



NÁRODNÁ BANKA SLOVENSKA



Annual Report 1999

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Foreword

Macroeconomic and monetary development recorded a change in 1999 towards mitigation of macroeconomic imbalances from previous years, particularly the fiscal deficit and the shortfall in the current account of the balance of payments. To solve the problem of economic instability, the Government of the SR adopted a strategy for the acceleration of economic reforms in May 1999. Based on a complex of measures, the strategy was designed to improve budgetary performance in public finances and to reduce the dynamics of domestic demand by freezing the level of wages in public administration, adjusting the lower rate of value-added tax, and raising excise duties. At the same time, price anomalies gradually began to be straightened out through increases in regulated prices. In addition to measures taken in the area of domestic demand, the solution of the problem of the increased current account deficit was supported by an increase in the import surcharge. The aforementioned measures began to produce results in the second half of 1999.

The National Bank of Slovakia and the economy as a whole, gradually learnt to live with the conditions of a floating exchange rate, which was stabilised successfully with the help of the economy policy of the Government. Over the course of the year, further steps were taken towards liberalisation, with a positive effect on monetary development. As a result of the measures taken by the Government, particularly in the area of domestic demand, the trend of development began to change in both deficits - the fiscal deficit and that of the current account - in the second half of the year.

In 1999, the balance of payments on current account resulted in a deficit of Sk 44.8 billion (US\$ 1.1 billion), representing an improvement of 40% compared with the previous year. The share of the deficit in gross domestic product decreased from 10.1% in 1998 to 5.8% in 1999. The improvement in the balance on current account was due mainly to a reduction in the trade deficit (Sk 37.2 billion, to Sk 45.7 billion) and improvement in the balance of services, while the shortfall in the income balance increased and the surplus in current transfers diminished. During 1999, the foreign exchange reserves of the NBS increased by US\$ 720.5 million (Sk 30.1 billion) to US\$ 3.4 billion, and sufficed to cover 3.1 times the volume of average monthly imports of goods and services into Slovakia in 1999.

The absolute annual change in net credit to the Government and the Fund of National Property, which roughly corresponds to the size of the fiscal deficit in general government, reached Sk 28.9 billion (i.e. 3.7% of GDP) in 1999. In comparison with 1998, the share of net credit to the Government in gross domestic product decreased by 2.8 percentage points and contributed to stabilisation of the Slovak economy.

The measures adopted by the Government in 1999 were designed to mitigate the effects of macroeconomic imbalances and therefore focused on domestic demand, which fell in real terms by 4.0%. In 1999, gross domestic product grew in real terms by 1.9%, compared with 4.4% in 1998.

In addition to a slowdown in the rate of growth in GDP, the stabilisation measures of macroeconomic policy led to a rise in domestic price levels in the short term. Due to increases in regulated prices, Slovakia's inflation rate, expressed in terms of the consumer price index, reached a two-digit figure. At the end of 1999, the annual rate of inflation stood at 14.2%. However, the rise in inflation was of a short-term nature and the effects of the administrative measures are to disappear after 12 months. The effect of the increase in regulated prices on inflation was partly offset by a fall in domestic demand; by monetary policy, which did not compensate the rise in price levels by supplying excess liquidity; and by government measures taken in the area of wages, i.e. the freezing of the volume of wages resources in public administration at the level of the previous year. This prevented the start of an inflationary spiral in the Slovak economy, which had a positive influence on the deficit of trade, and started the process of convergence in price levels in Slovakia and EU countries.

The conduct of monetary policy focused on quantitative liquidity control in the banking sector and placed emphasis on trading through REPO tenders in particular. From the beginning of the year, monetary policy aimed at lowering the relatively high rates of interest on the interbank market, which had persisted since the period of turbulence on the financial market in September 1998. The steady development in the exchange-rate area had a favourable effect on the level and volatility of interbank deposit rates: the rates for one-month deposits fell in December by an average of 3 percentage points in comparison with January 1999.

A positive result of the restoration of macroeconomic balance in the Slovak economy was the invitation of the Slovak Republic to start negotiations on accession to the European Union, which was approved at the Helsinki summit of the EU in December 1999. In this connection, the exchange rate of the Slovak currency started to appreciate. During 1999, the crown strengthened against the euro by 1.5%, mainly during the second half of the year.

In response to the actual development of the Slovak economy during the first months of the year, Moody's Investors Service reassessed the country's credit rating and changed its outlook from stable to negative, which had an unfavourable effect on the Bank's attempt to lower the level of interest rates at that time and contributed to the destabilisation of exchange rate development. At the beginning of the last quarter of 1999, the major rating agencies reacted favourably to the measures adopted by the Government for the stabilisation of the country's economy. In October, Moody's Investors Service changed its rating of Slovakia back to stable from negative. Standard & Poor's took a similar step in November.

In 1999, bank restructuring commenced at selected commercial banks (VÚB, Slovenská sporiteľňa, IRB), with an increase in their registered capital and the transfer of classified assets to

Konsolidačná banka, š.p.ú. (Consolidation Bank, state financial institution) and Slovenská konsolidačná, a.s. (state agency), in the total amount of Sk 82.3 billion. Thus, the loan portfolio of the banking sector changed in structure: the share of classified loans decreased and that of standard loans increased.

With respect to the favourable trend of development in fiscal matters, foreign trade, and exchange rates, we may be satisfied with the year 1999, which was a turning point in the development of the Slovak economy with prospects for a qualitative change in macroeconomic development. The slowdown in economic growth and the rise in inflation are to be viewed, on the one hand, as a price to pay for improvement in some of the macroeconomic indicators and, on the other hand, as a temporary phenomenon that will disappear over the next few years.

May 2000

Marián Jusko
Governor



Members of the Bank Board

From left to right:

Elena Kohútiková, Executive Director, Monetary Division

Jozef Magula, Director, General Relations Department

Marián Jusko, Governor

Ján Mathes, Executive Director, Currency Division

Jozef Mudrik, Vice-Governor

A. THE EXTERNAL ECONOMIC ENVIRONMENT



1. THE WORLD ECONOMY

Global Trends in Outputs and Prices

In 1999, the world economy was recovering from the unfavourable consequences of the financial crises that occurred in 1997-1998, faster than had been forecast by major international financial institutions. Whereas forecasts from the end of 1998 had expected a year-on-year slowdown in the dynamics of global growth in 1999 to 2.2% (compared with 2.5% in 1998), the rate of growth accelerated and global output increased by 3.3%. Similarly, the increase in the volume of world trade (4.6%) was higher than the figure projected (3.7%).

The rate of growth in global output was accelerated by increases in the dynamics of growth in all groups of countries (advanced economies, developing countries, transition economies). In respect of the main centres of the world economy and/or the main monetary areas, the impetus to growth stemmed from the

abrupt year-on-year change from decline to growth in most newly industrialised countries in south-east Asia (V-shape revival) and the continued high rate of growth in the US economy. After recession in 1998, the Japanese economy also showed signs of revival. In the euro area, the pace of growth slowed on a year-on-year basis, due mainly to unconvincing economic performance in the first months of the year, which was followed by an acceleration in the pace of growth. After the economic decline was stopped in Russia, transition economies as a whole also began to grow in 1999. However, even in the most advanced countries of Central and Eastern Europe, the rate of growth was slower than in advanced industrial countries.

Global output in 1999 grew under conditions close to price stability, despite the fact that a marked change occurred in the development of commodity prices, especially oil prices. After a pronounced fall in the preceding two years, the level of oil prices rose year-on-year by 37.6% (to US\$ 18.14 per barrel) and began to move towards its long-term balanced figure. The prices of other commodities continued to fall in 1999,

Global output in 1999

	1998	1999	2000 (forecast)
Global output	2.5	3.3	4.2
Advanced industrial countries	2.4	3.1	3.6
USA	4.3	4.2	4.4
Japan	-2.5	0.3	0.9
Eurozone	2.8	2.3 ^{1/}	3.2
Newly industrialised Asian economies	-2.3	7.7	6.6
Transition economies	-0.7	2.4	2.6
Central and Eastern Europe ^{2/}	2.0	1.5	3.6
Russia	-4.5	3.2	1.5
Developing countries	3.2	3.8	5.4
China	7.8	7.1	7.0
Brazil	-0.1	0.5	4.0

Source: *World Economic Outlook, April 2000*.

1/ According to the European Central Bank: 2.2% (ECB Annual Report 1999).

2/ Excluding Russia and Byelorussia.

but at a more moderate rate (-6.9% in dollar terms) than in the previous year (-14.7%).

Consumer prices in advanced industrial countries followed a non-inflationary course of development, with the rate of price increase continued to slow (to 1.4% in 1999). However, the fear of the negative effects of deflation on the pace of economic growth was basically suppressed. The rate of consumer-price inflation also slowed in developing countries (to a level of 6.5%). In transition economies, the price increase accelerated considerably and reached 44% for the whole group on a year-on-year basis (compared with 22% in 1998). Excluding the effect of the most inflationary economies on the price index, the mean value of the rise in consumer prices fell in this group of countries as well, to 8% (10% in 1998).

An important factor in the acceleration of global growth was the gradual revival of trust on emerging markets, which were most hit by the crisis, and which created conditions for a partial relaxation of monetary policy. The favourable course of price development also acted in favour of acceleration in the pace of global growth. In the first months of the year, it enabled countries with a decelerating rate of growth (euro area and Western Europe in particular) to relax their monetary policies to a certain extent, and to support the performance of the real sector. Later, during the second half of the year, monetary policy was gradually tightened in connection with the steep rise in oil prices; and in the USA, with regard to the growing fears of the economy becoming overheated. On a global scale, fiscal policy was of a neutral character in the absence of potential inflationary pressures.

On international foreign exchange markets, the single European currency - the euro - emerged on 1 January 1999, within the third stage of the European Economic and Monetary Union. A dominant feature of developments on the foreign exchange markets in 1999, was the persistently strong exchange rate of the US dollar, profiting from the burgeoning of the

American economy and the favourable situation on eurodollar markets. The high exchange-rate value of the US dollar and the slowdown in the pace of economic growth in the euro area (and to a certain extent the effect of the change in the structure of Western European integration) complicated the position of the euro, which weakened against the dollar throughout the year, with the exception of the summer months. On an annual basis, the euro depreciated in relation to the dollar by an average of 4.9%; on a monthly basis, (from December 1998 to December 1999), the average depreciation was much higher (13.7%). The Japanese yen continued to show a tendency to appreciate due to the country's improved prospects of economic revival.

The global macroeconomic stability achieved and the widespread increase in optimism about the future prospects of global growth in 1999 led to a marked increase in share prices on major international stock markets. A particularly high rise in share prices was recorded in the euro area, where the level of the Dow Jones EURO STOXX index rose by 40% on a year-on-year basis (December 1999/1998). During the same period, America's Standard & Poor's 500 index increased by 19%, and the Japanese Nikkei 225 index by 37%.

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

In 1999, the US economy continued to grow at a fast rate. With a GDP growth of 4.2% year-on-year, the US economy (followed closely by the economy of Canada with the same growth in GDP, i.e. 4.2%) was again the most dynamically growing economy among advanced industrial countries. In the long term, the rate of growth in GDP is stimulated mostly by the high level of domestic private demand, which grows at a faster rate than supply despite the increased level of entrepreneurial activity. In 1999, this gap led to a marked deterioration in America's

balance of payments on current account, which resulted in a deficit amounting to 3.7% of GDP (exceeding the record deficits from the mid-80ies).

Owing to a marked increase in labour productivity coupled with an expansion in fixed investments and technological progress over the last few years, the high rate of growth did not threaten economic stability with inflationary pressure even in 1999. Consumer prices increased year-on-year by 2.2% (compared with 1.6% in 1998) due largely to a rise in oil prices. The rate of unemployment fell to 4.2% (the lowest figure in the last 30 years); however, the sufficient number of job vacancies compensated for the potential effects of wage inflation.

The high rate of growth and macroeconomic stability in the USA in recent years, can be regarded as the result of a correct combination of fiscal policy, monetary policy conducted by the Federal Reserve System (FRS), and structural policies designed to improve the flexibility of individual markets. However, fears arose that other types of economic imbalances might emerge, casting doubts on the sustainability of the existing model of investment, based on high equity prices (mainly shares) and the high level of private debt, accompanied by a decrease in the proportion of household savings.

After recession in 1998, economic development in Japan turned into a relatively dynamic revival in 1999, supported by public investments and a subsequent increase in private demand. After a downturn in public investment, economic growth slowed during the second half of the year and turned again into decline. Although GDP recorded an annual increase of 0.3%, consumer and business confidence in the possibility of a more convincing economic revival remained low. In 1999, the economy developed in a deflationary environment, with the year-on-year change in consumer prices reaching a negative value (-0.3%). The rate of unemployment increased to 4.7%. An accompanying phenomenon of the signs of revival in the Japanese economy, was an

appreciation in the value of the yen, which, on the other hand, weakened the export performance of Japanese producers. For that reason, the Central Bank of Japan intervened to the detriment of the yen several times during the year.

Developments in 1999 confirmed the extent of the problems that the Japanese economy must solve if the country wishes to maintain, under liberalised conditions, its position as one of the three main centres of the world economy. To reduce the vulnerability of the economy to external effects, the share of domestic private demand in GDP creation is to be increased substantially. The dependence of domestic demand on public investment clearly indicates that the Japanese economy still lacks these internal mechanisms of growth. The liberalisation process also requires substantial structural reforms and deregulation measures in the banking as well as corporate sectors. In 1999, the revival of demand was again supported by fiscal means, which - in addition to being intrinsically futile - absorbed resources meant for the support of accelerated restructuring in the Japanese economy.

After the pace of economic growth had slowed in countries of Western Europe at the turn of 1998-1999, the second half of 1999 saw signs of accelerating growth in this region. The trend of growth was supported by improved conditions for business activity in the external economic environment, relaxation of monetary policy by the European Central Bank, and by several central banks outside the euro area, improvement in the indicators of business confidence, and a high level of consumer confidence supported by a further reduction in the level of unemployment in 1999.

An additional factor in overcoming cyclical decline and the revival of demand and economic activity in the euro area, was the exchange rate of the euro, which has been weakening against the dollar continuously since the beginning of 1999. However, the depreciation of the euro

posed no threat to the stability of prices in the euro area, defined in terms of annual inflation below 2%. In the euro area, the 12-month rate of growth in GDP reached 2.3% in 1999, consumer prices measured in terms of the harmonised index of consumer prices (HICP) rose by 1.1% (as in 1998), and the average rate of unemployment reached 10.1%.

In the euro area, the balance of payments on current account resulted in a surplus of 0.7% of GDP in 1999, due mainly to the positive balance of trade, which was to a large extent reduced by the deficit of current transfers. The output of foreign trade in the euro area declined by roughly a third, due to a sudden rise in import prices (mainly oil prices and partly due to a fall in the exchange-rate value of the euro), and to the low volume of exports during the first half of the year, which was hit by the effects of decline in foreign demand in 1998.

The balance of foreign direct investment resulted in a negative figure, i.e. net outflow, due to the higher investment activity of euro area residents abroad and the reduced inflow of foreign investment into the euro area. A net outflow was also recorded in portfolio investments, but in comparison with 1998, the balance diminished substantially due to an increase in foreign demand for debt securities issued by euro area countries (mainly for money market instruments).

Development in the euro area was marked by continued cyclical differences in the dynamics of growth and potential inflationary pressures in countries tending towards overheated economies such as Ireland (with, in the long run, the highest rate of growth in GDP within the EU, reaching 8.4% in 1999), the Netherlands, Portugal, Spain (where GDP grew by 3.0 to 3.7%). On the other hand, small GDP increases were recorded in large economies, i.e. Germany (1.5%) and Italy (1.4%). With a 2.7% growth in GDP, France represented the most stable economy in the euro area.

During the past two years, the economy of the United Kingdom has been in the upward phase of the cycle. The pace of growth started to accelerate in the spring of 1999 and led to an annual increase of 2.0% in GDP. Inflation rate reached 2.3%, but remained below the level set by the central bank (2.5%). Favourable development was also recorded on the labour market, when the rate of unemployment decreased year-on-year, to 4.4%.

A high rate of growth by European standards was also recorded in the economy of Sweden (a GDP growth of 3.8% in 1999), due to a marked expansion in domestic private demand and to export opportunities. The rate of inflation reached only 0.4%, which was much lower than the average value (2%) of the target range set by the central bank. In Denmark, Norway, and Switzerland, GDP growth in 1999 (up to 1.7%) achieved the lowest figures among Western European economies. The slowdown in the dynamics of growth in Denmark and Norway was due primarily to the economic-policy measures taken for the purpose of mitigating the effects of macroeconomic imbalances from the previous period. The performance of the Swiss economy mirrored the country's poor export performance and a substantial fall in domestic demand.

Monetary Conditions and Fiscal Policy

The monetary conditions of economic development in advanced industrial countries were stable in 1999. The monetary stability achieved was without doubt an evidence of the appropriateness and technical feasibility of the monetary-policy objectives of central banks, aimed at price stability, usually with a stated or implied inflationary goal. The non-inflationary environment, supported in part by the previous trend in oil prices and the prices of other commodities, enabled central banks to support economic activity by relaxing monetary policy during the first half of 1999. On the other hand,

the faster than expected rate of economic growth on a global scale and the steep increase in oil prices led the central banks to adjust the rates of interest upwards, in the second half of the year.

The Federal Reserve System (Fed) lowered its base rate relatively significantly as early as the last quarter of 1998 (from 5.5% to 4.75% step by step), with the aim of placating international financial markets. In 1999, the Fed focused its monetary policy on stabilising the domestic economic environment by signalling the necessity to moderate activities in the real sector of the US economy, and raised its base rate in two steps to 5.25% in August.

The European Central Bank (ECB) lowered its rates in April 1999. The rate for main refinancing operations was reduced by 0.5% points, to 2.5%. The rates on standing facilities were also lowered (the rate for refinancing by 1% point, to 3.5%; that for sterilisation by 0.5% of a point, to 1.5%). In April, the Bank of England also lowered its base rate, from 5.50% to 5.25%. In June, the rate was adjusted to 5.00%, but later in September, it was again raised to 5.25%. The ECB decided to raise its rates by 50 base points in November: the main rate for refinancing to 3%, the marginal to 4% and/or 2%. (At the beginning of February 2000, the three rates were raised again by 25 base points.)

The decisions of ECB on changes in interest rates were made with respect to the development of consumer prices in the euro area (based on the harmonised index of consumer prices), the expected course of main commodity prices (i.e. oil prices in particular), and to the indicator of money supply in the euro area compared with its reference value defined in terms of a three-month moving average of the 12-month rate of growth in M3, at the level of 4.5%. In the first months of the year, the dynamics of growth in M3 slowed, which supported the decision to lower rates in April. The growth in bank lending (mainly in the household sector) in the following months,

caused the dynamics of growth in M3 to accelerate. In November, the rate of growth in M3 reached 6% in terms of a 3-month moving average (1.5 points above the reference value), which supported the decision of ECB to raise its key rates.

The development of market interest rates reacted sensitively to the decisions of central banks to alter their key rates and to the change in prospects of economic growth. In terms of annual average, short-term money market rates fell in 1999, due to their extremely low level in the first months of the year. From the second quarter, short-term rates rose steadily; this trend in the euro area was in large part associated with the military conflict in Kosovo, but also mirrored the risk factor in the transition to the year 2000 (Y2K). In the euro area, the average interest rate on three-month deposits was 2.96% in 1999, though it reached 3.44% in December; in Great Britain 5.54% on average and 6.06% in December; in the USA 5.42% on average and 6.10% in December. In Japan, where the central bank pursued a policy of 'zero interest rate' in 1999, interest rates on the money market fluctuated around zero (the annual average being 0.22% and the figure for December 0.33%).

The development of long-term interest rates confirmed faith in the stability of the US economy and the favourable outlook for Japan. In comparison with 1998, yields on 10-year government bonds increased in both countries (in USA from 5.33% to 5.64%; in Japan from 1.30% to 1.75%) in 1999. Lower yields were recorded in the euro area (4.66% compared with 4.71% in 1998), where the long-term interests of investors were vitiated by the economic as well as non-economic aspects of development in the region, including the falling exchange-rate value of the euro. The average annual yield on 10-year government bonds issued in Great Britain also fell, from 5.60 to 5.01%.

Fiscal policies in the USA and in the euro area followed a neutral strategy in the context of a monetary and financial mix oriented towards

macroeconomic stability. In 1999, there were favourable conditions for the maintenance of fiscal stability in the USA. With regard to the high level of economic activity, fiscal policy focused on restricting the growth in internal demand, which led to a surplus in general government budget (around 0.5% of GDP). In the fiscal sector of euro-area countries, a certain 'exhaustion' was reflected, due to the effort over recent years to achieve fiscal consolidation in line with the Maastricht criteria of convergence, as well as the slowdown in economic growth in the real sector. No appreciable progress in the implementation of the strategy of a sustainable long-term fiscal position was recorded in euro-area countries in 1999. From a standard Euro-American point of view, a menacing development was recorded in the fiscal sector in Japan, where the general government deficit (excluding social insurance) reached 9.0% of GDP in 1999. As in its monetary policy, the fiscal policy of Japan also focused on short-term tasks designed to support the revival of domestic demand in 1999.

The world economy in 1999 reached, after several years of turbulence, a state of global macroeconomic stability. The state achieved can be attributed to the acceptance of the strategy of sustainable growth and the use of an adequate set of policy instruments. Under global strategy,

however, the marked trends of polarisation continued, mainly in relation between the USA and the rest of the world. The dominant position that the US economy has acquired over the past years as stabiliser and motor of global economic growth, gives rise to certain fears of the international consequences of a contingent sudden reduction in the dynamics of the US economy.

2. ECONOMIC DEVELOPMENT IN TRANSITION ECONOMIES

In 1999, the rate of growth in transition economies was at the level of 2.4%, which was more than was generally expected. The growth in the group was supported by the surprisingly good economic results of Russia, which recorded a growth of 3% after recession in 1998. The results of associated countries in Central and Eastern Europe were somewhat weaker than in 1998. Economic activity during the first half of 1999 was negatively affected by the last traces of turbulence on the financial markets from previous years, the Russian crisis in 1998 (affecting Baltic countries in particular), and the conflict in Kosovo (its impacts on

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

		Slovakia	CR	Hungary	Poland	Slovenia	Rumania
GDP growth (%)	1997	6.5	-1.0	4.6	6.9	4.6	-6.1
	1998	4.4	-2.2	5.1	4.8	3.9	-5.4
	1999	1.9	-0.2	4.5	4.1	3.7	-3.2
Consumer prices (%) (average for the period)	1997	6.1	8.5	18.3	14.9	8.4	154.8
	1998	6.7	10.7	14.3	11.8	7.9	59.1
	1999	10.6	2.1	10.0	7.3	6.2	45.8
Unemployment rate (%) (at the end of the period)	1997	12.5	5.2	10.1	10.5	14.8	8.8
	1998	15.6	7.5	9.1	10.3	14.6	10.4
	1999	19.2	9.4	9.5	12.5 ^{1/}	13.0	11.1 ^{1/}
Current account BOP	1997	-6.9	-6.2	-2.1	-3.2	0.2	-6.1
	1998	-10.3	-1.9	-4.8	-4.2	-0.0	-7.2
	1999	-5.8	-2.0	-4.5	-7.6	-2.9	-3.8

Source: National statistics
1/ November 1999

countries in south-east Europe). Prospects started to improve in the second half of the year in connection with the acceleration in growth in EU countries. The accelerated growth in Western Europe creates conditions for increased exports from associated countries and consequently for their economic growth in 2000.

The year 1999 saw another important step forward in the process of integration, when the Helsinki summit of the EU decided in December 1999 to invite Bulgaria, Latvia, Lithuania, Romania, and Slovakia (and Malta) for negotiations on accession. The division of countries into a 'first' and a 'second' group in the association process was cancelled, since henceforth the speed of negotiations will be determined by the preparedness of each country for admission.

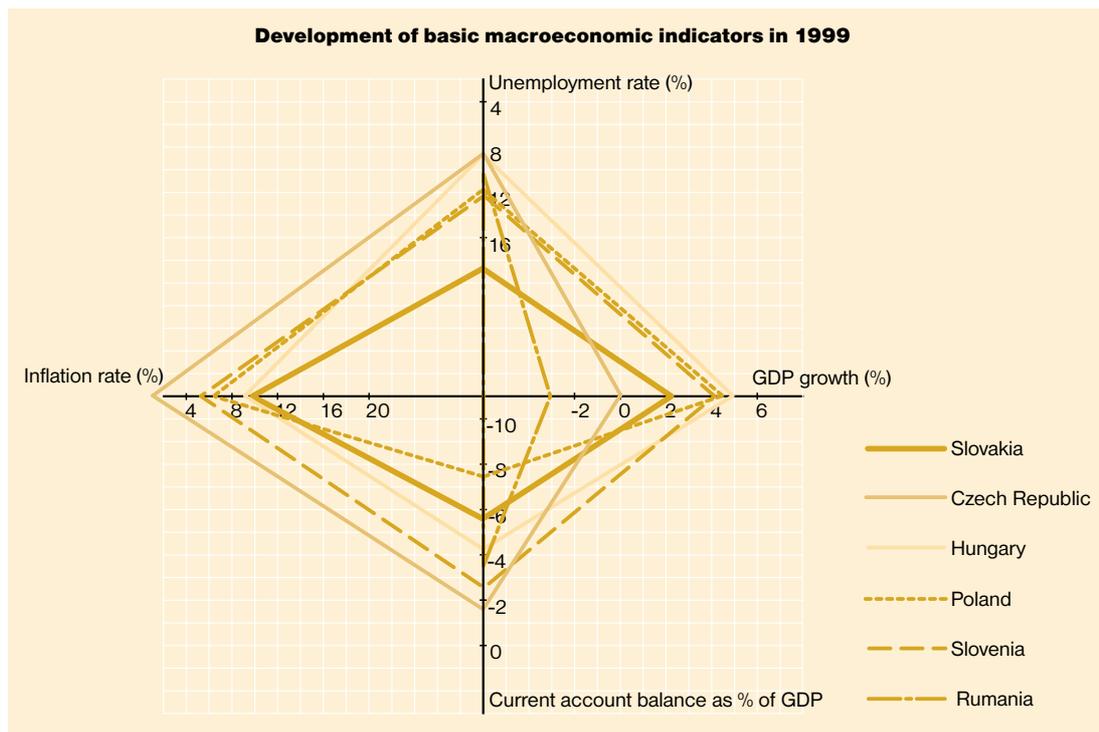
In the group of CEFTA countries, the dynamics of economic growth slowed in 1999. A growth rate exceeding 4% was maintained by only Hungary and Poland, followed by Slovenia (3.7%). In Slovakia, the rate of growth recorded a marked slowdown, due to corrective measures

adopted by the Government with a view to consolidating the deficits in public finances and in the current account. The Czech Republic and Rumania entered the third year of recession, with some signs of recovery.

The slowdown in the growth of domestic demand contributed to the moderation of inflationary pressure during the first half of the year, so that non-inflationary price development continued in these countries with the exception of Slovakia. In Rumania, the rate of inflation in 1999 was well above the level in other CEFTA countries.

A less desirable concomitant effect of slowdown in economic growth and structural changes in the economy, was the increase in the rate of unemployment (except Slovenia), while Slovakia, Rumania, and the Czech Republic recorded the highest level of unemployment since the beginning of transformation.

External imbalances were mitigated successfully in Rumania and Slovakia, where the high current account deficits of previous years diminished by almost 50%. Stable results were



also achieved in Hungary and the Czech Republic. On the other hand, the deficit in the current account increased significantly in Poland and the equilibrated balance in Slovenia maintained for several years also deteriorated.

The indicators of economic development in the areas of output, labour market, price stability, and the balance on the current account in 1999, illustrated in the chart above, show that the most balanced development was achieved in Slovenia and Hungary. On the other hand, the most uneven development took place in Rumania, which 'loses' one of the peaks of the quadrangle with regard to the high rate of inflation, and falls behind the other countries of the group in terms of GDP growth as well. In the case of Slovakia, the largest disproportion is shown by the rate of unemployment.

B. REPORT ON MONETARY DEVELOPMENT IN THE SR IN 1999



1. ECONOMIC DEVELOPMENT

Economic development in 1999 was marked by numerous conflicting tendencies. On the one hand, the pace of economic growth slowed, the rates of inflation and unemployment increased, while the country's external and internal balance was gradually restored. Some of the macroeconomic indicators deteriorated as a result of the impacts of unfavourable trends from previous years and the measures adopted by the Government in May 1999, to bring about economic recovery. The measures, which were designed to cut public spending and mobilise revenues, caused the deficit of trade to diminish by almost 50% and the performance of public finances to improve.

The unbalanced development of the economy in previous years and the measures adopted for its stabilisation led to a slowdown in the rate of year-on-year growth in gross domestic product (GDP) from 4.4% in 1998 to 1.9% at constant prices. On the expenditure side of GDP, a crucial factor was the export of goods and services, while on the side of GDP creation, the weight of industry and agriculture increased. An important aspect of economic transformation was the continued growth of GDP in the private sector, when its share of GDP increased year-on-year by 1.9 percentage points, to 84.3%.

In 1999, the dynamics of price increase accelerated considerably in comparison with 1998. The 12-month rate of inflation, expressed in terms of the consumer price index, reached 14.2% in December 1999. The average annual rate of inflation was 10.6%.

A key factor in the development of consumer prices was the adoption of administrative measures by the Government for the elimination of macroeconomic imbalances. In addition to adjustments to regulated prices, the price increase was also affected by the introduction of a surcharge on imports, adjustments to value added tax rates and excise duties on

hydrocarbon fuels and tobacco, and by the exchange rate of the Slovak crown.

The rise in the price of fuels, mainly oil, the introduction of a surcharge on imports and administrative measures by the Government, were the main factors that affected the level of producer prices. They led to an accelerated increase in industrial producer prices and construction prices. The rate of increase in the prices of building materials showed a slowdown, while the year-on-year fall in agricultural prices increased in comparison with 1998.

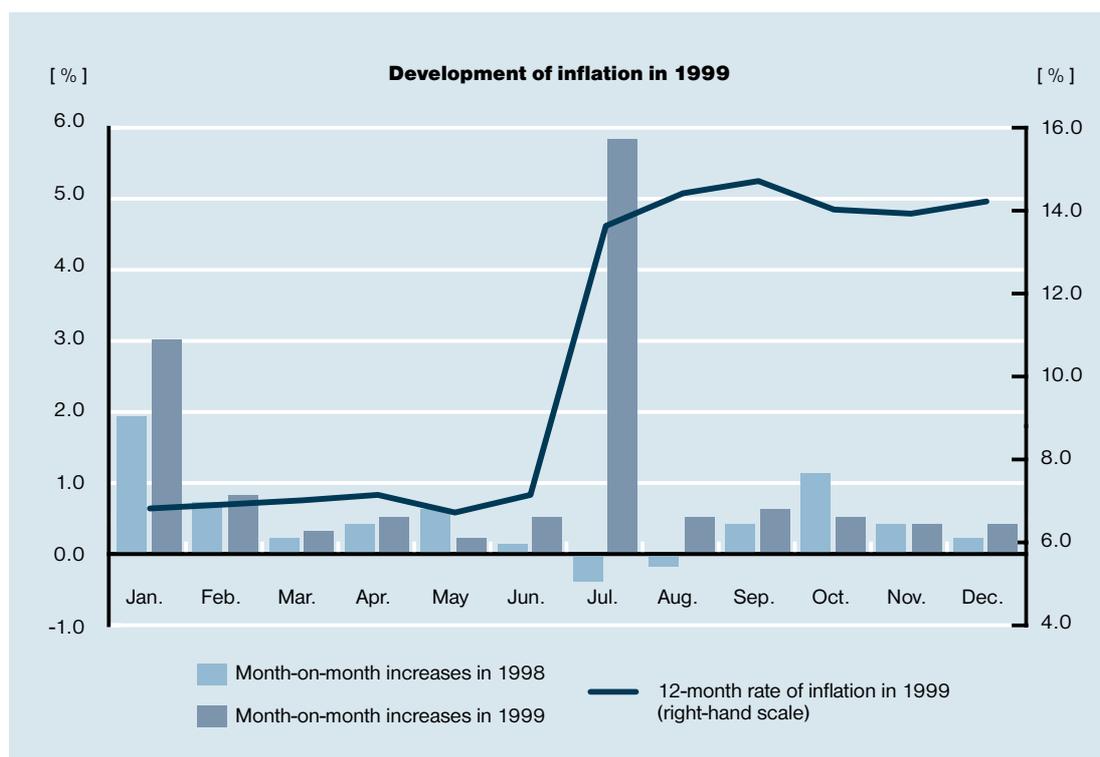
The average nominal wage in the Slovak economy reached Sk 10,728 in 1999. It increased year-on-year by 7.2%, but its rate of growth slowed by 2.4 percentage points compared with 1998. The level of real wages recorded a fall of 3.1%, for the first time since 1993.

A positive phenomenon, which is to a certain extent a reflection of an improvement in the competitiveness of the Slovak economy, was an increase in labour productivity based on real GDP, which increased year-on-year by 4.2% per employee in the Slovak economy.

At the end of December 1999, the absolute number of registered unemployed reached 535.2 thousand, 25% more than a year earlier. The rate of unemployment, calculated on the disposable number of registered unemployed, stood at 19.2% at the end of the year.

1.1. Price Development

In 1999, the increase in the general price level accelerated in comparison with 1998. The 12-month rate of inflation, expressed in terms of the consumer price index, reached 14.2% at the end of December, which was in line with the Revised Monetary Programme of the NBS for 1999 (13.5 to 15.5% at year-end). In 1999, the average annual rate of price inflation stood at 10.6%.



The acceleration in the year-on-year increase in consumer prices in 1999, was due primarily to the presence of external and internal cost factors. The effects of these factors were reflected in all sectors according to the structural breakdown of the consumer basket, which led to increases in their inflation rates in comparison with the previous year.

Apart from the adjustments to regulated prices, the price increase was also affected by the introduction of a surcharge on imports (7% as of 1 June 1999), adjustments to value added tax rates and excise duties on hydrocarbon fuels and tobacco, and by the exchange rate of the Slovak crown. After the adjustments to energy prices in January and July, the running expenses of households related to dwelling increased. This led to a slowdown in the rate of growth in consumer demand, which acted as a brake on the rise in price levels.

Of the total increase in consumer prices (14.2%), net inflation, i.e. share of market services and tradable goods (excluding foods) in total inflation, accounted for 6.06 percentage points and reached a value immediately above

the lower limit of the projected interval (6.0 to 7.5 percentage points). Administrative adjustments to regulated prices were responsible for 6.87 percentage points of the total increase in consumer prices and food prices (excluding non-alcoholic beverages) for 1.26 percentage points. Despite a faster rate of increase than in 1998, food prices remained a factor with a stabilising effect on the development of consumer prices in 1999.

Net Inflation

Over the course of the year, the value of net inflation followed an upward trend and culminated at the end of the third quarter. It rose from 3.44 percentage points in January to 6.21 percentage points in September. After that period, the level of net inflation fell slightly. By the end of the year, however, it had almost doubled in comparison with the previous year. During 1999, the rate of net inflation was influenced significantly by cost factors, while domestic demand remained low and acted as a brake on the price increase.

The most significant external factor that affected the dynamics of consumer prices was the marked rise in oil prices on world markets, which was reflected directly in fuel prices. Net inflation was also affected by exchange rate developments during the year. From the beginning of January to May, the exchange rate of the Slovak crown depreciated, and thus affected the rate of increase in the prices of tradable goods. In June, however, the downward trend in the exchange rate changed into a trend of appreciation, which had an anti-inflationary effect and partly offset the effects of other factors. The internal cost factors, which affected the price increase, included the administrative measures of the Government of the SR. Those directly affecting the level of net inflation included the import surcharge and the adjustments to indirect taxes. The adjustments to excise duties on hydrocarbon fuels on two occasions and the rise in oil prices during the year caused the level

of fuel prices to increase by 35% in 1999. Adjustments to regulated prices (mainly energy prices) eventually led to an increase in dynamics of prices in the sector of market services.

Food Prices

Food prices (excluding non-alcoholic beverages) recorded a year-on-year increase of 4.8% in 1999. This increase was only slightly higher than the figure a year earlier (4.6%), but the development of food prices followed a different course over the year. During the first two quarters, food prices increased at a slower rate than a year earlier. They rose during this period by only 0.2% (compared with 5.4% during the same period in 1998). On a year-on-year basis, they fell by 0.6 percentage points. The slowdown in the dynamics of food prices during

Development of consumer prices by sector

Increase in consumer prices in % since previous December (contribution to the 12-month rate of overall inflation in % points)^{1/}	Const. weight in %	December 1998	December 1999	Change in % points
TOTAL	100.0	5.6	14.2	8.6
Tradable sector	66.9	5.2	7.6	2.4
		(3.45)	(5.00)	(1.55)
<i>of which:</i>				
Food prices	26.8	4.6	4.8	0.2
		(1.19)	(1.26)	(0.07)
Prices of other goods	40.2	5.6	9.3	3.7
		(2.26)	(3.74)	(1.48)
Non-tradable sector	33.1	6.5	27.1	20.6
		(2.17)	(9.19)	(7.02)
<i>of which:</i>				
Regulated prices	17.8	6.3	38.2	31.9
		(1.13)	(6.87)	(5.74)
Prices of market services	15.2	6.6	14.6	8.0
		(1.05)	(2.32)	(1.27)
Net inflation^{2/}	55.4	5.9	10.8	4.9
		(3.30)	(6.06)	(2.76)
Non-regulated prices^{3/}	82.2	5.5	8.9	3.4
		(4.50)	(7.31)	(2.81)

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

2/ Other goods and market services

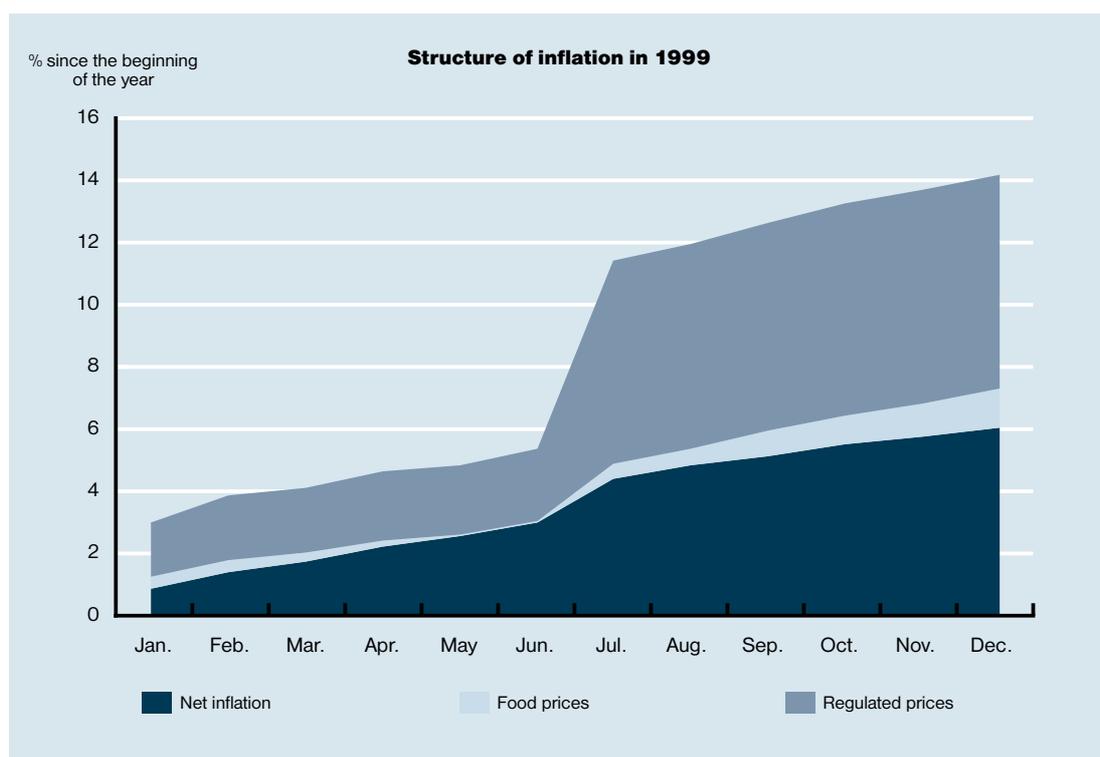
3/ Total excluding regulated prices

the first half of the year, was due to a fall in meat prices and a slight increase in the prices of milk and milk products. A substantial part of the year-on-year increase can, however, be attributed to the change in the lower rate of value added tax from 6% to 10% as of 1 July 1999, so that food prices recorded a month-on-month increase of 1.8%, instead of the characteristic seasonal fall. This administrative measure offset the effects of slower development in food prices during the first six months of the year. During the following months, their development followed virtually the same course as in previous years. After the effects of changes in value added tax rates had been eliminated, food prices increased year-on-year by only 1.3%. The slow increase in food prices was also affected by the development of producer prices, when the average prices of agricultural products fell by 1.8% in 1999.

Regulated Prices

In accordance with the measures adopted by the Government for the solution to the problems of macroeconomic imbalances and the low

competitiveness of the Slovak economy, the process of making adjustments to regulated prices accelerated at the beginning of 1999. The items of the consumer basket, the prices of which were regulated in 1999, recorded a year-on-year increase of 38.2% in December 1999. In comparison with the previous year, when regulated prices made the most significant contribution to the slow rate of increase in consumer prices, they became a factor determining the rise in inflation in 1999. Adjustments to regulated prices were made in two stages (1 January 1999 and 1 July 1999). In January, increases were recorded in the prices of electricity (38.4%); heat energy (21.2%); water supply and sewage disposal (20.0%); and postal services (27.6%). In February, prices were increased in railway (25.6%) and bus transport (21.3%). The persistence of macroeconomic imbalances necessitated further administrative measures in July. Adjustments were again made to the prices of electricity (an increase of 38.8%), heat energy (45.0%), and water (3.8%). In addition, prices were increased in gas supply (53.8%) and telecommunications services (24.0%). As a result of large-scale adjustments, the share of regulated prices in the 12-month



rate of total inflation reached almost 50%. The increase in energy prices during the year not only affected the sectoral inflation of regulated prices, but also generated indirectly a gradual rise in prices in other sectors, especially in market services.

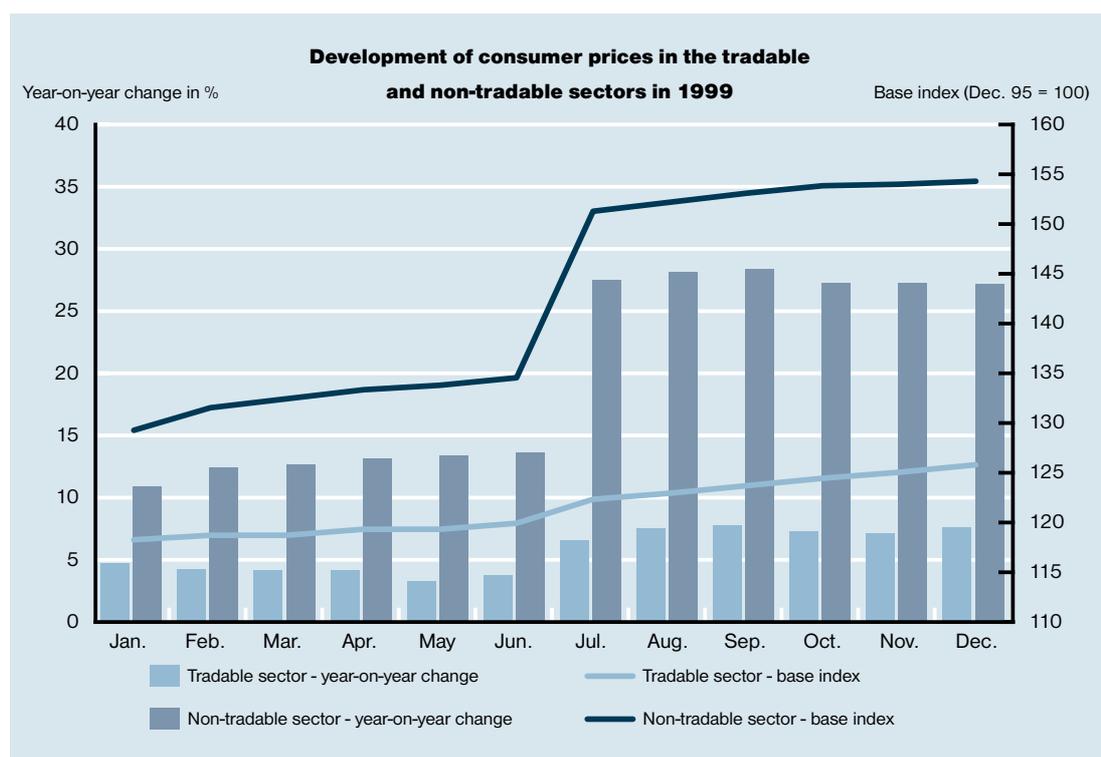
Price Development in the Tradable and Non-Tradable Sectors

According to the structure of the consumer basket by sector, the rate of inflation in the non-tradable sector reached 27.1%, well exceeding the figure for the tradable sector (7.6%). The differences between the sectoral rates of inflation (so-called 'dual inflation') deepened under the influence of large-scale administrative price adjustments. Although the weight of the non-tradable sector in the consumer basket is only 33.1% (in base weights), this sector accounted for nearly 65% of total inflation in 1999.

Prices in the tradable sector increased by 7.6%, which represented an acceleration of

2.4 percentage points in comparison with the increase a year earlier. The rate of year-on-year increase in prices in this sector slowed during the first five months of the year due to a downward trend in food prices. On the other hand, exchange rate development had an upward effect on the prices of other tradable goods, which was reflected in their accelerated dynamics of month-on-month increase in comparison with the previous year. The slowdown in the rate of price increase in the tradable sector came to a halt in June, when the rate of growth in this sector increased after the introduction of the import surcharge and the change in the lower limit for VAT rates. A factor that had a stabilising effect on the level of prices in the tradable sector, was the low demand for goods of non-food nature in particular. This resulted from a fall in real wages during the second half of the year and the subsequent slowdown in the rate of year-on-year growth in receipts from retail sales. Due to the extent of cost factors, the low level of consumer demand did not lead to a fall in prices.

The higher dynamics of inflation in the non-tradable sector was caused by the increased



rates of inflation in both sectors (regulated prices and market services). The year-on-year increase accelerated steeply in the months when the adjustments to regulated prices were made. The steepest increases in the prices of services also took place in these months. The weak competition in the sector of market services allowed companies to transfer the increased costs of their services directly to prices.

Producer Prices

The increase in the prices of fuels (mainly oil), the import surcharge, and the administrative measures of the Government, were the main factors that affected the development of producer prices in 1999. They caused the dynamics of increase in industrial producer prices and price of construction work to accelerate. A slowdown in the dynamics of increase was recorded in the prices of building materials, while the prices of agricultural products showed a sharper year-on-year fall than in 1998.

Though commodity prices (mainly oil) followed a favourable trend on world markets in 1998, oil prices rose steeply throughout the world in 1999, as a result of the restriction on oil supplies. The continued rise in oil prices, coupled with measures taken by the Government to increase excise duties and adjustments to the regulated prices of electrical and heat energy, were the main factors that accelerated the rate of increase in industrial producer prices, particularly during the second half of the year. The rise in oil prices was mirrored in the costs of

producers and subsequently in output prices, particularly in manufacturing sectors with a large share of oil refinery products (coke production and oil refining). Of the other sectors in manufacturing, marked year-on-year increases were recorded in the prices of transport equipment (9.1%) and other industrial products (9.7%). Outside the manufacturing industry, a year-on-year increase was recorded in the prices of electricity, gas, hot water and steam (6.0%). The increase took place mainly in the second half of the year due to an increase in the maximum price of electrical energy for entrepreneurs. The prices of basic metals and finished metal products, which have the largest weight in the structure of industrial producer prices, remained below the level of last year (after a fall of 0.6%) and thereby acted as a brake on the rise in industrial producer prices.

In the long term, the highest level and dynamics among producer prices were propped up by the price of construction work, which increased year-on-year by an average of 11.0%. The producer prices of materials and products used in construction rose by only 1.8%, which represented a marked slowdown in the rate of year-on-year increase (5.5 points).

On average, the prices of agricultural products were 1.8% lower than in 1998. This was due to a fall in prices in both animal and plant production. The excess of supply over demand persisted throughout the year, mainly on the grain market, which led to a fall of 4.9% in prices (cereals including corn). Marked price fluctuations during the year were recorded in the prices of potatoes and fruit.

Development of consumer and producer prices

Average annual price index same period of last year = 100	1995	1996	1997	1998	1999
Consumer prices	109.9	105.8	106.1	106.7	110.6
Industrial producer prices	109.0	104.1	104.5	103.3	103.8
Prices of construction work	112.0	115.0	109.7	108.9	111.0
Building material prices	112.2	107.4	107.6	107.3	101.8
Prices of agricultural products	103.3	105.4	105.6	99.7	98.2
GDP deflator	109.7	104.5	106.6	105.1	106.6

The prices of animal products fell by 1.2%, due primarily to a fall in the prices of animals for slaughter (excluding poultry), especially pigs for slaughter, as a consequence of pork imports. The average prices of poultry and eggs also fell in 1999.

GDP Deflator

The development of the GDP deflator was affected by the accelerated dynamics of consumer and producer prices. The deflator increased by 6.6% (in 1998 by 5.1%) on a year-on-year basis. The most significant increases were recorded in the deflator of final household consumption (9.3%) and the formation of gross fixed capital (7.6%).

1.2. Gross Domestic Product

In 1999, gross domestic product was influenced by two major factors, the first of which was the effect of unbalanced economic development in previous years and the second was represented by the measures adopted by the Government for the elimination of macroeconomic imbalances and the stabilisation of the economy. The effects of the above factors led to a slowdown in the pace of economic growth and to changes in its structure. The slowdown in GDP creation was due primarily to a deceleration in the rate of growth in added value in market services and a sharp decline in

the creation of added value in construction. With regard to the utilisation of GDP, the slowdown in GDP growth was due mainly to a fall in domestic demand, caused by a pronounced decline in gross fixed capital formation.

On the one hand, the gradual stabilisation of the economy resulted in a slowdown in the rates of growth in aggregate demand and aggregate supply, and on the other hand it led to a reduction in the deficit of trade and to a more balanced relationship between domestic demand and domestic supply. The relationship between the individual components of GDP was improved mainly by restricting domestic demand, which subsequently affected the level of domestic as well as foreign supply. The fall in domestic demand caused its share in aggregate demand to decrease to 58.8%. The share of domestic supply (created by GDP) in aggregate supply reached 58.5% and was 1.1 percentage points higher than in the previous year.

Aggregate Supply

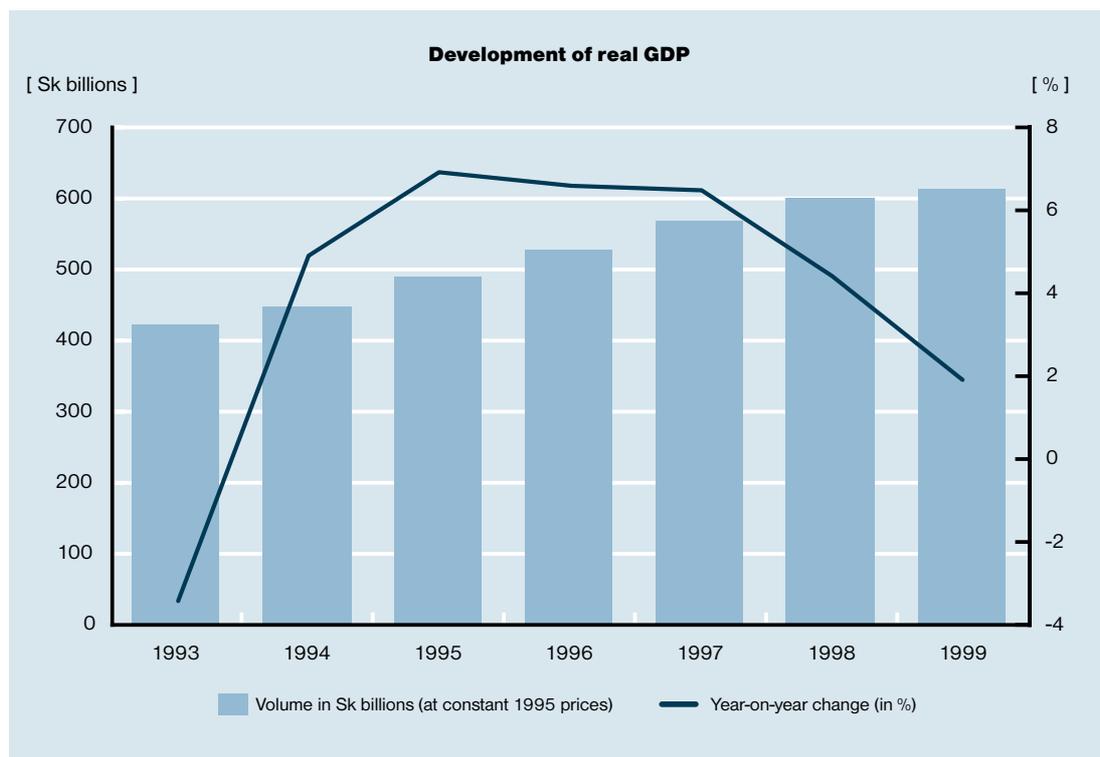
Substantial influence on GDP creation was exerted by the added value, which increased in real terms by 2.1% in 1999, while gross production fell by 1.0% and intermediary consumption by 2.9%.

The data in the table indicate that the appreciation of material, labour, and capital inputs in the production of goods and services improved in 1999. This is documented by the

Development of aggregate demand and supply

	Sk billions ^{1/}			Share in %		
	1997	1998	1999	1997	1998	1999
Aggregate supply	1,002.2	1,067.8	1,068.3	100.0	100.0	100.0
Domestic supply (GDP)	586.8	612.7	624.5	58.6	57.4	58.5
Foreign supply (imports of goods and services)	415.4	455.1	443.8	41.4	42.6	41.5
Aggregate demand	1,002.2	1,067.8	1,068.3	100.0	100.0	100.0
Domestic demand	631.2	656.9	628.6	63.0	61.5	58.8
Foreign demand (exports of goods and services)	371.0	410.9	439.7	37.0	38.5	41.2

1/ Constant 1995 prices



share of intermediary consumption in gross production, which reached 60.4% at constant prices (compared with 61.6% in 1998). The largest share of intermediary consumption in gross output was recorded in the sectors of market products (agriculture, industry, construction), which can be attributed to the modest number of sophisticated products in industrial production.

The creation of added value by sector underwent numerous changes in 1999, due to the development of domestic as well as foreign demand. A significantly accelerated increase in added value was recorded only in industry, due mainly to a dynamic growth in electricity, gas, and water supply, and in mining and quarrying.

Agriculture also recorded an increase in the creation of added value. In market services, added value increased at a slower rate than in 1998, due to slower growth in GDP. The sharpest fall in added value took place in the construction sector (30.4%) as a result of a marked decline in demand for construction work. The creation of added value also fell behind in non-market services.

Agriculture

Agriculture contributed 88.9% to the creation of added value in the sector of agriculture and fishery. In 1999, added value was created in

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

	1997	1998	1999	Index 1998/97	Index 1999/98
Gross output	1,458.9	1,511.5	1,496.2	103.6	99.0
Intermediate consumption	904.8	931.4	904.1	102.9	97.1
Added value	554.1	580.1	592.1	104.7	102.1
Other ^{1/}	32.7	32.6	32.4	99.9	99.3
GDP	586.8	612.7	624.5	104.4	101.9

1/ Value added tax, tax on imports, imputed production of banking services

Breakdown of gross domestic product by sector (Sk billions, const. 1995 prices)

	1997	1998	1999	Index 1998/97	Index 1999/98
GDP	586.8	612.7	624.5	104.4	101.9
Agriculture	28.8	28.5	30.4	99.1	106.6
Industry	171.0	172.5	186.1	100.9	107.9
of which: Manufacturing	143.1	149.9	153.5	104.8	102.4
Construction	27.3	25.3	17.6	92.6	69.6
Market services	252.4	275.6	280.8	109.2	101.9
of which: Trade	126.7	133.5	133.1	105.4	99.6
Transport	33.8	36.6	35.9	108.4	98.0
Non-market services	74.6	78.2	77.0	104.8	98.5
Other ^{1/}	32.7	32.6	32.4	99.9	99.3

1/ Value added tax, tax on imports, imputed production of banking services

agriculture in the amount of Sk 27.1 billion, representing a year-on-year increase of 5.1% at constant prices. The share of agriculture in the creation of GDP remained virtually unchanged (4.3%).

Proceeds from the sale of agricultural products increased at constant prices by 2.0%. This was due primarily to an increase of 11.8% in proceeds from plant produce. Proceeds from the sale of animal products fell by 2.5% compared with the figure for the previous year. In terms of volume, sales of oil-seed crops increased by 58.2%. Sales of other commodities recorded only a slight increase, while the sale of potatoes fell year-on-year by 16.1%.

Crops of cereals (except maize), oil-plants, and vegetables recorded a marked year-on-year decline in 1999. The sharpest fall took place in the production of wheat, barley, and potatoes. The decline in crops was due to the use of smaller crop areas, the extremely wet weather, floods, saturation of the soil at sowing-time, the reduced quality of seeds, and to the limited use of industrial fertilisers and chemical protection. A year-on-year decline was also recorded in the production and sale of all types of animal products, with the exception of poultry. However, the decline in animal production recorded a certain slowdown in 1999, compared with the previous year.

According to preliminary data, the agricultural sector suffered a loss of roughly Sk 2 billion in 1999, with more than 40% of the agricultural organisations ending the year with a loss. On a year-on-year basis, the financial performance of the sector deteriorated by more than Sk 650 million. The persistently unfavourable economic position of agricultural companies was due to several factors. One of these factors was the increased cost of sowing resulting from the extremely unfavourable weather conditions. Over the last ten years, the budgetary performance of agricultural companies has been negatively affected by the continued 'opening of the gap' between input and output prices to the detriment of the sector, which drains, according to the estimates of the Ministry of Agriculture, Sk 1.3 to 1.5 billion from the sector every year. In comparison with 1998, the prices of agricultural products fell by an average of 1.8%, while input prices continued to rise.

The unfavourable weather conditions and the lack of financial resources led to lower output in all important plants and continued decrease in the number of farm animals, which negatively effected the proceeds and financial results of companies.

The balance of foreign trade in agricultural products used for food processing resulted in a deficit of Sk 15.2 billion, which was roughly at the level of the previous year. Of this volume, the

so-called essential commodities (according to preliminary data from the Ministry of Industry of the SR) accounted for 41%, i.e. Sk 6.25 billion. The following goods had a considerable share in the imports of essential commodities: dairy products, alcoholic beverages, fruit from the Mediterranean zone, as well as traditional Slovak goods such as cabbage, vegetables, and potatoes. The imports of beef and live pigs significantly exceeded their exports (as in 1998). The best results were recorded in the exports of cheese, oil-plants, and malt.

Industry

Industrial production in 1999, expressed in terms of the index of industrial production, was 3.4% lower than in 1998. The development of this index was most affected by a marked fall in the first quarter (8.0%), which was gradually eliminated, and the growth in industrial production was restored as early as the 4th quarter (1.0%).

The index of industrial production is based on the statistics of industrial production and is an index of physical volume. Its calculation is based on changes in the volumes of selected products and on a two-stage weight system. The index expresses a change in industrial production in a certain month in relation to the average month of a base year. The base period of the index of industrial production for 1999 is the average month in 1998.

The decline in industrial production during 1999 was due to a fall in output in manufacturing (5.3%), while the output of mining, quarrying, and electricity, gas, and water supply increased. In manufacturing, the sharpest decline was recorded in the manufacture of rubber and plastic products, wood-working, and in the metal-working industry. Production exceeded the level of 1998 only in paper manufacturing industry, including printing and publishing, tanning and leather industry, and in the

manufacture of transport equipment. A slight increase in output was also recorded in the processing of foods, beverages, and tobacco.

The situation in industry may also be evaluated on the basis of receipts from industrial activity. Receipts from industrial activity, unlike industrial production, increased during the whole year. In 1999, it grew year-on-year by an average of 4.2%, due primarily to an increase in receipts from the supply of electricity, gas, and water (11.5%). Increased receipts were also recorded in manufacturing (3.8%), due to growth in receipts from the leather industry and the wood-working industry.

Construction

The trend of decline in construction, which started in September 1998, continued in 1999 with a moderate slowdown in the rate of decline at the end of the year. In terms of volume, the output of the construction sector reached only 82% of the figure for the previous year, as a result of a fall in the volume of new construction projects, reconstruction, modernisation, and a downturn in domestic and foreign production. A survey in the construction sector has revealed that the main barriers to growth in production were the difficulty in obtaining bank loans, their high cost, and the low demand for construction work.

The decline in construction output had an unfavourable effect on the development of added value in the sector. The creation of added value in construction has been on the decline since 1997; in 1999, the level of added value fell at constant prices by almost a third on a year-on-year basis. Subsequently, the share of the sector in GDP decreased from 4.1% in 1998 to 2.8% in 1999.

Services

The share of services in GDP creation recorded, for the first time since 1995, a year-on-year decrease (0.5% points). Market services reached an actual year-on-year increase of 1.9% in added value and the volume of added value in non-market services fell year-on-year by 1.5% at constant prices. Despite a slight fall, the largest share in GDP creation was maintained by the retail trade.

Receipts from retail sales increased by 5.4% at constant prices. The rate of growth was 2.8 points slower than in 1998. The slowdown in the dynamics of growth took place during the second half of the year after the introduction of government measures. Marked increases were recorded in proceeds from the sale of motor vehicles, fuels, pharmaceuticals, and cosmetics. The increase in proceeds from the sale of fuels was to a considerable extent influenced by the rise in fuel prices. A year-on-year decrease in receipts (roughly 3%) was recorded in retail trade in foodstuffs, which was due to a fall in real wages and employment. The reduced purchasing power of households was documented by a dynamic year-on-year growth in proceeds from the sale of second-hand goods.

Receipts from hotel services and tourism were 10% higher (at current prices) than in 1998. A marked fall in receipts (almost 20%) was recorded in hotels and restaurants.

Transport organisations reported a year-on-year increase of 8.4% in receipts (at current prices). Receipts from freight transport grew by 7.4% compared with 1998 and represented more than 75% of total income. An increase in receipts was recorded mainly in road freight transport. The downturn in economic performance was reflected in the continued year-on-year decline in the volume of transported goods (by more than 11%). Despite the persistent decrease in the number of passengers (3.5%), income from passenger

transport grew by 12.1%, due mainly to an increase in fares.

In postal and telecommunications services, receipts increased by 15.2% (at current prices) in comparison with 1998. More than 85% of total receipts came from telecommunications services. The increase in number of telephone and mobile phones continued (by 9.1% and 34.1% respectively). In postal services, the most dynamic growth was recorded in Express Mail Service and in banking services at the Postal Bank.

Receipts from other market services (at constant prices) remained virtually unchanged in 1999. The most dynamic year-on-year growth in receipts took place in services specialising in the lease of machines, cars, and equipment; software consulting; inspection and security services, and business consulting. In comparison with the previous year, a marked fall was recorded in architects' services, computerised data processing, geological surveying, and other services.

Wages and labour productivity

According to data from the Statistical Office of the SR, the average nominal monthly wage of employees in the Slovak economy reached Sk 10,728 in 1999, representing a year-on-year increase of 7.2%, which was spread evenly over the four quarters.

The dynamics of nominal wages slowed by 2.4 percentage points compared with 1998. Smaller increases were recorded in all sectors of the economy except hotels and restaurants; construction saw a fall in nominal wages. The lowest increases in average nominal wages took place in sectors financed or subsidised from the State budget - health service (0.1%) and education (2.6%). Wages in public administration, defence, and compulsory social insurance increased by 5.2%. In the business

Development of real wages (index: same period of last year = 100)

	1997				1998				1999			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Average monthly												
nominal wage	114.9	114.5	113.2	110.8	110.8	110.4	108.8	108.4	107.2	107.4	107.3	107.3
Average monthly												
real wage	108.4	107.7	106.8	104.3	103.3	102.8	102.4	102.4	100.3	100.5	94.0	94.1

sector, the lowest increase was recorded in banking and insurance (3.5%).

The level of real wages in the Slovak economy as a whole fell by 3.1% (for the first time since 1993). The fall in real wages in 1999 was caused by a slowdown in the rate of growth in nominal wages coupled with faster increase in average consumer prices, the dynamics of which accelerated year-on-year by 3.9 percentage points.

A positive development was the growth in labour productivity in relation to real GDP. Labour productivity per employee increased year-on-year by 4.2%, while the dynamics of growth slowed by 0.7 percentage points. On the one hand, the development of labour productivity was influenced by the slower dynamics of growth in real GDP, and on the other hand by the accelerated fall in employment (from 0.4% in 1998 to 2.2% in 1999).

The growth in labour productivity, accompanied by a fall in real wages, led to an increase in excess of growth in labour productivity over rise in real wages, from 2.2 percentage points in 1998 to 7.3 percentage points in 1999. This was most apparent in the 4th quarter, when labour productivity increased by 5.4% and real wages fell by 5.9%.

The fall in employment at a time of growth in GDP signified reduction in overemployment. This fact was positively reflected in the improved budgetary performance of organisations and created conditions for an increase in the competitiveness of the Slovak economy. On the other hand, the sharp fall in employment and the inadequate promotion of job creation led to an increase in the rate of unemployment.

Employment and Unemployment

The labour market in the SR was, as in 1998, characterised by a fall in demand for labour. This led to a marked fall in employment and a high rate of unemployment. In 1999, the average number of employees in the Slovak economy was 1,988.2 thousand, i.e. almost 44 thousand (2.2%) less than a year earlier.

The fall in employment culminated in the 4th quarter, when it fell year-on-year by 2.9%, i.e. 58.6 thousand persons (the sharpest fall since the 1st quarter of 1994).

The fall in employment was caused by a decrease in the number of jobs in most sectors. The greatest fall in employment was recorded in agriculture (14.0%) and construction

Development of labour productivity, wages and employment in the national economy

		Index (same period of last year = 100)						
		1993	1994	1995	1996	1997	1998	1999
Labour productivity in GDP	curr. p.	111.7	121.5	114.8	110.5	113.3	110.2	111.0
per employee	con.p. ^{1/}	96.3	106.8	104.6	105.7	106.3	104.9	104.2
Average monthly wage	nom.	118.4	117.0	114.3	113.3	113.1	109.6	107.2
per employee	real	96.4	103.2	104.0	107.1	106.6	102.7	96.9
Total number of employees		99.9	98.2	102.2	100.8	100.2	99.6	97.8

1/ Constant prices: average of 1995 = 100

(9.5%). In the key production sectors of the economy (industry, construction, and agriculture), the number of employees decreased by as many as 54.8 thousand. On the other hand, only 17.5 thousand new jobs were created (predominantly in trade, maintenance, and hotel and restaurant services).

The fall in employment was reflected in the rate of unemployment. At the end of December, the absolute number of registered unemployed (according to the National Labour Office) reached 535.2 thousand, i.e. 25% more than in the same period a year earlier. The rate of unemployment, calculated from the disposable number of registered unemployed, stood at 19.2% at the end of 1999.

On average, the number of registered unemployed increased year-on-year by 105.7 thousand in 1999. The steepest increase was recorded in July and August, when the number of unemployed exceeded 500 thousand.

Unemployment rates continued to show big differences by region. The difference between the highest (Rimavská Sobota - 37.4%) and the lowest rate of unemployment (Bratislava IV - 4.2%) was more than 33 percentage points in December. The number of districts with unemployment above 20%, increased from 25 in 1998 to 39 in 1999. In 10 districts, the rate of unemployment exceeded 30%.

Problems with restructuring in the microsphere led to failure to create a sufficient number of new jobs. As a result, the number of vacancies decreased from 11,167 in January to 5,709 in December. Thus, the average number of unemployed per vacancy increased from 41 to 94 in the Slovak economy. However, regions with the highest unemployment rates produced much worse results.

In 1999, the negative development in employment was influenced by the following factors:

- a record fall in employment in connection with the fall in over-employment, the liquidation of ineffective entrepreneurial entities, and the unsatisfactory state of undercapitalised and unconsolidated companies;
- inadequate promotion of job creation;
- demographic development leading to an accelerated increase in the number of economically active persons on the labour market (the 70's generation);
- the applied system of social insurance and unemployment benefits, which fails to motivate people enough to become officially employed, instead of doing 'black work'.

The fall in employment and the steep increase in the number of unemployed were reflected in the expenditures of the National Labour Office.

According to preliminary data from the National Labour Office, expenditure on unemployment benefits for registered unemployed increased year-on-year by 35.9% (to Sk 5.3 billion) and transfers for health, sickness, and pension insurance for job applicants receiving unemployment benefits by 25.0% (to Sk 1.95 billion). On the other hand, expenditure on promoting job creation fell, due to a shortage of resources, by 79.2% (to Sk 0.47 billion) and accounted for only 6.1% of total spending.

In connection with the growth and structure of unemployment, which was dominated by long-term unemployment, a steep increase was also recorded in social benefits and assistance, which increased year-on-year by 39.1% and reached Sk 15.67 billion.

With its size, structure (increase in long-term unemployment among the unskilled), territorial concentration, and effect on the expenditure side of the State budget, unemployment has become a serious economic and social problem in the SR in recent years.

Aggregate Demand

A substantial change in the development of aggregate demand in 1999, was the fact that its growth was due exclusively to the export of goods and services.

Net Exports

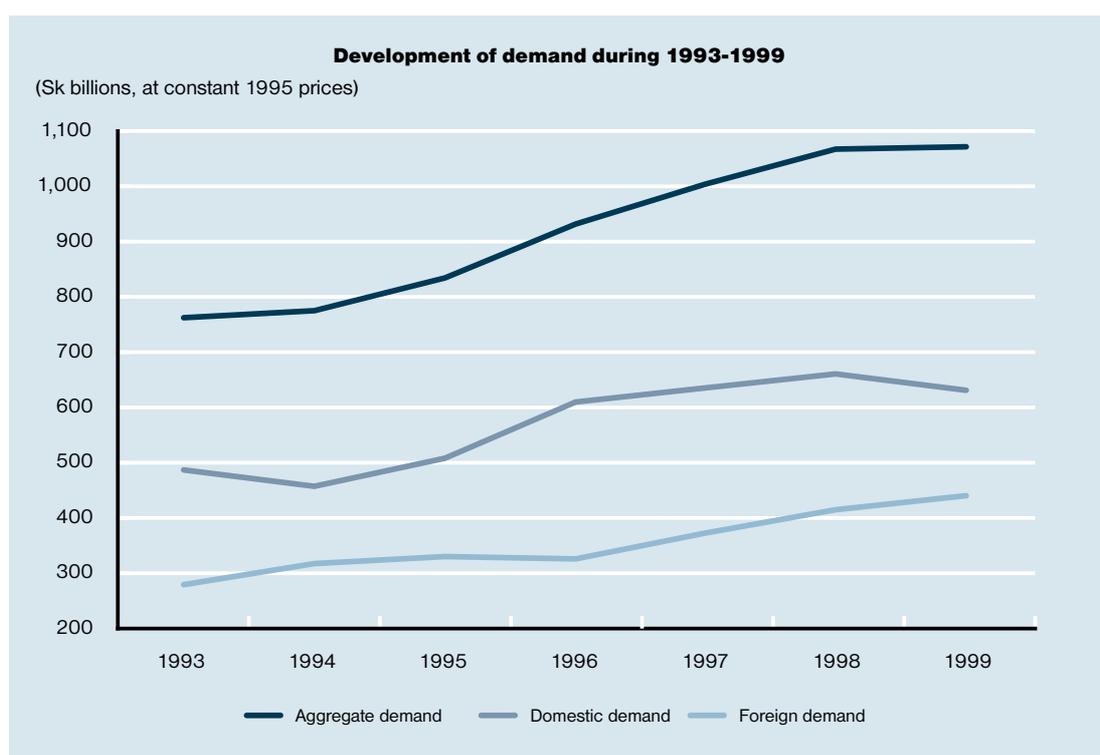
In 1999, the export of goods and services was a crucial factor, stimulating the Slovak economy. Its growth (7.0% at constant prices) was connected, among other factors, with the relatively favourable development of foreign demand in the European Union and the Czech Republic, which are among our main trading partners. In the structure of commodity exports, there was a certain shift towards commodities with higher added values – machines, instruments, electrical appliances, sound and video recording equipment, vehicles, aircraft, boats, transport equipment, and mineral products.

The imports of goods and services fell year-on-year by 2.5% at constant prices, due to the slack domestic demand for consumer goods and investments, which was multiplied by the introduction of a surcharge on imports in June 1999. The fall in the volume of exports took place mostly in vehicles, aeroplanes, vessels, transport equipment, base metals and articles of base metals.

The growth in exports and fall in imports led to a marked reduction in the deficit of trade in goods and services. Compared with the previous year, the size of the deficit diminished by Sk 40.1 billion, to Sk -4.1 billion at constant prices, which represented -0.7% of GDP.

Domestic Demand

After a long period of growth, domestic demand recorded a year-on-year decline of 4.3% at constant prices (for the first time since 1994). It started to fall at the beginning of the year and continued with a sharper downturn during the second half. The structure of



domestic demand in the individual quarters indicates that its development was affected by several factors. The decline in domestic demand was due mainly to a sharp downturn in gross capital formation, with a steeper fall during the second half of the month. During this period, the final consumption of households also recorded a fall, which caused the rate of annual growth to slow considerably.

The downturn in gross fixed capital formation reached 18.2%. This led to a year-on-year slowdown of 8.1% points in the actual rate of fixed investment, to 32.9%. The rate of gross investment reached 31.2% at constant prices, but was lower than the rate of fixed investment due to a fall in the volume of stocks

(Sk 10.6 billion). In relation to the level of domestic savings, the rate of investment achieved may be regarded as sustainable, reducing demands on the financing of investments from savings abroad.

The decline in investment demand was reflected in the volumes of investment in machinery and construction, which fell year-on-year by 11% and 16% respectively. In the category 'machinery and equipment', growth was recorded in the acquisition of transport vehicles, furniture and office equipment, small and other low-value tangible fixed assets. Investment in machines, instruments, and equipment showed an unfavourable tendency, falling in volume by almost 16%.

Structure of GDP in terms of utilisation (Sk billions, const. 1995 prices)

	1997	1998	1999	index 1998/97	index 1999/98
Gross domestic product	586.8	612.7	624.5	104.4	101.9
Domestic demand	631.2	656.9	628.6	104.1	95.7
of which: Final consumption in total	417.2	431.8	433.7	103.5	100.4
Households	287.1	301.3	302.7	104.9	100.5
Non-profit institutions serving households	2.4	2.6	2.7	108.3	103.8
Government	127.7	127.9	128.3	100.2	100.3
Gross capital formation	214.0	225.1	194.9	105.2	86.6
Gross fixed capital formation	226.4	251.2	205.5	111.0	81.8
Change in stocks	-12.4	-26.1	-10.6	-	-
Net exports	-44.4	-44.2	-4.1	-	-
Exports of goods and services	371.0	410.9	439.7	110.8	107.0
Imports of goods and services	415.4	455.1	443.8	109.6	97.5

Development of investments and savings (in %)

	1997	1998	1999
Constant 1995 prices			
Savings rate ^{1/}	28.9	29.5	30.6
Rate of gross investment ^{2/}	36.5	36.7	31.2
Rate of fixed investment ^{3/}	38.6	41.0	32.9
Coverage of investments by savings ^{4/}	79.3	80.4	97.9
Current prices			
Savings rate ^{1/}	28.4	28.2	28.7
Rate of gross investment ^{2/}	38.7	39.4	33.8
Rate of fixed investment ^{3/}	38.6	40.8	33.0
Coverage of investments by savings ^{4/}	73.3	71.7	84.9

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.

With regard to the structure of investments by sector, the sharpest fall was recorded in the investment demand of non-financial organisations, which accounted for 66.1% (70.3% in 1998) of the total volume of investment. In non-financial organisations with 20 or more employees, investment fell in almost all sectors with the exception of manufacturing and trade. Investment in manufacturing increased only slightly (by 1.8%, at current prices), while significant growth was recorded in investment in the manufacture of transport equipment, electrical and optical equipment, other non-metal mineral products, and in the production of rubber and plastic goods.

The downturn in investment by non-financial organisations was linked with the complicated financial situation in the corporate sector and the worsened conditions for obtaining domestic and foreign loans. This fact was reflected mainly in the volume of investment in large companies (with 1,000 or more employees), which fell year-on-year by 29% at current prices, and in medium-sized companies (with 50 to 249 and 250 to 499 employees).

Investment demand in the government sector fell, according to data on investments, by 6.8% at current prices. This was due primarily to the restriction of government spending on infrastructure-related projects, which had been financed from foreign loans in previous years. A slight increase (roughly 3%) was recorded in investments in the financial sector, mainly in investment in buildings and premises. Investment in the household sector grew at the same rate.

The final consumption of government (expenditures on its operation and on public services) increased at constant prices by 0.3%. Due to the relatively small weight of the said increase in total expenditure, the final consumption of government was not a key factor in GDP growth.

Apart from investment demand, the fall in domestic demand reflected a reduction in

growth of final household consumption, which reached 0.5% and was 2.9 percentage points lower than in 1998. During 1999, household consumption followed an uneven course of development. During the first half of the year, the level increased by 2.7%, and during the second half, it fell by 1.7%. This development was connected with the level of employment, but mainly with the measures adopted by the Government to bring about economic recovery, which led to a marked fall in real wages during the second half of the year.

The reduced dynamics of nominal wages, accelerated rate of inflation, marked fall in employment, and the record increase in unemployment were reflected in the development and structure of household income and expenditure.

According to preliminary data from the Slovak Statistical Office, the current income of households increased year-on-year by 7.9% and current expenditure by 2.5% in 1999.

In 1999, the rate of year-on-year growth in current income was only 0.2% points faster than a year earlier. However, the dynamics of the basic components of income changed. Only the development of gross operating surplus (mixed income from employment and business including profit in the case of tradesmen) showed a more favourable performance than a year earlier, with a year-on-year increase of 15.7%, compared with a fall of 6.3% in 1998. The other components of income grew at a slower rate than a year earlier.

In absolute terms, the current income of households increased year-on-year by Sk 45 billion (compared with Sk 41 billion in 1998). The structure of the income, however, remained virtually unchanged. While bonuses to employees accounted for almost 58% of the increase in current income in 1998, their share decreased to 25.8% in 1999. On the other hand, the share of gross operating surplus, which reduced the increase in current income by

15,4% in 1998, rose to almost 33% in 1999. The proportion of income from property and business (interest, dividends, income from rented land, etc.) to the increase from current income, decreased from 20.5% to 13.0%. In relation to the rise in unemployment, the share of income from unemployment benefits and other social security benefits in the increase in current income, increased from 7.8% in 1998 to 13.1% in 1999.

Current expenditures of households (i.e. not intended for standard consumption, but for payments to other sectors) increased by 2.5% compared with 1998. In contrast with current income, the rate of growth in current expenditure was 10 percentage points slower in 1999 than a year earlier. The slowdown was reflected in all

basic components of expenditures. The development was most affected by a slowdown in the rate growth in unrequited current transfers, from 8.3% to 2.5%, and accounted for 88.5% of current expenditures. Payments to employment funds, pension funds, and sickness insurance (almost 70% of unilateral current transfers) paid by employers, employees, and others, recorded a slowdown in the rate of growth from 7.8% to 1.1% (from Sk 7.3 billion in 1998 to Sk 1.0 billion in absolute terms). Similarly, income tax paid by natural persons to the State budget (almost 20% of unrequited current transfers) recorded a slowdown in dynamics from 14.5% to 3.5% (from Sk 3.8 billion to Sk 1.0 billion). The slowdown in the rates of growth in both items was directly connected with the slowdown in the growth in earnings.

Income and expenditure of households (at current prices)

	1997		1998		1999	
	Sk billions	Index: p.y. = 100	Sk billions	Index: p.y. = 100	Sk billions	Index: p.y. = 100
Compensation of employees	302.2	111.5	325.8	107.8	337.4	103.5
of which: Gross wages and salaries	233.2	112.3	252.4	108.2	263.3	104.3
Gross operating surplus	100.6	113.2	94.3	93.7	109.1	115.7
Incomes from property and business	22.9	107.5	31.3	136.9	37.2	118.9
Accident insurance transactions	4.5	100.0	6.7	150.4	7.2	107.5
Unrequited current transfers received	98.3	110.9	111.1	113.1	123.3	110.9
of which: Pensions	52.5	-	58.5	111.4	63.5	108.7
Sickness insurance benefits	22.7	-	24.8	109.1	24.6	99.4
Unemployment benefits	2.8	-	3.9	140.1	5.3	135.9
Other social security benefits	10.5	-	12.6	120.3	17.1	135.7
Social security payments in total	88.5	111.7	99.8	112.7	110.5	110.7
Current income in total	528.3	111.4	569.2	107.7	614.2	107.9
Income from property and business	4.3	78.2	5.0	117.2	4.6	91.2
Accident insurance transactions	6.7	117.5	12.9	191.8	13.9	107.2
Unrequited current transfers paid	132.9	110.7	144.0	108.3	147.6	102.5
of which: Personal income tax to SB	25.6	125.5	29.4	114.5	30.4	103.5
Contributions to funds ^{1/}				107.8	101.3	101.1
Current expenses in total	144.0	109.0	162.0	112.5	166.1	102.5
Gross disposable income	384.4	112.0	407.2	105.9	448.1	110.0
Final household consumption	322.3	112.7	360.1	111.7	395.4	109.8
Gross savings of households	62.1	108.9	47.1	75.9	52.7	111.7
Rate of gross savings ^{2/}	16.16	-	11.57	-	11.76	-

1/ Social contributions paid by employers, employees, self-employed and free-lance persons, non-residents and others.

2/ Gross savings rate = gross savings of households / gross disposable income.

Note: Gross savings of households include (apart from cash, deposits, securities, etc.) expenses for which households purchased investments from own resources, including investments for the development of businesses and for the purchase or construction of family houses.

Financial Results of Organisations

A positive aspect of economic development in 1999, was the fact that the entrepreneurial sector achieved much better financial results than a year earlier. A marked improvement was recorded in the results of financial organisations, whose profit before tax increased from Sk 8.4 billion in 1998 to Sk 28.7 billion in 1999 and profitability reached 6.8% (compared with 2.3% in 1998). Favourable results were also recorded in non-financial organisations, which earned a total profit of Sk 47.1 billion (before tax), representing a year-on-year increase of Sk 25.5 billion.

The positive results of non-financial organisations were due mainly to an increase in profits in industry (more than 4 times), wholesale trade, retail trade, repair of motor vehicles, motorcycles, and consumer goods, real estate sector, leasing and business services, and research and development. The most serious losses were sustained in transport, warehousing, and postal and telecommunications services. Agriculture also continued to record a loss.

Positive financial results were also achieved in the processing industry, which consequently ceased to be a loss-making sector. Organisations in the processing industry earned a total profit of Sk 6.4 billion in 1999, whereas a year earlier they had produced a loss of Sk 5.2 billion. Financial results improved in almost all sectors of the processing industry, except for the manufacture of machinery and equipment, production of coke, refined oil products, and nuclear fuels, and the wood-working industry. The best performers were organisations specialising in the manufacture of transport means - their profits increased almost six times in 1999 compared with the figure for the previous year.

2. BALANCE OF PAYMENTS

2.1. Current Account

In respect of external relations, the year 1999 saw a partial change in the trend set in 1996, which consisted in an abrupt increase in domestic demand, satisfied from imports. After three years, when the current account deficit exceeded 10% of GDP, the rate of growth in domestic demand, and in imports, was successfully reduced following the adoption of economic measures for stabilisation. As a result of an improvement in the imbalance of foreign trade in goods and services, the current account deficit diminished year-on-year by Sk 30.0 billion, i.e. 40%, and its share of GDP decreased by 4.6 percentage points (to 5.8%) compared with the figure for 1998.

In 1999, the balance of payments on current account resulted, according to preliminary statistical data, in a deficit of Sk 44.8 billion, in connection with the unfavourable balance of trade (Sk 45.7 billion). Apart from the trade deficit, another shortfall was recorded in the income balance (Sk 12.5 billion). The balances of services and current transfers remained positive in 1999: they generated together a surplus of Sk 13.4 billion.

In 1999, according to preliminary data from the Statistical Office of the SR, Slovakia exported goods in the total amount of Sk 442.3 billion, i.e. 11.8% more than in 1998. The volume of imports reached Sk 468.0 billion, representing a year-on-year increase of 1.6%. Compared with the same period in 1998, the deficit of trade diminished by Sk 37.2 billion in absolute terms, to Sk 45.7 billion in 1999. With regard to the marked year-on-year depreciation in the crown, the factor of exchange rate development should be remembered when evaluating the performance of foreign trade. The fall in exports expressed in dollar (5.0%) and imports (13.5%) indicates that the improvement

in the trade balance was due primarily to a slowdown in the dynamics of imports.

The continued increase in the weight of trade in international business strengthened the orientation of foreign trade towards advanced countries. The share of Slovak exports to the EU in total exports increased to 59.5% and that of imports to 51.7%. In 1999, trade with EU countries underwent a significant year-on-year change, increasing from a deficit of Sk 20.7 billion to a surplus of Sk 9.1 billion. The change was due primarily to an improvement in the balance of trade with Germany, Italy, Austria, and France. Goods that substantially improved the balance included vehicles, clothes, and electrical machines and appliances.

The structure of Slovak exports, i.e. the increasing share of machines and transport means in total exports at the expense of exports intended for intermediary consumption, can be regarded as positive. The exports of machines and transport means increased year-on-year by 18%, i.e. Sk 25.6 billion, while imports grew in volume at a much slower rate in the category 'other commodities'. As a result, the share of goods in Category 7 - 'Machines and Transport Means' increased by 2.1 points, from 37.4% to 39.5%. The increase in the share of demanding markets and commodities with a higher degree of finish in total imports, indicates that export sectors underwent some structural changes. In this, a significant role was played by companies with foreign ownership interest, which provided assistance in increasing the quality of products and in their realisation on foreign markets. Companies with foreign capital participation continue to have potential for accelerating the pace of growth in Slovak exports. Further development of the trade balance will depend on whether joint ventures are joined by other domestic companies or not. The steepest increase was recorded in the category 'road vehicles' (Sk 9.4 billion), as in the previous year. Better results were also recorded in most sub-categories of machines and electrical equipment. Exports of electrical equipment,

instruments, and appliances increased in volume by Sk 6.4 billion; machinery and equipment used in industry by Sk 4.3 billion; office equipment by Sk 2.8 billion; machines for specific industries by Sk 1.7 billion, etc.

The revival of export was also reflected in category 8 - 'Industrial Products' (an increase of Sk 6.5 billion), which saw increased exports of clothes and shoes. The increase in the share of this group in total exports may be regarded as another contribution to the change in the structure of Slovak exports, from semi-finished products to goods with a higher added value.

As for imports, the year 1999 saw a visible slowdown in their dynamics, resulting in a year-on-year increase of 1.6%. The gradual decline in imports was due to a slowdown in the rate of growth in domestic demand, mainly for consumer goods and investment, and consequently for imports as well.

In Category 7 - 'Machinery and Transport Equipment', imports fell year-on-year by Sk 9 billion, due mainly to road vehicles and other transport means (railway wagons, aeroplanes, etc.). A slight year-on-year increase in imports was recorded in the category 'machinery and equipment' (0.9%). The share of machinery and mechanical equipment in total imports, remained at the level of 26%.

The year-on-year growth in imports in Category 3 - 'Mineral-Based Fuels' (Sk 10.3 billion) was due to increased imports of crude oil and natural gas, while the decisive role was played by the price of oil. The year-on-year increase in the sub-category 'crude oil, oil products, and related materials' (Sk 11.2 billion) was the result of a price increase, while imports in physical units recorded a slight fall. The given year-on-year comparison is, however, distorted to some extent by the development of oil imports in 1998, which was marked by low oil prices and increased imports in terms of volume. The growth in the import of natural gas (Sk 1.1 billion) was not caused by a price increase, as in the

case of oil (the price of gas remained at the level of 1998). The growth in the import of natural gas was fully covered by increased revenues from the transit of gas across the territory of Slovakia.

The introduction of a surcharge on imports, coupled with an increase in regulated prices and tax rates, limited the purchasing power of households. The said measures were also responsible for the slower growth in domestic demand for foreign goods in Category 8 - 'Industrial Products' (books, toys, furniture, sports and travelling requisites, etc.).

In 1999, the balance of trade in services generated a surplus of Sk 6.2 billion, representing a year-on-year increase of Sk 5.5 billion. As in trade in goods, the improvement in the services balance was due primarily to a fall in imports of basic services-balance items. While payments for imports in Slovak crowns fell by 4.7% (in dollar by 18.9%), receipts from exports in crown increased by 2.1% (in dollar they fell by 13.1%).

Transport and foreign tourism, items affecting the positive balance of services, brought foreign exchange in the amount of Sk 18 billion, which represented an increase of Sk 6.1 billion compared with 1998.

In terms of volume, the largest item within transport services was the income from the transit of natural gas and oil from the Russian Federation (RF) to the Czech Republic and Western Europe. The volume of natural gas supplied from the RF in payment for the transit charges reached Sk 17.1 billion and its share in the total volume of gas imports increased to 92.6%. In 1999, transport (excluding the transit of natural gas and oil) resulted in a deficit of Sk 5.9 billion, i.e. Sk 0.5 billion higher than in 1998. In the structure of transport, there was a trend of gradual shift from railway freight service to other forms of transport, mainly road haulage. While railway traffic in 1998 accounted for 43% of the receipts, its share decreased to 36% in 1999. The same situation occurred on

the side of payments, where the share of railway transport decreased from 52% to 41%. This change in the structure of transport is not in line with the economic policy of the European Union, which prefers railway transport as ecologically the most favourable form of transport.

Of the individual items of the services balance, the most spectacular improvement took place in tourism, where the balance surplus increased to Sk 5.0 billion, from Sk 0.5 billion in 1998.

The improvement in the area of net receipts from tourism was due primarily to a fall in expenses, when the number of Slovak citizens travelling abroad decreased significantly during the last few months of the year. Slovak citizens spent a total of Sk 14.1 billion on travel abroad, which represented a fall of 16% in Slovak crown and 28.5% in US dollar. Foreign exchange receipts from active tourism followed a different trend, due to a year-on-year change of 17.5% in the exchange rate of the crown against the dollar. When expressed in crowns, receipts increased by 10.7%; while in dollar, they fell by 5.8%. Despite a slight improvement in foreign exchange receipts, their share of GDP remained unchanged (when expressed in crowns), at the level of 2.4%.

Within the individual items of the services balance, the largest deficit was recorded in other services (Sk 11.8 billion, compared with Sk 11.2 billion in 1998), which include the entire spectrum of business and non-business services. Other services represented the only item where exports fell in crown terms as well. Receipts from the export of these services decreased by 4.8% (i.e. Sk 1.8 billion) due to a fall in the export of construction work abroad. In 1999, construction work joined the group of services where payments had exceeded receipts over the last few years. This group included business services (Sk 6 billion); legal, accounting, and consulting services (Sk 2.1 billion); financial services (Sk 1.3 billion); insurance (Sk 0.7 billion); computer engineering (Sk 0.6 billion), licensing (Sk 1.8 billion); and

technical services (Sk 1.1 billion), etc., where the range and quality of services are not yet able to compete with services offered abroad. The fall in the export of these services (4.8%) and in import (2.4%) indicates that the part of material production that creates room for the expansion of services, remained unchanged. Experience from advanced countries indicates that the rapidly expanding sector of services supports economic growth and creates conditions for increased employment to a greater extent than other sectors.

Expansive borrowing from abroad in the last few years generated a gradual rise in the level of debt servicing, thereby causing a yearly increase in the income-balance deficit. In 1999, the deficit in the income balance increased year-on-year by Sk 7 billion, to Sk 12.5 billion. Income fell by more than Sk 4 billion, due to a decrease in the reserves of commercial banks, when their foreign exchange assets fell by nearly 60% in 1999. Payments were dominated by interest paid on borrowings from abroad, which reflects the inflow of long and short-term capital and indirectly the rise in the level of debt. Apart from interest payments in the corporate sector, recording an accelerated increase every year, the amount of interest payable on government bonds also increased in 1999. An important role in the increase in the income-balance deficit was played by a change in the exchange rate of the Slovak crown against foreign currencies, which made stronger demands on debt servicing in Slovak crowns (in 1999, the exchange rate of the SKK against USD depreciated by 17.5% and against EUR by 11.4% on a year-on-year basis).

With regard to the individual items of the current account, the most significant contribution to the foreign exchange economy of Slovakia was made by current transfers, which generated a surplus of Sk 7.2 billion. Transfers to the Slovak Republic from abroad were made predominantly as private transfers in the form of legacies, gifts, benefits pensions, etc.

2.2. Capital and Financial Account

The balance of payments on the capital and financial account resulted in a surplus of Sk 76.0 billion, i.e. US\$ 1.8 billion.

An economic factor, which is generally regarded as a key indicator of the country's economic development, is foreign direct investment. Compared with other countries, Slovakia receives relatively little foreign investment.

During 1993-1998, foreign capital was, according to the IMF, invested in Poland, Hungary, Czech Republic, Slovakia, and Slovenia in a total amount of US\$ 49.3 billion. Of this amount, 47% went to Poland, 28% to Hungary, 19% to the Czech Republic, 4% to Slovakia, and 2% to Slovenia.

The year 1999 saw a net inflow of foreign capital in the form of direct investment in the amount of Sk 28.9 billion, representing a year-on-year increase of 78.2%. Of this amount, Sk 15.6 billion came from the sale of the NBS's share in ČSOB, a.s. Prague, in the amount of Sk 17.1 billion, which caused a fall in the level of equity capital abroad. The sale of the above share, which had been held by the NBS since 1993 and which represented roughly 24% of ČSOB's total capital, took place in December 1999. Owing to the poor financial situation in the corporate sector, Slovak investors showed virtually no interest in investment abroad. The capital interests of Slovak investors abroad increase in volume by Sk 0.7 billion, mainly in industry, banking, and insurance.

Direct investment in the SR was low in 1999, despite the proclaimed policy of the Government to stimulate this form of investment. The increased inflow of capital during the last few months (mainly into the car industry) increased the volume of equity capital in banks and enterprises based in Slovakia by Sk 12.4 billion, which represented 82% of the level in 1998. Compared with 1998, the volume

of other capital also fell (by 86%) within foreign direct investment (inflow of financial and commercial credits into enterprises with foreign capital participation). In 1999, the inflow of foreign capital to the Slovak economy in the form of direct investment totalled Sk 13.3 billion, which represented 62% of the level in 1998. Despite a reduction of 40% in the current account deficit, the ratio of foreign direct investment in Slovakia to the deficit in the current account increased by only 1 percentage point, to 29.7%, though the generally recognised, relatively safe limit is 50%. At the end of 1999, the net inflow of foreign capital in the form of direct investment reached 64.5% of the current account deficit.

The interest of foreign investors focused on industrial production (49%) and trade and business services (36%). One of the most successful sectors of industry, which attracted capital from abroad, was the manufacture of motor vehicles, which absorbed almost 50% of direct investment in industry. Another successful sector was the production of machines, metal structures and metal goods. Increased investment activity was also recorded in the sector of trade and business services as in previous years, which confirms the persistence of interest in the trade network. A disadvantage of this is that investment in the network of shops has no significant multiplier effect, creates fewer jobs, and fails to attract sophisticated technology.

Portfolio investment reached a level of Sk 26.9 billion, i.e. US\$ 624.4 million, in 1999. On the asset side, portfolio investment was affected by the sale of foreign debt securities from the portfolios of commercial banks, in the amount of Sk 9.5 billion. Debt securities are part of the asset portfolios of commercial banks and are used for the financing of foreign exchange needs in the commercial sector.

With regard to portfolio investment, the net inflow of capital into Slovakia in the form of equity capital and debt securities, amounted to

Sk 17.4 billion. A substantial part of this amount related to government and central bank bonds, while receipts came primarily from the issue of Eurobonds by the Government on foreign markets and the sale of government bonds issued in Slovak currency. On the other hand, payments included redemption of NBS bonds issued in 1993.

The increase of capital inflow in the form of portfolio investment in 1999 was to a great extent affected by the acquisition of funds for the needs of the Government. Slovak companies, in general, were slow to take advantage of the opportunity of obtaining foreign capital through the capital market: portfolio investment by the corporate sector increased by Sk 3.4 billion. This amount was made up of increases in the capital participation of foreign investors in the SR (up to 10%) and of the sale of bonds and bills of exchange in Slovak crown to foreign investors (to roughly the same extent).

In 1999, the Government and the NBS borrowed funds in two ways. The first was through an issue of Eurobonds (Sk 22.6 billion) and was recorded in the balance of payments under portfolio investment. The second was a loan from the European Investment Bank and a loan for the State Road Fund in the total amount of Sk 8.3 billion - recorded as other long-term investments. The net inflow of long-term funds (drawing less repayment) into the government sector (including the NBS) reached Sk 14.5 billion.

Concerning other long-term capital, the sharpest decline took place in the net inflow of funds into the corporate sector (financial and commercial credits). With drawings amounting to Sk 38.0 billion and repayments totalling Sk 24.4 billion, the volume of net inflow reached Sk 13.6 billion, which represented 51% of the level in 1998.

The increased drawing of long-term financial credits in the corporate sector during the last quarter, caused inflow in 1999 (Sk 35.4 billion)

to reach the level of 1998. The structure of inflow by sector was again dominated by the production and distribution of electricity, gas, and water (35%) and by transport and telecommunications (30%). In industry, the inflow of financial capital into coke production, oil refining, and metal working continued to increase in 1999. A substantial increase was recorded in the repayment of financial loans in the amount of Sk 20.8 billion, representing almost a twofold increase compared with 1998.

The increased drawing of long-term financial credits, which started in 1995, makes ever greater demands on debt servicing every year. In 1999, the situation was complicated by the exchange rate risk arising from fluctuations in USD and DEM and from fluctuations in the exchange rate of the Sk against foreign currencies, which increased the costs of these credits to a significant extent. The change in the exchange rate of the Slovak crown against the US dollar and the euro substantially increased loan repayments in Sk. The volume of loan repayments reached Sk 20.8 billion, which represented a year-on-year increase of 75.4%.

Short-term capital, which showed marked volatility during the year, resulted in a surplus of Sk 3.9 billion in 1999. In the structure of short-term capital, the most significant change was recorded in the short-term capital of commercial banks.

In view of the revocation of the NBS decree regulating the foreign exchange positions of banks and branches of foreign banks for monetary purposes, commercial banks reduced their short-term claims during February to May, by deducting the artificially increased volume of foreign exchange in an amount of more than Sk 80 billion. These operations were reflected on both the liability side (reduction in liabilities) and the asset side (fall in the reserves of commercial banks). While short-term liabilities remained virtually unchanged during the following months, the fall in short-term assets began to slow step-by-step as the inflow of corporate capital increased. The increased deficit in the current

account in December and the sale of foreign exchange to the NBS caused another fall in the short-term assets of commercial banks abroad. From January to December 1999, short-term assets declined by Sk 73 billion, while short-term liabilities fell by Sk 70 billion. Short-term capital in the corporate sector reached Sk 0.9 billion, due to growth in both export claims (Sk 7.1 billion) and import liabilities (Sk 8.0 billion).

2.3. Development of Foreign Exchange Reserves

At the end of 1999, the foreign exchange reserves of the NBS reached US\$ 3,425.2 million, representing an increase of US\$ 501.9 million compared with the figure for the end of December 1998. Over the course of the year, the total foreign exchange reserves of the NBS were influenced by numerous factors. A key factor that positively influenced revenues was government borrowing from foreign financial institutions and proceeds from the sale of ČSOB shares from the portfolio of the NBS. The expenditure side was determined by debt service payments effected by the Government and the NBS. During the year under review, the level of foreign exchange reserves was also affected by the development of cross rates between fully convertible currencies on world financial markets. The positive balance of revenues and expenditures (US\$ 713.6 million) was partly offset by negative exchange rate differentials (US\$ -211.7 million), which resulted from the weakening of other fully convertible currencies (especially the euro) against the US dollar on international financial markets.

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

- the drawing of government loans from foreign financial institutions in the amount of US\$ 700.2 million (47% of the total revenue);
- proceeds from the sale of ČSOB shares held by the NBS, in the amount of US\$ 407.0 million;

- income from deposits and securities in the amount of US\$ 125.1 million;
- positive balance of central bank interventions in the interbank foreign exchange market, amounting to US\$ 114.7 million;
- central bank borrowings from the European Investment Bank in the amount of US\$ 17.0 million;
- other receipts of the NBS in the amount of US\$ 110.8 million.

The expenditure side of foreign exchange reserves was affected by:

- debt service payments by the NBS in the amount of US\$ 328.5 million (43% of total expenditure), with repayments of principal on bond issues by the NBS amounting to Sk 207.3 million;
 - debt service payments by the Government in the amount of US\$ 220.4 million, of which US\$ 75.2 million was used for the repayment of interest on Eurobonds issued by the Government in 1998;
 - other expenditures of the NBS totalling US\$ 212.3 million, incurred mostly in connection with the realisation of cross-border payments for NBS clients (US\$ 166.7 million).
- At the end of 1999, the foreign exchange

reserves of the NBS covered 3.1 times the volume of average monthly imports of goods and services to Slovakia in 1999, which represented an increase in coverage by nearly a whole month (0.8) in comparison with the previous year. The increase was due partly to a rise in the level of foreign exchange reserves during the year, and partly (roughly to the same extent) to a decline in the volume of average monthly imports of goods and services (13.8% in US\$) compared with the previous year.

The foreign exchange reserves of commercial banks may be defined as short-term foreign exchange assets of commercial banks vis-à-vis non-residents. At the end of 1998, the volume of such assets stood at US\$ 3,034.5 million. On 31 December 1999, commercial banks held foreign exchange reserves in the total amount of US\$ 962.2 million, representing a year-on-year decline of US\$ 2,072.3 million. The total volume of foreign exchange reserves in the banking sector including the NBS, stood at US\$ 5,957.8 million at the beginning of January, and at US\$ 4,387.4 million at the end of December.



2.4. External Debt of the Slovak Republic

At 31 December 1999, the total gross external debt of the Slovak Republic amounted to US\$ 10.518 billion. At the same date, the official debt of the Government and the NBS stood at US\$ 2.547 billion. The level of debt in the commercial sector, i.e. commercial banks and entrepreneurial entities (including foreign debt liabilities towards non-residents), reached US\$ 7.699 billion at the end of December. The indebtedness of municipalities (bonds issued by the municipality of Bratislava) amounted to US\$ 64 million and the level of debt owed by government agencies stood at US\$ 208 million.

With regard to the structure of Slovakia's gross external debt, total gross medium and long-term foreign liabilities accounted for US\$ 7.812 billion. At the end of December, the volume of short-term liabilities totalled US\$ 2.706 billion. The share of the total gross external debt per capita reached US\$ 1,952. The proportion of total short-term debt to the country's total gross external debt came to 25.73%.

The marked fall in the level of short-term foreign debt owed by commercial banks was affected by the cancellation of the foreign exchange positions of domestic banks and branches of foreign banks for monetary purposes.

The net external debt of the SR - expressed as the difference between gross foreign debt, i.e.

US\$ 10.5 billion (liabilities of the Government and the NBS, liabilities of commercial banks and the corporate sector - except investment), and foreign assets, i.e. US\$ 6.1 billion (foreign exchange reserves of the NBS, foreign assets of commercial banks and the corporate sector - except investment), reached US\$ 4.4 billion at 31 December 1999. At the beginning of 1999, the volume of net external debt stood at US\$ 4.2 billion, so it increased by only US\$ 0.2 billion over the course of the year, while the highest increase in net external debt was recorded in the corporate sector (US\$ 0.3 billion).

2.5. Licensing Activity of the NBS

In 1999, the National Bank of Slovakia, acting as a foreign exchange authority in accordance with the relevant provisions of the Foreign Exchange Act, issued:

- foreign exchange permits: 337 permits and 74 supplements;
- foreign exchange licences: 93 licences and 19 supplements.

Foreign Exchange Permits

Investment abroad

In 1999, the NBS issued 40 foreign exchange permits and 1 supplement, of which 37 permits

Foreign liabilities in the commercial sector (US\$ millions)

	31.12.1997	31.12.1998	31.12.1999
Foreign liabilities in the commercial sector in total	8,021.5	9,391.3	7,698.4
Commercial banks	2,905.5	2,665.6	680.4
Entrepreneurial entities	5,116.0	6,725.7	7,018.0
Medium and long-term foreign liabilities in total	3,917.4	4,786.7	4,998.3
Commercial banks	680.2	602.4	345.4
Entrepreneurial entities	3,237.2	4,184.3	4,652.9
Short-term liabilities in total	4,104.1	4,604.6	2,700.1
Commercial banks	2,225.3	2,063.2	335.0
Entrepreneurial entities	1,878.8	2,541.4	2,365.1

Structure of investment by country

Country	Number of licences and supplements	Investments (in Sk millions)
Ukraine	15	249.1
Czech Republic	2	135.0
Bulgaria	3	25.4
Uzbekistan	1	9.9
Rumania	3	8.9
Cyprus	5	7.0
Russian Federation	6	6.7
People's Republic of China	1	5.1
Croatia	3	1.1
Byelorussia	1	0.8
Slovenia	1	0.2
Total	41	449.2

Note: Direct investment in OECD countries has been liberalised.

and 1 supplement were for direct investment abroad (except OECD countries) in the amount of Sk 314.0 million and 3 permits for portfolio investment in the amount of Sk 135.2 million.

Of the total number of permits issued for investment abroad, 35 foreign exchange permits and 1 supplement were for investment in the form of cash deposits in the amount of Sk 64.7 million, and 5 permits for investment in securities (shares) in the amount of Sk 384.5 million.

Acceptance of financial credits from abroad

In 1999, the NBS granted 97 foreign exchange permits and 13 supplements relating to borrowing from abroad, of which 60 permits were for the acceptance of financial credits totalling Sk 9,639.9 million and 35 permits for the repayment of credits received in the amount of Sk 874.6 million. Two foreign exchange permits remained unused. At the same time, exceptions to the transfer requirement were allowed in 3 cases in the total amount of Sk 209.0 million.

With regard to structure by term, credits with a maturity of up to one year represented 80.0% (Sk 7,712.8 million), up to two years 19.8%

(Sk 1,905.1 million), and those maturing in up to three years accounted for 0.2% (Sk 22.0 million).

Of the total number of loans approved, 30 were provided by non-bank entities (Sk 1,370.0 million) and 30 by foreign banks (Sk 8,269.9 million). A total of 25 loans (Sk 925.8 million) were backed by bank guarantees and 3 loans (Sk 4,706.0 million) by government guarantees.

The largest volumes of loans (including international loans) were provided by entities based in the Czech Republic (Sk 2,834.1 million); Great Britain (Sk 2,274.0 million); Cyprus (Sk 1,740.6 million); Germany (Sk 726.1 million); the Netherlands (Sk 655.7 million); Austria (Sk 646.1 million); and in France (Sk 604.1 million).

The majority of loans (97.3%, i.e. Sk 9,382.8 million) was provided for the coverage of operating expenses, the remaining amount (2.7%, i.e. Sk 257.1 million) was earmarked for the financing of investments.

Estimated drawing and repayment of loans approved in 1999, with a maturity of up to 3 years (Sk millions)

	1999	2000	2001
Drawing	9,012.8	627.1	0.0
Repayment	1,200.8	8,034.8	404.3
Balance	7,812.0	-7,407.7	-404.3

Structure of credits by sector

Sector	Number of licenc.	Vol. in Sk millions
Transport, tourism, telecommun.	3	4,706.0
Industrial production	29	3,979.5
Trade, public catering, hotel services	18	715.8
Building and construction	4	78.6
Other	6	160.0
Total	60	9,639.9

The acceptance of loans with a maturity of three or more years and credits from OECD countries for the purchase of goods and services from abroad, has been liberalised.

Covering the obligations of non-residents by residents

To secure the obligations of subsidiary or dealer companies abroad, the NBS issued 44 foreign exchange permits and 2 supplements to domestic entities, in the total amount of Sk 8,959.8 million.

Provision of financial credits to non-residents

In 1999, 4 foreign exchange permits were issued for the provision of financial credits abroad, in the amount of Sk 62.6 million.

The granting of loans to OECD countries with a maturity of five or more years and loans to OECD countries for payments for exported goods and services, have been liberalised.

Trading in foreign securities

For the sale and purchase of foreign securities, the NBS issued 25 foreign exchange permits totalling Sk 27.2 million. Of this amount, 4 foreign exchange permits were for the sale of foreign securities, in the amount of Sk 8.4 million;

20 permits for the purchase of securities in the amount of Sk 18.8 million; and 1 permit for the sale and purchase of foreign securities.

Two foreign exchange permits were issued for the acceptance of foreign securities as payment for financial liabilities *via-à-vis* abroad, and 4 permits and 1 supplement for the placement of foreign securities on the domestic market.

The purchase and sale of foreign securities and government bonds issued in OECD countries, have been liberalised.

Trading in foreign exchange assets

One foreign exchange permit was issued for trading in foreign exchange assets - sale of assets (gold coins) in foreign currency.

Trading in financial derivatives

The NBS issued 60 foreign exchange permits and 28 supplements for the conclusion of option contracts for the purchase of foreign securities (employee shares), and 1 permit and 2 supplements for trading in financial derivatives, in connection with the repayment of loans received in foreign currency.

Opening foreign-currency accounts at foreign banks

The NBS issued 51 foreign exchange permits and 26 supplements for the purpose of covering necessary expenses incurred in connection with construction, assembly, or repair work abroad, in a total amount of Sk 1,638.7 million (estimated in the contracts). One foreign exchange permit and one supplement were issued for securing operations conducted in connection with trade in financial derivatives. In addition, the NBS issued

4 foreign exchange permits for the opening of foreign-currency accounts at foreign banks in connection with the acceptance of loans from non-residents; 2 permits for the purchase and sale of foreign securities; and 1 permit exempting the holder from the transfer requirement in connection with the purchase of securities.

Foreign Exchange Licences

The NBS issued 85 foreign exchange licences and 19 supplements for trading in foreign currencies and traveller's cheques (non-bank exchange offices); 6 licences for transactions in foreign securities; and 2 licences for trading in financial derivatives.

3. THE PUBLIC SECTOR

Budgetary Performance

Since the draft budget for 1999 had not been submitted to the National Council of the Slovak Republic by 31 December 1998, the budgetary performance of the State was managed according to a provisional budget during the first quarter of 1999. According to regulations governing budgetary relations at the time of a provisional budget, the ceiling on government spending was Sk 46 billion, but actual budget expenditure was expected only in the amount of Sk 44.7 billion. With revenue projected in the amount of Sk 42 billion, the budget deficit was expected to reach Sk 2.7 billion at 31 March 1999.

At the end of March, the provisional budget resulted in a surplus of Sk 1.0 billion, with revenue totalling Sk 40.9 billion and expenditure Sk 39.9 billion, so that, in effect, the principles and limits laid down in the regulations governing the budgetary performance of the State at the

time of a provisional budget were complied with during the 1st quarter of 1999.

Act No. 63/1999 Z.z. on the State Budget for 1999 was passed on 26 March, with effect from 1 April 1999. In the new budget, total revenue was set at Sk 179.9 billion, total expenditure at Sk 194.9 billion, and the size of the deficit at Sk 15.0 billion.

Since budget revenues lagged behind as early as the second quarter and as a result of their non-fulfilment the budget deficit increased to Sk 8.7 billion at the end of May, it was evident that without the adoption of effective economic measures by the Government, the budget deficit would have well exceeded the budgeted figure. The realisation of government objectives with a view to stabilising the economy proved too slow and the problems in the economic area continued to deepen. As a result, the Government approved, on 31 May, a strategy for the acceleration of reforms aimed at achieving key macroeconomic goals in 1999, which comprised savings in the social area, cuts in spending in public administration, and measures for the restoration of financial discipline, reduction in expenses and mobilisation of public finance revenues.

The economic measures included the reintroduction of the 7% import surcharge with effect from 1 June 1999; an increase in indirect tax rates with effect from 1 July 1999; taxes on hydrocarbon fuels and lubricants; excise duties on tobacco and tobacco goods; and an increase in the lower rate of value added tax (from 6 to 10%). This step proved effective and the decline in revenues gradually diminished.

At the end of 1999, actual budget revenue reached Sk 216.7 billion, expenditure Sk 231.5 billion, and the size of the deficit remained below the budgeted level (Sk 14.8 billion).

The revenue and expenditure sides of the budget were both significantly affected (to the same extent) by the sale of the NBS's stake in

Československá obchodná banka (ČSOB), by extraordinary transfers made by the National Bank of Slovakia in connection with the cancellation of provisions for redistribution loans, which were intended for bank restructuring, and by grants and transfers (Sk 12.6 billion), which were not entered into the accounts and represented a source for the financing of extrabudgetary needs (mainly for infrastructural projects through the State Road Fund). After being adjusted for these effects, budget revenue amounted to Sk 179.9 billion (budget fulfilment to 100%) and expenditure totalled Sk 194.7 billion (fulfilment to 99.9%).

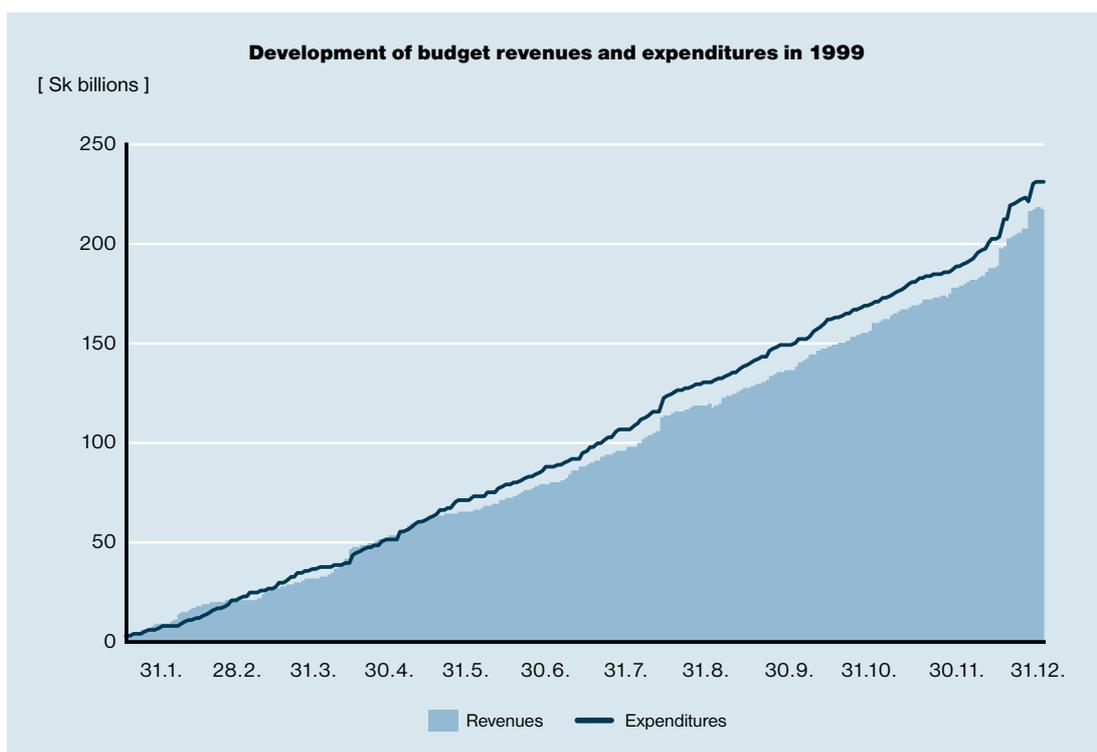
The most significant contribution to the growth in budget revenues was made by the import surcharge, which was not taken into account in the original budget, and increased revenues by Sk 8.4 billion. The volume of value-added tax revenue reached Sk 58.9 billion (Sk 3.7 billion more than in 1998), exceeding the budgeted figure by almost Sk 1 billion. Revenue from excise duties (Sk 25.2 billion) also exceeded the budgeted figure by Sk 1 billion. In excise-duty collection, the year 1999 proved successful: revenue was Sk 2.1 billion higher than in 1998.

In the area of income taxes, however, the budgeted revenues were not fulfilled, especially the revenue from corporate income tax. Compared with the budgeted Sk 27.3 billion, corporate income tax was collected in the amount of roughly Sk 22 billion, i.e. Sk 2.6 billion less than in 1998. Revenue from personal income tax also recorded a fall (Sk 1.2 billion), but its contribution to the State budget was Sk 1.0 billion higher than a year earlier. The shortfall in personal-income tax revenue was a result of the slower pace of economic growth and higher rate of unemployment than were originally expected.

In comparison with the previous years, the budgetary discipline improved. Another positive result was that the size of the budget deficit remained below the budgeted figure.

Relationship Between the NBS and the State Budget

In 1999, the relationship between the National Bank of Slovakia and the Ministry of Finance of the SR was regulated by a directive passed by



the Board of the NBS on 22 February 1999, on the basis of which new interest rates were approved for the individual assets of the State, with effect from 1 January 1999 to 31 December 1999.

The interest rates approved were based on the valid discount rate of the NBS. The rate for the balance of the summary memorandum account of the State, kept with the NBS, was set at 7.8% and that for Treasury bills purchased for the portfolio of the NBS (so-called technical issues) at 11.8% for all.

During the year under review, the National Bank of Slovakia transferred a total of Sk 42.15 billion, of which Sk 27.20 billion to the State budget and Sk 14.95 billion to State financial assets. The funds were obtained from the cancellation of provisions at the NBS (Sk 17.8 billion), the sale of Slovakia's stake in ČSOB (Sk 15.65 billion), and from the operations of the NBS (Sk 8.7 billion, of which Sk 3.0 billion was the remaining profit transferred to the State budget in accordance with Act No. 63/1999 Z.z. on the State Budget for 1999, and Sk 5.7 billion was intended for increasing the capital of IRB).

Development of State Financial Assets and Liabilities

State financial assets maintained in the form of deposits at the NBS amounted to Sk 15.6 billion at the end of 1999. Over the course of the year, a marked change was recorded in the area of assets which increased by Sk 13.1 billion compared with the figure at the beginning of January (Sk 2.5 billion).

During the first half of the year, State financial assets fell by Sk 2.1 billion. Assets in this amount were used for the repayment of principal on SAL loans from the World Bank, the Export-Import Bank of Japan, a government loan provided by Russia (for the Nuclear Power Plant at Mochovce), and a loan provided by the

government of Austria to the former CSFR for the support of the country's balance of payments. As a result of such payments, the balances on numerous accounts of State financial assets amounted to zero at the end of June. Another marked change occurred in the last month of 1999. In order to put to use the earnings of the National Bank of Slovakia from special one-off financial transactions in the long-term financial resources of the State, the National Council of the SR passed a law (Act No. 348/1999), which amends and augments the provisions of Act No. 303/1995 Z.z. on budgetary rules, and those of Act No. 566/1992 Zb. on the National Bank of Slovakia with subsequent amendments. In accordance with the said amendment, the remaining profit of the NBS is to be transferred to the State budget or, if the Government so decides, to the account of State financial assets. During December, part of the remaining profit of the NBS (Sk 14.95 billion) was transferred to the account of State financial assets. Part of these funds (Sk 850 million) was used, on the basis of a government decision, for the payment of Slovak Railways' liabilities to the Social Insurance Company. State financial liabilities amounted to zero throughout the year.

State Funds

At the end of 1999, the overall position of State funds was that of a debtor, in the amount of Sk 23.9 billion. This position was in large part due to domestic and foreign credit facilities, totalling Sk 27.7 billion. The dominant part of these credits (96.6%) was granted to the State Road Fund, for the financing of motorway construction. Excluding credit resources, State funds had Sk 3.8 billion at their disposal for the financing of their activities.

In comparison with the beginning of the year, the volume of credits increased by Sk 4.1 billion. The largest balance (Sk 2.0 billion) was recorded on the account of the State Fund for the Liquidation of Nuclear Power Engineering

Facilities and Handling of Spent Fuel (as at 31 December 1999).

Internal Debt of the Government to the Banking Sector

At the end of 1999, the net internal debt of the Slovak Government vis-à-vis the banking sector stood at Sk 58.6 billion, representing a fall of Sk 19.3 billion since the beginning of the year. This marked fall took place during the last ten days of December, when the funds obtained from the sale of ČSOB were entered in the accounts (which positively affected the balance on the summary memorandum account of the State).

During the period under review, the level of the internal debt fluctuated from Sk 63.1 billion (July) to Sk 86.0 billion (May). The net position of the Government was affected by the following factors:

- the internal debt of the Government was positively affected by budgetary performance under the provisional budget during the first quarter, when government spending was restricted and the budget generated a surplus;
- in the second quarter, the budget deficit started to increase, from Sk 1.4 billion in April to Sk 8.7 billion in May, and closed the year at Sk 14.7 billion;
- the conversion of yields from the June issue of Eurobonds into crown equivalents, reduced the internal position of the Government; on the other hand, the volume of foreign debt recorded an increase, which was mirrored in the volume of net credit to the Government;
- during the year, the internal position of the Government vis-à-vis the banking sector was gradually reduced in relative terms. On the one hand, the current performance of the State budget deteriorated, on the other, the internal debt was financed with the help of non-bank entities, which are not included in the net internal debt of the State (government securities held by non-bank entities had the highest weight in July and August);

- at the end of the third quarter, the level of internal debt was again lower due to the drawing of foreign loans by the State Road Fund. This led to an increase in the level of external debt, while the crown equivalent of these loans reduced the internal debt of the State;
- in October and November, the level of internal debt rose again (by approximately Sk 5.0 billion), due to increases in the debt positions of State funds, accompanied by decreases in the balances of social security funds and deposits on the summary account of the State.

In November, the schedule of principal repayments on bonds for 1999 was fulfilled (Sk 64.0 billion was repaid in total), while the volume of new government bond issues (one and three-year bonds) reached Sk 61.2 billion. During 1999, the coverage of the budget deficit and repayments of principal on government bonds were successfully achieved through new issues, either in the form of Treasury bills (48 issues) or government bonds (38 issues in domestic currency, 1 issue of 5-year Eurobonds in the amount of EUR 500 million, the yield of the Ministry of Finance totalled Sk 22.2 billion).

National Property Fund

In 1999, as in 1998, the revenues of the National Property Fund were largely dependent on loans and receipts in the form of REPO deals.

The position of the National Property Fund vis-à-vis the banking sector was that of a debtor during the whole year, while it increased from Sk 0.15 billion at the beginning of January to Sk 1.22 billion at the end of December.

The number of bonds redeemed during the year totalled 21,501 pcs in comparison with 400,030 pcs in 1998 (when bonds were repaid in large amounts to citizens over 70 years of age and were also used by debtors of the National Property Funds for the repayment of their

liabilities). Thus, 2,230,903 pcs of bonds remained in circulation, i.e. 67% of the issue.

4. MONETARY POLICY AND MONETARY DEVELOPMENT

Monetary development in 1999 was influenced by the economic policy of the Government. During the first half of the year, the negative trend in basic macroeconomic indicators continued, especially in the area of fiscal policy and foreign trade, due to the slow rate of economic reform. Although the 12-month rate of inflation remained stable, around 7%, the exchange rate of the crown reacted rather sensitively to signals from the real economy; its depreciation was due partly to a decrease in confidence among foreign investors, which was reflected in the unfavourable credit rating assigned to Slovakia. In May 1999, the Government of the SR approved a strategy for the acceleration of reforms. The measures adopted were designed to improve public finances and restrict domestic demand with a view to mitigating the effects of macroeconomic imbalances. Subsequently, the Government took the first steps towards restructuring the microsphere, by starting the process of recovery in large commercial banks and making preparations for the privatisation of state holdings. The measures adopted proved effective as they reduced both the fiscal deficit and the shortfall in the balance of payments. Exchange rate development also reflected the effects of the same measures. During the second half of 1999, the exchange rate of the crown showed a tendency to appreciate; its year-end value vis-à-vis the euro was stronger than at the beginning of the year. In accordance with the monetary programme, the NBS intervened in the foreign exchange market several times to prevent the Slovak crown from excessive volatility. In line with the monetary programme, the year-end rate of inflation reached 14.2%, as a result of administrative adjustments to regulated prices, while the other sectors excluding foods (net

inflation) contributed 6.06 percentage points to overall inflation. Net inflation reached the lower limit of the interval set by the National Bank of Slovakia for 1999.

The monetary policy pursued by the NBS in 1999 was of a stabilisation nature. The goal was to eliminate secondary price infection in sectors with non-regulated prices, which was also supported by a reduction in domestic demand and real wages. The improvement in exchange rate development and the trade balance created room for a fall in interest rates. At the beginning of 1999, the NBS continued to pursue an active refinancing policy with the aim of lowering the level of interest rates on the interbank money market and, subsequently, the rates of interest for customers. The trend of fall in interest rates was interrupted in May. As a result of combined interventions in the foreign exchange and money markets, interest rates reached high levels temporarily. In June, the money market stabilised and interest rates followed a downward trend until October. At the end of the year, interest rates on deposits at up to 1-month notice rose, as commercial banks showed increased interest in financial resources for ensuring a smooth transition to the year 2000. In average terms, interest rates in December were 3.2 percentage points lower than a year earlier. Although there were no conditions for transition to qualitative control in 1999, the NBS, by cancelling foreign exchange positions of commercial banks and branches of foreign banks, stopped applying administrative instruments of monetary control. At the same time, the NBS reduced the ratio of required reserves from 9% to 8%. This, however, represented only a slight reduction in the total volume of required reserves since the basis for the creation of required reserves had been extended.

4.1. Monetary Development

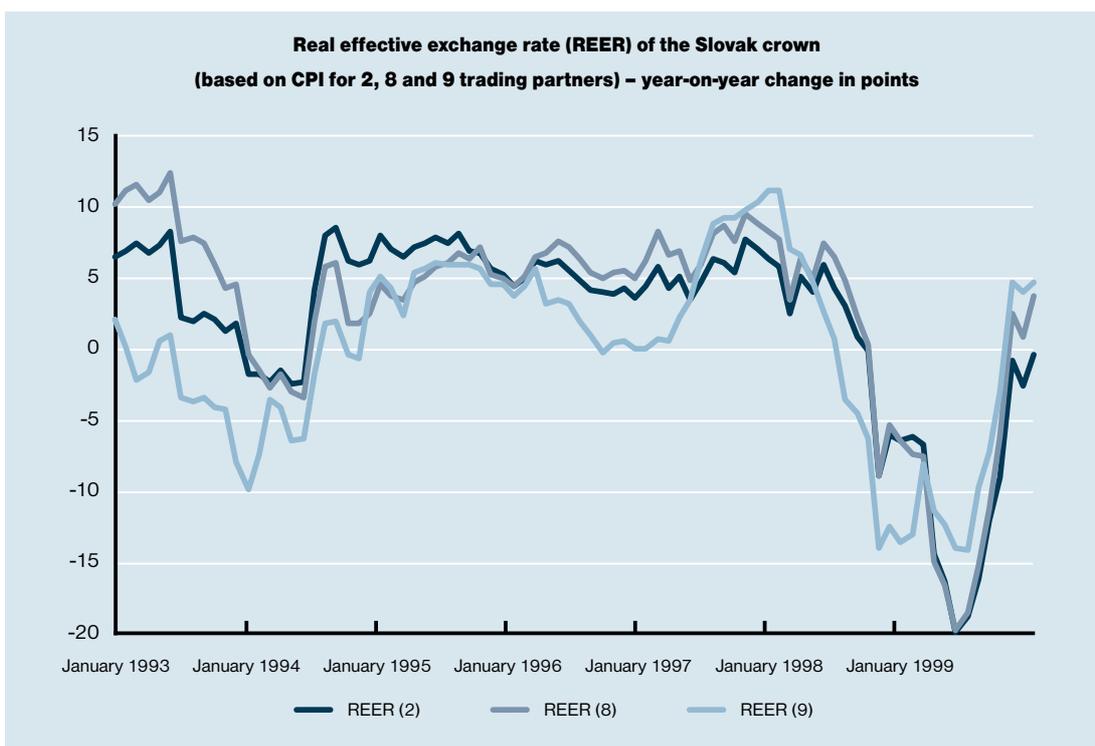
The temporary two-digit increase in prices was within the scope projected and accepted by the

National Bank of Slovakia in the Monetary Programme for 1999 as an inevitable step leading to the elimination of existing price deformations preventing domestic prices from approaching effectively the level of EU prices. According to the Revised Monetary Programme for 1999, the NBS was to maintain net inflation within 6.0 to 7.5 percentage points, in order to keep the inflation expectations at a stable level.

On 1 January 1999, the euro became a currency in its own right within the European Monetary Union, replacing the German mark as reference currency to which the exchange rate of the Slovak crown is pegged. The higher sensitivity of a floating exchange rate in comparison with a fixed rate, to signals of economic as well as non-economic nature, was mirrored in the exchange rate of the Slovak crown throughout the year. Until May, the exchange-rate value of the crown had shown a tendency to depreciate in response to the unstable course of macroeconomic development, which was also reflected in the unfavourable rating of Slovakia by international agencies. At the end of May, when the effects of the unfavourable factors culminated, the rate of

depreciation in the crown's exchange rate had reached 9.75% since the beginning of the year. The rate of depreciation was moderated, in accordance with the Monetary Programme of the NBS for 1999, through central bank interventions in the foreign exchange market. In May, foreign exchange interventions were combined with operations on the money market, which led to a rise in interbank deposit rates due to the limitation of liquidity in the banking sector. The adoption of a strategy by the Government for the acceleration of reforms reversed the trend of exchange rate development and the Slovak crown began to appreciate. At the end of the year, the trend of appreciation accelerated after the SR had been invited to join the group of countries associated with the EU. Since the factors acting in support of appreciation in the exchange rate of the Sk were not of fundamental nature, the NBS intervened in the foreign exchange market to protect the crown from excessive appreciation. At the end of the year, the Slovak currency was 1.5% stronger than at the beginning of the year.

The steep increase in price levels, coupled with appreciation in the nominal exchange rate of



the crown against the euro, tended to reduce the price competitiveness of domestic production. The index of the real effective exchange rate (REER) is an indicator of change in the trade terms of domestic producers. Its appreciation indicates a decrease in the degree of competitiveness and depreciation is a sign of increase in the competitiveness of domestic products in comparison with foreign goods. The index of the real effective exchange rate, calculated on the basis of consumer prices and including the nine most important trading partners of Slovakia, appreciated by 11.8 percentage points in 1999.

When using a producer price index, the rate of appreciation in the real effective exchange rate was smaller, i.e. 4.5% (for nine trading partners), which is a more representative value with regard to the competitiveness of Slovak exporters. At the same time, the effect of appreciation in the real effective exchange rate on the trade balance was, in all probability, eliminated by other factors. The introduction of a surcharge on imports and measures for the restriction of domestic demand reduced the deficit of trade from Sk 80.8 billion in 1998 to Sk 45.7 billion in 1999. The balance of trade was also affected by a decrease in the current account deficit as a share of GDP, from 10.1% in 1998 to 5.8% in 1999. The government measures also eliminated the risk of unfavourable development in public finances.

In comparison with the revised monetary programme, the development of monetary aggregates followed a different course. As a result of a steeper than expected increase in net domestic assets, the dynamics of growth in the money supply accelerated.

The money supply, expressed in terms of the M2 aggregate (at fixed 1993 exchange rates), reached Sk 508.9 billion on 31 December 1999. The rate of growth in M2 accelerated year-on-year by 8.4 percentage points (to 10.9%), which was partly a result of its low value a year earlier. In absolute terms, the money supply increased by Sk 50.0 billion in 1999

compared with Sk 11.0 billion in 1998. The accelerated growth in M2 in 1999 had no inflationary effect as it was not large enough to fully offset the rise in consumer prices.

Domestic resources increased year-on-year by 10.3%, contributing 9.5 percentage points to growth in the money supply. Of net domestic assets, other items net made the most significant contribution to the growth in M2, in connection with the loss incurred in the banking sector. In 1999, net credit to the Government and the National Property Fund (NPF) recorded a marked improvement: the annual rate of growth reached 2.8% in December compared with 38.0% in the same period a year earlier. With respect to monetary policy, the volume of net credit to Government is to be assessed without taking into account one-off proceeds from the sale of NBS's stake in ČSOB in 1999, which distort the result. After adjusting the volume of net credit for proceeds from the sale of ČSOB, the dynamics of net credit to the Government (including NPF) would have reached 14.0% in December. This represents a much slower rate of growth than the figure projected in the revised monetary programme. Bank lending to households and enterprises remained within the range set in the monetary programme, with the year-end rate of growth reaching 4.0%, i.e. an absolute increase of Sk 15.1 billion in the volume of loans.

4.2. Structure of the Money Supply

During 1999, the M2 money supply (at fixed 1993 exchange rates) increased by Sk 50.0 billion, due to growth in both quasi-money (Sk 43.3 billion) and the M1 aggregate (Sk 6.6 billion). At the end of the year, the volume of the money supply reached Sk 508.9 billion.

The dynamics of year-on-year growth in the M2 aggregate gradually increased during the year, to 10.9% at the end of December (compared with 2.5% in 1998). On a year-on-year basis, quasi-

money grew by 13.9% (compared with 10.6% in 1998) and the M1 aggregate by 4.5% (compared with a decline of 11.4% in 1998).

The volume of currency in circulation outside the banking sector increased year-on-year by Sk 7.7 billion (15.5%) and its development towards the end of the year was affected by the expectation of possible software problems in connection with transition to the year 2000 (Y2K). In December, the volume of currency issued grew by Sk 7.8 billion, compared with a fall of Sk 0.5 billion in 1998, and an increase of Sk 4.8 billion in 1997.

The volume of demand deposits remained virtually unchanged during 1999: it fell by only Sk 1.1 billion (1.0%) due primarily to decline in household deposits (Sk 1.1 billion). With regard to the relatively high level of interest rates on short-term deposits, the corporate and household sectors tried to minimise the balances of demand deposits and to transfer free resources to more profitable forms of deposit. This fact was reflected in the development of demand deposits virtually throughout the year, when they showed a tendency to fall during the first three quarters. During the individual months, the development of demand deposits was significantly affected by changes in corporate deposits. These were mostly seasonal changes connected with the discharge of liabilities vis-à-vis the State budget. Globally, however, corporate demand deposits recorded only a negligible change in volume (a fall of Sk 0.2 billion). Demand deposits in the insurance sector increased by Sk 0.2 billion.

Time deposits represented the most dynamic component of the money supply, with an increase of Sk 39.8 billion (15.5%) during the year. The most rapid increase took place in household deposits (Sk 26.8 billion), though their annual growth dynamics slowed by 3 percentage points (to 12.7%) in comparison with 1998. The increase in time deposits took place mostly in deposits at up to one, three, and six-

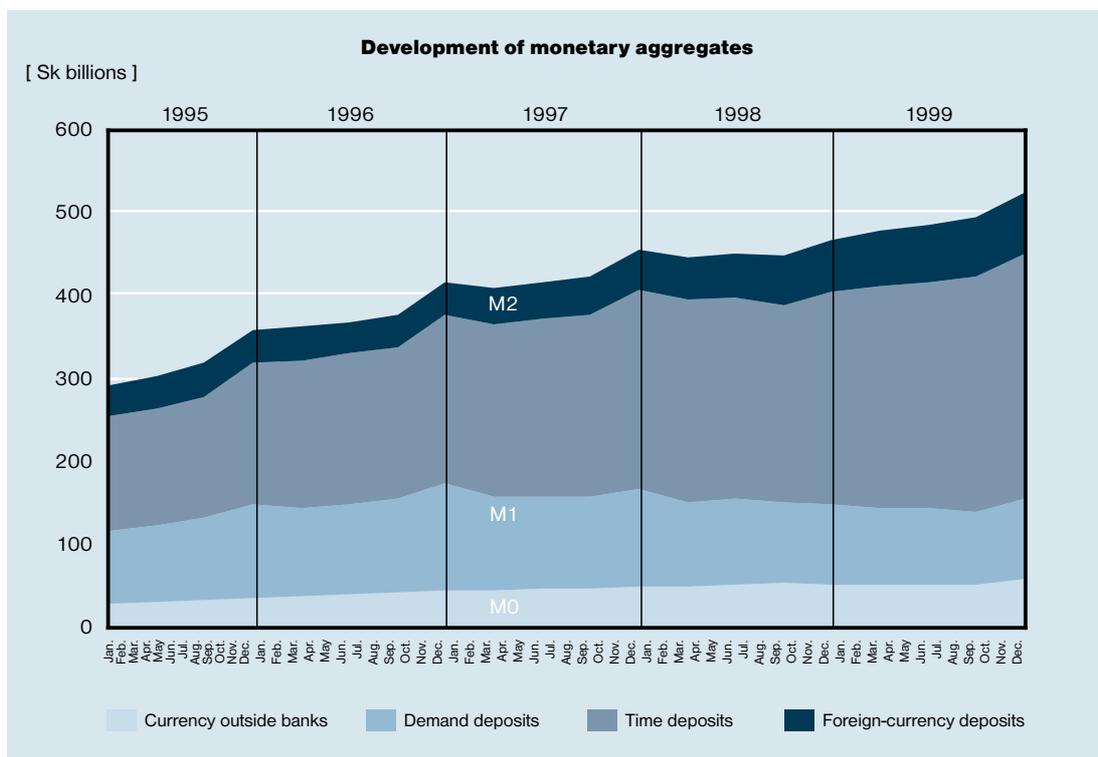
month notice. On the other hand, medium and short-term savings deposits declined in volume (passbooks). In comparison with 1998, time deposits in the corporate sector followed a completely different course of development in 1999: they increased in volume by Sk 9.6 billion (30.2%). In 1998, these deposits declined by almost Sk 10 billion. The increase took place in deposits with the same maturities as in the case of household deposits. In the corporate and household sectors, the structure of time deposits was affected significantly by the persistence of high interest rates on short-term deposits. In the insurance sector, time deposits increased in volume by Sk 3.4 billion.

Slovak-crown deposits (demand and time) increased in volume by Sk 38.7 billion (10.9%) during 1999. The increase was due primarily to growth in household deposits (Sk 25.7 billion). Corporate deposits grew by Sk 9.5 billion, which represented a change in their downward trend in comparison with 1997 (Sk -6.6 billion) and 1998 (Sk -24.2 billion). The deposits of insurance companies increased by Sk 3.6 billion.

Foreign-currency deposits recorded an increase of Sk 3.5 billion (6.4%) in 1999, but their annual growth dynamics slowed considerably in comparison with 1998 (Sk 13.3 billion; 31.9%). This change was connected with the declaration of the Government and the NBS about the restoration of macroeconomic stability in the Slovak Republic, and was supported by the adoption of economic measures. The adoption of economic measures led to increased confidence among economic entities in the Slovak currency and the stability of the crown exchange rate.

4.3. Bank Lending

Bank lending in Sk and foreign currency to the entrepreneurial sector, households, central and local authorities for extrabudgetary purposes, by commercial banks and the NBS, was uneven



over the course of 1999. The month-on-month change in total credit ranged from Sk -2.1 billion to Sk 4.8 billion. The highest increases in bank loans were recorded in March, April, and August (an average of Sk 3.7 billion per month). In July 1999, the total volume of loans fell by Sk 2.1 billion. This development reflected the basic problems of the economy: external and internal imbalances, liquidity problems of commercial banks, and the situation on the interbank money market. From the beginning of the year, bank lending increased by a total of Sk 12.3 billion, of which crown loans accounted for Sk 9.9 billion and foreign-currency loans Sk 2.4 billion. At the end of the year, the total volume of bank loans reached Sk 410.7 billion, of which crown loans accounted for Sk 350.2 billion and loans in foreign currency Sk 60.5 billion.

The development of bank lending followed different trends over the course of the year. During the first six months, crown loans increased by 1.4% and loans in foreign currency by 18.1%. During the second half of the year, crown loans increased by 1.4%, while foreign-currency loans fell in volume by 11.8%. Bank

lending was influenced by the availability of loans, the exchange rate of the crown, and by the level of interest rates.

A characteristic feature of bank lending was that, despite the slow growth in crown loans, their volume increased in the household sector by Sk 9.4 billion (due mainly to loans granted by home savings banks) and in the corporate sector (non-financial organisations) by Sk 6.3 billion, while in the entrepreneurial sector they fell in volume by Sk 5.2 billion. In the financial sector, the volume of crown loans increased by Sk 1.9 billion. At the end of the year, however, the financial sector accounted for only 3.1% of total crown credit.

The structure of crown loans by sector changed during the year as follows: loans in the public sector increased by 15.3 points (to 29.7%) and in the household sector by 2.5 points (to 10.3%), while those in the private sector fell by 18.1 points (to 50.3%).

During the period under review, the structure of loans by term saw a decrease in the share of short-term loans in total credit (by 7.1 points, to

36.5%) and in that of long-term loans (by 6.0 points, to 28.5%), while the share of medium-term loans increased (by 13.1 points, to 35.0%), as a result of loan portfolio restructuring at the three largest banks in December 1999, which distorts the comparability of the above figures with the initial level to a certain extent.

During the year, the structure of crown loans by sector changed as a result of restructuring and their inclusion in the category 'other loans', while the share of loans in industrial production decreased from 34.2% to 24.4%; loans in trade, repair of consumer goods and motor vehicles, hotels and restaurants from 22.1% to 16.8%; and the percentage of loans in other sectors (except banking) also decreased to a lesser extent. The largest share of the total volume of crown loans was taken up by industrial production and trade.

Of the total volume of credit granted in 1999 (Sk 527.5 billion, including loans reclassified in connection with the restructuring of loan portfolios of banks), loans to the entrepreneurial sector accounted for 92.3%. They were, however, mostly short-term loans with a maturity of up to 3 months. The household sector absorbed 3.4% of the total volume of new loans.

With regard to the structure of new loans by purpose, operating loans accounted for 58.0% and overdraft facilities 15.3%. Loans granted for development programmes represented only 2.4% of the total volume of credit extended during the given period, which was associated with their structure by term. Short-term loans with a maturity of up to 1 year accounted for 82.1% of the volume of new loans. In terms of volume, a significant role was played by 1-day loans. Another significant item was represented by credits extended for the coverage of non-performing loans, which reduced the actual volume of loans available for the financing of specific development projects. At the end of the year, loan portfolio restructuring was in process at three banks, which distorts the structure of loans by term and purpose to a certain extent.

4.4. Interest Rate Development

In 1999, primary interest rates were influenced by the unfavourable course of economic development during the first six months on the one hand, and by the restoration of macroeconomic stability in the following period on the other. In addition, primary interest rates were affected by changes in the volume of new loans (from Sk 31.8 billion to Sk 52.2 billion per month – excluding loans reclassified within the scope of restructuring), while the biggest changes were recorded in the volume of very-short-term loans with a maturity of up to 1 month and interest rates around 20%. The situation on the capital market did not allow bank lending to be replaced by other sources of finance. In setting their interest rates, commercial banks took into account their economic situation, the quality of their loan portfolios, and other factors.

During the period under review, the development of interest rates on new loans can be characterised as relative stable with a temporary moderate fall in March and April, followed by a sharp decline during the second half of the year, when interest rates fluctuated between 15 and 17%. This development was affected by changes in the level of liquidity in the banking sector and by depreciation in the exchange rate of the crown during the first half of the year. Of crown deposits, marked fluctuations were recorded in interest rates on very-short-term deposits with a maturity of up to 3 months, which reacted very sensitively to changes in bank liquidity. During the second half of the year, their level fell due to an adequate amount of liquidity in the banking sector.

Compared with December 1998, the average interest rate on the total volume of loans recorded a marked change (a fall of 2.17 points, to 14.0%, which was to a certain extent due to the reclassification of loans provided to Slovenská konsolidačná, a.s., at a rate of 10.3%, within the scope of restructuring). The rate was also affected by other factors, such as the

structure of loans by term and purpose and the structure of customers. The average lending rate for short-term loans fell by 2.63 points (to 18.45%); for medium-term loans by 3.57 points (to 12.64%); and the rates for long-term loans rose by 0.50 points (to 10.86%), while they continued to be influenced by loans granted in the past at fixed and low interest rates.

Over the course of 1999, commercial banks maintained the rates of interest they had announced, particularly on short-term loans, at roughly the same level. Compared with December 1998, the actual price of new loans fell by 6.07 points, to 12.55% (due to the transfer of Sk 61.7 billion at a rate of 10.3%), while the lowest level was recorded in December (12.55%). With regard to the dominance of short-term loans (82.1%), the average annual rate of interest on these loans (17.45%) affected the level of average interest rate on the total volume of new loans. Interest rates on new short-term loans followed the variations in interest rates on the interbank money market. The level of interest rates on short-term loans fell by 2.51 points, to 16.4%. Compared with December 1998, lending rates for medium and long-term loans fell to 10.36% (by 3.84 points) and to 14.21% (by 0.71 points) respectively. With regard to the small volume of these loans, the average lending rate was to a large extent exposed to random structural changes, depending on the purpose of the given loans, with different interest rates (loans to employees).

Over the course of the year, the development of average interest rates on loans by purpose was characterised by marked fluctuations, mainly in lending rates for operating loans (from 14.29% to 19.68%); current-account loans (from 16.71% to 23.90%); and for development loans (from 15.70% to 20.43%). Average interest rates on consumer loans to households fluctuated between 12.05% and 16.31%.

With regard to the rate of inflation, real interest rates on new short-term loans fluctuated from 1.4% in October to 13.16% in May. After taking

the prices of industrial producers into account, the above rates ranged from 8.70% in December to 18.43% in January, as a result of marked fluctuations in interest rates, industrial producer prices, and in the rate of inflation.

In 1999, the development of interest rates on crown deposits was affected by inflation only to a limited extent, it rather reflected a need for liquid resources, which were cheaper than interbank money market resources despite the high level of interest rates. In an effort to obtain such resources, commercial banks raised their interest rates, which led to a rise in the average level of deposit rates in the first half of the year. During the second half, interest rate levels showed a tendency to fall.

The average interest rate on total deposits fluctuated around 10% (up to 11.0%) and reached 9.85% at the end of December, while interest rates on demand deposits were basically stable (3.8%). Interest rates on time deposits fluctuated from 12.0 to 13.5%, while marked variations were recorded in time deposits at 7-day to 3-month notice. Deposits with a maturity of 7 days to 3 months attracted interest at an average rate of 12 to 18%, whereas other time deposits earned interest at 10.6 to 17.5%. The low rate of interest on deposits at over 5-year notice (4.0 to 4.5%) was attributable to deposits at home savings banks, which accounted for 92.6% of the total volume of long-term deposits.

In 1999, real interest rates on one-year deposits remained within the range of -2.37% to 5.80%. The increase in the annual rate of inflation (from 5.6% in December 1998 to 14.2% at the end of 1999) and in the average interest rate on one-year deposits (from 12.01 to 12.30%) led to a fall in the level of real interest rates (by 8.31 points). During the second half of the year, real interest rates fluctuated between -1.18% and -2.37%.

4.5. Implementation of Monetary Policy

NBS supplied refinancing into the banking sector in the average amount of Sk 11.4 billion.

The monetary policy pursued by the National Bank of Slovakia in 1999 focused on the control of liquidity in the banking sector through regulating the level of excess reserves of banks.

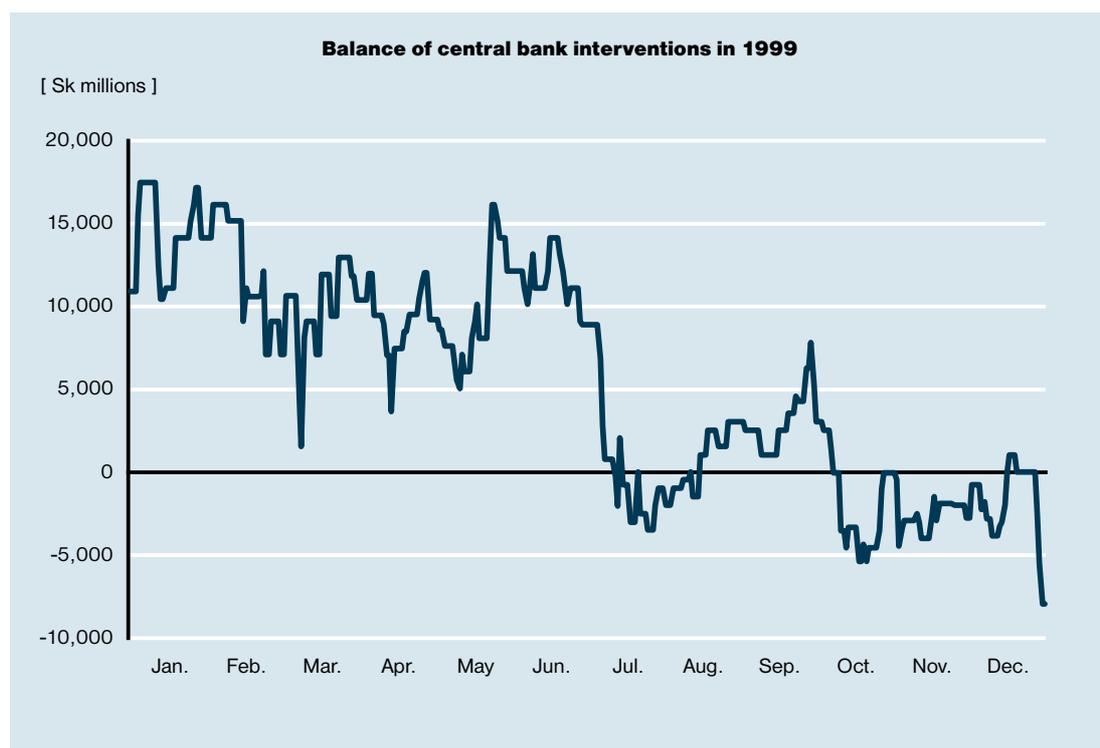
In the area of exchange rates, interventions in the foreign exchange market were used mostly for the prevention of excessive exchange rate volatility, with a view to influencing the liquidity of commercial banks, the level of which was subsequently adjusted through central bank operations on the interbank money market.

In 1999, especially in its second half, after the exchange rate of the crown had stabilised, the NBS also paid attention to the stabilisation and subsequent lowering of interest rates on the interbank money market. The NBS realised its goals in this area in the form of open market operations through which it supplied liquidity into the banking sector and thus created conditions for the smooth fulfilment of reserve requirements. During the first half of 1999, the

The issuing policy of the Ministry of Finance of the SR, designed to reduce the costs of domestic debt servicing, in an environment marked by increased repayments on government securities (Sk 110.6 billion in 1999), led to the utilisation of resources through technical issues of Treasury bills for the portfolio of the NBS.

The unfavourable trend in budgetary performance; the servicing of the domestic debt from the resources of domestic banks; the uneven distribution of liquidity over the banking sector, and the exchange rate development prevented the price of money from falling, to a significant extent during the first half of 1999.

The foreign exchange market experienced some turbulence, which also contributed to the rise in the level of interbank deposit rates. The two markets stabilised towards the end of May, following the adoption of economic measures by the Government.



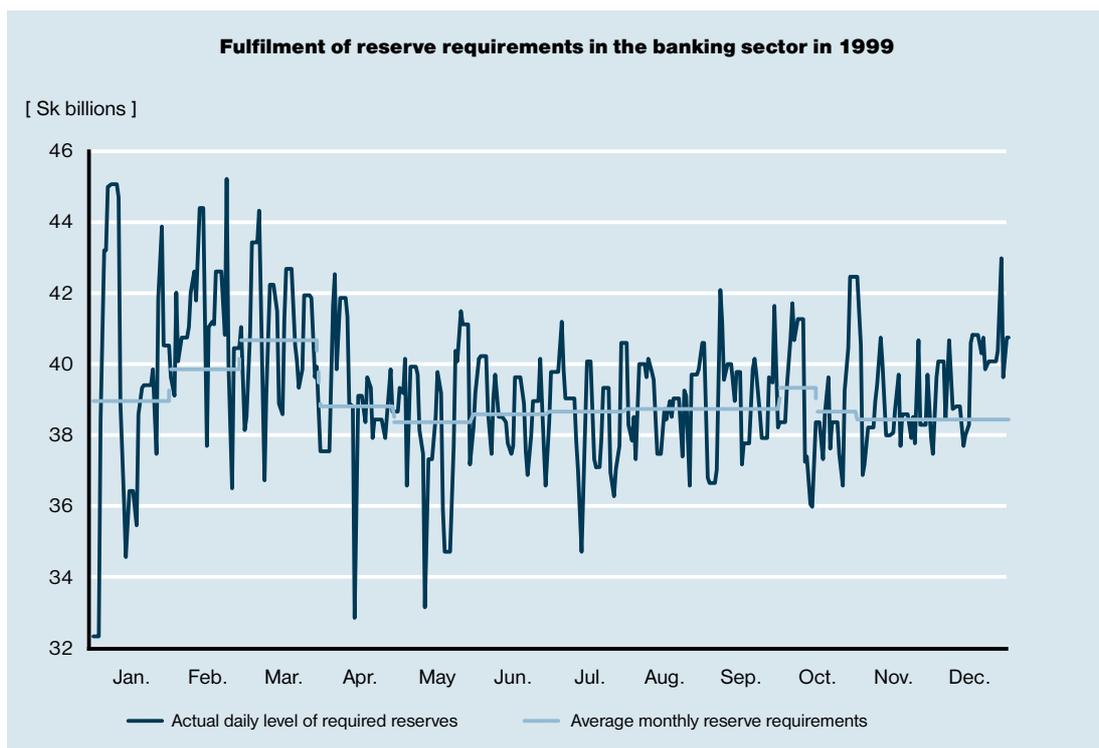
This created more favourable conditions for the conduct of monetary policy. The exchange rate of the crown started to appreciate owing to the renewal of confidence among foreign as well as domestic investors and the inflow of foreign exchange from abroad.

The inflow of funds from issues of Eurobonds, used for the coverage of domestic debt service payments, enabled the National Bank of Slovakia to reduce the volume of refinancing. The average volume of refinancing granted to the banking sector fell from Sk 11.8 billion in June to Sk 1.1 billion in July. In October, the position of the National Bank of Slovakia vis-à-vis the banking sector changed from refinancing to sterilisation, which continued until the end of the year.

The inflow of foreign resources and improvement in macroeconomic indicators were accompanied by a fall in interest rates on the interbank money market as well as in yields on government securities (the fall in the level of yields was due partly to a change in the method applied by the Ministry of Finance in setting the conditions of sale at auction – limits on volume and rate).

The implementation of monetary policy was affected substantially in December 1999, when liquidity in the banking sector was replenished by funds transferred from the profit of the NBS to the State budget, for the restructuring of commercial banks. Another major pro-liquidity factor was the income from NBS operations on the foreign exchange market, conducted to prevent the exchange rate of the Slovak crown from excessive appreciation.

Since the level of demand for cash increased in connection with the fear of problems with the transition of computer systems to the year 2000, the volume of currency in circulation expanded in December, reducing the level of liquidity in the banking sector. The National Bank of Slovakia responded to the liquidity situation in the banking sector by conducting open market operations, through which the temporary rise in the level of interest rates on the interbank market, linked with the effect of this specific factor, was overcome. In connection with the expected increase in cash withdrawals towards the end of the calendar year, the NBS prepared a special refinancing facility for commercial banks, which was drawn in the amount of Sk 1.8 billion.



Required reserves (in Sk billion and %)

	Required reserves		Fulfilment in 1st period		Fulfilment in 2nd period	
	Set	Actual	Average	% fulfilment	Average	% fulfilment
January	38.95	39.40	39.51	101.46	39.29	100.89
February	39.88	41.27	41.40	103.81	41.13	103.13
March	40.67	40.94	41.06	100.97	40.83	100.40
April	38.81	39.02	39.27	101.18	38.77	99.90
May	38.36	38.42	38.38	100.04	38.45	100.22
June	38.58	38.72	38.98	101.04	38.46	99.68
July	38.64	38.64	38.71	100.17	38.57	99.80
August	38.71	38.96	38.94	100.60	38.97	100.68
September	38.77	38.91	39.04	100.68	38.78	100.02
October ^{1/}	39.35	39.11	39.09	99.35	-	-
October ^{1/}	38.67	39.11	-	-	39.13	101.19
November	38.43	38.75	38.87	101.15	38.63	100.51
December	38.48	39.81	39.03	101.42	40.53	105.32

1/ In October, reserve requirements for the second period were subsequently adjusted.

In 1999, the fulfilment of reserve requirements in the banking sector followed a relatively balanced course. An exception was February, when the actual amount of required reserves exceeded the set level by more than 3% in both periods, and the second period in December, when the actual reserves of banks exceeded the set level by more than 5% on average.

Excess reserves in the individual periods ranged from Sk 3.0 billion to Sk 2.5 billion.

4.6. Instruments of Monetary Policy

1. Interest rate policy

- From 13 January 1996:
discount rate = 8.8%.

2. Reserve requirements

With effect from 1 April 1999, the basis for the calculation of minimum required reserves for commercial banks was extended, making domestic and foreign primary resources of banks equal. The basis was extended so that the

foreign exchange and crown liabilities of commercial banks includes non-residents, but the ratio of required reserves was reduced from 9% to 8%, while the ratio for home savings banks remained unchanged (3%). Required reserves attracted interest at the rate of 1.5%.

3. System of banking operations

The liquidity of commercial banks is influenced by the following operations:

- a) Open market operations.
- b) Bills-of-exchange operations - bills of exchange are rediscounted at the discount rate; this form of refinancing includes bills rediscounted in the support of agriculture.
- c) Lombard loans - loans backed by the pledge of securities granted at Lombard rate. With effect from 1 January 1999, the Lombard loan was set at 5% above the level of funds of the same maturity on the interbank market. The NBS may grant Lombard loans for a period of 7 calendar days, 14 calendar days, and for one month.

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

4. Treasury bills

- a) An operative instrument for financing the State budget deficit;
- b) An instrument for managing the liquidity of commercial banks through:
- secondary sales and purchases;
 - REPO operations (repurchase agreements).

5. NBS bills

- Instrument used by the central bank to influence the liquidity of commercial banks via the same trading system as for Treasury bills.

6. Exchange-rate and foreign-exchange policy

- a) Floating exchange rate
- With effect from 1 October 1998, the National Bank of Slovakia ceased to guarantee a fixed nominal exchange rate for the Slovak crown within a fluctuation band. The value of the Slovak crown is tied to a reference currency: on 1 January 1999, the euro (EUR) started to be used as reference currency in connection with the introduction of a single currency within the European Monetary Union. The exchange rate of the Sk now depends primarily on the development of supply and demand for the Slovak crown on the foreign exchange market. The National Bank of Slovakia may intervene against excessive volatility of the crown's exchange rate through foreign exchange transactions, i.e. purchases or sales of foreign exchange on the foreign exchange market.

- b) Nominal exchange rate of the Slovak crown:

In relation to EUR, the nominal exchange rate of the Slovak crown (SKK) depreciated by 1.5% during 1999, to SKK 42.458/EUR at 31 December 1999. In relation to central parity, applied in a fixed exchange rate regime, the Slovak crown depreciated by 5.83% points, to 18.56%. This was due primarily to appreciation of the cross-currency rate of USD/EUR on the world markets. As a result, the Slovak crown weakened against the US dollar by 14.4% during the year, to SKK 42.266/USD.

- c) Real effective exchange rate of the crown:
- The real effective exchange rate of the Slovak crown, calculated on the basis of the producer price index, compared with Slovakia's eight trading partners having a significant share in the country's foreign trade turnover (USA, Great Britain, Austria, France, Germany, Italy, the Netherlands, and Switzerland), appreciated by 3.6 percentage points over the course of 1999; or, when compared with the country's nine trading partners (including the Czech Republic), it appreciated by 4.5 percentage points.

The real effective exchange rate of the Slovak crown, calculated on the basis of the consumer price index, compared with Slovakia's eight trading partners, appreciated by 13.0 percentage points during 1999; or, when compared with the country's nine trading partners (including the Czech Republic), it appreciated by 11.8 percentage points.

- d) Currency structure of receipts and payments in foreign exchange:
- The turnover of foreign-exchange operations for payment items specified in groups 1 to 6 in convertible currencies reached Sk 813.6 billion in 1999. The average monthly turnover (Sk 67.8 billion) decreased by 1.5% year-on-year. The balance of foreign exchange receipts and payments resulted in a deficit of Sk 16.6 billion. The currency structure of the turnover was dominated by EUR (36.0%) and

USD (28.4%). The currencies of EMU and EU member states accounted for 24.4%, and those of countries for which the euro is a reference currency 10.8%. Together with EUR, these currencies represented 71.3% of the total volume. The percentage of non-European currencies was 0.3%, and together with USD accounted for 28.7% of the total turnover.

- e) Foreign exchange positions of banks and branches of foreign banks for monetary purposes:

The ratio for the foreign exchange position for monetary purposes (FXPMP) was calculated as the proportion of foreign exchange assets of non-residents to the sum of non-resident banks' liabilities denominated in Slovak crowns and foreign exchange liabilities in total, less capital in foreign currency. The value of this ratio was first set at 0.65, and banks were required to achieve it by 31 December 1996.

Calculation of the foreign exchange position (FXPMP):

$$FXPMP = \frac{FXAN}{FXL + LNSk - C}$$

FXAN - Foreign exchange assets of non-residents;

FXL - Foreign exchange liabilities in total;

LNSk - Liabilities of non-residents in Slovak crowns;

C - Capital and non-paid-up capital in foreign currency.

Obligatory values of the FXPMP ratio:

As of 31 December 1996 - min. 0.65;

As of 31 March 1997 - min. 0.70;

As of 30 June 1997 - min. 0.80;

Penalties for non-fulfilment of the FXPMP ratio:

9% of the volume of the non-fulfilled ratio of FXPMP.

Period of monitoring the FXPMP ratio:

Before 10 July 1997, the FXPMP ratio had been calculated on the basis of average data from the 2nd and 3rd periods of the month N-2 and from the 1st ten-day period of the month N-1 of the Survey of Assets and Liabilities V(NBS) 6-36. With regard to the fact that banks, especially branches of foreign banks, circumvented the Decree by increasing FXAN and FXL vis-à-vis non-residents (FXLN) only at the end of the ten-day periods, the NBS issued a decree dated 16 July 1997 whereby FXPMP is monitored on a daily basis.

In connection with the abolition of the fixed exchange rate regime and the introduction of a floating rate for the Slovak crown in October 1998, the Decree on the Foreign Exchange Positions of Banks and Branches of Foreign Banks for Monetary Purposes was cancelled with effect from 26 March 1999.

4.7. Monetary Calendar

January

- The official currency of EU member states became the euro (EUR). With effect from 1 January 1999, DEM was replaced by EUR as reference currency for the exchange rate of the Slovak crown.
- The Government of the SR started the first phase of increase in regulated prices in 1999.

February

- The rating agency Standard & Poor's confirmed its long-term hard currency liability rating of the SR at the level of BB- and the short-term crown liability rating at BBB+. At the same time, the agency confirmed the negative outlook for Slovakia in both categories.
- The rating agency Moody's Investors Service changed the outlook for Slovakia from stable to negative. The country's long-term liability rating remained unchanged, at the level of Ba1.

March

- The Bank Board of the NBS decided to cancel the foreign exchange position of banks and branches of foreign banks for monetary purposes, with effect from 1 April 1999. The Bank also decided to extend the basis for the calculation of minimum required reserves and to lower the ratio of required reserves from 9% to 8%. The ratio for home savings banks remained unchanged (3%).

May

- Moody's Investors Service confirmed the existing rating of Slovakia with negative prospects.
- The Government of the SR approved a strategy for the acceleration of reforms, including measures for the elimination of macroeconomic imbalances.

June

- The rating agency Standard & Poor's confirmed the long-term hard currency liability rating of Slovakia at the level of BB+, with negative prospects.
- The National Council of the SR approved an amendment to the Act on the Protection of Bank Deposits.
- The Bank Board approved the Revised Monetary Programme of the NBS for 1999.
- The 7% import surcharge introduced by the Government entered into effect.

July

- The lower rate of value added tax was increased from 6% to 10%.
- The second phase of increase in regulated prices planned for 1999.

October

- The NBS placed Priemysel'na banka, a.s. Košice under control of a conservator for liquidity problems, withholding payments to

large customers, and failure to comply with the rules of banking business.

- The rating agency Moody's Investors Service improved the outlook for Slovakia from negative to stable.

November

- The Government of the SR approved a special guarantee for NBS redistribution loans in the amount of more than Sk 27 billion. This enabled the NBS to make an advance on the transfer of its remaining profits to the State budget.
- The rating agency Standard & Poor's improved the outlook for Slovakia from negative to stable.

December

- The Bank Board of the NBS approved the Monetary Programme for the Year 2000, with an outlook until 2003.
- At the Helsinki summit of the EU, Slovakia was invited to join the first group of associated countries.
- Priemysel'na banka, a.s. (Industrial Bank) Košice was purchased by Slovenská sporiteľ'na, a.s. which took over all commitments and liabilities of the bank.
- The NBS issued a decision on the revocation of the licence of AG Bank a.s. Nitra to operate as a bank.
- The Governor of the NBS signed a contract with KBC of Belgium and the European Bank for Reconstruction and Development for the sale of NBS's share in ČSOB, a.s. Prague.
- The NBS decided to terminate the conservatorship of Investičná a rozvojová banka, a.s. (Investment and Development Bank).

5. FINANCIAL MARKETS

5.1. Money Market

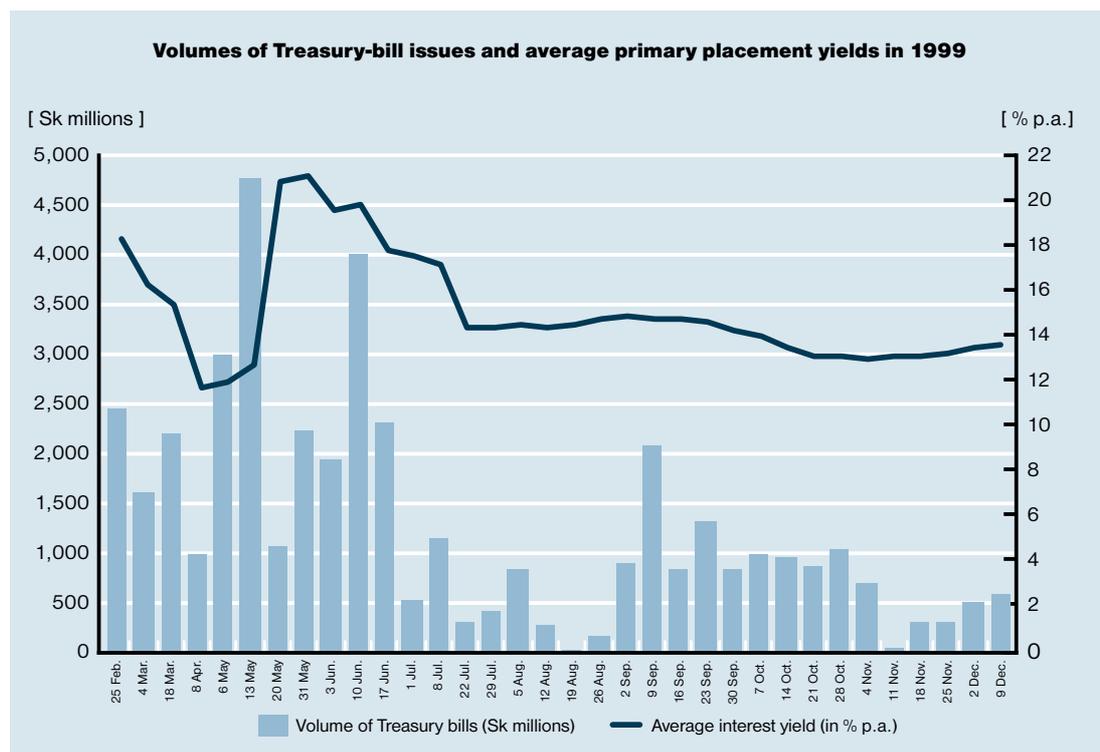
Primary Market for Treasury Bills

In 1999, Treasury bills were placed on the market in the total amount of Sk 80.229 billion. During that period, the schedule for the issue of government securities was published at regular quarterly intervals and a method was successfully introduced for the setting of maximum acceptable interest yields at auctions. The running deficit of the State budget was financed mostly from Treasury bills sold by auction and, to a lesser extent, from Treasury bills sold directly into the portfolio of the NBS. The Central Bank ceased to take part in deficit financing as late as April. A positive achievement in that period was the lower number of unsuccessful auctions.

In contrast with the previous year, issuing activity related to Treasury bills was concentrated

in the first half of the year (80% of the Treasury bills was issued in this period). This was due mainly to the serious need for short-term resources during the first half of 1999. During this period, mostly short-term Treasury bills were issued, which had to be replaced with new bills after repayment. Issues for the portfolio of the NBS (all with a maturity of up to 7 days and with large-issue amounts) were floated exclusively in the first six months. During the second half of the year, Treasury bills were also issued with longer maturities (maturing in 2000).

Investors in Treasury bills were direct participants, i.e. domestic commercial banks, insurance companies, and dealers in securities, and indirect participants, i.e. other domestic legal entities registered in the Companies Register and foreign investors. The share of foreign investors in the primary purchase of Treasury bills at auction reached 14%, representing an increase of 100% compared with 1998. Their share in the holdings of Treasury bills was, however, much less, since they were selling these Treasury bills on the secondary market.



In 1999, the Ministry of Finance managed to reduce the costs of Treasury-bill issues in comparison with 1998. This was due partly to the setting of the maximum interest yield that the issuer was willing to accept at the auctions, and the issue of Eurobonds which unburdened the domestic market. On the primary Treasury-bill market, the average interest rate achieved at auctions reached 15.91% p.a. (compared with 18.27% p.a. in 1998).

Secondary Market

The conduct of monetary policy continued to rely on quantitative control based on the same set of central bank instruments as a year earlier. The main instruments of the NBS were again REPO operations conducted in the form of auctions (REPO tenders). In contrast with the previous years, individual REPO deals were not conducted in 1999 and direct sale from own portfolio was only used in exceptional cases at the beginning of the year. In 1999, the NBS created room for drawing Lombard loans automatically, at variable interest rates, derived from BRIBOR rates with a 5% additional rate. In practice, this measure had no real effect on the development of liquidity and/or the money market.

The level of liquidity in the banking sector and its dependence on NBS resources, as well as the situation on the money market, varied considerably during 1999. During the first half of the year, the banking sector was permanently dependent on refinancing. In this period, 55 REPO tenders were conducted for refinancing purposes with a standard maturity of 14 days in most cases. The long-term dependence of the banking sector on refinancing necessitated the conduct of a refinancing tender once a month with a maturity of 28 days and thus contributed to stabilisation of the situation on the money market. In response to the actual situation on the money market, the NBS conducted refinancing tenders with non-standard maturities (1 to 7

days) and two sterilisation tenders for adjusting the volume of liquidity. Sterilisation activities performed in that period included direct sales of Treasury bills, previously purchased within so-called technical issues made by the Ministry of Finance of the SR.

The development and level of interest rates on the money market were not affected directly by the NBS, with regard to the quantitative conduct of monetary policy. Interest rates were influenced mainly by the issuing activities of the Ministry of Finance, and/or the direct reaction of the money and foreign exchange markets to the development of the domestic economy and foreign markets.

This can be explained by developments at the beginning of the year, when interest rates were stagnant despite the effort of the NBS to lower their actual levels. An adverse effect on the Bank's effort was caused by the assignment of a negative credit rating to Slovakia by Moody's Investors Service and interest rates rose slightly despite the high level of liquidity in the banking sector. Nor did the excess of resources, which led to over-fulfilment of reserve requirements, have a positive effect on the results of auctions held by the Ministry of Finance. During this period, interest rates on one to six-month deposits fluctuated from 17 to 18%. An impetus for a fall in deposit rates below 16% occurred in March as a response to the inflow of liquidity from the redemption of government securities and the expected absence of the Ministry of Finance as an issuer. By selling Treasury bills from its own portfolio, the NBS stopped the fall in short-term rates and fixed their lower limit at 10%. The persistent excess of liquidity, resulting from refinancing by the NBS, and the successful issuing strategy of the Ministry of Finance created room for a fall in deposit rates; at the end of April, the rate for 6-month deposits was close to 15%.

A turning point in the development of interbank deposit rates came in May, when the continued weakening of the Slovak crown, reflecting the

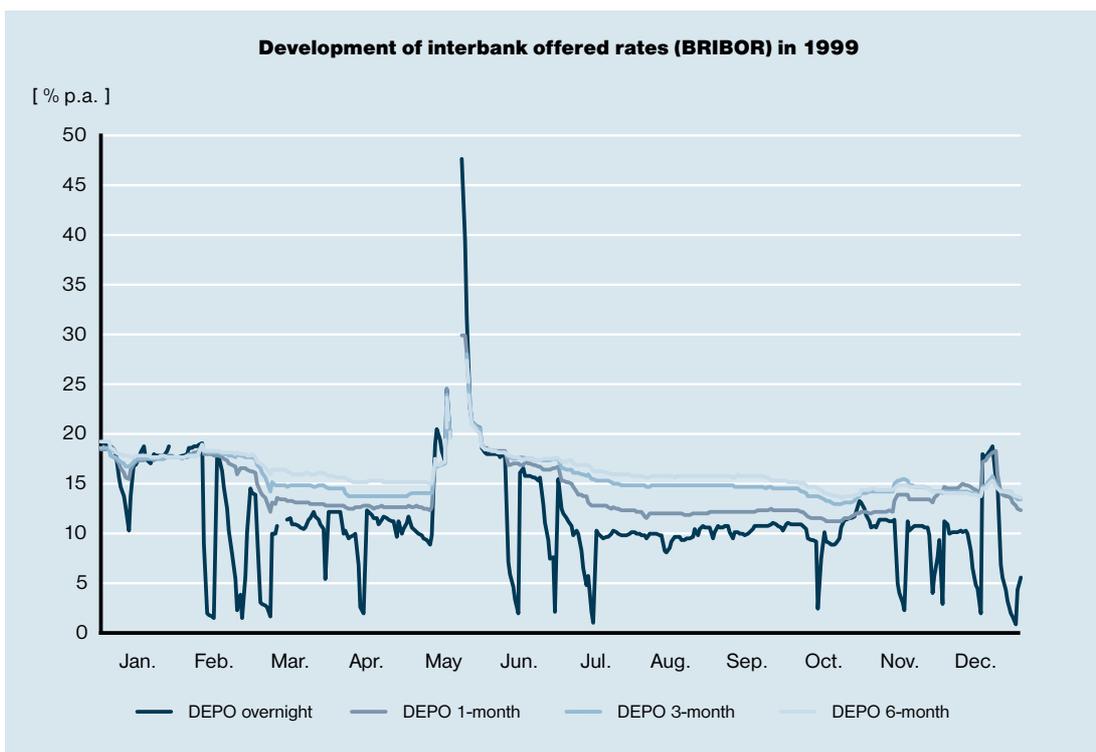
persistent imbalance of the economy coupled with a certain degree of uncertainty arising from the run-up to presidential elections, led to a marked increase in interbank rates. In the interest of exchange-rate stability, the NBS considerably restricted the liquidity of the banking sector in connection with the sharp rise in the level of interbank deposit rates and the temporary suspension of the quoting of BRIBOR rates on 20 and 21 May. Interest yields on transactions reached 35 to 50%. After the introduction of government measures and the stabilisation of the exchange rate, refinancing was renewed by the NBS. This enabled banks to renew the quoting of BRIBOR rates (above 20%) to the full extent, in a relatively short time. In spite of this, developments on the money market in May confirmed their fragility.

In June, all BRIBOR rates fell below the level of 18%. Their further fall, towards 17%, was due to the expected inflow of funds from an Eurobond issue and to intense refinancing by the NBS. The fall in deposit rates enabled the Ministry of Finance to reduce the level of interest yields at domestic auctions in government bonds.

From the beginning of July to the middle of August, when the volume of crown liquidity in the banking sector grew to an absolute surplus due to an inflow of liquidity in the form of converted funds obtained from a Eurobond issue of the Ministry of Finance, the NBS put out REPO tenders for sterilisation purposes. Although this period was relatively short, interest rates fell below 16% at the beginning of August and then remained at this level until the next period.

From the middle of August to the beginning of October, the banking sector again became dependent on NBS refinancing, due mainly to the accumulation of funds in the accounts of the State budget. With regard to the expected short-term character of the situation, the length of tenders also became shorter; it did not exceed the time of 7-day maturity. During August and September, interest rates remained surprisingly stable; at the end of this period, they fell below 15%.

During the following period (until the end of the year), the position of the NBS vis-à-vis the banking sector gradually changed into that of sterilisation. Due to the persistent excess of



liquidity, interest rates fell below the level of 14% at the end of the second period in October. The fall in interest rates was also supported by the State budget approved for the next year together with the cut in income tax rates. Another positive signal for the stabilisation of interest rates and the strengthening of the crown's exchange rate was the decision to invite the SR to start accession negotiations with the EU, taken at the Helsinki summit.

At the end of October and the beginning of November, interest rates followed a different trend as a result of concern about the expected effects on computer systems of transition to the year 2000. The most sensitive reaction was shown by rates maturing in 2000; their volatility increased as the end of the year approached. The situation stabilised as late as the last week of December, when the massive liquidity-surplus caused a general fall in interest levels.

5.2. Capital Market

Primary Market

In 1999, auctions in government bonds were held at regular weekly intervals in accordance with the issuing schedule. Of the total number of auctions (38), thirty-four were successful, i.e. 89.47% (compared with 82.5% in 1998).

The year 1999 saw a change in the structure of bonds by maturity. In comparison with 1998, when 1-year bonds represented 77.1% of the total volume of government bonds issued, the maturities of bonds issued in 1999 were longer. Of the total volume of government bonds, 3-year bonds accounted for 14.3%, 2-year bonds 29.1%, and 1-year bonds only 56.6%. Total demand for bonds reached Sk 83.22 billion, demand accepted at the auctions was Sk 61.229 billion, which represented 73.6% of the total demand. In 1999, the volume of government bonds issued fell in absolute terms

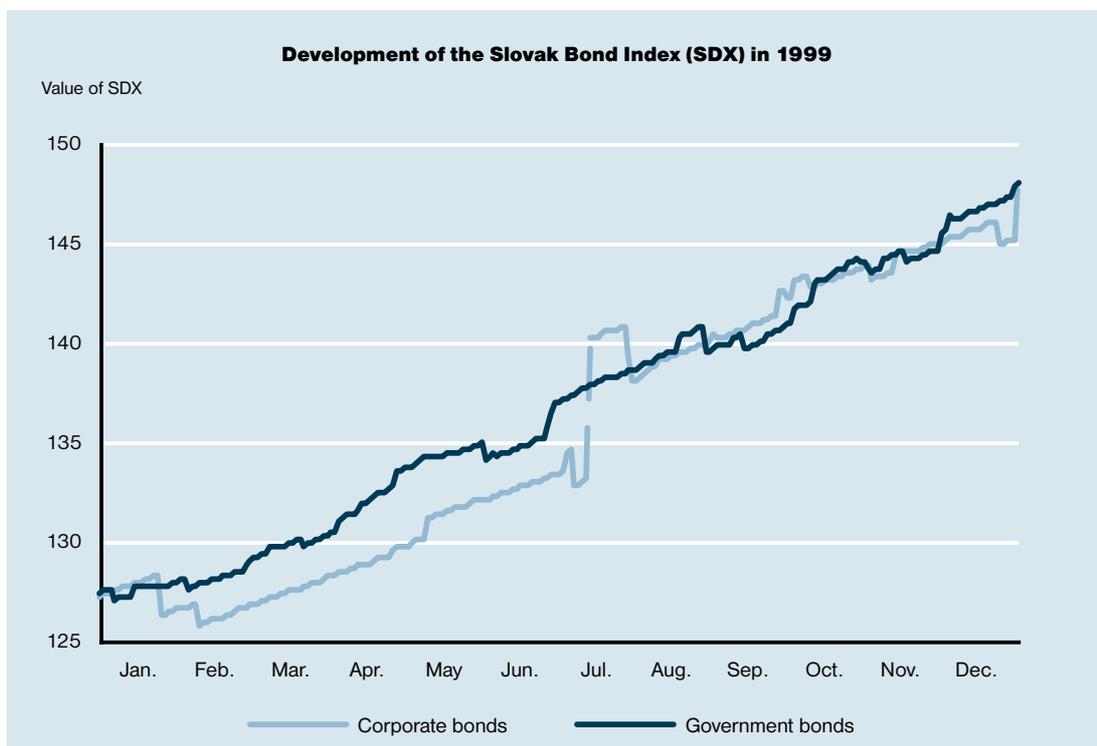
by Sk 5.758 billion compared with the figure for 1998. Total demand for government bonds also fell, by Sk 86.074 billion, due to a gradual reduction in the level of interest yields accepted at the auctions. The Ministry of Finance of the SR started setting limits on the prices and amounts of issues in an effort to lower the level of interest yields. The new method proved successful at government bond auctions. Interest yields accepted at the auctions fell continuously during the whole year, except the period that followed the depreciation of the crown in May. In 1999, the average yield to maturity on the primary market reached 16.994%, representing a marked fall (23.894%) in comparison with 1998. The lowering of yields at auctions was also supported by issues of bonds on foreign markets, which reduced the pressure on government debt financing on the domestic market.

In 1999, the primary market for government bonds underwent a marked qualitative change. The issuer succeeded in lowering the level of interest yields at auctions in government bonds and thus reducing the costs of debt servicing. At the same time, the issuer extended the maturities of these securities, which affected the length of maturity of the whole debt portfolio and created conditions for a further extension of maturities in future.

The total volume of publicly negotiable non-government bonds issued in 1999 reached Sk 1.65 billion, representing a fall of 25% (Sk 2.2 billion) compared with the same period in 1998. The trend of decline in the issue of non-government bonds started in 1996. The volume of non-government bonds issued fell mainly as a result of competition from government bonds.

Secondary Market

The total volume of trading on the secondary market reached, in 239 trading days, Sk 188.4 billion, representing a fall of 37% in



comparison with the previous year. Of the total volume of trading (Sk 188.4 billion), Sk 27.7 billion (14.7%) was in anonymous price-setting contracts and Sk 160.7 billion (85.3%) in direct transactions. In comparison with the previous year, the volume of price-setting transactions increased by 22.5%, reaching an all-time high in the history of the Bratislava Stock Exchange (BCPB). The increase in the volume of price-setting contracts was generated mostly by bond transactions.

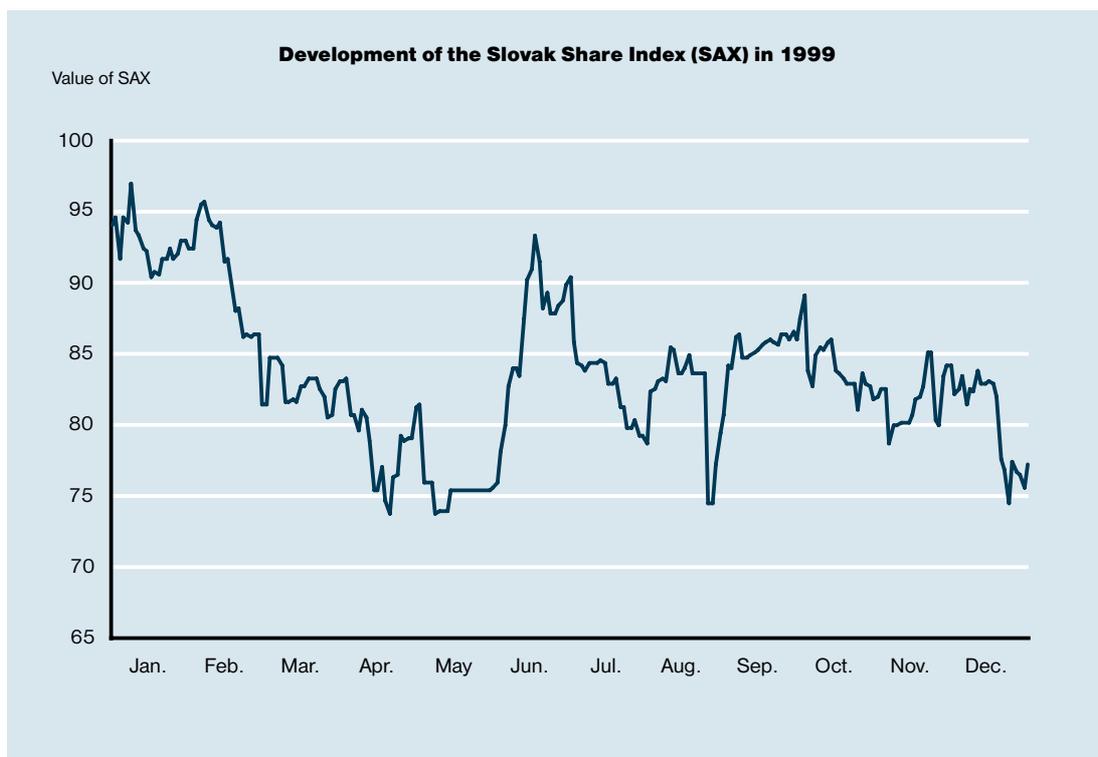
Transactions in bonds represented a substantial part of trading on the BCPB floor. The volume of bond transactions totalled Sk 168.2 billion, of which price-setting transactions accounted for Sk 25.9 billion (an increase of 25.1% compared with 1998).

The increase in anonymous transactions in bonds on the BCPB in comparison with 1998 was the first condition for a gradual increase in the liquidity of transactions and the reporting function of prices, which is likely to increase the attractiveness of government bonds for investors. The new system of market makers for government bonds, which was introduced to

BCPB at the end of October 1999, is also designed to strengthen the liquidity of the bond market.

The component of SDX (Slovak Bond Index) for bank and corporate bonds ended the last trading day of the year 1999 with an annual yield of 16.6%, at the level of 148.445% of the nominal value of its portfolio, offering an average yield of 15.98% to maturity and a duration of 1.4 years. At the end of the year, the average price of the government bond portfolio in the SDX base stood at 148.159%, while the average yield to maturity reached 15.24% and the period to redemption 0.8 years.

The total volume of trading in shares fell year-on-year by 45.7%, to Sk 20.2 billion, of which price-setting transactions accounted for Sk 1.8 billion, i.e. 8.9%. The value of SAX (Slovak Share Index) fluctuated below its initial level (100 points; as at 14 Sept. 1993) during the whole year. This was due to the low frequency of transactions, which caused the rates of individual base items to fluctuate. The index opened the first trading day of the year at the level of 94.00 points, and a few days later (on 14 January)



reached its yearly maximum (96.88 points) due to increases in the rates of Slovnaft and Slovakofarma shares. The index recorded an all-time low (73.62 points) on 7 May and closed the year at 77.07 points, with a loss of 18%.

During the period under review, the most significant year-on-year changes in the structure of government bonds held by domestic investors occurred in the share of other legal entities (an increase from 9.27% to 12.47%) and in that of commercial banks (an increase from 81.23% to 84.08%). The share of foreign investors remained virtually unchanged, at the year-end level of 1998. During the year, however, it fluctuated between 1.17% and 7.36%.

5.3. Foreign Exchange Market

Operations of NBS on the Foreign Exchange Market

With effect from 1 January 1999, the national currencies of the eleven EMU Member States were replaced by the single European currency

(EUR). At the same time, the euro became a reference currency for the Slovak crown. The NBS declared in its monetary programme for 1999 that it would not prevent the exchange rate of the Sk from fluctuation and would intervene only in the presence of excessive volatility.

For the first time, the NBS entered the foreign exchange market in February, by purchasing EUR 103 million from domestic banks in individual transactions.

A month later (on 9 March), the NBS decided to intervene directly in support of the crown exchange rate, when it depreciated in relation to the euro from SKK 43.930 to SKK 44.800/EUR within an hour. The National Bank of Slovakia sold a total of EUR 20 million in support of the Slovak crown.

Due to the hesitant approach of the Government to economic reform and the slack budgetary discipline during the second quarter, the exchange rate of the crown continued to depreciate, to which the NBS responded by conducting further interventions in support of the crown. During this period, the exchange-rate

Basic characteristics of the Slovak foreign exchange market in 1999

	USD			EUR			Other currencies			Total		
	Volume (US\$ mn)	(%)	Number of trans.	Volume (US\$ mn)	(%)	Number of trans.	Volume (US\$ mn)	(%)	Number of trans.	Volume (US\$ mn)	(%)	Number of trans.
NBS	0.0	-	0	348.9	-	101				348.9	0.5	101
Transactions between Slovak banks												
(without foreign banks)	12,771.0	46.6	3,875	13,845.8	50.5	8,566	805.5	2.9	816	27,422.4	41.0	13,257
Interbank foreign exchange market:												
NBS + transactions between Slovak banks	12,771.0	46.0	3,875	14,194.7	51.1	8,667	805.5	2.9	816	27,771.3	41.5	13,358
Transactions between Slovak and foreign banks												
	25,095.6	64.2	7,682	13,769.3	35.2	4,494	217.7	0.6	259	39,082.6	58.5	12,435
Foreign exchange market in the SR - total												
	37,866.6	56.6	11,557	27,964.0	41.8	13,161	1,023.2	1.5	1,075	66,853.8	100.0	25,793

value of the crown weakened to SKK 48.200/EUR 1. The NBS sold a total of EUR 90 million in several interventions within a couple of days.

The clear statement made by the Government and the NBS about the restoration of economic stability led to a gradual growth in confidence in the Slovak currency among investors. This was followed by relatively frequent issues of bonds

denominated in Slovak crowns by non-resident organisations. During the second half of the year, foreign banks and official institutions issued bonds with a maturity of 1 to 5 years in the total amount of Sk 12 billion. The exchange rate of the crown gradually appreciated during that period. In December, the trend of appreciation accelerated; hence the NBS had to intervene to prevent the Slovak crown from excessive appreciation. Over the course of December, the

Volumes of transactions on the domestic foreign exchange market in 1999 ^{1/}



^{1/} Excluding the NBS and foreign banks.

NBS purchased a total of EUR 114 million from commercial banks (of which EUR 72 million in individual transactions).

Interest in the Slovak crown was not an exception during that period; foreign investors also purchased Czech crowns and Polish zloty in expectation of positive economic and political development in the region.

During the year, the exchange rate of the Slovak crown appreciated in relation to the euro by 1.5%. The NBS concluded 101 transactions on the interbank market in the total amount of EUR 327 million, with a balance of EUR 107 million in favour of the NBS.

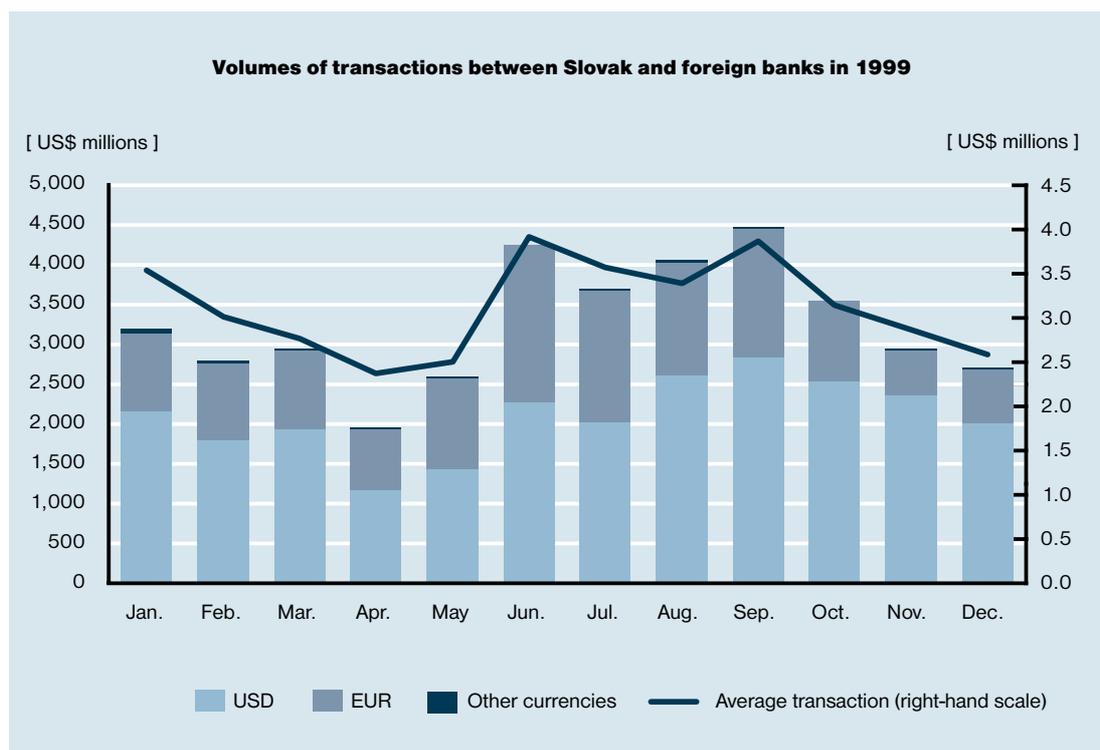
Interbank Foreign Exchange Market

In 1999, the volume of transactions between Slovak commercial banks totalled US\$ 27,422.4 million, representing a decline of 8.2% compared with 1998. Trading between Slovak banks also declined in comparison with the beginning of the year. The number of transactions decreased to 13,257, from 14,508 in 1998. The average number of contracts was 108 per day, with an average amount of US\$

2.1 million per contract (compared with US\$ 2.0 million in 1998). Most trading was conducted in EUR (50.5%), followed by USD (46.6%) and other currencies (2.9%).

Trading between Slovak and foreign banks maintained its dominant share of the country's foreign exchange market (58.5%, compared with 53.0% in 1998). The total volume of transactions amounted to US\$ 39,082.6 million, representing a fall of 1.1% compared with 1998. Most trading was conducted in US\$ (64.2%, compared with 86.2% in 1998), followed by EUR (35.2%, compared with 12.9% in 1998), and other currencies (0.6%). Although trading in US\$ maintained its dominant position, its share decreased considerably as a result of the introduction of the single European currency (EUR).

Trading between Slovak and foreign banks resulted in a positive balance of US\$ 59.3 million, representing a sharp fall in comparison with the previous year, when the balance reached US\$ 388.9 billion. The fall was due to the fact that exchange rate losses became more difficult to predict after the introduction of a floating exchange rate for the Slovak crown.



C. BANKING SUPERVISION IN 1999



1. DEVELOPMENT OF THE BANKING SECTOR

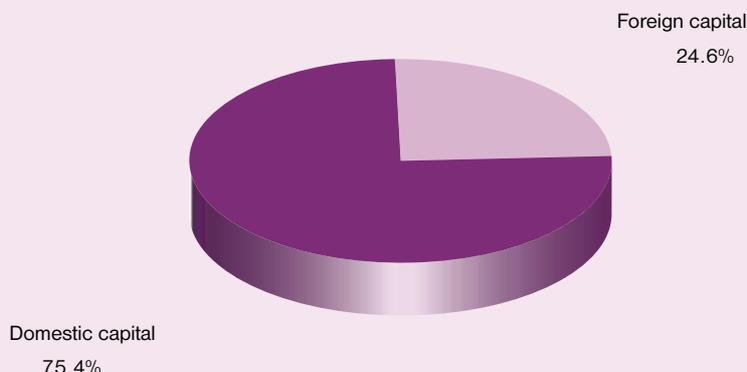
On 31 December 1999, twenty-five banking entities were active in the banking sector of the Slovak Republic – twenty-three banks and two branch offices of foreign banks. On 1 January 1999, a merger of two banks, Bank Austria (SR), a.s. Bratislava and Creditanstalt, a.s. Bratislava, took place. A representative of Bank Przemyslowo-Handlowy SA from Poland started its activities on 1 January 1999. At the end of 1999, ten representative offices of foreign banks were active in the Slovak Republic.

The total subscribed capital in the banking sector of the Slovak Republic, including funds permanently provided to branch offices of foreign banks (excluding the NBS), increased from 31 December 1998 to 31 December 1999 by Sk 18.2 billion, i.e. from 34.6 to Sk 52.8 billion. An increase in registered capital took place in Tatra banka, a.s. Bratislava of Sk 522 million in assets; of Sk 5.7 billion in Investičná a rozvojová banka, a.s. Bratislava via

a subscription of new shares; in Priemyselná banka, a.s. Košice of Sk 598.9 million via a subscription of new shares; in Slovenská záručná a rozvojová banka, š.p.ú. Bratislava of Sk 120 million in assets; in Slovenská sporiteľňa, a.s. of Sk 4.3 billion via a subscription of new shares, and in Všeobecná úverová banka a.s. Bratislava of Sk 8.9 billion via a subscription of new shares. On the other hand, a reduction of Sk 2.0 billion resulted from the sale and subsequent withdrawal of the banking license of Priemyselná banka, a.s. Košice.

The share of foreign investors in the total subscribed registered capital and funds permanently provided to branch offices of foreign banks was substantially reduced by the increased capital of the Ministry of Finance of the Slovak Republic in restructured banks, i.e. Všeobecná úverová banka, Slovenská sporiteľňa, and Investičná a rozvojová banka. From a maximum share of 38.3% in the second quarter of 1999, it fell to 24.6% in the fourth quarter of 1999. This development was not associated with an absolute reduction in foreign investment in the banking sector of the Slovak

Structure of capital and permanently provided funds of banks and branches of foreign banks in the Slovak Republic as at 31 December 1999



Republic, but was caused by the process of restructuring, which included the aforementioned capital input of the Ministry of Finance of the Slovak Republic.

Important amendments to three banking laws came into force in 1999:

An amendment to the Act on Banks 21/1992, Zb. in the wording of subsequent regulations, with effect from 11 October 1999:

- made it possible for more citizens to obtain mortgage loans,
- established legal conditions to provide mutual legal assistance in criminal matters,
- increased protection of clients of banks and branch offices of foreign banks,
- contributed to improved payment discipline of debtors of banks and branch offices of foreign banks,
- improved the effectiveness and reinforced the operations of bank supervision.

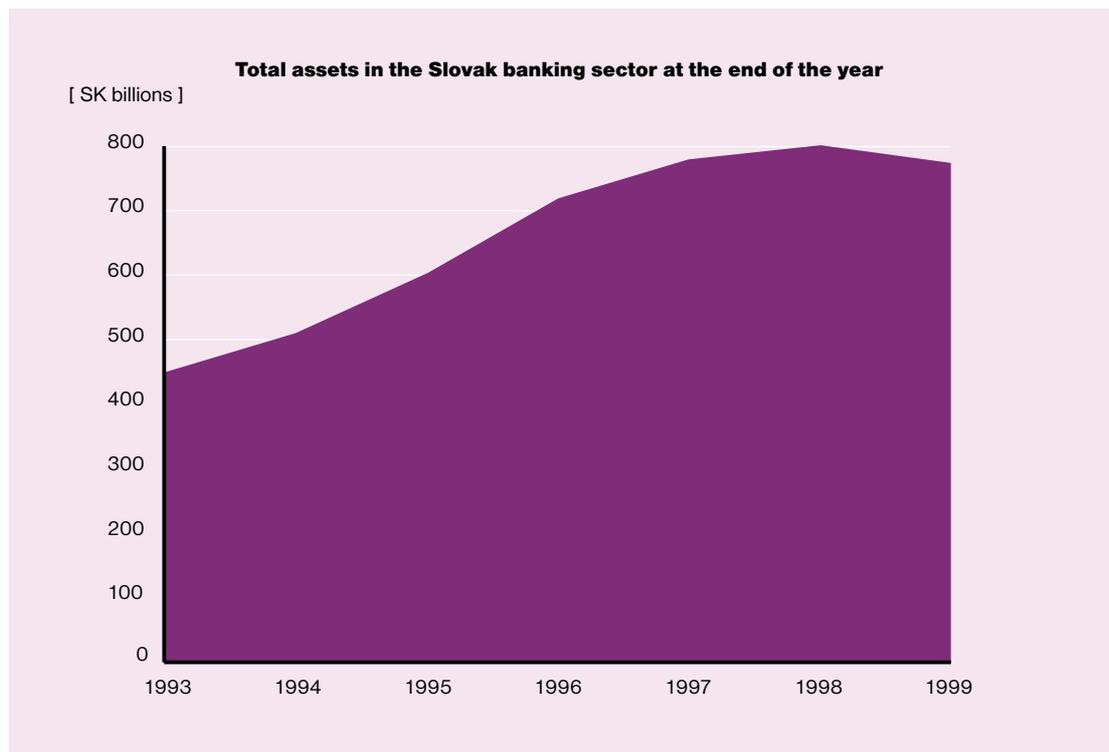
An amendment to Act 310/1992, Zb. of the National Council of the Slovak Republic on home savings in the wording of Act 386/1996, Z.z.

with effect from October 1, 1999 was passed in order to:

- eliminate existing barriers to comprehensive implementation of the system of home savings,
- constitute legal conditions for the entry of corporate bodies into the system,
- encourage the return of so-called solidarity depositors,
- widen the possibility to use available resources from the home savings fund.

Among the most significant changes enacted in the amendment to Act 118/1996, Z.z. on the protection of deposits and on changes and amendments to some other laws with effect from 1 July 1999 can be summarized as follows:

- acceleration of the payout of compensation for inaccessible deposits,
- improving the effectiveness of the Deposit Protection Fund,
- preventing instability in the banking system at a time when compensation is being paid for inaccessible deposits.



2. CHARACTERISTICS OF THE BANKING SECTOR

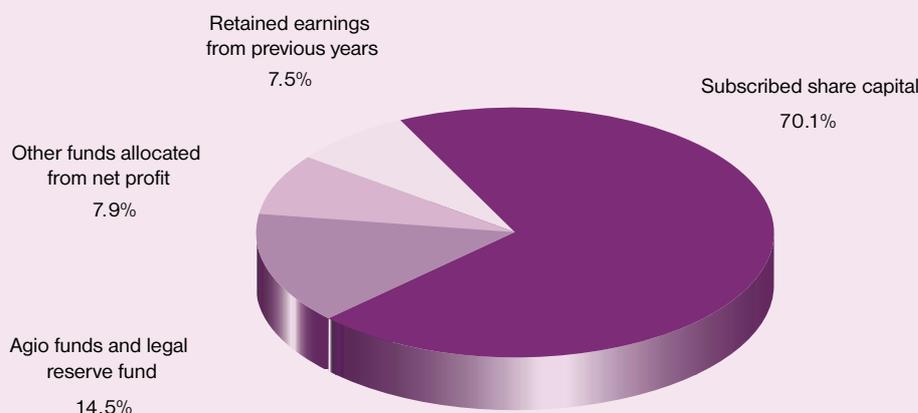
The year 1999 may be considered a breakthrough in the development of the banking sector, above all, because after years of effort on the part of the National Bank of Slovakia, the first tangible steps were made in restructuring the loan portfolio of the largest banks. In accordance with a decision of the government and the set timetable, the first two steps were taken in pre-privatisation restructuring. The capital in these banks was reinforced towards the end of 1999. In this operation, the Ministry of Finance of the Slovak Republic and the National Property Fund of the Slovak Republic acquired 84.5% in VÚB, 97.2% in Slovenská sporiteľňa, and 69.6% in Investičná a rozvojová banka. In the second phase, approximately Sk 82.3 billion of bad loans of these banks was transferred, thereof Sk 62.7 billion from outside the banking sector, into a specialized state agency, Slovenská konsolidačná, a.s., and the rest to Konsolidačná banka, š.p.ú.

In December 1999, based on results of an international tender announced by the government of the Slovak Republic, the long-term advisors for the privatisation of VÚB, Slovenská sporiteľňa, and Banka Slovakia, were selected. They are J. P. Morgan as financial consultants and White & Case as legal advisor. At the same time, audit began in the banks with the aim to prepare them for strategic foreign investors before the end of the year 2000.

Total assets of banks in the Slovak financial market on 31 December 1999 totalled Sk 769.8 billion with a year-on-year decline of 3.3% (SK 26.5 billion). The decrease in total assets is to some extent ascribable to cancellation of the measure on the foreign exchange position of banks for monetary purposes and the aforementioned transfer of non-performing loans. The share of banks undergoing transformation in the total volume of total assets has not significantly changed and at 31 December 1998 was 45.8%.

In the course of the period under review, banks concentrated on less risky transactions.

Structure of capital applied in the calculation of capital adequacy at 31 December 1999



Continuing deterioration of the financial situation of entrepreneurial entities had its effect on the growth of non-performing loans with a negative impact on the quality of the loan portfolio of banks. Lending activity is only slowly recovering, and mostly only for existing clients. This is due to concern over the high level of risk and a shortage of available resources in the first half of the year in particular.

Deterioration in the structure of assets of the banking sector starting in 1998, continued throughout 1999. The volume of classified assets increased in several banks, above all in the second half of the year, and the creation of reserves and provisions lagged behind the needs ensuing from growth of non-performing loans. This development stemmed mainly from more precise classification of claims in banks undergoing restructuring. This was clearly reflected in the results for September, when the volume of classified claims reached Sk 174.5 billion. At the end of the year the volume decreased to Sk 129.7 billion, primarily as a result of the transfer of a portion of the claims to Slovenská konsolidačná. In the fourth quarter, the share of classified claims in total claims decreased from 32.3% to 23.0%.

The share of primary and secondary resources placed in current performing assets had been on the decrease, but this slowed down after the transfer of the bad loans and its development has since improved. From 91.8% of resources allocated to income yielding assets in December 1998 this share dropped to 88.1% on 30 September 1999 and at the end 1999 had climbed to 95.7%.

The banking sector reported a loss at 31 December 1999 of Sk 29.5 billion year-on-year. This development was essentially influenced by the transforming banks that have created the full volume of required provisions and they report no uncovered presumed loss from loan classification. However, the creation of provisions led to an operating loss. The problem of high operating costs persisted in some banks.

3. EVALUATION OF PRUDENTIAL BANKING BEHAVIOUR

In 1999, as previously, the prudential conduct of banks was governed by five decrees of the National Bank of Slovakia, based on international standards and recommendations of the Basle Committee for Banking Supervision.

Evaluation is based on the processing of bank accounting data as well as on bank reports on capital adequacy, credit exposure, management of liquidity, open FX positions, and classification of claims and off-balance sheet commitments of banks according to risks involved, and the creation of provisions to cover risks (classification of claims and off-balance sheet commitments), submitted to the Banking Supervision Division of the NBS.

The information system of Banking Supervision Division serves to evaluate and monitor tendencies in individual banks, groups of banks, and the banking sector of the Slovak Republic as a whole, using a set of indicator-ratios.

With regard to compliance with prudential standards, improvement was recorded in 1999 in the banking sector of the Slovak Republic as a whole, in observing liquidity limits and open foreign exchange positions. Assessment of prudential behaviour in the banking sector is the responsibility of the Banking Supervision Division of the NBS and is carried out by systematic on-site inspections.

3.1. Capital Adequacy

NBS Decree No. 5/1997 on capital adequacy requires banks to maintain a minimum level of capital adequacy of 8%.

At 31 December 1999, four banks had failed to meet the capital adequacy level. These

included one state financial institution and two commercial banks where the deductible items exceeded the value of capital. Compared with December 1998, the funds needed to achieve capital adequacy of 8% in these banks decreased to Sk 27.5 billion.

Capital adequacy in banks operating in the banking sector of the Slovak Republic increased, compared with 1998, by 2.2 points and reached 5.3%. This positive trend results from an increase in the capital base for the calculation of capital adequacy and a decrease in the volume of risk weighted assets, which was plainly due to restructuring of the largest Slovak banks.

Capital for the calculation of capital adequacy at 31 December 1999, increased year-on-year by approximately Sk 6.5 billion to Sk 19.4 billion. Risk weighted assets of banks in the banking sector of the Slovak Republic decreased by Sk 43.2 billion to Sk 363.7 billion. The increase in capital for calculation of capital adequacy of the banking sector resulted primarily from the increase in registered capital in restructured banks and a decrease in deductible items, above all uncovered presumed loss.

3.2. Credit Exposure

Under NBS Decree No. 3/1994, banks are required to monitor their loan risk in terms of potential loss caused by high credit exposure to one or several debtors constituting an economically linked group of borrowers. Net credit exposure in respect of non-bank clients must not exceed 25% of a bank's capital, and 80% in respect of bank clients, and the total amount of net loan exposure over and above 15% of the bank's capital must not exceed 800% of the bank's capital.

During 1999, nineteen banks were found to have overstepped the net credit exposure limit

for non-bank borrowers and fourteen banks had broken the limit for lending to other banks. The limit on aggregate amount of reported loans was broken by eleven banks. Failure to comply with limits was due mainly to insufficient capital strength and high loan exposure inherited from the past. However, development was on the whole positive and the number of banks overstepping limits was less than in the previous year.

3.3. Liquidity

The Banking Supervision Division of the NBS introduced stricter rules for bank liquidity in Decree No. 7/1997, whereby banks and branch offices of foreign banks are required to achieve the ratio of assets and liabilities payable within one month to be equal to or exceeding 100%. The development of the set liquidity limit in 1999 was positive compared with the preceding year. The number of banks that failed to meet this requirement during the year fell to thirteen, whereof five failed to meet the limit only once.

Apart from application of monetary instruments by the National Bank of Slovakia, liquidity was also influenced by the current situation and market developments. This amounted to the persisting shortage of mainly long-term and to a lesser extent medium-term funds, chronic problems of the capital market, insufficient number of large investors, tax legislation, etc. These factors resulted in a shortage of liquid funds and subsequent failure of certain banks to comply with the minimum reserves requirement and a mismatch in maturity of resources and their application.

3.4. Open Foreign Exchange Positions

The NBS Decree No. 11/1997 on limitations pertaining to open foreign exchange positions of

banks governs rules for prudential banking operations in foreign currencies. The Decree sets a limitation on the difference between assets and liabilities in individual currencies converted to Slovak crowns to 10% of the individual currency positions, and for aggregate open foreign exchange positions, 25% of the bank's capital. From 1 January 1999, the common European currency, the euro, has been included in the reports on open foreign exchange positions. With the exception of banks undergoing transformation, pursuant to the procedure adopted by the Banking Supervision Division for banks exceeding the set limits, risks ensuing from open foreign exchange positions were mostly of short-term character and the number of banks contravening the provisions of the Decree has declined.

3.5. Classification of Claims

Decree No. 3/1995 sets out uniform rules for reporting and evaluating the claims and off-balance sheet commitments of banks and branch offices of foreign banks with respect to risks involved, specifying the need to set aside funds to cover such risks.

An important breakthrough took place in the development of classified claims in 1999, when, after years of effort on the part of the National Bank of Slovakia, the first tangible steps were taken towards restructuring the loan portfolios of the largest banks. Towards the end of 1999, the capital of these banks was increased and bad loans were transferred to a state-owned financial institution and to a specialized agency outside the banking sector. As a result of these steps, the uncovered presumed loss from claims and off-balance sheet commitments of banks for the banking sector as a whole fell year-on-year by Sk 18.7 billion, i.e. by 96.9% to Sk 603.2 million.

The priorities which the NBS will have to concentrate on in the near future include addressing the problems of certain small banks in Slovakia; it will be necessary to cooperate on the preparations to complete the restructuring of banks with majority state ownership and prepare prerequisites for their privatisation in line with Government plans; and also to actively contribute to negotiations on Slovakia's accession to European structures. Achieving this goal will require full implementation of 25 basic principles for effective functioning of banking supervision, and necessitate further adaptation of the rules for prudential banking behaviour and changes to the Act on Banks, the NBS Act, and other statutes.

D. ISSUING ACTIVITY OF THE NBS AND CURRENCY IN CIRCULATION



1. ISSUES OF SLOVAK BANKNOTES AND COINS

In 1999, the National Bank of Slovakia put into circulation new issues of Sk 20, Sk 50, Sk 100, Sk 200, Sk 1000 and Sk 5000 banknotes, and arranged the additional minting of 10 and 20-halier coins in accordance with the needs of currency circulation. The new Sk 200, Sk 1000, and Sk 5000 banknotes (series 1999) contain several new security features designed to increase the degree of protection against forgery in line with the world-wide trend and to ensure that the notes may be more easily distinguished in everyday circulation. The banknotes were produced at three different printing works abroad: BA Banknote, Giesecke & Devrient, and De La Rue. In December 1999, the NBS also released into circulation a limited number of banknotes in all denominations, with a metallic foil in the coupon and a design, format, and text commemorating the end of the second millennium.

In addition to coinage, the NBS issued six commemorative coins, including two gold and

four silver. All the coins (standard and commemorative) were struck at the Kremnica State Mint.

1.1. Currency in Circulation

There were no substantial disruptions in currency circulation in 1999, except for December, when the volume of currency in circulation increased in connection with the transition to the year 2000. There were no noteworthy changes in the structure of currency in circulation as to individual nominal values of banknotes and coins, in comparison with the previous year.

At 31 December 1999, the volume of currency in circulation stood at Sk 67.8 billion (including commemorative coins issued in 1993). In total, 111.4 million banknotes, 779.1 million standard coins, and 577.8 thousand commemorative coins were in circulation. In comparison with 1998, the total value of currency in circulation increased by Sk 9.4 billion (16.1%). The number of banknotes and coins in circulation increased by 82.6 million items (10.2%).

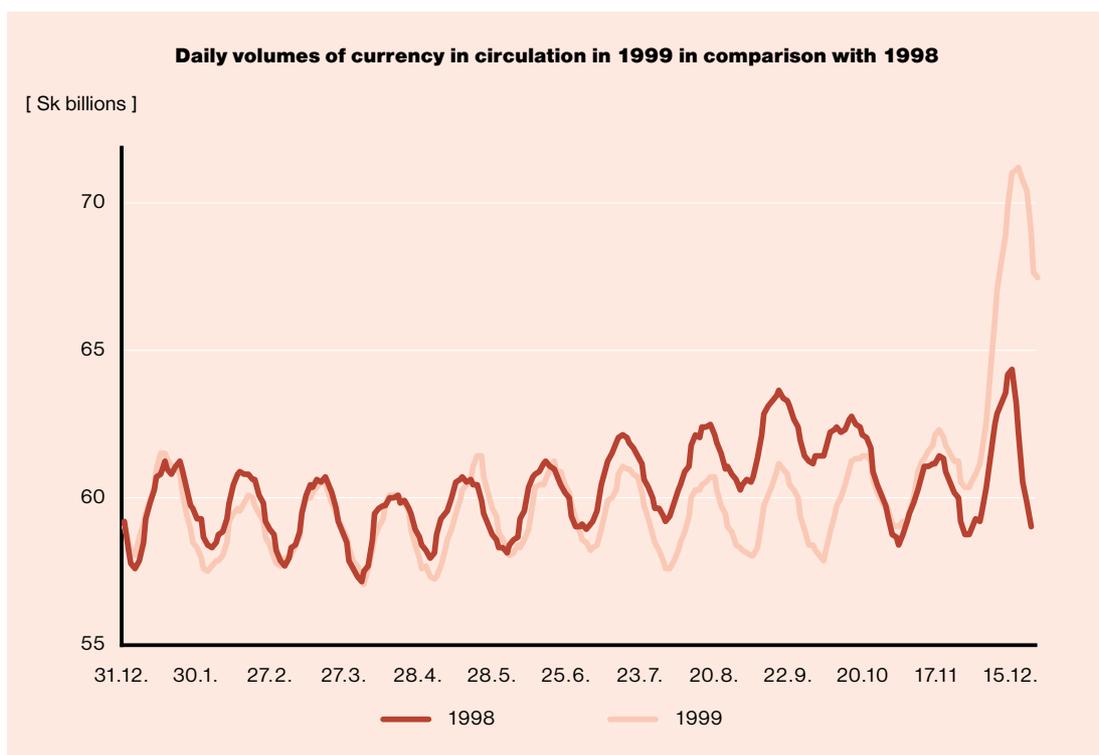
Commemorative coins issued by the NBS in 1999

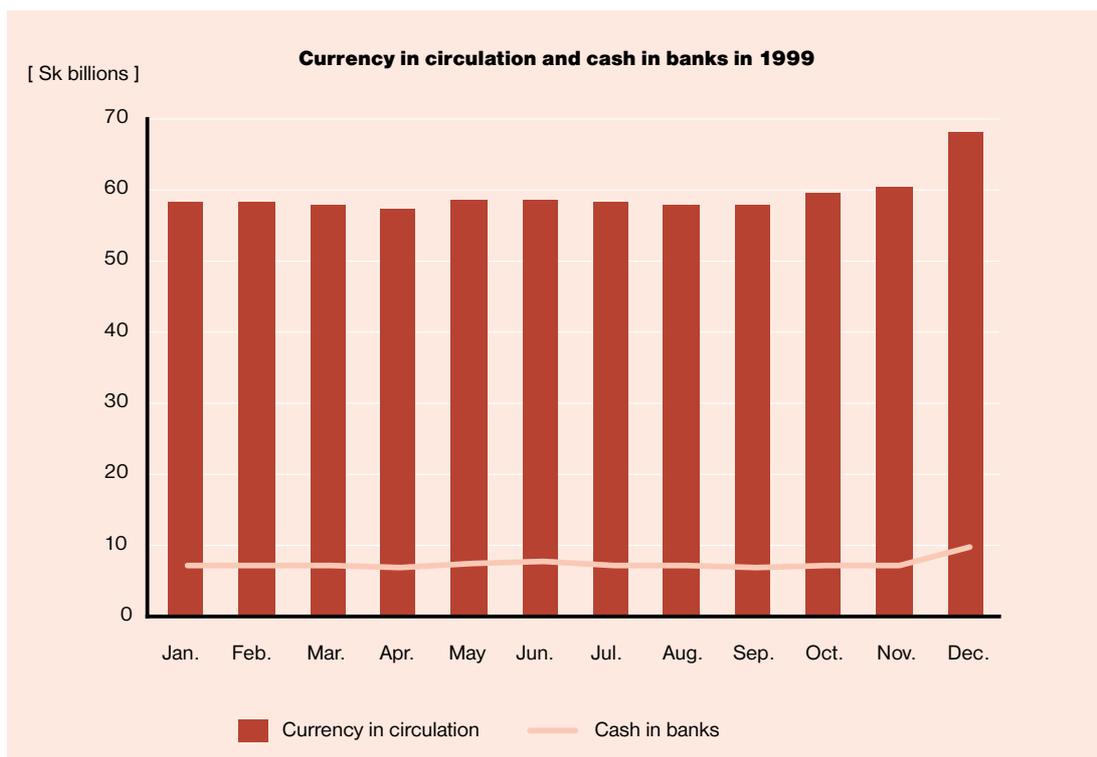
Nominal value	Event commemorated	Number of coins issued		NBS Decree No.
		Total	Thereof: PROOF	
CSC Sk 200	150th anniversary of the birth of Pavol Országh Hviezdoslav	14,100	1,400	124/1999 Z.z.
CSC Sk 500	Minting of the first thaler coins in Kremnica, 500th anniversary	13,800	1,400	158/1999 Z.z.
CSC Sk 200	Foundation of the Slovak Philharmonia, 50th anniversary	14,100	1,400	189/1999 Z.z.
CGC Sk 5000	Minting of the first thaler coins in Kremnica, 500th anniversary	5,500	5,500	224/1999 Z.z.
CGC Sk 10000	Commemorative coin for the year 2000 – millennium	3,500	3,500	329/1999 Z.z.
CGC Sk 2000	Commemorative coin for the year 2000 – millennium	2,000	2,000	330/1999 Z.z.

Explanations: CSC – commemorative silver coin
CGC – commemorative gold coin



The development of currency circulation during 1999 was steady, without marked fluctuations, except for December (an increase of Sk 7.8 billion at the end of the month), when the maximum volume of currency in circulation was reached (Sk 71.9 billion on 22 December 1999).





The development of currency in circulation in December was affected mainly by a seasonal increase during the period before Christmas and by increased cash withdrawals from banks in expectation of problems with computer software in connection with the transition to the year 2000.

Daily development of the total value of currency in circulation during the first half of 1999 was virtually identical to that in 1997. During the second half of the year, there were no marked changes (the volume of currency fluctuated between Sk 57 and 62 billion); the volume of currency was below the level of 1998. In December 1999, the volume of currency showed a marked increase.

The cumulative monthly volume of currency issue reached a maximum of Sk 11.9 billion in December, which is almost twice the cumulative value of growth in currency in comparison with the same period a year earlier.

Of the total volume of currency in circulation, vault cash in commercial banks, which is

a component of currency, accounted for 13.3% on average in 1999 (measured at ends of months), which was comparable with the figure reached in 1998 (13.6%). From January to November, the volume fluctuated between 12.5 and 13.0% of the total volume of currency. In December, the share of vault cash in banks increased to 15%, due to the expectedly high withdrawals of cash by customers towards the end of the year.

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

In 1999, the number of banknotes and coins in circulation increased by 82.6 million items. This increase was mainly due to the number of standard coins, which increased by almost 74.3 million. As a result, the share of standard coins in the total volume of money in circulation increased slightly and reached 87.4%. The number of banknotes in circulation increased by only 8.3 million, which represented a decrease in the share of banknotes in the total volume of

Volume of currency in circulation (in millions of items)

Nominal value	Volume at 31.12.1998	Volume at 31.12.1999	Share in % at 31.12.1998	Share in % at 31.12.1999
Banknotes	103.10	111.44	12.75	12.50
Sk 5000	3.63	4.70	0.45	0.53
Sk 1000	30.44	33.54	3.76	3.76
Sk 500	8.13	9.09	1.01	1.02
Sk 200	4.71	5.94	0.58	0.67
Sk 100	24.03	23.89	2.97	2.68
Sk 50	10.84	11.45	1.34	1.28
Sk 20	21.33	22.83	2.64	2.56
Coins	704.83	779.08	87.18	87.43
Sk 10	56.80	59.12	7.03	6.64
Sk 5	37.45	40.01	4.63	4.49
Sk 2	62.34	68.45	7.71	7.68
Sk 1	88.54	94.46	10.95	10.60
Sk 0.50	51.47	51.25	6.37	5.75
Sk 0.50 II	34.66	44.76	4.29	5.02
Sk 0.20	173.78	194.47	21.49	21.82
Sk 0.10	199.80	226.56	24.71	25.43
Commemorative coins	0.55	0.58	0.07	0.07
Total	808.48	891.10	100.00	100.00

Volume of currency in circulation (in millions of Sk)

Nominal value	Volume at 31.12.1998	Volume at 31.12.1999	Share in % at 31.12.1998	Share in % at 31.12.1999
Banknotes	56,944.64	66,203.53	97.50	97.64
Sk 5000	18,131.54	23,511.42	31.05	34.68
Sk 1000	30,435.86	33,542.14	52.11	49.47
Sk 500	4,063.71	4,543.60	6.96	6.70
Sk 200	941.79	1,188.92	1.61	1.75
Sk 100	2,403.16	2,388.60	4.11	3.52
Sk 50	541.95	572.32	0.93	0.85
Sk 20	426.63	456.53	0.73	0.67
Coins	1,066.22	1,132.18	1.83	1.67
Sk 10	567.96	591.24	0.97	0.87
Sk 5	187.24	200.03	0.32	0.30
Sk 2	124.67	136.89	0.21	0.20
Sk 1	88.54	94.46	0.15	0.14
Sk 0.50	25.74	25.63	0.04	0.04
Sk 0.50 II	17.33	22.38	0.03	0.03
Sk 0.20	34.76	38.89	0.06	0.06
Sk 0.10	19.98	22.66	0.03	0.03
Commemorative coins	391.57	462.98	0.67	0.69
Total	58,402.43	67,798.69	100.00	100.00

currency in circulation (to 12.5%) with regard to the level reached in the volume of standard coins in circulation.

Of the total increase in the value of currency in circulation (Sk 9.4 billion), the value of banknotes in circulation accounted for Sk 9.3 billion. With regard to the structure of money in circulation, the most significant increase was recorded in the value of banknotes of the highest denomination (Sk 5.4 billion). The value of notes in circulation increased by Sk 66 million, due to an increase in the number of coins of all denominations.

At 31 December 1999, the total value of currency in circulation per capita including commemorative coins amounted to Sk 12,555, whereof banknotes represented Sk 12,260, standard coins Sk 210, and commemorative coins Sk 73, per capita. The total value of currency in circulation per capita increased by Sk 1,726 in comparison with 1998. The per capita number of banknotes was 21 (compared with 19 in 1998). The most frequent denominations were Sk 1000 and Sk 100. The number of standard coins per capita increased by

almost 14 and reached 144 items with the largest share of 20-halier and 10-halier coins.

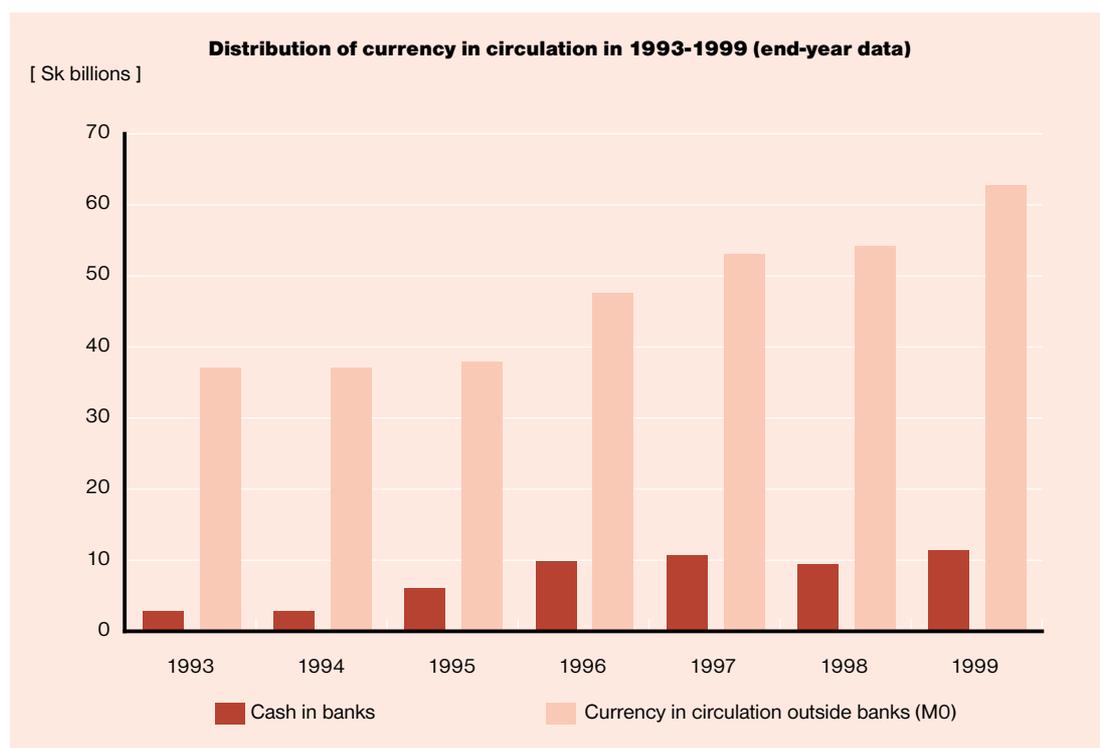
The average value of currency in circulation increased by Sk 3.9, since the increase in the average value of banknotes (Sk 41.8) virtually offset the increase in the share of smaller nominal value coins in circulation. A comparison with 1998 is given in the following table.

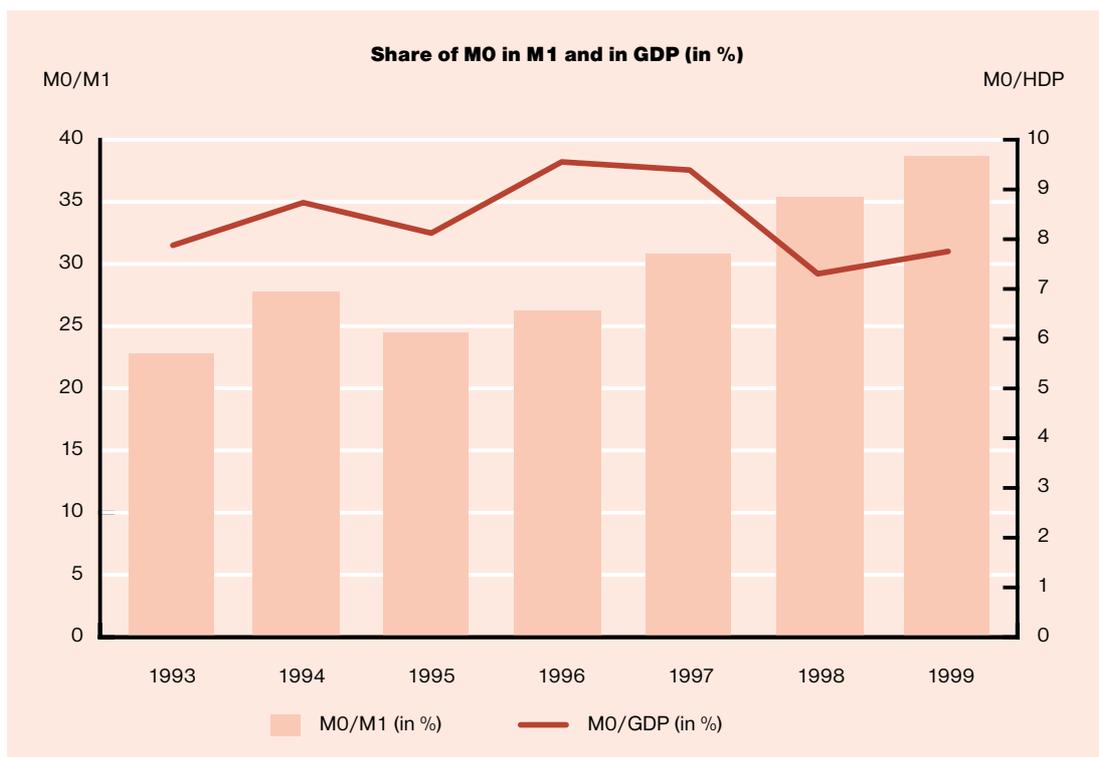
Average value of currency in circulation (Sk)

Currency in circulation	1998	1999	Difference
Total including commemorative coins	72.2	76.1	+3.9
Banknotes	552.3	594.1	+41.8
Standard coins	1.5	1.4	-0.1

1.3. Relationship between Currency in Circulation and Selected Macroeconomic Indicators

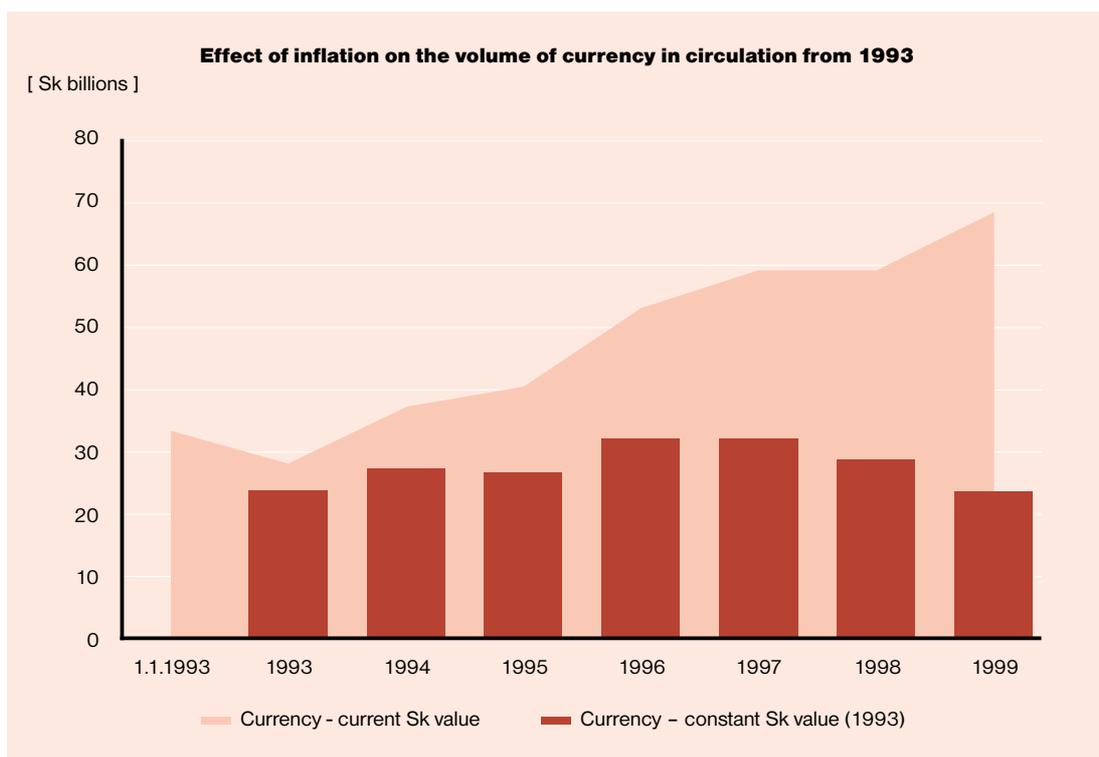
The comparison of money in circulation with selected macroeconomic variables is of





importance for the evaluation of the level of cash and/or cash free payments and the values of some macroeconomic variables, whose effect on money circulation is considered significant.

After a period of growth in 1996, the share of currency-in-circulation in banks remained stagnant and/or decreased until 1998. In 1999, the volume of vault cash increased by



Sk 1.8 billion, to Sk 10.4 billion, due to fears of problems with the transition to the year 2000. The volume of currency in circulation outside banks shows a tendency to grow. In 1999, the volume of cash outside bank vaults amounted to Sk 57.4 billion.

From the macroeconomic point of view, the share of M0 in the M1 aggregate is interesting for the purposes of international comparison, as is also the proportion of M0 to gross domestic product (GDP). The relatively high share of M0 in the M1 aggregate (20-38%) in the years 1993 to 1999, indicates a lower proportion of non-cash transactions in Slovakia compared with countries of the European Union. The high value of this proportion in 1999 was due mainly to expectations of problems in non-cash payments during the period of transition to the year 2000.

The proportion of M0 to the GDP during the period from 1993 to 1999 remained almost unchanged at 7 to 9%, which is typical for countries of the European Union, where this indicator is at the level of 3-10%.

Currency in circulation in current Sk has increased steadily since 1993. The volume of currency in circulation based on constant Sk value from 1993 (adjusted for inflation from 1993) has been on the decrease since 1997, which indicates that the value of real money in circulation has been falling. Due to the relatively high level of annual inflation (14.2% in 1999), the

volume of currency in circulation at constant 1999 prices fell below the level of 1993.

2. COUNTERFEIT MONEY SEIZED IN THE SLOVAK REPUBLIC

2.1. Main Trends

In 1999, 2,353 items of counterfeit Slovak-crown and foreign-currency banknotes and coins were seized in Slovakia, i.e. 40% more than in 1998.

The number of Sk counterfeits continued to increase and the structure of foreign-currency counterfeits changed in comparison with the previous year. Most counterfeits were seized directly in currency circulation by the employees of commercial banks, non-bank exchange offices, and the Police.

2.2. Slovak Currency Counterfeits

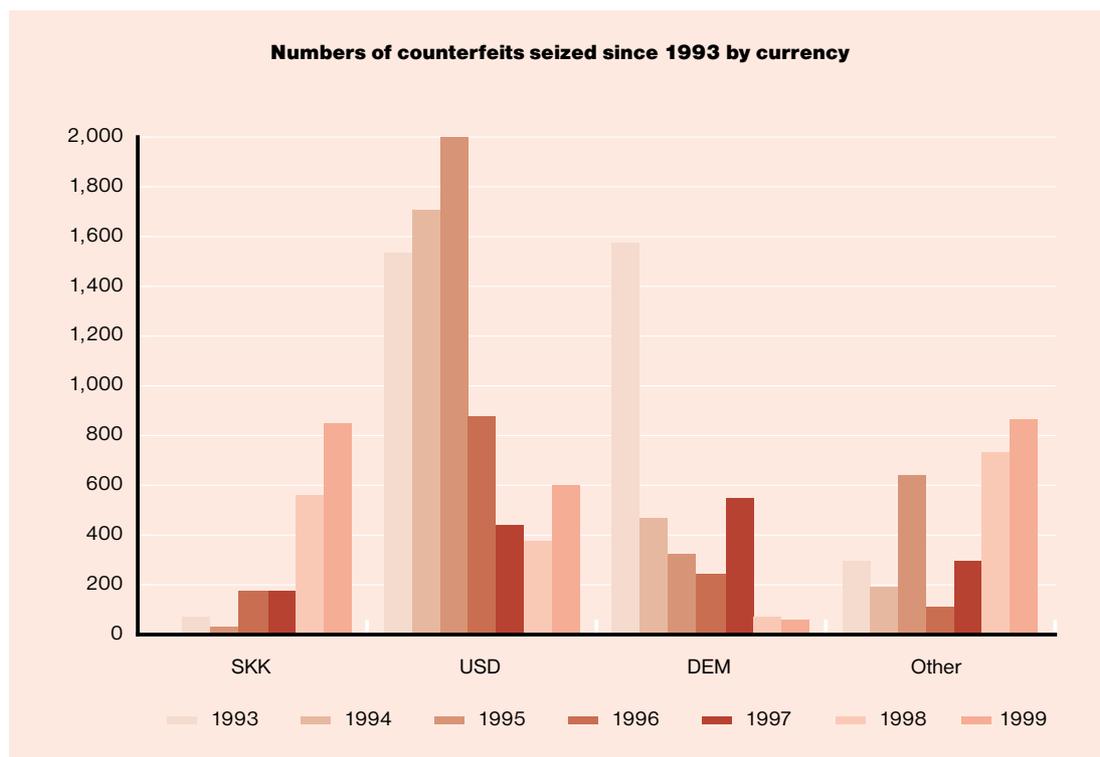
In 1999, 844 items of counterfeit Slovak currency were seized in the Slovak Republic. The highest number was recorded in the Trnava region, where 430 counterfeit banknotes were seized in 50 separate instances.

Number of counterfeits seized from 1993 to 1999 (in pcs)

Year	SKK	USD	DEM	Other	Total
1993	0 ^{1/}	1,540	1,579	294	3,413
1994	71	1,709	463	201 ^{2/}	2,444
1995	27	1,998	311	632	2,968
1996	173	879	237	107	1,396
1997	178	431	543	285 ^{2/}	1,437
1998	556	364	70	729 ^{2/}	1,719
1999	844	590	56	863	2,353

1/ Statistics from 1993 do not cover counterfeits of stamped banknotes.

2/ Statistics from 1994, 1997, and 1998 do not cover counterfeits seized by the police before introduction into circulation (19,968 pieces in total).



In comparison with the previous year, the number of seized counterfeit Slovak currency banknotes increased more than 1.5 times, with the most frequently forged notes being Sk 1000 and

Sk 100 banknotes. In most cases, the counterfeit notes were of poor quality, in the danger degree '4' and '5' categories, without any simulated security features.

Number of Sk counterfeits seized in 1994-1999 (in pcs)

Nominal value	5000	1000	500	200	100	50	20	10	5	A ^{1/}	Total	Value (Sk)
1994		3	5	0	1	2	0	60	0	0	71	6,300
1995	-	18	3	0	3	3	0	0	0	0	27	19,950
1996	4	98	40	1	26	3	0	0	1	0	173	140,955
1997	5	108	39	0	19	0	2	5	0	0	178	154,490
1998	26	439	20	16	32	13	10	0	0	0	556	586,250
1999	13	649	47	4	108	17	5	0	0	1	844	752,050
Total	48	1,315	154	21	189	38	17	65	1	1	1,849	1,659,995

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

Structure of seized Sk counterfeits by degree of danger

Degree	1		2		3		4		5		N ^{1/}		Total	
of danger	pcs	%	pcs	%	pcs	%	pcs	%	pcs	%	pcs	%	pcs	%
1994	0	0	0	0	0	0	6	54.5	5	45.5	0	0	11	100
1995	0	0	0	0	3	11.1	3	11.1	21	77.8	0	0	27	100
1996	0	0	0	0	1	0.4	161	62.4	11	4.3	85	32.9	258	100
1997	0	0	0	0	2	0.6	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	3.5	1	0.1	844	100

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

Most counterfeit Slovak banknotes (550 pcs) were seized by the Police. Of the local financial institutions, Všeobecná úverová banka (VÚB) seized 155, Slovenská sporiteľňa 36, and Tatra banka 34 counterfeit banknotes.

2.3. Foreign Currency Counterfeits

In 1999, a total of 590 counterfeit US dollar notes were seized in Slovakia and 919 counterfeit banknotes in other foreign currencies. Financial institutions and non-bank exchange offices seized 654 and the Police seized 855 counterfeits in the equivalent of Sk 5,440,314. Most counterfeits were seized in the Bratislava region.

During the period under review, the number of forged and modified US dollar notes increased by 62.1% compared with 1998. The most frequently forged banknotes were US\$ 100 notes (of the old as well as the new series).

In 1999, 38 extremely dangerous counterfeit US\$ 100 notes (so-called superdollars) were

seized in Slovakia. They were grouped into seven categories, with negligible differences according to relevant banking standards. Of the new series of US dollar notes, three denominations are in circulation (100, 50, and 20-dollar banknotes) with new security features, protecting the US currency against forgery by using modern copying techniques. Despite the increased degree of protection, the NBS seized 102 counterfeit 100-dollar notes of the 1996 series, included in the danger degree '3' category – good-quality counterfeits, and 253 counterfeits in the danger degree '5' category – poor-quality counterfeits.

In comparison with the previous year, the structure of counterfeits of other currencies changed in 1999. The number of counterfeit DEM notes decreased by 20.0%, FRF notes by 93.8%, and ITL notes by 28.5%. On the other hand, the number of seized counterfeit ATS and CZK notes increased 63 and 20 times respectively.

Number of US\$ counterfeits seized in 1994-1999 (in pcs)

Nominal value	1	5	10	20	50	100	Altered	Total	Value in Sk
1994	2	1	1	118	73	1,499	15	1,709	4,899,918.20
1995	2	1	3	146	69	1,768	9	1,998	5,434,989.20
1996	0	0	5	24	73	719	58	879	2,518,748.10
1997	0	0	1	20	30	346	34	431	1,283,908.50
1998	2	0	0	14	10	318	20	364	1,199,401.00
1999	1	0	2	5	22	550	10	590	2,367,378.00
Total	7	2	12	327	277	5,200	146	5,971	17,704,343.00

Structure of seized US\$ counterfeits by degree of danger

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

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

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

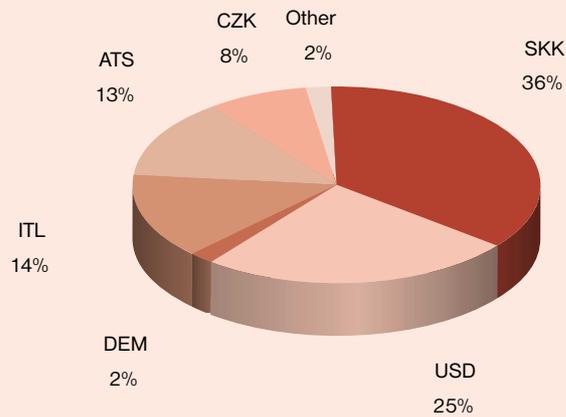
Currency	DEM	ITL	FRF	GBP	ATS	CZK	HUF	Other currencies	Total	Value in Sk
1994	463	110	48	6	12	0	1,074	25	1,738	2,020,377.60
1995	311	60	32	18	1	447	73	1	943	1,648,431.40
1996	237	66	22	8	1	9	0	1	344	914,937.60
1997	543	99	101	16	7,731	22	5,211	8	13,731	26,608,951.70
1998	70	460	226	16	5	9	5,991	13	6,790	6,300,277.00
1999	56	329	14	13	315	186	0	6	919	3,072,936.00
Total	1,680	1,124	443	77	8,065	673	12,349	54	24,465	40,565,911.30

Structure of seized counterfeit notes of other currencies by degree of danger

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

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

Structure of counterfeit notes seized since 1999 by currency



E. INTERNATIONAL ACTIVITIES



1. CO-OPERATION OF THE NBS WITH THE EUROPEAN UNION

The basis for the development of relations between Slovakia and the European Union (EU) is the European Association Agreement, which came into force on 1 February 1995.

The NBS is the coordinator of relations of the banking sector with the EU, whereby in fulfilling individual articles of the European Association Agreement it actively facilitates the process of harmonisation and gradual attainment of compatibility of the legal and economic environments of the banking sector with the legislative framework valid in the EU.

In 1998, the European Commission prepared the Accession Partnership document which sets out priority areas for each candidate country associated with their ability to meet the criteria approved by the European Council in Copenhagen in 1993 (the document was revised in October 1999). Each candidate country was asked to prepare a National Programme for Adopting the Acquis Communautaire (NPPA).

In 1998, the NBS participated in the preparation of the NPPA, which assessed the degree of progress in adapting the legislation of the Slovak Republic to the *acquis communautaire*, and defined a commitment to adopt the *acquis* in terms of short and medium-term priorities.

In May 1999, the first revised version of the NPPA was approved, in which the NBS actively participated. The NBS is taking part in work on four chapters:

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

In 1999, bilateral *acquis* screening took place of the 29 chapters, following the multilateral *acquis* screening in 1998. Multilateral screening

was carried out in all candidate countries at the same time with the aim of explaining individual chapters as a whole. Bilateral screening was done individually with a candidate country and its objective is examining to what degree the *acquis* has been implemented.

The sixth meeting of the Association Committee of Slovakia and the European Union took place in Bratislava in December 1999, when a wide range of questions were discussed linked to the political and economic development in the Slovak Republic and the European Union, preparations of the Slovak Republic for membership in the EU, and ongoing bilateral co-operation.

At the Helsinki summit in December 1999, the EU decided to begin accession negotiations with the Slovak Republic and other candidate countries.

Foreign Technical Assistance PHARE Programme

The technical assistance extended to the National Bank of Slovakia and the banking sector in Slovakia by the European Union through the PHARE programme, has since 1993, been one of the responsibilities of the International Relations Department of the NBS. A PHARE Programme Implementation Unit (PIU) special section was set up at the department to organise the drawing of funds on the basis of Financial Memoranda between the Slovak Republic and the European Union, to participate in the preparation of projects, to cooperate in providing contractual and financial support, to monitor the implementation, and evaluate the results achieved.

In 1999, the selection of projects was strictly linked to priorities set out by the European Commission in the Accession Partnership document and tasks specified in the National

Programme for adopting the *Acquis Communautaire*. In the light of this program and in connection with implementation of the government policy on privatisation of banks with the capital share of the National Property Fund, the PHARE programme unit participated in the interdepartmental project 'Restructuring and Privatisation in the Banking Sector' co-ordinated by the Ministry of Finance of the Slovak Republic.

In order to support preparations for the privatisation of VÚB, Slovenská sporiteľňa, and Banka Slovakia in July 1999, funds in the programme for the banking sector were increased by EUR 2 million. The NBS, as the guarantor of this project, participated in formulating specifications for a series of projects and in organising appropriate selection procedures. In October 1999, a contracts for diagnostic audit was arranged for VÚB (Arthur Andersen, Bratislava), Slovenská sporiteľňa, and for Banka Slovakia (Deloitte & Touche Slovakia). At the same time, a contract was concluded with a long-term advisor for the recently established privatisation unit at the Ministry of Finance of the Slovak Republic. International tenders for the selection of financial and legal advisors took place in December 1999. J. P. Morgan Securities Ltd. of Great Britain became the financial advisor for the privatisation of VÚB, Slovenská sporiteľňa, and Banka Slovakia, and the international legal firm White & Case (Czech Republic) became the legal advisor for privatisation in general.

The project for restructuring of VÚB continued in 1999 in the form of so-called twinning co-operation with the Bank of Ireland. An extensive program of technical assistance was financed from PHARE funds for Slovenská sporiteľňa, which was implemented by Lloyds TSB of Great Britain.

Programmes implemented by the NBS in 1999, included: the project RTGS for the system of central bank accounting (a continuation of distance learning organised by the Institute of

Banking Education); a special programme for the Institute of Monetary and Financial Studies with the co-operation of the Institute of Banking and Finance of the Banque de France; the purchase of special literature for the IMFS library; the running of selected educational activities for NBS employees; Mr. Michel Doumont (Belgium) acting as an EU advisor for the PHARE program unit at the NBS.

2. CO-OPERATION OF THE NBS WITH INTERNATIONAL INSTITUTIONS

International Monetary Fund

During the spring meeting of the International Monetary Fund (IMF) and the World Bank in Washington at the end of April, as well as during the annual meeting of the governors of IMF and World Bank member countries in September 1999 in Washington, the senior representatives of the NBS took part in the following discussions: on support for the revival of South-East Asian economies after the financial crises and building confidence in the financial market; on including the private sector in efforts to prevent and resolve financial crises; on aid to Kosovo after the end of the war and overcoming the negative consequences of its economic effects on countries in the region; alleviating poverty in member countries with the lowest per capita income through new forms of funding; improving adaptability of exchange rate systems in member countries with regard to increased mobility of capital; on the appropriate rate of progress in the liberalisation of capital flows; on the creation of new standards in transparency of monetary and fiscal policies in member countries; on plans to resolve unexpected developments in transition to the year 2000, and other current matters. At the meeting, bilateral talks with representatives of the IMF and the World Bank took place, as well as with representatives of other international financial institutions.

As part of long-term and mutually beneficial stable relations between the Slovak Republic and the International Monetary Fund, reports concerning the Slovak Republic were discussed on 21 July 1999, at the Executive Board in Washington, which completed Article IV consultations for the preceding year. The consultations that take place once a year with each IMF member country and address the most important aspects of development of economic policy, were followed by an IMF mission on 13-27 October 1999. During discussions with the NBS, members of the mission were informed about monetary development in 1999, planned macroeconomic framework for the implementation of monetary policy in 2000, as well as other current aspects of economic development in the Slovak Republic. The IMF mission appreciated the steps included in the fiscal package in May 1999, designed to resolve large macroeconomic imbalances inherited from the past, as well as the intention and initial steps taken to restructure the banking and enterprise sectors, and which create conditions for sustainable economic growth in the country.

In line with Resolution No. 87 of the Government of the Slovak Republic of 27 January 1999, the Slovak Republic joined the 11th General Quota Review of the member countries of the International Monetary Fund, which was completed in 1998. Based on this decision and after completing procedures and carrying out financial operations required by the IMF in association with the quota increase for the member countries, the member quota of the Slovak Republic (SDR 257.4 million) was increased by SDR 100.1 million. The new member quota of the Slovak Republic, i.e. SDR 357.5 million, came into effect on 1 March 1999.

In meeting the commitments of the Slovak Republic towards the IMF, the NBS paid the principal on IMF loans in accordance with the schedule of repayments, as well as quarterly interest payments on outstanding loans. In 1999, repayments of principal amounted to US\$

51.99 million and US\$ 6.01 million in interest was paid.

World Bank

In March and May 1999, representatives of the NBS took part in talks with a World Bank mission on preparations for a long-term EFSAL loan (Enterprise and Financial Sector Adjustment Loan) designed for restructuring the financial and enterprise sectors. This loan is provided conditionally on specific reform steps being taken by the applicant country. The process of restructuring of the banking sector, however, requires cleaning up the loan portfolio of banks to be privatised, in order to make them attractive for foreign strategic investors.

In accordance with government resolution No. 288 of 1996, the NBS arranged, on 15 January 1999, payment of the third part of Slovakia's contribution to the 11th replenishment of resources for the International Development Association (IDA), in the amount of US\$ 1.40 million.

As part of Slovakia's commitment to the World Bank, the NBS arranged payment of US\$ 11.24 million in interest on loans received and of US\$ 17.62 million in principal on Structural Adjustment and Economic Recovery Loans, in accordance with the schedule of repayments.

Export-Import Bank of Japan

Participating banks are gradually accumulating funds - repaid principal from previously provided Two Step Loan I - III from the Export-Import Bank of Japan. These funds are being revolved. By 31 December 1999, participating banks had financed 217 projects from revolving credit lined from TSL I - III in a total amount of Sk 1.92 billion.

On 1 October 1999, the Japan Bank for International Co-operation commenced operations; the bank originated from a merger of the Export-Import Bank of Japan and the Overseas Economic Co-operation Fund. The merger of the functions of the two former institutions created a new bank for international financial operations to support exports and imports, as well as the overseas economic activities of Japan.

European Investment Bank

Drawing on the APEX Global Loan II credit line continued in 1999, based on a contract concluded between the European Investment Bank and the National Bank of Slovakia in 1995. In addition to convertible currencies, the intermediary commercial banks preferred to draw funds in Slovak crowns. Via the NBS, the European Investment Bank funded 15 projects by over Sk 740 million in 1999.

Bank for International Settlements

The NBS has continued to carry out all its duties as a shareholder in the Bank for International Settlements (BIS). The presence of the Governor of the NBS at the regular monthly meetings of central bank governors of member and non-member states, represents the most important part of relations between the NBS and the BIS.

Based on a decision passed at the 69th General Meeting of BIS that took place on 7 June 1999, the BIS paid dividends to NBS of CHF 320 per share on its holdings for the fiscal year 1998/99, ending on 31 March 1999. The total amount of dividends paid to the NBS amounted to CHF 854,400.

The National Bank of Slovakia, as a BIS shareholder, took part in the 10th Extraordinary

General Meeting of the BIS held in Basle on 8 November. At the meeting, the member central banks approved an amendment to the statutes of BIS.

Recent contributions arising from the membership of the National Bank of Slovakia in the BIS were the outcomes of the work of expert groups that began work in 1999. They comprise first of all the Committee for Global Financial System at the BIS; the Financial Stability Forum representing central bank governors and finance ministers from G 11 countries; and the Institute for Financial Stability. The common aim of these activities is to affect, in a synergic manner, the creation of sustainable conditions for monetary and financial stability at national and subsequently at global level.

During 1999, the Joint Year 2000 Council was in action at BIS and its final activity at the end of 1999 was to develop a system of information exchange on transition to the year 2000. Through this system the Joint Year 2000 Council provided important information support to central banks and related authorities in financial markets by collecting and distributing current data from the most important financial markets. Over the course of transition to the year 2000, the National Bank of Slovakia had free access to the relevant information.

The BIS maintains a database of technical assistance and educational programmes for central banks of Central and Eastern Europe and the Baltic states. An annual international meeting is organised by the BIS in Basle of national coordinators of technical assistance and donors, where provided assistance is evaluated and plans for the future are discussed. The NBS is a regular participant in these meetings.

The NBS submits to the BIS quarterly reports about the technical assistance it receives on a bilateral basis, e.g. from the British Know-How Fund, the Japanese International Co-operation Agency (JICA), American US AID, as well as assistance from major international organisations

(PHARE, IMF, World Bank, EBRD, and OECD). Reports about aid that the NBS receives from central banks of G-10 countries and Austria, are also submitted directly to BIS by the donors.

The Sale of the Stake of the National Bank of Slovakia in ČSOB

On 21 December 1999, the stake of the National Bank of Slovakia in ČSOB was sold to the Belgian bank KBC Bank Brussels and the European Bank for Reconstruction and Development (EBRD). Of the total stake of NBS in the registered capital of ČSOB of 24.13% with nominal value of CZK 1,231.7 million, KBC bought 16.66% for EUR 278.7 million and the remaining 7.47% was transferred to the EBRD for EUR 125 million. The crown equivalent of the purchase price was Sk 17,107.8 million.

International Investment Bank and the International Bank for Economic Co-operation

Representatives of the National Bank of Slovakia took part in the spring session of the 69th meeting of the Bank Council of the International Investment Bank and the 92nd Bank Council meeting of the International Bank for Economic Co-operation. The meetings took place in Moscow on 12 -14 May 1999.

In the autumn, representatives of the National Bank of Slovakia took part in the 70th meeting of the Bank Council of the International Investment Bank and the 93rd Bank Council meeting of the International Bank for Economic Co-operation in Moscow on 23-25 November 1999.

Organisation for Economic Co-operation and Development

One of the priorities of the international activity of the NBS is the accession of the Slovak Republic to the OECD. In 1999, the NBS participated regularly in the preparation of documents on behalf of the Slovak Republic and documentation for individual committees as well as working groups of the OECD. The Bank's active participation in relevant discussions afforded the opportunity to acquire detailed information on the development in member and non-member countries of the OECD. Through its representatives, the NBS participated in meetings of the Council for Economic Policy (working group for the short-term economic outlook), the Committee for International Investments and Multinational Enterprises (CIME), the Committee for Capital Movement and Invisible Transactions (CMIT) and the Economic and Development Review Committee (EDRC).

Representatives of the NBS management participated at different stages in drawing up the basic document for the OECD – the Official Response of Authorities of the Slovak Republic to Conclusions of the Chairman of the Joint Meeting of CIME/CMIT of 2 - 3 July 1996, which was approved at a meeting of the Government of the Slovak Republic on 1 December 1999 and submitted to the Secretariat of the OECD. In response, the Slovak Republic presented its opinion of steps in legislation corresponding to commitments in the accession process to the Liberalisation Codes of the OECD and to the instrument on national treatment in the recent past. The official response expressed the commitment to eliminate legislative barriers by 2003 and stressed the necessity to set up the means of objection in the Slovak legislation at the time of presumed accession of the Slovak Republic into the OECD, and later.

Recent acceleration of the accession process of the Slovak Republic to OECD can be

evaluated very positively. Communication between the OECD Secretariat and the authorities of the Slovak Republic has led to the finalisation of documents needed for the final evaluation of the Slovak Republic before admission to OECD in the year 2000.

World Trade Organization

The Slovak Republic, as one of the founding members of the World Trade Organization (WTO), has taken part since 1995, in several rounds of negotiations on the further liberalisation of trade in financial services. At the end of negotiations, countries submitted their revised Documents of specific commitments in the sector of financial services and signed the Second Protocol to GATS. The Second Protocol legalised the adopted commitments of individual member countries of the WTO as an interim agreement.

With regard to the temporary validity of this agreement and the negotiations of WTO member countries at the conference in Singapore at the beginning of 1997, negotiations were renewed on further liberalisation of trade in financial services. The Slovak Republic took an active

part in this process and attended several rounds of bilateral negotiations, and in December 1997, submitted the revised Document of specific commitments in the sector of financial services.

Liberalisation of trade in financial services should lead to increased competition, the effectiveness and quality of these services, as well as better allocation of resources. On the other hand, it emphasises the need for financial stability and a suitable regulatory framework and supervision in this area. Negotiations to liberalise financial services ended on 12 December 1997. During negotiations on liberalising financial services, the Fifth Protocol to GATS was formulated and the NBS took part in the process. The required ratification procedure was completed with the approval of the protocol in resolution No. 925 of the Slovak government of 23 December 1998.

In accordance with the Fifth Protocol, the ratification procedure ended on 29 January 1999, and came into effect on 1 March 1999. Another round of negotiations was to begin at the Third Ministerial Conference of WTO, which took place on 30 November - 3 December 1999 in Seattle. However, the conference ended without official conclusions being reached and a new round of multilateral trade negotiations has been postponed until a later date.

F. AUDITORS REPORT



INDEPENDENT AUDITOR'S REPORT

To the Bank Board of the National Bank of Slovakia

We have audited the accompanying balance sheet of the National Bank of Slovakia (the "Bank") as of 31 December 1999 and the related profit and loss account for the year then ended. These financial statements, set out on pages 2 to 15, are the responsibility of the Bank's Board. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Bank is required to prepare financial statements in accordance with Act 563 / 1991 on Accounting, as amended, and with relevant laws and regulations of the Slovak Republic. The accompanying financial statements have been formatted to make them more comparable in appearance to financial statements issued for international purposes.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as of 31 December 1999 and the results of its operations for the year then ended in accordance with Act 563 / 1991 on Accounting, as amended, and with relevant laws and regulations of the Slovak Republic.

9 March 2000



ERNST & YOUNG AUDIT, s.r.o.

NATIONAL BANK OF SLOVAKIA
BALANCE SHEET
as at 31 December 1999 and 1998
in millions of Sk

<u>Assets</u>	<u>Notes</u>	<u>1999</u>	<u>1998</u>
Gold	3	1,341.1	1,401.2
Deposits with the International Monetary Fund	4	30,942.9	21,433.4
Receivables from foreign banks and international institutions	5	21,312.5	19,057.9
Receivables from domestic banks	6	40,225.1	36,441.1
Securities	7, 13	142,679.5	117,975.5
Equity shares	8	144.8	1,666.0
Other assets	9	8,806.1	7,828.0
Total		<u>245,452.0</u>	<u>205,803.1</u>
Liabilities			
Currency in circulation	10	67,491.5	58,151.3
Liabilities to the International Monetary Fund	11	36,539.0	28,420.1
Liabilities to foreign banks and international institutions	12	27,988.9	28,729.3
Issued securities	13	14,139.5	11,207.7
Liabilities to domestic banks	14	46,623.5	35,774.3
Liabilities to the State Budget	15	18,801.2	5,439.4
Other liabilities	16	23,400.0	27,884.3
Total		<u>234,983.6</u>	<u>195,606.4</u>
Equity			
Statutory fund	17	466.7	466.7
Legal reserve fund	17	9,925.0	9,655.0
Capital fund	17	76.7	75.0
Total		<u>10,468.4</u>	<u>10,196.7</u>
Total		<u>245,452.0</u>	<u>205,803.1</u>

Notes on pages 4 to 15 are an integral part of the financial statements.

NATIONAL BANK OF SLOVAKIA
PROFIT AND LOSS ACCOUNTS
FOR THE YEARS ENDED 1999 AND 1998
in millions of Sk

	Notes	1999	1998
Interest receivable		12,290.9	10,249.6
Interest payable		-3,402.5	-3,264.8
Interest income	18	8,888.4	6,984.8
Dividends receivable	8	34.9	23.1
Fees and commissions receivable		71.5	38.0
Fees and commissions payable		-30.7	-37.4
Fees and commissions income		40.8	0.6
Loss (gain) from operations with securities	19	-2,288.7	2,335.6
Gain from foreign exchange dealings	20	3,182.7	4,461.9
Gain from the sale of equity shares	8	15,658.1	0.0
Banknote issue and mintage expenses		-304.8	-56.4
Gain from bank operations		25,211.4	13,749.6
Provisions and reserves	21	18,802.4	-9,052.9
Administrative expenses	22	-556.8	-559.4
Depreciation		-228.4	-210.4
Other operating expenses		-717.3	-540.1
Total operating expenses		-1,502.5	-1,309.9
Extraordinary gains		18.4	17.8
Extraordinary expenses		-27.8	-14.1
PROFIT OF PERIOD		42,501.9	3,390.5
Remittance of profit	23	42,188.7	2,266.4

Notes on pages 4 to 15 are an integral part of the financial statements.

**NATIONAL BANK OF SLOVAKIA
NOTES TO FINANCIAL STATEMENTS
AS AT 31 DECEMBER 1999**

1. General information

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

Under the provisions set out in the Bank Act, the Bank's main responsibilities are as follows:

- ❖ determine monetary policy and its implementation,
- ❖ issue bank notes and coins,
- ❖ direct circulation of money and co-ordinate domestic payments and settlements,
- ❖ supervise the banking sector,
- ❖ administer state budget accounts,
- ❖ represent the Slovak Republic in international financial institutions and in world capital market operations.

2. Accounting policies

In the 1999 accounting period the Bank applied in its accompanying financial statements the following accounting policies in accordance with generally accepted accounting standards:

2.1. Basic principles

The Bank keeps its accounts in accordance with the Act No. 563/1991 Coll. on Accounting as amended ("Act on Accounting"). The accompanying financial statements have been prepared in accordance with the Slovak legal regulations and to be comparable in appearance to financial statements issued for international purposes. The figures disclosed in financial statements for previous period have been reclassified to be comparable with the 1999 figures.

2.2. Valuation of individual assets and liabilities

The financial statements have been prepared under the historical cost convention in accordance with the Act on Accounting.

The valuation of assets and liabilities considers financial risks known to the Bank at the date of preparation of the financial statements.

The Bank applied the following mandatory valuation methods:

- ❖ purchased supplies were valued at acquisition cost,
- ❖ purchased tangible and intangible fixed assets were valued at acquisition cost,
- ❖ cash, stamps and vouchers were valued at nominal value,
- ❖ marketable securities traded on capital markets and equity shares were valued at acquisition cost,
- ❖ marketable securities traded on money markets were valued at nominal value,
- ❖ receivables and payables were valued at nominal value.

**NATIONAL BANK OF SLOVAKIA
NOTES TO FINANCIAL STATEMENTS
AS AT 31 DECEMBER 1999**

2.3. Valuation of assets and liabilities denominated in foreign currency

The Bank converts assets and liabilities denominated in foreign currency to Slovak crowns using the exchange rate as in the Bank's exchange rates chart on the date of transaction for accounting purposes and in the financial statements using the exchange rate as at 31 December 1999.

Exchange rates for principal foreign currencies used by the Bank for valuation of assets and liabilities as at 31 December 1999 are as follows:

Currency	Unit	Foreign currency Mid-rate
USD	1	42.266
EUR	1	42.458
JPY	100	41.395
XDR	1	57.973

2.4. Tangible and intangible fixed assets

Tangible and intangible fixed assets are valued at their acquisition cost. Depreciation is calculated on the straight line basis, based on estimated useful life of fixed assets.

The estimated useful life of fixed assets is as follows:

Depreciation group	Type of fixed assets	Useful life
1	Office equipment, data processing systems, vehicles, software	4 years
2	Instruments and special technical equipment	8 years
3	Security systems	15 years
4	Power systems (The Bank has no assets within this depreciation group)	30 years
5	Buildings, constructions	40 years

2.5. Income tax

The Bank is exempt from corporate income tax in accordance with §17 of the Income Tax Act No. 286/1992 Coll., as amended.

2.6. Profit allocation

The profit generated by the Bank is used to replenish reserve fund and other profit funds and for other purposes according to the Bank's budget. Remaining profit is transferred to the State Budget of the Slovak Republic.

**NATIONAL BANK OF SLOVAKIA
NOTES TO FINANCIAL STATEMENTS
AS AT 31 DECEMBER 1999**

3. Gold

The value of gold reserves administered by the Bank is Sk 1,341.1 million, i.e. 21.4 million grams of fine gold valued at a historical cost of Sk 62.54451 per gram.

This item does not include 18.7 million grams of gold used for swaps (see notes 20 "Gain (loss) from foreign exchange dealings" and 25 "Off-balance sheet items").

To secure gold swaps the Bank has purchased put options (see note 25 "Off-balance sheet items").

4. Deposits with the International Monetary Fund

The structure of deposits with the International Monetary Fund ("IMF") is as follows (in millions of Sk):

	1999	1998
Reserve position in IMF and special drawing rights	20,533.0	12,332.9
Guarantee deposits on IMF loans	10,409.9	9,100.5
T o t a l	30,942.9	21,433.4

Receivables from the IMF, represented by the reserve position, result from the membership of the Slovak Republic in the IMF. Special drawing rights ("SDR's") within the reserve tranche are equal to the Slovak Republic's membership quota paid to the IMF in SDR's and Slovak crowns. Based on the IMF rules and regulations, "Guarantee deposits on IMF loans" are deposits in Slovak crowns and represent the counterpart of loans, which were granted to the Slovak Republic (see note 11, "Liabilities to the IMF").

5. Receivables from foreign banks and international institutions

The structure of the deposits with foreign banks and international institutions is as follows (in millions of Sk):

	1999	1998
Current accounts	2,132.4	580.5
Term deposits with banks	2,750.0	3,837.7
Receivables from REPO transactions	16,430.1	14,639.7
T o t a l	21,312.5	19,057.9

Deposits with foreign banks are denominated mainly in EUR and USD. The Bank has recorded receivables from REPO transactions, secured by state long-term bonds denominated in USD and EUR.

**NATIONAL BANK OF SLOVAKIA
NOTES TO FINANCIAL STATEMENTS
AS AT 31 DECEMBER 1999**

5.1 Receivables from foreign banks and international institutions by residual due date

(in millions of Sk)

	1999	1998
Within 1 month	12,970.0	10,475.7
From 1 to 3 months	8,342.5	8,582.2
T o t a l	21,312.5	19,057.9

6. Receivables from domestic banks

The structure of receivables from domestic banks is as follows (in millions of Sk):

	1999	1998
Refinancing loans	2,172.1	14,955.5
Loans to support the development of small and medium size businesses	11,137.1	10,760.9
Redistribution loans	26,185.4	0
Classified redistribution loans	0	28,967.4
Provisions for classified redistribution loans	0	- 18,801.4
Other receivables	730.5	558.7
T o t a l	40,225.1	36,441.1

Reclassification of redistribution loans and release of full provisions for these loans follow from the Bank's guarantee for redistribution loan received in 1999 (see notes 21 "Provisions and reserves" and 25 "Off-balance sheet items").

6.1 Receivables from domestic banks by residual due date

(in millions of Sk)

	1999	1998
Within 1 month	1,947.1	502.7
From 1 to 3 months	1,459.4	14,127.7
From 3 months to 1 year	1,950.3	1,733.4
From 1 to 5 years	16,100.8	7,801.7
Over 5 years	18,767.5	12,275.6
T o t a l	40,225.1	36,441.1

**NATIONAL BANK OF SLOVAKIA
NOTES TO FINANCIAL STATEMENTS
AS AT 31 DECEMBER 1999**

7. Securities

The portfolio of the Bank's securities is as follows (in millions of Sk):

Issued by	Type of security	1999	1998
Public sector	Treasury bills	83,391.2	98,557.5
	Bills	24,523.6	33,691.2
	Short-term bonds	0	4,614.1
	Medium-term bonds	69.6	5,788.1
	Long-term bonds	33,058.7	33,936.0
	Variable stock yield	27,181.5	20,758.3
	Provisions	227.1	0
		-1,669.3	-230.2
Financial institutions	Bills	57,188.3	19,418.0
	Short-term bonds	49,430.1	14,841.0
	Medium-term bonds	422.7	0
	Long-term bonds	6,407.4	4,495.9
	Provisions	1,120.2	213.7
		-192.1	-132.6
Total		140,579.5	117,975.5

Public sector securities portfolio consists of treasury bills and bonds issued by governments of EU countries, USA and Japan.

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

The Bank provided for securities if their market value was lower than their carrying value (see note 19 "Loss from transactions with securities"). The decrease in market value of securities was caused by increase in interest rates on international capital markets.

7.1 Securities by residual due date

(in millions of Sk)

	1999	1998
Within 1 month	36,305.7	20,872.6
From 1 to 3 months	9,365.3	14,884.2
From 3 months to 1 year	38,496.9	33,332.5
From 1 to 5 years	52,409.2	45,436.4
Over 5 years	4,002.4	3,449.8
Total	140,579.5	117,975.5

**NATIONAL BANK OF SLOVAKIA
NOTES TO FINANCIAL STATEMENTS
AS AT 31 DECEMBER 1999**

8. Equity shares

The Bank holds equity shares in the following companies and institutions as at 31 December 1999:

(in millions of Sk)			
	Share in capital	31.12.1999	31.12.1998
Bankové zúčtovacie centrum Slovenska, a.s., Bratislava (Slovak National Clearing Centre)	39.48 %	120.0	120.0
Československá obchodná banka a.s., Praha		0	1,521.1
Other investments with less than 1% interest	0.52 %	24.8	24.9
T o t a l		144.8	1,666.0

In 1999 the Bank sold its interest amounting to 1,231,700 shares in ČSOB, a.s. Praha and 1 share in S.W.I.F.T., La Hulpe, Belgium.

Gain from the sale of equity shares amounted to Sk 15,658.1 million.

Dividends from the equity shares of the Bank for International Settlements in Basel, Switzerland amounted to Sk 24.2 million.

9. Other assets

This item includes the following (in millions of Sk):

	1999	1998
Accruals and prepayments	2,672.7	3,451.1
Tangible and intangible fixed assets	5,608.4	3,773.8
Other	525.3	603.4
Provisions for other assets	- 0.3	- 0.3
T o t a l	8,806.1	7,828.0

10. Currency in circulation

This item comprises valid domestic banknotes and coins in circulation, issued by the Bank.

**NATIONAL BANK OF SLOVAKIA
NOTES TO FINANCIAL STATEMENTS
AS AT 31 DECEMBER 1999**

11. Liabilities to the IMF

The structure of liabilities to the IMF is as follows (in millions of Sk):

	1999	1998
Deposits of the IMF	26,000.6	18,308.4
Loans from the IMF	10,538.4	10,111.7
T o t a l	36,539.0	28,420.1

The item "Deposits of the IMF" includes deposits of the IMF, in Slovak crowns, held by the Bank.

The item "Loans from the IMF" includes loans provided in convertible currency to strengthen both the balance of payments and foreign exchange reserves of the Slovak Republic. These loans are secured by guarantee deposits with the IMF (see note 4 "Deposits with the IMF").

12. Liabilities to foreign banks and international institutions

The structure of the liabilities to foreign banks and international institutions is as follows (in millions of Sk):

	1999	1998
Deposits	1,806.5	1,794.4
including: World Bank	999.7	935.7
Deposits of foreign banks	798.8	845.6
PHARE fund	8.0	13.1
Loans	26,182.4	26,934.9
including: Liabilities from REPO	10,507.2	14,639.7
EXIM Bank of Japan	13,885.5	10,860.9
European Investment Bank of Luxembourg	1,789.7	1,434.3
T o t a l	27,988.9	28,729.3

The Bank has recorded liabilities from repo transactions secured by state medium-term and long-term bonds denominated in USD and EUR.

These loans are long-term and designed to provide financing to selected domestic banks to support small and medium businesses and certain sectors of the Slovak economy.

**NATIONAL BANK OF SLOVAKIA
NOTES TO FINANCIAL STATEMENTS
AS AT 31 DECEMBER 1999**

12.1 Liabilities to foreign banks and international institutions by residual due date

(in millions of Sk)

	1999	1998
Within 1 month	3,530.1	8,550.0
From 1 to 3 months	8,908.9	8,002.1
From 3 months to 1 year	332.3	118.0
From 1 to 5 years	5,889.4	3,654.6
Over 5 years	9,328.2	8,404.6
T o t a l	27,988.9	28,729.3

13. Securities issued

In 1993 the Bank issued bonds in the total amount of JPY 10,000 million, placed on the Japanese capital market, maturing in 2000. These bonds carry fixed interest rate of 8.0%.

During 1994 the Bank entered into long-term swap contracts to convert the risk of foreign exchange rate changes from JPY to DEM, in 1999 reconverted to EUR, in respect of Bank bonds issued in 1993 (see note 25 "Off-balance sheet items").

Within "Securities issued" there are liabilities from the issue of the Bank's bills amounting to Sk 10,000.0 million, due in March 2000. The bills were issued to create a sufficient reserve of securities for realization of sterilization REPOs. As at 31 December 1999 the bills amounting to Sk 7,900.0 million were used for sterilization activities.

14. Liabilities to domestic banks

This item represents primarily minimum reserve requirements deposited with the Bank by domestic banks as at the 31.12.1999, in the total amount of Sk 41,432.9 million. The remaining balance represents other deposits from domestic banks.

15. Liabilities to the State Budget

The structure of the liabilities to the State Budget is as follows (in millions of Sk):

	1999	1998
State financial assets	16,216.7	3,023.3
State funds	2,584.5	2,416.1
T o t a l	18,801.2	5,439.4

NATIONAL BANK OF SLOVAKIA
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16. Other liabilities

This item comprises the following (in millions of Sk):

	1999	1998
Accruals and prepayments	1,598.4	2,204.8
Adjusting accounts of forward transactions	90.8	598.0
Reserves	9,694.6	12,241.1
Other	12,016.2	12,840.4
T o t a l	23,400.0	27,884.3

Reserves as at 31 December 1999 include reserves for foreign exchange operations in the total amount of Sk 9,679.3 million. Included in this amount are: reserve for gold swaps in the amount of Sk 4,164.0 million to provide for the difference between the market value of gold used for swaps and its historical cost; reserve for foreign currency swaps in the amount of Sk 98.4 million; reserve for opened FX position in the amount of Sk 5,416.9 million. Other reserves were provided for in the amount of Sk 15.3 million.

17. Equity

As at 31 December 1999 this item represents statutory fund taken over from the separation of assets and liabilities of the former ŠBČS (Czechoslovak State Bank) in the amount of Sk 466.7 million, the legal reserve fund in the amount of Sk 9,925.0 million and the capital fund in the amount of Sk 76.7 million.

18. Interest income

The structure of interest income is as follows (in millions of Sk):

	1999	1998
Interest receivable	12,290.9	10,249.6
including: Interest received from domestic banks	4,528.7	4,750.0
Interest received from foreign banks and international institutions	205.2	451.6
Interest income from securities dealings	6,356.4	4,302.6
Interest income from repo transactions	951.1	622.1
Other interest received	249.5	123.3
Interest payable	- 3,402.5	- 3,264.8
including: Interest paid to State treasury	-318.5	-5.3
Interest paid to domestic banks	-580.1	-560.1
Interest paid to foreign banks and international institutions	-695.9	-695.1
Interest expense on securities dealings	-799.1	-1,410.2
Interest expense on repo transactions	-682.2	-409.7
Other interest expense	-326.7	-184.4
T o t a l	8,888.4	6,984.8

The item "Interest income" is the most significantly influenced by the interest income from securities dealings, due to which the reported interest income increased by Sk 5,557.3 million.

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19. Loss from securities dealings

Loss from securities dealings includes (in millions of Sk):

	1999	1998
Capital gain from securities	364.9	2,862.9
Capital loss from securities	-1,189.6	- 487.4
Release of provisions for securities	397.4	322.9
Additions to provisions for securities	- 1,861.4	- 362.8
T o t a l	-2,288.7	2,335.6

Loss from securities dealings was caused by decline in the market price of bonds issued by the governments of USA and Eurosystem countries.

20. Gains from foreign exchange dealings

Gains from foreign exchange dealings are comprised of the following items (in millions of Sk):

	1999	1998
Gains from foreign exchange dealings	20,919.2	25,539.3
Costs of foreign exchange dealings	- 20,282.0	- 17,096.4
Release of reserves for foreign exchange dealings	8,913.0	5,425.9
Additions to reserves for foreign exchange dealings	- 6,367.5	- 9,406.9
T o t a l	3,182.7	4,461.9

The Bank's net foreign exchange gain on realized foreign exchange dealings amounted to Sk 1,479.2 million. Loss from swap transactions amounted to Sk 775.1 million and loss from future FX transactions amounted to Sk 66.9 million.

In the current year the Bank created a reserve for open FX position in the amount of Sk 5,416.9 million and provided for the difference between the market value of gold used for swaps and its historical cost in the amount of Sk 950.6 million. The Bank used reserves in the amount of Sk 1,438.1 million for gold swaps, Sk 423.6 million for foreign currency swaps and Sk 7,051.3 million for open FX position.

21. Provisions and reserves

The effect of other reserves and provisions on the Bank's 1999 results is as follows (in millions of Sk):

	1999	1998
Provisions	18,801.4	- 9,051.2
including: Additions to provisions	- 1,640.2	- 9,051.2
Release of provisions	20,441.6	0
Other reserves	1.0	- 1.7
including: Additions to reserves	- 15.3	- 16.3
Release of reserves	16.3	14.6
T o t a l	18,802.4	- 9,052.9

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In 1999 the Bank obtained state guarantee for redistribution loans in the form of declaration on guarantee (see note 6 "Receivables from domestic banks"), pursuant to which the Bank released the provisions for redistribution loans in the amount of Sk 20,441.6 million.

22. Administrative expenses

Administrative expenses consist of wages and salaries and social costs. Social costs comprise the costs of compulsory contributions to the Health Insurance Fund, the Sickness Benefit Insurance Fund, the Pension Insurance Fund, the Employment Fund and compulsory additions to the social fund in accordance with the Social Fund Act No.152/1994 Coll. and the Income Tax Act No.286/1992 Coll., as amended.

In 1999 the Bank had 1,307 employees, including 6 members of the Bank Board.

23. Profit allocation

The 1999 activities of the Bank resulted in profit of Sk 42,501.9 million. Profit allocation to the State Budget of the Slovak Republic amounts to Sk 42,188.7 million, from which the amount of Sk 42,186.2 was allocated as at 31 December 1999. The amount of Sk 270 million was allocated to the reserve fund, Sk 40 million to the social fund and Sk 3.2 million to the pension fund.

24. Currency positions of assets and liabilities

(in millions of Sk)

	Line	Slovak crowns	Foreign currencies translated to Sk Total	incl.:					Total
				USD	EUR(1999) DEM(1998)	JPY	XDR	Other	
ASSETS									
1999	1	60,208.7	185,243.3	62,560.0	106,798.1	8,763.3	4,975.3	2,146.6	245,452.0
1998	2	53,926.2	151,876.9	75,716.5	61,321.2	6,389.9	3,189.0	5,260.3	205,803.1
Change	3=1-2	6,282.5	33,366.4	-13,156.5	45,476.9	2,373.4	1,786.3	-3,113.7	39,648.9
LIABIL.									
1999	4	185,380.7	60,071.3	17,491.7	13,686.4	18,266.4	10,579.2	47.6	245,452.0
1998	5	139,805.2	65,997.9	31,008.4	1,730.2	22,474.7	10,158.8	625.8	205,803.1
Change	6=4-5	45,575.5	-5,926.6	-13,516.7	11,956.2	-4,208.3	420.4	-578.2	39,648.9
Total change	7=3-6	-39,293.0	39,293.0	360.2	33,520.7	6,581.7	1,365.9	-2,535.5	0

In 1999 the Bank reconverted the assets and liabilities denominated in DEM to EUR.

**NATIONAL BANK OF SLOVAKIA
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25. Off-balance sheet items

As at 31 December 1999 the Bank had off-balance sheet irrevocable receivables in the amount of Sk 15,126.9 million and off-balance irrevocable liabilities in the amount of Sk 19,470.4 million from forward foreign exchange transactions. These amounts consist of the following items:

- ✧ future receivables in the amount of Sk 4,139.5 million and future liabilities in the amount of Sk 3,473.4 million from long-term foreign currency swaps entered into to convert the risk of foreign exchange rate changes from JPY to DEM and in 1999 reconverted to EUR in respect of the Bank's bonds issued in 1993 (see note 13, "Securities issued"), and future receivables in the amount of Sk 8,279.0 million and future liabilities in the amount of Sk 6,859.1 million from long-term foreign currency swaps related to loans received.
- ✧ future receivables in the amount of Sk 147.9 million and future liabilities in the amount of Sk 145.5 million from foreign currency swaps
- ✧ future receivables in the amount of Sk 1,393.0 million and future liabilities in the amount of Sk 1,655.8 million from FX forward contracts
- ✧ future receivables in valuation of gold at historical cost in the amount of Sk 1,167.5 million and future liabilities in the amount of Sk 7,336.6 million from gold swaps. In valuation by current gold rate of 290.85 USD/OZS as at 31 December 1999 the Bank has recorded a receivable in the amount of Sk 7,377.4 million.

To eliminate the risk from decrease in gold market price the Bank has purchased European put options on gold. As at 31 December 1999 the Bank reported within these put options a receivable denominated in USD after its conversion to Sk in the amount of Sk 7,336.6 million and a liability in the amount of Sk 7,377.4 million when valued by the current gold rate.

In valuation of gold at historical cost the liability from purchased long-term options amounts to Sk 1,167.5 million.

In 1999 the Bank recorded on off-balance sheet accounts the guarantees for redistribution loans in the amount of Sk 39,452.0 million. The amount comprise a principal and interest by the due date of loans.

Marián Jusko

Governor



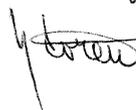
Anna Pastuchová

**Executive Director of Information
Systems Division**



Milena Koreňová

**Executive Director Accounting
Methodology Department**



G. APPENDICES



Selected Indicators of Monetary and Economic Development in the SR

	Unit	Note	1993	1994	1995	1996	1997	1998	1999			
									Q1	Q2	Q3	Q4
GDP at constant prices	Sk billions								147.0	160.9	161.1	155.5
Cumulative figure (since beginning of year)	Sk billions		460.8	483.4	516.8	550.8	586.8	612.7	147.0	307.9	469.0	624.5
Increase over previous quarter	%								-3.2	9.5	0.1	-3.5
Quarterly increase	%	1/							1.8	2.9	0.6	2.4
Cumulative increase	%	1/	-3.7	4.9	6.9	6.6	6.5	4.4	1.8	2.4	1.8	1.9
GDP at current prices	Sk billions								178.2	200.1	200.9	200.1
Cumulative figure (since beginning of year)	Sk billions		369.1	440.5	516.8	575.7	653.9	717.4	178.2	378.3	579.2	779.3
Increase over previous quarter	%								-2.1	12.3	0.4	-0.4
Quarterly increase	%	1/							7.2	10.2	7.1	9.9
Cumulative increase	%	1/	11.1	19.3	17.3	11.4	13.6	9.7	7.2	8.8	8.2	8.6
Retail sales at current prices	Sk billions								97.6	113.4	113.0	117.1
Cumulative figure (since beg. of year) at c. p.	Sk billions		202.1	233.8	262.1	294.6	328.8	379.4	97.6	211.0	324.0	441.1
Increase in retail sales at c. p.	%	1/							13.9	20.2	16.7	14.1
Cumulative increase at c. p.	%	1/	34.7	15.7	12.1	13.1	10.9	15.0	13.9	17.2	17.1	16.3
Increase in volume at const. prices	%	1/							7.6	-	-	-
Cumulative increase in vol. at const. p.	%	1/	9.8	1.7	2.0	7.0	4.6	8.2	7.6	-	-	-
Current income of households ^{7/}												
Cumulative figure (since beg. of year)	Sk billions		269.3	319.9	417.8	474.4	528.3	569.2	145.3	295.7	443.6	614.2
Cumulative increase	%	1/	25.7	18.8	30.6	13.5	11.4	7.7	11.1	8.7	8.4	7.9
Savings rate of households	%	2/	8.4	9.8	10.2	8.6	8.0	6.3	6.0	4.9	3.7	5.6
Consumer prices	%	3/							4.1	5.4	12.7	14.2
	%	1/	25.1	11.7	7.2	5.4	6.4	5.6	7.0	7.1	14.7	14.2
Cumulative figure (since beg. of year) - average	%		23.2	13.4	9.9	5.8	6.1	6.7	6.9	6.9	9.4	10.6
Unemployment												
Number of unemployed	thous.	4/	368.1	371.5	333.3	329.7	347.8	428.2	469.1	496.0	497.5	535.2
Increase	thous.	1/	107.8	3.4	-38.2	-3.6	18.1	80.4	98.2	121.3	111.7	107.0
Unemployment rate	%	4/	14.4	14.8	13.1	12.8	12.5	15.6	16.7	17.7	17.8	19.2
Change	%	1/	4.0	0.4	-1.7	-0.3	-0.3	3.1	3.3	4.2	4.0	3.6
Exchange rate (midpoint)	SKK/USD	4/	33.202	31.277	29.569	31.895	34.782	36.913	41.859	43.768	41.100	42.266
	SKK/DEM	4/	19.233	20.060	20.646	20.514	19.398	22.081	22.942	23.169	22.137	21.708
Real effective exchange rate		8/										
- based on CPI	a)		104.0	110.2	113.7	116.5	125.8	118.8	116.9	115.1	127.6	131.7
	b)		93.5	97.8	101.5	98.7	109.0	94.5	97.7	95.3	103.3	106.2
- based on PPI	a)		107.0	109.4	114.2	119.1	127.2	120.1	114.5	112.1	121.0	124.2
	b)		88.1	91.9	96.2	96.1	107.0	93.1	92.7	90.0	95.9	97.7
Foreign exchange reserves												
Total	US\$ millions		1,402.3	3,092.9	5,036.7	5,682.5	6,488.4	6,055.0	4,208.7	3,938.5	4,154.5	4,371.9
- of which: NBS reserves	US\$ millions		449.6	1,745.0	3,418.4	3,473.3	3,284.8	2,923.2	2,814.4	2,952.9	2,934.5	3,425.1
State budget												
Revenues	Sk billions	5/	150.3	139.1	163.1	166.3	180.8	177.8	40.9	85.1	140.9	216.7
- Fulfilment of the annual budget	%		95.1	103.3	111.4	100.5	105.7	105.5	22.7	47.3	78.3	120.5
Expenditures		5/	173.3	162.0	171.4	191.9	217.8	197.0	39.9	92.2	153.3	231.5
- Fulfilment of the annual budget	%		109.6	108.5	102.4	99.7	104.7	106.6	20.4	47.3	78.6	118.8
Balance	Sk billions		-23.0	-22.9	-8.3	-25.6	-37.0	-19.2	1.0	-7.1	-12.4	-14.8
MONETARY AGGREGATES												
Net domestic assets	%	6/	19.8	-1.1	5.1	20.0	8.8	11.9	16.7	20.7	15.5	10.9
Money supply [M2]	%	6/	19.1	19.1	21.2	16.6	8.8	4.2	8.4	8.8	10.8	11.4
Loans to households and enterprises	%	6/	10.8	1.9	14.7	18.2	2.2	6.7	6.7	7.4	5.4	4.7
- of which: in foreign currency	%	6/	118.9	77.8	57.6	35.7	14.9	25.4	46.4	48.9	35.5	17.6
Total deposits	%	6/7/	17.9	18.8	25.0	17.2	7.4	3.3	7.5	6.9	11.7	9.0
- in Slovak crowns	%		10.8	16.6	28.3	18.9	6.6	-2.0	2.0	1.9	9.8	8.8
- in foreign currency	%		115.2	34.6	5.0	4.5	13.8	46.2	48.1	41.2	22.0	10.0
Average interest rates												
- on loans	%		14.00	14.51	13.34	11.89	12.53	13.48	11.92	11.25	10.53	10.56
- on deposits	%		8.61	9.29	8.29	6.70	8.00	10.16	10.59	10.77	10.41	10.05
- interest rate margin	%		5.39	5.22	5.05	5.19	4.53	3.32	1.33	0.48	0.12	0.51

1/ Compared with the same period of last year

(at consumer prices at the end of the period under review)

2/ Increase in unrealised purchasing power of households (in Sk and foreign currency) in relation to their income (cumulative since the beginning of the year)

3/ Compared with the figure for the previous December

4/ On the last day of the period under review, from December 1997 the rate of unemployment of the disposable number of unemployed

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/ Based on data from BIPAVO (before 1994), and current income (since 1995)

a) USA, Great Britain, Austria, France, Germany, Italy, the Netherlands, Switzerland

b) USA, Great Britain, Austria, France, Germany, Italy, the Netherlands, Switzerland, Czech Republic

Ratios of Selected Economic Indicators to GDP

	1993	1994	1995	1996	1997	1998	1999
Real GDP / capita (Sk)	86,542	90,399	96,351	102,497	109,006	113,659	115,753
Nominal GDP / capita (Sk)	69,320	82,376	96,351	107,131	121,471	133,081	144,445
Nominal GDP / capita (US\$)	2,251	2,571	3,240	3,496	3,613	3,776	3,488
GDP created (% , 1995 constant prices)	-	-	100.0	100.0	100.0	100.0	100.0
Agriculture, forestry, fishing	-	-	5.6	5.2	4.9	4.7	4.9
Industrial production	-	-	32.2	30.3	29.1	28.2	29.8
Building and construction	-	-	4.6	4.3	4.7	4.1	2.8
Market services	-	-	38.4	41.9	43.0	45.0	45.0
Non-market services	-	-	12.3	12.0	12.7	12.8	12.3
Other	-	-	7.0	6.3	5.6	5.3	5.2
GDP used (% , 1995 constant prices)	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Domestic demand	104.9	94.4	98.2	110.1	107.6	107.2	100.7
Net exports	-4.9	5.6	1.8	-10.1	-7.6	-7.2	-0.7
Exports	60.0	65.4	63.0	59.0	63.2	67.1	70.4
Imports	65.0	59.7	61.2	69.1	70.8	74.3	71.1
Average annual exchange rate SKK/USD	30.790	32.039	29.735	30.647	33.616	35.242	41.417

Balance of Payments Ratios (%)

	1993	1994	1995	1996	1997	1998 ^{1/}	1999 ^{1/}
Exports of goods / GDP	45.4	48.7	49.4	47.0	49.6	52.7	54.2
Exports of goods and services / GDP	61.7	65.1	63.0	58.0	60.7	63.9	64.8
Imports of goods / GDP	53.2	48.2	50.7	59.2	60.2	64.2	60.1
Imports of goods and services / GDP	67.2	59.9	61.2	70.0	71.0	75.4	69.9
Current account / GDP	-5.0	4.8	2.3	-11.2	-10.0	-10.4	-5.8
Capital and financial account / GDP	4.6	1.3	6.0	11.6	9.0	9.5	9.7
Direct investment in the SR / GDP	1.4	1.8	1.2	1.8	0.8	2.1	1.5
Other long-term capital / GDP	3.4	3.6	2.3	5.1	6.2	8.1	3.6
Short-term capital / GDP	5.8	-3.7	2.4	4.9	2.5	-0.8	1.7

^{1/} Preliminary data

Ratios of the M2 Money Supply and its Components to GDP (at current prices)

	1993	1994	1995	1996	1997	1998	1999
Money supply [M2]	0.68	0.68	0.69	0.72	0.69	0.65	0.67
Money [M1]	0.32	0.29	0.29	0.30	0.25	0.21	0.20
Currency outside banks [M0]	0.07	0.08	0.07	0.08	0.07	0.07	0.07
Demand deposits	0.25	0.22	0.22	0.23	0.18	0.14	0.12
- Households	0.08	0.07	0.07	0.08	0.07	0.06	0.05
- Enterprises	0.16	0.14	0.15	0.14	0.11	0.08	0.07
- Insurance companies	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Quasi-money [QM]	0.36	0.39	0.40	0.42	0.44	0.44	0.47
Time deposits	0.29	0.30	0.33	0.35	0.37	0.36	0.38
- Households	0.22	0.22	0.24	0.26	0.28	0.29	0.31
- Enterprises	0.03	0.05	0.05	0.06	0.06	0.04	0.05
- Insurance companies	0.04	0.03	0.03	0.03	0.02	0.02	0.02
Foreign-currency deposits	0.07	0.09	0.08	0.07	0.07	0.09	0.09
- Households	0.06	0.07	0.07	0.06	0.06	0.06	0.06
- Enterprises	0.01	0.01	0.01	0.01	0.01	0.02	0.03

Composition of GDP by Component (%)

(At constant 1995 prices)	1993	1994	1995	1996	1997	1998	1999
GDP created							
Year-on-year growth in GDP	-3.4	4.9	6.9	6.6	6.5	4.4	1.9
of which:							
Agriculture, forestry, fishing	-	-	-	0.0	0.0	0.0	0.3
Industry	-	-	-	0.1	0.7	0.3	2.2
of which: industrial production	-	-	-	-0.3	0.9	1.2	0.6
Building and construction	-	-	-	0.0	0.7	-0.3	-1.2
Market services	-	-	-	6.2	4.0	3.9	0.8
of which: trade	-	-	-	5.4	1.1	1.2	-0.1
transport	-	-	-	0.3	0.0	0.5	-0.1
Non-market services	-	-	-	0.6	1.5	0.6	-0.2
Other sectors	-	-	-	-0.3	-0.4	0.0	0.0
GDP used							
Year-on-year growth in GDP	-3.4	4.9	6.9	6.6	6.5	4.4	1.9
of which:							
Domestic demand	-3.6	-6.0	10.6	19.2	4.5	4.4	-4.6
Final consumption in total	-1.3	-2.8	2.4	7.6	3.1	2.5	0.3
of which: household consumption	-0.8	0.0	1.7	3.3	3.1	2.4	0.2
Gross capital formation	-2.2	-3.1	8.3	11.6	1.4	1.9	-4.9
of which: fixed investment	-1.7	-1.4	1.5	10.9	5.2	4.2	-7.5
Net exports	0.2	10.8	-3.7	-12.5	2.0	0.0	2.8
Exports of goods and services	-0.3	8.5	2.0	-0.2	8.3	6.8	4.7
Imports of goods and services	-0.5	2.3	5.7	12.4	6.3	6.8	-1.9

Development of GDP by Sector

		1995	1996	1997	1998	1999	Indices ^{1/}			
							1996/1995	1997/1996	1998/1997	1999/1998
Gross domestic product (at const. 1995 prices)	a	516.8	550.8	586.8	612.7	624.5	106.6	106.5	104.4	101.9
Agriculture, forestry, fishing	a	28.8	28.6	28.8	28.5	30.4	99.4	100.7	99.1	106.6
	b	5.6	5.2	4.9	4.7	4.9	-	-	-	-
Industry in total	a	166.4	167.1	171.0	172.5	186.1	100.4	102.4	100.9	107.9
	b	32.2	30.3	29.1	28.2	29.8	-	-	-	-
Raw materials extraction	a	5.1	6.1	6.1	6.4	7.4	119.7	100.6	103.9	116.7
	b	1.0	1.1	1.0	1.0	1.2	-	-	-	-
Industrial production	a	139.5	138.1	143.1	149.9	153.5	98.9	103.6	104.8	102.4
	b	27.0	25.1	24.4	24.5	24.6	-	-	-	-
Electricity generation and distribution, gas and water supply	a	21.8	22.9	21.8	16.3	25.2	105.2	95.4	74.5	155.1
	b	4.2	4.2	3.7	2.7	4.0	-	-	-	-
Building and construction	a	23.7	23.7	27.3	25.3	17.6	99.8	115.5	92.6	69.6
	b	4.6	4.3	4.7	4.1	2.8	-	-	-	-
Market services	a	198.5	230.6	252.4	275.6	280.8	116.1	109.5	109.2	101.9
	b	38.4	41.9	43.0	45.0	45.0	-	-	-	-
Trade	a	92.9	120.9	126.7	133.5	133.1	130.2	104.8	105.4	99.6
	b	18.0	22.0	21.6	21.8	21.3	-	-	-	-
Transport	a	32.1	33.6	33.8	36.6	35.9	104.7	100.5	108.4	98.0
	b	6.2	6.1	5.8	6.0	5.7	-	-	-	-
Postal and telecommunications services	a	10.9	14.4	16.2	18.0	19.1	131.5	112.6	111.0	106.3
	b	2.1	2.6	2.8	2.9	3.1	-	-	-	-
Other services	a	62.6	61.7	75.7	87.5	92.8	98.5	122.7	115.5	106.1
	b	12.1	11.2	12.9	14.3	14.9	-	-	-	-
Non-market services	a	63.4	66.2	74.6	78.2	77.0	104.5	112.6	104.8	98.5
	b	12.3	12.0	12.7	12.8	12.3	-	-	-	-
Other sectors	a	36.0	34.6	32.7	32.6	32.4	96.2	94.3	99.9	99.3
	b	7.0	6.3	5.6	5.3	5.2	-	-	-	-

a/ Absolute figure, in Sk billions

b/ Share of GDP in %

1/ Calculated from data rounded to Sk thousands

Based on data from the Statistical Office of the SR

Structure of Gross Domestic Product by Use

		Indices												
		1993	1994	1995	1996	1997	1998	1999	1994/1993	1995/1994	1996/1995	1997/1996	1998/1997	1999/1998
GDP (at constant 1995 prices)	a	460.8	483.4	516.8	550.8	586.8	612.7	624.5	104.9	106.9	106.6	106.5	104.4	101.9
Domestic demand	a	483.6	456.1	507.4	606.6	631.2	656.9	628.6	94.3	111.2	119.6	104.1	104.1	95.7
	b	104.9	94.4	98.2	110.1	107.6	107.2	100.7	-	-	-	-	-	-
Final consumption in total	a	362.6	349.4	360.8	400.2	417.2	431.8	433.7	96.4	103.3	110.9	104.2	103.5	100.4
	b	78.7	72.3	69.8	72.7	71.1	70.5	69.4	-	-	-	-	-	-
Households	a	244.4	244.4	252.7	270.2	287.1	301.3	302.7	100.0	103.4	106.9	106.3	104.9	100.5
	b	53.0	50.6	48.9	49.1	48.9	49.2	48.5	-	-	-	-	-	-
Non-profit institutions	a	2.2	2.4	3.3	2.3	2.4	2.6	2.7	109.1	137.5	69.7	104.3	108.3	103.8
serving households	b	0.5	0.5	0.6	0.4	0.4	0.4	0.4	-	-	-	-	-	-
State administration	a	116.0	102.6	104.8	127.7	127.7	127.9	128.3	88.4	102.1	121.9	100.0	100.2	100.3
	b	25.2	21.2	20.3	23.2	21.8	20.9	20.5	-	-	-	-	-	-
Gross capital formation	a	121.0	106.7	146.6	206.4	214.0	225.1	194.9	88.2	137.4	140.8	103.7	105.2	86.6
	b	26.3	22.1	28.4	37.5	36.5	36.7	31.2	-	-	-	-	-	-
Gross fixed capital formation	a	140.9	134.4	141.5	197.8	226.4	251.2	205.5	95.4	105.3	139.8	114.5	111.0	81.8
	b	30.6	27.8	27.4	35.9	38.6	41.0	32.9	-	-	-	-	-	-
Change in stocks	a	-19.9	-27.7	5.1	8.6	-12.4	-26.1	-10.6	-	-	-	-	-	-
	b	-4.3	-5.7	1.0	1.6	-2.1	-4.3	-1.7	-	-	-	-	-	-
Net exports	a	-22.8	27.3	9.4	-55.8	-44.4	-44.2	-4.1	-	-	-	-	-	-
	b	-4.9	5.6	1.8	-10.1	-7.6	-7.2	-0.7	-	-	-	-	-	-
Exports of goods and services	a	276.7	316.0	325.8	324.9	371.0	410.9	439.7	114.2	103.1	99.7	114.2	110.8	107.0
	b	60.0	65.4	63.0	59.0	63.2	67.1	70.4	-	-	-	-	-	-
Imports of goods and services	a	299.5	288.7	316.4	380.7	415.4	455.1	443.8	96.4	109.6	120.3	109.1	109.6	97.5
	b	65.0	59.7	61.2	69.1	70.8	74.3	71.1	-	-	-	-	-	-
GDP at current prices	a	369.1	440.5	516.8	575.7	653.9	717.4	779.3	119.3	117.3	111.4	113.6	109.7	108.6
GDP deflator	c	80.1	91.1	100.0	104.5	111.4	117.1	124.8	113.8	109.7	104.5	106.6	105.1	106.6

a/ Absolute figures, in Sk billions
b/ Share of GDP v %
c/ Index

Based on data from the Statistical Office of the SR

Consumer Price Indices (%)

		1999												
		1	2	3	4	5	6	7	8	9	10	11	12	1 - 12
Total	a	103.0	100.8	100.3	100.5	100.2	100.5	105.8	100.5	100.6	100.5	100.4	100.4	101.1
	b	106.8	106.9	107.0	107.1	106.7	107.1	113.6	114.4	114.7	114.0	113.9	114.2	110.6
	c	121.9	123.0	123.3	123.9	124.2	124.8	131.9	132.6	133.4	134.1	134.6	135.2	128.6
	d	103.0	103.9	104.1	104.7	104.9	105.4	111.4	112.0	112.7	113.3	113.7	114.2	108.6
Foods and non-alcoholic beverages	a	101.3	100.1	99.5	99.8	99.3	100.0	101.8	100.1	100.9	100.4	100.5	100.6	100.4
	b	103.8	102.6	102.3	101.5	99.3	99.5	103.0	104.1	104.4	103.9	103.9	104.4	102.7
	c	115.9	116.0	115.4	115.2	114.4	114.5	116.5	116.6	117.7	118.2	118.7	119.5	116.5
	d	101.3	101.4	100.9	100.7	100.0	100.1	101.8	101.9	102.9	103.3	103.8	104.4	101.9
Alcoholic beverages and tobacco	a	99.8	100.3	100.3	101.4	100.5	100.3	104.4	100.8	100.3	100.0	100.2	100.1	100.7
	b	101.5	100.5	100.5	101.4	101.8	101.6	105.8	107.6	107.6	107.2	107.2	108.5	104.3
	c	118.2	118.6	118.9	120.5	121.1	121.4	126.8	127.8	128.2	128.2	128.4	128.5	123.9
	d	99.8	100.1	100.4	101.7	102.2	102.5	107.0	107.9	108.2	108.2	108.4	108.5	104.6
Clothing and footwear	a	100.7	100.5	100.6	101.0	100.6	100.3	100.3	100.1	100.3	100.8	100.5	100.5	100.5
	b	107.6	107.7	107.6	108.0	107.9	107.8	107.8	107.7	107.5	107.1	106.6	106.3	107.5
	c	125.2	125.9	126.6	127.9	128.8	129.2	129.5	129.7	130.0	131.0	131.6	132.3	129.0
	d	100.7	101.2	101.8	102.8	103.5	103.8	104.1	104.2	104.5	105.3	105.8	106.3	103.7
Dwelling, water, electricity, gas, and other fuels	a	111.9	101.2	100.4	100.5	100.5	100.1	120.9	100.5	100.2	100.3	100.1	100.1	103.1
	b	116.0	117.0	117.2	117.6	118.0	118.0	142.4	143.1	143.3	140.7	140.7	140.5	129.7
	c	133.7	135.3	135.9	136.6	137.2	137.3	166.1	166.9	167.2	167.8	167.9	168.0	151.7
	d	111.9	113.2	113.6	114.2	114.8	114.9	138.9	139.6	139.9	140.3	140.4	140.5	126.8
Furniture, furnishings and maintenance of flats	a	100.7	101.2	100.9	100.6	100.5	100.4	100.9	101.0	100.9	100.6	100.7	100.4	100.7
	b	106.5	106.7	106.7	106.9	107.0	107.1	107.8	108.6	109.3	109.2	109.1	109.1	107.8
	c	118.1	119.5	120.7	121.4	122.0	122.5	123.5	124.7	125.8	126.6	127.5	128.0	123.4
	d	100.7	101.9	102.8	103.5	104.0	104.4	105.3	106.3	107.3	107.9	108.6	109.1	105.1
Health care	a	100.5	100.4	100.5	100.3	100.3	103.2	105.8	102.1	101.4	100.7	100.5	100.5	101.4
	b	104.3	104.3	104.8	104.9	104.8	107.4	113.0	114.9	116.2	116.7	116.7	117.2	110.5
	c	128.4	128.9	129.5	129.9	130.3	134.4	142.2	145.3	147.3	148.3	149.1	149.9	138.6
	d	100.5	100.8	101.3	101.6	101.9	105.1	111.3	113.6	115.2	116.0	116.6	117.2	108.4
Transport	a	101.5	103.3	100.2	101.4	101.1	102.4	104.0	101.3	100.5	100.5	100.4	100.9	101.5
	b	102.8	106.0	106.0	107.7	108.8	111.6	116.6	118.0	118.6	117.4	117.7	118.8	112.5
	c	114.4	118.2	118.4	120.0	121.3	124.2	129.2	130.8	131.5	132.1	132.7	133.9	125.6
	d	101.5	104.9	105.1	106.5	107.6	110.2	114.6	116.1	116.7	117.3	117.8	118.8	111.4
Recreation and culture	a	102.9	100.7	100.1	100.5	100.1	100.4	102.9	100.4	100.4	100.7	100.5	100.6	100.9
	b	107.6	107.6	107.7	107.8	107.8	108.3	110.6	111.0	111.1	110.7	110.6	110.6	109.3
	c	130.8	131.7	131.8	132.5	132.7	133.2	137.0	137.5	138.1	139.1	139.8	140.6	135.4
	d	102.9	103.6	103.7	104.2	104.3	104.8	107.8	108.2	108.6	109.4	109.9	110.6	106.5
Education	a	101.8	100.0	100.0	100.0	100.0	103.3	100.0	100.0	104.3	101.3	100.0	100.0	100.9
	b	109.1	109.0	106.3	105.9	106.0	109.5	109.5	109.5	111.1	111.2	111.2	111.2	109.1
	c	106.9	106.9	106.9	106.9	107.0	110.5	110.5	110.5	115.3	116.7	116.7	116.8	111.0
	d	101.8	101.8	101.9	101.9	101.9	105.3	105.3	105.3	109.8	111.2	111.2	111.2	105.7
Hotels, cafes, and restaurants	a	101.1	100.8	100.4	100.5	100.5	100.5	101.3	100.3	101.3	100.5	100.4	100.1	100.6
	b	108.4	108.1	107.8	108.1	107.9	107.5	108.7	108.7	108.8	108.2	108.2	108.0	108.2
	c	121.0	121.9	122.5	123.0	123.6	124.2	125.8	126.2	127.9	128.6	129.1	129.3	125.3
	d	101.1	101.9	102.3	102.8	103.3	103.8	105.1	105.5	106.9	107.4	107.9	108.0	104.7
Miscellaneous goods and services	a	100.8	100.6	102.2	100.6	100.3	100.3	105.8	100.5	100.5	101.4	100.3	100.2	101.1
	b	103.4	104.0	105.7	106.1	106.1	106.3	112.2	112.5	112.9	114.3	114.3	114.2	109.4
	c	122.1	122.9	125.5	126.3	126.7	127.1	134.4	135.1	135.8	137.7	138.1	138.3	130.8
	d	100.8	101.5	103.7	104.3	104.6	104.9	111.0	111.5	112.1	113.7	114.0	114.2	108.0

a - Index (previous period = 100)
b - Index (same period of previous year = 100)
c - Index (basic period: December 1995 = 100)
d - Index (December 1998 = 100)

1 - 12) a - Average monthly rate of growth
b - Average from the beginning of the year
c - Average from the beginning of the year
d - Average from the beginning of the year

Based on data from the Statistical Office of the SR

Producer Prices of Selected Products and Materials (%)

		1999												
		1	2	3	4	5	6	7	8	9	10	11	12	1 - 12
Producer price	a	100.5	100.0	100.1	100.1	100.3	100.3	102.2	101.7	100.2	101.3	100.8	99.9	100.6
indices of industrial products	b	100.6	100.6	100.7	100.8	101.1	101.4	103.6	105.3	105.5	106.9	107.8	107.7	103.5
	c	113.5	113.5	113.6	113.7	114.0	114.3	116.8	118.8	119.0	120.5	121.5	121.4	116.7
	d	101.4	101.4	101.4	101.4	101.5	101.9	104.1	106.0	105.5	106.2	107.2	107.7	103.8
	e	111.3	111.3	111.4	111.5	111.8	112.1	114.6	116.5	116.7	118.2	119.2	119.1	114.5
Producer price	a	99.9	100.2	100.2	100.1	100.1	100.7	100.6	100.2	100.2	100.3	100.0	99.8	100.2
indices of building materials and products	b	99.9	100.1	100.3	100.4	100.5	101.3	101.8	102.0	102.2	102.5	102.5	102.3	101.3
	c	119.9	120.1	120.4	120.5	120.6	121.5	122.2	122.4	122.6	123.0	123.0	122.8	121.6
	d	102.9	101.5	101.2	100.5	100.2	100.7	102.4	102.6	102.3	102.5	102.5	102.3	101.8
	e	-	-	-	-	-	-	-	-	-	-	-	-	-
Producer price	a	-	-	-	-	-	-	-	-	-	-	-	-	-
indices of agricultural products	b	-	-	-	-	-	-	-	-	-	-	-	-	-
	c	-	-	-	-	-	-	-	-	-	-	-	-	-
	d	97.6	96.9	97.4	97.9	98.9	98.4	97.3	95.6	98.0	99.2	100.2	102.1	98.2
	e	104.0	106.1	108.6	111.0	112.2	113.7	113.6	113.8	108.8	104.3	102.2	105.3	109.0
of which:	a	-	-	-	-	-	-	-	-	-	-	-	-	-
Plant products (including fruit and vegetables)	b	-	-	-	-	-	-	-	-	-	-	-	-	-
	c	-	-	-	-	-	-	-	-	-	-	-	-	-
	d	94.1	92.0	92.1	91.5	92.5	93.3	96.3	94.2	98.3	100.6	100.2	101.5	96.7
	e	104.2	102.2	99.2	99.9	102.0	107.4	112.2	112.3	107.4	101.9	99.5	100.7	106.0
Animal products	a	-	-	-	-	-	-	-	-	-	-	-	-	-
	b	-	-	-	-	-	-	-	-	-	-	-	-	-
	c	-	-	-	-	-	-	-	-	-	-	-	-	-
	d	98.2	98.0	98.3	98.8	99.6	99.0	98.4	97.5	97.9	97.9	100.2	102.6	98.8
e	103.9	107.0	110.4	112.5	113.3	114.4	115.1	115.7	110.2	106.8	105.0	108.3	110.4	

Legend:

a - Index (previous period = 100)

b - Index (December 1998 = 100)

c - Index (average for 1995 = 100)

d - Index (same period of previous year = 100)

e - Index (year 1995 = 100, in the case of industrial producers: December 1995)

1 - 12) a - Average monthly rate of growth

b - Average from the beginning of the year

c - Average from the beginning of the year

d - Average from the beginning of the year

Based on data from the Statistical Office of the SR

Consolidated Balance of Payments for 1999⁷

Exchange rates applied	1st quarter		1st - 2nd quarters		1st - 3rd quarters		1st - 4th quarters	
	38.756 Sk/US\$		40.869 Sk/US\$		41.387 Sk/US\$		41.417 Sk/US\$	
	Sk million	USD million	Sk million	USD million	Sk million	USD million	Sk million	USD million
Trade balance	-12,817.0	-330.7	-26,914.0	-658.5	-32,532.0	-786.0	-45,687.0	-1,103.1
Exports (f.o.b.)	91,251.0	2,354.5	197,360.0	4,829.1	303,910.0	7,343.1	422,344.0	10,197.4
Imports (f.o.b.)	104,068.0	2,685.2	224,274.0	5,487.6	336,442.0	8,129.2	468,031.0	11,300.5
Services balance	2,252.0	58.1	1,868.0	45.7	4,505.0	108.9	6,169.0	148.9
Receipts	18,710.0	482.8	39,424.0	964.6	61,144.0	1,477.4	82,577.0	1,993.8
Transport	6,798.0	175.4	13,379.0	327.4	19,943.0	481.9	28,645.0	691.6
Travel	4,462.0	115.1	9,453.0	231.3	14,771.0	356.9	19,077.0	460.6
Other services	7,450.0	192.2	16,592.0	406.0	26,430.0	638.6	34,855.0	841.6
Expenditures	16,458.0	424.7	37,556.0	918.9	56,639.0	1,368.5	76,408.0	1,844.8
Transport	3,446.0	88.9	6,979.0	170.8	11,634.0	281.1	15,676.0	378.5
Travel	2,991.0	77.2	6,809.0	166.6	11,068.0	267.4	14,057.0	339.4
Other services	10,021.0	258.6	23,768.0	581.6	33,937.0	820.0	46,675.0	1,127.0
Income balance	-2,487.0	-64.2	-8,312.0	-203.4	-10,586.0	-255.8	-12,481.0	-301.3
Interest	-2,317.0	-59.8	-7,808.0	-191.0	-9,993.0	-241.5	-11,490.0	-277.4
Receipts	2,824.0	72.9	4,678.0	114.5	7,207.0	174.1	9,683.0	233.8
Payments	5,141.0	132.7	12,486.0	305.5	17,200.0	415.6	21,173.0	511.2
Investment	-370.0	-9.5	-793.0	-19.4	-982.0	-23.7	-1,489.0	-36.0
Receipts	26.0	0.7	449.0	11.0	531.0	12.8	571.0	13.8
Payments	396.0	10.2	1,242.0	30.4	1,513.0	36.6	2,060.0	49.7
Employee compensation	200.0	5.2	289.0	7.1	389.0	9.4	498.0	12.0
Receipts	262.0	6.8	431.0	10.5	624.0	15.1	789.0	19.1
Payments	62.0	1.6	142.0	3.5	235.0	5.7	291.0	7.0
Current transfers	2,938.0	75.8	3,872.0	94.7	6,245.0	150.9	7,150.0	172.6
Official	-24.0	-0.6	-34.0	-0.8	-33.0	-0.8	-32.0	-0.8
Private	2,962.0	76.4	3,906.0	95.6	6,278.0	151.7	7,182.0	173.4
Current account	-10,114.0	-261.0	-29,486.0	-721.5	-32,368.0	-782.1	-44,849.0	-1,082.9
Capital transfers	555.0	14.3	4,137.0	101.2	4,777.0	115.4	6,463.0	156.0
Net medium and long-term financial account	19,209.6	502.0	30,414.0	713.5	40,995.7	962.4	67,635.6	1,600.2
Direct investment	1,345.3	34.7	3,217.0	78.7	6,087.0	147.1	28,862.9	691.6
Portfolio investment	10,416.9	268.8	29,573.2	689.3	29,016.2	674.4	26,948.3	624.4
Borrowing from abroad	6,659.4	164.8	-1,787.9	-41.6	7,112.9	170.4	12,185.7	293.1
Lending abroad	788.0	33.7	-588.3	-12.8	-1,220.4	-29.5	-361.3	-9.0
Net short-term financial account	-9,543.1	-240.9	680.8	16.7	-12,679.8	-306.4	1,925.2	66.4
Capital and financial account	10,221.5	275.4	35,231.8	831.4	33,092.9	771.5	76,023.8	1,822.7
Errors and omissions	1,615.5	32.8	4,079.9	118.5	6,319.4	182.5	-1,037.5	-19.3
Total balance	1,723.0	47.3	9,825.7	228.5	7,044.3	171.9	30,137.3	720.6
Change in reserves (, increase)	-1,723.0	-47.3	-9,825.7	-228.5	-7,044.3	-171.9	-30,137.3	-720.6
Gold holdings	0.0	0.0	0.0	0.0	1,145.5	26.0	289.0	4.7
Holdings of SDRs	68.1	1.4	51.3	0.8	58.1	1.0	47.2	0.7
Foreign exchange assets	-1,791.1	-48.7	-9,877.0	-229.3	-8,247.9	-198.9	-30,473.5	-726.0

⁷ Preliminary data

Detailed Balance of Payments Capital Account for 1999^{*)}

Exchange rates applied	1st quarter		1st - 2nd quarters		1st - 3rd quarters		1st - 4th quarters	
	38.756 Sk/US\$		40.869 Sk/US\$		41.387 Sk/US\$		41.417 Sk/US\$	
	Sk million	USD million	Sk million	USD million	Sk million	USD million	Sk million	USD million
Capital transfers	555.0	14.3	4,137.0	101.2	4,777.0	115.4	6,463.0	156.0
Direct investment	1,345.3	34.7	3,217.0	78.7	6,087.0	147.1	28,862.9	691.6
SR abroad	-554.0	-14.3	-1,363.0	-33.4	-874.0	-21.1	16,425.5	391.3
In the SR	1,899.3	49.0	4,580.0	112.1	6,961.0	168.2	12,437.4	300.3
Portfolio investment	10,416.9	268.8	29,573.2	689.3	29,016.2	674.4	26,948.3	624.4
SR abroad	9,663.9	249.4	8,576.2	209.8	9,342.7	225.7	9,548.8	230.6
In the SR	753.0	19.4	20,997.0	479.4	19,673.5	448.6	17,399.5	393.9
Other long-term financial accounts	7,447.4	198.5	-2,376.4	-54.5	5,892.5	141.0	11,824.4	284.2
Assets	788.0	33.7	-588.3	-12.8	-1,220.4	-29.5	-361.3	-9.0
Government	26.7	0.7	183.8	4.3	342.3	8.3	395.0	9.3
Drawings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Repayments	26.7	0.7	183.8	4.3	342.3	8.3	395.0	9.3
Commercial banks	771.3	33.3	-746.1	-16.5	-1,498.7	-36.2	-648.3	-15.7
Drawings	-1,611.7	-34.9	-3,129.1	-84.7	-3,881.7	-104.4	-3,881.7	-104.4
Repayments	2,383.0	68.2	2,383.0	68.2	2,383.0	68.2	3,233.4	88.7
Enterprises	-10.0	-0.3	-26.0	-0.6	-64.0	-1.5	-108.0	-2.6
Increase in assets	-40.0	-1.0	-67.0	-1.6	-146.0	-3.5	-231.0	-5.6
Decrease in assets	30.0	0.8	41.0	1.0	82.0	2.0	123.0	3.0
Liabilities	6,659.4	164.8	-1,788.1	-41.6	7,112.9	170.4	12,185.7	293.1
Government	-1,385.6	-35.7	-4,684.8	-112.5	1,098.4	25.1	537.3	11.9
Drawings	0.0	0.0	316.4	7.4	8,024.8	190.6	8,292.6	197.0
IMF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WB	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EXIM BANK	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
G24	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EIB	0.0	0.0	316.4	7.4	552.0	12.7	732.8	17.0
Others	0.0	0.0	0.0	0.0	7,472.8	177.9	7,559.8	180.0
Repayments	-1,385.6	-35.7	-5,001.2	-119.9	-6,926.4	-165.5	-7,755.3	-185.1
Commercial banks	924.0	16.7	-2,367.3	-57.9	-3,755.5	-90.7	-4,176.6	-100.8
Drawings	3,345.0	82.7	6,394.2	156.5	6,631.2	160.2	7,002.0	169.1
Repayments	-2,421.0	-66.0	-8,761.5	-214.4	-10,386.7	-251.0	-11,178.6	-269.9
Enterprises	7,121.0	183.7	5,264.0	128.8	9,770.0	236.1	15,825.0	382.1
Increase in liabilities	9,987.0	257.7	17,272.0	422.6	31,384.0	758.3	47,218.0	1,140.1
Decrease in liabilities	-2,866.0	-73.9	-12,008.0	-293.8	-21,614.0	-522.2	-31,393.0	-758.0
Short-term financial account	-9,543.1	-240.9	680.8	16.7	-12,679.8	-306.4	1,925.2	66.4
Bank assets	54,019.0	1,423.6	69,955.0	1,711.7	62,745.1	1,516.1	73,195.2	1,777.3
Bank liabilities	-61,081.8	-1,600.5	-70,707.8	-1,730.1	-71,113.1	-1,718.2	-69,735.3	-1,673.7
Corporate assets	-5,483.0	-141.5	-5,609.0	-137.2	-6,281.0	-151.8	-7,654.0	-184.8
Corporate liabilities	3,108.0	80.2	7,256.0	177.5	1,839.0	44.4	5,799.0	140.0
Other assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities	-105.3	-2.7	-213.4	-5.2	130.2	3.1	320.3	7.7
Total capital and financial account	10,221.5	275.4	35,231.6	831.4	33,092.9	771.5	76,023.8	1,822.7

^{*) Preliminary data}

Foreign Trade (Sk millions)

		1999											
		1	2	3	4	5	6	7	8	9	10	11	12
Import (OP)	a	29,608	32,752	41,709	37,857	45,043	37,305	36,376	36,152	39,640	41,153	45,299	45,137
	b	29,608	62,360	104,069	141,926	186,969	224,274	260,650	296,802	336,442	377,595	422,894	468,031
	c	99.2	93.9	105.5	97.6	124.0	90.4	96.9	98.1	103.5	92.6	106.9	111.4
of which: Czech Republic	a	4,674	5,995	7,247	6,073	8,637	6,698	5,287	6,058	6,598	6,873	6,862	7,015
	b	4,674	10,669	17,916	23,989	32,626	39,324	44,611	50,669	57,267	64,140	71,002	78,017
	d	15.8	18.3	17.4	16.0	19.2	18.0	14.5	16.8	16.6	16.7	15.1	15.5
Export (FCO)	a	26,700	28,699	35,852	33,168	35,982	36,959	34,550	34,987	37,013	39,688	41,205	37,541
	b	26,700	55,399	91,251	124,419	160,401	197,360	231,910	266,897	303,910	343,598	384,803	422,344
	c	109.7	96.7	108.1	109.6	121.1	109.8	111.3	114.1	108.9	118.0	114.7	118.2
of which: Czech Republic	a	4,431	5,459	6,086	5,849	7,064	6,613	6,051	6,483	7,110	7,018	7,479	6,711
	b	4,431	9,890	15,976	21,825	28,889	35,502	41,553	48,036	55,146	62,164	69,643	76,354
	d	16.6	19.0	17.0	17.6	19.6	17.9	17.5	18.5	19.2	17.7	18.1	17.9
Trade balance	a	-2,909	-4,053	-5,857	-4,689	-9,061	-346	-1,826	-1,165	-2,627	-1,465	-4,093	-7,596
	b	-2,909	-6,962	-12,819	-17,507	-26,569	-26,915	-28,741	-29,906	-32,533	-33,998	-38,091	-45,687
	c	-243	-535	-1,161	-224	-1,573	-85	764	424	511	144	617	-304
of which: Czech Republic	a	-243	-535	-1,161	-224	-1,573	-85	764	424	511	144	617	-304
	b	-243	-778	-1,939	-2,163	-3,736	-3,821	-3,057	-2,633	-2,122	-1,977	-1,360	-1,664

Legend: a - In the specified unit (at current prices)
b - Since the beginning of the year (in Sk millions)
c - Index (same period of previous year = 100, cumulative figures)
d - Share of the total volume during the period under review (in %)

Note: Preliminary data
Based on data from the Statistical Office of the SR

State Budget of the SR (Sk millions)

		1999											
		1 ^{1/}	2 ^{1/}	3 ^{1/}	4	5	6	7	8	9	10	11	12
State budget revenue	a	14,572	22,545	40,892	58,758	68,001	85,070	103,878	123,208	140,876	160,644	177,461	216,720
	b	-	-	-	32.7	37.8	47.3	57.7	68.5	78.3	89.3	98.6	120.5
State budget expenditure	a	10,663	25,713	39,862	60,172	76,661	92,211	115,121	135,813	153,299	173,000	189,278	231,478
	b	-	-	-	-30.9	39.3	47.3	59.1	69.7	78.7	88.8	97.1	118.8
State budget balance	a	3,908	-3,168	1,030	-1,414	-8,660	-7,141	-11,243	-12,605	-12,423	-12,356	-11,817	-14,758

Legend: a - In the specified unit (cumulative figures)
b - Percentage of the annual budget (%)
^{1/} Temporary budget

Based on data from the Ministry of Finance of the SR

Unemployment

		1999											
		1	2	3	4	5	6	7	8	9	10	11	12
Number of vacancies	a	11,167	10,894	11,361	10,158	9,910	9,780	10,001	9,075	7,524	6,576	6,307	5,709
	b	61	-273	467	-1,203	-248	-130	221	-926	-1,551	-948	-269	-598
Disposable number of registered unemployed	a	434,840	439,845	445,156	437,551	439,915	470,766	487,538	484,753	473,165	471,952	487,377	510,729
	b	27,756	5,005	5,311	-7,605	2,364	30,851	16,772	-2,785	-11,588	-1,213	15,425	23,352
Number of unemployed per vacancy	a	41	43	41	46	47	51	51	56	66	75	81	94
Unemployment rate ^{1/} (%)	a	16.3	16.5	16.7	16.4	16.5	17.7	18.3	18.2	17.8	17.7	18.3	19.2

Legend: ^{1/} Of the disposable number of unemployed
a - On the last day of the month
b - Difference (+, -) compared with the previous period

Based on data from the National Labour Office of the SR

Monetary Survey (at fixed initial exchange rates as of 1 January 1993) (Sk billions)

	1999											
	31.1.	28.2.	31.3.	30.4.	31.5.	30.6.	31.7.	31.8.	30.9.	31.10.	30.11.	31.12.
Fixed exchange rate SKK/USD	28.899	28.899	28.899	28.899	28.899	28.899	28.899	28.899	28.899	28.899	28.899	28.899
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
ASSETS												
Net foreign assets	30.7	33.4	35.0	31.1	29.7	26.1	22.8	26.3	27.3	31.2	31.5	40.8
Foreign assets	197.9	141.4	135.9	131.2	124.5	135.3	130.6	133.5	138.4	140.4	139.5	149.7
Foreign liabilities	167.1	108.0	100.9	100.1	94.9	109.3	107.8	107.3	111.1	109.2	108.0	108.9
Net domestic assets	426.8	435.4	428.4	434.7	438.2	444.2	455.7	455.0	452.6	458.3	458.2	468.1
Domestic credits	518.7	526.4	526.9	531.5	538.6	538.3	540.9	548.4	548.7	550.8	549.9	541.6
- Net credit to General Government	134.3	142.2	140.2	140.6	146.8	144.7	147.4	151.6	151.8	155.4	153.9	142.8
- Net credit to Central Government	152.3	160.1	155.3	155.8	162.5	159.2	162.3	163.6	167.8	167.9	167.5	155.0
- Net credit to FNM ^{1/}	0.7	0.7	0.8	0.9	0.9	1.1	1.4	1.5	1.5	1.6	1.6	1.2
- Credit to households and enterprises	383.7	383.6	385.8	390.0	391.0	392.5	392.1	395.3	395.4	393.9	394.4	397.6
- Credit in SKK	346.2	346.7	347.9	350.9	351.6	352.1	351.2	352.6	352.8	352.8	353.2	357.0
- Credit to enterprises	319.7	319.7	320.5	323.0	322.7	322.2	320.1	320.4	320.0	318.9	318.1	321.0
- Credit to households	26.5	27.0	27.4	27.9	28.9	30.0	31.1	32.2	32.7	33.9	35.1	35.9
Credit in foreign currency	37.5	36.9	37.9	39.1	39.3	40.4	40.9	42.7	42.6	41.0	41.2	40.6
LIABILITIES												
Liquid liabilities [M2]	457.6	468.8	463.4	465.8	467.9	470.2	478.5	481.2	479.8	489.6	489.6	508.9
Money [M1]	143.1	151.7	143.0	138.0	138.7	142.5	139.3	138.6	138.1	139.3	142.2	153.8
Currency outside banks [M0]	50.2	50.4	49.8	49.4	50.2	50.1	50.2	50.1	50.5	51.6	52.4	57.5
Demand deposits	92.9	101.3	93.3	88.6	88.5	92.4	89.1	88.4	87.6	87.8	89.8	96.4
- Households	43.3	43.5	41.6	41.8	41.4	41.2	41.6	41.0	40.5	40.7	40.1	40.5
- Enterprises	48.8	56.1	49.9	46.0	46.5	50.4	46.6	46.7	46.4	46.5	49.0	54.9
- Insurance companies	0.8	1.6	1.7	0.8	0.6	0.8	0.8	0.8	0.8	0.6	0.6	1.0
Quasi-money [QM]	314.5	317.1	320.3	327.8	329.2	327.7	339.2	342.6	341.7	350.2	347.5	355.1
Time and savings deposits	261.7	263.9	266.9	273.1	273.0	272.1	282.9	284.0	283.8	289.2	286.4	296.7
- Households	214.4	216.4	217.2	218.8	219.5	220.8	222.7	224.6	225.8	226.6	229.1	238.4
- Enterprises	32.9	33.5	34.3	38.1	36.6	35.5	44.6	43.5	41.8	46.0	40.2	41.3
- Insurance companies	14.5	14.1	15.3	16.3	17.0	15.8	15.5	15.9	16.1	16.5	17.1	17.0
Foreign currency deposits	52.8	53.2	53.5	54.6	56.2	55.6	56.3	58.6	57.9	61.1	61.1	58.4
- Households	39.8	39.8	39.6	39.3	39.5	40.3	39.9	40.2	40.8	40.7	40.5	39.7
- Enterprises	13.0	13.5	13.9	15.3	16.7	15.4	16.4	18.4	17.2	20.4	20.6	18.6
Other items net	91.9	91.0	98.5	96.8	100.4	94.1	85.2	93.5	96.1	92.5	91.8	73.5

^{1/} FNM - National Property Fund

Monetary Survey (at fixed exchange rates) (\$k billions)

	1999											
	31.1.	28.2.	31.3.	30.4.	31.5.	30.6.	31.7.	31.8.	30.9.	31.10.	30.11.	31.12.
Fixed exchange rate SKK/USD	36.913	36.913	36.913	36.913	36.913	36.913	36.913	36.913	36.913	36.913	36.913	36.913
Fixed exchange rate SKK/DEM	22.081	22.081	22.081	22.081	22.081	22.081	22.081	22.081	22.081	22.081	22.081	22.081
ASSETS												
Net foreign assets	39.7	45.3	45.6	44.4	38.5	34.2	33.4	36.8	39.8	42.4	41.6	53.4
Foreign assets	246.5	177.6	170.8	164.4	156.0	169.6	163.8	167.6	173.8	176.6	175.5	189.5
Foreign liabilities	206.8	132.3	125.2	120.0	117.5	135.4	130.4	130.8	134.0	134.2	133.9	136.1
Net domestic assets	431.2	436.8	431.1	435.2	443.5	449.9	459.1	459.2	454.6	462.5	463.3	470.2
Domestic credits	526.9	531.5	533.1	534.3	545.5	547.3	548.1	557.3	558.3	561.3	560.8	552.9
- Net credit to General Government	133.2	138.1	137.1	133.8	143.9	143.7	144.5	150.0	151.0	155.7	154.6	144.1
- Net credit to Central Government	154.4	159.2	155.7	152.6	163.9	161.6	162.7	165.4	170.1	171.6	171.6	159.7
- Net credit to FNM ^{1/}	0.7	0.7	0.8	0.9	0.9	1.1	1.4	1.5	1.5	1.6	1.6	1.2
- Credit to households and enterprises	393.0	392.7	395.2	399.6	400.7	402.5	402.2	405.8	405.8	404.0	404.6	407.6
Credit in SKK	346.2	346.7	347.9	350.9	351.6	352.2	351.2	352.6	352.7	352.8	353.2	356.9
- Credit to enterprises	319.7	319.7	320.5	323.0	322.7	322.2	320.1	320.4	320.0	318.9	318.1	321.0
- Credit to households	26.5	27.0	27.4	27.9	28.9	30.0	31.1	32.2	32.7	33.9	35.1	35.9
Credit in foreign currency	46.8	46.0	47.3	48.7	49.1	50.3	51.0	53.2	53.1	51.2	51.4	50.7
LIABILITIES												
Liquid liabilities [M2]	470.9	482.1	476.7	479.6	482.0	484.1	492.5	496.0	494.4	504.9	504.9	523.6
Money [M1]	143.1	151.6	143.0	138.0	138.7	142.5	139.2	138.6	138.2	139.4	142.1	153.9
Currency outside banks [M0]	50.2	50.4	49.8	49.4	50.2	50.1	50.2	50.1	50.5	51.6	52.4	57.5
Demand deposits	92.9	101.2	93.2	88.6	88.5	92.4	89.0	88.5	87.7	87.8	89.7	96.4
- Households	43.3	43.5	41.6	41.8	41.4	41.2	41.6	41.0	40.5	40.7	40.1	40.5
- Enterprises	48.8	56.1	49.9	46.0	46.5	50.4	46.6	46.7	46.4	46.5	49.0	54.9
- Insurance companies	0.8	1.6	1.7	0.8	0.6	0.8	0.8	0.8	0.8	0.6	0.6	1.0
Quasi-money [QM]	327.8	330.5	333.7	341.6	343.3	341.6	353.3	357.4	356.2	365.5	362.8	369.7
Time and savings deposits	261.8	264.0	266.8	273.2	273.1	272.1	282.8	284.0	283.7	289.1	286.4	296.7
- Households	214.4	216.4	217.2	218.8	219.5	220.8	222.7	224.6	225.8	226.6	229.1	238.4
- Enterprises	32.9	33.5	34.3	38.1	36.6	35.5	44.6	43.5	41.8	46.0	40.2	41.3
- Insurance companies	14.5	14.1	15.3	16.3	17.0	15.8	15.5	15.9	16.1	16.5	17.1	17.0
Foreign currency deposits	66.0	66.5	66.9	68.4	70.2	69.5	70.5	73.4	72.5	76.4	76.4	73.0
- Households	49.7	49.7	49.5	49.2	49.4	50.3	49.9	50.3	51.0	50.9	50.7	49.7
- Enterprises	16.3	16.8	17.4	19.2	20.8	19.2	20.6	23.1	21.5	25.5	25.7	23.3
Other items net	95.7	94.7	102.0	99.1	102.0	97.4	89.0	98.1	103.7	98.8	97.5	82.7

^{1/} FNM - National Property Fund

Monetary Survey (at current exchange rates) (\$k billions)

	1999											
	31.1.	28.2.	31.3.	30.4.	31.5.	30.6.	31.7.	31.8.	30.9.	31.10.	30.11.	31.12.
Actual exchange rate SKK/USD	37.297	39.806	41.859	42.381	43.656	43.768	41.823	42.273	41.100	41.610	42.542	42.266
ASSETS												
Net foreign assets	39.0	46.6	47.7	44.6	39.4	34.6	33.7	36.1	38.5	41.8	40.3	49.2
Foreign assets	245.0	184.4	183.6	176.1	170.9	184.6	174.6	178.6	181.7	187.6	187.0	195.3
Foreign liabilities	206.0	137.8	135.9	131.5	131.5	150.0	140.9	142.5	143.2	145.8	146.7	146.1
Net domestic assets	431.8	438.3	434.0	440.5	449.9	456.5	463.8	464.8	459.0	467.4	468.7	477.5
Domestic credits	526.8	535.9	541.5	543.6	557.1	559.5	557.2	566.7	564.6	569.4	568.7	559.2
- Net credit to General Government	133.3	140.8	142.3	139.5	150.9	151.4	150.4	156.2	155.4	161.4	160.4	148.9
- Net credit to Central Government	154.5	162.0	160.7	158.1	170.0	169.3	168.6	171.6	174.5	177.3	177.4	164.5
- Net credit to FNM ^{1/}	0.7	0.7	0.8	0.9	0.9	1.1	1.4	1.5	1.5	1.6	1.6	1.2
- Credit to households and enterprises	392.8	394.4	398.4	403.2	405.3	407.0	405.4	409.0	407.7	406.4	406.7	409.1
Credit in SKK	346.2	346.7	347.9	350.9	351.6	352.2	351.2	352.6	352.7	352.8	353.2	356.9
- Credit to enterprises	319.7	319.7	320.5	323.0	322.7	322.2	320.1	320.4	320.0	318.9	318.1	321.0
- Credit to households	26.5	27.0	27.4	27.9	28.9	30.0	31.1	32.2	32.7	33.9	35.1	35.9
Credit in foreign currency	46.6	47.7	50.5	52.3	53.7	54.8	54.2	56.4	55.0	53.6	53.5	52.2
LIABILITIES												
Liquid liabilities [M2]	470.8	484.9	481.7	485.1	489.3	491.1	497.5	500.9	497.5	509.2	509.0	526.7
Money [M1]	143.1	151.6	143.0	138.0	138.7	142.5	139.2	138.6	138.2	139.4	142.1	153.9
Currency outside banks [M0]	50.2	50.4	49.8	49.4	50.2	50.1	50.2	50.1	50.5	51.6	52.4	57.5
Demand deposits	92.9	101.2	93.2	88.6	88.5	92.4	89.0	88.5	87.7	87.8	89.7	96.4
- Households	43.3	43.5	41.6	41.8	41.4	41.2	41.6	41.0	40.5	40.7	40.1	40.5
- Enterprises	48.8	56.1	49.9	46.0	46.5	50.4	46.6	46.7	46.4	46.5	49.0	54.9
- Insurance companies	0.8	1.6	1.7	0.8	0.6	0.8	0.8	0.8	0.8	0.6	0.6	1.0
Quasi-money [QM]	327.7	333.3	338.7	347.1	350.6	348.6	358.3	362.3	359.3	369.8	366.9	372.8
Time and savings deposits	261.8	264.0	266.8	273.2	273.1	272.1	282.8	284.0	283.7	289.1	286.4	296.7
- Households	214.4	216.4	217.2	218.8	219.5	220.8	222.7	224.6	225.8	226.6	229.1	238.4
- Enterprises	32.9	33.5	34.3	38.1	36.6	35.5	44.6	43.5	41.8	46.0	40.2	41.3
- Insurance companies	14.5	14.1	15.3	16.3	17.0	15.8	15.5	15.9	16.1	16.5	17.1	17.0
Foreign currency deposits	65.9	69.3	71.9	73.9	77.5	76.5	75.5	78.3	75.6	80.7	80.5	76.1
- Households	49.6	51.8	53.2	53.2	54.5	55.4	53.5	53.7	53.2	53.8	53.4	51.8
- Enterprises	16.3	17.5	18.7	20.7	23.0	21.1	22.0	24.6	22.4	26.9	27.1	24.3
Other items net	95.0	97.6	107.5	103.1	107.2	103.0	93.4	101.9	105.6	102.0	100.0	81.7

^{1/} FNM - National Property Fund

SKK Exchange Rates (mid rates)

End-of-month figures	1 FRF	1,000 ITL	100 JPY	1 CAD	1 NLG	1 ATS	1 DEM	1 CHF	1 USD	1 GBP	1 EUR	1 CZK
01/99	6.512	22.060	32.254	24.536	19.383	3.104	21.839	26.467	37.297	61.484	42.714	1.172
02/99	6.697	22.689	33.059	26.571	19.936	3.193	22.462	27.630	39.806	63.793	43.932	1.156
03/99	6.841	23.174	34.842	27.648	20.362	3.261	22.942	28.144	41.859	67.671	44.871	1.168
04/99	6.852	23.214	35.628	28.762	20.397	3.267	22.982	27.952	42.381	68.414	44.949	1.191
05/99	6.958	23.571	36.237	29.635	20.711	3.317	23.335	28.670	43.656	69.749	45.640	1.207
06/99	6.908	23.404	36.160	29.727	20.563	3.293	23.169	28.331	43.768	69.228	45.316	1.238
07/99	6.811	23.075	36.163	27.746	20.274	3.247	22.844	27.962	41.823	66.963	44.679	1.217
08/99	6.738	22.827	38.051	28.379	20.057	3.212	22.599	27.596	42.273	67.151	44.199	1.208
09/99	6.601	22.361	38.413	28.097	19.647	3.147	22.137	27.044	41.100	67.702	43.297	1.215
10/99	6.669	22.591	39.935	28.281	19.850	3.179	22.365	27.311	41.610	68.361	43.743	1.194
11/99	6.561	22.226	41.687	28.915	19.528	3.127	22.003	26.845	42.542	68.148	43.035	1.195
12/99	6.473	21.928	41.395	29.115	19.267	3.086	21.708	26.451	42.266	68.262	42.458	1.175

Average Monetary Base of the NBS (Sk billions)

	1999											
	1	2	3	4	5	6	7	8	9	10	11	12
I. RESOURCES OF THE MONETARY BASE	99.48	100.44	100.13	97.53	97.85	98.49	101.29	99.51	98.90	102.60	103.33	109.91
Autonomous factors	84.18	86.80	89.22	87.12	87.48	86.03	96.56	97.30	94.85	99.84	101.99	107.74
Net foreign assets	76.18	80.33	84.43	83.67	82.64	82.60	94.68	93.72	92.62	96.93	95.99	103.79
Reserves	107.55	111.39	116.10	116.38	115.51	116.19	127.39	119.32	117.28	121.53	121.46	129.77
Net foreign liabilities	31.37	31.06	31.66	32.69	32.87	33.59	32.71	25.60	24.65	24.59	25.47	25.98
Net credit to Government	-5.27	-6.21	-4.40	-4.89	-2.84	-7.27	-9.29	-9.80	-9.89	-9.27	-7.09	-8.11
Other assets net	13.27	12.67	9.18	8.33	7.68	10.70	11.17	13.38	12.12	12.18	13.10	12.06
Monetary policy factors	15.30	13.65	10.92	10.41	10.38	12.46	4.73	2.22	4.05	2.76	1.34	2.17
Monetary policy factors (including NBS bills)	14.38	12.65	10.22	9.91	9.62	11.77	1.06	0.27	2.97	-1.38	-2.94	-1.24
Credit to banks (excluding redistribution loans)	1.30	1.24	1.08	1.19	1.12	1.07	0.92	0.90	1.05	1.12	1.09	1.13
Bills of exchange	1.30	1.24	1.08	1.19	1.12	1.07	0.92	0.90	1.05	1.12	1.09	1.13
Holdings of securities	14.01	12.41	9.84	9.22	9.25	11.39	3.81	1.32	3.00	1.64	0.25	1.04
Treasury bills	7.57	5.22	5.35	2.01	1.52	1.23	0.00	0.02	0.61	0.94	0.19	0.21
Other government securities	6.44	7.19	4.49	7.21	7.73	10.16	3.81	1.30	2.39	0.70	0.06	0.83
II. USE OF THE MONETARY BASE	99.48	100.44	100.13	97.53	97.85	98.49	101.29	99.51	98.90	102.60	103.33	109.91
Currency in circulation	59.16	58.16	58.49	58.00	58.67	59.06	58.98	58.61	58.91	59.35	60.21	66.62
Reserves of banks	39.40	41.28	40.94	39.02	38.42	38.74	38.64	38.96	38.91	39.12	38.84	39.89
Required reserves	38.95	39.88	40.67	38.81	38.36	38.58	38.64	38.71	38.77	38.67	38.43	38.49
Excess reserves	0.46	1.40	0.28	0.21	0.06	0.16	-0.01	0.25	0.14	0.45	0.42	1.40
Bills of NBS	4.03	5.00	11.77	10.00	10.32	10.67	10.00	16.13	10.00	15.16	10.00	15.16
of which: in NBS portfolio	3.11	4.00	11.08	9.50	9.56	9.98	6.33	14.19	8.93	11.03	5.73	11.76

Note: Reserve money = Currency in circulation + reserves of banks + bills of NBS in portfolios of commercial banks

Money Supply (M2)

	1999					Change since		Change during		Change during		Change during		Change during	
	1.1.	3.1.	30.6.	30.9.	31.12.	beginning of year	in %	the 1st quarter	in %	the 2nd quarter	in %	3rd quarter	in %	the 4th quarter	in %
	Sk billion														
Money supply [M2]	458.9	463.4	470.2	479.8	508.9	50.0	10.9	4.5	1.0	6.8	9.8	9.6	2.0	29.1	6.1
Money [M1]	147.2	143.0	142.5	138.1	153.8	6.6	4.5	-4.2	-2.8	-0.5	7.6	-4.3	-3.1	15.7	11.4
Currency outside banks [M0]	49.8	49.8	50.1	50.5	57.5	7.7	15.5	0.0	0.0	0.4	15.6	0.4	0.7	7.0	13.8
Demand deposits	97.4	93.3	92.4	87.6	96.4	-1.1	-1.1	-4.2	-4.3	-0.9	3.4	-4.7	-5.1	8.7	9.9
- Households	41.6	41.6	41.2	40.5	40.5	-1.1	-2.7	0.0	0.0	-0.5	-2.7	-0.7	-1.7	0.0	0.0
- Enterprises	55.1	49.9	50.4	46.4	54.9	-0.2	-0.3	-5.1	-9.3	0.4	10.1	-4.0	-7.9	8.5	18.3
- Insurance companies	0.7	1.7	0.8	0.8	1.0	0.2	33.8	1.0	132.0	-0.9	-42.4	0.0	-5.4	0.2	24.6
Quasi-money [QM]	311.7	320.3	327.7	341.7	355.1	43.3	13.9	8.6	2.8	7.4	10.8	14.0	4.3	13.4	3.9
Time deposits	256.9	266.9	272.1	283.8	296.7	39.8	15.5	10.0	3.9	5.2	11.2	11.7	4.3	12.9	4.6
- Households	211.6	217.2	220.8	225.8	238.4	26.8	12.7	5.7	2.7	3.6	9.7	5.0	2.3	12.5	5.6
- Enterprises	31.8	34.3	35.5	41.8	41.3	9.6	30.2	2.6	8.2	1.2	20.5	6.3	17.7	-0.5	-1.1
- Insurance companies	13.6	15.3	15.8	16.1	17.0	3.4	25.0	1.7	12.7	0.5	10.9	0.3	2.1	0.8	5.2
Foreign-currency deposits	54.8	53.5	55.6	57.9	58.4	3.5	6.5	-1.4	-2.5	2.2	9.1	2.3	4.2	0.4	0.7
- Households	39.7	39.6	40.3	40.8	39.7	0.1	0.2	-0.1	-0.2	0.7	0.4	0.5	1.3	-1.0	-2.5
- Enterprises	15.2	13.9	15.4	17.2	18.6	3.5	22.9	-1.3	-8.4	1.5	33.7	1.8	11.7	1.5	8.5
Crown deposits in total	354.3	360.2	364.5	371.4	393.1	38.7	10.9	5.8	1.6	4.3	9.2	6.9	1.9	21.7	5.8
- Households	253.2	258.9	262.0	266.3	278.9	25.7	10.1	5.7	2.2	3.1	7.7	4.3	1.7	12.6	4.7
- Enterprises	86.8	84.3	85.9	88.2	96.2	9.4	10.8	-2.5	-2.9	1.6	14.3	2.3	2.7	8.1	9.1
- Insurance companies	14.3	17.0	16.6	16.9	18.0	3.6	25.5	2.7	18.8	-0.4	5.6	0.3	1.7	1.0	6.1

Total Deposits (Sk billions)

	1993	1994	1995	1996	1997	1998	1999													
	12	12	12	12	12	12	1.1.	1	2	3	4	5	6	7	8	9	10	11	12	
1. TOTAL DEPOSITS																				
(Sk + foreign currency)	238.7	283.5	356.9	418.4	450.4	464.9	469.0	459.1	473.4	471.5	474.1	478.0	478.5	484.5	486.8	488.6	496.5	494.8	510.1	
A) Slovak-crown deposits	208.9	243.5	314.9	374.4	400.4	392.2	396.3	389.1	399.7	395.2	396.1	396.6	398.3	405.6	404.8	408.8	411.7	410.4	430.9	
- Non-financial organisations	58.1	63.4	80.4	95.0	86.6	66.4	66.4	60.8	63.2	60.0	59.9	61.7	63.2	63.9	65.5	64.3	68.6	64.8	72.3	
- Banking sector	0.3	0.7	2.4	3.6	3.9	3.1	7.2	7.0	11.4	11.1	10.7	6.2	7.5	10.7	8.2	7.4	6.6	6.7	7.7	
- Insurance sector	15.4	16.4	17.2	19.5	17.8	14.3	14.3	15.3	15.7	17.0	17.1	17.6	16.6	16.3	16.7	16.9	17.2	17.8	18.0	
- Extrabudgetary funds of central and local authorities	9.3	15.7	32.0	42.8	42.6	37.9	37.9	34.5	34.5	30.8	30.1	31.1	29.8	29.7	28.4	33.4	30.8	30.2	33.8	
- Non-profit organisations	2.3	4.6	10.4	9.2	5.6	6.0	6.0	6.1	6.2	6.3	6.2	6.3	6.3	6.6	6.6	6.6	7.0	6.9	7.0	
- Small businesses	2.7	4.4	5.9	6.6	10.0	7.9	7.9	8.2	9.3	8.3	8.5	9.4	9.2	9.6	9.9	9.7	9.6	10.0	7.8	
- Households	113.4	129.5	163.0	194.6	229.0	253.2	253.2	257.7	259.9	258.8	260.6	260.8	262.0	264.4	265.6	266.3	267.3	269.2	278.9	
- Foreigners (non-residents)	0.3	0.5	0.6	0.9	2.5	1.0	1.0	1.1	1.5	1.2	1.2	1.2	1.3	1.9	1.3	1.4	1.4	1.4	1.5	
- Other	7.0	8.4	2.9	2.1	2.3	2.5	2.5	2.5	2.2	1.8	1.8	2.3	2.4	2.5	2.6	2.8	3.2	3.4	4.0	
B) Foreign-currency deposits ^{1/}	29.8	40.0	42.0	44.0	50.0	72.7	72.7	70.0	73.7	76.3	78.0	81.4	80.3	78.9	82.0	79.8	84.8	84.4	79.2	
- Natural persons	24.8	33.0	36.6	37.3	40.8	51.0	51.0	51.0	53.2	54.7	54.6	56.0	56.8	54.9	55.2	54.7	55.2	54.8	53.3	
- Legal entities	5.0	7.0	5.4	6.7	9.2	21.7	21.7	19.0	20.5	21.6	23.4	25.4	23.5	24.0	26.8	25.1	29.6	29.7	25.9	
2. SLOVAK-CROWN DEPOSITS																				
BY SECTOR	208.9	243.5	315.0	374.4	400.4	392.2	396.3	389.1	399.7	395.2	396.1	396.6	398.3	405.6	404.8	408.8	411.7	410.4	430.9	
Entrepreneurial sector	78.8	89.4	105.9	125.0	118.3	91.7	95.9	87.2	95.4	96.4	96.2	94.9	96.5	100.5	100.3	98.3	102.0	99.3	105.7	
a) Public sector	42.6	40.0	31.4	35.4	23.5	12.5	16.6	14.4	15.6	17.7	19.5	16.7	17.5	17.4	17.8	17.6	19.1	17.8	20.2	
b) Private sector (incl. cooperatives and households)	35.4	46.4	69.7	81.0	82.5	68.5	68.5	64.4	69.6	69.4	67.8	68.0	68.3	73.4	73.1	73.4	74.1	72.8	74.6	
c) Under foreign control	0.8	3.0	4.8	8.6	12.3	10.7	10.8	8.5	10.2	9.3	8.9	10.1	10.7	9.8	9.4	8.3	8.8	8.7	10.9	
Extrabudgetary funds of central and local authorities	9.3	15.7	32.0	42.8	42.6	37.9	37.9	34.5	34.5	30.8	30.1	31.1	29.8	29.7	28.4	33.4	30.8	30.2	33.8	
Households	113.4	129.5	163.0	194.6	229.0	253.2	253.2	257.7	259.9	258.8	260.6	260.8	262.0	264.4	265.6	266.3	267.3	269.2	278.9	
Non-profit organisations	2.3	4.6	10.4	9.2	5.6	6.0	6.0	6.1	6.2	6.3	6.2	6.3	6.3	6.6	6.6	6.6	7.0	6.9	7.0	
Other	5.1	4.3	3.7	2.8	4.9	3.4	3.5	3.6	3.7	3.0	3.0	3.4	3.7	4.4	4.0	4.2	4.6	4.8	7.0	
3. SLOVAK-CROWN DEPOSITS																				
BY TERM	208.9	243.5	314.9	374.4	400.4	392.2	396.3	389.1	399.7	395.2	396.1	396.6	398.3	405.6	404.8	408.8	411.7	410.4	430.9	
a) Short-term deposits	153.5	179.2	226.4	271.2	293.2	302.1	306.2	302.3	315.1	312.3	313.9	315.7	317.7	325.9	325.4	329.6	333.3	331.9	347.6	
b) Medium-term deposits	48.0	55.8	67.9	77.8	74.1	51.2	51.3	48.6	47.0	45.4	44.3	43.2	42.8	41.9	41.3	40.8	40.1	39.4	40.1	
c) Long-term deposits	7.4	8.4	20.6	25.4	33.1	38.9	38.8	38.2	37.6	37.5	37.9	37.7	37.8	37.8	38.2	38.4	38.3	39.1	43.3	
4. FOREIGN-CURRENCY DEPOSITS																				
BY TERM ^{1/}	29.8	40.0	42.0	44.0	50.0	72.7	72.7	70.0	73.7	76.3	78.0	81.4	80.3	78.9	82.0	79.8	84.8	84.4	79.2	
a) Short-term deposits	29.7	39.8	41.7	43.7	49.9	72.5	72.4	69.7	73.4	76.1	77.7	80.3	80.1	78.7	81.7	79.4	84.6	84.2	78.9	
b) Medium-term deposits	0.1	0.2	0.3	0.3	0.1	0.2	0.3	0.3	0.3	0.2	0.3	0.3	0.2	0.2	0.3	0.4	0.2	0.2	0.3	
c) Long-term deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
5. TOTAL DEPOSITS																				
BY TERM	238.7	283.5	356.9	418.4	450.4	464.9	469.0	459.1	473.4	471.5	474.1	478.0	478.6	484.5	486.8	488.6	496.5	494.8	510.1	
a) Short-term deposits	183.2	219.0	268.1	314.9	343.1	374.6	378.6	372.0	388.5	388.4	391.6	396.0	397.8	404.6	407.1	409.0	417.9	416.1	426.5	
b) Medium-term deposits	48.1	56.0	68.2	78.1	74.2	51.4	51.6	48.9	47.3	45.6	44.6	43.5	43.0	42.1	41.6	41.2	40.3	39.6	40.4	
c) Long-term deposits	7.4	8.4	20.6	25.4	33.1	38.9	38.8	38.2	37.6	37.5	37.9	37.7	37.8	37.8	38.2	38.4	38.3	39.1	43.3	
6. INFORMATIVE																				
A. Increase in deposits (since beginning of year)																				
- in Sk billions	36.4	44.8	71.5	61.5	30.8	14.5	-	-9.9	4.4	2.5	5.1	9.0	9.5	15.5	17.9	19.6	27.5	25.8	41.1	
- in %	17.9	18.8	25.0	17.2	7.3	3.2	-	-2.1	0.9	0.5	1.1	1.9	2.0	3.3	3.8	4.2	5.9	5.5	8.8	
a) Slovak-crown deposits																				
- in Sk billions	20.4	34.6	69.5	59.5	24.8	-8.2	-	-7.2	3.4	-1.1	-0.2	0.3	2.0	9.3	8.5	12.5	15.4	14.1	34.6	
- in %	10.8	16.6	28.3	18.9	6.6	-2.0	-	-1.8	0.9	-0.3	-0.1	0.1	0.5	2.3	2.1	3.2	3.9	3.6	8.7	
b) Foreign-currency deposits ^{1/}																				
- in Sk billions	16.0	10.2	2.0	2.0	6.0	22.7	-	-2.7	1.0	3.6	5.3	8.7	7.6	6.2	9.4	7.1	12.1	11.7	6.5	
- in %	115.9	34.2	5.0	4.8	13.7	45.4	-	-3.7	1.4	5.0	7.3	12.0	10.4	8.6	12.9	9.8	16.7	16.1	9.0	

Continued on next page.

Total Deposits (Sk billions) (continued)

	1993	1994	1995	1996	1997	1998	1999												
	12	12	12	12	12	12	1.1.	1	2	3	4	5	6	7	8	9	10	11	12
B. Structure of crown deposits by sector (%)																			
Total 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	100.0	100.0	100.0	100.0	100.0
a) Entrepreneurial sector	37.7	36.7	33.6	33.4	29.5	23.4	24.2	22.4	23.9	24.4	24.3	23.9	24.2	24.8	24.8	24.0	24.8	24.2	24.5
- Public sector	20.4	16.4	10.0	9.5	5.9	3.2	4.2	3.7	3.9	4.5	4.9	4.2	4.4	4.3	4.4	4.3	4.6	4.3	4.7
- Private sector (incl. cooperatives and households)	16.9	19.1	22.1	21.6	20.6	17.5	17.3	16.6	17.4	17.6	17.1	17.1	17.1	18.1	18.1	18.0	18.0	17.7	17.3
- Under foreign control	0.4	1.2	1.5	2.3	3.1	2.7	2.7	2.2	2.6	2.4	2.2	2.5	2.7	2.4	2.3	2.0	2.1	2.1	2.5
b) Government sector	4.5	6.4	10.2	11.4	10.6	0.0	0.0	0.0	8.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
c) Households	54.3	53.2	51.7	52.0	57.2	9.7	9.6	8.9	65.0	7.8	7.6	7.8	7.5	7.3	7.0	8.2	7.5	7.4	7.8
d) Non-profit organisations	1.1	1.9	3.3	2.5	1.4	64.6	63.9	66.2	1.6	65.5	65.8	65.8	65.8	65.2	65.6	65.1	64.9	65.6	64.7
e) Other	2.4	1.8	1.2	0.7	1.2	1.5	1.5	1.6	0.9	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.7	1.7	1.6
C. Structure of crown deposits by term (%)																			
Total 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	100.0	100.0	100.0	100.0	100.0
a) Short-term deposits	73.5	73.6	71.9	72.4	73.2	77.0	77.3	77.7	78.8	79.0	79.2	79.6	79.8	80.4	80.4	80.6	81.0	80.9	80.7
b) Medium-term deposits	23.0	22.9	21.6	20.8	18.5	13.1	12.9	12.5	11.8	11.5	11.2	10.9	10.7	10.3	10.2	10.0	9.7	9.6	9.3
c) Long-term deposits	3.5	3.4	6.5	6.8	8.3	9.9	9.8	9.8	9.4	9.5	9.6	9.5	9.5	9.3	9.4	9.4	9.3	9.5	10.0
Foreign-currency deposits ^{1/}																			
a) Short-term deposits	99.7	99.5	99.3	99.3	99.8	99.8	99.6	99.6	99.7	99.7	99.6	98.6	99.8	99.7	99.6	99.5	99.7	99.8	99.6
b) Medium-term deposits	0.3	0.5	0.7	0.7	0.2	0.2	0.4	0.4	0.4	0.3	0.4	0.4	0.2	0.3	0.4	0.5	0.2	0.2	1.6
c) Long-term deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Crown and foreign-currency deposits in total																			
a) Short-term deposits	76.7	77.2	75.1	75.3	76.2	80.6	80.7	81.0	82.1	82.4	82.6	82.8	83.1	83.5	84.0	83.7	84.2	84.1	83.6
b) Medium-term deposits	20.2	19.8	19.1	18.7	16.5	11.1	11.0	10.7	10.0	9.7	9.4	9.1	9.0	8.7	8.5	8.4	8.1	8.0	7.9
c) Long-term deposits	3.1	3.0	5.8	6.1	7.3	8.3	8.3	8.3	7.9	8.0	8.0	7.9	7.9	7.8	7.8	7.9	7.7	7.9	8.5

^{1/} Deposits from residents and non-residents in convertible currencies

Total Volume of Loans (Sk billions)

	1993	1994	1995	1996	1997	1998	1999													
	12	12	12	12	12	12	1.1.	1	2	3	4	5	6	7	8	9	10	11	12	
1. TOTAL VOLUME OF LOANS																				
(Sk + foreign currency)	268.9	272.9	310.8	374.4	388.9	398.4	398.4	399.3	401.4	404.5	409.3	411.6	413.8	411.7	415.1	414.7	413.6	411.6	410.7	
A) Slovak-crown loans	260.8	257.6	288.1	338.8	342.3	340.3	340.3	339.7	340.2	341.1	344.1	344.8	345.2	344.3	345.9	347.2	347.2	346.6	350.2	
- Non-financial organisations	217.3	216.5	242.8	281.6	276.3	275.4	275.4	274.7	275.8	276.6	278.3	276.9	274.6	273.8	274.4	273.5	272.6	271.5	281.7	
- Banking sector	6.9	7.7	11.2	16.4	19.4	8.9	8.9	8.8	8.3	8.6	9.5	10.6	12.4	11.1	10.9	11.5	11.3	11.6	10.8	
- Insurance sector	0.9	0.6	0.2	0.3	0.3	0.6	0.6	0.5	0.5	0.6	0.5	0.5	0.5	0.5	0.4	0.3	0.3	0.3	0.3	
- Extrabudgetary needs of central and local authorities	4.4	5.3	4.4	7.3	7.7	8.3	8.3	8.3	8.4	8.1	8.1	8.1	8.0	8.0	8.2	9.4	9.3	8.3	8.2	
- Non-profit organisations	0.2	0.1	0.2	0.1	0.1	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	
- Small businesses	11.6	10.8	12.3	12.9	15.1	17.4	17.4	17.8	17.7	17.7	17.6	17.5	17.5	17.5	17.5	17.7	17.7	17.6	12.2	
- Households	18.6	16.5	15.3	17.8	20.4	26.5	26.5	26.5	27.0	27.4	27.9	28.9	30.0	31.1	32.2	32.7	33.9	35.1	35.9	
- Foreigners (non-residents)	0.1	0.1	1.3	1.6	1.6	2.2	2.2	2.2	1.9	1.9	1.9	1.9	2.0	2.0	2.0	1.9	1.9	2.0	0.8	
- Other	0.8	0.1	0.4	0.6	1.4	0.8	0.8	0.5	0.5	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.2	0.2	
B) Loans in foreign currency ¹⁾	8.1	15.3	22.7	35.6	46.6	58.1	58.1	59.6	61.2	63.4	65.2	66.8	68.6	67.4	69.2	67.5	66.4	65.0	60.5	
2. SLOVAK-CROWN LOANS																				
BY SECTOR	260.8	257.6	288.1	338.8	342.3	340.3	340.3	339.7	340.2	341.1	344.1	344.8	345.2	344.3	345.9	347.2	347.2	346.6	350.2	
a) Entrepreneurial sector	236.8	235.7	266.7	311.4	311.0	302.3	302.3	301.9	302.2	303.4	305.9	305.6	304.9	302.9	303.2	302.9	301.9	301.0	305.0	
- Public sector	123.4	115.5	93.1	94.8	75.5	49.0	49.0	50.8	50.7	51.1	50.6	51.6	51.3	50.1	49.9	49.6	48.3	47.4	104.0	
- Private sector (incl. cooperatives and households)	109.6	114.9	165.4	204.8	220.8	232.9	232.9	231.4	230.8	231.1	233.8	233.1	231.7	230.4	231.4	231.4	231.3	230.0	176.0	
- Under foreign control	3.8	5.3	8.2	11.8	14.8	20.4	20.4	19.8	20.8	21.2	21.5	20.9	21.9	22.4	22.0	22.0	22.3	23.5	24.9	
b) Government sector (extra-budgetary funds)	4.4	5.3	4.4	7.3	7.7	8.3	8.3	8.3	8.4	8.1	8.1	8.1	8.0	8.0	8.2	9.4	9.3	8.3	8.2	
c) Households	18.6	16.5	15.3	17.8	20.4	26.5	26.5	26.5	27.0	27.4	27.9	28.9	30.0	31.1	32.2	32.7	33.9	35.1	35.9	
d) Non-profit organisations	0.2	0.1	0.2	0.1	0.1	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	
e) Other	0.8	0.0	1.5	2.2	3.0	3.0	3.0	2.7	2.3	2.0	2.1	2.1	2.2	2.2	2.2	2.1	2.1	2.2	1.1	
3. SLOVAK-CROWN LOANS																				
BY INDUSTRY	260.8	257.6	288.1	338.8	342.3	340.3	340.3	339.7	340.2	341.1	344.1	344.8	345.2	344.3	345.9	347.2	347.2	346.6	350.2	
a) Agriculture, hunting, and fishing	17.7	19.0	18.3	18.7	17.5	15.5	15.5	15.4	20.1	20.1	19.9	20.0	20.0	19.8	19.6	19.6	19.5	19.3	18.8	
b) Forestry and timber industry	0.3	0.2	0.3	0.4	0.3	0.3	0.3	0.4	0.4	0.3	0.4	0.4	0.4	0.4	0.3	0.3	0.4	0.3	0.3	
c) Raw materials extraction	9.5	8.9	2.6	2.6	2.6	3.5	3.5	3.6	3.8	3.6	3.8	3.8	3.8	3.7	3.6	3.5	3.5	3.4	2.8	
d) Industrial production	68.9	67.2	103.3	113.3	115.1	116.2	116.3	115.2	116.4	116.9	118.1	117.5	116.2	115.6	116.1	116	116.1	117.3	85.3	
- Foods, beverages, and tobacco	9.7	10.4	17.5	20.6	22.0	23.5	23.5	23.4	23.6	24.3	24.4	24.6	25.1	24.3	24.5	24.4	24.4	25.4	18.8	
- Chemical and pharma. industry	8.8	8.4	10.2	9.7	8.1	7.1	7.2	6.8	6.7	6.7	6.8	6.4	6.6	6.4	6.5	6.5	6.3	6.3	4.7	
- Metallurgy and machine engineering	30.4	27.6	43.3	45.7	47.1	44.0	44.0	43.8	45.2	44.7	46.3	46.1	44.3	44.7	44.6	45.2	44.8	45.1	37.0	
- Electrical and electronic industry	5.5	5.7	7.5	8.5	8.4	8.4	8.4	8.2	8.1	8.9	8.1	8.3	8.2	8.2	8.1	7.9	8.0	8.1	4.6	
- Textile, clothing, and leather	4.3	4.3	6.1	7.5	7.1	8.0	8.0	8.2	7.8	7.7	7.9	7.6	7.7	8.0	7.8	7.6	7.5	7.6	3.8	
- Other industries	10.3	10.8	18.6	21.2	22.4	25.2	25.2	24.9	25.0	24.5	24.5	24.5	24.3	24.1	24.6	24.3	25.0	24.8	16.4	
e) Power industry, gas and water supply	18.4	17.4	18.2	21.9	22.1	25.8	25.8	26.1	25.7	25.6	25.4	25.9	26.0	26.1	25.8	26.4	25.3	25.3	26.3	
f) Building and construction	18.3	18.6	19.4	20.7	20.3	10.3	10.3	10.1	10.2	10.5	10.3	10.6	10.2	10.2	10.1	10.0	9.7	9.6	7.9	
g) Trade, repair of cons. goods and motor vehicles, hotels and restaurants	28.4	32.5	60.5	73.3	73.4	75.1	75.1	76.6	76.7	76.6	76.4	77.6	77.8	78.0	79.8	78.6	79.2	78.1	59.0	
h) Tourism	3.8	-	0.5	1.5	1.0	1.1	1.1	1.1	0.9	0.8	0.8	0.9	0.8	0.9	0.9	0.9	0.8	1.1	1.0	
i) Transport, warehousing, postal and telecom. services	-	-	3.6	8.2	7.1	8.4	8.4	8.4	8.6	8.7	8.6	8.3	8.4	8.0	6.9	6.6	6.6	6.4	5.5	
j) Banking industry	-	-	11.2	16.4	19.4	8.9	8.9	8.8	8.3	8.6	9.5	10.6	12.4	11.1	10.9	11.5	11.3	11.6	10.8	
k) Insurance sector	-	-	0.2	0.3	0.3	0.6	0.6	0.5	0.5	0.6	0.5	0.5	0.5	0.5	0.4	0.3	0.3	0.3	0.3	

Continued on next page.

Total Volume of Loans (Sk billions) (continued)

	1993	1994	1995	1996	1997	1998	1999												
	12	12	12	12	12	12	1.1.	1	2	3	4	5	6	7	8	9	10	11	12
4. TOTAL VOLUME OF LOANS																			
(Sk + foreign currency)	268.9	272.9	310.8	374.4	388.9	398.4	398.4	399.3	401.4	404.5	409.3	411.6	413.8	411.7	415.1	414.7	413.6	411.6	410.7
a) Short-term loans	92.4	103.9	117.0	157	168.6	173.9	173.5	173.1	172.3	176.7	179.8	177.3	178.3	173.2	175.1	176.2	175.0	172.0	149.9
b) Medium-term loans	53.5	46.9	57.4	80.4	86.6	87.3	87.6	87.2	88.5	87.2	88.5	91.3	93.0	96.1	99.0	97.9	98.2	101.1	143.8
c) Long-term loans	123.0	122.1	136.4	137.0	133.7	137.2	137.2	139.0	140.6	140.6	141.0	143.1	142.5	142.4	141.0	140.6	140.4	138.5	117.0
4.1. SLOVAK-CROWN LOANS	260.8	257.6	288.1	338.8	342.3	340.3	340.3	339.7	340.2	341.1	344.1	344.8	345.2	344.3	345.9	347.2	347.2	346.6	350.2
a) Short-term loans	90.7	95.9	105.8	137.5	137.7	134.8	134.5	133.2	131.7	133.8	135.4	134.0	133.6	131.5	132.1	133.0	132.5	131.0	114.3
b) Medium-term loans	53.5	46.9	57.4	70.9	77.5	78.6	78.9	78.5	79.2	78.1	79.1	81.6	82.5	85.2	86.0	86.6	87.0	87.8	131.2
c) Long-term loans	116.6	114.8	124.9	130.4	127.1	126.9	126.9	128.0	129.3	129.2	129.6	129.3	129.1	127.6	127.8	127.6	127.7	127.8	104.7
4.2. LOANS IN FOREIGN CURRENCY ^{1/}	8.1	15.3	22.7	35.6	46.6	58.1	58.1	59.6	61.2	63.4	65.2	66.8	68.6	67.4	69.2	67.5	66.4	65.0	60.5
a) Short-term loans	1.7	8.0	11.2	19.5	30.9	39.1	39.0	39.9	40.6	42.9	44.4	43.3	44.7	41.7	43.0	43.2	42.5	41.0	35.6
b) Medium-term loans	0.0	0.0	0.0	9.5	9.1	8.7	8.7	8.7	9.3	9.1	9.4	9.7	10.5	10.9	13.0	11.3	11.2	13.3	12.6
c) Long-term loans ^{2/}	6.4	7.3	11.5	6.6	6.6	10.3	10.3	11.0	11.3	11.4	11.4	13.8	13.4	14.8	13.2	13.0	12.7	10.7	12.3
5. SLOVAK-CROWN LOANS BY PURPOSE	260.8	257.6	288.1	338.8	342.0	340.3	340.3	339.7	340.2	341.1	344.1	344.8	345.2	344.3	345.9	347.2	347.2	346.6	350.2
a) Current assets	57.8	53.4	44.0	56.9	40.1	46.1	46.1	41.5	39.9	39.8	40.6	38.2	38.7	38.8	37.2	37.2	38.1	43.8	40.5
b) Capital goods	69.7	49.8	37.2	48.6	51.2	49.5	49.5	49.0	51.3	49.5	50.7	51.0	51.3	51.2	53.6	53.4	66.6	62.6	55.6
c) Privatisation	8.8	5.4	3.7	5.5	4.2	2.5	2.5	2.6	2.4	2.4	2.3	2.2	2.0	1.9	1.9	1.9	1.8	1.7	1.8
- Small-scale privatisation	5.3	2.0	0.4	0.4	0.1	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	3.5	3.4	3.3	5.1	4.1	2.5	2.5	2.6	2.4	2.4	2.3	2.2	1.9	1.9	1.9	1.9	1.8	1.7	1.8
d) Temporary lack of resources	10.7	9.3	9.0	15.8	11.2	8.4	8.4	8.1	8.2	7.8	8.3	7.9	8.3	8.4	8.3	8.8	9.1	7.6	7.7
e) Permanently revolving stocks	21.7	17.5	5.5	3.6	2.0	0.9	0.9	0.6	0.4	0.4	0.4	0.4	0.4	0.1	0.1	0.1	0.1	0.1	0.1
f) Residential construction	11.2	10.9	10.4	10.2	9.4	8.6	8.6	8.6	8.6	8.6	8.6	8.6	8.2	8.2	8.2	8.2	8.2	8.2	7.8
g) Current account balances (debit)	9.9	7.9	7.5	18.6	19.8	16.3	16.3	16.8	14.4	12.8	12.0	13.9	12.9	10.8	11.0	11.0	10.4	10.7	11.3
h) Consumption	9.0	7.0	6.0	7.1	6.3	5.3	5.3	5.1	5.0	4.9	4.8	4.7	5.0	4.5	4.4	4.2	4.1	4.1	3.9
i) Standard claims with reservation	26.0	16.9	37.8	53.2	68.1	54.7	54.7	57.3	57.7	57.1	55.0	55.2	53.1	51.9	51.0	49.4	36.1	36.3	39.1
j) Classified receivables	30.8	76.4	120.5	109.9	118.5	136.4	136.4	138.4	140.6	145.5	147.6	150.0	151.3	154.0	156.0	159.4	159.7	160.0	110.7
- doubtful and disputable	15.1	23.6	12.6	10.4	9.7	10.2	10.2	8.4	8.1	8.7	8.8	9.4	11.5	11.8	12.0	12.3	12.2	11.9	9.5
- loss-making	7.3	36.3	85.6	91.9	101.3	116.0	116.0	118.8	121.2	123.6	126.0	128.0	129.1	130.4	132.7	134.1	136.0	136.8	90.1
6. INFORMATIVE																			
A. Total increase in loans (since beginning of year)																			
- in Sk billions	29.2	4.0	37.3	63.6	14.3	12.5	-	0.9	3.0	6.1	10.9	13.2	15.4	13.3	16.7	16.3	15.1	13.2	12.3
- in %	12.2	1.5	13.7	20.5	3.8	3.2	-	0.2	0.8	1.5	2.7	3.3	3.9	3.3	4.2	4.1	3.8	3.3	3.1
a) Slovak-crown loans																			
- in Sk billions	24.8	-3.2	29.9	50.7	3.2	1.2	-	-0.6	-0.1	0.8	3.8	4.5	4.9	4.0	5.6	6.9	6.9	6.3	9.9
- in %	10.5	-1.2	11.6	17.6	0.9	0.4	-	-0.2	0.0	0.2	1.1	1.3	1.4	1.2	1.6	2.0	2.0	1.9	2.9
b) Foreign-currency loans ^{1/}																			
- in Sk billions	4.4	7.2	7.4	12.9	11.0	11.3	-	1.5	3.1	5.3	7.1	8.7	10.5	9.3	11.1	9.4	8.2	6.9	2.4
- in %	118.9	88.9	49.0	56.8	30.9	24.2	-	2.6	5.3	9.1	12.2	15.0	18.1	16.0	19.1	16.1	14.2	11.9	4.1
B. Structure of crown loans by sector (%)																			
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	100.0	100.0	100.0	100.0	100.0
a) Entrepreneurial sector																			
- Public sector	47.3	44.8	32.3	28.0	22.1	14.4	14.4	15.0	14.9	15.0	14.7	15.0	14.9	14.6	14.4	14.3	13.9	13.7	29.7
- Private sector (incl. cooperatives and households)	42.0	44.6	57.4	60.4	64.5	68.4	68.4	68.1	67.8	67.8	67.9	67.6	67.1	66.9	66.9	66.6	66.6	66.4	50.3
- Under foreign control	1.5	2.1	2.8	3.5	4.3	6.0	6.0	5.8	6.1	6.2	6.2	6.1	6.3	6.5	6.4	6.3	6.4	6.8	7.1
b) Government sector (extra-budgetary funds)	1.7	2.1	1.5	2.2	2.2	2.4	2.4	2.4	2.5	2.4	2.3	2.3	2.3	2.3	2.4	2.7	2.7	2.4	2.3
c) Households	7.1	6.4	5.3	5.3	6.0	2.4	7.8	7.8	7.9	8.0	8.1	8.4	8.7	9.0	9.3	9.4	9.8	10.1	10.3
d) Non-profit organisations	0.1	0.0	0.1	0.0	0.0	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
e) Other	0.3	0.0	0.5	0.6	0.9	0.9	0.9	0.8	0.7	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.3

Continued on next page.

Total Volume of Loans (Sk billions) (continued)

	1993	1994	1995	1996	1997	1998	1999												
	12	12	12	12	12	12	1.1.	1	2	3	4	5	6	7	8	9	10	11	12
C. Structure of crown loans by industry (%)																			
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	100.0	100.0	100.0	100.0	100.0
a) Agriculture, hunting and fishing	6.8	7.4	6.4	5.5	5.1	4.6	4.6	4.5	5.9	5.9	5.8	5.8	5.8	5.8	5.7	5.6	5.6	5.6	5.4
b) Forestry and timber industry	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
c) Raw materials extraction	3.6	3.5	0.9	0.8	0.8	1.0	1.0	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.0	1.0	1.0	1.0	0.8
d) Industrial production	26.4	26.1	35.9	33.4	33.6	34.1	34.2	33.9	34.2	34.3	34.3	34.1	33.7	33.6	33.6	33.4	33.4	33.8	24.4
- Foods, beverages, and tobacco	3.7	4.0	6.1	6.1	6.4	6.9	6.9	6.9	6.9	7.1	7.1	7.1	7.3	7.1	7.1	7.0	7.0	7.3	5.4
- Chemical industry	3.4	3.3	3.5	2.9	2.4	2.1	2.1	2.0	2.0	2.0	2.0	1.9	1.9	1.9	1.9	1.9	1.8	1.8	1.3
- Metallurgy and machine engineering	11.7	10.7	15.0	13.5	13.8	12.9	12.9	12.9	13.3	13.1	13.5	13.4	12.8	13.0	12.9	13.0	12.9	13.0	10.6
- Electrical and electronic industry	2.1	2.2	2.6	2.5	2.5	2.5	2.5	2.4	2.4	2.6	2.4	2.4	2.4	2.4	2.3	2.3	2.3	2.3	1.3
- Textile, clothing, and leather	1.6	1.7	2.1	2.2	2.1	2.4	2.4	2.4	2.3	2.3	2.3	2.2	2.2	2.3	2.3	2.2	2.2	2.2	1.1
- Other industries	3.9	4.2	6.5	6.3	6.5	7.4	7.4	7.3	7.3	7.2	7.1	7.1	7.0	7.0	7.1	7.0	7.2	7.2	4.7
e) Power industry, gas and water supply	7.1	6.8	6.3	6.5	6.5	7.6	7.6	7.7	7.6	7.5	7.4	7.5	7.5	7.6	7.5	7.6	7.3	7.3	7.5
f) Building and construction	7.0	7.2	6.7	6.1	5.9	3.0	3.0	3.0	3.0	3.1	3.0	3.1	3.0	3.0	2.9	2.9	2.8	2.8	2.3
g) Trade repair of cons. goods and vehicles, hotel and restaurants	10.9	12.6	21.0	21.6	21.4	22.1	22.1	22.5	22.5	22.5	22.2	22.5	22.5	22.7	23.1	22.6	22.8	22.5	16.8
h) Tourism	1.5	-	0.2	0.4	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.3	0.2	0.3	0.3	0.3	0.2	0.3	0.3
i) Transport, warehousing, postal and telecom. services	-	-	1.2	2.4	2.1	2.5	2.5	2.5	2.5	2.6	2.5	2.4	2.4	2.3	2.0	1.9	1.9	1.8	1.6
j) Banking industry	-	-	3.9	4.8	5.7	2.6	2.6	2.6	2.4	2.5	2.8	3.1	3.6	3.2	3.2	3.3	3.3	3.3	3.1
k) Insurance sector	-	-	0.1	0.1	0.1	0.2	0.2	0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
D. Structure of loans by term (%)																			
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	100.0	100.0	100.0	100.0	100.0
a) Short-term loans	-	38.1	37.6	41.9	43.4	43.6	43.6	43.3	43.0	43.8	44.0	43.0	43.1	42.1	42.2	42.5	42.3	41.8	36.5
b) Medium-term loans	-	17.2	18.5	21.5	22.3	21.9	21.9	21.9	22.0	21.6	21.6	22.2	22.5	23.3	23.8	23.6	23.7	24.6	35.0
c) Long-term loans ^{2/}	-	44.7	43.9	36.6	34.4	34.5	34.5	34.8	35.0	34.8	34.4	34.8	34.4	34.6	34.0	33.9	33.9	33.6	28.5
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	100.0	100.0	100.0	100.0	100.0
a) Short-term	34.8	37.2	36.7	40.6	40.2	39.6	39.5	39.2	38.7	39.2	39.3	38.9	38.7	38.2	38.2	38.3	38.2	37.8	32.6
b) Medium-term	20.5	18.2	19.9	20.9	22.6	23.1	23.2	23.1	23.3	22.9	23.0	23.7	23.9	24.7	24.9	24.9	25.1	25.3	37.5
c) Long-term	44.7	44.6	43.4	38.5	37.1	37.3	37.3	37.7	38.0	37.9	37.7	37.5	37.4	37.1	36.9	36.8	36.8	36.9	29.9
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	100.0	100.0	100.0	100.0	100.0
a) Short-term	0.0	52.3	49.3	54.8	66.3	67.0	67.0	66.9	66.3	67.6	68.1	64.8	65.2	61.9	62.2	64.0	64.0	63.1	58.9
b) Medium-term	-	-	-	26.7	19.5	15.1	15.1	14.6	15.1	14.4	14.4	14.5	15.3	16.2	18.8	16.7	16.9	20.5	20.8
c) Long-term ^{2/}	-	47.7	50.7	18.5	14.2	18.0	18.0	18.4	18.5	18.0	17.5	20.7	19.5	22.0	19.1	19.3	19.1	16.5	20.3
E. Structure of crown loans by purpose (in %)																			
a) Current assets	22.2	20.7	15.3	16.8	11.7	13.8	13.5	12.2	11.7	11.7	11.8	11.1	11.2	11.3	10.8	10.7	11.0	12.6	11.6
b) Investment	26.7	19.3	12.9	14.3	15.0	14.5	14.5	14.4	15.1	14.5	14.7	14.8	14.9	14.9	15.5	15.4	19.2	18.1	15.9
c) Privatisation	3.4	2.1	1.3	1.6	1.2	0.7	0.7	0.8	0.7	0.7	0.7	0.6	0.6	0.6	0.5	0.5	0.5	0.5	0.5
- Small-scale priv.	2.0	0.8	0.1	0.1	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	0.0
- Large-scale priv.	1.3	1.3	1.1	1.5	1.2	0.7	0.7	0.8	0.7	0.7	0.7	0.6	0.6	0.6	0.5	0.5	0.5	0.5	0.5
d) Temporary lack of resources	4.1	3.6	3.1	4.7	3.3	2.6	2.5	2.4	2.4	2.3	2.4	2.3	2.4	2.4	2.4	2.5	2.6	2.2	2.2
e) Permanently revolving stocks	8.3	6.8	1.9	1.1	0.6	0.3	0.3	0.2	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
f) Residential construction	4.3	4.2	3.6	3.0	2.7	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.4	2.4	2.4	2.4	2.4	2.4	2.2
g) Current account balances (debit)	3.8	3.1	2.6	5.5	5.8	4.8	4.8	4.9	4.2	3.8	3.5	4.0	3.7	3.1	3.2	3.2	3.0	3.1	3.2
h) Consumption	3.5	2.7	2.1	2.1	1.8	1.6	1.6	1.5	1.5	1.4	1.4	1.4	1.4	1.3	1.3	1.2	1.2	1.2	1.1
i) Standard claims with reservation	10.0	6.6	13.1	15.7	19.9	15.7	16.1	16.9	17.0	16.7	16.0	16.0	15.4	15.1	14.7	14.2	10.4	10.5	11.2
j) Classified receivables	11.8	29.7	41.8	32.4	34.6	40.1	40.1	40.7	41.3	42.7	42.9	43.5	43.8	44.7	45.1	45.9	46.0	46.2	31.6
- doubtful and disputable	5.8	9.2	4.4	3.1	2.8	3.1	3.0	2.5	2.4	2.6	2.6	2.7	3.3	3.4	3.5	3.5	3.5	3.4	2.7
- loss-making	2.8	14.1	29.7	27.1	29.6	34.0	34.1	35.0	35.6	36.2	36.6	37.1	37.4	37.9	38.4	38.6	39.2	39.5	25.7

1/ Loans to residents and non-residents in convertible currencies

2/ The figures for 1993 - 1995 include both medium and long-term loans

New Loans (Sk billions)

	1993	1994	1995	1996	1997	1998	1999											
	12	12	12	12	12	12	1	2	3	4	5	6	7	8	9	10	11	12
1. NEW LOANS IN SLOVAK CROWNS	-	14.6	21.1	29.5	24.4	42.1	34.3	40.6	45.1	35.2	31.7	52.2	38.4	36.8	38.1	37.3	37.2	100.6
a) Entrepreneurial sector	-	13.1	20.5	26.9	23.3	40.5	33.3	39.2	43.9	33.6	29.9	33.6	35.7	34.5	34.9	35.2	35.2	98.2
- Public sector	-	5.3	4.8	4.8	1.1	2.7	0.9	0.7	1.1	0.6	1.2	1.0	0.7	0.6	1.4	1.5	0.8	64.1
- Private sector	-	6.9	12.4	17.5	12.7	16.4	13.7	13.0	14.9	14.7	12.8	18.9	11.9	12.4	14.7	13.4	12.7	17.5
- Under foreign control	-	0.9	3.3	4.6	9.5	21.4	18.7	25.4	27.9	18.3	15.9	29.8	23.1	21.5	18.8	20.3	21.7	16.6
b) Households	-	0.2	0.4	0.9	0.7	1.1	0.7	1.0	1.0	1.2	1.4	1.6	2.4	1.9	1.4	1.7	1.8	1.7
c) Non-profit organisations	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
d) Extrabudgetary needs of central and local authorities	-	0.0	0.0	1.7	0.2	0.5	0.2	0.4	0.2	0.3	0.3	0.8	0.3	0.3	1.7	0.3	0.1	0.7
e) Other	-	1.3	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.1	0.0	0.0	0.1	0.1
2. NEW LOANS BY TERM	-	14.6	21.1	29.5	24.4	42.1	34.3	40.6	45.1	35.2	31.7	52.2	38.4	36.8	38.1	37.3	37.2	100.6
a) Short-term loans	-	12.0	17.0	22.5	21.4	39.5	33.1	37.5	43.6	32.8	28.7	48.0	34.9	33.9	35.0	34.4	34.1	35.8
b) Medium-term loans	-	1.5	2.7	4.8	1.8	1.9	1.0	1.2	1.2	1.5	2.8	3.5	3.1	2.3	2.5	2.6	2.6	63.8
c) Long-term loans	-	1.1	1.4	2.2	1.2	0.8	0.2	1.8	0.3	0.8	0.3	0.7	0.4	0.6	0.6	0.4	0.5	1.0
3. NEW LOANS BY TERM (%)																		
New loans in total	-	100.0																
a) Short-term loans	-	82.2	80.6	76.3	87.7	93.8	96.5	92.4	96.7	93.2	90.5	92.0	90.9	92.1	91.9	92.2	91.7	35.6
b) Medium-term loans	-	10.3	12.8	16.3	7.4	4.5	2.9	3.0	2.7	4.3	8.8	6.7	8.1	6.3	6.6	6.7	7.0	63.4
c) Long-term loans	-	7.5	6.6	7.5	4.9	1.9	0.6	4.4	0.7	2.3	0.9	1.3	1.0	1.6	1.6	1.1	1.3	1.0

Average Lending Rates of Commercial Banks (%)

	1993	1994	1995	1996	1997	1998	1999											
	12	12	12	12	12	12	1	2	3	4	5	6	7	8	9	10	11	12 ^{2/}
1. TOTAL VOLUME OF LOANS^{1/}	14.13	14.39	14.78	13.22	16.22	16.17	16.50	16.37	16.12	15.81	16.09	15.78	15.73	15.25	15.15	15.06	14.82	14.00
<i>A) Loans by sector</i>																		
a) Entrepreneurial sector	14.58	15.00	15.56	13.41	16.16	14.52	17.32	17.17	16.92	16.70	17.07	16.78	16.82	16.29	16.23	16.13	15.91	14.72
- Public sector	14.96	15.18	15.52	12.95	15.33	11.15	14.72	14.47	14.19	14.14	14.27	14.06	14.07	13.74	13.63	14.13	13.43	11.22
- Private sector (incl. cooperatives)	14.20	14.82	15.59	13.86	16.98	17.91	17.67	17.60	17.53	17.31	17.45	17.12	17.39	16.85	16.78	16.61	16.44	16.85
b) Households	5.52	4.29	5.06	6.76	7.37	8.03	7.94	8.04	8.07	8.04	8.08	8.01	7.92	7.87	7.56	7.86	7.82	7.89
<i>B) Loans by term</i>																		
- Short-term loans	16.29	16.51	16.17	13.86	19.91	21.08	20.89	20.76	20.07	19.65	20.44	19.98	20.15	19.04	18.91	18.58	18.37	18.45
- Medium-term loans	16.62	17.63	17.77	15.28	16.41	16.21	15.90	15.64	15.56	15.37	15.34	15.28	15.17	14.91	14.85	14.59	14.34	12.64
- Long-term loans	11.06	11.30	12.12	11.36	11.90	10.36	11.84	11.94	11.87	11.56	11.56	11.35	11.24	11.25	11.12	11.44	11.25	10.86
2. NEW LOANS IN TOTAL	-	19.09	14.04	13.45	20.92	18.62	19.59	19.50	17.20	16.56	19.48	19.08	15.99	15.43	16.54	15.17	15.67	12.55
<i>A) Loans by sector</i>																		
a) Entrepreneurial sector	-	19.51	14.56	13.85	21.25	22.14	19.81	19.75	17.35	16.77	19.98	19.36	16.41	15.77	16.74	15.48	16.06	12.58
- Public sector	-	19.82	14.23	13.46	21.30	22.06	21.51	20.64	18.97	17.09	19.60	21.06	13.53	15.09	16.54	15.14	15.77	10.55
- Private sector (incl. cooperatives)	-	19.20	14.89	14.23	21.19	22.22	22.25	22.76	21.87	21.02	21.62	21.13	20.61	19.99	20.94	19.34	19.84	19.62
b) Households	-	18.35	15.44	10.44	10.18	9.39	9.34	9.42	9.81	9.90	9.18	8.79	9.60	8.51	8.00	7.80	7.86	8.04
<i>B) Loans by term</i>																		
- Short-term loans	-	19.37	13.68	13.52	21.60	18.91	19.83	19.76	17.37	16.73	19.86	19.28	16.29	15.74	16.82	15.40	15.98	16.40
- Medium-term loans	-	19.18	16.17	13.05	16.30	14.20	12.95	11.41	12.47	12.41	16.17	17.57	12.69	10.91	13.25	12.00	11.71	10.36
- Long-term loans	-	16.11	14.37	13.68	15.40	14.81	13.68	19.82	11.94	17.67	13.01	12.60	15.16	15.05	13.56	15.33	14.63	14.10

^{1/} In 1993 and 1994: interest rate on the total volume of loans including loans at zero interest rate

From 1995 to 1999: interest rate on the total volume of loans excluding loans at zero interest rate

^{2/} Including loans transferred within the scope of restructuring, in the amount of Sk 61.67 billion at a rate of 10.3%

Average Monthly Lending Rates - Total Credit (%) ^{1/}

Period	Discount rate	Short-term	Medium-term	Long-term	Total credit
01/99	8.80	16.03	12.07	8.18	12.16
02/99	8.80	15.74	11.86	8.19	11.97
03/99	8.80	15.17	11.78	7.91	11.64
04/99	8.80	14.72	11.41	7.64	11.29
05/99	8.80	15.04	11.43	7.57	11.38
06/99	8.80	14.40	11.42	7.40	11.07
07/99	8.80	14.05	11.16	7.21	10.80
08/99	8.80	13.24	10.92	7.20	10.43
09/99	8.80	13.18	10.84	7.11	10.36
10/99	8.80	12.76	10.78	7.18	10.21
11/99	8.80	12.54	10.58	7.07	10.03
12/99	8.80	14.61	11.53	7.91	11.45

Average Monthly Lending Rates - Public Sector (%) ^{1/}

Period	Discount rate	Short-term	Medium-term	Long-term	Total credit
01/99	8.80	13.97	13.78	7.81	9.85
02/99	8.80	13.68	12.80	7.81	9.66
03/99	8.80	13.34	12.34	7.33	9.24
04/99	8.80	13.22	11.96	7.37	9.13
05/99	8.80	13.41	11.57	7.55	9.31
06/99	8.80	12.65	10.37	7.55	9.04
07/99	8.80	12.31	9.25	7.63	8.89
08/99	8.80	11.34	8.94	7.69	8.65
09/99	8.80	10.90	9.10	7.65	8.53
10/99	8.80	10.38	9.01	8.05	8.67
11/99	8.80	10.11	8.59	7.52	8.18
12/99	8.80	9.71	10.35	7.71	9.56

Average Monthly Lending Rates - Private Sector (%) ^{1/}

Period	Discount rate	Short-term	Medium-term	Long-term	Total credit
01/99	8.80	15.90	12.17	7.75	12.37
02/99	8.80	15.66	11.97	7.75	12.17
03/99	8.80	15.22	11.98	7.57	11.94
04/99	8.80	14.75	11.47	7.40	11.58
05/99	8.80	14.64	11.54	7.24	11.48
06/99	8.80	13.96	11.64	7.02	11.10
07/99	8.80	13.84	11.50	6.67	10.88
08/99	8.80	13.05	11.29	6.59	10.49
09/99	8.80	12.92	11.33	6.52	10.41
10/99	8.80	12.53	11.37	6.33	10.17
11/99	8.80	12.23	11.21	6.38	10.00
12/99	8.80	15.04	14.02	7.60	12.42

Average Monthly Lending Rates - Households (%) ^{1/}

Period	Discount rate	Short-term	Medium-term	Long-term	Total credit
01/99	8.80	18.00	10.33	3.73	7.73
02/99	8.80	17.60	10.31	3.69	7.81
03/99	8.80	17.77	10.24	3.89	7.84
04/99	8.80	18.20	10.11	3.91	7.81
05/99	8.80	19.27	9.97	4.04	7.86
06/99	8.80	15.24	9.86	4.00	7.80
07/99	8.80	14.88	9.64	4.04	7.72
08/99	8.80	14.15	9.41	4.16	7.66
09/99	8.80	13.64	8.91	4.20	7.35
10/99	8.80	13.63	8.78	5.21	7.65
11/99	8.80	14.05	8.58	5.29	7.61
12/99	8.80	8.03	9.03	5.51	7.70

^{1/} Including loans at 0% interest rate

Development of Average Deposit Rates and Crown Deposits

		1998					1999							
		12	1	2	3	4	5	6	7	8	9	10	11	12
Total deposits	a	381,417	382,874	393,138	388,772	391,125	391,121	392,326	399,611	399,079	397,978	403,681	402,414	418,929
	b	10.39	10.74	10.56	10.47	10.40	11.01	10.90	10.61	10.36	10.25	10.20	10.11	9.85
of which:														
Demand deposits	a	118,011	105,280	112,724	102,366	98,465	100,832	101,884	99,429	99,760	99,059	99,235	101,092	112,294
	b	4.19	3.78	3.84	3.78	3.88	3.94	3.78	3.81	3.86	3.84	3.82	3.68	3.76
Time deposits	a	263,406	277,594	280,414	286,406	292,660	290,288	290,442	300,182	299,320	298,918	304,446	301,323	306,635
	b	13.16	13.35	13.21	12.85	12.60	13.47	13.40	12.86	12.53	12.37	12.28	12.27	12.08
- at up to 7-day notice	a	15,450	28,995	30,738	29,041	34,936	33,922	34,301	40,547	35,159	35,069	35,938	32,114	27,360
	b	16.17	16.34	15.32	14.26	13.37	17.81	16.10	13.90	13.38	12.95	13.17	12.47	12.09
- at up to 1-month notice	a	62,677	57,107	58,892	64,612	62,598	61,976	65,653	67,111	70,997	68,887	69,237	66,812	68,017
	b	17.50	16.86	16.24	14.91	14.55	15.85	16.12	14.92	14.03	13.88	13.57	13.86	13.77
- at up to 3-month notice	a	29,208	33,381	35,429	38,596	40,088	40,012	37,574	45,717	45,770	46,894	51,552	52,199	52,530
	b	18.51	18.03	17.45	16.83	16.15	16.17	16.27	16.16	15.83	15.52	14.90	14.93	14.95
- at up to 6-month notice	a	9,395	16,326	17,038	18,196	20,399	20,919	20,577	17,065	17,178	18,312	18,445	20,282	20,792
	b	15.08	16.53	16.82	16.61	15.97	16.39	16.37	15.46	15.38	15.17	14.90	15.19	15.38
- at up to 9-month notice	a	2,198	2,347	2,298	2,382	2,943	3,278	3,288	2,714	2,965	3,004	2,679	2,572	2,457
	b	15.42	15.90	17.51	17.17	16.84	16.95	16.84	16.89	16.31	15.98	16.03	16.11	16.13
- at up to 1-year notice	a	54,390	52,691	51,576	50,777	49,561	49,294	48,527	47,390	47,836	47,563	48,269	48,853	52,099
	b	12.02	12.09	12.25	12.28	12.33	12.48	12.53	12.42	12.36	12.33	12.38	12.44	12.30
- at up to 18-month notice	a	819	918	897	760	704	716	693	786	773	748	670	672	504
	b	12.40	15.55	15.36	15.66	14.99	15.17	15.59	13.90	14.57	14.66	14.38	14.45	14.77
- at up to 2-year notice	a	36,579	34,654	33,111	31,738	30,768	29,943	29,314	28,735	28,335	27,938	27,539	27,040	29,135
	b	10.65	10.64	10.65	10.66	10.67	10.64	10.65	10.66	10.68	10.68	10.66	10.68	10.67
- at up to 3-year notice	a	1,484	1,488	1,563	1,624	1,695	1,558	1,583	1,811	1,708	1,721	1,659	1,637	1,680
	b	13.08	13.08	12.98	12.91	13.41	13.30	13.33	13.51	13.66	13.54	14.56	12.23	13.38
- at up to 4-year notice	a	3,825	3,448	3,363	3,327	3,310	3,294	3,279	3,265	3,267	3,310	3,233	3,221	1,764
	b	13.26	13.21	13.17	13.17	13.18	13.17	13.17	13.16	13.12	12.98	13.15	13.11	12.69
- at up to 5-year notice	a	8,504	8,087	7,936	7,797	7,740	7,647	7,827	7,273	7,142	7,069	6,937	6,784	6,979
	b	13.17	13.48	13.43	13.39	13.38	13.34	13.41	13.82	13.81	13.80	13.78	13.76	13.75
- at above 5-year notice	a	38,875	38,151	37,572	37,554	37,917	37,728	37,826	37,769	38,190	38,403	38,286	39,138	43,319
	b	4.34	4.37	4.43	4.50	4.42	4.43	4.66	4.62	4.58	4.57	4.61	4.59	4.47
- short-term deposits	a	173,319	190,848	195,971	203,604	210,526	209,402	209,920	220,543	219,906	219,729	226,121	222,832	223,255
	b	15.67	15.63	15.31	14.71	14.31	15.51	15.35	14.52	14.07	13.88	13.69	13.74	13.67
- medium-term deposits	a	51,212	48,596	46,871	45,247	44,217	43,159	42,696	41,870	41,224	40,786	40,039	39,353	40,061
	b	11.36	11.47	11.47	11.48	11.50	11.48	11.53	11.59	11.61	11.60	11.62	11.54	11.46
- long-term deposits	a	38,875	38,151	37,572	37,554	37,917	37,728	37,826	37,769	38,190	38,403	38,286	39,138	43,319
	b	4.34	4.37	4.43	4.50	4.42	4.43	4.66	4.62	4.58	4.57	4.61	4.59	4.47
- demand and short-terms deposits	a	291,330	296,127	308,695	305,970	308,991	310,234	311,804	319,972	319,666	318,788	325,356	323,924	335,549
	b	11.02	11.42	11.13	11.05	10.98	11.75	11.57	11.19	10.89	10.76	10.68	10.60	10.36

a - Volume of deposits (SK millions)

b - Average interest rates (%)

Average Monthly Deposit Rates - Total Deposits (%)

Period	Discount rate	Total	Short-term	Medium-term	Long-term	Time deposits	Demand deposits	Demand and short-term
01/99	8.80	10.74	15.59	11.46	4.37	13.35	3.78	11.43
02/99	8.80	10.56	15.29	11.48	4.43	13.22	3.84	11.16
03/99	8.80	10.46	14.70	11.48	4.43	12.85	3.79	11.05
04/99	8.80	10.40	14.31	11.51	4.42	12.60	3.88	10.98
05/99	8.80	11.01	15.51	11.48	4.43	13.47	3.94	11.75
06/99	8.80	10.90	15.35	11.53	4.66	13.40	3.78	11.57
07/99	8.80	10.61	14.52	11.59	4.62	12.86	3.81	11.19
08/99	8.80	10.36	14.07	11.61	4.58	12.53	3.86	10.89
09/99	8.80	10.25	13.88	11.60	4.57	12.37	3.84	10.76
10/99	8.80	10.19	13.68	11.63	4.61	12.26	3.82	10.67
11/99	8.80	10.11	13.74	11.54	4.59	12.27	3.68	10.61
12/99	8.80	9.85	13.68	11.46	4.47	12.09	3.76	10.36

Average Monthly Deposit Rates - Public Sector (%)

Period	Discount rate	Total	Short-term	Medium-term	Long-term	Time deposits	Demand deposits	Demand and short-term
01/99	8.80	8.95	14.71	14.06	3.72	14.55	3.43	8.83
02/99	8.80	8.73	14.11	13.11	3.97	13.97	3.63	8.66
03/99	8.80	8.67	12.92	13.14	3.80	12.83	3.73	8.60
04/99	8.80	8.94	12.35	13.26	3.56	12.30	3.61	8.89
05/99	8.80	10.34	14.62	14.22	12.78	14.60	3.83	10.28
06/99	8.80	9.71	14.45	14.22	12.69	14.44	3.40	9.64
07/99	8.80	9.33	12.94	13.97	12.69	12.97	3.57	9.25
08/99	8.80	9.27	12.63	13.72	12.69	12.66	3.85	9.19
09/99	8.80	9.09	12.74	13.73	12.69	12.77	4.02	9.00
10/99	8.80	9.37	12.74	12.62	12.46	12.73	3.67	9.30
11/99	8.80	9.09	12.50	12.63	12.40	12.50	3.36	9.01
12/99	8.80	9.12	12.72	12.47	12.40	12.71	3.30	9.05

Average Monthly Deposit Rates - Private Sector (%)

Period	Discount rate	Total	Short-term	Medium-term	Long-term	Time deposits	Demand deposits	Demand and short-term
01/99	8.80	9.06	15.83	13.99	12.69	15.65	2.79	8.83
02/99	8.80	8.47	15.58	13.89	12.68	15.39	3.11	8.21
03/99	8.80	8.62	14.31	13.83	10.26	14.26	3.28	8.37
04/99	8.80	8.73	13.54	14.12	12.74	13.59	3.27	8.49
05/99	8.80	9.68	15.95	13.53	12.75	15.75	3.06	9.52
06/99	8.80	9.19	15.56	13.61	12.76	15.39	3.10	9.00
07/99	8.80	9.19	14.17	13.57	12.75	14.13	2.97	9.01
08/99	8.80	8.94	13.78	13.65	12.75	13.77	2.88	8.74
09/99	8.80	8.82	13.60	13.49	12.78	13.59	2.86	8.61
10/99	8.80	8.93	13.48	13.62	12.79	13.49	2.91	8.74
11/99	8.80	8.36	13.36	12.88	12.92	13.32	2.83	8.17
12/99	8.80	7.94	13.30	13.59	12.61	13.31	2.82	7.83

Average Monthly Deposit Rates - Households (%)

Period	Discount rate	Total	Short-term	Medium-term	Long-term	Time deposits	Demand deposits	Demand and short-term
01/99	8.80	11.25	15.39	11.39	4.30	12.68	4.17	12.66
02/99	8.80	11.21	15.14	11.41	4.35	12.62	4.20	12.54
03/99	8.80	11.08	14.75	11.44	4.36	12.40	4.16	12.34
04/99	8.80	11.03	14.62	11.50	4.35	12.33	4.18	12.26
05/99	8.80	11.48	15.36	11.51	4.36	12.86	4.15	12.87
06/99	8.80	11.50	15.26	11.56	4.60	12.86	4.22	12.84
07/99	8.80	11.24	14.74	11.58	4.57	12.55	4.24	12.45
08/99	8.80	10.97	14.23	11.57	4.53	12.21	4.22	12.10
09/99	8.80	10.87	14.01	11.57	4.51	12.07	4.16	11.95
10/99	8.80	10.78	13.81	11.61	4.56	11.96	4.23	11.82
11/99	8.80	10.83	13.91	11.56	4.53	12.01	4.09	11.92
12/99	8.80	10.67	13.81	11.51	4.42	11.80	4.01	11.83

Assets of Commercial Banks (banks and branches of foreign banks in total) (\$k millions)

ASSETS	1999												
	1.1.	1	2	3	4	5	6	7	8	9	10	11	12
Cash items	12,446.8	11,388.6	11,398.5	11,452.2	10,942.5	11,918.2	12,091.0	11,557.0	11,158.2	10,765.7	11,266.1	11,551.8	15,024.1
Cash	12,405.4	10,534.6	10,599.5	10,696.6	10,321.2	11,323.7	11,308.1	10,705.9	10,496.2	10,037.0	10,423.0	10,593.5	15,005.8
Gold	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
Other cash items	41.4	853.9	799.0	755.6	621.2	594.5	782.9	851.2	662.0	728.7	843.2	958.3	18.4
Accounts of issuing banks and postal checking accounts	1,943.5	1,522.9	2,481.2	1,671.7	2,075.9	1,416.3	2,115.5	1,185.8	1,387.0	1,298.0	1,036.1	2,198.4	2,201.8
Money reserve accounts with the NBS	32,405.7	40,540.1	40,395.3	39,927.0	38,640.6	37,231.5	36,740.1	40,593.6	40,544.7	38,257.9	42,390.8	37,998.6	41,427.6
Accounts of other banks	182,919.9	191,248.9	134,449.2	131,715.6	120,987.2	120,807.1	117,021.4	117,249.1	118,710.2	124,019.0	128,311.1	137,025.8	149,233.9
Current accounts with other banks	8,109.5	10,421.4	10,401.3	8,191.8	6,891.7	7,359.3	5,995.3	5,830.4	6,893.6	5,494.7	6,611.4	6,826.9	7,812.9
Credits provided	12,555.4	12,083.5	5,330.3	6,659.2	3,097.3	4,088.6	4,169.4	3,461.0	4,368.6	3,591.3	2,828.4	4,243.1	15,437.3
Time deposits with other banks	161,770.6	166,440.0	118,405.6	115,184.3	109,621.7	108,613.1	105,313.6	106,278.9	109,469.8	115,982.0	116,397.8	122,829.9	124,740.7
Current accounts of other banks	95.8	1,525.8	363.8	555.5	173.4	37.8	87.3	243.8	34.9	280.8	394.2	185.6	17.0
Transfer of funds between banks	0.0	388.0	-465.0	655.0	-49.3	-541.7	409.5	506.9	-2,989.3	-2,541.3	-1,929.0	-2,793.7	0.4
Classified claims on banks	388.5	390.1	413.1	469.7	1,252.4	1,250.0	1,046.4	928.1	932.6	1,211.4	4,008.3	5,734.0	1,225.6
of which: short-term claims	388.5	390.1	411.5	303.2	361.1	368.2	404.9	291.8	297.0	605.1	3,399.3	4,795.7	173.9
interest on non-performing loans	3.2	4.5	7.7	7.5	10.4	12.8	242.6	244.1	246.6	248.4	265.2	269.3	46.3
Claims on securities and other items	2,351.8	37.8	1,010.7	451.0	432.2	637.0	716.9	406.1	533.4	508.6	327.1	206.2	469.6
Treasury bills (T/B) purchased	19,764.0	9,158.0	11,736.0	5,297.0	3,390.0	14,274.0	7,497.0	4,880.0	6,166.0	7,695.0	11,836.0	14,792.0	15,448.0
Short-term T/Bs purchased and other similar items	0.0	1,395.0	743.0	512.0	838.0	694.0	659.0	3,459.0	1,122.0	1,062.0	5,019.0	4,412.0	7,900.0
Standard credits to customers	166,770.4	161,231.6	162,061.2	161,034.2	166,481.9	161,979.4	165,199.9	163,519.2	163,881.6	161,196.9	173,394.2	173,549.9	217,561.1
Credits for commercial claims	15,460.5	15,672.6	15,347.7	16,262.2	17,308.0	16,622.0	17,549.1	16,064.1	17,276.0	16,765.3	15,227.2	13,781.5	12,503.4
Short-term credits	67,396.6	63,568.3	63,216.6	64,542.0	66,994.5	61,968.7	63,363.8	62,372.8	60,220.2	58,540.5	60,114.9	59,289.7	60,890.2
Medium-term credits	44,628.7	43,408.2	43,837.7	41,919.5	43,476.4	45,663.4	47,265.4	48,348.8	49,562.5	49,376.1	49,208.3	52,188.8	107,952.6
Long-term credits	39,284.5	38,582.6	39,659.2	38,310.4	38,703.0	37,725.2	37,021.6	36,733.5	36,822.9	36,514.9	48,843.8	48,289.8	36,214.9
Other claims on customers	7,240.0	2,677.2	6,671.8	5,230.1	4,567.3	4,019.2	5,243.3	5,837.3	4,447.5	3,927.5	5,870.5	2,861.2	1,125.0
Deposits and loans received from customers	18,186.5	18,826.7	16,530.4	14,943.7	14,378.4	16,121.9	15,573.5	12,582.1	13,118.9	12,884.8	12,310.5	12,826.2	13,981.9
Standard claims with reservation (customers)	63,029.8	66,659.0	66,711.3	65,775.2	63,009.0	65,115.9	63,124.5	62,760.8	62,258.2	60,259.9	46,988.4	45,508.2	51,560.7
Classified claims (customers)	101,918.6	103,987.1	107,170.4	113,365.8	115,306.3	116,837.3	118,531.3	120,651.9	121,638.9	124,761.7	124,789.3	125,966.9	68,112.7
of which: interest on non-performing loans	5,376.2	6,032.8	6,524.0	6,547.1	7,016.5	7,199.2	7,170.7	7,968.1	8,150.8	8,371.4	8,559.0	8,636.5	3,759.1
Sub-standard claims	12,256.3	13,154.8	13,735.6	16,883.4	16,740.9	16,408.0	14,198.7	14,771.3	12,105.5	13,721.4	11,946.9	12,663.1	11,188.4
Doubtful and controversial debts	8,336.4	6,882.0	7,268.5	8,288.4	8,133.0	8,464.9	10,995.3	11,417.3	12,625.8	12,560.3	12,874.0	12,070.6	8,459.7
Loss-making debts	81,325.9	83,950.3	86,166.4	88,194.0	90,432.4	91,964.4	93,337.3	94,463.4	96,907.6	98,480.0	99,968.4	101,233.2	48,464.6
Accounts of publ. authorities, local gov.,													
State funds and other funds	8,250.5	8,274.0	8,331.5	8,029.8	8,012.2	8,032.0	7,882.0	7,900.1	9,289.5	10,431.3	10,592.3	8,487.8	8,354.4
Credit to public authorities of the SR	0.2	0.1	0.1	0.0	54.8	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Credit to social insurance funds	150.0	150.0	192.4	49.9	37.3	49.0	50.0	79.9	47.9	41.0	78.3	50.7	37.0
Credit to local governments	3,883.4	3,977.0	3,989.3	3,916.4	3,864.8	3,938.5	3,979.0	3,972.3	4,288.7	4,538.4	4,357.7	4,379.1	4,133.4
Credit to other funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	296.4	291.6	287.7
Credit to State funds	4,216.9	4,146.9	4,149.8	4,063.5	4,055.3	4,044.5	3,852.8	3,847.9	4,952.9	5,851.9	5,860.0	3,766.4	3,896.3
Stock	390.7	255.4	248.6	379.7	361.1	355.5	336.7	320.1	307.6	310.0	288.6	257.8	262.7
Claims and obligations from collections of money	360.7	625.5	544.8	623.3	521.4	510.8	424.0	634.6	684.5	548.3	608.7	439.7	247.8
Branches and representative offices	0.0	59.6	234.4	189.5	16.2	1,158.4	8.7	11.7	5.1	32.3	108.3	54.8	0.0
Claims, savings and other suspense accounts	22,814.9	24,494.2	26,624.8	26,987.5	26,770.3	29,218.8	26,783.8	28,152.6	28,193.9	28,170.8	29,847.5	32,611.9	29,577.0
Claims and liabilities on own issues of securities	197.8	298.1	298.1	197.8	197.8	197.8	197.8	197.8	0.0	425.6	425.5	422.2	0.0
Securities for intervention and dealing purposes	2,078.1	3,387.0	3,234.5	2,091.5	3,934.8	729.9	391.6	206.4	2,421.4	2,759.7	2,957.9	1,640.8	332.7
Marketable securities in portfolio	83,985.0	98,121.9	82,586.5	85,950.4	83,355.1	81,251.8	87,790.1	87,509.4	85,441.7	82,140.8	79,100.6	80,432.7	79,725.8
Investment securities and deposits	37,930.8	25,153.2	39,434.7	38,993.3	40,294.3	38,321.5	42,259.7	44,253.4	41,552.2	40,648.4	40,400.9	40,465.2	35,741.3
Foreign branches	741.0	703.2	693.6	700.8	714.6	724.2	742.8	730.2	532.9	493.3	484.8	485.2	477.1
Tangible fixed assets	25,938.2	25,737.5	25,796.8	25,601.6	25,710.5	25,610.2	25,606.0	25,486.0	25,445.0	25,425.3	25,418.2	25,791.6	26,079.7
Acquisition of fixed assets	2,720.6	3,067.3	2,961.3	2,916.8	2,953.2	3,011.6	3,338.4	3,523.1	3,566.2	3,568.9	4,296.4	4,201.6	3,108.5
Tangible fixed assets leased	1.0	0.9	0.8	0.8	2.0	1.9	0.5	0.5	0.4	0.4	0.4	0.4	0.9
Intangible fixed assets	1,866.9	1,821.0	1,758.5	1,799.5	1,740.1	1,694.8	1,624.2	1,578.6	1,527.5	1,488.1	1,437.0	1,374.7	1,809.8
Special agenda commissioned	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
Provisions	59,990.6	59,512.0	60,029.6	61,979.9	63,169.2	64,975.3	65,475.9	66,768.8	67,895.8	68,433.6	69,294.9	69,473.3	89,644.0
Total assets	796,252.9	800,671.7	754,107.9	745,837.6	735,632.9	741,870.9	741,899.7	745,186.5	743,934.6	743,079.8	759,506.1	765,563.8	769,764.0

Liabilities of Commercial Banks (banks and branches of foreign banks in total) (\$k millions)

LIABILITIES	1999												
	1.1.	1	2	3	4	5	6	7	8	9	10	11	12
Accounts of issuing banks and postal checking accounts	61,526.8	56,278.4	60,795.0	58,776.2	57,654.7	58,885.2	58,988.7	58,716.7	51,724.6	51,062.7	52,371.7	51,225.3	40,741.2
Accounts with issuing banks	6,255.9	2,642.5	6,496.6	5,096.4	4,095.7	5,220.8	5,426.6	5,564.7	4,775.1	4,046.8	5,338.7	3,024.2	1,167.7
Credit received from issuing banks	55,270.9	53,635.9	54,298.4	53,679.7	53,559.1	53,664.4	53,562.0	53,151.9	46,949.4	47,015.9	47,033.0	48,201.1	39,573.5
of which: Redistribution loans	28,207.6	28,031.4	27,901.6	27,901.6	27,901.6	27,901.6	27,601.6	27,446.0	27,111.0	27,111.0	27,108.3	27,105.7	26,185.4
Refinancing loans	2,725.5	1,266.8	2,029.8	1,453.0	1,231.8	1,155.9	1,349.6	863.7	997.7	1,121.5	1,111.2	2,078.7	2,172.1
of which: Lombard loans	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
Accounts of other banks	155,845.6	163,167.9	97,517.7	88,443.9	81,211.5	79,552.4	81,947.7	80,203.7	78,161.3	80,514.4	82,095.2	89,366.2	113,336.8
Current accounts with other banks	369.7	3,959.4	2,404.8	833.6	1,206.2	1,591.7	1,036.9	929.9	1,894.2	464.5	845.4	1,601.7	105.7
Current accounts of other banks	2,662.3	2,726.3	3,927.1	3,009.4	2,313.8	2,330.3	2,714.8	2,157.3	2,524.9	2,134.9	2,476.4	2,617.3	3,175.4
Credit received	45,611.1	38,839.7	16,787.8	14,543.8	11,436.4	9,574.6	11,516.0	10,390.9	9,763.1	11,378.5	10,505.5	8,857.7	20,057.0
Time deposits of other banks	107,202.5	117,642.6	74,398.0	70,057.0	66,255.1	66,055.8	66,679.9	66,725.6	63,979.1	66,536.5	68,268.0	76,289.5	89,998.7
Liabilities from securities and other items	191.3	239.6	237.6	236.8	237.3	233.9	233.9	353.3	333.3	233.3	237.8	241.4	245.8
Deposits and credit received from customers	425,344.8	422,476.4	436,764.3	434,589.1	437,743.9	439,988.3	441,252.7	447,482.2	450,658.2	446,726.5	456,660.7	454,820.1	466,796.5
Current accounts of customers	95,555.3	87,002.8	97,385.1	91,734.2	86,901.7	88,361.5	93,544.0	88,202.2	89,109.4	88,615.6	87,211.6	91,126.3	96,169.9
Time deposits of customers	157,377.4	167,350.5	174,823.8	182,274.7	191,820.6	194,643.8	192,230.0	205,075.8	208,461.8	206,573.4	218,614.6	213,633.2	209,939.7
Savings deposits	171,183.8	167,026.6	163,444.5	159,351.2	157,965.4	156,009.8	154,731.0	152,982.5	151,712.9	150,347.8	149,332.9	148,437.2	158,620.6
Savings giro accounts	7,895.2	8,492.5	8,546.4	7,863.1	8,063.9	7,974.3	7,898.3	8,240.9	8,009.7	7,817.0	7,803.9	7,757.9	8,101.1
Demand deposits on passbooks	29,024.3	28,847.4	29,075.4	28,453.5	28,443.2	28,263.1	27,807.2	27,429.4	27,063.6	26,595.5	26,530.6	25,872.4	25,963.3
Other short-term savings deposits	53,645.7	51,968.3	50,432.1	49,192.6	48,304.4	47,686.9	47,325.9	46,749.5	46,287.5	45,932.4	45,619.4	45,248.5	48,486.5
Medium-term savings deposits	42,800.1	40,641.8	38,913.5	37,384.4	36,334.2	35,474.8	34,984.1	34,179.8	33,520.2	32,964.3	32,361.3	31,690.7	34,017.6
Long-term savings deposits	37,818.6	37,076.7	36,477.0	36,457.6	36,819.7	36,610.8	36,715.6	36,382.9	36,832.0	37,038.6	37,017.7	37,867.7	42,052.1
Credits received from customers	1,228.4	1,096.4	1,110.9	1,228.9	1,056.2	973.2	747.7	1,221.8	1,374.1	1,189.8	1,501.6	1,623.5	2,066.3
Other liabilities to customers	7,719.2	10,728.6	9,071.8	16,769.2	10,641.4	13,340.8	13,131.3	11,146.6	10,634.6	11,317.2	10,728.6	11,976.6	7,649.2
Certificates of deposits and bills issued	3,968.4	4,226.5	4,434.3	4,242.5	4,163.8	4,718.0	4,793.5	5,042.4	5,385.0	5,668.3	6,139.2	6,371.8	7,051.6
Deposits for special purposes	1,304.2	1,367.8	1,429.1	1,706.8	1,835.1	1,589.4	1,605.2	1,446.7	1,607.1	1,617.8	1,728.8	2,358.0	2,244.9
Accounts of publ. authorities, local gov.,													
State funds and other funds	28,018.1	29,290.9	28,869.1	25,238.7	26,084.9	26,672.0	24,941.5	24,743.9	23,647.9	23,988.1	24,135.3	23,568.7	23,247.2
Deposits of extra-budgetary funds of public authorities	4,081.8	3,533.4	3,542.4	3,087.5	3,108.8	3,744.0	3,493.7	3,782.0	3,644.9	4,006.0	4,495.8	4,316.8	5,586.1
Deposits of social insurance funds	15,083.6	17,101.2	16,367.3	12,685.8	13,621.8	13,809.7	12,810.4	12,429.1	11,928.0	11,250.4	10,849.9	10,568.8	9,403.7
Deposits of local governments	4,765.9	4,935.5	5,156.4	5,485.3	5,458.1	5,324.8	5,292.2	5,224.8	5,136.6	5,440.3	5,267.3	5,169.1	4,744.8
Deposits of other funds	3,552.8	3,071.7	2,968.6	2,968.4	2,771.7	2,780.1	2,634.8	2,243.9	2,209.2	2,306.6	2,398.2	2,353.8	2,281.0
Deposits of State funds	534.0	649.1	834.4	1,011.7	1,124.5	1,013.5	710.5	1,064.0	729.3	984.9	1,124.1	1,160.2	1,231.7
Claims and liabilities from collections	430.5	622.5	542.0	733.1	592.4	592.9	581.9	722.4	859.2	623.0	715.9	515.4	283.1
Branches and representative offices	610.6	580.2	707.4	1,176.1	699.7	535.9	572.5	726.6	589.9	508.4	776.7	792.3	98.4
Claims, adjustment and other suspense accounts	14,687.7	13,725.8	15,601.7	15,951.6	18,038.0	19,663.3	18,953.5	20,600.1	22,045.1	23,224.0	25,196.2	26,771.0	20,533.0
Claims and liabilities from own issues of securities	154.9	215.4	352.6	178.8	611.7	230.2	275.5	151.3	139.7	120.3	174.7	141.9	147.1
Securities for intervention and dealing purposes	586.8	405.1	189.8	547.0	62.8	993.6	434.7	1,136.2	624.1	32.7	887.6	8.5	11.4
Marketable securities in portfolio	0.0	0.0	0.0	91.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities from unpaid securities	26.6	49.5	54.5	-40.8	26.1	29.8	35.7	26.4	26.7	26.7	27.0	27.0	29.2
Subsidies and funds of similar nature	1,973.0	1,958.4	1,954.8	1,951.1	2,068.8	2,065.2	1,867.1	1,979.1	1,972.6	1,969.1	2,066.6	2,062.2	2,336.9
Bonds issued	11,816.5	11,816.5	10,816.5	10,916.5	10,916.5	10,916.5	10,916.5	10,916.5	10,916.5	10,916.5	10,916.5	11,016.5	8,516.5
Long-term borrowings of special nature	7,396.4	7,459.3	7,926.6	8,308.2	8,403.1	8,642.2	8,657.5	8,299.2	8,374.1	8,151.4	8,248.9	8,407.6	8,350.6
Reserves	39,541.7	38,790.0	39,770.0	40,237.1	40,221.4	39,837.2	42,383.6	42,559.7	42,829.4	45,627.4	46,091.9	46,601.7	47,170.6
Funds allocated from profits	13,017.1	12,902.4	12,892.8	12,877.3	13,098.5	13,129.6	13,373.1	13,440.9	13,446.2	13,440.9	13,433.9	13,447.9	12,877.6
Share capital	30,113.3	30,256.6	30,256.6	30,113.3	30,113.3	30,113.3	30,635.4	30,755.4	36,455.4	37,054.3	37,054.3	37,054.3	48,241.8
Long-term liabilities of foreign banks' branches to head offices	4,511.4	4,441.9	4,556.6	4,637.1	4,674.7	4,736.3	4,763.7	4,683.3	4,672.1	4,631.9	4,631.7	4,636.2	4,595.0
Share premium funds	943.3	943.2	943.2	943.2	943.2	943.2	943.3	943.2	943.2	951.9	951.9	951.5	947.3
Other capital funds	3,224.3	3,346.0	3,346.0	3,356.0	3,356.0	3,360.5	3,222.0	3,222.0	3,224.2	3,242.6	3,242.6	3,242.6	3,201.5
Gains / losses from valuation of property shares	103.8	103.7	103.6	278.6	278.6	274.1	283.8	283.8	283.8	283.7	283.8	283.7	283.7
Own shares issued to reduce share capital	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
Gains / losses from revaluation of share capital	386.3	363.5	473.2	599.5	631.1	711.6	715.9	597.6	617.8	541.8	574.6	620.8	599.2
Retained earnings from previous years (+)	3,351.2	3,351.2	3,752.4	3,750.3	4,254.4	5,729.1	5,426.9	5,626.3	5,626.3	5,323.7	5,688.6	5,105.0	5,307.7
Accumulated losses from previous years (-)	-16,862.7	-16,865.5	-17,024.8	-16,859.8	-16,859.8	-16,859.8	-17,084.0	-25,390.8	-25,359.4	-24,994.4	-25,359.4	-24,994.4	-25,558.1
Profit and loss account (+, -)	39.1	230.7	99.3	198.1	-380.4	-1,376.7	-3,998.4	-5,153.9	-6,371.2	-9,526.0	-9,996.7	-11,056.3	-29,521.7
Profit or loss in process of approval (+, -)	-3,717.5	-1,800.7	-2,325.8	-4,109.6	-5,689.9	-7,377.2	-7,954.8	-74.1	-133.1	-198.7	-198.7	0.0	0.0
Total liabilities	796,252.9	800,671.7	754,107.9	745,837.6	735,632.9	741,870.9	741,899.7	745,186.5	743,934.6	743,079.8	759,506.1	765,563.8	769,764.0

**Foreign Exchange Assets and Liabilities of Banks and Branches of Foreign Banks in the SR vis-à-vis Abroad
(in convertible currency) (US\$ thousands)**

End-of-month figures	Foreign exchange assets			Foreign exchange liabilities			Foreign exchange position		
	Total	Short-term	Medium- and long-term	Total	Short-term	Medium- and long-term	Total	Short-term	Medium- and long-term
01/99	3,704,642	3,319,570	385,072	3,075,352	2,490,438	584,914	629,289	829,132	-199,842
02/99	1,719,217	1,459,352	259,866	1,074,364	512,892	561,472	644,853	946,460	-301,606
03/99	1,571,591	1,394,327	177,265	898,278	334,331	563,947	673,313	1,059,996	-386,682
04/99	1,423,398	1,169,950	253,448	801,268	299,477	501,791	622,130	870,473	-248,343
05/99	1,399,456	1,146,952	252,504	758,088	260,378	497,710	641,369	886,574	-245,205
06/99	1,265,452	985,614	279,838	723,180	236,399	486,781	542,272	749,215	-206,943
07/99	1,310,353	1,039,223	271,130	712,488	219,597	492,891	597,865	819,626	-221,761
08/99	1,419,297	1,157,695	261,602	725,664	237,630	488,034	693,633	920,065	-226,432
09/99	1,486,004	1,219,991	266,013	687,741	200,738	487,003	798,262	1,019,253	-220,990
10/99	1,557,245	1,283,106	274,140	691,967	207,113	484,854	865,278	1,075,993	-210,715
11/99	1,528,079	1,256,523	271,556	679,905	214,756	465,149	848,175	1,041,767	-193,592
12/99	1,195,189	962,232	232,957	701,028	239,041	461,987	494,161	723,190	-229,030

**Foreign Exchange Positions of Banks and Branches of Foreign Banks in the SR vis-à-vis Abroad
(in convertible currency) (Sk thousands)**

End-of-month figures	Foreign exchange position								
	FX position	Total		Short-term			Medium- and long-term		
FX position		Assets	Liabilities	FX position	Assets	Liabilities	FX position	Assets	Liabilities
01/99	23,470,610	138,172,021	114,701,411	30,924,118	123,809,984	92,885,866	-7,453,508	14,362,037	21,815,545
02/99	25,669,038	68,435,160	42,766,122	37,674,782	58,090,946	20,416,164	-12,005,744	10,344,214	22,349,958
03/99	28,184,211	65,785,232	37,601,021	44,370,352	58,365,114	13,994,762	-16,186,141	7,420,118	23,606,259
04/99	26,366,501	60,325,032	33,958,531	36,891,537	49,583,654	12,692,117	-10,525,036	10,741,378	21,266,414
05/99	27,999,590	61,094,670	33,095,080	38,704,268	50,071,338	11,367,070	-10,704,678	11,023,332	21,728,010
06/99	23,734,147	55,386,295	31,652,148	32,791,638	43,138,343	10,346,705	-9,057,491	12,247,952	21,305,443
07/99	25,004,522	54,802,902	29,798,380	34,279,238	43,463,430	9,184,192	-9,274,716	11,339,472	20,614,188
08/99	29,321,958	59,997,951	30,675,993	38,893,909	48,939,259	10,045,350	-9,571,951	11,058,692	20,630,643
09/99	32,808,585	61,074,748	28,266,163	41,891,279	50,141,610	8,250,331	-9,082,694	10,933,138	20,015,832
10/99	36,004,237	64,796,984	28,792,747	44,772,081	53,390,035	8,617,954	-8,767,844	11,406,949	20,174,793
11/99	36,083,040	65,007,544	28,924,504	44,318,844	53,454,992	9,136,148	-8,235,804	11,552,552	19,788,356
12/99	20,886,191	50,515,850	29,629,659	30,566,352	40,669,678	10,103,326	-9,680,161	9,846,172	19,526,333

Capital Market (Sk millions, thousands of pcs)

BRATISLAVA STOCK EXCHANGE (BCPB)	1993	1994	1995	1996	1997	1998	1999												
	1 - 12	1 - 12	1 - 12	1 - 12	1 - 12	1 - 12	1	2	3	4	5	6	7	8	9	10	11	12	1 - 12
A. VOLUME OF TRANSACTIONS																			
1. Volume of transactions - total	166.3	6,283.5	40,068.7	114,116.3	164,063.9	299,080.9	14,181.0	14,602.8	21,706.2	17,511.5	17,964.4	16,560.5	14,696.0	12,741.8	12,926.1	15,415.2	17,960.7	15,319.6	191,585.8
- Trading on the BCPB floor	37.9	829.4	470.8	15,824.1	5,922.9	22,613.2	686.1	1,306.3	1,731.5	3,805.3	2,135.5	3,731.8	1,960.1	3,309.7	1,801.1	1,413.0	4,647.5	1,178.7	27,706.6
- Direct transactions	128.4	5,454.1	39,597.9	98,292.2	158,141.0	276,467.7	13,494.9	13,296.5	19,974.7	13,706.2	15,828.9	12,828.7	12,735.9	9,432.1	11,125.0	14,002.2	13,313.2	14,140.9	163,879.2
2. Number of securities sold (thousands of pcs)	115.9	8,598.	45,158.7	131,235.4	140,220.4	84,607.4	4,814.5	3,636.8	7,052.1	2,794.9	2,822.9	4,283.9	3,027.6	3,277.5	4,664.9	3,933.9	6,671.8	6,666.2	53,647.0
B. STRUCTURE OF TRANSACTIONS																			
1. Volume of transactions - total	166.3	6,283.5	40,068.7	114,116.3	164,063.9	299,080.9	14,181.0	14,602.8	21,706.2	17,511.5	17,964.4	16,560.5	14,696.0	12,741.8	12,926.1	15,415.2	17,960.7	15,319.6	191,585.8
Market for listed securities	95.7	4,654.4	23,554.7	57,702.8	102,922.1	247,537.5	9,137.9	11,967.7	16,147.2	15,205.0	16,098.2	13,292.5	10,683.5	11,749.9	10,651.6	14,443.4	14,888.6	12,880.8	157,146.3
- shares	18.7	3,838.7	11,487.3	40,238.4	45,398.4	14,498.8	960.3	645.3	385.0	38.2	510.0	373.0	184.3	687.9	148.3	610.5	143.9	516.8	5,203.5
- bonds	77.0	815.7	12,067.4	17,464.4	57,523.7	233,038.7	8,177.6	11,322.4	15,762.2	15,166.8	15,588.2	12,919.5	10,499.2	11,062.0	10,503.3	13,832.9	14,742.7	12,364.0	151,940.8
Market for unlisted securities	70.7	1,629.1	16,514.0	56,413.5	33,774.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- shares	70.7	1,589.6	13,243.4	42,891.6	21,071.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- bonds	0	39.5	3,270.6	13,521.9	12,703.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Market for registered sec.	-	-	-	-	18,949.5	35,729.1	3,964.8	2,388.6	4,337.5	1,634.6	1,290.9	1,753.7	3,216.6	861.4	1,665.4	578.1	1,047.9	1,351.1	24,090.6
- shares	-	-	-	-	8,046.6	8,443.4	384.9	454.4	562.2	522.7	323.4	432.2	1,036.8	532.8	1,118.8	349.2	245.9	633.8	6,597.1
- bonds	-	-	-	-	10,902.9	27,285.7	3,579.9	1,934.2	3,775.3	1,111.9	967.5	1,321.5	2,179.8	328.6	546.6	228.9	802.0	717.3	17,493.5
Open market	-	-	-	-	8,417.8	15,814.3	1,078.3	246.5	1,221.5	671.9	575.3	1,514.3	795.9	130.5	609.1	393.7	2,026.2	1,087.7	10,350.9
- shares	-	-	-	-	8,155.1	14,325.4	776.0	246.4	394.9	671.7	575.3	1,514.1	647.6	70.6	584.2	297.5	1,946.0	913.1	8,637.4
- bonds	-	-	-	-	262.7	1,488.9	302.3	0.1	826.6	0.2	0	0.2	148.3	59.9	24.9	96.2	80.2	174.6	1,713.5

RM - SYSTEM SLOVAKIA	1993	1994	1995	1996	1997	1998	1999												
BRATISLAVA	1 - 12	1 - 12	1 - 12	1 - 12	1 - 12	1 - 12	1	2	3	4	5	6	7	8	9	10	11	12	1 - 12
1. Volume of transactions - total	43.3	1,970.3	18,051.7	26,550.7	15,984.4	6,856.7	148.1	122.0	383.9	127.0	141.1	209.7	444.7	314.9	431.1	700.5	347.7	1,699.7	5,070.4
- Periodic auctions	43.3	1,581.7	100.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Regular auctions	0.0	388.6	17,951.7	26,550.7	15,984.4	6,856.7	148.1	122.0	383.9	127.0	141.1	209.7	444.7	314.9	431.1	700.5	347.7	1,699.7	5,070.4

Note: The BCPB categorisation of markets was changed with effect from 1 August 1997.

Source: BCPB, RM - System Slovakia

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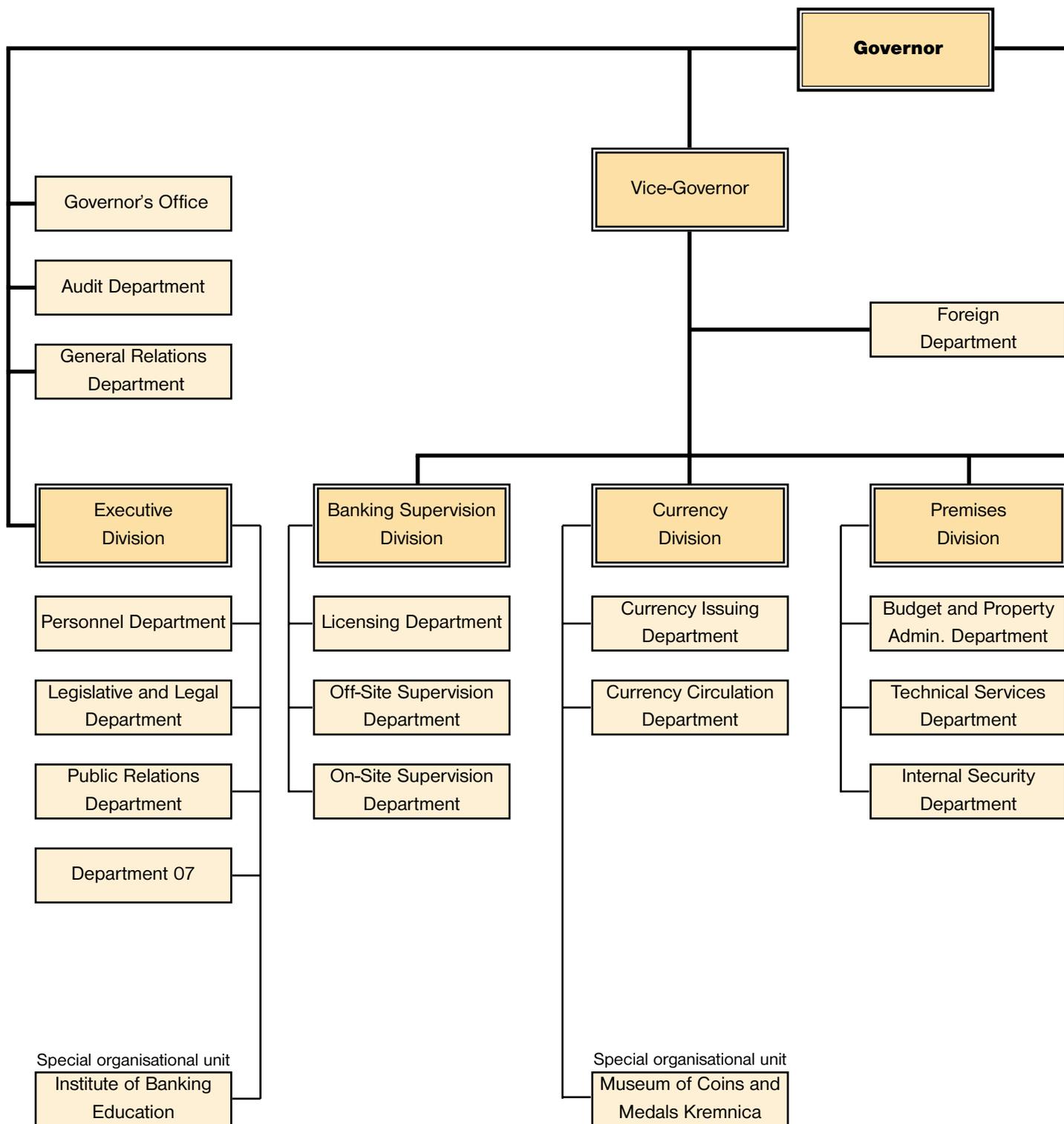
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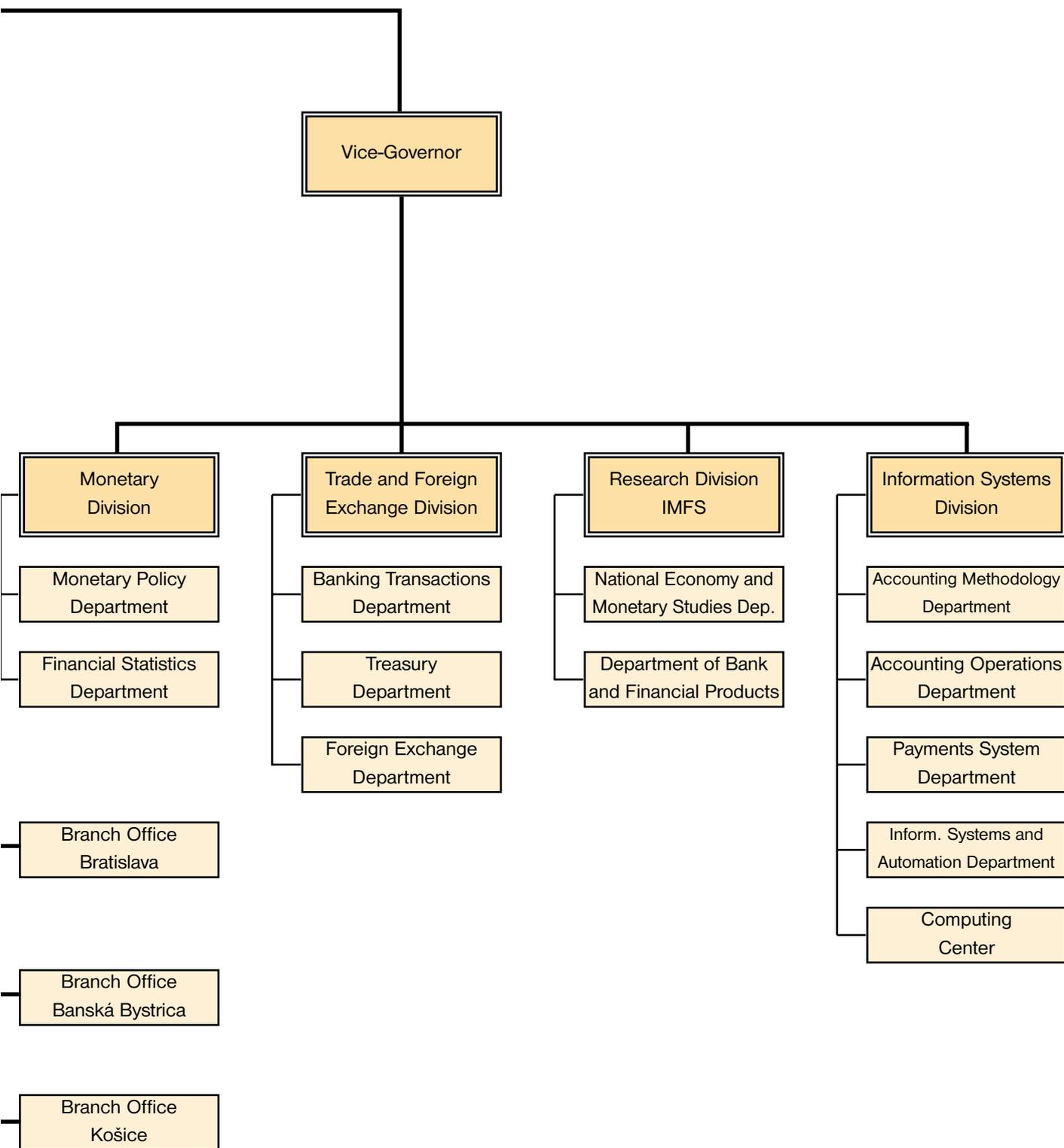
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