6 – 27 are an integral part of the financial statements prepared under International Accounting Standards

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NATIONAL BANK OF SLOVAKIA
Statements of cash flows prepared under International Accounting Standards
For the years ended 31 December 2001 and 2000
(in millions of Sk)

	2001	2000
Net cash flow from operating activities		
Net profit	888	15 833
Adjustments to reconcile net profit to cash flows provided by operating activities:		
Dividends received	(33)	(35)
Provisions for loans	1 262	916
Gain from revaluation of trading securities	(239)	(1 433)
Unrealised foreign exchange (gains)/losses	(192)	1 134
Depreciation	196	209
Gain from financial instruments	(568)	-
Other	(4)	-
Net cash flow from operating activities before changes in operating assets and liabilities	1 310	16 624
Changes in operating assets and liabilities		
Decrease in gold	1	314
Decrease/(increase) in securities	17 054	(56 329)
(Increase)/decrease in loans to banks and other financial institutions	(26 701)	13 234
Decrease in other assets	1 592	1 363
Total change in operating assets	(8 054)	(41 418)
Decrease in liabilities to banks and financial institutions	(5 195)	(3 590)
(Decrease)/increase in securities issued	(19 646)	12 860
Increase/(decrease) in liabilities to state budget	1 097	(6 521)
Increase/(decrease) in liabilities to IMF	508	(10 007)
Increase in currency in circulation	15 245	8 453
(Decrease)/increase in other liabilities and accruals	(1 096)	3 695
Total change in operating liabilities	(9 087)	4 890
Net cash flow provided by operating activities	(15 831)	(19 904)
Cash flow from investment activities		
Purchase of property and equipment	(370)	(1 776)
Dividends received	33	35
(Decrease)/increase in IMF quota	(508)	4 411
Net cash flow (used in) provided by investing activities	(845)	2 670
Net cash flow from financing activities		
Contribution paid to state budget	(2 000)	(4 000)
Increase in loans	30 887	17 680
Net cash flow provided by financing activities	28 887	13 680
Net increase/(decrease) in cash and cash equivalents	12 211	(3 554)
Gain on foreign currency cash	192	199
Cash and cash equivalents at the beginning of year	1 149	4 504
Cash and cash equivalents at the end of year	13 552	1 149

The footnotes on pages 6 – 27 are an integral part of the financial statements prepared under International Accounting Standards

NATIONAL BANK OF SLOVAKIA

Footnotes to the financial statements prepared under International Accounting Standards
As of 31 December 2001 and 2000 and for the years then ended
(in millions of Sk)

1. General Information

The National Bank of Slovakia (herein "the NBS" or "the Bank") is the central bank of the Slovak Republic. NBS was established in accordance with the terms of Act No. 566/1992 Coll. on the National Bank of Slovakia as amended ("the NBS Act"). It commenced its activities on 1 January 1993 as the central bank of the Slovak Republic. The NBS is a legal entity with its seat at Štúrova 2, Bratislava, IČO 30844789. When handling its own assets, the NBS acts as a business entity. The NBS has its head office in Bratislava, it has three branches in the Slovak Republic (Bratislava, Banská Bystrica, Košice) as well as organisational units.

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

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

The supreme management body of the NBS is the NBS Bank Board (herein "the Bank Board"). The Bank Board has eight members: the Governor, two Vice-Governors, two NBS Executive Directors and three other members. The Governor and Vice-Governors are appointed and recalled by the President of the Slovak Republic. Executive Directors and other members of the Bank Board are appointed and recalled by the Slovak Government. The term of office of the Bank Board members is five years. Membership of the Bank Board is limited to a maximum of two consecutive terms of office. The NBS is represented by the Governor.

In 2001, the members of the Bank Board were as follows:

Name	Position	Term of office	
Ing. Marián Jusko, CSc.	Governor	from 30 July 1999	till 30 July 2005
Ing. Elena Kohútiková, CSc.	Vice-Governor	from 28 March 2000	till 28 March 2006
Ing. Jozef Mudrík	Vice-Governor	from 23 May 1995	till 23 May 2001
Ing. Ján Mathes	Executive Director	from 1 January 1999	till 1 January 2005
RNDr. Karol Mrva	Executive Director	from 1 December 2000	till 1 December 2006
Ing. Jozef Magula	Member	from 4 February 1997	till 4 February 2001
Ing. Eugen Jurzyca	Member	from 1 December 2000	till 31 December 2001
Prof. Ing. Jozef Košnár, DrSc.	Member	from 1 December 2000	till 1 December 2004

Ing. Ivan Šramko was appointed a Vice-Governor on 11 January 2002.

NATIONAL BANK OF SLOVAKIA

Footnotes to the financial statements prepared under International Accounting Standards
As of 31 December 2001 and 2000 and for the years then ended
(in millions of Sk)

2. Basis for preparation of financial statements

The accompanying financial statements of the NBS as at 31 December 2001 were prepared in accordance with International Accounting Standards („IAS“). All figures in the financial statements for the previous period are presented on a comparable basis.

In 2001 the NBS applied IAS 39, Financial Instruments: Recognition and Measurement („IAS 39“) for the first time. IAS 39 has introduced a comprehensive framework of accounting for all financial instruments. According to this standard, the Bank must categorise its assets and liabilities into categories (held for trading, held for hedging, available for sale, investments held to maturity, loans and receivables originated by the Bank) and value them accordingly. The principal effects of adoption of IAS 39 have been that substantially all of the Bank's investments in securities are now classified as held-for-trading, and similarly together with gold and financial derivatives have been reported on balance sheet at fair values. The effects of the re-measurement of financial instruments to fair value have been reported with effect from 1 January 2001. Purchases of financial instruments are recorded at cost at the transaction date.

The financial statements are prepared under the historical cost basis and modified by the revaluation of certain financial instruments to fair value. The book value of certain financial statement items reported at acquisition cost approximates their fair value.

3. Summary of significant accounting policies

3.1. Gold

Gold is reported in financial statements according to the accounting standards for financial instruments. The Bank categorised gold as "available-for-sale". In balance sheet, the gold is reported at fair value, derived from its market value (see Note 6). The categorisation of gold as "available-for-sale" is due to the nature of its usage as foreign currency reserves of the Bank. The Bank has been using gold in repurchase transactions, to generate income from gold deposits and in swaps. Currently the Bank has no intention to sell the gold.

At first adoption of the IAS 39 in 2001, the effect of initial fair valuation of the gold and change in its fair value at the balance sheet date is reported through the changes in equity.

In 2000, the gold was valued using historical cost of Sk 62.54451 per gram.

3.2. Trading securities

Trading securities on money and capital markets are reported as at the balance sheet date at fair value, which is based on the market value. Movements in the market value of these securities are recognised in the statement of operations.

3.3. Equity investments

Equity investments are included in the "available-for-sale" category. Equity investments are valued at cost due to non-existent market values.

NATIONAL BANK OF SLOVAKIA

Footnotes to the financial statements prepared under International Accounting Standards
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3.4. Financial derivatives

The Bank's financial derivatives include cross-currency swaps, gold interest rate swap and put options for gold. The Bank categorised them according to IAS 39 accounting rules as held for trading because they do not meet criteria to be classified as hedging. However, the NBS does not hold them to benefit from short-term market fluctuations in prices, changes in foreign currency and interest rates (See Note 8). As at the financial statements date, they are valued at fair value, which is based on market values, the discounted cash flow method and option valuation models.

In compliance with IAS 39, financial derivatives are recorded in the balance sheet as assets, if their fair value is favourable for the Bank, and as liabilities, if their fair value is not favourable. At the first application of IAS 39 in 2001, the effect of the initial valuation of derivatives to the fair value is recorded in equity and the changes in their fair value as at the financial statements date are included in the statement of income.

3.5. Repurchase and resell transactions

Transactions related to securities purchased under re-purchase agreements ("reverse REPOs") and transactions related to securities, or gold, sold under re-purchase agreements ("REPOs") are recorded as loans with the transfer of securities, or gold as collateral.

3.6. Loans and provisions

Loans provided to banks and other financial institutions are stated in the balance sheet at the amount of principal outstanding less any provisions for potential losses. Additions to provisions are recognised as an expense in the statement of income. Reversal of provisions when reasons for their creation cease to exist are reported as revenue in the statement of income.

The discounted cash flow method was used for the calculation of provisions related to the loan provided to the Deposit Protection Fund (herein "DPF").

3.7. Property and equipment

Property and equipment is valued in the balance sheet at their acquisition cost, less depreciation. The acquisition cost of property and equipment does not include value-added tax, except for passenger vehicles.

Property and equipment is depreciated on a straight-line basis.

Property and equipment of the NBS is categorised into individual depreciation groups as follows:

	%
1. Office equipment, data processing systems, cars and vehicles, software	25
2. Instruments and special technical equipment	12.5
3. Security systems	6.7
4. Utility equipment	3.4
5. Buildings and structures	2.5
6. Fixed assets depreciated using an individual depreciation rate (e.g., security monitoring systems)	Individual rates

The footnotes are an integral part of the financial statements prepared under International Accounting Standards

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NATIONAL BANK OF SLOVAKIA

**Footnotes to the financial statements prepared under International Accounting Standards
As of 31 December 2001 and 2000 and for the years then ended
(in millions of Sk)**

3.8. Valuation of assets and liabilities denominated in foreign currency

The Bank converts its assets and liabilities denominated in foreign currency to Slovak crowns using the NBS exchange rates list as at the transaction date and in the financial statements using the exchange rate as at 31 December. All currency translation gains and losses are included in the income statement.

Exchange rates for principal foreign currencies used for valuation as at 31 December were as follows:

Currency	Unit	2001 Rate	2000 Rate
USD	1	48.467	47.389
EUR	1	42.760	43.996
JPY	100	36.915	41.397
XDR	1	60.836	61.751

3.9. Securities issued

The NBS treasury bills issued are recorded at nominal value. In the balance sheet, they are shown net of repurchased treasury bills in the NBS portfolio, including accrued discount.

3.10. Currency in circulation

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

3.11 Taxes

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

The NBS is a VAT payer.

3.12 Distribution of the profit

In accordance with Article 38 of the NBS Act the Bank will use generated profit to replenish the reserve fund and other funds created from profit. The Bank transfers remaining profit into the state budget of the Slovak Republic.

3.13. Operating revenues and expenses

Interest income and expense, and fees and commissions are recognised on their occurrence. They are recorded and disclosed in the financial statements on an accrual basis.

NATIONAL BANK OF SLOVAKIA

**Footnotes to the financial statements prepared under International Accounting Standards
As of 31 December 2001 and 2000 and for the years then ended
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3.14. Employee benefits

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

The NBS makes regular allotments to the state Social Insurance Company, which are reflected in the Income Statement.

In 2001, the average number of employees was 1 318 (2000: 1 305), thereof 157 managers (2000: 162).

3.15. Cash and cash equivalents

For the purposes of statements of cash flows, cash and cash equivalents include cash, current and deposit accounts and time deposits with maturity within 90 days. Cash and cash equivalents exclude deposits with the World Bank due to their capital deposit nature.

4. Use of financial instruments

A financial instrument is every contract based on which a financial asset arises in one company and a financial liability or asset instrument in another company.

In accordance with IAS 39, the gold has been used and reported as a financial instrument (see Notes 3.1 and 6.).

The NBS balance sheet is comprised in a large extent of financial instruments. These instruments expose the Bank to several financial risks. The main objective is to minimise risks associated with financial instruments, including derivatives. The key task is safe administration of financial instruments. Any other criteria are subject to this objective.

To achieve these objectives, the Bank sets principles for financial instruments administration. The principles outline types and limits of acceptable risk associated with the NBS acting as a prudent investor on financial and capital markets.

Due to the application of IAS 39 in 2001, financial derivatives are recorded in the balance sheet at fair value. As the terms of transactions concluded by the Bank in the past did not meet the strict criteria defined by IAS 39 for accounting and reporting of hedging, the NBS included the financial derivatives into the "held for trading" category. The bank does not enter into speculative transactions with financial instruments.

4.1. Foreign currency risk

Foreign currency risk results from the NBS's open foreign currency position. The level of foreign currency risk depends on the foreign exchange rates fluctuations and the fluctuations of the Slovak crown against its reference currency EUR. The Bank structures its open foreign currency positions using the rule 30% USD and 70% EUR with the maximum acceptable deviation of plus or minus 2%.

NATIONAL BANK OF SLOVAKIA

Footnotes to the financial statements prepared under International Accounting Standards
As of 31 December 2001 and 2000 and for the years then ended
(in millions of Sk)

The following tables summarise the level of foreign currency fluctuation risk:

	Č.r.	Foreign currency converted to SKK total	Thereof:				Other
			USD	EUR	JPY	XDR	
2001							
Assets	1	244 175	88 766	144 524	4 563	5 218	1 104
Liabilities	2	38 554	10 967	10 735	11 664	5 186	2
Net currency position	3=1-2	205 621	77 799	133 789	(7 101)	32	1 102
2000							
Assets	4	211 920	55 014	145 019	5 471	5 288	1 128
Liabilities	5	23 994	2 202	2 871	13 656	5 265	
Net currency position	6=4-5	187 926	52 812	142 148	(8 185)	23	1 128
Total year-on-year difference	7=3-6	17 695	24 987	(8 359)	1 084	9	(26)

	2001		2000	
	SKK	Foreign currency converted to SKK	SKK	Foreign currency converted to SKK
Assets				
Current accounts and deposits with banks	130	14 211	149	1 764
Gold		15 118		2 195
Trading securities		182 358		199 172
Financial derivative assets		696		805
Loans to banks and other financial institutions	41 085	26 449	39 521	2 599
IMF membership quota		5 186		5 264
Property and equipment	6 638		6 463	
Other assets	855	157	1 402	121
Total assets	48 708	244 175	47 535	211 920
Liabilities				
Liabilities to banks and other financial institutions	90 223	31 508	78 333	17 706
Liabilities to the state budget	13 377		12 280	
Securities issued	5 254		24 900	
Financial derivative liabilities		178		0
Loans from the IMF		5 186		5 264
Currency in circulation	91 189		75 944	
Other liabilities	17 662	1 682	19 482	1 024
Total liabilities	217 705	38 554	210 939	23 994
Net currency position	(168 997)	205 621	(163 404)	187 926

The footnotes are an integral part of the financial statements prepared under International Accounting Standards

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NATIONAL BANK OF SLOVAKIA

Footnotes to the financial statements prepared under International Accounting Standards
As of 31 December 2001 and 2000 and for the years then ended
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4.2. Interest rate risk

The NBS is exposed to the risk of market interest rate fluctuations on its financial position and cash flow.

The majority of the financial assets of the Bank bear interest. Nearly 85% of financial assets are at fixed rates at 31 December 2001. Approximately 10% of financial assets bear variable interest rates, used for redistribution loans, loans from Two Step Loan and Apex Global Loan sources provided to domestic banks (see Note 9). In this case, the contractually agreed variable interest rate is derived from the NBS prime rate, which was fixed at 8.8% in 2000 and during 2001, it was changed to the fortnight repo tenders rate, which in 2001 decreased by 0.25 percentage points from 8%. Approximately 5% of the Bank's financial assets bear no interest.

Interest rate risk management for securities is also based on the benchmark structure (benchmark is a risk-neutral portfolio used as a benchmark/criterion against which the actual portfolio is measured), as well as in the structure of intervention portfolio. Trading securities represents nearly two-thirds of the fixed interest rate financial assets. The average benchmark maturity (duration) approved by the Bank Board within the complex policy of foreign currency reserves administration is 1.5 years, with maximum tolerable variances of plus/minus 6 months from the determined risk-neutral value.

Approximately 60% of the financial liabilities of the Bank are at fixed interest rates. Approximately 38% of financial liabilities bear no interest, the most significant being liabilities from the Currency in Issue. The remaining balance of the financial liabilities of the Bank is at variable interest rates.

The interest bearing assets and liabilities bear interest rates that are close to, or equal to the market values, with the exception of the interest rate on the loan to DPF (see Note 9) and interest rate on the accounts of money reserves of domestic banks (see Note 13), that are stated at 1.5%.

As the fixed interest rate financial assets and liabilities represent a significant proportion of the Bank's balance sheet, the interest rate risk can be assessed from the tables that analyse assets and liabilities by remaining contractual maturity period (see Note 4.4).

The following tables summarise the effective interest rates of financial assets and liabilities (weighted arithmetic average for securities) per core currencies:

2001	EUR	USD	XDR	JPY	SKK
Assets	%	%	%	%	%
Current accounts with banks	2.65	3.47	3.41	0.00	4.63
Gold		0.50			
Trading securities	5.27	6.81		1.00	
Loans to banks and other financial institutions	4.57	3.88			7.88
Financial derivative assets		2.05		2.60	
IMF membership quota			0.00		0.00
Loans to clients					7.31
Liabilities					
Liabilities to banks and other financial institutions	3.91	3.88		3.15	4.22
Financial derivative liabilities		4.62			
Liabilities to state budget					5.12
Securities issued					7.75
Loans from the IMF			0.00		0.00
Liabilities to other clients	1.66	1.00			7.75

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2000	EUR	USD	XDR	JPY	SKK
Assets	%	%	%	%	%
Current accounts with banks	3.80	4.27	4.39	0.03	6.27
Gold		0.50			
Trading securities	5.22	8.02		1.00	
Loans to banks and other financial institutions	4.12	6.15			7.27
Financial derivative assets		2.05		2.60	
IMF membership quota					
Client loans					7.77
Liabilities					
Liabilities to banks and other financial institutions	5.68	6.60		3.15	4.60
Financial derivative liabilities		4.12			
Liabilities to the state budget					5.00
Securities issued					8.32
Loans from the IMF			0.00		0.00
Liabilities to other clients	1.00	1.00			7.75

4.3. Credit risk

For the Bank, credit risk management is a priority because if a counterpart fails to meet its liabilities the Bank is exposed to the risk of investment losses. In the Bank, credit risk management is regulated by stated rules.

The NBS has specified limits to mitigate credit risk exposures to individual counterparties and/or the particular type of transactions. The NBS's principal information source for the assessment of counterparty creditworthiness includes regularly-updated information from the credit rating agency run by Fitch. Quality of trading securities is measured using the ratings issued by Standard & Poor's and Moody's.

Credit risk arising from repurchase transactions is minimised as all loans are secured with liquid securities.

On the local territory, the credit risk closely relates to the control and managing of the stability of the banking sector in Slovakia.

Both the size and the concentration of the Bank's credit risk exposure can be obtained directly from the balance sheets and the notes to the Financial Statements describing the amount of the Bank's financial assets and their structure.

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4.4. Liquidity risk

The Bank's liquidity risk exposures arise from liquidity needs relating to interventions on financial foreign currency markets, and also to fulfil liabilities of both the NBS and the Slovak Government. The reduction of liquidity risk exposures is managed through an intervention portfolio, the amount of which is based on both the anticipated volume of intervention transactions and the repayment schedule of the NBS payments and payments relating to servicing the state debts. The structure, and the approach, and criteria of administering the intervention portfolio follow from requirements for securing the sufficient ability of the NBS to intervene effectively and fulfil its liabilities.

In the Bank, a liquidity portfolio has been established with benchmark duration of five months, and to enable conversion of over 90% of total foreign exchange reserves into cash within 2 – 3 business days.

The tables analyse assets and liabilities of the NBS by remaining contractual maturity period:

As at 31. 12. 2001	Up to 1 month	From 1 month to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	Non- specified	Total
Assets							
Current accounts and deposits with banks	13 552					789	14 341
Gold		6 529		8 042		547	15 118
Trading securities	26 977	25 128	44 168	70 996	15 089		182 358
Financial derivative assets				696			696
Loans to banks and other financial institutions	27 638	1 430	4 574	27 514	6 378		67 534
IMF membership quota						5 186	5 186
Property and equipment						6 638	6 638
Other assets	158	284	92	53	130	295	1 012
Total assets	68 325	33 371	48 834	107 301	21 597	13 455	292 883
Liabilities and equity							
Liabilities to banks and other financial institutions	99 632	721	751	14 510	5 328	789	121 731
Liabilities to state budget	13 377						13 377
Securities issued	2 000	3 254					5 254
Financial derivative liabilities					178		178
Loans from the IMF						5 186	5 186
Currency in circulation						91 189	91 189
Other liabilities	18 582	270	209	131		152	19 344
Capital						467	467
Reserves						36 157	36 157
Total liabilities and equity	133 591	4 245	960	14 641	5 506	133 940	292 883
Net position	(65 266)	29 126	47 874	92 660	16 091	(120 485)	0

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The gold due within three months represents gold deposits, gold due from one year to five years is used in repurchase transactions and gold in non-specified category consists of the gold placed with the Bank for International Settlement, Basel and gold in other forms.

As at 31. 12. 2000	Up to 1 month	From 1 month to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	Non- specified	Total
Assets							
Current accounts and deposits with banks	1 149					764	1 913
Gold	177	771		1 167		80	2 195
Trading securities	19 249	40 121	79 327	54 048	6 427		199 172
Financial derivative assets				805			805
Loans to banks and other financial institutions	3 848	4 416	483	8 474	24 899		42 120
IMF membership quota						5 264	5 264
Property and equipment						6 463	6 463
Other assets	156	446	419	119	150	233	1 523
Total assets	24 579	45 754	80 229	64 613	31 476	12 804	259 455
Liabilities and equity							
Liabilities to banks and other 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
Financial derivative liabilities							0
Loans from the IMF						5 264	5 264
Currency in circulation						75 944	75 944
Other liabilities	19 526	119	773	88			20 506
Capital						467	467
Reserves						24 055	24 055
Total liabilities and equity	102 807	25 019	773	8 314	15 346	107 196	259 455
Net position	(78 228)	20 735	79 456	56 299	16 130	(94 392)	0

4.5. Market risk

The Bank is exposed to market risk from its open foreign currency and interest rate positions.

Since 2001, the Value-at-Risk method of global and benchmark risk measurements has been used in the Bank as a supplementary method for monitoring the foreign exchange asset management. The method is based on probability of various changes in market conditions. The NBS calculates values of individual portfolios and benchmarks on a monthly basis to evaluate both absolute and relative exposures (compared to benchmarks) to risks arising from portfolios with longer average maturity period.

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5. Current accounts and deposits with banks

Cash and amounts due from banks include the following:

	2001	2000
Foreign currency in cash	25	0
Current accounts	857	327
Time deposits	12 670	822
Deposits in the World Bank	789	764
Total	14 341	1 913

Deposits with the World Bank earn no interest.

Time deposits with banks are due within 1 month (see Note 4.4).

6. Gold

Gold includes the following:

	2001		2000	
	Thousand of Troy ounces	Fair value Sk mil.	Thousand of Troy ounces	Book value Sk mil.
Gold bullion in standard form	1 116	14 959	1 116	2 171
Gold in other forms	12	159	12	24
Total	1 128	15 118	1 128	2 195

The market value of the gold is 276.5 USD/Troy ounce as at 31 December 2001 and 272.95 USD/Troy ounce as at 31 December 2000, which would represent Sk 14 598 million in 2000.

The effect of the valuation of gold to fair value as at 1 January 2001, in accordance to IAS 39, is summarised as follows:

Book value of the gold at 31 December 2000	2 195
Adjustment to fair value at 1 January 2001 – Equity adjustment	12 403
Fair value of the gold at 1 January 2001	<u>14 598</u>

Gold in standard form includes 516 thousand Troy ounces deposited with correspondent banks, and 600 thousand Troy ounces used in a repurchase transaction.

Gold deposits earn a fixed interest in USD paid upon the termination of the respective deposit (see Note 4.2).

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7. Trading securities

Trading securities held by the Bank include foreign securities structured as follows:

		2001	2000
<i>Issued by</i>	<i>Type of security</i>		
Public sector	State treasury bills	53 464	46 162
	Medium-term bonds	33 226	37 942
	Long-term bonds	43 131	30 583
	Floating rate securities	0	73
	Coupon yield on bonds	2 021	1 608
		<u>131 842</u>	<u>116 368</u>
Foreign financial institutions			
	Treasury bills	6 121	2 305
	Short-term bonds	9 530	62 789
	Medium-term bonds	21 706	15 758
	Long-term bonds	12 464	1 648
	Coupon yield on bonds	695	304
		<u>50 516</u>	<u>82 804</u>
Total		<u>182 358</u>	<u>199 172</u>

Foreign trading securities of the public sector include state treasury bills and government bonds issued by EU countries, the US and Japan.

8. Financial Derivatives

The table below summarises the fair values of financial derivatives:

	2001		2001		2000		2000	
	Notional amount		Fair value		Notional amount		Fair value	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Cross-currency swap	7 383	7 865	-	(178)	8 279	7 690	757	-
Interest rate swap	1 750	1 750	9	-	1 634	1 634	4	-
Put option purchased	8 413	8 042	687	-	8 226	7 763	334	-
Total			<u>696</u>	<u>(178)</u>			<u>1 095</u>	<u>0</u>

The effect of the revaluation of financial derivatives to fair value as at 1 January 2001, in accordance with IAS 39, is summarised as follows:

Book value of financial derivatives at 31 December 2000 - Assets	805
Adjustment to fair value at 1 January 2001 - Equity adjustment	290
Fair value of financial derivatives at 1 January 2001 - Assets	<u>1 095</u>

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Cross-currency swap

In 1997, the Bank received a long-term loan in the amount of JPY 20 000 million (see Note 13). In the same year, the NBS executed a cross-currency swap due in 2010 in order to change the structure of its foreign exchange position. The swap effectively converts the repayment of the JPY loan to a USD basis at variable interest rate in USD. At the beginning of the swap, the Bank exchanges JPY 20 000 million for USD 162 million. During the swap period, the NBS pays the variable interest in USD on a semi-annual basis, and receives a fixed interest in JPY on a semi-annual basis at the rate of 2.40% or 2.60% according to the tranche. The variable interest rate in USD has been chosen with regard to the Bank's portfolio of the average maturity up to 2 years. The first reversal exchange of notional amount of the swap is due in March 2002; next exchanges of notional amounts are due semi-annually.

Gold interest rate swap

The NBS executed a long-term gold interest rate swap due in 2005 in order to increase interest income from gold deposit. On a quarterly basis, the Bank pays a variable interest equal to a 3M LIBOR-GOFO in USD, and the counterpart pays a fixed interest on notional amount at the rate of 2.05% in USD. The notional amount is equal to the market price of 129 407 Troy ounces of gold at the date of payment of interest.

Put option purchased

In 1998 and 1999 the NBS purchased European put options for gold with basis prices for gold at 295.30 USD/Troy ounce and 259 USD/Troy ounce respectively, for which the Bank paid option premiums in the amount of USD 8 million. The option contracts mature in 2003 and 2004, respectively.

9. Loans to banks and other financial institutions

Loans to banks and other financial institutions include the following:

	2001	2000
Loans granted under repo transactions	26 047	2 107
Discounted bills of exchange	0	591
Two Step Loan and Apex Global Loan	6 340	10 888
Redistribution loans	21 232	23 980
Other loans and amounts due from banks	16 082	5 459
Classified receivables	11	11
Provisions for other loans and classified receivables	(2 178)	(916)
Total	67 534	42 120

Loans granted to foreign banks under repo transactions are secured with collateral in the form of state treasury bills in USD, long-term state bonds and other securities denominated in EUR.

Two Step Loan and Apex Global Loan are aimed to support the development of small and medium-sized business in Slovakia and are provided from the sources of Japan Bank for International Cooperation and European Investment Bank ("EIB").

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Credit risks arising from redistribution loans provided by the Bank are eliminated by the state guarantees obtained in 1999 for the total outstanding principal amount including interest and charges. If a debtor fails to settle its obligation in due date, the respective obligation will be transferred to the Slovak Ministry of Finance, which will realise the aforementioned guarantee.

In 2001, the Bank provided DPF with a loan in the amount of Sk 15 614 million (2000: Sk 4 841 million). Repayments of a DPF loan have not been jeopardized. Loan instalments are linked to legally enforceable membership allotments paid by the domestic banks to DPF.

As at 31 December 2001, provisions for other loans and classified receivables included fair value adjustment provisions for a DPF loan in the amount of Sk 2 167 million and provisions for classified receivables due from AG Banka, Nitra, in the amount of Sk 11 million.

In 2001, the Bank recorded fair value adjustment provisions for a DPF loan in the amount of Sk 1 262 million resulting from the granted prime rate of 1.5% compared to the interest rate corridor of a fortnight repo tender representing 7.75%.

The table below summarises movements in provisions:

	2001	2000
As at 1 January	916	0
Additions	1 262	916
As at 31 December	<u>2 178</u>	<u>916</u>

10. Deposits and amounts due to the IMF

	2001	2000
Membership quota in the IMF	5 186	5 264
Total receivable from the IMF	<u>5 186</u>	<u>5 264</u>
Loan tranche	5 186	5 264
Total liability from the IMF	<u>5 186</u>	<u>5 264</u>

The IMF membership quota has been denominated in Special Drawing Rights (XDR) and is translated into Slovak crowns by the exchange rate stated by the IMF on a regular basis.

Accounts payable to the IMF represent drawings of a reserve tranche up to the amount of the due membership quota denominated in XDR.

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11. Property and equipment

The balance and movements in property and equipment accounts:

	Land	Other non-depreciated assets	Buildings and structures	Technical equipment & devices	Software	Other	Properties under construction	Total
31 December 2001								
Balance at cost as at 1 January 2001	304	35	1 281	1 269	154	161	4 598	7 802
Additions		9	55	86	13	11	404	578
Disposals	2	18	16	58	1	2	2	99
Transfers		45	(44)		0		(174)	(173)
Balance at cost as at 31 December 2001	302	71	1 276	1 297	166	170	4 826	8 108
Accumulated depreciation as at 1 January 2001			178	938	108	115		1 339
Accumulated depreciation expensed			31	95	22	48		196
Accumulated depreciation of disposed property and equipment			4	26	0	35		65
Balance of accumulated depreciation as at 31 December 2001			205	1 007	130	128		1 470
Net book value as at 1 January 2001	304	35	1 103	331	46	46	4 598	6 463
Net book value as at 31 December 2001	302	71	1 071	290	36	42	4 826	6 638

Properties under construction include mainly a new headquarters building in Bratislava that has not yet been put into use.

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31 December 2000	Land	Other non-depreciated assets	Buildings and structures	Technical equipment & devices	Software	Other	Properties under construction	Total
Balance at cost as 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)	
Balance at cost as at 31 December 2000	304	35	1 281	1 269	154	161	4 598	7 802
Accumulated depreciation as at 1 January 2000			147	854	86	98		1 185
Accumulated depreciation expensed			32	136	23	18		209
Cost of transfer			32	4				36
Accumulated depreciation of disposed property and equipment			(33)	(56)	(1)	(1)		(91)
Balance of accumulated depreciation as at 31 December 2000			178	938	108	115		1 339
Net book value as at 1 January 2000	302	88	1 058	406	67	63	2 912	4 896
Net book value as at 31 December 2000	304	35	1 103	331	46	46	4 598	6 463

12. Other assets

Other assets include the following

	2001	2000
Equity investments	145	145
Other receivables from debtors	776	1 289
Other assets	91	89
Total	<u>1 012</u>	<u>1 523</u>

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The NBS has equity investments in the following institutions (at book values):

	Share in capital (%)	2001	2000
Bankové Zúčtovacie Centrum Slovenska, a. s., Bratislava ("BZCS")	39.47	120	120
Bank for International Settlements in Basel, Switzerland	0.59	25	25
Total		145	145

Despite the significant influence in the BZCS, the Bank does not prepare consolidated financial statements due to insignificance of the financial investment in BZCS. The value of the investment using equity method of accounting is Sk 175 million as at 31 December 2001 (2000: Sk 170 million).

13. Liabilities to banks and other financial institutions

	2001	2000
Deposits		
Demand deposits	15 278	6 008
Monetary reserves of banks	22 769	37 366
World Bank	1 598	1 466
PHARE funds	1	1
	<u>39 646</u>	<u>44 841</u>
Loans		
Loans under repo transactions with securities	59 339	27 626
Loans under repo transactions with gold	8 413	8 226
Japan Bank for International Cooperation	11 554	13 525
European Investment Bank in Luxembourg	1 343	1 821
Credit balance in Nostro Account	1 436	0
	<u>82 085</u>	<u>51 198</u>
Total	121 731	96 039

The purpose of repo transactions with domestic banks in the amount of Sk 51 366 million (2000: Sk 27 626 million) is to manage the liquidity and the volume of currency in circulation, and are secured with the NBS treasury bills (see Note 15).

Balances in loans received under repo transactions with securities include the amount of Sk 7 973 million representing balances of foreign banks. To secure them, the NBS used medium- and long-term state bonds denominated in EUR.

NATIONAL BANK OF SLOVAKIA**Footnotes to the financial statements prepared under International Accounting Standards****As of 31 December 2001 and 2000 and for the years then ended****(in millions of Sk)**

From 1994 to 1997, the Bank received a long-term loans under the Two Step Loan scheme in JPY from the Japan Bank for International Cooperation that amount to Sk 11 554 million as at 31 December 2001 (2000: Sk 13 525 million). Of the total balance of received loans, the Two Step Loan III received in 1997 in the amount of JPY 20 000 million, is Sk 7 383 million as at 31 December 2001. The loan is due in 2010, with the first payment due on 10 March 2002. Principal and interest on the loan is paid on a semi-annual basis. The interest rate is fixed at 2.4% or 2.6% in JPY, depending on the tranche. The Bank entered into a long-term cross currency swap, which effectively converts the loan repayment and interest to a USD basis (see Note 8).

14. Liabilities to the State Budget

Liabilities to the State Budget include the following:

	2001	2000
Account of the Slovak Republic	5 407	5 608
State funds	7 970	6 672
Total	<u>13 377</u>	<u>12 280</u>

15. Securities issued

	2001	2000
Issue of the NBS treasury bills	5 254	24 900
Total	<u>5 254</u>	<u>24 900</u>

As at 31 December 2001, the NBS issued treasury bills in the amount of Sk 145 254 million (2000: Sk 84 900 million), of which treasury bills in the amount of Sk 88 100 million (2000: Sk 32 000 million) are in the Bank's own portfolio. The purpose of the aforementioned issue was to create sufficient reserves of securities to perform sterilising repo transactions. Sterilising repo transactions relate to performing the monetary policy in the area of open market transactions.

As at 31 December 2001, the NBS Treasury bills in the amount of Sk 57 154 million (2000: Sk 52 900 million) were used in sterilising activities, thereof Sk 51 900 million (2000: Sk 28 000 million) in the form of sterilising repo transactions and Sk 5 254 million (2000: Sk 24 900 million) in the form of direct issue into the domestic bank portfolios.

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16. Currency in circulation

Currency in circulation represents valid indigenous banknotes and coins issued by the NBS.

	2001	2000
Coins in circulation	1 926	1 757
Banknotes in circulation	89 263	74 187
Total	91 189	75 944

17. Other liabilities

Other liabilities include the following:

	2001	2000
Client demand deposits	109	82
Non-budgetary funds of Slovak authorities and other funds of SR	16 660	14 681
Settlements of special transactions with funds of SR	1 391	1 024
Client term deposits	361	205
Payables to suppliers	65	79
Liabilities to state budget and social security institutions	36	3 406
Social security funds	152	204
Accruals and estimated liabilities	539	658
Other	31	167
Total	19 344	20 506

18. Equity and reserve funds

As at 31 December 2001, the NBS's equity represented statutory funds in the amount of Sk 467 million taken over from the split of both the assets and liabilities of the former Czechoslovak State Bank ("ŠBČS") as at 1 January 1993.

As at 31 December 2001, reserve funds included the Legal Reserve Fund in the amount of Sk 9 925 million, and General Reserves in the amount of Sk 26 232 million.

General Reserves are mainly created due to the NBS's interest rate exposures arising from open foreign exchange positions (see Note 4.1), and due to valuation of the gold and financial derivatives to fair value in accordance with IAS 39 (see Notes 6 and 8).

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19. Net interest income

Net interest income includes the following:

	2001	2000
Interest income:		
Interest received from domestic banks	2 530	3 375
Interest received from foreign banks and international institutions	195	272
Interest income from securities	8 531	8 922
Interest income from REPO transactions	666	777
Other interest income	56	105
	<u>11 978</u>	<u>13 451</u>
Interest expense:		
Interest paid to state treasury	(506)	(1 161)
Interest paid to domestic banks	(528)	(669)
Interest paid to foreign banks and international institutions	(441)	(735)
Interest expense from securities	0	(231)
Interest expense from REPO transactions	(2 951)	(2 173)
Other interest expense	(891)	(864)
	<u>(5 317)</u>	<u>(5 833)</u>
Net interest income	<u>6 661</u>	<u>7 618</u>

20. Gain/(loss) from trading securities

Gain/(loss) from trading securities includes the following:

	2001	2000
Income from trading securities	3 758	3 264
Losses from trading securities	<u>(3 460)</u>	<u>(4 989)</u>
Gain/(loss) from trading securities	<u>298</u>	<u>(1 725)</u>

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21. Foreign exchange (losses)/gains

Foreign exchange (losses)/gains include the following:

	2001	2000
Gains from foreign exchange transactions and revaluations	9 494	21 547
Losses from foreign exchange transactions and revaluations	(12 741)	(13 105)
Foreign exchange (losses)/gains	(3 247)	8 442

22. Operating (expenses)/income

Operating (expenses)/income include the following:

	2001	2000
Personnel		
Wages and bonuses	(522)	(474)
Social security expenses	(171)	(202)
Total	(693)	(676)
Fixed asset depreciation	(196)	(209)
Costs of printing banknotes and coins	(250)	(109)
Other operating (costs)/income	(621)	3 274
Total operating (expenses)/income	(1 760)	2 280

Other operating income in 2000 included the final settlement of net receivables and payables of ŠBČS and assigned to the Czech National Bank.

23. Transfer of profit to the State Budget

Activities of the NBS in the accounting period 2001 resulted in the net profit of Sk 888 million (2000: Sk 15 833 million). Pursuant to Article 38 in the NBS Act, the Bank transferred Sk 2 000 million to the State Budget (2000: Sk 7 346 million).

NATIONAL BANK OF SLOVAKIA**Footnotes to the financial statements prepared under International Accounting Standards****As of 31 December 2001 and 2000 and for the years then ended****(in millions of Sk)****24. Reconciliation of net profit and equity recognised according to Slovak Accounting Standards ("SAS") and IAS**

Net profit	2001	2000
Net profit in the SAS Financial Statements	2 326	7 389
Creation/(release) of reserves for open foreign exchange positions	(435)	8 459
Trading securities revaluations	(314)	939
Provisions for losses	(1 262)	(905)
Reclassifications of recorded social security funds and retirement funds to expenses	0	(43)
Other	5	(6)
Effects of adoption of IAS 39 – Financial derivatives	568	0
Net profit in the IAS Financial Statements	888	15 833
Equity	2001	2000
Reserve funds in the SAS Financial Statements	10 952	10 673
Reclassifications of social security funds, remuneration funds, and retirement funds to liabilities	(152)	(204)
Increase in general reserves	12 042	14 053
Effect of adoption of IAS 39 – Revaluation of gold to fair value at 1 January 2001	12 403	0
Effect of adoption of IAS 39 – Revaluation of gold to fair value at 31 December 2001	521	0
Effects of adoption of IAS 39 – Financial derivatives	858	0
Equity in the IAS Financial Statements	36 624	24 522

H. APPENDICES



Selected Indicators of Economic and Monetary Development in the SR

			1997	1998	1999	2000	2001	2000				2001			
	Unit	Note						Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
GDP at current prices	Sk billions	1/	686.1	750.8	815.3	887.2	964.6	201.6	227.7	230.1	227.8	221.8	245.8	249.3	247.7
Same period of previous year = 100	index		113.2	109.4	108.6	108.8	108.7	108.1	108.6	109.4	109.0	110.0	107.9	108.3	108.7
GDP at constant prices of 1995	Sk billions	1/	615.9	641.1	653.3	667.7	689.7	156.2	171.7	172.8	167.0	160.9	176.5	178.9	173.4
Same period of previous year = 100	index		106.2	104.1	101.9	102.2	103.3	101.5	101.9	102.5	102.9	103.0	102.8	103.5	103.9
Consumer prices, average for the period															
Same period of previous year = 100	index		106.1	106.7	110.6	112.0	107.3	115.5	115.8	108.9	108.5	107.2	107.8	107.7	106.7
Consumer prices, end of the period															
Same period of previous year = 100	index		106.4	105.6	114.2	108.4	106.5	116.6	115.4	108.7	108.4	107.1	108.0	107.4	106.5
Industrial producer prices, average for the period															
Same period of previous year = 100	index		104.5	103.3	103.8	109.8	106.6	109.5	111.4	109.5	108.9	108.7	108.1	106.1	103.8
Industrial production index		2/													
Same period of previous year = 100	index		.	.	97.4	108.7	106.8	106.8	107.4	108.8	111.7	108.1	107.9	106.9	104.5
Retail sales, hotels and restaurants, constant prices															
Same period of previous year = 100	index		104.8	108.6	109.8	102.3	105.2	98.3	98.8	103.6	107.9	103.7	102.3	105.5	108.7
Average monthly nominal wage	Sk		9,226	10,003	10,728	11,430	12,365	10,497	11,224	11,150	12,803	11,315	12,064	12,080	13,989
Same period of previous year = 100	index		113.1	109.6	107.2	106.5	108.2	108.4	106.1	104.8	106.5	107.8	107.5	108.3	109.3
Real wage															
Same period of previous year = 100	index		106.6	102.7	96.9	95.1	100.8	93.9	91.6	96.2	98.2	100.6	99.7	100.6	102.4
Unemployment rate		3/													
end of the period	%		12.5	15.6	19.2	17.9	18.6	19.3	19.1	16.6	17.9	19.2	17.8	17.4	18.6
Exchange rate (midpoint)	SKK/USD	4/	34.782	36.913	42.266	47.389	48.467	43.463	45.416	49.373	47.389	49.145	49.267	47.311	48.467
	SKK/DEM	4/	19.398	22.081	21.708	22.495	21.863	21.253	22.027	22.355	22.495	22.305	21.599	22.313	21.863
Real effective exchange rate		8/													
- based on CPI		9/	125.8	118.8	131.7	134.6	142.6	141.0	138.0	135.3	134.6	139.8	142.5	140.8	142.6
		10/	109.0	94.5	106.2	106.3	106.7	113.0	111.6	107.9	106.3	109.4	110.2	108.3	106.7
- based on PPI		9/	127.2	120.6	124.2	124.5	130.6	126.9	126.6	124.2	124.5	128.0	130.2	128.8	130.6
		10/	107.0	93.3	97.7	96.8	96.3	99.5	100.4	98.3	96.8	98.4	99.9	98.8	96.3
Foreign exchange reserves															
Total	US\$ millions		6,488.4	6,055.0	4,387.4	5,580.9	5,437.3	4,533.8	5,033.4	5,869.5	5,580.9	5,277.2	5,082.5	5,144.2	5,437.3
- of which: NBS reserves	US\$ millions		3,284.8	2,923.2	3,425.2	4,076.8	4,188.7	3,726.6	4,069.5	4,220.7	4,076.8	3,863.0	3,715.9	3,846.1	4,188.7
State budget															
Revenues	Sk billions	5/	180.8	177.8	216.7	213.4	205.3	51.1	105.3	161.9	213.4	50.0	103.8	151.7	205.3
- Fulfilment of the annual budget	%		105.7	105.5	120.5	116.1	113.7	27.8	57.3	88.1	116.1	27.7	57.5	84.0	113.7
Expenditures	Sk billions	5/	217.8	197.0	231.5	241.1	249.7	52.0	106.1	169.7	241.1	55.6	117.3	174.6	249.7
- Fulfilment of the annual budget	%		104.7	106.6	118.8	119.5	114.7	25.7	52.6	84.1	119.5	25.5	53.9	80.2	114.7
Balance	Sk billions		-37.0	-19.2	-14.8	-27.7	-44.4	-0.8	-0.8	-7.8	-27.7	-5.6	-13.5	-22.9	-44.4
MONETARY AGGREGATES															
Net domestic assets	%	6/	8.9	11.9	11.2	7.2	14.3	11.7	7.5	3.4	7.2	8.5	10.8	17.4	14.3
Money supply (M2)	%	6/	8.8	4.2	11.4	15.4	11.8	12.1	11.8	19.6	15.4	13.5	13.8	7.8	11.8
Loans to households and enterprises	%	6/	2.2	6.7	4.5	0.3	5.3	3.2	1.7	1.9	0.3	4.1	4.4	3.3	5.3
- of which: in foreign currency	%	6/	14.9	25.4	17.6	-3.3	6.3	3.4	-10.6	-2.7	-3.3	-3.6	8.4	-0.7	6.3
Total deposits	%	6/ 7/	7.4	3.3	9.0	19.4	11.3	13.5	13.0	23.4	19.4	13.4	16.6	5.6	11.3
- in Slovak crowns	%		6.6	-2.0	8.8	18.6	11.3	15.2	14.9	20.0	18.6	11.5	13.8	7.7	11.3
- in foreign currency	%		13.8	46.2	10.0	23.5	11.5	4.7	3.6	40.8	23.5	24.0	32.1	-3.5	11.5
Average interest rates															
- on loans	%		12.53	13.48	11.07	9.79	8.36	10.76	10.18	9.54	8.69	8.57	8.42	8.31	8.12
- on deposits	%		8.00	10.16	10.45	7.23	5.15	9.10	7.60	6.49	5.74	5.41	5.21	5.07	4.93
- margin	%		4.53	3.32	0.62	2.56	3.21	1.66	2.58	3.05	2.95	3.16	3.21	3.24	3.19

Source: Statistical Office of the SR, National Labour Office, NBS

1/ For 1997 – 2000 preliminary data

2/ Revised data

3/ Since December 1997 the dispensable rate of unemployment

4/ On the last day of the period under review

5/ Cumulative figure since the beginning of the year

6/ Compared with the same period of last year; end of year compared with 1 January

- cumulative figures (at current exchange rates)

7/ Including funds, the government, and non-residents

8/ Compared with the weighted average for the first nine months of 1990

9/ USA, Great Britain, Austria, France, Germany, Italy, the Netherlands, Switzerland

10/ USA, Great Britain, Austria, France, Germany, Italy, the Netherlands, Switzerland, Czech Republic

Ratios of Selected Economic Indicators to GDP

	1995	1996	1997	1998	1999	2000	2001
Real GDP / capita (\$k)	101,795	107,912	114,412	118,927	121,091	123,634	128,209
Nominal GDP / capita (\$k)	101,795	112,788	127,452	139,277	151,119	164,278	179,310
Nominal GDP / capita (US\$)	3,423	3,680	3,791	3,952	3,649	3,556	3,709
GDP generated (% , 1995 constant prices)	100.0	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	4.9
Industry	29.1	29.5	27.6	26.8	28.2	28.3	27.4
Construction	7.0	6.5	6.1	5.5	3.8	3.1	3.1
Market services	39.2	37.8	39.1	40.3	40.6	41.8	43.0
Non-market services	11.6	13.0	14.3	13.2	12.9	12.8	12.7
Other	7.8	8.4	8.1	9.5	9.6	9.1	8.9
GDP used (% , 1995 constant prices)	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Domestic demand	98.2	107.3	105.4	110.9	103.8	100.2	104.2
Final consumption	70.9	74.4	73.6	74.5	71.5	68.1	68.8
Formation of gross capital	27.3	32.9	31.8	36.4	32.3	32.2	35.4
Net exports	1.8	-7.3	-5.4	-10.9	-3.8	-0.2	-4.2
Exports of goods and services	59.8	56.7	62.7	67.6	68.6	77.8	80.1
Imports of goods and services	58.0	64.0	68.1	78.5	72.4	78.0	84.3
Average annual exchange rate SKK/USD	29.735	30.647	33.616	35.242	41.417	46.200	48.347

NBS calculation using data from the Statistical Office of the SR.

Influence on GDP Growth (percentage points, at constant 1995 prices)

	1999	2000	Q1	Q2	2001 Q3	Q4	year
GDP generated							
Year-on-year growth in GDP (%)	1.9	2.2	3.0	2.8	3.5	3.9	3.3
of which:							
Agriculture, forestry, fishing	0.4	0.1	0.0	-0.1	0.3	0.3	0.1
Industry	2.0	0.7	1.6	0.4	0.0	-2.1	0.0
of which: manufacturing	0.7	1.3	4.4	1.5	0.4	-0.8	1.3
Construction	-1.7	-0.6	0.4	0.1	-0.3	0.0	0.0
Market services	1.0	2.1	1.9	2.7	3.2	2.9	2.7
of which: trade	0.5	1.6	-0.8	0.9	1.1	1.6	0.7
transport	0.3	-0.1	1.8	1.7	1.0	0.7	1.3
Non-market services	-0.1	0.2	-0.6	0.8	0.6	0.6	0.4
Other	0.3	-0.3	-0.3	-1.2	-0.3	2.2	0.1
GDP used							
Year-on-year growth in GDP (%)	1.9	2.2	3.0	2.8	3.5	3.9	3.3
of which:							
Domestic demand	-5.1	-1.3	4.7	9.0	8.3	7.3	7.3
Final consumption in total	-1.6	-1.9	2.0	2.1	4.0	3.7	2.9
of which: household consumption	0.1	-1.7	1.9	0.8	2.3	2.7	1.9
Gross capital formation	-3.5	0.6	2.7	6.9	4.3	3.6	4.4
of which: gross fixed capital formation	-6.9	-0.2	4.0	3.6	4.3	1.4	3.3
Net exports	7.0	3.6	-1.6	-6.1	-4.8	-3.4	-4.0
Exports of goods and services	2.3	10.8	10.1	5.5	5.3	-0.4	5.1
Imports of goods and services	-4.7	7.2	11.7	11.6	10.1	3.0	9.1

NBS calculation using data from the Statistical Office of the SR.

Development of GDP by Use

		Indices								
		1997	1998	1999	2000	2001	1998/1997	1999/1998	2000/1999	2001/2000
GDP (at constant 1995 prices)	a	615.9	641.1	653.3	667.7	689.7	104.1	101.9	102.2	103.3
Domestic demand ^{1/}	a	649.3	710.8	678.1	669.3	718.4	109.5	95.4	98.7	107.3
	b	105.4	110.9	103.8	100.2	104.2	x	x	x	x
Final consumption in total	a	453.4	477.4	467.1	454.5	474.2	105.3	97.8	97.3	104.3
	b	73.6	74.5	71.5	68.1	68.8	x	x	x	x
Households	a	317.0	333.8	334.2	322.7	335.6	105.3	100.1	96.6	104.0
	b	51.5	52.1	51.2	48.3	48.7	x	x	x	x
Non-profit institutions serving households	a	2.7	4.5	3.4	3.5	3.6	166.7	75.6	102.9	102.9
	b	0.4	0.7	0.5	0.5	0.5	x	x	x	x
Government	a	133.7	139.1	129.5	128.3	135.0	104.0	93.1	99.1	105.2
	b	21.7	21.7	19.8	19.2	19.6	x	x	x	x
Gross capital formation ^{1/}	a	195.9	233.4	211.0	214.8	244.2	119.1	90.4	101.8	113.7
	b	31.8	36.4	32.3	32.2	35.4	x	x	x	x
Gross fixed capital formation ^{1/}	a	213.1	236.8	192.2	190.9	213.1	111.1	81.2	99.3	111.6
	b	34.6	36.9	29.4	28.6	30.9	x	x	x	x
Change in stocks	a	-17.2	-3.4	18.8	23.9	31.1	x	x	x	x
	b	-2.8	-0.5	2.9	3.6	4.5	x	x	x	x
Net exports	a	-33.4	-69.7	-24.8	-1.6	-28.7	x	x	x	x
	b	-5.4	-10.9	-3.8	-0.2	-4.2	x	x	x	x
Exports of goods and services	a	386.3	433.3	448.0	519.2	552.8	112.2	103.4	115.9	106.5
	b	62.7	67.6	68.6	77.8	80.2	x	x	x	x
Imports of goods and services	a	419.7	503.0	472.8	520.8	581.5	119.8	94.0	110.2	111.7
	b	68.1	78.5	72.4	78.0	84.3	x	x	x	x

a - Absolute figures, in Sk billions

b - Share of GDP in %

^{1/} Including statistical discrepancy, which is shown separately, not included in the domestic demand, by the Statistical Office of the SR starting from Q1 2001

Source: Statistical Office of the SR.

Development of GDP by Sector

		Indices ^{1/}								
		1997	1998	1999	2000	2001	1998/1997	1999/1998	2000/1999	2001/2000
GDP (at constant 1995 prices)	a	615.9	641.1	653.3	667.7	689.7	104.1	101.9	102.2	103.3
Agriculture, forestry, fishing	a	29.4	29.3	31.9	32.9	33.7	99.9	108.8	103.1	102.5
	b	4.8	4.6	4.9	4.9	4.9	x	x	x	x
Industry in total	a	170.2	171.9	184.4	188.9	188.7	101.0	107.3	102.5	99.9
	b	27.6	26.8	28.2	28.3	27.4	x	x	x	x
Mining and quarrying	a	6.4	6.8	8.0	6.5	5.9	106.8	116.6	81.7	90.2
	b	1.0	1.1	1.2	1.0	0.9	x	x	x	x
Manufacturing	a	142.3	149.6	154.0	162.5	171.5	105.2	102.9	105.5	105.5
	b	23.1	23.3	23.6	24.3	24.9	x	x	x	x
Electricity generation and distribution, gas and water supply	a	21.5	15.4	22.4	19.9	11.3	71.6	145.3	88.8	56.9
	b	3.5	2.4	3.4	3.0	1.6	x	x	x	x
Construction	a	37.7	35.5	24.7	21.0	21.3	94.2	69.5	85.0	101.4
	b	6.1	5.5	3.8	3.1	3.1	x	x	x	x
Market services	a	240.5	258.7	265.2	278.8	296.9	107.5	102.5	105.1	106.5
	b	39.1	40.3	40.6	41.8	43.0	x	x	x	x
Trade, hotels and restaurants	a	75.6	85.9	89.3	99.7	104.5	113.7	103.9	111.7	104.8
	b	12.3	13.4	13.7	14.9	15.2	x	x	x	x
Transport	a	46.7	49.3	51.5	50.6	59.1	105.7	104.4	98.3	116.8
	b	7.6	7.7	7.9	7.6	8.6	x	x	x	x
Postal and telecommunications services	a	16.4	18.5	18.7	17.5	19.3	112.7	101.4	93.7	109.7
	b	2.7	2.9	2.9	2.6	2.8	x	x	x	x
Other services	a	101.9	104.9	105.7	110.9	114.1	103.0	100.8	104.9	102.8
	b	16.5	16.4	16.2	16.6	16.5	x	x	x	x
Non-market services	a	88.1	84.7	84.1	85.4	87.8	96.1	99.4	101.5	102.8
	b	14.3	13.2	12.9	12.8	12.7	x	x	x	x
Other	a	50.1	61.1	63.0	60.8	61.4	122.0	103.1	96.5	101.0
	b	8.1	9.5	9.6	9.1	8.9	x	x	x	x

a - Absolute figure, in Sk billions

b - Share of GDP in %

^{1/} Calculated from data rounded to Sk thousands

Source: Statistical Office of the SR.

Average Wages and Numbers of Employed Persons by Sector (index; the same period of the previous year = 100)

	Average monthly wage						Average number of employed persons					
	2000			2001			2000			2001		
	Sk	nominal index	real index	Sk	nominal index	real index	persons	natural index	persons	natural index	persons	natural index
Economy as a whole												
of which:												
Agriculture, forestry, fishing												
Industry in total												
Mining and quarrying												
Manufacturing												
Electricity generation, and distribution, gas and water supply												
Construction												
Wholesale, retail trade, repairs												
Hotels and restaurants												
Transport, warehousing, post and telecommunications												
Financial intermediation, insurance												
Real estate, renting, business activities and research												
Public administration and defence; compulsory social security												
Education												
Health and social work												
Other community, social and personal activities												
Average inflation – CPI index												

Source: Statistical Office of the SR.

Households income and outlays

	(Sk billions), at current prices						Indices				
	1996	1997	1998	1999	2000	2001	1997/96	1998/97	1999/98	2000/99	2001/00
Compensation of employees (in all sectors)	267.1	307.6	335.6	347.9	366.1	399.9	115.2	109.1	103.7	105.2	109.2
of which: gross wages and salaries	202.6	237.1	257.6	268.3	282.7	308.6	117.0	108.6	104.2	105.4	109.2
Gross mixed income	107.9	120.8	133.1	149.8	169.9	192.8	112.0	110.2	112.5	113.4	113.5
Property income	28.6	31.2	39.4	45.2	38.9	31.6	109.1	126.3	114.7	86.1	81.2
Social benefits other than social transfers in kind	79.7	88.1	94.9	105.7	111.8	117.1	110.5	107.7	111.4	105.8	104.7
Other current transfers – receivable	13.9	13.6	16.4	19.7	23.5	25.8	97.8	120.6	120.1	119.3	109.8
Current income	497.1	561.2	619.3	668.3	710.3	767.2	112.9	110.4	107.9	106.3	108.0
Property expense	5.8	5.1	5.3	5.1	4.5	4.8	87.9	103.9	96.2	88.2	106.7
Income tax, property taxes, etc.	31.9	33.1	33.8	34.5	28.7	31.3	103.8	102.1	102.1	83.2	109.1
Social insurance contributions	89.3	98.0	106.0	107.8	113.6	124.7	109.7	108.2	101.7	105.4	109.8
Other current transfers – payable	14.5	17.9	21.2	23.5	26.1	29.4	123.4	118.4	110.8	111.1	112.6
Current expenditure	141.5	154.1	166.4	170.9	172.9	190.2	108.9	108.0	102.7	101.2	110.0
Gross disposable income	355.6	407.1	453.0	497.4	537.4	577.0	114.5	111.3	109.8	108.0	107.4
Household final consumption expenditure	315.8	353.7	395.4	436.3	469.0	514.6	112.0	111.8	110.3	107.5	109.7
Share in gross disposable income in %	88.8	86.9	87.3	87.7	87.3	89.2	x	x	x	x	x
Gross household savings	39.9	53.4	57.6	61.1	68.4	62.4	133.8	107.9	106.1	111.9	91.2
Share in gross disposable income in %	11.2	13.1	12.7	12.3	12.7	10.8	x	x	x	x	x

Source: Statistical Office of the SR.

Inflation (year-on-year change)

	1998											
	1	2	3	4	5	6	7	8	9	10	11	12
Total inflation in %	7.2	7.5	7.2	7.0	7.6	7.4	7.0	5.7	5.9	6.2	5.9	5.6
Regulated prices in %	10.4	9.9	9.8	9.1	8.6	8.5	8.1	3.5	4.5	6.4	6.3	6.3
share in total in percentage points	1.82	1.74	1.71	1.59	1.51	1.50	1.43	0.64	0.81	1.15	1.14	1.13
Effect of change in indirect taxes on non-regulated prices												
share in total in percentage points	0.40	0.40	0.39	0.39	0.39	0.39	0.39	0.33	0.33	0.33	0.32	0.22
Core inflation in %	6.1	6.5	6.2	6.1	6.9	6.7	6.3	5.8	5.8	5.7	5.5	5.2
share in total in percentage points	5.02	5.38	5.10	5.06	5.72	5.53	5.15	4.71	4.75	4.70	4.47	4.28
of which: food prices in %	4.8	5.7	4.6	5.0	7.7	6.9	5.8	5.1	5.9	5.7	5.6	4.6
share in total in percentage points	1.30	1.54	1.24	1.34	2.04	1.85	1.55	1.33	1.54	1.50	1.46	1.19
Net inflation (adjusted for changes in indirect taxes) in %	6.7	6.9	7.0	6.7	6.6	6.6	6.5	6.1	5.8	5.7	5.4	5.5
share in total in percentage points	3.73	3.85	3.87	3.72	3.67	3.68	3.60	3.37	3.21	3.20	3.01	3.08

	1999											
	1	2	3	4	5	6	7	8	9	10	11	12
Total inflation in %	6.8	6.9	7.0	7.1	6.7	7.1	13.6	14.4	14.7	14.0	13.9	14.2
Regulated prices in %	13.1	15.0	15.2	15.7	15.8	16.1	40.0	40.2	40.3	38.1	38.1	38.2
share in total in percentage points	2.37	2.69	2.74	2.81	2.81	2.86	7.16	7.21	7.23	6.90	6.87	6.87
Effect of change in indirect taxes on non-regulated prices												
share in total in percentage points	0.00	0.00	0.00	0.00	0.00	0.00	1.49	1.50	1.49	1.47	1.47	1.56
Core inflation in %	5.4	5.2	5.2	5.2	4.7	5.1	6.1	7.0	7.3	6.9	6.9	7.0
share in total in percentage points	4.43	4.25	4.24	4.28	3.85	4.20	4.98	5.71	5.95	5.64	5.60	5.75
of which: food prices in %	3.8	2.6	2.3	1.4	-0.9	-0.6	-0.5	0.6	1.1	0.6	0.7	1.3
share in total in percentage points	1.00	0.69	0.60	0.36	-0.24	-0.17	-0.12	0.17	0.29	0.16	0.17	0.33
Net inflation (adjusted for changes in indirect taxes) in %	6.2	6.5	6.6	7.1	7.4	7.9	9.2	9.9	10.2	9.9	9.8	9.7
share in total in percentage points	3.44	3.56	3.63	3.92	4.09	4.36	5.11	5.55	5.66	5.48	5.42	5.42

	2000											
	1	2	3	4	5	6	7	8	9	10	11	12
Total inflation in %	13.6	16.4	16.6	15.9	16.0	15.4	9.2	8.7	8.7	8.5	8.6	8.4
Regulated prices in %	33.6	46.8	47.4	47.1	47.0	46.6	21.6	21.6	21.3	20.8	20.8	20.7
share in total in percentage points	6.46	9.05	9.16	9.10	9.08	9.00	4.76	4.74	4.66	4.56	4.54	4.51
Effect of change in indirect taxes on non-regulated prices												
share in total in percentage points	1.76	1.75	1.74	1.73	1.73	1.72	0.32	0.31	0.31	0.31	0.31	0.31
Core inflation in %	6.7	7.0	7.0	6.4	6.5	5.8	5.3	4.8	4.9	4.8	4.9	4.6
share in total in percentage points	5.39	5.64	5.66	5.11	5.24	4.69	4.08	3.67	3.72	3.66	3.74	3.55
of which: food prices in %	2.6	3.3	3.3	3.0	3.8	2.9	4.0	4.3	4.6	5.2	5.7	6.0
share in total in percentage points	0.67	0.84	0.84	0.75	0.94	0.71	0.93	0.98	1.06	1.20	1.32	1.38
Net inflation (adjusted for changes in indirect taxes) in %	8.6	8.7	8.7	7.9	7.7	7.1	5.9	5.0	5.0	4.6	4.5	4.1
share in total in percentage points	4.72	4.80	4.82	4.36	4.30	3.98	3.15	2.69	2.66	2.45	2.42	2.18

	2001											
	1	2	3	4	5	6	7	8	9	10	11	12
Total inflation in %	7.7	6.7	7.1	7.6	7.7	8.0	8.0	7.8	7.4	7.1	6.5	6.5
Regulated prices in %	20.7	16.4	17.1	16.4	16.3	16.4	17.1	17.0	17.0	17.0	17.0	17.2
share in total in percentage points	4.68	4.01	4.17	4.02	4.00	4.01	4.20	4.18	4.15	4.14	4.13	4.17
Effect of change in indirect taxes on non-regulated prices												
share in total in percentage points	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.03	-0.03
Core inflation in %	4.0	3.6	4.0	4.8	5.0	5.4	5.2	4.9	4.4	4.0	3.3	3.2
share in total in percentage points	3.05	2.65	2.95	3.57	3.67	3.99	3.81	3.61	3.24	2.92	2.44	2.39
of which: food prices in %	4.7	3.5	5.3	6.9	7.2	9.2	9.4	8.1	6.5	5.5	3.7	3.7
share in total in percentage points	1.09	0.80	1.19	1.53	1.59	2.02	2.05	1.77	1.44	1.22	0.83	0.83
Net inflation (adjusted for changes in indirect taxes) in %	3.7	3.6	3.4	4.0	4.0	3.8	3.4	3.6	3.5	3.3	3.1	3.0
share in total in percentage points	1.97	1.85	1.75	2.04	2.08	1.97	1.75	1.85	1.81	1.70	1.61	1.56

Source: Statistical Office of the SR.

Inflation (month-on-month change)

	1998											
	1	2	3	4	5	6	7	8	9	10	11	12
Total inflation in %	1.9	0.7	0.2	0.4	0.6	0.1	-0.4	-0.2	0.4	1.1	0.4	0.2
Regulated prices in %	3.1	-0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.4	2.1	0.1	0.0
share in total in percentage points	0.56	-0.01	0.01	0.02	0.02	0.02	0.01	0.01	0.07	0.37	0.02	0.01
Effect of change in indirect taxes on non-regulated prices												
share in total in percentage points	0.32	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.10
Core inflation in %	1.2	0.9	0.3	0.5	0.7	0.1	-0.4	-0.3	0.4	0.9	0.5	0.4
share in total in percentage points	0.97	0.72	0.23	0.37	0.58	0.09	-0.37	-0.24	0.34	0.76	0.41	0.30
z toho: ceny potravín v %	2.2	1.3	-0.2	0.7	1.5	-0.2	-1.9	-1.1	0.7	1.0	0.5	0.1
share in total in percentage points	0.57	0.34	-0.06	0.18	0.41	-0.05	-0.51	-0.28	0.17	0.25	0.13	0.02
Net inflation (adjusted for changes in indirect taxes) in %	0.7	0.7	0.5	0.3	0.3	0.3	0.3	0.1	0.3	0.9	0.5	0.5
share in total in percentage points	0.40	0.38	0.29	0.19	0.17	0.14	0.14	0.03	0.17	0.50	0.29	0.28

	1999											
	1	2	3	4	5	6	7	8	9	10	11	12
Total inflation in %	3.0	0.8	0.3	0.5	0.2	0.5	5.8	0.5	0.6	0.5	0.4	0.4
Regulated prices in %	9.7	1.6	0.3	0.5	0.2	0.4	20.7	0.2	0.5	0.5	0.1	0.1
share in total in percentage points	1.75	0.30	0.06	0.10	0.03	0.07	4.00	0.04	0.11	0.11	0.02	0.02
Effect of change in indirect taxes on non-regulated prices												
share in total in percentage points	0.10	0.00	0.00	0.00	0.00	0.00	1.39	0.00	0.00	0.00	0.00	0.00
Core inflation in %	1.4	0.7	0.3	0.5	0.2	0.5	0.5	0.6	0.7	0.6	0.5	0.5
share in total in percentage points	1.14	0.54	0.21	0.41	0.16	0.42	0.37	0.42	0.52	0.44	0.35	0.41
z toho: ceny potravín v %	1.4	0.2	-0.6	-0.2	-0.7	0.1	-1.8	0.1	1.1	0.5	0.5	0.7
share in total in percentage points	0.37	0.04	-0.14	-0.05	-0.18	0.02	-0.44	0.01	0.26	0.11	0.12	0.16
Net inflation (adjusted for changes in indirect taxes) in %	1.4	0.9	0.6	0.8	0.6	0.7	1.5	0.8	0.5	0.6	0.4	0.5
share in total in percentage points	0.77	0.50	0.35	0.46	0.34	0.40	0.81	0.41	0.27	0.33	0.23	0.25

	2000											
	1	2	3	4	5	6	7	8	9	10	11	12
Total inflation in %	2.5	3.3	0.4	0.0	0.3	-0.1	0.0	0.1	0.6	0.4	0.4	0.2
Regulated prices in %	6.1	11.6	0.7	0.3	0.1	0.1	0.1	0.2	0.2	0.1	0.0	0.0
share in total in percentage points	1.34	2.62	0.16	0.07	0.02	0.03	0.04	0.04	0.05	0.03	0.01	0.00
Effect of change in indirect taxes on non-regulated prices												
share in total in percentage points	0.31	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Core inflation in %	1.1	1.0	0.3	-0.1	0.3	-0.1	0.0	0.0	0.7	0.5	0.6	0.3
share in total in percentage points	0.83	0.73	0.21	-0.10	0.26	-0.09	-0.01	0.03	0.55	0.37	0.41	0.22
z toho: ceny potravín v %	2.8	0.8	-0.5	-0.5	0.0	-0.8	-0.7	0.3	1.4	1.1	1.0	0.9
share in total in percentage points	0.64	0.19	-0.12	-0.11	0.01	-0.17	-0.15	0.07	0.32	0.24	0.22	0.21
Net inflation (adjusted for changes in indirect taxes) in %	0.4	1.0	0.6	0.0	0.5	0.2	0.3	-0.1	0.5	0.2	0.4	0.0
share in total in percentage points	0.19	0.54	0.33	0.02	0.25	0.08	0.14	-0.04	0.23	0.13	0.19	0.01

	2001											
	1	2	3	4	5	6	7	8	9	10	11	12
Total inflation in %	1.9	2.3	0.8	0.4	0.3	0.3	0.0	-0.1	0.2	0.1	-0.1	0.2
Regulated prices in %	6.2	7.7	1.2	-0.3	0.0	0.1	0.8	0.1	0.2	0.1	0.1	0.2
share in total in percentage points	1.50	1.94	0.32	-0.07	0.01	0.04	0.21	0.02	0.04	0.03	0.02	0.05
Effect of change in indirect taxes on non-regulated prices												
share in total in percentage points	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.03	0.00
Core inflation in %	0.5	0.5	0.7	0.7	0.5	0.3	-0.2	-0.2	0.3	0.1	-0.1	0.2
share in total in percentage points	0.38	0.39	0.49	0.49	0.34	0.21	-0.17	-0.15	0.19	0.05	-0.06	0.16
of which: food prices in %	1.5	-0.3	1.2	0.9	0.3	1.0	-0.5	-0.9	0.0	0.1	-0.7	0.9
share in total in percentage points	0.35	-0.07	0.27	0.21	0.07	0.23	-0.10	-0.20	-0.01	0.02	-0.15	0.20
Net inflation (adjusted for changes in indirect taxes) in %	0.1	0.9	0.4	0.6	0.5	0.0	-0.1	0.1	0.4	0.1	0.2	-0.1
share in total in percentage points	0.03	0.46	0.22	0.29	0.26	-0.02	-0.07	0.05	0.19	0.03	0.09	-0.04

Source: Statistical Office of the SR.

Balance of Payments of the SR for January to December 2001

used exchange rate of USD = 48.347 Sk	Receipts / Credit (+)		Payments / Debit (-)		Balance	
	Sk millions	US\$ millions	Sk millions	US\$ millions	Sk millions	US\$ millions
Goods	610,693.0	12,631.5	713,898.0	14,766.1	-103,205.0	-2,134.7
Services	120,364.6	2,489.6	97,180.1	2,010.1	23,184.5	479.5
Transportation	48,924.7	1,011.9	24,613.9	509.1	24,310.8	502.8
Travel	30,994.7	641.1	13,987.5	289.3	17,007.2	351.8
Other services	40,445.2	836.6	58,578.7	1,211.6	-18,133.5	-375.1
Income	15,549.7	321.6	30,665.1	634.3	-15,115.4	-312.6
Compensation of employees	1,088.6	22.5	490.8	10.2	597.8	12.4
Income from investment	14,461.1	299.1	30,174.3	624.1	-15,713.2	-325.0
Current transfers	24,182.5	500.2	13,938.1	288.3	10,244.4	211.9
CURRENT ACCOUNT	770,789.8	15,942.9	855,681.3	17,698.7	-84,891.5	-1,755.9
Capital account	4,116.1	85.1	-360.8	-7.5	3,755.3	77.7
Financial account	1,536,271.1	31,775.3	-1,456,853.4	-30,134.0	79,417.7	1,641.4
Direct investment	468,001.1	9,680.0	-397,399.2	-8,219.7	70,601.9	1,460.3
Abroad (direct investor = resident)	17,947.0	371.2	-18,669.2	-386.2	-722.2	-14.9
Equity capital and reinvested earnings	3,128.0	64.7	-5,158.2	-106.7	-2,030.2	-42.0
Other capital	14,819.0	306.5	-13,511.0	-279.5	1,308.0	27.1
In the SR (recipient of dir. investment = resident)	450,054.1	9,308.8	-378,730.0	-7,833.6	71,324.1	1,475.3
Equity capital and reinvested earnings	61,223.1	1,266.3	-4,216.0	-87.2	57,007.1	1,179.1
Other capital	388,831.0	8,042.5	-374,514.0	-7,746.4	14,317.0	296.1
Portfolio investment	119,594.5	2,473.7	-130,094.4	-2,690.8	-10,499.9	-217.2
Assets	5,049.0	104.4	-29,438.0	-608.9	-24,389.0	-504.5
Liabilities	114,545.5	2,369.2	-100,656.4	-2,082.0	13,889.1	287.3
Other investment	948,675.5	19,621.6	-929,359.8	-19,223.4	19,315.7	398.2
Long-term	55,141.5	1,139.9	-65,766.9	-1,361.0	-10,625.4	-221.1
Assets	992.8	20.5	-1,486.5	-30.7	-493.7	-10.2
Liabilities	54,148.7	1,119.4	-64,280.4	-1,330.3	-10,131.7	-210.9
Short-term	893,534.0	18,481.7	-863,592.9	-17,862.4	29,941.1	619.3
Assets	392,099.4	8,110.1	-390,590.9	-8,078.9	1,508.5	31.2
Liabilities	501,434.6	10,371.6	-473,002.0	-9,783.5	28,432.6	588.1
CAPITAL AND FINANCIAL ACCOUNT	1,540,387.2	31,860.5	-1,457,214.2	-30,141.4	83,173.0	1,719.0
ERRORS AND OMISSIONS	x	x	x	x	8,585.4	180.2
TOTAL BALANCE	-42,644.2	-889.8	49,511.1	1,033.2	6,866.9	143.4
Monetary gold	0.0	0.0	0.0	0.0	0.0	0.0
Special drawing rights	0.0	0.0	-9.4	-0.2	-9.4	-0.2
Foreign exchange assets	42,644.2	889.8	-49,501.7	-1,033.0	-6,857.5	-143.2
Deposits	0.0	0.0	-28,489.5	-594.5	-28,489.5	-594.5
Securities	42,644.2	889.8	-21,012.2	-438.5	21,632.0	451.3
Bonds and bills of exchange	0.0	0.0	-21,012.2	-438.5	-21,012.2	-438.5
Money market instruments and fin. derivatives	42,644.2	889.8	0.0	0.0	42,644.2	889.8
RESERVE ASSETS	42,644.2	889.8	-49,511.1	-1,033.2	-6,866.9	-143.4

Note: Preliminary data

Current Account of Balance of Payments of the SR for January to December 2001

used exchange rate of USD = 48.347 Sk	Receipts / Credit (+)		Payments/ Debit (-)		Balance	
	Sk millions	US\$ millions	Sk millions	US\$ millions	Sk millions	US\$ millions
GOODS	610,693.0	12,631.5	713,898.0	14,766.1	-103,205.0	-2,134.7
General merchandise	363,161.0	7,511.6	553,366.0	11,445.7	-190,205.0	-3,934.2
Goods for processing	246,528.0	5,099.1	159,322.0	3,295.4	87,206.0	1,803.8
Repairs on goods	529.0	10.9	1,079.0	22.3	-550.0	-11.4
Nonmonetary gold	475.0	9.8	131.0	2.7	344.0	7.1
SERVICES	120,364.6	2,489.6	97,180.1	2,010.1	23,184.5	479.5
Transportation	48,924.7	1,011.9	24,613.9	509.1	24,310.8	502.8
Railway transport	5,211.0	107.8	6,340.2	131.1	-1,129.2	-23.4
passenger	32.9	0.7	15.5	0.3	17.4	0.4
freight	5,178.1	107.1	6,324.7	130.8	-1,146.6	-23.7
Other transport	43,713.7	904.2	18,273.7	378.0	25,440.0	526.2
passenger	344.9	7.1	2,427.2	50.2	-2,082.3	-43.1
freight	5,282.6	109.3	6,192.1	128.1	-909.5	-18.8
other	38,086.2	787.8	9,654.4	199.7	28,431.8	588.1
of which: transport gass and petrol	34,381.0	711.1	0.0	0.0	34,381.0	711.1
Travel	30,994.7	641.1	13,987.5	289.3	17,007.2	351.8
Business	0.0	0.0	1,455.3	30.1	-1,455.3	-30.1
Personal	30,994.7	641.1	12,532.2	259.2	18,462.5	381.9
Other services	40,445.2	836.6	58,578.7	1,211.6	-18,133.5	-375.1
Communication services	2,741.1	56.7	1,305.5	27.0	1,435.6	29.7
Construction services	3,302.2	68.3	6,757.7	139.8	-3,455.5	-71.5
Insurance services	391.2	8.1	1,134.1	23.5	-742.9	-15.4
Financial services	1,316.0	27.2	2,609.3	54.0	-1,293.3	-26.8
Legal, accounting and advisory services	2,498.2	51.7	5,759.7	119.1	-3,261.5	-67.5
Computer and information services	3,301.6	68.3	3,202.8	66.2	98.8	2.0
Other business services	7,369.3	152.4	10,689.4	221.1	-3,320.1	-68.7
Services in other activities	19,525.6	403.9	27,120.2	560.9	-7,594.6	-157.1
INCOME	15,549.7	321.6	30,665.1	634.3	-15,115.4	-312.6
Compensation of employees	1,088.6	22.5	490.8	10.2	597.8	12.4
Investment income	14,461.1	299.1	30,174.3	624.1	-15,713.2	-325.0
Direct investment	563.6	11.7	4,342.0	89.8	-3,778.4	-78.2
income on equity	488.3	10.1	3,810.5	78.8	-3,322.2	-68.7
income on debt (interest)	75.3	1.6	531.5	11.0	-456.2	-9.4
Portfolio investment	7,888.8	163.2	10,754.8	222.5	-2,866.0	-59.3
income on equity	61.4	1.3	29.1	0.6	32.3	0.7
income on debt (interest)	7,827.4	161.9	10,725.7	221.8	-2,898.3	-59.9
Other investment	6,008.7	124.3	15,077.5	311.9	-9,068.8	-187.6
CURRENT TRANSFERS	24,182.5	500.2	13,938.1	288.3	10,244.4	211.9
Government	12.6	0.3	439.0	9.1	-426.4	-8.8
Other	24,169.9	499.9	13,499.1	279.2	10,670.8	220.7
CURRENT ACCOUNT	770,789.8	15,942.9	855,681.3	17,698.7	-84,891.5	-1,755.9

Note: Preliminary data

Capital Account of Balance of Payments of the SR for January to December 2001

used exchange rate of USD = 48.347 Sk	Receipts / Credit (+)		Payments/ Debit (-)		Balance	
	Sk millions	US\$ millions	Sk millions	US\$ millions	Sk millions	US\$ millions
CAPITAL ACCOUNT	4,116.1	85.1	-360.8	-7.5	3,755.3	77.7
Capital transfers	4,045.4	83.7	-104.8	-2.2	3,940.6	81.5
Acquisition/disposal of non-prod. and nonfinan. assets	70.7	1.5	-256.0	-5.3	-185.3	-3.8

Note: Preliminary data

Financial Account of Balance of Payments of the SR for January to December 2001

used exchange rate of USD = 48.347 Sk	Receipts / Credit (+)		Payments/ Debit (-)		Balance	
	Sk millions	US\$ millions	Sk millions	US\$ millions	Sk millions	US\$ millions
DIRECT INVESTMENT	468,001.1	9,680.0	-397,399.2	-8,219.7	70,601.9	1,460.3
ABROAD (direct investor = resident)	17,947.0	371.2	-18,669.2	-386.2	-722.2	-14.9
Equity capital	3,128.0	64.7	-5,132.2	-106.2	-2,004.2	-41.5
Claims on affiliated enterprises	2,042.0	42.2	-5,132.2	-106.2	-3,090.2	-63.9
Liabilities to affiliated enterprises	1,086.0	22.5	0.0	0.0	1,086.0	22.5
Reinvested earnings	0.0	0.0	-26.0	-0.5	-26.0	-0.5
Other capital	14,819.0	306.5	-13,511.0	-279.5	1,308.0	27.1
Claims on affiliated enterprises	14,747.0	305.0	-13,480.0	-278.8	1,267.0	26.2
Liabilities to affiliated enterprises	72.0	1.5	-31.0	-0.6	41.0	0.8
IN SR (recipient of direct investment = resident)	450,054.1	9,308.8	-378,730.0	-7,833.6	71,324.1	1,475.3
Equity capital	61,199.1	1,265.8	-4,216.0	-87.2	56,983.1	1,178.6
Claims on direct investors	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities to direct investors	61,199.1	1,265.8	-4,216.0	-87.2	56,983.1	1,178.6
Reinvested earnings	24.0	0.5	0.0	0.0	24.0	0.5
Other capital	388,831.0	8,042.5	-374,514.0	-7,746.4	14,317.0	296.1
Claims on direct investors	194,837.0	4,030.0	-192,581.0	-3,983.3	2,256.0	46.7
Liabilities to direct investors	193,994.0	4,012.5	-181,933.0	-3,763.1	12,061.0	249.5
PORTFOLIO INVESTMENT	119,594.5	2,473.7	-130,094.4	-2,690.8	-10,499.9	-217.2
ASSETS	5,049.0	104.4	-29,438.0	-608.9	-24,389.0	-504.5
Equity securities	71.0	1.5	-205.8	-4.3	-134.8	-2.8
Debt securities	4,978.0	103.0	-29,232.2	-604.6	-24,254.2	-501.7
Bonds and notes	584.0	12.1	-12,973.7	-268.3	-12,389.7	-256.3
Government + NBS	0.0	0.0	0.0	0.0	0.0	0.0
Banks	0.0	0.0	-11,454.7	-236.9	-11,454.7	-236.9
Other sectors	584.0	12.1	-1,519.0	-31.4	-935.0	-19.3
Money market instruments	4,394.0	90.9	-16,258.5	-336.3	-11,864.5	-245.4
Financial derivatives	0.0	0.0	0.0	0.0	0.0	0.0
LIABILITIES	114,545.5	2,369.2	-100,656.4	-2,082.0	13,889.1	287.3
Equity securities	15,288.7	316.2	-6,394.6	-132.3	8,894.1	184.0
Debt securities	99,256.8	2,053.0	-94,261.8	-1,949.7	4,995.0	103.3
Bonds and notes	97,805.6	2,023.0	-93,630.2	-1,936.6	4,175.4	86.4
Government + NBS	91,255.3	1,887.5	-87,788.4	-1,815.8	3,466.9	71.7
Banks	1,721.2	35.6	-2,324.7	-48.1	-603.5	-12.5
Other sectors	4,829.1	99.9	-3,517.1	-72.7	1,312.0	27.1
Money market instruments	370.2	7.7	-110.6	-2.3	259.6	5.4
Financial derivatives	1,081.0	22.4	-521.0	-10.8	560.0	11.6
OTHER INVESTMENT	948,675.5	19,621.6	-929,359.9	-19,223.4	19,315.6	398.2
ASSETS	393,092.2	8,130.6	-392,077.5	-8,109.7	1,014.7	21.0
Trade credits	378,647.0	7,831.9	-382,284.0	-7,907.1	-3,637.0	-75.2
long-term	250.0	5.2	-315.0	-6.5	-65.0	-1.3
short-term	378,397.0	7,826.7	-381,969.0	-7,900.6	-3,572.0	-73.9
Loans	4,670.6	96.6	-2,850.0	-58.9	1,820.6	37.7
Government + NBS	0.0	0.0	0.0	0.0	0.0	0.0
long-term	0.0	0.0	0.0	0.0	0.0	0.0
short-term	0.0	0.0	0.0	0.0	0.0	0.0
Banks	1,703.6	35.2	0.0	0.0	1,703.6	35.2
long-term	331.8	6.9	0.0	0.0	331.8	6.9
short-term	1,371.8	28.4	0.0	0.0	1,371.8	28.4
Other sectors	2,967.0	61.4	-2,850.0	-58.9	117.0	2.4
long-term	411.0	8.5	-111.0	-2.3	300.0	6.2
short-term	2,556.0	52.9	-2,739.0	-56.7	-183.0	-3.8
Cash and deposits	9,774.6	202.2	-4,518.6	-93.5	5,256.0	108.7
Other assets	0.0	0.0	-2,424.9	-50.2	-2,424.9	-50.2

Continued on next page.

Financial Account of Balance of Payments of the SR for January to December 2001 – continued

used exchange rate of USD = 48.347 Sk	Receipts / Credit (+)		Payments/ Debit (-)		Balance	
	Sk millions	US\$ millions	Sk millions	US\$ millions	Sk millions	US\$ millions
LIABILITIES	555,583.3	11,491.0	-537,282.4	-11,113.8	18,300.9	377.2
Trade credits	471,271.0	9,747.7	-469,561.5	-9,712.3	1,709.5	35.4
long-term	1,241.0	25.7	-3,003.5	-62.1	-1,762.5	-36.5
of which: Government	0.0	0.0	-1,177.5	-24.4	-1,177.5	-24.4
short-term	470,030.0	9,722.0	-466,558.0	-9,650.2	3,472.0	71.8
Loans	72,672.2	1,502.5	-57,901.1	-1,198.4	14,771.1	304.2
Government + NBS	14,538.7	300.1	-6,128.3	-127.5	8,410.4	172.6
long-term	14,538.7	300.1	-6,128.3	-127.5	8,410.4	172.6
short-term	0.0	0.0	0.0	0.0	0.0	0.0
Banks	10,762.5	222.6	-2,498.8	-51.7	8,263.7	170.9
long-term	2,338.0	48.4	-2,498.8	-51.7	-160.8	-3.3
short-term	8,424.5	174.3	0.0	0.0	8,424.5	174.3
Other sectors	47,371.0	979.8	-49,274.0	-1,019.2	-1,903.0	-39.4
long-term	36,031.0	745.3	-42,830.0	-885.9	-6,799.0	-140.6
short-term	11,340.0	234.6	-6,444.0	-133.3	4,896.0	101.3
Cash and deposits	11,319.1	234.1	-867.4	-17.9	10,451.7	216.2
Other liabilities	321.0	6.6	-8,952.4	-185.2	-8,631.4	-178.5
long-term	0.0	0.0	-8,952.4	-185.2	-8,952.4	-185.2
short-term	321.0	6.6	0.0	0.0	321.0	6.6
FINANCIAL ACCOUNT	1,536,271.1	31,775.3	-1,456,853.5	-30,134.0	79,417.6	1,641.3

Note: Preliminary data

Monetary Survey (at fixed exchange rates as of 1 January 1993) (Sk billions)

	2001												
	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	66.3	61.9	56.0	51.6	66.3	57.8	48.4	50.8	56.6	49.4	50.8	64.7	57.2
Foreign assets	198.5	192.3	192.3	211.8	212.4	200.3	196.9	198.8	199.6	191.9	197.8	215.1	214.2
Foreign liabilities	132.2	130.4	136.3	160.2	146.1	142.5	148.5	148.0	143.0	142.5	147.0	150.4	157.0
Net domestic assets	513.8	517.0	525.8	532.8	524.9	533.2	547.9	554.0	556.8	562.2	554.4	556.0	592.0
Domestic credit	563.9	577.1	585.3	585.2	585.5	590.4	599.5	612.8	617.3	624.1	631.1	627.3	649.8
Net credit to general government	167.2	246.8	256.4	277.7	280.7	284.0	285.8	292.7	294.9	298.6	301.4	305.2	317.7
Net credit to NPF	0.1	2.3	2.9	2.9	-4.7	-0.8	0.8	6.1	7.3	8.6	11.7	-0.8	10.4
Credit to households and enterprises	396.6	328.0	326.0	304.6	309.5	307.2	312.9	314.0	315.1	316.9	318.0	322.9	321.7
Credit in Slovak crown	359.8	289.9	289.7	268.2	271.7	270.0	273.7	273.6	275.5	278.0	278.1	282.8	282.3
- Credit to enterprises	316.0	245.9	245.5	223.9	227.0	224.5	227.4	226.2	227.1	229.2	228.0	231.6	230.4
- Credit to households	43.8	44.0	44.2	44.3	44.7	45.5	46.3	47.4	48.4	48.8	50.1	51.2	51.9
Credit in foreign currency	36.8	38.1	36.3	36.4	37.8	37.2	39.2	40.4	39.6	38.9	39.9	40.1	39.4
LIABILITIES													
Liquid liabilities [M2]	580.1	578.9	581.8	584.4	591.2	591.0	596.3	604.8	613.4	611.6	605.2	620.7	649.2
Money [M1]	187.2	177.8	179.3	177.7	182.0	186.3	189.8	195.8	198.4	207.4	207.0	214.0	228.5
Currency outside banks [M0]	67.0	65.6	65.5	64.9	65.6	67.3	69.3	70.0	70.7	72.7	74.9	79.1	81.0
Demand deposits	120.2	112.2	113.8	112.8	116.4	119.0	120.5	125.8	127.7	134.7	132.1	134.9	147.5
- Households	54.0	55.2	56.1	56.0	57.7	58.4	60.5	61.8	62.5	71.1	61.6	64.1	67.1
- Enterprises	64.9	55.1	55.6	54.7	57.4	59.3	58.7	62.8	64.1	62.9	69.5	69.6	78.4
- Insurance companies	1.3	1.9	2.1	2.1	1.3	1.3	1.3	1.2	1.1	0.7	1.0	1.2	2.0
Quasi-money [QM]	392.9	401.1	402.5	406.7	409.2	404.7	406.5	409.0	415.0	404.2	398.2	406.7	420.7
Time deposits	326.4	335.7	339.1	340.9	340.9	337.1	337.3	339.8	341.8	332.4	326.3	333.8	346.3
- Households	250.3	253.4	253.2	251.9	248.8	248.8	248.9	248.8	248.3	240.5	239.1	247.3	256.3
- Enterprises	55.2	60.8	63.0	64.5	66.9	62.4	62.2	65.5	68.9	68.9	65.5	66.2	67.2
- Insurance companies	20.9	21.5	22.9	24.5	25.2	25.9	26.2	25.5	24.6	23.0	21.7	20.3	22.8
Foreign-currency deposits	66.5	65.4	63.4	65.8	68.3	67.6	69.2	69.2	73.2	71.8	71.9	72.9	74.4
- Households	40.1	40.5	41.1	42.6	42.6	42.8	43.0	43.4	44.0	44.7	44.7	45.5	47.7
- Enterprises	26.4	24.9	22.3	23.2	25.7	24.8	26.2	25.8	29.2	27.1	27.2	27.4	26.7
Other items net	50.1	60.1	59.5	52.4	60.6	57.2	51.6	58.8	60.5	61.9	76.7	71.3	57.8

Selected items of the Monetary Survey – analytical time series (adjustment ex ante) ^{1/}

	2001												
	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	68.9	64.5	58.5	54.1	68.8	60.2	50.9	53.3	59.1	52.0	53.3	67.2	59.7
Net credit to general government	167.2	163.1	172.7	172.7	175.7	179.0	180.8	187.7	189.9	193.6	196.4	200.2	212.7
Credit to households and enterprises	413.8	417.5	415.5	415.4	420.3	418.0	423.7	424.8	425.9	427.7	432.5	437.4	436.2
Other items net	69.9	68.5	67.8	60.7	68.9	65.4	59.9	67.1	68.8	70.3	88.7	83.3	69.8

Selected items of the Monetary Survey – analytical time series (adjustment ex post) ^{1/}

	2001												
	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	66.3	61.9	56.0	51.6	66.3	57.8	48.4	50.8	56.6	49.4	50.8	64.7	57.2
Net credit to general government	272.2	268.1	277.7	277.7	280.7	284.0	285.8	292.7	294.9	298.6	301.4	305.2	317.7
Credit to households and enterprises	299.3	303.0	301.0	300.9	305.8	303.5	309.2	310.3	311.4	313.2	318.0	322.9	321.7
Other items net	57.8	56.4	55.8	48.7	56.9	53.5	47.9	55.1	56.8	58.2	76.7	71.3	57.8

^{1/} Time series adjusted for issues of restructuring bonds, balance-sheet items of banks that ceased to operate in 2000, 2001 and 2002, account adjustments in connection with the restructuring of specific banks in 2000, and the conversion of loans into bonds (such adjustments concern loans to households and enterprises).

Monetary Survey (at fixed exchange rates) (Sk billions)

	2001												
	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	47.389	47.389	47.389	47.389	47.389	47.389	47.389	47.389	47.389	47.389	47.389	47.389	47.389
Fixed exchange rate SKK/DEM	22.495	22.495	22.495	22.495	22.495	22.495	22.495	22.495	22.495	22.495	22.495	22.495	22.495
ASSETS													
Net foreign assets	93.2	86.1	78.7	77.1	95.1	87.1	76.6	78.1	87.0	77.4	79.4	96.0	91.1
Foreign assets	274.1	264.6	263.7	289.5	291.5	277.0	272.3	276.9	277.1	266.8	274.3	295.6	294.2
Foreign liabilities	180.9	178.5	185.0	212.4	196.4	189.9	195.7	198.8	190.1	189.4	194.9	199.6	203.1
Net domestic assets	514.7	520.2	529.7	534.9	524.7	532.2	548.7	555.8	557.0	564.4	555.9	555.3	589.2
Domestic credit	610.2	623.9	631.3	631.1	632.0	634.0	643.8	657.5	661.6	668.0	675.4	671.6	694.5
Net credit to general government	199.8	279.5	288.9	310.1	313.1	313.7	315.5	322.4	324.5	328.0	330.8	334.6	347.7
Net credit to NPF	0.1	2.3	2.9	2.9	-4.7	-0.8	0.8	6.1	7.3	8.6	11.7	-0.8	10.4
Credit to households and enterprises	410.3	342.1	339.5	318.1	323.6	321.1	327.5	329.0	329.8	331.4	332.9	337.8	336.4
Credit in Slovak crown	359.8	289.9	289.7	268.2	271.7	270.0	273.7	273.6	275.5	278.0	278.1	282.8	282.3
- Credit to enterprises	316.0	245.9	245.5	223.9	227.0	224.5	227.4	226.2	227.1	229.2	228.0	231.6	230.4
- Credit to households	43.8	44.0	44.2	44.3	44.7	45.5	46.3	47.4	48.4	48.8	50.1	51.2	51.9
Credit in foreign currency	50.5	52.2	49.8	49.9	51.9	51.1	53.8	55.4	54.3	53.4	54.8	55.0	54.1
LIABILITIES													
Liquid liabilities [M2]	607.9	606.3	608.4	612.0	619.8	619.3	625.3	633.9	644.0	641.8	635.3	651.3	680.3
Money [M1]	187.2	177.8	179.3	177.7	182.0	186.3	189.8	195.8	198.4	207.4	207.0	214.0	228.5
Currency outside banks [M0]	67.0	65.6	65.5	64.9	65.6	67.3	69.3	70.0	70.7	72.7	74.9	79.1	81.0
Demand deposits	120.2	112.2	113.8	112.8	116.4	119.0	120.5	125.8	127.7	134.7	132.1	134.9	147.5
- Households	54.0	55.2	56.1	56.0	57.7	58.4	60.5	61.8	62.5	71.1	61.6	64.1	67.1
- Enterprises	64.9	55.1	55.6	54.7	57.4	59.3	58.7	62.8	64.1	62.9	69.5	69.6	78.4
- Insurance companies	1.3	1.9	2.1	2.1	1.3	1.3	1.3	1.2	1.1	0.7	1.0	1.2	2.0
Quasi-money [QM]	420.7	428.5	429.1	434.3	437.8	433.0	435.5	438.1	445.6	434.4	428.3	437.3	451.8
Time deposits	326.4	335.7	339.1	340.9	340.9	337.1	337.3	339.8	341.8	332.4	326.3	333.8	346.3
- Households	250.3	253.4	253.2	251.9	248.8	248.8	248.9	248.8	248.3	240.5	239.1	247.3	256.3
- Enterprises	55.2	60.8	63.0	64.5	66.9	62.4	62.2	65.5	68.9	68.9	65.5	66.2	67.2
- Insurance companies	20.9	21.5	22.9	24.5	25.2	25.9	26.2	25.5	24.6	23.0	21.7	20.3	22.8
Foreign-currency deposits	94.3	92.8	90.0	93.4	96.9	95.9	98.2	98.3	103.8	102.0	102.0	103.5	105.5
- Households	56.9	57.5	58.3	60.4	60.5	60.7	61.0	61.6	62.4	63.5	63.4	64.6	67.7
- Enterprises	37.4	35.3	31.7	33.0	36.4	35.2	37.2	36.7	41.4	38.5	38.6	38.9	37.8
Other items net	95.5	103.7	101.6	96.2	107.3	101.8	95.1	101.7	104.6	103.6	119.5	116.3	105.3

Selected items of the Monetary Survey – analytical time series (adjustment ex ante) ^{1/}

		2001												
		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	97.4	90.3	82.9	81.1	99.2	91.1	80.6	82.1	91.2	81.6	83.5	100.1	95.2
	Net credit to general government	199.8	195.8	205.2	205.1	208.1	208.7	210.5	217.4	219.5	223.0	225.8	229.6	242.7
	Credit to households and enterprises	427.5	431.6	429.0	428.9	434.4	431.9	438.3	439.8	440.6	442.2	447.4	452.3	450.9
	Ostatné čisté položky	116.9	113.7	111.6	106.0	117.2	111.6	104.9	111.5	114.6	113.6	133.1	129.9	118.9

Selected items of the Monetary Survey – analytical time series (adjustment ex post) ^{1/}

		2001												
		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	93.2	86.1	78.7	77.1	95.1	87.1	76.6	78.1	87.0	77.4	79.4	96.0	91.1
	Net credit to general government	304.8	300.8	310.2	310.1	313.1	313.7	315.5	322.4	324.5	328.0	330.8	334.6	347.7
	Credit to households and enterprises	313.0	317.1	314.5	314.4	319.9	317.4	323.8	325.3	326.1	327.7	332.9	337.8	336.4
	Other items net	103.2	100.0	98.0	92.5	103.6	98.1	91.4	98.0	100.9	99.9	119.5	116.3	105.3

^{1/} Time series adjusted for issues of restructuring bonds, balance-sheet items of banks that ceased to operate in 2000, 2001 and 2002, account adjustments in connection with the restructuring of specific banks in 2000, and the conversion of loans into bonds (such adjustments concern loans to households and enterprises).

Monetary Survey (at current exchange rates) (\$k billions)

	2001												
	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	47.389	47.614	47.799	49.145	48.292	50.211	49.267	49.383	47.724	47.311	48.300	48.760	48.467
A S S E T S													
Net foreign assets	93.2	85.9	78.8	79.0	96.2	88.8	77.1	80.1	87.1	77.4	80.8	97.3	92.0
Foreign assets	274.1	263.5	263.4	291.1	290.9	278.9	269.4	278.3	275.3	265.3	275.2	295.7	291.0
Foreign liabilities	180.9	177.6	184.6	212.1	194.7	190.1	192.3	198.2	188.2	187.9	194.4	198.4	199.0
Net domestic assets	514.7	520.2	529.7	534.2	524.0	532.0	547.9	554.8	556.5	563.9	555.1	554.7	587.9
Domestic credit	610.2	622.9	630.8	631.4	631.0	633.7	640.6	657.0	660.1	666.8	675.4	670.9	691.6
Net credit to general government	199.8	278.7	288.5	310.0	312.1	313.2	313.0	321.8	323.4	327.1	330.6	333.9	345.4
Net credit to NPF	0.1	2.3	2.9	2.9	-4.7	-0.8	0.8	6.1	7.3	8.6	11.7	-0.8	10.4
Credit to households and enterprises	410.3	341.9	339.4	318.5	323.6	321.3	326.8	329.1	329.4	331.1	333.1	337.8	335.8
Credit in Slovak crown	359.8	289.9	289.7	268.2	271.7	270.0	273.7	273.6	275.5	278.0	278.1	282.8	282.3
- Credit to enterprises	316.0	245.9	245.5	223.9	227.0	224.5	227.4	226.2	227.1	229.2	228.0	231.6	230.4
- Credit to households	43.8	44.0	44.2	44.3	44.7	45.5	46.3	47.4	48.4	48.8	50.1	51.2	51.9
Credit in foreign currency	50.5	52.0	49.7	50.3	51.9	51.3	53.1	55.5	53.9	53.1	55.0	55.0	53.5
L I A B I L I T I E S													
Liquid liabilities [M2]	607.9	606.1	608.4	613.2	620.2	620.8	625.0	634.9	643.6	641.3	635.9	652.0	679.9
Money [M1]	187.2	177.8	179.3	177.7	182.0	186.3	189.8	195.8	198.4	207.4	207.0	214.0	228.5
Currency outside banks [M0]	67.0	65.6	65.5	64.9	65.6	67.3	69.3	70.0	70.7	72.7	74.9	79.1	81.0
Demand deposits	120.2	112.2	113.8	112.8	116.4	119.0	120.5	125.8	127.7	134.7	132.1	134.9	147.5
- Households	54.0	55.2	56.1	56.0	57.7	58.4	60.5	61.8	62.5	71.1	61.6	64.1	67.1
- Enterprises	64.9	55.1	55.6	54.7	57.4	59.3	58.7	62.8	64.1	62.9	69.5	69.6	78.4
- Insurance companies	1.3	1.9	2.1	2.1	1.3	1.3	1.3	1.2	1.1	0.7	1.0	1.2	2.0
Quasi-money [QM]	420.7	428.3	429.1	435.5	438.2	434.5	435.2	439.1	445.2	433.9	428.9	438.0	451.4
Time deposits	326.4	335.7	339.1	340.9	340.9	337.1	337.3	339.8	341.8	332.4	326.3	333.8	346.3
- Households	250.3	253.4	253.2	251.9	248.8	248.8	248.9	248.8	248.3	240.5	239.1	247.3	256.3
- Enterprises	55.2	60.8	63.0	64.5	66.9	62.4	62.2	65.5	68.9	68.9	65.5	66.2	67.2
- Insurance companies	20.9	21.5	22.9	24.5	25.2	25.9	26.2	25.5	24.6	23.0	21.7	20.3	22.8
Foreign-currency deposits	94.3	92.6	90.0	94.6	97.3	97.4	97.9	99.3	103.4	101.5	102.6	104.2	105.1
- Households	56.9	57.4	58.3	61.2	60.7	61.6	60.8	62.2	62.2	63.2	63.8	65.0	67.4
- Enterprises	37.4	35.2	31.7	33.4	36.6	35.8	37.1	37.1	41.2	38.3	38.8	39.2	37.7
Other items net	95.5	102.7	101.2	97.2	107.0	101.7	92.7	102.2	103.6	102.9	120.3	116.2	103.7

Selected items of the Monetary Survey – analytical time series (adjustment ex ante) ^{1/}

		2001												
		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	97.4	90.1	83.0	83.2	100.4	93.0	81.3	84.3	91.3	81.6	85.0	101.5	96.2
	Net credit to general government	199.8	195.0	204.8	205.0	207.1	208.2	208.0	216.8	218.4	222.1	225.6	228.9	240.4
	Credit to households and enterprises	427.5	431.4	428.9	429.3	434.4	432.1	437.6	439.9	440.2	441.9	447.6	452.3	450.3
	Other items net	116.9	112.7	111.2	107.2	117.0	111.7	102.7	112.2	113.6	112.9	134.0	129.9	117.4

Selected items of the Monetary Survey – analytical time series (adjustment ex post) ^{1/}

		2001												
		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	93.2	85.9	78.8	79.0	96.2	88.8	77.1	80.1	87.1	77.4	80.8	97.3	92.0
	Net credit to general government	304.8	300.0	309.8	310.0	312.1	313.2	313.0	321.8	323.4	327.1	330.6	333.9	345.4
	Credit to households and enterprises	313.0	316.9	314.4	314.8	319.9	317.6	323.1	325.4	325.7	327.4	333.1	337.8	335.8
	Other items net	103.2	99.0	97.5	93.5	103.3	98.0	89.0	98.5	99.9	99.2	120.3	116.2	103.7

1/ Time series adjusted for issues of restructuring bonds, balance-sheet items of banks that ceased to operate in 2000, 2001 and 2002, account adjustments in connection with the restructuring of specific banks in 2000, and the conversion of loans into bonds (such adjustments concern loans to households and enterprises).

Money Supply M2 (at fixed exchange rates as of 1 January 1993) (Sk billions)

	1.1.	31.3.	2001 30.6.	30.9.	31.12.	Change since beginning of year Sk billions	%	Change during the 1st quarter Sk billions	%	Change during the 2nd quarter Sk billions	%	Change during 3rd quarterthe Sk billions	%	Change during 4th quarter Sk billions	%
Money Supply [M2]	580.1	584.4	596.3	611.6	649.2	69.1	11.9	4.3	0.7	11.9	2.0	15.3	2.6	37.6	6.1
Money [M1]	187.2	177.7	189.8	207.4	228.5	41.3	22.1	-9.5	-5.1	12.1	6.8	17.6	9.3	21.1	10.2
Currency outside banks [M0]	67.0	64.9	69.3	72.7	81.0	14.0	20.9	-2.1	-3.1	4.4	6.8	3.4	4.9	8.3	11.4
Demand deposits	120.2	112.8	120.5	134.7	147.5	27.3	22.7	-7.4	-6.2	7.7	6.8	14.2	11.8	12.8	9.5
- Households	54.0	56.0	60.5	71.1	67.1	13.1	24.3	2.0	3.7	4.5	8.0	10.6	17.5	-4.0	-5.6
- Enterprises	64.9	54.7	58.7	62.9	78.4	13.5	20.8	-10.2	-15.7	4.0	7.3	4.2	7.2	15.5	24.6
- Insurance companies	1.3	2.1	1.3	0.7	2.0	0.7	53.8	0.8	61.5	-0.8	-38.1	-0.6	-46.2	1.3	185.7
Quasi-money [QM]	392.9	406.7	406.5	404.2	420.7	27.8	7.1	13.8	3.5	-0.2	0.0	-2.3	-0.6	16.5	4.1
Time deposits	326.4	340.9	337.3	332.4	346.3	19.9	6.1	14.5	4.4	-3.6	-1.1	-4.9	-1.5	13.9	4.2
- Households	250.3	251.9	248.9	240.5	256.3	6.0	2.4	1.6	0.6	-3.0	-1.2	-8.4	-3.4	15.8	6.6
- Enterprises	55.2	64.5	62.2	68.9	67.2	12.0	21.7	9.3	16.8	-2.3	-3.6	6.7	10.8	-1.7	-2.5
- Insurance companies	20.9	24.5	26.2	23.0	22.8	1.9	9.1	3.6	17.2	1.7	6.9	-3.2	-12.2	-0.2	-0.9
Foreign-currency deposits	66.5	65.8	69.2	71.8	74.4	7.9	11.9	-0.7	-1.1	3.4	5.2	2.6	3.8	2.6	3.6
- Households	40.1	42.6	43.0	44.7	47.7	7.6	19.0	2.5	6.2	0.4	0.9	1.7	4.0	3.0	6.7
- Enterprises	26.4	23.2	26.2	27.1	26.7	0.3	1.1	-3.2	-12.1	3.0	12.9	0.9	3.4	-0.4	-1.5
Slovak-crown deposits	446.6	453.7	457.8	467.1	493.8	47.2	10.6	7.1	1.6	4.1	0.9	9.3	2.0	26.7	5.7
- Households	304.3	307.9	309.4	311.6	323.4	19.1	6.3	3.6	1.2	1.5	0.5	2.2	0.7	11.8	3.8
- Enterprises	120.1	119.2	120.9	131.8	145.6	25.5	21.2	-0.9	-0.7	1.7	1.4	10.9	9.0	13.8	10.5
- Insurance companies	22.2	26.6	27.5	23.7	24.8	2.6	11.7	4.4	19.8	0.9	3.4	-3.8	-13.8	1.1	4.6

Exchange rates of SKK (Midpoint rate)

End of month	1 FRF	1000 ITL	100 JPY	1 CAD	1 NLG	1 ATS	1 DEM	1 CHF	1 USD	1 GBP	1 EUR	1 CZK
31.1.2001	6.648	22.521	40.897	31.705	19.788	3.169	22.296	28.683	47.614	69.314	43.607	1.258
28.2.2001	6.665	22.581	41.151	31.274	19.840	3.177	22.355	28.450	47.799	69.036	43.722	1.264
31.3.2001	6.650	22.530	39.827	31.336	19.796	3.170	22.305	28.508	49.145	70.754	43.624	1.265
30.4.2001	6.636	22.481	38.994	31.301	19.753	3.163	22.257	28.320	48.292	69.601	43.530	1.256
31.5.2001	6.544	22.168	41.809	32.611	19.478	3.119	21.946	28.144	50.211	71.315	42.923	1.258
30.6.2001	6.440	21.817	39.516	32.445	19.169	3.070	21.599	27.805	49.267	69.590	42.244	1.251
31.7.2001	6.585	22.310	39.462	32.215	19.602	3.139	22.087	28.590	49.383	70.215	43.198	1.276
31.8.2001	6.612	22.401	39.845	30.863	19.682	3.152	22.177	28.586	47.724	69.290	43.374	1.267
30.9.2001	6.653	22.538	39.911	30.077	19.803	3.171	22.313	29.470	47.311	69.765	43.640	1.287
31.10.2001	6.665	22.579	39.603	30.637	19.839	3.177	22.353	29.687	48.300	70.264	43.719	1.302
30.11.2001	6.608	22.387	39.584	30.859	19.670	3.150	22.163	29.649	48.760	69.615	43.348	1.303
31.12.2001	6.519	22.084	36.915	30.357	19.404	3.107	21.863	28.867	48.467	70.146	42.760	1.337

Average Monetary Base of the NBS (Sk billions)

	2001											
	1	2	3	4	5	6	7	8	9	10	11	12
SOURCES OF THE MONETARY BASE	104.66	103.74	103.43	104.26	106.57	109.24	110.57	110.72	112.34	114.96	119.23	124.23
Autonomous factors	167.92	167.42	170.78	173.73	173.67	164.49	159.83	160.11	158.63	157.30	163.57	174.70
Net foreign assets	174.58	174.05	175.01	181.95	181.33	173.65	169.71	169.46	170.06	169.61	174.03	186.95
Reserves	189.42	189.09	189.49	196.33	195.98	188.57	184.16	183.68	184.37	183.73	188.14	200.36
Foreign liabilities	14.84	15.04	14.48	14.37	14.66	14.92	14.45	14.22	14.31	14.12	14.11	13.41
Net credit to Government	-16.40	-16.87	-14.64	-13.34	-13.70	-18.35	-18.64	-17.06	-16.98	-15.50	-20.57	-18.76
Other assets net	9.74	10.24	10.42	5.11	6.04	9.19	8.76	7.71	5.55	3.19	10.11	6.51
Monetary policy factors ^{1/}	-63.26	-63.68	-67.36	-69.47	-67.10	-55.25	-49.25	-49.39	-46.29	-42.34	-44.34	-50.47
Credit to banks (excl. redistribution loans)	0.56	0.50	0.43	0.33	0.19	0.08	0.04	0.01	0.00	0.00	0.00	0.00
Bills of exchange	0.56	0.50	0.43	0.33	0.19	0.08	0.04	0.01	0.00	0.00	0.00	0.00
Holdings of securities	0.00	0.00	0.03	0.00	0.15	0.00	0.00	0.00	0.04	0.00	0.00	0.00
Treasury bills	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other government securities	0.00	0.00	0.03	0.00	0.15	0.00	0.00	0.00	0.04	0.00	0.00	0.00
NBS (Central Bank) bills	84.90	101.85	107.05	122.40	124.99	112.15	100.31	103.54	89.99	100.07	65.87	99.06
of which: in NBS portfolio	23.30	39.34	39.92	53.66	58.48	57.60	51.49	54.38	43.99	59.01	21.95	49.42
Overnight deposits with NBS ^{2/}	2.21	1.67	0.68	1.07	0.93	0.78	0.47	0.24	0.32	1.28	0.42	0.84
USE OF MONETARY BASE ^{3/}	104.66	103.74	103.43	104.26	106.57	109.24	110.57	110.72	112.34	114.96	119.23	124.23
Currency in circulation	75.48	74.20	73.78	74.04	75.45	77.50	79.05	79.53	80.74	83.58	87.91	91.81
Reserves of banks	29.18	29.54	29.64	30.22	31.12	31.73	31.53	31.19	31.60	31.38	31.32	32.42
Required reserves	29.23	29.50	29.59	29.94	31.06	31.66	31.51	31.02	31.51	31.33	31.25	32.28
Excess reserves	-0.04	0.04	0.05	0.28	0.06	0.07	0.02	0.17	0.09	0.05	0.07	0.14

^{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

Deposits of Clients (Sk billions)

	2000				2001									
	12	1.1.	1	2	3	4	5	6	7	8	9	10	11	12
1. TOTAL DEPOSITS (Sk + foreign currency)	609.6	609.6	603.0	605.5	605.8	633.1	627.0	629.0	646.0	642.8	635.6	632.0	655.2	678.2
A. Slovak-crown deposits	510.4	510.4	505.5	509.0	506.2	526.7	520.9	519.6	530.8	532.5	527.2	522.0	540.6	567.6
- Non-financial organisations	93.3	93.3	87.1	88.9	89.7	95.0	91.6	90.6	95.8	100.9	100.3	103.4	104.4	113.4
- Banking sector	7.7	7.7	8.8	8.7	8.6	7.8	7.8	8.0	8.6	8.2	7.7	7.0	7.3	9.1
- Insurance sector	22.2	22.2	23.4	25.0	26.6	26.5	27.2	27.6	26.7	25.6	23.7	22.7	21.5	24.8
- Extrabudgetary funds of central and local authorities	59.8	59.8	53.6	52.1	48.6	65.5	60.8	57.7	61.1	59.1	56.1	59.6	67.9	69.7
- Non-profit organisations	7.7	7.7	8.0	8.1	8.1	8.4	8.3	8.1	8.8	8.7	8.6	8.8	8.7	8.3
- Small businesses	10.3	10.3	11.1	11.6	11.1	11.2	12.6	12.5	13.0	13.7	13.3	13.3	13.8	11.8
- Households	304.3	304.3	308.6	309.4	307.9	306.5	307.2	309.4	310.6	310.7	311.6	300.7	311.4	323.4
- Foreigners (non-residents)	2.6	2.6	2.4	2.4	2.8	2.9	2.9	3.3	3.1	3.0	3.4	3.7	3.1	4.6
- Other	2.5	2.5	2.5	2.8	2.9	3.0	2.4	2.3	3.1	2.5	2.5	2.8	2.5	2.4
B. Foreign-currency deposits ^{1/}	99.2	99.2	97.5	96.4	99.6	106.4	106.1	109.5	115.3	110.3	108.3	110.0	114.6	110.7
- Natural persons	58.7	58.7	59.1	60.1	63.0	62.5	63.4	62.6	64.0	64.0	65.0	65.6	66.8	69.3
- Legal entities	40.4	40.4	38.3	36.3	36.5	43.9	42.7	46.9	51.2	46.3	43.3	44.4	47.8	41.3
2. SLOVAK-CROWN DEPOSITS BY SECTOR	510.4	510.4	505.5	509.0	506.2	526.7	520.9	519.6	530.8	532.5	527.2	522.0	540.6	567.6
Entrepreneurial sector	133.5	133.5	130.5	134.3	136.0	140.5	139.2	138.7	144.1	148.4	145.0	146.5	147.0	159.1
a) Public sector	30.8	30.8	29.5	30.0	30.3	33.0	29.5	28.1	29.1	30.3	28.2	27.8	26.9	31.6
b) Private sector (incl. cooperatives and households)	86.4	86.4	86.1	88.0	89.8	91.6	94.4	92.6	95.5	99.2	99.4	99.3	100.2	102.6
d) Under foreign control	16.4	16.4	14.9	16.2	15.8	15.9	15.4	18.1	19.4	18.9	17.4	19.3	19.9	24.9
Government sector	59.8	59.8	53.6	52.1	48.6	65.5	60.8	57.7	61.1	59.1	56.1	59.6	67.9	69.7
Households	304.3	304.3	308.6	309.4	307.9	306.5	307.2	309.4	310.6	310.7	311.6	300.7	311.4	323.4
Non-profit organisations	7.7	7.7	8.0	8.1	8.1	8.4	8.3	8.1	8.8	8.7	8.6	8.8	8.7	8.3
Other	5.1	5.1	4.9	5.2	5.7	5.9	5.3	5.6	6.2	5.5	5.9	6.5	5.6	7.0
3. SLOVAK-CROWN DEPOSITS BY TERM	510.4	510.4	505.5	509.0	506.2	526.7	520.9	519.6	530.8	532.5	527.2	522.0	540.6	567.6
a) Short-term deposits	426.9	426.9	421.7	425.6	424.6	446.6	441.7	441.0	452.4	454.5	450.8	446.2	464.4	486.8
b) Medium-term deposits	39.4	39.4	39.3	39.6	38.8	38.0	37.5	37.6	37.7	37.9	36.5	36.3	36.3	37.4
c) Long-term deposits	44.0	44.0	44.5	43.8	42.9	42.1	41.6	41.0	40.7	40.2	39.9	39.4	39.9	43.4
4. FOREIGN-CURRENCY DEPOSITS BY TERM ^{1/}	99.2	99.2	97.5	96.4	99.6	106.4	106.1	109.5	115.3	110.3	108.3	110.0	114.6	110.7
a) Short-term deposits	98.8	98.8	97.1	96.0	99.2	106.0	105.8	109.1	114.9	110.0	108.0	109.7	114.3	110.4
b) Medium-term deposits	0.3	0.3	0.3	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
c) Long-term deposits	0.0	0.0	0.1	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	609.6	609.6	603.0	605.5	605.8	633.1	627.0	629.0	646.0	642.8	635.6	632.0	655.2	678.2
a) Short-term deposits	525.8	525.8	518.8	521.6	523.8	552.6	547.5	550.1	567.3	564.4	558.9	556.0	578.7	597.2
b) Medium-term deposits	39.8	39.8	39.6	40.1	39.1	38.4	37.9	37.9	38.1	38.2	36.8	36.5	36.6	37.7
c) Long-term deposits	44.0	44.0	44.6	43.8	42.9	42.1	41.6	41.0	40.7	40.2	39.9	39.4	39.9	43.4
6. INFORMATIVE														
A. Increase in deposits (since beginning of year)														
- in Sk billions	98.5	-	-6.5	-4.1	-3.7	23.5	17.4	19.5	36.5	33.2	26.0	22.4	45.6	68.6
- in %	79.5	-	-1.1	0.4	0.1	4.5	-1.0	0.3	2.7	-0.5	-1.1	-0.6	3.7	3.5
of which:														
a) Slovak-crown deposits														
- in Sk billions	79.5	-	-4.8	3.5	-2.8	20.5	-5.9	-1.3	11.2	1.7	-5.3	-5.3	18.6	26.9
- in %	18.4	-	-0.9	0.7	-0.5	4.0	-1.1	-0.3	2.2	0.3	-1.0	-1.0	3.6	5.0
b) Foreign-currency deposits ^{1/}														
- in Sk billions	19.0	-	-1.7	-1.1	3.1	6.8	-0.3	3.4	5.8	-5.0	-1.9	1.7	4.6	-3.9
- in %	23.7	-	-1.7	-1.1	3.3	6.8	-0.2	3.2	5.3	-4.3	-1.8	1.5	4.2	-3.4

Continued on next page.

Deposits of Clients (Sk billions) – continued

	2000			2001											
	12	1.1.	1	2	3	4	5	6	7	8	9	10	11	12	
B. Structure of Slovak-crown deposits by sector (share on the total in %)															
Total Slovak-crown deposits	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
a) Entrepreneurial sector	26.2	26.2	25.8	26.4	26.9	26.7	26.7	26.7	27.1	27.9	27.5	28.1	27.2	28.0	
- Public sector	6.0	6.0	5.8	5.9	6.0	6.3	5.7	5.4	5.5	5.7	5.3	5.3	5.0	5.6	
- Private sector (incl. cooperatives and households)	16.9	16.9	17.0	17.3	17.7	17.4	18.1	17.8	18.0	18.6	18.9	19.0	18.5	18.1	
- Under foreign control	3.2	3.2	2.9	3.2	3.1	3.0	3.0	3.5	3.7	3.5	3.3	3.7	3.7	4.4	
b) Government sector	11.7	11.7	10.6	10.2	9.6	12.4	11.7	11.1	11.5	11.1	10.6	11.4	12.6	12.3	
c) Households	59.6	59.6	61.1	60.8	60.8	58.2	59.0	59.6	58.5	58.4	59.1	57.6	57.6	57.0	
d) Non-profit organisations	1.5	1.5	1.6	1.6	1.6	1.6	1.6	1.6	1.7	1.6	1.6	1.7	1.6	1.5	
e) Other	1.0	1.0	1.0	1.0	1.1	1.1	1.0	1.1	1.2	1.0	1.1	1.2	1.0	1.2	
C. Structure of Slovak-crown deposits by term (share on the total in %)															
Total Slovak-crown deposits	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
a) Short-term deposits	83.6	83.6	83.4	83.6	83.9	84.8	84.8	84.9	85.2	85.3	85.5	85.5	85.9	85.8	
b) Medium-term deposits	7.7	7.7	7.8	7.8	7.7	7.2	7.2	7.2	7.1	7.1	6.9	7.0	6.7	6.6	
c) Long-term deposits	8.6	8.6	8.8	8.6	8.5	8.0	8.0	7.9	7.7	7.5	7.6	7.6	7.4	7.6	
Foreign-currency deposits	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
a) Short-term deposits	99.7	99.7	99.6	99.6	99.6	99.7	99.7	99.7	99.7	99.7	99.7	99.8	99.8	99.8	
b) Medium-term deposits	0.3	0.3	0.3	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.2	
c) Long-term deposits	0.0	0.0	0.1	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	100.0	
a) Short-term deposits	86.3	86.3	86.0	86.1	86.5	87.3	87.3	87.5	87.8	87.8	87.9	88.0	88.3	88.1	
b) Medium-term deposits	6.5	6.5	6.6	6.6	6.5	6.1	6.0	6.0	5.9	5.9	5.8	5.8	5.6	5.6	
c) Long-term deposits	7.2	7.2	7.4	7.2	7.1	6.7	6.6	6.5	6.3	6.3	6.3	6.2	6.1	6.4	

1/ Deposits from residents and non-residents in convertible currencies

Total Volume of Loans – adjusted for the issue of bonds for restructuring credit portfolios of banks (Sk billions)

	2000			2001											
	12	1.1.	1	2	3	4	5	6	7	8	9	10	11	12	
1. TOTAL VOLUME OF LOANS (Sk + foreign currency)	407.6	407.6	412.2	409.8	410.0	413.9	415.3	421.6	424.2	424.8	426.6	429.2	435.6	431.9	
A. Slovak-crown loans	351.8	351.8	354.8	354.4	354.1	356.9	359.3	363.2	363.4	365.7	368.4	369.2	374.1	373.6	
- Non-financial organisations	282.6	282.6	285.8	285.0	284.3	287.1	283.8	284.8	284.0	284.5	286.4	285.5	288.5	288.2	
- Banking sector	10.0	10.0	9.3	9.5	10.1	10.2	10.6	12.7	12.6	13.0	13.0	13.6	13.8	12.6	
- Insurance sector	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	
- Extrabudgetary needs of central and local authorities	6.9	6.9	7.4	7.3	7.2	6.5	10.6	10.8	11.1	11.5	11.7	12.4	12.7	12.7	
- Non-profit organisations	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	
- Small businesses	6.5	6.5	6.3	6.4	6.3	6.3	6.3	6.3	6.0	6.4	6.5	6.4	6.5	6.6	
- Households	43.8	43.8	44.0	44.2	44.3	44.7	45.5	46.3	47.4	48.4	48.8	50.1	51.2	51.9	
- Foreigners (non-residents)	1.5	1.5	1.6	1.5	1.6	1.7	2.0	1.8	1.8	1.6	1.6	0.7	1.1	1.2	
- Other	0.1	0.1	0.1	0.2	0.2	0.1	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.2	
B. Loans in foreign currency ^{1/}	55.8	55.8	57.4	55.3	55.9	57.0	56.0	58.4	60.8	59.1	58.3	60.0	61.5	58.2	
2. SLOVAK-CROWN LOANS BY SECTOR	351.8	351.8	354.8	354.4	354.1	356.9	359.3	363.2	363.4	365.7	368.4	369.2	374.1	373.6	
a) Entrepreneurial sector	299.4	299.4	301.6	301.1	300.9	303.8	300.9	304.1	302.9	304.0	306.1	305.7	309.0	307.6	
- Public sector	144.6	144.6	146.3	144.8	143.3	146.3	149.3	151.3	151.8	152.3	153.0	153.8	154.8	154.1	
- Private sector (incl. cooperatives and households)	125.6	125.6	126.1	126.7	127.4	127.5	122.0	123.4	124.3	124.5	125.0	122.7	122.8	123.7	
- Under foreign control	29.1	29.1	29.1	29.7	30.2	30.0	29.6	29.3	26.8	27.3	28.1	29.3	31.4	29.8	
b) Government sector (extra-budgetary funds)	6.9	6.9	7.4	7.3	7.2	6.5	10.6	10.8	11.1	11.5	11.7	12.4	12.7	12.7	
c) Households	43.8	43.8	44.0	44.2	44.3	44.7	45.5	46.3	47.4	48.4	48.8	50.1	51.2	51.9	
d) Non-profit organisations	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	
e) Other	1.7	1.7	1.7	1.8	1.7	1.8	2.2	2.0	2.0	1.8	1.7	0.9	1.2	1.4	
3. SLOVAK-CROWN LOANS BY INDUSTRY	351.8	351.8	354.8	354.4	354.1	356.9	359.3	363.2	363.4	365.7	368.4	369.2	374.1	373.6	
a) Agriculture, hunting, and fishing	14.6	14.6	14.6	14.5	14.6	14.7	14.7	14.7	14.7	14.7	14.6	14.4	14.2	14.2	
b) Forestry and timber industry	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.2	0.7	0.2	0.2	
c) Raw materials extraction	2.3	2.3	2.4	2.4	2.5	2.5	2.6	2.7	2.6	2.8	2.8	2.2	2.6	2.3	
d) Industrial production - total	75.8	75.8	76.9	77.1	77.1	73.9	72.0	70.2	68.1	67.4	68.7	69.5	70.2	66.2	
- Foods, beverages, and tobacco	14.8	14.8	14.8	14.6	14.7	15.3	15.1	15.4	15.5	15.3	15.7	16.1	15.9	15.1	
- Chemical industry	7.1	7.1	7.6	7.4	7.9	8.1	8.3	8.2	8.4	8.4	8.7	8.8	8.7	8.2	
- Metallurgy and machine engineering	31.7	31.7	31.7	32.2	32.6	27.9	26.1	25.1	22.5	22.4	22.9	23.2	24.5	23.5	
- Electrical and electronic industry	4.6	4.6	4.8	4.8	5.1	5.1	4.9	4.7	4.2	4.4	4.2	4.1	4.2	4.3	
- Textile, clothing, and leather	3.2	3.2	3.3	3.3	3.3	3.3	3.7	4.3	4.4	4.4	4.6	4.7	4.5	2.4	
- Other industries	14.3	14.3	14.7	14.7	13.6	14.3	13.9	12.4	13.2	12.4	12.6	12.6	12.5	12.7	
e) Power industry, gas and water supply	32.0	32.0	33.3	33.9	32.9	36.0	35.5	37.6	37.0	37.3	35.6	35.8	36.1	36.6	
f) Building and construction	6.1	6.1	6.0	6.5	6.4	6.5	6.6	6.9	6.9	7.0	6.9	6.9	7.0	6.7	
g) Trade, repair of cons. goods and motor vehicles, hotels and restaurants	41.0	41.0	41.0	40.6	40.5	42.4	41.9	41.5	41.3	41.2	42.6	40.3	41.3	42.0	
h) Tourism	0.3	0.3	0.4	0.4	0.7	0.4	0.4	0.6	0.5	0.4	0.5	0.4	0.5	0.5	
i) Transport, warehousing, postal and telecom. services	4.9	4.9	3.6	4.2	3.5	3.8	3.6	4.1	6.6	7.2	8.2	8.9	10.4	13.4	
j) Banking industry	10.0	10.0	9.3	9.5	10.1	10.2	10.6	12.7	12.6	13.0	13.0	13.6	13.8	12.6	
k) Insurance sector	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	
l) Other	164.5	164.5	166.7	165.0	165.6	166.0	170.9	171.7	172.6	174.3	175.1	176.3	177.6	178.7	
4. TOTAL VOLUME OF LOANS (Sk + foreign currency)	407.6	407.6	412.2	409.8	410.0	413.9	415.3	421.6	424.2	424.8	426.6	429.2	435.6	431.9	
a) Short-term loans	151.6	151.6	145.7	142.3	142.2	145.3	141.5	144.3	142.8	138.8	139.2	137.3	140.3	131.6	
b) Medium-term loans	142.5	142.5	151.1	151.9	151.9	156.0	162.0	165.5	165.0	167.7	167.2	168.9	171.0	171.2	
c) Long-term loans	113.5	113.5	115.4	115.6	115.9	112.6	111.8	111.9	116.3	118.3	120.3	123.1	124.3	129.1	
4.1. SLOVAK-CROWN LOANS	351.8	351.8	354.8	354.4	354.1	356.9	359.3	363.2	363.4	365.7	368.4	369.2	374.1	373.6	
a) Short-term loans	124.3	124.3	116.8	115.8	115.6	116.9	114.8	116.6	113.6	112.2	114.1	111.5	113.8	110.1	
b) Medium-term loans	132.0	132.0	141.1	141.4	140.9	145.4	150.9	152.4	151.8	154.0	152.8	154.2	155.7	155.1	
c) Long-term loans	95.5	95.5	96.8	97.3	97.6	94.6	93.6	94.3	98.0	99.5	101.4	103.5	104.5	108.5	
4.2. LOANS IN FOREIGN CURRENCY ^{1/}	55.8	55.8	57.4	55.3	55.9	57.0	56.0	58.4	60.8	59.1	58.3	60.0	61.5	58.2	
a) Short-term loans	27.3	27.3	28.9	26.5	26.6	28.3	26.7	27.7	29.2	26.6	25.0	25.8	26.5	21.6	
b) Medium-term loans	10.5	10.5	9.9	10.5	11.0	10.6	11.1	13.1	13.2	13.7	14.4	14.7	15.3	16.1	
c) Long-term loans	18.0	18.0	18.6	18.3	18.3	18.0	18.2	17.6	18.4	18.8	18.9	19.5	19.7	20.6	

Continued on next page.

Total Volume of Loans – adjusted for the issue of bonds for restructuring credit portfolios of banks (Sk billions) – continued

	2000			2001											
	12	1.1.	1	2	3	4	5	6	7	8	9	10	11	12	
5. SLOVAK-CROWN LOANS BY PURPOSE	351.8	351.8	354.8	354.4	354.1	356.9	359.3	363.2	363.4	365.7	368.4	369.2	374.1	373.6	
a) Current assets	45.4	45.4	49.0	49.4	50.0	52.2	52.1	53.5	51.7	51.7	52.0	54.0	56.9	54.6	
b) Capital goods	57.5	57.5	55.5	55.7	55.3	55.9	56.6	58.4	62.0	63.7	64.9	67.3	70.1	69.9	
c) Privatisation	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.4	0.2	
- Small-scale privatisation	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	
- Large-scale privatisation	0.5	0.5	0.4	0.5	0.5	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.2	
d) Temporary lack of resources	10.6	10.6	10.9	10.8	10.5	11.3	11.2	11.1	11.0	11.1	11.2	10.6	8.7	8.8	
e) Permanently revolving stocks	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.2	0.3	
f) 'KBV' residential construction	7.1	7.1	7.1	7.1	7.1	7.1	7.1	6.7	6.7	6.7	6.7	6.7	6.6	4.9	
g) Current account balances (debit)	10.7	10.7	10.3	10.8	11.1	12.2	12.3	14.2	11.5	11.1	12.9	12.1	13.3	11.2	
h) Consumption	3.2	3.2	3.3	3.6	3.7	3.6	3.7	3.7	4.0	4.1	4.2	4.3	4.4	5.2	
i) Standard claims with reservation	29.7	29.7	29.6	30.0	31.0	29.8	29.5	28.5	28.6	28.5	27.6	27.9	29.7	38.7	
j) Classified receivables	84.2	84.2	83.2	82.9	81.9	80.5	79.4	79.3	79.6	79.8	79.5	76.0	73.6	70.6	
- doubtful and disputable	8.1	8.1	8.1	8.1	8.0	7.5	7.4	7.7	8.7	8.1	7.6	5.8	5.7	5.0	
- loss-making	70.9	70.9	69.7	69.5	69.6	68.6	67.6	67.5	67.4	68.1	68.6	65.9	63.7	60.7	
- sub-standard	5.1	5.1	5.4	5.2	4.3	4.5	4.3	4.2	3.5	3.6	3.3	4.3	4.2	4.8	
6. INFORMATIVE															
A. Total increase in loans															
(since beginning of year)															
- in Sk billions	-3.1	-	4.6	2.1	2.3	6.2	7.6	14.0	16.5	17.1	19.0	21.6	28.0	24.2	
- in %	-0.8	-	1.1	0.5	0.6	1.5	1.9	3.4	4.1	4.2	4.7	5.3	6.9	5.9	
of which:															
a) Slovak-crown loans															
- in Sk billions	1.6	-	3.0	2.6	2.3	5.0	7.4	11.4	11.5	13.8	16.5	17.4	22.3	21.8	
- in %	0.5	-	0.8	0.7	0.6	1.4	2.1	3.2	3.3	3.9	4.7	4.9	6.3	6.2	
b) Foreign-currency loans ^{1/}															
- in Sk billions	-4.7	-	1.6	-0.5	0.1	1.2	0.2	2.6	5.0	3.3	2.5	4.2	5.7	2.4	
- in %	-7.8	-	2.9	-0.9	0.1	2.2	0.3	4.7	9.0	5.9	4.4	7.6	10.3	4.4	
B. Structure of Slovak-crown loans by sector															
(share on the total in %)															
Slovak-crown loans in total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
a) Entrepreneurial sector	85.1	85.1	85.0	85.0	85.0	85.1	83.8	83.7	83.4	83.1	83.1	82.8	82.6	82.3	
- Public sector	41.1	41.1	41.2	40.8	40.5	41.0	41.5	41.7	41.8	41.6	41.5	41.6	41.4	41.3	
- Private sector (incl. cooperatives and households)	35.7	35.7	35.5	35.7	36.0	35.7	34.0	34.0	34.2	34.0	33.9	33.2	32.8	33.1	
- Under foreign control	8.3	8.3	8.2	8.4	8.5	8.4	8.2	8.1	7.4	7.5	7.6	7.9	8.4	8.0	
b) Government sector (extra-budgetary funds)	2.0	2.0	2.1	2.1	2.0	1.8	3.0	3.0	3.1	3.1	3.2	3.4	3.4	3.4	
c) Households	12.5	12.5	12.4	12.5	12.5	12.5	12.7	12.8	13.0	13.2	13.3	13.6	13.7	13.9	
d) Non-profit organisations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
f) Other	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.5	0.5	0.5	0.5	0.2	0.3	0.4	
C. Structure of Slovak-crown loans by industry															
(share on the total in %)															
Slovak-crown loans in total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
a) Agriculture, hunting and fishing	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.0	4.0	4.0	3.9	3.8	3.8	
b) Forestry and timber industry	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.1	0.1	
c) Raw materials extraction	0.6	0.6	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.8	0.7	0.6	0.7	0.6	
d) Industrial production - total	21.5	21.5	21.7	21.7	21.8	20.7	20.0	19.3	18.8	18.4	18.7	18.8	18.8	17.7	
- Foods, beverages, and tobacco	4.2	4.2	4.2	4.1	4.2	4.3	4.2	4.2	4.3	4.2	4.3	4.4	4.2	4.0	
- Chemical industry	2.0	2.0	2.1	2.1	2.2	2.3	2.3	2.3	2.3	2.3	2.4	2.4	2.3	2.2	
- Metallurgy and machine engineering	9.0	9.0	8.9	9.1	9.2	7.8	7.3	6.9	6.2	6.1	6.2	6.3	6.5	6.3	
- Electrical and electronic industry	1.3	1.3	1.4	1.4	1.4	1.4	1.4	1.3	1.1	1.2	1.1	1.1	1.1	1.2	
- Textile, clothing, and leather	0.9	0.9	0.9	0.9	0.9	0.9	1.0	1.2	1.2	1.2	1.3	1.3	1.2	0.7	
- Other industries	4.1	4.1	4.1	4.2	3.8	4.0	3.9	3.4	3.6	3.4	3.4	3.4	3.3	3.4	
e) Power industry, gas and water supply	9.1	9.1	9.4	9.6	9.3	10.1	9.9	10.4	10.2	10.2	9.7	9.7	9.6	9.8	

Continued on next page.

Total Volume of Loans – adjusted for the issue of bonds for restructuring credit portfolios of banks (Sk billions) – *continued*

	2000				2001									
	12	1.1.	1	2	3	4	5	6	7	8	9	10	11	12
f) Building and construction	1.7	1.7	1.7	1.8	1.8	1.8	1.8	1.9	1.9	1.9	1.9	1.9	1.9	1.8
g) Trade, repair of cons. goods and vehicles, hotel and restaurants	11.7	11.7	11.6	11.4	11.4	11.9	11.6	11.4	11.4	11.3	11.6	10.9	11.0	11.2
h) Tourism	0.1	0.1	0.1	0.1	0.2	0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.1
i) Transport, warehousing, postal and telecom. services	1.4	1.4	1.0	1.2	1.0	1.1	1.0	1.1	1.8	2.0	2.2	2.4	2.8	3.6
j) Banking industry	2.8	2.8	2.6	2.7	2.8	2.9	3.0	3.5	3.5	3.5	3.5	3.7	3.7	3.4
k) Non-profit organizations	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
l) Others	46.7	46.7	47.0	46.5	46.8	46.5	47.6	47.3	47.5	47.7	47.5	47.7	47.5	47.8
D. Structure of loans by term														
(share on the total in %)														
Loans in Sk and foreign curr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
a) Short-term loans	37.2	37.2	35.4	34.7	34.7	35.1	34.1	34.2	33.7	32.7	32.6	32.0	32.2	30.5
b) Medium-term loans	35.0	35.0	36.7	37.1	37.1	37.7	39.0	39.2	38.9	39.5	39.2	39.3	39.3	39.6
c) Long-term loans	27.9	27.9	28.0	28.2	28.3	27.2	26.9	26.5	27.4	27.8	28.2	28.7	28.5	29.9
Slovak-crown loans in total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
a) Short-term loans	35.3	35.3	32.9	32.7	32.6	32.8	32.0	32.1	31.3	30.7	31.0	30.2	30.4	29.5
b) Medium-term loans	37.5	37.5	39.8	39.9	39.8	40.7	42.0	42.0	41.8	42.1	41.5	41.8	41.6	41.5
c) Long-term loans	27.1	27.1	27.3	27.4	27.6	26.5	26.0	26.0	27.0	27.2	27.5	28.0	27.9	29.0
Foreign-currency loans ^{1/}	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
a) Short-term loans	49.0	49.0	50.3	48.0	47.5	49.7	47.7	47.5	48.1	45.0	43.0	42.9	43.0	37.1
b) Medium-term loans	18.8	18.8	17.3	18.9	19.7	18.7	19.8	22.4	21.7	23.1	24.7	24.5	24.9	27.6
c) Long-term loans	32.3	32.3	32.3	33.1	32.7	31.6	32.5	30.1	30.2	31.9	32.4	32.5	32.1	35.3
E. Structure of Slovak-crown loans by purpose														
(share on the total in %)														
Slovak-crown loans in total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
a) Current assets	12.9	12.9	13.8	13.9	14.1	14.6	14.5	14.7	14.2	14.1	14.1	14.6	15.2	14.6
b) Investment	16.3	16.3	15.7	15.7	15.6	15.7	15.8	16.1	17.1	17.4	17.6	18.2	18.7	18.7
c) Privatisation	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0
- Small-scale privatisation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- Large-scale privatisation	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0
d) Temporary lack of resources	3.0	3.0	3.1	3.0	3.0	3.2	3.1	3.0	3.0	3.0	3.0	2.9	2.3	2.4
e) Permanently revolving stocks	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
f) 'KBV' residential construction	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.8	1.8	1.8	1.8	1.8	1.8	1.3
g) Current account balances (debit)	3.0	3.0	2.9	3.1	3.1	3.4	3.4	3.9	3.2	3.0	3.5	3.3	3.6	3.0
h) Consumption	0.9	0.9	0.9	1.0	1.1	1.0	1.0	1.0	1.1	1.1	1.1	1.2	1.2	1.4
i) Standard claims with reservation	8.4	8.4	8.4	8.5	8.8	8.3	8.2	7.9	7.9	7.8	7.5	7.6	7.9	10.4
j) Classified receivables	23.9	23.9	23.4	23.4	23.1	22.6	22.1	21.8	21.9	21.8	21.6	20.6	19.7	18.9
- doubtful and disputable	2.3	2.3	2.3	2.3	2.3	2.1	2.1	2.1	2.4	2.2	2.1	1.6	1.5	1.3
- loss-making	20.2	20.2	19.6	19.6	19.7	19.2	18.8	18.6	18.6	18.6	18.6	17.8	17.0	16.2
- sub-standard	1.5	1.5	1.5	1.5	1.2	1.2	1.2	1.1	1.0	1.0	0.9	1.2	1.1	1.3

1/ Loans to residents and non-residents in convertible currencies

Total Volume of Loans – statistical data (not adjusted for the issues of restructuring bonds) (Sk billions)

	2000			2001											
	12	1.1.	1	2	3	4	5	6	7	8	9	10	11	12	
1. TOTAL VOLUME OF LOANS (Sk + foreign currency)	407.6	407.6	339.9	337.5	316.4	320.3	321.7	328.0	330.6	331.2	333.0	335.6	342.0	338.3	
A. Slovak-crown loans	351.8	351.8	282.5	282.1	260.5	263.3	265.7	269.6	269.8	272.1	274.8	275.6	280.5	280.0	
- Non-financial organisations	282.6	282.6	213.5	212.7	190.7	193.5	190.2	191.2	190.4	190.9	192.8	191.9	194.9	194.6	
- Banking sector	10.0	10.0	9.3	9.5	10.1	10.2	10.6	12.7	12.6	13.0	13.0	13.6	13.8	12.6	
- Insurance sector	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	
- Extrabudgetary needs of central and local authorities	6.9	6.9	7.4	7.3	7.2	6.5	10.6	10.8	11.1	11.5	11.7	12.4	12.7	12.7	
- Non-profit organisations	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.	
- Small businesses	6.5	6.5	6.3	6.4	6.3	6.3	6.3	6.3	6.0	6.4	6.5	6.4	6.5	6.6	
- Households	43.8	43.8	44.0	44.2	44.3	44.7	45.5	46.3	47.4	48.4	48.8	50.1	51.2	51.9	
- Foreigners (non-residents)	1.5	1.5	1.6	1.5	1.6	1.7	2.0	1.8	1.8	1.6	1.6	0.7	1.1	1.2	
- Other	0.1	0.1	0.1	0.2	0.2	0.1	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.2	
B. Loans in foreign currency ^{1/}	55.8	55.8	57.4	55.3	55.9	57.0	56.0	58.4	60.8	59.1	58.3	60.0	61.5	58.2	
2. SLOVAK-CROWN LOANS BY SECTOR	351.8	351.8	282.5	282.1	260.5	263.3	265.7	269.6	269.8	272.1	274.8	275.6	280.5	280.0	
a) Entrepreneurial sector	299.4	299.4	229.3	228.8	207.3	210.2	207.3	210.5	209.3	210.4	212.5	212.1	215.4	214.0	
- Public sector	144.6	144.6	74.0	72.5	49.7	52.7	55.7	57.7	58.2	58.7	59.4	60.2	61.2	60.5	
- Private sector															
(incl. cooperatives and households)	125.6	125.6	126.1	126.7	127.4	127.5	122.0	123.4	124.3	124.5	125.0	122.7	122.8	123.7	
- Under foreign control	29.1	29.1	29.1	29.7	30.2	30.0	29.6	29.3	26.8	27.3	28.1	29.3	31.4	29.8	
b) Government sector (extra-budgetary funds)	6.9	6.9	7.4	7.3	7.2	6.5	10.6	10.8	11.1	11.5	11.7	12.4	12.7	12.7	
c) Households	43.8	43.8	44.0	44.2	44.3	44.7	45.5	46.3	47.4	48.4	48.8	50.1	51.2	51.9	
d) Non-profit organisations	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	
e) Other	1.7	1.7	1.7	1.8	1.7	1.8	2.2	2.0	2.0	1.8	1.7	0.9	1.2	1.4	
3. SLOVAK-CROWN LOANS BY INDUSTRY	351.8	351.8	282.5	282.1	260.5	263.3	265.7	269.6	269.8	272.1	274.8	275.6	280.5	280.0	
a) Agriculture, hunting, and fishing	14.6	14.6	14.6	14.5	14.6	14.7	14.7	14.7	14.7	14.7	14.6	14.4	14.2	14.2	
b) Forestry and timber industry	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.2	0.7	0.2	0.2	
c) Raw materials extraction	2.3	2.3	2.4	2.4	2.5	2.5	2.6	2.7	2.6	2.8	2.8	2.2	2.6	2.3	
d) Industrial production - total	75.8	75.8	76.9	77.1	77.1	73.9	72.0	70.2	68.1	67.4	68.7	69.5	70.2	66.2	
- Foods, beverages, and tobacco	14.8	14.8	14.8	14.6	14.7	15.3	15.1	15.4	15.5	15.3	15.7	16.1	15.9	15.1	
- Chemical industry	7.1	7.1	7.6	7.4	7.9	8.1	8.3	8.2	8.4	8.4	8.7	8.8	8.7	8.2	
- Metallurgy and machine engineering	31.7	31.7	31.7	32.2	32.6	27.9	26.1	25.1	22.5	22.4	22.9	23.2	24.5	23.5	
- Electrical and electronic industry	4.6	4.6	4.8	4.8	5.1	5.1	4.9	4.7	4.2	4.4	4.2	4.1	4.2	4.3	
- Textile, clothing, and leather	3.2	3.2	3.3	3.3	3.3	3.3	3.7	4.3	4.4	4.4	4.6	4.7	4.5	2.4	
- Other industries	14.3	14.3	14.7	14.7	13.6	14.3	13.9	12.4	13.2	12.4	12.6	12.6	12.5	12.7	
e) Power industry, gas and water supply	32.0	32.0	33.3	33.9	32.9	36.0	35.5	37.6	37.0	37.3	35.6	35.8	36.1	36.6	
f) Building and construction	6.1	6.1	6.0	6.5	6.4	6.5	6.6	6.9	6.9	7.0	6.9	6.9	7.0	6.7	
g) Trade, repair of cons. goods and motor vehicles, hotels and restaurants	41.0	41.0	41.0	40.6	40.5	42.4	41.9	41.5	41.3	41.2	42.6	40.3	41.3	42.0	
h) Tourism	0.3	0.3	0.4	0.4	0.7	0.4	0.4	0.6	0.5	0.4	0.5	0.4	0.5	0.5	
i) Transport, warehousing, postal and telecom. services	4.9	4.9	3.6	4.2	3.5	3.8	3.6	4.1	6.6	7.2	8.2	8.9	10.4	13.4	
j) Banking industry	10.0	10.0	9.3	9.5	10.1	10.2	10.6	12.7	12.6	13.0	13.0	13.6	13.8	12.6	
k) Insurance sector	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	
l) Other	164.5	164.5	94.4	92.7	72.0	72.4	77.3	78.1	79.0	80.7	81.5	82.7	84.0	85.1	
4. TOTAL VOLUME OF LOANS (Sk + foreign currency)	407.6	407.6	339.9	337.5	316.4	320.3	321.7	328.0	330.6	331.2	333.0	335.6	342.0	338.3	
a) Short-term loans	151.6	151.6	145.7	142.3	120.9	124.0	120.2	123.0	121.5	117.5	117.9	116.0	119.0	110.3	
b) Medium-term loans	142.5	142.5	78.8	79.6	79.6	83.7	89.7	93.2	92.7	95.4	94.9	96.6	98.7	98.9	
c) Long-term loans	113.5	113.5	115.4	115.6	115.9	112.6	111.8	111.9	116.3	118.3	120.3	123.1	124.3	129.1	
4.1. SLOVAK-CROWN LOANS	351.8	351.8	282.5	282.1	260.5	263.3	265.7	269.6	269.8	272.1	274.8	275.6	280.5	280.0	
a) Short-term loans	124.3	124.3	116.8	115.8	94.3	95.6	93.5	95.3	92.3	90.9	92.8	90.2	92.5	88.8	
b) Medium-term loans	132.0	132.0	68.8	69.1	68.6	73.1	78.6	80.1	79.5	81.7	80.5	81.9	83.4	82.8	
c) Long-term loans	95.5	95.5	96.8	97.3	97.6	94.6	93.6	94.3	98.0	99.5	101.4	103.5	104.5	108.5	
4.2. LOANS IN FOREIGN CURRENCY ^{1/}	55.8	55.8	57.4	55.3	55.9	57.0	56.0	58.4	60.8	59.1	58.3	60.0	61.5	58.2	
a) Short-term loans	27.3	27.3	28.9	26.5	26.6	28.3	26.7	27.7	29.2	26.6	25.0	25.8	26.5	21.6	
b) Medium-term loans	10.5	10.5	9.9	10.5	11.0	10.6	11.1	13.1	13.2	13.7	14.4	14.7	15.3	16.1	
c) Long-term loans	18.0	18.0	18.6	18.3	18.3	18.0	18.2	17.6	18.4	18.8	18.9	19.5	19.7	20.6	

Continued on next page.

Total Volume of Loans – statistical data (not adjusted for the issues of restructuring bonds) (Sk billions) (Sk billions) – continued

	2000			2001											
	12	1.1.	1	2	3	4	5	6	7	8	9	10	11	12	
5. SLOVAK-CROWN LOANS BY PURPOSE	351.8	351.8	282.5	282.1	260.5	263.3	265.7	269.6	269.8	272.1	274.8	275.6	280.5	280.0	
a) Current assets	45.4	45.4	49.0	49.4	50.0	52.2	52.1	53.5	51.7	51.7	52.0	54.0	56.9	54.6	
b) Capital goods	57.5	57.5	55.5	55.7	55.3	55.9	56.6	58.4	62.0	63.7	64.9	67.3	70.1	69.9	
c) Privatisation	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.4	0.2	
- Small-scale privatisation	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	
- Large-scale privatisation	0.5	0.5	0.4	0.5	0.5	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.2	
d) Temporary lack of resources	10.6	10.6	10.9	10.8	10.5	11.3	11.2	11.1	11.0	11.1	11.2	10.6	8.7	8.8	
e) Permanently revolving stocks	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.2	0.3	
f) 'KBV' residential construction	7.1	7.1	7.1	7.1	7.1	7.1	7.1	6.7	6.7	6.7	6.7	6.7	6.6	4.9	
g) Current account balances (debit)	10.7	10.7	10.3	10.8	11.1	12.2	12.3	14.2	11.5	11.1	12.9	12.1	13.3	11.2	
h) Consumption	3.2	3.2	3.3	3.6	3.7	3.6	3.7	3.7	4.0	4.1	4.2	4.3	4.4	5.2	
i) Standard claims with reservation	29.7	29.7	29.6	30.0	31.0	29.8	29.5	28.5	28.6	28.5	27.6	27.9	29.7	38.7	
j) Classified receivables	84.2	84.2	83.2	82.9	81.9	80.5	79.4	79.3	79.6	79.8	79.5	76.0	73.6	70.6	
- doubtful and disputable	8.1	8.1	8.1	8.1	8.0	7.5	7.4	7.7	8.7	8.1	7.6	5.8	5.7	5.0	
- loss-making	70.9	70.9	69.7	69.5	69.6	68.6	67.6	67.5	67.4	68.1	68.6	65.9	63.7	60.7	
- sub-standard	5.1	5.1	5.4	5.2	4.3	4.5	4.3	4.2	3.5	3.6	3.3	4.3	4.2	4.8	
6. INFORMATIVE															
A. Total increase in loans															
(since beginning of year)															
- in Sk billions	-3.1	-	-67.7	-70.2	-91.3	-87.4	-86.0	-79.6	-77.1	-76.5	-74.6	-72.0	-65.6	-69.4	
- in %	-0.8	-	-16.6	-17.2	-22.4	-21.4	-21.1	-19.5	-18.9	-18.8	-18.3	-17.7	-16.1	-17.0	
of which															
a) Slovak-crown loans															
- in Sk billions	1.6	-	-69.3	-69.7	-91.3	-88.6	-86.2	-82.2	-82.1	-79.8	-77.1	-76.2	-71.3	-71.8	
- in %	0.5	-	-19.7	-19.8	-26.0	-25.2	-24.5	-23.4	-23.3	-22.7	-21.9	-21.7	-20.3	-20.4	
b) Foreign-currency loans ^{1/}															
- in Sk billions	-4.7	-	1.6	-0.5	0.1	1.2	0.2	2.6	5.0	3.3	2.5	4.2	5.7	2.4	
- in %	-7.8	-	2.9	-0.9	0.1	2.2	0.3	4.7	9.0	5.9	4.4	7.6	10.3	4.4	
B. Structure of Slovak-crown loans by sector															
(share on the total in %)															
Slovak-crown loans in total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
a) Entrepreneurial sector	85.1	85.1	81.1	81.1	79.6	79.8	78.0	78.1	77.6	77.3	77.3	77.0	76.8	76.4	
- Public sector	41.1	41.1	26.2	25.7	19.1	20.0	21.0	21.4	21.6	21.6	21.6	21.8	21.8	21.6	
- Private sector															
(incl. cooperatives and households)	35.7	35.7	44.6	44.9	48.9	48.4	45.9	45.8	46.1	45.7	45.5	44.5	43.8	44.2	
- Under foreign control	8.3	8.3	10.3	10.5	11.6	11.4	11.2	10.9	9.9	10.0	10.2	10.6	11.2	10.6	
b) Government sector (extra-budgetary funds)	2.0	2.0	2.6	2.6	2.8	2.5	4.0	4.0	4.1	4.2	4.3	4.5	4.5	4.5	
c) Households	12.5	12.5	15.6	15.7	17.0	17.0	17.1	17.2	17.6	17.8	17.8	18.2	18.3	18.5	
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	0.0	
f) Other	0.5	0.5	0.6	0.6	0.7	0.7	0.8	0.7	0.7	0.6	0.6	0.3	0.4	0.5	
C. Structure of Slovak-crown loans by industry															
(share on the total in %)															
Slovak-crown loans in total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
a) Agriculture, hunting and fishing	4.1	4.1	5.2	5.1	5.6	5.6	5.5	5.5	5.5	5.4	5.3	5.2	5.1	5.1	
b) Forestry and timber industry	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.3	0.1	0.1	
c) Raw materials extraction	0.6	0.6	0.9	0.9	0.9	0.9	1.0	1.0	1.0	1.0	1.0	0.8	0.9	0.8	
d) Industrial production - total	21.5	21.5	27.2	27.3	29.6	28.1	27.1	26.0	25.3	24.8	25.0	25.2	25.0	23.6	
- Foods, beverages, and tobacco	4.2	4.2	5.3	5.2	5.6	5.8	5.7	5.7	5.7	5.6	5.7	5.8	5.7	5.4	
- Chemical industry	2.0	2.0	2.7	2.6	3.0	3.1	3.1	3.0	3.1	3.1	3.2	3.2	3.1	2.9	
- Metallurgy and machine engineering	9.0	9.0	11.2	11.4	12.5	10.6	9.8	9.3	8.3	8.2	8.3	8.4	8.7	8.4	
- Electrical and electronic industry	1.3	1.3	1.7	1.7	2.0	1.9	1.8	1.7	1.5	1.6	1.5	1.5	1.5	1.5	
- Textile, clothing, and leather	0.9	0.9	1.2	1.2	1.3	1.3	1.4	1.6	1.6	1.6	1.7	1.7	1.6	0.9	
- Other industries	4.1	4.1	5.2	5.2	5.2	5.4	5.2	4.6	4.9	4.6	4.6	4.6	4.5	4.5	
e) Power industry, gas and water supply	9.1	9.1	11.8	12.0	12.6	13.7	13.3	14.0	13.7	13.7	13.0	13.0	12.9	13.1	

Continued on next page.

Total Volume of Loans – statistical data (not adjusted for the issues of restructuring bonds) (Sk billions) (Sk billions) – continued

	2000			2001											
	12	1.1.	1	2	3	4	5	6	7	8	9	10	11	12	
f) Building and construction	1.7	1.7	2.1	2.3	2.4	2.5	2.5	2.6	2.5	2.6	2.5	2.5	2.5	2.4	
g) Trade, repair of cons. goods and vehicles, hotel and restaurants	11.7	11.7	14.5	14.4	15.5	16.1	15.8	15.4	15.3	15.1	15.5	14.6	14.7	15.0	
h) Tourism	0.1	0.1	0.2	0.2	0.3	0.2	0.2	0.2	0.2	0.1	0.2	0.2	0.2	0.2	
i) Transport, warehousing, postal and telecom. services	1.4	1.4	1.3	1.5	1.3	1.4	1.4	1.5	2.4	2.7	3.0	3.2	3.7	4.8	
j) Banking industry	2.8	2.8	3.3	3.4	3.9	3.9	4.0	4.7	4.7	4.8	4.7	4.9	4.9	4.5	
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	0.1	
l) Others	46.7	46.7	33.4	32.8	27.7	27.5	29.1	29.0	29.3	29.6	29.7	30.0	29.9	30.4	
D. Structure of loans by term															
(share on the total in %)															
Loans in Sk and foreign curr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
a) Short-term loans	37.2	37.2	42.9	42.2	38.2	38.7	37.4	37.5	36.8	35.5	35.4	34.6	34.8	32.6	
b) Medium-term loans	35.0	35.0	23.2	23.6	25.2	26.1	27.9	28.4	28.0	28.8	28.5	28.8	28.9	29.2	
c) Long-term loans	27.9	27.9	34.0	34.2	36.6	35.2	34.7	34.1	35.2	35.7	36.1	36.7	36.3	38.2	
Slovak-crown loans in total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
a) Short-term loans	35.3	35.3	41.4	41.0	36.2	36.3	35.2	35.3	34.2	33.4	33.8	32.7	33.0	31.7	
b) Medium-term loans	37.5	37.5	24.4	24.5	26.3	27.7	29.6	29.7	29.5	30.0	29.3	29.7	29.7	29.6	
c) Long-term loans	27.1	27.1	34.3	34.5	37.5	35.9	35.2	35.0	36.3	36.6	36.9	37.6	37.3	38.7	
Foreign-currency loans ^{1/}	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
a) Short-term loans	49.0	49.0	50.3	48.0	47.5	49.7	47.7	47.5	48.1	45.0	43.0	42.9	43.0	37.1	
b) Medium-term loans	18.8	18.8	17.3	18.9	19.7	18.7	19.8	22.4	21.7	23.1	24.7	24.5	24.9	27.6	
c) Long-term loans	32.3	32.3	32.3	33.1	32.7	31.6	32.5	30.1	30.2	31.9	32.4	32.5	32.1	35.3	
E. Structure of Slovak-crown loans by purpose															
(share on the total in %)															
Slovak-crown loans in total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
a) Current assets	12.9	12.9	17.4	17.5	19.2	19.8	19.6	19.9	19.2	19.0	18.9	19.6	20.3	19.5	
b) Investment	16.3	16.3	19.7	19.7	21.2	21.2	21.3	21.7	23.0	23.4	23.6	24.4	25.0	25.0	
c) Privatisation	0.1	0.1	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	
- Small-scale privatisation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Large-scale privatisation	0.1	0.1	0.1	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	
d) Temporary lack of resources	3.0	3.0	3.8	3.8	4.0	4.3	4.2	4.1	4.1	4.1	4.1	3.8	3.1	3.1	
e) Permanently revolving stocks	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	
f) 'KBV' residential construction	2.0	2.0	2.5	2.5	2.7	2.7	2.7	2.5	2.5	2.4	2.4	2.4	2.4	1.7	
g) Current account balances (debit)	3.0	3.0	3.6	3.8	4.3	4.6	4.6	5.3	4.3	4.1	4.7	4.4	4.7	4.0	
h) Consumption	0.9	0.9	1.2	1.3	1.4	1.4	1.4	1.4	1.5	1.5	1.5	1.6	1.6	1.8	
i) Standard claims with reservation	8.4	8.4	10.5	10.6	11.9	11.3	11.1	10.6	10.6	10.5	10.1	10.1	10.6	13.8	
j) Classified receivables	23.9	23.9	29.4	29.4	31.5	30.6	29.9	29.4	29.5	29.3	28.9	27.6	26.2	25.2	
- doubtful and disputable	2.3	2.3	2.9	2.9	3.1	2.8	2.8	2.8	3.2	3.0	2.8	2.1	2.0	1.8	
- doubtful and disputable	20.2	20.2	24.7	24.7	26.7	26.1	25.5	25.0	25.0	25.0	24.9	23.9	22.7	21.7	
- sub-standard	1.5	1.5	1.9	1.8	1.7	1.7	1.6	1.5	1.3	1.3	1.2	1.6	1.5	1.7	

1/ Loans to residents and non-residents in convertible currencies

Loans to Clients – New Loans (Sk billions)

	2000					2001							
	12	1	2	3	4	5	6	7	8	9	10	11	12
1. NEW LOANS IN SLOVAK CROWNS	39.4	36.2	44.4	40.5	44.0	52.7	51.9	62.5	58.1	55.8	63.9	63.3	63.0
a) Entrepreneurial sector	37.2	34.5	43.4	39.0	42.4	47.0	50.0	59.2	56.2	53.8	60.7	59.9	60.6
- Public sector	8.7	2.8	10.1	3.5	4.4	2.6	4.9	4.6	2.4	2.2	2.7	2.3	4.0
- Private sector	13.5	12.9	10.9	11.8	14.6	13.2	14.2	12.9	12.6	12.3	14.2	13.0	19.1
- Under foreign control	15.0	18.8	22.4	23.6	23.4	31.2	30.9	41.7	41.1	39.4	43.8	44.6	37.5
b) Households	2.0	0.9	0.8	1.4	1.2	1.3	1.6	1.8	1.7	1.8	2.3	2.2	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	0.0
d) Extrabudgetary needs of central and local authorities	0.1	0.7	0.1	0.1	0.1	4.0	0.2	1.2	0.2	0.1	0.6	1.0	0.2
e) Other	0.1	0.1	0.1	0.1	0.2	0.4	0.1	0.3	0.1	0.1	0.2	0.2	0.1
2. NEW LOANS BY TERM	39.4	36.2	44.4	40.5	44.0	52.7	51.9	62.5	58.1	55.8	63.9	63.3	63.0
a) Short-term loans	34.1	32.7	41.9	37.6	39.0	44.0	43.1	54.0	52.4	51.5	58.1	57.8	54.6
b) Medium-term loans	3.8	1.7	2.0	2.1	4.4	8.0	7.0	4.5	4.8	2.8	4.0	4.1	6.5
c) Long-term loans	1.5	1.8	0.6	0.8	0.6	0.7	1.8	4.0	1.0	1.5	1.8	1.4	1.9
3. NEW LOANS BY TERM													
(share on the total in %)													
New loans in total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
a) Short-term loans	86.6	90.3	94.2	92.7	88.7	83.4	83.0	86.3	90.2	92.3	90.9	91.3	86.6
b) Medium-term loans	9.6	4.7	4.4	5.2	9.9	15.2	13.5	7.2	8.2	5.0	6.3	6.5	10.3
c) Long-term loans	3.8	5.0	1.4	2.1	1.4	1.3	3.5	6.5	1.6	2.7	2.8	2.2	3.0

Basic characteristics of interest rates on loans and deposits (%)

	Line	2000					2001							
		12	1	2	3	4	5	6	7	8	9	10	11	12
Average interest rate on total credit ^{1/}	1	10.05	10.46	10.42	10.56	10.41	10.38	10.35	10.24	10.19	10.15	9.91	9.82	9.78
Average interest rate on deposits	2	5.57	5.52	5.34	5.36	5.26	5.20	5.16	5.08	5.09	5.04	4.98	4.94	4.87
Average interest rate on new loans	3	10.78	10.13	9.44	9.85	9.62	9.50	9.25	8.92	9.05	9.09	8.78	8.70	8.96
Average interbank money market rate (1D to 12M – mid rates)	4	7.78	7.45	7.46	7.63	7.51	7.50	7.54	7.62	7.67	7.75	7.63	7.57	7.55
Average interest rate on new short-term loans	5	10.74	10.20	9.32	9.82	9.62	9.27	9.09	8.77	8.95	9.02	8.69	8.58	8.80
Average interest rate on short-term deposits	6	6.70	6.54	6.33	6.38	6.24	6.21	6.15	6.10	6.15	6.15	6.11	6.06	6.14
Difference between average interest rates on new short-term loans and short-term deposits (line 5 – line 6)	7	4.04	3.65	2.98	3.44	3.38	3.06	2.94	2.67	2.80	2.87	2.57	2.52	2.67
Discount rate	8	8.80	8.80	8.80	8.80	8.80	8.80	8.80	8.80	8.80	8.80	8.80	8.80	8.80
12-month rate of inflation	9	8.40	7.70	6.70	7.10	7.60	7.70	8.00	8.00	7.80	7.40	7.10	6.50	6.50
Year-on-year increase in industrial producer prices (%)	10	9.10	7.90	8.90	9.30	8.70	7.90	7.60	6.60	6.10	5.60	4.60	3.50	3.40
Real interest rate on new short-term loans (line 5 – line 10)	11	1.64	2.30	0.42	0.52	0.92	1.37	1.49	2.17	2.85	3.42	4.09	5.08	5.40
Difference between average interest rate on new short-term loans and the rate of inflation (line 5 – line 9)	12	2.34	2.50	2.62	2.72	2.02	1.57	1.09	0.77	1.15	1.62	1.59	2.08	2.30
Average interest rate on one-year deposits	13	7.44	7.19	7.04	6.84	6.73	6.68	6.63	6.55	6.46	6.42	6.37	6.28	6.34
Real interest rate on one-year deposits (line 13 – line 9)	14	-0.96	-0.51	0.34	-0.26	-0.87	-1.02	-1.37	-1.45	-1.34	-0.98	-0.73	-0.22	-0.16
Nominal interest margin (line 1 – line 2)	15	4.48	4.94	5.09	5.20	5.15	5.18	5.19	5.16	5.10	5.11	4.93	4.88	4.91
Difference between average interest rates on new loans and total deposits (line 3 – line 2)	16	5.21	4.60	4.11	4.49	4.36	4.29	4.09	3.83	3.96	4.05	3.79	3.76	4.09
Difference between average interest rate on new short-term loans and the average interbank money market rate (line 5 – line 4)	17	2.96	2.75	1.86	2.19	2.11	1.77	1.55	1.15	1.28	1.27	1.06	1.01	1.25
Difference between average interest rate on new loans and the average interbank money market rate (line 3 – line 4)	18	3.00	2.68	1.98	2.22	2.11	2.00	1.71	1.30	1.38	1.34	1.15	1.13	1.41
Average interest rate on loans including the rate of 0% ^{2/}	19	8.63	8.62	8.58	8.51	8.42	8.44	8.42	8.34	8.29	8.29	8.09	8.12	8.16
Nominal interest margin (line 19 – line 2)	20	3.06	3.10	3.24	3.15	3.16	3.24	3.26	3.26	3.20	3.25	3.11	3.18	3.29

^{1/} Excluding unpaid interest

^{2/} Including unpaid interest

Development of Crown Deposits and Average Deposit Rates

		2000					2001							
		12	1	2	3	4	5	6	7	8	9	10	11	12
Deposits in total	a	483,578	485,323	489,516	489,969	502,711	501,036	502,408	509,787	512,048	508,410	500,522	511,692	537,272
	b	5.57	5.52	5.34	5.36	5.26	5.20	5.16	5.08	5.09	5.04	4.98	4.94	4.87
of which:														
Demand deposits	a	137,153	126,379	128,111	126,929	131,577	133,754	135,649	141,489	142,679	150,113	147,779	151,674	169,740
	b	3.08	2.93	2.62	2.61	2.57	2.53	2.56	2.49	2.47	2.50	2.40	2.40	2.47
Time deposits with a maturity of	a	346,425	358,945	361,404	363,040	371,134	367,282	366,759	368,299	369,368	358,297	352,743	360,018	367,532
	b	6.55	6.44	6.30	6.32	6.21	6.18	6.13	6.08	6.11	6.10	6.06	6.00	5.98
- up to 7 days	a	27,837	34,870	38,305	40,293	35,473	34,817	31,888	33,989	39,447	41,047	40,906	41,974	43,717
	b	5.95	5.92	5.77	6.72	5.96	5.89	5.60	5.61	6.16	6.40	6.25	5.84	5.98
- up to 1 month	a	82,770	89,114	89,392	88,651	103,196	101,326	104,770	101,775	99,513	93,775	86,336	88,156	85,598
	b	6.22	6.16	5.85	5.81	5.95	5.95	5.95	5.85	5.88	5.82	5.78	5.71	5.86
- up to 3 months	a	71,203	70,991	70,087	71,195	72,267	72,891	71,679	73,954	71,592	69,118	69,907	69,435	68,858
	b	6.84	6.73	6.60	6.51	6.43	6.37	6.32	6.35	6.30	6.29	6.26	6.25	6.23
- up to 6 months	a	21,280	21,139	21,682	23,067	22,919	23,488	25,004	25,468	26,496	25,321	28,260	30,521	31,066
	b	6.75	6.50	6.29	6.23	6.14	6.07	6.10	6.06	6.06	6.02	6.08	6.58	6.51
- up to 9 months	a	3,682	3,965	4,096	4,085	3,345	3,222	3,160	2,674	2,653	2,309	2,356	2,659	2,730
	b	9.00	8.70	8.28	7.63	7.28	7.32	6.76	6.66	6.63	6.57	6.54	6.50	6.51
- up to 12 months	a	56,197	55,143	54,512	54,247	53,915	52,570	51,865	52,202	51,790	50,504	49,458	51,270	54,795
	b	7.44	7.19	7.04	6.84	6.73	6.68	6.63	6.55	6.46	6.42	6.37	6.28	6.34
- up to 18 months	a	2,228	2,476	2,508	2,247	2,264	2,306	2,342	2,341	2,477	2,340	2,291	2,325	2,287
	b	8.94	8.50	8.53	8.51	8.46	8.24	7.90	7.58	6.93	6.86	6.79	6.77	6.73
- up to 2 years	a	29,564	29,220	28,833	27,887	27,203	26,704	26,518	26,814	26,828	25,631	25,192	25,121	25,926
	b	6.92	6.90	6.91	6.76	6.73	6.73	6.73	6.75	6.73	6.69	6.68	6.62	6.53
- up to 3 years	a	3,929	4,318	5,193	5,606	5,550	5,558	5,670	5,646	5,642	5,568	5,831	5,907	6,313
	b	10.53	10.83	11.08	10.84	10.79	10.75	10.63	10.61	10.43	10.47	10.32	10.28	10.34
- up to 4 years	a	1,801	1,763	1,738	1,730	1,730	1,758	1,819	1,842	1,847	1,855	1,886	1,908	1,904
	b	9.25	8.88	8.80	8.72	8.62	8.55	8.47	8.33	8.34	8.34	8.24	8.22	8.26
- up to 5 years	a	1,779	1,420	1,224	1,163	1,138	1,057	1,037	918	906	907	874	876	961
	b	13.78	12.08	10.37	9.85	9.41	9.02	8.80	8.51	8.32	8.24	8.18	8.14	7.89
- above 5 years	a	44,045	44,525	43,835	42,868	42,136	41,585	41,006	40,676	40,178	39,923	39,447	39,866	43,378
	b	4.55	4.63	4.77	4.76	4.75	4.71	4.68	4.62	4.60	4.55	4.49	4.34	3.76
short-term	a	262,969	275,223	278,074	281,539	291,114	288,316	288,366	290,063	291,491	282,073	277,222	284,016	286,764
	b	6.70	6.54	6.33	6.38	6.24	6.21	6.15	6.10	6.15	6.15	6.11	6.06	6.14
medium-term	a	39,302	39,197	39,496	38,633	37,884	37,382	37,387	37,560	37,699	36,301	36,074	36,137	37,390
	b	7.81	7.71	7.75	7.63	7.60	7.57	7.54	7.50	7.41	7.40	7.39	7.34	7.31
long-term	a	44,045	44,525	43,835	42,868	42,136	41,585	41,006	40,676	40,178	39,923	39,447	39,866	43,378
	b	4.55	4.63	4.77	4.76	4.75	4.71	4.68	4.62	4.60	4.55	4.49	4.34	3.76
demand and short-term	a	400,240	401,601	406,185	408,467	422,691	422,070	424,015	431,551	434,171	432,187	425,001	435,689	456,504
	b	5.46	5.41	5.16	5.21	5.10	5.04	5.00	4.92	4.94	4.88	4.82	4.79	4.77

a - Volume (\$k millions)

b - Average interest rate (%)

Average Lending Rates of Commercial Banks (%)

	2000		2001										
	12	1	2	3	4	5	6	7	8	9	10	11	12
1. TOTAL VOLUME OF LOANS ^{1/}	10.05	10.46	10.42	10.56	10.41	10.38	10.35	10.24	10.19	10.15	9.91	9.82	9.78
A. Loans by sector													
a) Entrepreneurial sector	10.25	10.88	10.82	11.05	10.92	10.86	10.81	10.66	10.61	10.55	10.34	10.19	10.14
- Public sector	9.08	10.12	10.18	11.29	11.38	11.24	10.96	10.95	10.80	10.79	10.94	10.66	10.30
- Private sector (incl. cooperatives)	11.80	11.53	11.43	11.27	11.16	11.12	11.07	10.89	10.79	10.75	10.27	10.14	10.36
- under foreign control	10.57	10.40	10.11	10.08	9.55	9.53	9.79	9.40	9.64	9.45	9.57	9.60	9.19
b) Households	8.03	7.95	8.03	8.03	7.93	7.88	7.95	8.03	8.02	8.03	8.07	8.05	8.10
B. Loans by term													
- Short-term loans	11.10	11.21	11.22	11.83	11.65	11.67	11.50	11.41	11.46	11.45	10.67	10.57	10.34
- Medium-term loans	9.54	10.61	10.55	10.49	10.25	10.21	10.26	10.16	10.09	10.08	10.05	10.02	10.21
- Long-term loans	9.36	9.31	9.23	9.28	9.18	9.15	9.16	9.14	9.05	8.97	9.10	8.94	8.90
2. NEW LOANS IN TOTAL ^{1/}	10.78	10.13	9.44	9.85	9.62	9.50	9.25	8.92	9.05	9.09	8.78	8.70	8.96
A. Loans by sector													
a) Entrepreneurial sector	10.78	10.13	9.45	9.90	9.64	9.26	9.25	8.89	9.05	9.08	8.76	8.66	8.94
- Public sector	9.79	8.87	8.17	9.30	10.03	10.64	10.23	8.97	10.49	9.89	9.66	9.60	9.84
- Private sector (incl. cooperatives)	12.81	12.67	12.36	11.82	11.29	11.22	10.70	10.81	10.83	10.84	10.71	10.37	10.38
- under foreign control	9.53	8.57	8.61	9.04	8.54	8.31	8.43	8.29	8.42	8.49	8.09	8.12	8.12
b) Households	10.69	8.71	9.03	8.36	8.86	8.53	8.89	8.92	8.93	9.25	8.58	9.02	9.31
B. Loans by term													
- Short-term loans	10.74	10.20	9.32	9.82	9.62	9.27	9.09	8.77	8.95	9.02	8.69	8.58	8.81
- Medium-term loans	11.64	9.58	11.69	10.78	9.57	10.71	10.21	10.27	10.13	9.94	9.58	10.02	9.93
- Long-term loans	9.56	9.39	10.94	8.75	10.06	9.97	9.29	9.34	9.57	9.82	9.91	9.60	10.10

^{1/} Excluding loans at zero interest rate

Volume of New Loans and Average Lending Rates of Commercial Banks

		2000					2001							
		12	1	2	3	4	5	6	7	8	9	10	11	12
Loans in total	a	39.40	36.20	44.43	40.53	43.96	52.73	51.91	62.52	58.12	55.83	63.69	63.29	62.97
	b	10.77	10.13	9.44	9.85	9.62	9.50	9.25	8.92	9.05	9.09	8.78	8.70	8.96
of which:														
Loans at a rate of 0%	a	0.00	0.00	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Current account	a	0.16	0.17	0.14	0.18	0.17	0.18	0.20	0.21	0.16	0.19	0.20	0.17	0.22
	b	14.25	15.75	18.26	14.76	15.16	15.66	15.01	13.64	13.83	14.52	11.35	12.42	12.56
Overdraft credit	a	5.50	6.64	5.73	5.08	7.00	6.58	5.70	5.65	4.52	5.55	5.54	4.52	6.63
	b	13.76	15.01	12.47	13.40	11.45	12.09	11.49	11.83	12.32	11.56	11.18	11.26	11.16
Bills of exchange	a	0.33	0.27	1.66	0.94	0.72	1.14	0.58	0.41	0.80	0.38	0.41	0.83	0.80
	b	12.34	11.73	15.66	10.76	12.01	16.63	10.67	11.27	10.92	11.06	10.78	10.39	10.40
Operating loans	a	26.78	24.99	34.43	30.56	31.22	41.02	38.68	47.80	47.05	44.71	50.21	51.29	47.97
	b	9.91	8.79	8.55	9.14	9.10	8.84	8.81	8.35	8.57	8.64	8.34	8.29	8.44
Development loans	a	1.52	0.66	0.86	1.05	1.03	0.96	1.57	1.25	1.93	1.49	2.40	2.15	2.44
	b	11.41	11.03	10.65	11.18	10.68	10.73	10.63	10.36	10.14	10.19	10.23	10.32	10.40
Consumer loans (to households)	a	0.11	0.05	0.07	0.24	0.10	0.14	0.23	0.22	0.22	0.20	0.23	0.30	0.30
	b	10.40	11.56	12.61	11.25	11.67	12.03	13.28	13.31	12.85	12.76	11.76	10.83	11.50
Other loans	a	3.58	2.89	0.93	1.85	2.07	1.94	4.31	6.03	2.60	2.64	3.86	3.18	3.51
	b	11.13	9.47	8.83	9.42	9.19	8.27	8.71	9.41	9.06	9.01	8.92	8.77	8.98
Loans at fixed interest rates	a	29.61	29.17	36.90	34.07	33.59	38.62	43.14	52.30	51.56	47.03	53.63	54.19	49.43
	b	9.97	8.93	8.74	9.24	8.82	8.57	8.88	8.55	8.72	8.66	8.39	8.39	8.44
Loans at flexible interest rates	a	9.80	7.03	7.54	6.45	10.37	14.11	8.77	10.22	6.57	8.80	10.06	9.10	13.54
	b	13.20	15.08	12.87	13.04	12.21	12.02	11.07	10.80	11.70	11.37	10.85	10.54	10.84
Short-term loans	a	34.14	32.69	41.86	37.57	38.97	44.00	43.07	53.97	52.41	51.50	57.88	57.79	54.56
	b	10.73	10.20	9.32	9.82	9.62	9.27	9.09	8.77	8.95	9.02	8.69	8.58	8.80
of which: at a rate 0%	a	0.00	0.00	0.01	0.00	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Medium-term loans	a	3.79	1.71	1.97	2.12	4.37	8.03	7.02	4.51	4.76	2.80	4.01	4.13	6.51
	b	11.63	9.57	11.67	10.76	9.56	10.70	10.21	10.26	10.12	9.93	9.57	10.01	9.92
of which: at a rate 0%	a	0.00	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Long-term loans	a	1.48	1.80	0.61	0.84	0.62	0.70	1.82	4.04	0.95	1.53	1.80	1.37	1.91
	b	9.56	9.39	10.94	8.75	10.06	9.97	9.29	9.34	9.57	9.82	9.91	9.60	10.10
of which: at a rate 0%	a	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

a - Volume (\$k billions)
b - Average interest rate (%)

Shortened Balance Sheet of Commercial Banks as at 1 January 2001 (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	
Total assets	107,576,275	768,246,349	31,138,517	72,343,634	82,802,437	846,954,662
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 non-performing 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	35,014,138	2,799,847	258,753,306
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	10,749,044	695,794	43,145,597
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 non-performing 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 of the SR	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	33,991,536	114,400	1,423,202	1,587,777	31,662,768
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	5,015,550	126,814,598	862,470	10,049,961	857,079	133,568,558
Investment securities and deposits	2,551,340	53,180,076	2,831,850	2,806,992	5,732,094	61,999,672
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	80,518,143	79,490,544	1,027,599	0	0	0

Continued on next page.

Shortened Balance Sheet of Commercial Banks as at 1 January 2001 (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	
Total liabilities	693,890,411	14,968,669	105,948,958	32,146,624	846,954,662
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	71,304,558	2,661,987	5,802,156	11,787,015	91,555,716
Current accounts with other banks	2,475	22,847	1	186,958	212,281
Current accounts of other banks	994,654	870,240	215,187	852,780	2,932,861
Transfers on accounts between banks	868,535	0	0	1,493,476	2,362,011
Credits received	13,938,382	42,000	0	3,589,344	17,569,726
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	4,357,291	0	52	0	4,357,343
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	20,059,700	364,995	1,333,865	343,312	22,101,872
Liabilities from own securities	331,302	13	15,689	0	347,004
Liabilities from trading in securities and financial derivatives	97,415	362	7,301	764	105,842
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	21,319,313	0	101,578	172,775	21,593,666
Funds allocated from profits	12,775,994	21,276	0	25,224	12,822,494
Share capital	43,469,944	9,346,146	0	6,416,042	59,232,132
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 (+/-)	0	0	0	0	0
Profit or loss in process of approval (+/-)	4,377,560	0	0	0	4,377,560

Shortened Balance Sheet of Commercial Banks as at 31 December 2001 (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	
Total assets	96,206,260	808,592,688	44,495,307	82,813,206	89,113,681	928,808,622
Cash items	0	10,239,845	124	0	7,909,309	18,149,278
Cash	0	10,227,920	0	0	7,901,714	18,129,634
Gold	0	0	0	0	0	0
Other cash items	0	11,925	124	0	7,595	19,644
Accounts of issuing banks and postal checking accounts	0	63,978,925	0	0	1,828	63,980,753
Money reserve accounts with the NBS	0	22,202,770	0	0	0	22,202,770
Accounts of other banks	295,525	38,553,153	31,921,125	10,830,936	51,748,131	132,757,820
Current accounts with other banks	0	802,700	51	372,217	4,597,031	5,771,999
Credits provided	0	1,018,183	800,000	51,306	1,133,189	3,002,678
Time deposits with other banks	0	35,182,216	30,952,750	10,407,413	45,285,561	121,827,940
Current accounts of other banks	0	0	151,633	0	11	151,644
Transfers of funds between banks	0	1,456,718	16,691	0	444,137	1,917,546
Classified claims on banks	295,525	93,336	0	0	288,202	86,013
of which: short-term claims	214,996	0	0	0	214,996	0
interest on non-performing loans credited to accounts	2,030	2,333	0	0	506	809
Claims in respect of securities and other items	0	508,047	133,762	286	0	642,095
Standard credits to customers	0	146,292,551	1,168,767	40,560,203	2,238,646	190,260,167
Credits for commercial claims	0	3,473,766	0	1,669,249	681,832	5,824,847
Short-term credits	0	41,944,964	837,375	12,201,744	386,638	55,370,721
Medium-term credits	0	59,593,791	82,832	11,775,816	959,910	72,412,349
Long-term credits	0	41,280,030	248,560	14,913,394	210,266	56,652,250
Other claims on customers	0	577,435	4,198	159,857	7,666	749,156
Current accounts of customers - debit balances, overdrafts	0	11,188,783	22,714	3,501,721	46,328	14,759,546
Standard claims with reserve (customers)	0	38,452,726	194	6,416,059	206,190	45,075,169
Classified claims (customers)	60,877,551	69,835,753	24,739	3,026,319	932,208	12,941,468
of which: interest on non-performing loans credited to accounts	7,464,149	7,374,874	4,193	56,059	50,280	21,257
Sub-standard claims	976,560	4,827,705	44	1,230,227	195,630	5,277,046
Doubtful and controversial claims	2,121,921	5,014,798	123	891,237	258,350	4,042,587
Loss-making claims	57,779,070	59,993,250	24,572	904,855	478,228	3,621,835
Other receivables	0	195	0	156	0	351
Accounts of public authorities, local governments, state funds and other funds of the SR	597,151	12,698,080	0	1,300,204	0	13,401,133
Loans to public authorities of the SR	0	53	0	380,864	0	380,917
Loans to social insurance funds	0	0	0	0	0	0
Loans to local governments	537,906	4,419,149	0	0	0	3,881,243
Loans to other funds	52,349	3,935,933	0	0	0	3,883,584
Loans to state funds	6,896	4,342,945	0	919,340	0	5,255,389
Stock	0	238,433	0	0	0	238,433
Claims in respect of collections of money	0	10,703	72	273,136	110,255	394,166
Branches and representative offices	0	0	3	0	0	3
Claims and other suspense accounts	3,090,163	18,428,024	706,535	1,034,603	371,500	17,450,499
Claims in respect of own securities	0	0	0	0	0	0
Securities for intervention and trading purposes	377	582,636	960	2,099	0	585,318
Securities in portfolio	2,848,755	223,103,313	3,693,588	7,803,821	18,732,346	250,484,313
Investment securities and deposits	1,957,224	95,187,868	6,815,503	7,903,806	6,266,413	114,216,366
Foreign branches	0	0	0	0	542,861	542,861
Tangible fixed assets	20,385,620	46,591,264	0	0	0	26,205,644
Acquisition of fixed assets	488	2,015,382	3,023	0	0	2,017,917
Tangible fixed assets leased	1,267	1,380	0	0	0	113
Intangible fixed assets	6,152,139	7,905,422	0	0	0	1,753,283
Special agenda commissioned	0	0	0	0	0	0
Accumulated depreciation and provisions	67,360,212	67,302,079	58,133	0	0	0

Continued on next page.

Shortened Balance Sheet of Commercial Banks as at 31 December 2001 (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	
Total liabilities	729,068,837	38,988,500	122,157,298	38,593,987	928,808,622
Accounts of issuing banks and postal checking accounts	30,257,551	0	402,560	0	30,660,111
Accounts with issuing banks	2,985,607	0	0	0	2,985,607
Loan received from issuing banks	27,271,944	0	402,560	0	27,674,504
of which: Redistribution loans	21,231,981	0	0	0	21,231,981
Refinancing loans	0	0	0	0	0
of which: Lombard loans	0	0	0	0	0
Accounts of other banks	37,804,480	4,205,554	10,904,021	26,910,372	79,824,427
Current accounts with other banks	0	0	0	128,363	128,363
Current accounts of other banks	860,821	2,427,342	496,608	18,556,793	22,341,564
Transfers on accounts between banks	700,302	46,432	0	2,439,937	3,186,671
Credits received	1,216,818	0	0	2,412,871	3,629,689
Time deposits of other banks	35,026,539	1,731,780	10,407,413	3,372,408	50,538,140
Liabilities from securities and other items	56,161,019	0	0	0	56,161,019
Deposits and loans received from customers	495,665,363	4,589,896	104,123,893	4,236,423	608,615,575
Current accounts of customers	105,003,744	2,688,168	31,220,903	2,425,818	141,338,633
Time deposits of customers	218,111,790	1,726,244	62,702,358	1,744,995	284,285,387
Savings deposits	158,269,970	141,705	10,192,877	65,610	168,670,162
Giro accounts	15,164,320	37,064	145,407	4,591	15,351,382
Demand deposits on passbooks	24,372,189	20,179	6,876,133	39,604	31,308,105
Other short-term savings deposits	50,835,910	64,699	3,171,239	21,415	54,093,263
Medium-term savings deposits	25,507,514	19,623	98	0	25,527,235
Long-term savings deposits	42,390,037	140	0	0	42,390,177
Credits received from customers	14,279,859	33,779	7,755	0	14,321,393
Other liabilities to customers	9,893,799	5,068	2,901,747	97,747	12,898,361
Certificates of deposits and similar securities issued	5,929,468	9,161	242,751	0	6,181,380
Deposits for specific purposes	1,030,877	7,641	768,224	102,001	1,908,743
Other special liabilities	5,537	15	10	0	5,562
Accounts of public authorities, local governments, state funds and other funds	30,039,858	0	1,215,256	0	31,255,114
Deposits of extra-budgetary funds of public authorities	6,421,108	0	1,017,070	0	7,438,178
Deposits of social insurance funds	4,620,335	0	28	0	4,620,363
Deposits of local governments	5,076,504	0	197,204	0	5,273,708
Deposits of other funds	2,606,448	0	954	0	2,607,402
Deposits of State funds	1,962,189	0	0	0	1,962,189
Liabilities from collections	45,129	72	317,088	43,485	405,774
Branches and representative offices	335,624	0	0	0	335,624
Adjustment and other suspense accounts	17,553,747	226,883	835,018	532,770	19,148,418
Liabilities from own securities	262,863	641	31,367	0	294,871
Liabilities from trading in securities and financial derivatives	680,004	0	171,394	397,080	1,248,478
Liabilities from unpaid securities	26,400	0	0	0	26,400
Subsidies and funds of similar nature	2,477,880	0	132,002	0	2,609,882
Bonds issued	5,178,810	50,000	0	0	5,228,810
Long-term borrowings of special nature	0	0	0	0	0
Reserves	22,629,031	0	111,967	152,961	22,893,959
Funds allocated from profits	10,878,549	19,500	0	0	10,898,049
Share capital	27,342,795	29,874,069	0	6,121,148	63,338,012
Long-term liabilities of foreign banks' branches to head offices	0	1,399,229	0	3,510,355	4,909,584
Share premium funds	777,411	374	0	0	777,785
Other capital funds	3,166,244	5,490	0	0	3,171,734
Gains / losses from valuation of property shares and deposits	487,111	0	0	1,932	489,043
Own shares issued to reduce share capital	0	0	0	0	0
Gains / losses from revaluation of share capital and deposits in foreign currency	5,471	3,086	0	827,341	835,898
Retained earnings from previous years (+)	7,800,859	0	0	0	7,800,859
Accumulated losses from previous years (-)	-42,001,807	0	0	0	-42,001,807
Profit and loss account (+/-)	9,071,001	0	0	0	9,071,001
Profit or loss in process of approval (+/-)	0	0	0	0	0

Monthly profit and loss account of commercial banks (Sk thousands)
(Banks and branches of foreign banks operating in the SR in total)

	1998 December	1999 December	2000 December	2001 December
EXPENSES				
Expenses on financial operations:	140,764,053	122,849,070	157,946,828	119,077,673
Cash and interbank transactions	27,674,497	16,886,692	13,463,563	8,579,887
Transactions with customers	41,984,284	45,313,557	37,248,356	29,408,137
Financial leasing	1,247	310	521	110
Bond issues	1,503,370	1,182,563	822,024	563,852
Transactions in securities	8,777,061	8,069,421	46,089,276	13,440,612
Foreign exchange transactions	59,934,197	49,354,333	58,442,371	65,697,979
Other operations	889,397	2,042,194	1,880,717	1,387,096
General administrative expenses	19,509,639	19,927,703	20,763,501	21,891,943
Additions to reserves and provisions	32,724,719	87,361,705	107,800,384	37,551,171
Other operating expenses	5,511,122	9,623,907	13,692,057	15,449,324
Extraordinary expenses	879,394	1,112,765	936,356	677,300
Income tax	1,838,300	789,773	781,072	237,487
Profit for the period	5,171,233	3,766,769	15,795,169	10,705,605
TOTAL EXPENSES, PLUS PROFIT	206,398,460	245,431,692	317,715,367	205,590,503
INCOME				
Income from financial operations:	172,224,785	148,189,600	188,596,370	152,378,867
Cash and interbank transactions	29,599,705	18,026,666	15,342,223	13,606,952
Transactions with customers	51,793,364	47,824,863	43,654,164	31,942,735
Financial leasing	1,477	393	584	0
Transactions in securities	23,277,829	24,742,031	63,969,537	34,754,916
Foreign exchange transactions	65,434,935	54,748,440	63,676,495	71,105,331
Other operations	2,117,475	2,847,207	1,953,367	968,933
Use of reserves and provisions	20,648,238	61,194,757	113,047,024	48,665,078
Other operating income	3,518,246	2,134,893	2,340,107	1,593,234
Extraordinary income	1,157,643	623,957	2,314,257	1,318,720
Loss for the period	8,849,548	33,288,485	11,417,609	1,634,604
TOTAL INCOME, PLUS LOSS	206,398,460	245,431,692	317,715,367	205,590,503

Organisation of NBS as at 31 December 2001

