



NÁRODNÁ BANKA SLOVENSKA



# Monetary Survey

February 2006

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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 February 2006, approved by the NBS Bank Board on 27 March 2006.*



## 1. Introduction

Consumer prices, expressed in terms of the Harmonised Index of Consumer Prices (HICP), increased in comparison with the previous month by 0.3% in February. The 12-month rate of headline inflation reached 4.3%. Core inflation (excluding energy and unprocessed food prices) recorded a year-on-year rate of 1.8%.

In terms of the Consumer Price Index (CPI), consumer prices increased in comparison with the previous month by 0.6% in February, with the prices of core inflation components rising by 0.7%. The 12-month headline and core inflation rates reached 4.4% and 2.2% respectively.

Real gross domestic product increased by 6.0% during 2005.

The M3 monetary aggregate (according to ECB methodology) grew month-on-month by Sk 3.8 billion in January, and its year-on-year dynamics increased in comparison with December to 9.9%.

The total volume of MFI receivables from residents (including securities issued by clients and held by MFIs, according to ECB methodology) recorded a month-on-month decrease of Sk 26.2 billion in January, causing the year-on-year growth rate to slow to 9.7%.

The average interest rate on new loans to non-financial corporations rose in January by 0.16 of a percentage point, to 5.0%, and that on new loans to households by 1.0 percentage point, to 10.49%. Over the same period, the average interest rate on new deposits from non-financial corporations increased by 0.45 of a percentage point, to 1.85%, and that on new household deposits by 0.09 of a percentage point, to 0.8%.

On 28 February 2006, the State Budget of the SR recorded a surplus of Sk 6.3 billion.

The foreign exchange reserves of the NBS (at current exchange rates) fell by USD 300 million in February, to USD 15,454.6 million. At the end of the month, the volume of foreign exchange reserves was 4.6 times greater than the volume of average monthly imports of goods and services to Slovakia in January 2006.

The National Bank of Slovakia conducted no foreign exchange interventions in February.

According to preliminary data, the balance of payments on current account during 2005 produced a deficit of Sk 126.1 billion. Over the same period, the capital and financial account generated a surplus of Sk 176.7 billion. In January, the b.o.p. current account recorded a deficit of Sk 13.4 billion, while trade resulted in a shortfall of Sk 11.3 billion.

In February, the overall sterilisation position of the NBS vis-à-vis the banking sector stood at Sk 385.5 billion, representing a fall of Sk 4.6 billion compared with the figure for January.



## 2. Inflation

### 2.1. Consumer Price Index

#### HICP Inflation in February 2006

#### Harmonised Index of Consumer Prices

Consumer prices, expressed in terms of the Harmonised index of Consumer Prices (HICP), increased month-on-month by 0.3% in February, with the prices of goods and services rising by 0.4% and 0.2% respectively. On a year-on-year basis, consumer prices rose by 4.3% (in January by 4.1%), with core inflation excluding energy and unprocessed food prices reaching 1.8% (compared with 1.7% in January). The average 12-month inflation rate for the period from March 2005 to February 2006 was 3.0%. The February course of HICP inflation was in line with the expectations of the NBS.

**Table 1 Harmonised Index of Consumer Prices**

(year-on-year changes in %)

	2005				2006	
	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.
<b>Total</b>	2.3	3.5	3.6	3.9	4.1	4.3
<b>Goods</b>	1.3	2.9	3.2	3.7	4.1	4.5
Industrial goods	3.0	5.7	5.5	6.0	6.8	6.8
Industrial goods (excluding energy)	-0.9	-1.0	-0.9	-0.9	-0.4	-0.5
Energy	8.5	14.8	14.4	15.5	16.4	16.6
Foodstuffs	-1.6	-1.4	-0.5	-0.3	-0.3	0.6
Processed food (including alcohol and tobacco)	-2.5	-2.1	-1.6	-1.6	-1.0	-0.1
Unprocessed food	0.5	0.3	2.0	2.7	1.3	2.1
<b>Services</b>	4.5	4.6	4.5	4.2	3.9	3.8
<b>Total, excl. energy and unprocessed food prices (core inflation)</b>	0.9	1.1	1.3	1.2	1.7	1.8
<b>Total, excluding energy</b>	1.0	1.0	1.4	1.4	1.5	1.7

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

#### Continuing increase in energy prices

Goods prices recorded an increase in year-on-year dynamics, which took place mostly in energy and food prices. The continuing rise in energy prices, mainly heat and fuel prices, including that of solid fuels (coal, firewood), was partly offset by a fall in the price of industrial goods excluding energy. The main factor behind the accelerated year-on-year increase in food prices was a rise in fruit and vegetable prices. The prices of industrial goods excluding energy showed a modest acceleration in the rate of year-on-year fall. In food prices, which again recorded a year-on-year increase against December 2004, a marked slowdown occurred in the year-on-year decrease in processed food prices, due to increases in the prices of non-alcoholic beverages, bread and cereals, as well as alcoholic beverages. Among unprocessed foodstuffs, increases were recorded in fruit and vegetable prices.

#### Services prices recorded a slowdown in year-on-year dynamics

Services prices recorded a certain slowdown in year-on-year dynamics. Fall or stagnation in the year-on-year rate of increase occurred in all categories of services. They were again affected in February, as in the previous

**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.

month, by the base effect of prices for other services, mainly those for financial services (last year saw a marked increase in bank charges).

February saw a modest increase in the assessment by consumers of the previous rate of price inflation. In answer to questions about the previous course of inflation, the respondents gave an average value of 12.31% (11.06% in the previous month). When asked about the expected rate of inflation in the next 12 months, the respondents gave an average value of 12.22% (11.94% in the previous month).

**Consumer expectations in respect of inflation**

## CPI Inflation in February 2006

Consumer prices increased by 0.6% in February, with regulated prices rising by 0.4% and the prices of core inflation components by 0.7%. The 12-month rate of headline inflation reached 4.4% (compared with 4.1% in January) and that of core inflation 2.2% (in January 1.9%). The average year-on-year inflation rate for the first two months of the year was 4.3%.

**Consumer Price Index**

## 2.2. Producer Prices in January 2006

Industrial producer prices for the domestic market rose month-on-month by an average of 1.4% in January, due to increases in the prices of electricity, gas, steam, and hot water (3.2%), and mining and quarrying products (5.5%). Manufacturing products prices dropped for the fourth consecutive month.

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

**Table 2 Consumer Prices in February 2006**

	Comparative change	
	Jan. 2006	Feb. 2005
<b>Total in %</b>	0.6	4.4
<b>Regulated prices in %</b>	0.4	11.5
- Share of total, in percentage points <sup>1)</sup>	0.09	-
<b>Impact of changes in indirect taxes on non-regulated prices</b>		
- Share of total, in percentage points <sup>1)</sup>	0.08	-
<b>Core inflation in %</b>	0.7	2.2
- Share of total, in percentage points <sup>1)</sup>	0.50	-
of which: Food prices in %	0.4	0.0
- Share of total, in percentage points <sup>1)</sup>	0.06	-
Tradable goods in % <sup>1)</sup>	0.1	0.2
- Share of total, in percentage points <sup>1)</sup>	0.03	-
Tradable goods, excluding fuels, in % <sup>1)</sup>	0.0	-1.6
- Share of total, in percentage points <sup>1)</sup>	-0.01	-
Fuels in % <sup>1)</sup>	1.1	16.5
- Share of total, in percentage points <sup>1)</sup>	0.04	-
Market services in % <sup>1)</sup>	1.5	6.2
- Share of total, in percentage points <sup>1)</sup>	0.42	-
<b>Net inflation (excluding the impact of changes in indirect taxes) in %</b>	0.7	2.9
- Share of total, in percentage points <sup>1)</sup>	0.44	-
<b>Net inflation, excluding fuel prices (excluding the impact of changes in indirect taxes) in %<sup>1)</sup></b>	0.7	2.0
- Share of total, in percentage points <sup>1)</sup>	0.41	-

Source: Statistical Office of the SR, and NBS.

Notes: Net inflation – includes the price increases in tradable goods, excluding food 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; however, in the event of price contributions rounded to two decimal places, even a small change is apparent.

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



Table 3 Producer Price Developments in January 2006

(%)

	Month-on-month change		Year-on-year change			
	Dec. 2005	Jan. 2006	Dec. 2005	Jan. 2006	Average since the beginning of 2006	Jan. 2005
Industrial producer prices (for the domestic market)	-0.6	1.4	7.0	8.7	8.7	2.8
– Prices of manufacturing products	-0.5	-0.2	1.0	1.7	1.7	3.6
– Prices of mining and quarrying products	-2.1	5.5	35.4	41.4	41.4	2.4
– Prices of electricity, gas, steam, and hot water	-0.5	3.2	13.3	15.9	15.9	2.0
Industrial producer prices (for export)	-1.2	-1.0	3.2	3.2	3.2	7.1
– Prices of manufacturing products	-1.2	-1.0	3.1	3.2	3.2	7.1
Construction prices	0.1	0.3	3.6	3.6	3.6	5.7
Building materials prices	0.0	-0.1	1.2	0.8	0.8	7.3
Agricultural prices	–	–	-1.3	-1.1	-1.1	-3.4
– Prices of plant products	–	–	-4.1	-11.5	-11.5	-11.6
– Prices of animal products	–	–	0.8	1.0	1.0	-1.7

Source: Statistical Office of the SR.

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

On a year-on-year basis, industrial producer prices for the domestic market rose by 8.7%, due to steep increases in all the three sub-categories. The prices of electricity, gas, steam, and hot water increased by 2.6 percentage points, those of manufacturing products prices by 0.7 of a percentage point, and mining and quarrying products prices rose by 6 percentage points in comparison with the previous month.

The marked increase in energy prices in January was mainly caused by prices for gas production and the distribution of gaseous fuels by pipeline, which rose by 38.9% on a year-on-year basis. Steeper increases than in December took place in prices for the production and supply of steam and hot water (21.4%, compared with 14.8% in December), as well as electricity (3.3%, compared with 0.8% in December).

The level of manufacturing products prices rose year-on-year by 1.7% in January, primarily as a result of a 38.3% increase in the prices of refined oil products (exceeding the December increase by 11.9 percentage points), caused partly by the base effect. The prices of machines, equipment, and paper goods also rose somewhat on a year-on-year basis. On the other hand, food prices again recorded a year-on-year fall in January (3.9%). The prices of chemical products, base metals, and finished metal products also dropped. The prices of base metals, finished metal products, chemical goods, and food products were also affected by the base effect in January.

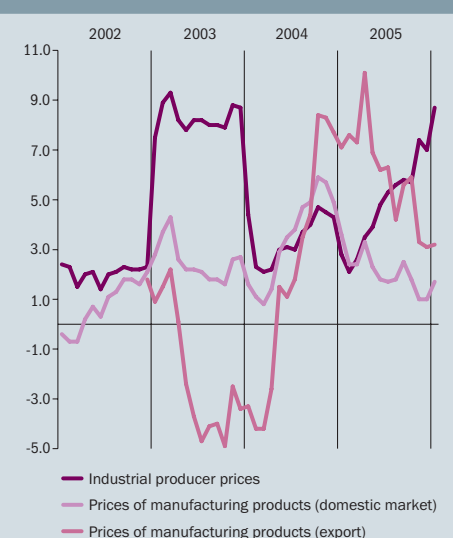
Despite a sharp year-on-year increase in January (41.4%), the prices of mining and quarrying products have a relatively weak influence on the level of industrial producer prices (due to their small weight in the aggregate category).

**Prices of manufacturing products for export**

The prices of manufacturing products for export dropped month-on-month by 1% in January. Their year-on-year dynamics increased in comparison with December by 0.1 of a percentage point, to 3.2%.

The month-on-month fall or stagnation in the export prices of most items in the 'manufacturing products' sub-category was accompanied in January by year-on-year drops in the prices of transport vehicles (7.3%), leather goods (7.1%), base metals and finished metal

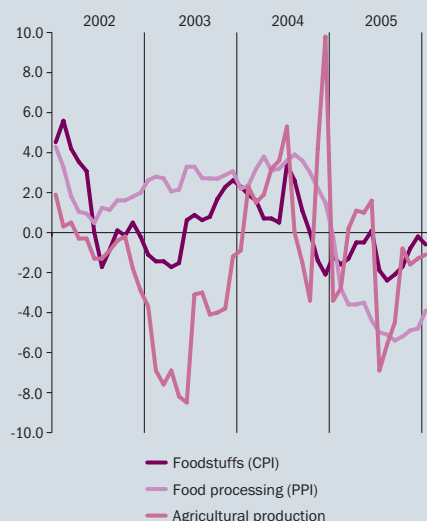
**Chart 3 Developments in Industrial Producer Prices and Manufacturing Products Prices**  
(year-on-year change in %)



Source: Statistical Office of the SR.



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



Source: Statistical Office of the SR.

products (6.4%), and foodstuffs (1.7%). At the same time, an apparent inflationary effect was exerted by the increased export prices of refined oil products (a year-on-year rise of 49.8%). Increases were recorded in the prices of electrical and optical equipment, paper and paper goods, chemicals, and wood products.

January saw a year-on-year fall in agricultural prices (an average of 1.1%), which was caused by a drop in the price of plant products (11.5%), accompanied by a rise in the price of animal products (1%).

#### Agricultural prices

The average price of plant products was affected by year-on-year drops in the prices of most products under review. The sharpest drops occurred in the prices of potatoes (15.7%), unprocessed tobacco (14.5%), cereals (12%), and oil-seed (11%). The prices of legumes, sugar beet, fruit, and vegetables also dropped.

The rise in animal products prices (an average of 1%) was caused by year-on-year increases in the prices (for live animals) of beef, including veal (3.6%), eggs (3.5%), and unpasteurised cow milk (1.3%). The average price of pork (for live animals) reached the level of last year, while the price of poultry continued to fall.

Industrial producer prices are expected to be influenced in February 2006 by a fall in the world-market price of oil compared with the previous month and a slight depreciation of the Slovak koruna against the US dollar. In February, food prices are again expected to be somewhat lower than a year earlier. As a result of external and internal cost factors, a month-on-month drop is expected in industrial producer prices in February, accompanied by a slowdown in their year-on-year dynamics.

On the basis of agrarian market news, cereal prices are expected to stagnate or fall slightly on a year-on-year basis in February 2006. Among animal products, beef prices (for live animals) will probably increase somewhat, but the price of pork is expected to fall. On the whole, agricultural prices are expected to drop slightly on a year-on-year basis in February.



### 3. Factors Affecting the Course of Inflation

The year-on-year growth rate of the M3 monetary aggregate increased in January, and reached its highest level since the middle of last year. In the long term, the primary source of growth in M3 is the accelerating growth in the receivables of monetary financial institutions (MFIs) from the private sector, while a weakening effect on M3 dynamics is exerted by the negative rate of growth in MFI receivables from the public sector.

#### 3.1. Monetary Aggregates

##### M3 Monetary Aggregate

##### Increase in the 12-month growth dynamics of M2

The M3 monetary aggregate (according to ECB methodology) grew in volume by Sk 3.8 billion compared with the previous month, to Sk 835.2 billion at the end of January. The year-on-year dynamics of M3<sup>1</sup> increased by 2.1 percentage points (to 9.9%), mainly due to the base effect, i.e. the monthly change in M3 in the same period a year earlier (a drop of Sk 11.4 billion in January 2005).

Table 4 Year-on-Year Growth Rates 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	7.6	6.3	7.8
	2006											
M3 monetary aggregate (ECB methodology)	9.9	.	.	.	.	.	.	.	.	.	.	.
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 issues of 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).												

The source of M3 growth in January was partly an increase in MFI receivables from the private sector and partly a decrease in receivables from the general government sector in connection with the redemption of restructuring bonds at the end of the month.

The increase in the year-on-year dynamics of M3 was also influenced by a markedly lower outflow of funds from the banking sector into investment funds in comparison with last year, which is connected with the growing competitiveness of bank products and the declining returns on koruna assets as a result of developments on the domestic money market. On the other hand, the favourable budgetary performance and large State budget surplus at the end of January caused a liquidity outflow from the banking sector and a decrease in M3.

<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 %	
	Jan. 2005	Dec. 2005	Jan. 2006	Dec. 2005	Jan. 2006
Currency in circulation	100.5	119.8	129.1	19.3	28.5
Deposits and loans taken, repayable on demand	299.2	366.2	358.9	20.3	20.0
<b>M1</b>	399.7	486.0	488.1	20.1	22.1
Deposits and loans taken, with an agreed maturity of up to 2 years	302.4	285.2	288.2	-8.3	-4.7
Deposits redeemable at a period of notice of up to 3 months	17.0	14.8	14.4	-7.7	-14.9
<b>M2</b>	719.0	786.0	790.7	7.4	10.0
Money market fund shares/units	36.0	45.9	44.4	40.1	23.4
Repo operations	3.5	0.0	0.5	-	-
Debt securities issued with a maturity of up to 2 years	1.3	-0.4	-0.4	-	-
<b>M3</b>	759.8	831.4	835.2	7.8	9.9

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 month.

### Main M3 Components

Among the most liquid M3 components, the largest month-on-month increase took place in currency in circulation (Sk 9.3 billion), while deposits and loans taken with an agreed maturity of up to 2 years increased by Sk 3.0 billion. At the same time, deposits and received loans repayable on demand decreased month-on-month by Sk 7.3 billion. The rate of M3 growth was also reduced by a fall in deposits redeemable at a period of notice of up to 3 months (by Sk 0.4 billion) and drops in the less liquid components (money market fund shares/units, repo operations, and debt securities issued for up to 2 years – by a total of Sk 1.0 billion).

**Growth in M1 and M2; fall in deposits and loans taken repayable on demand**

### Investment Through Open-End Investment Funds

The net value of Sk-denominated assets held by open-end investment funds (OIFs) reached Sk 134.2 billion at the end of February. While the net sales of Sk-denominated OIF assets recorded a fall in February (Sk 0.42 billion) – for the first time since 2004, the net sales in the SR of OIF assets denominated in foreign currency achieved their highest monthly increase (Sk 0.85 billion).

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

The current fall in the net sales of koruna funds, especially bond funds, was probably influenced by several different expectations in connection with changes in the key interest rates of the NBS and ECB, and developments in the koruna exchange rate. Similarly, the fall in oil prices in the world caused favourable developments in most share funds, dealing predominantly in foreign-currency shares.

The rate of growth in net monthly OIF sales in Sk shows a permanently slowing tendency, while sales in foreign currency are on the increase. It appears that the inflow of funds into OIFs is coming to an end

**Table 6 Overview of Net Sales of Open-End Investment Funds (month-on-month change 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	1.0	1.3	35.3
	2006	1.3	-0.4	.	.	.	.	.	.	.	.	.	.	0.9
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	0.12	0.28	2.56
	2006	0.43	0.85	.	.	.	.	.	.	.	.	.	.	1.28

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



and interest in investing in foreign-currency funds is motivated by falling yields at traditional koruna funds (bond and money market funds) and competition on the part of bank products.

### Main M3 Counterparts

#### Moderating 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) decreased month-on-month by Sk 26.2 billion in January. The decrease mostly took place in the receivables of MFIs from the general government (Sk 31.7 billion), and was caused by the repayment of an issue of restructuring government bonds at the end of January (Sk 35.4 billion). This marked decrease was partly offset by an increase in receivables from the private sector (Sk 6.1 billion). The year-on-year rate of growth in total MFI receivables from residents slowed in comparison with the previous month by 2.5 percentage points, to 9.7%.

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

	Volume in billions of Sk <sup>1)</sup>			Year-on-year change in %	
	Jan. 2005	Dec. 2005	Jan. 2006	Dec. 2005	Jan. 2006
Net foreign assets	338.6	261.7	259.8	-22.4	-23.3
Foreign assets	522.3	589.7	578.3	-0.3	10.7
Foreign liabilities	183.7	328.0	318.5	28.9	73.3
Receivables of MFIs from residents (incl. securities)	701.4	795.4	769.2	12.2	9.7
Receivables from the general government	281.4	273.5	241.8	-7.4	-14.1
Receivables from the private sector	420.0	521.9	527.4	26.1	25.6
Deposits and loans taken from central government	125.5	61.3	39.9	-51.1	-68.2
Long-term financial liabilities (excl. capital and reserves)	98.4	102.9	103.8	4.6	5.6
Deposits and loans taken, with an agreed maturity of over 2 years	52.9	57.5	58.5	11.0	10.7
Deposits redeemable at notice of over 3 months	31.9	27.8	27.5	-19.1	-13.7
Debt securities issued with a maturity of over 2 years	13.6	17.6	17.7	44.6	30.8
Other items net	56.3	61.4	50.0	19.7	-11.2
Capital, reserves, and provisions	85.8	90.4	78.9	9.5	-8.0
Other liabilities	45.5	46.8	54.9	11.5	20.7
Surplus of liabilities among MFIs	-1.9	0.0	-1.8	-	-
Fixed assets	34.8	34.4	33.6	-6.1	-3.5
Other assets	38.3	41.4	48.4	13.2	26.3
<b>M3</b>	<b>759.8</b>	<b>831.4</b>	<b>835.2</b>	<b>7.8</b>	<b>9.9</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

The month-on-month increase in MFI receivables from the private sector (including securities) reached Sk 5.5 billion in January, when the receivables of banks increased by Sk 6.1 billion and the volume of securities issued by the private sector decreased by Sk 0.7 billion.

The January increase in MFI receivables from the private sector (excluding securities) reached Sk 5.9 billion, and took place mostly in receivables from non-financial corporations (Sk 5.2 billion) and households (Sk 2.7 billion). At the same time, MFI receivables from financial corporations decreased by Sk 2.0 billion.

Although the overall increase in MFI receivables from households is dominated in the long term by loans for house purchases, their January growth (Sk 1.2 billion) was well exceeded by the growth of consumer loans (Sk 4.8 billion). Other loans decreased month-on-month by Sk 3.3 billion.

### Structure of MFI Receivables from the Private Sector

#### House purchase loans

Bank lending to households is dominated by loans for house purchases (65.4%); their year-on-year growth dynamics increased slightly in January, to 36.8%.

#### Consumer loans

Consumer loans showed markedly increased dynamics in January (56.1%, compared with 24.7% in December), and their share of total loans to households also increased (to 16.1%).

**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 %	
	Jan. 2005	Dec. 2005	Jan. 2006	Dec. 2005	Jan. 2006
MFI receivables from the private sector (incl. securities)	420.0	521.9	527.4	26.1	25.6
of which: Securities issued by the private sector	16.8	15.1	14.7	-7.3	-13.9
MFI receivables (excluding securities)	403.2	506.8	512.7	27.4	27.2
Non-financial corporations	230.1	270.8	276.0	20.2	19.9
- up to 1 year	96.2	117.4	119.3	28.2	24.1
- 1 to 5 years	57.6	52.0	53.1	-10.2	-7.8
- over 5 years	76.3	101.4	103.5	33.8	35.7
Financial corporations	43.2	55.0	53.0	24.4	22.7
Insurance corporations and pension funds	0.0	0.0	0.0	-	-
Households and non-profit institutions					
serving households	129.9	181.0	183.7	41.2	41.4
- consumer loans	19.0	24.8	29.6	24.7	56.1
- housing loans	87.8	118.9	120.1	35.3	36.8
- other loans	23.1	37.3	34.0	83.1	47.0

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.

**Table 9 Survey of MFI Receivables from the Resident Private Sector (excl. securities)**

	Volume (Sk billion) Jan. 2006	Change since the beginning of year (Sk billion)
MFI receivables (excl. securities)	512.7	5.9
Non-financial corporations	276.0	5.2
- loans in Slovak koruna	176.8	5.0
- loans in foreign currency	99.1	0.2
Financial corporations (other financial intermediaries and auxiliary financial institutions)	53.0	-2.0
- loans in Slovak koruna	41.3	-1.8
- loans in foreign currency	11.8	-0.2
Insurance corporations and pension funds	0.0	0.0
- loans in Slovak koruna	0.0	0.0
- loans in foreign currency	0.0	0.0
Households and non-profit institutions serving households	183.7	2.7
- loans in Slovak koruna	181.5	2.7
- loans in foreign currency	2.1	-0.1
of which: Consumer loans	29.6	4.8
- loans in Slovak koruna	29.5	4.8
- loans in foreign currency	0.1	-0.1
of which: House purchase loans	120.1	1.2
- loans in Slovak koruna	119.1	1.3
- loans in foreign currency	1.0	-0.1
of which: Other loans	34.0	-3.3
- loans in Slovak koruna	33.0	-3.4
- loans in foreign currency	1.0	0.1

Source: NBS.



Other loans recorded a sharp slowdown in the rate of growth (to 47.0%, from 83.1% in December), with their share of total loans falling abruptly to 18.5%.

The volume of loans granted to non-financial corporations in foreign currency increased by Sk 0.2 billion in January, when loans in EUR grew by Sk 0.6 billion and receivables in other foreign currencies dropped by Sk 0.4 billion. Loans to household in foreign currency increased in January by Sk 0.1 billion, of which Sk 0.1 billion took place in euro loans. Loans in EUR accounted for 93.6% of the total volume of loans to enterprises and more than 93.4% of the loans to households.

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

In 2005, the National Bank of Slovakia completed the harmonisation process in developing a methodology for monitoring and recording monetary aggregates according to the methodology of the European Central Bank (ECB). Over a temporary period in 2005, the NBS used both the national methodology and that of the ECB in evaluating the development of monetary aggregates, while placing greater emphasis on ECB methodology in relation to the M3 aggregate and its counterparts. With effect from February, i.e. when the one-year temporary period expires, the NBS will publish reports on monetary aggregates exclusively according to the ECB methodology.

#### **Fiscal Developments**

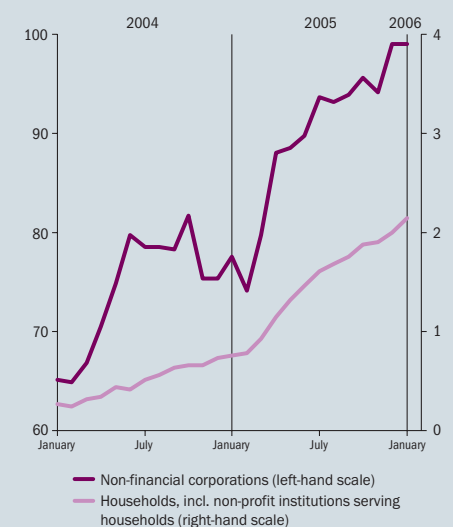
**Current budgetary developments** In February, the State budget produced a surplus of Sk 6.3 billion, with budget revenue totalling Sk 50.4 billion and expenditure Sk 44.1 billion.

### **3.2. External Trade**

#### **Balance of Payments for 2005**

**Current account** The deficit in the balance of payments on current account increased year-on-year by Sk 77.4 billion, mainly due to increases in the trade and income balance deficits. The year-on-year increase in the b.o.p. current account deficit was also supported by a smaller surplus in current transfers. The only item to record an improvement in comparison with the same period a year earlier was the balance of services. The b.o.p. current account deficit as a share of GDP increased from 3.7% in 2004 to 8.8% in 2005.

**Graf 5 Lending in Foreign Currency (Sk billions)**

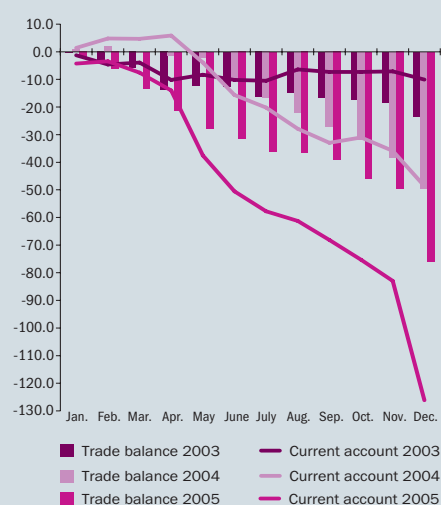


Source: NBS.

Table 10 Balance of Payments Current Account		(Sk billions)
	Jan. – Dec. 2005	Jan. – Dec. 2004
Balance of trade	-76.0	-49.6
Exports	993.5	890.9
Imports	1,069.5	940.5
Balance of services	9.9	8.6
Balance of income	-61.3	-13.2
of which: Income from investment	-89.3	-29.4
of which: Reinvested earnings	-37.8	0.0
Current transfers	1.3	5.5
Current account in total	-82.5	-32.4
Current account deficit as a share of GDP in %	-8.8	-3.7

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

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



Source: NBS and Statistical Office of the SR.

In comparison with 2004, exports increased by 11.5% (15.9% in USD and 15.7% in EUR) and imports by 13.7% (18.2% in USD and 18.0% in EUR).

The massive annual trade deficit in 2005 was considerably affected by the foreign trade result achieved in December (the December shortfall accounted for more than a third of the annual deficit). In December, compared with the previous month, exports suffered a significant decline (Sk 18.5 billion). The sharper than expected decline was to some extent caused by the shift of part of the exports to November, when exports reached a record level in 2005. Despite the month-on-month decline, exports showed strong dynamics: they grew in comparison with December 2004 by 20.0%. The expected month-on-month drop in imports did not take place in December; on the contrary, an increase was recorded (Sk 4 billion). This development was mainly caused by an increase in the imports of machines and in part by raw materials and finished products, where the year-on-year growth in imports accelerated in December (imports grew year-on-year by 36.0%). Among machines, import dynamics increased most significantly in the following categories: liquid crystal products, machines and mechanical

instruments with own functions, transmitters for radio telephones, machine tools, motor vehicle parts and accessories, metal working machines (the year-on-year growth in these categories accelerated month-on-month by Sk 6.3 billion in December). In raw materials imports, faster growth was recorded in natural gas, oil, and electricity imports (a year-on-year increase of Sk 3.3 billion). In finished products, imports grew at an accelerated rate in motor vehicles and cigarettes (an acceleration of Sk 1.3 billion). With regard to the structure of imports in December, we may assume that the large year-end deficit will exert no negative pressure on the economy, which could generate an unsustainable increase in the trade deficit.

In comparison with 2004, the most dynamic growth in exports took place in machines, chemical products, and semi-finished goods. In the 'machinery and transport equipment' category, the share of machinery continued to increase on a year-on-year basis (mainly due to growth in the exports of televisions, radios, automatic data processing machines, boilers, videophones, etc.). The increase in machinery within this category was partly offset by a marked year-on-year decline in the exports of transport vehicles (the year-on-year decline in vehicle exports moderated towards the end of the year), caused by a downturn in the exports of motor vehicles and components. In a breakdown by commodity, the most significant increases in the 'chemical products and semi-finished goods' category took place in the exports of iron and steel, iron and steel products, plastics and plastic goods, and wood products. Exports also grew at a rate faster than last year in 'finished products', mainly as a result of growth in the exports of dairy products, pharmaceuticals, vegetables, and meat. 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.

## Exports

**Table 11 Exports from January to December, Year-on-Year Changes**

	Year-on-year change in billions of Sk		Proportion of the year-on-year change in % points	
	January – December		January – December	
	2005	2004	2005	2004
Raw materials	15.6	17.4	1.8	2.2
Chemicals and semi-finished goods	37.3	41.1	4.2	5.1
Machinery and transport equipment	41.8	25.4	4.7	3.2
Finished products	7.9	4.0	0.9	0.5
Exports in total	102.6	87.9	11.5	10.9

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





**Imports** The strongest year-on-year growth in imports in 2005 was recorded in the 'machinery and transport equipment' category, where the reduced imports of motor vehicle parts, components, and accessories, including engines were offset by increased imports of automated data processing machines, mechanical instruments, and electrical components. Year-on-year growth in imports was also recorded in the 'finished products' category, as a result of steadily growing imports of machine engineering products, and electrical consumer goods in particular, as well as increased imports of agricultural products (meat, dairy products, cocoa, beverages, etc.). On the other hand, the imports of industrial products (mainly pharmaceuticals) and automobiles grew at a slower rate than last year. In addition to 'finished products', growth in imports was also recorded in 'raw materials', whose year-on-year increase exceeded the figure for the same period in 2004 (the growth in raw materials imports was mainly caused by the high price of oil on the world markets). Smaller year-on-year increases were also recorded in the imports of chemical products and semi-finished goods, due to lower imports of carpets, wool, cotton, chemical fibres, and slower year-on-year growth in the imports of iron and steel, as well as paper.

**Table 12 Imports from January to December, Year-on-Year Changes**

	Year-on-year change in billions of Sk		Proportion of the year-on-year change in % points	
	January – December 2005	January – December 2004	January – December 2005	January – December 2004
Raw materials	31.1	26.1	3.3	3.2
Chemicals and semi-finished goods	21.1	29.2	2.2	3.5
Machinery and transport equipment	39.5	27.5	4.2	3.3
Finished products	37.3	31.1	4.0	3.8
of which: Agricultural and industrial goods	19.4	19.9	2.1	2.4
Passenger cars	1.3	5.5	0.1	0.7
Machines and electrical consumer goods	16.6	5.7	1.8	0.7
Imports in total	129.0	113.9	13.7	13.8

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

In terms of territorial structure, foreign trade recorded no substantial changes in 2005 compared with 2004. Trade with the EU continued growing (exports to the EU in 2005 accounted for 85.4% and imports 76.3%), both in terms of exports to, and imports from, the EU in comparison with 2004. Of EU countries, Slovakia's most significant trading partners are Germany and the Czech Republic (Germany has remained our main trading partner, but its share of exports and imports decreased somewhat in 2005). The share of Russia of total imports increased, owing to the rise in oil prices. Exports to CEFTA countries also increased in 2005, while the share of imports from these countries dropped as a result of a smaller share of imports from the Czech Republic.

**Balance of services** The services balance resulted in a surplus of Sk 9.9 billion, which represented an improvement of Sk 1.3 billion compared with the same period in 2004. The increase in the positive balance of services was mainly a result of growth in the surplus of tourism services, caused by faster growth in receipts than in expenses. The improvement in tourism services was offset by a decrease in net income from transport, caused by increased payments for air passenger transport. The increase in the services balance surplus was also dampened by an increase in deficit in 'other services in total'. The increase in the deficit was mainly caused by larger shortfalls in financial and construction services.

**Table 13 Territorial Structure of Foreign Trade**

(%)

	Exports		Imports	
	2005	2004	2005	2004
European Union	85.4	85.2	76.3	73.6
of which: Germany	26.1	28.7	21.0	23.4
Czech Republic	14.1	13.6	12.7	13.5
Russia	1.6	1.2	10.7	9.4
CEFTA	28.8	27.0	22.3	23.0

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



The income balance deteriorated on a year-on-year basis, due to an increase in the shortfall of proceeds from investment. The increased deficit in proceeds from investment was caused by growth in the payments of reinvested earnings and dividends. Dividends paid to foreign direct investors increased year-on-year by Sk 24.2 billion and estimated reinvested earnings (which started to be monitored in 2005, owing to a change in methodology) reached Sk 37.8 billion. Within the balance of income, the steep increase in deficit in proceeds from investment was offset by the increased incomes of Slovak citizens working abroad (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 the positive balance of current transfers to diminish on a year-on-year basis.

#### Income and current transfers balances

During 2005, the capital and financial account generated a surplus of Sk 176.7 billion (compared with Sk 106.1 billion in the same period a year earlier). The year-on-year increase in the financial account surplus was mainly caused by an increase in the amount of short-term funds obtained by commercial banks from abroad and an increase in the reinvested earnings of non-residents in the SR (resulting from a methodological change in effect since 2005), which was the main factor behind the year-on-year growth in the positive balance of direct investments.

#### Capital and financial account

Table 14 Balance of Payments Capital and Financial Account		(Sk billions)
	Jan. – Dec. 2005	Jan. – Dec. 2004
Capital account	-0.6	4.4
Direct investment	54.7	45.3
SR abroad	-4.5	4.6
of which: Equity capital abroad	-2.6	-1.6
Reinvested earnings	-1.2	0.0
In the SR	59.2	40.7
of which: Equity capital in the SR	20.1	31.6
of which: Other than privatisation	17.3	22.41
Reinvested earnings	39.0	0.0
Portfolio investment and financial derivatives	-31.4	29.5
SR abroad	-23.7	-30.6
In the SR	-7.7	60.1
Other long-term investment	-6.9	-10.1
Assets	-9.9	-2.5
Liabilities	3.0	-7.6
Other short-term investment	160.9	37.0
Assets	-5.8	-2.0
Liabilities	166.7	39.0
Capital and financial account	176.7	106.1

Source: NBS.

During 2005, foreign direct investment (FDI) resulted in a surplus of Sk 54.7 billion, representing a year-on-year increase of Sk 9.4 billion. The increase in the balance surplus was mainly generated by a foreign capital inflow into the SR in the form of direct investments, which grew year-on-year by Sk 18.5 billion. The growth in FDI was mostly stimulated by reinvested earnings, the estimated amount of which reached Sk 39.0 billion. On the other hand, the inflow of equity capital declined year-on-year by Sk 11.5 billion, with its volume totalling Sk 20.1 billion. The largest inflows were recorded in industry, trade, and financial intermediation.

#### Foreign direct investment

Portfolio investment resulted in a net outflow of Sk 31.4 billion, compared with a net inflow of Sk 29.5 billion last year. This represented a year-on-year change of Sk 60.9 billion, and was due partly to growing interest in foreign securities, mainly on the part of insurance corporations and investment funds, and partly to a eurobond redemption, which, unlike last year, was not accompanied by a new issue.

#### Portfolio investment

The inflow of foreign capital within the scope of other investments reached Sk 154.0 billion. This represented a year-on-year increase of Sk 127.1 billion and was the result of an inflow of short-term capital into the banking sector, in both foreign and domestic currency.

#### Other investments

The growth in the volume of short-term deposits was the main factor in the inflow of capital into the banking sector. From the beginning of the year, the volume of short-term deposits from non-residents at



Slovak banks (including the amount paid to ČSOB) increased by Sk 124.7 billion. The overall inflow of capital into the banking sector contributed Sk 72.6 billion to the year-on-year growth in other investments.

The corporate sector financed mostly trade-related activities. In 2005, the amount of import credit received was exceeded by that of export credit provided, which led to an outflow of funds of Sk 8.5 billion. In financial credits to entrepreneurial entities, however, an inflow was recorded in the amount of Sk 7.9 billion (compared with an outflow of Sk 15.7 billion in 2004). The year-on-year change from an outflow of funds to an inflow in financial credits to entrepreneurial entities was the main factor contributing to the year-on-year increase in other investments (almost Sk 42.6 billion).

The outflow of funds from the government sector (including the NBS) in the amount of Sk 17.9 billion was connected with a liability instalment to ČSOB Praha. The outflow of capital in connection with the repayment of long-term government and NBS loans was greatly exceeded by a year-on-year change in repo operations. The lower outflow of capital in the government sector (including the NBS) compared with the previous year contributed to the year-on-year growth in other investments (by Sk 11.9 billion).

#### Foreign exchange reserves of the NBS

The foreign exchange reserves of the NBS increased by Sk 71.4 billion, i.e. USD 2.6 billion (excluding exchange rate differentials).

**Table 15 Balance of Payments Adjusted for Government and NBS Activities**

(Sk billions)

	January – December 2005	
	Actual <sup>1)</sup>	Adjusted <sup>2)</sup>
Current account	-126.1	-150.0
Capital and financial account	176.7	64.7
of which: FDI in Slovakia – equity capital	20.1	20.1
Items not elsewhere included	20.9	20.9
Interventions by the NBS <sup>3)</sup>	0.0	-93.7
Change in the net foreign assets of commercial banks (- increase)	-	158.1
Change in NBS reserves (- increase)	-71.4	-

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 balance of payment structure, interventions are part of 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 December 2005

#### Gross external debt

At the end of December 2005, Slovakia's total gross external debt stood at USD 26.9 billion (EUR 22.7 billion), representing a month-on-month increase of USD 649.6 million (EUR 491.6 million). Total long-term foreign debt was reduced over the period under review by USD 359.7 million, while total short-term foreign debt increased by USD 1,009.4 million.

Within the scope of short-term external debt, the foreign liabilities of commercial banks recorded an increase of USD 782.1 million (of which USD 779.8 million took place in cash and deposits). The short-term foreign liabilities of entrepreneurial entities increased by USD 305.3 million, of which USD 276.6 million took place in trade credits.

Within the scope of long-term external debt, the period under review saw a decrease in the foreign liabilities of the Government and NBS (USD 424.0 million), mainly due to the settlement of Slovakia's liability towards ČSOB a.s. Prague, in the amount of USD 280.0 million. The commercial sector experienced conflicting developments in the period under review, when the short-term foreign liabilities of entrepreneurial entities increased by USD 115.4 million and those of commercial banks decreased by USD 51.2 million.

Slovakia's per-capita gross foreign debt stood at USD 5,000 at the end of December. The share of short-term debt in the country's total gross external debt increased significantly in comparison with the previous month, to 56.3% at the end of December 2005.

Table 16 External Debt of the SR

	In millions of USD			In millions of EUR		
	31.12.2004	30.11.2005	31.12.2005	31.12.2004	30.11.2005	31.12.2005
Total external debt of the SR	23,763.6	26,248.0	26,897.6	17,454.6	22,212.9	22,704.5
Long-term external debt	13,315.8	12,119.2	11,759.5	9,780.6	10,256.2	9,926.3
Government and NBS <sup>1)</sup>	6,691.4	6,002.3	5,578.3	4,914.9	5,079.6	4,708.7
Commercial banks	496.3	917.9	866.7	364.6	776.8	731.6
Entrepreneurial entities	6,128.1	5,199.1	5,314.5	4,501.1	4,399.8	4,486.0
Short-term external debt	10,447.8	14,128.7	15,138.1	7,674.0	11,956.7	12,778.2
Government and NBS	209.3	82.4	4.4	153.8	69.7	3.7
Commercial banks	5,380.2	8,578.3	9,360.4	3,951.8	7,259.6	7,901.2
Entrepreneurial entities	4,858.3	5,468.0	5,773.3	3,568.4	4,627.4	4,873.3
Foreign assets	23,367.0	25,542.8	25,455.3	17,163.3	21,616.0	21,487.2
Net external debt	396.6	705.2	1,442.3	257.9	596.9	1,217.3
SKK/USD and SKK/EUR rates	28.496	32.016	31.948	38.796	37.832	37.848
EUR/USD cross exchange rate	–	–	–	1.361	1.182	1.185

Source: NBS.

1) Including government agencies and municipalities.

The net external debt of Slovakia - expressed as the difference between gross foreign debt, i.e. USD 26.9 billion (liabilities of the Government, the NBS, commercial banks, and the corporate sector – except for capital participation), and foreign assets, i.e. USD 25.5 billion (foreign exchange reserves of the NBS, foreign assets of commercial banks and the corporate sector – except for capital participation), reached USD 1.4 billion (debtor position) at the end of December 2005.

#### Net external debt

#### Current Developments

The trade and income balance deficits and the shortfall in current transfers, which were only partly offset by a surplus in the services balance, produced a current account deficit of Sk 13.4 billion in January 2006.

Imports grew dynamically in January (by 36.3%), hence the increased machine imports are expected to continue. Growth in exports accelerated in January, when the volume of exports increased year-on-year by 23.1%. The rate of growth in exports is expected to accelerate still further (growth is mainly expected in automobile exports, which are currently below expectations), which, together with a gradual decline in machine imports, is expected to improve the balance of trade.

Table 17 Balance of Payments Current Account

(Sk billions)

	January 2006	January 2005
Balance of trade	-11.3	-1.9
Exports	81.9	66.5
Imports	93.2	68.4
Balance of services	0.5	1.0
Balance of income	-1.8	0.1
of which: Income from investments	-4.0	-2.5
of which: Reinvested earnings	-3.4	-2.4
Current transfers	-0.8	-3.5
Current account in total	-13.4	-4.3

Source: NBS and the Statistical Office of the SR.

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

In comparison with the same period in 2005, exports increased by 23.2% (16.5% in USD and 26.8% in EUR) and imports by 36.3% (28.9% in USD and 40.3% in EUR).

In February, exports are expected to experience a marked upturn in comparison with the previous month. After weaker export activity at the beginning of the year, increased exports are expected in all categories of goods. In imports, where a large volume was traded in January, the value of imported goods is not expected to increase significantly.

#### Balance of trade



The value of exports is expected to increase steadily in March and April. Exports will mostly increase in March, when automobile production at the PSA is scheduled to begin. Imports are also expected to grow in volume, mainly as a result of increased imports of semi-finished goods, goods for final consumption, and machines.

**Total foreign exchange reserves of the NBS**

At the end of February, the total foreign exchange reserves of the NBS stood at USD 15,454.6 million, representing a month-on-month fall of USD 300.0 million. The fall in foreign exchange reserves in comparison with the end of January 2006 resulted from a modest surplus in the balance of receipts and expenses (USD 27.0 million), accompanied by negative exchange rate differentials (USD 327.0 million), caused by a change in the USD/EUR cross-rate in the period under review. At the end of February, the volume of foreign exchange reserves was 4.6 times greater than the volume of monthly imports of goods and services to Slovakia in January 2006.

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

In February, the average exchange rate of the Slovak koruna appreciated in comparison with the previous month against most currencies listed in the daily exchange rate table of the NBS (by 0.3-1.2%); depreciation was also recorded in relation to some of the currencies, mainly against the Canadian dollar (1.7%). In relation to the currencies of Slovakia's main trading partners, the koruna strengthened against the euro and the Swiss franc (by 0.3% and 0.8% respectively), while weakening against the Czech koruna, the US dollar, and the British pound (by 0.9%, 0.9%, and 0.1% respectively).

The year-on-year rate of appreciation in the average monthly SKK/EUR rate fell in February to 1.7% compared with January (as well as in relation to the CHF and GBP), while the rate of depreciation against the USD and CZK increased to 7.0% and 3.9% respectively. The 12-month dynamics of the nominal effective exchange rate (NEER)<sup>2</sup> slowed in February, to 0.3%. The long-term upward effect of the exchange rate on the appreciation of the NEER index is gradually declining, and contributes less and less to the reduction in price competition.

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

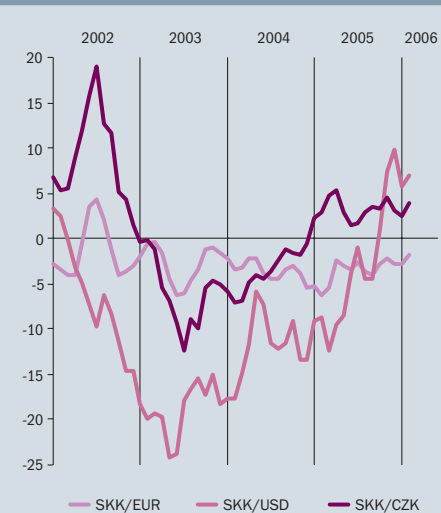
The year-on-year dynamics of the real effective exchange rate (REER) in January showed different trends when calculated according to the individual price deflators under consideration. Due to developments in raw materials and energy prices (for heating), the REER index based on industrial producer prices (PPI) increased to 6.9% (from 6.0% in December). At the same time, the rate of appreciation in the REER index based on consumer prices (CPI) remained virtually unchanged (at 2.7%), and that based on manufacturing products prices excluding raw materials and energy prices (PPI manuf.) remained at zero level.

**Chart 7 Balance of Trade and Current Account Developments (12-month cumulative figures) (Sk billions)**



Source: NBS and the Statistical Office of the SR.

**Chart 8 Year-on-Year Changes in the Average Monthly Exchange Rates of the Slovak Koruna (%)**



Source: NBS.

Note: + depreciation, - appreciation of the SKK.

<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.

Table 18 Year-on-Year Dynamics of the NEER and REER Indices

(change in %)

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	8.7
2005	1.1	2.7	6.0	0.0	3.3 <sup>(p)</sup>
January 2006 <sup>1)</sup>	0.9 / 0.7	2.7 / 2.3	6.9 / 2.7	-0.0 / -0.7	-
February 2006 <sup>1)</sup>	0.3 / 0.9	.	.	.	-

Source: NBS.

1) Year-on-year change / cumulative change since the beginning of the year.

2) Year-on-year change based on quarterly data.

(p) Preliminary data.

Chart 9 Year-on-Year Dynamics of the NEER and REER Indices (based on CPI, PPI, PPI manufacturing and ULC, for 9 trading partners, in %)



Source: NBS.

### 3.3. Real Economy

#### Development of the Real Economy in 2005

##### Gross Domestic Product

In 2005, gross domestic product increased year-on-year by 6.0% at constant prices (according to preliminary data from the Statistical Office of the SR), representing the fastest rate of growth since 1996. Compared with 2004, the pace of economic growth accelerated by 0.5 of a percentage point. In terms of use, GDP growth was connected with an increase in domestic and foreign demand, and was mostly influenced by value added creation in industry, trade, and construction. The nominal volume of GDP created in the period under review amounted to Sk 1,439.8 billion, which was 8.6% more than the previous year.

**Real economic growth in 2005 was 6%**

Real economic growth accelerated from 5.1% in the first and second quarters to 6.2% in the third quarter and 7.6% in the fourth quarter of 2005, which represents the strongest real growth ever achieved in the Slovak economy. In terms of structure, the rapid real GDP

Chart 10 Development of Real GDP (year-on-year growth in %)



Source: Statistical Office of the SR.

Chart 11 Development of Real GDP by Quarter (year-on-year growth in %)



Source: Statistical Office of the SR.



growth in the fourth quarter was mainly influenced by gross capital formation, which increased year-on-year by 33.5%. The increase in gross capital formation was caused by a 15.1% growth in fixed investments and an increase in inventories. Real GDP growth in the fourth quarter was stimulated by an increase in inventories, generated mostly by increased supplies of goods and work in process, while real economic growth was dampened by increased imports of products and services, which were connected with the growth in inventories. The greatest contribution to real economic growth in the fourth quarter came from fixed investments, whose growth was stimulated by both foreign direct investment and domestic investment, primarily in construction. Acceleration in the supply side of GDP in the fourth quarter was caused first and foremost by increased value added creation in trade, the manufacture of machines, electrical equipment, and transport vehicles, in construction, and by increased indirect tax revenues.

### Demand

#### Rapid growth in both domestic and foreign demand

In terms of use, GDP was influenced in 2005 by real growth in both domestic and foreign demand. The year-on-year growth in domestic demand took place in all its components, but was primarily influenced by an increase in investment demand. Foreign demand failed to reach its dynamics from the previous year, but continued growing at a two-digit rate and increased the export performance of the economy.

Within the structure of aggregate demand, the individual halves of the year saw different developments. In the first half, domestic and foreign demand affected GDP in roughly equal measure, then in the second half, their growth dynamics increased, but domestic demand grew at a slower rate than foreign demand. The supply side of the economy also reacted to the increased foreign demand, which led to faster growth in GDP as well as imports. In terms of relative contributions, overall economic growth was dampened by net exports in the first half of the year; this changed in the second half, when the faster real GDP growth was based on contributions from both aggregate demand components.

#### Continuing growth in domestic demand

Domestic demand grew at a faster rate than in 2004, mainly as a result of developments in its investment component. Gross capital formation increased its year-on-year dynamics in 2005 to 14.1% at constant prices, which was 1 percentage point more than in the previous year. Compared with 2004, when investment demand was generated by the increased volume of inventories, fixed investments and inventories contributed a two-digit growth rate to gross capital formation in 2005. The consumer component of domestic demand grew in comparison with 2004 by 4.8% at constant prices, while its growth was promoted by final household consumption and final consumption in the general government sector, whose dynamics increased on a year-on-year basis. Real final household consumption grew in comparison with the previous year, but its dynamics in 2005 remained below the level of real economic growth, which means that household spending on consumption did not increase as a share of GDP.

#### Dynamic growth in gross fixed capital formation

The dynamic growth in gross capital formation was due to growth in fixed investments (12.4%; after three years of stagnancy) and a record increase in the volume of inventories (Sk 24.7 billion at constant prices). Gross fixed capital formation followed a growing trend in the course of 2005, from 5.8% in the first quarter to 15.4% in the fourth quarter. Fixed capital formation was mainly influenced by investment in new fixed assets, while the volume of acquired used long-term property decreased. The creation of new fixed assets (a growth of 15.2% at constant prices), together with a relatively marked decrease in used long-term property (19.2%), create good conditions for an increase in capital productivity and sound real growth in the economy.

A sectoral analysis of the structure of capital formation shows that the most rapid progress was recorded in the investment activities of non-financial corporations, which can be attributed to foreign direct investments and the results of financial performance. The largest investments were made by non-financial corporations, mainly through the creation of new fixed assets. The year-on-year increase in investment activity in 2005 took place largely (75%) in fixed investments in the production of transport vehicles, with automobile factories recording a sixfold increase in gross fixed investments. Within the non-financial corporations sector, business entities also made significant investments in trade;

**Graf 12 Development of Domestic and Foreign Demand**  
(year-on-year change in %)



Source: Statistical Office of the SR.



construction; agriculture, forestry, and fishing; as well as in electricity, gas, and water supply. In real terms, investment activity also increased in the general government, financial, and household sectors.

**Tabuľka 19 Development of GDP by Use**  
(index, same period a year earlier = 100, const. 1995 prices)

	2004 2003	Q1 2005 Q1 2004	Q2 2005 Q2 2004	Q3 2005 Q3 2004	Q4 2005 Q5 2004	2005 2004
Gross domestic product	105.5	105.1	105.1	106.2	107.6	106.0
Domestic demand	105.5	105.5	108.4	103.5	111.7	107.3
Final consumption	102.8	104.6	104.3	104.7	105.2	104.8
Households	103.5	105.5	105.6	106.2	105.9	105.8
General government	101.1	101.8	100.7	100.9	103.8	102.0
Non-profit institutions serving households	105.8	105.1	103.2	102.0	102.5	103.2
Gross capital formation	113.1	108.0	118.0	100.7	133.5	114.1
Gross fixed capital formation	102.5	105.8	110.7	116.5	115.1	112.4
Exports of goods and services	111.4	107.2	105.0	116.1	115.0	110.9
Imports of goods and services	112.7	107.9	106.9	111.6	117.7	111.2

Source: Statistical Office of the SR.

**Table 20 Structure of Gross Fixed Capital Formation in 2005**

	Gross fixed capital formation (Sk millions)	Share (%)	Index 2005 2004
Economy of the SR in total:	376,736	100.0	112.4
<b>of which (by sector):</b>			
Non-financial corporations	243,189	64.6	119.3
Financial corporations	46,638	12.4	101.3
General government	32,281	8.6	103.0
Households	53,954	14.3	101.2
Non-profit institutions	674	0.2	81.1
<b>of which (by production):</b>			
Buildings and structures	128,289	34.1	118.5
of which: Residential buildings	23,566	6.3	114.2
Other structures	104,723	27.8	119.5
Machinery	224,438	59.6	110.0
of which: Metal goods and machines	167,690	44.5	110.7
Transport equipment	56,748	15.1	107.9

Source: Statistical Office of the SR.

Note: Volumes and proportions are at current prices, indices at constant prices.

The most rapid growth took place in investment in buildings and structures. Such investment grew year-on-year almost twice as fast as investment in machines. Investment in buildings and structures grew mainly as a result of increased investment allocation for other structures, including utility lines. They were in large part connected with the construction of automobile production plants and related utilities. Hence, the share of investment in buildings & structures of gross fixed capital formation increased year-on-year by 1.8 percentage points, to 34.1%.

**Investment grew most rapidly in construction**

Over the course of 2005, the volume of inventories in the economy increased by Sk 34.7 billion at current prices (Sk 24.7 billion at constant prices), with positive increases being recorded in all four quarters. The growth in inventories in 2005 was caused by increases in all components, especially in work in process (18.7%) and goods (15.7%), while materials inventory and livestock contributed to the overall growth in inventories to a lesser extent. The increased volumes of all categories of inventories in the economy are probably connected with the increased dynamics of economic growth, and are an indication of progress in other economic activities in the future. The growth in the inventory of work in process may be connected with the larger share of infrastructural investments in process and larger technological units linked to the imports of foreign direct investments. After dampening the rate of economic growth in the first three quarters of 2005, inventories caused GDP growth to accelerate by 3.7 percentage points, which represents a positive annual contribution of 0.7 of a percentage point to real GDP growth.

**Change in inventories**



The growth in final consumption in 2005 was caused by increases in all components. While households used their disposable incomes to satisfy their needs relatively evenly over the course of 2005, the general government sector incurred a third of the annual expenditure in the final quarter. The growth in spending on consumption by non-profit institutions slowed to roughly half the figure recorded a year earlier, which was probably connected with the rate of transformation of selected public sector entities into non-profit organisations rendering services to households.

#### Final household consumption was supported by growth in wages and loans

Final household consumption increased year-on-year by 5.8%, but maintained its share of the total volume of GDP from the previous year, which means that households consumed half (50.3%) of the volume of GDP in 2005. The growth in private consumption was stable over the course of 2005, with the relatively highest rate recorded in the third quarter, when real wage growth also reached a record level. The dynamics of final household consumption were affected by strong wage growth in a period of relatively low inflation, and an increase in borrowing. The growth in real wages was not fully reflected in private consumption, but contributed to the growth in gross household savings, which also increased in 2005 at constant prices (for the first time since 2002).

#### Credit to the household sector

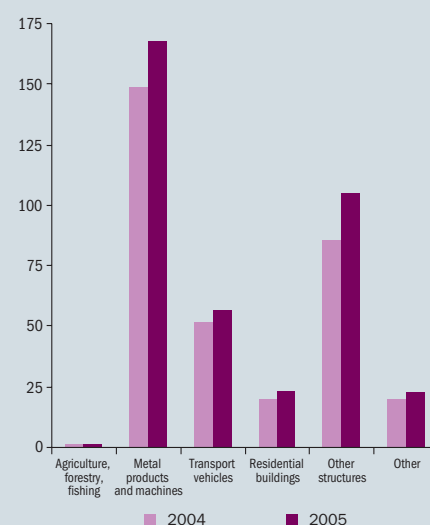
Households supplemented their disposable incomes by drawing credit facilities from monetary financial institutions and other corporations. The share of total credit of final household consumption granted to households by monetary financial institutions reached 22.5% at the end of 2005 (compared with 17.5% at the end of 2004). The increase in lending to the household sector in 2005 took place mostly in loans for house purchases, which accounted for roughly 60% of the year-on-year increase in the volume of loans, the remaining amount took place in other loans and consumer loans. The accelerated bank lending for house purchases in 2005 was accompanied by increased investment by households in new fixed assets. The extended borrowing was also connected with changes in the structure of private consumption. Within the structure of final household consumption, the strongest growth (19.1% at constant prices) was recorded in spending on furnishings, household equipment, and routine maintenance of dwellings. The increased use of credit facilities by households was, in all probability, not only connected with investment in new fixed assets, but also with the reconstruction of existing housing units or with home improvement by purchasing new furnishings, equipment, and household appliances. Spending on furnishings, household equipment, and routine maintenance of dwellings as a share of total household expenditure increased by almost 1 percentage point in 2005.

#### Structure of spending on consumption

In terms of structure, consumption is still dominated by spending on food and non-alcoholic beverages, but its share of total private consumption decreased somewhat in comparison with 2004 (to 24.9%). Within private consumption, two-digit real growth was recorded in spending on clothing and footwear, as well as on recreation and culture, whose share in total spending on consumption also increased.

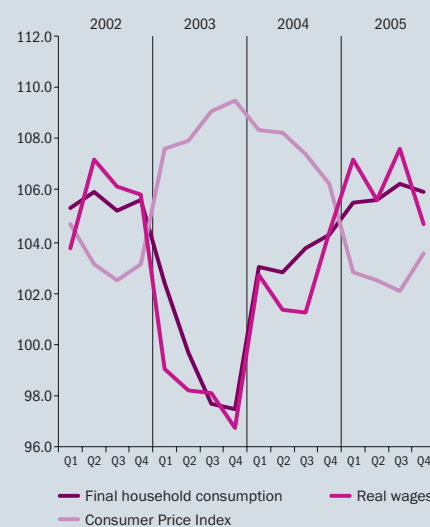
The above-mentioned four groups of consumption that made the greatest contributions to the growth in final household consumption in 2005, are responsible for 70% of the overall growth in private consumption. These groups are mostly composed of tradable goods, whose consumption was saturated by imports as well as domestic production.

**Chart 13 Breakdown of Gross Fixed Capital Formation by Production**  
(Sk billions)



Source: Statistical Office of the SR.

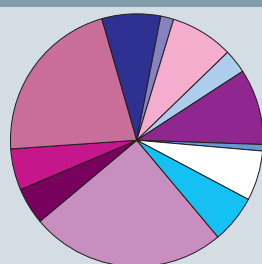
**Chart 14 Developments in Final Household Consumption, Inflation, and Real Wages**  
(year-on-year development in %)



Source: Statistical Office of the SR.



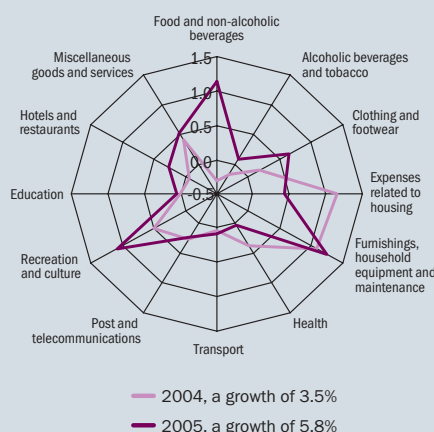
**Chart 15 Structure of Final Household Consumption in 2005 (share in %)**



Food and non-alcoholic beverages	24.9%
Alcoholic beverages and tobacco	4.7%
Clothing and footwear	5.3%
Expenses related to housing	21.8%
Furnishings, household equipment and maintenance	7.3%
Health	1.6%
Transport	8.3%
Post and telecommunications	3.1%
Recreation and culture	9.5%
Education	0.9%
Hotels and restaurants	6.4%
Miscellaneous goods and services	6.2%

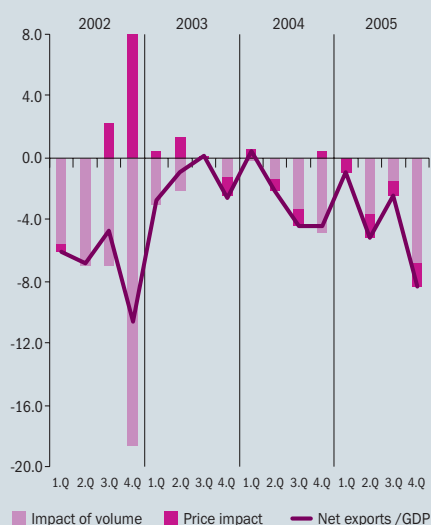
Source: Statistical Office of the SR.

**Chart 16 Contributions of Consumer Expenses to the Growth of Final Household Expenditure by Category (p.p.)**



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

**Chart 17 Contribution of Net Exports to GDP at Current Prices (%)**



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

The exports and imports of goods and services achieved two-digit growth rates in 2005. Imports showed somewhat stronger dynamics than exports, which led to a deterioration in the trade balance on a year-on-year basis. In nominal terms, net exports resulted in a deficit of Sk 62.9 billion (Sk 35.6 billion in 2004). With price developments on foreign markets taken into account, net exports at constant prices generated a surplus of Sk 12.9 billion in 2005 (Sk 14.3 billion in 2004).

The deficit increased in nominal terms and the surplus decreased in real terms, due to a marked increase in the dynamics of imports of goods and services (from 10.8% in 2004 to 13.5% in 2005) and a minor acceleration in the growth rate of exports (from 9.1% to 11.3%). The maintenance of a relatively high rate of growth in imports was probably connected with the increased domestic demand, which was largely of an investment nature. The deterioration in the trade balance in 2005 was mainly influenced by developments in the fourth quarter (in December), when more than half of the annual balance of goods and services at current prices was generated. The dynamics of real economic growth were not even dampened in the last quarter, since a considerable part of the

**GDP growth was slightly dampened by net exports**

increased imports took place in an untraditional increase in inventories in the fourth quarter.

Developments in import prices in foreign trade, expressed in terms of the deflators of imports of goods and services, were connected with the rise in producer prices on foreign markets, mainly the price of energy-producing raw materials (oil and natural gas). The prices of exported goods and services denominated in domestic currency were mostly stagnant in 2005, their course was primarily influenced by manufacturing products prices for export in the manufacture of transport vehicles, which showed a tendency to fall year-on-year in the long term. Almost a third of the trade deficit at current prices was caused by the unfavourable trend in the relationship between import and export prices.

The export performance of the Slovak economy improved in 2005, when the exports of goods and services as a share of GDP at current prices reached 78.7% (76.8% in 2004). With the growing export performance, import intensity also increased, at an even faster rate, to 83.0% (from 79.5% a year

**The openness of the Slovak economy is increasing**

**Table 21 Impact of Price and Volume on Exports and Imports**

(percentage points)

	2004 2003	Q1 2005 Q1 2004	Q2 2005 Q2 2004	Q3 2005 Q3 2004	Q4 2005 Q4 2004	2005 2004
Exports of goods and services (year-on-year growth in %, at current prices)	9.1	6.7	5.4	16.1	16.3	11.3
Impact of volume	11.4	7.2	5.0	16.1	15.0	10.9
Impact of price	-2.4	-0.5	0.4	0.0	1.4	0.4
Imports of goods and services (year-on-year growth in %, at current prices)	10.8	8.8	9.6	12.9	21.3	13.5
Impact of volume	12.7	7.9	6.9	11.6	17.7	11.2
Impact of price	-1.9	0.9	2.7	1.3	3.6	2.2
Net exports as a share of GDP (share in %, at current prices)	-2.7	-0.9	-5.2	-2.4	-8.4	-4.4
Impact of volume	-2.5	0.0	-3.6	-1.5	-6.8	-3.1
Impact of price	-0.2	-0.9	-1.6	-0.9	-1.6	-1.3

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

Note: Calculated from GDP figures (in millions of Sk), the values of net exports and GDP are reduced by the contribution of imports of goods and services; the differences in the subtotals are due to rounding.

earlier). The openness of the Slovak economy (expressed in terms of the ratio of exports / imports of goods and services to nominal GDP) increased in 2005 by 5.4 percentage points, to 161.7%.

Real growth in the exports of goods and services in 2005 (10.9%) roughly corresponded to the dynamics of imports of goods and services at constant prices (11.2%). The positive balance of foreign trade at constant prices decreased year-on-year, from Sk 14.3 billion to Sk 12.9 billion. Different developments were recorded over the course of the year. In the first half, the intensity of foreign trading moderated, while exports slowed to a greater extent than imports, as a result of which net exports dampened the rate of GDP growth in the first six months. In the second half of 2005, however, net exports had a pro-growth effect on overall economic growth, when the increase in net exports in the third quarter was large enough to offset the deteriorated development in the last quarter.

In total, foreign trading in 2005 resulted in a negative contribution of 0.2 of a percentage point to GDP by net exports. Domestic effective demand contributed 6.4 percentage points to GDP growth, while the change in the volume of inventories including statistical discrepancies dampened the final rate of economic growth by 0.2 of a percentage point.

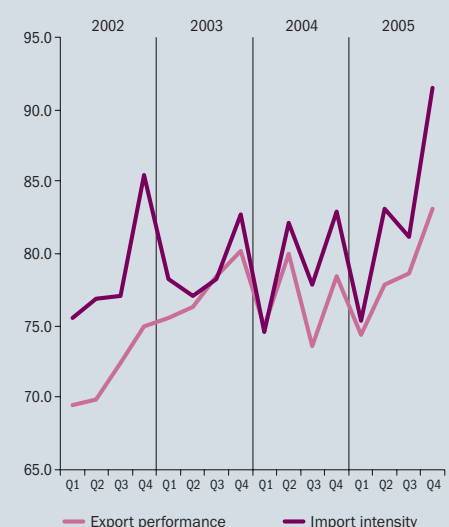
### Supply

**GDP creation** From the point of view of supply, GDP growth resulted from a 5.1% increase in gross value added at constant prices (compared with 5.8% a year earlier). Net taxes, including value added tax, excise duty, import tax, minus subsidies, increased by 14.7% (in the previous year by 2.7%).

The strongest growth in value added was recorded in construction (15.6%). Its growth was connected with the high demand for construction work, leading to growth in gross fixed capital in the form of investment in construction. The growing demand was also reflected in the service sectors of the economy, with the value added in trade increasing year-on-year by 10.9% and in transport, post and telecommunications by 9.2%. Rapid growth (7.9%) was also recorded in value added in agriculture, forestry, and fishing, which was mainly connected with the drawing of EU funds. Value added creation remained below the level of last year in health and social services, education, and financial intermediation.

**Chart 18 Export Performance and Import Intensity**

(%)



Source: Statistical Office of the SR.

Table 22 Contributions to GDP Growth

(percentage points, constant 1995 prices)

	2004 2003	Q1 2005 Q1 2004	Q2 2005 Q2 2004	Q3 2005 Q3 2004	Q4 2005 Q4 2004	2005 2004
Gross domestic product	5.5	5.1	5.1	6.2	7.6	6.0
Domestic demand	5.3	5.2	8.0	3.4	11.7	7.1
Final consumption	2.1	3.2	2.9	3.2	4.0	3.4
Households	1.8	2.9	2.8	3.0	3.1	2.9
General government	0.2	0.3	0.1	0.2	0.9	0.4
Non-profit institutions serving households	0.1	0.0	0.0	0.0	0.0	0.0
Gross capital formation	3.3	2.0	5.1	0.2	7.7	3.8
Gross fixed capital formation	0.6	1.3	2.7	4.0	3.9	3.0
Change in inventories	2.6	0.7	2.4	-3.8	3.7	0.7
Net exports	-0.8	-0.3	-1.6	4.1	-3.0	-0.2
Exports of goods and services	10.6	6.9	5.0	14.7	15.3	10.6
Imports of goods and services	11.4	7.2	6.7	10.6	18.3	10.8
Statistical discrepancy	1.0	0.2	-1.3	-1.4	-1.2	-0.9

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

Note: The differences in the subtotals are due to rounding.

Relatively strong growth in value added was recorded in industry (8.7%), mainly as a result of foreign direct investment in manufacturing production. In manufacturing, value added creation showed strong dynamics in the production of foodstuffs, beverages and tobacco products, and in the manufacture of machines, electrical equipment, and transport vehicles.

Table 23 GDP Development by Sector

(index, same period a year earlier = 100, const. 1995 prices)

	2004 2003	Q1 2005 Q1 2004	Q2 2005 Q2 2004	Q3 2005 Q3 2004	Q4 2005 Q4 2004	2005 2004
Gross domestic product	105.5	105.1	105.1	106.2	107.6	106.0
of which:						
Agriculture, hunting, forestry, and fishing	109.6	114.2	108.0	105.2	106.1	107.9
Industry in total	111.5	107.9	106.5	106.3	114.3	108.7
Mining and quarrying	96.8	101.2	109.5	109.2	105.5	106.5
Manufacturing	111.9	107.4	108.7	106.6	114.9	109.5
Electricity, gas, and water supply	111.3	110.5	85.3	102.0	109.7	103.1
Construction	111.8	110.8	113.7	118.0	118.9	115.6
Services in total	103.0	103.9	104.0	102.5	98.1	102.0
Wholesale and retail trade, repairs	111.3	114.6	105.0	115.1	109.8	110.9
Hotels and restaurants	98.3	98.4	97.3	100.2	107.3	100.8
Transport, storage, post and telecommunications	101.6	104.7	112.9	117.8	102.0	109.2
Financial intermediation	130.1	100.6	97.5	70.1	93.8	90.2
Real estate, renting, and business activities	108.3	103.8	104.8	100.7	91.4	99.6
Public administration, defence, social security	93.8	102.8	105.4	100.2	102.1	102.5
Education	94.5	88.8	88.2	86.0	83.2	86.4
Health and social care	83.8	87.6	94.3	88.2	65.4	83.9
Other community, social, and personal services	74.8	103.9	105.7	107.7	105.2	105.7
Other <sup>1)</sup>	98.5	96.8	102.5	137.5	156.7	119.4

Source: Statistical Office of the SR.

1) Value added tax, excise duty, tax on imports less subsidies, and imputed production of banking services.

The greatest contributions to GDP growth came from industry (2.4 percentage points), trade (1.5 percentage points), and transport, post, and telecommunications (0.8 of a percentage point).



Table 24 Contributions to GDP Growth by Sector

(percentage points)

Economic Sector	<u>2004</u> 2003	<u>Q1 2005</u> Q1 2004	<u>Q2 2005</u> Q2 2004	<u>Q3 2005</u> Q3 2004	<u>Q4 2005</u> Q4 2004	<u>2005</u> 2004
Gross domestic product	5.5	5.1	5.1	6.2	7.6	6.0
of which:						
Agriculture, hunting, forestry, and fishing	0.5	0.6	0.4	0.3	0.3	0.4
Industry in total	3.0	2.3	1.8	1.7	3.9	2.4
Mining and quarrying	0.0	0.0	0.0	0.0	0.0	0.0
Manufacturing	2.7	1.7	2.1	1.6	3.7	2.3
Electricity, gas, and water supply	0.3	0.5	-0.4	0.0	0.2	0.1
Construction	0.4	0.4	0.5	0.7	0.7	0.6
Services in total	1.7	2.1	2.2	1.4	-1.1	1.1
Wholesale and retail trade, repairs	1.5	1.7	0.8	2.2	1.3	1.5
Hotels and restaurants	0.0	0.0	0.0	0.0	0.1	0.0
Transport, storage, post and telecommunications	0.1	0.4	1.1	1.5	0.2	0.8
Financial intermediation	1.4	0.0	-0.1	-1.8	-0.3	-0.6
Real estate, renting, and business activities	0.9	0.4	0.5	0.1	-1.0	0.0
Public administration, defence, social security	-0.5	0.2	0.3	0.0	0.2	0.2
Education	-0.2	-0.4	-0.3	-0.4	-0.6	-0.4
Health and social care	-0.6	-0.4	-0.2	-0.4	-1.0	-0.5
Other community, social, and personal services	-0.9	0.1	0.1	0.2	0.1	0.1
Other <sup>1)</sup>	-0.1	-0.3	0.2	2.0	3.8	1.5

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

Note: The contributions are rounded to one decimal place, as a result of which the sum total does not correspond to the actual sum of the contributions.

1) Value added tax, excise duty, tax on imports less subsidies, and imputed production of banking services.

## Wages

### Dynamic growth in nominal wages...

In 2005, the average monthly nominal wage in the Slovak economy showed relatively dynamic growth (9.2%), and reached Sk 17,274. The wage growth was 1 percentage point slower than a year earlier. Nominal wages grew most significantly in the first and third quarters.

In 2005, the strongest nominal wage growth took place in education (10.3%), public administration and defence (9.4%), real estate and renting activities (9.4%), and electricity, gas, and water supply (8.8%). Relatively dynamic nominal wage growth was also recorded in transport, post and telecommunications (8.5%), health and social care (8.4%), other community and social services (8.4%), and trade and repairs (8.3%). In other sectors, wages grew at a slower rate, with the smallest year-on-year increases occurring in the wages of employees in financial intermediation (5.7%) and construction (6.0%).

Wage growth in education (more than 10% on average) was influenced by the relevant legal regulations issued in August 2005, and most probably by the fall in employment. Despite dynamic growth in 2005, the average wage in this sector reached only 82.3% of the average wage in the national economy. The lowest average wage was recorded in agriculture, hunting, and forestry (76.3% of the national average).

In a breakdown by form of ownership, dynamic year-on-year growth in nominal wages was achieved in the entrepreneurial sector, in small enterprises with up to 19 employees (15.8%), while wages in enterprises with 20 and more employees increased by only 6.1%. Rapid wage growth was also reported by budgetary organisations (11.3%), while wages in subsidised organisations grew at a slower rate (8.5%).

### ...and real wages

Real wages grew year-on-year by 6.3% in 2005 (a year earlier by 2.5%), when their dynamics were mostly affected by the lower level of average inflation. Real wages increased in all sectors of the economy.

### The growth in labour productivity lagged behind the growth in wages

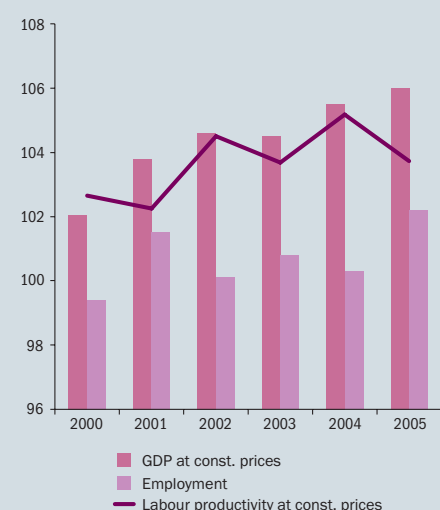
Labour productivity (GDP per employee, according to statistical reports) increased in nominal terms by 6.3% and in real terms by 3.7% in 2005. The growth in real productivity was 1.5 percentage points slower than in 2004, due to accelerated growth in employment (an increase of 2.2%, compared with 0.3% in 2004), which, however, failed to ensure adequate growth in value added).

**Table 25 Average Monthly Wages and Labour Productivity in the Slovak Economy**  
(index, same period a year earlier = 100)

	2004 Year	Q1	Q2	2005 Q3	Q4	Year
Nominal wage (Sk)	15,825	16,022	16,737	16,816	19,466	17,274
Nominal wage (index)	110.2	110.2	108.2	109.9	108.4	109.2
Real wage (index)	102.5	107.2	105.6	107.6	104.7	106.3
Labour productivity, current prices	110.1	105.0	105.9	106.9	107.2	106.3
Labour productivity, constant prices	105.2	102.4	102.8	104.6	105.0	103.7
Real labour productivity minus real wage (p.p.)	2.7	-4.8	-2.8	-3.0	0.3	-2.6
Consumer prices (average for the period)	107.5	102.8	102.5	102.1	103.5	102.7

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

**Chart 19 Real Labour Productivity and Its Components**  
(index, same period a year earlier = 100)



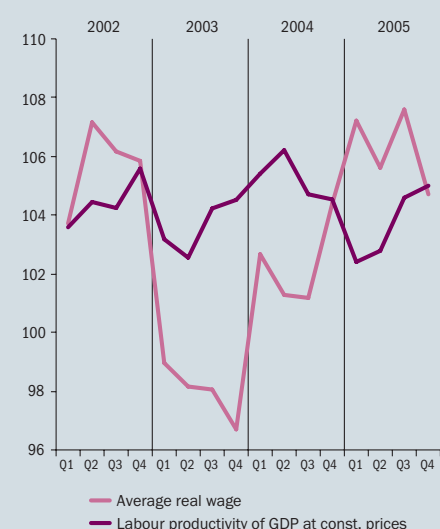
Source: Statistical Office of the SR and NBS calculations based on data from the SO SR.

**Chart 20 Real Wages and Real Labour Productivity**  
(index, same period a year earlier = 100)



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

**Chart 21 Real Wages and Real Labour Productivity by Quarter**  
(index, same period a year earlier = 100)



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

After two years, the relation between labour productivity and wages changed to the detriment of productivity, with productivity growing in real terms at a rate 2.6 percentage points slower than the average monthly real wage.

An analysis of real labour productivity (gross value added per employment according to the ESA 95 methodology of national accounts) in the individual sectors indicates that there is a favourable trend in production sectors (agriculture, industry, construction) and service sectors (transport, post and telecommunications). In these sectors, productivity achieved relatively dynamic growth, which exceeded the growth in real wages. In trade and repairs, other community, social, and personal services, labour productivity grew, but at a slower rate than real wages. In other sectors, productivity dropped, while real wages recorded an increase. After growing by more than 30% in the past year, productivity in financial intermediation fell as a result of the base effect. In real estate, renting, and business activities, the fall in labour productivity was connected with the rapid growth in employment, which, however, was not reflected in value added creation (a drop of 0.4%). The fall in productivity in public services (education and health care) is a long-

#### Development of labour productivity by sector



term trend and is connected with the drop in added value as well as the lower level of employment compared with the previous year. Developments should be assessed separately in public administration, defence, and compulsory social insurance, where the productivity fall was connected with the faster growth in employment than in value added. However, it should be noted that public service sectors have a different social function and are not oriented towards the achievement of higher productivity.

**Table 26 Labour Productivity and Wages in Selected Sectors in 2005**  
(index, same period a year earlier = 100)

	Labour productivity at const. prices		Average monthly real wage	Real compensation per employee according to ESA 95 <sup>1)</sup>
	According to statis- tical reports	According to ESA 95		
Economy of the SR in total	103.7	104.5	106.3	105.3
of which:				
Agriculture, hunting, forestry, and fishing	113.7	113.1	105.0	103.5
Industry	105.5	110.1	104.4	104.3
Mining and quarrying	114.0	113.4	104.1	101.8
Manufacturing	105.2	110.7	104.7	104.5
Electricity, gas, and water supply	110.6	106.3	105.9	104.0
Construction	108.2	111.2	103.2	102.0
Wholesale and retail trade, repairs	107.2	102.9	105.5	113.5
Transport, storage, post and telecommunications	110.8	111.5	105.6	103.5
Financial intermediation	89.6	90.9	102.9	100.9
Real estate, renting, and business activities	92.6	93.2	106.5	112.0
Public administration, defence, and compulsory social insurance	95.8	98.4	106.5	99.0
Education	88.7	89.7	107.4	105.8
Health and social services	86.2	86.8	105.6	100.7
Other community, social, and personal services	102.1	103.4	105.6	103.1

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

1) Compensation per employee (i.e. gross wages and salaries, including bonuses and employers' social security contributions) according to ESA 95, deflated by the average HICP.

**Unit labour costs** According to ECB methodology ( $ULC_{ECB}$ , defined as the ratio of growth in nominal employee compensation to growth in real labour productivity according to ESA 95), the growth in unit labour costs slowed in comparison with the previous year, to 3.5% in 2005. This development was mainly affected by the slower growth in employee compensation. The growth in ULCs slowed during the year, from 5.7% in the first quarter to 0.8% in the fourth quarter.

**Table 27 Developments in Unit Labour Costs**  
(index, same period a year earlier = 100)

	2004	2005				
	Year	Q1	Q2	Q3	Q4	Year
$ULC_{ECB}$	4.6	5.7	3.6	4.1	0.8	3.5
$RULC_{ECB}$	-2.7	2.8	1.0	1.9	-2.8	0.7
HICP inflation (average)	7.5	2.8	2.6	2.2	3.7	2.8

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

Real unit labour costs ( $RULC$ , nominal  $ULC$  deflated by the average harmonised consumer price index) recorded an increase for the first time since 2002. Developments in real unit labour costs were affected by the excess of real wage growth over growth in labour productivity. This excess was caused by a slowdown in the rate of growth in productivity, accompanied by accelerated growth in real wages. The growth in real unit labour costs was probably connected with the markedly lower inflation in 2005.

The permanently strong growth in unit labour costs may contribute to the inflationary pressures, while the same time weakening the competitiveness of the economy, mainly in a situation in which foreign trade shows a massive imbalance in the long term. The weakening trend in ULCs during 2005 and the



expectations of the NBS for the following years (a more moderate wage growth than in 2005, and especially a faster growth in labour productivity) indicate that the growth in ULCs should not be a long-term phenomenon in the Slovak economy, nor a source of potential inflationary pressures, and should not restrict the competitiveness of Slovak producers on the domestic and foreign markets.

**Chart 22 ULC and RULC According to ECB Methodology by Quarter (index, same period a year earlier = 100)**



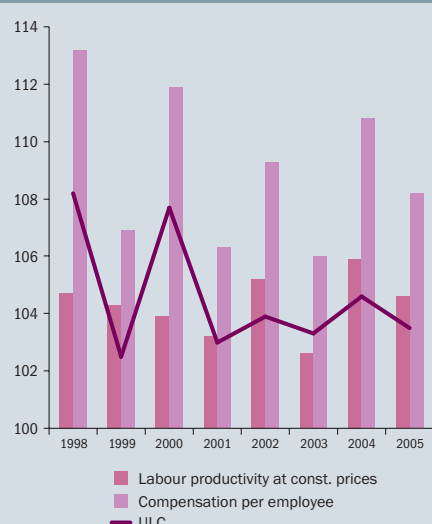
Source: NBS calculations based on data from the Statistical Office of the SR.

**Chart 23 ULC and RULC According to ECB Methodology by Year (index, same period a year earlier = 100)**



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

**Chart 24 Developments in ULC by Component (index, same period a year earlier = 100)**



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

**Chart 25 Developments in RULC by Component (index, same period a year earlier = 100)**



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

## Income and Expenditure of Households

According to preliminary data from the Statistical Office of the SR, the current income of households reached Sk 1,124.2 billion in 2005, representing a year-on-year increase of 8.2% in nominal terms (5.4% in real terms). Compared with 2004, the rate of growth accelerated in nominal terms by 0.2 of a percentage point and in real terms by 4.9 percentage points. Current households expenditure (paid to other sectors and not used for direct consumption) totalled Sk 271.4 billion, representing a year-on-year increase of 6.2% (3.4% in real terms).

**Excess of growth in current income over growth in current expenditure**

**Table 28 Generation and Use of Incomes in the Household Sector****(current prices)**

	Sk billions		Indices <sup>1)</sup>		Share in %	
	2004	2005	$\frac{2004}{2003}$	$\frac{2005}{2004}$	2004	2005
Compensation of employees (all sectors)	532.1	579.3	107.7	108.9	51.2	51.5
of which: gross wages and salaries	399.4	441.6	108.4	110.6	38.4	39.3
Gross mixed income	289.0	332.1	109.1	114.9	27.8	29.5
Income from property - received	36.8	20.7	130.9	56.4	3.5	1.8
Social security benefits	148.9	157.7	103.5	105.9	14.3	14.0
Other current transfers - received	32.6	34.4	102.0	105.4	3.1	3.1
Current income in total	1,039.5	1,124.2	108.0	108.2	100.0	100.0
Income from property - paid	9.3	12.7	142.2	136.8	3.6	4.7
Current tax on income, property, etc.	45.6	46.3	90.7	101.6	17.8	17.1
Social security contributions	176.0	185.2	103.3	105.3	68.9	68.2
Other current transfers - paid	24.6	27.1	102.2	110.0	9.6	10.0
Current expenditure in total	255.5	271.4	101.7	106.2	100.0	100.0
Gross disposable income	783.9	852.8	110.2	108.8	100.0	100.0
Adjustment for changes in the net equity of households in the reserves of pension funds	3.0	12.7	91.4	423.5	-	-
Final household consumption	738.7	806.3	110.7	109.2	-	-
Gross savings of households	48.3	59.1	101.7	122.5	6.2	6.9

Source: Statistical Office of the SR.

1) Indices based on figures expressed in millions of Sk.

The growth in current income was favourably affected by an increase in gross mixed income and employee compensation, while a dampening effect was exerted by declining receipts from property.

The year-on-year growth in current expenditure was mainly connected with the growth in social contributions, expenses related to income from property, and other current transfers paid. The smallest increase took place in current tax from income and property. The growth in social contributions was probably influenced by the relevant legal regulations adjusting the basis of assessment for obligatory contributions to social security funds (depending on the average and/or minimum wage), as well as the growth in employment.

**Table 29 Gross Disposable Income of Households****(index, same period a year earlier = 100, current prices)**

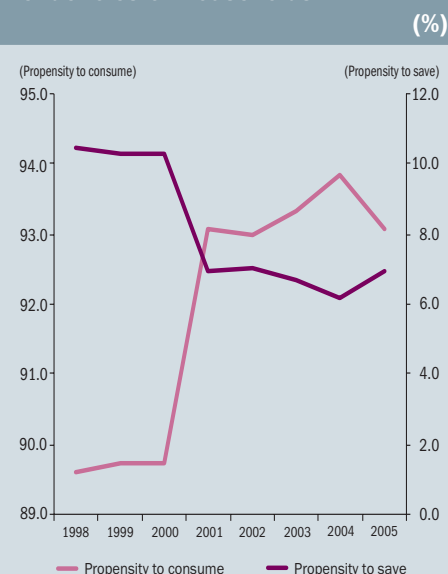
	2004			2005		
	Year	Q1	Q2	Q3	Q4	Year
Gross disposable income	110.2	109.3	108.5	108.3	109.1	108.8
Final household consumption	110.7	108.6	108.9	109.0	110.2	109.2
Gross household savings	101.7	128.4	123.4	145.8	116.2	122.5
Gross savings as a share of gross disposable income in %	6.2	4.3	4.5	4.1	13.6	6.9

Source: Statistical Office of the SR.

**Allocation of gross disposable income**

With current expenditure being deducted from current income, the gross disposable income of households amounted to Sk 852.8 billion, representing a year-on-year increase of 8.8% (compared with 10.2% a year earlier). Of this amount, 93.1% was used for final consumption (93.8% a year earlier), the remainder went to gross savings, which include the investment activities of citizens and small entrepreneurs (tangible and intangible investments, plus additional retirement insurance) in addition to bank deposits. The dynamic growth in gross household savings in 2005 (22.5%) was apparently affected by a marked increase in additional retirement insurance, growth in household income, and by the low basis of comparison from the previous year. The accelerated growth in gross savings was reflected in the trend of development in gross household savings, which started to increase again as an annual average.



**Chart 26 Consumption and Saving Tendencies of Households**


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

## Employment and Unemployment

After moderating in the second and third quarters, the growth in employment again accelerated in the fourth quarter. The positive trend in employment in the individual quarters of 2005 was reflected in the average growth of employment during the year, which was much faster than in 2004.

**Dynamic growth in employment...**

Based on the results of a labour force sample survey (LFSS), the number of workers increased year-on-year by an average of 2.1% in 2005, which represented an acceleration in dynamics of 1.8 percentage points in comparison with 2004. The growth in employment fluctuated above the level of 2% virtually throughout the year (except for the third quarter). In terms of the structure of workers, employment in 2005 was substantially influenced by the number of employees, which recorded an increase of 1.3% (after a drop in the previous year). The number of entrepreneurs increased year-on-year by 8.2%, due mainly to an increase in the number of entrepreneurs excluding employees (11.5%, compared with 25.0% a year earlier), while the number of entrepreneurs including employees dropped by 0.3% (after increasing in 2004 by 19.5%).

**Table 30 Employment and Unemployment**

		(average for the period)					
		2004			2005		
		Year	Q1	Q2	Q3	Q4	Year
Employment according to statistical reports							
	in thousands	2,030.3	2,049.5	2,066.4	2,073.2	2,110.9	2,075.0
	index (same period a year earlier = 100)	100.3	102.6	102.2	101.5	102.5	102.2
Employment according to a labour force sample survey							
	in thousands	2,170.4	2,177.4	2,196.8	2,235.7	2,254.7	2,216.2
	index (same period a year earlier = 100)	100.3	102.3	102.1	101.6	102.5	102.1
Employment according to ESA 95							
	in thousands	2,055.6	2,057.8	2,074.2	2,095.9	2,108.0	2,084.0
	index (same period a year earlier = 100)	99.7	101.4	101.3	101.0	101.8	101.4
Unemployment rate according to a labour force sample survey							
	in thousands	480.7	461.9	425.3	415.0	407.6	427.5
	index (same period a year earlier = 100)	104.7	90.3	86.9	88.9	89.6	88.9
Unemployment rate according to a labour force sample survey							
	in %	18.1	17.5	16.2	15.6	15.3	16.2
Registered unemployment rate <sup>1)</sup>							
	in %	14.3	13.1	11.4	11.0	11.1	11.6

Source: Statistical Office of the SR and Centre for Labour, Social, and Family Matters.

1) NBS calculations.

Developments in employment by sector (ESA 95 methodology) were accompanied by growth in value added in most sectors. In 2005, numerous sectors recorded a faster growth in employment than in the previous year (construction and trade), or a change from decline to growth (public administration and defence, and other community services). On the other hand, a change from growth to decline was recorded in industry (as a result of a downturn in manufacturing). Continuing decreases in employment were, as a year earlier, recorded in transport, financial intermediation, education, and health services.

The creation of new vacancies in the economy, together with the lower number of workers, led to a favourable trend in unemployment. According to a labour force sample survey, the number of unemployed decreased year-on-year by 11.1% in 2005. This decrease was also reflected in the annual rate of unemployment, which reached 16.2% in 2005 (compared with 18.1% in the previous year). The positive trend in unemployment persisted throughout 2005, with both the number of unemployed and the rate of unemployment decreasing steadily.

**... accompanied by a further fall in unemployment**

**Table 31 Developments in Employment by Sector**

(index, same period a year earlier = 100)

	2004 Year	Q1	Q2	Q3	Q4	Year
Total	99.7	101.4	101.3	101.0	101.8	101.4
Agriculture, hunting, and forestry	88.1	93.6	97.1	95.5	95.0	95.3
Industry	100.1	100.8	99.5	97.6	97.1	98.7
Mining and quarrying	90.6	93.6	94.0	93.4	94.4	93.9
Manufacturing	100.8	101.4	99.8	97.7	97.0	98.9
Electricity, gas, and water supply	94.2	95.7	96.9	97.1	98.5	97.0
Construction	101.3	106.3	104.7	106.0	99.1	104.0
Wholesale and retail trade, repair of motor vehicles, motorcycles, and consumer goods	101.1	105.4	103.3	108.2	114.4	107.8
Hotels and restaurants	97.8	105.0	102.7	103.0	98.9	102.3
Transport, storage, post and telecommunications	97.4	102.2	99.8	95.5	94.3	97.9
Financial intermediation	95.2	102.8	99.7	94.7	99.9	99.2
Real estate, renting, and business activities	110.0	100.9	107.7	106.9	112.2	106.9
Public administration and defence, compulsory social insurance	98.2	101.0	105.5	104.6	105.7	104.2
Education	97.2	94.2	95.9	96.6	98.7	96.3
Health and social services	99.1	98.0	98.1	95.0	95.7	96.7
Other community, social, and personal services	98.2	108.2	103.2	101.1	97.2	102.2

Source: Statistical Office of the SR.

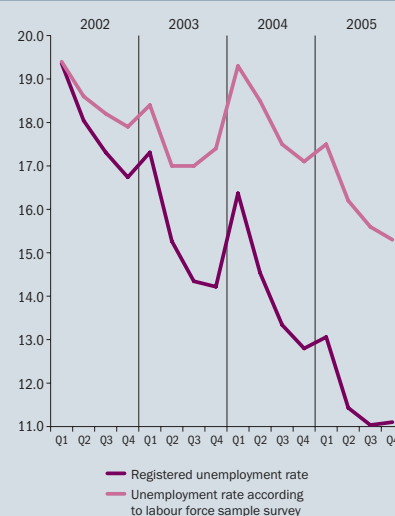
Note: According to ESA 95.

The falling trend in the unemployment rate was also confirmed by data on registered unemployment. According to the registers of Offices for Labour, Social, and Family Matters, the average unemployment rate in 2005 was 11.6% (compared with 14.3% a year earlier). This figure is below the level determined on the basis of a sample survey, which can be explained by the methodological differences and the differing definitions of unemployment.

The situation on the labour market in 2005 was determined by the supply of labour. While the number persons in productive and post-productive age (15 and above) increased year-on-year by 0.7% in 2005 (in 2004 by 1.2%), the size of the economically active population decreased by 0.5% (after increasing a year earlier by 0.9%). The increase in the number of persons aged 15 and above contributed significantly to the increase in the number of economically inactive population (2.5%, compared with 1.7% a year earlier). In 2005, the level of economic activity fell in comparison with 2004 by 0.7 of a percentage point, to 59.5%. The growth in employment had a favourable effect on the rate of employment, which rose year-on-year by 0.8 of a percentage point, to 57.7%.

**Chart 27 Unemployment Rate**

(%)



Source: Statistical Office SR; Centre for Labour, Social, and Family Matters; NBS calculations.

### Financial Results of Corporations

The positive trend in the financial performance of corporations continued in 2005. From the beginning of the year, financial and non-financial corporations earned a cumulative profit of Sk 249.5 billion, which was more than 40% more than a year earlier. A substantial part of this profit (88.5%) was generated by non-financial corporations, which contributed 16.4% to its year-on-year increase.

Improvement was also reported by financial corporations (including the NBS), which achieved a profit of Sk 28.7 billion in 2005 (after producing negative financial results for three successive years). The financial results of financial corporations were substantially affected by the results of the NBS, which significantly reduced its current losses in 2005. Better results than in 2004 were also achieved by other financial corporations, whose annual profits in 2005 were 22.5% higher than a year earlier.

	Year 2004	Year 2005	Index 2005 2004
Financial result (before taxation)			
Non-financial and financial corporations in total	180,003	249,525	140.2
Non-financial corporations	192,344	220,858	116.4
Financial corporations	-12,341	28,667	-
of which:			
NBS	-36,289	-663	-
Financial corporations excl. the NBS	23,948	29,330	122.5

Source: Statistical Office of the SR.

Positive financial results were achieved in all branches of the non-financial sector, except for agriculture. The largest profit (more than 33%) was, as in the previous period, generated in manufacturing. A significant contribution to the total profit in the Slovak economy was made in electricity, gas, and water supply (21.1%) and trade (19%). Among major sectors, the most significant year-on-year increases in profits were achieved in transport, post and telecommunications, and real estate, renting, and other business activities.

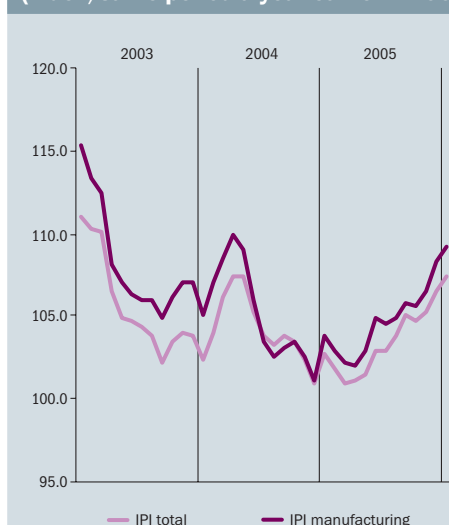
In manufacturing, the strongest year-on-year growth in profits was recorded in the production of chemicals, chemical products, and fibres; metals and metal products; and food products, beverages, and tobacco.

After a longer period, financial corporations achieved positive results in connection with a change in the budgetary performance of financial institutions, which earned a profit of Sk 16.2 billion in 2005 (after sustaining a loss of Sk 22.3 billion in 2004). Other financial intermediaries contributed Sk 9.1 billion to the overall profit (a year-on-year increase of 28.5%) and insurance corporations and pension funds contributed a total of Sk 3.4 billion.

Out of 6,697 non-financial corporations (with 20 and more employees), 4,677 were profitable: they generated a total profit of Sk 204.1 billion, i.e. a year-on-year increase of 19.7%. The remaining corporations recorded a total loss of Sk 31.2 billion (a year-on-year increase of 31.9%).

The largest profit was earned by non-financial corporations with 1,000 and more employees. A significant contribution to the profit was made by corporations with 50 to 249 employees and entities with up to 10 employees. The largest year-on-year increases in profits were achieved by non-financial entities with 20 to 49 and 50 to 249 employees, as well as large corporations with 1,000 and more employees.

**Chart 28 Development of Industrial and Manufacturing Production**  
(3-month moving averages)  
(index, same period a year earlier = 100)



Source: Statistical Office of the SR.  
Note: IPI - Industrial Production Index.

## Current Developments

### Production and Receipts

In January, the year-on-year rate of growth in industrial production markedly slowed in comparison with December 2005. Industrial output was affected by slower growth in manufacturing production, faster growth in electricity, gas, and water supply, and continuing year-on-year decline in mining and quarrying production.

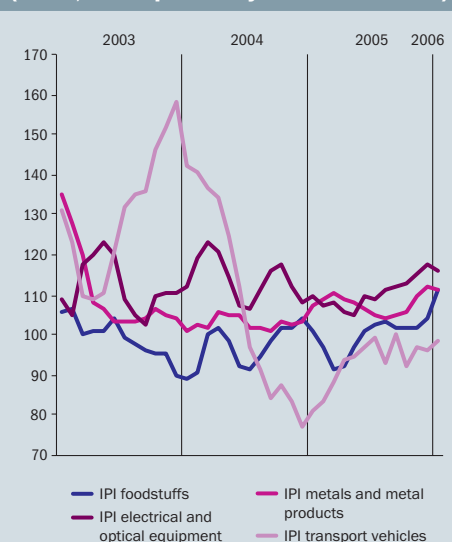
The slower growth in manufacturing production (its illustration in chart 28 is distorted, owing to the use of three-month moving averages) was a consequence of decelerated growth in the production of pulp, paper, and paper goods; chemicals, chemical products, and fibres; rubber and plastic goods; metals and metal products; and electrical and optical equipment. On a year-on-year basis, output dropped in the production of textiles and

### Slowdown in industrial production



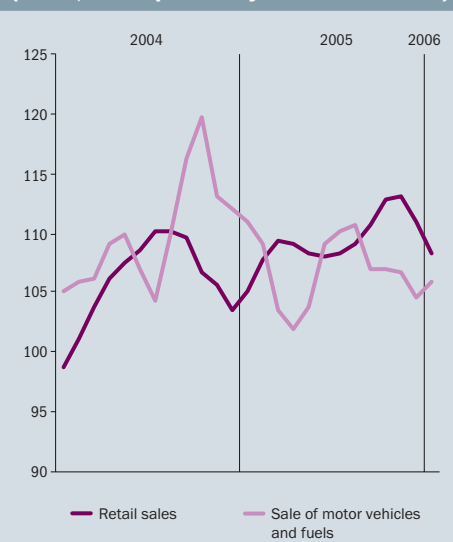
clothes, timber processing and the manufacture of wood products, and the production of transport vehicles. On the other hand, production was positively affected by faster growth in the production of foodstuffs, beverages, and tobacco products; coke, refined oil products, and nuclear fuel; other non-metal mineral products; machinery and equipment not elsewhere classified; and in production not elsewhere classified.

**Chart 29 Development of Industrial Production in Selected Sectors**  
(3-month moving averages)  
(index, same period a year earlier = 100)



Source: Statistical Office of the SR.  
Note: IPI - Industrial Production Index.

**Chart 30 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.

**Table 33 Production and Receipts**

	Sk millions, curr. prices	Indices		
	Jan. 2006	Dec. 2005 Dec. 2004	Jan. 2006 Jan. 2005	Jan. 2005 Jan. 2004
<b>Production</b>				
Industrial production index <sup>1)</sup>	–	109.4	106.9	105.0
of which:				
Mining and quarrying	–	98.2	86.5	99.3
Manufacturing	–	112.1	108.0	107.1
Electricity, gas, and water supply	–	98.6	104.5	96.5
Construction <sup>2)</sup>	6,876	100.5	104.6	123.8
of which:				
Construction in Slovakia	6,634	100.9	107.5	121.7
Construction abroad	242	90.0	60.5	166.0
<b>Receipts from own-output and goods</b>				
Industry in total <sup>3)</sup>	132,270	110.9	111.7	102.5
Construction <sup>2)</sup>	10,318	113.7	113.5	111.7
Retail trade <sup>3)</sup>	29,916	106.3	106.6	107.7
Sale and maintenance of vehicles, retail sale of fuels <sup>3)</sup>	11,550	99.1	111.0	108.1
Transport, storage <sup>3)</sup>	8,811	114.3	127.0	111.0
Real estate, renting, and business services <sup>3)</sup>	11,953	113.4	110.0	98.4

Source: Statistical Office of the SR.

1) Adjusted for the variations in the number of working days (the data in the time series are continually revised with retrospective effect).

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).



Production in the construction sector again accelerated in January compared with December, due to growth in domestic production in new construction, reconstruction, and modernisation projects, as well as in construction repair and maintenance work.

#### Accelerated growth in construction

The growth in retail sales receipts accelerated slightly as a result of faster growth in receipts from retail trade in pharmaceuticals and cosmetics. The rate of growth in other retail segments was slower than in December. Receipts from the sale and maintenance of motor vehicles and the retail sale of fuels grew relatively dynamically as a result of slower growth in proceeds from the sale of motor vehicles. On a year-on-year basis, as well as in comparison with December, the volume of proceeds from the sale of fuels decreased to a considerable extent (the illustration in chart 30 is distorted, owing to the use of three-month moving averages).

#### Continuing growth in receipts in most service sectors

Receipts from real estate, renting, and other business services grew at a slower rate than in December, mainly as a result of slower growth in receipts from computer engineering and related activities, accompanied by a continuing year-on-year decline in receipts from real estate activities.

### Wages, Employment, and Unemployment

January 2006 saw different trends in nominal wages in the selected sectors in comparison with January 2005. The year-on-year dynamics of wages in retail and wholesale trade, real estate, renting, and other business services slowed considerably, while wages in industry, construction, and transport grew at a faster rate than in the same period a year earlier. The most rapid wage growth in January 2006 was achieved in industry, which was probably a result of slower growth in wages in this sector in the second half of 2005, accompanied by a year-on-year fall in employment, and the payment of bonuses for last year at the beginning of this year.

#### Nominal wages

The average real monthly wage in January 2006 exceeded the level of wages in the same period a year earlier in most sectors under review, but the rate of growth slowed in most sectors in comparison with January 2005. This was a result of slowdown in nominal wage growth and acceleration in the year-on-year rate of increase in average consumer prices.

#### Real wages

Table 34 Wage Development by Sector		(index, same period a year earlier = 100)				
	Average monthly nominal wage			Average monthly real wage		
	Year 2005	January 2005   2006		Year 2005	January 2005   2006	
Industry	107.2	108.1	108.8	104.4	104.7	104.5
Construction	106.0	103.9	105.0	103.2	100.7	100.9
Retail trade	107.8	107.3	104.8	105.0	104.0	100.7
Wholesale trade	111.4	114.6	108.4	108.5	111.1	104.1
Real estate, renting	112.0	111.1	108.1	109.1	107.7	103.8
Transport	107.3	106.1	106.4	104.5	102.8	102.2
Post and telecommunications	107.1	97.5	106.5	103.3	94.5	102.3
Consumer prices	102.7	103.2	104.1	-	-	-

Source: Statistical Office of the SR.  
 Notes: The above sectors accounted for 65.9% of total employment in the year 2005.  
 Real wage index = nominal wage index / consumer price index.  
 Data for the 4th quarter of 2005 and the year 2005 revised by the SO SR in March 2006.

In January 2006, labour productivity increased relatively significantly in many of the sectors under review, which also affected the relationship between wages and productivity based on receipts from own-output and goods. Among sectors, where labour productivity is monitored at current prices, productivity grew at a much faster rate than nominal wages in transport, post and telecommunications. In sectors, where labour productivity is monitored in real terms, productivity increased significantly in industry. Dynamic growth in productivity was also achieved in real estate, renting, and other business services. Labour productivity grew at a faster rate than wages in both sectors. On the other hand, productivity fell in real terms in construction and retail trade, while real wages recorded modest increases in these sectors.

#### Labour productivity and wages



**Table 35 Wages, Labour Productivity, and Employment in January 2006**  
(index, same period a year earlier = 100)

	Industry	Construction	Wholesale trade	Retail trade	Real estate and renting	Transport	Post and telecom.
<b>Wages</b>							
– nominal	108.8	105.0	108.4	104.8	108.1	106.4	106.5
– real	104.5	100.9	104.1	100.7	103.8	102.2	102.3
<b>Labour productivity</b>							
– nominal	-	-	98.2	-	-	124.7	120.7
– real	113.6	93.8	-	97.8	108.4	-	-
<b>Productivity minus wages (% points)</b>							
– nominal	-	-	-10.2	-	-	18.3	14.2
– real	9.1	-7.1	-	-2.9	4.6	-	-
<b>Employment</b>							
– persons	552,981	150,220	128,283	146,915	139,322	86,262	27,341
– year-on-year index	98.3	111.6	105.8	109.0	108.2	101.8	98.5

Source: Statistical Office of the SR.

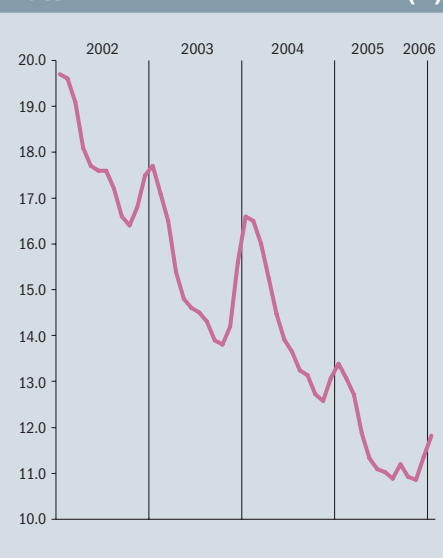
Note: Labour productivity is based on receipts from own-output and goods (in the construction sector, on the volume of production).

**Employment** In January 2006, the year-on-year rate of growth in employment accelerated in construction, the sale and maintenance of vehicles, retail trade, and in real estate, renting, and other business services. After a longer period, employment growth was also recorded in transport, while employment in industry declined (mainly in manufacturing).

**Unemployment** Unemployment followed the recent trend and increased month-on-month for the second consecutive month. According to data from the Centre for Labour, Social, and Family Matters, the total number of unemployed increased month-on-month by 8,600, to 342,400 in January. The number of disposable unemployed, who may start working immediately, accounted for 302,300, which was almost 8,500 more than in December. The rate of registered unemployment stood at 11.82% in January, representing a month-on-month rise of 0.46 of a percentage point. This was 1.57 percentage points less than in January 2005.

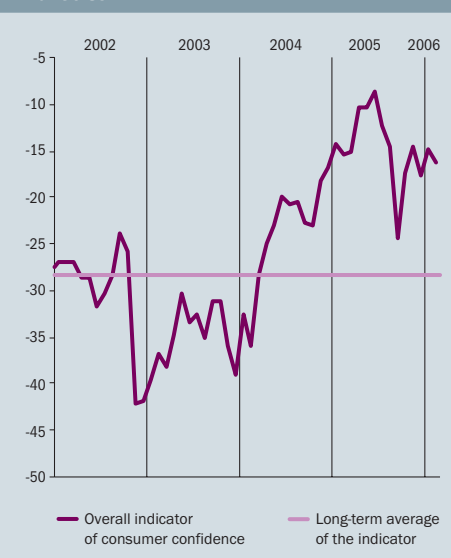
In January, 39,000 new job applicants signed on at offices for labour, social, and family matters (compared with 29,200 in December). On the other hand, more than 30,000 persons were removed from the registers (in November more than 17,000). Approximately 13% of these persons were removed

**Chart 31 Registered Unemployment Rate (%)**



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

**Chart 32 Consumer Confidence Indicator**



Source: Statistical Office of the SR.



from the registers for unwillingness to co-operate, and 63% of them found employment (which was 11.7 percentage points more than in the previous month).

The average length of registration decreased in comparison with December by 0.11 of a month (to 11.78 months) and in comparison with January 2005 by 0.37 of a month. A positive development was a decrease in the share of long-term unemployed (out of work for more than 12 months), to 49.9%, which was 1.3 percentage points less than in December.

### ***Consumer Confidence Indicator***

In February, the value of the consumer confidence indicator fell in comparison with the previous month by 1.5 points, to -16.3 points. Compared with January, deterioration was recorded in the indicators of expected economic development and expected unemployment in the SR, while the indicator of expected household savings stagnated. Improvement was recorded in the expected financial situation of households. Compared with the same period last year, the consumer confidence indicator has deteriorated by 1.0 point.

**Fall in the consumer confidence indicator**





## 4. Monetary Developments

### 4.1. Foreign Exchange Market

#### Operations on the foreign exchange market

Over the course of February, the exchange rate of the Slovak koruna against the euro strengthened by 0.2% (from SKK/EUR 37.357 to SKK/EUR 37.27), while the average rate appreciated by 0.3%. The Slovak koruna deviated from its central rate (SKK/EUR 38.4550) most significantly on 26 January 2006, when its exchange rate reached SKK/EUR 37.216, representing an appreciation of 3.22% from central parity. In relation to the US dollar, the koruna weakened by 1.7% (from SKK/USD 30.918 to SKK/USD 31.442), while depreciating in average terms by 0.9%.

Spot transactions between foreign and domestic banks resulted in a negative balance (USD -284.74 million), i.e. foreign banks sold mostly foreign currency and purchased Slovak koruna.

The National Bank of Slovakia conducted no foreign exchange interventions in February.

**Table 36 Changes in the SKK/EUR and SKK/USD Exchange Rates**

(%)

	Month-on-month change	Ø Feb. 2006 Ø Feb. 2005	Ø Jan. – Feb. 2006 Ø Jan. – Feb. 2005
SKK/EUR	-0.2	-1.7	-2.3
SKK/USD	1.7	7.0	6.3

Source: NBS.

Note: + Depreciation of the SKK, - Appreciation of the SKK, Ø Means average.

#### Interbank foreign exchange market

The total volume traded on the interbank foreign exchange market in February reached USD 77,157.8 million, representing an increase of 0.2% compared with the figure for January (USD 77,290.9 million). Of the total trading volume, 91% took place in swap transactions, which were conducted mostly in USD (94.9%). Spot transactions accounted for 8.3% of the total turnover (95.5% of the deals were in EUR). The average daily turnover on the spot market reached USD 321.33 million and the average volume per transaction amounted to USD 1.85 million.

The volume of transactions between domestic commercial banks increased, from USD 8,674 million in January to USD 9,708 million in February. Most trading took place in USD (62.7%, compared with 65.4% in January), followed by EUR (36.4%, compared with 33.9% in January) and other currencies (0.9% of the total turnover among domestic commercial banks).

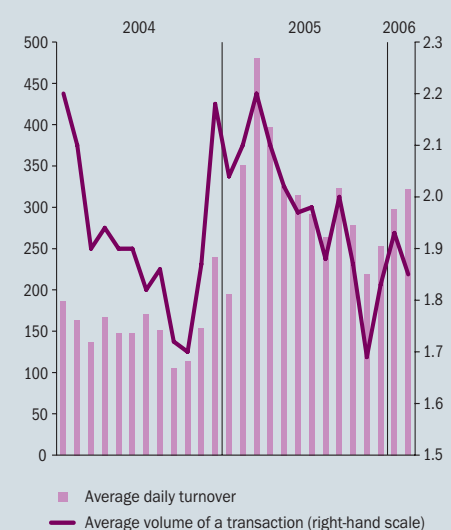
Transactions between domestic banks accounted for 12.6% of the total volume traded on the interbank foreign exchange market (compared with 11.2% in the previous month). Of the total volume of transactions between domestic banks, swap operations accounted for 86.2% (84.2% in January) and spot transactions 13.4% (15.5% in January).

The volume of trading between domestic and foreign banks decreased by 1.7%, from USD 68,617 million to USD 67,449.8 million. Most trading was again conducted in USD (90%, compared with 90.5% in January), followed by EUR (9.5%, compared with 9% in January), and other currencies (0.5%). Trading between domestic and foreign banks continued to dominate the country's foreign exchange market (with a share of 87.4%).

Trading between domestic and foreign banks also took place predominantly in the form of swap operations (91.7%, compared with 92.4% in January), while spot transactions accounted for 7.6% (7.2% in January). The share of forward dealings on the forex market was negligible. Option contracts accounted for 0.6% of the volume traded with foreign banks.

**Chart 33 Interbank Foreign Exchange Market Transactions**

(USD millions)



Zdroj: NBS.



By the end of January, the Slovak-koruna deposits of non-resident banks had decreased month-on-month by Sk 23.3 billion (owing to the redemption of restructuring bonds no. 142 in the amount of Sk 35.4 billion), while increasing year-on-year by Sk 3.9 billion.

#### Deposits of non-resident banks

By the end of February, the holdings by non-residents of government securities had decreased against the previous month by Sk 14.0 billion. The decrease took place exclusively in government bonds, since the holdings of SR Treasury bills remained unchanged. The decrease in government bonds took place mostly in 10 and 3-year bonds, Issues No. 188 and 200 (Sk 13.6 billion in total), and was partly offset by an increase in 5-year government bonds, Issue No. 201 (Sk 4.1 billion). The share of non-residents in the total amount of issued government bonds decreased in February, and fluctuated between 25.2% and 26.2%.

#### Government securities held by non-residents

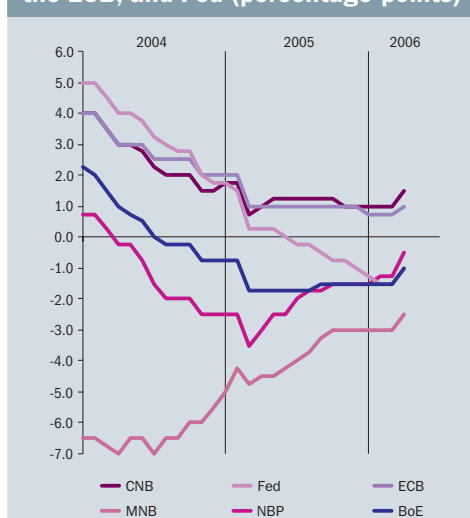
The Agency for Debt and Liquidity Management (ARDAL) held no Treasury-bill auctions in February 2006.

**Table 37 Koruna Deposits from Residents and Government Securities Held by Non-Residents** (Sk billions)

	2004			2005			2006	
	31.12.	31.8.	30.9.	31.10.	30.11.	31.12.	31.1.	28.2.
Koruna liabilities	46.4	101.2	97.6	79.4	81.5	85.0	62.3	.
of which: Banks	42.1	96.0	91.9	73.8	75.5	78.1	54.7	.
Non-bank clients	4.3	5.2	5.7	5.5	6.1	6.9	7.6	.
Government securities	66.8	109.3	103.5	90.0	89.5	84.0	98.3	84.2
of which: Government bonds	60.9	108.2	103.0	90.0	89.5	83.9	98.0	84.0
SR Treasury bills	6.0	1.1	0.5	0.0	0.0	0.1	0.2	0.2
Total	113.2	210.6	201.1	169.3	171.0	169.0	160.6	.

Source: NBS and the Central Securities Depository of the SR.

**Chart 34 Differentials in the Key Rates of European Central Banks, the ECB, and Fed (percentage points)**



Source: NBS and the relevant central banks.

Of the central banks under review, the NBS and NBP decided to change their key interest rates in February (with effect from 1 March), but not in the same direction, nor in equal measure. While the NBP reduced its rates by 0.25 of a percentage point, to 4.0% (in cumulative terms by 2.50 percentage points since April 2005), the NBS raised them by 0.50 of a percentage point, to 3.50%. In March, the ECB increased its rates by 0.25 of a percentage point (to 2.50%, with effect from 8 March); other central banks left them unchanged in February and March.

#### Key central bank rates

In 2005, the BoE lowered its key rates to 4.50% with effect from 4 August, and the MNB to 6.0% from 20 September. On the other hand, the CNB raised its interest rates by 0.25 of a percentage point, to 2.0% (with effect from 31 October), and the Fed increased them to 4.50% (from 31 January 2006).

The current interest rate differentials between NBS rates and other key central bank rates are: positive vis-à-vis the CNB and ECB (+1.5 / +1.0 of a percentage point) and negative in relation to the NBP, Fed, BoE, and MNB (-0.5 / -1.0 / -1.0 / -2.5 percentage points).

## 4.2. Money Market and Monetary Policy Implementation

At its meeting on 28 February 2006, the Bank Board of the NBS decided to raise its key interest rates by 50 basis points, with effect from 1 March 2006.

Average money market rates rose month-on-month in February, for all maturities ranging from one to twelve months. Drops were recorded in overnight and one-week rates, while the two-week rate remained unchanged.

#### Interbank market rates

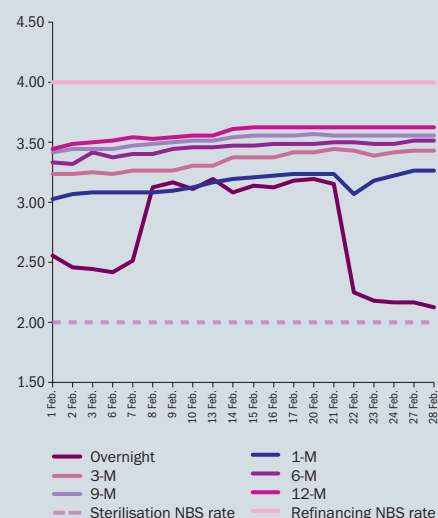


At the beginning of the month, the overnight rate hovered around at the level of 2.5%, due to a surplus of daily liquidity. After increased demand at the second tender, interbank liquidity fell below the level of required reserves, giving a reason for an increase in the overnight rate (above 3%). The situation changed after the settlement of the last tender, when the volume of interbank liquidity increased to almost three times the amount of required reserves. This caused the shortest-term rates to drop to the level of the overnight deposit rate.

Medium and longer-term rates rose at the beginning of February as a reaction to the result of voting at the Bank Board on interest rates at the end of January. Although the Bank Board decided to leave its rates unchanged, its comments and votes for a rise in interest levels indicated a possible monetary policy tightening at the end of February. The upward trend continued in the middle of the month as a result of depreciation in the exchange rate of the Slovak koruna, which reacted to the announcement of early elections. The rise in interest rates was supported by the release of data on the December deficit in trade and inflation in January.

Chart 35 BRIBOR

(% p.a.)



Source: NBS.

The appreciation of the Slovak koruna in the second half of the month, after the release of data on an unexpected GDP growth in the last quarter of 2005, triggered no response in the interest rates. The low trading activity persisted at the end of the month and caused no marked changes in the longer-term rates, even at the time when the domestic currency was weakening. The only change was a temporary fall in one-month rates, caused by an increase in daily liquidity after low demand at the last repo tender.

The volume of trading on the interbank money market reached Sk 1,878 billion in February (compared with Sk 2,011 billion in January). Reference banks accounted for 91.6% of the total turnover (a decrease of 0.1%). Of the total volume of purchases and sales on the interbank market, non-resident and resident bank transactions accounted for 70.2% and 29.8% respectively. In interbank transactions, both resident and non-resident banks achieved the largest share in swap transactions (45.7% and 75.3% respectively).

Table 38 Interbank Transactions

(Sk billions)

	Deposits	Repos	Swaps	FRAs	IRSSs
January	745	56	1,184	12	14
February	546	42	1,258	16	16

Source: NBS.

**Liquidity** The average daily volume of sterilised excess liquidity decreased in February by Sk 4.6 billion, to Sk 385.5 billion. The need for sterilisation was reduced partly by the transfer of Treasury funds from accounts held at commercial banks to an account at the NBS at the end of January. Of the total volume of open market transactions, repo tenders accounted for 94.3%, NBS bills 2.9%, overnight repo operations 0.1%, and overnight deposits 2.7%.

Table 39 Average Daily Impact of NBS Transactions on the Level of Banking Sector Liquidity

(Sk millions)

	O/N repos	O/N deposits	NBS bills	Repo tenders
January	3,695	-2,066	-14,722	-377,021
February	554	-10,221	-11,354	-364,523

Source: NBS.

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

**Repo tenders** The NBS announced four sterilisation repo tenders for February. At these tenders, the bids of banks were accepted in full. After a fall in demand at the first tender, where banks bid Sk 27.1 billion less than

the due amount, bids made at the second tender were Sk 13.2 billion higher. In response to the resulting daily and cumulative shortage of liquidity, banks showed less interest in the third tender. At the end of the month, banks preferred to maintain a marked surplus of liquidity, rather than use their free funds at repo tenders, and thus they reduced their bids by Sk 43.1 billion. The share of repo tenders of the total volume of transactions decreased by 0.6 of a percentage point.

**Table 40 Tenders in February 2006**

Date	Type of tender <sup>1)</sup>	Maturity (days)	Volume accepted (Sk millions)	Rates (%)		
				minimum	average	maximum
1.2.2006	SRT	14	184,314	3.00	3.00	3.00
8.2.2006	SRT	14	198,204	3.00	3.00	3.00
15.2.2006	SRT	14	176,481	3.00	3.00	3.00
22.2.2006	SRT	14	155,116	3.00	3.00	3.00

Source: NBS.

1) SRT – sterilisation repo tender.

In February, the NBS held one auction in NBS bills. Demand at the auction reached Sk 13.0 billion, but the NBS accepted none of the bids. This was due to the excessive demands of participants for yields. The share of NBS bills of the total trading volume decreased by 0.8 of a percentage point.

#### NBS bills

**Chart 36 Survey of Reserve Requirement Fulfilment in the Banking Sector (Sk billions)**


Source: NBS.

Banks conducted overnight transactions mostly in the second half of February. They used refinancing on two occasions in the middle of the month, in the amount of up to Sk 5.0 billion. An increase in daily liquidity in the second half of February, resulting from repeatedly low demand at repo tenders, made it possible for banks to deposit their excess funds at the NBS on a regular basis, until the end of the month. The largest volume of daily liquidity was deposited on the last but one working day of the period, in the amount of Sk 52.1 billion.

#### Overnight transactions

For February, the amount of minimum required reserves in the banking sector was set at Sk 22.06 billion. By the end of the month, the reserve requirement had been fulfilled to 100.1%.

#### Reserve requirements

#### Developments in Money Market Interest Rate Derivatives

Forward rate agreements (FRAs) recorded an increase in trading volume in February. Trading took place during the first half of the month only. Most contracts were concluded between domestic banks (68.4%). Most transactions took place in three-month contracts (57.0%) with implementation in one, six, and nine months. Smaller amounts were transacted in six-month contracts with implementation in six months, and nine-month contracts with implementation in one month.

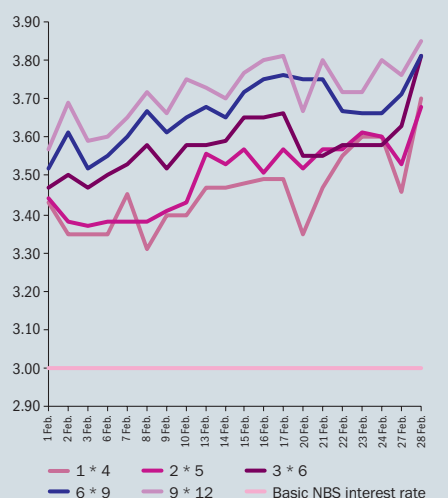
#### Trading in FRAs

The volume traded in interest rates swaps (IRSs) also increased in February. Most transactions took place in the first half of the month. Most IRS contracts were concluded with foreign banks (73.5%). Transactions were effected with one-year to eight-year maturities, with most contracts being concluded in one-year swaps.

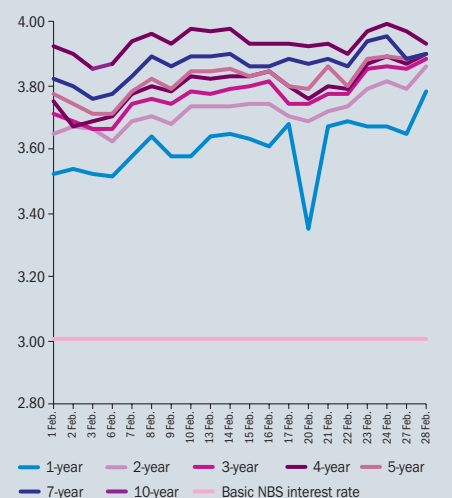
#### Trading in IRSs

The changes in money market interest rates were also reflected in the implied expectations derived from BRIBOR rates. At the beginning of February, the implied expectations included an interest rate increase of up to 29-52 basis points, within six to eight months. The steeper increase in medium-term maturities in comparison with the long end of the yield curve moderated the implied expectations to 35-47 basis points in the middle of February and extended their time horizon to a nine months. Despite a rise in interest rates, the maximum values of implied expectations of an increase in rates remained within the time horizon of nine months at the end of February, but in comparison with the values in the middle of the month, the maximum values dropped to 27-39 basis points.

#### Implied yield curves of BRIBOR rates

**Chart 37 Daily Developments in FRAs (% p.a.)**

Source: Reuters.

**Chart 38 Daily Developments in IRSs (% p.a.)**

Source: Reuters.

**Chart 39 Implied Yield Curves of BRIBOR Rates (% p.a.)**

Source: NBS.

### 4.3. Customer Interest Rates in January 2006

**Customer interest rates** Interest rates on new loans to, and new deposits from, households and non-financial corporations increased in January.

**Average interest rates on new loans** The average interest rate on new loans to non-financial corporations rose slightly in January (by 0.16 of a percentage point). This was mainly due to an increase in the price of loans with a floating rate and an initial rate fixation (IRF) of up to 1 year, which rose by 0.18 of a percentage point. Within this category, lending rates were mainly increased for current account overdrafts and operating loans. On the other hand, lending rates for other loans were reduced.

January saw marked increases in interest rates on loans with an IRF of over 1 and up to 5 years and loans with an IRF of over 10 years. At the same time, the price of loans with an IRF of over 5 and up to 10 years dropped. Interest rate movements were mainly influenced by the prices of investment loans, irrespective of the period of fixation. Interest rates on investment loans with a longer period of fixation are volatile and the rate of interest provided depends primarily on the amount of credit and the debtor's rating. A fall was also recorded in interest rates on other loans.

The average interest rate on new loans to households rose significantly in January, when interest rates increased on all types of loans, except for other loans. This rise was probably connected with the

**Table 41 Average Interest Rates on New Loans to Non-Financial Corporations**

	Interest rate in %			Change in % points	
	Jan. 2005	Dec. 2005	Jan. 2006	Year-on- year	Month-on- month
Floating rate + IRF <sup>1)</sup>					
of up to 1 year inclusive	5.93	4.82	5.00	-0.93	0.18
IRF of over 1					
and up to 5 years inclusive	5.54	4.45	4.87	-0.67	0.42
IRF of over 5					
and up to 10 years inclusive	5.96	6.08	5.55	-0.41	-0.53
IRF of over 10 years	5.76	4.20	5.09	-0.67	0.89
Loans of up to EUR 1 million	5.29	5.39	4.93	-0.36	-0.46
Loans of over EUR 1 million	4.56	4.25	3.91	-0.65	-0.34
Total	5.92	4.84	5.00	-0.92	0.16
Total, excluding current account overdrafts	4.96	4.60	4.18	-0.78	-0.42

Source: NBS.

1) Initial rate fixation.

increased drawing of credits through credit cards and current account overdrafts, which bear a relatively high rate of interest. This development was also affected by the increased price of consumer loans, which had been increasing since August 2005, and real estate purchase loans. After falling for a long period, interest rates on house purchase loans recorded a modest rise in January.

In a breakdown by fixation, lending rates increased for all types of loans. The steepest rise occurred in rates for loans with an initial rate fixation of over 10 years. Interest rates on loans with a floating rate and an IRF of up to 1 year rose mainly as a result of increases in interest rates on current account overdrafts (through credit cards), housing loans, and consumer loans. Interest rates on loans with an IRF of over 1 and up to 10 years rose only slightly.

**Table 42 Average Interest Rates on New Loans to Households**

	Interest rate in %			Change in % points	
	Jan. 2004	Dec. 2005	Jan. 2005	Year-on- year	Month-on- month
Current account overdrafts	11.29	10.93	11.52	0.23	0.59
Consumer loans	12.97	11.90	12.72	-0.25	0.82
Real estate loans	7.15	5.29	5.47	-1.68	0.18
of which: Mortgage loans	7.12	4.91	4.98	-2.14	0.07
Other loans	10.96	7.93	6.45	-4.52	-1.48
Total	10.66	9.49	10.49	-0.17	1.00
Total, excl. current account overdrafts	9.23	7.13	7.29	-1.94	0.16

Source: NBS.

After stagnating for almost a year, average interest rates on new deposits from non-financial corporations rose considerably in January. The steepest increase was recorded in the price of long-term deposits (with an agreed maturity of over 1 year). The rate for deposits from non-financial corporations was mostly increased by the price of deposits redeemable on demand, which account for roughly 60%. Interest rates on savings deposits, which represent a less popular form of saving, rose only slightly.

#### Average interest rates on new deposits

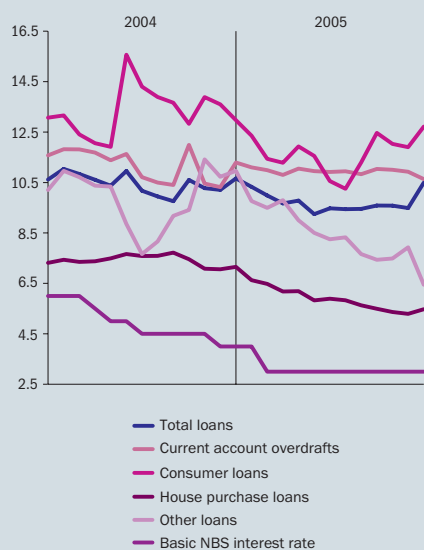
Among household deposits, interest rates increased on deposits redeemable on demand and deposits with an agreed maturity of over 1 and up to 2 years. At the same time, the price of deposits with a maturity of over 2 years dropped. Interest rates on savings deposits were stagnant in January.

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 January (-2.39%), which represented a fall of 0.18 of a percentage point in comparison with the previous month. The real interest rate was falling for the sixth consecutive month, mainly as a result of a rise in inflation, while the price of one-year deposits fell only slightly over this period. After a longer period, the real interest rate deflated by core inflation also reached a slightly negative figure, which was a result of a marked rise in core inflation in January, while the rate of interest on one-year household deposits was stagnant.

#### Real interest rates

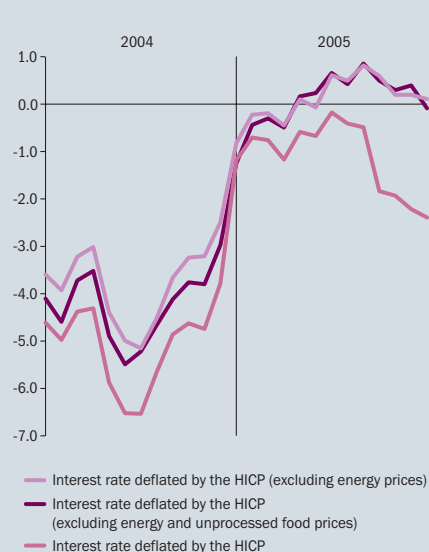


**Chart 40 Interest Rates on Loans to Households by Type (%)**



Source: NBS.

**Graf 41 Real Interest Rates on Household Deposits (%)**



Source: NBS and Statistical Office of the SR.

**Table 43 Average Interest Rates on New Deposits from Non-Financial Corporations**

	Interest rate in %			Change in % points	
	Jan. 2005	Dec. 2005	Jan. 2006	Year-on-year	Month-on-month
Deposits redeemable on demand	1.61	0.64	1.23	-0.37	0.59
Deposits with an agreed maturity					
– of up to 1 year	3.68	2.55	2.73	-0.95	0.18
– of over 1 and up to 2 years	2.11	0.98	2.05	-0.06	1.07
– of over 2 years	3.00	0.66	2.06	-0.94	1.40
Savings deposits redeemable at a period of notice					
– of up to 3 months	2.26	1.44	1.53	-0.73	0.09
– of over 3 months	2.36	1.12	1.15	-1.21	0.03
Total	2.41	1.40	1.85	-0.55	0.45

Source: NBS.

Note: Total deposits include repo transactions and other non-tradable securities.

**Table 44 Average Interest Rates on New Deposits from Households**

	Interest rate in %			Change in % points	
	Jan. 2005	Dec. 2005	Jan. 2006	Year-on-year	Month-on-month
Deposits redeemable on demand	0.61	0.41	0.54	-0.07	0.13
Deposits with an agreed maturity					
– of up to 1 year	2.39	1.90	1.83	-0.57	-0.07
– of over 1 and up to 2 years	2.64	0.97	2.08	-0.56	1.11
– of over 2 years	1.91	1.79	0.96	-0.95	-0.83
Savings deposits redeemable at a period of notice					
– of up to 3 months	1.75	0.96	0.96	-0.78	0.00
– of over 3 months	1.13	1.10	1.13	-0.01	0.03
Total	0.95	0.71	0.80	-0.15	0.09

Source: NBS.

Note: Total deposits include repo transactions and other non-tradable securities.



## ANNEXES

### 1. Capital Market

#### 1.1. Primary Market

In February, two government-bonds issues were increased by auction. At the first auction, Issue No. 201 was increased, with a floating coupon and a residual maturity of 2.9 years. Demand at the auction reached Sk 20.7 billion, of which the issuer accepted Sk 9.7 billion. The share of non-residents in primary purchase was 39.3%. After this auction, the issue in question amounted to Sk 40.0 billion, which corresponded to the planned amount.

#### Government bonds



Through the second auction, the issuer placed government bonds on the market (of Issue No. 204) with a fixed coupon of 5.30% p.a. and a residual maturity of 13.2 years. Demand at the auction reached Sk 8.6 billion, of which the issuer accepted Sk 3.6 billion (via ARDAL), with an average yield of 4.02% p.a. The minimum yield amounted to 3.67% p.a., the maximum reached 4.03% p.a. The primary sale was not attended by non-residents. The given issue amounted to Sk 29.3 billion, representing 73.3% of the planned amount.

In February, yields were paid on 3 issues in the total amount of Sk 2.3 billion, which was 4.55% less than in the same period a year earlier (Sk 2.2 billion in 2005). No issue was repaid during the month. Compared with the same period a year earlier, the share of yields paid to foreign investors increased slightly. Bond creditors accounted for 4.4% of the paid yields.

#### Yield payment and bond repayment

No non-government bonds issues were reported to the NBS during the month of February.

#### Non-government bonds

Table 45 Yields Paid on Government Bonds				
	Foreign investors		Domestic investors	
	Yields paid (in billions of Sk)	Share of the paid yields (in %)	Yields paid (in billions of Sk)	Share of the paid yields (in %)
February 2005	0.4	18.2	1.8	81.8
February 2006	0.5	21.7	1.7	73.9

Source: ARDAL.

#### 1.2. Secondary Market

Compared with January, trading on the Bratislava Stock Exchange, plc. (BCPB) recorded an upturn in February, with the trading volume increasing by 122.4%.

There were 670 transactions totalling Sk 27.9 billion on the BCPB floor during the month (20 trading days). Of the total volume, Sk 27.4 billion was traded in direct transactions (262 contracts) and Sk 0.5 billion in price-setting transactions (408 contracts).

Non-resident investors accounted for 39.52% of the total volume of transactions, of which 41.23% were composed of purchases and 37.82% of sales.

Bond market yields slowly increased throughout February, mainly as a result of an expected monetary policy tightening on the part of the NBS. When the Bank Board increased its key rates by 50 basis points on the last day of February, the bond market responded to the size of the increase, rather than

#### Bonds



to the increase itself. The market had expected an interest rate change of 25 basis points and was therefore surprised by the decision. The government bond yield curve rose along its entire length, though rather unevenly. While the shorter end of the curve rose by 18 basis points, bonds with longer maturities were only slightly affected by the change in interest rates (2 basis points).

There were 172 bond transactions totalling Sk 27.7 billion during the month (i.e. 99.4% of the total volume traded on the BCPB floor in February). Of this amount, Sk 0.5 billion took place in price-setting contracts and Sk 27.2 billion in direct transactions.

The market capitalisation of bonds amounted to Sk 402.2 billion (a month-on-month increase of 3.8%) on the last trading day of the year. The capitalisation of quoted bonds has grown by 4.0% since the end of December, to Sk 380.9 billion.

**SDXGroup indices****Table 46 SDXGroup Indices as at 28 February 2006**

Sector	SDXGroup indices		Yield to maturity (in %)	Duration (in years)
	Price	Performance		
Public	106.527	116.669	3.831	5.307
SDXG sub-index ( $\leq 5$ )	104.221	112.868	3.672	2.869
SDXG sub-index ( $> 5$ )	108.959	120.744	3.881	7.257
Private (corporate + mortgagebonds)	102.022	115.889	3.830	2.930
SDXG sub-index ( $\leq 5$ )	100.147	114.514	3.833	1.642
SDXG sub-index ( $> 5$ )	109.119	119.420	3.828	5.933

Source: BCBP.

**Shares** There were 498 transactions in shares totalling Sk 156.9 million in February. This represented a month-on-month increase of 94.6%. Price-setting transactions accounted for Sk 31.5 million (393 contracts) and direct transactions Sk 125.5 million (56 contracts).

By the last trading day of February, the market capitalisation of equity securities had increased by 2.7% month-on-month, to Sk 153.2 billion. The actual amount of issues that had a market price at least once in the past, except for investment funds shares and participation certificates, was Sk 142.5 billion (a month-on-month decrease of 2.9%) and accounted for 93.0% of the total capitalisation of the share market. The market capitalisation of quoted issues decreased from the end of January by 6.3%, to Sk 77.6 billion.

Over the course of February, no changes occurred in the structure of registered share issues.

**SAX index** The SAX index closed the month at 396.04 points, representing a fall of 4.6% month-on-month and 10.4% year-on-year.

**Table 47 Weights of Basic SAX Index Components as at 28 February 2006**

Company	Weight in %
Biotika, a. s.	2.64
OTP Banka Slovensko. a. s.	29.70
SES Tlmače. a. s.	8.50
Slovnaft. a. s.	28.27
Všeobecná úverová banka. a. s.	30.89

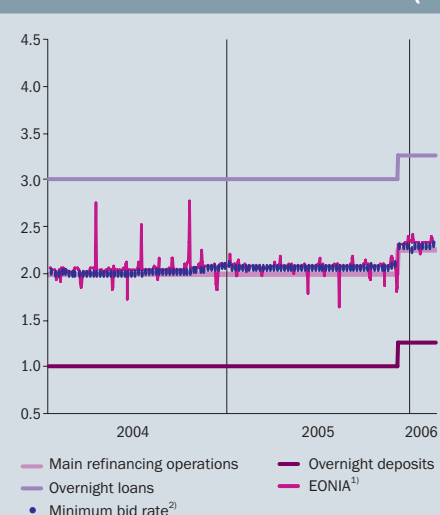
Source: ARDAL.

The share index reached a maximum on 6 February (426.49 points) and a minimum on 27 February (394.10 points).

## 2. Monetary Developments in the Euro Area

At its meeting on 2 February 2006, the Governing Council of the European Central Bank (ECB) decided to leave its key interest rates unchanged. The rate for refinancing operations remained at 2.25%, the rate for overnight loans at 3.25%, and that for overnight deposits at 1.25%.

**Chart 43 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 44 Exchange Rates: SKK/EUR and USD/EUR**



Source: NBS and ECB.

### 2.1. Exchange Rate Developments

At the beginning of February, the exchange rate of the single European currency against the US dollar hovered around the level of USD/EUR 1.20.

After a period of appreciation in January, the exchange rate of the euro against the dollar followed the opposite trend in February. Developments in the EUR/USD rate were primarily affected by the expectations of the market concerning the future orientation of monetary policy in the euro area and the USA. In the euro area, the focus is on price stability and its maintenance through monetary policy tightening. The exchange rate of the dollar against the euro was influenced on the one hand by relatively negative macroeconomic data from the US economy (current account deficit, low consumer confidence, diminishing inflow of foreign capital), and on the other hand by the statement of the Fed about the further orientation of monetary policy. Thus, the expectations of a narrowing interest rate differential between the euro area and the USA have moderated. At the end of the month, the exchange rate fluctuated around the level of USD/EUR 1.18.

During February, the euro depreciated in relation to the US dollar by 1.79% on a month-on-month basis. Since the first trading day of 2006, the single European currency has appreciated vis-à-vis the dollar by 0.41%.

### 2.2. Real Economy

According to the first Eurostat estimate, the euro area economy grew in the fourth quarter of 2005 by 0.3% compared with the previous quarter, while increasing in comparison with the same quarter of 2004 by 1.7%. Final household consumption fell in the fourth quarter of 2004 by 0.2% (after growing in the third quarter by 0.5%), while investment grew by 0.8% (in the previous quarter by 1.1%). Exports grew by 0.5% (compared with 3.4% in the third quarter of 2004) and imports increased by 0.9% (in the previous quarter by 3.1%). In the third quarter of 2005, euro area GDP grew by 0.7%. Annual GDP growth in the euro area reached 1.3% in 2005.

The 12-month inflation rate in the euro area, expressed in terms of the Harmonised Index of Consumer Prices (HICP), rose to 2.4% in January<sup>3</sup>, from 2.2% in the previous month. The strongest year-on-year dynamics were recorded in consumer prices in Spain (4.2%) and

<sup>3</sup> As from January 2006, the Harmonised Index of Consumer Prices (HICP) is compiled on the basis of a new reference period 2005=100, given by Commission Directive No. 1708/2005 (Official Journal L 274, 19.10.2005).



Luxembourg (4.1%). The steepest year-on-year increases took place in prices for dwelling and transport (5.5%). Price levels fell in telecommunications (by 2.8%) and clothing (by 0.8%). In the same period a year earlier, consumer prices in the euro area rose by 1.9%. Eurostat foresees a year-on-year inflation rate of 2.3% in February.

In January, industrial producer prices increased year-on-year by 5.3% and month-on-month by 1.2%.

Retail sales grew year-on-year by 0.9% and month-on-month by 0.8% in January.

The rate of unemployment (seasonally adjusted) remained unchanged in January, at the level of the previous month (8.3%). 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 (10.1% in the third quarter of 2005), France (9.2%), and Germany (9.1%). In relative terms, the most significant increases in the year-on-year unemployment rates occurred in Luxembourg (from 4.9% to 5.5%) and Portugal (from 7.2% to 7.7%). 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 0.9 billion in December 2005, compared with a surplus of EUR 5.5 billion in the same period a year earlier. Compared with the previous month, euro area exports (seasonally adjusted) grew by 0.5% and imports by 3.5% in December.

### 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 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 aggregated and consolidated balances 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, and the local branches of foreign banks. With effect from January 2004, in accordance with the ECB methodology, the MFI sector was 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 website of the National Bank of Slovakia)<sup>4</sup>.

From the monthly statistical balances of resident MFIs, an aggregated balance sheet is compiled, as a summary of statistical balances of MFIs for assets and liabilities in all currencies. Then, a consolidated balance sheet is compiled from the aggregated balance sheet of MFIs, through the compensation (netting) of positions between the MFIs, as a basis for the calculation of monetary aggregates and the main counterparts of the M3 aggregate. During consolidation, the mutual relations of MFIs are excluded from the aggregated balance sheet 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 issued equity securities are reduced by MFI shares and other equities held by MFIs.

**Table 48 Calculation of Monetary Aggregates According to NBS and ECB Methodologies**

Methodology of the NBS	Methodology of the ECB
CURRENCY OUTSIDE BANKS [M0]	<i>(the items are included in the individual sub-aggregates in both Slovak koruna and foreign currency)</i> currency in circulation [M0]
+	+
DEMAND DEPOSITS (in SKK)	overnight deposits and received loans
= <b>Money (M1 – 'narrow money')</b>	= <b>M1 ('narrow money')</b>
TIME DEPOSITS (all maturities, in SKK)	+ deposits and received loans with an agreed maturity of up to 2 years
+	+ deposits and received loans redeemable at a period of notice of up to 3 months
FOREIGN CURRENCY DEPOSITS	= <b>M2 ('intermediate money')</b>
= QUASI-MONEY [QM - 'quasi money']	+ repurchase operations
	+ money market fund shares/units
	+ debt securities with a maturity of up to 2 years, and other money market products
<b>M2 MONEY MARKET (=M1+QM)</b>	<b>M3 MONETARY AGGREGATE ('broad money')</b>

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

- **in the definition 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 funds - the deposits of money market

<sup>4</sup> The actual list of monetary financial institutions (MFIs) and detailed methodological information on harmonised monetary and banking statistics are available on the website of the National Bank of Slovakia (<http://www.nbs.sk>), in the 'Harmonised Monetary and Banking Statistics' section, within the 'Banking Sector in the SR' menu.



funds (MMFs) 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 funds (MMFs) in commercial banks appear in the balance sheets of commercial banks as customer deposits of financial institutions and are directly included in the M2 money supply;
- **in 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 (with regard to maturity, ECB liabilities with a maturity of over 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;
- **in the definitions of deposits and loans:**
  - the ECB methodology extends the definition of deposits to include also 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 also include non-marketable securities issued by clients and held by banks, subordinated debt in the form of loans, receivables in respect of repo operations, and tradable loans);
  - the NBS methodology uses a so-called 'narrow definition' for both 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 structure of monetary aggregates by sector:**
  - the ECB methodology (with the deposits of MMFs being deducted from customer deposits) covers the above sectors, as well as the deposits of local government (S.1313) and social insurance funds (S.1314)<sup>5</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 MMF 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 as part of 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>6</sup>.

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

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

<sup>5</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>6</sup> In the conditions of the NBS, the recording of seasonally adjusted data according to ECB methodology is currently in the stage of preparation.



Republic (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 credit 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 credits 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 currently monitored in the Monetary Survey separately, as part of 'Net Credit to General Government', without a need for further methodological adjustments to the statistically recorded volume of credits to enterprises and households (with effect from 1 January 2005).

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

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

As of the beginning of 2005, customer interest rates are evaluated according to ECB methodology, where interest rates are monitored on loans granted<sup>7</sup> and deposits received (new contracts). According to this methodology, the subjects of monitoring are interest rates on new business volumes. 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 are assessed in the way these sectors are defined in Directive No. 63/2002<sup>8</sup> of the European Central Bank, concerning interest rate statistics.

The monitoring 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 sector.

The methodology of the ECB makes it possible to monitor interest rates according to the period of initial rate fixation (IRF) and, in the case of non-financial corporations, according to the volume of loans as well. The initial rate fixation is the period for which an agreed interest rate is fixed. According to IRF, loans are divided into loans with a floating rate and an IRF of up to 1 year (inclusive), loans with an IRF of over 1 and up to 5 years (inclusive), loans with an IRF of over 5 and up to 10 years (inclusive), and loans with an IRF of more than 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 (for sole traders only)
- investment loans
- consumer loans
- real estate loans
  - mortgage loans
  - building loans
  - intermediate loans
  - other real estate loans
- other loans.

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

- current account overdrafts
- investment loans

<sup>7</sup> The term 'granted loans' is an equivalent of the term 'new loan'.

<sup>8</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' as defined 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. households and sole traders) and non-profit institutions serving households S.15, and the term 'non-financial corporations' means sector S.11.



- operating loans
- loans for house purchase
  - mortgage loans
  - building loans
  - intermediate loans
  - other loans for house purchase
- other loans.

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

- deposits repayable 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
- 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 level of interest rates, because banks neither pay nor receive subsidies. For example, interest rates on mortgage loans with government bonuses are recorded without the state subsidies.

### 3.1.4. Classification of Loans According to Quality

#### Year 2005<sup>9</sup>

For statistical purposes, loans were classified into the following categories:

- a) standard loans;
- b) standard loans with qualification;
- c) non-standard loans;
- d) doubtful loans;
- e) loss-making loans;
- f) unclassified loans
  - 1. up to 30 days overdue,
  - 2. 31 to 90 days overdue,
  - 3. 91 to 180 days overdue,
  - 4. 181 to 360 days overdue,
  - 5. more than 360 days overdue.

According to NBS Decree No. 13/2004 of 26 November 2004 on the classification of assets and liabilities of banks and branches of foreign banks, adjustment of their valuation, formation and dissolution of reserves, and related reporting (hereinafter referred to as 'NBS Decree'), claims were classified as follows:

Standard claims – defined as claims where:

- repayment is up to 30 days overdue, the debtor meets his other commitments pursuant to the contract, and an analysis of the debtor's economic situation indicates that the claim will be repaid in full and on time;

<sup>9</sup> Until 2004, claims had been classified as standard loans, standard loans with qualification, non-standard loans, doubtful loans, and loss-making loans.

Standard claims with qualification – defined as claims where:

- repayment is more than 30, but not more than 90 days overdue;
- the debtor fails to meet another commitment arising from the contract, for example he fails to provide information as required under the contract, or based on an analysis of the debtor's economic situation a loss is expected for the bank as a result of overdue repayment;
- provisions are created in the amount of at least 1%, but less than 20%, of the unsecured value of a standard claim with qualification.

Non-standard claims – defined as claims where:

- repayment is more than 90, but not more than 180 days overdue;
- the debtor is in liquidation;
- the claim arises from the realisation of a guarantee provided for the debtor, or based on an analysis of the debtor's economic situation it is assumed that the claim will in large part be repaid;
- provisions are created in the amount of at least 20%, but less than 50%, of the unsecured value of the non-standard claim concerned.

Doubtful claims – defined as claims where:

- repayment is more than 180, but not more than 360 days overdue;
- the debtor is undergoing composition proceedings;
- a bankruptcy petition is filed and a temporary conservator is appointed for the debtor's property, or based on an analysis of the debtor's economic situation it is assumed that only a smaller part of the claim will be repaid;
- provisions are created in the amount of at least 50%, but less than 95%, of the unsecured value of the doubtful claim.

Loss-making claims – defined as claims where:

- repayment is more than 360 days overdue;
- a bankruptcy petition for the debtor's property is rejected for lack of assets;
- bankruptcy is declared for the debtor's property;
- bankruptcy proceedings for the debtor's property are terminated, since there are not enough assets to cover the costs of bankruptcy proceedings;
- this is a claim against a person with a special relationship to the bank, or a person having control over the bank, and repayment of the claim is more than 90 days overdue, or an analysis of the debtor's economic situation indicates that the claim will not be repaid, even in part;
- provisions are created for 100% of the unsecured value of the loss-making claim concerned.

Unclassified loans were defined as loans in the portfolio of claims created according to Article 8 of the NBS Decree.

## Year 2006

With effect from January 2006, a new NBS decree is in force: Decree No. 7/2005 of 6 December 2005, amending NBS Decree No. 13/2004 on the classification of assets and liabilities of banks and branches of foreign banks, adjustment of their valuation, formation and dissolution of reserves, and related reporting. The new decree has substantially modified the classification of loans according to quality.

On the basis of changes in accounting practices for banks according to international accounting standards, the method of valuation of financial assets has been modified, while the amendment to NBS Decree No. 13/2004 has changed the regulation function to verification function (for the valuation of selected types of assets) with effect from 1 January 2006.

## Selected financial assets are classified for the purposes of banking supervision as follows:

Claims valued **on an individual basis** vis-à-vis corporate entities:

- claims with no identifiable depreciation;
- claims with reduced value:
  - depreciated by not more than 20%;
  - depreciated by more than 20%, but no more than 50%;
  - depreciated by more than 50%, but no more than 95%;
  - depreciated by more than 95%;
- failed claims.



Claims valued **on a portfolio basis** vis-à-vis corporate entities:

- significant and
- insignificant.

**For statistical purposes, the individual claims are categorised as follows:**

Category I covers property valued *on an individual basis with no identifiable depreciation*.

Category II covers property valued *on a portfolio basis (with no identifiable depreciation on an individual basis)*.

Category III covers property valued *on an individual basis with identifiable depreciation*.

**Failed claims** are defined as assets where a more than 50% drop in value is identified by the bank or where repayment by the debtor is more than 90 days overdue.

For interest rate statistics according to the harmonised methodology, loans are reported to the ECB without the 'failed claims' category, where the so-called 'bad loans' are included.

### 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 used for calculating the compensation of employees, consisting in a shift from data on the net income of people working abroad to their gross income (employee compensation comprises, unlike in previous years, the income 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 income from employee compensation is increased, are included in paid current transfers in the same amount as counterparts, the said change will have no impact on the overall balance of the current account.

The second change against the methodology applied in previous years is the reporting of reinvested earnings as part of the income balance. The Balance of Payments Department decided to extend the balance of payments to include reinvested earnings from foreign direct investments 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 investments', 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 (ca Sk 30.0 billion) is based on data obtained 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 in the form of direct investments 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 investments', and will cause no increase in the external imbalance of the Slovak economy.



## 4. Tables

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

	Unit	2005											2006	
		2	3	4	5	6	7	8	9	10	11	12	1	2
REAL ECONOMY														
Gross domestic product <sup>1) 2)</sup>	SKK billions	-	200.65 <sup>(6)</sup>	-	-	421.391 <sup>(6)</sup>	-	-	648.918 <sup>(6)</sup>	-	-	876.283 <sup>(6)</sup>	-	.
Year-on-year change in GDP <sup>3)</sup>	%	-	5.1 <sup>(6)</sup>	-	-	5.1 <sup>(6)</sup>	-	-	6.2 <sup>(6)</sup>	-	-	6.0 <sup>(6)</sup>	-	.
Unemployment rate <sup>4) 16)</sup>	%	13.1	12.7	11.9	11.3	11.1	11.0	10.9	11.2	10.93	10.86	11.36	11.82	.
Consumer prices (CPI) <sup>3) 15)</sup>	%	2.6	2.3	2.5	2.3	2.5	2.0	2.1	2.3	3.5	3.6	3.9	4.1	4.3
Consumer prices (HICP) <sup>3)</sup>	%	2.7	2.5	2.7	2.4	2.5	2.0	2.0	2.2	3.3	3.4	3.7	4.1	4.4
BALANCE OF TRADE <sup>2) 11) (9)</sup>														
Exports (fob)	SKK millions	137,024	214,021	293,787	374,820	461,260	539,510	620,666	713,795	810,522	911,278	993,516	81,919	.
Imports (fob)	SKK millions	143,216	227,383	315,131	402,677	492,762	575,678	657,294	752,978	856,352	960,948	1,069,517	93,169	.
Balance	SKK millions	-6,192	-13,362	-21,344	-27,857	-31,502	-36,168	-36,628	-39,183	-45,830	-49,670	-76,001	-11,250	.
BALANCE OF PAYMENTS <sup>2)</sup>														
Current account <sup>11)</sup>	SKK millions	-3,444.4	-7,534.7	-14,018.2	-37,546.4	-50,534.8	-57,770.1	-61,288.0	-68,149.7	-75,307.3	-82,956.3	-126,131.6	.	.
Capital and financial account	SKK millions	69,758.2	118,449.3	116,127.4	93,185.3	110,055.7	125,453.6	136,623.9	137,017.2	128,023.0	138,502.2	176,681.1	.	.
Overall balance	SKK millions	79,042.4	110,225.2	101,864.8	70,082.2	68,604.4	69,749.5	72,413.9	73,364.9	65,142.8	69,368.0	71,442.4	.	.
FOREIGN EXCHANGE RESERVES <sup>4) 7)</sup>														
Total foreign exchange reserves	USD millions	18,854.6	19,940.1	19,694.4	17,751.8	17,165.7	17,314.7	17,434.8	17,349.5	16,998.0	16,876.3	17,010.6	16,949	.
NBS foreign exchange reserves	USD millions	17,218.5	18,062.1	18,061.3	16,211.5	15,590.0	15,687.0	15,915.6	15,835.6	15,647.8	15,438.4	15,479.5	15,443	.
GROSS EXTERNAL DEBT <sup>4) 9)</sup>														
Total gross external debt	USD billions	26.6	28.2	27.9	26.5	26.2	25.9	26.6	26.5	26.1	26.2	26.9	.	.
External debt per capita	USD	4,942	5,237	5,190	4,919	4,876	4,817	4,937	4,933	4,852	4,879	5,000	.	.
MONETARY INDICATORS														
Exchange rate <sup>5)</sup>	SKK/USD	29.259	28.885	30.249	30.672	31.641	32.22	31.494	31.354	32.357	32.808	31.932	31.029	31.298
Money supply (M2) <sup>4) 6) 12) 14)</sup>	SKK billions	-	-	-	-	-	-	-	-	-	-	-	-	-
Year-on-year change in M2 <sup>3)</sup>	%	-	-	-	-	-	-	-	-	-	-	-	-	-
M3 monetary aggregate <sup>4) 15)</sup>	SKK billions	764.2	762.1	777.2	770.5	774.3	779.7	785.8	792.0	800.4	798.4	831.4	835.2	.
Year-on-year change in M3 <sup>3)</sup>	%	9.6	11.4	11.9	12.5	9.6	8.9	8.0	7.3	7.6	6.3	7.8	9.9	.
Loans to enterprises and households <sup>4) 6) 13) 14)</sup>	SKK billions	-	-	-	-	-	-	-	-	-	-	-	-	-
Claims of monetary financial institutions <sup>15)</sup>	SKK billions	696.8	707.6	707.0	714.5	724.7	729.7	736.9	753.5	769.0	778.3	795.4	769.2	.
STATE BUDGET <sup>2) 4)</sup>														
Revenue	SKK billions	39.8	65.0	90.6	105.4	126.4	154.2	170.5	188.6	214.4	233.7	258.7	32.8	50.4
Expenditure	SKK billions	40.9	62.2	84.3	109.3	127.6	152.3	175.6	196.7	219.5	241.3	292.6	20.7	44.1
Balance	SKK billions	-1.1	2.8	6.3	-3.9	-1.1	1.9	-5.1	-8.1	-5.1	-7.6	-33.9	12.1	6.3
CUSTOMER RATES														
Average interest rate on:														
- one-year deposits	%	2.46	2.37	2.18	2.13	2.07	1.98	1.90	1.86	1.83	1.71	1.68	1.63	.
- short-term loans <sup>8)</sup>	%	5.80	5.51	5.53	5.54	5.75	5.61	5.62	5.56	5.73	5.67	5.59	5.57	.
- new short-term loans	%	6.70	6.79	7.12	7.31	7.34	6.77	6.14	6.10	6.09	6.16	6.09	6.00	.
MONEY MARKET														
Interest rates set by the NBS Bank Board														
Date of maturity <sup>10)</sup>		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	1.3.2005	1.3.2005	1.3.2005	1.3.2006
Overnight operations														
- sterilisation	%	2.50	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.50
- refinancing	%	5.50	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.50
Limit rate for 2-week repo tenders	%	4.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.50
Basic interest rate of the NBS (until 31/12/02: discount rate)	%	4.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.50
Average interbank deposit rate (BRIBOR)														
overnight	%	2.58	2.09	2.27	2.90	2.77	2.53	2.99	2.71	2.55	2.37	2.80	2.75	2.74
7-day	%	2.63	2.37	2.70	2.92	2.93	2.88	2.99	2.91	2.93	2.89	2.94	2.98	2.95
14-day	%	2.69	2.41	2.75	2.92	2.96	2.94	3.01	2.96	2.98	2.98	2.98	3.02	3.02
1-month	%	2.84	2.37	2.72	2.88	2.93	2.95	3.00	2.99	3.01	3.05	3.02	3.03	3.16
2-month	%	2.89	2.33	2.63	2.82	2.90	2.92	2.99	2.98	3.01	3.11	3.06	3.10	3.27
3-month	%	2.90	2.29	2.56	2.75	2.88	2.89	2.94	2.93	3.03	3.19	3.12	3.17	3.34
6-month	%	2.88	2.31	2.50	2.67	2.79	2.83	2.91	2.90	3.04	3.35	3.24	3.26	3.45
9-month	%	2.87	2.32	2.47	2.64	2.74	2.79	2.87	2.86	3.05	3.44	3.29	3.34	3.52
12-month	%	2.86	2.33	2.46	2.64	2.71	2.77	2.85	2.85	3.07	3.52	3.34	3.39	3.58

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 (SKK billions)												
		2005												2006
		1	2	3	4	5	6	7	8	9	10	11	12	1
Claims of MFIs on residents	37.8	428.4	429.0	441.1	449.4	457.2	467.7	478.9	486.9	500.4	511.1	519.2	534.7	540.7
General government	1.9	25.2	24.9	24.1	24.0	23.8	22.8	23.3	23.7	25.7	26.2	26.5	27.9	27.8
Private sector	35.9	403.2	404.1	417.0	425.4	433.4	444.9	455.6	463.3	474.7	484.9	492.7	506.8	512.9
Non-financial corporations	19.3	230.1	228.9	236.9	241.6	244.6	249.5	253.4	255.5	260.7	263.5	266.5	270.8	276.0
– up to 1 year	8.3	96.2	94.6	99.9	104.1	107.6	109.1	110.4	112.3	113.3	111.9	115.3	117.4	119.3
– 1 to 5 years	3.7	57.6	57.5	56.9	54.1	53.8	54.3	54.5	53.5	53.7	54.1	52.9	52.0	53.1
– over 5 years	7.2	76.3	76.8	80.1	83.3	83.2	86.1	88.5	89.6	93.7	97.6	98.3	101.4	103.5
Financial corporations	3.7	43.2	43.0	43.9	43.7	43.6	44.3	46.7	47.0	48.1	50.5	51.1	55.0	53.0
Insurance corporations and pension funds	0.0	0.0	0.0	0.1	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Households and non-profit institutions serving households	12.8	129.9	132.2	136.1	140.2	145.2	151.0	155.5	160.7	165.8	170.8	175.1	181.0	183.7
– consumer loans	2.1	19.0	18.9	19.6	20.5	21.8	22.7	23.4	24.4	24.8	24.7	25.0	24.8	29.6
– housing loans	8.4	87.8	89.5	91.0	93.1	96.0	99.7	102.6	106.4	109.5	112.4	115.0	118.9	120.1
– other loans	2.4	23.1	23.9	25.5	26.6	27.5	28.6	29.4	29.9	31.5	33.7	35.2	37.3	34.0
Securities other than shares and participation certificates issued by residents	15.6	268.6	263.4	261.9	253.1	251.9	250.8	244.5	243.7	246.8	251.5	253.0	254.6	222.6
General government	15.0	256.2	251.1	249.6	240.7	239.4	238.3	232.1	231.4	234.4	239.1	243.6	245.6	214.0
Private sector	0.6	12.4	12.3	12.4	12.4	12.5	12.5	12.3	12.3	12.5	12.4	9.4	9.0	8.7
Shares and other equities issued by private sector	0.4	4.4	4.4	4.5	4.5	5.4	6.2	6.3	6.3	6.3	6.3	6.2	6.1	5.8
Foreign assets	40.5	522.3	574.7	628.9	636.6	592.8	590.5	602.2	602.4	605.0	596.0	585.4	589.7	578.3
Fixed assets	2.3	34.8	34.6	34.5	34.5	34.5	34.5	33.6	33.8	33.9	33.6	33.6	34.4	33.6
Other assets	3.4	38.3	39.0	41.0	44.9	45.3	45.8	45.9	42.3	44.1	45.5	46.3	41.4	48.4
Deposits and loans received from the central government	2.8	125.5	97.3	99.9	98.7	73.4	84.1	84.6	78.5	77.3	85.1	92.9	61.3	39.9
Long-term financial liabilities	12.8	184.2	177.7	191.9	197.9	191.7	189.1	199.6	195.7	200.0	199.7	192.5	193.3	182.7
Deposits and loans received with an agreed maturity of over 2 years	4.1	52.9	53.5	52.7	52.7	52.2	52.9	52.5	53.3	53.3	53.1	53.8	57.5	58.5
Deposits redeemable at a period of notice of over 3 months	1.9	31.9	30.8	30.0	29.5	29.1	28.8	28.6	28.2	28.0	27.8	27.7	27.8	27.5
Debt securities issued with a maturity of over 2 years	1.2	13.6	13.9	14.2	12.5	13.3	13.3	14.1	14.4	15.1	13.2	18.3	17.6	17.7
Capital, reserves, and provisions	5.5	85.8	79.5	95.0	103.2	97.1	94.1	104.3	99.8	103.6	105.6	92.8	90.4	78.9
Foreign liabilities	22.3	183.7	257.5	307.3	298.5	297.4	296.3	298.0	308.0	319.4	310.9	308.2	328.0	318.5
Other liabilities	3.8	45.5	50.1	51.8	50.1	53.8	51.4	49.4	47.6	48.0	48.3	56.6	46.8	54.9
Surplus of liabilities among MFIs	-0.1	-1.9	-1.8	-1.1	0.7	0.3	0.2	0.2	-0.1	-0.1	-0.3	-5.1	0.0	-1.8
M3	58.4	759.8	764.2	762.1	777.2	770.5	774.3	779.7	785.8	792.0	800.4	798.4	831.4	835.2
<b>Total</b>	<b>100.0</b>	<b>1,296.8</b>	<b>1,345.1</b>	<b>1,411.9</b>	<b>1,423.1</b>	<b>1,387.0</b>	<b>1,395.5</b>	<b>1,411.4</b>	<b>1,415.4</b>	<b>1,436.5</b>	<b>1,444.1</b>	<b>1,443.6</b>	<b>1,460.8</b>	<b>1,429.4</b>

1) In the current month.





## Average Interest Rates on New Loans

(ECB methodology)

(%)

	2005												2006
	1	2	3	4	5	6	7	8	9	10	11	12	1
<b>Loans in total<sup>1)</sup></b>	6,94	6,22	6,15	6,17	6,39	6,23	6,22	6,19	5,93	6,35	6,14	5,81	6,32
Current account overdrafts	7,72	7,08	6,62	6,60	6,80	6,72	6,52	6,46	6,37	6,58	6,45	6,16	6,25
Operation loans	4,74	3,32	3,49	3,78	3,92	3,99	3,67	3,77	3,55	3,94	3,77	3,77	3,99
Investment loans	5,41	4,67	5,05	5,16	5,24	4,27	4,92	5,29	4,22	4,80	5,61	4,55	5,07
Consumer loans	12,97	12,36	11,43	11,28	11,85	11,56	10,56	10,25	11,30	12,47	12,03	11,90	12,72
Real estate loans	7,15	6,63	6,46	6,05	6,10	5,81	5,88	5,81	5,61	5,49	5,36	5,29	5,47
of which:													
Mortgage loans	7,12	6,34	5,96	5,37	5,34	5,07	4,88	4,82	4,82	4,84	4,87	4,92	4,99
Construction loans	5,13	5,06	5,16	5,19	5,27	5,12	5,18	5,15	5,07	5,26	5,01	5,05	5,07
Intermediate loans	7,46	7,27	7,22	7,21	6,62	6,50	6,54	6,47	6,37	6,24	6,16	6,14	6,26
Other real estate loans	8,23	6,86	6,71	6,25	6,64	6,66	6,50	6,37	6,03	5,63	5,45	5,29	5,47
Other loans	6,45	5,88	5,68	5,21	5,52	5,93	6,68	6,24	5,10	5,56	4,75	6,47	4,20
Floating rate + IRF for up to 1 year incl.	6,90	6,13	6,05	6,08	6,25	6,23	6,16	6,18	6,01	6,34	6,18	5,82	6,28
IRF for over 1 year and up to 5 years incl.	8,03	7,76	8,03	7,80	9,87	7,62	7,81	6,76	5,82	7,04	5,54	6,34	7,36
IRF for over 5 years and up to 10 years incl.	6,87	6,44	6,35	6,45	6,33	5,79	6,25	6,48	6,12	6,22	6,27	6,36	6,59
IRF for over 10 years	6,82	6,06	6,01	6,30	5,61	4,32	4,92	5,50	3,98	5,06	4,98	4,39	6,04
<b>Households</b>													
Loans in total	10,67	10,33	9,99	9,67	9,78	9,25	9,48	9,44	9,45	9,59	9,58	9,49	10,49
Current account overdrafts	11,31	11,10	10,99	10,80	11,05	10,95	10,92	10,94	10,83	11,04	11,00	10,93	10,64
Current account overdrafts	6,54	6,41	5,93	5,15	7,28	6,35	7,70	5,80	7,26	6,54	6,18	5,99	5,84
Current account overdrafts	7,52	7,27	6,35	6,91	6,66	6,60	6,59	6,08	6,00	5,83	5,91	5,91	5,65
Consumer loans	12,97	12,36	11,44	11,28	11,93	11,56	10,56	10,25	11,30	12,47	12,03	11,90	12,72
Real estate loans	7,15	6,63	6,48	6,17	6,19	5,83	5,89	5,83	5,63	5,49	5,36	5,29	5,47
of which:													
Mortgage loans	7,12	6,34	5,95	5,37	5,34	5,06	4,88	4,83	4,83	4,83	4,87	4,91	4,98
Construction loans	5,13	5,06	5,16	5,19	5,27	5,12	5,18	5,15	5,07	5,26	5,01	5,05	5,07
Intermediate loans	7,47	7,29	7,23	7,21	6,62	6,51	6,56	6,50	6,41	6,25	6,18	6,14	6,27
Other real estate loans	8,23	6,86	6,79	6,63	6,93	6,80	6,58	6,38	6,05	5,67	5,45	5,29	5,47
Other loans	10,94	9,76	9,50	9,80	9,01	8,51	8,25	8,32	7,66	7,43	7,49	7,93	6,45
Other loans	-	-	-	-	-	-	-	-	-	-	-	-	16,10
Floating rate + IRF for up to 1 year incl.	10,72	10,35	10,07	9,70	9,81	9,44	9,88	9,91	9,94	9,99	9,94	9,79	10,70
IRF for over 1 year and up to 5 years incl.	12,41	12,24	11,89	11,66	12,46	11,72	10,28	9,48	9,13	8,34	8,85	9,01	9,25
IRF for over 5 years and up to 10 years incl.	7,28	7,24	7,05	6,92	6,55	6,39	6,55	6,65	6,58	6,80	6,89	6,96	7,12
IRF for over 10 years	7,72	7,19	6,54	6,50	5,93	5,21	4,93	5,07	4,93	5,16	5,18	5,05	6,26
<b>Non-financial corporations</b>													
Loans in total	5,92	5,13	4,83	4,89	4,92	5,00	4,88	4,94	4,68	5,02	4,93	4,84	5,00
Current account overdrafts	6,46	5,68	5,20	5,18	5,16	5,39	5,09	5,02	4,96	5,18	5,12	4,93	5,17
Current account overdrafts	4,61	3,31	3,38	3,62	3,87	3,82	3,47	3,85	3,22	3,91	3,69	3,73	3,98
Current account overdrafts	5,66	4,64	4,89	4,94	5,03	4,14	4,71	5,36	4,12	4,69	5,73	4,89	4,95
Operation loans	4,80	6,59	5,35	5,38	4,59	5,43	6,19	5,13	5,43	5,49	5,55	5,48	5,56
Investment loans	6,10	4,71	4,22	4,23	4,21	4,35	6,21	4,95	4,25	4,10	3,48	5,47	3,87
Other loans	-	-	-	-	-	-	-	-	-	-	-	-	12,36
Loans up 1 million EUR	5,29	4,78	4,53	4,79	4,75	4,72	4,43	4,96	4,91	4,94	4,91	5,39	4,93
Loans over 1 million EUR	4,56	3,47	3,43	3,58	3,93	3,65	4,11	4,35	3,40	3,85	3,88	4,25	3,91
Floating rate + IRF for up to 1 year incl.	5,93	5,12	4,82	4,86	4,91	5,03	4,82	4,91	4,72	5,01	4,99	4,82	5,00
IRF for over 1 year and up to 5 years incl.	5,54	5,56	5,05	5,78	5,59	4,78	6,44	5,15	5,18	5,04	3,15	4,45	4,87
IRF for over 5 years and up to 10 years incl.	5,96	4,92	4,97	5,46	5,54	4,91	5,35	5,39	5,01	5,22	5,24	6,08	5,55
IRF for over 10 years	5,76	4,95	4,87	4,62	4,34	3,80	4,78	5,76	3,57	4,83	4,14	4,20	5,09

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

Note: IRF – initial rate fixation.



# Average Interest Rates on New Deposits

(ECB methodology)

(%)

	2005												2006
	1	2	3	4	5	6	7	8	9	10	11	12	1
<b>Deposits in total <sup>1)</sup></b>	2.00	1.24	1.30	1.37	1.35	1.41	1.38	1.40	1.36	1.41	1.42	1.29	1.59
Deposits payable on demand	1.17	0.84	0.62	0.59	0.62	0.69	0.60	0.58	0.57	0.65	0.64	0.57	1.03
of which: demand deposits	0.81	0.58	0.48	0.49	0.48	0.49	0.47	0.48	0.49	0.51	0.51	0.46	0.65
overnight deposits	3.37	2.07	1.49	1.69	1.48	2.01	1.79	1.66	1.71	2.09	1.77	1.70	3.06
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	2.56	2.55	2.55	2.57
– up to 1 year in total	3.59	2.29	2.43	2.54	2.62	2.65	2.58	2.59	2.56	2.56	2.55	2.55	2.58
– up to 7 days	3.57	2.20	1.83	1.88	2.48	2.26	2.01	2.10	2.09	2.07	2.03	2.17	2.54
– up to 1 month	3.66	2.56	2.65	2.74	2.74	2.77	2.76	2.75	2.73	2.70	2.68	2.73	2.64
– up to 3 months	2.61	2.02	1.73	1.77	1.97	1.91	1.94	1.91	1.89	1.77	1.81	1.80	1.97
– up to 6 months	2.09	2.02	1.77	1.72	2.03	2.01	1.77	1.90	1.86	1.75	1.78	1.69	1.86
– up to 1 year	2.24	2.01	1.76	1.85	1.98	2.14	2.20	2.27	1.89	1.80	1.84	1.93	1.77
– over 1 year in total	3.42	2.30	2.47	2.58	2.65	4.62	2.71	2.72	2.06	1.54	1.29	1.68	0.99
– up to 2 years	2.44	1.92	2.03	1.61	1.92	1.54	1.87	1.52	1.52	1.74	1.69	0.97	2.07
– over 2 years	3.76	2.35	2.71	2.72	2.77	4.64	2.76	2.72	2.08	1.54	1.28	1.74	0.94
Savings deposits	1.35	1.18	0.98	0.99	0.93	0.94	0.95	0.97	0.99	1.00	1.02	1.05	1.07
– redeemable at a period of notice of up to 3 months	1.75	1.46	1.11	1.07	0.97	0.95	0.93	0.93	0.93	0.94	0.94	0.96	0.97
– redeemable at a period of notice of over 3 months	1.14	1.03	0.91	0.94	0.90	0.94	0.97	0.99	1.01	1.04	1.06	1.10	1.13
<b>Households</b>													
Deposits in total	0.95	0.81	0.68	0.67	0.66	0.67	0.66	0.68	0.70	0.71	0.71	0.71	0.80
Deposits payable on demand	0.61	0.57	0.44	0.43	0.43	0.43	0.42	0.43	0.42	0.42	0.42	0.41	0.54
of which: demand deposits	0.57	0.56	0.43	0.43	0.42	0.42	0.41	0.42	0.41	0.41	0.41	0.40	0.51
overnight deposits	3.07	1.40	1.18	1.17	1.10	1.45	1.21	1.15	1.13	1.50	1.19	1.16	2.90
Deposits with agreed maturity	2.39	1.82	1.71	1.69	1.95	2.02	1.95	2.01	2.00	1.92	1.90	1.90	1.80
– up to 1 year in total	2.39	1.82	1.71	1.69	1.94	2.02	1.95	2.00	2.00	1.93	1.91	1.90	1.83
– up to 7 days	2.68	1.45	1.55	1.47	1.56	1.83	1.59	1.69	1.69	1.74	1.68	1.69	2.16
– up to 1 month	2.45	1.95	1.83	1.80	2.06	2.16	2.14	2.14	2.13	1.99	1.99	2.00	1.78
– up to 3 months	2.18	1.83	1.57	1.56	1.78	1.76	1.73	1.72	1.71	1.60	1.60	1.57	1.44
– up to 6 months	1.89	1.79	1.70	1.46	1.62	1.73	1.67	1.69	1.71	1.60	1.70	1.39	1.69
– up to 1 year	2.02	1.94	1.66	1.46	1.83	1.90	1.91	1.73	1.81	1.60	1.60	1.60	1.61
– long-term over 1 year	2.42	2.20	1.99	1.99	2.29	2.03	2.12	2.13	2.06	1.55	1.26	1.75	0.98
– up to 2 years	2.64	2.17	1.16	1.03	1.59	1.54	1.53	1.52	1.54	1.74	1.70	0.97	2.08
– over 2 years	1.91	2.21	2.14	2.08	2.33	2.05	2.14	2.14	2.08	1.55	1.26	1.79	0.96
Savings deposits	1.34	1.18	0.98	0.99	0.93	0.94	0.95	0.97	0.98	1.00	1.02	1.05	1.07
– redeemable at a period of notice of up to 3 months	1.75	1.45	1.10	1.07	0.97	0.95	0.92	0.93	0.93	0.93	0.93	0.96	0.96
– redeemable at a period of notice of over 3 months	1.13	1.03	0.91	0.94	0.90	0.94	0.96	0.99	1.01	1.04	1.06	1.10	1.13
<b>Non-financial corporations</b>													
Deposits in total	2.41	1.44	1.39	1.52	1.58	1.55	1.45	1.52	1.48	1.56	1.59	1.40	1.85
Deposits payable on demand	1.61	1.00	0.76	0.72	0.76	0.89	0.69	0.71	0.72	0.81	0.81	0.64	1.23
of which: demand deposits	1.02	0.58	0.49	0.54	0.50	0.55	0.52	0.52	0.55	0.62	0.62	0.47	0.79
overnight deposits	3.76	2.08	1.66	1.70	1.68	2.07	1.76	1.69	1.72	2.05	1.80	1.67	3.29
Deposits with agreed maturity	3.68	2.34	2.34	2.48	2.60	2.57	2.43	2.53	2.46	2.50	2.57	2.55	2.73
– up to 1 year in total	3.70	2.25	2.16	2.35	2.39	2.44	2.31	2.37	2.33	2.42	2.42	2.38	2.73
– up to 7 days	3.62	2.22	1.86	1.93	2.45	2.29	2.04	2.18	2.14	2.09	2.12	2.02	2.54
– up to 1 month	3.73	2.82	2.57	2.75	2.75	2.74	2.72	2.73	2.69	2.68	2.68	2.76	2.81
– up to 3 months	3.16	2.24	2.00	2.16	2.24	2.24	2.27	2.25	2.21	2.18	2.30	2.34	2.62
– up to 6 months	2.86	2.30	2.11	2.06	2.19	2.13	1.63	2.23	2.04	2.28	2.39	2.44	2.49
– up to 1 year	2.85	2.01	1.64	2.21	2.19	1.95	2.49	2.58	2.26	2.03	2.15	2.40	2.31
– long-term over 1 year	2.24	1.64	1.24	1.59	2.02	1.41	1.82	1.71	1.46	1.35	1.57	0.82	2.06
– up to 2 years	2.11	1.65	1.24	1.62	1.94	0.00	0.00	0.00	1.40	0.00	0.00	0.98	2.05
– over 2 years	3.00	1.41	0.00	0.70	2.38	1.41	1.82	1.71	2.00	1.35	1.57	0.66	2.06
Savings deposits	2.27	1.69	1.22	1.23	1.16	1.25	1.26	1.25	1.28	1.27	1.33	1.42	1.51
– redeemable at a period of notice of up to 3 months	2.26	1.72	1.20	1.22	1.16	1.26	1.27	1.26	1.30	1.28	1.35	1.44	1.53
– redeemable at a period of notice of over 3 months	2.36	1.37	1.44	1.37	1.12	1.12	1.12	1.12	1.12	1.12	1.12	1.12	1.15

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)

	2005												2006
	1	2	3	4	5	6	7	8	9	10	11	12	1
<b>Loans in total <sup>1)</sup></b>	6.39	6.17	5.99	5.90	5.88	5.95	5.92	5.90	5.86	5.89	5.86	5.79	5.89
Current account overdrafts	7.56	7.12	6.59	6.58	6.73	6.68	6.47	6.40	6.37	6.54	6.44	6.14	6.19
Consumer loans	13.37	12.74	12.54	12.24	12.17	12.08	11.98	11.81	11.67	11.88	11.85	11.82	12.26
Operation loans	4.58	4.05	3.90	3.81	3.95	4.06	4.06	4.11	3.94	4.11	4.05	4.00	3.93
Investment loans	5.34	5.13	4.78	4.39	4.30	4.37	4.40	4.44	4.41	4.39	4.52	4.41	4.48
Real estate purchase loans	6.32	6.23	6.21	6.19	6.16	6.12	6.08	6.05	6.00	5.96	5.94	5.91	6.39
Other loans	5.95	5.97	5.77	5.58	5.49	5.56	5.54	5.60	5.68	5.78	5.54	5.84	4.67
Credit loans	8.19	12.62	12.26	11.62	11.68	11.59	11.51	11.64	10.89	10.16	10.40	10.37	6.73
Short-term loans	6.02	5.63	5.33	5.37	5.44	5.66	5.50	5.48	5.42	5.59	5.53	5.41	5.47
Long-term loans over 1 year and up to 5 years	7.79	7.47	7.32	7.34	7.30	7.36	7.32	7.28	7.27	7.25	7.19	7.21	7.01
Long-term loans over 5 years	5.81	5.69	5.62	5.43	5.39	5.40	5.43	5.43	5.40	5.39	5.42	5.35	5.59
<b>Households</b>													
Loans in total	8.37	8.33	8.31	8.24	8.22	8.15	8.10	8.04	7.98	7.96	7.89	7.83	7.81
Current account overdrafts	10.90	11.08	10.87	10.59	10.95	10.87	10.83	10.87	10.92	11.06	11.00	10.83	10.59
Consumer loans	13.37	12.74	12.54	12.28	12.18	12.09	11.98	11.81	11.67	11.88	11.85	11.82	12.26
Real estate purchase loans	7.00	6.93	6.93	6.89	6.85	6.78	6.74	6.69	6.64	6.59	6.52	6.47	6.41
Other loans	10.51	11.61	11.32	10.69	10.48	10.60	10.58	10.81	10.61	10.13	9.92	9.75	7.36
Credit loans	17.71	17.31	17.62	19.01	19.13	19.11	19.17	19.18	19.28	19.32	19.18	19.90	16.14
Short-term loans	10.82	10.81	10.73	10.79	10.94	10.86	10.84	10.91	10.96	11.03	10.96	10.88	10.96
Long-term loans over 1 year and up to 5 years	11.02	11.14	11.13	10.99	11.07	11.04	11.05	10.99	10.96	11.01	10.96	10.91	10.84
Long-term loans over 5 years	6.26	6.18	6.20	6.19	6.17	6.14	6.13	6.10	6.08	6.06	6.03	6.01	6.46
<b>Non-financial institutions</b>													
Loans in total	5.39	5.01	4.71	4.45	4.41	4.54	4.48	4.49	4.45	4.52	4.58	4.51	4.55
Current account overdrafts	6.46	5.78	5.21	5.17	5.18	5.46	5.13	5.05	4.98	5.20	5.11	4.91	5.09
Operation loans	4.67	4.09	3.61	3.58	3.84	3.94	3.95	3.94	3.88	3.95	3.93	3.86	3.80
Investment loans	5.23	4.97	4.82	4.32	4.23	4.24	4.29	4.33	4.31	4.31	4.48	4.43	4.53
Real estate purchase loans	5.46	5.15	5.07	5.00	5.24	5.19	4.81	4.74	4.39	4.95	4.70	4.41	6.03
Other loans	5.40	5.17	4.96	4.67	4.43	4.61	4.67	4.69	4.75	4.63	4.67	4.94	4.31
Credit loans	17.68	17.45	18.13	17.84	18.54	18.35	18.02	17.55	18.11	17.98	18.00	18.04	12.36
Short-term loans	5.53	4.95	4.46	4.41	4.46	4.72	4.54	4.52	4.50	4.64	4.61	4.48	4.54
Long-term loans over 1 year and up to 5 years	5.67	5.41	5.16	5.02	4.90	4.93	4.92	4.93	4.92	4.90	4.92	4.97	4.94
Long-term loans over 5 years	4.98	4.78	4.72	4.14	4.02	4.04	4.13	4.17	4.13	4.15	4.35	4.34	4.40

1) Interest rates on loans include all sectors (i. e. non-financial institutions, households, insurance corporations, pension funds and general government)

Note: Data in this table include only performing loans according to Decree of the NBS No. 7/2005 on the classification of assets and liabilities of banks and branches of foreign banks.

**Koruna Deposits and Average Deposit Rates**

(National methodology)

	2005												2006
	1	2	3	4	5	6	7	8	9	10	11	12	1
<b>Deposits in total <sup>1)</sup></b>	2.21	1.56	1.59	1.64	1.55	1.60	1.55	1.54	1.54	1.57	1.57	1.46	1.59
Deposits payable on demand	1.17	0.80	0.62	0.59	0.62	0.69	0.60	0.58	0.57	0.65	0.64	0.57	1.00
of which: demand deposits	0.81	0.56	0.48	0.48	0.48	0.49	0.48	0.48	0.49	0.51	0.52	0.47	0.61
overnight deposits	3.37	2.05	1.49	1.69	1.48	2.01	1.79	1.66	1.71	2.09	1.77	1.70	3.07
Deposits with agreed maturity <sup>2)</sup>	2.92	2.27	2.31	2.32	2.28	2.29	2.25	2.24	2.24	2.25	2.26	2.19	2.26
– up to 1 year in total	2.91	2.04	2.16	2.20	2.14	2.18	2.13	2.15	2.15	2.19	2.21	2.16	2.14
– up to 7 days	3.14	2.02	2.01	1.91	2.25	2.06	1.86	1.76	1.83	1.89	1.94	2.03	2.53
– up to 1 month	3.16	1.88	2.26	2.37	2.30	2.39	2.39	2.42	2.41	2.45	2.48	2.45	2.37
– up to 3 months	2.27	2.15	1.90	1.80	1.62	1.60	1.61	1.60	1.56	1.54	1.47	1.44	1.42
– up to 6 months	2.32	2.22	1.97	1.89	1.61	1.44	1.29	1.22	1.21	1.20	1.18	1.30	1.39
– up to 1 year	2.49	2.46	2.37	2.18	2.13	2.07	1.98	1.90	1.86	1.83	1.71	1.68	1.63
– over 1 year in total	3.31	3.29	3.26	3.26	3.27	3.16	3.14	3.04	3.02	2.96	2.93	2.77	2.73
– up to 2 years	4.12	4.09	4.05	4.19	4.21	3.60	3.57	3.57	3.56	3.57	3.57	2.18	2.14
– over 2 years	3.11	3.09	3.05	3.04	3.05	3.05	3.04	2.91	2.90	2.82	2.78	2.78	2.00
Savings deposits	1.35	1.18	0.98	0.99	0.93	0.94	0.95	0.97	0.99	1.00	1.02	1.06	1.07
– redeemable at a period of notice of up to 3 months	1.75	1.46	1.11	1.07	0.97	0.96	0.93	0.93	0.93	0.94	0.94	0.96	0.97
– redeemable at a period of notice of over 3 months	1.14	1.03	0.91	0.94	0.90	0.93	0.97	0.99	1.01	1.04	1.06	1.10	1.13
<b>Households</b>													
Deposits in total	1.60	1.45	1.31	1.26	1.22	1.21	1.18	1.17	1.16	1.16	1.15	1.16	1.21
Deposits payable on demand	0.61	0.53	0.44	0.43	0.43	0.43	0.42	0.42	0.42	0.42	0.42	0.41	0.49
of which: demand deposits	0.57	0.52	0.43	0.43	0.42	0.42	0.42	0.42	0.41	0.41	0.41	0.40	0.45
overnight deposits	3.08	1.40	1.18	1.16	1.10	1.45	1.21	1.15	1.13	1.50	1.20	1.16	2.90
Deposits with agreed maturity	2.29	2.15	1.98	1.91	1.87	1.84	1.80	1.77	1.75	1.74	1.73	1.76	1.90
– up to 1 year in total	2.04	1.82	1.58	1.49	1.42	1.39	1.35	1.34	1.31	1.31	1.31	1.33	1.44
– up to 7 days	1.92	1.29	1.04	1.05	1.08	1.14	1.07	0.98	1.01	1.11	1.08	1.00	1.52
– up to 1 month	1.81	1.45	1.17	1.14	1.16	1.16	1.15	1.19	1.18	1.20	1.25	1.34	1.46
– up to 3 months	2.17	2.07	1.85	1.73	1.59	1.57	1.55	1.56	1.52	1.48	1.41	1.36	1.28
– up to 6 months	2.16	2.06	1.89	1.69	1.51	1.38	1.23	1.11	1.10	1.10	1.14	1.22	1.32
– up to 1 year	2.47	2.38	2.24	2.12	2.04	1.95	1.81	1.73	1.68	1.62	1.55	1.50	1.46
– long-term over 1 year	3.08	3.06	3.04	3.03	3.04	3.02	3.01	2.91	2.89	2.82	2.78	2.78	2.73
– up to 2 years	2.69	2.57	2.51	2.48	2.43	2.47	2.59	2.59	2.49	2.42	2.36	2.25	2.19
– over 2 years	3.08	3.07	3.05	3.04	3.05	3.03	3.02	2.91	2.90	2.83	2.78	2.78	2.56
Savings deposits	1.34	1.18	0.98	0.99	0.93	0.94	0.95	0.97	0.98	1.00	1.02	1.05	1.07
– redeemable at a period of notice of up to 3 months	1.74	1.45	1.10	1.07	0.97	0.95	0.92	0.93	0.93	0.93	0.94	0.96	0.96
– redeemable at a period of notice of over 3 months	1.13	1.03	0.91	0.94	0.90	0.93	0.97	0.99	1.01	1.04	1.06	1.10	1.13
<b>Non-financial corporations</b>													
Deposits in total	2.51	1.50	1.55	1.66	1.53	1.59	1.48	1.48	1.48	1.58	1.56	1.38	1.82
Deposits payable on demand	1.61	0.99	0.76	0.71	0.76	0.89	0.69	0.71	0.72	0.81	0.81	0.64	1.23
of which: demand deposits	1.02	0.58	0.49	0.54	0.50	0.55	0.52	0.52	0.55	0.62	0.62	0.47	0.79
overnight deposits	3.77	2.08	1.66	1.70	1.68	2.07	1.76	1.69	1.72	2.05	1.80	1.67	3.29
Deposits with agreed maturity	3.35	2.24	2.36	2.40	2.30	2.32	2.28	2.28	2.29	2.35	2.37	2.30	2.68
– up to 1 year in total	3.58	2.25	2.30	2.41	2.30	2.40	2.30	2.29	2.30	2.43	2.40	2.31	2.68
– up to 7 days	3.34	2.10	1.78	2.10	2.09	2.27	1.98	1.92	1.99	2.05	2.15	1.79	2.70
– up to 1 month	3.64	2.41	2.61	2.65	2.62	2.62	2.61	2.62	2.63	2.67	2.69	2.65	2.72
– up to 3 months	3.07	2.63	2.27	2.30	1.92	1.86	2.05	2.07	2.03	2.05	2.05	2.15	2.37
– up to 6 months	3.30	3.14	2.68	3.00	2.58	2.07	1.82	2.16	2.15	2.08	1.37	2.25	2.41
– up to 1 year	2.92	3.03	2.84	2.82	2.77	2.23	2.27	2.22	2.10	2.08	1.89	1.90	1.89
– long-term over 1 year	4.65	4.63	2.48	2.32	2.36	2.53	2.47	2.45	2.44	2.35	2.32	2.17	2.17
– up to 2 years	2.66	2.38	1.91	1.80	1.96	-	-	-	2.27	-	-	2.10	2.23
– over 2 years	4.93	4.94	2.74	2.64	2.72	2.75	2.59	2.57	2.55	2.41	2.33	2.21	2.23
Savings deposits	2.27	1.68	1.22	1.23	1.15	1.25	1.25	1.25	1.28	1.27	1.33	1.41	1.51
– redeemable at a period of notice of up to 3 months	2.26	1.71	1.20	1.22	1.16	1.26	1.27	1.26	1.30	1.28	1.35	1.43	1.53
– redeemable at a period of notice of over 3 months	2.36	1.37	1.44	1.37	1.12	1.12	1.12	1.12	1.12	1.12	1.12	1.12	1.15

1) Interest rates on deposits in total include also sectors of insurance corporations, pension funds and general government.

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

Note: As from 2005 deposits include also repo operations and other non-negotiable securities.



## Shortened Balance Sheet of Commercial Banks as at 31 January 2006

(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>	60,874,186	1,195,840,553	39,339,284	147,231,742	50,197,344	1,371,734,737
Cash items	0	10,321,631	1,668	0	3,292,810	13,616,109
Cash in hand	0	10,321,631	1,668	0	3,292,809	13,616,108
of which: EUR	0	0	0	0	1,524,068	1,524,068
Gold	0	0	0	0	1	1
Credits and other receivables	23,740,761	866,770,472	16,706,965	134,860,192	27,719,261	1,022,316,129
Deposits with and credits to NBS, foreign central banks and post office banks	422	428,030,053	0	0	1,902	428,031,533
of which: Valued on an individual basis						
with no identifiable depreciation (category I)	422	329,937,349	0	0	1,902	329,938,829
Valued on a portfolio basis (category II)	0	98,092,704	0	0	0	98,092,704
Valued on an individual basis						
with identifiable depreciation (category III)	0	0	0	0	0	0
of which: Failed	0	0	0	0	0	0
of which: Current accounts	0	1,552,730	0	0	1,560	1,554,290
Time deposits	0	3,732,208	0	0	0	3,732,208
Credits provided	422	395,756,965	0	0	0	395,756,543
Money reserve accounts	0	26,988,150	0	0	0	26,988,150
of which: Minimum reserve requirements	0	26,986,348	0	0	0	26,986,348
Postal cheque accounts	0	0	0	0	342	342
Deposits with and credits to banks	46,783	18,525,850	14,363,988	12,604,118	12,893,308	58,340,481
of which: Valued on an individual basis						
with no identifiable depreciation (category I)	1,074	18,130,616	11,312,035	12,595,075	11,037,241	53,073,893
Valued on a portfolio basis (category II)	1,111	349,056	3,051,953	9,043	1,856,067	5,265,008
Valued on an individual basis						
with identifiable depreciation (category III)	44,598	46,178	0	0	0	1,580
of which: Failed	44,587	44,980	0	0	0	393
of which: Deposits with and credits to own financial group	0	430,117	784,215	0	2,162,877	3,377,209
of which: Current accounts in banks	4	502,976	74,802	88,480	2,670,916	3,337,170
Current accounts of other banks	274	0	5,654,444	0	223,893	5,878,063
Time deposits	1,070	16,651,574	8,634,742	12,515,638	7,622,837	45,423,721
Credits provided	44,598	1,371,300	0	0	2,375,662	3,702,364
Receivables from clients	23,649,128	402,059,104	2,342,977	113,375,502	14,824,050	508,952,505
of which: Valued on an individual basis						
with no identifiable depreciation (category I)	0	162,599,386	1,008,122	78,775,847	11,686,092	254,069,447
Valued on a portfolio basis (category II)	6,569,186	204,272,369	983,966	21,491,311	1,993,156	222,171,616
Valued on an individual basis						
with identifiable depreciation (category III)	17,079,942	35,187,349	350,889	13,108,344	1,144,802	32,711,442
of which: Failed	15,218,497	19,437,105	11,400	3,574,474	19,207	7,823,689
of which: PFPT credits	0	0	0	0	0	0
Credits to general government and international organizations (S.13)	44,428	18,155,465	0	8,880,572	1	26,991,610
of which: Valued on an individual basis						
with no identifiable depreciation (category I)	3,450	11,575,615	0	5,339,271	1	16,911,437
Valued on a portfolio basis (category II)	3,450	6,498,541	0	3,180,645	0	9,675,736
Valued on an individual basis						
with identifiable depreciation (category III)	37,528	81,309	0	360,656	0	404,437
of which: Failed	3	6	0	0	0	3
of which: Deposits with central government (S.1311)	0	0	0	0	0	0
Credits to central government (S.1311)	0	9,905,501	0	3,075,580	1	12,981,082
of which: SR Treasury	0	0	0	0	0	0
Other funds	0	21,428	0	0	0	21,428
Credits to local governments (S.1313)	16,260	7,998,268	0	5,804,992	0	13,787,000
Credits to social security funds (S.1314)	0	251,696	0	0	0	251,696
of which: Health insurance companies	0	0	0	0	0	0
Social Insurance Corporation	0	251,696	0	0	0	251,696
Debt securities	0	0	0	0	0	0
Financial instruments for sale	343,159	40,045,295	2,434,427	2,991,270	5,290,055	50,417,888
Financial instruments in real value towards profit/loss	0	33,088,018	3,358,773	3,988,960	8,055,632	48,491,383
Tangible assets investments (IAS 40)	59,035	226,108	0	0	0	167,073
Positive real value of fixed forward transactions	0	3,599,516	6,893,357	488,629	466,770	11,448,272
Positive real value of options	0	398,994	1,092,065	95,869	169,408	1,756,336
Financial instruments held to maturity	61,909	168,124,615	8,520,342	3,591,491	4,187,692	184,362,231
Subsidiary and affiliated companies, joint ventures	1,225,486	4,900,878	302,259	0	0	3,977,651
Long-term funds provided to branches abroad	0	0	0	0	534,741	534,741
Tangible assets	24,853,201	47,999,339	0	0	54,504	23,200,642
Intangible assets	9,562,479	13,566,472	0	0	0	4,003,993
Other assets	1,028,156	6,738,549	29,428	1,215,331	426,471	7,381,623
Subordinated financial assets	0	60,666	0	0	0	60,666
Adjustments	33,249,039	33,249,039	0	0	0	0
Portfolio adjustments not recorded above	0	0	0	0	0	0



# Shortened Balance Sheet of Commercial Banks as at 31 January 2006

*(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>	883,609,460	140,691,662	129,372,677	218,060,938	1,371,734,737
<b>PAYABLES</b>	823,583,694	100,589,295	129,075,115	217,973,846	1,271,221,950
Deposits with and credits to NBS and foreign issuing banks, and postal checking accounts	34,173,031	0	60,698	0	34,233,729
of which: Current accounts	1,867,074	0	0	0	1,867,074
Time deposits	0	0	0	0	0
Credits received	32,305,957	0	60,698	0	32,366,655
Postal cheque accounts	0	0	0	0	0
Deposits, credits and other liabilities received from banks	15,965,441	54,733,062	9,811,377	162,350,448	242,860,328
of which: Deposits with and credits received from own financial group	4,617	19,214,801	18	90,310,395	109,529,831
of which: Current accounts in banks	0	15,292	0	836,940	852,232
Current accounts of other banks	503,302	7,931,971	88,485	716,636	9,240,394
Time deposits	14,118,794	46,183,527	9,722,892	120,033,032	190,058,245
Credits received	1,343,345	602,272	0	40,763,840	42,709,457
Deposits and credits received from clients	616,852,159	7,582,638	94,269,984	11,576,399	730,281,180
of which: PFPT deposits	12,335,787	0	3,806	0	12,339,593
of which: Current accounts and other financial undated liabilities	254,154,727	4,737,372	46,494,314	3,639,348	309,025,761
Time deposits	315,783,260	2,768,555	46,209,432	7,921,929	372,683,176
Deposits at notice	40,545,050	76,651	1,566,238	15,122	42,203,061
Certificates of deposit	517,888	60	0	0	517,948
Credits received and financial leasing	5,851,234	0	0	0	5,851,234
Deposits of general government and international organizations	60,752,482	8,815	14,562,090	3,516,895	78,840,282
of which: Deposits of central government (S.1311)	43,593,743	8,815	14,487,821	3,516,895	61,607,274
of which: Treasury	17,696,610	0	14,377,752	0	32,074,362
Other funds	3,735,240	0	46,710	0	3,781,950
of which: National Property Fund	3,722,775	0	46,710	0	3,769,485
Deposits of local governments (S.1313)	17,155,022	0	74,269	0	17,229,291
Deposits of social security funds (S.1314)	3,717	0	0	0	3,717
of which: Health insurance companies	3,717	0	0	0	3,717
Social Insurance Corporation	0	0	0	0	0
Securities issued by the accounting unit	59,172,744	1,388,153	2,008,716	26,231	62,595,844
Financial liabilities in real value towards profit/loss (IAS 39)	3,472,198	27,879,709	2,791,188	34,876,817	69,019,912
of which: Current accounts	0	0	0	0	0
Time deposits	3,472,198	27,879,709	2,791,188	34,876,817	69,019,912
Deposits at notice	0	0	0	0	0
Debt securities issued	0	0	0	0	0
Credits received	0	0	0	0	0
Subordinated liabilities	0	0	0	0	0
of which: Loans	0	0	0	0	0
Debt securities issued	0	0	0	0	0
Other liabilities	0	0	0	0	0
Negative real value of fixed forward transactions	4,399,915	7,415,210	359,336	1,531,957	13,706,418
Negative real value of options	677,510	446,470	165,664	102,932	1,392,576
Liabilities from securities sold for a short term	1,712,098	0	0	0	1,712,098
Subsidies and similar funds	3,332,953	0	0	0	3,332,953
Reserves	5,455,620	174	193,472	78,000	5,727,266
Other liabilities	17,556,877	77,376	4,852,590	2,501,735	24,988,578
Subordinated financial liabilities	60,666	1,057,688	0	1,412,432	2,530,786
<b>EQUITY CAPITAL</b>	60,025,766	40,102,367	297,562	87,092	100,512,787
Registered capital	4,544,802	36,857,886	0	0	41,402,688
of which: Subscribed registered capital	4,544,802	36,857,886	0	0	41,402,688
Receivables from shareholders	0	0	0	0	0
Own shares	0	0	0	0	0
Long-term funds provided to branches of foreign banks	0	2,844,579	0	37,357	2,881,936
Share premium	1,684,808	250,000	0	0	1,934,808
Reserve funds and other funds allocated from profits	11,958,531	149,500	0	0	12,108,031
Capital funds	236,654	5,490	0	0	242,144
Gains/losses from revaluation	1,254,110	-5,088	297,562	49,735	1,596,319
Profit/loss from previous years	24,831,786	0	0	0	24,831,786
of which: Retained earnings	25,500,337	0	0	0	25,500,337
Accumulated loss	-668,551	0	0	0	-668,551
Profit and loss account	1,544,822	0	0	0	1,544,822
Profit/loss in process of approval /+,-/	13,970,253	0	0	0	13,970,253





## Monthly Profit and Loss Account of Commercial Banks

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

(SKK millions)

	2005												2006
	1	2	3	4	5	6	7	8	9	10	11	12	1
NET INCOME FROM INTEREST	2,652	4,996	7,553	10,002	12,507	14,928	17,416	19,807	22,238	24,750	27,232	29,726	2,568
Income from interest on securities	1,599	2,947	4,370	5,626	7,020	8,407	9,837	11,158	12,483	13,810	15,024	16,250	1,143
Income from other interest	3,306	6,231	9,284	12,489	15,791	18,863	21,909	25,129	28,264	31,409	34,760	38,272	3,842
Expenses on interest on securities	230	432	673	891	1,118	1,345	1,581	1,814	2,041	2,271	2,472	2,722	221
Expenses on other interest	2,023	3,750	5,427	7,222	9,186	10,998	12,749	14,666	16,468	18,198	20,079	22,074	2,195
NET NON-INTEREST INCOME	1,600	3,273	4,650	5,907	7,487	9,349	10,912	12,483	14,051	15,868	17,499	19,471	1,871
Income from fees and provisions	917	1,840	2,937	3,974	5,037	6,179	7,283	8,442	9,537	10,832	11,961	13,242	1,075
Expenses on fees and provisions	135	270	390	625	771	947	1,108	1,280	1,454	1,619	1,814	2,050	198
Dividends received	32	107	155	167	209	81	86	97	98	100	119	122	3
Income from operations in securities	661	1,229	1,397	1,601	1,908	2,481	2,745	2,676	2,922	3,369	3,628	3,994	412
Expenses on operations in securities	74	179	492	641	799	981	1,118	1,251	1,408	2,284	2,521	2,633	138
Profit/loss of foreign exchange operations	-11	919	858	1,058	717	810	-63	807	1,206	823	3,286	4,547	1,296
Profit/loss of fixed forward transactions and options	217	-384	177	348	1,146	1,665	3,033	2,922	3,068	4,542	2,736	2,186	-611
Income from other operations	85	179	255	359	466	601	708	805	908	1,026	1,122	1,253	73
Expenses on other operations	94	166	248	336	426	539	655	736	827	920	1,018	1,189	39
NET OPERATIONAL PROFIT/LOSS	-372	-684	-1,217	-1,468	-1,879	-2,310	-3,116	-3,445	-3,795	-4,117	-4,245	-6,451	-142
GENERAL OPERATIONAL EXPENSES	2,136	4,407	6,640	8,849	11,244	13,657	15,921	18,088	20,280	22,631	24,949	27,920	2,286
NET ADDITIONS TO RESERVES AND PROVISIONS	-205	-287	-232	68	203	245	643	517	916	484	-45	1,486	-252
INCOME TAX	96	191	367	587	921	977	780	909	1,652	1,840	2,075	2,075	215
CURRENT PERIOD PROFIT/LOSS	1,445	2,702	3,748	5,073	6,152	7,578	9,153	10,364	11,478	12,514	13,419	14,238	1,545



# Balance of Payments of the SR for January – December 2005

	Receipts / Credit (+)		Payments / Debit (-)		Balance	
	SKK millions	USD millions	SKK millions	USD millions	SKK millions	USD millions
<b>Goods</b>	993,516.0	32,026.2	1,069,517.0	34,476.1	-76,001.0	-2,449.9
<b>Services</b>	136,713.3	4,407.0	126,774.0	4,086.6	9,939.3	320.4
Transport	49,515.5	1,596.1	37,389.7	1,205.3	12,125.8	390.9
Tourism	37,529.1	1,209.8	26,234.9	845.7	11,294.3	364.1
Other services	49,668.7	1,601.1	63,149.4	2,035.6	-13,480.7	-434.6
<b>Income</b>	50,266.6	1,620.4	111,572.0	3,596.5	-61,305.4	-1,976.2
Compensation of employees	29,250.0	942.9	1,214.7	39.2	28,035.3	903.7
Investment income	21,016.6	677.5	110,357.3	3,557.4	-89,340.7	-2,879.9
<b>Current transfers</b>	44,155.7	1,423.4	42,920.2	1,383.5	1,235.4	39.8
<b>CURRENT ACCOUNT</b>	1,224,651.6	39,476.9	1,350,783.2	43,542.7	-126,131.6	-4,065.9
<b>Capital account</b>	492.8	15.9	1,050.2	33.9	-557.4	-18.0
<b>Financial account</b>	4,441,848.8	143,181.8	-4,264,610.3	-137,512.7	177,238.5	5,669.1
Direct investment	769,142.6	24,793.5	-714,488.4	-23,031.7	54,654.2	1,761.8
<i>Abroad (direct investor = resident)</i>	42,765.3	1,378.5	-47,309.0	-1,525.0	-4,543.6	-146.5
Equity capital and reinvested earnings	765.3	24.7	-4,530.0	-146.0	-3,764.6	-121.4
Other capital	42,000.0	1,353.9	-42,779.0	-1,379.0	-779.0	-25.1
<i>In the SR (recipient of dir. investment = resident)</i>	726,377.2	23,414.9	-667,179.4	-21,506.7	59,197.8	1,908.3
Equity capital and reinvested earnings	64,522.2	2,079.9	-5,399.4	-174.1	59,122.8	1,905.8
Other capital	661,855.0	21,335.0	-661,780.0	-21,332.6	75.0	2.4
Portfolio investment	765,618.9	24,679.9	-795,993.7	-25,667.0	-30,374.8	-987.2
Assets	69,264.2	2,232.7	-90,133.8	-2,905.5	-20,869.6	-672.7
Liabilities	696,354.7	22,447.1	-705,859.9	-22,761.6	-9,505.2	-314.4
Financial derivatives	1,251,704.3	40,348.9	-1,252,774.1	-40,383.4	-1,069.8	-34.5
Assets	533,042.6	17,182.7	-535,856.7	-17,273.4	-2,814.1	-90.7
Liabilities	718,661.7	23,166.2	-716,917.4	-23,110.0	1,744.3	56.2
Other investment	1,655,383.1	53,359.5	-1,501,354.2	-48,430.6	154,028.9	4,928.9
<i>Long-term</i>	132,906.7	4,281.9	-139,775.4	-4,542.2	-6,868.8	-260.3
Assets	36,219.4	1,166.9	-46,071.0	-1,485.2	-9,851.6	-318.3
Liabilities	96,687.3	3,115.0	-93,704.4	-3,057.0	2,982.9	58.0
<i>Short-term</i>	1,522,476.4	49,077.6	-1,361,578.7	-43,888.4	160,897.7	5,189.2
Assets	683,616.3	22,036.5	-689,424.8	-22,223.7	-5,808.5	-187.2
Liabilities	838,860.1	27,041.1	-672,153.9	-21,664.6	166,706.2	5,376.5
<b>CAPITAL AND FINANCIAL ACCOUNT</b>	4,442,341.7	143,197.7	-4,265,660.6	-137,546.5	176,681.1	5,651.1
<b>ERRORS AND OMISSIONS</b>					20,892.9	986.8
<b>TOTAL BALANCE</b>	-30,944.6	-1,001.0	102,387.0	3,573.0	71,442.4	2,572.0
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	30,944.6	1,001.0	-102,386.8	-3,573.0	-71,442.2	-2,572.0
<i>Currency and deposits</i>	30,944.6	1,001.0	0.0	0.0	30,944.6	1,001.0
<i>Securities</i>	0.0	0.0	-102,386.8	-3,573.0	-102,386.8	-3,573.0
Bonds and notes	0.0	0.0	-82,294.3	-2,839.9	-82,294.3	-2,839.9
Money market instruments and financial derivatives	0.0	0.0	-20,092.5	-733.1	-20,092.5	-733.1
<b>RESERVE ASSETS</b>	30,944.6	1,001.0	-102,387.0	-3,573.0	-71,442.4	-2,572.0

Note: Preliminary data.

Applied rate of exchange: USD 1 = SKK 31.022



## Overview of Issues of NBS Bills

Registration number	Date of			DTM	Volume in SKK millions		Type of auction auction	Interest rate in % p.a.		
	auction	issue	maturity		demand	akcept.		issue	maturity	max.
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
951002015	16.11.2005	18.11.2005	10.2.2006	84	23,800	0	American	-	-	-
951703017	22.12.2005	23.12.2005	17.3.2006	84	26,711	5,801	American	2.99	3.00	3.00
960704001	12.1.2006	13.1.2006	7.4.2006	84	28,575	5,553	American	3.00	3.00	3.00
960505003	9.2.2006	10.2.2006	5.5.2006	84	13,000	0	American	-	-	-



# Basic Characteristics of Slovakia's Foreign Exchange Market in February 2006

	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	0.0	0.0	0	0.0	0.0	0	0	0	0	0.0	0
Transactions between domestic banks without foreign participation	6,087.2	62.7	220	3,536.9	36.4	841	83.9	0.9	51	9,708.0	1,112
Interbank forex market: NBS + transactions between domestic banks	6,087.2	62.7	220	3,536.9	36.4	841	83.9	0.9	51	9,708.0	1,112
Transactions between domestic and foreign banks	60,707.1	90.0	2,069	6,378.1	9.5	3,620	364.6	0.5	152	67,449.8	5,841
Foreign exchange market in the SR – total	66,794.3	86.6	2,289	9,915.0	12.9	4,461	448.5	0.6	203	77,157.8	6,953

	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	1,302.6	13.4	778	33.0	0.3	12	8,374.3	86.2	322	0.0	0.0	0	9,709.8	1,112
Transactions between domestic and foreign banks	5,124.1	7.6	2,699	77.7	0.1	61	61,838.3	91.7	2,080	421.8	0.6	1,001	67,461.9	5,841
Foreign exchange market in the SR - excl. the NBS	6,426.7	8.3	3,477	110.6	0.1	73	70,212.6	91.0	2,402	421.8	0.5	1001	77,171.7	6,953



## Average Monthly Exchange Rates of the SKK

Midpoint rate	2005											2006	
	2	3	4	5	6	7	8	9	10	11	12	1	2
1 AUD	22.813	22.705	23.372	23.548	24.242	24.264	24.016	23.996	24.431	24.153	23.715	23.220	23.228
1 CYP	65.282	65.483	67.153	67.502	67.136	67.720	67.515	67.132	67.923	67.571	66.059	65.391	65.147
1 CZK	1.268	1.283	1.301	1.291	1.282	1.286	1.306	1.311	1.311	1.322	1.308	1.305	1.317
1 DKK	5.112	5.128	5.256	5.244	5.177	5.207	5.187	5.156	5.215	5.193	5.081	5.027	5.011
1 EUR	38.051	38.185	39.157	39.039	38.537	38.837	38.695	38.450	38.909	38.730	37.871	37.510	37.404
1 EEK	2.432	2.441	2.503	2.495	2.463	2.482	2.473	2.458	2.487	2.476	2.420	2.397	2.391
100 JPY	27.914	27.493	28.186	28.808	29.145	28.798	28.454	28.243	28.227	27.747	26.914	26.862	26.536
1 CAD	23.610	23.722	24.538	24.435	25.427	26.351	26.067	26.583	27.517	27.743	27.487	26.768	27.224
1 LTL	11.020	11.059	11.342	11.308	11.162	11.246	11.207	11.136	11.270	11.220	10.968	10.863	10.833
1 LVL	54.669	54.853	56.256	56.085	55.371	55.799	55.599	55.240	55.869	55.637	54.361	53.886	53.739
100 HUF	15.596	15.612	15.797	15.493	15.455	15.755	15.828	15.646	15.460	15.443	14.987	14.960	14.871
1 MTL	88.303	88.438	91.078	90.933	89.747	90.456	90.140	89.568	90.643	90.247	88.196	87.371	87.147
1 NOK	4.575	4.664	4.787	4.823	4.881	4.902	4.886	4.925	4.964	4.956	4.747	4.667	4.639
1 PLN	9.528	9.537	9.451	9.319	9.482	9.474	9.560	9.798	9.933	9.748	9.822	9.814	9.853
100 SIT	15.872	15.931	16.338	16.299	16.094	16.216	16.156	16.058	16.247	16.176	15.812	15.661	15.619
1 CHF	24.541	24.660	25.295	25.275	25.053	24.929	24.904	24.817	25.111	25.078	24.472	24.201	24.016
1 SEK	4.187	4.204	4.273	4.246	4.166	4.121	4.141	4.118	4.135	4.051	4.013	4.025	4.009
1 USD	29.259	28.885	30.249	30.672	31.641	32.220	31.494	31.354	32.357	32.808	31.932	31.029	31.298
1 GBP	55.168	55.134	57.270	57.073	57.589	56.479	56.421	56.731	57.062	57.036	55.750	54.679	54.748
1 XDR	44.383	44.132	45.689	45.994	46.461	46.740	46.184	45.986	46.795	46.880	45.695	44.866	44.944

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	Q4	Year
1 AUD	24.820	23.774	23.232	23.062	23.722	22.667	23.726	24.089	24.099	23.650
1 CYP	-	-	-	-	-	65.726	67.266	67.458	67.178	66.916
1 CZK	1.235	1.251	1.267	1.268	1.255	1.275	1.291	1.301	1.314	1.295
1 DKK	5.446	5.389	5.382	5.312	5.382	5.143	5.225	5.184	5.162	5.179
1 EUR	40.574	40.089	40.025	39.492	40.045	38.282	38.907	38.662	38.500	38.593
1 EEK	-	-	-	-	-	2.447	2.487	2.471	2.461	2.467
100 JPY	30.257	30.352	29.794	28.811	29.804	27.935	28.721	28.497	27.627	28.202
1 CAD	24.618	24.480	25.010	24.987	24.774	23.788	24.804	26.325	27.580	25.622
1 LTL	-	-	-	-	-	11.087	11.270	11.197	11.152	11.178
1 LVL	-	-	-	-	-	54.987	55.899	55.548	55.283	55.437
100 HUF	15.597	15.902	16.079	16.051	15.907	15.624	15.578	15.746	15.294	15.561
1 MTL	-	-	-	-	-	88.675	90.578	90.057	89.687	89.764
1 NOK	4.700	4.850	4.772	4.815	4.784	4.647	4.831	4.904	4.888	4.818
1 PLN	8.493	8.545	9.042	9.310	8.847	9.511	9.417	9.609	9.836	9.591
100 SIT	17.075	16.787	16.680	16.466	16.752	15.969	16.242	16.143	16.077	16.110
1 CHF	25.865	26.067	26.061	25.750	25.936	24.724	25.206	24.884	24.884	24.929
1 SEK	4.419	4.382	4.369	4.382	4.388	4.219	4.228	4.127	4.067	4.161
1 USD	32.457	33.264	32.761	30.539	32.255	29.160	30.863	31.683	32.359	31.022
1 GBP	59.630	60.107	59.595	56.865	59.049	55.172	57.311	56.540	56.609	56.424
1 XDR	48.234	48.560	48.074	46.090	47.740	44.429	46.053	46.299	46.450	45.816

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>	298,140	27,907	5,813	331,860	9,056.50	865.20	1,724.15	11,645.85
2005 <sup>4)</sup>	331,044	20,125	-790	350,379	11,617.21	648.73	-1,298.78	10,967.16

**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	65,422	5,115	-3,893	66,644	1,987.30	158.58	192.83	2,338.71
2005	66,644	-2	-1	66,641	2,338.71	-0.06	-252.73	2,085.92

**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>	363,562	33,022	1,920	398,504	11,043.80	1,023.78	1,916.98	13,984.56
2005 <sup>4)</sup>	397,688	20,123	-791	417,020	13,955.92	648.67	-1,551.51	13,053.08

Note: The data for 2004 – 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).



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

	Corporate sector			Banking sector			Total		
	SKK millions	USD millions	%	SKK millions	USD millions	%	SKK millions	USD millions	%
Exchange rate applied: USD 1 = SKK 31.022									
<b>Inflow of FDI (equity capital + reinvested earnings) in total</b>	20,125	648.7	100.0	-2	-0.1	100.0	20,123	648.7	100.0
<b>Structure of capital by investor</b>									
South Korea	6,278	202.4	31.2	0	0.0	0.0	6,278	202.4	31.2
Germany	6,313	203.5	31.4	-250	-8.1	12,500.0	6,063	195.4	30.1
Czech Republic	1,587	51.2	7.9	-2	-0.1	100.0	1,585	51.1	7.9
Switzerland	1,524	49.1	7.6	0	0.0	0.0	1,524	49.1	7.6
Austria	1,549	49.9	7.7	-45	-1.5	2,250.0	1,504	48.5	7.5
The Netherlands	1,449	46.7	7.2	3	0.1	-150.0	1,452	46.8	7.2
United Kingdom	451	14.5	2.2	125	4.0	-6,250.0	576	18.6	2.9
Lithuania	417	13.4	2.1	0	0.0	0.0	417	13.4	2.1
USA	376	12.1	1.9	0	0.0	0.0	376	12.1	1.9
Belgium	285	9.2	1.4	0	0.0	0.0	285	9.2	1.4
Other countries	-104	-3.4	-0.5	167	5.4	-8,350.0	63	2.0	0.3
<b>Structure of capital by sector</b>									
Agriculture, hunting, and forestry	-34	-1.1	-0.2	0	0.0	0.0	-34	-1.1	-0.2
Fishing	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Mineral raw materials extraction	13	0.4	0.1	0	0.0	0.0	13	0.4	0.1
Manufacturing	10,096	325.4	50.2	0	0.0	0.0	10,096	325.4	50.2
Electricity, gas, and water supply	13	0.4	0.1	0	0.0	0.0	13	0.4	0.1
Construction	-93	-3.0	-0.5	0	0.0	0.0	-93	-3.0	-0.5
Wholesale and retail trade, repairs of motor vehicles	3,948	127.3	19.6	0	0.0	0.0	3,948	127.3	19.6
Hotels and restaurants	29	0.9	0.1	0	0.0	0.0	29	0.9	0.1
Transport, storage, post and telecommunications	-14	-0.5	-0.1	0	0.0	0.0	-14	-0.5	-0.1
Financial intermediation	3,550	114.4	17.6	-2	-0.1	100.0	3,548	114.4	17.6
Real estate, renting and business activities	2,363	76.2	11.7	0	0.0	0.0	2,363	76.2	11.7
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	53	1.7	0.3	0	0.0	0.0	53	1.7	0.3
Other community, social, and personal services	201	6.5	1.0	0	0.0	0.0	201	6.5	1.0
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 region</b>									
Bratislava region	7,803	251.5	38.8	-2	-0.1	100.0	7,801	251.5	38.8
Trnava region	276	8.9	1.4	0	0.0	0.0	276	8.9	1.4
Trenčín region	2,858	92.1	14.2	0	0.0	0.0	2,858	92.1	14.2
Nitra region	428	13.8	2.1	0	0.0	0.0	428	13.8	2.1
Žilina region	6,974	224.8	34.7	0	0.0	0.0	6,974	224.8	34.7
Banská Bystrica region	845	27.2	4.2	0	0.0	0.0	845	27.2	4.2
Prešov region	123	4.0	0.6	0	0.0	0.0	123	4.0	0.6
Košice region	818	26.4	4.1	0	0.0	0.0	818	26.4	4.1

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>	27,907	865.2	100.0	5,115	158.6	100.0	33,022	1,023.8	100.0
<b>Structure of capital by investor</b>									
Hungary	6,863	212.8	24.6	-30	-0.9	-0.6	6,833	211.8	20.7
Austria	2,027	62.8	7.3	4,776	148.1	93.4	6,803	210.9	20.6
United Kingdom	6,050	187.6	21.7	-1,396	-43.3	-27.3	4,654	144.3	14.1
Czech Republic	4,634	143.7	16.6	-11	-0.3	-0.2	4,623	143.3	14.0
France	3,737	115.9	13.4	-136	-4.2	-2.7	3,601	111.6	10.9
Germany	3,267	101.3	11.7	253	7.8	4.9	3,520	109.1	10.7
Luxembourg	3,184	98.7	11.4	0	0.0	0.0	3,184	98.7	9.6
South Korea	2,130	66.0	7.6	0	0.0	0.0	2,130	66.0	6.5
Switzerland	927	28.7	3.3	0	0.0	0.0	927	28.7	2.8
Italy	734	22.8	2.6	-13	-0.4	-0.3	721	22.4	2.2
Other countries	-5,646	-175.0	-20.2	1,672	51.8	32.7	-3,974	-123.2	-12.0
<b>Structure of capital by sector</b>									
Agriculture, hunting, and forestry	348	10.8	1.2	0	0.0	0.0	348	10.8	1.1
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	25,092	777.9	89.9	0	0.0	0.0	25,092	777.9	76.0
Electricity, gas, and water supply	-357	-11.1	-1.3	0	0.0	0.0	-357	-11.1	-1.1
Construction	487	15.1	1.7	0	0.0	0.0	487	15.1	1.5
Wholesale and retail trade, repairs of motor vehicles	7,858	243.6	28.2	0	0.0	0.0	7,858	243.6	23.8
Hotels and restaurants	-17	-0.5	-0.1	0	0.0	0.0	-17	-0.5	-0.1
Transport, storage, post and telecommunications	-7,596	-235.5	-27.2	0	0.0	0.0	-7,596	-235.5	-23.0
Financial intermediation	1,248	38.7	4.5	5,115	158.6	100.0	6,363	197.3	19.3
Real estate, renting and business activities	698	21.6	2.5	0	0.0	0.0	698	21.6	2.1
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	18	0.6	0.1	0	0.0	0.0	18	0.6	0.1
Other community, social, and personal services	152	4.7	0.5	0	0.0	0.0	152	4.7	0.5
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	16,342	506.7	58.6	5,004	155.1	97.8	21,346	661.8	64.6
Trnava region	4,124	127.9	14.8	0	0.0	0.0	4,124	127.9	12.5
Trenčín region	2,292	71.1	8.2	0	0.0	0.0	2,292	71.1	6.9
Nitra region	-33	-1.0	-0.1	0	0.0	0.0	-33	-1.0	-0.1
Žilina region	2,315	71.8	8.3	73	2.3	1.4	2,388	74.0	7.2
Banská Bystrica region	850	26.4	3.0	38	1.2	0.7	888	27.5	2.7
Prešov region	996	30.9	3.6	0	0.0	0.0	996	30.9	3.0
Košice region	1,021	31.7	3.7	0	0.0	0.0	1,021	31.7	3.1

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

1) Equity capital + reinvested earnings.



# Volume of Foreign Direct Investment<sup>1)</sup> as at 31 December 2005

	Corporate sector			Banking sector			Total		
	SKK millions	USD millions	%	SKK millions	USD millions	%	SKK millions	USD millions	%
Exchange rate applied: USD 1 = SKK 31.948									
<b>Total volume of FDI (equity capital + reinvested earnings)</b>	350,379	10,967.2	100.0	66,641	2,085.9	100.0	417,020	13,053.1	100.0
<b>Structure of capital by investor</b>									
The Netherlands	90,683	2,838.5	25.9	616	19.3	0.9	91,299	2,857.7	21.9
Germany	81,027	2,536.2	23.1	860	26.9	1.3	81,887	2,563.1	19.6
Austria	28,482	891.5	8.1	32,868	1,028.8	49.3	61,350	1,920.3	14.7
Hungary	27,327	855.4	7.8	2,007	62.8	3.0	29,334	918.2	7.0
Italy	4,903	153.5	1.4	24,144	755.7	36.2	29,047	909.2	7.0
United Kingdom	27,159	850.1	7.8	473	14.8	0.7	27,632	864.9	6.6
Czech Republic	17,595	550.7	5.0	3,485	109.1	5.2	21,080	659.8	5.1
USA	14,663	459.0	4.2	1,650	51.6	2.5	16,313	510.6	3.9
France	10,667	333.9	3.0	500	15.7	0.8	11,167	349.5	2.7
Cyprus	9,388	293.9	2.7	0	0.0	0.0	9,388	293.9	2.3
Other countries	38,485	1,204.6	11.0	38	1.2	0.1	38,523	1,205.8	9.2
<b>Structure of capital by sector</b>									
Agriculture, hunting, and forestry	1,767	55.3	0.5	0	0.0	0.0	1,767	55.3	0.4
Fishing	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Mineral raw materials extraction	2,648	82.9	0.8	0	0.0	0.0	2,648	82.9	0.6
Manufacturing	167,248	5,235.0	47.7	0	0.0	0.0	167,248	5,235.0	40.1
Electricity, gas, and water supply	39,652	1,241.1	11.3	0	0.0	0.0	39,652	1,241.1	9.5
Construction	2,832	88.6	0.8	0	0.0	0.0	2,832	88.6	0.7
Wholesale and retail trade, repairs of motor vehicles	54,298	1,699.6	15.5	0	0.0	0.0	54,298	1,699.6	13.0
Hotels and restaurants	2,083	65.2	0.6	0	0.0	0.0	2,083	65.2	0.5
Transport, storage, post and telecommunications	36,374	1,138.5	10.4	0	0.0	0.0	36,374	1,138.5	8.7
Financial intermediation	24,142	755.7	6.9	66,641	2,085.9	100.0	90,783	2,841.6	21.8
Real estate, renting and business activities	15,944	499.1	4.6	0	0.0	0.0	15,944	499.1	3.8
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	1,623	50.8	0.5	0	0.0	0.0	1,623	50.8	0.4
Other community, social, and personal services	1,768	55.3	0.5	0	0.0	0.0	1,768	55.3	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	214,111	6,701.9	61.1	65,691	2,056.2	98.6	279,802	8,758.0	67.1
Trnava region	24,461	765.7	7.0	0	0.0	0.0	24,461	765.7	5.9
Trenčín region	20,294	635.2	5.8	0	0.0	0.0	20,294	635.2	4.9
Nitra region	13,255	414.9	3.8	0	0.0	0.0	13,255	414.9	3.2
Žilina region	24,912	779.8	7.1	950	29.7	1.4	25,862	809.5	6.2
Banská Bystrica region	10,754	336.6	3.1	0	0.0	0.0	10,754	336.6	2.6
Prešov region	7,086	221.8	2.0	0	0.0	0.0	7,086	221.8	1.7
Košice region	35,506	1,111.4	10.1	0	0.0	0.0	35,506	1,111.4	8.5

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>	331,860	11,645.8	100.0	66,644	2,338.7	100.0	398,504	13,984.6	100.0
<b>Structure of capital by investor</b>									
The Netherlands	93,764	3,290.4	28.3	613	21.5	0.9	94,377	3,311.9	23.7
Germany	75,033	2,633.1	22.6	1,110	39.0	1.7	76,143	2,672.1	19.1
Austria	22,840	801.5	6.9	32,926	1,155.5	49.4	55,766	1,957.0	14.0
Hungary	27,353	959.9	8.2	1,952	68.5	2.9	29,305	1,028.4	7.4
Italy	5,023	176.3	1.5	24,143	847.2	36.2	29,166	1,023.5	7.3
United Kingdom	26,980	946.8	8.1	349	12.2	0.5	27,329	959.0	6.9
Czech Republic	17,009	596.9	5.1	3,486	122.3	5.2	20,495	719.2	5.1
USA	13,191	462.9	4.0	1,650	57.9	2.5	14,841	520.8	3.7
France	11,832	415.2	3.6	415	14.6	0.6	12,247	429.8	3.1
Cyprus	9,125	320.2	2.7	0	0.0	0.0	9,125	320.2	2.3
Other countries	29,710	1,042.6	9.0	0	0.0	0.0	29,710	1,042.6	7.5
<b>Structure of capital by sector</b>									
Agriculture, hunting, and forestry	1,718	60.3	0.5	0	0.0	0.0	1,718	60.3	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	159,175	5,585.9	48.0	0	0.0	0.0	159,175	5,585.9	39.9
Electricity, gas, and water supply	40,982	1,438.2	12.3	0	0.0	0.0	40,982	1,438.2	10.3
Construction	2,859	100.3	0.9	0	0.0	0.0	2,859	100.3	0.7
Wholesale and retail trade, repairs of motor vehicles	50,660	1,777.8	15.3	0	0.0	0.0	50,660	1,777.8	12.7
Hotels and restaurants	2,058	72.2	0.6	0	0.0	0.0	2,058	72.2	0.5
Transport, storage, post and telecommunications	36,324	1,274.7	10.9	0	0.0	0.0	36,324	1,274.7	9.1
Financial intermediation	18,274	641.3	5.5	66,644	2,338.7	100.0	84,918	2,980.0	21.3
Real estate, renting and business activities	14,140	496.2	4.3	0	0.0	0.0	14,140	496.2	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	1,570	55.1	0.5	0	0.0	0.0	1,570	55.1	0.4
Other community, social, and personal services	1,551	54.4	0.5	0	0.0	0.0	1,551	54.4	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	207,049	7,265.9	62.4	65,202	2,288.1	97.8	272,251	9,554.0	68.3
Trnava region	23,942	840.2	7.2	0	0.0	0.0	23,942	840.2	6.0
Trenčín region	17,408	610.9	5.2	0	0.0	0.0	17,408	610.9	4.4
Nitra region	12,816	449.7	3.9	0	0.0	0.0	12,816	449.7	3.2
Žilina region	19,180	673.1	5.8	950	33.3	1.4	20,130	706.4	5.1
Banská Bystrica region	10,026	351.8	3.0	492	17.3	0.7	10,518	369.1	2.6
Prešov region	7,029	246.7	2.1	0	0.0	0.0	7,029	246.7	1.8
Košice region	34,410	1,207.5	10.4	0	0.0	0.0	34,410	1,207.5	8.6

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

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	1,693	-165	19,478	545.26	52.49	85.79	683.54
2005 <sup>3)</sup>	19,326	2,249	809	22,384	678.20	72.50	-50.06	700.64

### 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	302	10	839	18.50	9.74	-1.97	26.27

### 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	1,580	82	20,005	551.22	51.59	99.23	702.04
2005 <sup>3)</sup>	19,853	2,551	819	23,223	696.70	82.24	-52.03	726.91

Note: The data for 2004 – 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).





# Outflow of Foreign Direct Investment<sup>1)</sup> During January to December 2005

	Corporate sector			Banking sector			Total		
	SKK millions	USD millions	%	SKK millions	USD millions	%	SKK millions	USD millions	%
Exchange rate applied: USD 1 = SKK 31.022									
<b>Outflow of FDI (equity capital + reinvested earnings) in total</b>	2,249	72.5	100.0	302	9.7	100.0	2,551	82.2	100.0
<b>Structure of capital by country of investment</b>									
Czech Republic	1,091	35.2	48.5	8	0.3	2.6	1,099	35.4	43.1
Switzerland	661	21.3	29.4	0	0.0	0.0	661	21.3	25.9
The Netherlands	0	0.0	0.0	291	9.4	96.4	291	9.4	11.4
Cyprus	266	8.6	11.8	0	0.0	0.0	266	8.6	10.4
Russia	198	6.4	8.8	3	0.1	1.0	201	6.5	7.9
Croatia	109	3.5	4.8	0	0.0	0.0	109	3.5	4.3
Ukraine	69	2.2	3.1	0	0.0	0.0	69	2.2	2.7
Poland	48	1.5	2.1	0	0.0	0.0	48	1.5	1.9
Ethiopia	29	0.9	1.3	0	0.0	0.0	29	0.9	1.1
Serbia and Montenegro	10	0.3	0.4	0	0.0	0.0	10	0.3	0.4
Other countries	-232	-7.5	-10.3	0	0.0	0.0	-232	-7.5	-9.1
<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	58	1.9	2.6	0	0.0	0.0	58	1.9	2.3
Manufacturing	383	12.3	17.0	0	0.0	0.0	383	12.3	15.0
Electricity, gas, and water supply	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Construction	-349	-11.3	-15.5	0	0.0	0.0	-349	-11.3	-13.7
Wholesale and retail trade, repairs of motor vehicles	-23	-0.7	-1.0	0	0.0	0.0	-23	-0.7	-0.9
Hotels and restaurants	94	3.0	4.2	0	0.0	0.0	94	3.0	3.7
Transport, storage, post and telecommunications	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Financial intermediation	1,889	60.9	84.0	302	9.7	100.0	2,191	70.6	85.9
Real estate, renting and business activities	194	6.3	8.6	0	0.0	0.0	194	6.3	7.6
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	3	0.1	0.1	0	0.0	0.0	3	0.1	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	2,186	70.5	97.2	302	9.7	100.0	2,488	80.2	97.5
Trnava region	111	3.6	4.9	0	0.0	0.0	111	3.6	4.4
Trenčín region	76	2.4	3.4	0	0.0	0.0	76	2.4	3.0
Nitra region	6	0.2	0.3	0	0.0	0.0	6	0.2	0.2
Žilina region	6	0.2	0.3	0	0.0	0.0	6	0.2	0.2
Banská Bystrica region	-212	-6.8	-9.4	0	0.0	0.0	-212	-6.8	-8.3
Prešov region	73	2.4	3.2	0	0.0	0.0	73	2.4	2.9
Košice region	3	0.1	0.1	0	0.0	0.0	3	0.1	0.1

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>	1,693	52.5	100.0	-29	-0.9	100.0	1,664	51.6	100.0
<b>Structure of capital by country of investment</b>									
Czech Republic	1,361	42.2	80.4	-29	-0.9	100.0	1,332	41.3	80.0
Ethiopia	229	7.1	13.5	0	0.0	0.0	229	7.1	13.8
The Netherlands	196	6.1	11.6	0	0.0	0.0	196	6.1	11.8
Russia	112	3.5	6.6	0	0.0	0.0	112	3.5	6.7
India	58	1.8	3.4	0	0.0	0.0	58	1.8	3.5
Cyprus	49	1.5	2.9	0	0.0	0.0	49	1.5	2.9
Brazil	26	0.8	1.5	0	0.0	0.0	26	0.8	1.6
Serbia and Montenegro	11	0.3	0.6	0	0.0	0.0	11	0.3	0.7
Switzerland	7	0.2	0.4	0	0.0	0.0	7	0.2	0.4
Romania	4	0.1	0.2	0	0.0	0.0	4	0.1	0.2
Other countries	-360	-11.2	-21.3	0	0.0	0.0	-360	-11.2	-21.6
<b>Structure of capital by sector</b>									
Agriculture, hunting, and forestry	7	0.2	0.4	0	0.0	0.0	7	0.2	0.4
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	955	29.6	56.4	0	0.0	0.0	955	29.6	57.4
Electricity, gas, and water supply	1	0.0	0.1	0	0.0	0.0	1	0.0	0.1
Construction	-86	-2.7	-5.1	0	0.0	0.0	-86	-2.7	-5.2
Wholesale and retail trade, repairs of motor vehicles	791	24.5	46.7	0	0.0	0.0	791	24.5	47.5
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	-14.2	-29	-0.9	100.0	-269	-8.3	-16.2
Real estate, renting and business activities	269	8.3	15.9	0	0.0	0.0	269	8.3	16.2
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	-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	1,079	33.5	63.7	-29	-0.9	100.0	1,050	32.6	63.1
Trnava region	-46	-1.4	-2.7	0	0.0	0.0	-46	-1.4	-2.8
Trenčín region	893	27.7	52.7	0	0.0	0.0	893	27.7	53.7
Nitra region	-2	-0.1	-0.1	0	0.0	0.0	-2	-0.1	-0.1
Žilina region	-66	-2.0	-3.9	0	0.0	0.0	-66	-2.0	-4.0
Banská Bystrica region	12	0.4	0.7	0	0.0	0.0	12	0.4	0.7
Prešov region	95	2.9	5.6	0	0.0	0.0	95	2.9	5.7
Košice region	-272	-8.4	-16.1	0	0.0	0.0	-272	-8.4	-16.3

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

1) Equity capital + reinvested earnings.

Volume of Foreign Direct Investment<sup>1)</sup> Outward as at 31 December 2005

	Corporate sector			Banking sector			Total		
	SKK millions	USD millions	%	SKK millions	USD millions	%	SKK millions	USD millions	%
Exchange rate applied: USD 1 = SKK 31.948									
<b>Total volume of FDI outward (equity capital + reinvested earnings)</b>	22,384	700.6	100.0	839	26.3	100.0	23,223	726.9	100.0
<b>Structure of capital by country of investment</b>									
Czech Republic	10,644	333.2	47.6	499	15.6	59.5	11,143	348.8	48.0
United Kingdom	2,283	71.5	10.2	0	0.0	0.0	2,283	71.5	9.8
Ukraine	1,352	42.3	6.0	0	0.0	0.0	1,352	42.3	5.8
Ireland	1,140	35.7	5.1	0	0.0	0.0	1,140	35.7	4.9
Hungary	1,093	34.2	4.9	0	0.0	0.0	1,093	34.2	4.7
Poland	915	28.6	4.1	0	0.0	0.0	915	28.6	3.9
Switzerland	834	26.1	3.7	0	0.0	0.0	834	26.1	3.6
Luxembourg	808	25.3	3.6	0	0.0	0.0	808	25.3	3.5
Russia	702	22.0	3.1	0	0.0	0.0	702	22.0	3.0
Austria	608	19.0	2.7	0	0.0	0.0	608	19.0	2.6
Other countries	2,005	62.8	9.0	340	10.6	40.5	2,345	73.4	10.1
<b>Structure of capital by sector</b>									
Agriculture, hunting and forestry	20	0.6	0.1	0	0.0	0.0	20	0.6	0.1
Fishing	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Mining and quarrying	1,789	56.0	8.0	0	0.0	0.0	1,789	56.0	7.7
Manufacturing	8,489	265.7	37.9	0	0.0	0.0	8,489	265.7	36.6
Electricity, gas and water supply	1,450	45.4	6.5	0	0.0	0.0	1,450	45.4	6.2
Construction	58	1.8	0.3	0	0.0	0.0	58	1.8	0.2
Wholesale and retail trade, repairs of motor vehicles	1,887	59.1	8.4	0	0.0	0.0	1,887	59.1	8.1
Hotels and restaurants	91	2.8	0.4	0	0.0	0.0	91	2.8	0.4
Transport, storage and communication	43	1.3	0.2	0	0.0	0.0	43	1.3	0.2
Financial intermediation	4,810	150.6	21.5	839	26.3	100.0	5,649	176.8	24.3
Real estate, renting and business activities	3,213	100.6	14.4	0	0.0	0.0	3,213	100.6	13.8
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	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Other community, social and personal service activities	534	16.7	2.4	0	0.0	0.0	534	16.7	2.3
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	15,043	470.9	67.2	839	26.3	100.0	15,882	497.1	68.4
Trnava region	1,933	60.5	8.6	0	0.0	0.0	1,933	60.5	8.3
Trenčín region	1,629	51.0	7.3	0	0.0	0.0	1,629	51.0	7.0
Nitra region	42	1.3	0.2	0	0.0	0.0	42	1.3	0.2
Žilina region	542	17.0	2.4	0	0.0	0.0	542	17.0	2.3
Banská Bystrica region	1,315	41.2	5.9	0	0.0	0.0	1,315	41.2	5.7
Prešov region	722	22.6	3.2	0	0.0	0.0	722	22.6	3.1
Košice region	1,158	36.2	5.2	0	0.0	0.0	1,158	36.2	5.0

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>	19,478	683.5	100.0	527	18.5	100.0	20,005	702.0	100.0
<b>Structure of capital by country of investment</b>									
Czech Republic	8,864	311.1	45.5	481	16.9	91.3	9,345	327.9	46.7
United Kingdom	2,282	80.1	11.7	0	0.0	0.0	2,282	80.1	11.4
Ukraine	1,186	41.6	6.1	0	0.0	0.0	1,186	41.6	5.9
Ireland	1,136	39.9	5.8	0	0.0	0.0	1,136	39.9	5.7
Hungary	1,130	39.7	5.8	0	0.0	0.0	1,130	39.7	5.6
Luxembourg	1,111	39.0	5.7	0	0.0	0.0	1,111	39.0	5.6
Poland	844	29.6	4.3	0	0.0	0.0	844	29.6	4.2
Austria	646	22.7	3.3	0	0.0	0.0	646	22.7	3.2
Russia	474	16.6	2.4	0	0.0	0.0	474	16.6	2.4
Bosnia and Herzegovina	363	12.7	1.9	0	0.0	0.0	363	12.7	1.8
Other countries	1,442	50.6	7.4	46	1.6	8.7	1,488	52.2	7.4
<b>Structure of capital by sector</b>									
Agriculture, hunting, and forestry	30	1.1	0.2	0	0.0	0.0	30	1.1	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	8.6	0	0.0	0.0	1,666	58.5	8.3
Manufacturing	8,014	281.2	41.1	0	0.0	0.0	8,014	281.2	40.1
Electricity, gas, and water supply	1,415	49.7	7.3	0	0.0	0.0	1,415	49.7	7.1
Construction	413	14.5	2.1	0	0.0	0.0	413	14.5	2.1
Wholesale and retail trade, repairs of motor vehicles	1,868	65.6	9.6	0	0.0	0.0	1,868	65.6	9.3
Hotels and restaurants	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Transport, storage, post and telecommunications	42	1.5	0.2	0	0.0	0.0	42	1.5	0.2
Financial intermediation	2,942	103.2	15.1	527	18.5	100.0	3,469	121.7	17.3
Real estate, renting and business activities	2,821	99.0	14.5	0	0.0	0.0	2,821	99.0	14.1
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	267	9.4	1.4	0	0.0	0.0	267	9.4	1.3
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	12,219	428.8	62.7	527	18.5	100.0	12,746	447.3	63.7
Trnava region	1,779	62.4	9.1	0	0.0	0.0	1,779	62.4	8.9
Trenčín region	1,460	51.2	7.5	0	0.0	0.0	1,460	51.2	7.3
Nitra region	39	1.4	0.2	0	0.0	0.0	39	1.4	0.2
Žilina region	564	19.8	2.9	0	0.0	0.0	564	19.8	2.8
Banská Bystrica region	1,654	58.0	8.5	0	0.0	0.0	1,654	58.0	8.3
Prešov region	618	21.7	3.2	0	0.0	0.0	618	21.7	3.1
Košice region	1,145	40.2	5.9	0	0.0	0.0	1,145	40.2	5.7

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

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