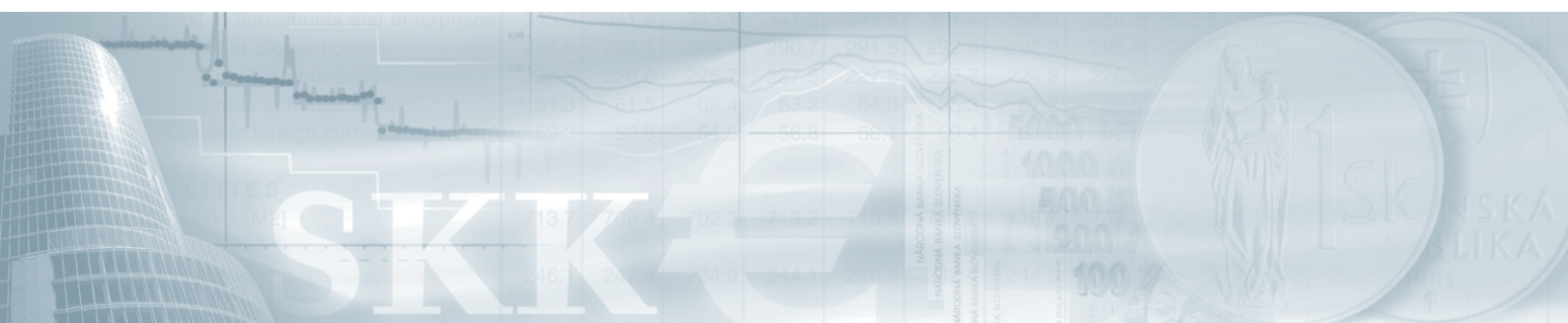




NÁRODNÁ BANKA SLOVENSKA



# Monetary Survey

October 2005





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**Abbreviations**

ARDAL	Agentúra pre riadenie dlhu a likvidity – Agency for Debt and Liquidity Management
BCPB	Burza cenných papierov v Bratislave – Bratislava Stock Exchange
CDCP SR	Centrálny depozitár cenných papierov SR – Central Securities Depository of the Slovak Republic
ECB	European Central Bank
EMU	Economic and Monetary Union
EU	European Union
Eurostat	Statistical Office of the European Communities
FNM	Fond národného majetku – National Property Fund
IMF	International Monetary Fund
NBS	Národná banka Slovenska – National Bank of Slovakia
NPF	National Property Fund
SASS	Slovenská asociácia správcovských spoločností – Slovak Association of Asset Management Companies
BRIBOR	Bratislava Interbank Offered Rate
CPI	Consumer Price Index
FDI	Foreign Direct Investment
FRA	Forward Rate Agreement
GDP	Gross Domestic Product
HICP	Harmonised Index of Consumer Prices
HZL	hypotekárne záložné listy – mortgage bonds
IPI	Industrial Production Index
IRF	Initial Rate Fixation
IRS	Interest Rate Swap
MFI	Monetary Financial Institutions
MMIF	Money Market Investment Funds
NEER	Nominal Effective Exchange Rate
OIF	Open-end Investment Funds
p.a.	per annum
p.p.	percentage points
PPI	Producer Price Index
REER	Real Effective Exchange Rate
repo	repurchase operation
RULC	Real Unit Labour Costs
SAX	slovenský akciový index – Slovak Share Index
SDX	slovenský dlhopisový index – Slovak Bond Index
SDXG	SDXGroup
Sk, SKK	Slovak Koruna
SKONIA	Slovak OverNight Index Average
SR	Slovenská republika – Slovak Republic
SRT	Sterilisation Repo Tender
ULC	Unit Labour Costs
VAT	Value Added Tax

*Prepared on the basis of the Situation Report on the Monetary Development in October 2005, approved by the NBS Bank Board on 29 November 2005.*



## 1. Introduction

The level of consumer prices, expressed in terms of the Harmonised Index of Consumer Prices (HICP), rose month-on-month by 1.3% in October. The 12-month headline and core inflation rates reached 3.5% and 1.1% (excluding energy and unprocessed food prices) respectively.

In terms of the Consumer Price Index (CPI), consumer prices increased in comparison with the previous month by 1.1% in October, with the prices of core inflation components rising by 0.1%. The 12-month headline and core inflation rates reached 3.3% and 1.1% respectively.

The M3 monetary aggregate (according to ECB methodology) grew month-on-month by Sk 6.2 billion in September, while its year-on-year growth rate slowed in comparison with August, to 7.3%. At current rates, the M2 money supply (according to NBS methodology) increased in September by Sk 2.7 billion, while its year-on-year dynamics weakened to 4.9%.

The total volume of MFI receivables from residents (including securities issued by clients and held by MFIs, according to ECB methodology) increased month-on-month by Sk 16.6 billion in September, causing the year-on-year growth rate to accelerate to 7.6%. At current rates, the volume of loans to enterprises and households (according to NBS methodology) grew month-on-month by Sk 11.2 billion, representing an increase in year-on-year dynamics, to 20.9%.

The average interest rate on new loans to non-financial corporations fell in September by 0.26 of a percentage point, to 4.68%, and that on new loans to households rose by 0.01 of a percentage point, to 9.45%. Over the same period, the average rate for new deposits from non-financial corporations dropped by 0.04 of a percentage point, to 1.46%, and that for new household deposits rose by 0.01 of a percentage point, to 0.67%.

On 31 October 2005, the State Budget of the SR recorded a deficit of Sk 5.1 billion.

The foreign exchange reserves of the NBS (at current rates) fell by USD 187.9 million in October, to USD 15,647.8 million. At the end of the month, the volume of foreign exchange reserves was 5.1 times greater than the volume of average monthly imports of goods and services to Slovakia, during the first nine months of 2005.

In October, the National Bank of Slovakia sold EUR 220 million in direct foreign exchange interventions.

According to preliminary data, the balance of payments on current account for January to August 2005 resulted in a deficit of Sk 61.1 billion. Over the same period, the capital and financial account generated a surplus of Sk 136.6 billion. From January to September, the current account produced a deficit of Sk 67.4 billion, while trade resulted in a shortfall of Sk 38.4 billion.

In October, the overall sterilisation position of the NBS vis-à-vis the banking sector stood at Sk 407.0 billion, representing a decrease of Sk 4.7 billion compared with the figure for September.

On 25 October 2005, the Bank Board of the NBS unanimously voted (7:0) to leave the key rates of the National Bank of Slovakia unchanged, i.e. 3.0% for two-week repo tenders, 2.0% for overnight sterilisation operations, and 4.0% for overnight refinancing transactions.



## 2. Inflation

### 2.1. Consumer Price Index

#### HICP Inflation in October 2005

##### Harmonised Index of Consumer Prices

Consumer prices, expressed in terms of the HICP, increased month-on-month by 1.3% in October, with the prices of goods and services rising by 1.7% and 0.5% respectively. Compared with the same period a year earlier, consumer prices increased by 3.5% (in September by 2.3%) and core inflation reached 1.1% (compared with 0.9% in September). The average year-on-year inflation rate for the first ten months of the year was 2.6%. The average 12-month inflation rate for the period from November 2004 to October 2005 was 3.1%.

**Table 1 Harmonised Index of Consumer Prices**

	(year-on-year changes in %)					
	2005					
	May	June	July	Aug.	Sep.	Okt.
<b>Total</b>	2.4	2.6	2.1	2.1	2.3	3.5
<b>Goods</b>	1.0	1.3	0.8	0.8	1.3	2.9
Industrial goods	1.7	1.8	1.9	2.2	3.0	5.7
Industrial goods (excluding energy)	-0.9	-0.8	-1.1	-1.1	-0.9	-1.0
Energy	5.4	5.6	6.1	6.6	8.5	14.8
Foodstuffs	-0.3	0.5	-1.1	-1.6	-1.6	-1.4
Processed food (including alcohol and tobacco)	-1.7	-1.7	-2.5	-2.5	-2.5	-2.1
Non-processed food	2.6	4.6	1.1	0.1	0.5	0.3
<b>Services</b>	5.7	5.5	5.3	5.2	4.5	4.6
<b>Core inflation (total excl. energy and unprocessed food prices)</b>	1.7	1.7	1.2	1.3	0.9	1.1
<b>Total, excluding energy</b>	1.7	2.0	1.3	1.2	1.0	1.0

Source: NBS calculations based on data from the Statistical Office of the SR.

##### Accelerated increase in goods prices, caused mainly by energy prices

The steeper year-on-year increase in goods prices in comparison with the previous month was primarily influenced by the prices of electricity, gas, and other fuels (as a result of adjustments to the regulated prices of gas and heat for households). Food prices also contributed to this development, when the rate of their decline slowed slightly as a result of developments in processed food prices. At the same time, the prices of industrial goods (excluding energy) recorded a somewhat steeper fall, mainly as a result of slower rise in the prices of short-term industrial goods.

##### Services prices recorded a slight increase in dynamics

Services prices recorded a modest increase in dynamics, for the first time in 2005. They were mainly affected by price developments in telecommunications services (the end of price reductions for telephone calls at weekends) and services related to dwellings (a steeper increase in charges for the use of co-operative flats).

##### Consumer expectations in respect of inflation

After rising in August and September, the expectations of consumers in respect of price inflation continued to fall in October. In answer to questions about the previous course of inflation, the respondents gave an average value of 11.24% (11.58% in the previous month), but when asked about the expected rate of inflation in the

**Chart 1 HICP Inflation and Its Main Components (%)**



Source: NBS calculations based on data from the Statistical Office of the SR.



**Chart 2 HICP Compared with the Views of Respondents on Price Developments in the Past 12 Months**


Source: Statistical Office of the SR, Consumer Barometer, and NBS.

Note: The qualitative assessment of the future course of inflation is based on answers to the query whether consumer prices in the next 12 months will increase at a faster, slower, or unchanged rate, or will remain at the current level. Quantitative assessment means that those who say that consumer prices will increase in the next 12 months at a faster, unchanged, or slower rate than today, are asked in the next part of the question to specify the rate of acceleration or slowdown.

next 12 months, they gave a lower average value, i.e. 12.64% (14.18% in the previous month).

### CPI Inflation in October 2005

Consumer prices increased month-on-month by 1.1% in October, with regulated prices rising by 4.4% and the prices of core inflation components by 0.1%. The 12-month rate of headline inflation reached 3.3% (compared with 2.2% in September) and that of core inflation 1.1% (in September 1.0%). The average year-on-year inflation rate for the first ten months of the year was 2.6%.

### Consumer Price Index

### 2.2. Producer Prices in September 2005

In September, industrial producer prices for the domestic market increased at a slower rate than in the previous month. They rose month-on-month by an average of 0.5%, due to increases in the prices of manufacturing products (1.2%). Drops were recorded in the prices of electricity, gas, steam, and hot water (0.4%), and mineral raw materials (1.1%).

### Month-on-month rise in industrial producer prices for the domestic market ...

The year-on-year rate of increase in industrial producer prices for the domestic market accelerated in September, due to a steeper rise in manufacturing products prices (by 0.7 of a percentage point). The year-on-year rate of increase in electricity, gas, steam, and hot water prices and mineral raw materials prices slowed in comparison with August (by 0.6 and 1.3 percentage points respectively).

### ... accompanied by an increase in their year-on-year dynamics

**Table 2 Consumer Prices in October 2005**

	Comparative change	
	Sep. 2005	Oct. 2004
<b>Total in %</b>	1.1	3.3
<b>Regulated prices in %</b>	4.4	11.0
- Share of total, in percentage points <sup>1)</sup>	1.00	-
<b>Impact of changes in indirect taxes on non-regulated prices</b>		
- Share of total, in percentage points <sup>1)</sup>	0.00	-
<b>Core inflation in %</b>	0.1	1.1
- Share of total, in percentage points <sup>1)</sup>	-0.06	-1.7
of which: Food prices in %	-0.2	-1.7
- Share of total, in percentage points <sup>1)</sup>	-0.02	-
Tradable goods in % <sup>1)</sup>	0.1	-0.4
- Share of total, in percentage points <sup>1)</sup>	0.05	-
Tradable goods, excluding fuels, in % <sup>1)</sup>	0.2	-1.9
- Share of total, in percentage points <sup>1)</sup>	-0.06	-
Fuels in % <sup>1)</sup>	-0.3	10.8
- Share of total, in percentage points <sup>1)</sup>	-0.01	-
Market services in % <sup>1)</sup>	0.1	5.1
- Share of total, in percentage points <sup>1)</sup>	-0.04	-
<b>Net inflation (excluding the impact of changes in indirect taxes) in %</b>	0.1	1.8
- Share of total, in percentage points <sup>1)</sup>	0.08	-
<b>Net inflation, excluding fuel prices (excl. the impact of changes in indirect taxes) in %<sup>1)</sup></b>	0.2	1.3
- Share of total, in percentage points <sup>1)</sup>	0.10	-

Source: Statistical Office of the SR, and NBS.

Notes: Net inflation – comprises price increases in the sector of tradable goods, excluding foodstuffs and market services.

The rounding of the values of year-on-year and month-on-month price dynamics to one decimal place and the values of their contributions to the overall inflation rate to two decimal places may lead to a situation where, in the event of price stagnation, the contributions of prices are not equal to zero. In reality, the prices do change, but the changes are so small that they cannot be noticed if the figures are rounded to one decimal place, but in the event of price contributions rounded to two decimal places, even a small change is apparent.

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



**Table 3 Producer Price Developments in September 2005**

(%)

	Month-on-month change		Year-on-year change			
	August	Sep.	August	Sep.	Average since the	Sep.
	2005	2005	2005	2005	beginning of 2005	2004
Industrial producer prices (for the domestic market)	0.8	0.5	5.6	5.8	4.1	4.0
– Prices of manufacturing products	0.8	1.2	1.8	2.5	2.4	4.9
– Prices of mining and quarrying products	-0.6	-1.1	1.4	0.1	-0.3	5.1
– Prices of electricity, gas, steam, and hot water	0.9	-0.4	11.3	10.7	6.6	2.5
Industrial producer prices (for export)	0.2	2.1	4.3	5.5	6.8	4.4
Construction prices	0.3	0.5	3.7	3.9	4.5	6.3
Building materials prices	-0.2	0.2	2.6	1.6	5.5	8.1
Agricultural prices	–	–	-5.6	-4.5	-2.9	-1.5
– Prices of plant products	–	–	-13.4	-12.1	-15.1	-3.0
– Prices of animal products	–	–	0.4	0.6	1.7	-0.3

Source: Statistical Office of the SR.

In September, as in previous months, developments in manufacturing products prices were substantially affected by increases in the prices of refined oil products (11.6% month-on-month and 45.6% year-on-year). Modest increases were also recorded in the prices of chemical products (0.4% month-on-month and 2.7% year-on-year) and rubber and plastic goods (0.9% and 2.3% respectively). At the same time, food prices continued to act as an important anti-inflationary factor: they fell month-on-month by 0.2% and year-on-year by 5.4%. The most significant year-on-year drops were recorded in the prices of flour products, starch, and starch products. The prices of base metals and finished metal products recorded a month-on-month fall of 0.1% (mainly as a result of drops in the prices of iron, steel, and ferroalloys), which was due in part to their year-on-year increase in September (1.3%), which was 1.5 percentage points slower than in August.

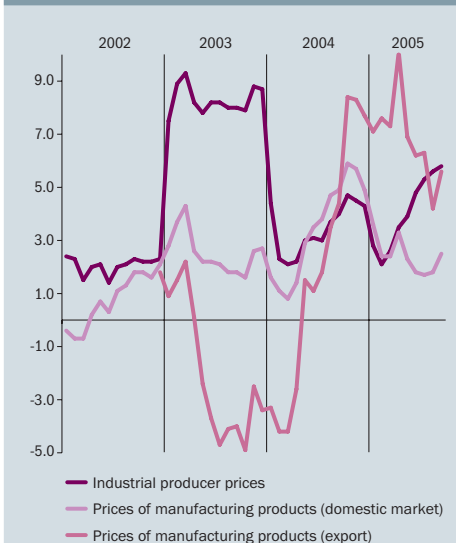
For the first time since February 2005, the September month-on-month drop in energy prices caused a slowdown in their year-on-year dynamics as a whole. This can be attributed to prices for gas production and the distribution of gaseous fuels by pipeline, which caused a rise in energy prices in the last few months, and to prices for electricity generation and supply, which recorded a slowdown in year-on-year dynamics (1.8 percentage points and 0.5 of a point respectively). Among energy prices, month-on-month and year-on-year increases were recorded in prices for the production and distribution of steam and hot water (2.6% and 10.6% respectively).

In September, the month-on-month increase in industrial producer prices in Slovakia corresponded to the average increase in EU-25, and in terms of the year-on-year increase, Slovakia ranked among the EU-25 countries with an above-average price increase (5.3%).

In September, the prices of manufacturing products for export recorded a month-on-month increase of 2.2%, corresponding to a year-on-year price increase of 5.6% (an acceleration of 1.4 percentage points in comparison with August). This development was significantly influenced by the prices of refined oil products (rising month-on-month by 18.1% and year-on-year by 59.6%). The prices of chemical, rubber, and plastic products also increased slightly. On the other hand, the export prices of base metals and finished metal products fell significantly (for the second consecutive month). The export prices of transport vehicles maintained their long-term falling tendency on a year-on-year basis and the prices of food products for export dropped year-on-year, for the first time since the beginning of the year.

**Chart 3 Developments in Industrial Producer Prices and Manufacturing Products Prices**

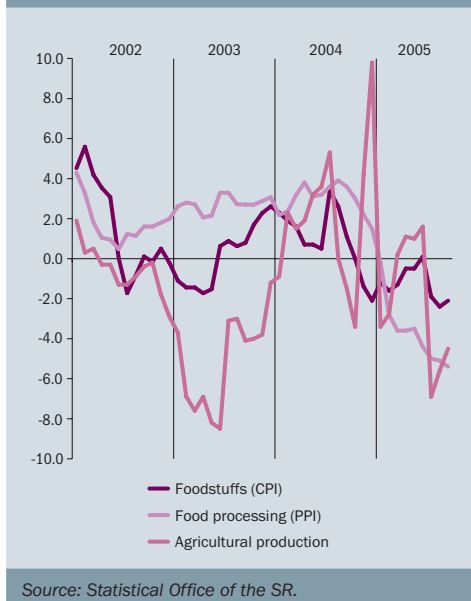
(year-on-year change in %)



Source: Statistical Office of the SR.

**Prices of manufacturing products for export**

**Chart 4 Developments in Food Prices in Primary Production, Processing, and Consumption**  
(year-on-year change in %)



Source: Statistical Office of the SR.

**Agricultural prices**

Agricultural prices followed the downward trend that began in July. Their year-on-year fall in September (4.5%) was caused by a drop in the price of plant products (12.1%), offset partly by a rise in the price of animal products (0.6%).

Among plant products, the sharpest drops occurred in the prices of cereals (13.8%), oil-seeds (13.6%), fruit and vegetables (8.8%), potatoes and legumes (7%). The steepest increase was recorded in the price of sugar beets (44%).

The September rise in animal products prices was mainly caused by increases in the prices (for live animals) of beef, including veal (4.4% on average), and unpasteurised cow milk (2.6%). A continuing fall was recorded in the prices of eggs and poultry (since the beginning of the year) and pork – live animals (since July).

In October, industrial producer prices are expected to be again influenced by the relatively high price of oil on the world markets and the continuing appreciation of the US dollar against the Slovak koruna. Since the expected anti-inflationary effect of the fall in food prices is estimated to be weaker than in previous months, industrial producer prices will probably increase month-

on-month in October (under the influence of external cost factors), which will create conditions for an acceleration in their year-on-year dynamics.

The prices of agricultural products are expected to be affected in October by a persistent, but less significant fall in plant products prices than in the previous month (mainly as a result of the rise in sugar beet prices). With regard to the expected increase in the purchase price of beef and the signalled rise in the price of pork (live animals), animal products prices will probably increase. Consequently, agricultural prices are expected to fall somewhat or stagnate in October.



### 3. Factors Affecting the Course of Inflation

The M3 monetary aggregate continued to grow in September, but its year-on-year dynamics weakened (as in the previous month) as a result of slower growth in the less liquid M3 components. The primary source of growth in M3 was the growing trend in the receivables of monetary financial institutions (MFIs) from the private sector, which recorded a more intense increase than in August.

#### 3.1. Monetary Aggregates

##### M3 Monetary Aggregate

##### Continued slowdown in the year-on-year growth rate of the M3 aggregate

The M3 monetary aggregate (according to ECB methodology) increased month-on-month by Sk 6.2 billion in September, to Sk 792.0 billion at the end of the month. Its year-on-year growth rate<sup>1</sup> followed a downward trend persisting since June, and slowed in comparison with the previous month by 0.7 of a percentage point (to 7.3%), since September 2004 saw a larger month-on-month increase in M3 (Sk 10.7 billion).

Table 4 Year-on-Year Growth Rate of Monetary Aggregates (%)												
	2004											
	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
M3 monetary aggregate (ECB methodology)	6.4	9.9	6.9	11.1	8.6	14.0	5.8	11.9	13.3	13.6	12.7	15.0
- excluding the effect of repo operations <sup>2)</sup>	10.5	10.0	9.1	11.3	8.7	14.1	12.4	11.7	14.1	13.2	12.4	14.6
M3 monetary aggregate, including the estimates of money market funds for 2003 <sup>3)</sup>	6.2	9.6	6.5	10.5	7.8	13.0	4.8	10.5	11.9	12.0	11.0	13.1
- excluding the effect of repo operations <sup>2)</sup>	10.4	9.7	8.6	10.7	7.8	13.1	11.2	10.4	12.6	11.6	10.7	12.7
2005												
M3 monetary aggregate (ECB methodology)	10.0 <sup>1)</sup>	9.6 <sup>1)</sup>	11.4 <sup>1)</sup>	11.9 <sup>1)</sup>	12.5 <sup>1)</sup>	9.6 <sup>1)</sup>	8.9	8.0	7.3	.	.	.

Source: NBS and NBS calculations based on data from the Slovak Association of Administrator Companies (SASS).

1) Revised data.

2) The level of the M3 monetary aggregate in 2003 was affected by the active conduct of repo operations by commercial banks in connection with the payment of coupons on government bonds (mainly in January 2003: in the amount of Sk 24.2 billion; in March 2003: in the amount of Sk 12.9 billion; and in July 2003: in the amount of Sk 40.2 billion), as a result of which the base of the overall aggregate became volatile (since banks conducted no repo operations from October 2003 to the end of the month). For that reason, the year-on-year growth rate of M3 was also monitored for analytical purposes in 2004, without the volume of repo operations being taken into account.

3) Since data on issued money market fund shares/units were not available for the monetary and financial statistics reports in 2003, their volume was estimated on the basis of data provided by the Slovak Association of Administrator Companies (SASS).

As in the previous month, the fall in the year-on-year growth rate of M3 in September was mostly affected by conflicting developments in the less liquid M3 components, which achieved larger month-on-month increases in September 2004 (a total of Sk 6.5 billion) compared with their stagnating levels in September 2005, when only a modest increase was recorded (Sk 0.1 billion). On the other hand, the month-on-month increase in the volume of currency in circulation and deposits included in the M3 aggregate reached a slightly higher level in September 2005 (Sk 6.1 billion) compared with the September 2004 increase (Sk 4.2 billion), which moderated the fall in the year-on-year M3 dynamics.

##### Main M3 Components

##### Growth in M2; conversion of the less liquid deposits into deposits repayable on demand

The most liquid monetary aggregate (M1) grew month-on-month by Sk 9.9 billion in September, to Sk 443.1 billion at the end of the month. Thus the M1 sub-aggregate, characterised by relatively high volatility in the first half of 2005, maintained a stable growth in the third quarter of 2005.

<sup>1</sup> The year-on-year growth dynamics of monetary aggregates and their counterparts are calculated from end-of-month data, including non-transaction operations, which comprise all movements in the balance-sheet items, resulting from changes in the valuation of tradable instruments, the depreciation/write-off of loans, exchange rate differentials, reclassification, and other changes.



**Table 5 Comparison of Month-on-Month Developments in Monetary Aggregates (ECB methodology)**

	Volume in billions of Sk <sup>1)</sup>			Year-on-year change in %	
	Sep. 2004	Aug. 2005	Sep. 2005	Aug. 2005	Sep. 2005
Currency in circulation	96.3	111.4	112.7	16.8	17.0
Deposits and received loans, repayable on demand	279.3	321.8	330.4	21.4	18.3
<b>M1</b>	375.6	433.2	443.1	20.2	18.0
Deposits and received loans, with an agreed maturity of up to 2 years	309.8	289.5	286.1	-9.6	-7.7
Deposits redeemable at a period of notice of up to 3 months	16.1	15.4	15.1	-6.8	-6.4
<b>M2</b>	701.5	738.1	744.2	5.9	6.1
Money market fund shares/units	26.7	47.3	47.0	0.2	-0.3
Repo operations	2.1	0.0	0.0	-	-
Debt securities issued for up to 2 years	7.8	0.4	0.9	-	-
<b>M3</b>	738.1	785.8	792.0	8.0	7.3

Source: NBS.

Note: Differences in the sums are due to rounding. The missing data have been excluded because of the large values of year-on-year changes, resulting from the relatively small volumes of the given indicators.

1) Volume as at the last day of the given month.

The September M1 increase was mainly concentrated in deposits and received loans repayable on demand, which grew in comparison with August by Sk 8.6 billion. The volume of currency in circulation maintained its growing tendency and increased month-on-month by Sk 1.3 billion.

Within the structure of the M2 aggregate, longer-term funds, allocated mostly in the form of deposits and received loans with an agreed maturity of up to 2 years, continued to fall in volume, to Sk 3.4 billion at the end of September. The increase in short-term funds exceeded the decrease in long-term funds. The total volume of the M2 aggregate increased by Sk 6.1 billion in September.

The total volume of less liquid M3 components recorded only a slight increase in September (Sk 0.1 billion), when the increase in issued debt securities maturing in up to 2 years (Sk 0.5 billion) was partly offset by a decrease in the volume of issued money market fund shares/units (Sk 0.3 billion). Thus, investment in money market fund shares/units confirmed the anticipated downturn, when the volume of liabilities recorded a fall in September (for the first time since 2004).

**Stagnation in the volume of less liquid M3 components**

### Investment Through Open-End Investment Funds

The net value of Sk-denominated assets held by open-end investment funds (OIFs) reached Sk 124.8 billion at the end of October. The net sales of Sk-denominated OIF assets reached Sk 3.7 billion in October and the net sales in the SR of OIF assets denominated in foreign currency amounted to Sk 0.43 billion.

**Net value of assets and net sales of open-end investment funds**

**Table 6 Overview of Net Sales of Open-End Investment Funds (month-on-month changes in billions of Sk)**

	Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	CUM.
OIF assets denominated in Slovak koruna	2004	1.3	1.5	1.8	1.3	1.8	2.4	3.0	3.1	2.6	2.5	2.3	3.0	26.7
	2005	5.2	6.8	4.1	3.4	2.3	2.3	2.0	1.8	1.5	3.7	.	.	33.0
OIF assets denominated in foreign currency	2004	0.08	0.07	0.1	0.05	0.14	0.04	0.04	0.06	0.07	0.03	0.07	0.04	0.80
	2005	0.08	0.14	0.14	0.21	0.12	0.20	0.15	0.29	0.39	0.43	.	.	2.15

Source: NBS estimates based on data from the Slovak Association of Administrator Companies (SASS).

**Main M3 Counterparts****Continuing growth in the total volume of MFI receivables (including securities) from residents**

The total volume of MFI receivables from residents (including securities issued by clients and held by MFIs) increased month-on-month by Sk 16.6 billion in September, and thus confirmed the upward trend from the previous period. The increase took place in the receivables of MFIs from the private and public sectors (Sk 11.7 billion and Sk 5.0 billion respectively). The decreasing trend in MFI receivables from the public sector was disturbed in September by increases in the government securities holdings of MFIs and the volume of loans granted to the public sector by MFIs. The year-on-year rate of growth in MFI receivables from residents accelerated in comparison with the previous month by 0.4 of a percentage point, to 7.6%.

**Table 7 Main Counterparts of M3 (ECB methodology)**

	Volume in billions of Sk <sup>1)</sup>			Year-on-year change in %	
	Sep. 2004	Aug. 2005	Sep. 2005	Aug. 2005	Sep. 2005
Net foreign assets	368.4	294.4	285.6	-21.3	-22.5
Foreign assets	497.6	602.4	605.0	19.0	21.6
Foreign liabilities	129.2	308.0	319.4	133.2	147.3
Receivables of MFIs from residents (incl. securities)	700.4	736.9	753.5	7.2	7.6
Receivables from the general government	291.5	255.1	260.1	-10.3	-10.8
Receivables from the private sector	408.9	481.8	493.5	19.5	20.7
Deposits and loans received from the central government	159.7	78.5	77.3	-51.0	-51.6
Long-term financial liabilities (excl. capital and reserves)	95.4	95.9	96.4	-0.1	1.0
Deposits and loans received with an agreed maturity of over 2 years	48.2	53.3	53.3	9.9	10.7
Deposits redeemable at a notice period of over 3 months	36.7	28.2	28.0	-24.7	-23.8
Debt securities issued with a maturity of over 2 years	10.5	14.4	15.1	44.2	43.6
Other items net	75.6	71.1	73.4	-9.0	-3.0
Capital, reserves and provisions	105.5	99.8	103.5	-9.4	-1.8
Other liabilities	37.6	47.6	48.0	35.4	27.7
Surplus of liabilities among MFIs	-0.1	-0.1	-0.2	-	-
Fixed assets	35.6	33.8	33.9	-5.0	-4.9
Other assets	31.7	42.3	44.1	35.0	39.2
<b>M3</b>	<b>738.1</b>	<b>785.8</b>	<b>792.0</b>	<b>8.0</b>	<b>7.3</b>

Source: NBS.

Note: Differences in the sums are due to rounding. The missing data have been excluded because of the large values of year-on-year changes, resulting from the relatively small volumes of the given indicators.

1) Volume as at the last day of the given period.

**Continuing growth in MFI receivables from the private sector**

After experiencing a slight downturn in August (Sk 7.5 billion), the receivables of MFIs from the private sector (including securities) recorded a month-on-month increase of Sk 11.7 billion in September, in line with the relatively strong growing trend from June (Sk 12.3 billion) and July (Sk 10.7 billion). In terms of structure, the September increase in MFI receivables from the private sector took place, in roughly equal measure, in the receivables of MFIs from non-financial corporations (an increase of Sk 5.2 billion, mainly in long-term receivables due in over 5 years) and households (an increase of Sk 5.1 billion). The volume of securities issued in the private sector recorded only a modest increase (Sk 0.2 billion).

As in previous months, the increase in MFI receivables from households was dominated by loans granted for housing purposes (Sk 3.1 billion); the remainder took place in consumer loans (Sk 0.4 billion) and other loans (Sk 1.6 billion).

**Modest growth in the total volume of long-term financial liabilities**

The total volume of long-term financial liabilities of MFIs (excluding capital and reserves) recorded a modest increase in September (Sk 0.5 billion), when the volume of issued debt securities maturing in over 2 years continued to grow at a slow rate (by Sk 0.7 billion), while deposits redeemable at a period of notice of over 3 months maintained a moderate downward trend in the medium term (a fall of Sk 0.2 billion). Deposits and received loans with an agreed maturity of over 2 years remained unchanged in September, at the level of the previous month.

**Decrease in net foreign assets**

The volume of net foreign assets decreased month-on-month by Sk 8.8 billion in September. The decrease was caused, as in the previous month, by an increase in foreign liabilities (Sk 11.4 billion), which well exceeded the increase in foreign assets (Sk 2.6 billion).

**Table 8 Receivables of Monetary Financial Institutions from the Resident Private Sector**

	Volume in billions of Sk <sup>1)</sup>			Year-on-year change in %	
	Sep.	Aug.	Sep.	Aug.	Sep.
	2004	2005	2005	2005	2005
MFI receivables from the private sector (incl. securities)	408.9	481.8	493.5	19.5	20.7
of which: Securities issued by the private sector	17.2	18.6	18.8	6.4	9.3
MFI receivables (excluding securities)	391.7	463.3	474.7	20.1	21.2
Non-financial corporations	234.8	255.5	260.7	9.3	11.0
- Up to 1 year	101.4	112.3	113.3	10.2	11.7
- 1 to 5 years	57.6	53.5	53.7	-6.1	-6.8
- Over 5 years	75.8	89.6	93.7	19.7	23.7
Financial corporations	40.7	47.0	48.1	21.2	18.2
Insurance companies and pension funds	0.1	0.0	0.0	-	-
Households and non-profit institutions serving households	116.2	160.7	165.8	42.1	42.7
- Consumer loans	15.5	24.4	24.8	60.6	59.8
- Housing loans	81.6	106.4	109.5	33.8	34.3
- Other loans	19.1	29.9	31.5	63.0	64.9

Source: NBS.  
Note: Differences in the sums are due to rounding. The missing data have been excluded because of the large values of year-on-year changes, resulting from the relatively small volumes of the given indicators.  
1) Volume as at the last day of the given period.

Among the other main counterparts of the M3 monetary aggregate, the volume of capital, reserves and provisions increased by Sk 3.7 billion, while that of fixed assets recorded only a slight increase (Sk 0.1 billion).

#### Developments in the other main counterparts of M3

#### Developments in Monetary Aggregates According to NBS Methodology

The M2 money supply (according to NBS methodology, at current rates) grew month-on-month by Sk 2.7 billion in September, and closed the month at Sk 797.0 billion. The year-on-year rate of growth slowed in comparison with the previous month by 0.4 of a percentage point, to 4.9%. The September increase in M2 took place in demand deposits (Sk 2.4 billion), foreign-currency deposits (Sk 2.7 billion), and currency in circulation (Sk 1.3 billion), while the volume of time deposits decreased by Sk 3.7 billion.

#### Slowdown in the 12-month growth dynamics of the M2 money supply (according to NBS methodology)

#### Loans to Enterprises and Households

The volume of loans to enterprises and households (according to NBS methodology, at current rates) grew month-on-month by Sk 11.2 billion, to Sk 480.9 billion at the end of September. The year-on-year dynamics of bank lending accelerated in comparison with the previous month by 1.0 percentage point, to 20.9%.

#### Continued increase in the 12-month dynamics of loans to enterprises and households (NBS methodology)

The September increase in loans to enterprises and households took place largely in koruna loans (Sk 10.1 billion in total, of which Sk 5.4 billion was granted to enterprises and Sk 4.7 billion to households), while loans in foreign currency recorded a smaller increase (Sk 1.1 billion).

#### Fiscal Developments

Net credit to the general government (including the National Property Fund [NPF], at current rates) continued to increase in September (by Sk 3.6 billion), and closed the month at Sk 350.9 billion.

#### Net credit to the general government

The September increase in net credit to the general government was mainly caused by a deterioration in current budgetary performance (by Sk 3.0 billion month-on-month), which resulted in a budget deficit of Sk 8.1 billion at the end of September. Net credit to the general government was also increased to some extent by a decline in the deposits of non-budgetary funds of state authorities at commercial banks, an increase in the credit exposure of state authorities to commercial bank, and a decrease in the deposits of social security funds at the SR Treasury.

The negative impact of the above factors on net credit to the general government was partly offset by increases in the commercial bank deposits of regional self-governments and the NPF, and the SR



Treasury account deposits of funds from the European Community. A downward effect on the level of net credit to the general government was also exerted by a drop in the public sector's external debt (by Sk 1.6 billion).

### Current Budgetary Developments in October

**Developments in the State Budget** At the end of October, the State Budget recorded a deficit of Sk 5.1 billion, with budget revenues totalling Sk 214.4 billion and expenditures Sk 219.5 billion.

**Primary market for SR Treasury bills** No Treasury-bill issues were placed on the market in October.

### 3.2. Foreign Trade

#### Balance of Payments for January to August 2005

**Current account** The deficit in the balance of payments on current account increased year-on-year by Sk 34.4 billion, mainly due to increases in trade and income balance deficits, accompanied by a deterioration in current transfers. The only item to record an improvement in comparison with the same period a year earlier was the balance of services. While the income balance deficit continued to increase on a year-on-year basis, the difference between the trade-balance deficits in 2005 and 2004 showed a diminishing tendency (since June).

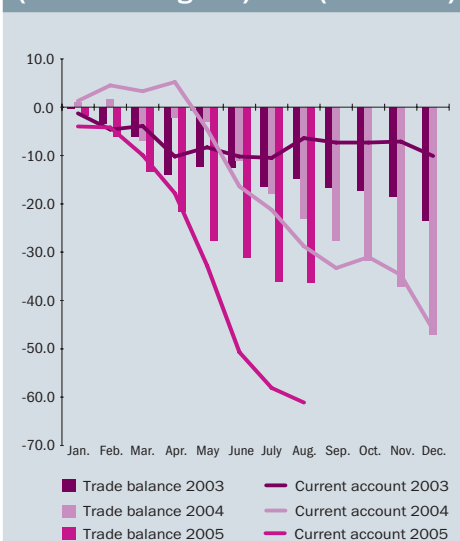
	Jan. – Aug. 2005	Jan. – Aug. 2004
Balance of trade	-36.4	-20.9
Exports	618.8	576.2
Imports	655.2	597.1
Balance of services	8.2	4.5
Balance of income	-31.4	-12.7
of which: income from investment	-50.3	-22.4
of which: reinvested earnings	-21.2	0.0
Current transfers	-1.5	2.4
Current account in total	-61.1	-26.7

Source: NBS and Statistical Office of the SR.  
Note: Foreign trade in 2004, according to the methodology for 2005.

In comparison with the same period a year earlier, exports increased by 7.4% (15.6% in USD and 11.9% in EUR) and imports by 9.7% (18.1% in USD and 14.3% in EUR).

**Exports** The year-on-year increase in exports took place largely in chemical products and semi-finished goods, whose year-on-year growth well exceeded the figure for the same period a year earlier. In a breakdown by commodity, the most significant increases in this category took place in the exports of iron and steel, iron and steel products, plastics and plastic goods, wood, and rubber products. Exports also grew at a rate faster than last year in 'finished products', mainly as a result of growth in the exports of sugar, dairy products, meat, and pharmaceuticals. In the 'machines and transport vehicles' category, the share of machines continued to increase on a year-on-year basis (mainly due to growth in the exports of automatic data processing machines, television sets, and radios). The increase in machines within this category was partly offset by a marked year-on-year decline in the exports of transport vehicles (the year-on-year decline replaced last year's increase), caused by reduced exports of motor vehicles and

Chart 5 Balance of Trade and Current Account Developments (cumulative figures) (Sk billions)



Source: NBS and Statistical Office of the SR.





components. Raw materials exports recorded a smaller year-on-year increase, owing to the fact that the growth in the exports of petroleum-based oils was accompanied by a fall in electricity exports.

In imports, strong year-on-year growth was recorded in 'raw materials', whose year-on-year increase well exceeded the figure for the same period a year earlier (the growth in raw materials imports was mainly caused by the high price of oil on the world markets). A slightly greater year-on-year increase was also recorded in the 'finished products' category. This increase was a result of growth in the imports of agricultural products (meat, dairy products, fruit, vegetables, beverages, etc.), machine engineering products, and electrical consumer goods. On the other hand, the imports of industrial products (furniture) and automobiles grew at a slower rate than last year. The year-on-year growth in imports slowed considerably in 'machines and transport vehicles'. Apart from a decline in the imports of motor vehicle parts, components, and accessories (including engines), lower imports were also recorded in the 'aeroplanes' sub-category. There were smaller year-on-year increases in the imports of chemical products and semi-finished goods, mainly as a result of lower imports of chemical fibres, wool, and cotton, and slower year-on-year growth in the imports of plastics, rubber, iron, and iron products.

**Imports****Table 10 Exports in January to August, Year-on-Year Change**

	Year-on-year change in billions of Sk		Proportion of the year-on-year change in % points	
	January – August		January – August	
	2005	2004	2005	2004
Raw materials	5.0	10.8	0.9	2.1
Chemicals and semi-finished goods	30.0	19.0	5.2	3.7
Machines and transport vehicles	3.3	34.4	0.6	6.7
Finished products	4.3	2.0	0.7	0.4
Exports in total	42.6	66.2	7.4	13.0

Source: NBS calculations based on data from the Statistical Office of the SR.

**Table 11 Imports in January to August, Year-on-Year Change**

	Year-on-year change in billions of Sk		Proportion of the year-on-year change in % points	
	January – August		January – August	
	2005	2004	2005	2004
Raw materials	21.3	11.8	3.6	2.3
Chemicals and semi-finished goods	11.5	21.1	1.9	4.1
Machines and transport vehicles	6.1	24.9	1.0	4.8
Finished products	19.2	14.5	3.2	2.8
of which: agricultural and industrial goods	11.9	9.2	2.0	1.8
passenger cars	1.2	2.5	0.2	0.5
machines and electrical consumer goods	6.1	2.8	1.0	0.5
Imports in total	58.1	72.3	9.7	14.0

Source: NBS calculations based on data from the Statistical Office of the SR.

The balance of services resulted in a surplus of Sk 8.2 billion, which represented an improvement of Sk 3.7 billion compared with the same period in 2004. The increase in the positive balance of services was caused by developments in tourism services and 'other services in total'. In tourism, the balance surplus increased as a result of faster growth in receipts than in expenses. The deficit in 'other services in total' diminished, mainly as a result of improvement in telecommunications, insurance and business services, and other activities. The improvement in these two services-balance items was partly offset by a decrease in net income from transport, caused by lower receipts from the transit of gas and increased payments for air passenger service.

**Balance of services**

The year-on-year deterioration in the balance of income resulted from two conflicting tendencies. The most significant increases within the income balance took place in the payments of reinvested earnings and dividends. Dividends paid to foreign direct investors increased year-on-year by Sk 7.3 billion and estimated reinvested earnings (which started to be monitored in 2005, owing to a change in methodology) recorded an increase of Sk 21.2 billion. Within the balance of income, the steep increase in the deficit in proceeds from investments was reduced by the increased incomes of Slovak citizens working abroad

**Income and current transfers balances**



(caused by a methodological change relating to the incomes of persons working abroad, from net income to gross income). Taxes and social contributions paid abroad, which are responsible for the gap between gross and net wages, were included in current transfers and, together with an increase in transfers abroad by legal entities, caused a year-on-year change in the balance of current transfer, from a surplus to a deficit.

**Capital and financial account** Over the past eight months, the capital and financial account generated a surplus of Sk 136.6 billion (compared with Sk 60.6 billion in the same period a year earlier). The year-on-year increase in the financial account surplus was caused by an increase in the positive balance of direct investments, influenced by a growth in the reinvested earnings of non-residents in the SR, resulting from a methodological change in effect from 2005, and in particular by an increase in the amount of short-term funds obtained by commercial banks from abroad.

<b>Table 12 Capital and Financial Account</b>		<b>(Sk billions)</b>
	Jan. – Aug. 2005	Jan. – Aug. 2004
Capital account	-0.1	3.0
Direct investment	43.5	35.6
SR abroad	-1.9	5.1
of which: capital participation abroad	-0.3	-0.7
reinvested earnings	-0.8	0.0
In the SR	45.3	30.4
of which: capital participation in the SR	8.4	22.0
of which: other than privatisation	8.4	19.1
reinvested earnings	22.0	0.0
Portfolio investments and financial derivatives	0.8	30.8
SR abroad	-19.6	-11.4
In the SR	20.4	42.2
Other long-term investments	-9.1	-11.4
Assets	-4.0	-2.8
Liabilities	-5.1	-8.6
Other short-term investments	101.5	2.6
Assets	-22.9	1.8
Liabilities	124.4	0.8
Capital and financial account	136.6	60.6

Source: NBS.

**Foreign direct investments** Foreign direct investments (FDIs) resulted in a positive balance of Sk 43.5 billion, representing a year-on-year increase of Sk 7.9 billion. Foreign capital inflow into the SR in the form of direct investments grew year-on-year by Sk 14.9 billion, to Sk 45.3 billion. The growth in FDIs was partly stimulated by reinvested earnings, the estimated volume of which reached Sk 22.0 billion, and partly by credits drawn from parent companies from abroad. On the other hand, the inflow of equity capital continued to decline, with its volume reaching Sk 8.4 billion. The largest inflows were recorded in industry, trade, and financial intermediation.

**Portfolio investments** The net inflow of funds in the area of portfolio investments reached Sk 0.8 billion. This represented a year-on-year decline of Sk 30.0 billion, and was a result of growing interest in foreign securities, mainly on the part of insurance companies and investment funds, and a eurobond repayment, which was not accompanied by a new issue as it was last year.

Demand for Sk-denominated government securities among foreign investors was on the increase in 2005 and reached Sk 46.0 billion during the first eight months of the year. The year-on-year change in these instruments (roughly Sk 23.0 billion) is an indication of persistent interest among non-residents in investment in domestic securities denominated in Slovak koruna.

**Other investments** The inflow of foreign capital within the scope of other investments reached Sk 92.4 billion. This represented a year-on-year increase of Sk 101.0 billion and was a result of an inflow of short-term capital into the banking sector, in both foreign and domestic currency.

From the beginning of the year to the end of August, the volume of short-term deposits from non-residents at Slovak banks (including the amount paid to ČSOB) increased by Sk 124.6 billion (an increase



of ca. Sk 10.0 billion was recorded in August). Operations in the banking sector contributed more than Sk 77.0 billion to the year-on-year growth in other investments.

The corporate sector financed mostly trade-related activities. The provision of export credits, coupled with an excess of repayment over the drawing of import liabilities, caused an outflow of Sk 12.3 billion. The year-on-year increase (Sk 1.8 billion) was affected by a change in import liabilities (from a modest inflow to an outflow), while the provision of export credits recorded a slight decline. The change from an outflow to an inflow in financial credits to entrepreneurial entities contributed to the growth in other investments (almost Sk 13.0 billion).

The outflow of funds from the government sector (including the NBS) in the amount of Sk 16.5 billion was connected with the first liability instalment to ČSOB Praha. The increased repayment of long-term government and NBS loans was greatly exceeded by a year-on-year change in repo operations, which enabled the inflow of capital to increase year-on-year by almost Sk 11.0 billion.

The foreign exchange reserves of the NBS increased by Sk 72.4 billion, i.e. USD 2.6 billion (excluding exchange rate differentials).

**Foreign exchange reserves of the NBS**

<b>Table 13 Balance of Payments Adjusted for Government and NBS Activities</b>		
	<b>(Sk billions)</b>	
	January – August 2005	
	Actual <sup>1)</sup>	Adjusted <sup>2)</sup>
Current account	-61.1	-66.6
Capital and financial account	136.6	50.2
of which: FDI in Slovakia – capital participation	8.4	8.1
Items not elsewhere included	-3.1	-3.1
Interventions by the NBS <sup>3)</sup>	0.0	-102.3
Change in the net foreign assets of commercial banks (- increase)	-	121.8
Change in NBS reserves (- increase)	-72.4	-

Source: NBS.  
1) Original balance of payments structure, i.e. effect of receipts and payments on NBS reserves.  
2) Adjusted for the effects of activities of the Government and the NBS, which do not affect the positions of commercial banks vis-à-vis non-residents and do not qualify as a real source of finance for the current account.  
3) In the original structure of the balance of payment, interventions were included in the foreign exchange reserves of the NBS.

The growing current account deficit, exceeding the inflow of funds into the corporate sector, coupled with the sale of foreign currency to the Central Bank, caused a marked decrease in the net foreign assets of the banking sector.

### **External Debt of Slovakia at 31 August 2005**

At the end of August 2005, Slovakia's total gross external debt stood at USD 26.6 billion (EUR 21.7 billion), representing a month-on-month increase of USD 648.2 million. Total long-term foreign debt increased over the period under review by USD 240.9 million and total short-term foreign debt grew by USD 407.2 million.

**Gross external debt**

Within the scope of short-term external debt, the foreign liabilities of commercial banks recorded an increase of USD 435.1 million (of which USD 205.6 million took place in loans and USD 195.0 million in cash and deposits).

Within the scope of long-term external debt, the period under review saw a marked increase in the foreign liabilities of the Government and the NBS (USD 326.0 million), mainly as a result of increased interest in government bonds denominated in domestic currency, accompanied by a decrease in the foreign liabilities of entrepreneurial entities (USD 105.5 million).

At the end of August, Slovakia's per-capita gross foreign debt stood at USD 4,937, compared with USD 4,817 on 31 July 2005. The share of short-term debt in the country's total gross external debt increased by 0.28% on a month-on-month basis. At the end of August 2005, the volume of total short-term foreign liabilities exceeded the volume of total long-term foreign liabilities, while reaching 51.8% of the total gross external debt.



**Table 14 External Debt of the SR**

	In millions of USD			In millions of EUR		
	31.12.2004	31.7.2005	31.8.2005	31.12.2004	31.7.2005	31.8.2005
Total external debt of the SR	23,763.6	25,910.6	26,558.9	17,454.6	21,476.0	21,741.4
Long-term external debt	13,315.8	12,568.3	12,809.2	9,780.6	10,417.2	10,485.8
Government and NBS <sup>1)</sup>	6,691.4	6,444.9	6,770.9	4,914.9	5,341.8	5,542.8
Commercial banks	496.3	787.9	808.3	364.6	653.1	661.6
Entrepreneurial entities	6,128.1	5,335.5	5,230.0	4,501.1	4,422.3	4,281.4
Short-term external debt	10,447.8	13,342.3	13,749.7	7,674.0	11,058.8	11,255.6
Government and NBS	209.3	44.3	34.7	153.8	36.7	28.4
Commercial banks	5,380.2	8,355.7	8,790.8	3,951.8	6,925.6	7,196.2
Entrepreneurial entities	4,858.3	4,942.4	4,924.2	3,568.4	4,096.5	4,031.0
Foreign assets	23,367.0	24,601.2	25,530.7	17,163.3	20,390.7	20,899.7
Net external debt	396.6	1,309.4	1,028.2	257.9	1,085.3	841.7
<i>SKK/USD and SKK/EUR rates</i>	28.496	32.423	31.740	38.796	39.118	38.773
<i>USD/EUR cross exchange rate</i>	-	-	-	1.361	1.206	1.222

Source: NBS.

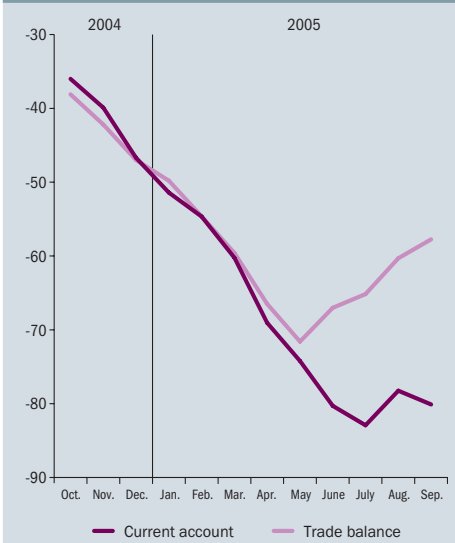
1) Including government agencies and municipalities.

**Net external debt** The net external debt of Slovakia – expressed as the difference between gross foreign debt, i.e. USD 26.6 billion (liabilities of the NBS, Government, commercial banks, and the corporate sector – excluding capital participation), and foreign assets, i.e. USD 25.6 billion (foreign exchange reserves of the NBS, foreign assets of commercial banks, foreign assets of the corporate sector – excluding capital participation), reached USD 1.0 billion (debtor position) at the end of August 2005.

**Current Developments**

September saw shortfalls in all current account components (except for the services balance), causing the cumulative current account deficit for the period from January to September 2005 to increase to Sk 67.5 billion. Foreign trade resulted in a negative balance in September (Sk 2.0 billion), representing an improvement of Sk 2.6 billion in comparison with September 2004. The improvement in trade led to a fall in the 12-month cumulative balance, from Sk 60.3 billion (until the end of August) to Sk 57.8 billion (until the end of September).

**Chart 6 Balance of Trade and Current Account Developments (12-month cumulative figures) (Sk billions)**



Source: NBS and the Statistical Office of the SR.

**Table 15 Balance of Payments on Current Account**

(Sk billions)

	Jan. – Sep. 2005	Jan. – Sep. 2004
Balance of trade	-38.4	-25.1
Exports	710.4	655.8
Imports	748.8	680.9
Balance of services	8.7	6.0
Balance of income	-37.4	-14.1
of which: income from investments	-58.7	-25.3
of which: reinvested earnings	-25.1	0.0
Current transfers	-0.3	2.4
Current account in total	-67.4	-30.8

Source: NBS and the Statistical Office of the SR.

Note: Foreign trade in 2004, according to the methodology for 2005.



In comparison with the same period in 2004, exports grew by 8.3% (16.3% in USD and 12.8% in EUR) and imports by 10.0% (18.0% in USD and 14.5% in EUR).

**Balance of trade**

Table 16 Monthly Data on the Current Account by Component		(Sk billions)							
	2005								
	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.
Balance of trade	-1.9	-4.2	-7.3	-8.3	-5.9	-3.6	-4.8	-0.4	-2.0
Balance of services	1.0	0.9	3.4	0.9	-0.2	-0.8	1.2	1.8	0.5
Balance of income	0.1	0.8	-1.1	-1.0	-15.4	-8.3	-2.7	-3.8	-6.0
Current transfers	-3.5	3.4	0.8	1.7	-1.4	-0.3	-1.1	-1.1	1.2
Current account	-4.3	0.9	-4.2	-6.7	-22.9	-13.0	-7.4	-3.5	-6.3

Source: NBS and the Statistical Office of the SR.

The balance of foreign trade is expected to deteriorate on a year-on-year basis in October, due to faster growth in imports than in exports. Commodity exports are expected to increase somewhat in comparison with the previous month, mainly due to seasonal factors. A similar trend is likely to occur in imports, where increases are mainly expected in semi-finished goods, machines, and products for final consumption.

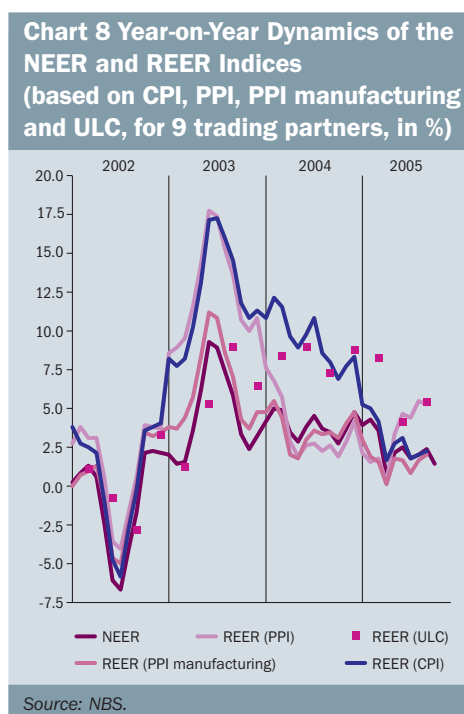
In November, imports are again expected to grow at a faster rate than exports, therefore the trade balance will probably continue deteriorating on a year-on-year basis. This development is expected to go into reverse in December, thus improving the trade balance on a year-on-year basis. In November and December, exports and imports are expected to fall month-on-month in most commodity categories.

At the end of October, the total foreign exchange reserves of the NBS stood at USD 15,647.8 million, representing a month-on-month fall of USD 187.9 million. The fall in foreign exchange reserves in comparison with the end of September resulted from a shortfall in the balance of receipts and expenses (USD-258.2 million), caused for the most part by an outflow of funds as a result of NBS interventions in the market. This fall was partly offset by positive exchange rate differentials (USD 70.3 million) resulting from changes in the USD/EUR cross-rate in the period under review. At the end of the month, the volume of foreign exchange reserves was 5.1 times greater than the volume of average monthly imports of goods and services to Slovakia, over the first nine months of 2005.

**Total foreign exchange reserves of the NBS**

Compared with the previous month, the exchange rate of the Slovak koruna depreciated in relation to the currencies of Slovakia's main trading partners: against the reference currency (euro) by 1.2%, against the US dollar by 3.2%, and slightly against the Czech koruna.

**Nominal effective exchange rate of the Slovak koruna (NEER)**





The year-on-year rate of appreciation in the average monthly exchange rate of the Slovak koruna moderated in October, in relation to both the EUR and the USD. In relation to the euro, the rate of appreciation only slowed (to 2.7%, from 4.0% in September), but vis-à-vis the dollar, it went into depreciation at a rate of 0.9% (from an appreciation of 4.5%). This development was partly offset by a smaller depreciation of the koruna against the Czech koruna (3.2%, compared with 3.5%). The year-on-year dynamics of the nominal effective exchange rate (NEER)<sup>2</sup> weakened to 1.4% in October, from 2.4% in September.

**Real effective exchange rate of the Slovak koruna (REER)**

In September, the year-on-year dynamics of the real effective exchange rate (REER) changed slightly in comparison with the previous month, in all variants of calculation under consideration. The 12-month rate of appreciation in the REER based on consumer prices increased to 2.2% in October (from 2.1% in August), that based on industrial producer prices to 5.3% (from 5.5%), and that based on manufacturing products prices (excluding energy and raw materials prices) to 2.0% (from 1.7%).

Table 17 Year-on-Year Dynamics of the NEER and REER Indices					(%)
For 9 partners, based on the deflator:	NEER	REER (CPI)	REER (PPI)	REER (PPI manuf.)	REER (ULC <sup>2</sup> )
2002	2.1	4.1	3.6	3.4	3.3
2003	3.2	11.3	10.8	4.7	6.5
2004	4.7	8.3	4.1	4.7	8.8
June 2005 <sup>1)</sup>	2.4 / 0.4	3.1 / 1.8	4.7 / 4.2	1.7 / -0.2	4.2
July 2005 <sup>1)</sup>	1.8 / -0.2	1.8 / 0.5	4.4 / 2.7	0.8 / -0.4	-
August 2005 <sup>1)</sup>	2.0 / -0.5	2.1 / -0.3	5.5 / 4.7	1.7 / -0.7	-
September 2005 <sup>1)</sup>	2.4 / -0.0	2.2 / 0.4	5.3 / 3.8	2.0 / 0.3	5.5 <sup>(p)</sup>
October 2005 <sup>1)</sup>	1.4 / -0.9	.	.	.	-

Source: NBS.  
 1) Year-on-year change / cumulative change since the beginning of 2005.  
 2) Year-on-year change based on quarterly data.  
 (p) Preliminary data.

**3.3. Real Economy**

**Current Developments**

**Production and Receipts**

**Accelerated growth in industrial production**

In September, the year-on-year rate of growth in industrial production slightly accelerated in comparison with August. Production was influenced by accelerated growth in manufacturing production, accompanied by a downturn in mining and quarrying, and after two months of growth, by a decline in electricity, gas, and water supply.

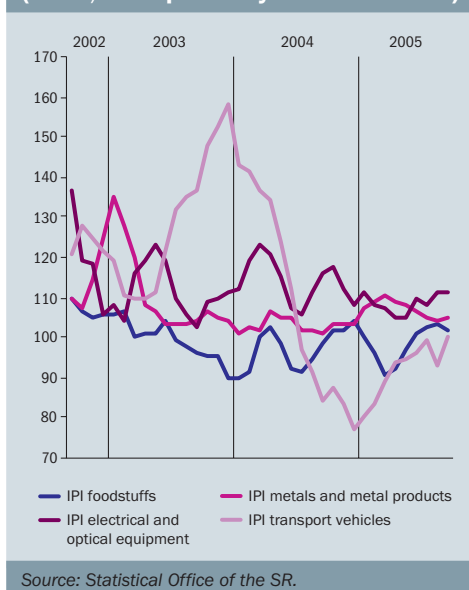
The faster growth in manufacturing production was due to accelerated growth in the production of metals and metal goods, electrical and optical equipment, and renewed growth in the manufacturing of transport vehicles. Production grew at a slower rate than in timber processing and the manufacture of wood products; the production of

<sup>2</sup> The methodology applied for calculating the nominal and effective exchange rates of the Slovak koruna (NEER and REER) is the same one used by the IMF. The REER is calculated on the basis of the consumer price index (CPI), the industrial producer price index (PPI), and/or the manufacturing products price index, excluding the prices of mineral raw materials, electricity, gas, steam, and hot water (PPI manufacturing) and the index of unit labour costs (ULC). The initial year for the calculation is 1999, and the weights selected correspond to the structure of foreign trade in 1999, for the nine most important trading partners of Slovakia, representing roughly 70% of the total turnover of foreign trade. These countries are Germany, the Czech Republic, Italy, Austria, France, the Netherlands, the USA, Great Britain, and Switzerland.



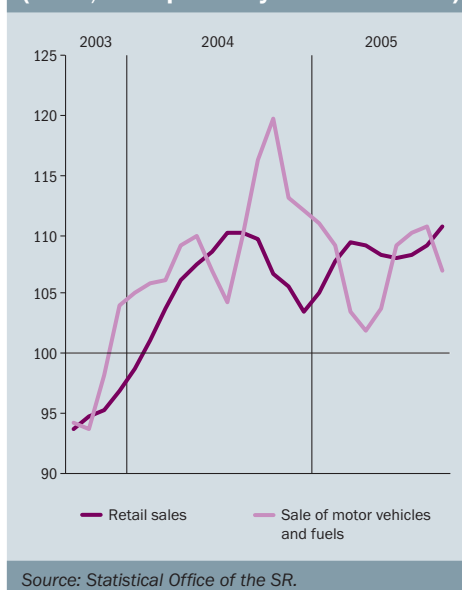


**Chart 10 Development of Industrial Production in Selected Sectors (3-month moving averages) (index, same period a year earlier = 100)**



Source: Statistical Office of the SR.

**Chart 11 Receipts from Retail Sales and the Sale of Motor Vehicles and Fuels (3-month moving averages) (index, same period a year earlier = 100)**



Source: Statistical Office of the SR.

pulp, paper, and paper goods; rubber and plastic products; and machinery and equipment not elsewhere classified. Output also fell on a year-on-year basis in the production of foodstuffs, beverages, and tobacco products; coke, refined oil products, and nuclear fuel; and chemicals, chemical products and fibres.

Production in the construction sector continued to grow dynamically in September, due to growth in new domestic construction, reconstruction, and modernisation projects, as well as in construction repair and maintenance work.

**Continued dynamic growth in construction**

**Table 18 Production and Receipts**

	Sk millions, curr. prices		Indices			
	Sep. 2005	Cumul. since beginning of year	Aug. 2005 Aug. 2004	Sep. 2005 Sep. 2004	Sep. 2004 Sep. 2003	Jan. - Sep. 2005 Jan. - Sep. 2004
<b>Production</b>						
Industrial production index <sup>1)</sup>	-	-	104.3	105.4	105.0	102.9
of which:						
Mining and quarrying	-	-	99.3	93.6	94.0	96.4
Manufacturing	-	-	104.5	106.7	104.5	104.2
Electricity, gas, and water supply	-	-	104.1	98.6	111.7	96.3
Construction <sup>2)</sup>	12,330	84,863	115.2	120.7	101.7	117.6
of which:						
Construction in Slovakia	11,935	80,856	116.6	122.2	102.1	117.6
Construction abroad	395	4,007	86.4	88.6	92.6	118.0
<b>Receipts from own-output and goods</b>						
Industry in total <sup>3)</sup>	139,994	1,140,838	99.6	107.1	104.1	102.9
Construction <sup>2)</sup>	19,172	128,263	120.3	122.8	98.1	117.2
Retail trade <sup>3)</sup>	32,313	277,276	111.7	112.7	108.9	109.3
Sale and maintenance of vehicles, retail sale of fuels <sup>3)</sup>	15,059	119,596	108.2	105.8	121.3	106.5
Transport, storage <sup>3)</sup>	12,210	86,088	116.9	134.7	108.7	114.3
Real estate, leasing, and business services <sup>3)</sup>	13,751	110,019	106.9	109.6	96.6	105.9

Source: Statistical Office of the SR.

1) Adjusted for the effect of the number of working days (the data in the time series are revised on a continuous basis).

2) Index, same period of the previous year = 100 (constant prices, average for 2000 = 100).

3) Index, same period of the previous year = 100 (constant prices, December 2000 = 100, transport and storage - current prices).



**Accelerated growth in receipts from selected services**

In all sectors under review, except for the sale of motor vehicles and fuels and wholesale trade, September's growth in receipts was higher than that of August. The accelerated growth in retail sales receipts was connected with the growth of receipts in non-specialised shops. The rate of growth in proceeds from the sale and maintenance of vehicles and fuels slowed as a result of slower growth in receipts from the sale, maintenance, and repair of motor vehicles.

Receipts for real estate, leasing, and business services grew at an accelerated rate, mainly as a result of dynamic growth in receipts from computer engineering and related activities.

**Employment and Unemployment**

**Slowdown in nominal wage growth in most sectors**

In September, the year-on-year rate of growth in nominal wages slowed in comparison with August, in most sectors. Dynamic wage growth was only recorded in real estate, leasing, and business activities, other services, and in wholesale trade. The year-on-year fall in nominal wages in post and telecommunications was connected with a sharp drop in wages in postal and delivery services, affected by the high basis of comparison from last year (wages in this sectors increased by 53.3% last September).

During the first nine months of 2005, average nominal wages grew at a slower rate than in the same period a year earlier, in most sectors. Faster growth than a year earlier was only recorded in real estate, leasing, and other business services, while wage dynamics in wholesale trade were at the level of last year.

**Table 19 Wage Development by Sector (index, same period a year earlier = 100)**

	Average monthly nominal wage				Average monthly real wage			
	Sep.		Jan. – Sep.		Sep.		Jan. – Sep.	
	2004	2005	2004	2005	2004	2005	2004	2005
Industry	111.9	103.8	110.5	106.9	104.9	101.6	102.3	104.3
Construction	107.1	105.5	108.7	106.1	100.4	103.2	100.7	103.5
Retail trade	113.0	108.8	112.0	108.1	105.9	106.5	103.7	105.5
Wholesale trade	112.9	113.4	111.7	111.7	105.8	111.0	103.5	109.0
Real estate, leasing, and other business services	105.2	117.0	107.4	112.7	98.6	114.5	99.4	110.0
Transport	104.3	107.4	108.4	106.9	97.8	105.1	100.4	104.3
Post and telecommunications	127.8	93.3	119.4	106.0	119.8	91.3	110.6	103.4
Consumer prices	106.7	102.2	108.0	102.5	-	-	-	-

Source: Statistical Office of the SR.

Notes: The above sectors accounted for 66% of total employment in the 1st half 2005 (on average).

Real wage index = nominal wage index / consumer price index.

**Table 20 Wages, Labour Productivity, and Employment in January to September 2005 (index, same period a year earlier = 100)**

	Industry	Construction	Wholesale trade	Retail trade	Real estate and leasing	Transport	Post and telecom.
<b>Wages</b>							
- nominal	106.9	106.1	111.7	108.1	112.7	106.9	106.0
- real	104.3	103.5	109.0	105.5	110.0	104.3	103.4
<b>Labour productivity</b>							
- nominal	-	-	104.3	-	-	116.6	114.2
- real	100.1	110.2	-	101.9	99.9	-	-
<b>Productivity minus wages (% points)</b>							
- nominal	-	-	-7.4	-	-	9.7	8.2
- real	-4.2	6.7	-	-3.6	-10.1	-	-
<b>Employment</b>							
- persons	572,383	141,006	120,132	135,649	135,848	86,595	27,919
- year-on-year index	102.8	106.7	114.0	107.3	107.2	98.1	95.0

Source: Statistical Office of the SR.

Note: Labour productivity is based on receipts from own-output and goods (in the construction sector, on the volume of production).





**Chart 12 Consumer Confidence Indicator**



Source: Statistical Office of the SR.

The average real monthly wage in the first nine months of 2005 exceeded the level of the same period a year earlier in all sectors under review, with the rate of wage growth accelerating in most sectors. Slower real wage growth than a year earlier was only recorded in post and telecommunications. The most dynamic growth in real wages took place in real estate, leasing, and business activities, other services, and wholesale trade. The slowest wage growth was recorded in the sale and maintenance of vehicles, construction, and post and telecommunications.

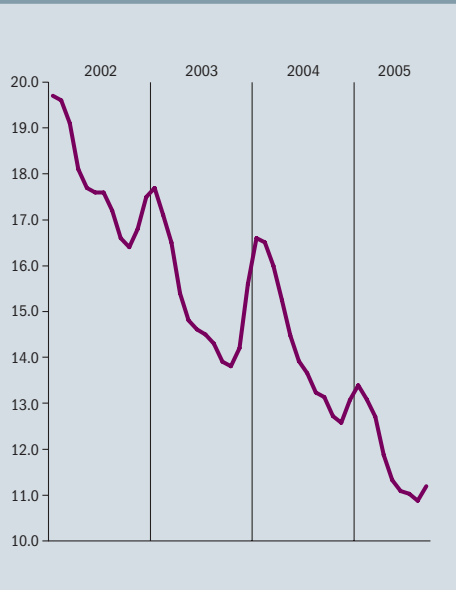
**Real wages**

In the first nine months of the year, the relationship between wages and labour productivity (based on receipts from own-output and goods) followed a different course of development in the individual sectors. In sectors, where labour productivity is monitored at current prices, productivity grew at a faster rate than nominal wages in post & telecommunications and transport, while nominal wages in wholesale trade grew much faster than labour productivity. The slower growth in productivity in wholesale trade, accompanied by dynamic growth in receipts, was a result of dynamic growth in employment.

**Labour productivity and wages**

In real terms, the only sector where labour productivity grew at a faster rate than wages was construction. In the other sectors (industry, retail trade), wage growth exceeded the growth of productivity.

**Chart 13 Registered Unemployment Rate (%)**



Source: Centre for Labour, Social Affairs, and Family.

**Consumer Confidence Indicator**

The value of the consumer confidence indicator rose in October 2005, to -17.3 points. This represented a month-on-month improvement of 7.0 points. Compared with September, increases were recorded in all four components of the indicator (expected unemployment rate, expected economic development, expected financial situation of households, and expected household savings in the SR). Compared with the same period last year, the consumer confidence indicator has improved by 5.6 points.

**Improvement in the consumer confidence indicator**

The year-on-year growth in employment slowed in most sectors under review (industry, wholesale trade, real estate, renting, and business activities, and other services). Faster growth in employment than last month was recorded in construction, the sale and maintenance of vehicles, and retail trade. Employment continued to fall in post and telecommunications. During the first nine months of 2005, employment grew most dynamically in average terms in wholesale trade; the sale and

**Employment**

maintenance of vehicles; retail trade; real estate, leasing, and business activities; and in other services.

The fall in unemployment, recorded since the beginning of 2005, came to a halt in September, when the number of unemployed increased in comparison with August by more than 9,000, to 327,800 (according to data from the Centre for Labour, Social Affairs, and Family). Of this figure, the number of disposable unemployed, who may start working immediately, accounted for 289,600, which was 8,100 more than in the previous month. The rate of registered unemployment stood at 11.2% in September, representing a month-on-month increase of 0.32 of a percentage point. This was 1.94 percentage points less than in September 2004.

**Unemployment**

The number of job seekers on labour office registers increased in comparison with August by more than 21,000 (to 42,900), due to a seasonal inflow of school leavers, who accounted for roughly 40% of



the total increase. On the other hand, more than 33,000 persons were removed from the registers (compared with over 25,000 in August). Approximately 14% of these persons were removed from the registers for unwillingness to co-operate, and 63% of them found employment.

The average length of registration decreased month-on-month by 0.03 of a month (to 11.90 months) and in comparison with last September by 0.4 of a month. The share of long-term unemployed (out of work for more than 12 months) reached 52.8% in September, representing a month-on-month decrease of 1.4 percentage points.



## 4. Monetary Developments

### 4.1. Foreign Exchange Market

Over the course of October, the exchange rate of the Slovak koruna against the euro weakened by 0.5% (from SKK 38.869/EUR to SKK 39.051/EUR), while the average rate depreciated by 1.2%. In relation to the US dollar, the koruna strengthened by 0.2% (from SKK 32.221/USD to SKK 32.142/USD), while depreciating in average terms by 3.2%.

#### Operations on the foreign exchange market

Spot transactions between foreign and domestic banks resulted in a positive balance (USD 749.39 million), i.e. foreign banks purchased mostly foreign currency and sold Slovak koruna.

On 13 October 2005, the National Bank of Slovakia intervened in support of the Slovak koruna. In direct foreign exchange interventions, the NBS sold a total of EUR 220 million (with financial settlement on 17 October).

	Month-on-month change	Ø Okt. 2005 Ø Okt. 2004	Ø Jan. - Oct. 2005 Ø Jan. - Oct. 2004
SKK/EUR	0.5	-2.7	-3.9
SKK/USD	-0.2	0.9	-6.1

Source: NBS.  
Note: - appreciation of the SKK, + depreciation of the SKK, Ø average.

The total volume traded on the interbank foreign exchange market reached USD 55,562.1 million, representing an increase of 3% compared with the figure for September (USD 53,954.7 million). Of the total volume of trading, 89.1% took place in swap transactions, which were conducted mostly in USD (95.3%). Spot transactions accounted for 10.1% of the total turnover (98% of the deals were in EUR). The average daily turnover on the spot market reached USD 277.98 million and the average volume per transaction amounted to USD 1.87 million.

#### Interbank foreign exchange market

The volume of transactions between domestic commercial banks increased from USD 7,609.6 million in September to USD 7,954.7 million in October. Most trading took place in USD (72.8%, compared with 63.3% in September), followed by EUR (26.5%, compared with 36.2% in September) and other currencies (0.7% of the total turnover between domestic banks).

Transactions between domestic banks accounted for 14.8% of the total volume traded on the interbank foreign exchange market (compared with 14.1% in the previous month). Of the total volume of transactions between domestic banks, swap operations accounted for 85.3% (81.6% in September) and spot transactions 14.6% (18.3% in September).

The volume of trading between domestic and foreign banks increased by 2.2%, from USD 46,345.1 million to USD 47,342.9 million. Most trading was again conducted in USD (87.3%, compared with 85.1% in September), followed by EUR (11.9%, compared with 14.1% in September), and other currencies (0.8%). Trading between domestic and foreign banks continued to dominate the country's foreign exchange market (with a share of 85.2%).

Trading between domestic and foreign banks also took place predominantly in the form of swap operations (89.8%, compared with 88.3% in September), while spot transactions accounted for 9.3% (10.9% in September). The share of forward dealings on the forex market was negligible. Option contracts accounted for 0.8% of the volume traded with foreign banks.

The Slovak-koruna deposits of non-resident banks declined month-on-month by Sk 4.1 billion, while growing year-on-year by Sk 60.3 billion.

Compared with September, the volume of government securities held by non-residents fell by Sk 13.5 billion in October, with government bonds decreasing by Sk 13.0 billion and SR Treasury bills by Sk 0.5 billion. The decrease in the government bond holdings of non-residents took place mostly in issues of 10-year bonds, No. 188 (Sk 6.4 billion), and 5-year restructuring bonds, No. 142 (Sk 4.5 billion). After reaching a record level in the first half of September (33.8%), the share of non-residents in total government bond holdings decreased in October, to 25.0 - 29.4%. The share of non-residents in Treasury-



bill holdings also decreased in October, down to zero (except for the first two days of the month, when it stood at 0.5%).

	2004		2005					
	31.10.	31.12.	31.5.	30.6.	31.7.	31.8.	30.9.	31.10.
Koruna liabilities	39.4	46.4	99.0	82.3	86.1	101.2	97.6	.
of which: banks	35.0	42.1	93.6	76.7	79.8	96.0	91.9	.
non-bank clients	4.4	4.3	5.4	5.6	6.3	5.2	5.7	.
Government securities	65.9	66.8	86.3	93.0	102.0	109.3	103.5	90.0
of which: Government bonds	61.5	60.9	84.1	91.0	100.5	108.2	103.0	90.0
SR Treasury bills	4.5	6.0	2.2	2.0	1.4	1.1	0.5	0.0
Total	105.4	113.2	185.2	175.3	188.1	210.6	201.1	.

Source: NBS and CDCCP SR.

#### 4.2. Money Market and Monetary Policy Implementation

At its meeting on 25 October 2005, the Bank Board of the NBS decided to leave its key interest rates unchanged.

**Interbank market rates** Average money market rates rose month-on-month in October, for maturities ranging from one week to twelve months, while the overnight rate dropped.

The price of overnight money was below the level of 3% throughout the month (except for one day), due to a sufficiency of daily liquidity. Interest rates on one-month to twelve-month deposits were stable at the beginning of the month. The growing demand for longer-term funds in the middle of the month, stimulated by the continuing attempt of foreign banks to close their positions at a time of marked depreciation in the Slovak koruna, exerted pressure for a rise in interest levels. Even the subsequent foreign exchange market intervention by the NBS failed to eliminate this trend. At the beginning of the second half of October, longer-term deposit rates were still under the influence of the foreign exchange market. The continuing increased interest in the purchase of funds directly or via swaps, owing to the closing of koruna positions on the part of non-residents, raised the level of medium and long-term rates still further. The Bank Board's decision to leave the key rates of the NBS unchanged had been expected by banks. The information about an increase in the inflation forecast for the end of the year and a possible tightening of monetary conditions in the event that economic conditions remain unchanged, were perceived by banks as a signal for an increase in NBS rates in the near future. The subsequent change in interest levels was a specific reaction to the decision of the Bank Board, and led to the expansion of purchases on the money market. Price increases were recorded in one-month to twelve-month maturities, with the steepest rise in the longest-term rates.

The volume of trading on the interbank money market reached Sk 1,618 billion in October (compared with Sk 1,501 billion in September). Reference banks accounted for 92.7% of the total turnover (an increase of 2.3%). Of the total volume of purchases and sales on the interbank market, non-resident and resident bank transactions accounted for 65.0% and 35.0% respectively. In interbank transactions, domestic banks achieved the largest share in deposit transactions (52.8%), while non-resident banks led the way in swaps (65.5%).

**Liquidity** The average daily volume of sterilised excess liquidity decreased in October by Sk 4.7 billion, to Sk 407.0 billion. The need for sterilisation was significantly reduced by a foreign exchange market intervention by the NBS and to a lesser extent by an increase in the





	Deposits	Repos	Swaps	FRAs	IRSs
September 2005	628	4	848	15	6
October 2005	637	0	918	45	18

Source: NBS.

volume of currency in circulation. Of the total volume of open market transactions, repo tenders accounted for 75.17%, NBS bills 23.96%, overnight repo operations 0.06%, and overnight deposits 0.81%.

At the end of October, the sterilisation position of the NBS vis-à-vis the banking sector reached Sk 412.1 billion. The overall sterilisation position of the NBS (including the deposits of the SR Treasury and the NPF at the NBS) amounted to Sk 412.4 billion at the end of the month.

	O/N repos	O/N deposits	NBS bills	Repo tenders
September 2005	517	-4,675	-105,000	-302,511
October 2005	229	-3,303	-97,638	-306,303

Source: NBS.  
Note: + inflow of liquidity, - outflow of liquidity.

The NBS announced four sterilisation repo tenders for October. At these tenders, the bids of banks were accepted in full. At the first two tenders, banks reduced their bids by Sk 13.9 billion compared with the due amount. Owing to a surplus of interbank liquidity, banks increased their bids at the third tender by Sk 5.6 billion. The rejection of part of the bids at an NBS-bill auction made it possible for banks to increase their bids at the last tender, by Sk 27.6 billion. The share of repo tenders of the total volume of transactions increased by 1.87%.

#### Repo tenders

Date	Type of tender <sup>1)</sup>	Maturity (days)	Volume accepted (Sk millions)	Rates (%)		
				Minimum	Average	Maximum
5.10.2005	SRT	14	163,938	2.99	3.00	3.00
12.10.2005	SRT	14	130,320	2.99	3.00	3.00
19.10.2005	SRT	14	169,540	2.99	3.00	3.00
26.10.2005	SRT	14	157,960	2.99	3.00	3.00

Source: NBS.  
1) SRT – Sterilisation repo tender.

The NBS announced one NBS-bill auction for August. Demand at the auction reached Sk 30.35 billion, of which the NBS accepted Sk 14.25 billion. For the first time since the share of NBS bills in the total volume of sterilisation was determined, demand at the auction was smaller than the amount due (Sk 35 billion). The reason behind the waning interest in bills was a rise in the money market yield curve above 3%, which reduced the attractiveness of NBS bills. The difference between the minimum and maximum yields accepted was 1 basis point. The average yield accepted at the auction was 3.00%, which was 3 basis points below the level of the three-month BRIBOR rate fixed on auction day. The share of NBS bills of the total volume decreased by 1.48%.

#### NBS bills

In October, banks used both types of overnight transactions. The first overnight deposits were made at the end of the first half of October. After temporarily suspending the placement of funds with the NBS, banks resumed this activity after the third repo tender. The largest deposit amounted to Sk 17.8 billion and was made on auction-day at the last tender. Overnight refinancing repo operations were used by banks during two business days at the end of the month, at the time when daily liquidity fell below the level of required reserves. The maximum amount of funds (Sk 4.1 billion) was borrowed on the day when the fourth repo tender was settled.

#### Overnight transactions

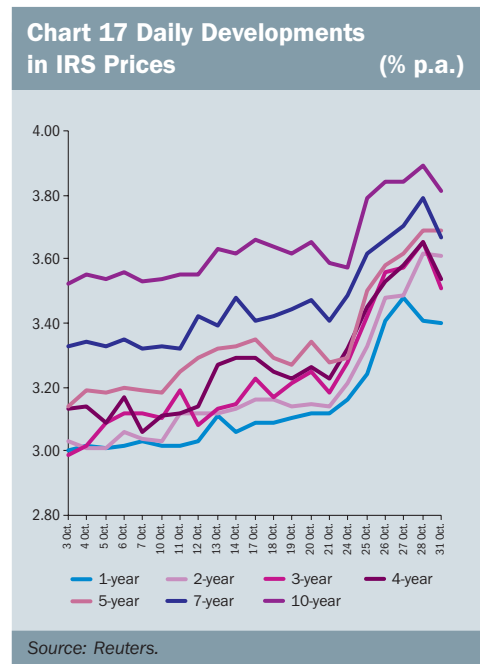
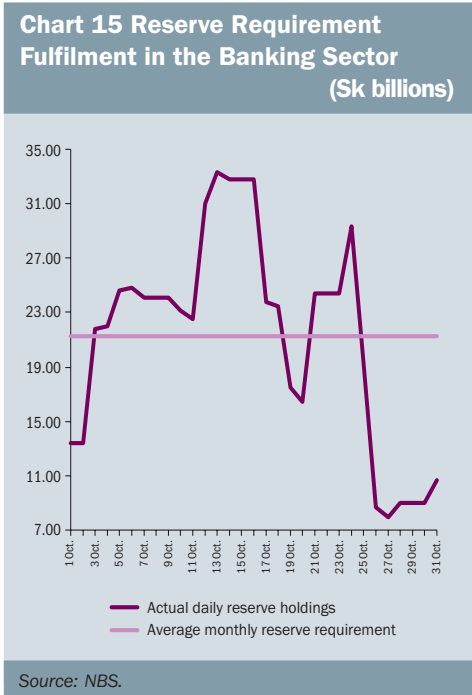


**Reserve requirements** For October 2005, the amount of required minimum reserves in the banking sector was set at Sk 21.21 billion. By the end of the month, the reserve requirement had been fulfilled to 100.11%.

**Developments in Money Market Interest Rate Derivatives**

**Trading in FRAs** Increased trading activity was recorded in forward rate agreements (FRAs), with a threefold increase in the trading volume. There was much demand for one-month, three-month, and six-month FRAs, with an implementation time of one to nine months. Due to concern about an increase in NBS rates and attempts to reduce the interest rate risk involved in a possible rise in key interest rates, FRA prices increased during the month by 15-54 basis points. Most transactions took place in one-month and three-month FRAs. The transactions were predominantly concluded between domestic banks (75.6%).

**Trading in IRSs** Increased trading activity was also recorded in interest rate swaps (IRSs). The transactions took place in IRSs with one-year to ten-year maturities. The prevailing interest in purchase caused their price to rise by 29-58 basis points during the month. Most IRS transactions were concluded with foreign banks (78.3%).



**Implied yield curves of BRIBOR rates** Implied expectations in respect of future developments in money market rates changed significantly during the month. At the beginning of the month, they included an interest rate cut of 13 to 20 basis points, within the next six to eight months. A shift in the money market yield curve to a higher level in the middle of October and a steep rise in the price of longer maturities caused the yield curve to even out, with implied expectations of a fall not exceeding 5 basis points in the next nine months. The steep increase in deposit prices at the end of the month (after the meeting of the Bank Board) changed the inverse shape of the yield curve to a standard upward shape. On the basis of these changes, the implied expectations also changed: they indicated a rise in interest rates in excess of 40 basis points within the next nine months.

**Chart 18 Implicated Yield Curves of BRIBOR Rates**

(% p.a.)



Source: NBS.

### 4.3. Customer Interest Rates in September 2005

Interest rates on new loans to non-financial corporations fell in September, while rates for new loans to households remained unchanged. Customer interest rates on new deposits from non-financial corporations and households continued to stagnate.

**Customer interest rates**

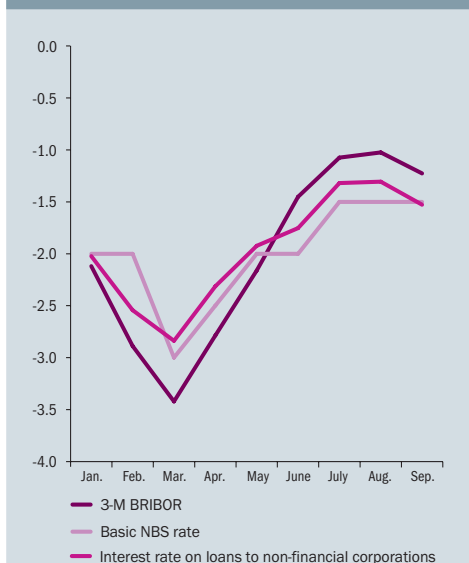
The average interest rate on new loans to non-financial corporations dropped by 0.26 of a percentage point in September. This was largely due to a fall in interest rates on loans with a floating rate and an initial rate fixation (IRF) of up to 1 year and loans with an IRF of over 5 years (including loans with an IRF of over 10 years).

**Average interest rates on new loans**

Among loans with a longer period of fixation, interest levels fell mostly for investment loans. In a breakdown by purpose, interest rates were reduced for all types of loans, i.e. current account overdrafts (by 0.06 of a percentage point), operating loans (by 0.62 of a point), investment loans (by 1.23 points), and other loans (by 0.70 of a point).

**Chart 19 Year-on-Year Changes in the Basic NBS Rate, 3-M BRIBOR, and Lending Rates for Non-Financial Corporations**

(%)



Source: NBS.

On a year-on-year basis, interest rates on loans to non-financial corporations dropped by 1.53 percentage points, mainly as a result of drops recorded in the prices of loans with a floating rate and an initial rate fixation (IRF) of up to 1 year and loans with an IRF of over 5 years. This development reflects the year-on-year changes in the basic NBS rate and money market rates.

The average interest rate on new loans to households remained unchanged in September. The slight fall in rates for current account overdrafts and housing loans was offset by a rise in the price of consumer loans. Among loans for housing purposes, interest rates were reduced for other loans for real estate purchase (by 0.33 of a percentage point), intermediate loans (by 0.09 of a point), and building loans (by 0.07 of a point), while the price of mortgage loans stagnated.

In a breakdown by fixation, the most significant fall occurred in rates for loans with an IRF of over 1 and up to 5 years (0.34 of a percentage point), especially for real estate loans (mortgage loans and intermediate loans).

On a year-on-year basis, interest rates on loans to households dropped by 0.31 of a point, mainly as a result of reductions in the prices of real estate loans



**Table 26 Average Interest Rates on New Loans to Non-Financial Corporations**

	Interest rate in %				Change in % points		
	Sep. 2004	Dec. 2004	Aug. 2005	Sep. 2005	Year-on-year	Against Dec. 2004	Month-on-month
Floating rate + IRF <sup>1)</sup>							
of up to 1 year inclusive	6.21	5.38	4.91	4.72	-1.50	-0.66	-0.19
IRF of over 1							
and up to 5 years inclusive	5.00	5.74	5.15	5.18	0.18	-0.56	0.03
IRF of over 5							
and up to 10 years inclusive	6.68	5.20	5.39	5.01	-1.67	-0.18	-0.38
IRF of over 10 years	7.93	6.07	5.76	3.57	-4.36	-2.50	-2.19
Loans of up to EUR 1 million	5.60	5.35	4.96	4.91	-0.70	-0.44	-0.05
Loans of over EUR 1 million	5.06	4.19	4.35	3.40	-1.66	-0.79	-0.95
Total	6.20	5.38	4.94	4.68	-1.53	-0.71	-0.26
Total, excluding current account overdrafts	5.22	4.52	4.59	3.82	-1.40	-0.71	-0.77

Source: NBS.

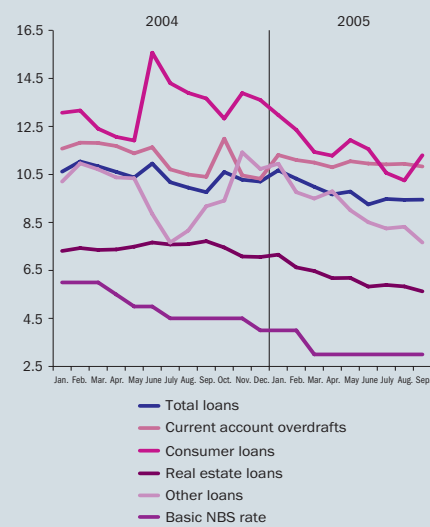
1) Initial rate fixation.

**Table 27 Average Interest Rates on New Loans to Households**

	Interest rate in %				Change in % points		
	Sep. 2004	Dec. 2004	Aug. 2005	Sep. 2005	Year-on-year	Against Dec. 2004	Month-on-month
Current account overdrafts	10.40	10.32	10.94	10.83	0.43	0.51	-0.11
Consumer loans	13.66	13.60	10.25	11.30	-2.37	-2.30	1.05
Real estate loans	7.72	7.06	5.83	5.63	-2.09	-1.43	-0.20
of which: mortgage loans	7.66	6.76	4.83	4.83	-2.82	-1.93	0.00
Other loans	9.18	10.73	8.32	7.66	-1.52	-3.07	-0.66
Total	9.76	10.21	9.44	9.45	-0.31	-0.76	0.01
Total, excl. current account overdrafts	8.97	10.04	7.23	7.28	-1.69	-2.77	0.05

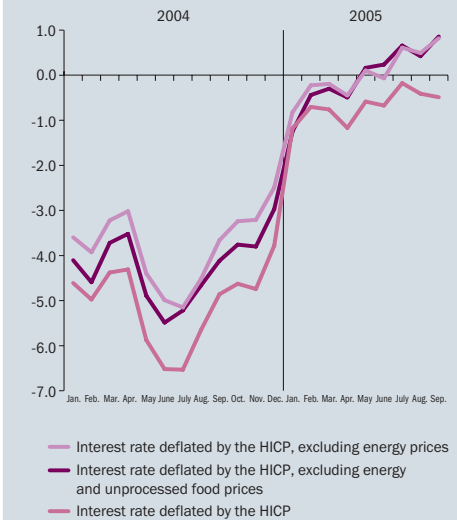
Source: NBS.

**Chart 20 Interest Rates on Loans to Households by Type (%)**



Source: NBS.

**Chart 21 Real Interest Rates on Household Deposits (%)**



Source: NBS calculations based on data from the Statistical Office of the SR.





and consumer loans. Within the scope of real estate loans, the sharpest drop occurred in rates for mortgage loans (2.82 points). This fall was partly offset by a rise in the price of current account overdrafts (0.43 of a point).

Average interest rates on new deposits were stagnant in September. Interest rates on deposits from non-financial corporations with an agreed maturity of up to 1 year recorded a slight fall, which was partly offset by a rise in the price of deposits with an agreed maturity of over 2 years.

#### Average interest rates on new deposits

**Table 28 Average Interest Rates on New Deposits from Non-Financial Corporations**

	Interest rate in %				Change in % points		
	Sep. 2004	Dec. 2004	Aug. 2005	Sep. 2005	Year-on-year	Against Dec. 2004	Month-on-month
Deposits repayable on demand	1.45	0.89	0.71	0.72	-0.73	-0.17	0.01
Deposits with an agreed maturity							
– of up to 1 year	4.07	3.29	2.53	2.46	-1.61	-0.83	-0.07
– of over 2 years	-	2.92	1.71	2.00	-	-0.92	0.29
Savings deposits redeemable at a period of notice							
– of up to 3 months	2.46	2.20	1.26	1.30	-1.16	-0.90	0.04
– of over 3 months	2.41	2.38	1.12	1.12	-1.29	-1.26	0.00
Total	2.57	1.88	1.49	1.46	-1.12	-0.43	-0.04

Source: NBS.

**Table 29 Average Interest Rates on New Deposits from Households**

	Interest rate in %				Change in % points		
	Sep. 2004	Dec. 2004	Aug. 2005	Sep. 2005	Year-on-year	Against Dec. 2004	Month-on-month
Deposits repayable on demand	0.66	0.58	0.43	0.42	-0.24	-0.16	-0.01
Deposits with an agreed maturity							
– of up to 1 year	2.59	2.32	2.00	2.00	-0.59	-0.33	-0.01
– of over 2 years	2.81	2.66	2.14	2.08	-0.73	-0.58	-0.06
Savings deposits redeemable at a period of notice							
– of up to 3 months	1.96	1.79	0.93	0.93	-1.04	-0.87	0.00
– of over 3 months	1.08	1.16	0.99	1.01	-0.06	-0.15	0.03
Total	1.01	0.94	0.66	0.67	-0.34	-0.27	0.01

Source: NBS.

The real interest rate on household deposits, calculated by deflating the rate of interest on the volume of one-year household deposits by HICP inflation, reached a negative figure in September (-0.49%), which represented a fall of 0.08 of a percentage point in comparison with the previous month. The real interest rate was mainly affected by a modest rise in inflation as a result of increases in energy prices. On the other hand, the real interest rate on household deposits deflated by the HICP (HICP excluding energy prices and/or HICP excluding energy and unprocessed food prices) followed an upward trend.

#### Real interest rates

#### Box 1 Loans to Households for Real Estate Purchase and Their Prices (for outstanding loans)

Over the first three quarters of 2005, loans for real estate purchase were provided in the amount of Sk 32 billion, representing an increase of approx. Sk 10 billion compared with the same period a year earlier. Loans for real estate purchase accounted for 21% of the total volume of loans provided to households; this proportion corresponded to the figure for the same period last year.

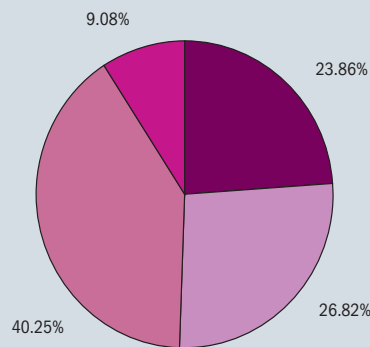
Of this figure, real estate loans with a floating rate and an initial rate fixation (IRF) of up to 1 year accounted for 58%; loans with an IRF of over 5 and up to 10 years accounted for 27%; loans with an IRF of over 1 and up to 5 years accounted for 10%, and loans with an IRF of over 10 years represented 5%. The preferences of loan applicants have changed this year, from loans with longer interest rate fixation periods to loans with a floating rate and an IRF of up to 1 year.



With regard to the growing share of loans to households for real estate purchase with a floating rate and an IRF of up to 1 year, households are expected to react more sensitively to a possible increase in interest rates if the current trend continues.

The structure of real estate loans by type was dominated in the third quarter by mortgage loans (39%), followed by loans from home savings banks (32%) and other loans for real estate purchase (29%). The growing share of home savings bank loans was mainly caused by the granting of intermediate loans.

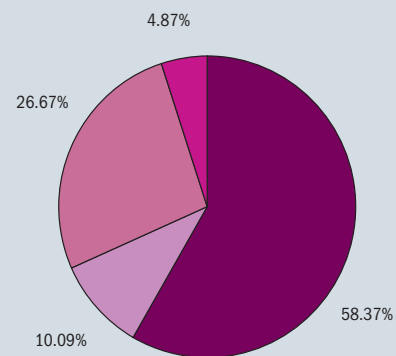
**Chart A Structure of Loans by Fixation in the First Three Quarters of 2004**



- Loans with a floating rate and an IRF of up to 1 year
- Loans with an IRF of over 1 and up to 5 years
- Loans with an IRF of over 5 and up to 10 years
- Loans with an IRF of over 10 years

Source: NBS.

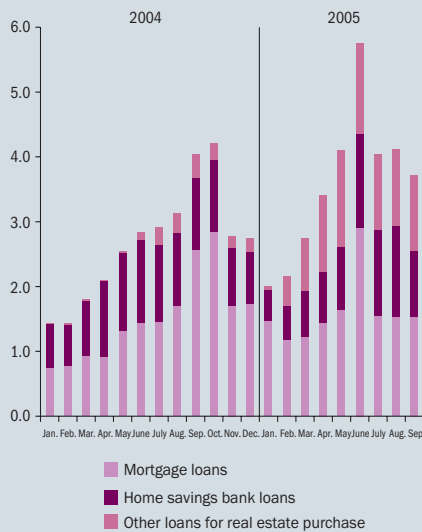
**Chart B Structure of Loans by Fixation in the First Three Quarters of 2005**



- Loans with a floating rate and an IRF of up to 1 year
- Loans with an IRF of over 1 and up to 5 years
- Loans with an IRF of over 5 and up to 10 years
- Loans with an IRF of over 10 years

Source: NBS.

**Chart C Loans for Real Estate Purchase by Type (Sk billions)**



Source: NBS.

**Chart D Loans to Households for Real Estate Purchase (Sk billions)**



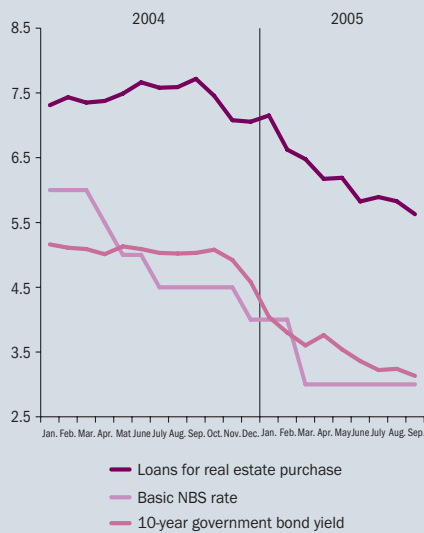
Source: NBS.

The increase in loans provided for real estate purchase was also reflected in the volume of loans to households, which grew over the first three quarters of 2005 by Sk 20.6 billion (compared with approximately Sk 12 billion in the same period a year earlier). This increase took place

mostly in mortgage loans, which grew in volume by Sk 10.8 billion (in the same period a year earlier by Sk 10.2 billion), and other loans for real estate purchase (an increase of Sk 8.7 billion), which stagnated in volume a year earlier)<sup>1</sup>. In September 2005, the volume of loans from home savings banks was only Sk 1.1 billion larger than in December 2004 (after growing in the same period a year earlier by Sk 2 billion).

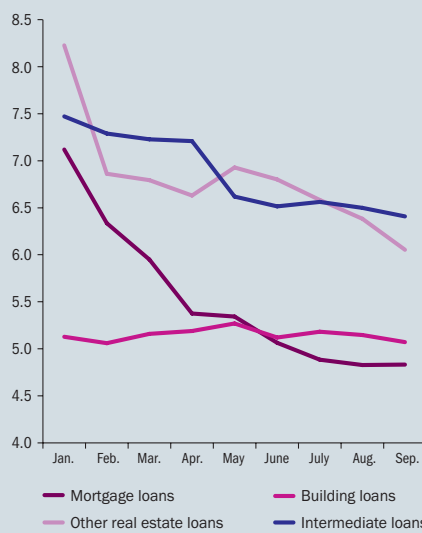
The growing demand for real estate loans during the year (especially for mortgage loans) can be attributed to a fall in interest rates. In the third quarter, interest rates on loans for real estate purchase fell somewhat in response to a slight fall in 10-year government bond yields.

**Chart E Interest Rates on Real Estate Loans, Basic NBS Rate, and 10-year Government Bond Yields (%)**



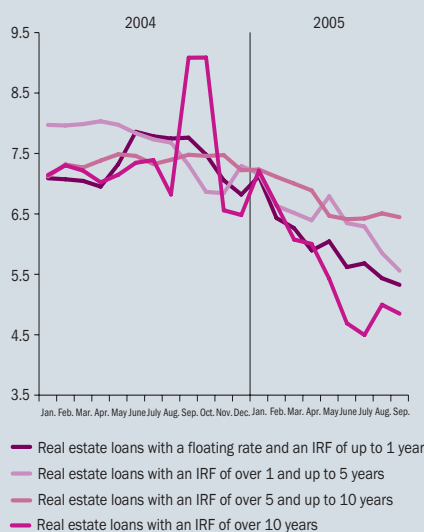
Source: NBS a BCPB.

**Chart F Interest Rates on Loans for Real Estate Purchase by Type (%)**



Source: NBS.

**Chart G Interest Rates on Loans for Real Estate Purchase by Fixation (%)**



Source: NBS.

Compared with the end of last year, interest rates on real estate loans fell by 1.43 percentage points in September, mainly due to drops in the prices of mortgage loans (1.93 points) and intermediate loans (1 point). In September 2005, mortgage loans bore interest at an average rate of 4.83%, compared with 7.66% in the same period a year earlier.

The sharpest interest rate drops over the first nine months of the year were recorded in rates for mortgage loans and other loans for real estate purchase. Interest rates on other loans for real estate purchase and intermediate loans from home savings banks fell to a significant extent, due to increased demand for these products.

In a breakdown by fixation, September 2005 saw drops in comparison with December 2004 in interest rates on real estate loans with a floating rate and an IRF of up to 1 year (1.50 percentage points), loans with an IRF

<sup>1</sup> Data on other loans for real estate purchase from 2004 are not available; charts C and D for the year 2004 are based on estimated figures.



of over 1 and up to 5 years (1.73 points), loans with an IRF of over 5 and up to 10 years (0.78 of a point), and loans with an IRF of over 10 years (1.63 points).

## ANNEXES

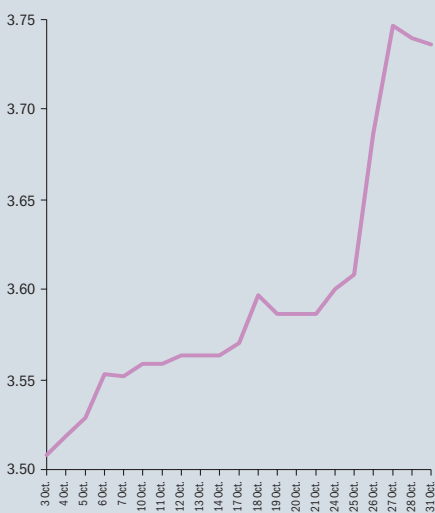
### 1. Capital Market

#### 1.1. Primary Market

Two government-bond auctions were held in October, with 15-year and 5-year maturities. Total demand for bonds amounted to Sk 15.7 billion, 41,68% of which was accepted.

#### Government bonds

**Chart 22 Benchmark Government Bond No. 204 (%)**



Source: NBS.

Note: With an original maturity of 15 years and residual maturity of 13.51 years.

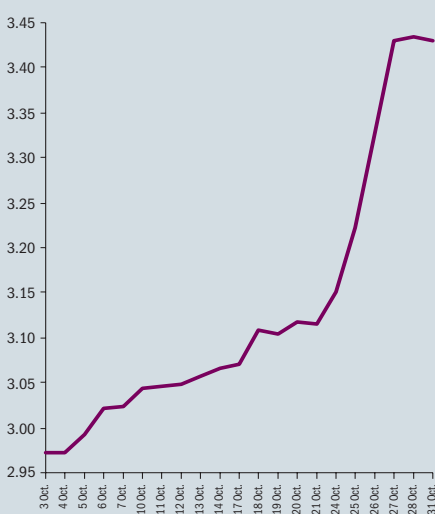
At the first auction in October, a 15-year government bond issue (No. 204) was re-opened for the ninth time, with a fixed coupon of 5.30% p.a. Bids totalled Sk 2.9 billion, of which the issuer accepted Sk 1.2 billion (via ARDAL) and thus the total issue-amount reached Sk 23.1 billion, i.e. 57.75% of the planned issue-amount (Sk 40.0 billion). The share of non-residents of the primary market for government bonds reached 3.72%. The accepted bids of investors ranged from 3.45% to 3.55% p.a., while the average yield stood at 3.52% p.a.

At the second auction, a 5-year government bond issue (No. 201) was re-opened for the tenth time, with a flexible coupon (12-M Bribor – 3.35%, p.a.). Of the planned issue-amount (Sk 40.0 billion), bonds were sold in the amount of Sk 5.3 billion, representing 41.47% of the total demand (Sk 12.78 billion). The total amount issued so far was Sk 30.3 billion (75.75% of the planned issue-amount). The average accepted price was Sk 100,325, the minimum price stood at Sk 100,280 and the maximum at Sk 100,430. Yields on a similar 5-year benchmark government bond fluctuated over the course of October between 3.45% and 3.62%.

October 2005 saw no payments of government-bond yields and no nominal-value repayments.

#### Yield payment and bond repayment

**Chart 23 Benchmark Government Bond No. 133 (%)**



Source: NBS.

Note: With a residual maturity of 4.77 years.

No issues of publicly negotiable non-government bonds were reported to the NBS in October.

#### Non-government bonds

#### 1.2. Secondary Market

The Bratislava Stock Exchange (BCPB) was open for 21 days in October. During that period, Sk 44.3 billion was traded in 622 transactions. On a month-on-month basis, the number of transactions in securities dropped by 67.1%. Of this volume, Sk 43.9 billion took place in direct transactions (184 contracts) and Sk 0.4 billion in price-setting transactions (438 contracts).

Non-resident investors accounted for 46.54% of the total volume traded in September, of which 25.68% were composed of purchases and 67.40% of sales.

There were 141 bond transactions totalling Sk 44.2 billion in October (99.77% of the total trading volume), of which Sk 0.4 billion took place in price-setting transactions (21 contracts) and Sk 43.8 billion in direct transactions (120 contracts). The market capitalisation of bonds amounted to Sk 412.2 billion (a month-on-month increase of 1.51%) on the last trading day of the

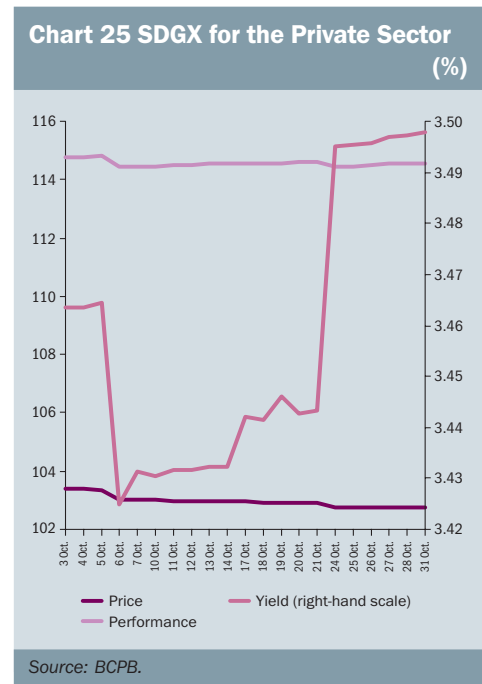
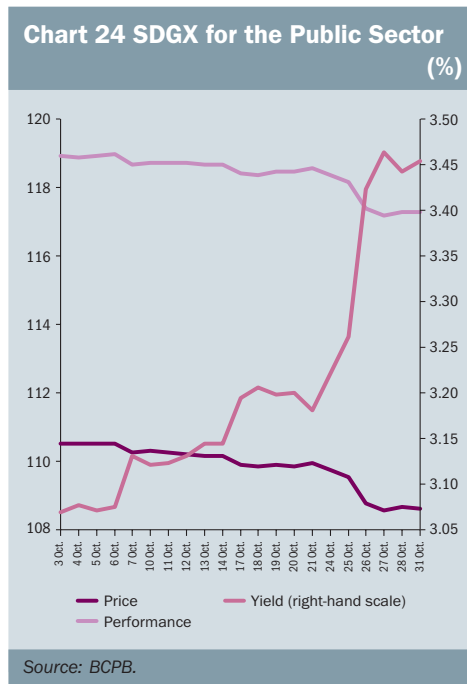
#### Bonds

month. From the end of September, the market capitalisation of listed bonds grew by 1.55%, to Sk 390.0 billion.



**SDXGroup indices** The SDXG for the public sector, represented by government bonds, closed the month at 108.6 (price component) and 117.3 (performance component), with a yield of 3.46% to maturity and a duration of 4.4 years. The short-term SDXG( $\leq 5$ ) sub-index reached 105.5 (for price) and 112.6 (for performance), with a yield of 3.28% to maturity and a duration of 2.4 years. The long-term SDXG( $> 5$ ) sub-index closed the month at 111.9 (for price) and 122.1 (for performance), with a yield of 3.5% to maturity and a duration of 7.3 years.

**Developments in Slovakia's SDXGroup bond indices in October 2005** The SDXG for the private sector, represented by corporate and mortgage bonds, closed the month at 102.7 (price component) and 114.6 (performance component), with a yield of 3.50% to maturity and a duration of 2.8 years. The value of the short-term SDXG( $\leq 5$ ) sub-index reached 101.1 (for price) and 113.4 (for performance), with a yield of 3.13% to maturity and a duration of 1.7 years. The long-term SDXG( $> 5$ ) sub-index closed the month at 109.1 (for price) and 117.6 (for performance), with a yield of 3.83% to maturity and a duration of 6.3 years.



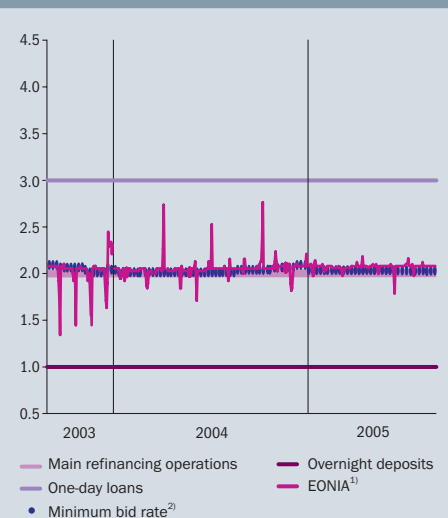
**Shares** There were 481 transactions in equity securities totalling Sk 129.9 million in October. Of this amount, Sk 30.7 million (23.6%) took place in price-setting transactions (in 417 contracts). Direct transactions in shares were concluded in the amount of Sk 99.2 million (64 contracts).

**SAX index** The SAX index closed the month at 452.39 points, representing a month-on-month drop of 1.6%. The index reached a monthly maximum on October 4 (457.48 points) and a minimum on October 14 (449.40 points).

## 2. Monetary Developments in the Euro Area

At its October meeting (held on 6 October 2004 in Athens), the Governing Council of the European Central Bank (ECB) decided to leave its key interest rates unchanged. The rate for refinancing operations remained at 2.00%, the rate for one-day loans at 3.00%, and that for overnight deposits at 1.00%.

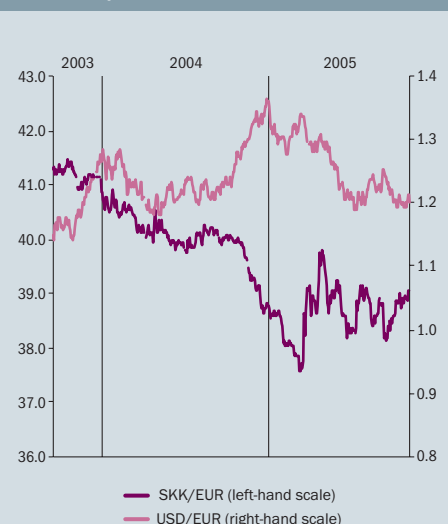
**Chart 26 Key ECB Interest Rates and the EONIA (%)**



Source: ECB

1) Euro OverNight Index Average (EONIA) – overnight reference rate of commercial banks operating in the euro area.  
2) Minimum bid rate – the lowest rate accepted at a variable rate tender (the average value of minimum bid rates during the reserve maintenance period is used as the rate of interest on reserves).

**Chart 27 Exchange Rates: SKK/EUR and USD/EUR**



Source: NBS and ECB.

### 2.1. Exchange Rate Developments

At the beginning of October, the exchange rate of the single European currency against the US dollar hovered around the level of USD 1.193/EUR.

The exchange rate opened the month somewhat below USD 1.20/EUR and then fluctuated around this level throughout the month. The US dollar was mainly supported by a further increase in the interest rate differential between the American and European economies, accompanied by a continuing marked inflow of foreign (long-term and portfolio) capital into the USA. On the other hand, the euro was boosted first and foremost by the strengthening consumer confidence in the euro area and the expected increase in the key ECB interest rates. At the end of the month, the exchange rate fluctuated around USD 1.20/EUR, which virtually corresponds to the figure at the beginning of October.

During October, the euro appreciated in relation to the US dollar by 0.75% on a month-on-month basis. Since the first trading day of the year, the European currency has depreciated vis-à-vis the dollar by 10.99%.

### 2.2. Real Economy

According to a flash Eurostat estimate, the euro area economy grew in the third quarter of 2005 by 0.6% compared with the previous quarter, while increasing in comparison with the same quarter of 2004 by 1.5%. In the first quarter of 2005, euro area GDP grew by 0.3%.

The 12-month inflation rate in the euro area, expressed in terms of the Harmonised Index of Consumer Prices (HICP), rose to 2.6% in September, from 2.2% in the previous month. The strongest year-on-year dynamics were recorded in consumer prices in Luxembourg (4.7%), Greece and Spain (3.8%). The steepest year-on-year increases took place in prices for transport (6.4%), alcohol and tobacco products (5.6%), and dwelling (5.5%). Price levels fell in telecommunications (by 2.5%), and recreation and culture (by 0.2%). In the same period a year earlier, consumer prices in the euro area rose by 2.1%. Eurostat foresees a year-on-year inflation rate of 2.5% in October.

Industrial producer prices increased year-on-year by 4.4% and month-on-month by 0.5% in September.

On a year-on-year basis, retail sales grew in volume by 0.9% in September, while declining in comparison with the previous month by 0.4%.

The rate of unemployment (seasonally adjusted) fell in comparison with the previous month, to 8.4% in September, from 8.5% in August. The lowest unemployment rates were achieved in Ireland (4.3%), the Netherlands (4.6%), and Austria (5.2%). The highest unemployment rates within the euro area were recorded in Greece (9.9% in June 2005), France (9.4%), and Spain (9.3%). In relative terms, the most



significant increases in the year-on-year unemployment rates occurred in Luxembourg (from 4.9% to 5.6%) and Belgium (from 7.9% to 8.4%). In the same period a year earlier, the unemployment rate in the euro area stood at 8.8%.

According to the first Eurostat estimate, foreign trade in the euro area resulted in a deficit of EUR 2.6 billion in August 2005, compared with a surplus of EUR 2.5 billion in the same period a year earlier. Compared with the previous month, euro area exports (seasonally adjusted) increased in August by 3.4%, while imports grew by 5.1%.





### 3. Methodological Notes to Selected Indicators

#### 3.1. Monetary Statistics

##### 3.1.1. Statistics of Monetary Aggregates (ECB Methodology)

The methodology of the ECB is implemented on the basis of data from harmonised statements of monetary and banking statistics, which were introduced by the NBS in 2003. According to the ECB methodology, monetary aggregates were calculated in 2003 and 2004 on the basis of a harmonised balance from the 'M (NBS) 1-12 – Statistical Balance' monthly statement, from which the NBS compiles a consolidated balance for the 'monetary financial institutions' (MFI) sector. In 2003, as in the national methodology, the MFI sector was composed of the National Bank of Slovakia, commercial banks with a registered office in the SR, home savings banks (building societies), and the local branches of foreign banks. With effect from January 2004, in accordance with the ECB methodology, the MFI sector has been extended to include money market investment funds, which are now required to report to the NBS on a monthly basis (the list of all MFIs monitored by the NBS is regularly updated on the web site of the National Bank of Slovakia)<sup>3</sup>.

From the monthly statistical balances of resident MFIs, an aggregate balance is compiled, as a summary of statistical balances of MFIs for assets and liabilities in all currencies. Then, a consolidated balance is compiled from the aggregate balance of MFIs, through the compensation (netting) of positions between the MFIs, as a basis for the calculation of monetary aggregates and the M3 counterparts. During consolidation, the mutual relations of MFIs are excluded from the aggregate balance as follows:

- liabilities arising from issued debt securities are reduced by debt securities issued by MFIs in the holdings of MFIs;
- deposits and loans received from MFIs are reduced by receivables from MFIs;
- liabilities arising from equity securities issued are reduced by MFI shares and other equities in MFI holdings.

**Table 30 Calculation of Monetary Aggregates**

Methodology of the NBS	Methodology of the ECB
	<i>(the items are included in the individual sub-aggregates in both Slovak koruna and foreign currency)</i>
Currency outside banks (M0)	Currency outside banks (M0)
+	+
Demand deposits (in SKK)	Daily (overnight) deposits and loans received
= <b>Money (M1 – 'narrow money')</b>	= <b>M1 ('narrow money')</b>
Time deposits (all maturities, in SKK)	+ Deposits and loans received, with an agreed maturity of up to 2 years
+	+ Deposits and loans received, at a period of notice of up to 3 months
Deposits in foreign currency	= <b>M2 ('intermediate money')</b>
= <b>Quasi-money (QM)</b>	+ repo operations
	+ shares and participation certificates of money market investment funds
	+ debt securities issued, with a maturity of up to 2 years, and other money market products
<b>M2 money supply (M1 + QM)</b>	<b>M3 monetary aggregate ('broad money')</b>

**The main differences between the individual methodologies are as follows:**

- **definitions of monetary financial institutions:**
  - the ECB methodology uses an extended file of monetary financial institutions (MFIs), which includes the NBS, commercial banks, and money market investment funds – the deposits of

<sup>3</sup> The actual list of monetary financial institutions (MFIs) and detailed methodological information on harmonised monetary and banking statistics are available on the web site of the National Bank of Slovakia (<http://www.nbs.sk>) in the section 'Harmonised Monetary and Banking Statistics' in the menu 'Banking Sector in the SR'.



- money market investment funds (MMIFs) in commercial banks are treated in this sense as interbank operations and are not directly included in the monetary aggregates;
- the NBS methodology includes only NBS and commercial bank liabilities in the monetary aggregates – hence the deposits of money market investment funds (MMIFs) in commercial banks appear in the balances of commercial banks as customer deposits in financial institutions and are directly included in the M2 money supply;
- **the nature and liquidity of the resources:**
    - the ECB methodology monitors liquidity through the broader M3 aggregate, which also includes repo operations, the unit certificates of open-end money market investment funds, and debt securities, which represent, in terms of liquidity and profitability, a substitute for bank deposits. As for maturity, the liabilities of the ECB with a maturity of more than 2 years are not included in the monetary aggregates;
    - the NBS methodology monitors the money supply measured in terms of the M2 aggregate, which is composed of currency in circulation and bank deposits irrespective of the time of maturity;
  - **definitions of deposits and loans:**
    - the ECB methodology extends the definition of deposits to include subordinated debt in the form of deposits, liabilities arising from repo operations, and non-negotiable securities issued by banks and held by clients (in the case of loans, they include non-negotiable securities issued by clients and held by banks, subordinated debt in the form of loans, claims related to repo operations, and tradable loans);
    - the NBS methodology uses a so-called narrow definition for loans and deposits, i.e. they only correspond to the amount of funds recorded by MFIs as loans (including classified loans) and deposits;
  - **in the composition of monetary aggregates:**
    - the ECB methodology (with the deposits of MMIFs being deducted from customer deposits) covers the above-mentioned sectors and the deposits of local governments (S.1313) and social insurance funds (S.1314)<sup>4</sup>;
    - the NBS methodology includes deposits in the M2 money supply from the following economic sectors:
      - *non-financial corporations (S.11);*
      - *financial corporations (S.123 and S.124) – including MMIF deposits;*
      - *insurance companies and pension funds (S.125);*
      - *non-profit institutions mainly serving households (S.15);*
      - *households (S.14 - sole traders);*
      - *households (S.14 - accounts of citizens).*
  - **in respect of the residence of economic entities:**
    - the ECB methodology exclusively takes into account the funds of residents (in Slovak koruna as well as foreign currency);
    - the NBS methodology also monitors the koruna deposits of non-residents in the monetary aggregates;
  - **in respect of accrued assets and liabilities:**
    - in the ECB methodology, accrued assets and liabilities are excluded from the monetary aggregates;
    - in the NBS methodology, accrued assets and liabilities are included in the deposit and loan accounts of clients;
  - **in respect of the seasonal adjustment of time series:**
    - unlike the ECB methodology, the NBS methodology uses seasonally unadjusted data<sup>5</sup>.

### 3.1.2. Statistics of Monetary Aggregates (NBS methodology – Monetary Survey)

In 2005, the reporting of loans to enterprises and households was affected by a methodological change, which resulted from the decision of the International Center for the Settlement of Investment Disputes (ICSID) in Washington, settling the long-lasting trade dispute between ČSOB and the Slovak Republic

<sup>4</sup> In the methodology of the NBS, the M2 money supply excludes public sector deposits, which are monitored separately as part of net credit to the general government.

<sup>5</sup> In the conditions of the NBS, the recording of seasonally adjusted data according to the methodology of the ECB is currently in the stage of preparation.



(with regard to the fact that the claim of ČSOB on Slovenská inkasná, s.r.o., was originally classified in the Monetary Survey as a loan to enterprises). Since Slovenská inkasná, s.r.o. was placed under bankruptcy proceedings on 6 May 1998 and its liabilities were removed from the statistical records of the NBS with effect from April 1998, the statistically recorded volume of loans to enterprises in the Monetary Survey was increased by the last known amount of ČSOB's receivable from Slovenská inkasná, s.r.o. in order to maintain the continuity of the time series concerned. As this receivable (including interest) has become a liability for the SR Government under the ruling of the international tribunal, it is presently monitored in the Monetary Survey separately, as part of net credit to the general government, without a need for further methodological adjustments to the statistically recorded volume of loans to enterprises and households (with effect from 1 January 2005).

In order to maintain the consistency of time series, loans to enterprises recorded in the Monetary Survey were revised in 2004 so that only the statistically registered volume of loans is recorded, as in 2005 (excluding the receivable of ČSOB from Slovenská inkasná).

### 3.1.3. Statistics of Customer Interest Rates on New Contracts (ECB Methodology)

From the beginning of 2005, customer interest rates are evaluated according to ECB methodology, where interest rates are monitored on loans provided<sup>6</sup> and deposits received (new contracts). According to this methodology, the subjects of monitoring are interest rates on new deals (new business). New loans and new deposits are understood to be contracts signed for the first time, fixing the rate of interest agreed between the bank and the customer, and new contracts negotiated with the active participation of the customer.

In a breakdown by sector, lending and deposit rates for households and non-financial corporations will be analysed separately, in the way these sectors are defined in Directive No. 63/2002<sup>7</sup> of the European Central Bank, concerning interest rate statistics.

The analysis of interest rates on loans to and deposits from households and non-financial corporations is expected to provide more detailed information on the functioning of the transmission mechanism, since interest rates are analysed irrespective of the sectors that have a special position vis-à-vis the banking sector, i.e. insurance companies, pension funds, and the general government.

The methodology of the ECB makes it possible to monitor interest rates in a breakdown by initial rate fixation (IRF) and, in the case of non-financial corporations, according to the volume of loans as well. Initial rate fixation is the period for which an agreed interest rate is fixed. On the basis of IRF, loans are divided into loans with a floating rate and IRF for a period of up to 1 year inclusive, loans with IRF for a period of over 1 year and up to 5 years inclusive, and loans with IRF for a period of over 5 years and up to 10 years inclusive, and loans with IRF for a period of over 10 years. According to volume, loans to non-financial corporations are divided into loans amounting to up to EUR 1 million and loans amounting to over EUR 1 million.

Loans to households are classified by purpose as follows:

- current account overdrafts
- operation loans (only for sole traders)
- investment loans
- consumer loans
- real estate loans
  - mortgage loans
  - building loans
  - intermediate loans
  - other real estate loans
- other loans.

<sup>6</sup> The term 'loan provided' is an equivalent of the term 'new loan'.

<sup>7</sup> According to Article 1 paragraph 2 of Decree No. 63/2002 of the European Central Bank of 20 December 2001, concerning the statistics of interest rates of monetary financial institutions on loans to and deposits from households and non-financial corporations, the term 'households' in the definitions in Annex A to Directive No. 2223/96 of the European Communities of 25 June 1996 on the European System of National and Regional Accounts (ESA95) means the household sector S.14 (i.e. the population and sole traders) and non-profit institutions serving households S.15, and the term 'non-financial corporations' means sector S.11.



Loans to non-financial corporations are classified by purpose as follows:

- current account overdrafts
- investment loans
- operation loans
- real estate loans
  - mortgage loans
  - building loans
  - intermediate loans
  - other real estate loans
- other loans.

Classification of deposits (for both households and non-financial corporations):

- deposits payable on demand
  - demand deposits
  - overnight deposits
- deposits with agreed maturity
  - up to 1 year
    - up to 7 days
    - up to 1 month
    - up to 3 months
    - up to 6 months
    - up to 1 year
  - more than 1 year
    - up to 2 years
    - over 2 years
- savings deposits
  - redeemable at a period of notice of up to 3 months
  - redeemable at a period of notice of over 3 months.

Interest rates on loans and deposits are calculated as a weighted arithmetical average of all interest rates on loans/deposits for each category separately. The weight of new loans represents the total amount laid down in contracts, regardless of whether the given amount is drawn within the month under review or not.

Subsidies granted to clients by third parties are not taken into account in determining the rate of interest, because subsidies are neither paid nor received by banks. For example, interest rates on mortgage loans with a government bonus were recorded last year without the government bonus.

With effect from this year, the NBS will also monitor interest rates on new loans and new deposits in euros; they will begin to be analysed when a sufficiently long time span is available for the NBS (at least 12 months).

### **3.2. Balance of Payments**

Two methodological changes were introduced in 2005 in respect of the balance of payments.

One of them is a change in the methodology of calculating the compensation of employees, consisting in a shift from data on the net incomes of people working abroad to their gross incomes (employee compensation comprises, unlike in previous years, the incomes of persons working abroad, including taxes and social contributions paid in the host country). Since taxes and social contributions paid in the host country, by which the received compensation of employees is increased, are included in paid current transfers in the same amount as a counterpart, the said change will have no impact on the overall balance of the current account.

The second change against the methodology of previous years is the reporting of reinvested earnings as part of in the income balance. The Balance of Payments Department decided to extend the balance of payments to include reinvested earnings from foreign direct investment with effect from 2005, in accordance with the international standards. Before 2005, reinvested earnings were not included in the balance of payments on current account. Reinvested earnings were only recorded in the financial account as part of foreign direct investment, on the basis of data reported from the corporate sector in the DEV 1-12 monthly report (annual data from this report contained figures at the level of several millions and/or tens of millions of Slovak koruna). The 2005 estimate of reinvested earnings is based on data processed from the new annual report on foreign direct investments in 2003, in which reinvested



earnings are recorded according to the international accounting standards. With regard to the fact that the inflow of foreign capital into Slovakia via direct investment exceeds its outflow several times, the use of data from this report will mean an increase in the current account deficit. Reinvested earnings will enter the balance via the capital and financial account, as part of 'foreign direct investment', and will cause no increase in the external imbalance of the SR.

## 4. Tables

## Selected Indicators of Economic and Monetary Development in the SR

	Unit	2004			2005										
		10	11	12 <sup>(p)</sup>	1	2	3	4	5	6	7	8	9	10	
<b>REAL ECONOMY</b>															
Gross domestic product <sup>1) 2)</sup>	SKK billions	-	-	826.5 <sup>(p)</sup>	-	-	200.6 <sup>(p)</sup>	-	-	421.3 <sup>(p)</sup>	-	-	-	-	-
Year-on-year change in GDP <sup>3)</sup>	%	-	-	5.5 <sup>(p)</sup>	-	-	5.1 <sup>(p)</sup>	-	-	5.1 <sup>(p)</sup>	-	-	-	-	-
Unemployment rate <sup>4) 16)</sup>	%	12.7	12.6	13.1	13.4	13.1	12.7	11.9	11.3	11.1	11.0	10.9	11.2	.	
Consumer prices (CPI) <sup>3) 15)</sup>	%	-	-	-	3.1	2.6	2.3	2.5	2.3	2.5	2.0	2.1	2.3	3.5	
Consumer prices (HICP) <sup>3)</sup>	%	6.6	6.3	5.9	3.2	2.7	2.5	2.7	2.4	2.5	2.0	2.0	2.2	3.3	
<b>BALANCE OF TRADE<sup>2) 11) (p)</sup></b>															
Exports (fob)	SKK millions	744,196	826,578	895,205	66,477	136,907	213,951	293,737	375,117	461,282	538,728	618,824	710,346	.	
Imports (fob)	SKK millions	775,853	863,705	942,160	68,326	142,943	227,276	315,360	402,670	492,418	574,692	655,227	748,776	.	
Balance	SKK millions	-31,657	-37,127	-46,955	-1,849	-6,036	-13,325	-21,623	-27,553	-31,136	-35,964	-36,403	-38,430	.	
<b>BALANCE OF PAYMENTS<sup>2)</sup></b>															
Current account <sup>11)</sup>	SKK millions	-30,996.2	-34,698.3	-46,026.2	-4,288.9	-3,288.4	-7,593.2	-14,306.2	-37,242.1	-50,186.7	-57,567.0	-61,064.0	.	.	
Capital and financial account	SKK millions	58,176.1	54,848.7	95,646.4	10,754.1	69,758.2	118,449.3	116,127.4	93,185.3	110,055.7	125,453.6	136,623.9	.	.	
Overall balance	SKK millions	33,599.4	31,116.7	55,205.1	10,715.8	79,042.4	110,225.2	101,864.8	70,082.2	68,604.4	69,749.5	72,413.9	.	.	
<b>FOREIGN EXCHANGE RESERVES<sup>1) 7)</sup></b>															
Total foreign exchange reserves	USD millions	14,822.6	15,466.1	16,778.7	16,602.6	18,854.6	19,940.1	19,694.4	17,751.8	17,165.7	17,314.7	17,434.8	17,349.5	.	
NBS foreign exchange reserves	USD millions	13,517.1	13,912.9	14,913.1	14,811.2	17,218.5	18,062.1	18,061.3	16,211.5	15,590.0	15,687.0	15,915.6	15,835.6	.	
<b>GROSS EXTERNAL DEBT<sup>4) 9)</sup></b>															
Total gross external debt	USD billions	20.7	21.8	23.7	24.0	26.6	28.2	27.9	26.5	26.2	25.9	26.6	.	.	
External debt per capita	USD	3,842	4,059	4,405	4,456	4,942	5,237	5,190	4,919	4,876	4,817	4,937	.	.	
<b>MONETARY INDICATORS</b>															
Exchange rate <sup>5)</sup>	SKK/USD	32.081	30.532	29.074	29.348	29.259	28.885	30.249	30.672	31.641	32.22	31.494	31.354	32.357	
Money supply (M2) <sup>4) 6) 12) 14)</sup>	SKK billions	749.3	758.4	779.9	-	-	-	-	-	-	-	-	-	-	
Year-on-year change in M2 <sup>3)</sup>	%	5.4	5.5	7.5	-	-	-	-	-	-	-	-	-	-	
M3 monetary aggregate <sup>4) 15)</sup>	SKK billions	-	-	-	762.7	768.4	767.9	782.0	772.3	772.3	779.7	785.8	792.0	.	
Year-on-year change in M3 <sup>3)</sup>	%	-	-	-	10.4	10.2	12.3	12.6	12.8	9.3	8.9	8.0	7.3	.	
Loans to enterprises and households <sup>4) 6) 13) 14)</sup>	SKK billions	408.3	409.3	409.2	-	-	-	-	-	-	-	-	-	-	
Claims of monetary financial institutions <sup>15)</sup>	SKK billions	-	-	-	701.4	696.8	707.6	707.0	714.5	724.7	729.7	736.9	753.5	.	
<b>STATE BUDGET<sup>2) 4)</sup></b>															
Revenue	SKK billions	195.9	213.7	242.4	24.6	39.8	65.0	90.6	105.4	126.4	154.2	170.5	188.6	214.4	
Expenditure	SKK billions	226.4	247.8	312.7	20.3	40.9	62.2	84.3	109.3	127.6	152.3	175.6	196.7	219.5	
Balance	SKK billions	-30.5	-34.1	-70.3	4.3	-1.1	2.8	6.3	-3.9	-1.1	1.9	-5.1	-8.1	-5.1	
<b>CUSTOMER RATES</b>															
Average interest rate on:															
- one-year deposits	%	2.91	2.83	2.71	2.49	2.46	2.37	2.18	2.13	2.07	1.98	1.90	1.86	.	
- short-term loans <sup>8)</sup>	%	6.57	6.46	5.87	6.15	5.80	5.51	5.53	5.54	5.75	5.61	5.62	5.56	.	
- new short-term loans	%	8.10	8.16	7.45	7.65	6.70	6.79	7.12	7.31	7.34	6.77	6.14	6.10	.	
<b>MONEY MARKET</b>															
Interest rates set by the NBS Bank Board															
Date of maturity <sup>10)</sup>		1.7.2004	29.11.2004	29.11.2004	29.11.2004	29.11.2004	1.3.2005	1.3.2005	1.3.2005	1.3.2005	1.3.2005	1.3.2005	1.3.2005	1.3.2005	
Overnight operations															
- sterilisation	%	3.00	2.50	2.50	2.50	2.50	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	
- refinancing	%	6.00	5.50	5.50	5.50	5.50	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	
Limit rate for 2-week repo tenders	%	4.50	4.00	4.00	4.00	4.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	
Basic interest rate of the NBS (until 31/12/02: discount rate)	%	4.50	4.00	4.00	4.00	4.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	
Average interbank deposit rate (BRIBOR)															
overnight	%	3.94	4.35	3.22	4.25	2.58	2.09	2.27	2.90	2.77	2.53	2.99	2.71	2.55	
7-day	%	4.33	4.44	3.78	4.03	2.63	2.37	2.70	2.92	2.93	2.88	2.99	2.91	2.93	
14-day	%	4.38	4.42	3.85	3.98	2.69	2.41	2.75	2.92	2.96	2.94	3.01	2.96	2.98	
1-month	%	4.37	4.36	3.82	3.87	2.84	2.37	2.72	2.88	2.93	2.95	3.00	2.99	3.01	
2-month	%	4.34	4.31	3.81	3.75	2.89	2.33	2.63	2.82	2.90	2.92	2.99	2.98	3.01	
3-month	%	4.26	4.22	3.74	3.66	2.90	2.29	2.56	2.75	2.88	2.89	2.94	2.93	3.03	
6-month	%	4.12	4.07	3.66	3.46	2.88	2.31	2.50	2.67	2.79	2.83	2.91	2.90	3.04	
9-month	%	4.05	4.00	3.64	3.38	2.87	2.32	2.47	2.64	2.74	2.79	2.87	2.86	3.05	
12-month	%	4.03	3.97	3.62	3.34	2.86	2.33	2.46	2.64	2.71	2.77	2.85	2.85	3.07	

1) Constant prices, average for 1995.

2) Cumulative since the beginning of the year.

3) Change compared with the same period a year earlier.

4) End-of-period figures.

5) Exchange rate (mid), average for the period.

6) At fixed initial exchange rates from 1 January 1993.

7) Methodological change with effect from 1 January 2002.

8) Excluding loans at zero interest rate.

9) Methodological change with effect from 1 January 1999.

10) The date from which the given interest rate is effective pursuant to the Bank Board's decision.

11) As from May 2004, foreign trade and current account figures are revised on a monthly basis.

12) As from January 2005, the NBS focuses on the analysis of M3 monetary aggregate.

13) As from January 2005, 'loans to enterprises and households' are replaced by the 'claims of monetary financial institutions' aggregate.

14) Since the Monetary Survey is at current exchange rates (as from January 2005), data on the 'M2 money supply' and 'loans to enterprises and households' must also be obtained at current rates.

The data are available on the web site of the NBS.

15) According to the methodology of the ECB.

16) Registered unemployment.

Source: Statistical Office of the SR, Ministry of Finance, NBS.



**Summary of Assets and Liabilities in the Consolidated Balance Sheet of MFIs**

	Share of the total (in %) <sup>1)</sup>	Volume (Sk billions)												
		2004				2005								
		9	10	11	12	1	2	3	4	5	6	7	8	9
Claims of MFIs on residents	33.9	419.2	425.1	423.7	439.0	428.4	429.0	441.1	449.4	457.2	467.7	478.9	486.9	500.4
General government	1.6	27.5	27.9	27.8	41.3	25.2	24.9	24.1	24.0	23.8	22.8	23.3	23.7	25.7
Private sector	32.3	391.7	397.2	395.9	397.7	403.2	404.1	417.0	425.4	433.4	444.9	455.6	463.3	474.7
Non-financial corporations	18.0	234.8	237.9	233.9	225.3	230.1	228.9	236.9	241.6	244.6	249.5	253.4	255.5	260.7
- up to 1 year	7.8	101.4	102.9	101.1	91.6	96.2	94.6	99.9	104.1	107.6	109.1	110.4	112.3	113.3
- 1 to 5 years	3.9	57.6	56.8	57.3	57.9	57.6	57.5	56.9	54.1	53.8	54.3	54.5	53.5	53.7
- over 5 years	6.3	75.8	78.2	75.5	75.7	76.3	76.8	80.1	83.3	83.2	86.1	88.5	89.6	93.7
Financial corporations	3.3	40.7	40.0	39.3	44.2	43.2	43.0	43.9	43.7	43.6	44.3	46.7	47.0	48.1
Insurance corporations and pension funds	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.1	0.0	0.0	0.0
Households and non-profit institutions serving households	11.0	116.2	119.2	122.7	128.2	129.9	132.2	136.1	140.2	145.2	151.0	155.5	160.7	165.8
- consumer loans	1.7	15.5	16.0	16.8	19.9	19.0	18.9	19.6	20.5	21.8	22.7	23.4	24.4	24.8
- housing loans	7.3	81.6	83.2	85.1	87.9	87.8	89.5	91.0	93.1	96.0	99.7	102.6	106.4	109.5
- other loans	2.1	19.1	20.0	20.8	20.4	23.1	23.9	25.5	26.6	27.5	28.6	29.4	29.9	31.5
Securities other than shares and participation certificates issued by residents	17.3	277.3	276.5	281.4	266.0	268.6	263.4	261.9	253.1	251.9	250.8	244.5	243.7	246.8
General government	16.4	264.0	263.0	268.1	253.9	256.2	251.1	249.6	240.7	239.4	238.3	232.1	231.4	234.4
Private sector	0.9	13.3	13.5	13.3	12.2	12.4	12.3	12.4	12.4	12.5	12.5	12.3	12.3	12.5
Shares and other equities issued by private sector	0.4	3.9	4.0	4.0	4.1	4.4	4.4	4.5	4.5	5.4	6.2	6.3	6.3	6.3
Foreign assets	42.7	497.6	492.8	490.9	591.6	522.3	574.7	628.9	636.6	592.8	590.5	602.2	602.4	605.0
Fixed assets	2.4	35.6	35.6	35.6	36.6	34.8	34.6	34.5	34.5	34.5	34.5	33.6	33.8	33.9
Other assets	3.2	31.7	34.5	36.6	36.5	38.3	39.0	41.0	44.9	45.3	45.8	45.9	42.3	44.1
Deposits and loans received from the central government	6.0	159.7	154.4	156.4	125.4	125.5	97.3	99.9	98.7	73.4	84.1	84.6	78.5	77.3
Long-term financial liabilities	14.1	200.9	196.5	185.7	180.9	184.2	177.7	191.9	197.9	191.7	189.1	199.6	195.7	199.9
Deposits and loans received with an agreed maturity of over 2 years	3.7	48.2	48.0	48.2	51.8	52.9	53.5	52.7	52.7	52.2	52.9	52.5	53.3	53.3
Deposits redeemable at a period of notice of over 3 months	2.0	36.7	35.9	34.9	34.4	31.9	30.8	30.0	29.5	29.1	28.8	28.6	28.2	28.0
Debt securities issued with a maturity of over 2 years	1.0	10.5	11.2	11.6	12.2	13.6	13.9	14.2	12.5	13.3	13.3	14.1	14.4	15.1
Capital, reserves, and provisions	7.4	105.5	101.5	91.0	82.5	85.8	79.5	95.0	103.2	97.1	94.1	104.3	99.8	103.5
Foreign liabilities	21.1	129.2	136.2	134.5	254.4	183.7 <sup>(2)</sup>	257.5	307.3	298.5	297.4	296.3	298.0	308.0	319.4
Other liabilities	3.5	37.6	38.9	45.1	42.0	45.5 <sup>(2)</sup>	50.1	51.8	50.1	53.8 <sup>(2)</sup>	51.4	49.4	47.6	48.0
Surplus of liabilities among MFIs	0.0	-0.1	-1.1	-0.7	0.0	-1.9 <sup>(2)</sup>	-1.8 <sup>(2)</sup>	-1.1 <sup>(2)</sup>	0.7 <sup>(2)</sup>	0.3 <sup>(2)</sup>	0.2 <sup>(2)</sup>	0.2	-0.1	-0.2
M3	55.2	738.1	743.6	751.2	771.2	759.8 <sup>(2)</sup>	764.2 <sup>(2)</sup>	762.1 <sup>(2)</sup>	777.2 <sup>(2)</sup>	770.5 <sup>(2)</sup>	774.3 <sup>(2)</sup>	779.7	785.8	792.0
<b>Total</b>	100.0	1,265.3	1,268.5	1,272.2	1,373.9	1,296.8	1,345.1	1,411.9	1,423.1	1,387.0	1,395.5	1,411.4	1,415.4	1,436.5

1) In the current month.  
2) Revised data.



## Monetary Survey

(At current exchange rates)

(SKK billions)

	2004				2005									
	30.9.	31.10.	30.11.	31.12.	1.1.	31.1.	28.2.	31.3.	30.4.	31.5.	30.6.	31.7.	31.8.	30.9.
Current SKK/USD exchange rate	32.492	31.386	29.627	28.496	28.496	29.447	28.710	29.943	30.667	31.213	31.825	32.423	31.740	32.221
Current SKK/EUR exchange rate	40.048	39.940	39.288	38.796	38.796	38.426	37.880	38.832	39.636	39.068	38.370	39.118	38.773	38.869
<b>ASSETS</b>														
Net foreign assets	189.4	179.2	177.9	169.5	168.9	173.4	178.4	199.1	209.1	182.6	153.4	163.2	153.1	152.2
Foreign assets	473.0	470.0	463.1	484.0	483.3	494.9	547.5	602.7	610.2	560.9	554.1	569.3	563.5	569.7
Foreign liabilities	283.6	290.8	285.2	314.5	314.4	321.5	369.1	403.6	401.1	378.3	400.7	406.1	410.4	417.5
Net domestic assets	570.4	581.0	588.6	615.9	615.6	599.6	599.6	574.1	576.2	588.7	625.4	623.9	641.2	644.8
Domestic credits	724.8	734.1	735.2	755.7	770.0	762.9	766.6	776.3	777.3	783.2	788.4	801.8	817.0	831.8
Net credit to general government	326.9	330.3	333.0	354.4	368.6	355.2	357.6	354.5	346.5	344.4	338.4	340.8	347.3	350.9
- Net credit to government (excluding the NPF)	333.6	337.0	336.7	357.6	371.8	358.4	360.5	357.4	349.4	346.6	342.4	343.7	351.2	356.0
- Net credit to the National Property Fund	-6.7	-6.7	-3.7	-3.2	-3.2	-3.2	-2.9	-2.9	-2.9	-2.2	-4.0	-2.9	-3.9	-5.1
Credits to enterprises and households	397.9	403.8	402.2	401.3	401.4	407.7	409.0	421.8	430.8	438.8	450.0	461.0	469.7	480.9
Credits in Slovak koruna	311.7	314.3	319.1	318.2	318.3	322.3	326.8	333.1	332.8	339.8	350.0	356.1	365.9	376.0
- Credits to enterprises <sup>1)</sup>	204.0	203.8	205.7	201.5	201.6	203.5	205.6	208.5	204.7	206.5	211.7	213.7	218.4	223.8
- Credits to households	107.7	110.5	113.4	116.7	116.7	118.8	121.2	124.6	128.1	133.3	138.3	142.4	147.5	152.2
Credits in foreign currency	86.2	89.5	83.1	83.1	83.1	85.4	82.2	88.7	98.0	99.0	100.0	104.9	103.8	104.9
<b>LIABILITIES</b>														
Money Supply (M2)	759.8	760.2	766.5	785.4	784.5	773.0	778.0	773.2	785.3	771.3	778.8	787.1	794.3	797.0
Money (M1)	288.7	284.8	293.4	311.3	309.6	299.4	315.7	313.1	318.6	326.8	331.0	341.1	344.4	348.1
Currency outside banks (M0)	96.3	97.6	97.8	100.5	100.4	100.5	101.5	102.8	105.2	106.3	108.1	110.1	111.4	112.7
Demand deposits	192.4	187.2	195.6	210.8	209.2	198.9	214.2	210.3	213.4	220.5	222.9	231.0	233.0	235.4
- Households	90.5	91.1	92.4	96.2	94.7	97.8	102.6	104.3	106.9	109.5	110.6	113.6	114.4	114.5
- Enterprises	99.6	94.3	100.7	113.2	113.1	98.1	107.8	103.7	103.9	108.1	109.8	114.2	115.3	117.6
- Insurance companies	2.3	1.8	2.5	1.4	1.4	3.0	3.8	2.3	2.6	2.9	2.5	3.2	3.3	3.3
Quasi-money (QM)	471.1	475.4	473.1	474.1	474.9	473.6	462.3	460.1	466.7	444.5	447.8	446.0	449.9	448.9
Time and savings deposits	378.3	377.0	374.1	386.2	386.9	385.1	381.1	381.6	388.7	368.9	368.7	364.9	366.6	362.9
- Households	224.0	222.8	221.1	222.8	223.9	222.9	218.1	213.5	210.5	206.1	203.7	201.6	199.2	196.7
- Enterprises	131.2	133.2	131.5	136.5	136.4	137.3	138.9	144.5	153.7	139.5	137.5	136.2	138.7	138.2
- Insurance companies	23.1	21.0	21.5	26.9	26.6	24.9	24.1	23.6	24.5	23.3	27.5	27.1	28.7	28.0
Foreign-currency deposits	92.8	98.4	99.0	87.9	88.0	88.5	81.2	78.5	78.0	75.6	79.1	81.1	83.3	86.0
- Households	48.3	47.8	46.1	44.4	42.5	41.4	39.8	39.4	39.5	39.2	38.9	39.4	39.2	39.1
- Enterprises	44.5	50.6	52.9	43.5	45.5	47.1	41.4	39.1	38.5	36.4	40.2	41.7	44.1	46.9
<b>Other items net</b>	154.4	153.1	146.6	139.8	154.4	163.3	167.0	202.2	201.1	194.5	163.0	177.9	175.8	187.0

## Memorandum Items

Net foreign assets of the banking sector (excluding foreign liabilities of government)	380.8	373.1	367.5	360.0	359.3	366.7	363.7	406.9	423.8	361.5	337.5	357.9	353.6	345.6
- of which: foreign assets	473.0	470.0	463.1	484.0	483.3	494.9	547.5	602.7	610.2	560.9	554.1	569.3	563.5	569.7
- of which: foreign liabilities	92.2	96.9	95.6	124.0	124.0	128.2	183.8	195.8	186.4	199.4	216.6	211.4	209.9	224.1
Net credit to the central government	439.3	440.5	440.6	446.7	-	-	-	-	-	-	-	-	-	-
Net credit to the general government (excluding foreign liabilities of government)	198.4	202.4	207.2	230.6	244.8	232.9	237.2	233.1	222.7	251.6	247.3	248.0	256.2	261.0
- of which: liabilities of government and NPF	409.0	409.4	422.0	456.7	412.4	398.9	376.0	373.7	365.3	369.8	373.0	371.1	372.4	376.5
- of which: claims of government and NPF	210.6	207.0	214.8	226.1	167.6	166.0	138.8	140.6	142.6	118.2	125.7	123.1	116.2	115.5
Foreign liabilities of government	128.5	127.9	125.8	123.8	123.8	122.3	120.4	121.4	123.8	92.8	91.1	92.8	91.1	89.9
Other public sector deposits in NBS <sup>2)</sup>	14.6	18.3	16.6	11.6	-	8.6	9.4	3.0	3.7	3.2	0.6	1.9	0.9	1.2
Money market fund shares/units	26.7	28.4	30.7	32.7	-	36.0	39.7	42.4	44.0	45.9	46.4	47.1	47.3	47.0

1) Revision of data for 2004 (see section 3. Methodological Notes to Selected Indicators in annexes).

2) Deposits of higher territorial units, deposits of government in foreign currency (EU funds) and non-budgetary deposits of government agencies in NBS are included in Net credit to government, since 1 January 2005.





## Average Interest Rates on New Loans

(ECB methodology)

(%)

	2004				2005								
	9	10	11	12	1	2	3	4	5	6	7	8	9
<b>Loans in total<sup>1)</sup></b>	7.17	7.29	7.32	5.60	6.94	6.22	6.15	6.17	6.39	6.23	6.22	6.19	5.93
Current account overdrafts	7.74	8.08	7.75	7.48	7.72	7.08	6.62	6.60	6.80	6.72	6.52	6.46	6.37
Operation loans	-	-	-	-	4.74	3.32	3.49	3.78	3.92	3.99	3.67	3.77	3.55
Investment loans	-	-	-	-	5.41	4.67	5.05	5.16	5.24	4.27	4.92	5.29	4.22
Consumer loans	13.66	12.83	13.89	13.60	12.97	12.36	11.43	11.28	11.85	11.56	10.56	10.25	11.30
Real estate loans	7.72	7.45	7.05	7.05	7.15	6.63	6.46	6.05	6.10	5.81	5.88	5.81	5.61
of which:													
Mortgage loans	7.66	7.38	6.67	6.76	7.12	6.34	5.96	5.37	5.34	5.07	4.88	4.82	4.82
Construction loans	5.08	5.24	5.10	5.06	5.13	5.06	5.16	5.19	5.27	5.12	5.18	5.15	5.07
Intermediate loans	7.60	7.58	7.58	7.45	7.46	7.27	7.22	7.21	6.62	6.50	6.54	6.47	6.37
Other real estate loans	-	-	-	-	8.23	6.86	6.71	6.25	6.64	6.66	6.50	6.37	6.03
Other loans	5.54	5.30	5.81	4.02	6.45	5.88	5.68	5.21	5.52	5.93	6.68	6.24	5.10
Floating rate + IRF for up to 1 year incl.	7.06	7.20	7.23	5.42	6.90	6.13	6.05	6.08	6.25	6.23	6.16	6.18	6.01
IRF for over 1 year and up to 5 years incl.	8.68	8.48	8.56	8.82	8.03	7.76	8.03	7.80	9.87	7.62	7.81	6.76	5.82
IRF for over 5 years and up to 10 years incl.	7.39	7.18	7.06	6.55	6.87	6.44	6.35	6.45	6.33	5.79	6.25	6.48	6.12
IRF for over 10 years	8.78	8.75	6.26	6.83	6.82	6.06	6.01	6.30	5.61	4.32	4.92	5.50	3.98
<b>Households</b>													
Loans in total	9.76	10.60	10.28	10.21	10.67	10.33	9.99	9.67	9.78	9.25	9.48	9.44	9.45
Current account overdrafts	10.40	11.99	10.46	10.32	11.31	11.10	10.99	10.80	11.05	10.95	10.92	10.94	10.83
Consumer loans	13.66	12.83	13.89	13.60	12.97	12.36	11.44	11.28	11.93	11.56	10.56	10.25	11.30
Real estate loans	7.72	7.46	7.08	7.06	7.15	6.63	6.48	6.17	6.19	5.83	5.89	5.83	5.63
of which:													
Mortgage loans	7.66	7.38	6.67	6.76	7.12	6.34	5.95	5.37	5.34	5.06	4.88	4.83	4.83
Construction loans	5.08	5.24	5.10	5.06	5.13	5.06	5.16	5.19	5.27	5.12	5.18	5.15	5.07
Intermediate loans	7.60	7.60	7.69	7.47	7.47	7.29	7.23	7.21	6.62	6.51	6.56	6.50	6.41
Other real estate loans	-	-	-	-	8.23	6.86	6.79	6.63	6.93	6.80	6.58	6.38	6.05
Other loans	9.18	9.41	11.42	10.73	10.94	9.76	9.50	9.80	9.01	8.51	8.25	8.32	7.66
Floating rate + IRF for up to 1 year incl.	10.00	11.23	10.43	10.12	10.72	10.35	10.07	9.70	9.81	9.44	9.88	9.91	9.94
IRF for over 1 year and up to 5 years incl.	10.00	9.51	10.91	12.31	12.41	12.24	11.89	11.66	12.46	11.72	10.28	9.48	9.13
IRF for over 5 years and up to 10 years incl.	7.58	7.55	7.52	7.76	7.28	7.24	7.05	6.92	6.55	6.39	6.55	6.65	6.58
IRF for over 10 years	8.97	8.88	8.00	6.95	7.72	7.19	6.54	6.50	5.93	5.21	4.93	5.07	4.93
<b>Non-financial corporations</b>													
Loans in total	6.20	6.07	6.32	5.38	5.92	5.13	4.83	4.89	4.92	5.00	4.88	4.94	4.68
Current account overdrafts	6.85	6.66	6.80	6.31	6.46	5.68	5.20	5.18	5.16	5.39	5.09	5.02	4.96
Operation loans	-	-	-	-	4.61	3.31	3.38	3.62	3.87	3.82	3.47	3.85	3.22
Investment loans	-	-	-	-	5.66	4.64	4.89	4.94	5.03	4.14	4.71	5.36	4.12
Other loans	5.22	5.08	5.40	4.52	6.10	4.71	4.22	4.23	4.21	4.35	6.21	4.95	4.25
Loans up 1 million EUR	5.60	5.14	5.96	5.35	5.29	4.78	4.53	4.79	4.75	4.72	4.43	4.96	4.91
Loans over 1 million EUR	5.06	5.03	5.08	4.19	4.56	3.47	3.43	3.58	3.93	3.65	4.11	4.35	3.40
Floating rate + IRF for up to 1 year incl.	6.21	6.07	6.35	5.38	5.93	5.12	4.82	4.86	4.91	5.03	4.82	4.91	4.72
IRF for over 1 year and up to 5 years incl.	5.00	5.79	5.62	5.74	5.54	5.56	5.05	5.78	5.59	4.78	6.44	5.15	5.18
IRF for over 5 years and up to 10 years incl.	6.68	6.70	6.28	5.20	5.96	4.92	4.97	5.46	5.54	4.91	5.35	5.39	5.01
IRF for over 10 years	7.93	6.05	5.63	6.07	5.76	4.95	4.87	4.62	4.34	3.80	4.78	5.76	3.57

Note: IRF – initial rate fixation.

1) Interest rates on total loans include insurance companies, pension funds, and the general government.

## Average Interest Rates on New Deposits

(ECB methodology)

(%)

	2004				2005								
	9	10	11	12	1	2	3	4	5	6	7	8	9
<b>Deposits in total <sup>1)</sup></b>	2.09	1.95	1.95	1.67	1.96	1.23	1.29	1.36	1.33	1.40	1.37	1.39	1.34
Deposits payable on demand	1.12	0.94	0.96	0.90	1.17	0.84	0.62	0.59	0.62	0.69	0.60	0.58	0.57
of which: demand deposits	0.86	0.76	0.76	0.83	0.81	0.58	0.48	0.49	0.48	0.49	0.47	0.48	0.49
overnight deposits	3.63	2.76	2.54	2.45	3.37	2.07	1.49	1.69	1.48	2.01	1.79	1.66	1.71
Deposits with agreed maturity <sup>2)</sup>	-	-	-	-	3.58	2.29	2.43	2.54	2.62	2.66	2.58	2.60	2.56
- up to 1 year in total	3.97	3.79	3.95	3.30	3.59	2.29	2.43	2.54	2.62	2.65	2.58	2.59	2.56
- up to 7 days	3.76	3.18	3.52	2.75	3.57	2.20	1.83	1.88	2.48	2.26	2.01	2.10	2.09
- up to 1 month	4.12	4.08	4.10	3.59	3.66	2.56	2.65	2.74	2.74	2.77	2.76	2.75	2.73
- up to 3 months	2.90	2.95	2.97	2.76	2.61	2.02	1.73	1.77	1.97	1.91	1.94	1.91	1.89
- up to 6 months	2.19	2.57	2.29	2.27	2.09	2.02	1.77	1.72	2.03	2.01	1.77	1.90	1.86
- up to 1 year	1.81	2.08	2.03	2.85	2.24	2.01	1.76	1.85	1.98	2.14	2.20	2.27	1.89
- over 1 year in total	2.75	2.76	2.70	2.59	3.42	2.30	2.47	2.58	2.65	4.62	2.71	2.72	2.06
- up to 2 years	2.74	2.76	2.69	2.18	2.44	1.92	2.03	1.61	1.92	1.54	1.87	1.52	1.52
- over 2 years	2.80	2.76	2.71	2.67	3.76	2.35	2.71	2.72	2.77	4.64	2.76	2.72	2.08
Savings deposits	1.34	1.35	1.35	1.35	1.35	1.18	0.98	0.99	0.93	0.94	0.95	0.97	0.99
- redeemable at a period of notice of up to 3 months	1.98	1.98	1.97	1.80	1.75	1.46	1.11	1.07	0.97	0.95	0.93	0.93	0.93
- redeemable at a period of notice of over 3 months	1.08	1.09	1.10	1.16	1.14	1.03	0.91	0.94	0.90	0.94	0.97	0.99	1.01
<b>Households</b>													
Deposits in total	1.01	1.00	0.98	0.94	0.95	0.81	0.68	0.66	0.65	0.66	0.65	0.66	0.67
Deposits payable on demand	0.66	0.64	0.64	0.58	0.61	0.57	0.44	0.43	0.43	0.43	0.42	0.43	0.42
of which: demand deposits	0.63	0.62	0.62	0.57	0.57	0.56	0.43	0.43	0.42	0.42	0.41	0.42	0.41
overnight deposits	3.24	2.11	1.98	1.73	3.07	1.40	1.18	1.17	1.10	1.45	1.21	1.15	1.13
Deposits with agreed maturity	-	-	-	-	2.39	1.82	1.71	1.69	1.95	2.02	1.95	2.01	2.00
- up to 1 year in total	2.59	2.62	2.56	2.32	2.39	1.82	1.71	1.69	1.94	2.02	1.95	2.00	2.00
- up to 7 days	2.80	2.58	2.60	2.13	2.68	1.45	1.55	1.47	1.56	1.83	1.59	1.69	1.69
- up to 1 month	2.70	2.74	2.58	2.35	2.45	1.95	1.83	1.80	2.06	2.16	2.14	2.14	2.13
- up to 3 months	2.61	2.59	2.75	2.41	2.18	1.83	1.57	1.56	1.78	1.76	1.73	1.72	1.71
- up to 6 months	2.14	2.49	2.29	2.27	1.89	1.79	1.70	1.46	1.62	1.73	1.67	1.69	1.71
- up to 1 year	1.39	1.62	1.21	1.83	2.02	1.94	1.66	1.46	1.83	1.90	1.91	1.73	1.81
- long-term over 1 year	2.71	2.70	2.66	2.62	2.42	2.20	1.99	1.99	2.29	2.03	2.12	2.13	2.06
- up to 2 years	2.28	2.39	2.28	2.25	2.64	2.17	1.16	1.03	1.59	1.54	1.53	1.52	1.54
- over 2 years	2.81	2.76	2.71	2.66	1.91	2.21	2.14	2.08	2.33	2.05	2.14	2.14	2.08
Savings deposits	1.33	1.34	1.35	1.35	1.34	1.18	0.98	0.99	0.93	0.94	0.95	0.97	0.98
- redeemable at a period of notice of up to 3 months	1.96	1.96	1.96	1.79	1.75	1.45	1.10	1.07	0.97	0.95	0.92	0.93	0.93
- redeemable at a period of notice of over 3 months	1.08	1.08	1.10	1.16	1.13	1.03	0.91	0.94	0.90	0.94	0.96	0.99	1.01
<b>Non-financial corporations</b>													
Deposits in total	2.57	2.26	2.19	1.88	2.41	1.43	1.37	1.50	1.56	1.53	1.42	1.49	1.46
Deposits payable on demand	1.45	1.09	1.19	0.89	1.61	1.00	0.76	0.72	0.76	0.89	0.69	0.71	0.72
of which: demand deposits	0.97	0.80	0.81	0.70	1.02	0.58	0.49	0.54	0.50	0.55	0.52	0.52	0.55
overnight deposits	3.84	2.74	2.56	2.49	3.76	2.08	1.66	1.70	1.68	2.07	1.76	1.69	1.72
Deposits with agreed maturity	-	-	-	-	3.68	2.34	2.34	2.48	2.60	2.57	2.43	2.53	2.46
- up to 1 year in total	4.03	3.57	3.57	3.19	3.70	2.25	2.16	2.35	2.39	2.44	2.31	2.37	2.33
- up to 7 days	3.78	3.14	3.61	2.67	3.62	2.22	1.86	1.93	2.45	2.29	2.04	2.18	2.14
- up to 1 month	4.19	4.10	4.08	3.67	3.73	2.82	2.57	2.75	2.75	2.74	2.72	2.73	2.69
- up to 3 months	3.35	3.02	3.42	3.14	3.16	2.24	2.00	2.16	2.24	2.24	2.27	2.25	2.21
- up to 6 months	2.25	1.52	2.20	1.39	2.86	2.30	2.11	2.06	2.19	2.13	1.63	2.23	2.04
- up to 1 year	1.15	2.24	3.13	3.25	2.85	2.01	1.64	2.21	2.19	1.95	2.49	2.58	2.26
- long-term over 1 year	3.35	3.46	3.57	2.20	2.24	1.64	1.24	1.59	2.02	1.41	1.82	1.71	1.46
- up to 2 years	3.35	4.25	3.84	2.11	2.11	1.65	1.24	1.62	1.94	0.00	0.00	0.00	1.40
- over 2 years	0.00	2.99	3.21	2.92	3.00	1.41	0.00	0.70	2.38	1.41	1.82	1.71	2.00
Savings deposits	2.45	2.44	2.44	2.21	2.27	1.69	1.22	1.23	1.16	1.25	1.26	1.25	1.28
- redeemable at a period of notice of up to 3 months	2.46	2.44	2.45	2.20	2.26	1.72	1.20	1.22	1.16	1.26	1.27	1.26	1.30
- redeemable at a period of notice of over 3 months	2.41	2.40	2.40	2.38	2.36	1.37	1.44	1.37	1.12	1.12	1.12	1.12	1.12

1) Total deposits include the deposits of insurance corporations, pension funds and the general government.

2) Interest rates on deposits with agreed maturity include other short-term non-negotiable securities (according to the ECB methodology).



## Volumes of New Loans and Average Lending Rates of Commercial Banks

(National methodology)

		2004				2005								
		9	10	11	12	1	2	3	4	5	6	7	8	9
Loans in total <sup>1)</sup>	a	99.55	100.50	105.84	141.04	98.41	98.25	99.27	92.82	95.38	107.27	97.79	141.20	140.97
	b	7.91	8.05	8.08	7.40	7.64	6.57	6.63	7.01	7.17	6.96	6.62	6.10	5.99
of which:														
Current account overdrafts	a	40.66	43.67	42.95	53.09	45.88	48.91	47.17	47.26	48.97	57.67	55.01	93.87	89.76
	b	11.05	10.99	11.14	11.65	9.84	8.62	9.16	9.17	9.24	8.77	8.00	6.70	6.77
Investment loans	a	6.44	4.10	4.78	7.25	3.14	4.65	6.43	3.64	3.40	7.93	4.03	4.70	8.06
	b	5.46	5.73	5.65	5.02	4.94	4.38	3.85	4.53	4.70	3.85	4.49	4.70	3.91
Operation loans	a	-	-	-	-	31.45	26.34	27.99	22.30	23.32	20.26	19.80	22.20	23.23
	b	-	-	-	-	4.77	3.48	3.12	3.44	3.83	3.93	3.75	3.78	3.64
Consumer loans	a	2.16	2.69	3.44	4.15	3.09	1.20	1.54	1.64	1.92	1.75	1.49	1.70	1.75
	b	12.52	12.24	12.71	12.48	11.43	12.35	11.30	11.55	12.17	11.87	10.60	10.40	10.60
Housing loans	a	4.89	5.05	4.88	5.07	2.90	3.14	3.58	3.99	4.50	5.35	5.26	5.41	5.33
	b	7.59	7.52	7.46	6.93	6.27	5.76	5.90	5.92	5.70	5.44	5.27	5.34	5.13
of which: mortgage loans without state bonus	a	0.56	0.70	0.76	0.84	0.75	0.66	0.77	0.78	0.98	1.49	1.29	1.34	1.23
	b	7.52	6.95	6.85	6.88	6.73	6.54	6.36	5.71	5.31	5.19	5.01	4.94	4.90
mortgage loans with state bonus – client	a	1.46	1.45	1.41	1.39	0.88	0.54	0.57	0.55	0.52	0.57	0.55	0.62	0.60
	b	6.27	6.21	6.15	6.03	6.48	6.01	6.25	6.08	5.83	5.19	5.21	4.95	4.91
mortgage loans with state bonus – bank	a	1.46	1.45	1.41	1.39	0.88	0.54	0.57	0.55	0.52	0.57	0.55	0.62	0.60
	b	6.93	6.90	6.79	6.77	6.82	6.69	6.34	6.14	5.79	5.29	5.28	5.01	4.99
construction loans	a	0.10	0.12	0.09	0.10	0.08	0.09	0.09	0.11	0.11	0.11	0.12	0.12	0.09
	b	5.31	5.39	5.32	5.24	5.26	5.26	5.26	5.33	5.29	5.26	5.44	5.39	5.25
intermediate loans	a	1.04	1.03	0.96	0.99	0.51	0.51	0.61	0.69	0.74	1.14	1.10	1.27	1.14
	b	7.35	7.39	7.32	7.33	7.28	7.22	7.16	7.16	7.04	6.56	6.57	6.53	6.42
other real estate loans	a	-	-	-	-	0.67	1.34	1.53	1.87	2.14	2.04	2.21	2.06	2.27
	b	-	-	-	-	4.83	4.76	5.06	5.55	5.39	5.09	4.80	4.97	4.66
Other loans	a	39.23	39.98	44.13	64.86	5.32	8.16	5.79	7.02	6.32	4.83	5.14	5.22	4.47
	b	5.06	4.94	5.17	3.91	5.77	4.12	4.48	4.46	4.47	4.51	4.52	4.87	4.45
Short-term loans	a	82.16	86.86	88.54	120.67	87.09	84.41	85.33	80.16	81.81	87.96	84.47	125.51	123.07
	b	8.11	8.10	8.16	7.45	7.68	6.78	6.81	7.15	7.35	7.36	6.79	6.15	6.12
- with a maturity of up to 7 days	a	33.85	36.71	40.16	52.36	35.77	40.21	31.91	29.28	30.50	29.13	31.83	66.28	64.01
	b	6.16	6.04	5.84	5.69	5.99	5.57	4.96	5.11	5.40	5.52	5.22	4.39	4.50
- up to 1 month	a	8.27	5.09	6.52	17.97	7.62	6.94	8.66	6.30	7.65	7.50	4.51	6.46	6.63
	b	5.86	5.52	5.69	3.77	5.51	4.23	3.99	4.01	4.44	4.65	4.41	4.67	4.06
- up to 3 months	a	3.05	5.90	3.14	5.24	5.59	3.67	4.36	4.20	2.87	2.53	4.24	3.22	3.04
	b	6.26	5.49	5.53	5.36	4.91	3.58	3.48	4.44	3.88	4.21	4.52	4.12	4.87
- up to 6 months	a	0.82	0.99	0.66	1.38	1.03	0.75	1.66	1.15	0.56	1.82	1.89	1.63	1.28
	b	5.30	5.32	5.70	5.04	4.66	4.28	3.10	3.43	4.07	3.82	3.49	3.88	3.66
- up to 12 months	a	36.17	38.17	38.05	43.73	37.08	32.85	38.75	39.24	40.24	46.98	42.00	47.92	48.12
	b	10.67	10.90	11.30	11.38	10.24	9.21	9.50	9.58	9.67	9.24	8.62	9.00	8.69
Long-term loans with a maturity of 1 to 5 years	a	9.67	7.40	9.92	10.64	6.83	9.76	7.08	6.92	7.57	8.05	6.22	8.14	7.10
	b	7.17	8.11	7.98	7.80	7.31	4.83	5.70	6.10	6.31	5.76	5.68	5.88	5.73
Long-term loans with a maturity of over 5 years	a	7.72	6.23	7.38	9.72	4.50	4.08	6.85	5.74	6.00	11.27	7.10	7.54	10.80
	b	6.73	7.27	7.21	6.39	7.42	6.28	5.25	6.10	5.87	4.70	5.42	5.54	4.75

a – Volume (SKK billions).

b – Average interest rate (%).

1) Excluding loans at zero interest rate.



## Koruna Deposits and Average Deposit Rates

(National methodology)

		2004				2005								
		9	10	11	12	1	2	3	4	5	6	7	8	9
Deposits in total	a	663.68	656.28	662.96	669.70	659.78	614.32	668.07	686.16	671.62	679.20	685.33	682.22	683.53
	b	2.37	2.30	2.28	2.01	2.19	1.56	1.59	1.63	1.53	1.59	1.54	1.53	1.53
of which:														
Demand deposits	a	214.26	207.98	216.82	247.20	215.47	229.87	226.16	231.03	239.71	242.19	248.72	252.16	256.53
	b	0.86	0.76	0.76	0.83	0.81	0.56	0.48	0.48	0.48	0.49	0.48	0.48	0.49
Time deposits	a	359.66	359.65	358.21	331.22	397.33	338.66	397.12	411.05	388.58	394.11	394.26	388.12	385.56
	b	3.37	3.27	3.27	2.88	3.03	2.29	2.29	2.34	2.25	2.32	2.28	2.27	2.27
- short-term	a	338.94	339.18	337.59	311.01	332.65	273.28	332.36	347.34	325.38	330.17	330.61	323.76	321.69
	b	3.29	3.18	3.19	2.78	2.97	2.05	2.10	2.17	2.06	2.16	2.11	2.12	2.13
- overnight	a	21.78	20.77	27.20	12.09	35.42	47.87	36.09	21.22	38.81	35.89	27.31	23.30	18.04
	b	3.62	2.76	2.54	2.44	3.37	2.06	1.49	1.69	1.48	2.01	1.79	1.66	1.71
- up to 7 days	a	32.98	33.68	27.47	53.16	27.31	50.55	29.47	34.48	37.43	19.39	32.14	28.02	31.59
	b	3.55	3.00	3.24	2.79	3.14	2.02	2.01	1.91	2.25	2.06	1.86	1.76	1.83
- up to 1 month	a	186.29	186.73	193.42	156.29	183.77	86.63	183.72	209.57	170.82	199.29	195.10	199.02	200.83
	b	3.53	3.54	3.57	3.01	3.17	1.88	2.27	2.37	2.30	2.39	2.39	2.42	2.41
- up to 3 months	a	63.25	63.48	55.24	55.33	52.14	53.49	49.81	47.92	46.07	43.96	45.94	43.32	41.36
	b	2.67	2.66	2.51	2.37	2.27	2.15	1.90	1.80	1.62	1.60	1.61	1.60	1.56
- up to 6 months	a	18.77	18.52	18.41	18.29	18.62	18.36	17.00	18.18	16.64	15.97	16.10	16.13	15.86
	b	2.42	2.40	2.33	2.34	2.32	2.22	1.97	1.89	1.61	1.44	1.29	1.22	1.21
- up to 12 months	a	15.86	15.99	15.86	15.85	15.40	16.38	16.27	15.97	15.61	15.67	14.02	13.97	14.01
	b	2.95	2.91	2.83	2.71	2.49	2.46	2.37	2.18	2.13	2.07	1.98	1.90	1.86
- medium-term	a	19.98	19.73	19.87	19.46	26.17	26.29	26.01	25.00	24.78	25.06	24.72	24.74	24.65
	b	4.64	4.65	4.58	4.33	3.75	3.71	3.65	3.69	3.69	3.35	3.33	3.29	3.27
- up to 2 years	a	13.65	13.29	13.38	12.99	12.87	12.88	13.14	12.18	12.09	12.09	12.17	12.15	12.13
	b	4.51	4.54	4.50	4.15	4.12	4.09	4.05	4.19	4.21	3.60	3.57	3.57	3.56
- up to 5 years	a	6.33	6.43	6.48	6.47	13.30	13.41	12.87	12.82	12.69	12.97	12.56	12.59	12.52
	b	4.93	4.88	4.75	4.70	3.40	3.34	3.25	3.21	3.21	3.11	3.09	3.02	2.98
- long-term over 5 years	a	0.75	0.75	0.76	0.76	38.51	39.09	38.74	38.71	38.42	38.88	38.94	39.62	39.22
	b	5.03	5.06	5.10	5.11	3.01	3.00	2.99	2.99	3.00	3.04	3.03	2.88	2.87
Savings deposits	a	89.76	88.64	87.93	91.27	46.98	45.79	44.80	44.07	43.34	42.90	42.35	41.94	41.45
	b	2.00	2.01	2.03	2.06	1.35	1.18	0.98	0.99	0.93	0.94	0.95	0.97	0.99
- short-term	a	36.16	35.44	34.79	34.59	34.86	33.84	32.86	32.08	31.27	30.74	30.11	29.57	29.01
	b	1.50	1.52	1.54	1.46	1.48	1.26	0.98	0.96	0.87	0.86	0.85	0.85	0.85
- medium-term	a	13.14	12.95	12.77	12.64	12.09	11.92	11.90	11.96	12.03	12.15	12.21	12.34	12.41
	b	0.89	1.01	1.01	0.69	0.70	0.98	1.01	1.09	1.12	1.17	1.22	1.26	1.31
- long-term	a	40.46	40.25	40.37	44.04	0.04	0.04	0.03	0.03	0.03	0.00	0.03	0.03	0.03
	b	2.81	2.82	2.82	2.83	0.88	0.78	0.57	0.57	0.57	1.40	1.34	1.31	0.57
Time and savings deposits	a	449.42	448.30	446.14	422.50	444.31	384.45	441.91	455.13	431.92	437.01	436.61	430.06	427.00
	b	3.09	3.01	3.02	2.70	2.85	2.16	2.15	2.20	2.12	2.19	2.15	2.14	2.15
- short-term	a	375.09	374.62	372.38	345.60	367.51	307.12	365.23	379.42	356.65	360.92	360.71	353.33	350.70
	b	3.11	3.02	3.03	2.65	2.83	1.96	2.00	2.07	1.95	2.05	2.00	2.01	2.02
- medium-term	a	33.12	32.68	32.64	32.10	38.26	38.20	37.91	36.96	36.81	37.22	36.93	37.08	37.06
	b	3.15	3.20	3.18	2.90	2.78	2.86	2.82	2.85	2.85	2.63	2.63	2.61	2.61
- long-term	a	41.21	41.00	41.13	44.79	38.55	39.13	38.78	38.75	38.46	38.88	38.97	39.65	39.25
	b	2.85	2.86	2.86	2.87	3.01	3.00	2.99	2.98	3.00	3.04	3.03	2.88	2.87

a - Volume (SKK billions).

b - Average interest rate (%).



## Basic Characteristics of Interest Rates on Loans and Deposits

(National methodology)

(%, percentage points)

	li- ne	2004				2005								
		9	10	11	12	1	2	3	4	5	6	7	8	9
Average interest rate on total credit <sup>1)</sup>	1	6.74	6.73	6.69	6.43	6.49	6.26	6.06	5.96	5.93	6.01	5.97	5.97	5.93
Average interest rate on deposits	2	2.37	2.30	2.28	2.01	2.18	1.56	1.59	1.63	1.53	1.59	1.54	1.53	1.53
Average interest rate on new loans <sup>1)</sup>	3	7.92	8.05	8.10	7.35	7.64	6.57	6.63	7.01	7.17	6.96	6.62	6.10	5.99
Average interbank money market rate (1D to 12M – mid rates)	4	3.98	4.06	4.10	3.54	3.60	2.64	2.16	2.42	2.65	2.70	2.69	2.80	2.75
Average interest rate on new short-term loans <sup>1)</sup>	5	8.12	8.10	8.18	7.44	7.68	6.78	6.81	7.14	7.35	7.36	6.79	6.15	6.12
Average interest rate on short-term deposits	6	3.11	3.02	3.03	2.65	2.83	1.96	2.00	2.07	1.95	2.05	2.00	2.01	2.02
Difference between the average interest rates on new short-term loans and short-term deposits (line 5 – line 6)	7	5.01	5.08	5.15	4.79	4.85	4.82	4.81	5.07	5.40	5.31	4.79	4.14	4.10
Basic interest rate of the NBS (until 31 Dec. 2002 discount rate)	8	4.50	4.50	4.50	4.00	4.00	4.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
12-month rate of inflation	9	6.70	6.60	6.30	5.90	3.20	2.70	2.50	2.70	2.40	2.50	2.00	2.00	2.20
Year-on-year increase in industrial producer prices	10	4.00	4.70	4.50	4.30	2.80	2.10	2.60	3.50	3.90	4.80	5.30	5.60	5.80
Real interest rate on new short-term loans (line 5 – line 10)	11	4.12	3.40	3.68	3.14	4.88	4.68	4.21	3.64	3.45	2.56	1.49	0.55	0.32
Difference between the average interest rate on new short-term loans and the rate of inflation (line 5 – line 9)	12	1.42	1.50	1.88	1.54	4.48	4.08	4.31	4.44	4.95	4.86	4.79	4.15	3.92
Average interest rate on one-year deposits	13	2.95	2.91	2.83	2.71	2.49	2.46	2.37	2.18	2.13	2.07	1.98	1.90	1.86
Real interest rate on one-year deposits (line 13 – line 9)	14	-3.75	-3.69	-3.47	-3.19	-0.71	-0.24	-0.13	-0.52	-0.27	-0.43	-0.02	-0.10	-0.34
Nominal interest margin (line 1 – line 2)	15	4.37	4.43	4.41	4.42	4.31	4.70	4.47	4.33	4.40	4.42	4.43	4.44	4.40
Difference between the average interest rates on new loans and total deposits (line 3 – line 2)	16	5.55	5.75	5.82	5.34	5.46	5.01	5.04	5.38	5.64	5.37	5.08	4.57	4.46
Difference between the average interest rate on new short-term loans and the average interbank money market rate (line 5 – line 4)	17	4.14	4.04	4.08	3.90	4.08	4.14	4.65	4.72	4.70	4.66	4.10	3.35	3.37
Difference between the average interest rate on new loans and the average interbank money market rate (line 3 – line 4)	18	3.94	3.99	4.00	3.81	4.04	3.93	4.47	4.59	4.52	4.26	3.93	3.30	3.24
Average interest rate on loans <sup>2)</sup>	19	6.51	6.51	6.47	6.23	6.28	6.05	5.86	5.78	5.75	5.83	5.81	5.80	5.77
Nominal interest margin (line 19 – line 2)	20	4.14	4.21	4.19	4.22	4.10	4.49	4.27	4.15	4.22	4.24	4.27	4.27	4.24

1) Excluding loans at zero interest rate.

2) Including loans at zero interest rate.



## Shortened Balance Sheet of Commercial Banks as at 30 September 2005

(Banks and branches of foreign banks operating in the SR in total)

(SKK thousands)

ASSETS	Accumulated depreciation and provisions	Slovak koruna		Foreign currency		Total
		Residents	Non-residents	Residents	Non-residents	
<b>Total assets</b>	63,334,587	1,186,434,763	35,574,459	132,216,584	59,455,125	1,350,346,344
Cash items	0	10,490,830	0	79,618	3,668,989	14,239,437
Cash in hand	0	9,460,679	0	0	3,329,728	12,790,407
Gold	0	1	0	0	0	1
Other cash items	0	1,030,150	0	79,618	339,261	1,449,029
Deposits with and credits to NBS, foreign issuing banks, and post office banks	1,374	315,329,079	0	0	2,722	315,330,427
Money reserve accounts with the NBS	0	13,381,438	0	0	0	13,381,438
Deposits, credits, and other receivables	55,468	26,283,676	10,264,287	5,463,584	11,936,555	53,892,634
Current accounts with banks	6	433,309	77,801	103,643	4,633,493	5,248,240
Credits provided	0	2,911,992	0	0	2,000,294	4,912,286
Time deposits with banks	3,489	22,741,110	6,734,544	5,356,433	4,933,425	39,762,023
Current accounts of other banks	0	0	2,920,900	1	344,597	3,265,498
Other receivables	0	120,152	531,042	3,507	19,989	674,690
Standard credits, qualified deposits, classified credits, deposits, and other receivables	51,973	77,113	0	0	4,757	29,897
of which: Short-term receivables	44	0	0	0	44	0
Interest on non-performing credits	593	1,130	0	0	0	537
Standard credits to customers	1,087,113	266,498,831	1,150,065	70,859,721	12,545,704	349,967,208
Short-term credits	471,376	37,933,891	232,785	15,807,799	3,100,481	56,603,580
Long-term credits	615,737	228,564,940	917,280	55,051,922	9,445,223	293,363,628
of which: Credits repayable in 1 to and including 5 years	480,894	79,151,308	773,254	21,841,464	4,385,029	105,670,161
Receivables from financial leasing	807	11,135	0	54,417	3,192	67,937
Other receivables from customers	2,923	2,622,577	10,581	2,009,728	1,364,418	6,004,381
of which: Credits for commercial claims	2,923	697,033	0	1,162,945	343,689	2,200,744
Current accounts of customers - debit balances, overdrafts	268,979	47,086,021	88,122	14,266,135	169,626	61,340,925
Standard receivables with conditions, classified credits, and other receivables from customers	23,783,152	53,315,460	784,406	18,546,341	1,510,932	50,373,987
of which: Interest due, but unpaid	2,478,644	2,526,450	1,956	22,974	934	73,670
Standard credits with conditions	2,426,192	26,780,541	570,825	13,934,305	1,166,583	40,026,062
Sub-standard receivables	1,642,047	7,202,537	196,222	1,681,174	320,773	7,758,659
Doubtful and controversial claims	2,268,039	3,203,203	215	937,881	1,521	1,874,781
Loss-making receivables	17,446,874	16,129,179	17,144	1,992,981	22,055	714,485
Receivables with reduced value	285,741	385,323	0	16,041	51,954	167,577
Unclassified receivables from customers	0	0	0	0	0	0
Other specific receivables	0	0	0	0	0	0
Accounts of state authorities, local governments, and funds	79,524	17,323,300	0	8,435,370	0	25,679,146
Standard credits with conditions, classified loans, and other receivables	75,812	186,782	0	441,648	0	552,618
Credits to state authorities	0	10,243,245	0	2,514,720	0	12,757,965
Credits to social security funds	0	258,158	0	0	0	258,158
Credits to local governments	3,712	6,386,906	0	5,479,002	0	11,862,196
Credits to funds	0	248,209	0	0	0	248,209
Fixed forward transactions	0	4,484,139	8,250,934	611,987	2,385,429	15,732,489
Claims in respect of money collection	0	46,640	3,824	612,394	114,201	777,059
Branches and representative offices	0	457	1,555,151	0	525,376	2,080,984
Receivables and other suspense accounts	1,142,004	5,479,975	16,861	181,974	15,311	4,552,117
Securities for sale and other shareholdings	194,637	39,616,150	689,481	3,317,956	5,189,731	48,618,681
Receivables from trade in securities and from securities issued by the accounting unit	0	7,711	1	1,555	4,766	14,033
Securities intended for trading	0	118,797,961	3,596,453	3,399,543	14,770,831	140,564,788
Options - purchase	0	1,239,871	491,412	220,762	72,008	2,024,053
Financial investment	1,556,347	201,413,463	8,672,881	4,139,455	4,569,874	217,239,326
Long-term funds provided to branches abroad	0	0	0	0	532,304	532,304
Tangible assets	25,657,086	48,026,381	0	0	0	22,369,295
Acquisition of tangible and intangible assets	3,200	2,400,490	0	0	21,202	2,418,492
Subordinated financial assets	0	63,137	0	0	0	63,137
Intangible assets	9,216,232	11,997,828	0	0	0	2,781,596
Inventories	0	132,890	0	3	0	132,893
Adjustments and accumulated depreciation	63,329,501	59,341,705	69,501	3,525,850	392,445	0



### Shortened Balance Sheet of Commercial Banks as at 30 September 2005

(Banks and branches of foreign banks operating in the SR in total)

(SKK thousands)

LIABILITIES	Slovak koruna		Foreign currency		Total
	Residents	Non-residents	Residents	Non-residents	
<b>Total liabilities</b>	874,295,992	0	0	0	1,350,346,344
Deposits with and credits to NBS and foreign issuing banks, and postal checking accounts	6,062,567	0	62,548	0	6,125,115
Current accounts with NBS and foreign issuing banks	2,260,145	0	0	0	2,260,145
Time deposits of NBS and foreign issuing banks	0	0	0	0	0
Credits received from NBS and foreign issuing banks	3,802,422	0	62,548	0	3,864,970
of which: Redistribution credit	3,276,263	0	0	0	3,276,263
Refinancing repo credit	0	0	0	0	0
Deposits, credits, and other liabilities	26,200,180	91,942,605	5,514,512	156,872,271	280,529,568
Current accounts with banks	0	5,628	0	3,271,545	3,277,173
Current accounts of other banks	434,135	8,220,917	103,784	316,159	9,074,995
Other payables	66,000	5,745	54,292	586,009	712,046
Credits received	2,958,930	24,430,852	0	27,237,665	54,627,447
Time deposits of other banks	22,741,115	59,279,463	5,356,436	125,460,893	212,837,907
Payables in respect of other items	0	0	0	0	0
Liabilities in respect of short selling securities	0	0	0	0	0
Deposits of customers	588,669,378	5,693,553	86,031,349	4,147,292	684,541,572
Current accounts of customers	231,473,079	3,764,168	46,613,791	3,145,623	284,996,661
Time deposits of customers	276,080,089	1,846,309	37,721,731	985,650	316,633,779
Savings deposits of customers	80,431,885	82,956	1,695,827	16,019	82,226,687
Certificates of deposit	684,325	120	0	0	684,445
Other liabilities to customers	11,406,103	13,298	3,200,266	1,437,747	16,057,414
Loans received from customers	5,599,196	0	0	0	5,599,196
Liabilities from financial leasing	10,129	0	0	0	10,129
Short-term securities issued by the accounting unit	9,873,066	36,910	1,635,261	3,651	11,548,888
Earmarked deposits	200	0	0	6,609,570	6,609,770
Other specific payables	15,083	0	4	0	15,087
Accounts of state authorities, local governments, and funds	104,861,031	6,579	9,214,706	16,391	114,098,707
Non-budgetary money deposits of state authorities	78,848,222	6,579	9,114,739	16,391	87,985,931
Deposits of social security funds	82,843	0	0	0	82,843
Deposits of local governments	20,436,859	0	74,517	0	20,511,376
Deposits of funds	5,493,107	0	25,450	0	5,518,557
Fixed forward transactions	3,630,120	7,010,437	441,921	3,045,261	14,127,739
Payables in respect of money collection	231,562	1,155	657,587	84,226	974,530
Branches and representative offices	401,275	2,606,113	0	44,792,516	47,799,904
Various payables, adjustment and other suspense accounts	4,601,141	18,391	306,240	16,106	4,941,878
Liabilities from trading in securities and securities issued by the accounting unit	1,002,935	506	168,292	284	1,172,017
Options – sale	570,124	1,156,560	84,147	217,042	2,027,873
Subsidies and similar funds	3,322,889	0	0	0	3,322,889
Long-term securities issued by the accounting unit	41,776,261	1,140,938	1,969	0	42,919,168
Subordinated financial liabilities	0	1,116,590	0	0	1,116,590
Reserves	6,482,731	0	109,877	81,139	6,673,747
Reserve funds and other funds allocated from profits	12,493,874	146,500	0	0	12,640,374
Registered capital	4,642,585	36,807,616	0	0	41,450,201
Long-term funds provided to branches of foreign banks	32,000	2,844,579	0	19,434	2,896,013
Share premium	1,950,191	250,000	0	0	2,200,191
Own shares	-32,991	0	0	0	-32,991
Capital fund	205,427	5,490	0	0	210,917
Gains or losses from revaluation of net investments connected with shares and deposits	8,365	0	1,136	309	9,810
Gains or losses from revaluation of security derivatives	1,755,590	38,428	364,802	76,248	2,235,068
Retained earnings from previous years +/-	28,028,302	0	0	0	28,028,302
Accumulated losses from previous years -/-	-981,401	0	0	0	-981,401
Profit and loss account +/-, -/-	11,478,079	0	0	0	11,478,079
Profit or loss in process of approval +/-, -/-	0	0	0	0	0

## Monthly Profit and Loss Account of Commercial Banks

(Banks and branches of foreign banks operating in the SR in total)

(SKK millions)

	2004				2005								
	9	10	11	12	1	2	3	4	5	6	7	8	9
<b>EXPENSES</b>													
Expenses on financial operations:	177,710	192,022	210,392	234,692	19,396	35,034	58,931	79,761	97,229	120,455	138,133	154,119	173,967
Other interest	18,661	20,544	22,497	24,202	2,023	3,750	5,427	7,222	9,186	10,998	12,749	14,666	16,468
of which: Financial renting expenses	0	0	0	0	0	0	0	0	0	0	0	0	0
Fees and commissions	1,139	1,281	1,470	1,592	135	270	390	625	771	947	1,108	1,280	1,454
Operations in securities	1,873	2,068	2,202	2,464	74	179	492	641	799	981	1,118	1,251	1,408
Interest on securities	1,687	1,903	2,119	2,383	230	432	673	891	1,118	1,345	1,581	1,814	2,041
Foreign exchange operations	77,730	83,985	92,354	106,069	8,728	15,593	31,356	43,886	54,988	67,918	79,570	90,200	102,116
Operations in derivatives	75,822	81,342	88,762	96,882	8,113	14,642	20,346	26,161	29,941	37,728	41,351	44,173	49,653
Other operations	797	899	987	1,100	94	166	248	336	426	539	655	736	827
General operating expenses	19,499	21,722	24,068	26,341	2,136	4,407	6,640	8,849	11,244	13,657	15,921	18,088	20,280
Additions to reserves and provisions	19,932	21,645	23,817	30,941	2,727	4,968	7,709	9,344	10,979	14,256	16,258	18,000	21,219
Other operating expenses	9,934	10,992	11,699	13,700	595	1,138	1,863	2,422	3,123	4,048	6,473	7,239	7,633
Extraordinary expenses	0	0	0	200	0	0	0	0	0	0	0	0	0
Income tax	857	1,019	1,048	1,788	96	191	367	587	921	977	780	909	1,652
Current period profit	10,167	11,061	12,347	12,287	1,446	2,702	3,748	5,073	6,152	7,581	9,159	10,371	11,481
<b>TOTAL EXPENSES, PLUS PROFIT</b>	<b>238,099</b>	<b>258,461</b>	<b>283,371</b>	<b>319,950</b>	<b>26,396</b>	<b>48,440</b>	<b>79,258</b>	<b>106,035</b>	<b>129,649</b>	<b>160,974</b>	<b>186,724</b>	<b>208,727</b>	<b>236,233</b>
<b>INCOME</b>													
Income from financial operations:	212,238	230,318	252,735	281,542	23,648	43,303	71,135	95,670	117,223	144,732	166,461	186,409	210,256
Income from other interest	28,342	31,409	34,570	37,660	3,306	6,231	9,284	12,489	15,791	18,863	21,909	25,129	28,264
of which: Income from financial renting	0	0	0	1	0	0	0	0	0	1	1	1	1
Income from shares and stakes	248	275	276	280	32	107	155	167	209	81	86	97	98
Income from fees and provisions	7,874	8,807	9,743	10,962	917	1,840	2,937	3,974	5,037	6,179	7,283	8,442	9,537
Income from operations in securities	3,276	3,577	4,130	5,261	661	1,229	1,397	1,601	1,908	2,481	2,745	2,676	2,922
Income from interest on securities	15,205	16,777	18,366	20,452	1,599	2,947	4,370	5,626	7,020	8,407	9,837	11,158	12,483
Income from foreign exchange operations	81,292	87,911	96,709	109,859	8,717	16,511	32,214	44,944	55,705	68,728	79,508	91,007	103,322
Income from operations in derivatives	75,425	80,919	88,217	96,246	8,330	14,258	20,523	26,509	31,087	39,392	44,385	47,095	52,721
Income from other operations	575	643	723	822	85	179	255	359	466	601	708	805	908
Use of reserves and provisions	23,801	25,795	28,068	35,248	2,663	4,919	7,751	9,679	11,629	15,057	17,656	19,511	23,234
Other operating income	2,058	2,344	2,566	3,153	82	216	372	687	797	1,183	2,601	2,801	2,739
Extraordinary income	0	0	0	0	2	3	0	0	0	0	0	0	0
Current period loss	2	4	3	7	1	0	0	0	0	3	6	7	3
<b>TOTAL INCOME, PLUS LOSS</b>	<b>238,099</b>	<b>258,461</b>	<b>283,371</b>	<b>319,950</b>	<b>26,396</b>	<b>48,440</b>	<b>79,258</b>	<b>106,035</b>	<b>129,649</b>	<b>160,974</b>	<b>186,724</b>	<b>208,727</b>	<b>236,233</b>





**Balance of Payments of the SR for January – August 2005**

	Receipts / Credit (+)		Payments / Debit (-)		Balance	
	SKK millions	USD millions	SKK millions	USD millions	SKK millions	USD millions
<b>Goods</b>	618,824.0	20,296.6	655,228.0	21,490.6	-36,404.0	-1,194.0
<b>Services</b>	87,700.1	2,876.5	79,511.9	2,607.9	8,188.2	268.6
Transport	31,730.7	1,040.7	23,180.7	760.3	8,550.0	280.4
Tourism	23,974.9	786.3	17,590.5	576.9	6,384.4	209.4
Other services	31,994.6	1,049.4	38,740.8	1,270.6	-6,746.2	-221.3
<b>Income</b>	33,315.6	1,092.7	64,669.3	2,121.1	-31,353.7	-1,028.4
Compensation of employees	19,650.0	644.5	680.9	22.3	18,969.1	622.2
Investment income	13,665.6	448.2	63,988.4	2,098.7	-50,322.7	-1,650.5
<b>Current transfers</b>	26,826.7	879.9	28,321.3	928.9	-1,494.6	-49.0
<b>CURRENT ACCOUNT</b>	766,666.5	25,145.7	827,730.5	27,148.5	-61,064.0	-2,002.8
<b>Capital account</b>	407.3	13.4	465.6	15.3	-58.3	-1.9
<b>Financial account</b>	2,675,259.9	87,741.6	-2,538,577.7	-83,275.0	136,682.2	4,466.5
Direct investment	451,453.7	14,807.1	-407,975.5	-13,381.1	43,478.3	1,426.0
<i>Abroad (direct investor = resident)</i>	29,414.0	964.7	-31,283.8	-1,026.1	-1,869.8	-61.3
Equity capital and reinvested earnings	575.0	18.9	-1,691.8	-55.5	-1,116.8	-36.6
Other capital	28,839.0	945.9	-29,592.0	-970.6	-753.0	-24.7
<i>In the SR (recipient of dir. investment = resident)</i>	422,039.7	13,842.4	-376,691.7	-12,355.0	45,348.0	1,487.4
Equity capital and reinvested earnings	34,299.7	1,125.0	-3,942.7	-129.3	30,357.0	995.7
Other capital	387,740.0	12,717.4	-372,749.0	-12,225.7	14,991.0	491.7
Portfolio investment	577,205.9	18,931.6	-576,438.9	-18,898.0	767.0	33.6
Assets	43,437.8	1,424.7	-60,262.5	-1,976.5	-16,824.7	-551.8
Liabilities	533,768.1	17,506.9	-516,176.4	-16,921.5	17,591.7	585.4
Financial derivatives	697,442.5	22,875.2	-697,446.0	-22,875.3	-3.5	-0.1
Assets	293,543.9	9,627.9	-296,321.7	-9,719.0	-2,777.8	-91.1
Liabilities	403,898.6	13,247.4	-401,124.3	-13,156.4	2,774.3	91.0
Other investment	949,157.8	31,127.6	-856,717.5	-28,120.6	92,440.4	3,007.0
<i>Long-term</i>	67,604.3	2,212.8	-76,677.5	-2,540.8	-9,073.3	-328.0
Assets	22,172.3	726.3	-26,164.4	-858.2	-3,992.2	-131.9
Liabilities	45,432.0	1,486.5	-50,513.1	-1,682.6	-5,081.1	-196.1
<i>Short-term</i>	881,553.6	28,914.8	-780,039.9	-25,579.8	101,513.6	3,335.0
Assets	319,796.0	10,488.9	-342,664.8	-11,239.0	-22,868.8	-750.1
Liabilities	561,757.6	18,425.9	-437,375.1	-14,340.8	124,382.5	4,085.1
<b>CAPITAL AND FINANCIAL ACCOUNT</b>	2,675,667.3	87,754.9	-2,539,043.4	-83,290.3	136,623.9	4,464.6
<b>ERRORS AND OMISSIONS</b>	-	-	-	-	-3,146.0	137.8
<b>TOTAL BALANCE</b>	-14,193.0	-447.1	86,606.9	3,046.7	72,413.9	2,599.6
Monetary gold	0.0	0.0	0.0	0.0	0.0	0.0
Special drawing rights	0.0	0.0	-0.2	0.0	-0.2	0.0
Foreign exchange	14,193.0	447.1	-86,606.7	-3,046.7	-72,413.7	-2,599.6
<i>Currency and deposits</i>	14,193.0	447.1	0.0	0.0	14,193.0	447.1
<i>Securities</i>	0.0	0.0	-86,606.7	-3,046.7	-86,606.7	-3,046.7
Bonds and notes	0.0	0.0	-60,878.0	-2,127.3	-60,878.0	-2,127.3
Money market instruments and financial derivatives	0.0	0.0	-25,728.7	-919.4	-25,728.7	-919.4
<b>RESERVE ASSETS</b>	14,193.0	447.1	-86,606.9	-3,046.7	-72,413.9	-2,599.6

Note: Preliminary data.

Applied rate of exchange: USD 1 = SKK 30.489



## Overview of Issues of NBS Bills

Registration number	Date of			DTM	Volume in Sk millions		Type of auction auction	Interest rate in % p.a.		
	auction	issue	maturity		demand	akcept.		issue	maturity	max.
942409011	1.7.2004	2.7.2004	24.9.2004	84	43,410	20,000	American	3.79	4.13	4.27
942910012	5.8.2004	6.8.2004	29.10.2004	84	50,529	20,000	American	3.74	4.07	4.10
941911014	26.8.2004	27.8.2004	19.11.2004	84	26,011	20,000	American	4.16	4.30	4.47
941712015	23.9.2004	24.9.2004	17.12.2004	84	31,115	20,000	American	3.97	4.31	4.39
942101017	28.10.2004	29.10.2004	21.1.2005	84	37,730	20,000	American	4.28	4.32	4.34
942101018	18.11.2004	19.11.2004	11.2.2005	84	41,001	20,000	American	4.05	4.14	4.18
941103019	16.12.2004	17.12.2004	11.3.2005	84	46,747	20,000	American	3.40	3.54	3.60
951504001	20.1.2005	21.1.2005	15.4.2005	84	47,662	25,000	American	3.41	3.59	3.68
950807004	14.4.2005	15.4.2005	8.7.2005	84	47,657	35,000	American	2.42	2.64	2.74
952907005	5.5.2005	6.5.2005	29.7.2005	84	37,470	35,000	American	2.70	2.91	3.00
952608007	2.6.2005	3.6.2005	26.8.2005	84	47,539	35,000	American	2.95	2.99	2.99
953009008	7.7.2005	8.7.2005	30.9.2005	84	53,872	35,000	American	2.88	2.95	2.98
952110010	28.7.2005	29.7.2005	21.10.2005	84	43,900	35,000	American	2.93	2.97	2.98
951811011	25.8.2005	26.8.2005	18.11.2005	84	36,898	35,000	American	2.96	2.98	2.99
952312013	29.9.2005	30.9.2005	23.12.2005	84	36,288	35,000	American	2.95	2.99	3.00
951301014	20.10.2005	21.10.2005	13.1.2006	84	30,353	14,253	American	2.99	3.00	3.00

**Monetary Base of the NBS**

(SKK billions)

	2005		
	10.10.	20.10.	31.10.
<b>SOURCES OF THE MONETARY BASE</b>	145.84	141.82	134.92
Autonomous factors	556.40	547.67	547.06
Net foreign assets	505.47	496.68	496.32
Reserves	512.09	503.41	502.95
Foreign liabilities	6.62	6.73	6.63
Net credit to the government <sup>1)</sup>	-1.93	-0.44	-0.22
Other assets net	52.87	51.44	50.97
Monetary policy factors <sup>2)</sup>	-410.57	-405.85	-412.14
Holdings of securities	0.00	0.00	3.00
SR Treasury bills	0.00	0.00	3.00
Other government securities	0.00	0.00	0.00
NBS treasury bills	605.00	605.00	584.25
of which: in NBS portfolio	194.43	200.14	172.50
Overnight deposits of commercial banks with the NBS	0.00	0.99	3.39
<b>USE OF THE MONETARY BASE<sup>3)</sup></b>	145.84	141.82	134.92
Currency in circulation	122.65	125.35	124.21
Reserves of commercial banks	23.18	16.47	10.71
Required reserves	21.21	21.21	21.21
Excess reserves	1.97	-4.74	-10.51

1) Including the deposits of the SR Treasury at the NBS.

2) Including NBS treasury bills in the portfolios of commercial banks and the one-day deposits of commercial banks at the NBS.

3) Use of the Monetary Base = Reserve money = Currency in circulation + Reserves of commercial banks.



## Basic Characteristics of Slovakia's Foreign Exchange Market in October 2005

	USD			EUR			Other currencies			Total	
	Volume		Number of transactions	Volume		Number of transactions	Volume		Number of transactions	Volume USD millions	Number of transactions
	USD millions	%		USD millions	%		USD millions	%			
NBS	-	-	-	264.5	100.0	7	-	-	-	264.5	7
Transactions between domestic banks without foreign participation	5,792.3	72.8	236	2,107.7	26.5	778	54.6	0.7	49	7,954.7	1,063
Interbank forex market: NBS + transactions between domestic banks	5,792.3	70.5	236	2,372.2	28.9	785	54.6	0.7	49	8,219.1	1,070
Transactions between domestic and foreign banks	41,333.1	87.3	1,868	5,632.9	11.9	2,855	377.0	0.8	134	47,342.9	4,857
Foreign exchange market in the SR – total	47,125.4	84.8	2,104	8,005.1	14.4	3,640	431.6	0.8	183	55,562.1	5,927

	SPOT			FORWARD			SWAP			OPTIONS			Total	
	Volume		No. of transactions	Volume		No. of transactions	Volume		No. of transactions	Volume		No. of transactions	Volume USD millions	No. of transactions
	USD millions	%		USD millions	%		USD millions	%		USD millions	%			
Transactions between domestic banks without foreign participation	1,164.6	14.6	754	9.2	0.1	7	6,792.0	85.3	301	0.8	0.0	1	7,966.6	1,063
Transactions between domestic and foreign banks	4,405.9	9.3	2,353	70.1	0.1	30	42,553.1	89.8	1,907	363.4	0.8	567	47,392.6	4,857
Foreign exchange market in the SR - excl. the NBS	5,570.5	10.1	3,107	79.4	0.1	37	49,345.2	89.1	2,208	364.2	0.7	568	55,359.2	5,920



### Average Monthly Exchange Rates of the SKK

Midpoint rate	2004			2005									
	10	11	12	1	2	3	4	5	6	7	8	9	10
1 AUD	23.448	23.472	22.322	22.483	22.813	22.705	23.372	23.548	24.242	24.264	24.016	23.996	24.431
1 CYP	-	-	-	66.426	65.282	65.483	67.153	67.502	67.136	67.720	67.515	67.132	67.923
1 CZK	1.270	1.264	1.268	1.274	1.268	1.283	1.301	1.291	1.282	1.286	1.306	1.311	1.311
1 DKK	5.378	5.326	5.237	5.190	5.112	5.128	5.256	5.244	5.177	5.207	5.187	5.156	5.215
1 EUR	40.004	39.578	38.925	38.614	38.051	38.185	39.157	39.039	38.537	38.837	38.695	38.45	38.909
1 EEK	-	-	-	2.468	2.432	2.441	2.503	2.495	2.463	2.482	2.473	2.458	2.487
100 JPY	29.385	29.093	28.006	28.421	27.914	27.493	28.186	28.808	29.145	28.798	28.454	28.243	28.227
1 CAD	25.622	25.487	23.926	24.033	23.610	23.722	24.538	24.435	25.427	26.351	26.067	26.583	27.517
1 LTL	-	-	-	11.183	11.020	11.059	11.342	11.308	11.162	11.246	11.207	11.136	11.27
1 LVL	-	-	-	55.447	54.669	54.853	56.256	56.085	55.371	55.799	55.599	55.24	55.869
100 HUF	16.211	16.130	15.828	15.665	15.596	15.612	15.797	15.493	15.455	15.755	15.828	15.646	15.46
1 MTL	-	-	-	89.297	88.303	88.438	91.078	90.933	89.747	90.456	90.140	89.568	90.643
1 NOK	4.852	4.860	4.740	4.700	4.575	4.664	4.787	4.823	4.881	4.902	4.886	4.925	4.964
1 PLN	9.256	9.282	9.387	9.466	9.528	9.537	9.451	9.319	9.482	9.474	9.560	9.798	9.933
100 SIT	16.673	16.505	16.233	16.105	15.872	15.931	16.338	16.299	16.094	16.216	16.156	16.058	16.247
1 CHF	25.913	25.994	25.374	24.974	24.541	24.660	25.295	25.275	25.053	24.929	24.904	24.817	25.111
1 SEK	4.416	4.394	4.338	4.267	4.187	4.204	4.273	4.246	4.166	4.121	4.141	4.118	4.135
1 USD	32.081	30.532	29.074	29.348	29.259	28.885	30.249	30.672	31.641	32.220	31.494	31.354	32.357
1 GBP	57.882	56.675	56.066	55.217	55.168	55.134	57.270	57.073	57.589	56.479	56.421	56.731	57.062
1 XDR	47.419	46.163	44.756	44.785	44.383	44.132	45.689	45.994	46.461	46.740	46.184	45.986	46.795

Note: With effect from 1 January 2005 the National Bank of Slovakia has expanded its exchange list by currencies of Cyprus, Estonia, Lithuania, Latvia and Malta.

### Average Quarterly Exchange Rates of the SKK

Midpoint rate	2004					2005		
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3
1 AUD	24.820	23.774	23.232	23.062	23.722	22.667	23.726	24.089
1 CYP	-	-	-	-	-	65.726	67.266	67.458
1 CZK	1.235	1.251	1.267	1.268	1.255	1.275	1.291	1.301
1 DKK	5.446	5.389	5.382	5.312	5.382	5.143	5.225	5.184
1 EUR	40.574	40.089	40.025	39.492	40.045	38.282	38.907	38.662
1 EEK	-	-	-	-	-	2.447	2.487	2.471
100 JPY	30.257	30.352	29.794	28.811	29.804	27.935	28.721	28.497
1 CAD	24.618	24.480	25.010	24.987	24.774	23.788	24.804	26.325
1 LTL	-	-	-	-	-	11.087	11.270	11.197
1 LVL	-	-	-	-	-	54.987	55.899	55.548
100 HUF	15.597	15.902	16.079	16.051	15.907	15.624	15.578	15.746
1 MTL	-	-	-	-	-	88.675	90.578	90.057
1 NOK	4.700	4.850	4.772	4.815	4.784	4.647	4.831	4.904
1 PLN	8.493	8.545	9.042	9.310	8.847	9.511	9.417	9.609
100 SIT	17.075	16.787	16.680	16.466	16.752	15.969	16.242	16.143
1 CHF	25.865	26.067	26.061	25.750	25.936	24.724	25.206	24.884
1 SEK	4.419	4.382	4.369	4.382	4.388	4.219	4.228	4.127
1 USD	32.457	33.264	32.761	30.539	32.255	29.16	30.863	31.683
1 GBP	59.630	60.107	59.595	56.865	59.049	55.172	57.311	56.540
1 XDR	48.234	48.560	48.074	46.090	47.740	44.429	46.053	46.299

Note: With effect from 1 January 2005 the National Bank of Slovakia has expanded its exchange list by currencies of Cyprus, Estonia, Lithuania, Latvia and Malta.

## Inflow of Foreign Direct Investment<sup>1)</sup> into Slovakia in 1999 – 2005

(Flows and stocks)

### Corporate sector

	SKK millions				USD millions			
	Volume as at 1 January	Net change	Valuation and other changes	Volume as at 31 December	Volume as at 1 January	Net change	Valuation and other changes	Volume as at 31 December
1999	65,637	16,729	695	83,061	1,778.15	403.92	-216.87	1,965.20
2000	83,061	97,454	-18,527	161,988	1,965.20	2,109.39	-656.33	3,418.26
2001	161,988	24,353	-4,190	182,151	3,418.26	503.71	-163.73	3,758.24
2002	182,151	174,180	-96,814	259,517	3,758.24	3,842.06	-1,118.22	6,482.08
2003	259,517	37,157	-13,596	283,078	6,482.08	1,010.44	1,106.43	8,598.95
2004 <sup>3)</sup>	298,431	26,368	5,798	330,597	9,065.34	817.49	1,718.70	11,601.53
2005 <sup>4)</sup>	329,691	6,423	-105	336,009 <sup>5)</sup>	11,569.73	213.83	-1,225.54	10,558.02 <sup>5)</sup>

### Banking sector

	SKK millions				USD millions			
	Volume as at 1 January	Net change	Valuation and other changes	Volume as at 31 December	Volume as at 1 January	Net change	Valuation and other changes	Volume as at 31 December
1999	12,931	-40	86	12,977	350.31	-0.97	-42.31	307.03
2000	12,977	2,107	69	15,153	307.03	45.61	-32.88	319.76
2001	15,153	37,095	-3	52,245	319.76	767.27	-9.07	1,077.96
2002	52,245	11,414	-3,930	59,729	1,077.96	251.77	162.16	1,491.89
2003 <sup>2)</sup>	59,980	1,813	3,629	65,422	1,498.15	49.30	439.85	1,987.30
2004 <sup>3)</sup>	65,422	5,115	-3,893	66,644	1,987.30	158.58	192.83	2,338.71
2005	66,644	123	0	66,767 <sup>5)</sup>	2,338.71	4.09	-244.87	2,097.93 <sup>5)</sup>

### Total

	SKK millions				USD millions			
	Volume as at 1 January	Net change	Valuation and other changes	Volume as at 31 December	Volume as at 1 January	Net change	Valuation and other changes	Volume as at 31 December
1999	78,568	16,689	781	96,038	2,128.46	402.95	-259.18	2,272.23
2000	96,038	99,561	-18,458	177,141	2,272.23	2,155.00	-689.21	3,738.02
2001	177,141	61,448	-4,193	234,396	3,738.02	1,270.98	-172.80	4,836.20
2002	234,396	185,594	-100,744	319,246	4,836.20	4,093.83	-956.06	7,973.97
2003 <sup>2)</sup>	319,497	38,970	-9,967	348,500	7,980.23	1,059.74	1,546.28	10,586.25
2004 <sup>3)</sup>	363,853	31,483	1,905	397,241	11,052.64	976.07	1,911.53	13,940.24
2005 <sup>4)</sup>	396,335	6,546	-105	402,776 <sup>5)</sup>	13,908.44	217.92	-1,470.41	12,655.95 <sup>5)</sup>

Note: The data for 2003 – 2005 are preliminary.

- 1) Equity capital + reinvested earnings.
- 2) Change in methodology – new accounting standards for banks.
- 3) Other capital funds included in the equity capital.
- 4) Change in methodology (higher limit for foreign exchange reporting obligation).
- 5) Data at 30 June.



**Inflow of Foreign Direct Investment<sup>1)</sup> During January to June 2005**

	Corporate sector			Banking sector			Total		
	SKK millions	USD millions	%	SKK millions	USD millions	%	SKK millions	USD millions	%
Exchange rate applied: USD 1 = SKK 30.038									
<b>Inflow of FDI (equity capital + reinvested earnings) in total</b>	6,423	213.8	100.0	123	4.1	100.0	6,546	217.9	100.0
<b>Structure of capital by investor</b>									
Czech Republic	1,648	54.9	25.7	-1	0.0	-0.8	1,647	54.8	25.2
South Korea	1,209	40.2	18.8	0	0.0	0.0	1,209	40.2	18.5
Austria	995	33.1	15.5	172	5.7	139.8	1,167	38.9	17.8
Germany	1,217	40.5	18.9	-251	-8.4	-204.1	966	32.2	14.8
Switzerland	646	21.5	10.1	0	0.0	0.0	646	21.5	9.9
United Kingdom	511	17.0	8.0	125	4.2	101.6	636	21.2	9.7
The Netherlands	511	17.0	8.0	3	0.1	2.4	514	17.1	7.9
Belgium	294	9.8	4.6	0	0.0	0.0	294	9.8	4.5
USA	183	6.1	2.8	0	0.0	0.0	183	6.1	2.8
Luxembourg	35	1.2	0.5	0	0.0	0.0	35	1.2	0.5
Other countries	-826	-27.5	-12.9	75	2.5	61.0	-751	-25.0	-11.5
<b>Structure of capital by sector</b>									
Agriculture, hunting, and forestry	-2	-0.1	0.0	0	0.0	0.0	-2	-0.1	0.0
Fishing	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Mineral raw materials extraction	8	0.3	0.1	0	0.0	0.0	8	0.3	0.1
Manufacturing	2,463	82.0	38.3	0	0.0	0.0	2,463	82.0	37.6
Electricity, gas, and water supply	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Construction	-112	-3.7	-1.7	0	0.0	0.0	-112	-3.7	-1.7
Wholesale and retail trade, repairs of motor vehicles	1,585	52.8	24.7	0	0.0	0.0	1,585	52.8	24.2
Hotels and restaurants	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Transport, storage, post and telecommunications	8	0.3	0.1	0	0.0	0.0	8	0.3	0.1
Financial intermediation	1,914	63.7	29.8	123	4.1	100.0	2,037	67.8	31.1
Real estate, renting and business activities	549	18.3	8.5	0	0.0	0.0	549	18.3	8.4
Public administration and defence, compulsory social security	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Education	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Health and social work	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Other community, social, and personal services	10	0.3	0.2	0	0.0	0.0	10	0.3	0.2
Activities of private households	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Extra-territorial organizations and bodies	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
<b>Structure of capital by region</b>									
Bratislava region	3,453	115.0	53.8	88	2.9	71.5	3,541	117.9	54.1
Trnava region	72	2.4	1.1	0	0.0	0.0	72	2.4	1.1
Trenčín region	1,004	33.4	15.6	0	0.0	0.0	1,004	33.4	15.3
Nitra region	11	0.4	0.2	0	0.0	0.0	11	0.4	0.2
Žilina region	1,711	57.0	26.6	-1	0.0	-0.8	1,710	56.9	26.1
Banská Bystrica region	59	2.0	0.9	36	1.2	29.3	95	3.2	1.5
Prešov region	73	2.4	1.1	0	0.0	0.0	73	2.4	1.1
Košice region	40	1.3	0.6	0	0.0	0.0	40	1.3	0.6

Note: Preliminary data.

1) Equity capital + reinvested earnings.

Inflow of Foreign Direct Investment<sup>1)</sup> During January to December 2004

	Corporate sector			Banking sector			Total		
	SKK millions	USD millions	%	SKK millions	USD millions	%	SKK millions	USD millions	%
Exchange rate applied: USD 1 = SKK 32.255									
<b>Inflow of FDI (equity capital + reinvested earnings) in total</b>	26,368	817.5	100.0	5,115	158.6	100.0	31,483	976.1	100.0
<b>Structure of capital by investor</b>									
Hungary	6,881	213.3	26.1	-30	-0.9	-0.6	6,851	212.4	21.8
Austria	1,697	52.6	6.4	4,776	148.1	93.4	6,473	200.7	20.6
Czech Republic	4,606	142.8	17.5	-11	-0.3	-0.2	4,595	142.5	14.6
United Kingdom	5,982	185.5	22.7	-1,396	-43.3	-27.3	4,586	142.2	14.6
France	3,672	113.8	13.9	-136	-4.2	-2.7	3,536	109.6	11.2
Germany	3,117	96.6	11.8	253	7.8	4.9	3,370	104.5	10.7
Luxembourg	3,184	98.7	12.1	0	0.0	0.0	3,184	98.7	10.1
South Korea	2,148	66.6	8.1	0	0.0	0.0	2,148	66.6	6.8
Switzerland	756	23.4	2.9	0	0.0	0.0	756	23.4	2.4
Italy	693	21.5	2.6	-13	-0.4	-0.3	680	21.1	2.2
Other countries	-6,368	-197.4	-24.2	1,672	51.8	32.7	-4,696	-145.6	-14.9
<b>Structure of capital by sector</b>									
Agriculture, hunting, and forestry	319	9.9	1.2	0	0.0	0.0	319	9.9	1.0
Fishing	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Mineral raw materials extraction	-24	-0.7	-0.1	0	0.0	0.0	-24	-0.7	-0.1
Manufacturing	24,140	748.4	91.6	0	0.0	0.0	24,140	748.4	76.7
Electricity, gas, and water supply	-301	-9.3	-1.1	0	0.0	0.0	-301	-9.3	-1.0
Construction	567	17.6	2.2	0	0.0	0.0	567	17.6	1.8
Wholesale and retail trade, repairs of motor vehicles	7,896	244.8	29.9	0	0.0	0.0	7,896	244.8	25.1
Hotels and restaurants	-54	-1.7	-0.2	0	0.0	0.0	-54	-1.7	-0.2
Transport, storage, post and telecommunications	-8,004	-248.1	-30.4	0	0.0	0.0	-8,004	-248.1	-25.4
Financial intermediation	1,275	39.5	4.8	5,115	158.6	100.0	6,390	198.1	20.3
Real estate, renting and business activities	394	12.2	1.5	0	0.0	0.0	394	12.2	1.3
Public administration and defence, compulsory social security	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Education	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Health and social work	19	0.6	0.1	0	0.0	0.0	19	0.6	0.1
Other community, social, and personal services	141	4.4	0.5	0	0.0	0.0	141	4.4	0.4
Activities of private households	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Extra-territorial organizations and bodies	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
<b>Structure of capital by regions</b>									
Bratislava region	15,537	481.7	58.9	5,004	155.1	97.8	20,541	636.8	65.2
Trnava region	4,062	125.9	15.4	0	0.0	0.0	4,062	125.9	12.9
Trenčín region	2,199	68.2	8.3	0	0.0	0.0	2,199	68.2	7.0
Nitra region	-167	-5.2	-0.6	0	0.0	0.0	-167	-5.2	-0.5
Žilina region	2,279	70.7	8.6	73	2.3	1.4	2,352	72.9	7.5
Banská Bystrica region	451	14.0	1.7	38	1.2	0.7	489	15.2	1.6
Prešov region	996	30.9	3.8	0	0.0	0.0	996	30.9	3.2
Košice region	1,011	31.3	3.8	0	0.0	0.0	1,011	31.3	3.2

Note: Preliminary data.

1) Equity capital + reinvested earnings.





### Inflow of Foreign Direct Investment<sup>1)</sup> During January to December 2003

	Corporate sector			Banking sector			Total		
	SKK millions	USD millions	%	SKK millions	USD millions	%	SKK millions	USD millions	%
Exchange rate applied: USD 1 = SKK 36.773									
<b>Inflow of FDI (equity capital + reinvested earnings) in total</b>	37,157	1,010.4	100.0	1,813	49.3	100.0	38,970	1,059.7	100.0
<b>Structure of capital by investor</b>									
Germany	12,543	341.1	33.8	21	0.6	1.2	12,564	341.7	32.2
Hungary	7,480	203.4	20.1	984	26.8	54.3	8,464	230.2	21.7
United Kingdom	5,945	161.7	16.0	104	2.8	5.7	6,049	164.5	15.5
The Netherlands	2,816	76.6	7.6	7	0.2	0.4	2,823	76.8	7.2
Czech Republic	2,117	57.6	5.7	-7	-0.2	-0.4	2,110	57.4	5.4
USA	1,986	54.0	5.3	-27	-0.7	-1.5	1,959	53.3	5.0
Austria	695	18.9	1.9	603	16.4	33.3	1,298	35.3	3.3
Denmark	1,132	30.8	3.0	0	0.0	0.0	1,132	30.8	2.9
Switzerland	998	27.1	2.7	0	0.0	0.0	998	27.1	2.6
Italy	566	15.4	1.5	142	3.9	7.8	708	19.3	1.8
Other countries	879	23.9	2.4	-14	-0.4	-0.8	865	23.5	2.2
<b>Structure of capital by sector</b>									
Agriculture, hunting, and forestry	296	8.0	0.8	0	0.0	0.0	296	8.0	0.8
Fishing	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Mineral raw materials extraction	77	2.1	0.2	0	0.0	0.0	77	2.1	0.2
Manufacturing	13,941	379.1	37.5	0	0.0	0.0	13,941	379.1	35.8
Electricity, gas, and water supply	-546	-14.8	-1.5	0	0.0	0.0	-546	-14.8	-1.4
Construction	737	20.0	2.0	0	0.0	0.0	737	20.0	1.9
Wholesale and retail trade, repairs of motor vehicles	9,042	245.9	24.3	0	0.0	0.0	9,042	245.9	23.2
Hotels and restaurants	63	1.7	0.2	0	0.0	0.0	63	1.7	0.2
Transport, storage, post and telecommunications	332	9.0	0.9	0	0.0	0.0	332	9.0	0.9
Financial intermediation	896	24.4	2.4	1,813	49.3	100.0	2,709	73.7	7.0
Real estate, renting and business activities	1,724	46.9	4.6	0	0.0	0.0	1,724	46.9	4.4
Public administration and defence, compulsory social security	10,463	284.5	28.2	0	0.0	0.0	10,463	284.5	26.8
Education	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Health and social work	3	0.1	0.0	0	0.0	0.0	3	0.1	0.0
Other community, social, and personal services	129	3.5	0.3	0	0.0	0.0	129	3.5	0.3
Activities of private households	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Extra-territorial organizations and bodies	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
<b>Structure of capital by regions</b>									
Bratislava region	29,363	798.5	79.0	1,773	48.2	97.8	31,136	846.7	79.9
Trnava region	1,374	37.4	3.7	0	0.0	0.0	1,374	37.4	3.5
Trenčín region	3,378	91.9	9.1	0	0.0	0.0	3,378	91.9	8.7
Nitra region	1,510	41.1	4.1	0	0.0	0.0	1,510	41.1	3.9
Žilina region	740	20.1	2.0	26	0.7	1.4	766	20.8	2.0
Banská Bystrica region	121	3.3	0.3	14	0.4	0.8	135	3.7	0.3
Prešov region	54	1.5	0.1	0	0.0	0.0	54	1.5	0.1
Košice region	617	16.8	1.7	0	0.0	0.0	617	16.8	1.6

Note: Preliminary data.

1) Equity capital + reinvested earnings.

Volume of Foreign Direct Investment<sup>1)</sup> as at 30 June 2005

	Corporate sector			Banking sector			Total		
	SKK millions	USD millions	%	SKK millions	USD millions	%	SKK millions	USD millions	%
Exchange rate applied: USD 1 = SKK 31.825									
<b>Total volume of FDI (equity capital + reinvested earnings)</b>	336,009	10,558.0	100.0	66,767	2,097.9	100.0	402,776	12,656.0	100.0
<b>Structure of capital by investor</b>									
The Netherlands	89,181	2,802.2	26.5	616	19.4	0.9	89,797	2,821.6	22.3
Germany	75,776	2,381.0	22.6	860	27.0	1.3	76,636	2,408.0	19.0
Austria	27,727	871.2	8.3	33,081	1,039.5	49.5	60,808	1,910.7	15.1
Hungary	27,312	858.2	8.1	2,007	63.1	3.0	29,319	921.3	7.3
Italy	4,822	151.5	1.4	24,144	758.6	36.2	28,966	910.2	7.2
United Kingdom	26,738	840.2	8.0	473	14.9	0.7	27,211	855.0	6.8
Czech Republic	18,431	579.1	5.5	3,486	109.5	5.2	21,917	688.7	5.4
USA	14,250	447.8	4.2	1,650	51.8	2.5	15,900	499.6	3.9
France	11,493	361.1	3.4	450	14.1	0.7	11,943	375.3	3.0
Cyprus	8,449	265.5	2.5	0	0.0	0.0	8,449	265.5	2.1
Other countries	31,830	1,000.2	9.5	0	0.0	0.0	31,830	1,000.2	7.9
<b>Structure of capital by sector</b>									
Agriculture, hunting, and forestry	1,668	52.4	0.5	0	0.0	0.0	1,668	52.4	0.4
Fishing	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Mineral raw materials extraction	2,623	82.4	0.8	0	0.0	0.0	2,623	82.4	0.7
Manufacturing	159,097	4,999.1	47.3	0	0.0	0.0	159,097	4,999.1	39.5
Electricity, gas, and water supply	40,645	1,277.1	12.1	0	0.0	0.0	40,645	1,277.1	10.1
Construction	2,651	83.3	0.8	0	0.0	0.0	2,651	83.3	0.7
Wholesale and retail trade, repairs of motor vehicles	52,342	1,644.7	15.6	0	0.0	0.0	52,342	1,644.7	13.0
Hotels and restaurants	1,912	60.1	0.6	0	0.0	0.0	1,912	60.1	0.5
Transport, storage, post and telecommunications	35,784	1,124.4	10.6	0	0.0	0.0	35,784	1,124.4	8.9
Financial intermediation	22,473	706.1	6.7	66,767	2,097.9	100.0	89,240	2,804.1	22.2
Real estate, renting and business activities	13,751	432.1	4.1	0	0.0	0.0	13,751	432.1	3.4
Public administration and defence, compulsory social security	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Education	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Health and social work	1,490	46.8	0.4	0	0.0	0.0	1,490	46.8	0.4
Other community, social, and personal services	1,573	49.4	0.5	0	0.0	0.0	1,573	49.4	0.4
Activities of private households	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Extra-territorial organizations and bodies	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
<b>Structure of capital by regions</b>									
Bratislava region	209,143	6,571.7	62.2	65,458	2,056.8	98.0	274,601	8,628.5	68.2
Trnava region	23,889	750.6	7.1	0	0.0	0.0	23,889	750.6	5.9
Trenčín region	18,160	570.6	5.4	0	0.0	0.0	18,160	570.6	4.5
Nitra region	12,693	398.8	3.8	0	0.0	0.0	12,693	398.8	3.2
Žilina region	20,608	647.5	6.1	950	29.9	1.4	21,558	677.4	5.4
Banská Bystrica region	9,472	297.6	2.8	359	11.3	0.5	9,831	308.9	2.4
Prešov region	7,081	222.5	2.1	0	0.0	0.0	7,081	222.5	1.8
Košice region	34,963	1,098.6	10.4	0	0.0	0.0	34,963	1,098.6	8.7

Note: Preliminary data.

1) Equity capital + reinvested earnings.



**Volume of Foreign Direct Investment<sup>1)</sup> as at 31 December 2004**

	Corporate sector			Banking sector			Total		
	SKK millions	USD millions	%	SKK millions	USD millions	%	SKK millions	USD millions	%
Exchange rate applied: USD 1 = SKK 28.496									
<b>Total volume of FDI (equity capital + reinvested earnings)</b>	330,597	11,601.5	100.0	66,644	2,338.7	100.0	397,241	13,940.2	100.0
<b>Structure of capital by investor</b>									
The Netherlands	94,042	3,300.2	28.4	613	21.5	0.9	94,655	3,321.7	23.8
Germany	74,723	2,622.2	22.6	1,110	39.0	1.7	75,833	2,661.2	19.1
Austria	21,244	745.5	6.4	32,926	1,155.5	49.4	54,170	1,901.0	13.6
Hungary	5,276	185.1	1.6	24,143	847.2	36.2	29,419	1,032.4	7.4
United Kingdom	27,303	958.1	8.3	1,952	68.5	2.9	29,255	1,026.6	7.4
Italy	26,255	921.4	7.9	349	12.2	0.5	26,604	933.6	6.7
Czech Republic	16,983	596.0	5.1	3,486	122.3	5.2	20,469	718.3	5.2
USA	13,966	490.1	4.2	1,650	57.9	2.5	15,616	548.0	3.9
France	11,766	412.9	3.6	415	14.6	0.6	12,181	427.5	3.1
Cyprus	8,885	311.8	2.7	0	0.0	0.0	8,885	311.8	2.2
Other countries	30,154	1,058.2	9.1	0	0.0	0.0	30,154	1,058.2	7.6
<b>Structure of capital by sector</b>									
Agriculture, hunting, and forestry	1,674	58.7	0.5	0	0.0	0.0	1,674	58.7	0.4
Fishing	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Mineral raw materials extraction	2,549	89.5	0.8	0	0.0	0.0	2,549	89.5	0.6
Manufacturing	158,956	5,578.2	48.1	0	0.0	0.0	158,956	5,578.2	40.0
Electricity, gas, and water supply	40,952	1,437.1	12.4	0	0.0	0.0	40,952	1,437.1	10.3
Construction	2,801	98.3	0.8	0	0.0	0.0	2,801	98.3	0.7
Wholesale and retail trade, repairs of motor vehicles	50,799	1,782.7	15.4	0	0.0	0.0	50,799	1,782.7	12.8
Hotels and restaurants	1,917	67.3	0.6	0	0.0	0.0	1,917	67.3	0.5
Transport, storage, post and telecommunications	35,872	1,258.8	10.9	0	0.0	0.0	35,872	1,258.8	9.0
Financial intermediation	18,224	639.5	5.5	66,644	2,338.7	100.0	84,868	2,978.2	21.4
Real estate, renting and business activities	13,887	487.3	4.2	0	0.0	0.0	13,887	487.3	3.5
Public administration and defence, compulsory social security	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Education	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Health and social work	1,491	52.3	0.5	0	0.0	0.0	1,491	52.3	0.4
Other community, social, and personal services	1,475	51.8	0.4	0	0.0	0.0	1,475	51.8	0.4
Activities of private households	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Extra-territorial organizations and bodies	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
<b>Structure of capital by regions</b>									
Bratislava region	206,296	7,239.5	62.4	65,202	2,288.1	97.8	271,498	9,527.6	68.3
Trnava region	23,867	837.6	7.2	0	0.0	0.0	23,867	837.6	6.0
Trenčín region	17,269	606.0	5.2	0	0.0	0.0	17,269	606.0	4.3
Nitra region	12,677	444.9	3.8	0	0.0	0.0	12,677	444.9	3.2
Žilina region	19,139	671.6	5.8	950	33.3	1.4	20,089	705.0	5.1
Banská Bystrica region	9,484	332.8	2.9	492	17.3	0.7	9,976	350.1	2.5
Prešov region	7,041	247.1	2.1	0	0.0	0.0	7,041	247.1	1.8
Košice region	34,824	1,222.1	10.5	0	0.0	0.0	34,824	1,222.1	8.8

Note: Preliminary data.

1) Equity capital + reinvested earnings.

Volume of Foreign Direct Investment<sup>1)</sup> as at 31 December 2003

	Corporate sector			Banking sector			Total		
	SKK millions	USD millions	%	SKK millions	USD millions	%	SKK millions	USD millions	%
Exchange rate applied: USD 1 = SKK 32.920									
<b>Total volume of FDI (equity capital + reinvested earnings)</b>	283,078	8,599.0	100.0	65,422	1,987.3	100.0	348,500	10,586.3	100.0
<b>Structure of capital by investor</b>									
The Netherlands	91,208	2,770.6	32.2	595	18.1	0.9	91,803	2,788.7	26.3
Germany	67,421	2,048.0	23.8	852	25.9	1.3	68,273	2,073.9	19.6
Austria	17,941	545.0	6.3	30,383	922.9	46.4	48,324	1,467.9	13.9
Italy	4,319	131.2	1.5	24,143	733.4	36.9	28,462	864.6	8.2
United Kingdom	25,332	769.5	8.9	1,749	53.1	2.7	27,081	822.6	7.8
Hungary	16,062	487.9	5.7	2,005	60.9	3.1	18,067	548.8	5.2
Czech Republic	14,283	433.9	5.0	3,495	106.2	5.3	17,778	540.0	5.1
USA	12,540	380.9	4.4	1,650	50.1	2.5	14,190	431.0	4.1
France	7,828	237.8	2.8	550	16.7	0.8	8,378	254.5	2.4
Cyprus	4,693	142.6	1.7	0	0.0	0.0	4,693	142.6	1.3
Other countries	21,451	651.6	7.6	0	0.0	0.0	21,451	651.6	6.2
<b>Structure of capital by sector</b>									
Agriculture, hunting, and forestry	1,349	41.0	0.5	0	0.0	0.0	1,349	41.0	0.4
Fishing	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Mineral raw materials extraction	2,709	82.3	1.0	0	0.0	0.0	2,709	82.3	0.8
Manufacturing	124,677	3,787.3	44.0	0	0.0	0.0	124,677	3,787.3	35.8
Electricity, gas, and water supply	40,379	1,226.6	14.3	0	0.0	0.0	40,379	1,226.6	11.6
Construction	2,842	86.3	1.0	0	0.0	0.0	2,842	86.3	0.8
Wholesale and retail trade, repairs of motor vehicles	44,055	1,338.2	15.6	0	0.0	0.0	44,055	1,338.2	12.6
Hotels and restaurants	1,932	58.7	0.7	0	0.0	0.0	1,932	58.7	0.6
Transport, storage, post and telecommunications	35,713	1,084.8	12.6	0	0.0	0.0	35,713	1,084.8	10.2
Financial intermediation	15,558	472.6	5.5	65,422	1,987.3	100.0	80,980	2,459.9	23.2
Real estate, renting and business activities	11,277	342.6	4.0	0	0.0	0.0	11,277	342.6	3.2
Public administration and defence, compulsory social security	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Education	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Health and social work	1,445	43.9	0.5	0	0.0	0.0	1,445	43.9	0.4
Other community, social, and personal services	1,142	34.7	0.4	0	0.0	0.0	1,142	34.7	0.3
Activities of private households	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Extra-territorial organizations and bodies	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
<b>Structure of capital by regions</b>									
Bratislava region	175,496	5,331.0	62.0	63,980	1,943.5	97.8	239,476	7,274.5	68.7
Trnava region	17,877	543.0	6.3	0	0.0	0.0	17,877	543.0	5.1
Trenčín region	14,272	433.5	5.0	0	0.0	0.0	14,272	433.5	4.1
Nitra region	11,627	353.2	4.1	0	0.0	0.0	11,627	353.2	3.3
Žilina region	14,471	439.6	5.1	950	28.9	1.5	15,421	468.4	4.4
Banská Bystrica region	9,065	275.4	3.2	492	14.9	0.8	9,557	290.3	2.7
Prešov region	6,020	182.9	2.1	0	0.0	0.0	6,020	182.9	1.7
Košice region	34,250	1,040.4	12.1	0	0.0	0.0	34,250	1,040.4	9.8

Note: Preliminary data.

1) Equity capital + reinvested earnings.

**Outflow of Foreign Direct Investment<sup>1)</sup> from Slovakia in 1999 – 2005**

(Flows and stocks)

**Corporate sector**

	SKK millions				USD millions			
	Volume as at 1 January	Net change	Valuation and other changes	Volume as at 31 December	Volume as at 1 January	Net change	Valuation and other changes	Volume as at 31 December
1999	12,397	739	-404	12,732	335.85	17.84	-52.45	301.24
2000	12,732	975	1,515	15,222	301.24	21.10	-1.13	321.21
2001	15,222	3,441	2,740	21,403	321.21	71.17	49.21	441.59
2002	21,403	364	-2,646	19,121	441.59	8.03	27.97	477.59
2003	19,121	664	-1,835	17,950	477.59	18.06	49.61	545.26
2004	17,950	1,536	-254	19,232	545.26	47.62	82.02	674.90
2005 <sup>3)</sup>	19,136	-244	257	19,149 <sup>4)</sup>	671.53	-8.12	-61.71	601.70 <sup>4)</sup>

**Banking sector**

	SKK millions				USD millions			
	Volume as at 1 January	Net change	Valuation and other changes	Volume as at 31 December	Volume as at 1 January	Net change	Valuation and other changes	Volume as at 31 December
1999	1,592	-17,110	15,587	69	43.13	-413.12	371.62	1.63
2000	69	99	21	189	1.63	2.14	0.21	3.98
2001	189	8	1	198	3.98	0.17	-0.07	4.08
2002	198	0	-34	164	4.08	0.00	0.01	4.09
2003 <sup>2)</sup>	162	43	-9	196	4.05	1.17	0.74	5.96
2004	196	-29	360	527	5.96	-0.90	13.44	18.50
2005	527	-1	4	530 <sup>4)</sup>	18.50	-0.04	-1.81	16.65 <sup>4)</sup>

**Total**

	SKK millions				USD millions			
	Volume as at 1 January	Net change	Valuation and other changes	Volume as at 31 December	Volume as at 1 January	Net change	Valuation and other changes	Volume as at 31 December
1999	13,989	-16,371	15,183	12,801	378.98	-395.28	319.17	302.87
2000	12,801	1,074	1,536	15,411	302.87	23.24	-0.92	325.19
2001	15,411	3,449	2,741	21,601	325.19	71.34	49.14	445.67
2002	21,601	364	-2,680	19,285	445.67	8.03	27.98	481.68
2003 <sup>2)</sup>	19,283	707	-1,844	18,146	481.64	19.23	50.35	551.22
2004	18,146	1,472	98	19,759	551.22	46.72	95.46	693.40
2005 <sup>3)</sup>	19,663	-245	261	19,679 <sup>4)</sup>	690.03	-8.16	-63.52	618.35 <sup>4)</sup>

Note: The data for 2003 – 2005 are preliminary.

1) Equity capital + reinvested earnings.

2) Change in methodology – new accounting standards for banks.

3) Change in methodology (higher limit for foreign exchange reporting obligation).

4) Data at 30 June.


**Outflow of Foreign Direct Investment<sup>1)</sup> During January to June 2005**

	Corporate sector			Banking sector			Total		
	SKK millions	USD millions	%	SKK millions	USD millions	%	SKK millions	USD millions	%
Exchange rate applied: USD 1 = SKK 30.038									
<b>Outflow of FDI (equity capital + reinvested earnings) in total</b>	-244	-8.1	100.0	-1	0.0	100.0	-245	-8.2	100.0
<b>Structure of capital by country of investment</b>									
Belgium	22	0.7	-9.0	0	0.0	0.0	22	0.7	-9.0
Serbia and Montenegro	10	0.3	-4.1	0	0.0	0.0	10	0.3	-4.1
Russia	2	0.1	-0.8	0	0.0	0.0	2	0.1	-0.8
Luxembourg	1	0.0	-0.4	0	0.0	0.0	1	0.0	-0.4
Bulgaria	1	0.0	-0.4	0	0.0	0.0	1	0.0	-0.4
Ukraine	-1	0.0	0.4	0	0.0	0.0	-1	0.0	0.4
Romania	-1	0.0	0.4	0	0.0	0.0	-1	0.0	0.4
Hungary	-5	-0.2	2.0	0	0.0	0.0	-5	-0.2	2.0
Austria	-24	-0.8	9.8	0	0.0	0.0	-24	-0.8	9.8
Czech Republic	-249	-8.3	102.0	-1	0.0	100.0	-250	-8.3	102.0
Other countries	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
<b>Structure of capital by sector</b>									
Agriculture, hunting, and forestry	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Fishing	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Mineral raw materials extraction	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Manufacturing	3	0.1	-1.2	0	0.0	0.0	3	0.1	-1.2
Electricity, gas, and water supply	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Construction	-255	-8.5	104.5	0	0.0	0.0	-255	-8.5	104.1
Wholesale and retail trade, repairs of motor vehicles	-2	-0.1	0.8	0	0.0	0.0	-2	-0.1	0.8
Hotels and restaurants	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Transport, storage, post and telecommunications	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Financial intermediation	0	0.0	0.0	-1	0.0	100.0	-1	0.0	0.4
Real estate, renting and business activities	10	0.3	-4.1	0	0.0	0.0	10	0.3	-4.1
Public administration and defence, compulsory social security	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Education	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Health and social work	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Other community, social, and personal services	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Activities of private households	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Extra-territorial organizations and bodies	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
<b>Structure of capital by regions</b>									
Bratislava region	-246	-8.2	100.8	-1	0.0	100.0	-247	-8.2	100.8
Trnava region	-3	-0.1	1.2	0	0.0	0.0	-3	-0.1	1.2
Trenčín region	2	0.1	-0.8	0	0.0	0.0	2	0.1	-0.8
Nitra region	-3	-0.1	1.2	0	0.0	0.0	-3	-0.1	1.2
Žilina region	6	0.2	-2.5	0	0.0	0.0	6	0.2	-2.4
Banská Bystrica region	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Prešov region	1	0.0	-0.4	0	0.0	0.0	1	0.0	-0.4
Košice region	-1	0.0	0.4	0	0.0	0.0	-1	0.0	0.4

Note: Preliminary data.

1) Equity capital + reinvested earnings.



### Outflow of Foreign Direct Investment<sup>1)</sup> During January to December 2004

	Corporate sector			Banking sector			Total		
	SKK millions	USD millions	%	SKK millions	USD millions	%	SKK millions	USD millions	%
Exchange rate applied: USD 1 = SKK 32.255									
<b>Outflow of FDI (equity capital + reinvested earnings) in total</b>	1,536	47.6	100.0	-29	-0.9	100.0	1,507	46.7	100.0
<b>Structure of capital by country of investment</b>									
Czech Republic	1,294	40.1	84.2	-29	-0.9	100.0	1,265	39.2	83.9
Ethiopia	276	8.6	18.0	0	0.0	0.0	276	8.6	18.3
Ukraine	151	4.7	9.8	0	0.0	0.0	151	4.7	10.0
Russia	110	3.4	7.2	0	0.0	0.0	110	3.4	7.3
The Netherlands	73	2.3	4.8	0	0.0	0.0	73	2.3	4.8
India	58	1.8	3.8	0	0.0	0.0	58	1.8	3.8
Cyprus	49	1.5	3.2	0	0.0	0.0	49	1.5	3.3
Brazil	26	0.8	1.7	0	0.0	0.0	26	0.8	1.7
Bulgaria	18	0.6	1.2	0	0.0	0.0	18	0.6	1.2
Switzerland	8	0.2	0.5	0	0.0	0.0	8	0.2	0.5
Other countries	-527	-16.3	-34.3	0	0.0	0.0	-527	-16.3	-35.0
<b>Structure of capital by sector</b>									
Agriculture, hunting, and forestry	-3	-0.1	-0.2	0	0.0	0.0	-3	-0.1	-0.2
Fishing	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Mineral raw materials extraction	-51	-1.6	-3.3	0	0.0	0.0	-51	-1.6	-3.4
Manufacturing	1,027	31.8	66.9	0	0.0	0.0	1,027	31.8	68.1
Electricity, gas, and water supply	1	0.0	0.1	0	0.0	0.0	1	0.0	0.1
Construction	-86	-2.7	-5.6	0	0.0	0.0	-86	-2.7	-5.7
Wholesale and retail trade, repairs of motor vehicles	621	19.3	40.4	0	0.0	0.0	621	19.3	41.2
Hotels and restaurants	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Transport, storage, post and telecommunications	1	0.0	0.1	0	0.0	0.0	1	0.0	0.1
Financial intermediation	-240	-7.4	-15.6	-29	-0.9	100.0	-269	-8.3	-17.9
Real estate, renting and business activities	271	8.4	17.6	0	0.0	0.0	271	8.4	18.0
Public administration and defence, compulsory social security	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Education	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Health and social work	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Other community, social, and personal services	-5	-0.2	-0.3	0	0.0	0.0	-5	-0.2	-0.3
Activities of private households	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Extra-territorial organizations and bodies	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
<b>Structure of capital by regions</b>									
Bratislava region	1,033	32.0	67.3	-29	-0.9	100.0	1,004	31.1	66.6
Trnava region	-46	-1.4	-3.0	0	0.0	0.0	-46	-1.4	-3.1
Trenčín region	744	23.1	48.4	0	0.0	0.0	744	23.1	49.4
Nitra region	-2	-0.1	-0.1	0	0.0	0.0	-2	-0.1	-0.1
Žilina region	-77	-2.4	-5.0	0	0.0	0.0	-77	-2.4	-5.1
Banská Bystrica region	12	0.4	0.8	0	0.0	0.0	12	0.4	0.8
Prešov region	95	2.9	6.2	0	0.0	0.0	95	2.9	6.3
Košice region	-223	-6.9	-14.5	0	0.0	0.0	-223	-6.9	-14.8

Note: Preliminary data.

1) Equity capital + reinvested earnings.


**Outflow of Foreign Direct Investment<sup>1)</sup> During January to December 2003**

	Corporate sector			Banking sector			Total		
	SKK millions	USD millions	%	SKK millions	USD millions	%	SKK millions	USD millions	%
Exchange rate applied: USD 1 = SKK 36.773									
<b>Outflow of FDI (equity capital + reinvested earnings) in total</b>	664	18.1	100.0	43	1.2	100.0	707	19.2	100.0
<b>Structure of capital by country of investment</b>									
Czech Republic	800	21.8	120.5	30	0.8	69.8	830	22.6	117.4
Austria	308	8.4	46.4	0	0.0	0.0	308	8.4	43.6
United Kingdom	82	2.2	12.3	0	0.0	0.0	82	2.2	11.6
Bosnia and Herzegovina	78	2.1	11.7	0	0.0	0.0	78	2.1	11.0
USA	39	1.1	5.9	0	0.0	0.0	39	1.1	5.5
The Netherlands	21	0.6	3.2	0	0.0	0.0	21	0.6	3.0
Croatia	4	0.1	0.6	13	0.4	30.2	17	0.5	2.4
Bulgaria	11	0.3	1.7	0	0.0	0.0	11	0.3	1.6
Poland	8	0.2	1.2	0	0.0	0.0	8	0.2	1.1
Switzerland	6	0.2	0.9	0	0.0	0.0	6	0.2	0.8
Other countries	-693	-18.8	-104.4	0	0.0	0.0	-693	-18.8	-98.0
<b>Structure of capital by sector</b>									
Agriculture, hunting, and forestry	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Fishing	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Mineral raw materials extraction	-230	-6.3	-34.6	0	0.0	0.0	-230	-6.3	-32.5
Manufacturing	1,193	32.4	179.7	0	0.0	0.0	1,193	32.4	168.7
Electricity, gas, and water supply	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Construction	-14	-0.4	-2.1	0	0.0	0.0	-14	-0.4	-2.0
Wholesale and retail trade, repairs of motor vehicles	19	0.5	2.9	0	0.0	0.0	19	0.5	2.7
Hotels and restaurants	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Transport, storage, post and telecommunications	-108	-2.9	-16.3	0	0.0	0.0	-108	-2.9	-15.3
Financial intermediation	-14	-0.4	-2.1	43	1.2	100.0	29	0.8	4.1
Real estate, renting and business activities	-222	-6.0	-33.4	0	0.0	0.0	-222	-6.0	-31.4
Public administration and defence, compulsory social security	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Education	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Health and social work	-1	0.0	-0.2	0	0.0	0.0	-1	0.0	-0.1
Other community, social, and personal services	41	1.1	6.2	0	0.0	0.0	41	1.1	5.8
Activities of private households	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Extra-territorial organizations and bodies	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
<b>Structure of capital by regions</b>									
Bratislava region	750	20.4	113.0	43	1.2	100.0	793	21.6	112.2
Trnava region	60	1.6	9.0	0	0.0	0.0	60	1.6	8.5
Trenčín region	-20	-0.5	-3.0	0	0.0	0.0	-20	-0.5	-2.8
Nitra region	6	0.2	0.9	0	0.0	0.0	6	0.2	0.8
Žilina region	184	5.0	27.7	0	0.0	0.0	184	5.0	26.0
Banská Bystrica region	-343	-9.3	-51.7	0	0.0	0.0	-343	-9.3	-48.5
Prešov region	110	3.0	16.6	0	0.0	0.0	110	3.0	15.6
Košice region	-83	-2.3	-12.5	0	0.0	0.0	-83	-2.3	-11.7

Note: Preliminary data.

1) Equity capital + reinvested earnings.





### Volume of Foreign Direct Investment<sup>1)</sup> Outward as at 30 June 2005

	Corporate sector			Banking sector			Total		
	SKK millions	USD millions	%	SKK millions	USD millions	%	SKK millions	USD millions	%
Exchange rate applied: USD 1 = SKK 31.825									
<b>Total volume of FDI outward (equity capital + reinvested earnings)</b>	19,149	601.7	100.0	530	16.7	100.0	19,679	618.4	100.0
<b>Structure of capital by country of investment</b>									
Czech Republic	8,393	263.7	43.8	484	15.2	91.3	8,877	278.9	45.1
United Kingdom	2,283	71.7	11.9	0	0.0	0.0	2,283	71.7	11.6
Ukraine	1,312	41.2	6.9	0	0.0	0.0	1,312	41.2	6.7
Ireland	1,198	37.6	6.3	0	0.0	0.0	1,198	37.6	6.1
Luxembourg	1,111	34.9	5.8	0	0.0	0.0	1,111	34.9	5.6
Hungary	1,091	34.3	5.7	0	0.0	0.0	1,091	34.3	5.5
Poland	838	26.3	4.4	0	0.0	0.0	838	26.3	4.3
Austria	622	19.5	3.2	0	0.0	0.0	622	19.5	3.2
Russia	506	15.9	2.6	0	0.0	0.0	506	15.9	2.6
Bosnia and Herzegovina	363	11.4	1.9	0	0.0	0.0	363	11.4	1.8
Other countries	1,432	45.0	7.5	46	1.4	8.7	1,478	46.4	7.5
<b>Structure of capital by sector</b>									
Agriculture, hunting and forestry	21	0.7	0.1	0	0.0	0.0	21	0.7	0.1
Fishing	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Mining and quarrying	1,786	56.1	9.3	0	0.0	0.0	1,786	56.1	9.1
Manufacturing	8,087	254.1	42.2	0	0.0	0.0	8,087	254.1	41.1
Electricity, gas and water supply	1,237	38.9	6.5	0	0.0	0.0	1,237	38.9	6.3
Construction	144	4.5	0.8	0	0.0	0.0	144	4.5	0.7
Wholesale and retail trade, repairs of motor vehicles	1,865	58.6	9.7	0	0.0	0.0	1,865	58.6	9.5
Hotels and restaurants	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Transport, storage and communication	42	1.3	0.2	0	0.0	0.0	42	1.3	0.2
Financial intermediation	2,930	92.1	15.3	530	16.7	100.0	3,460	108.7	17.6
Real estate, renting and business activities	2,750	86.4	14.4	0	0.0	0.0	2,750	86.4	14.0
Public administration and defence, compulsory social security	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Education	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Health and social work	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Other community, social and personal service activities	287	9.0	1.5	0	0.0	0.0	287	9.0	1.5
Activities of private households	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Extra – territorial organizations and bodies	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
<b>Structure of capital by regions</b>									
Bratislava region	11,773	369.9	61.5	530	16.7	100.0	12,303	386.6	62.5
Trnava region	1,847	58.0	9.6	0	0.0	0.0	1,847	58.0	9.4
Trenčín region	1,471	46.2	7.7	0	0.0	0.0	1,471	46.2	7.5
Nitra region	34	1.1	0.2	0	0.0	0.0	34	1.1	0.2
Žilina region	553	17.4	2.9	0	0.0	0.0	553	17.4	2.8
Banská Bystrica region	1,644	51.7	8.6	0	0.0	0.0	1,644	51.7	8.4
Prešov region	647	20.3	3.4	0	0.0	0.0	647	20.3	3.3
Košice region	1,180	37.1	6.2	0	0.0	0.0	1,180	37.1	6.0

Note: Preliminary data.

1) Equity capital + reinvested earnings.

Volume of Foreign Direct Investment<sup>1)</sup> Outward as at 31 December 2004

	Corporate sector			Banking sector			Total		
	SKK millions	USD millions	%	SKK millions	USD millions	%	SKK millions	USD millions	%
Exchange rate applied: USD 1 = SKK 28.496									
<b>Total volume of FDI outward (equity capital + reinvested earnings)</b>	19,232	674.9	100.0	527	18.5	100.0	19,759	693.4	100.0
<b>Structure of capital by country of investment</b>									
Czech Republic	8,630	302.8	44.9	481	16.9	91.3	9,111	319.7	46.1
United Kingdom	2,282	80.1	11.9	0	0.0	0.0	2,282	80.1	11.5
Ukraine	1,228	43.1	6.4	0	0.0	0.0	1,228	43.1	6.2
Ireland	1,136	39.9	5.9	0	0.0	0.0	1,136	39.9	5.7
Hungary	1,130	39.7	5.9	0	0.0	0.0	1,130	39.7	5.7
Luxembourg	1,111	39.0	5.8	0	0.0	0.0	1,111	39.0	5.6
Poland	850	29.8	4.4	0	0.0	0.0	850	29.8	4.3
Austria	647	22.7	3.4	0	0.0	0.0	647	22.7	3.3
Russia	465	16.3	2.4	0	0.0	0.0	465	16.3	2.4
Bosnia and Herzegovina	383	13.4	2.0	0	0.0	0.0	383	13.4	1.9
Other countries	1,370	48.1	7.1	46	1.6	8.7	1,416	49.7	7.2
<b>Structure of capital by sector</b>									
Agriculture, hunting, and forestry	20	0.7	0.1	0	0.0	0.0	20	0.7	0.1
Fishing	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Mineral raw materials extraction	1,666	58.5	8.7	0	0.0	0.0	1,666	58.5	8.4
Manufacturing	8,027	281.7	41.7	0	0.0	0.0	8,027	281.7	40.6
Electricity, gas, and water supply	1,230	43.2	6.4	0	0.0	0.0	1,230	43.2	6.2
Construction	407	14.3	2.1	0	0.0	0.0	407	14.3	2.1
Wholesale and retail trade, repairs of motor vehicles	1,861	65.3	9.7	0	0.0	0.0	1,861	65.3	9.4
Hotels and restaurants	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Transport, storage, post and telecommunications	43	1.5	0.2	0	0.0	0.0	43	1.5	0.2
Financial intermediation	2,967	104.1	15.4	527	18.5	100.0	3,494	122.6	17.7
Real estate, renting and business activities	2,998	105.2	15.6	0	0.0	0.0	2,998	105.2	15.2
Public administration and defence, compulsory social security	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Education	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Health and social work	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Other community, social, and personal services	13	0.5	0.1	0	0.0	0.0	13	0.5	0.1
Activities of private households	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Extra-territorial organizations and bodies	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
<b>Structure of capital by regions</b>									
Bratislava region	11,975	420.2	62.3	527	18.5	100.0	12,502	438.7	63.3
Tmava region	1,781	62.5	9.3	0	0.0	0.0	1,781	62.5	9.0
Trenčín region	1,391	48.8	7.2	0	0.0	0.0	1,391	48.8	7.0
Nitra region	39	1.4	0.2	0	0.0	0.0	39	1.4	0.2
Žilina region	585	20.5	3.0	0	0.0	0.0	585	20.5	3.0
Banská Bystrica region	1,653	58.0	8.6	0	0.0	0.0	1,653	58.0	8.4
Prešov region	621	21.8	3.2	0	0.0	0.0	621	21.8	3.1
Košice region	1,187	41.7	6.2	0	0.0	0.0	1,187	41.7	6.0

Note: Preliminary data.

1) Equity capital + reinvested earnings.



**Volume of Foreign Direct Investment<sup>1)</sup> Outward as at 31 December 2003**

	Corporate sector			Banking sector			Total		
	SKK millions	USD millions	%	SKK millions	USD millions	%	SKK millions	USD millions	%
Exchange rate applied: USD 1 = SKK 32.920									
<b>Total volume of FDI outward (equity capital + reinvested earnings)</b>	17,950	545.3	100.0	196	6.0	100.0	18,146	551.2	100.0
<b>Structure of capital by country of investment</b>									
Czech Republic	7,305	221.9	40.7	151	4.6	77.0	7,456	226.5	41.1
United Kingdom	2,293	69.7	12.8	0	0.0	0.0	2,293	69.7	12.6
Ukraine	1,365	41.5	7.6	0	0.0	0.0	1,365	41.5	7.5
Ireland	1,212	36.8	6.8	0	0.0	0.0	1,212	36.8	6.7
Hungary	1,128	34.3	6.3	0	0.0	0.0	1,128	34.3	6.2
Luxembourg	1,113	33.8	6.2	0	0.0	0.0	1,113	33.8	6.1
Poland	794	24.1	4.4	0	0.0	0.0	794	24.1	4.4
Austria	677	20.6	3.8	0	0.0	0.0	677	20.6	3.7
Russia	403	12.2	2.2	0	0.0	0.0	403	12.2	2.2
Bosnia and Herzegovina	383	11.6	2.1	0	0.0	0.0	383	11.6	2.1
Other countries	1,277	38.8	7.1	45	1.4	23.0	1,322	40.2	7.3
<b>Structure of capital by sector</b>									
Agriculture, hunting, and forestry	24	0.7	0.1	0	0.0	0.0	24	0.7	0.1
Fishing	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Mineral raw materials extraction	1,879	57.1	10.5	0	0.0	0.0	1,879	57.1	10.4
Manufacturing	8,353	253.7	46.5	0	0.0	0.0	8,353	253.7	46.0
Electricity, gas, and water supply	1,226	37.2	6.8	0	0.0	0.0	1,226	37.2	6.8
Construction	388	11.8	2.2	0	0.0	0.0	388	11.8	2.1
Wholesale and retail trade, repairs of motor vehicles	981	29.8	5.5	0	0.0	0.0	981	29.8	5.4
Hotels and restaurants	1	0.0	0.0	0	0.0	0.0	1	0.0	0.0
Transport, storage, post and telecommunications	34	1.0	0.2	0	0.0	0.0	34	1.0	0.2
Financial intermediation	2,763	83.9	15.4	196	6.0	100.0	2,959	89.9	16.3
Real estate, renting and business activities	1,964	59.7	10.9	0	0.0	0.0	1,964	59.7	10.8
Public administration and defence, compulsory social security	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Education	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Health and social work	23	0.7	0.1	0	0.0	0.0	23	0.7	0.1
Other community, social, and personal services	314	9.5	1.7	0	0.0	0.0	314	9.5	1.7
Activities of private households	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Extra-territorial organizations and bodies	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
<b>Structure of capital by regions</b>									
Bratislava region	10,906	331.3	60.8	196	6.0	100.0	11,102	337.2	61.2
Trnava region	1,935	58.8	10.8	0	0.0	0.0	1,935	58.8	10.7
Trenčín region	751	22.8	4.2	0	0.0	0.0	751	22.8	4.1
Nitra region	49	1.5	0.3	0	0.0	0.0	49	1.5	0.3
Žilina region	676	20.5	3.8	0	0.0	0.0	676	20.5	3.7
Banská Bystrica region	1,647	50.0	9.2	0	0.0	0.0	1,647	50.0	9.1
Prešov region	565	17.2	3.1	0	0.0	0.0	565	17.2	3.1
Košice region	1,421	43.2	7.9	0	0.0	0.0	1,421	43.2	7.8

Note: Preliminary data.

1) Equity capital + reinvested earnings.

Symbols used in the tables

- . - Data are not yet available.
- - Data do not exist / data are not applicable.
- (p) - Preliminary data